

Similarweb Announces Fourth Quarter 2022 Results

Fourth quarter 2022 revenue grew 28% year-over-year to \$51.3 million

Non-GAAP operating margin improved by 25 percentage points

Annual Recurring Revenue Exceeds \$200 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 fourth quarter ended December 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 performed well in the fourth quarter as we navigated the challenging demand environment," said Or Offer, Founder and CEO of Similarweb. "2022 was a year of challenges on many fronts. Despite the tough circumstances, we experienced both new customer growth and expansion from existing customers." Offer continued, "Our customers tell us that we are more critical than ever to win their markets, and that they cannot get the data and actionable insights that we have anywhere else. We want to build on this in 2023 and return to being cash flow positive. It is in our hands, and we are focused on what we need to do to succeed."

Fourth Quarter 2022 Financial Highlights

- Total revenue was \$51.3 million, an increase of 28% compared to \$40.2 million for the fourth quarter of 2021.
- GAAP operating loss was \$(14.6) million or (28)% of revenue, compared to \$(22.9) million or (57)% of revenue for the fourth quarter of 2021.
- GAAP net loss per share was \$(0.20), compared to \$(0.32) for the fourth quarter of 2021.
- Non-GAAP operating loss was \$(10.9) million or (21)% of revenue, compared to \$(18.4) million or (46)% of revenue for the fourth quarter of 2021.
- Non-GAAP operating loss per share was \$(0.14), compared to \$(0.25) for the fourth quarter of 2021.
- Cash and cash equivalents totaled \$77.8 million as of December 31, 2022, compared to \$128.9 million as of December 31, 2021.
- Net cash used in operating activities was \$(12.3) million, compared to \$(10.4) million for the fourth quarter of 2021.
- Free cash flow was \$(14.6) million, compared to \$(11.5) million for the fourth quarter of 2021.
- Normalized free cash flow was \$(13.8) million, compared to \$(11.5) million for the fourth quarter of 2021.

Fiscal Year 2022 Financial Highlights

- Total revenue was \$193.2 million, an increase of 40% compared to \$137.7 million for fiscal year 2021.
- GAAP operating loss was \$(87.9) million or (45)% of revenue, compared to \$(66.1) million or (48)% of revenue for fiscal year 2021.
- GAAP net loss per share was \$(1.10), compared to \$(1.30) for fiscal year 2021.
- Non-GAAP operating loss was \$(63.8) million or (33)% of revenue, compared to \$(51.7) million or (38)% of revenue for fiscal year 2021.
- Non-GAAP operating loss per share was \$(0.84), compared to \$(0.97) for fiscal year 2021.

Recent Business Highlights

- Grew number of customers to 4,049 as of December 31, 2022, an increase of 16% compared to December 31, 2021.
- Grew average annual revenue per customer to approximately \$51,600 in the fourth quarter of 2022, an increase of 8% compared to the fourth quarter of 2021.
- Grew number of customers with ARR of \$100,000 or more to 337 as of December 31, 2022, an increase of 24% compared to December 31, 2021.
- Customers with ARR of \$100,000 or more contributed 55% of the total ARR as of December 31, 2022, compared to 51% as of December 31, 2021.
- Dollar-based net retention rate for customers with ARR of \$100,000 or more was 120% in the fourth quarter of 2022 as compared to 125% in the fourth quarter of 2021.
- Overall dollar-based net retention rate was 109% in the fourth quarter of 2022 as compared to 113% in the fourth quarter of 2021.
- Multi-year subscriptions now comprise 39% of our overall ARR as of December 31, 2022, as compared to 33% as of December 31, 2021.
- Remaining performance obligations increased 24% year-over-year, to \$171.0 million as of December 31, 2022, as compared to \$137.5 million as of December 31, 2021.

Financial Outlook

“We intend to achieve sustained positive free cash flow quarterly by the fourth quarter of 2023,” said Jason Schwartz, Chief Financial Officer of Similarweb. “We have aligned our strategic objectives on balancing our revenue growth with accelerating our profitability. We continue to focus on disciplined execution in this challenging environment, which will be critical to accomplishing our objectives in 2023.”

- Q1 2023 Guidance
 - Total revenue between \$52.5 million and \$53.0 million, representing 19% growth year-over-year at the mid-point of the range.
 - Non-GAAP operating loss between \$(11.5) million and \$(12.0) million. This includes non-GAAP gross margin anticipated in the range of 77.0% to 77.5%.
- FY 2023 Guidance
 - Total revenue between \$221.0 million and \$222.0 million, representing 15% growth year-over-year at the mid-point of the range.
 - Non-GAAP operating loss between \$(30.0) million and \$(31.0) million, which includes non-GAAP gross margin anticipated in the range of 78.0% to 79.0%.

The Company’s first quarter and full year 2023 financial outlook is based upon a number of assumptions and trends observed from prior quarters that are subject to change and many of which are outside the Company’s control. Actual results may vary from these assumptions

and trends from prior quarters, and the Company's expectations may change. There can be no assurance that the Company will achieve these results.

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

Conference Call Information

The financial results and business highlights will be discussed on a conference call and webcast scheduled at 8:30 a.m. Eastern Time on Wednesday, February 15, 2023. A live webcast of the call can be accessed from Similarweb's [Investor Relations](https://ir.similarweb.com) 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) 407-0713 toll-free and at (201) 689-7831 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 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 2023 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, particularly in light of current macroeconomic uncertainty, (ii) our history of net losses and desire to increase operating expenses, thereby limiting our ability to achieve profitability, (iii) challenges related to effectively managing our growth, including as result of macroeconomic factors, (iv) intense competition in the market and services categories in which we participate, (v) potential reductions in participation in our contributory network and/or increase in the volume of opt-out requests from individuals with respect to our collection of their data, or a decrease in our direct measurement dataset, which could lead to a deterioration in the depth, breadth or accuracy of our data, (vi) our inability to attract new customers and expand subscriptions of current customers, (vii) changes in laws, regulations, and public perception concerning data privacy or change in the patterns of enforcement of existing laws and regulations, (viii) our inability to introduce new features or solutions and

make enhancements to our existing solutions, (ix) real or perceived errors, failures, vulnerabilities or bugs in our platform, (x) potential security breaches to our systems or to the systems of our third-party service providers, (xi) our inability to obtain and maintain comprehensive and reliable data to generate our insights, (xii) changes in laws and regulations related to the Internet or changes in the internet infrastructure itself that may diminish the demand for our solutions, (xiii) failure to effectively develop and expand our direct sales capabilities, which could harm our ability to increase the number of organizations using our platform and achieve broader market acceptance for our solutions and (xiv) the impact that current worldwide geopolitical and macroeconomic uncertainty, including uncertainty resulting from the COVID-19 pandemic 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, 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 research and development expenses, non-GAAP sales and marketing expenses and non-GAAP general and administrative expenses represent the comparable GAAP financial figure operating income (loss) or expense, less share-based compensation, adjustments and payments related to business combinations, amortization of intangible assets and certain other non-recurring items, as applicable and indicated in the above tables.

Other Metrics

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

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

| | December 31, 2021 | December 31, 2022 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 128,879 | \$ 77,810 |
| Restricted deposits | 11,474 | 9,814 |
| Accounts receivable, net | 31,017 | 38,141 |
| Deferred contract costs | 8,470 | 9,789 |
| Prepaid expenses and other current assets | 7,847 | 6,628 |
| Total current assets | 187,687 | 142,182 |
| Property and equipment, net | 6,356 | 31,823 |
| Deferred contract costs, non-current | 9,208 | 8,348 |
| Operating lease right-of-use assets | — | 40,823 |
| Intangible assets, net | 11,617 | 9,561 |
| Goodwill | 11,318 | 12,867 |
| Other non-current assets | 813 | 441 |
| Total assets | \$ 226,999 | \$ 246,045 |
| Liabilities and Shareholders' equity | | |
| Current liabilities: | | |
| Borrowings under Credit Facility | \$ — | \$ 25,000 |
| Accounts payable | 11,303 | 7,144 |
| Payroll and benefit related liabilities | 17,969 | 18,512 |
| Deferred revenue | 76,676 | 93,195 |
| Other payables and accrued expenses | 28,199 | 27,990 |
| Operating lease liabilities | — | 9,091 |
| Total current liabilities | 134,147 | 180,932 |
| Deferred revenue, non-current | 2,074 | 974 |
| Operating lease liabilities, non-current | — | 40,075 |
| Deferred rent | 2,602 | — |
| Other long-term liabilities | 3,262 | 2,113 |
| Total liabilities | 142,085 | 224,094 |
| Shareholders' equity | | |
| Ordinary Shares, NIS 0.01 par value 500,000,000 shares authorized as of December 31, 2021 and 2022; 74,847,609 and 76,435,940 shares issued as of December 31, 2021 and 2022, respectively; 74,845,441 and 76,433,772 shares outstanding as of December 31, 2021 and 2022, respectively | 205 | 210 |
| Additional paid-in capital | 324,614 | 345,834 |
| Accumulated other comprehensive income (loss) | 160 | (367) |
| Accumulated deficit | (240,065) | (323,726) |
| Total shareholders' equity | 84,914 | 21,951 |
| Total liabilities and shareholders' equity | \$ 226,999 | \$ 246,045 |

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, | |
|---|----------------------------|--------------------|------------------------------------|--------------------|
| | 2021 | 2022 | 2021 | 2022 |
| Revenues | \$ 137,668 | \$ 193,234 | \$ 40,151 | \$ 51,346 |
| Cost of revenues | 31,752 | 53,274 | 10,691 | 12,426 |
| Gross profit | 105,916 | 139,960 | 29,460 | 38,920 |
| Operating expenses | | | | |
| Research and development | 44,378 | 59,904 | 14,278 | 13,977 |
| Sales and marketing | 93,844 | 122,635 | 27,982 | 30,096 |
| General and administrative | 33,801 | 45,277 | 10,103 | 9,441 |
| Total operating expenses | 172,023 | 227,816 | 52,363 | 53,514 |
| Loss from operations | (66,107) | (87,856) | (22,903) | (14,594) |
| Other income, net | — | 290 | — | 290 |
| Finance (expenses) income, net | (1,891) | 4,421 | (733) | (375) |
| Loss before income taxes | (67,998) | (83,145) | (23,636) | (14,679) |
| Provision for income taxes | 981 | 516 | 174 | 319 |
| Net loss | \$ (68,979) | \$ (83,661) | \$ (23,810) | \$ (14,998) |
| Net loss per share attributable to ordinary shareholders, basic and diluted | \$ (1.30) | \$ (1.10) | \$ (0.32) | \$ (0.20) |
| Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted | 53,201,603 | 75,718,623 | 74,685,076 | 76,197,984 |
| Net loss | \$ (68,979) | \$ (83,661) | \$ (23,810) | \$ (14,998) |
| Other comprehensive income (loss), net of tax | | | | |
| Change in unrealized gain (loss) on cashflow hedges | 84 | (527) | 137 | 592 |
| Total other comprehensive income (loss), net of tax | 84 | (527) | 137 | 592 |
| Total comprehensive loss | \$ (68,895) | \$ (84,188) | \$ (23,673) | \$ (14,406) |

Share-based compensation costs included above:

U.S. dollars in thousands

| | Year Ended December 31, | | Three Months Ended December 31, | |
|----------------------------|----------------------------|------------------|------------------------------------|-----------------|
| | 2021 | 2022 | 2021 | 2022 |
| Cost of revenues | \$ 211 | \$ 599 | \$ 90 | \$ 136 |
| Research and development | 4,058 | 5,287 | 1,143 | 1,193 |
| Sales and marketing | 3,450 | 5,995 | 1,146 | 1,087 |
| General and administrative | 3,452 | 5,106 | 936 | 1,156 |
| Total | \$ 11,171 | \$ 16,987 | \$ 3,315 | \$ 3,572 |

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

| | Year Ended December 31, | | Three Months Ended December 31, | |
|--|----------------------------|-------------|---------------------------------------|-------------|
| | 2021 | 2022 | 2021 | 2022 |
| Cash flows from operating activities: | | | | |
| Net loss | \$ (68,979) | \$ (83,661) | \$ (23,810) | \$ (14,998) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | 3,167 | 10,584 | 1,539 | 2,472 |
| Finance expense (income) | 45 | 1,112 | 249 | (307) |
| Unrealized gain from hedging future transactions | (23) | (20) | (5) | (493) |
| Share-based compensation | 11,171 | 16,987 | 3,315 | 3,572 |
| Gain on sale of equipment | — | (142) | — | (10) |
| Provision for accrued interest on Credit Facility | (53) | — | — | — |
| Changes in operating assets and liabilities: | | | | |
| Change in operating lease right-of-use assets and liabilities, net | — | 5,744 | — | 475 |
| Increase in accounts receivable, net | (5,132) | (6,882) | (5,986) | (13,080) |
| (Increase) decrease in deferred contract costs | (6,127) | (459) | (2,070) | 1,670 |
| (Increase) decrease in other current assets | (5,556) | 1,342 | (2,844) | 456 |
| (Increase) decrease in other non-current assets | (412) | 372 | (483) | 503 |
| Increase (decrease) in accounts payable | 6,631 | (4,284) | 1,794 | (1,444) |
| Increase in deferred revenue | 24,384 | 15,055 | 12,139 | 9,622 |
| Decrease in deferred rent | (410) | — | (75) | — |
| Increase (decrease) in other non-current liabilities | 475 | (1,497) | (153) | (936) |
| Increase (decrease) in other liabilities and accrued expenses | 13,194 | (316) | 6,021 | 238 |
| Net cash used in operating activities | (27,625) | (46,065) | (10,369) | (12,260) |
| Cash flows from investing activities: | | | | |
| Purchase of property and equipment, net | (2,311) | (28,257) | (896) | (1,932) |
| Capitalized internal-use software costs | (502) | (2,919) | (274) | (424) |
| (Increase) decrease in restricted deposits | (10,020) | 1,660 | (9,758) | 507 |
| Decrease in short-term investments | 30,000 | — | — | — |
| Payment for business combinations, net of cash acquired | (9,507) | (3,787) | (9,007) | — |
| Cash received in relation to business combinations | — | 294 | — | — |
| Purchase of intangible assets | (300) | — | — | — |
| Net cash provided by (used in) investing activities | 7,360 | (33,009) | (19,935) | (1,849) |
| Cash flows from financing activities: | | | | |
| Proceeds from exercise of stock options | 1,222 | 2,034 | 492 | 130 |
| Proceeds from employee share purchase plan | — | 2,083 | — | 849 |
| Borrowings under Credit Facility | 30,000 | 25,000 | — | — |
| Repayment of Credit Facility | (56,800) | — | — | — |
| Repayment of borrowings assumed in business combinations | (112) | — | (112) | — |
| Proceeds from initial public offering, net of underwriting fees, commissions and other issuance costs | 150,936 | — | — | — |
| Net cash provided by financing activities | 125,246 | 29,117 | 380 | 979 |
| Effect of exchange rates on cash and cash equivalents | (45) | (1,112) | (249) | 307 |
| Net increase (decrease) in cash and cash equivalents | 104,936 | (51,069) | (30,173) | (12,823) |
| Cash and cash equivalents, beginning of period | 23,943 | 128,879 | 159,052 | 90,633 |
| Cash and cash equivalents, end of period | \$128,879 | \$ 77,810 | \$ 128,879 | \$ 77,810 |
| Supplemental disclosure of cash flow information: | | | | |
| Interest paid (received), net | \$ 531 | \$ (18) | \$ 3 | \$ (2) |
| Taxes paid | \$ 468 | \$ 485 | \$ 3 | \$ 68 |
| Supplemental disclosure of non-cash financing activities: | | | | |
| Initial public offering costs incurred during the period included in accounts payable and accrued expenses | \$ 270 | \$ (120) | \$ — | \$ (120) |
| Additions to operating lease right-of-use assets and liabilities | \$ — | \$ 9,485 | \$ — | \$ 50 |
| Deferred costs of property and equipment incurred during the period included in accounts payable | \$ — | \$ 116 | \$ — | \$ (654) |
| Schedule A : Business combinations | | | | |
| Working capital (deficit), net (excluding cash and cash equivalents) | \$ (8,865) | \$ (657) | | |
| Cash refund to be received resulting from adjustment to working capital | — | 193 | | |
| Property, plant and equipment | 13 | 43 | | |
| Goodwill and other intangible assets | 20,374 | 4,361 | | |
| Deferred taxes, net | (2,015) | (153) | | |

\$ 9,507 \$ 3,787

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

Reconciliation of GAAP gross profit to non-GAAP gross profit

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|----------------------------|------------------|------------------------------------|-----------------|
| | 2021 | 2022 | 2021 | 2022 |
| | (In thousands) | | (In thousands) | |
| GAAP gross profit | \$105,916 | \$139,960 | \$29,460 | \$38,920 |
| Add: | | | | |
| Share-based compensation expenses | 211 | 599 | 90 | 136 |
| Retention payments related to business combinations | — | 1,785 | — | 129 |
| Amortization of intangible assets related to business combinations | 608 | 4,487 | 608 | 1,168 |
| Non-recurring expenses related to termination of lease agreement and others | — | 35 | — | — |
| Non-GAAP gross profit | \$106,735 | \$146,866 | \$30,158 | \$40,353 |
| Non-GAAP gross margin | 78% | 76% | 75% | 79% |

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

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|----------------------------|-------------------|------------------------------------|-------------------|
| | 2021 | 2022 | 2021 | 2022 |
| | (In thousands) | | (In thousands) | |
| Loss from operations | \$(66,107) | \$(87,856) | \$(22,903) | \$(14,594) |
| Add: | | | | |
| Share-based compensation expenses | 11,171 | 16,987 | 3,315 | 3,572 |
| Retention payments related to business combinations | 1,103 | 2,342 | 289 | 351 |
| Amortization of intangible assets related to business combinations | 608 | 4,573 | 608 | 1,202 |
| Adjustment of fair value of contingent consideration related to business combinations | — | (884) | — | (1,628) |
| Non-recurring expenses related to termination of lease agreement and others | 315 | 1,174 | 315 | 197 |
| Non-recurring fees related to initial public offering | 1,214 | — | — | — |
| Capital gain related to sale of operating equipment | — | (127) | — | — |
| Non-GAAP operating loss | \$(51,696) | \$(63,791) | \$(18,376) | \$(10,900) |
| Non-GAAP operating margin | (38)% | (33)% | (46)% | (21)% |

Reconciliation of GAAP operating expenses to non-GAAP operating expenses

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|----------------------------|------------------|------------------------------------|------------------|
| | 2021 | 2022 | 2021 | 2022 |
| | (In thousands) | | (In thousands) | |
| GAAP research and development | \$44,378 | \$ 59,904 | \$ 14,278 | \$ 13,977 |
| Less: | | | | |
| Share-based compensation expenses | 4,058 | 5,287 | 1,143 | 1,193 |
| Retention payments related to business combinations | 1,103 | — | 289 | — |
| Non-recurring expenses related to termination of lease agreement and others | — | 87 | — | — |
| Non-GAAP research and development | \$39,217 | \$ 54,530 | \$ 12,846 | \$ 12,784 |
| Non-GAAP research and development margin | 28% | 28% | 32% | 25% |
| GAAP sales and marketing | \$93,844 | \$122,635 | \$ 27,982 | \$ 30,096 |
| Less: | | | | |
| Share-based compensation expenses | 3,450 | 5,995 | 1,146 | 1,087 |
| Retention payments related to business combinations | — | 557 | — | 222 |
| Amortization of intangible assets related to business combinations | — | 86 | — | 34 |
| Non-recurring expenses related to termination of lease agreement and others | 315 | 996 | 315 | 197 |
| Non-GAAP sales and marketing | \$90,079 | \$115,001 | \$ 26,521 | \$ 28,556 |
| Non-GAAP sales and marketing margin | 65% | 60% | 66% | 56% |
| GAAP general and administrative | \$33,801 | \$ 45,277 | \$ 10,103 | \$ 9,441 |
| Less: | | | | |
| Share-based compensation expenses | 3,452 | 5,106 | 936 | 1,156 |
| Adjustment of fair value of contingent consideration related to business combinations | — | (884) | — | (1,628) |
| Non-recurring fees related to initial public offering | 1,214 | — | — | — |
| Non-recurring expenses related to termination of lease agreement and others | — | 56 | — | — |
| Capital gain related to sale of operating equipment | — | (127) | — | — |
| Non-GAAP general and administrative | \$29,135 | \$ 41,126 | \$ 9,167 | \$ 9,913 |
| Non-GAAP general and administrative margin | 21% | 21% | 23% | 19% |

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

| | Year Ended December 31, | | Three Months Ended December 31, | |
|--|----------------------------|-------------------|------------------------------------|--------------------|
| | 2021 | 2022 | 2021 | 2022 |
| | (In thousands) | | (In thousands) | |
| Net cash used in operating activities | \$(27,625) | \$(46,065) | \$ (10,369) | \$ (12,260) |
| Purchases of property and equipment, net | (2,311) | (28,257) | (896) | (1,932) |
| Capitalized internal use software costs | (502) | (2,919) | (274) | (424) |
| Free cash flow | \$(30,438) | \$(77,241) | \$ (11,539) | \$ (14,616) |
| Cash payments related to the new headquarters | — | 27,221 | — | 1,781 |
| Cash received in connection with purchases of property and equipment | — | (12,124) | — | (932) |
| Deferred payments in relation to business combinations | — | 413 | — | — |
| Normalized free cash flow | \$(30,438) | \$(61,731) | \$ (11,539) | \$ (13,767) |

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