

fiverr.

Q1 | 2021

Shareholder Letter

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



Danielle Mullen, Buyer
Founder and Owner, Semicolon Bookstore
Chicago, IL



Photograph by Zach Caddy

On the cover:

DANIELLE MULLEN, Buyer

Founder and Owner, Semicolon
Bookstore

Chicago, IL

Danielle is the founder and owner of Semicolon Bookstore located in Chicago, Illinois. Semicolon Bookstore is invested in helping the greater Chicago community through the power of art and words.

During the pandemic, Danielle struggled to keep the business going, but saw an increase in online sales when the Black Lives Matter movement picked up as individuals started purchasing books from Black-owned bookstores. Semicolon Bookstore went from moving hundreds to tens of thousands of books a week. It was so busy, at one point she had to unplug her phone because she couldn't talk to customers and fulfill orders at the same time.

To sustain the increased demand, Danielle had to build inventory, find ways to fill orders more quickly and efficiently and update her business's online presence. By working with various Fiverr sellers, Danielle transformed her brick and mortar bookstore both online and offline by updating the store's branding and a new and improved website with an inventory management system. These updates allowed Danielle to scale her business and continue supporting the greater Chicago community and beyond through her bookstore. To date, Danielle has spent over \$45,000 on Fiverr across eight orders.

Danielle's story and Semicolon Bookstore have been featured in the NYTimes, Bloomberg Businessweek, Chicago Journal, and more.

“Working with Fiverr has catapulted my business to the next level - refreshing the bookstore's brand and website and implementing an inventory management system will allow us to access a smoother backend operational system, which helps drive sales and continued growth.”

First Quarter 2021 and Recent Highlights

- **Massive start to 2021:** We kicked off the year with one of the highest Q1 revenue figures reported in our history, with revenue growth accelerating to 100% y/y
- **Outperformance across the business:** Our key performance metrics outperformed y/y driven by ongoing trends and execution with active buyers increasing 56% y/y to 3.8 million and continued expansion in both spend per buyer (SPB) and take rate
- **New data vertical:** We launched our ninth vertical to expand our catalog into data related services and deepen our penetration in this fast growing industry
- **Fiverr Business:** Buyers purchase more frequently and more expensive Gigs on Fiverr Business compared to the marketplace, and on average spend three times more on the Fiverr platform
- **Subscriptions and Milestones expansion:** Subscriptions is now available in 25 categories, tripling from 8 in Q4'20, and Milestones are now open to all Fiverr community members
- **Significantly increasing FY'21 guidance:** Fiverr expects business momentum to continue and is upgrading guidance for 2021 from 46-50% to 59-63% revenue growth

First Quarter 2021 Key Results

REVENUE	\$68.3 million 100% y/y growth	GROSS MARGIN	83.1% GAAP	84.1% NON-GAAP
ACTIVE BUYERS ⁽¹⁾	3.8 million 56% y/y growth	GAAP NET LOSS	(\$17.8) million	
SPEND PER BUYER ⁽¹⁾	\$216 22% y/y growth	ADJUSTED EBITDA ⁽¹⁾	(\$0.7) million	
TAKE RATE ⁽¹⁾	27.2% 10 bps y/y improvement	ADJUSTED EBITDA MARGIN ⁽¹⁾	(1.0%) 740 bps y/y improvement	

Financial Outlook

	Q2 2021	FY 2021	FY 2021 PRIOR GUIDANCE
REVENUE	\$73.0-\$75.0 million 55-59% y/y growth	\$302.0-\$308.0 million 59-63% y/y growth	\$277.0-\$284.0 million 46-50% y/y growth
ADJUSTED EBITDA ⁽¹⁾	\$5.0-\$7.0 million	\$19.5-\$24.5 million	\$16.0-\$21.0 million

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

To Our Shareholders,

While Fiverr has always been a high growth company, our Q1 results were truly special. After an extraordinary year of growth and resilience where we accelerated our revenue from 44% y/y in Q1'20 to 89% y/y in Q4'20, we further accelerated our growth to 100% y/y this quarter, doubling our revenue to \$68.3 million. Twelve months since the peak of the COVID-19 pandemic, our business momentum remains strong and sustainable.

We continue to execute and capitalize on the secular trends of remote work and delivered a fourth pandemic quarter of accelerating growth in active buyers, up 56% y/y, and double-digit increase in spend per buyer, up \$11 q/q. In contrast to the pull-forward impact, our business benefited from the compounding transaction volume from the outsized new cohorts acquired last year and the increasing spend of existing cohorts, as well as a huge untapped market with a long growth runway.

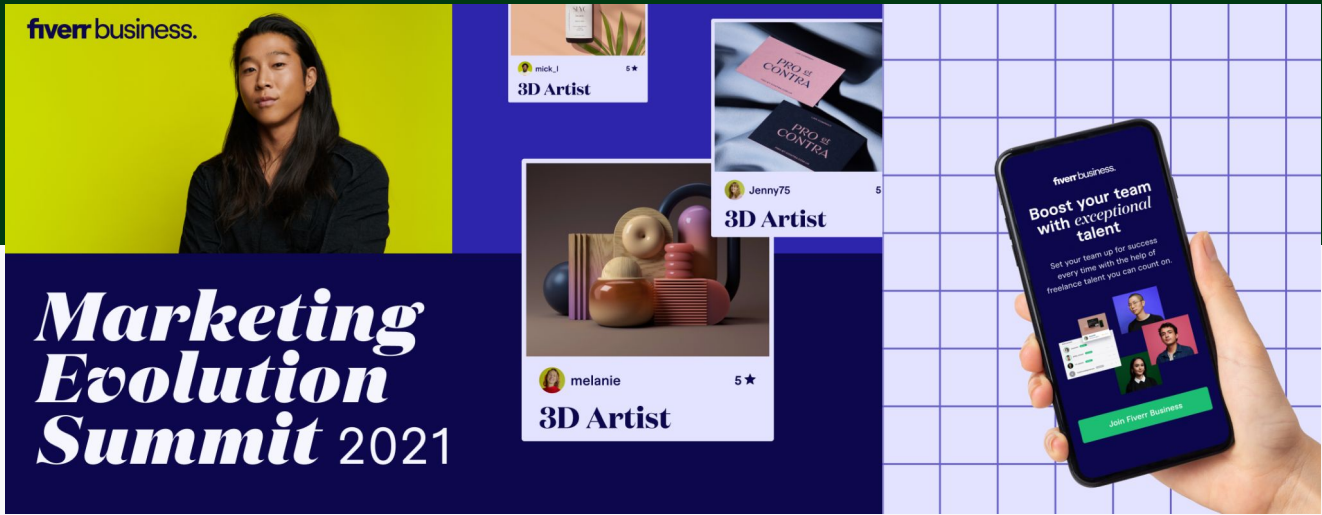
We continue to expect the elevated spend level across our cohorts to sustain into the future with the potential to increase further as we deepen our strategic initiatives around Fiverr Business, Subscriptions and Milestones. As we mentioned earlier this year, existing cohorts from 2018 and older, on average grew 15% in 2020. We are so happy to see our buyers doing more with Fiverr and unlocking the power of remote work!

We also experienced particular strength in the back half of the first quarter, propelled by our first Super Bowl campaign that reached an airtime audience of nearly 100 million, as well as millions more from continued momentum across social media and digital platforms. We believe the investments in our brand equity are highly strategic in building Fiverr into a household name and provide a continuous drive for organic traffic and organic growth in spend.

Growth and resilience have never been more important. Over twelve months into the outbreak of COVID-19, the development of the pandemic continues to be highly uncertain. As I'm writing this, India is in the midst of a heartbreaking situation. Through all this, Fiverr's business momentum remains strong and resilient. I have never been more proud of our team, our ability to execute, and our strategy towards the mission. With such an amazing start to the year, we are now raising our full-year guidance and increasing our revenue growth range by 13 percentage points. The atmosphere at Fiverr reminds me very much of the early days of our journey - the hunger to push forward and the innovative spirit translate into a powerful product pipeline planned for the rest of the year and beyond and I can't wait to share with you more in future shareholder letters. We are just getting started.

Our Mission

Changing how the world works together



On March 4, 2021, Fiverr hosted its first ever virtual Marketing Evolution Summit, sponsored by Fiverr Business. The event deepened awareness around Fiverr Business, its growing community, and educated businesses on all the tools and features of the platform. More than 1,200 marketing professionals from small to mid-market companies across industries worldwide benefitted from two Fiverr Business demos and workshops engaging both potential and existing Fiverr Business customers. Attendees were able to learn from multiple workshops, panels, and discussions with industry leaders around marketing strategies, effective remote collaboration, key marketing tools and more! Our speakers included leaders from Publicis Groupe, Ro, Qualtrics, Taboola and many others.

1,200+
attendees

130+
countries

28
sessions

24
brands represented

14
hours of content

2,100+
replays across all sessions

TALENT/HACK

@ppfolio

boast

qualtrics.XM



peerspace

dro5a

classpass

Taboola

care blackage.



SKY ZONE

Lucid

MyHeritage

AppsFlyer

COCONUT CARTEL

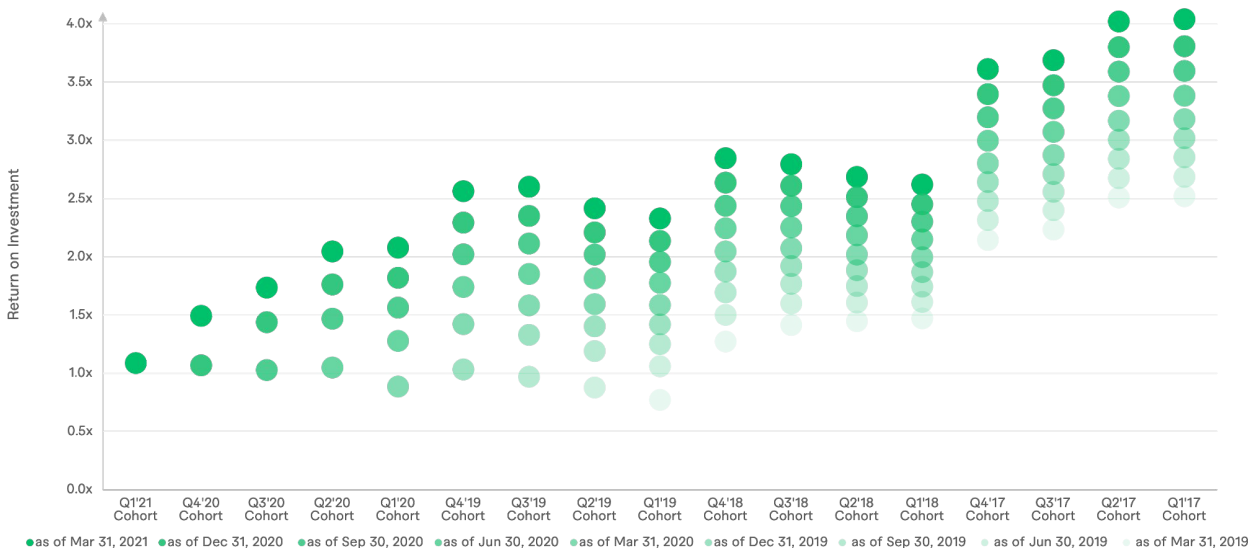
Growth Strategies and Recent Progress

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 March 31, 2021, active buyers grew 56% y/y to 3.8 million, accelerating from 45% y/y growth in Q4'20. Continued investment in our brand marketing, including the Super Bowl campaign and ongoing efficiency of performance marketing contributed to the strength we saw this quarter, with exceptional growth in the second half of the period. We were able to continue investing aggressively across channels with tremendous efficiency. Our time to return on performance marketing investment for the quarter, or tROI, reached 1.1x, marking the fourth consecutive quarter in which we recovered our quarterly marketing cost in approximately 3 months. This efficiency has been driven by a combination of continued channel diversification and optimization, category expansion, strong organic trends and an attractive performance marketing environment.

CUMULATIVE REVENUE TO PERFORMANCE MARKETING INVESTMENT RATIOS



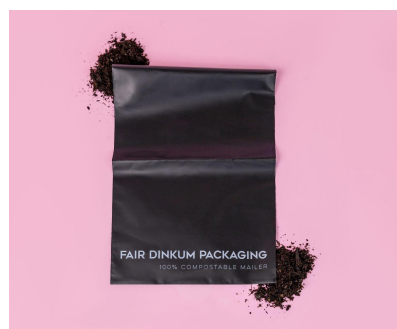
Not only have we been able to acquire outsized new buyer cohorts for the last three quarters, we are also encouraged to see that the quality of those cohorts have been very consistent with those of historical cohorts. The Q3'20 and Q4'20 cohorts have now reached a cumulative ROI of 1.7x and 1.5x respectively, both slightly ahead of our typical cohort.

We had a great start to 2021 with our first Super Bowl campaign. The commercial follows a successful new brand evolution last year and introduced Fiverr to the world on one of the biggest advertising stages. The 30-second spot during the third quarter of the Super Bowl is estimated to have been viewed by nearly 100 million people on the day, and continued to gain media attention and reach more audiences in the following days. Our 60 second spot on YouTube reached over 34 million users and an additional 87 million through advertising on Instagram and Twitter. The commercial increased our follower count by 88,000 across social media channels, exceeding our expectations.

On the day of the Super Bowl, we saw a 20% increase in United States based visitors to the site, with steady growth in the weeks following the original airing of the ad in the U.S. We conducted an awareness survey in partnership with Google pre and post the Super Bowl, and it showed that awareness grew 56% in small businesses and 214% in medium sized businesses. The original Super Bowl ad was followed by a big TV campaign in the U.S. to keep the momentum going after the original air date. We are extremely pleased with the campaign and will continue to invest in making Fiverr a household name.

Some additional marketing highlights include:

- As part of our **Super Bowl campaign**, Fiverr ran a microgrant competition for existing buyers, offering up to five businesses the chance to win Fiverr credit to help seize the opportunity just like the ad-featured, Four Seasons Total Landscaping. We received an all time high engagement of over 54,000 applications from around the world. Our panel of judges carefully reviewed all applications and picked five standout winners based on specific criteria and awarded them with \$1,000 in Fiverr credits.
- We tasked talented freelance **Fashion Designers on Fiverr** from around the world to re-imagine 10 celebrated looks from past years for the 2021 Oscar nominees for Best Actress and Best Supporting Actress. Each freelancer submitted an explanation for their inspiration and design thinking, an illustration of a final look and how it was re-imagined for today and the actress nominated.
- In Q1'21 we hosted 45 virtual community events and workshops with attendees from around the world, engaging more than 17,000 community members. One of our most successful and well attended virtual events was



SUPER BOWL MICROGRANT CAMPAIGN

One of the five microgrant winners, Fair Dinkum Packaging out of Australia, makes 100% home compostable mailers that are eco friendly and completely disappear in 3 to 6 months to help reduce plastic waste.



OSCARS FASHION RE-IMAGINED

One of the commissioned looks designed by Fiverr seller, *estefaniakot*, reimagined Celine Dion's 1999 Dior look for Olivia Colman.

called, “Explainers, Explained: Whiteboard & Animated Explainers Tips & Tricks” which featured some of our top sellers and provided lessons and insights into their success selling on Fiverr.

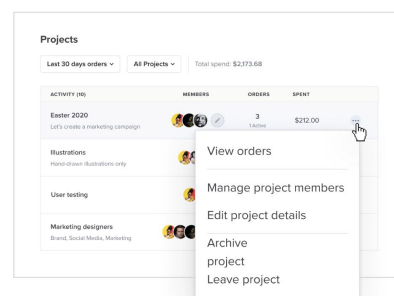
2. Go upmarket

In the twelve months ended March 31, 2021, spend per buyer on our platform increased 22% y/y to \$216 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 over 59% of core marketplace revenues, up from 58% in Q4'20. Strong results were driven by both an increase in spend level across all our existing cohorts as well as continued improvement in the lifetime value from our newest cohort.

This quarter we increased the maximum Gig price for non-Pro services to \$10,000 from \$995. This update resulted in a large growth in the number of Gigs priced \$1,000 and above, and will help drive our upmarket initiatives as we scale our inventory.

We have seen consistent growth since the launch of Fiverr Business. Thousands of customers are unlocking the benefits of Fiverr Business for their teams. New buyers joining Fiverr Business have higher lifetime value as we continue to see Fiverr Business buyers purchase more frequently and more expensive Gigs compared to the marketplace. On average, they are spending three times more money than on Fiverr, with their total freelancing budget being even more significant.

On the product front, we are constantly improving the capabilities and features on Fiverr Business enabling teams to collaborate on **projects** dynamically and providing more options. We have rolled out additional privacy controls giving teams the option to create private (unlisted) projects only for invited team members or the ability to open all orders within a specific project accessible to all team members - eliminating the need to request access from the order owner. These enhancements have generated highly positive feedback from the Fiverr Business community. We also launched a new onboarding funnel as part of our white glove service designed for teams that are registered but haven't placed an order yet. It provides a full front-to-back operational funnel providing demos, email and chat assistance and making it easier for SMBs to integrate Fiverr Business as a vendor within their organization. This will help support companies that have more complex internal approval processes involving more partners/gatekeepers. So far, we have seen a 40% uplift in conversion rates for SMBs that engage through this process.



PROJECTS ON FIVERR BUSINESS

Teammates can now choose to make projects on Fiverr Business private to certain members, further enhancing our collaboration capabilities.

3. Expand our Gig catalog

This quarter, we opened a new vertical on the Fiverr marketplace. The new **Data Vertical** is focused on data related services and gives businesses access to talent that can provide insights from data analysis and includes services such as storage solutions, data science, analysis and automations. Businesses today not only need an online presence, but a holistic digital strategy to drive their businesses forward. Investing in data science and analytics can help companies make more informed decisions, improve their operational efficiency, and ultimately increase their revenue. By opening a vertical focused solely on data services, we are providing business buyers of all sizes the ability to tap directly into talented data analysts, data scientists and more, on-demand within their specified budget.

Our expansive and ever growing service catalog continues to be a key competitive advantage. During Q1'21, we added 48 new categories and added depth in certain popular areas such as Digital Marketing, Video and Animation and Music and Audio. We continue to see categories related to e-commerce, content creation and digital marketing benefit from the increasing business demand for digital transformation, with particular strength in web analytics (+130% y/y), web programming (+101% y/y) and social media advertising (+161% y/y). We have also seen categories related to business productivity tools sharply increase as more companies continue migrating to hybrid models, leveraging freelancers more in their businesses.

We released our third global **Small Business Needs Index** which analyzes data from millions of searches across the platform in the last six months. Analyzing the services small businesses are looking for and examining the fastest growing search terms being used, creates a predictive Index of what's important, what's trending and what's next for small businesses. We can leverage this data to help us proactively curate our Gig catalog to support businesses as they turn to Fiverr. The Index also breaks down the fastest growing and most popular searches globally, in a country-by-country breakdown. Insights into global trends are impactful on our international marketing and product strategies as we can now better understand and meet the demands of the local markets.

Our platform underwent expansive growth over the last year, which showed no signs of slowing down this quarter. To help us better understand the potential transformational impact it had on our seller community, we conducted a survey of U.S. sellers on Fiverr. The results found that 69% of U.S. freelancers on Fiverr perceive they will continue to see revenue growth into 2021, 38% of U.S. sellers believe the pandemic created more work



DATA VERTICAL

A vertical that covers all data related services, enhancing Fiverr's user experience to meet a growing demand for these types of services.



SMALL BUSINESS NEEDS INDEX

Millions of small business owners from around the world search every day for the things they need on Fiverr. The services they are looking for and search terms they use allow us to predict what's important, what's trending and what's next for small businesses.

opportunities for them and freelancers are working substantially more hours than before as a result of business demands.

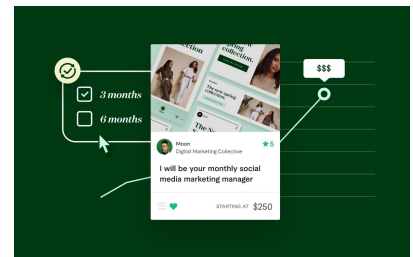
Fiverr saw an all time quarterly high net promoter score (NPS) for our buyers and sellers. As we continue to scale and provide an effective and streamlined platform for our community, compared to December 31, 2020, buyers' NPS increased to 68 from 67 and sellers' NPS increased to 81 from 79 as of March 31, 2021.

4. Innovate technology and services

Technology enhancements enable us to constantly improve our platform experience and create value-added products and tools to improve the experience of our buyers and sellers and expand the lifetime value of new and existing cohorts. Milestones and Subscriptions options are making excellent progress since launching. Milestones allow buyers to break the freelancer's work into a few steps and pay for each one separately without committing to the full project. While still early in the adoption, we are seeing orders with Milestones are typically larger and more complex. So far, conversion rates on orders with Milestones are significantly greater than the marketplace and we are continuing to see Milestone projects also meaningfully improve conversion rates for custom orders that are over \$500.

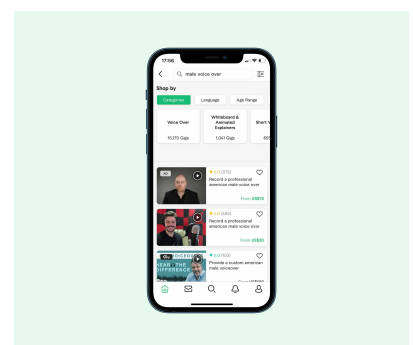
Subscriptions, which launched in February with 8 categories, is now available to all buyers and sellers in **25 categories**. With Subscriptions, freelancers on Fiverr have the opportunity to establish long-term, ongoing relationships with their customers. In the past, Fiverr has only offered the ability to pay on a per-project basis, so this is a huge step for us as it continues to expand our product offerings and services to appeal to larger businesses, agencies and corporate teams. We believe this new tool will drive buyer stickiness and loyalty to the platform. We are encouraged with early results that we've seen so far and reaction from our buyer and seller community has been overwhelmingly positive.

We are thrilled with the progress so far and continued expansion of Promoted Gigs across the marketplace. Last quarter we expanded Promoted Gigs to all 500+ categories on Fiverr and continued to see strong seller participation in Q1'21 since we extended the eligibility criteria to many more sellers, driving strong increases in seller participation. This quarter we completed the **expansion to the mobile app**, increasing the feature's exposure on the marketplace as Promoted Gigs and now available on the first spot across all Fiverr mobile apps. We are also enhancing our sellers bidding formula leveraging our internal algorithm which will help sellers optimize their usage of Promoted Gigs.



SUBSCRIPTIONS EXPAND TO 25 CATEGORIES

As we continue to roll-out Subscriptions, it is now available in 25 categories including, e-commerce management, financial consulting, public relations, and more.



PROMOTED GIGS EXPANSION TO THE MOBILE APP

Promoted Gigs available across iOS and Android mobile platforms.

5. Expand our geographic footprint

We continue to be laser focused on improving the product experience and expanding our marketing efforts internationally. During the quarter, we optimized the search algorithms to make the localized search function more precise and aligned with the local language which results in meaningfully better matching of services. The ongoing product improvements and marketing efforts have led to outpaced growth across the countries where we have focused strong localization efforts as compared to countries with less localization activities. We continue to see consistent outperformance on our German local site compared to the English-only and will continue to leverage this playbook as we continue our expansion efforts.

Over the coming quarters, we continue to focus on a number of initiatives including:

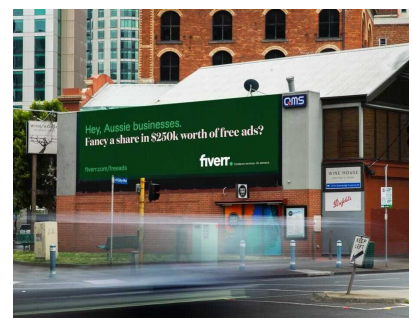
- Improve localized search experience by defining the right tone of voice to enhance the machine translation and further aligning keywords with our core marketplace catalog
- Building and improving infrastructure to expand localization efforts

We continued our international marketing activity in Q1'21 as we drive local awareness through our media campaigns. We launched our first custom performance campaign in the UK, partnering with prominent UK celebrity and entrepreneur, **Mark Wright** who talked about his experience using Fiverr for his businesses through social media posts and YouTube advertisements. In Australia, we ran a successful **billboard campaign** throughout February, where five hand-picked winners received advertising spots with all of the designs made on Fiverr. We continue our steady focus on local marketing and building our organic reach. This is helping drive local awareness and trust in the Fiverr brand in our Australian market which will in turn, help drive registration and conversion rates. We continue to run several multi-city TV campaigns in Germany, Australia, and the UK, and we are seeing continued uplift in local site registrations. We look forward to continuing our marketing efforts in our local markets, growing the Fiverr brand and building trust in the local markets.



MARK WRIGHT, UK CAMPAIGN

Custom performance campaign partnering with UK celebrity and entrepreneur Mark Wright.



BILLBOARD CAMPAIGN IN AUSTRALIA

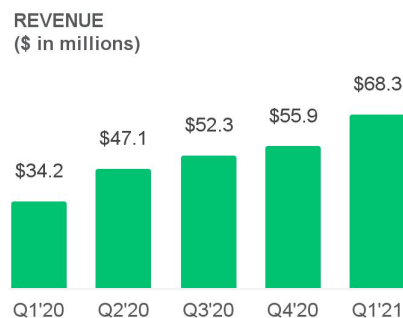
We picked five deserving winners and a Fiverr seller designed their billboard ads.

Financial Discussion

We delivered exceptional financial results in Q1'21 with revenue increasing 100% y/y to \$68.3 million. Adjusted EBITDA was (\$0.7) million or (1.0%) in Adjusted EBITDA margin. Unless otherwise noted, all comparisons are on a year-over-year basis.

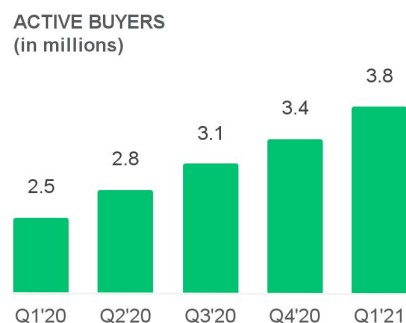
Revenue

Revenue for Q1'21 was \$68.3 million, up 100% from \$34.2 million in Q1'20, driven by continued growth in active buyers, spend per buyer and take rate. The year-over-year growth rate also benefits from the increase of our take rate, which grew to 27.2% for the 12 months ended March 31, 2021 from 27.1% for the 12 months ended March 31, 2020. We saw particularly strong U.S. revenue growth in the back half of the quarter. 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.



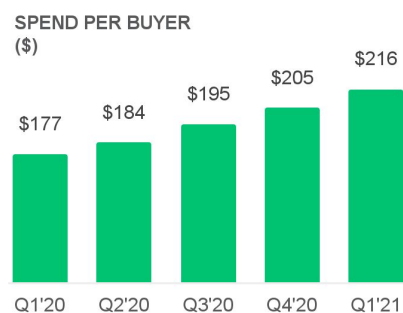
Active Buyers

Our active buyer base has consistently grown over time, and Q1 was no different. In the twelve months ended March 31, 2021, our active buyers reached 3.8 million, representing 56% 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.



Spend Per Buyer

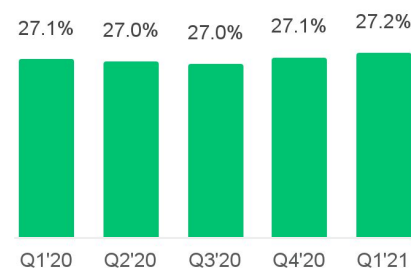
The second driver of our revenue growth is the annual spend per buyer, or SPB. In the twelve months ended March 31, 2021, SPB grew to \$216, up 22% y/y from \$177. SPB is an indicator of our buyers' purchasing patterns and is impacted by the number of active buyers, buyers purchasing from multiple categories, average price per purchase, and our ability to acquire buyers with a higher lifetime value.



Take Rate

For the twelve months ended March 31, 2021, our take rate was 27.2%, an increase of 10 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 continued growth of back-office software subscriptions, e-learning courses, content marketing subscriptions, and increase in service fee structure.

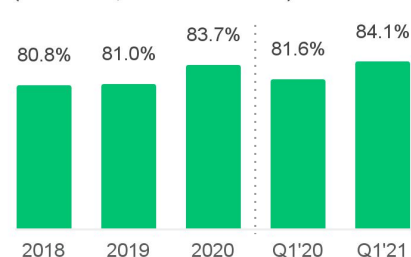
TAKE RATE
(LTM)



Gross Profit and Margin

Gross profit on a GAAP basis for Q1'21 was \$56.8 million, up 107.7% from \$27.3 million in Q1'20. Gross margin was 83.1%, an increase from 80.0% in Q1'20. Non-GAAP gross margin was 84.1% in Q1'21, increasing 250 bps from 81.6% in Q1'20. The increase in gross margin was primarily driven by increasing revenue scale, complemented by the modest mix shift between core marketplace revenue and other revenues.

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

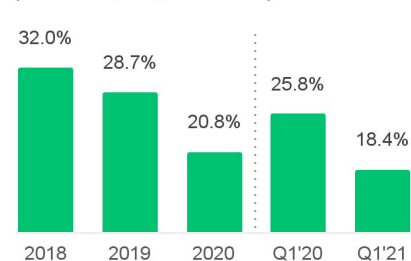


Operating Expenses

Total operating expenses on a GAAP basis for Q1'21 were \$70.6 million, compared to \$33.8 million in Q1'20. Non-GAAP operating expenses for Q1'21 were \$58.2 million, or 85.2% of revenue, compared to \$30.7 million, or 90.0% of revenue in Q1'20. The improvement in operating leverage represents greater efficiency as a result of increasing scale and disciplined financial strategy.

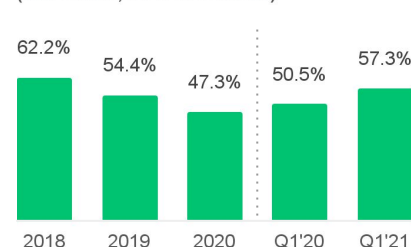
Research and Development (R&D) expenses on a GAAP basis were \$16.9 million, or 24.7% of revenue in Q1'21. Non-GAAP research and development expenses were \$12.6 million, or 18.4% of revenue, compared to 25.8% in the prior year period. We continue to invest in improving user experience with initiatives such as Promoted Gigs, international expansion, Fiverr Business, Milestones and Subscriptions, mobile web and mobile app, and category expansion.

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



Sales and Marketing (S&M) expenses on a GAAP basis were \$42.6 million, or 62.4% of revenue in Q1'21. Non-GAAP sales and marketing expenses were \$39.1 million, or 57.3% of revenue in Q1'21, compared to 50.5% in the prior year period. Q1'21 S&M expenses include one-time Super Bowl expense of approximately \$8 million. We continued to gain significant sales and marketing leverage during the quarter driven by increasing scale, channel diversification and continued strong execution, which demonstrates our ability to drive marketing efficiency towards our long-term target model.

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

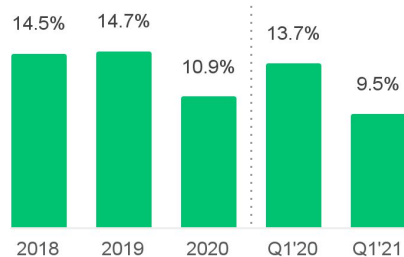


General and Administrative (G&A) expenses on a GAAP basis were \$11.1 million, or 16.2% of revenue in Q1'21. Non-GAAP general and administrative expenses were \$6.5 million, or 9.5% of revenue in Q1'21, compared to 13.7% in the prior year period. The improved G&A leverage was primarily driven by increased revenue scale.

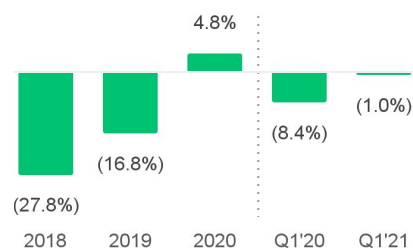
Net Loss and Adjusted EBITDA

Net loss on a GAAP basis in Q1'21 was (\$17.8) million, compared to (\$6.2) million in the first quarter of 2020. Including the one-time Super Bowl expense, adjusted EBITDA was (\$0.7) million, or (1.0%) of revenue in Q1'21, compared to (\$2.9) million or (8.4%) in the first quarter of 2020. The improved EBITDA margin was driven by increased revenue scale and improved leverage in operating expenses.

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



ADJUSTED EBITDA MARGIN



Financial Outlook

We are introducing strong Q2'21 guidance and upgrading our full-year 2021 guidance, as business momentum continues in 2021. Given the uncertainty of the ongoing impact and unprecedented conditions surrounding the COVID-19 pandemic on economies globally, we will provide investors with updated business trends as they evolve:

Guidance:

	Q2 2021	FY 2021	FY 2021 PRIOR GUIDANCE
REVENUE	\$73.0 - \$75.0 million	\$302.0 - \$308.0 million	\$277.0 - \$284.0 million
y/y growth	+55 - 59% y/y	+59 - 63% y/y	+46 - 50% y/y
ADJUSTED EBITDA⁽¹⁾	\$5.0 - \$7.0 million	\$19.5 - \$24.5 million	\$16.0 - \$21.0 million

Conference Call Details

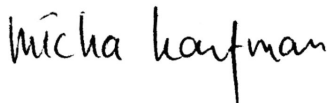
Fiverr's management will host a conference call to discuss its financial results on Thursday, May 6, 2021 at 8:30 a.m. Eastern Time. A live webcast of the call can be accessed from Fiverr's Investor Relations website. An archived version will be available on the website after the call. Investors and analysts can participate in the conference call by dialing (866) 360-3590, or (412) 317-5278 for callers outside the United States, and mention the passcode, "Fiverr." A telephonic replay of the conference call will be available until Thursday, May 13, 2021, beginning one hour after the end of the conference call. To listen to the replay please dial (877) 344-7529, or (412) 317-0088 for callers outside the United States, and enter replay code 10153698.

Investor Relations

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Press

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Micha Kaufman

Founder and Chief
Executive Officer



Ofer Katz

President and Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

(in thousands)

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 183,355	\$ 268,030
Marketable securities	160,540	129,372
User funds	120,327	97,984
Bank deposits	90,000	90,000
Restricted deposit	346	346
Other receivables	6,549	5,418
Total current assets	<u>561,117</u>	<u>591,150</u>
Marketable securities	280,382	228,048
Property and equipment, net	6,176	6,265
Operating lease right of use asset, net	14,875	15,611
Intangible assets, net	10,520	5,884
Goodwill	15,844	11,240
Restricted deposit	2,589	2,589
Other non-current assets	1,044	415
Total assets	<u>\$ 892,547</u>	<u>\$ 861,202</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables	\$ 4,728	\$ 3,622
User accounts	112,320	92,027
Deferred revenue	8,254	5,957
Other account payables and accrued expenses	50,206	40,396
Operating lease liabilities	3,255	3,307
Current maturities of long-term loan	530	560
Total current liabilities	<u>179,293</u>	<u>145,869</u>
Long-term liabilities:		
Convertible notes	356,950	352,034
Operating lease liabilities	12,648	13,861
Long-term loan and other non-current liabilities	2,370	4,035
Total long-term liabilities	<u>371,968</u>	<u>369,930</u>
Total liabilities	<u>\$ 551,261</u>	<u>\$ 515,799</u>
Shareholders' equity:		
Share capital and additional paid-in capital	532,466	517,444
Accumulated deficit	(190,417)	(172,573)
Accumulated other comprehensive income (loss)	(763)	532
Total shareholders' equity	341,286	345,403
Total liabilities and shareholders' equity	<u>\$ 892,547</u>	<u>\$ 861,202</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	Three Months Ended	
	March 31,	
	2021	2020
	(Unaudited)	
Revenue	\$ 68,320	\$ 34,150
Cost of revenue	11,546	6,820
Gross profit	56,774	27,330
Operating expenses:		
Research and development	16,873	9,974
Sales and marketing	42,639	18,221
General and administrative	11,087	5,590
Total operating expenses	70,599	33,785
Operating loss	(13,825)	(6,455)
Financial income (expenses), net	(3,974)	331
Loss before income taxes	(17,799)	(6,124)
Income taxes	(45)	(31)
Net loss attributable to ordinary shareholders	\$ (17,844)	\$ (6,155)
Basic and diluted net loss per share attributable to ordinary shareholders	\$ (0.49)	\$ (0.19)
Basic and diluted weighted average ordinary shares	36,057,885	32,076,421

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

Three Months Ended
March 31,

	2021	2020
	(Unaudited)	
Operating Activities		
Net loss	\$ (17,844)	\$ (6,155)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,318	965
Amortization of discount of marketable securities	1,823	(271)
Amortization of discount and issuance costs of convertible notes	4,904	-
Shared-based compensation	10,483	2,762
Net income (loss) from exchange rate fluctuations	(91)	194
Changes in assets and liabilities:		
User funds	(22,343)	(7,928)
Operating lease ROU assets and liabilities, net	(529)	-
Other receivables	(708)	448
Trade payables	1,090	(584)
Deferred revenue	2,274	1,010
User accounts	20,293	7,138
Other account payables and accrued expenses	4,106	2,725
Non-current liabilities	(241)	(2)
Net cash provided by operating activities	<u>4,535</u>	<u>302</u>
Investing Activities		
Investment in marketable securities	(125,998)	(36,786)
Proceeds from sale of marketable securities	39,930	37,088
Acquisition of business, net of cash acquired	(8,878)	-
Purchase of property and equipment	(311)	(131)
Capitalization of internal-use software	(142)	(285)
Other receivables and non-current assets	-	52
Net cash provided by used in activities	<u>(95,399)</u>	<u>(62)</u>
Financing Activities		
Payment of deferred issuance costs related to follow on offering	(376)	-
Payment of convertible notes deferred issuance costs	(34)	-
Proceeds from exercise of share options	4,788	1,948
Tax withholding in connection with employees' options exercises and vested RSUs	2,322	2,272
Repayment of long-term loan	(134)	(120)
Net cash provided by financing activities	<u>6,566</u>	<u>4,100</u>
Effect of exchange rate fluctuations on cash and cash equivalents	(377)	(301)
Increase (decrease) in cash and cash equivalents	(84,675)	4,039
Cash and cash equivalents at the beginning of period	268,030	24,171
Cash and cash equivalents at the end of period	<u>\$ 183,355</u>	<u>\$ 28,210</u>

KEY PERFORMANCE METRICS

	Three Months Ended March 31,	
	2021	2020
	(Unaudited)	
Annual active buyers (in thousands)	3,812	2,450
Annual spend per buyer (\$)	\$ 216	\$ 177

RECONCILIATION OF GAAP TO NON-GAAP GROSS PROFIT

(in thousands, except gross margin data)

	Three Months Ended March 31,	
	2021	2020
	(Unaudited)	
GAAP gross profit	\$ 56,774	\$ 27,330
Add:		
Share-based compensation	279	70
Depreciation and amortization	437	474
Non-GAAP gross profit	\$ 57,490	\$ 27,874
Non-GAAP gross margin	84.1%	81.6%

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

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2021	2020
	(Unaudited)	
GAAP net loss attributable to ordinary shareholders	\$ (17,844)	\$ (6,155)
Add:		
Depreciation and amortization	1,318	965
Share-based compensation	10,483	2,762
Contingent consideration revaluation, acquisition related costs and other	1,320	(129)
Convertible notes amortization of discount and issuance costs	4,904	-
Exchange rate income (loss), net	(455)	-
Non-GAAP net loss	\$ (274)	\$ (2,557)
Weighted average number of ordinary shares - basic and diluted	36,057,885	32,076,421
Non-GAAP basic and diluted net loss per share attributable to ordinary shareholders	\$ (0.01)	\$ (0.08)

RECONCILIATION OF GAAP NET LOSS TO ADJUSTED EBITDA

(in thousands, except adjusted EBITDA margin data)

	Three Months Ended March 31,	
	2021	2020
	(Unaudited)	
GAAP net loss	\$ (17,844)	\$ (6,155)
Add:		
Financial expense (income), net	3,974	(331)
Income taxes	45	31
Depreciation and amortization	1,318	965
Share-based compensation	10,483	2,762
Contingent consideration revaluation, acquisition related costs and other	1,320	(129)
Adjusted EBITDA	\$ (704)	\$ (2,857)
Adjusted EBITDA margin	(1.0%)	(8.4%)

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

(in thousands)

	Three Months Ended March 31,	
	2021	2020
	(Unaudited)	
GAAP research and development	\$ 16,873	\$ 9,974
Less:		
Share-based compensation	4,102	1,042
Depreciation and amortization	187	116
Non-GAAP research and development	\$ 12,584	\$ 8,816
GAAP sales and marketing	\$ 42,639	\$ 18,221
Less:		
Share-based compensation	2,588	527
Depreciation and amortization	639	330
Acquisition related costs	297	121
Non-GAAP sales and marketing	\$ 39,115	\$ 17,243
GAAP general and administrative	\$ 11,087	\$ 5,590
Less:		
Share-based compensation	3,514	1,123
Depreciation and amortization	55	45
Contingent consideration revaluation, acquisition related costs and other	1,023	(250)
Non-GAAP general and administrative	\$ 6,495	\$ 4,672

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 and Super Bowl 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 second quarter of 2021 or the fiscal year 2021 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, income or loss on revaluation of contingent consideration, 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 second quarter of 2021, and the fiscal year ending December 31, 2021, 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 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 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 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 18, 2021 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.