

## Dear Shareholders,

We delivered strong results in the second quarter of 2025, and we continue to be excited about the opportunities the AI revolution presents to Similarweb. Our second quarter results reflect the value of our comprehensive and proprietary Digital Data which is trusted by thousands of customers to generate actionable insights that empower them to make critical decisions and win their markets.

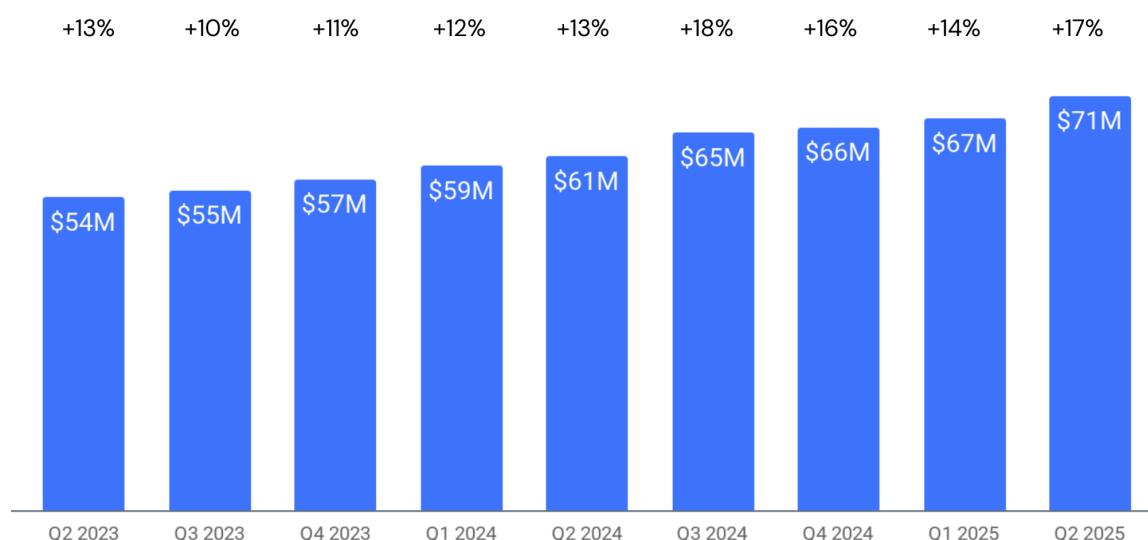
Total revenue in the second quarter of 2025 (Q2-25) increased by 17% (YoY) compared to an increase of 13% (YoY) in the second quarter of 2024 (Q2-24), reflecting the strong demand for our Digital Data. Our customer base increased by 18% YoY to 5,951 ARR customers and our remaining performance obligations (RPO) increased by 26% YoY, faster than revenue growth. We delivered our seventh consecutive quarter of positive normalized free cash flow and returned to generating non-GAAP operating profit.

The commercial interest in our Generative AI data and solutions is encouraging. Revenues from Generative AI data and solutions accounted for nearly 8% of Q2 revenues and are among our fastest growing revenue streams.

We are reiterating full year revenue expectations and increasing our operating profit forecasts following our better than expected results in the second quarter and our disciplined execution.

## Business performance

Total revenue for Q2-25 was \$71.0 million, an increase of 17% compared to \$60.6 million in the second quarter of 2024 (Q2-24), exceeding the top end of our estimate range.



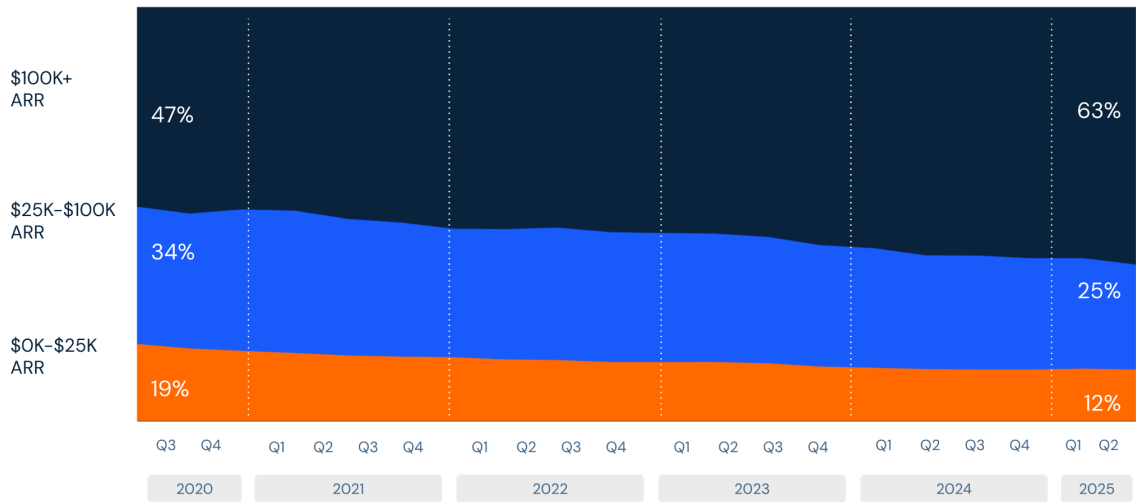
Our Q2-25 results benefited from growth in overall customers and, in particular, big-tech customers who licensed our Digital Data for developing their Generative AI applications and LLMs.

Over the last 18 months, Similarweb has become a premier provider of digital data for these purposes. The sales cycle for these transactions is different, and typically longer, than the sales cycle for our productized solutions. The sales cycle for data licensing for Generative AI and LLMs begins with a customer's evaluation of a sample set of our data to assess the efficacy of our Digital Data and its fitness for the customer's purpose. The evaluation period may last several months during which our team works closely with the customer's data scientists to ensure a successful outcome. We currently charge customers a one-time fee for the evaluation data which is recognized upon delivery or the completion of the evaluation period. Upon completing a successful evaluation, our sales team seeks to negotiate and secure an order for recurring revenue which to date, has typically amounted to 7-digit ARR contracts. The entire sales cycle for these transactions is typically between 9-12 months.

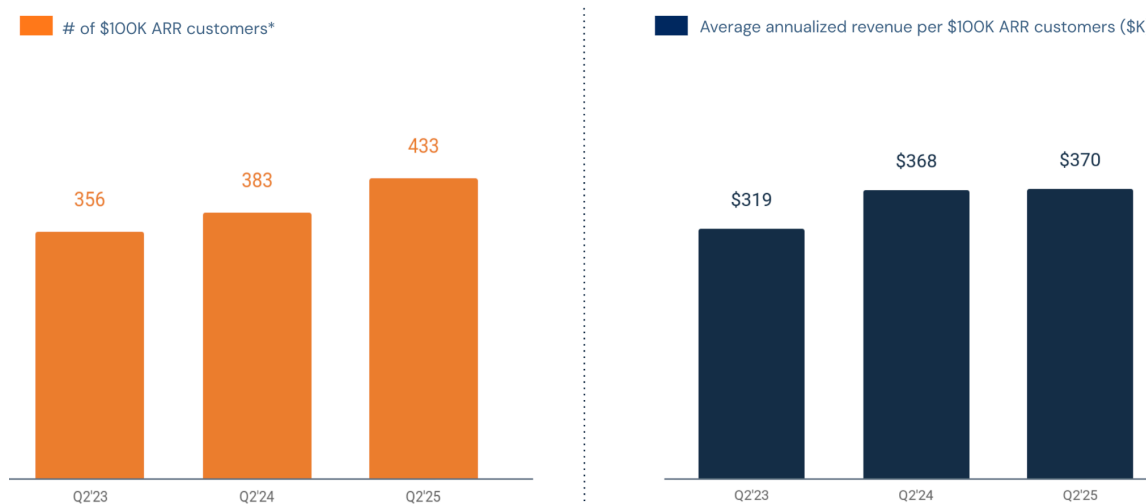
Our Q2-2025 results benefited from one-time fees from customers who completed their evaluations at the end of the quarter, including some which were successfully completed earlier than expected. We are optimistic about the potential for these positive evaluations to convert to ARR contracts in the second half of 2025.

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 the demand for our data and solutions.

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 represents 63% of our total ARR as of June 30, 2025.

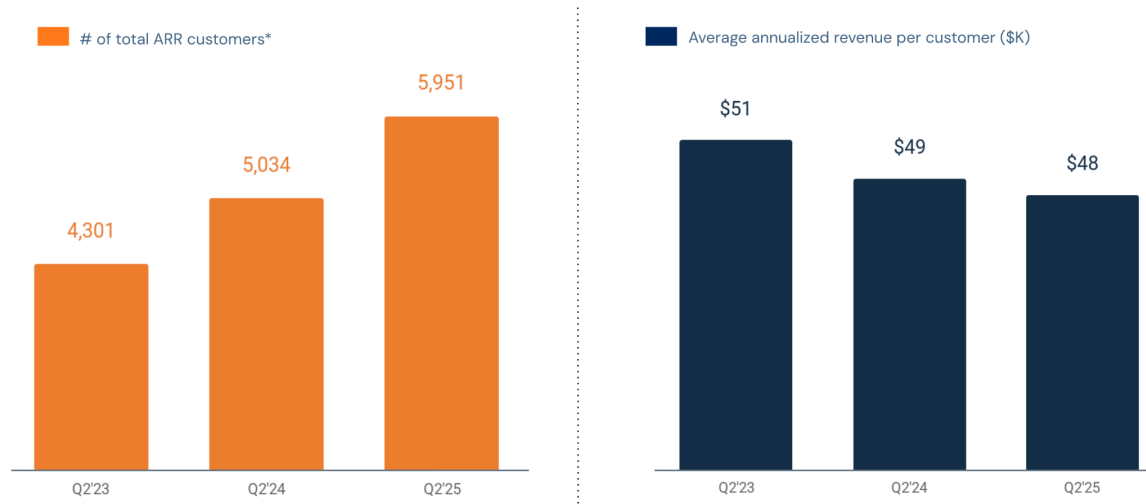


The number of customers who generate more than \$100,000 in ARR grew from 383 as of June 30, 2024, to 433 as of June 30, 2025, representing an increase of 13% YoY. As this customer cohort grew, the average annual revenue per customer increased as well to approximately \$370,000, as compared to \$368,000 in Q2-24.



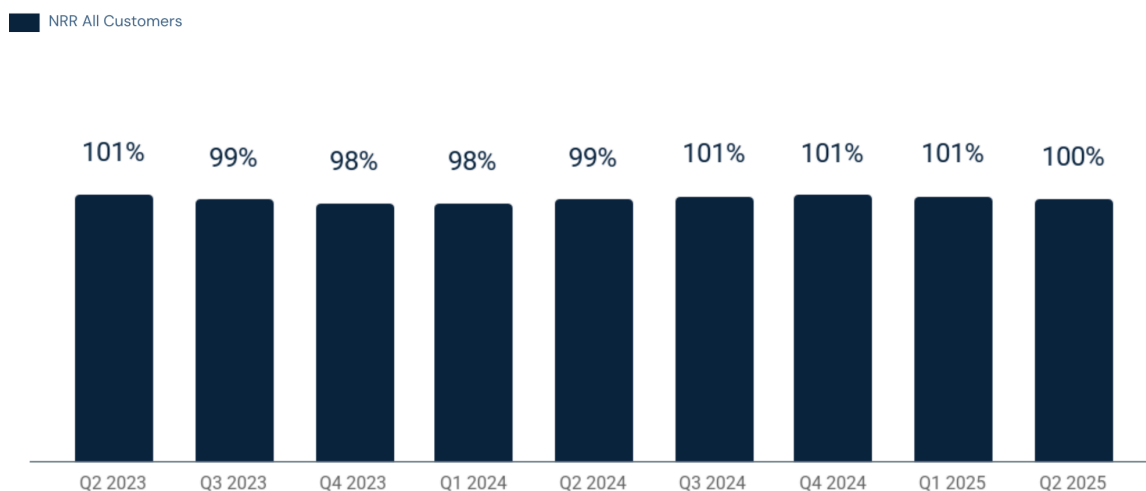
\* excluding recent acquisitions

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 5,951 accounts, as of June 30, 2025, representing an 18% 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.

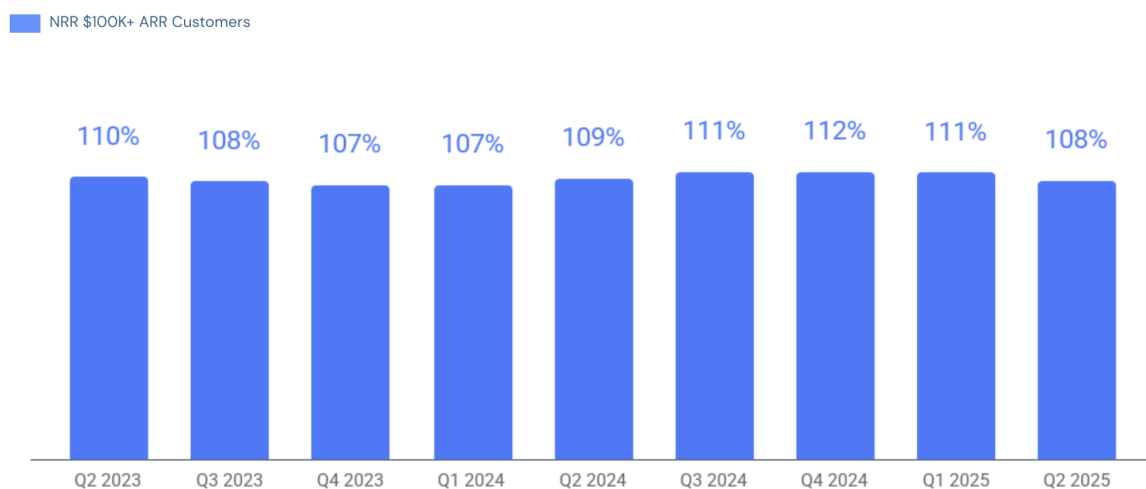


\* excluding recent acquisitions

In Q2-25, we achieved an overall NRR of 100% and an NRR of 108% for our \$100,000+ ARR customers. The YoY improvement in overall NRR reflects our efforts in retaining and growing our business across our diverse customer base. The investments made in our account management and customer success teams continue to generate good returns. Notably, the renewal rate in Q2-2025 was our highest in three years.

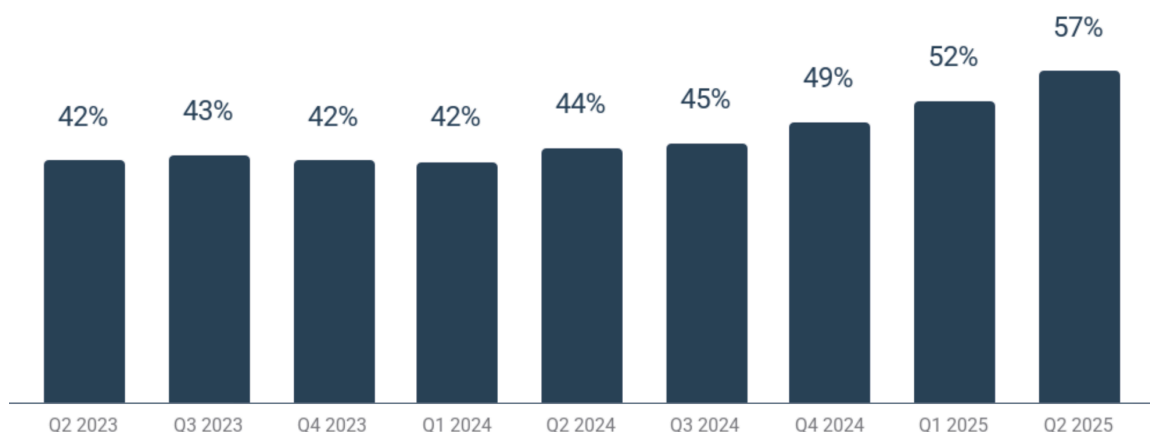


The NRR for the \$100,000+ customers reflects the significant upsells of a number of large contracts booked during 2024. These customer contracts are now included in the NRR baseline in 2025.



As an example, a UK- based global retailer has demonstrated how Similarweb can rapidly scale from a single product and use case to an enterprise-wide solution. Our relationship began in 2023 with a ~\$30K purchase of Similarweb Web Intelligence to support its eCommerce team. Within two years, the customer expanded and deployed Similarweb across brand, trade, performance marketing, SEO, and analytics teams throughout Europe. More recently, it added API access to support deeper reporting and strategic planning. By Q2 2025, the customer's spend grew by almost 7X to more than \$200K of ARR, demonstrating how Similarweb can become embedded across workflows, regions, and decision-making layers in a short period of time.

We believe Similarweb Digital Data has become more important to our customers' decision processes at all levels of their organizations. As of the end of Q2-25, 57% of our ARR was generated from customers who contracted under multi-year subscription commitments, compared to 44% at the same time last year and 36% three years ago. We continue to believe this is a strong indicator of the long-term durability of our customer relationships and demand for our solutions.



In Q2-2024, we signed a 7 figure ARR contract with a big-tech customer to use Similarweb's data to train and improve its LLMs. This customer also uses 4 of our solutions across multiple business units and geographies and, together with the incremental purchase, became Similarweb's first 8 figure ARR customer. In June, this customer renewed and expanded that contract for developing Generative AI applications and LLMs with a multi-million dollar ARR upsell for another two years. We believe that this transaction demonstrates the durability of these AI transactions as a recurring revenue stream.

Our Remaining Performance Obligations (RPO) totaled \$273.8 million at the end of Q2-25, up 26% YoY from \$216.6 million at the end of Q2-24. We expect to recognize approximately 68% of total Q2-25 RPO as revenue over the next 12 months.

## Business highlights

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

As part of our mission to provide a 360° view of the digital world, we've significantly expanded our product offering in 2025 to empower customers with faster, deeper insights across the digital landscape. We launched Similarweb Ad Intelligence, giving businesses a clearer and more complete view of the digital marketing universe. We also introduced enhanced modules for mobile app intelligence and GenAI intelligence—each representing a key layer in how users interact with digital content today.

## Similarweb and the AI revolution

The AI revolution is accelerating, and we are already seeing clear traction across key use cases. As a leading supplier of digital data, the AI revolution presents significant opportunities for us. High quality, comprehensive, actionable and trusted data, like Similarweb's, is a critical and foundational component for every AI and LLM tech stack.

We're focused on three high-impact opportunities where we believe that Similarweb is uniquely positioned to lead:

1. Generative AI & LLM Data Partnerships - we are supplying our unique and fresh Digital Data to companies that are building their own LLMs and Generative AI applications.
2. GenAI Intelligence - with ChatGPT reaching close to 700 million weekly users, generative AI is reshaping how people discover and engage online. To help brands lead in this shift, we launched our Gen AI Intelligence suite.
  - In April, we introduced **AI Traffic** to show how much website traffic comes from GenAI sources —along with the prompts and landing pages driving it.
  - In June, we expanded the suite with **AI Brand Visibility**, giving companies daily insights into how often they are cited in AI-generated content across key topics.

These innovations position Similarweb as a key partner for businesses adapting to the changing dynamics of digital discovery.

3. AI Agents - We introduced and are rolling out AI agents to help our customers maximize the utility of our data in the most efficient manner. By deploying our AI agents across various use cases we can dramatically reduce the time these tasks require and the time-to-value for customers. Our AI Agents have quickly become a major source of customer excitement, with usage growing 60% month-over-month since launch.

As noted above, AI related revenues accounted for approximately 8% of revenues in the second quarter and are among our fastest growing revenue streams. The pipeline for these opportunities is encouraging.

### Similarweb data available on the Bloomberg Terminal

At the beginning of June, Similarweb digital data went live on the Bloomberg Terminal, following the agreement announced earlier this year. Bloomberg will now provide our insights to the global investment community via its Alternative Data Analytics Platform {ALTD<GO>}. Investors will now have access to near real-time visibility into online traffic performance that will grow to cover 3,000 public and private companies, helping them uncover emerging trends and better anticipate shifts in business performance.





Bloomberg's selection of Similarweb is a significant milestone for us and a strong testament to the accuracy, depth, and relevance of our digital data.

## 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 Q2-25 we delivered revenue of \$71.0 million, reflecting 17% growth as compared to Q2-24, driven primarily by an increase in the number of customers as well as from the revenue from licensing our Digital Data for Generative AI applications and LLMs, as discussed above.

Our GAAP gross profit totaled \$56.7 million and our non-GAAP gross profit totaled \$57.5 million in Q2-25, compared to \$48.1 million and \$49.5 million in Q2-24, respectively. Non-GAAP gross margin decreased to 81% in Q2-25, versus 82% in Q2-24, mainly attributable to our investment in GenAI as well as new solutions, in line with our strategy, but increased sequentially as compared to 80% in Q1-25.

Our GAAP operating expenses increased to \$63.6 million and our non-GAAP operating expenses increased to \$55.1 million in Q2-25 from \$49.0 million and \$44.2 million in Q2-24, respectively. On a marginal basis, non-GAAP operating expenses increased and represented 78% of revenue in Q2-25 as compared to 73% of revenue in Q2-24 but decreased sequentially as compared to 82% in Q1-25.

Specific components of our second quarter 2025 operating expenses:

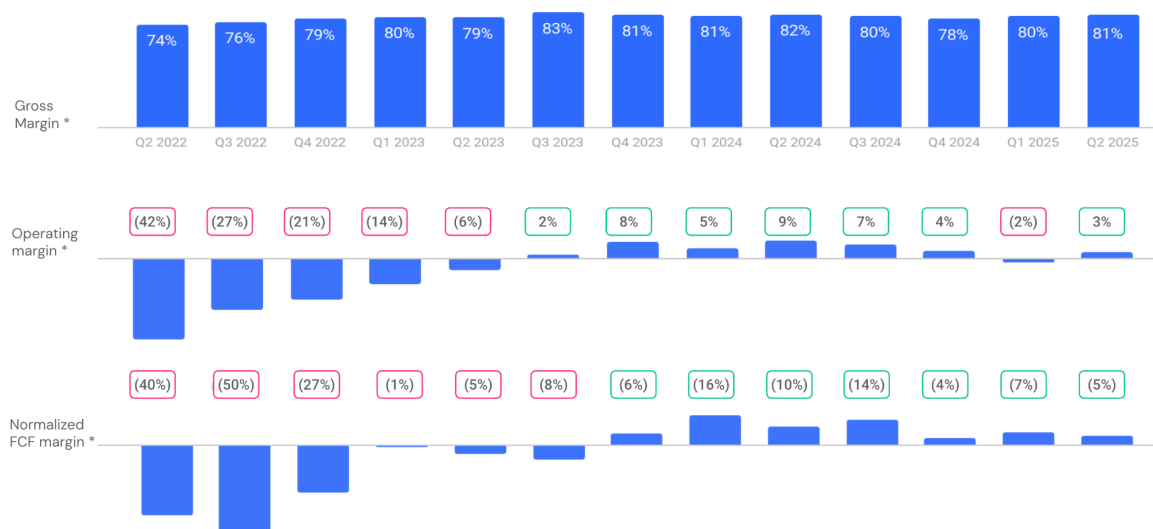
Our GAAP research and development investment increased to \$18.3 million and our non-GAAP research and development investment increased to \$15.9 million in Q2-25, from \$12.2 million and \$10.9 million in Q2-24, respectively. As a percentage of revenue, non-GAAP research and development expenses increased to 22% in Q2-25, as compared to 18% in Q2-24, but decreased sequentially as compared to 24% in Q1-25. We expect non-GAAP research and development expenses to increase in absolute dollars as we continue to invest in our data moat and innovation and expand our R&D team.

GAAP sales and marketing expenses increased to \$31.8 million and non-GAAP sales and marketing expenses increased to \$29.2 million in Q2-25, from \$25.9 million and \$24.4 million in Q2-24, respectively, driven primarily by the increased investment in our sales force, as discussed above. As a percentage of revenue, non-GAAP sales and marketing expenses increased to 41% in Q2-25, as compared to 40% in Q2-24, in-line with expectations, but decreased sequentially as compared to 44% in Q1-25. The new salespeople we hired beginning in the fourth quarter of 2024 are ramping as planned and we are starting to benefit from improved productivity. The number of sales people booking deals increased by 50% YoY in Q2-25. We continue to expect increased revenue contribution from this team later this year.

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 Q2-25, the average payback ranges 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 \$13.4 million from \$11.0 million in Q2-24, and our non-GAAP general and administrative costs increased to \$9.9 million in Q2-25 from \$8.9 million in Q2-24. As a percentage of revenue, non-GAAP general and administrative expenses decreased to 14% in Q2-25, an improvement of 1 percentage point compared to Q2-24.

Q2-25 GAAP operating loss was (\$6.9) million or (10%) of revenue, compared to (\$1.0) million or (2%) of revenue for the second quarter of 2024. Q2-25 non-GAAP operating profit was \$2.4 million or 3% of revenue, compared to a non-GAAP operating profit of \$5.3 million or 9% of revenue for the second quarter of 2024, exceeding our guidance range. We plan to continue to generate non-GAAP operating profit in the future.



\* non-GAAP

As illustrated in the chart above, over the last three years we have improved non-GAAP operating margins by 4,500 basis points from minus 42% in the second quarter of 2022 to 3% in Q2-25. This performance and our unit economics provide us with confidence in our ability to improve profitability.

We are introducing disclosure of both non-GAAP net income (loss) and non-GAAP income (loss) per share.

GAAP net loss was (\$11.9) million compared to (\$0.7) million for the second quarter of 2024. Non-GAAP net income was \$1.1 million or 2% of revenue, compared to \$4.2 million or 7% of revenue for the second quarter of 2024.

GAAP net loss per share was (\$0.14), compared to (\$0.01) for the second quarter of 2024. Non-GAAP basic and diluted income per share was \$0.01, compared to \$0.05 for the second quarter of 2024.

We ended the second quarter with \$59.3 million in cash and cash equivalents and no outstanding debt. Net cash generated from operating activities was \$2.9 million in Q2-25, compared to \$7.3 million in Q2-24. Non-GAAP normalized free cash flow was \$3.8 million in Q2-25, compared to \$6.3 million in Q2-24. Importantly, Q2-25 is the seventh consecutive quarter of positive free cash flow, which we aim to sustain going forward.

## Our Business Outlook

Following the results of the first half and the progress we have discussed above, we are maintaining the revenue guidance for the full year that we provided in May. We expect total revenue in the range of \$285.0 million to \$288.0 million, representing 15% year over year growth at the midpoint of the range. We expect non-GAAP operating profit for the full year to be between \$5.0 million and \$7.0 million, an increase from our previous expectation.

For the third quarter of 2025 (Q3-25), we expect total revenue in the range of \$71.5 million to \$72.0 million and non-GAAP operating profit for Q3-25 to be in the range of \$1.5 million to \$2.0 million.

## Our Focus on Profitable Growth

At the beginning of 2025, we shared with you our three strategic objectives for the year and are pleased with the progress that we made during the first half of 2025:

- (1) To 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. During the first half of 2025 we launched a series of new products, as discussed above, including Gen AI Intelligence, App Intelligence and Ad Intelligence, as part of our efforts to provide the most comprehensive view of the digital world.
- (2) Expand our GTM teams and land additional enterprise customers as we continue to expand the existing enterprise customer base. We completed the expansion of our sales team at the end of the first quarter. We are encouraged by the improving productivity as the new hires ramp and that more than 80% of the new hires are

expected to be fully ramped by the end of the third quarter. We are encouraged by the 18% YoY increase in total customer accounts and 13% YoY growth in \$100,000 customers that account for 63% of revenues.

- (3) To operate efficiently. Q2-25 was our seventh consecutive quarter of positive free cash flow and we reported positive non-GAAP operating profit, exceeding our expectations. We plan to remain profitable on a non-GAAP basis and cash-generative on a quarterly basis. 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 challenges for our business and for our customers, but we believe that much of what we believe is needed to achieve our strategic objectives is within our control.

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, 2024	June 30, 2025 (Unaudited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents .....	\$ 63,869	\$ 59,341
Restricted deposits .....	10,572	10,844
Accounts receivable, net .....	50,975	42,946
Deferred contract costs .....	11,373	11,183
Prepaid expenses and other current assets .....	4,567	7,335
<b>Total current assets</b> .....	<b>141,356</b>	<b>131,649</b>
Property and equipment, net .....	25,921	23,786
Deferred contract costs, non-current .....	9,895	7,973
Operating lease right-of-use assets .....	34,393	33,709
Goodwill and intangible assets, net .....	30,846	47,300
Other non-current assets .....	500	959
<b>Total assets</b> .....	<b>\$ 242,911</b>	<b>\$ 245,376</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable .....	12,403	9,420
Payroll and benefit related liabilities .....	20,304	17,635
Deferred revenue .....	108,232	114,228
Other payables and accrued expenses .....	29,330	31,209
Operating lease liabilities .....	6,923	7,939
<b>Total current liabilities</b> .....	<b>177,192</b>	<b>180,431</b>
Deferred revenue, non-current .....	1,172	2,182
Operating lease liabilities, non-current .....	32,809	32,937
Other long-term liabilities .....	4,230	6,271
<b>Total liabilities</b> .....	<b>215,403</b>	<b>221,821</b>
<b>Shareholders' equity</b>		
Ordinary Shares, NIS 0.01 par value 500,000,000 shares authorized as of December 31, 2024 and June 30, 2025 (Unaudited), 82,620,679 and 84,856,875 shares issued as of December 31, 2024 and June 30, 2025 (Unaudited), 82,618,511 and 84,854,707 outstanding as of December 31, 2024 and June 30, 2025 (Unaudited), respectively; .....	227	233
Additional paid-in capital .....	391,449	406,543
Accumulated other comprehensive income .....	388	2,442
Accumulated deficit .....	(364,556)	(385,663)
<b>Total shareholders' equity</b> .....	<b>27,508</b>	<b>23,555</b>
<b>Total liabilities and shareholders' equity</b> .....	<b>\$ 242,911</b>	<b>\$ 245,376</b>

## Consolidated Statements of Comprehensive Income (Loss)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2024	2025	2024	2025
	(Unaudited)		(Unaudited)	
Revenue .....	\$ 119,619	\$ 138,053	\$ 60,637	\$ 70,966
Cost of revenue .....	25,240	28,238	12,544	14,268
Gross profit .....	94,379	109,815	48,093	56,698
Operating expenses:				
Research and development .....	25,778	36,328	12,239	18,324
Sales and marketing .....	51,097	63,977	25,857	31,821
General and administrative .....	21,141	25,685	10,950	13,437
Total operating expenses .....	98,016	125,990	49,046	63,582
<b>Loss from operations</b> .....	<b>(3,637)</b>	<b>(16,175)</b>	<b>(953)</b>	<b>(6,884)</b>
Finance income (expenses), net .....	1,278	(2,642)	823	(3,649)
<b>Loss before income taxes</b> .....	<b>(2,359)</b>	<b>(18,817)</b>	<b>(130)</b>	<b>(10,533)</b>
Provision for income taxes .....	1,112	2,291	608	1,316
<b>Net loss</b> .....	<b>\$ (3,471)</b>	<b>\$ (21,108)</b>	<b>\$ (738)</b>	<b>\$ (11,849)</b>
Net loss per share attributable to ordinary shareholders, basic and diluted	\$ (0.04)	\$ (0.25)	\$ (0.01)	\$ (0.14)
Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted .....	79,969,425	83,588,536	80,570,892	84,037,145
<b>Net loss</b> .....	<b>\$ (3,471)</b>	<b>\$ (21,108)</b>	<b>\$ (738)</b>	<b>\$ (11,849)</b>
<b>Other comprehensive (loss) income, net of tax</b> .....				
Change in unrealized (loss) gain on cashflow hedges .....	(880)	2,054	(363)	2,796
Total other comprehensive (loss) income, net of tax .....	(880)	2,054	(363)	2,796
<b>Total comprehensive loss</b> .....	<b>\$ (4,351)</b>	<b>\$ (19,054)</b>	<b>\$ (1,101)</b>	<b>\$ (9,053)</b>

Share-based compensation costs included above:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2024	2025	2024	2025
	(Unaudited)		(Unaudited)	
Cost of revenue	\$ 390	\$ 514	\$ 223	\$ 265
Research and development	2,802	3,503	1,357	1,709
Sales and marketing	1,991	2,753	806	1,417
General and administrative	3,402	5,183	2,072	2,753
<b>Total</b>	<b>\$ 8,585</b>	<b>\$ 11,953</b>	<b>\$ 4,458</b>	<b>\$ 6,144</b>



## Consolidated Statements of Cash Flows

	Six Months Ended June 30,		Three Months Ended June 30,	
	2024	2025	2024	2025
	(Unaudited)		(Unaudited)	
<b>Cash flows from operating activities:</b>				
Net loss	\$ (3,471)	\$ (21,108)	\$ (738)	\$ (11,849)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	5,139	4,443	2,619	2,345
Finance expense (income)	466	(1,200)	230	(1,040)
Unrealized loss (gain) from hedging future transactions	60	(77)	29	(47)
Share-based compensation	8,585	11,953	4,458	6,144
Gain from sale of equipment	(7)	(17)	(3)	(17)
Changes in operating assets and liabilities:				
Change in operating lease right-of-use assets and liabilities, net	(2,513)	1,828	(242)	2,641
Decrease (increase) in accounts receivable, net	9,619	8,842	2,626	(2,917)
Decrease in deferred contract costs	583	2,112	170	827
(Increase) decrease in other current assets	(2,917)	(621)	(1,593)	604
Decrease (increase) in other non-current assets	47	(458)	14	(221)
Decrease in accounts payable	(3,258)	(3,101)	(799)	(291)
Increase in deferred revenue	7,316	5,741	328	5,687
Increase in other non-current liabilities	620	111	426	44
(Decrease) increase in other liabilities and accrued expenses	(2,857)	(702)	(181)	950
Net cash provided by operating activities	17,412	7,746	7,344	2,860
<b>Cash flows from investing activities:</b>				
Purchase of property and equipment, net	(908)	(709)	(540)	(208)
Capitalized internal-use software costs	(469)	—	(469)	—
Increase in restricted deposits	(289)	(272)	(121)	(137)
Payment for business combinations, net of cash acquired	(3,833)	(15,671)	(24)	(6,397)
Net cash used in investing activities	(5,499)	(16,652)	(1,154)	(6,742)
<b>Cash flows from financing activities:</b>				
Proceeds from exercise of stock options	3,057	2,023	386	1,461
Proceeds from employee share purchase plan	555	1,155	555	1,155
Repayment of Credit Facility	(25,000)	—	—	—
Net cash (used in) provided by financing activities	(21,388)	3,178	941	2,616
Effect of exchange rates on cash and cash equivalents	(466)	1,200	(230)	1,040

Net (decrease) increase in cash and cash equivalents	(9,941)	(4,528)	6,901	(226)
Cash and cash equivalents, beginning of period	71,732	63,869	54,890	59,567
Cash and cash equivalents, end of period	\$ 61,791	\$ 59,341	\$ 61,791	\$ 59,341

**Supplemental disclosure of cash flow**

Interest received, net	\$ (557)	\$ (680)	\$ (322)	\$ (325)
Taxes paid	\$ 848	\$ 1,291	\$ 16	\$ 1,158

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

Additions to operating lease right-of-use assets and liabilities	\$ 4,453	\$ 2,743	\$ 2,055	\$ —
Share-based compensation included in capitalized internal-use software	\$ 33	\$ —	\$ 33	\$ —
Deferred proceeds from exercise of share options included in other current assets	\$ 27	\$ —	\$ 27	\$ —
Deferred costs of property and equipment incurred during the period included in accounts payable	\$ 6	\$ 236	\$ 6	\$ 236

Reconciliation of GAAP gross profit  
to Non-GAAP gross profit

	Six Months Ended June 30,		Three Months Ended June 30,	
	2024	2025	2024	2025
	(In thousands)		(In thousands)	
GAAP gross profit	\$ 94,379	\$ 109,815	\$ 48,093	\$ 56,698
Add:				
Share-based compensation expenses	390	514	223	265
Retention payments related to business combinations	25	38	25	19
Amortization of intangible assets related to business combinations	2,224	805	1,138	480
<b>Non-GAAP gross profit</b>	<b>\$ 97,018</b>	<b>\$ 111,172</b>	<b>\$ 49,479</b>	<b>\$ 57,462</b>
<b>Non-GAAP gross margin</b>	<b>81 %</b>	<b>81 %</b>	<b>82 %</b>	<b>81 %</b>

Reconciliation of GAAP operating loss  
to Non-GAAP operating profit

	Six Months Ended June 30,		Three Months Ended June 30,	
	2024	2025	2024	2025
	(In thousands)		(In thousands)	
Loss from operations	\$ (3,637)	\$ (16,175)	\$ (953)	\$ (6,884)
Add:				
Share-based compensation expenses	8,585	11,953	4,458	6,144
Retention payments related to business combinations	819	3,773	591	2,214
Amortization of intangible assets related to business combinations	2,347	1,584	1,227	924
<b>Non-GAAP operating profit</b>	<b>\$ 8,114</b>	<b>\$ 1,135</b>	<b>\$ 5,323</b>	<b>\$ 2,398</b>
<b>Non-GAAP operating margin</b>	<b>7 %</b>	<b>1 %</b>	<b>9 %</b>	<b>3 %</b>

Reconciliation of GAAP operating expenses  
to non-GAAP operating expenses

	Six Months Ended June 30,		Three Months Ended June 30,	
	2024	2025	2024	2025
	(In thousands)		(In thousands)	
GAAP research and development	\$ 25,778	\$ 36,328	\$ 12,239	\$ 18,324
Less:				
Share-based compensation expenses	2,802	3,503	1,357	1,709
Retention payments related to business combinations	16	978	16	707
<b>Non-GAAP research and development</b>	<b>\$ 22,960</b>	<b>\$ 31,847</b>	<b>\$ 10,866</b>	<b>\$ 15,908</b>
<b>Non-GAAP research and development margin</b>	<b>19 %</b>	<b>23 %</b>	<b>18 %</b>	<b>22 %</b>
GAAP sales and marketing	\$ 51,097	\$ 63,977	\$ 25,857	\$ 31,821
Less:				
Share-based compensation expenses	1,991	2,753	806	1,417
Retention payments related to business combinations	778	1,578	550	734
Amortization of intangible assets related to business combinations	123	779	89	444
<b>Non-GAAP sales and marketing</b>	<b>\$ 48,205</b>	<b>\$ 58,867</b>	<b>\$ 24,412</b>	<b>\$ 29,226</b>
<b>Non-GAAP sales and marketing margin</b>	<b>40 %</b>	<b>43 %</b>	<b>40 %</b>	<b>41 %</b>
GAAP general and administrative	\$ 21,141	\$ 25,685	\$ 10,950	\$ 13,437
Less:				
Share-based compensation expenses	3,402	5,183	2,072	2,753
Retention payments related to business combinations	—	1,179	—	754
<b>Non-GAAP general and administrative</b>	<b>\$ 17,739</b>	<b>\$ 19,323</b>	<b>\$ 8,878</b>	<b>\$ 9,930</b>
<b>Non-GAAP general and administrative margin</b>	<b>15 %</b>	<b>14 %</b>	<b>15 %</b>	<b>14 %</b>

## Reconciliation of Net loss (GAAP) to non-GAAP Net income (loss)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2024	2025	2024	2025
	(In thousands, except for share and per share amounts)		(In thousands, except for share and per share amounts)	
GAAP Net loss	\$ (3,471)	(21,108)	\$ (738)	(11,849)
Add:				
Share-based compensation expenses	8,585	11,953	4,458	6,144
Retention payments related to business combinations	819	3,773	591	2,214
Amortization of intangible assets related to business combinations	2,347	1,584	1,227	924
Non-operating foreign exchange (gains) losses	(1,297)	2,657	(790)	3,563
Tax effect of adjustments, net	(791)	(130)	(492)	115
<b>Non-GAAP net income (loss)</b>	<b>\$ 6,192</b>	<b>\$ (1,271)</b>	<b>\$ 4,256</b>	<b>\$ 1,111</b>
<b>Non-GAAP net income (loss) margin</b>	<b>5 %</b>	<b>(1)%</b>	<b>7 %</b>	<b>2 %</b>
<b>Weighted average number of ordinary shares - basic</b>	<b>79,969,425</b>	<b>83,588,536</b>	<b>80,570,892</b>	<b>84,037,145</b>
<b>Non-GAAP basic net income (loss) per share attributable to ordinary shareholders</b>	<b>\$ 0.08</b>	<b>\$ (0.02)</b>	<b>\$ 0.05</b>	<b>\$ 0.01</b>
<b>Weighted average number of ordinary shares - diluted</b>	<b>85,261,342</b>	<b>83,588,536</b>	<b>85,884,880</b>	<b>88,215,850</b>
<b>Non-GAAP diluted net income (loss) per share attributable to ordinary shareholders</b>	<b>\$ 0.07</b>	<b>\$ (0.02)</b>	<b>\$ 0.05</b>	<b>\$ 0.01</b>

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	2024	2025	2024	2025
	(In thousands)		(In thousands)	
Net cash provided by operating activities	\$ 17,412	\$ 7,746	\$ 7,344	\$ 2,860
Purchases of property and equipment, net	(908)	(709)	(540)	(208)
Capitalized internal use software costs	(469)	—	(469)	—
<b>Free cash flow</b>	<b>\$ 16,035</b>	<b>\$ 7,037</b>	<b>\$ 6,335</b>	<b>\$ 2,652</b>
Deferred payments related to business combinations	—	1,660	—	1,175
<b>Normalized free cash flow</b>	<b>\$ 16,035</b>	<b>\$ 8,697</b>	<b>\$ 6,335</b>	<b>\$ 3,827</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 third quarter and full year of 2025 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, our products and solutions and the size of, and our ability to capitalize on, our market opportunity and our plans to invest in sales and R&D. 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 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 the October 2023 attack by Hamas and other terrorist organizations, and Israel’s subsequent war against them, 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 27, 2025, 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, August 12, 2025. 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 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 research and development margin, non-GAAP sales and marketing expenses, non-GAAP sales and marketing margin, and non-GAAP general and administrative expenses, non-GAAP net income (loss) and non-GAAP income (loss) per share 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, non-operating foreign exchange gains or losses and the relevant net tax effect 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.