FORM 6-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2022

Commission File Number: 001-40394

Similarweb Ltd.
(Translation of registrant's name into English)

33 Yitzhak Rabin Rd.,
Givatayim 5348303, Israel
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F [X] Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ]

EXHIBIT INDEX

On August 9, 2022, Similarweb Ltd. will hold a conference call regarding its financial results for the second quarter ended June 30, 2022. A copy of the related press release is furnished as Exhibit 99.1 hereto.

Exhibit 99.1, other than the portions of Exhibit 99.1 under the caption "Financial Outlook", is hereby expressly incorporated by reference into the registrant's registration statement on Form S-8 filed with the Securities and Exchange Commission on April 15, 2022 (File no. 333-264307) and on May 20, 2021 (File No. 333-256324).

Exhibit No.	Description
99.1	Press Release of Similarweb Ltd., dated August 9, 2022
99.2	Shareholder letter, dated August 9, 2022

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Similarweb Ltd.

Date: August 9, 2022

By: /s/ Jason Schwartz
Jason Schwartz
Chief Financial Officer

SIMILARWEB ANNOUNCES SECOND QUARTER 2022 RESULTS

Second quarter 2022 revenue grew 46% year-over-year to $47.6 million

NRR for $100K+ ARR customers remains strong at 127%

Remaining performance obligations increased 53% year-over-year to $160.5 million

TEL AVIV, ISRAEL -- August 9, 2022 -- Similarweb Ltd. (NYSE: SMWB) ("Similarweb" or the "Company"), a leading digital intelligence company, today announced financial results for its second quarter ended June 30, 2022. The Company published a letter to shareholders from management discussing these results, which can be accessed at the link: https://ir.similarweb.com/financials/quarterly-results, located on the Company's investor relations website.

“We performed well in the second quarter as our momentum drove results,” said Or Offer, Founder and CEO of Similarweb. “In times of uncertainty, our customers seek out the critical insights that we provide, which help them win in their markets. We believe we are well-positioned to lead in these challenging times, and we remain focused on helping our customers successfully navigate through what lies ahead."

Second Quarter 2022 Financial Highlights

- Total revenue was $47.6 million, an increase of 46% compared to $32.5 million for the second quarter of 2021.
- GAAP operating loss was $(26.5) million, compared to $(14.9) million for the second quarter of 2021.
- GAAP net loss per share was $(0.29), compared to $(0.33) for the second quarter of 2021.
- Non-GAAP operating loss was $(19.8) million, compared to $(10.8) million for the second quarter of 2021.
- Non-GAAP operating loss per share was $(0.26), compared to $(0.23) for the second quarter of 2021.

- Cash and cash equivalents totaled $93.9 million as of June 30, 2022, compared to $128.9 million as of December 31, 2021.
- Net cash used in operating activities was $(13.1) million, compared to $(2.6) for the second quarter of 2021.
- Free cash flow was $(28.9) million, compared to $(3.3) million for the second quarter of 2021.
- Normalized free cash flow was $(18.9) million, compared to $(3.3) million for the second quarter of 2021.

Recent Business Highlights

- Grew number of customers to 3,849 as of June 30, 2022, an increase of 25% compared to June 30, 2021.
- Grew average annual revenue per customer to approximately $50,700 in the second quarter of 2022, an increase of 16% compared to the second quarter of 2021.
- Grew number of customers with ARR of $100,000 or more to 309 as of June 30, 2022, an increase of 40% compared to June 30, 2021.
- Customers with ARR of $100,000 or more contributed 53% of the total ARR as of June 30, 2022, compared to 49% as of June 30, 2021.
- Dollar-based net retention rate for customers with ARR of $100,000 or more increased to 127% in the second quarter of 2022 as compared to 118% in the second quarter of 2021.
- Overall dollar-based net retention rate increased to 115% in the second quarter of 2022 as compared to 106% in the second quarter of 2021.
- Multi-year subscriptions now comprise 36% of our overall ARR as of June 30, 2022, as compared to 28% as of June 30, 2021.
- Remaining performance obligations increased 53% year-over-year, to $160.5 million as of June 30, 2022, as compared to $105.0 million as of June 30, 2021.

Financial Outlook

“We are pleased with our results,” said Jason Schwartz, Chief Financial Officer of Similarweb. “Our disciplined execution in this challenging environment of rising global macroeconomic uncertainty continues to drive our performance. We are maintaining our revenue outlook and improving our operating loss outlook for the full year 2022.”

- Q3 2022 Guidance
  - Total revenue between $48.8 million and $49.2 million, representing 38% growth year-over-year at the mid-point of the range.
  - Non-GAAP gross margin anticipated in the range of 74% to 75%.
  - Non-GAAP operating loss between $(20.9) million and $(21.5) million.
- FY 2022 Guidance
  - Total revenue between $196.0 million and $197.0 million, representing 43% growth year-over-year at the mid-point of the range.
  - Non-GAAP gross margin anticipated in the range of 75% to 76%, reflecting continued investment to further expand our data moats through the previously reported acquisitions of Embee Mobile and SimilarTech, and the data licensing agreement with data.ai (formerly App Annie).
  - Non-GAAP operating loss between $(80) million and $(81) million, which reflects increased investment in research and development and in our go-to-market which is designed to support our continued growth plans, as well as improved operating efficiency.

The Company’s third quarter and full year 2022 financial outlook is based upon a number of assumptions and trends observed from prior quarters that are subject to change and many of which are outside the Company’s control. Actual results may vary from these assumptions, and the Company’s expectations may change. There can be no assurance that the Company will achieve these results.

The Company does not provide guidance for operating loss and gross margin, the most directly comparable GAAP measures to non-GAAP operating loss and non-GAAP gross margin, respectively, and similarly cannot provide a reconciliation to these measures to their closest GAAP equivalents without unreasonable effort due to the unavailability of reliable estimates for certain items, such as share-based compensation. These items are not within the Company’s control and may vary greatly between periods and could significantly impact future financial results.

Conference Call Information

The financial results and business highlights will be discussed on a conference call and webcast scheduled at 8:30 a.m. Eastern Time on Wednesday, August 10, 2022. A live webcast of the call can be accessed from Similarweb’s Investor Relations website at https://ir.similarweb.com. An archived webcast of the conference call will also be made available on the Similarweb website following the call. The live call may also be accessed via telephone at (877) 407-0726 toll-free and at (201) 689-7806 internationally.

About Similarweb: As a trusted platform for understanding online behavior, millions of people rely on Similarweb insights to strengthen their knowledge of the digital world. We empower anyone — from the curious individual to the enterprise business leader — to make smarter decisions by understanding why things happen across the digital ecosystem.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements relating to our guidance for the third quarter and full year of 2022 described under "Financial Outlook". Forward-looking statements include all statements that are not historical facts. Such statements may be preceded by the words “intends,” “may,” “will,” “plans,” “expects,” “anticipates,” “projects,” “predicts,” “estimates,” “aims,” “believes,” “hopes,” “potential” or similar words. These forward-looking statements reflect our current views regarding our intentions, products, services, plans, expectations, strategies and prospects, which are based on information currently available to us and assumptions we have made. Actual results may differ materially from those described in such forward-looking statements and are subject to a variety of assumptions, uncertainties, risks and factors that are beyond our control. Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) challenges associated with forecasting our revenue given our recent growth and rapid technological development, (ii) our history of net losses and desire to increase operating expenses, thereby limiting our ability to achieve profitability, (iii) challenges related to effectively managing our growth, including as result of macroeconomic factors, (iv) intense competition in the market and services categories in which we participate, (v) potential reductions in participation in our contributory network and/or increase in the volume of opt-out requests from individuals with respect to our collection of their data, or a decrease in our direct measurement dataset, which could lead to a deterioration in the depth, breadth or accuracy of our data, (vi) our inability to attract new customers and expand subscriptions of current customers, (vii) changes in laws, regulations, and public perception concerning data privacy or change in the patterns of enforcement of existing laws and regulations, (viii) our inability to introduce new features or solutions and make enhancements to our existing solutions, (ix) real or perceived errors, failures, vulnerabilities or bugs in our platform, (x) potential security breaches to our systems or to the systems of our third-party service providers, (xi) our inability to obtain and maintain comprehensive and reliable data to generate our insights, (xii) changes in laws and regulations related to the Internet or changes in the internet infrastructure itself that may diminish the demand for our solutions, (xiii) failure to effectively develop and expand our direct sales capabilities, which could harm our ability to increase the number of organizations using our platform and achieve broader market acceptance for our solutions and (ix) the impact that global events, such as ongoing COVID-19 pandemic, including variants of COVID-19 or other public health crises and the Russian military operations in Ukraine, and any related economic downturn could have on our or our customers' businesses, financial condition and results of operations.

These risks and uncertainties are more fully described in our filings with the Securities and Exchange Commission, including in the section entitled “Risk Factors” in our Form 20-F filed with the Securities and Exchange Commission on March 25, 2022, and subsequent reports that we file with the Securities and Exchange Commission. Moreover, 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 we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur.

Forward-looking statements represent our beliefs and assumptions only as of the date of this press release. Except as required by law, we undertake no duty to update any forward-looking statements contained in this release as a result of new information, future events, changes in expectations or otherwise.

Non-GAAP Financial Measures

This press release contains certain financial measures that are expressed on a non-GAAP basis. We use these non-GAAP financial measures internally to facilitate analysis of our financial and business trends and for internal planning and forecasting purposes. We believe these non-GAAP financial measures, when taken collectively, may be helpful to investors because they provide consistency and comparability with past financial performance by excluding certain items that may not be indicative of our business, results of operations, or outlook. However, non-GAAP financial measures have limitations as an analytical tool and are presented for supplemental informational purposes only. They should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures and capitalized internal-use software costs. Normalized free cash flow represents free cash flow less capital investments related to the Company's new headquarters and payments received in connection with these capital investments. Non-GAAP operating income (loss), non-GAAP gross profit, Non-GAAP research and development expenses, non-GAAP sales and marketing expenses and non-GAAP general and administrative expenses represent the comparable GAAP financial figure operating income (loss) or expense, less share-based compensation, adjustments and payments related to business combinations, amortization of intangible assets and certain other non-recurring items, as applicable and indicated in the above tables.

Other Metrics

Customer acquisition costs (CAC) represent the portion of sales and marketing expenses allocated to acquire new customers. Customer retention costs (CRC) represent the portion of sales and marketing expenses allocated to retain existing customers and to increase existing customers’ subscriptions. Annual recurring revenue (ARR) represents the annualized subscription revenue we would contractually expect to receive from customers assuming no increases or reductions in their subscriptions. CAC payback period is the estimated time in months to recover CAC in terms of incremental gross profit that newly acquired customers generate. Net retention rate (NRR) represents the comparison of our ARR from the same set of customers as of a certain point in time, relative to the same point in time in the previous year ago period, expressed as a percentage.

Press Contact:
Richard Krueger
Similarweb
press@similarweb.com

Investor Contact:
Raymond "RJ" Jones
Similarweb
ir@similarweb.com

Similarweb Ltd.
Consolidated Balance Sheets
U.S. dollars in thousands (except share and per share data)

	December 31, 2021	June 30, 2022 (Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$ 128,879	$ 93,925
Restricted deposits	11,474	11,368
Accounts receivable, net	31,017	26,915
Deferred contract costs	8,470	10,153
Prepaid expenses and other current assets	7,847	9,569
Total current assets	187,687	151,930
Property and equipment, net	6,356	27,388
Deferred contract costs, non-current	9,208	9,883
Operating lease right-of-use assets	—	44,149
Intangible assets, net	11,617	11,964
Goodwill	11,318	13,366
Other non-current assets	813	898
Total assets	**$ 226,999**	**$ 259,578**
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 11,303	$ 17,580
Payroll and benefit related liabilities	17,969	20,548
Deferred revenues	76,676	90,180
Other payables and accrued expenses	28,199	30,498
Operating lease liabilities	—	8,880
Total current liabilities	134,147	167,686
Deferred revenues, non-current	2,074	1,267
Operating lease liabilities, non-current	—	39,964
Deferred rent	2,602	—
Other long-term liabilities	3,262	3,184
Total liabilities	142,085	212,101
Shareholders' equity		
Ordinary Shares, NIS 0.01 par value 500,000,000 shares authorized as of December 31, 2021 and June 30, 2022 (unaudited); 74,847,609 and 75,929,758 shares issued as of December 31, 2021 and June 30, 2022 (unaudited); 74,845,441 and 75,927,590 outstanding as of December 31, 2021 and June 30, 2022 (unaudited), respectively	205	208
Additional paid-in capital	324,614	336,172
Accumulated other comprehensive income	160	(1,168)
Accumulated deficit	(240,065)	(287,735)
Total shareholders' equity	84,914	47,477
Total liabilities and shareholders' equity	**$ 226,999**	**$ 259,578**

Similarweb Ltd.

Consolidated Statements of Comprehensive Income (Loss)

U.S. dollars in thousands (except share and per share data)

	Six months Ended June 30, 2021	Six months Ended June 30, 2022	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022
	(Unaudited)		(Unaudited)	
Revenues	$ 61,920	$ 91,866	$ 32,507	$ 47,586
Cost of revenues	13,266	27,099	6,993	14,004
Gross profit	48,654	64,767	25,514	33,582
Operating expenses:				
Research and development	18,678	30,771	9,694	16,058
Sales and marketing	41,712	62,488	22,112	32,146
General and administrative	14,747	24,155	8,640	11,844
Total operating expenses	75,137	117,414	40,446	60,048
Loss from operations	(26,483)	(52,647)	(14,932)	(26,466)
Finance (expenses) income, net	(864)	5,423	(517)	4,601
Loss before income taxes	(27,347)	(47,224)	(15,449)	(21,865)
Provision for income taxes	488	446	272	196
Net loss	$ (27,835)	$ (47,670)	$ (15,721)	$ (22,061)
Net loss per share attributable to ordinary shareholders, basic and diluted	$ (0.88)	$ (0.63)	$ (0.33)	$ (0.29)
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted	31,452,977	75,350,079	47,265,792	75,661,037
Net loss	(27,835)	(47,670)	(15,721)	(22,061)
Other comprehensive (loss) income, net of tax				
Change in unrealized (loss) gain on cashflow hedges	(69)	(1,328)	191	(1,414)
Total other comprehensive (loss) income, net of tax	(69)	(1,328)	191	(1,414)
Total comprehensive loss	$ (27,904)	$ (48,998)	$ (15,530)	$ (23,475)

Share-based compensation costs included above:

U.S. dollars in thousands

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(in thousands)		(in thousands)	
Cost of revenues	$ 66	$ 320	$ 36	$ 174
Research and development	2,041	2,631	676	1,422
Sales and marketing	1,338	3,161	712	1,788
General and administrative	1,682	2,454	821	1,379
Total	**$ 5,127**	**$ 8,566**	**$ 2,245**	**$ 4,763**

Similarweb Ltd.

Consolidated Statements of Cash Flows

U.S. dollars in thousands

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(Unaudited)		(Unaudited)	
Cash flows from operating activities:				
Net loss	$ (27,835)	$ (47,670)	$ (15,721)	$ (22,061)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	1,055	5,758	535	2,709
Finance (income) expense	(92)	1,137	(241)	906
Unrealized (gain) loss from hedging future transactions	(22)	347	53	343
Share-based compensation	5,127	8,566	2,245	4,763
Gain on sale of equipment	—	(127)	—	(127)
Provision for accrued interest on Credit Facility	(53)	—	—	—
Changes in operating assets and liabilities:				
Operating lease right-of-use assets and liabilities, net	—	2,095	—	(1,082)
Decrease in accounts receivable, net	5,414	4,333	4,489	3,847
Increase in deferred contract costs	(2,525)	(2,358)	(1,407)	(591)
(Increase) decrease in prepaid expenses and other current assets	(216)	(379)	24	(1,483)
Decrease (increase) in other non-current assets	70	(85)	1,357	(85)
Increase (decrease) in accounts payable	3,951	1,402	1,962	(92)
Increase (decrease) in deferred revenue	11,836	12,333	2,388	(185)
Decrease in deferred rent	(227)	—	(106)	—
Increase (decrease) in other long-term liabilities	356	(428)	215	(366)
Increase in other payables and accrued expenses	2,497	2,940	1,601	454
Net cash used in operating activities	(664)	(12,136)	(2,606)	(13,050)
Cash flows from investing activities:				
Purchases of property and equipment, net	(1,020)	(19,620)	(569)	(14,836)
Capitalized internal-use software costs	(113)	(1,375)	(113)	(995)
(Increase) decrease in restricted deposits	(511)	106	(23)	94
Decrease in short-term investments	30,000	—	20,025	—
Payment in relation to business combinations (Schedule A)	(500)	(3,787)	(500)	(3,787)

Acquisitions of intangible assets	(300)	—	(300)	—
Net cash provided by (used in) investing activities	27,556	(24,676)	18,520	(19,524)
Cash flows from financing activities:				
Proceeds from exercise of share options	428	2,995	90	2,386
Borrowings under Credit Facility	30,000	—	—	—
Repayment of Credit Facility	(56,800)	—	(30,000)	—
Proceeds from initial public offering, net of underwriting fees and commissions and other issuance costs	152,411	—	152,411	—
Net cash provided by financing activities	126,039	2,995	122,501	2,386
Effect of exchange rates on cash and cash equivalents	92	(1,137)	241	(906)
Net increase (decrease) in cash and cash equivalents	153,023	(34,954)	138,656	(31,094)
Cash and cash equivalents, beginning of period	23,943	128,879	38,310	125,019
Cash and cash equivalents, end of period	$ 176,966	$ 93,925	$ 176,966	$ 93,925
Supplemental disclosure of cash flow information:				
Interest paid (received)	$ 528	$ (16)	$ 137	$ 1
Taxes paid	$ 254	$ 241	$ 120	$ 181
Supplemental disclosure of non-cash operating, investing and financing activities:				
Offering costs incurred during the period included in accounts payable and accrued expenses	$ 1,745	$ —	$ 1,745	$ —
Additions to operating lease right-of-use assets and liabilities	$ —	$ 8,978	$ —	$ 4,699
Deferred proceeds from exercise of share options included in other current assets	$ —	$ —	$ —	$ (479)
Deferred costs of property and equipment incurred during the period included in accounts payable	$ —	$ 3,454	$ —	$ (7,088)

Schedule A : Business combinations		
Working capital (deficit), net (excluding cash and cash equivalents)		(668)
Property, plant and equipment		43
Goodwill and other intangible assets		4,565
Deferred taxes, net		(153)
		$ 3,787

Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

Reconciliation of GAAP gross profit to non-GAAP gross profit

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	**2022**	**2021**	**2022**
	(In thousands)		(In thousands)	
GAAP gross profit	$ 48,654	$ 64,767	$ 25,514	$ 33,582
Add:				
Share-based compensation expenses	66	320	36	174
Retention payments related to business combinations	—	1,145	—	455
Amortization of intangible assets related to business combinations	—	2,151	—	1,110
Non-recurring expenses related to termination of lease agreement and others	—	35	—	26
Non-GAAP gross profit	**48,720**	**68,418**	**25,550**	**35,347**
Non-GAAP gross margin	**79 %**	**74 %**	**79 %**	**74 %**

Reconciliation of Loss from operations (GAAP) to Non-GAAP operating loss

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(In thousands)		(In thousands)	
Loss from operations	$ (26,483)	$ (52,647)	$ (14,932)	$ (26,466)
Add:				
Share-based compensation expenses	5,127	8,566	2,245	4,763
Retention payments related to business combinations	696	1,254	696	542
Amortization of intangible assets related to business combinations	—	2,170	—	1,129
Adjustment of fair value of contingent consideration related to business combinations	—	682	—	130
Non-recurring expenses related to termination of lease agreement and others	—	559	—	241
Non-recurring fees related to initial public offering	1,214	—	1,214	$ —
Capital gain related to sale of operating equipment	—	(127)	—	(127)
Non-GAAP operating loss	**$ (19,446)**	**$ (39,543)**	**$ (10,777)**	**$ (19,788)**
Non-GAAP operating margin	**(31)%**	**(43)%**	**(33)%**	**(42)%**

Reconciliation of GAAP operating expenses to non-GAAP operating expenses

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(In thousands)		(In thousands)	
GAAP research and development	$ 18,678	$ 30,771	$ 9,694	$ 16,058
Less:				
Share-based compensation expenses	2,041	2,631	676	1,422
Retention payments related to business combinations	696	—	696	—
Non-recurring expenses related to termination of lease agreement and others	—	87	—	64
Non-GAAP research and development	**$ 15,941**	**$ 28,053**	**$ 8,322**	**$ 14,572**
GAAP sales and marketing	$ 41,712	$ 62,488	$ 22,112	$ 32,146
Less:				
Share-based compensation expenses	1,338	3,161	712	1,788
Retention payments related to business combinations	—	109	—	87
Amortization of intangible assets related to business combinations	—	19	—	19
Non-recurring expenses related to termination of lease agreement and others	—	381	—	110
Non-GAAP sales and marketing	**$ 40,374**	**$ 58,818**	**$ 21,400**	**$ 30,142**
GAAP general and administrative	$ 14,747	$ 24,155	$ 8,640	$ 11,844
Less:				
Share-based compensation expenses	1,682	2,454	821	1,379
Adjustment of fair value of contingent consideration related to business combinations	—	682	—	130
Non-recurring fees related to initial public offering	1,214	—	1,214	—
Non-recurring expenses related to termination of lease agreement and others	—	56	—	41
Capital gain related to sale of operating equipment	—	(127)	—	(127)
Non-GAAP general and administrative	**$ 11,851**	**$ 21,090**	**$ 6,605**	**$ 10,421**

Reconciliation of Net cash used in operating activities (GAAP) to Free cash flow and Normalized free cash flow

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(In thousands)		(In thousands)	
Net cash used in operating activities	$ (664)	$ (12,136)	$ (2,606)	$ (13,050)
Purchases of property and equipment, net	(1,020)	(19,620)	(569)	(14,836)
Capitalized internal use software costs	(113)	(1,375)	(113)	(995)
Free cash flow	**$ (1,797)**	**$ (33,131)**	**$ (3,288)**	**$ (28,881)**
Purchases of property and equipment related to the new headquarters	—	18,279	—	13,823
Payments received in connection with purchases of property and equipment	—	(8,017)	—	(3,848)
Normalized free cash flow	**$ (1,797)**	**$ (22,869)**	**$ (3,288)**	**$ (18,906)**

similarweb

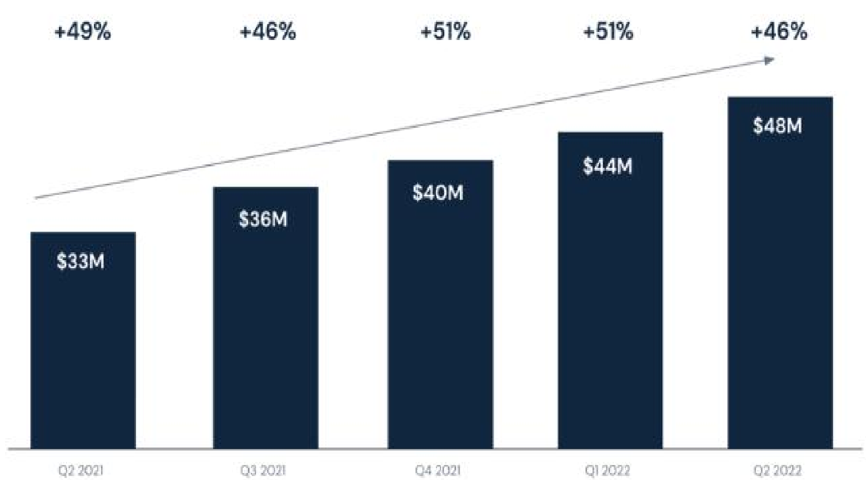
Exhibit 99.2

Dear Shareholders,

We performed well in the second quarter of 2022, crossing the midpoint of the year ahead of where we expected to be. We achieved excellent results during a challenging time for businesses globally. Over this period, we have seen an increased interest for our products from decision-makers at many companies, which is key to driving revenue growth to new levels in the rapidly shifting global macroeconomic environment.

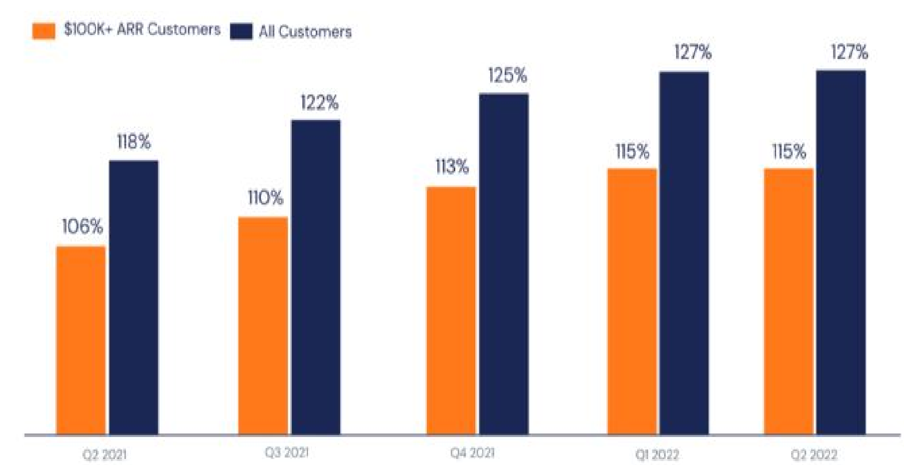
As we navigate in this dynamic environment, we are adapting. Prior to becoming a publicly traded company, we developed a culture of disciplined growth, focused on optimizing our unit economics that enabled us to achieve positive free cash flow in the first quarter of 2021. We used the proceeds of our IPO to accelerate our growth with the same disciplined culture on a path that saw us achieve over 50% revenue growth year-over-year on a quarterly basis. Today, we are expanding our strategic focus to balance growth and profitability. As we progress through the remainder of 2022, we will be working diligently to build on our growth success and drive operational efficiencies on our path to sustained free cash flow.

Returning to our results, our momentum continued in the second quarter of 2022 (Q2-22). Revenue reached $47.6 million, which exceeded our estimates, and grew 46% year-over-year.



Our customer base increased to 3,849 accounts, as of June 30, 2022, representing 25% growth year-over-year (YoY). The average annual revenue per account was approximately $50,700 and increased approximately 16% compared to the second quarter of 2021 (Q2-21).

Notably, we achieved an overall net revenue retention (NRR) rate of 115% in Q2-22. We achieved an NRR rate of 127% for our $100K+ annual recurring revenue (ARR) customer segment alone.



Again, we completed our second quarter with strong growth and sustained momentum from our results of the prior quarter. As our results indicate, we believe that companies continue to invest in digital transformation and our customers have increasingly relied on our technological solutions to operate and grow, especially during challenging times. Our

digital intelligence solutions are critical enablement tools for our customers to understand their markets better than their competitors, to act faster, and to win in today's online world.

Favorable Global Trends

We continue to see three digital trends worldwide that are beneficial to the growth of our company.

The first trend: we are living in the age of **digital transformation**. The collision of business and consumer dependencies on digital means of commerce and interaction create tremendous opportunities. The effect of "online first" activity necessitates that businesses constantly evaluate and understand current consumer and competitor behavior in the digital world. We believe that the actionable insights we deliver to our customers enable them to optimize their digital performance and position themselves for growth.

The second trend: **Data-driven** decision-making by business leaders requires adding context and visibility beyond internal data. Businesses need reliable external data and insights on the current market environment. We believe that the increasingly urgent need for better visibility during rising global macroeconomic uncertainty appears to have become a catalyst for this trend. We believe Similarweb solutions ease anxiety at a time of volatility by enhancing visibility into the digital world, and are now more important than in the past.

The third trend: The full ramifications of data **privacy** initiatives are yet to be felt by the global business community. From our close interactions with customers and partners, it is increasingly apparent that of the three trends, privacy and security will likely be the next definitive digital frontier over the long term. When support for third party cookies in Chrome is phased out in 2024, and as control of identifiers for advertisers (IDFAs) move into the hands of consumers, we foresee what will resemble a giant light switch being flipped from on to off. Companies will become enshrouded in digital darkness with limited means to discern meaningful audience behavior. As a result, we anticipate that Similarweb audience intelligence capabilities may become more essential to the operations of these companies. In particular, we believe our web and application intelligence solutions illuminate opportunities and facilitate action in the digital world.

We believe we remain positioned to benefit from these trends because our customers' growth challenges represent our growth opportunities.

similarweb

Exhibit 99.2

Strategy Execution

For over 10 years, we have been working relentlessly on solving the challenging problem of measuring and predicting online behavior and determining its applications for companies and organizations around the world. Our passion led to us innovating in the research and business intelligence industries in the global market. Today, we believe our software-as-a-service (SaaS) solutions revolutionize the category of market research and intelligence within the digital world. Without our software, it can take weeks or months to research, benchmark, and analyze companies, industries and markets at a substantial cost. Using our software, companies can take hours, minutes, or seconds to access actionable insights with our relevant solutions. Our solutions apply to a wide variety of industries, ranging from financial services to retail, travel, CPGs, media, and others, and we believe they open up a tremendous market opportunity for us and our customers. We estimate the current total addressable market is approximately $34 billion annually that companies allocate to market research and analysis. To successfully grow our market share, we are laser-focused on execution.

Our overall strategy is supported by three pillars we strive to implement:

1. Establishing, maintaining, and enhancing substantial advantages in data and technology
2. Delivering considerable return on investment for our customers through our digital intelligence solutions
3. Executing our go-to-market strategies, catalyzed by smart investments and operating discipline

Ultimately, our success depends on the success of our customers. They come to us with data-driven requests such as: *How do we increase our demand? How should we change our product portfolio? How do we grow our market share? How do we grow our audience? How do we grow our sales?*

We can predict how consumers and businesses interact on the internet, across the web and mobile continuum.

From our vast data-enabled perspective, we can provide fresh, highly valuable, market-based digital signals to decision-makers who are responsible for driving their companies' revenue growth. We offer compelling proprietary technology solutions in digital marketing,

sales, market research, and ecommerce strategy, which contain easy-to-understand insights that guide companies on what they can do in order to grow. Additionally, we provide reliable and timely alternative data for the investment community that help investors make informed decisions on companies and their strategies.

We constantly innovate and improve upon the ability to create accurate insights and develop use cases. This quarter we launched a new, premium App Intelligence module, for which we have received favorable feedback from customers. The new module incorporates mobile app data through our partnership with data.ai (formerly App Annie), integrating leading mobile app coverage into our award-winning desktop and mobile web measurement solutions. We now give organizations a comprehensive view of available digital activity, and the ability to harness insights from mobile, desktop, and app users, from a single interface. We can provide a 360-degree view into virtually any company's estimated digital footprint, which we believe gives our customers a competitive edge and aids their ability to make better informed business decisions in the digital world.

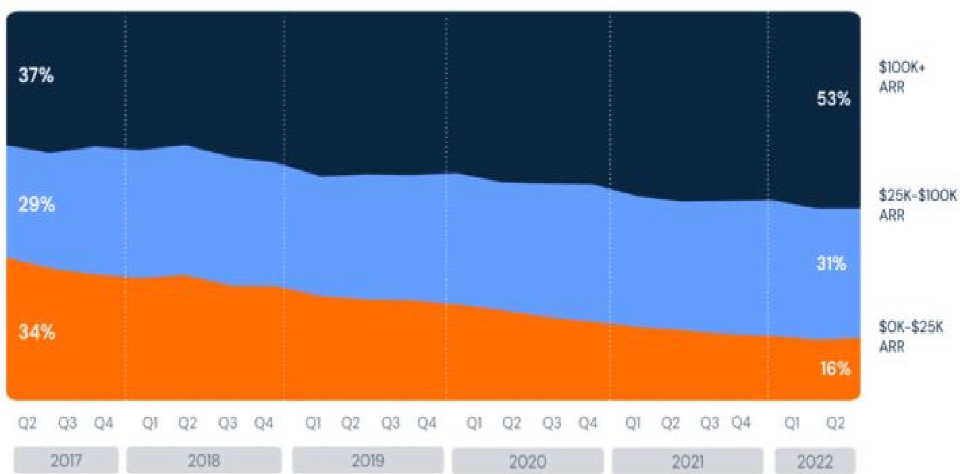
Further advancing our capabilities, we acquired Rank Ranger in May 2022, and expanded our capabilities to create a solution that dominates the field of search engine optimization (SEO). By integrating our traffic analysis and competitive intelligence capabilities with Rank Ranger's rank and backlink monitoring, we can connect many of the dots of cause-and-effect in SEO activities. Aligning ranking and backlinks monitoring with estimated real-time traffic and real competitors allows us to drive faster and smarter analysis and reporting over time. Combining tracking, advanced reporting, and varied API abilities with our existing solutions can potentially change the competitive landscape for our customers and we look forward to giving them new insights to drive their own operational results.

Additionally, we are in the middle of an exciting platform build cycle for our Investor Intelligence solution. We are preparing to release our next major platform iteration, which includes new stock-specific analysis, and new estimated performance indicators on SaaS companies that have not been available previously on the platform. The early feedback that we are receiving from our customers that have participated in the beta testing and operations in the new interface has been positive. Our goal is to launch the new feature set in the second half of 2022, pending any final modifications.

The performance of our current product solutions and the strong customer demand for our data insights drove positive results across our product portfolio in Q2-22. When looking at our customer segments by industry, revenue grew fastest in the B2B industry, and in

particular from our customers in AdTech, AdNetwork and software. Our largest revenue contributions continued to come from transactional (& consulting for transactional) services, such as retail, travel, financial services, and consumer-product companies.

The expansion of our global customer base — consisting of SMBs, enterprise, and strategic accounts — remained strong. Importantly, the number of companies who generate more than $100K in ARR grew from 220, as of June 30, 2021, to 309, as of June 30, 2022, representing an increase of 40% YoY. This critical customer segment represents over 53% of our total ARR, as of June 30, 2022. NRR for this segment continues to remain healthy, up from 118% in Q2-21 to 127% in Q2-22, in this customer segment.



similarweb

Exhibit 99.2

Financial Results

When examining our financial results, please note that references to expenses and operating results (other than revenue) are presented both per GAAP and on a non-GAAP basis below, and that all non-GAAP results are reconciled to the GAAP results in the financial statements exhibits presented at the end of this letter.

Our financial results in Q2-22 exceeded our estimates.

Revisiting our top line results, in Q2-22, we delivered strong revenues of $47.6 million, reflecting a 46% YoY growth driven by increases in customers and revenue per customer. 53% of our sales came from international markets outside of the United States.

Our gross profit totaled $33.6 million and our non-GAAP gross profit totaled $35.3 million non-GAAP in Q2-22, compared to $25.5 million and $25.6 million in Q2-21, respectively. Non-GAAP gross margin was 74.3% in Q2-22, versus 78.6% in Q2-21. To analyze gross margin on a comparable basis, the impact from the Embee Mobile acquisition and data.ai partnership on gross margin in Q2-22 was approximately 360 basis points. Because these expenses are almost entirely fixed, we expect the negative impact on gross margin will decrease as revenue increases in future periods.

Operating expenses grew to $60.0 million and our non-GAAP operating expenses grew to $55.1 million in Q2-22, representing 115.9% of non-GAAP revenue in Q2-22 – up from $40.4 million and $36.3 million non-GAAP in Q2-21, respectively, or 111.7% of non-GAAP revenue in Q2-21 – largely reflecting the investment in human capital across the business to support our growth.

Specific components of our operating expenses:

Our research and development investment increased to $16.1 million and our non-GAAP research & development investment increased to $14.6 million in Q2-22, up from $9.7 million and $8.3 million in Q2-21, respectively. This increase was driven primarily by growth of employee headcount focused on our newer revenue-generating solutions: Shopper Intelligence, Sales Intelligence, and Investor Intelligence.

Sales and marketing grew to $32.1 million and non-GAAP sales and marketing grew to $30.1 million in Q2-22, up from $22.1 million and $21.4 million in Q2-21, respectively, driven

principally by increased headcount in sales and account management, as well as increased marketing activities.

An operating tenet in our model is that our sales and marketing costs are divided approximately 55% to 60% to customer acquisition (land), and 40% to 45% to retention, upselling and cross-selling (expand). When analyzing our investment in customer acquisition costs (CAC) for growth efficiency, we track an estimated payback period. Its trend has averaged between 15 and 16 months on a gross profit basis over the trailing four quarters. For comparability, we adjust for the impact of the Embee Mobile acquisition and data.ai partnership in computing the CAC payback period. Payback from expansion and customer retention costs (CRC) is faster than payback on new customer CAC and contributes meaningfully to our growth efficiency. We continue to invest in customer acquisition to support future growth, as well as in CRC based on our strong NRR and increasing customer lifetime value.

General and administrative costs grew to $11.8 million and our non-GAAP general and administrative costs grew to $10.4 million in Q2-22, up from $8.6 million and $6.6 million in Q2-21, respectively, which was driven by headcount increases to support growth, as well as by expenses incurred as a publicly traded company. Going forward, we expect these expenses will become more comparable as we have been publicly traded for over a year.

Looking at our bottom line, our GAAP operating loss in Q2-22 totaled $26.5 million, and our non-GAAP operating loss totaled $19.8 million, which was less than our estimated loss for the quarter. As our revenue growth exceeded our estimates for the quarter, we experienced strong flow-through of the incremental sales as operating profit, while we also achieved operating efficiencies across the business.

We ended the quarter with $93.9 million in cash and cash equivalents. Net cash used in operating activities was negative $13.1 million in Q2-22, compared to negative $2.6 million in Q2-21. Normalized free cash flow was negative $18.9 million in Q2-22, compared to negative $3.3 million in Q2-21, reflecting our investments in our growth across the business.

similarweb

Exhibit 99.2

Business Outlook

As we look to the rest of the year, we remain focused on disciplined execution through decisions within our control that relate to managing our balance sheet prudently and supporting both our growth and profitability potential.

We believe our business is resilient. We are prepared to withstand potential macroeconomic impacts from a position of strength and agility. We are seeing and experiencing how our customers are reacting to local and global conditions differently. On a geographic basis, businesses in the EU appear to be on softening ground. On a customer segment basis, the smallest businesses seem to be the most anxious, while the largest are fortifying their positions and securing high-ROI relationships that help them succeed. Our customers repeatedly tell us that we are an important contributing factor to their success in this environment.

In this challenging environment, we are taking an opportunistic approach towards acquisitions. Our recent acquisition of Rank Ranger is an excellent example of what we want to accomplish. We believe the Rank Ranger team, product, technology, and data complement us in every way. We believe that we can achieve smart growth through effective acquisitions like Rank Ranger, and that we will have more M&A opportunities to advance our strategy going forward.

As a reminder, approximately 99% of our revenue is ARR — annual recurring revenue — with minimum subscription terms of one year. We continue to increase the number of customers with multi-year subscription terms. As of the end of Q2-22, 36% of our ARR was generated from customers with multi-year subscription commitments, compared to 28% at the same time last year. We believe this is a strong indicator of the long term durability of demand for our growth platform.

We also believe that another strong indication of future performance is our deferred revenue, which was $91.4 million at the end of Q2-22, compared to $65.9 million in the same period last year. Importantly, our Remaining Performance Obligations (RPO) totaled $160 million at the end of Q2-22, up from $105 million at the end of Q2-21. We expect to recognize approximately 87% of total Q2-22 RPO as revenue over the next 12 months. This represents strong demand, increased upsell commitments, and substantiates the value our customers find in our solutions during these challenging times.

similarweb

Exhibit 99.2

After assessing the momentum in our business and its continued likelihood in the current global macroeconomic environment, we are maintaining our revenue guidance for the year. In the third quarter of 2022 (Q3-22), we expect total revenue in the range of $48.8 million to $49.2 million, representing 38% YoY growth at the midpoint. For the fiscal year ending December 31, 2022, we continue to expect total revenue in the range of $196.0 million to $197.0 million, representing 43% growth YoY at the midpoint of the range. In 2H 22, we are watching our sales pipeline for signs of cycle extensions or softness. At this time, there are signs in the EU that indicate an increasing likelihood of slowing economic growth, which we have included in our outlook sensitivity.

Looking at our projected Non-GAAP operating loss for Q3-22, we expect it to be in the range of ($20.9 million) to ($21.5 million) and for the full year of 2022 between ($80 million) and ($81 million). This outlook includes impacts to COGS and, in turn, to gross profit and gross margin from our Embee Mobile acquisition and the data.ai (formerly App Annie) partnership that were not present in the prior periods. As a reminder, we deployed data.ai data into our intelligence solutions as a new, revenue-generating module in Q2-22. Both Embee Mobile and data.ai expenses are fixed and increase COGS when compared to prior year periods. For modeling our business, we anticipate Non-GAAP gross margin to be approximately 74% to 75% in Q3 22, and 75% to 76% for the year ending December 31, 2022 as a result of these impacts.

similarweb

Exhibit 99.2

Growth Opportunity

We enter the second half of 2022 with positive momentum. We are mindful of current macroeconomic conditions and are proactively making decisions to strengthen our financial position as we pursue profitable growth.

Considering the current environment, we believe we have become a must-have technology solution that companies utilize to see and capture their growth opportunities across the web and mobile continuum at scale. Our SaaS solutions are designed to support the revenue-driving operations of our customers — sales, marketing, analytics, ecommerce — by providing tremendous visibility into risks and opportunities during times of uncertainty. We strive to empower the C-suite with additional agility to execute efficiently by enabling leaders to make real-time course corrections and optimize business performance based on our actionable insights. Importantly, companies can utilize our easy-to-understand solutions on their own to navigate the challenges ahead in a cost-effective way.

The investments we have previously made in our pursuit of smart growth and free cash flow generation show early returns through our disciplined execution. We believe our results to date indicate that our customers' growth challenges during these times of increasing uncertainty likely represent one of our most important opportunities yet to deliver value.

We are just getting started. These are still early days for us.

We look forward to keeping everyone updated on our progress.

Sincerely,

Or Offer
Founder and Chief Executive Officer

Jason Schwartz
Chief Financial Officer

similarweb

Exhibit 99.2

Consolidated Balance Sheets

	December 31, 2021	June 30, 2022 (Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$ 128,879	$ 93,925
Restricted deposits	11,474	11,368
Accounts receivable, net	31,017	26,915
Deferred contract costs	8,470	10,153
Prepaid expenses and other current assets	7,847	9,569
Total current assets	187,687	151,930
Property and equipment, net	6,356	27,388
Deferred contract costs, non-current	9,208	9,883
Operating lease right-of-use assets	—	44,149
Intangible assets, net	11,617	11,964
Goodwill	11,318	13,366
Other non-current assets	813	898
Total assets	**$ 226,999**	**$ 259,578**
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 11,303	$ 17,580
Payroll and benefit related liabilities	17,969	20,548
Deferred revenues	76,676	90,180
Other payables and accrued expenses	28,199	30,498
Operating lease liabilities	—	8,880
Total current liabilities	134,147	167,686
Deferred revenues, non-current	2,074	1,267
Operating lease liabilities, non-current	—	39,964
Deferred rent	2,602	—
Other long-term liabilities	3,262	3,184
Total liabilities	142,085	212,101
Shareholders' equity		
Ordinary Shares, NIS 0.01 par value 500,000,000 shares authorized as of December 31, 2021 and June 30, 2022 (unaudited); 74,847,609 and 75,929,758 shares issued as of December 31, 2021 and June 30, 2022 (unaudited); 74,845,441 and 75,927,590 outstanding as of December 31, 2021 and June 30, 2022 (unaudited), respectively	205	208
Additional paid-in capital	324,614	336,172
Accumulated other comprehensive income	160	(1,168)
Accumulated deficit	(240,065)	(287,735)
Total shareholders' equity	84,914	47,477
Total liabilities and shareholders' equity	**$ 226,999**	**$ 259,578**

similarweb

Exhibit 99.2

Consolidated Statements of Comprehensive Income (Loss)

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(Unaudited)		(Unaudited)	
Revenues	$ 61,920	$ 91,866	$ 32,507	$ 47,586
Cost of revenues	13,266	27,099	6,993	14,004
Gross profit	48,654	64,767	25,514	33,582
Operating expenses:				
Research and development	18,678	30,771	9,694	16,058
Sales and marketing	41,712	62,488	22,112	32,146
General and administrative	14,747	24,155	8,640	11,844
Total operating expenses	75,137	117,414	40,446	60,048
Loss from operations	(26,483)	(52,647)	(14,932)	(26,466)
Finance (expenses) income, net	(864)	5,423	(517)	4,601
Loss before income taxes	(27,347)	(47,224)	(15,449)	(21,865)
Provision for income taxes	488	446	272	196
Net loss	$ (27,835)	$ (47,670)	$ (15,721)	$ (22,061)
Net loss per share attributable to ordinary shareholders, basic and diluted	$ (0.88)	$ (0.63)	$ (0.33)	$ (0.29)
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted	31,452,977	75,350,079	47,265,792	75,661,037
Net loss	(27,835)	(47,670)	(15,721)	(22,061)
Other comprehensive (loss)				
Change in unrealized (loss) gain on cashflow hedges	(69)	(1,328)	191	(1,414)
Total other comprehensive (loss) income, net of tax	(69)	(1,328)	191	(1,414)
Total comprehensive loss	$ (27,904)	$ (48,998)	$ (15,530)	$ (23,475)

similarweb

Exhibit 99.2

Share-based compensation costs included above:

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(in thousands)		(in thousands)	
Cost of revenues	$ 66	$ 320	$ 36	$ 174
Research and development	2,041	2,631	676	1,422
Sales and marketing	1,338	3,161	712	1,788
General and administrative	1,682	2,454	821	1,379
Total	**$ 5,127**	**$ 8,566**	**$ 2,245**	**$ 4,763**

similarweb

Exhibit 99.2

Consolidated Statements of Cash Flows

	Six months Ended June 30, 2021	Six months Ended June 30, 2022	Three Months Ended June 30, 2021	Three Months Ended June 30, 2022
	(Unaudited)		(Unaudited)	
Cash flows from operating activities:				
Net loss	$ (27,835)	$ (47,670)	$ (15,721)	$ (22,061)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	1,055	5,758	535	2,709
Finance (income) expense	(92)	1,137	(241)	906
Unrealized (gain) loss from hedging future transactions	(22)	347	53	343
Share-based compensation	5,127	8,566	2,245	4,763
Gain on sale of equipment	—	(127)	—	(127)
Provision for accrued interest on Credit Facility	(53)	—	—	—
Changes in operating assets and liabilities:				
Operating lease right-of-use assets and liabilities, net	—	2,095	—	(1,082)
Decrease in accounts receivable, net	5,414	4,333	4,489	3,847
Increase in deferred contract costs	(2,525)	(2,358)	(1,407)	(591)
(Increase) decrease in prepaid expenses and other current assets	(216)	(379)	24	(1,483)
Decrease (increase) in other non-current assets	70	(85)	1,357	(85)
Increase (decrease) in accounts payable	3,951	1,402	1,962	(92)
Increase (decrease) in deferred revenue	11,836	12,333	2,388	(185)
Decrease in deferred rent	(227)	—	(106)	—
Increase (decrease) in other long-term liabilities	356	(428)	215	(366)
Increase in other payables and accrued expenses	2,497	2,940	1,601	454
Net cash used in operating activities	(664)	(12,136)	(2,606)	(13,050)
Cash flows from investing activities:				
Purchases of property and equipment, net	(1,020)	(19,620)	(569)	(14,836)
Capitalized internal-use software costs	(113)	(1,375)	(113)	(995)
(Increase) decrease in restricted deposits	(511)	106	(23)	94
Decrease in short-term investments	30,000	—	20,025	—
Payment in relation to business combinations (Schedule A)	(500)	(3,787)	(500)	(3,787)

Acquisitions of intangible assets	(300)	—	(300)	—
Net cash provided by (used in) investing activities	27,556	(24,676)	18,520	(19,524)
Cash flows from financing activities:				
Proceeds from exercise of share options	428	2,995	90	2,386
Borrowings under Credit Facility	30,000	—	—	—
Repayment of Credit Facility	(56,800)	—	(30,000)	—
Proceeds from initial public offering, net of underwriting fees and commissions and other issuance costs	152,411	—	152,411	—
Net cash provided by financing activities	126,039	2,995	122,501	2,386
Effect of exchange rates on cash and cash equivalents	92	(1,137)	241	(906)
Net increase (decrease) in cash and cash equivalents	153,023	(34,954)	138,656	(31,094)
Cash and cash equivalents, beginning of period	23,943	128,879	38,310	125,019
Cash and cash equivalents, end of period	$ 176,966	$ 93,925	$ 176,966	$ 93,925
Supplemental disclosure of cash flow information:				
Interest paid (received)	$ 528	$ (16)	$ 137	$ 1
Taxes paid	$ 254	$ 241	$ 120	$ 181
Supplemental disclosure of non-cash operating, investing and financing activities:				
Offering costs incurred during the period included in accounts payable and accrued expenses	$ 1,745	$ —	$ 1,745	$ —
Additions to operating lease right-of-use assets and liabilities	$ —	$ 8,978	$ —	$ 4,699
Deferred proceeds from exercise of share options included in other current assets	$ —	$ —	$ —	$ (479)
Deferred costs of property and equipment incurred during the period included in accounts payable	$ —	$ 3,454	$ —	$ (7,088)

Schedule A : Business combinations		
Working capital (deficit), net (excluding cash and cash equivalents)		(668)
Property, plant and equipment		43
Goodwill and other intangible assets		4,565
Deferred taxes, net		(153)
	$	3,787

similarweb

Exhibit 99.2

Reconciliation of GAAP gross profit to Non-GAAP gross profit

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(In thousands)		(In thousands)	
GAAP gross profit	$ 48,654	$ 64,767	$ 25,514	$ 33,582
Add:				
Share-based compensation expenses	66	320	36	174
Retention payments related to business combinations	—	1,145	—	455
Amortization of intangible assets related to business combinations	—	2,151	—	1,110
Non-recurring expenses related to termination of lease agreement and others	—	35	—	26
Non-GAAP gross profit	**48,720**	**68,418**	**25,550**	**35,347**
Non-GAAP gross margin	**79 %**	**74 %**	**79 %**	**74 %**

similarweb

Exhibit 99.2

Reconciliation of GAAP operating loss to Non-GAAP operating loss

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(In thousands)		(In thousands)	
Loss from operations	$ (26,483)	$ (52,647)	$ (14,932)	$ (26,466)
Add:				
Share-based compensation expenses	5,127	8,566	2,245	4,763
Retention payments related to business combinations	696	1,254	696	542
Amortization of intangible assets related to business combinations	—	2,170	—	1,129
Adjustment of fair value of contingent consideration related to business combinations	—	682	—	130
Non-recurring expenses related to termination of lease agreement and others	—	559	—	241
Non-recurring fees related to initial public offering	1,214	—	1,214	$ —
Capital gain related to sale of operating equipment	—	(127)	—	(127)
Non-GAAP operating loss	**$ (19,446)**	**$ (39,543)**	**$ (10,777)**	**$ (19,788)**
Non-GAAP operating margin	**(31)%**	**(43)%**	**(33)%**	**(42)%**

similarweb

Exhibit 99.2

Reconciliation of GAAP operating expenses to non-GAAP operating expenses

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(In thousands)		(In thousands)	
GAAP research and development	$ 18,678	$ 30,771	$ 9,694	$ 16,058
Less:				
Share-based compensation expenses	2,041	2,631	676	1,422
Retention payments related to business combinations	696	—	696	—
Non-recurring expenses related to termination of lease agreement and others	—	87	—	64
Non-GAAP research and development	**$ 15,941**	**$ 28,053**	**$ 8,322**	**$ 14,572**
GAAP sales and marketing	$ 41,712	$ 62,488	$ 22,112	$ 32,146
Less:				
Share-based compensation expenses	1,338	3,161	712	1,788
Retention payments related to business combinations	—	109	—	87
Amortization of intangible assets related to business combinations	—	19	—	19
Non-recurring expenses related to termination of lease agreement and others	—	381	—	110
Non-GAAP sales and marketing	**$ 40,374**	**$ 58,818**	**$ 21,400**	**$ 30,142**
GAAP general and administrative	$ 14,747	$ 24,155	$ 8,640	$ 11,844
Less:				
Share-based compensation expenses	1,682	2,454	821	1,379
Adjustment of fair value of contingent consideration related to business combinations	—	682	—	130
Non-recurring fees related to initial public offering	1,214	—	1,214	—
Non-recurring expenses related to termination of lease agreement and others	—	56	—	41
Capital gain related to sale of operating equipment	—	(127)	—	(127)
Non-GAAP general and administrative	**$ 11,851**	**$ 21,090**	**$ 6,605**	**$ 10,421**

similarweb

Exhibit 99.2

Reconciliation of net cash used in operating activities (GAAP) to Free cash flow and Normalized free cash flow

	Six months Ended June 30,		Three Months Ended June 30,	
	2021	2022	2021	2022
	(In thousands)		(In thousands)	
Net cash used in operating activities	$ (664)	$ (12,136)	$ (2,606)	$ (13,050)
Purchases of property and equipment, net	(1,020)	(19,620)	(569)	(14,836)
Capitalized internal use software costs	(113)	(1,375)	(113)	(995)
Free cash flow	**$ (1,797)**	**$ (33,131)**	**$ (3,288)**	**$ (28,881)**
Purchases of property and equipment related to the new headquarters	—	18,279	—	13,823
Payments received in connection with purchases of property and equipment	—	(8,017)	—	(3,848)
Normalized free cash flow	**$ (1,797)**	**$ (22,869)**	**$ (3,288)**	**$ (18,906)**

Forward-Looking Statements

This letter to shareholders contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements relating to our guidance for the third quarter and full year of 2022 described under "Business Outlook," ARR objectives for 2024 under "Growth Focus" and "Business Outlook," the expected performance of our business, future financial results, strategy, long-term growth and overall future prospects, our customers continued investment in digital transformation and reliance on digital intelligence and the size and our ability to capitalize on our market opportunity. Forward-looking statements include all statements that are not historical facts. Such statements may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential," or similar words. These forward-looking statements reflect our current views regarding our intentions, products, services, plans, expectations, strategies and prospects, which are based on information currently available to us and assumptions we have made. Actual results may differ materially from those described in such forward-looking statements and are subject to a variety of assumptions, uncertainties, risks and factors that are beyond our control. Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) challenges associated with forecasting our revenue given our recent growth and rapid technological development, (ii) our history of net losses and desire to increase operating expenses, thereby limiting our ability to achieve profitability, (iii) challenges related to effectively managing our growth, (iv) intense competition in the market and services categories in which we participate, (v) potential reductions in participation in our contributory network and/or increase in the volume of opt-out requests from individuals with respect to our collection of their data, or a decrease in our direct measurement dataset, which could lead to a deterioration in the depth, breadth or accuracy of our data,

(vi) our inability to attract new customers and expand subscriptions of current customers, (vii) changes in laws, regulations, and public perception concerning data privacy or change in the patterns of enforcement of existing laws and regulations, (viii) our inability to introduce new features or solutions and make enhancements to our existing solutions, (ix) real or perceived errors, failures, vulnerabilities or bugs in our platform, (x) potential security breaches to our systems or to the systems of our third-party service providers, (xi) our inability to obtain and maintain comprehensive and reliable data to generate our insights, (xii) changes in laws and regulations related to the Internet or changes in the Internet infrastructure itself that may diminish the demand for our solutions, (xiii) failure to effectively develop and expand our direct sales capabilities, which could harm our ability to increase the number of organizations using our platform and achieve broader market acceptance for our solutions, and (ix) the impact of global events, such as the ongoing COVID-19 pandemic, including variants of COVID-19, or other public health crises and the Russian military operations in Ukraine, and any related economic downturn could have on or on our customers' businesses, financial condition, and results of operations.

These risks and uncertainties are more fully described in our filings with the Securities and Exchange Commission, including in the section entitled "Risk Factors" in our Form 20-F filed with the Securities and Exchange Commission on March 25, 2022, and subsequent reports that we file with the Securities and Exchange Commission. Moreover, 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 we may make. In light of these risks, uncertainties, and assumptions, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Forward-looking statements represent our beliefs and assumptions only as of the date of this letter. Except as required by law, we undertake no duty to update any forward-looking statements contained in this release as a result of new information, future events, changes in expectations, or otherwise.

Certain information contained in this letter relates to or is based on studies, publications, surveys, and other data obtained from third-party sources and the Company's own internal estimates and research. While the Company believes these third-party sources to be reliable as of the date of this letter, it has not independently verified, and makes no representation as to the adequacy, fairness, accuracy, or completeness of any information obtained from third-party sources. In addition, all of the market data included in this letter involves a number of assumptions and limitations, and there can be no guarantee as to the accuracy or reliability of such assumptions. Finally, while we believe our own internal research is reliable, such research has not been verified by any independent source.

similarweb

Exhibit 99.2

Non-GAAP Financial Measures

This letter to shareholders contains certain financial measures that are expressed on a non-GAAP basis. We use these non-GAAP financial measures internally to facilitate analysis of our financial and business trends and for internal planning and forecasting purposes. We believe these non-GAAP financial measures, when taken collectively, may be helpful to investors because they provide consistency and comparability with past financial performance by excluding certain items that may not be indicative of our business, results of operations, or outlook. However, non-GAAP financial measures have limitations as an analytical tool and are presented for supplemental informational purposes only. They should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures and capitalized internal-use software costs. Normalized free cash flow represents free cash flow less capital investments related to the Company's new headquarters and payments received in connection with these capital investments. Non-GAAP operating income (loss), non-GAAP gross profit, Non-GAAP research and development expenses, non-GAAP sales and marketing expenses, and non-GAAP general and administrative expenses represents the comparable GAAP financial figure, less share-based compensation, adjustments, and payments related to business combinations, amortization of intangible assets, and certain other non-recurring items, as applicable and indicated in the above tables.

Other Metrics

Customer acquisition costs (CAC) represent the portion of sales and marketing expenses allocated to acquire new customers. Customer retention costs (CRC) represent the portion of sales and marketing expenses allocated to retain existing customers and to increase existing customers' subscriptions. Annual recurring revenue (ARR) represents the annualized subscription revenue we would contractually expect to receive from customers assuming no increases or reductions in their subscriptions. CAC payback period is the estimated time in months to recover CAC in terms of incremental gross profit that newly acquired customers generate. Net retention rate (NRR) represents the comparison of our ARR from the same set of customers as of a certain point in time, relative to the same point in time in the previous year ago period, expressed as a percentage.