

Similarweb Announces Record First Quarter 2022 Results

First quarter 2022 revenue grew 51% year-over-year to \$44.3 million

NRR for \$100K+ ARR customers increased to 127%

Remaining performance obligations increased 68% year-over-year to \$159.1 million

TEL AVIV, Israel--(BUSINESS WIRE)-- Similarweb Ltd. (NYSE:[SMWB](#)) ("Similarweb" or the "Company"), a leading digital intelligence company, today announced financial results for its first quarter ended March 31, 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 are strong out of the gate in 2022 with another record-breaking quarter," said Or Offer, Founder and CEO of Similarweb. "Our customers are benefiting tremendously from the critical insights we provide that help them win in their markets and accelerate their growth. Our momentum continues to build and we are extremely excited about what lies ahead".

First Quarter 2022 Financial Highlights

- Total revenue was \$44.3 million, an increase of 51% compared to \$29.4 million for the first quarter of 2021.
- GAAP operating loss was \$(26.2) million, compared to \$(11.6) million for the first quarter of 2021.
- GAAP net loss per share was \$(0.34), compared to \$(0.78) for the first quarter of 2021.
- Non-GAAP operating loss was \$(19.8) million, compared to \$(8.7) million for the first quarter of 2021.
- Non-GAAP operating loss per share was \$(0.26), compared to \$(0.56) for the first quarter of 2021.
- Cash and cash equivalents totaled \$125.0 million as of March 31, 2022, compared to \$128.9 million as of December 31, 2021.
- Free cash flow was \$(4.3) million, compared to \$1.9 million for the first quarter of 2021.
- Normalized free cash flow was \$(4.0) million, compared to \$1.9 million for the first quarter of 2021.

Recent Business Highlights

- Grew number of customers to 3,664 as of March 31, 2022, an increase of 27% compared to March 31, 2021.
- Grew average annual revenue per customer to approximately \$49,500 in the first quarter of 2022, an increase of 18% compared to the first quarter of 2021.
- Grew number of customers with ARR of \$100,000 or more to 297, an increase of 48% compared to March 31, 2021.

- Customers with ARR of \$100,000 or more contributed 53% of the total ARR as of March 31, 2022, compared to 49% as of March 31, 2021.
- Dollar-based net retention rate for customers with ARR of \$100,000 or more increased to 127% as compared to 115% in the first quarter of 2021.
- Overall dollar-based net retention rate increased to 115% as compared to 103% in the first quarter of 2021.
- Multi-year deals now comprise 35% of our overall ARR, compared to 26% as of March 31, 2021.
- Remaining performance obligations increased 68% year over year, to \$159.1 million as of March 31, 2022, as compared to \$94.9 million as of March 31, 2021.

Financial Outlook

“We are excited about our strong start and record-breaking quarter” said Jason Schwartz, Chief Financial Officer of Similarweb. “Our investments across the business contributed momentum that fuels our growth. We are raising our outlook for the full year 2022”.

- Q2 2022 Guidance
 - Total revenue between \$45.5 million and \$45.9 million, representing 41% growth year over year at the mid-point of the range.
 - Non-GAAP operating loss between \$(23.0) million and \$(23.5) million. This includes Non-GAAP gross margin anticipated in the range of 73% to 74%.
- 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 operating loss between (\$82) million and (\$83) million, which includes 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), as well as increased investment in research and development and in our go-to-market which is designed to support our continued growth plans.

The Company’s second quarter and full year 2022 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 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. 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, May 11, 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 second 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, (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 (xiv) 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 represents 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.

Similarweb Ltd.
Consolidated Balance Sheet

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

| | December 31, 2021 | March 31, 2022 (Unaudited) |
|---|-------------------------|----------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 128,879 | \$ 125,019 |
| Restricted deposits | 11,474 | 11,462 |
| Accounts receivable, net | 31,017 | 30,531 |
| Deferred contract costs | 8,470 | 9,512 |
| Prepaid expenses and other current assets | 7,847 | 10,986 |
| Total current assets | 187,687 | 187,510 |
| Property and equipment, net | 6,356 | 20,054 |
| Deferred contract costs, non-current | 9,208 | 9,933 |
| Operating lease right-of-use assets | — | 40,760 |
| Intangible assets, net | 11,617 | 10,576 |
| Goodwill | 11,318 | 11,318 |
| Other non-current assets | 813 | 813 |
| Total assets | \$ 226,999 | \$ 280,964 |
| Liabilities and shareholders' (deficit) equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 11,303 | \$ 27,020 |
| Payroll and benefit related liabilities | 17,969 | 20,264 |
| Deferred revenues | 76,676 | 89,656 |
| Other payables and accrued expenses | 28,199 | 28,394 |
| Operating lease liabilities | — | 504 |
| Total current liabilities | 134,147 | 165,838 |
| Deferred revenues, non-current | 2,074 | 1,612 |
| Operating lease liabilities, non-current | — | 46,032 |
| Deferred rent | 2,602 | — |
| Other long-term liabilities | 3,262 | 3,200 |
| Total liabilities | 142,085 | 216,682 |
| Shareholders' (deficit) equity | | |
| Ordinary Shares, NIS 0.01 par value 500,000,000 shares authorized as of December 31, 2021 and March 31, 2022 (unaudited), 74,847,609 and 75,397,202 shares issued as of December 31, 2021 and March 31, 2022 (unaudited), 74,845,441 and 75,395,034 outstanding as of December 31, 2021 and March 31, 2022 (unaudited), respectively; | 205 | 207 |
| Additional paid-in capital | 324,614 | 329,503 |
| Accumulated other comprehensive income | 160 | 246 |
| Accumulated deficit | (240,065) | (265,674) |
| Total shareholders' equity | 84,914 | 64,282 |
| Total liabilities and shareholders' equity | \$ 226,999 | \$ 280,964 |

Similarweb Ltd.
Consolidated Statement of Comprehensive Income (Loss)
U.S. dollars in thousands (except share and per share data)

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2021 | 2022 |
| | (Unaudited) | |
| Revenues | \$ 29,413 | \$ 44,280 |
| Cost of revenues | 6,273 | 13,095 |
| Gross profit | 23,140 | 31,185 |
| Operating expenses: | | |
| Research and development | 8,984 | 14,713 |
| Sales and marketing | 19,600 | 30,342 |
| General and administrative | 6,107 | 12,311 |
| Total operating expenses | 34,691 | 57,366 |
| Loss from operations | (11,551) | (26,181) |
| Finance (expenses) income, net | (347) | 822 |
| Loss before income taxes | (11,898) | (25,359) |
| Income taxes | 216 | 250 |
| Net loss | \$ (12,114) | \$ (25,609) |
| Net loss per share attributable to ordinary shareholders, basic and diluted | \$ (0.78) | \$ (0.34) |
| Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted | 15,467,710 | 75,035,966 |
| Net loss | (12,114) | (25,609) |
| Other comprehensive income (loss), net of tax | | |
| Change in unrealized gain (loss) on cashflow hedges | (260) | 86 |
| Total other comprehensive income (loss), net of tax | (260) | 86 |
| Total comprehensive loss | \$ (12,374) | \$ (25,523) |

Share based compensation costs included above:

U.S. dollars in thousands

| | Three Months Ended March 31, | |
|----------------------------|---------------------------------|-----------------|
| | 2021 | 2022 |
| | (in thousands) | |
| Cost of revenues | \$ 30 | \$ 146 |
| Research and development | 1,365 | 1,209 |
| Sales and marketing | 626 | 1,373 |
| General and administrative | 861 | 1,075 |
| Total | \$ 2,882 | \$ 3,803 |

Similarweb Ltd.
Consolidated Statement of Cash Flows
U.S. dollars in thousands

| | Three Months Ended March 31, | |
|--|---|------------------|
| | 2021 | 2022 |
| | (Unaudited) | |
| Cash flows from operating activities: | | |
| Net loss | \$(12,114) | \$ (25,609) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 520 | 3,049 |
| Finance expense | 149 | 231 |
| Unrealized (gain) loss from hedging future transactions | (75) | 4 |
| Share-based compensation | 2,882 | 3,803 |
| Provision for accrued interest on Credit Facility | (53) | — |
| Changes in operating assets and liabilities: | | |
| Operating lease right-of-use assets and liabilities, net | — | 3,177 |
| Decrease in accounts receivable, net | 925 | 486 |
| Increase in deferred contract costs | (1,118) | (1,767) |
| (Decrease) increase in prepaid expenses and other current assets | (240) | 1,104 |
| Increase in other non-current assets | (900) | — |
| Increase in accounts payable | 1,989 | 1,494 |
| Increase in deferred revenue | 9,448 | 12,518 |
| Decrease in deferred rent | (121) | — |
| Increase (decrease) in other long-term liabilities | 140 | (62) |
| Increase in other payables and accrued expenses | 897 | 2,486 |
| Net cash provided by operating activities | <u>2,329</u> | <u>914</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment, net | (451) | (4,784) |
| Capitalized internal-use software costs | — | (380) |
| (Increase) decrease in restricted deposits | (488) | 12 |
| Decrease in short-term investments | 9,975 | — |
| Net cash provided by (used in) investing activities | <u>9,036</u> | <u>(5,152)</u> |
| Cash flows from financing activities: | | |
| Payment of deferred offering costs | (387) | — |
| Proceeds from exercise of share options | 338 | 609 |
| Borrowings under Credit Facility | 30,000 | — |
| Repayment of Credit Facility | (26,800) | — |
| Net cash provided by financing activities | <u>3,151</u> | <u>609</u> |
| Effect of exchange rates on cash and cash equivalents | (149) | (231) |
| Net increase (decrease) in cash and cash equivalents | 14,367 | (3,860) |
| Cash and cash equivalents, beginning of period | 23,943 | 128,879 |
| Cash and cash equivalents, end of period | <u>\$ 38,310</u> | <u>\$125,019</u> |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | \$ 391 | \$ (17) |
| Taxes paid | <u>\$ 134</u> | <u>\$ 60</u> |
| Supplemental disclosure of non-cash operating, investing and financing activities: | | |
| Offering costs incurred during the period included in accounts payable and accrued expenses | \$ 971 | \$ — |
| Additions to operating lease right-of-use assets and liabilities | <u>\$ —</u> | <u>\$ 4,279</u> |
| 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 | <u>\$ —</u> | <u>\$ 10,542</u> |

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

Reconciliation of GAAP gross profit to non-GAAP gross profit

| | Three Months Ended March 31, | |
|---|---|------------------|
| | 2021 | 2022 |
| | (In thousands) | |
| GAAP gross profit | \$ 23,140 | \$ 31,185 |
| Add: | | |
| Share-based compensation expenses | 30 | 146 |
| Retention payments related to business combinations | — | 690 |
| Amortization of intangible assets related to business combinations | | 1,041 |
| Non-recurring expenses related to termination of lease agreement and others | | 9 |
| Non-GAAP gross profit | \$ 23,170 | \$ 33,071 |
| Non-GAAP gross margin | 79% | 75% |

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

| | Three Months Ended March 31, | |
|---|---|--------------------|
| | 2021 | 2022 |
| | (In thousands) | |
| Loss from operations | \$ (11,551) | \$ (26,181) |
| Add: | | |
| Share-based compensation expenses | 2,882 | 3,803 |
| Adjustment of fair value of contingent consideration related to business combinations | — | 552 |
| Retention payments related to business combinations | — | 712 |
| Amortization of intangible assets related to business combinations | — | 1,041 |
| Non-recurring expenses related to termination of lease agreement and others | — | 318 |
| Non-GAAP operating loss | \$ (8,669) | \$ (19,755) |
| Non-GAAP operating margin | (29) % | (45) % |

Reconciliation of GAAP operating expenses to non-GAAP operating expenses

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------------|
| | 2021 | 2022 |
| | (In thousands) | |
| GAAP research and development | \$ 8,984 | \$14,713 |
| Less: | | |
| Share-based compensation expenses | 1,365 | 1,209 |
| Non-recurring expenses related to termination of lease agreement and others | — | 23 |
| Non-GAAP research and development | \$ 7,619 | \$13,481 |
| GAAP sales and marketing | \$19,600 | \$30,342 |
| Less: | | |
| Share-based compensation expenses | 626 | 1,373 |
| Retention payments related to business combinations | — | 22 |
| Non-recurring expenses related to termination of lease agreement and others | — | 271 |
| Non-GAAP sales and marketing | \$18,974 | \$28,676 |
| GAAP general and administrative | \$ 6,107 | \$12,311 |
| Less: | | |
| Share-based compensation expenses | 861 | 1,075 |
| Adjustment of fair value of contingent consideration related to business combinations | — | 552 |
| Non-recurring expenses related to termination of lease agreement and others | — | 15 |
| Non-GAAP general and administrative | \$ 5,246 | \$10,669 |

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

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------------|
| | 2021 | 2022 |
| | (In thousands) | |
| Net cash provided by operating activities | \$ 2,329 | \$ 914 |
| Purchases of property and equipment, net | (451) | (4,784) |
| Capitalized internal use software costs | — | (380) |
| Free cash flow | \$ 1,878 | \$ (4,250) |
| Purchases of property and equipment related to the new headquarters | — | 4,456 |
| Payments received in connection with purchases of property and equipment | — | (4,169) |
| Normalized free cash flow | \$ 1,878 | \$ (3,963) |

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20220510006185/en/>

Press Contact:

Richard Krueger

Similarweb

press@similarweb.com

|

Investor Contact:

Raymond "RJ" Jones

Similarweb

ir@similarweb.com

Source: Similarweb Ltd.