

**FORM 6-K**

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

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

For the month of February 2025

Commission File Number: 001-40394

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

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

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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  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):

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## EXHIBIT INDEX

On February 12, 2025, Similarweb Ltd. will hold a conference call regarding its financial results for the fourth quarter and the year ended December 31, 2024. 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 statements on Form S-8 filed with the Securities and Exchange Commission on February 28, 2024 (File no. 333-277449), on March 23, 2023 (File no. 333-270793), on April 15, 2022 (File no. 333-264307) and on May 20, 2021 (File No. 333-256324) and registration statement on Form F-3 filed with the Securities and Exchange Commission on May 10, 2024 (File no. 333-279295).

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release of Similarweb Ltd., dated February 11, 2025</a>
99.2	<a href="#">Shareholder letter, dated February 11, 2025</a>

## 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: February 11, 2025

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

**SIMILARWEB ANNOUNCES FOURTH QUARTER AND FISCAL YEAR 2024 RESULTS**

*Revenue growth accelerated to 15% in 2024 from 13% in 2023*

*First full year of positive non-GAAP operating profit and free cash flow*

**TEL AVIV, ISRAEL** -- February 11, 2025 -- Similarweb Ltd. (NYSE: SMWB) ("Similarweb" or the "Company"), a leading digital data and analytics company powering critical business decisions, today announced financial results for its fourth quarter ended December 31, 2024. 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 finished the year with 15% revenue growth, an acceleration relative to the 13% growth in 2023. Our focus on disciplined execution has resulted in our first full year of non-GAAP operating profit and free cash flow, demonstrating that we can successfully accelerate growth while generating profit" stated Or Offer, Co-Founder and CEO of Similarweb. "The AI revolution presents a significant opportunity for Similarweb as a leading global provider of digital data. In 2024, customers began to train LLMs with our data and we are engaging extensively with brands that are keen to leverage our unique data to understand the evolving digital world. To capitalize on the opportunity, we have decided to increase our investment in sales and R&D for 2025." Offer concluded, "We believe we are just beginning to tap into the vast potential of our data and the addressable markets we serve."

**Fourth Quarter 2024 Financial Highlights**

- Total revenue was \$65.6 million, an increase of 16% compared to \$56.8 million for the fourth quarter of 2023.
- GAAP operating loss was \$(3.6) million or (5)% of revenue, compared to \$(1.1) million or (2)% of revenue for the fourth quarter of 2023.
- GAAP net loss per share was \$(0.07), compared to \$(0.04) for the fourth quarter of 2023.
- Non-GAAP operating profit was \$2.6 million or 4% of revenue, compared to \$4.7 million or 8% of revenue for the fourth quarter of 2023.

- Non-GAAP basic and diluted operating profit per share was \$0.03 and \$0.03, respectively, compared to \$0.06 and \$0.06, respectively, for the fourth quarter of 2023.
- Cash and cash equivalents totalled \$63.9 million as of December 31, 2024, compared to \$71.7 million as of December 31, 2023.
- Net cash provided by operating activities was \$3.4 million, compared to \$3.7 million for the fourth quarter of 2023.
- Free cash flow was \$2.7 million, compared to \$3.5 million for the fourth quarter of 2023.
- Normalized free cash flow was \$2.7 million, compared to \$3.5 million for the fourth quarter of 2023.

#### **Fiscal Year 2024 Financial Highlights**

- Total revenue was \$249.9 million, an increase of 15% compared to \$218.0 million for fiscal year 2023.
- GAAP operating loss was \$(9.7) million or (4)% of revenue, compared to \$(28.8) million or (13)% of revenue for fiscal year 2023.
- GAAP net loss per share was \$(0.14), compared to \$(0.38) for fiscal year 2023.
- Non-GAAP operating profit was \$15.0 million or 6% of revenue, compared to non-GAAP operating loss of \$(4.8) million or (2)% of revenue for fiscal year 2023
- Non-GAAP basic and diluted operating profit per share was 0.19 and 0.17 respectively, compared to non-GAAP basic and diluted operating loss per share of \$(0.06) for fiscal year 2023.
- Free cash flow was \$27.4 million, compared to \$(5.4) million for fiscal year 2023.
- Normalized free cash flow was \$27.7 million, compared to \$(4.4) million for fiscal year 2023.

**Recent Business Highlights**

- Grew number of customers to 5,534 as of December 31, 2024, an increase of 17% compared to December 31, 2023.
- Grew number of customers with ARR of \$100,000 or more to 405, an increase of 11% compared to December 31, 2023.
- Customers with ARR of \$100,000 or more contributed 61% of the total ARR as of December 31, 2024, increased from 57% as of December 31, 2023.
- Dollar-based net retention rate, or NRR, for customers with ARR of \$100,000 or more was 112% in the fourth quarter of 2024, increased from 107% in the fourth quarter of 2023.
- Overall NRR was 101% in the fourth quarter of 2024, increased from 98% in the fourth quarter of 2023.
- 49% of our overall ARR is contracted under multi-year subscriptions as of December 31, 2024, increased from 42% as of December 31, 2023.
- Remaining performance obligations, or RPO, increased 26% year-over-year, to \$246.0 million as of December 31, 2024, as compared to \$195.2 million as of December 31, 2023.

**Financial Outlook**

“The acceleration in annual growth was supported by growth in customers of all sizes and improving retention rates.” stated Jason Schwartz, Chief Financial Officer of Similarweb. “We achieved our first full year of non-GAAP operating profitability and positive free cash flow due to our continued focus on disciplined execution.” He further noted, “We continue to make significant strides towards our long-term profit and free cash flow targets.”

- FY 2025 Guidance
  - Total revenue estimated between \$285.0 million and \$288.0 million, representing approximately 15% growth year over year at the mid-point of the range.
  - Non-GAAP operating profit estimated between \$1.0 million and \$4.0 million.

- Q1 2025 Guidance
  - Total revenue estimated between \$66.0 million and \$66.5 million.
  - Non-GAAP operating loss estimated between \$(1.5) million and \$(1.0) million.

The Company's first quarter and full year 2025 financial outlook is based upon a number of assumptions 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, the most directly comparable GAAP measure to non-GAAP operating loss, and similarly cannot provide a reconciliation of this measure to their closest GAAP equivalent without unreasonable effort due to the unavailability of reliable estimates for certain items. 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, February 12, 2025. 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 +1 (201) 689-7806 internationally.

**About Similarweb:** Similarweb powers businesses to win their markets with Digital Data. By providing essential web and app data, analytics, and insights, we empower our users to discover business opportunities, identify competitive threats, optimize strategy, acquire the right customers, and increase monetization. Similarweb products are integrated into users' workflow, powered by advanced technology, and based on leading comprehensive Digital Data.

**Forward-Looking Statements**

This press release 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 first quarter and full year of 2025 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 number of known and unknown risks, uncertainties, other factors and assumptions that are beyond our control. Such risks and uncertainties include, without limitation, risks and uncertainties associated with: (i) our expectations regarding our revenue, expenses and other operating results; (ii) our ability to acquire new customers and successfully retain existing customers; (iii) our ability to increase usage of our solutions and upsell and cross-sell additional solutions; (iv) our ability to achieve or sustain profitability; (v) anticipated trends, growth rates, rising interest rates, rising global inflation and current macroeconomic conditions, challenges in our business and in the markets in which we operate, and the impact of Israel's war with Hamas and other terrorist organizations and hostilities with Iran or Lebanon on geopolitical and macroeconomic conditions or on our company and business; (vi) future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements; (vii) the costs and success of our sales and marketing efforts and our ability to promote our brand; (viii) our reliance on key personnel and our ability to identify, recruit and retain skilled personnel; (ix) our ability to effectively manage our growth, including continued international expansion; (x) our reliance on certain third party platforms and sources for the collection of data necessary for our solutions; (xi) our ability to protect our intellectual property rights and any costs associated therewith; (xii) our ability to identify and complete acquisitions that complement and expand our reach and platform; (xiii) our ability to comply or remain in compliance with laws and regulations that currently apply or become applicable to our business, including in Israel, the United States, the European Union, the United Kingdom and other jurisdictions where we elect to do business; (xiv) our ability to compete effectively with existing competitors and new market entrants; and (xv) the growth rates of the markets in which we compete.

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 February 28, 2024, 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 or as a measure of liquidity. 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, payments received in connection with these capital investments and deferred payments related to business combinations. Non-GAAP operating income (loss), non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating margin, 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 below 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:**

David Carr  
Similarweb  
press@similarweb.com

**Investor Contact:**

Rami Myerson  
Similarweb  
rami.myerson@similarweb.com

**Similarweb Ltd.**  
**Consolidated Balance Sheets**

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

	December 31, 2023	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 71,732	\$ 63,869
Restricted deposits	10,020	10,572
Accounts receivable, net	47,869	50,975
Deferred contract costs	11,165	11,373
Prepaid expenses and other current assets	5,599	4,567
<b>Total current assets</b>	<b>146,385</b>	<b>141,356</b>
Property and equipment, net	28,630	25,921
Deferred contract costs, non-current	9,845	9,895
Operating lease right-of-use assets	36,007	34,393
Goodwill and Intangible assets, net	17,652	30,846
Other non-current assets	494	500
<b>Total assets</b>	<b>\$ 239,013</b>	<b>\$ 242,911</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Borrowings under Credit Facility	\$ 25,000	\$ —
Accounts payable	8,422	12,403
Payroll and benefit related liabilities	20,437	20,304
Deferred revenue	99,968	108,232
Other payables and accrued expenses	23,263	29,330
Operating lease liabilities	7,095	6,923
<b>Total current liabilities</b>	<b>184,185</b>	<b>177,192</b>
Deferred revenue, non-current	878	1,172
Operating lease liabilities, non-current	35,329	32,809
Other long-term liabilities	3,074	4,230
<b>Total liabilities</b>	<b>223,466</b>	<b>215,403</b>
Shareholders' equity		
Ordinary Shares, NIS 0.01 par value 500,000,000 shares authorized as of December 31, 2023 and December 31, 2024, 78,653,046 and 82,620,679 shares issued as of December 31, 2023 and December 31, 2024, 78,650,878 and 82,618,511 outstanding as of December 31, 2023 and December 31, 2024, respectively;	216	227
Additional paid-in capital	367,558	391,449
Accumulated other comprehensive income	872	388
Accumulated deficit	(353,099)	(364,556)
<b>Total shareholders' equity</b>	<b>15,547</b>	<b>27,508</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 239,013</b>	<b>\$ 242,911</b>

**Similarweb Ltd.****Consolidated Statements of Comprehensive Income (Loss)**

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

	Year Ended December 31,		Three Months Ended December 31,	
	2023	2024	2023	2024
Revenue	\$ 218,019	\$ 249,913	\$ 56,755	\$ 65,158
Cost of revenue	47,090	54,814	11,859	15,158
Gross profit	170,929	195,099	44,896	50,000
Operating expenses:				
Research and development	56,158	55,596	13,706	15,158
Sales and marketing	101,198	105,476	21,836	27,000
General and administrative	42,380	43,691	10,439	10,000
Total operating expenses	199,736	204,763	45,981	53,000
<b>Loss from operations</b>	(28,807)	(9,664)	(1,085)	(3,000)
Finance income (expenses), net	941	134	(2,085)	(1,000)
<b>Loss before income taxes</b>	(27,866)	(9,530)	(3,170)	(4,000)
Provision for income taxes	1,507	1,927	238	0
<b>Net loss</b>	\$ (29,373)	\$ (11,457)	\$ (3,408)	\$ (5,000)
Net loss per share attributable to ordinary shareholders, basic and diluted	\$ (0.38)	\$ (0.14)	\$ (0.04)	\$ (0.15)
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted	77,752,960	80,825,695	78,443,438	82,073,000
<b>Net loss</b>	\$ (29,373)	\$ (11,457)	\$ (3,408)	\$ (5,000)
<b>Other comprehensive income (loss), net of tax</b>				
Change in unrealized gain (loss) on cashflow hedges	1,239	(484)	1,604	0
Total other comprehensive income (loss), net of tax	1,239	(484)	1,604	0
<b>Total comprehensive loss</b>	\$ (28,134)	\$ (11,941)	\$ (1,804)	\$ (5,000)

## Share-based compensation costs included above:

U.S. dollars in thousands

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
Cost of revenue	\$ 635	\$ 812	\$ 153	\$ 234
Research and development	5,782	5,511	1,479	1,330
Sales and marketing	5,196	4,273	1,145	1,172
General and administrative	6,514	7,019	1,665	1,787
<b>Total</b>	<b>\$ 18,127</b>	<b>\$ 17,615</b>	<b>\$ 4,442</b>	<b>\$ 4,523</b>

**Similarweb Ltd.**  
**Consolidated Statements of Cash Flows**

U.S. dollars in thousands

	Year Ended December 31,		Three Months Ended December 31,	
	2023	2024	2023	2024
<b>Cash flows from operating activities:</b>				
Net loss	\$ (29,373)	\$ (11,457)	\$ (3,408)	\$ (5,420)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Depreciation and amortization	10,258	10,528	2,570	2,516
Finance expense (income)	1,646	500	(106)	711
Unrealized (gain) loss from hedging future transactions	(52)	103	(78)	62
Share-based compensation	18,127	17,615	4,442	4,523
(Gain) loss from sale of equipment	—	(12)	1	(2)
Changes in operating assets and liabilities:				
Change in operating lease right-of-use assets and liabilities, net	(1,926)	(1,078)	2,012	226
Increase in accounts receivable, net	(9,728)	(2,127)	(13,149)	(15,488)
Increase in deferred contract costs	(2,873)	(258)	(6,467)	(1,846)
Decrease in other current assets	617	612	2,204	1,366
Increase in other non-current assets	(53)	(6)	(461)	(89)
Increase (decrease) in accounts payable	1,255	3,597	(3,054)	1,313
Increase in deferred revenue	6,677	6,432	10,634	10,224
Increase in other non-current liabilities	961	528	1,116	173
Increase in other liabilities and accrued expenses	1,426	5,197	7,477	5,149
Net cash (used in) provided by operating activities	(3,038)	30,174	3,733	3,418
<b>Cash flows from investing activities:</b>				
Purchase of property and equipment, net	(1,559)	(1,430)	(182)	(232)
Capitalized internal-use software costs	(821)	(1,304)	(33)	(511)
Increase in restricted deposits	(206)	(552)	(74)	(138)
Payment for business combinations, net of cash acquired	—	(15,414)	—	28
Net cash used in investing activities	(2,586)	(18,700)	(289)	(853)
<b>Cash flows from financing activities:</b>				
Proceeds from exercise of stock options	2,296	4,677	171	953
Proceeds from employee share purchase plan	1,259	1,486	599	931
Repayment of Credit Facility	—	(25,000)	—	—
Payments of contingent consideration, net	(2,363)	—	—	—
Net cash provided by (used in) financing activities	1,192	(18,837)	770	1,884
Effect of exchange rates on cash and cash equivalents	(1,646)	(500)	106	(711)
Net (decrease) increase in cash and cash equivalents	(6,078)	(7,863)	4,320	3,738
Cash and cash equivalents, beginning of period	77,810	71,732	67,412	60,131
Cash and cash equivalents, end of period	\$ 71,732	\$ 63,869	\$ 71,732	\$ 63,869

**Supplemental disclosure of cash flow information:**

Interest received, net	\$	(203)	\$	(1,225)	\$	(114)	\$	(291)
Taxes paid	\$	1,883	\$	1,168	\$	26	\$	303

**Supplemental disclosure of non-cash financing activities:**

Additions to operating lease right-of-use assets and liabilities	\$	2,597	\$	6,064	\$	1,549	\$	1,611
Share-based compensation included in capitalized internal-use software	\$	37	\$	104	\$	1	\$	42
Deferred proceeds from exercise of share options included in other current assets	\$	11	\$	29	\$	(43)	\$	29
Deferred costs of property and equipment incurred during the period included in accounts payable	\$	139	\$	227	\$	76	\$	227
Deferred payments in relation to business combinations held in escrow	\$	1,269	\$	—	\$	—	\$	—

**Schedule A: Business combinations**

Working capital (deficit), net (excluding cash and cash equivalents)	—	(217)
Property, plant and equipment	—	18
Goodwill and other intangible assets	—	4,524
Deferred taxes, net	—	(152)
	<u>\$</u>	<u>\$</u>
	—	4,173
Less non-cash:		
Deferred cash payments	<u>\$</u>	<u>\$</u>
	—	(340)
Total	<u>\$</u>	<u>\$</u>
	—	3,833

**Schedule B: Business combinations**

Working capital (deficit), net (excluding cash and cash equivalents)	—	(1,474)
Goodwill and other intangible assets	—	13,531
Deferred taxes, net	—	(476)
	<u>\$</u>	<u>\$</u>
	—	11,581

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

### Reconciliation of GAAP gross profit to non-GAAP gross profit

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
GAAP gross profit	\$ 170,929	\$ 195,099	\$ 44,896	\$ 50,256
Add:				
Share-based compensation expenses	635	812	153	234
Retention payments related to business combinations	306	65	—	21
Amortization of intangible assets related to business combinations	4,641	4,191	1,137	815
<b>Non-GAAP gross profit</b>	<b>\$ 176,511</b>	<b>\$ 200,167</b>	<b>\$ 46,186</b>	<b>\$ 51,326</b>
<b>Non-GAAP gross margin</b>	<b>81 %</b>	<b>80 %</b>	<b>81 %</b>	<b>78 %</b>

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

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
Loss from operations	\$ (28,807)	\$ (9,664)	\$ (1,085)	\$ (3,560)
Add:				
Share-based compensation expenses	18,127	17,615	4,442	4,523
Retention payments related to business combinations	1,072	1,886	221	539
Amortization of intangible assets related to business combinations	4,776	4,862	1,171	1,067
Non-recurring expenses related to termination of lease agreement and others	17	—	—	—
Secondary offering costs	—	350	—	—
<b>Non-GAAP operating (loss) profit</b>	<b>\$ (4,815)</b>	<b>\$ 15,049</b>	<b>\$ 4,749</b>	<b>\$ 2,569</b>
<b>Non-GAAP operating margin</b>	<b>(2)%</b>	<b>6 %</b>	<b>8 %</b>	<b>4 %</b>



## Reconciliation of GAAP operating expenses to non-GAAP operating expenses

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
GAAP research and development	\$ 56,158	\$ 55,596	\$ 13,706	\$ 15,358
Less:				
Share-based compensation expenses	5,782	5,511	1,479	1,330
Retention payments related to business combinations	—	38	—	11
<b>Non-GAAP research and development</b>	<b>\$ 50,376</b>	<b>\$ 50,047</b>	<b>\$ 12,227</b>	<b>\$ 14,017</b>
<b>Non-GAAP research and development margin</b>	<b>23 %</b>	<b>20 %</b>	<b>22 %</b>	<b>21 %</b>
GAAP sales and marketing	\$ 101,198	\$ 105,476	\$ 21,836	\$ 27,573
Less:				
Share-based compensation expenses	5,196	4,273	1,145	1,172
Retention payments related to business combinations	766	1,783	221	507
Amortization of intangible assets related to business combinations	135	671	34	252
Non-recurring expenses related to termination of lease agreement and others	17	—	—	—
<b>Non-GAAP sales and marketing</b>	<b>\$ 95,084</b>	<b>\$ 98,749</b>	<b>\$ 20,436</b>	<b>\$ 25,642</b>
<b>Non-GAAP sales and marketing margin</b>	<b>44 %</b>	<b>40 %</b>	<b>36 %</b>	<b>39 %</b>
GAAP general and administrative	\$ 42,380	\$ 43,691	\$ 10,439	\$ 10,885
Less:				
Share-based compensation expenses	6,514	7,019	1,665	1,787
Secondary offering costs	—	350	—	—
<b>Non-GAAP general and administrative</b>	<b>\$ 35,866</b>	<b>\$ 36,322</b>	<b>\$ 8,774</b>	<b>\$ 9,098</b>
<b>Non-GAAP general and administrative margin</b>	<b>16 %</b>	<b>15 %</b>	<b>15 %</b>	<b>14 %</b>

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

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
Net cash (used in) provided by operating activities	\$ (3,038)	\$ 30,174	\$ 3,733	\$ 3,418
Purchases of property and equipment, net	(1,559)	(1,430)	(182)	(232)
Capitalized internal use software costs	(821)	(1,304)	(33)	(511)
<b>Free cash flow</b>	<b>\$ (5,418)</b>	<b>\$ 27,440</b>	<b>\$ 3,518</b>	<b>\$ 2,675</b>
Purchases of property and equipment related to the new headquarters	1,156	—	29	—
Payments received from escrow in relation to contingent consideration	(380)	—	—	—
Deferred payments in relation to business combinations	260	265	—	—
<b>Normalized free cash flow</b>	<b>\$ (4,382)</b>	<b>\$ 27,705</b>	<b>\$ 3,547</b>	<b>\$ 2,675</b>

## Dear Shareholders,

We are very proud of the profitable growth that we delivered in 2024 and we are excited about the opportunities that the AI revolution presents to Similarweb. Total revenue in 2024 increased by 15% (YoY) accelerating from 13% in 2023, reflecting the strong demand for our Digital Data. Our customer base increased by 17% YoY to 5,534 ARR customers and our remaining performance obligations (RPO) increased by 26% YoY, faster than revenue growth. Our commitment to disciplined execution as growth accelerated contributed to our first full fiscal year of non-GAAP operating profit and free cash flow and delivered a "Rule of 26" performance for the full year.

Total revenue for fiscal year 2024 was \$249.9 million, an increase of 15% compared to \$218.0 million the prior year. This record top-line achievement reflects the value of our comprehensive and proprietary Digital Data that is trusted by our customers to generate actionable insights that empower them to make critical decisions and win their markets.

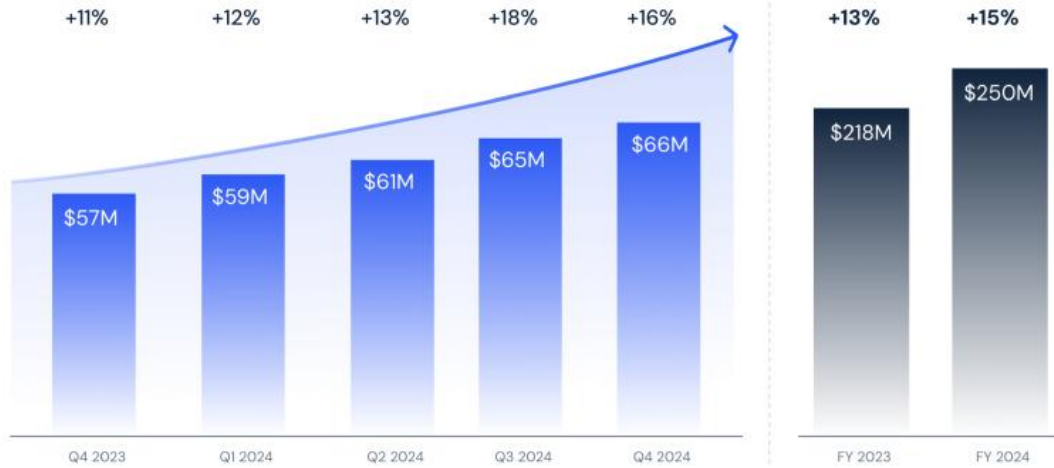
Our overall dollar-based net retention rate (NRR) is 101% and NRR for customers that generate over \$100,000 in ARR increased to 112% reflecting our efforts in retaining and growing our business across our diverse customer base.

The AI revolution presents a significant opportunity for Similarweb's Digital Data with multiple new use cases, some of which we have discussed previously. To capitalize on this substantial growth opportunity, we have decided to ramp up our investments in R&D and our GTM teams. We remain committed to profitable growth and our long term model.

Our conviction that we are still only starting to realize the significant potential of our data and the markets that we serve, is stronger than ever.

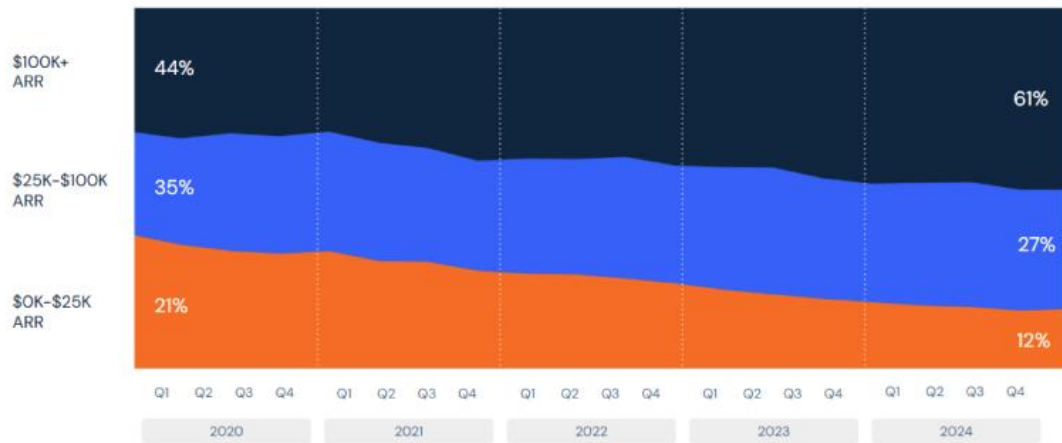
## Our Business Performance

Total revenue for Q4-24 was \$65.6 million, an increase of 16% compared to \$56.8 million for the fourth quarter of 2023 (Q4-23), at the top end of our estimate range. The 16% revenue growth in the quarter follows 18% and 13% YoY growth in Q3-24 and Q2-24 respectively.



We continue to see strong demand at the top-of-funnel from companies of all sizes who appreciate the criticality of Similarweb Digital Data for their business. The graph above illustrates the revenue growth that reflects both the solid demand for our data and solutions and the successful implementation of our GTM strategy.

Our customer base is composed of customers of all sizes, including many of the largest global brands. We analyze our growth metrics for the overall business as well as for those customers who generate more than \$100,000 in ARR. The ARR from this important customer segment grew 19% as compared to Q4-2023 and represents 61% of our total ARR as of December 31, 2024.





The number of customers who generate more than \$100,000 in ARR grew from 365, as of December 31, 2023, to 405, as of December 31, 2024, representing an increase of 11% YoY. As this customer cohort grew, the average annual revenue per customer increased as well to approximately \$376,000, representing a 7% increase as compared to Q4-23. The increase in the average annual revenue per customer was driven by further product adoption and expansion in the customer base.



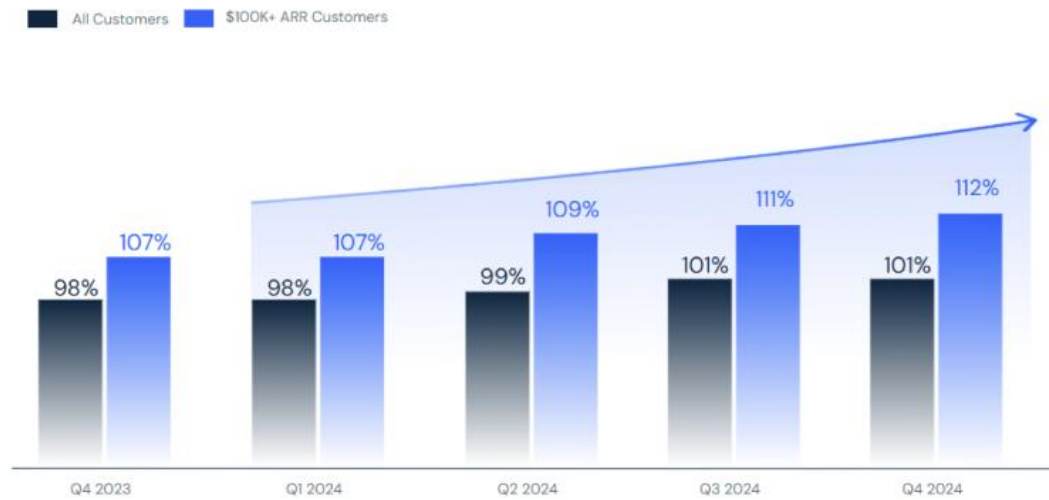
While our largest customers continue to grow, we are encouraged by the velocity of the growth in overall new customers as well. Our overall ARR customer base increased to 5,534 accounts, as of December 31, 2024, representing a 17% increase year-over-year and continues to grow faster than revenues, which we believe is a good indication of the demand and the potential of our data and solutions.

The average annual revenue per customer, for the overall customer base, was approximately \$48,400, slightly lower than Q4-23. This metric reflects the strong growth in customers additions. We plan to work with these customers to demonstrate the value we can generate for them and expect annual revenue of this customer cohort to increase over time, as we have experienced previously.





In Q4-24, we achieved an overall NRR of 101% and an NRR of 112% for our \$100,000+ ARR customers. As noted above, the increase in the NRR for our \$100,000+ ARR customers was driven by further product adoption and expansion in the customer base.



Similarweb Digital Data has become more important to our customers' decision processes at all levels of their organizations and this has been an important driver of the growth in multi-year contracts that today account for approximately 49% of our ARR up from 33% three years ago.







The increase in longer term subscription commitments is beneficial for both our customers and Similarweb. Our customers benefit by securing access to our digital data. We benefit from increased predictability and durability of our ARR. Our Account Managers and Customer Success teams can allocate more time to understanding the requirements of our customers and improving the utility they derive from our data by increasing product adoption with other teams and expanding to more Similarweb products and solutions, instead of dealing with renewal processes.

### Our Unique Digital Data

At our core, we are a data company. Our unique data asset, [Similarweb Digital Data](#), provides the foundation for our solutions and consists of our proprietary estimations of the performance of companies, markets, products, consumer behavior, and trends in the digital world. Our world-class team of more than 300 data scientists, engineers, developers, and analysts gathers billions of unrefined data points amounting to close to one percent of online transactions and interactions and then transforms them into a comprehensive view of the internet across the web, mobile web, and apps. Our customers rely on our mission-critical offerings to power data-driven growth decisions that they make in their businesses, to devise strategy, acquire customers, and increase monetization.

We invest continuously in our technology and analytics to expand and enhance our data and deliver the most comprehensive and valuable understanding of the ever-changing



digital landscape to empower our customers with the knowledge and tools to compete successfully in a rapidly evolving digital world.

## Monetizing our Digital Data

We deliver our Digital Data in three distinct and impactful ways. Our robust software platform consisting of our five productized solutions including [Similarweb Web Intelligence](#), [Similarweb App Intelligence](#), [Similarweb Shopper Intelligence](#), [Similarweb Sales Intelligence](#) and [Similarweb Stock Intelligence](#), empowers business teams and leaders to drive better strategic and operational decisions to grow and win their markets. Second, we also enable customers to seamlessly integrate our Digital Data through API into enterprise workflows, processes and systems to facilitate data powered decisions at scale. Finally, as the demand for differentiated digital data increases, more and more of our customers are amplifying the value of their own offerings by embedding our data into their products and services. Over the past year, we have experienced growth in demand for our Digital Data in each of these delivery methods from our customers.



We are excited by the opportunities to integrate Similarweb Digital Data into our customer models to develop their own products to support a range of use cases. For example, some of our investor customers integrate our data into their quant models to improve forecasting and a number of big tech customers are training their LLMs with our data.



We are encouraged by the momentum that we continued to see in Q4-24 with two new customer relationships, both of whom are global leaders in the financial sector. In December, we announced that S&P Global, a leader in credit scoring and risk management analytics, began to integrate Similarweb's Digital Data into its credit risk analytics to provide its clients with a more transparent and enhanced understanding of corporate credit risk. And today, we are excited to share that Bloomberg Professional Services has entered into a multi-year agreement to supply Similarweb Digital Data to Bloomberg Terminal subscribers. We believe that these customer integrations highlight the strength and versatility of our proprietary data asset.

Similarweb is benefitting from the growing demand for high quality digital data that only a select group of companies can provide and we are proud to be part of this elite cohort. Our Q4-24 financial results demonstrate the growing demand for our data, the significant investments we have made and continue to make to develop the data, as well as our continued focus on disciplined execution.

## The AI revolution

The AI revolution continues to gain pace and we are only starting to understand the potential benefits that it could provide. As a leading supplier of digital data, the AI revolution presents significant opportunities for Similarweb. High quality, comprehensive, actionable and trusted data, like Similarweb's, is a critical and foundational component for every AI and LLM tech stack. As the demand for new applications and use cases such as Agentic AI rises, we believe that the demand for unique, proprietary data like ours will increase as well.

Last quarter, we discussed four distinct opportunities for us to capitalize and monetize the Generative AI opportunity: (1) Embedding AI in Our Solutions, (2) Helping Brands Navigate Shifts in Consumer Behavior, (3) Providing Fresh Data for LLM Training and (4) Streamlining Internal Processes with AI.

To capitalize on the GenAI opportunities, we have decided to ramp up our investment in R&D and Go To Market in order to leverage our unique data asset.

We plan to increase our investment in Research and Development to enhance our data collection and forecasting in the new GenAI world and to continue to develop additional tools that companies require to compete and win in the new world. We continue to invest



in our R&D teams and in our data to ensure that we can provide the most useful and appropriate solutions to our customers as the AI revolution evolves and the opportunities it creates crystalize.

As we shared previously, we are investing in our GTM teams, upskilling and expanding our salesforce to capture the market opportunities and strong top of the funnel demand for our products and data. Susan Dunn, our Chief Revenue Officer, joined us in 2024 and after mapping the market and identifying the relevant opportunities, she is actively building a team.

We believe Similarweb is well-positioned to expand its role in the digital intelligence landscape, creating growth opportunities as AI continues to evolve.

## **Our Financial Results**

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

Revisiting our top line results, in Q4-24 we delivered revenue of \$65.6 million, reflecting 16% growth as compared to Q4-23, driven primarily by an increase in the number of customers.

The vast majority of our revenue is 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 Q4-24, 49% of our ARR was generated from customers who contracted under multi-year subscription commitments, compared to 42% at the same time last year. We continue to believe this is a strong indicator of the long-term durability of our customer relationships and demand for our solutions. We expect the growth in revenue from multi-year customers to contribute to improving NRR rates in the future.

Our GAAP gross profit totaled \$50.3 million and our non-GAAP gross profit totaled \$51.3 million in Q4-24, compared to \$44.9 million and \$46.2 million in Q4-23, respectively.





Non-GAAP gross margin decreased to 78% in Q4-24, versus 81% in Q4-23, mainly attributable to our investment in GenAI as well as new solutions, in line with our strategy.

Our GAAP operating expenses increased to \$53.8 million and our non-GAAP operating expenses increased to \$48.8 million in Q4-24 from \$46.0 million and \$41.4 million in Q4-23, respectively. On a marginal basis, non-GAAP operating expenses increased and represented 74% of revenue in Q4-24 as compared to 73% of revenue in Q4-23.

Specific components of our fourth quarter 2024 operating expenses:

Our GAAP research and development investment increased to \$15.4 million and our non-GAAP research and development investment increased to \$14.0 million in Q4-24, from \$13.7 million and \$12.2 million in Q4-23, respectively. As a percentage of revenue, non-GAAP research & development expenses decreased to 21% in Q4-24, as compared to 22% in Q4-23. We expect non-GAAP research & development expenses to increase in absolute dollars as we continue to invest in our data moat and innovation and expand our R&D team, as discussed above.

GAAP sales and marketing expenses increased to \$27.6 million and non-GAAP sales and marketing expenses increased to \$25.6 million in Q4-24, from \$21.8 million and \$20.4 million in Q4-23, respectively, driven primarily by our ongoing efforts to align our resources with our growth trajectory. As a percentage of revenue, non-GAAP sales & marketing expense increased to 39% in Q4-24, as compared to 36% in Q4-23.

An operating tenet in our model is that our sales and marketing costs are divided with approximately 45% to 50% attributable to new customer acquisition (land), and the remaining 50% to 55% attributable to retention, upselling and cross-selling (expand) of our existing customer base. When analyzing our investment in customer acquisition costs (CAC) for growth efficiency, we track an estimated payback period. As of Q4-24, the average payback is ranging between 21 and 22 months, primarily due to long sales cycles over the last year. Payback from expansion and customer retention costs (CRC) is faster than payback on new customer CAC such that we are generating a 58%-62% contribution margin on our recurring customer base which contributes meaningfully to our growth efficiency. We intend to continue to invest in customer acquisition to support future growth, as well as in customer retention to drive NRR and to increase the lifetime value of our customers.



GAAP general and administrative costs increased to \$10.9 million from \$10.4 million in Q4-23, and our non-GAAP general and administrative costs slightly increased to \$9.1 million in Q4-24 from \$8.8 million in Q4-23. As a percentage of revenue, non-GAAP general & administrative expenses decreased to 14% in Q4-24, an improvement of 1 percentage point compared to Q4-23.

Looking at our bottom line, the Q4-24 GAAP operating loss was (\$3.6) million or (5.4%) of revenue, compared to (\$1.1) million or (1.9%) of revenue for the fourth quarter of 2023. Q4-24 non-GAAP operating profit was \$2.6 million or 3.9% of revenue, compared to a non-GAAP operating profit of \$4.7 million or 8.4% of revenue for the fourth quarter of 2023, and exceeded our forecast. This is our sixth consecutive quarter in which we produced an operating profit on a non-GAAP basis. Our dedication to achieving profitable growth over the last year yielded significant operating efficiencies across the business, which drove an operating margin improvement of 8 percentage points in fiscal year 2024 compared to full year 2023.

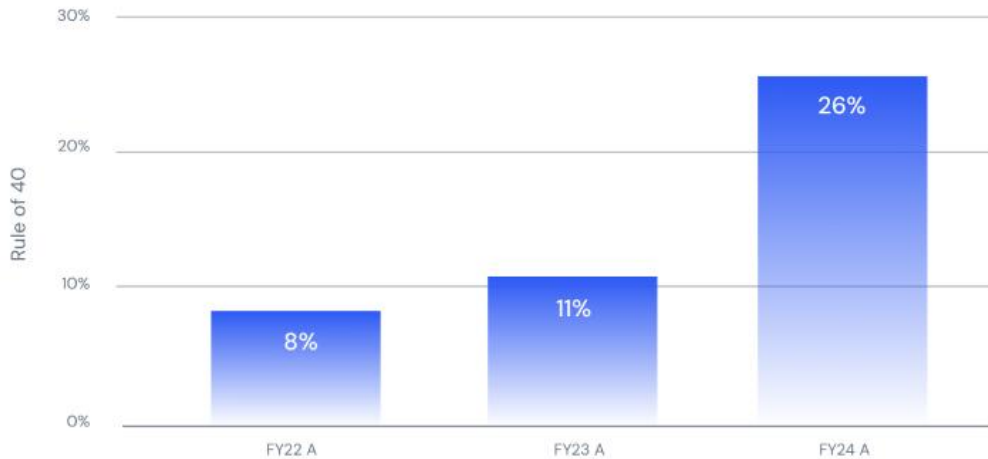


\* non-GAAP

We believe that a strong indication of future performance is our deferred revenue, which was \$109.4 million at the end of Q4-24, compared to \$100.8 million at the same time last year. Our Remaining Performance Obligations (RPO) totaled \$246.0 million at the end of Q4-24, up 26% YoY from \$195.2 million at the end of Q4-23. We expect to recognize approximately 69% of total Q4-24 RPO as revenue over the next 12 months.



We ended the fourth quarter with \$63.9 million in cash and cash equivalents and no outstanding debt. Net cash generated from operating activities was \$3.4 million in Q4-24, compared to \$3.7 million in Q4-23. Normalized free cash flow was \$2.7 million in Q4-24, compared to \$3.5 million in Q4-23. Importantly, Q4-24 is the fifth consecutive quarter of positive free cash flow and 2024 is our first full financial year of positive free cash flow, which we aim to sustain going forward. As a result, we delivered a “Rule of 26” performance for fiscal year 2024, a significant improvement as compared to the prior two years.



### Our Business Outlook

For the full year of 2025, we expect total revenue in the range of \$285.0 million to \$288.0 million, representing approximately 15% YoY growth at the midpoint of the range.

In the first quarter of 2025 (Q1-25), we expect total revenue in the range of \$66.0 million to \$66.5 million, representing approximately 12% YoY growth at the midpoint of the range.

For the full year of 2025, we expect non-GAAP operating profit to be between \$1.0 million and \$4.0 million. We expect non-GAAP operating loss for Q1-25 to be in the range of (\$1.5) million to (\$1.0) million.

Our guidance reflects an increase in operating expenses, primarily related to increased headcount, in which we intend to invest to further accelerate our revenue growth and to capitalize on the large market opportunity that we believe is before us.



## Our Focus on Profitable Growth

At the beginning of 2024, we shared with you our four strategic objectives for the year and are pleased at the progress that we made during 2024:

- (1) To land more new strategic accounts and to retain and expand our current strategic accounts. We are pleased with the continued growth of our \$100,000 customer cohort, which increased by 11% in 2024 to 405 customers and now comprises 61% of our ARR. The average annual revenue per customer of this customer cohort increased by 7% YoY.
- (2) To increase net retention across our existing customers. We are encouraged with the increase in NRR rates during the year. NRR was 101% in Q4-24 up from 98% in Q4-23 and NRR for our \$100,000+ ARR customers increased to 112% from 107% in Q4-23. We plan to continue to invest in our customers' success to drive further improvement.
- (3) To innovate across our product line. We are proud of our product and data innovation in 2024, including the launch of SAM in Q1-24 and the new data version in Q3-24. The acquisitions of Admetricks and 42matters will expand our solutions in both Ad Intelligence and App Intelligence, and the investment in our distinct data asset is driving more integrations like S&P Global and Bloomberg.
- (4) To operate efficiently. We are proud of the substantial improvement in our profit margins and free cash flow that were achieved together with accelerating revenue growth.

As we turn our attention to 2025 we intend to increase our investment to capitalize on the significant market opportunities while remaining focused on generating profitable growth on an annual basis.

First, we will expand our investment to enhance our Digital Data to provide our customers with the tools and capabilities to compete and win in the rapidly evolving digital world. This investment includes the GenAI opportunities that we discussed previously.





Second, we seek to expand our GTM teams and land additional enterprise customers as we continue to expand the existing enterprise customer base. We will continue to invest in attracting new customers with our competitively priced packages, as these customers represent a growth engine for the future as well. We will continue to invest in our customer success team members to ensure that our new and existing customers have all the tools and resources to extract the significant value our Digital Data provides.

Lastly, we will continue to operate efficiently. We expect to deliver a return on our increased investments in R&D and GTM over time. We are very proud to have been a profitable and cash generative company in 2024, and while we expect some variability in our quarterly margins over 2025, we believe that our culture of disciplined execution will continue to create opportunities for us to perform well in the future. We remain focused on working to become a ["Rule of 40"](#) company on an annual basis over time.

As we shared with you in the past, global macroeconomic conditions may continue to present some challenges for our business and for our customers, but we believe that much of our strategic objectives to capture positive trends and improve our execution are within our control.

The 2024 annual results demonstrate our commitment to disciplined execution that continues to enable us to generate revenue growth and increase our customer base efficiently and profitably. We continue to make significant progress towards our long term profit and free cash flow margin targets and look forward to sharing our progress with you. As we like to say, we are still "just getting started".

Thank you for your continued support as a shareholder.

Sincerely,



**Or Offer**  
Founder and Chief Executive Officer  
**Jason Schwartz**



Chief Financial Officer



## Consolidated Balance Sheets

	December 31, 2023	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents .....	\$ 71,732	\$ 63,869
Restricted deposits .....	10,020	10,572
Accounts receivable, net .....	47,869	50,975
Deferred contract costs .....	11,165	11,373
Prepaid expenses and other current assets .....	5,599	4,567
<b>Total current assets</b> .....	<b>146,385</b>	<b>141,356</b>
Property and equipment, net .....	28,630	25,921
Deferred contract costs, non-current .....	9,845	9,895
Operating lease right-of-use assets .....	36,007	34,393
Goodwill and Intangible assets, net .....	17,652	30,846
Other non-current assets .....	494	500
<b>Total assets</b> .....	<b>\$ 239,013</b>	<b>\$ 242,911</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Borrowings under Credit Facility .....	\$ 25,000	\$ —
Accounts payable .....	8,422	12,403
Payroll and benefit related liabilities .....	20,437	20,304
Deferred revenue .....	99,968	108,232
Other payables and accrued expenses .....	23,263	29,330
Operating lease liabilities .....	7,095	6,923
<b>Total current liabilities</b> .....	<b>184,185</b>	<b>177,192</b>
Deferred revenue, non-current .....	878	1,172
Operating lease liabilities, non-current .....	35,329	32,809
Other long-term liabilities .....	3,074	4,230
<b>Total liabilities</b> .....	<b>223,466</b>	<b>215,403</b>
Shareholders' equity		
Ordinary Shares, NIS 0.01 par value 500,000,000 shares authorized as of December 31, 2023 and December 31, 2024, 78,653,046 and 82,620,679 shares issued as of December 31, 2023 and December 31, 2024, 78,650,878 and 82,618,511 outstanding as of December 31, 2023 and December 31, 2024, respectively; .....	216	227
Additional paid-in capital .....	367,558	391,449
Accumulated other comprehensive income .....	872	388
Accumulated deficit .....	(353,099)	(364,556)
<b>Total shareholders' equity</b> .....	<b>15,547</b>	<b>27,508</b>
<b>Total liabilities and shareholders' equity</b> .....	<b>\$ 239,013</b>	<b>\$ 242,911</b>



## Consolidated Statements of Comprehensive Income (Loss)

	Year Ended December 31,		Three Months Ended December 31,	
	2023	2024	2023	2024
Revenue .....	\$ 218,019	\$ 249,913	\$ 56,755	\$ 65,587
Cost of revenue .....	47,090	54,814	11,859	15,331
Gross profit .....	170,929	195,099	44,896	50,256
Operating expenses:				
Research and development .....	56,158	55,596	13,706	15,358
Sales and marketing .....	101,198	105,476	21,836	27,573
General and administrative .....	42,380	43,691	10,439	10,885
Total operating expenses .....	199,736	204,763	45,981	53,816
<b>Loss from operations</b> .....	(28,807)	(9,664)	(1,085)	(3,560)
Finance income (expenses), net .....	941	134	(2,085)	(1,101)
<b>Loss before income taxes</b> .....	(27,866)	(9,530)	(3,170)	(4,661)
Provision for income taxes .....	1,507	1,927	238	759
<b>Net loss</b> .....	\$ (29,373)	\$ (11,457)	\$ (3,408)	\$ (5,420)
Net loss per share attributable to ordinary shareholders, basic and diluted	\$ (0.38)	\$ (0.14)	\$ (0.04)	\$ (0.07)
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted	77,752,960	80,825,695	78,443,438	82,073,002
<b>Net loss</b> .....	\$ (29,373)	\$ (11,457)	\$ (3,408)	\$ (5,420)
<b>Other comprehensive income (loss), net of tax</b> .....				
Change in unrealized gain (loss) on cashflow hedges .....	1,239	(484)	1,604	273
Total other comprehensive income (loss), net of tax .....	1,239	(484)	1,604	273
<b>Total comprehensive loss</b> .....	\$ (28,134)	\$ (11,941)	\$ (1,804)	\$ (5,147)



Share-based compensation costs included above:

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
Cost of revenue	\$ 635	\$ 812	\$ 153	\$ 234
Research and development	5,782	5,511	1,479	1,330
Sales and marketing	5,196	4,273	1,145	1,172
General and administrative	6,514	7,019	1,665	1,787
<b>Total</b>	<b>\$ 18,127</b>	<b>\$ 17,615</b>	<b>\$ 4,442</b>	<b>\$ 4,523</b>





## Consolidated Statements of Cash Flows

	Year Ended December 31,		Three Months Ended December 31,	
	2023	2024	2023	2024
<b>Cash flows from operating activities:</b>				
Net loss	\$ (29,373)	\$ (11,457)	\$ (3,408)	\$ (5,420)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Depreciation and amortization	10,258	10,528	2,570	2,516
Finance expense (income)	1,646	500	(106)	711
Unrealized (gain) loss from hedging future transactions	(52)	103	(78)	62
Share-based compensation	18,127	17,615	4,442	4,523
(Gain) loss from sale of equipment	—	(12)	1	(2)
Changes in operating assets and liabilities:				
Change in operating lease right-of-use assets and liabilities, net	(1,926)	(1,078)	2,012	226
Increase in accounts receivable, net	(9,728)	(2,127)	(13,149)	(15,488)
Increase in deferred contract costs	(2,873)	(258)	(6,467)	(1,846)
Decrease in other current assets	617	612	2,204	1,366
Increase in other non-current assets	(53)	(6)	(461)	(89)
Increase (decrease) in accounts payable	1,255	3,597	(3,054)	1,313
Increase in deferred revenue	6,677	6,432	10,634	10,224
Increase in other non-current liabilities	961	528	1,116	173
Increase in other liabilities and accrued expenses	1,426	5,197	7,477	5,149
Net cash (used in) provided by operating activities	(3,038)	30,174	3,733	3,418
<b>Cash flows from investing activities:</b>				
Purchase of property and equipment, net	(1,559)	(1,430)	(182)	(232)
Capitalized internal-use software costs	(821)	(1,304)	(33)	(511)
Increase in restricted deposits	(206)	(552)	(74)	(138)
Payment for business combinations, net of cash acquired	—	(15,414)	—	28
Net cash used in investing activities	(2,586)	(18,700)	(289)	(853)
<b>Cash flows from financing activities:</b>				
Proceeds from exercise of stock options	2,296	4,677	171	953
Proceeds from employee share purchase plan	1,259	1,486	599	931
Repayment of Credit Facility	—	(25,000)	—	—
Payments of contingent consideration, net	(2,363)	—	—	—
Net cash provided by (used in) financing activities	1,192	(18,837)	770	1,884
Effect of exchange rates on cash and cash equivalents	(1,646)	(500)	106	(711)
Net (decrease) increase in cash and cash equivalents	(6,078)	(7,863)	4,320	3,738
Cash and cash equivalents, beginning of period	77,810	71,732	67,412	60,131
Cash and cash equivalents, end of period	\$ 71,732	\$ 63,869	\$ 71,732	\$ 63,869



**Supplemental disclosure of cash flow information:**

Interest received, net	\$	(203)	\$	(1,225)	\$	(114)	\$	(291)
Taxes paid	\$	1,883	\$	1,168	\$	26	\$	303

**Supplemental disclosure of non-cash financing activities:**

Additions to operating lease right-of-use assets and liabilities	\$	2,597	\$	6,064	\$	1,549	\$	1,611
Share-based compensation included in capitalized internal-use software	\$	37	\$	104	\$	1	\$	42
Deferred proceeds from exercise of share options included in other current assets	\$	11	\$	29	\$	(43)	\$	29
Deferred costs of property and equipment incurred during the period included in accounts payable	\$	139	\$	227	\$	76	\$	227
Deferred payments in relation to business combinations held in escrow	\$	1,269	\$	—	\$	—	\$	—

**Schedule A: Business combinations**

Working capital (deficit), net (excluding cash and cash equivalents)	—	(217)
Property, plant and equipment	—	18
Goodwill and other intangible assets	—	4,524
Deferred taxes, net	—	(152)
	\$	\$ 4,173
Less non-cash:		
Deferred cash payments	\$	\$ (340)
Total	\$	\$ 3,833

**Schedule B: Business combinations**

Working capital (deficit), net (excluding cash and cash equivalents)	—	(1,474)
Goodwill and other intangible assets	—	13,531
Deferred taxes, net	—	(476)
	\$	\$ 11,581



Reconciliation of GAAP gross profit  
to Non-GAAP gross profit

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
GAAP gross profit	\$ 170,929	\$ 195,099	\$ 44,896	\$ 50,256
Add:				
Share-based compensation expenses	635	812	153	234
Retention payments related to business combinations	306	65	—	21
Amortization of intangible assets related to business combinations	4,641	4,191	1,137	815
<b>Non-GAAP gross profit</b>	<b>\$ 176,511</b>	<b>\$ 200,167</b>	<b>\$ 46,186</b>	<b>\$ 51,326</b>
<b>Non-GAAP gross margin</b>	<b>81 %</b>	<b>80 %</b>	<b>81 %</b>	<b>78 %</b>



Reconciliation of GAAP operating loss  
to Non-GAAP operating (loss) profit

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
Loss from operations	\$ (28,807)	\$ (9,664)	\$ (1,085)	\$ (3,560)
Add:				
Share-based compensation expenses	18,127	17,615	4,442	4,523
Retention payments related to business combinations	1,072	1,886	221	539
Amortization of intangible assets related to business combinations	4,776	4,862	1,171	1,067
Non-recurring expenses related to termination of lease agreement and others	17	—	—	—
Secondary offering costs	—	350	—	—
<b>Non-GAAP operating (loss) profit</b>	<b>\$ (4,815)</b>	<b>\$ 15,049</b>	<b>\$ 4,749</b>	<b>\$ 2,569</b>
<b>Non-GAAP operating margin</b>	<b>(2)%</b>	<b>6 %</b>	<b>8 %</b>	<b>4 %</b>





Reconciliation of GAAP operating expenses  
to non-GAAP operating expenses

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
GAAP research and development	\$ 56,158	\$ 55,596	\$ 13,706	\$ 15,358
Less:				
Share-based compensation expenses	5,782	5,511	1,479	1,330
Retention payments related to business combinations	—	38	—	11
<b>Non-GAAP research and development</b>	<b>\$ 50,376</b>	<b>\$ 50,047</b>	<b>\$ 12,227</b>	<b>\$ 14,017</b>
<b>Non-GAAP research and development margin</b>	<b>23 %</b>	<b>20 %</b>	<b>22 %</b>	<b>21 %</b>
GAAP sales and marketing	\$ 101,198	\$ 105,476	\$ 21,836	\$ 27,573
Less:				
Share-based compensation expenses	5,196	4,273	1,145	1,172
Retention payments related to business combinations	766	1,783	221	507
Amortization of intangible assets related to business combinations	135	671	34	252
Non-recurring expenses related to termination of lease agreement and others	17	—	—	—
<b>Non-GAAP sales and marketing</b>	<b>\$ 95,084</b>	<b>\$ 98,749</b>	<b>\$ 20,436</b>	<b>\$ 25,642</b>
<b>Non-GAAP sales and marketing margin</b>	<b>44 %</b>	<b>40 %</b>	<b>36 %</b>	<b>39 %</b>
GAAP general and administrative	\$ 42,380	\$ 43,691	\$ 10,439	\$ 10,885
Less:				
Share-based compensation expenses	6,514	7,019	1,665	1,787
Secondary offering costs	—	350	—	—
<b>Non-GAAP general and administrative</b>	<b>\$ 35,866</b>	<b>\$ 36,322</b>	<b>\$ 8,774</b>	<b>\$ 9,098</b>
<b>Non-GAAP general and administrative margin</b>	<b>16 %</b>	<b>15 %</b>	<b>15 %</b>	<b>14 %</b>



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

	Year Ended December 31,		Three months Ended December 31,	
	2023	2024	2023	2024
	(In thousands)		(In thousands)	
Net cash (used in) provided by operating activities	\$ (3,038)	\$ 30,174	\$ 3,733	\$ 3,418
Purchases of property and equipment, net	(1,559)	(1,430)	(182)	(232)
Capitalized internal use software costs	(821)	(1,304)	(33)	(511)
<b>Free cash flow</b>	<b>\$ (5,418)</b>	<b>\$ 27,440</b>	<b>\$ 3,518</b>	<b>\$ 2,675</b>
Purchases of property and equipment related to the new headquarters	1,156	—	29	—
Payments received from escrow in relation to contingent consideration	(380)	—	—	—
Deferred payments in relation to business combinations	260	265	—	—
<b>Normalized free cash flow</b>	<b>\$ (4,382)</b>	<b>\$ 27,705</b>	<b>\$ 3,547</b>	<b>\$ 2,675</b>

### 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 fourth quarter and full year of 2024 described under “Business Outlook,” the expected performance of our business, future financial results, strategy, long-term growth and overall future prospects, and our acquisitions and our offerings, our customers’ continued investment in digital transformation and reliance on digital intelligence and the size of, 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 number of known and unknown risks, uncertainties, other factors and assumptions that are beyond our control. Such risks and uncertainties include, without limitation, risks and uncertainties associated with: (i) our expectations regarding our revenue, expenses and other operating results; (ii) our ability to acquire new customers and successfully retain existing customers; (iii) our ability to increase usage of our solutions and upsell and cross-sell additional solutions; (iv) our



ability to achieve or sustain profitability; (v) anticipated trends, growth rates, rising interest rates, rising global inflation and current macroeconomic conditions, and challenges in our business and in the markets in which we operate, and the impact of Israel's war with Hamas and other terrorist organizations and potential hostilities with Iran or Lebanon on geopolitical and macroeconomic conditions or on our company and business; (vi) future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements; (vii) the costs and success of our sales and marketing efforts and our ability to promote our brand; (viii) our reliance on key personnel and our ability to identify, recruit and retain skilled personnel; (ix) our ability to effectively manage our growth, including continued international expansion; (x) our reliance on certain third party platforms and sources for the collection of data necessary for our solutions; (xi) our ability to protect our intellectual property rights and any costs associated therewith; (xii) our ability to identify and complete acquisitions that complement and expand our reach and platform; (xiii) our ability to comply or remain in compliance with laws and regulations that currently apply or become applicable to our business, including in Israel, the United States, the European Union, the United Kingdom and other jurisdictions where we elect to do business; (xiv) our ability to compete effectively with existing competitors and new market entrants; and (xv) the growth rates of the markets in which we compete.

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 February 28, 2024, 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, November 12, 2024. Except as required by law, we undertake no duty to update any forward-looking statements contained in this letter 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.



### 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 and should not be considered a measure of liquidity. 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 headquarters, payments received in connection with these capital investments and deferred payments related to business combinations. Non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP gross profit, non-GAAP gross margin, non-GAAP research and development expenses, non-GAAP sales and marketing expenses, and non-GAAP general and administrative expenses represents the comparable GAAP financial figures, 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, expressed as a percentage.





