

fiverr.

Q1 | 2024

Shareholder Letter

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



Julie Kimpel, Buyer
Chief Marketing and Public Relations Officer
MDLifespan
Chicago, IL



ON THE COVER:

Julie Kimpel, Buyer

Chief Marketing and PR Officer

MDLifespan

Chicago, IL

Julie Kimpel is the Chief Marketing and Public Relations Officer at MDLifespan, a Chicago-based medical clinic that provides patients with longevity and wellness treatments. They specialize in a Patented PlasmaXchange Protocol that removes toxins from the body and helps to reverse chronic inflammation.

Julie joined Fiverr in late 2022, at a time when she's looking to build up MDLifespan's brand marketing. The company immediately sought out Fiverr for its digital marketing needs because of its attractive pricing and ease of use. They first hired video creators to create marketing videos to teach clients about the services that MDLifespan offered. Soon Julie was using the platform to find experts to execute on all aspects of the company's brand marketing strategy, including designing digital brochures and presentations, managing their social media accounts and performing website testing. Most recently, the team hired a freelancing expert to help with trademark applications for their brand as well as the PlasmaXchange Protocol.

In less than 2 years, MDLifespan has spent over \$75K on nearly 100 orders working with over 20 freelancers.

“To any marketer that needs quick design support – Fiverr is the answer you are looking for! The platform makes it very easy to place an order and communicate your needs. All the creators are professional and willing to go the extra mile to get your projects perfect.”

“Getting this start-up company's brand and marketing off the ground would have been 10x harder if I didn't have Fiverr as a resource. I recommend it to all of my entrepreneur friends.”

First Quarter 2024 and Recent Highlights

- **Strong start to the year with Q1 results ahead of expectations.** We executed on our key strategic priorities, delivering revenue at the top end of our guidance, and Adjusted EBITDA ahead of our guidance range.
- **GMV acceleration led by SPB expansion.** Strong execution on Fiverr Business Solutions and our push into complex services enabled us to drive GMV acceleration amid a continued challenging hiring environment. SPB grew 8% y/y, the strongest growth in more than a year.
- **Announced authorization of share repurchase program of up to \$100M.** We recently announced our first-ever stock repurchase program, demonstrating our confidence in Fiverr's long-term opportunity and commitment to creating shareholder value. Our strong balance sheet and cash flow generation enable us to return capital to shareholders and also support long-term strategic investments.
- **Well on track to deliver 2024 guidance.** We are raising the low end of our 2024 guidance range for both revenue and Adjusted EBITDA. We continue to navigate the current macro cycle with discipline and pragmatism, while investing strategically in upmarket, complex services and AI to drive long-term growth.

First Quarter 2024 Key Results

REVENUE	\$93.5 million 6% y/y growth	GROSS MARGIN	83.5% GAAP	84.9% NON-GAAP ⁽¹⁾
ACTIVE BUYERS ⁽¹⁾	4.0 million (6%) y/y growth	GAAP NET INCOME	\$0.8 million	
SPEND PER BUYER ⁽¹⁾	\$284 8% y/y growth	ADJUSTED EBITDA ⁽¹⁾	\$16.0 million	
TAKE RATE ⁽¹⁾	32.3% 190 bps y/y improvement	ADJUSTED EBITDA MARGIN ⁽¹⁾	17.1%	

Financial Outlook

	Q2 2024	FY 2024	FY 2024 PRIOR GUIDANCE
REVENUE	\$93.5 - \$95.5 million 5-7% y/y growth	\$381.0 - \$387.0 million 5-7% y/y growth	\$379.0 - \$387.0 million 5-7% y/y growth
ADJUSTED EBITDA ⁽¹⁾	\$16.0 - \$18.0 million	\$67.0 - \$73.0 million	\$65.0 - \$73.0 million

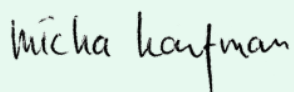
(1) See "Key Performance Metrics and non-GAAP Financial Measures" for additional information regarding key performance metrics and non-GAAP metrics used in this shareholder letter

To Our Shareholders,

It was a great start of the year, in terms of both business performance and product momentum. Revenue for Q1 was \$93.5 million, at the top end of guidance. Adjusted EBITDA was \$16.0 million, ahead of guidance range and representing Adjusted EBITDA margin of 17.1%. We continue to navigate this macro cycle with discipline and efficiency. Just a few weeks ago, we announced the board authorization of our first-ever stock buyback program of up to \$100 million. We believe our strong balance sheet and strong cash flow generation can support us to continue investing in strategic initiatives, while also returning capital to our shareholders. It also underscores our confidence in the long-term opportunity for Fiverr.

Underlying the business, GMV grew 2% y/y for the trailing twelve months, an acceleration from 1% last quarter. This is primarily driven by the strong growth in spend per buyer, which grew 8% y/y, as our efforts in Fiverr Business Solutions continued to pay off. While overall active buyer growth was muted, high-value buyers who spend over \$500 annually continue to show robust growth, up 4% y/y. We also remained focused on driving growth of complex services, and continue to see AI as a net positive impact for us. We saw significant demand in chatbot development this quarter, as businesses across industries rush to lean into the GenAI technology. Some of the largest categories such as website development and search engine optimization also showed robust growth. When it comes to these types of digital services that nearly every business needs, Fiverr continues to be the destination to get professional help, with unparalleled convenience and value.

Since moving to the semi-annual product release cycle last year, we have received very positive feedback across our community, as consolidated product marketing efforts drive traffic, mindshare and engagement among our customers and freelancers. Internally, we are also feeling the positive impact on product momentum, as teams work on fewer, more impactful initiatives with a more holistic approach. I'm very excited about what's on the product roadmap as we execute towards the July release. They speak to the strategic priorities we set at the beginning of the year, which are growing complex service categories, pushing upmarket, and embracing AI. We have built Fiverr marketplace with a hard to replicate combination of extensive catalog, broad reach, efficient matching, and superior experience. Continued innovation in these key areas is the best way to delight our customers and drive long-term growth of our business.



Micha Kaufman,
Founder and CEO

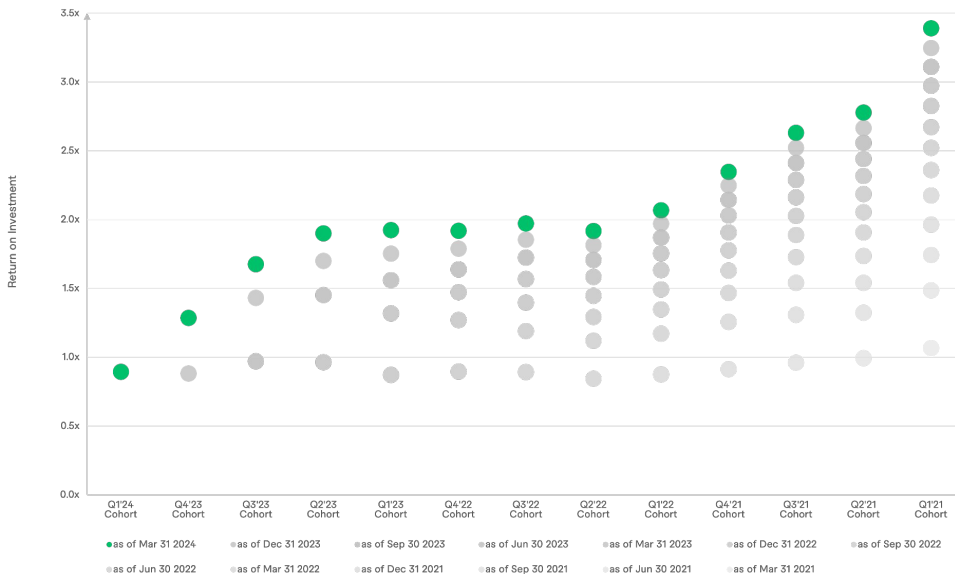
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Business & Product Updates

Marketing Efficiency and Cohort Performance

In the twelve months ended March 31, 2024, our active buyer base was 4.0 million as we continue to make progress on our upmarket strategy and shift our buyer mix towards higher lifetime value. We continued to drive significant leverage in sales and marketing expense as we remained disciplined and efficient in an uncertain macro environment. Our time to return on investments, or tROI, which represents the payback period of our performance marketing spend, continues to be at a little over three months. Cohort behavior remained stable with 67% of core marketplace revenue now coming from repeat buyers for the last twelve months ending March 31, 2024.

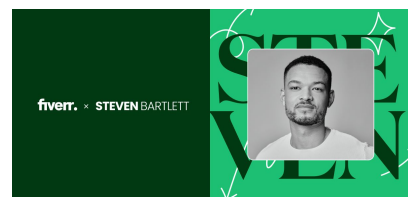
CUMULATIVE REVENUE TO PERFORMANCE MARKETING INVESTMENT RATIOS



INCREASING ROI FOR PERFORMANCE MARKETING INVESTMENT AS COHORTS SEASON OVER TIME

As of March 31, 2024, revenue from the Q1'21 cohort reached 3.4x of the initial performance marketing investment in Q1'21, representing an attractive 3-year LTV/CAC.

We continue to make long-term steady investments in our brand equity. We recently announced our **“Break The Breakthrough”** campaign, partnering with Dragon’s Den star and world-renowned entrepreneur, Steven Bartlett, to help support small and medium businesses in the UK. As part of the campaign, we launched a competition for UK SMBs in which the winners will receive credits and advisor support from Fiverr and a mentorship session with Bartlett. Thanks to these important efforts and consistent brand investments, Fiverr solidified its leading status among freelancer platforms in total brand awareness, according to a March 2024 brand awareness study conducted by Kantar.



BREAK THE BREAKTHROUGH WITH STEVEN BARTLETT

To help UK SMBs, Fiverr recently launched a competition in partnership with Steven Bartlett offering three grantees unique mentorship and £10,000 Fiverr credits.

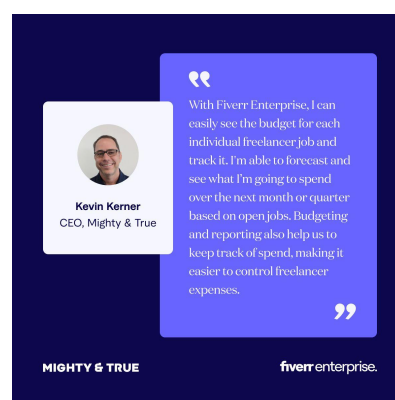
Going Upmarket

We continue to make progress in attracting customers with larger wallet shares as we focus on our upmarket efforts and expanding complex services across our marketplace platform. Spend per buyer climbed 8% y/y to \$284 for the twelve months ended March 31, 2024, the strongest growth rate in over a year. High-value buyers, those who spend over \$500 or more in a year, continue to steadily climb in their usage and contributed to 64% of the core marketplace revenue in Q1, while also growing faster than overall buyer growth on the marketplace.

Fiverr Business Solutions continues to empower larger and deeper wallet customers with the freelance talent and services they need through a suite of offerings. Fiverr Pro, our premium marketplace with vetted supply, team collaboration tools and white-glove customer success service, continues to outpace the core marketplace as it focused to drive wallet expansion among existing Fiverr customers. We also continued to add new customers on Fiverr Enterprise. With the new pricing package and a significantly streamlined onboarding process, we've seen all new customers in Q1 already using and spending on our platform. These new customers range from mid-market tech and IT service companies to a creative marketing agency.

For example, Austin-based marketing agency **Mighty & True**, was able to use our platform to consolidate all their old systems for discovering and onboarding talent. As a result, they saw a 50% reduction in expenses related to managing contractors while also tripling the number of freelancer relations. By integrating with the Fiverr network, Mighty & True estimate that they have increased profitability per job by 20%. We believe Fiverr Enterprise provides a strong value proposition for large customers to consolidate their freelance management and sourcing operations and we believe there's lots of opportunity to drive additional adoption.

To elevate the customer experience for our high-value buyers, a key initiative this year is to strengthen the trust in our marketplace. This ensures that we provide a transparent and professional environment that caters to all of their digital needs. Some of these efforts include providing greater seller visibility and accountability through our improved AI-powered ratings, reviews and leveling system. We also implemented stricter seller verification processes as we improve the quality of supply on our marketplace. In addition, we added more flexible payment options for high-value buyers, such as PayPal Pay Later, to remove friction and improve conversion especially for larger ticket-sized transactions.



MIGHTY & TRUE

Mighty & True, a marketing agency, leverages Fiverr Enterprise offerings to scale their business and boost profitability.

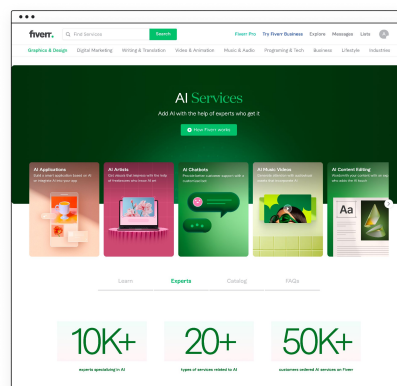
Driving Growth in Complex Services

We continue to see a category mix shift towards complex services where human skills are essential in unlocking the potential of AI. Complex services continue to grow significantly at a healthy double digit rate and they now represent over one third of our marketplace. Overall we believe AI continues to be a net positive impact for us and will drive a multi-year tailwind for our business.

We continue to invest heavily into GenAI across our core marketplace and Fiverr Business Solutions, while leveraging our marketplace data to improve areas of matching, conversion, and retention. We have already integrated our advanced matching tools such as Fiverr Neo™ and AI-assisted freelancer briefing on our platforms and we are constantly innovating on these new technologies to improve the overall marketplace experience for our customers.

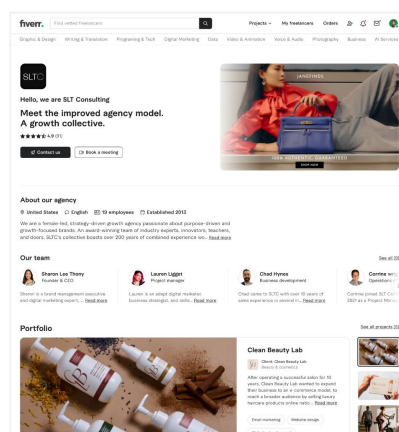
We continue to see growth in our rapidly evolving **AI services**, including new services such as AI Avatar Design and Custom GPT Applications, and currently have over 10,000 AI experts on our marketplace. We have seen positive trends in some existing services as well such as chatbot development which grew substantially in Q1 as businesses sought help from freelancers to deploy latest AI technology into their business. For example, a Tokyo-based hospitality company used Fiverr to develop a chatbot that enabled their customers to manage bookings on their property management system. For a little over \$5,000, the freelancer team was able to design both a web and mobile app with the chatbot integration over the course of several weeks. The speed and cost efficiency in fulfilling projects like this on Fiverr is unmatched, especially when companies look to deploy the latest technology trend with talent shortage.

In order to drive further market share penetration into complex services, one area we are doubling down is agencies. We believe agencies are critical components in building long-term relationships with our customers and strengthening the trust in our marketplace. On average we see transaction size with an agency service provider tend to be 4-5 times that of an individual freelancer engagement. There is a lot of potential to further penetrate into this segment in order to drive growth in going upmarket and complex services. **Fiverr Agencies** is currently available in the Digital Marketing and Programming & Tech verticals. It provides agencies with more engaging profile pages and exposure on the marketplace, while allowing companies to search and find full service agencies for large and complex projects. Early signs have been encouraging and we look to expand to additional verticals as we aim to make Fiverr the leading marketplace for agency services.



AI SERVICES ON FIVERR

Our ever expanding catalog of AI Services now offers 20 different services and 10,000 AI experts in categories such as AI Chatbots, AI Content Editing, and AI Video Art.



FIVERR AGENCIES

The Fiverr Agencies product allows businesses to connect with top agencies for their project needs and is available across both the marketplace and Fiverr Pro.

Financial Discussion

In Q1'24 revenue increased 6.3% y/y to \$93.5 million. GAAP net income (loss) was \$0.8 million, compared to (\$4.3) million in Q1'23. Adjusted EBITDA⁽¹⁾ was \$16.0 million or 17.1% in Adjusted EBITDA margin⁽¹⁾. Unless otherwise noted, all comparisons are on a year-over-year basis.

Revenue

Revenue for Q1'24 was \$93.5 million, up 6.3% from \$88.0 million in Q1'23, driven mainly by growth in spend per buyer⁽¹⁾, or SPB. The year-over-year growth rate also benefited from the increase of our take rate⁽¹⁾, which grew to 32.3% for the twelve months ended March 31, 2024 from 30.4% for the twelve months ended March 31, 2023. Revenue during the first quarter continued to be highly diversified, with no buyer contributing more than 1% of revenue, and no single category accounting for more than 10% of total revenue on the core marketplace.

Active Buyers

In the twelve months ended March 31, 2024, our active buyers⁽¹⁾ were 4.0 million, a decrease of 6% y/y. We accelerated the pace of our upmarket efforts and shifted our acquisition budget towards higher value buyers while reducing investments in channels that mostly attracted low-value customers. We continue to focus on higher lifetime value by targeting buyers with larger budgets benefiting SPB more than active buyers.

Spend Per Buyer

The SPB is an important driver of our revenue growth. In the twelve months ended March 31, 2024, SPB grew to \$284, up 8% y/y from \$262. 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 larger budgets.

Take Rate

For the twelve months ended March 31, 2024, our take rate was 32.3%, an increase of 190 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 numerous value-added services that our buyers and sellers utilize on our platform, as we saw healthy growth in Promoted Gigs and Seller Plus.

Gross Profit and Margin

Gross profit on a GAAP basis for Q1'24 was \$78.1 million, up 8.0% from \$72.3 million in Q1'23. Gross margin was 83.5% in Q1'24, an increase of 130 basis points from 82.2%. Non-GAAP gross margin⁽¹⁾ was 84.9% in Q1'24, an increase of 100 basis points from 83.9% in Q1'23.

Operating Expenses

Total operating expenses on a GAAP basis for Q1'24 were \$82.2 million, compared to \$79.4 million in Q1'23. Non-GAAP operating expenses⁽¹⁾ for Q1'24 were \$63.3 million, or 67.7% of revenue, compared to \$62.5 million, or 71.1% of revenue in Q1'23.

Research and Development (R&D)

Research and development expenses on a GAAP basis were \$23.6 million, or 25.3% of revenue in Q1'24. Non-GAAP research and development expenses⁽¹⁾ were \$16.6 million, or 17.7% of revenue, compared to 18.1% in the prior year period. We continue to invest and innovate in our core marketplace and Fiverr Business Solutions this year.

Sales and Marketing (S&M)

Sales and marketing expenses on a GAAP basis were \$42.2 million, or 45.1% of revenue in Q1'24. Non-GAAP sales and marketing expenses⁽¹⁾ were \$38.5 million, or 41.1% of revenue in Q1'24, compared to 43.5% in the prior year period. We invest in our marketing efforts with discipline and aim to maintain our marketing efficiency and improve marketing leverage over time. We continue to invest in brand marketing and are long-term believers in building brand awareness and trust.

General and Administrative (G&A)

General and administrative expenses on a GAAP basis were \$16.5 million, or 17.6% of revenue in Q1'24. Non-GAAP general and administrative expenses⁽¹⁾ were \$8.3 million, or 8.9% of revenue in Q1'24, compared to 9.5% in the prior year period.

Net Income (Loss) and Adjusted EBITDA

Net income (loss) on a GAAP basis in Q1'24 was \$0.8 million, compared to (\$4.3) million in Q1'23. Adjusted EBITDA⁽¹⁾ was \$16.0 million, or 17.1% of revenue in Q1'24, compared to \$11.3 million or 12.8% in Q1'23.

Financial Outlook

Our Q2'24 outlook and updated full year 2024 guidance reflects the recent trends on our marketplace and is largely consistent with our prior expectations.

	Q2 2024	FY 2024
REVENUE	\$93.5 - \$95.5 million	\$381.0 - \$387.0 million
y/y growth	5% - 7%	5% - 7%
ADJUSTED EBITDA⁽¹⁾	\$16.0 - \$18.0 million	\$67.0 - \$73.0 million

Conference Call Details

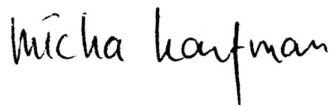
Fiverr's management will host a conference call to discuss its financial results on Thursday, May 9, 2024 at 8:30 a.m. Eastern Time. A live webcast of the call can be accessed from Fiverr's [Investor Relations website](#). An archived version will be available on the website after the call. To participate in the Conference Call, please register at the link [here](#).

Investor Relations

investors@fiverr.com

Press

press@fiverr.com



Micha Kaufman

Founder and Chief
Executive Officer



Ofer Katz

President and Chief
Financial Officer

CONSOLIDATED BALANCE SHEETS

(in thousands)

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 190,074	\$ 183,674
Marketable securities	188,882	147,806
User funds	163,222	151,602
Bank deposits	109,754	85,893
Restricted deposit	1,284	1,284
Other receivables	26,953	24,217
Total current assets	<u>680,169</u>	<u>594,476</u>
Marketable securities	277,837	328,332
Property and equipment, net	4,705	4,735
Operating lease right of use asset	6,121	6,720
Intangible assets, net	10,043	10,722
Goodwill	77,270	77,270
Other non-current assets	1,304	1,349
Total assets	<u>\$ 1,057,449</u>	<u>\$ 1,023,604</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables	\$ 4,671	\$ 5,494
User accounts	152,126	142,203
Deferred revenue	12,942	11,047
Other account payables and accrued expenses	48,288	44,110
Operating lease liabilities	2,541	2,571
Total current liabilities	<u>220,568</u>	<u>205,425</u>
Long-term liabilities:		
Convertible notes	455,942	455,305
Operating lease liabilities	3,815	4,482
Other non-current liabilities	2,641	2,618
Total long-term liabilities	<u>462,398</u>	<u>462,405</u>
Total liabilities	<u>\$ 682,966</u>	<u>\$ 667,830</u>
Shareholders' equity:		
Share capital and additional paid-in capital	660,276	640,846
Accumulated deficit	(283,570)	(284,358)
Accumulated other comprehensive income (loss)	(2,223)	(714)
Total shareholders' equity	<u>374,483</u>	<u>355,774</u>
Total liabilities and shareholders' equity	<u>\$ 1,057,449</u>	<u>\$ 1,023,604</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	
Revenue	\$ 93,524	\$ 87,956
Cost of revenue	15,448	15,666
Gross profit	78,076	72,290
Operating expenses:		
Research and development	23,633	21,887
Sales and marketing	42,152	42,050
General and administrative	16,451	15,499
Total operating expenses	82,236	79,436
Operating loss	(4,160)	(7,146)
Financial income, net	6,661	3,084
Income (loss) before income taxes	2,501	(4,062)
Income taxes	(1,713)	(210)
Net income (loss) attributable to ordinary shareholders	\$ 788	\$ (4,272)
Basic net income (loss) per share attributable to ordinary shareholders	\$ 0.02	\$ (0.11)
Basic weighted average ordinary shares	38,756,151	37,691,691
Diluted net income (loss) per share attributable to ordinary shareholders	\$ 0.02	\$ (0.11)
Diluted weighted average ordinary shares	39,604,979	37,691,691

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 31,	
	2024	2023
(Unaudited)		
Operating Activities		
Net income (loss)	\$ 788	\$ (4,272)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,150	1,725
Exchange rate fluctuations and other items, net	111	89
Amortization of premium and accretion of discount of marketable securities, net	(1,094)	856
Amortization of discount and issuance costs of convertible notes	637	634
Shared-based compensation	19,020	16,719
Changes in assets and liabilities:		
User funds	(11,620)	(15,906)
Operating lease ROU assets and liabilities	(98)	(248)
Other receivables	(2,976)	(974)
Trade payables	(828)	(3,785)
Deferred revenue	1,895	1,619
User accounts	9,923	14,963
Account payable, accrued expenses and other	4,265	1,558
Non-current liabilities	23	525
Net cash provided by operating activities	<u>21,196</u>	<u>13,503</u>
Investing Activities		
Investment in marketable securities	(30,734)	(62,558)
Proceeds from sale of marketable securities	40,085	54,300
Bank and restricted deposits	(23,861)	(30)
Purchase of property and equipment	(378)	(328)
Capitalization of internal-use software and other	(20)	(5)
Net cash used in investing activities	<u>(14,908)</u>	<u>(8,621)</u>
Financing Activities		
Proceeds from exercise of share options	442	1,750
Tax withholding in connection with employees' options exercises and vested RSUs	(221)	331
Net cash provided by financing activities	<u>221</u>	<u>2,081</u>
Effect of exchange rate fluctuations on cash and cash equivalents	(109)	(63)
Increase in cash, cash equivalents and restricted cash	6,400	6,900
Cash, cash equivalents and restricted cash at the beginning of period	183,674	87,889
Cash and cash equivalents at the end of period	<u>\$ 190,074</u>	<u>\$ 94,789</u>

KEY PERFORMANCE METRICS

	Twelve Months Ended March 31,	
	2024	2023
	(Unaudited)	
Annual active buyers (in thousands)	4,000	4,263
Annual spend per buyer (\$)	\$ 284	262

RECONCILIATION OF GAAP TO NON-GAAP GROSS PROFIT

(in thousands, except gross margin data)

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	
GAAP gross profit	\$ 78,076	\$ 72,290
Add:		
Share-based compensation and other	678	613
Depreciation and amortization	613	928
Non-GAAP gross profit	\$ 79,367	\$ 73,831
Non-GAAP gross margin	84.9%	83.9%

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

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	
	\$ 788	\$ (4,272)
Add:		
Depreciation and amortization	1,150	1,725
Share-based compensation	19,020	16,719
Contingent consideration revaluation, acquisition related costs and other	9	-
Convertible notes amortization of discount and issuance costs	637	634
Exchange rate (gain)/loss, net	128	(163)
Non-GAAP net income	\$ 21,732	\$ 14,643
Weighted average number of ordinary shares - basic	38,756,151	37,691,691
Non-GAAP basic net income per share attributable to ordinary shareholders	\$ 0.56	\$ 0.39
Weighted average number of ordinary shares - diluted	41,758,840	41,197,049
Non-GAAP diluted net income per share attributable to ordinary shareholders	\$ 0.52	\$ 0.36

RECONCILIATION OF GAAP NET INCOME (LOSS) TO ADJUSTED EBITDA

(in thousands, except Adjusted EBITDA margin data)

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	
GAAP net income (loss)	\$ 788	\$ (4,272)
Add:		
Financial income, net	(6,661)	(3,084)
Income taxes	1,713	210
Depreciation and amortization	1,150	1,725
Share-based compensation	19,020	16,719
Contingent consideration revaluation, acquisition related costs and other	9	-
Adjusted EBITDA	\$ 16,019	\$ 11,298
Adjusted EBITDA margin	17.1%	12.8%

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

(in thousands)

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	
GAAP research and development	\$ 23,633	\$ 21,887
Less:		
Share-based compensation	6,836	5,784
Depreciation and amortization	201	209
Non-GAAP research and development	\$ 16,596	\$ 15,894
GAAP sales and marketing	\$ 42,152	\$ 42,050
Less:		
Share-based compensation	3,436	3,269
Depreciation and amortization	264	502
Non-GAAP sales and marketing	\$ 38,452	\$ 38,279
GAAP general and administrative	\$ 16,451	\$ 15,499
Less:		
Share-based compensation	8,070	7,053
Depreciation and amortization	72	86
Contingent consideration revaluation, acquisition related costs and other	9	-
Non-GAAP general and administrative	\$ 8,300	\$ 8,360

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 income (loss) and non-GAAP net income (loss) per share as well as operating metrics, including GMV, active buyers, spend per buyer, take rate and tROI. Some amounts in this shareholder letter may not total due to rounding. All percentages have been calculated using unrounded amounts.

We define each of our non-GAAP measures of financial performance, as the respective GAAP balances shown in the above tables, adjusted for, as applicable, depreciation and amortization, share-based compensation expenses, contingent consideration revaluation, acquisition related costs and other, income taxes, amortization of discount and issuance costs of convertible note, financial (income) expenses, net. Non-GAAP gross profit margin represents non-GAAP gross profit expressed as a percentage of revenue. We define non-GAAP net income (loss) per share as non-GAAP net income (loss) divided by GAAP weighted-average number of ordinary shares basic and diluted.

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

Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income (loss) and non-GAAP net income (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 income (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.

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

We are not able to provide a reconciliation of Adjusted EBITDA and Adjusted EBITDA margin guidance for the second quarter of 2024 and the fiscal year ending December 31, 2024, and long term to net income (loss), the nearest comparable GAAP measure, because certain items that are excluded from Adjusted EBITDA and Adjusted EBITDA margin 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, impairment of intangible assets, income 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, GAAP measures in the future.

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 2024, the fiscal year ending December 31, 2024, our business plans and strategy, our expectations regarding AI services and developments, our product portfolio, our stock repurchase plan and expected shareholder value, our customer relationships and experiences, 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: political, economic and military instability in Israel, including related to the war in Israel; our ability to successfully implement our business plan within adverse economic conditions that may impact the demand for our services or have a material adverse impact on our business, financial condition and results of operations; our ability to attract and retain a large community of buyers and freelancers; our ability to generate sufficient revenue to achieve or maintain 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 dependence on traffic to our website; our ability to maintain user engagement on our website and to maintain and improve the quality of our platform; our operations within a competitive market; 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 data privacy, data protection and cybersecurity; our ability to manage our current and potential future growth; our dependence on decisions and developments in the mobile device industry, over which we do not have control; 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 and our ability to manage the business and economic risks of international expansion and operations; our ability to achieve desired operating margins; our ability to comply with a wide variety of U.S. and international laws and regulations; our ability to attract, recruit, retain and develop qualified employees; 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; 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 22, 2024 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 our 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 shareholder letter 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 shareholder letter relate only to events or information as of the date on which the statements are made in this shareholder letter. 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.