# FORM 6-K

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

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

**For the month of February 2024**

**Commission File Number: 001-40394**

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

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

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

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

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

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

## EXHIBIT INDEX

On February 14, 2024, Similarweb Ltd. will hold a conference call regarding its financial results for the fourth quarter and the year ended December 31, 2023. A copy of the related press release is furnished as Exhibit 99.1 hereto.

Exhibit 99.1, other than the portions of Exhibit 99.1 under the caption "Financial Outlook", is hereby expressly incorporated by reference into the registrant's registration statements on Form S-8 filed with the Securities and Exchange Commission on March 23, 2023 (File no. 333-270793), on April 15, 2022 (File no. 333-264307) and on May 20, 2021 (File No. 333-256324).

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release of Similarweb Ltd., dated February 13, 2024 |
| 99.2 | Shareholder letter, dated February 13, 2024 |

## SIGNATURES

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

**Similarweb Ltd.**

Date: February 13, 2024

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

# SIMILARWEB ANNOUNCES FOURTH QUARTER AND FISCAL YEAR 2023 RESULTS

*Delivers positive free cash for the first time since IPO*

*Non-GAAP operating profit margin of 8%*

**TEL AVIV, ISRAEL** -- February 13, 2024 -- Similarweb Ltd. (NYSE: SMWB) ("Similarweb" or the "Company"), a leading digital data and analytics company powering critical business decisions, today announced financial results for its fourth quarter ended December 31, 2023. The Company published a letter to shareholders from management discussing these results, which can be accessed at the link: https://ir.similarweb.com/financials/quarterly-results, located on the Company's investor relations website.

“We finished the year with 13% annual revenue growth, successfully navigated through a challenging demand environment, and in the fourth quarter we achieved positive free cash flow for the first time as a public company, which is a tremendous accomplishment for us as a team,” said Or Offer, Co-Founder and CEO of Similarweb. “During the quarter, we experienced significant new demand from our largest strategic accounts who are coming to us for unique digital data that they can leverage in their work with generative AI." Offer added, "This is an important development for us as we enter 2024 seeking profitable growth."

## Fourth Quarter 2023 Financial Highlights

- Total revenue was $56.8 million, an increase of 11% compared to $51.3 million for the fourth quarter of 2022.
- GAAP operating loss was $(1.1) million or (2)% of revenue, compared to $(14.6) million or (28)% of revenue for the fourth quarter of 2022.
- GAAP net loss per share was $(0.04), compared to $(0.20) for the fourth quarter of 2022.
- Non-GAAP operating profit (loss) was $4.7 million or 8% of revenue, compared to $(10.9) million or (21)% of revenue for the fourth quarter of 2022.
- Non-GAAP operating earnings (loss) per share was $0.06, compared to $(0.14) for the fourth quarter of 2022.

- Cash and cash equivalents totalled $71.7 million as of December 31, 2023, compared to $77.8 million as of December 31, 2022.
- Net cash provided by (used in) operating activities was $3.7 million, compared to $(12.3) million for the fourth quarter of 2022.
- Free cash flow was $3.5 million, compared to $(14.6) million for the fourth quarter of 2022.
- Normalized free cash flow was $3.5 million, compared to $(13.8) million for the fourth quarter of 2022.

**Fiscal Year 2023 Financial Highlights**

- Total revenue was $218.0 million, an increase of 13% compared to $193.2 million for fiscal year 2022.
- GAAP operating loss was $(28.8) million or (13)% of revenue, compared to $(87.9) million or (45)% of revenue for fiscal year 2022.
- GAAP net loss per share was $(0.38), compared to $(1.10) for fiscal year 2022.
- Non-GAAP operating loss was $(4.8) million or (2)% of revenue, compared to $(63.8) million or (33)% of revenue for fiscal year 2022.
- Non-GAAP operating loss per share was $(0.06), compared to $(0.84) for fiscal year 2022.

**Recent Business Highlights**

- Grew number of customers to 4,712 as of December 31, 2023, an increase of 16% compared to December 31, 2022.
- Annual revenue per customer was approximately $50,000 in the fourth quarter of 2023, as compared to $51,600 in the fourth quarter of 2022.
- Grew number of customers with ARR of $100,000 or more to 365, an increase of 8% compared to December 31, 2022.

- Customers with ARR of $100,000 or more contributed 57% of the total ARR as of December 31, 2023, compared to 55% as of December 31, 2022.
- Dollar-based net retention rate for customers with ARR of $100,000 or more was 107% in the fourth quarter of 2023 as compared to 120% in the fourth quarter of 2022.
- Overall dollar-based net retention rate was 98% in the fourth quarter of 2023 as compared to 109% in the fourth quarter of 2022.
- Multi-year subscriptions now comprise 42% of our overall ARR as of December 31, 2023, as compared to 39% as of December 31, 2022.
- Remaining performance obligations increased 14% year-over-year, to $195.2 million as of December 31, 2023, as compared to $171.0 million as of December 31, 2022.

**Financial Outlook**

"We accomplished our goal of generating positive free cash flow in the fourth quarter and delivered a second consecutive quarter of non-GAAP operating profit," said Jason Schwartz, Chief Financial Officer of Similarweb. "We remain focused on driving operating efficiency in order to achieve profitable growth and sustainable positive free cash flow quarterly in 2024."

- Q1 2024 Guidance
  - Total revenue estimated between $58.5 million and $59.0 million, representing approximately 11% growth year over year at the mid-point of the range.
  - Non-GAAP operating profit estimated between $1.0 million and $1.5 million.
- FY 2024 Guidance
  - Total revenue estimated between $242.0 million and $246.0 million, representing approximately 12% growth year over year at the mid-point of the range.
  - Non-GAAP operating profit estimated between $6.0 million and $8.0 million.

The Company's first quarter and full year 2024 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 of 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, February 14, 2024. 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:** Similarweb powers the data-driven decisions that help businesses win their market by revealing what is happening online. Similarweb provides businesses with the essential digital data & analytics needed to build strategy, optimize customer acquisition and increase monetization. We enable our users to become the first to discover and capture the best business opportunities and to stay alert and react instantly to emerging threats to their business. Similarweb products are easy to use and integrated into users' workflow, powered by the most advanced technology, and based on what we believe to be the most comprehensive digital data on the planet.

**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 2024 described under "Financial Outlook". Forward-looking statements include all statements that are not historical facts. Such statements may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential" or similar words. These forward-looking statements reflect our current views regarding our intentions, products, services, plans, expectations, strategies and prospects, which are based on information currently available to us and

assumptions we have made. Actual results may differ materially from those described in such forward-looking statements and are subject to a number of known and unknown risks, uncertainties, other factors and assumptions that are beyond our control. Such risks and uncertainties include, without limitation, risks and uncertainties associated with: (i) our expectations regarding our revenue, expenses and other operating results; (ii) our ability to acquire new customers and successfully retain existing customers; (iii) our ability to increase usage of our solutions and upsell and cross-sell additional solutions; (iv) our ability to achieve or sustain profitability; (v) anticipated trends, growth rates, rising interest rates, rising global inflation and current macroeconomic conditions, challenges in our business and in the markets in which we operate, and the impact of Israel's war with Hamas and other terrorist organizations 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 March 23, 2023, 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 gross margin, non-GAAP operating margin, non-GAAP research and development expenses, non-GAAP sales and marketing expenses and non-GAAP general and administrative expenses represent the comparable GAAP financial figure operating income (loss) or expense, less share-based compensation, adjustments and payments related to business combinations, amortization of intangible assets and certain other non-recurring items, as applicable and indicated in the 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.

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

| | December 31, 2022 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 77,810 | $ 71,732 |
| Restricted deposits | 9,814 | 10,020 |
| Accounts receivable, net | 38,141 | 47,869 |
| Deferred contract costs | 9,789 | 11,165 |
| Prepaid expenses and other current assets | 6,628 | 5,599 |
| Total current assets | 142,182 | 146,385 |
| Property and equipment, net | 31,823 | 28,630 |
| Deferred contract costs, non-current | 8,348 | 9,845 |
| Operating lease right-of-use assets | 40,823 | 36,007 |
| Intangible assets, net | 9,561 | 4,785 |
| Goodwill | 12,867 | 12,867 |
| Other non-current assets | 441 | 494 |
| **Total assets** | **$ 246,045** | **$ 239,013** |
| **Liabilities and Shareholders' equity** | | |
| Current liabilities: | | |
| Borrowings under Credit Facility | $ 25,000 | $ 25,000 |
| Accounts payable | 7,144 | 8,422 |
| Payroll and benefit related liabilities | 18,512 | 20,437 |
| Deferred revenue | 93,195 | 99,968 |
| Other payables and accrued expenses | 27,990 | 23,263 |
| Operating lease liabilities | 9,091 | 7,095 |
| Total current liabilities | 180,932 | 184,185 |
| Deferred revenue, non-current | 974 | 878 |
| Operating lease liabilities, non-current | 40,075 | 35,329 |
| Other long-term liabilities | 2,113 | 3,074 |
| **Total liabilities** | 224,094 | 223,466 |
| Shareholders' equity | | |
| Ordinary Shares, NIS 0.01 par value 500,000,000 shares authorized as of December 31, 2022 and December 31, 2023, 76,435,940 and 78,653,046 shares issued as of December 31, 2022 and December 31, 2023, 76,433,772 and 78,650,878 outstanding as of December 31, 2022 and December 31, 2023, respectively; | 210 | 216 |
| Additional paid-in capital | 345,834 | 367,558 |
| Accumulated other comprehensive (loss) income | (367) | 872 |
| Accumulated deficit | (323,726) | (353,099) |
| Total shareholders' equity | 21,951 | 15,547 |
| **Total liabilities and shareholders' equity** | **$ 246,045** | **239,013** |

**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, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| Revenue | $ 193,234 | $ 218,019 | $ 51,346 | $ 56,755 |
| Cost of revenue | 53,274 | 47,090 | 12,426 | 11,859 |
| Gross profit | 139,960 | 170,929 | 38,920 | 44,896 |
| Operating expenses: | | | | |
| Research and development | 59,904 | 56,158 | 13,977 | 13,706 |
| Sales and marketing | 122,635 | 101,198 | 30,096 | 21,836 |
| General and administrative | 45,277 | 42,380 | 9,441 | 10,439 |
| Total operating expenses | 227,816 | 199,736 | 53,514 | 45,981 |
| **Loss from operations** | (87,856) | (28,807) | (14,594) | (1,085) |
| Other income, net | 290 | — | 290 | — |
| Finance income (expenses), net | 4,421 | 941 | (375) | (2,085) |
| **Loss before income taxes** | (83,145) | (27,866) | (14,679) | (3,170) |
| Provision (benefit) for income taxes | 516 | 1,507 | 319 | 238 |
| **Net loss** | $ (83,661) | $ (29,373) | $ (14,998) | $ (3,408) |
| Net loss per share attributable to ordinary shareholders, basic and diluted | $ (1.10) | $ (0.38) | $ (0.20) | $ (0.04) |
| Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted | 75,718,623 | 77,752,960 | 76,197,984 | 78,443,438 |
| **Net loss** | $ (83,661) | $ (29,373) | $ (14,998) | $ (3,408) |
| **Other comprehensive (loss) income, net of tax** | | | | |
| Change in unrealized (loss) gain on cashflow hedges | (527) | 1,239 | 592 | 1,604 |
| Total other comprehensive (loss) income, net of tax | (527) | 1,239 | 592 | 1,604 |
| **Total comprehensive loss** | $ (84,188) | $ (28,134) | $ (14,406) | $ (1,804) |

**Share-based compensation costs included above:**

U.S. dollars in thousands

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| Cost of revenue | $ 599 | $ 635 | $ 136 | $ 153 |
| Research and development | 5,287 | 5,782 | 1,193 | 1,479 |
| Sales and marketing | 5,995 | 5,196 | 1,087 | 1,145 |
| General and administrative | 5,106 | 6,514 | 1,156 | 1,665 |
| **Total** | **$ 16,987** | **$ 18,127** | **$ 3,572** | **$ 4,442** |

**Similarweb Ltd.**

**Consolidated Statements of Cash Flows**

U.S. dollars in thousands

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| **Cash flows from operating activities:** | | | | |
| Net loss | $ (83,661) | $ (29,373) | $ (14,998) | $ (3,408) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | 10,584 | 10,258 | 2,472 | 2,570 |
| Finance expense (income) | 1,112 | 1,646 | (307) | (106) |
| Unrealized gain from hedging future transactions | (20) | (52) | (493) | (78) |
| Share-based compensation | 16,987 | 18,127 | 3,572 | 4,442 |
| Gain (loss) from sale of equipment | (142) | — | (10) | 1 |
| Changes in operating assets and liabilities: | | | | |
| Change in operating lease right-of-use assets and liabilities, net | 5,744 | (1,926) | 475 | 2,012 |
| Increase in accounts receivable, net | (6,882) | (9,728) | (13,080) | (13,149) |
| (Increase) decrease in deferred contract costs | (459) | (2,873) | 1,670 | (6,467) |
| Decrease in other current assets | 1,342 | 617 | 456 | 2,204 |
| Decrease (increase) in other non-current assets | 372 | (53) | 503 | (461) |
| (Decrease) increase in accounts payable | (4,284) | 1,255 | (1,444) | (3,054) |
| Increase in deferred revenue | 15,055 | 6,677 | 9,622 | 10,634 |
| (Decrease) increase in other non-current liabilities | (1,497) | 961 | (936) | 1,116 |
| (Decrease) increase in other liabilities and accrued expenses | (316) | 1,426 | 238 | 7,477 |
| Net cash (used in) provided by operating activities | (46,065) | (3,038) | (12,260) | 3,733 |
| **Cash flows from investing activities:** | | | | |
| Purchase of property and equipment, net | (28,257) | (1,559) | (1,932) | (182) |
| Capitalized internal-use software costs | (2,919) | (821) | (424) | (33) |
| Decrease (increase) in restricted deposits | 1,660 | (206) | 507 | (74) |
| Payment in relation to business combinations | (3,787) | — | — | — |
| Cash received in relation to business combinations | 294 | — | — | — |
| Net cash used in investing activities | (33,009) | (2,586) | (1,849) | (289) |
| **Cash flows from financing activities:** | | | | |
| Proceeds from exercise of stock options | 2,034 | 2,296 | 130 | 171 |

| | | | | |
|---|---|---|---|---|
| Proceeds from employee share purchase plan | 2,083 | 1,259 | 849 | 599 |
| Borrowings under Credit Facility | 25,000 | — | — | — |
| Payments of contingent consideration, net | — | (2,363) | — | — |
| Net cash provided by financing activities | 29,117 | 1,192 | 979 | 770 |
| Effect of exchange rates on cash and cash equivalents | (1,112) | (1,646) | 307 | 106 |
| Net (decrease) increase in cash and cash equivalents | (51,069) | (6,078) | (12,823) | 4,320 |
| Cash and cash equivalents, beginning of period | 128,879 | 77,810 | 90,633 | 67,412 |
| Cash and cash equivalents, end of period | $ 77,810 | $ 71,732 | $ 77,810 | $ 71,732 |
| **Supplemental disclosure of cash flow information:** | | | | |
| Interest received, net | $ (18) | $ (203) | $ (2) | $ (114) |
| Taxes paid | $ 485 | $ 1,883 | $ 68 | $ 26 |
| **Supplemental disclosure of non-cash financing activities:** | | | | |
| Initial public offering costs incurred during the period included in accounts payable and accrued expenses | $ (120) | $ — | $ (120) | $ — |
| Additions to operating lease right-of-use assets and liabilities | $ 9,485 | $ 2,597 | $ 50 | $ 1,549 |
| Deferred proceeds from exercise of share options included in other current assets | $ — | $ 11 | $ — | $ (43) |
| Deferred costs of property and equipment incurred during the period included in accounts payable | $ 116 | $ 139 | $ (654) | $ 76 |
| Deferred payments in relation to business combinations held in escrow | $ — | $ 1,269 | $ — | $ — |
| | | | | |
| **Schedule A: Business combinations** | | | | |
| Working capital (deficit), net (excluding cash and cash equivalents) | $ (657) | $ — | | |
| Cash refund to be received resulting from adjustment to working capital | 193 | — | | |
| Property, plant and equipment | 43 | — | | |
| Goodwill and other intangible assets | 4,361 | — | | |
| Deferred taxes, net | (153) | — | | |
| | $ 3,787 | $ — | | |

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

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

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| GAAP gross profit | $ 139,960 | $ 170,929 | $ 38,920 | $ 44,896 |
| Add: | | | | |
| Share-based compensation expenses | 599 | 635 | 136 | 153 |
| Retention payments related to business combinations | 1,785 | 306 | 129 | — |
| Amortization of intangible assets related to business combinations | 4,487 | 4,641 | 1,168 | 1,137 |
| Non-recurring expenses related to termination of lease agreement and others | 35 | — | — | — |
| **Non-GAAP gross profit** | **$ 146,866** | **$ 176,511** | **$ 40,353** | **$ 46,186** |
| **Non-GAAP gross margin** | **76 %** | **81 %** | **79 %** | **81 %** |

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

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| Loss from operations | $ (87,856) | $ (28,807) | $ (14,594) | $ (1,085) |
| Add: | | | | |
| Share-based compensation expenses | 16,987 | 18,127 | 3,572 | 4,442 |
| Retention payments related to business combinations | 2,342 | 1,072 | 351 | 221 |
| Amortization of intangible assets related to business combinations | 4,573 | 4,776 | 1,202 | 1,171 |
| 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 | 1,174 | 17 | 197 | — |
| Capital gain related to sale of operating equipment | (127) | — | — | — |
| **Non-GAAP operating (loss) income** | **$ (63,791)** | **$ (4,815)** | **$ (10,900)** | **$ 4,749** |
| **Non-GAAP operating margin** | **(33)%** | **(2)%** | **(21)%** | **8 %** |

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

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| GAAP research and development | $ 59,904 | $ 56,158 | $ 13,977 | $ 13,706 |
| Less: | | | | |
| Share-based compensation expenses | 5,287 | 5,782 | 1,193 | 1,479 |
| Non-recurring expenses related to termination of lease agreement and others | 87 | — | — | — |
| **Non-GAAP research and development** | **$ 54,530** | **$ 50,376** | **$ 12,784** | **$ 12,227** |
| **Non-GAAP research and development margin** | **28 %** | **23 %** | **25 %** | **22 %** |
| | | | | |
| GAAP sales and marketing | $ 122,635 | $ 101,198 | $ 30,096 | $ 21,836 |
| Less: | | | | |
| Share-based compensation expenses | 5,995 | 5,196 | 1,087 | 1,145 |
| Retention payments related to business combinations | 557 | 766 | 222 | 221 |
| Amortization of intangible assets related to business combinations | 86 | 135 | 34 | 34 |
| Non-recurring expenses related to termination of lease agreement and others | 996 | 17 | 197 | — |
| **Non-GAAP sales and marketing** | **$ 115,001** | **$ 95,084** | **$ 28,556** | **$ 20,436** |
| **Non-GAAP sales and marketing margin** | **60 %** | **44 %** | **56 %** | **36 %** |
| | | | | |
| GAAP general and administrative | $ 45,277 | $ 42,380 | $ 9,441 | $ 10,439 |
| Less: | | | | |
| Share-based compensation expenses | 5,106 | 6,514 | 1,156 | 1,665 |
| 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 | 56 | — | — | — |
| Capital gain related to sale of operating equipment | (127) | — | — | — |
| **Non-GAAP general and administrative** | **$ 41,126** | **$ 35,866** | **$ 9,913** | **$ 8,774** |
| **Non-GAAP general and administrative margin** | **21 %** | **16 %** | **19 %** | **15 %** |

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

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| Net cash (used in) provided by operating activities | $ (46,065) | $ (3,038) | $ (12,260) | $ 3,733 |
| Purchases of property and equipment, net | (28,257) | (1,559) | (1,932) | (182) |
| Capitalized internal use software costs | (2,919) | (821) | (424) | (33) |
| **Free cash flow** | **$ (77,241)** | **$ (5,418)** | **$ (14,616)** | **$ 3,518** |
| | | | | |
| Purchases of property and equipment related to the new headquarters | 27,221 | 1,156 | 1,781 | 29 |
| Payments received in connection with purchases of property and equipment | (12,124) | — | (932) | — |
| Payments received from escrow in relation to contingent consideration | — | (380) | — | — |
| Deferred payments in relation to business combinations | 413 | 260 | — | — |
| **Normalized free cash flow** | **$ (61,731)** | **$ (4,382)** | **$ (13,767)** | **$ 3,547** |

Exhibit 99.2

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## Dear Shareholders,

We finished 2023 with excellent results. As a result of our focus on disciplined execution, we delivered an improvement of 30 percentage points year-over-year (YoY) in non-GAAP operating margin, which resulted in record non-GAAP operating profit for the second consecutive quarter. This in turn led to us accomplishing our goal to generate positive free cash flow in the fourth quarter.

Total revenue for fiscal year 2023 was $218.0 million, an increase of 13% compared to $193.2 million the prior year. This record top-line achievement reflects the value of the digital data and actionable insights for which our customers rely on us in order to make critical decisions to win their markets. Many of our customers have shared with us that during this year of intense scrutiny of expenses, our digital data consistently yielded positive returns on investment and contributed to their success.

## Our Business Performance

Revenue reached $56.8 million in Q4-23, which exceeded the high end of our estimate range, and grew 11% compared to the fourth quarter of 2022.

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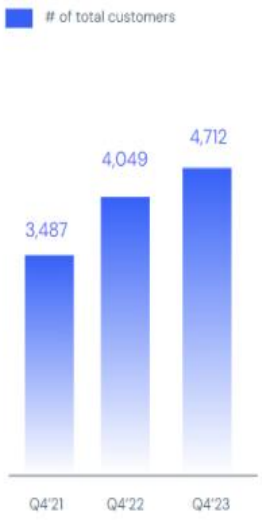
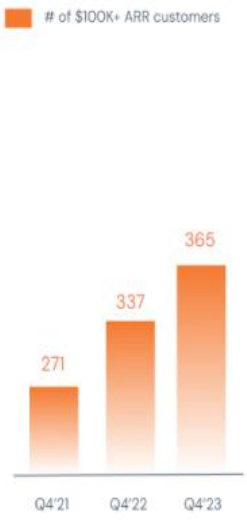
Our revenue grew ahead of our expectations in Q4-23, as a number of longer trending sales discussions converted to closed/won. During the quarter we closed 10 strategic customer contracts in excess of $1 million in booking value each, which will have a positive impact on our revenue and performance metrics in future periods. We continue to see strong demand at the top-of-funnel from companies of all sizes, as well as growing recognition by larger strategic businesses of the criticality of our data for their business.

Our ARR customer base increased to 4,712 accounts as of December 31, 2023, representing 16% growth year-over-year. The average annual revenue per account was approximately $50 thousand, slightly lower than the fourth quarter of 2022 (Q4-22). The sequential flattening trend in average revenue per customer from Q3-23 to Q4-23 reflects the launch of Similarweb 3.0 which enables new customers to begin realizing value from our solutions at lower entry-level pricing and packaging and expand over time based on their data consumption and increased usage.



As our global customer base continued to expand overall in Q4-23, the number of customers who generate more than $100K in ARR grew from 337, as of December 31, 2022, to 365, as of December 31, 2023, representing an increase of 8% YoY. The ARR from this important customer segment has grown nearly 18% over Q4-2022 and represents 57% of our total ARR, as of December 31, 2023.

Exhibit 99.2

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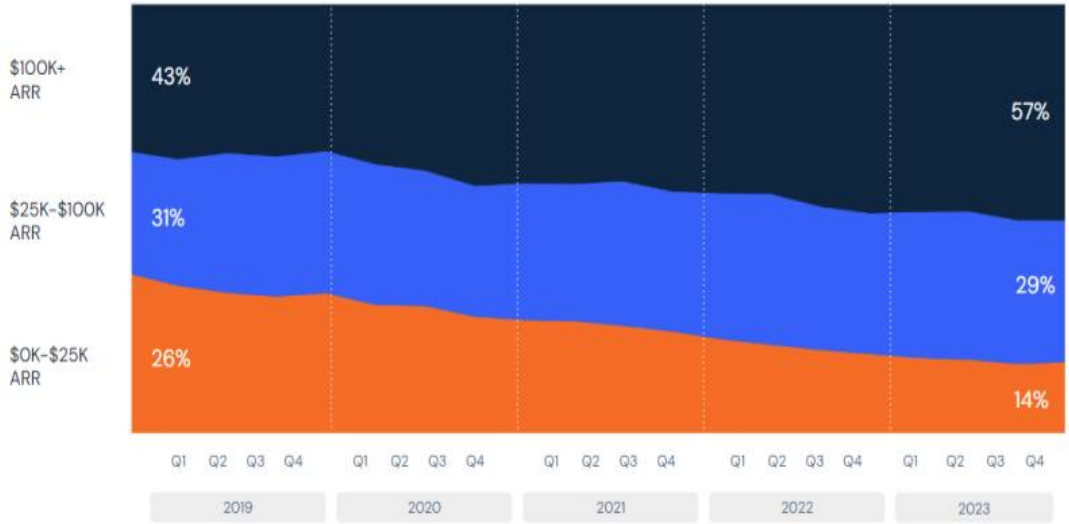


In Q4-23, we achieved an overall net revenue retention (NRR) rate of 98% and an NRR rate of 107% for our $100K+ annual recurring revenue customer segment. Though the NRR figures decreased sequentially from Q3-23 to Q4-23, our Q4 performance on both logo retention and upsells should affect NRR positively in future periods. Notably, our logo retention of our over $100,000 customers remains high at 96%.

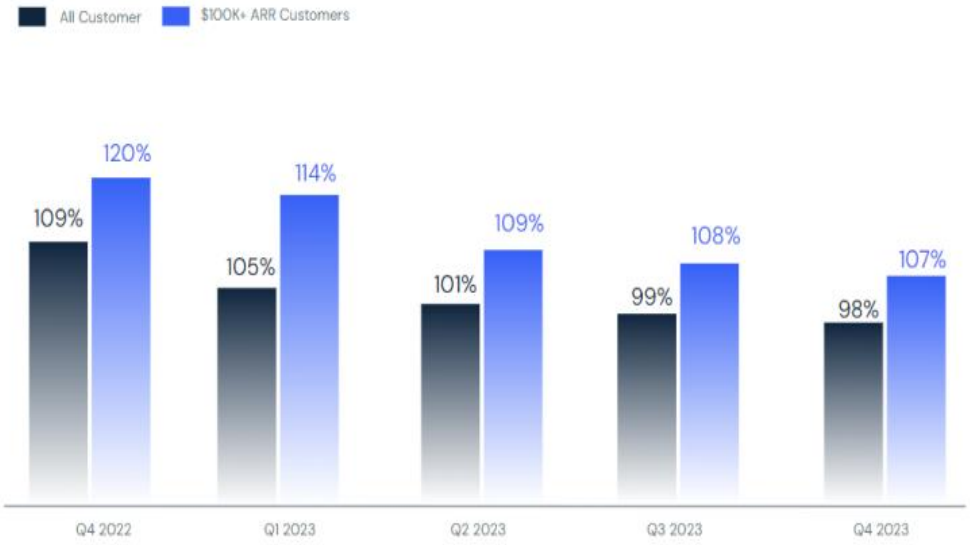

Exhibit 99.2

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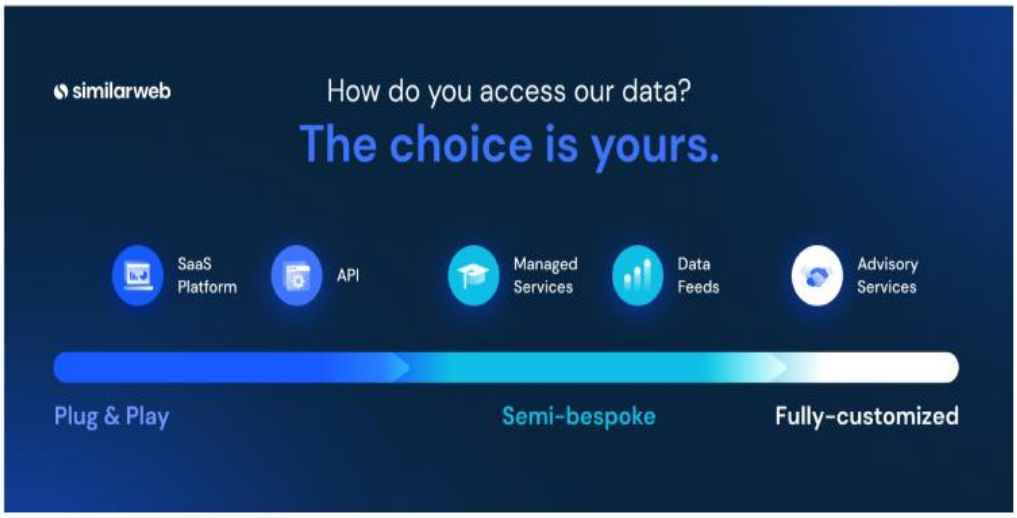
## Our Strategy

At our core, we are a data and analytics company. Our unique data asset, which we call Similarweb Digital Data, consists of our proprietary estimations of the performance of companies, markets, products, consumer behavior and trends in the digital world. Our world-class team of over 200 data scientists, engineers, developers and analysts gathers billions of unrefined data points amounting to close to one percent of online transactions and interactions, and then transforms them into a comprehensive view of the internet across the web and mobile continuum. We deliver Similarweb Digital Data to our customers via Software-as-a-Service (SaaS) solutions, Data-as-a-Service (DaaS), or recurring Advisory Services. Our customers rely on our mission-critical offerings to power data-driven growth decisions that they make in their businesses, to create strategy, acquire customers, or increase monetization.




Our overall strategy consists of three pillars:

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

Exhibit 99.2

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Looking back at 2023, we had three notable accomplishments.

- The first is a significant expansion of our data coverage and quality with the launch of a series of data enhancements aimed at increasing our coverage in multiple areas. This includes increased coverage of our website data by more than 8x, search data by more than 3x, and stock data by 15x to 3,000 tickers.
- The second accomplishment was meaningful product innovation particularly with the launch of Similarweb 3.0, our next generation platform which evolved our pricing and packaging, and enhanced our ability to create compelling value for our customers; as well as enhancements to our data consumption tools with the release of our new Data Exporter, which enables customers to seamlessly extract data for apps, domains, and keywords from a single, powerful reporting UI and integrate into Snowflake, Tableau, Databricks, S3, and Google Data Studio.
- The third was becoming profitable - delivering positive free cash flow in the fourth quarter and generating non-GAAP operating profit in both the third and fourth quarters, which represented the results of our ongoing focus to optimize our operating efficiency.

Beyond being one of our notable accomplishments for the year, the pricing and packaging changes we made as part of the Similarweb 3.0 launch make our data more accessible to businesses at every stage of their growth, and allow our customers to choose the modules that make the most sense for their business and enable them to achieve ROI with our offerings. Businesses of all sizes can achieve tangible ROI with us as pricing scales with usage and consumption, and aligns with value delivered.

For small-to-medium enterprises, or SMEs, consisting of businesses of up to 500 employees, we experienced significant uptake of our entry level Starter and Professional monthly offerings in the back half of 2023, indicating strength in our funnel and performance-based product adoption. Typically, the bigger and best performing SMEs expand into Team packages when they can fully leverage the full breadth of our data and solutions effectively to generate returns through market share gains. As a leading indicator for us, the recent strength of our entry level offerings is encouraging.

For larger enterprises (500+ employees), Similarweb 3.0 packaging enables multiple functions of large enterprises to take advantage of multiple solutions through our SaaS and DaaS offerings at pricing that scales with use. The new 3.0 features like the market

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research add-on are intuitive and drive speed of data-to-insights-to-action, which leads to increased usage. More of our large enterprise clients are telling us that they are having positive ROI breakthroughs with our data as a result of the enhanced product features, scalable metered access and account management.

For strategic accounts, which are the largest companies globally (Forbes Global 2000, Fortune Global 500), ROI springs from the multiple points of access to our data and varying service levels in working with our data and insights at scale. Examples range from engagements that leverage both our robust platform and productized solutions together with advisory services to full DaaS integrations for their data & analytics teams. We experienced significant growth with our largest strategic accounts in the fourth quarter, both in number and size of accounts, as a result of these companies seeing strong revenue performance correlations from using our data.

We are encouraged by the tangible ROI that our customers are realizing from Similarweb and the impact it is making on their businesses. Recently, a large global yogurt brand shared with us that by leveraging our keyword data through Similarweb Digital Marketing Intelligence (DMI) solution, they were able to discover consumer search behaviors that led to marketing and product packaging changes and yielded a 46% improvement in click-through-rates and increased sales.

In the telecom industry, which is a hyper-competitive space with a variety of offerings, optimizing customer acquisition and investing in customer lifetime value are critical. One of the largest telecom companies in the United States relies on Similarweb to map and analyze the various customer journeys - comparing theirs against those of their competitors - enabling them to find the most efficient point of optimization to grow their revenue and market share. In Q4-23, this customer signed for an expanded use of Similarweb Digital Research Intelligence (DRI) solution and DMI, as well as broader advisory services, and renewed their overall relationship for a multi-year, multi-million dollar contract.

As a reflection of our product innovation and customer centricity, we were recently highlighted by G2 in their 2024 Best Software Awards across multiple categories. These awards included naming us as a Top 100 Best Software Products overall in 2024 out of more than 9,000 companies and Top 50 in three distinct categories.

Exhibit 99.2

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## 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.

Our financial results in Q4-23 exceeded our top and bottom line projections.

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Revisiting our top line results, in Q4-23 we delivered revenues of $56.8 million, reflecting 11% YoY growth driven primarily by an increase in the number of customers. For fiscal year 2023, total revenue was $218.0 million, an increase of 13% compared to $193.2 million for fiscal year 2022.

The vast majority of our revenue is annual recurring revenue with minimum subscription terms of one year. We continue to increase the number of customers with multi-year subscription terms. As of the end of Q4-23, 42% of our ARR was generated from customers with multi-year subscription commitments, compared to 39% at the same time last year. We continue to believe this is a strong indicator of the long-term durability of our customer relationships and demand for our solutions.

Our GAAP gross profit totaled $44.9 million and our non-GAAP gross profit totaled $46.2 million in Q4-23, compared to $38.9 million and $40.4 million in Q4-22, respectively. Non-GAAP gross margin expanded to 81% in Q4-23, versus 79% in Q4-22. For fiscal year 2023, our GAAP gross profit was $170.9 million compared to $140.0 million in fiscal year 2022, and our non-GAAP gross profit was $176.5 million in 2023 versus $146.9 million in 2022. Non-GAAP gross margin was 81% in fiscal year 2023, versus 76% in fiscal year 2022.

GAAP operating expenses decreased to $46.0 million and our non-GAAP operating expenses decreased to $41.4 million in Q4-23, down from $53.5 million and $51.3 million in Q4-22, respectively, largely reflecting our focus on operating efficiency. Non-GAAP operating expenses represented 73% of revenue in Q4-23 as compared to 100% of revenue in Q4-22. For fiscal year 2023, GAAP operating expenses decreased to $199.7 million and our non-GAAP operating expenses decreased to $181.3 million, down from $227.8 million and $210.7 million in fiscal year 2022, respectively.

Specific components of our fourth quarter 2023 operating expenses:

Our GAAP research and development investment decreased to $13.7 million and our non-GAAP research and development investment decreased to $12.2 million in Q4-23, down from $14.0 million and $12.8 million in Q4-22, respectively. As a percentage of revenue, non-GAAP research & development expense was 22% in Q4-23, an improvement of 3 percentage points versus Q4-22.

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GAAP sales and marketing expenses decreased to $21.8 million and non-GAAP sales and marketing expenses decreased to $20.4 million in Q4-23, down from $30.1 million and $28.6 million in Q4-22, respectively, driven primarily by our ongoing efforts to align our resources with our growth trajectory. As a percentage of revenue, non-GAAP sales & marketing expense was 36% in Q4-23, as compared to 56% in Q4-22, an improvement of 20 percentage points.

An operating tenet in our model is that our sales and marketing costs are divided with approximately 50% to 55% attributable to new customer acquisition (land), and the remaining 45% to 50% 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. This metric has historically averaged between 15 and 16 months on a gross profit basis over the trailing four quarters. Currently, the average payback is ranging between 19 and 20 months, primarily due to longer sales cycles. Payback from expansion and customer retention costs (CRC) is faster than payback on new customer CAC such that we are generating a 55%-60% contribution margin on our recurring customer base which contributes meaningfully to our growth efficiency. We will continue to invest in customer acquisition to support future growth, as well as in customer retention to drive NRR and to increase the lifetime value of our customers.

GAAP general and administrative costs increased to $10.4 million from $9.4 million in Q4-22, and our non-GAAP general and administrative costs decreased to $8.8 million in Q4-23 from $9.9 million in Q4-22. As a percentage of revenue, non-GAAP general & administrative expense was 15% in Q4-23, an improvement of 4 percentage points compared to Q4-22.

Looking at our bottom line, Q4-23 GAAP operating loss was ($1.1) million or (2%) of revenue, compared to ($14.6) million or (28%) of revenue for the fourth quarter of 2022. Q4-23 non-GAAP operating profit was $4.7 million or 8% of revenue, compared to operating loss of ($10.9) million or (21%) of revenue for the fourth quarter of 2022. This is our second consecutive profitable quarter on a non-GAAP basis. During Q4-23, we achieved excellent operating efficiencies across the business, which drove operating margin improvement of 29 percentage points year over year.

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** non-GAAP*

We believe that a strong indication of future performance is our deferred revenue, which was $100.8 million at the end of Q4-23, compared to $94.2 million at the same time last year. Our Remaining Performance Obligations (RPO) totaled $195.2 million at the end of Q4-23, up from $171.0 million at the end of Q4-22. We expect to recognize approximately 80% of total Q4-23 RPO as revenue over the next 12 months.

We ended the fourth quarter with $71.7 million in cash and cash equivalents. Net cash generated from operating activities was $3.7 million in Q4-23, compared to ($12.3) million in Q4-22. Normalized free cash flow was positive $3.5 million in Q4-23, compared to negative $13.8 million in Q4-22. Importantly, we reached our goal to achieve quarterly positive free cash flow by the end of this year, which we expect to sustain going forward into 2024 and beyond.

## Our Business Outlook

We believe that trends that impacted our execution as we finished 2023 will continue for us entering 2024.

In the first quarter of 2024 (Q1-24), we expect total revenue in the range of $58.5 million to $59.0 million, representing approximately 11% YoY growth at the midpoint. For the full year of 2024, we expect total revenue in the range of $242.0 million to $246.0 million million, representing approximately 12% growth YoY at the midpoint of the range.

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Looking at our projected Non-GAAP operating profit for Q1-24, we expect it to be in the range of $1.0 million to $1.5 million. We expect Non-GAAP operating profit for the full year of 2024 between $6.0 million and $8.0 million.

Throughout 2024, we expect to achieve non-GAAP operating profit each quarter. Further, we expect to be free cash flow positive on a normalized basis in each quarter of 2024 as well. We are focused on making progress towards becoming a "Rule of 40" company on an annual basis over time.

## Our Focus on Profitable Growth

As we turn our attention now to 2024, we are focused on generating profitable growth. Our strategic objectives for the year to accomplish this are listed below. We anticipate that global macroeconomic conditions will continue to present some challenges for us and our customers over the coming year. Much of what we are focused on we believe lies within our control to capture positive trends and improve our execution in order to be successful.

First, we seek to land more new strategic accounts and to retain and expand our current strategic accounts. As we have shared, the importance of combining generative AI with actionable data for these companies is driving their adoption of the best data providers that can help fuel their growth. We believe we are well positioned to provide the data that many companies need to succeed in the digital world that genAI can leverage. This is a trend we are seeing amongst very large companies that we believe will positively impact us going forward.

Second, we are focused on increasing net retention across our customers. We believe that we have a significant opportunity to help many of our customers to better utilize our data and insights to be successful. We also know that when our customers succeed with us consistently, we see increased retention and expansion in our relationships.

Third, we intend to continue to innovate in our product line. Similarweb 3.0 opened up much potential for us by increasing our adaptability, which we will take advantage of in 2024 to respond to valuable customer feedback and requests. An example of our progress already is that we recently made significant advances with our App Intelligence offering that leverages our mobile data, and we shared our first ever Apps 100 report, which explores the fastest-growing mobile apps in the U.S. Further, the opportunities for

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us to take advantage of generative AI in our product and feature development still remain largely untapped, which we believe presents us with substantial upside revenue and growth potential.

Lastly, we will continue to operate efficiently. We expect to continue to find ways to improve our operations' cost effectiveness, which will create enhanced operating leverage. As revenue growth occurs we will carefully invest in sales and support infrastructure as needed to enable our success and the success of our customers. Our culture of disciplined execution will continue to create opportunities for us to perform well in the future.

We look forward to keeping everyone updated on our progress towards these objectives this year. Thank you for your continued support as a shareholder.

Sincerely,

Or Offer
Founder and Chief Executive Officer

Jason Schwartz
Chief Financial Officer

Exhibit 99.2

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Consolidated Balance Sheets

| | December 31, 2022 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 77,810 | $ 71,732 |
| Restricted deposits | 9,814 | 10,020 |
| Accounts receivable, net | 38,141 | 47,869 |
| Deferred contract costs | 9,789 | 11,165 |
| Prepaid expenses and other current assets | 6,628 | 5,599 |
| Total current assets | 142,182 | 146,385 |
| Property and equipment, net | 31,823 | 28,630 |
| Deferred contract costs, non-current | 8,348 | 9,845 |
| Operating lease right-of-use assets | 40,823 | 36,007 |
| Intangible assets, net | 9,561 | 4,785 |
| Goodwill | 12,867 | 12,867 |
| Other non-current assets | 441 | 494 |
| **Total assets** | **$ 246,045** | **$ 239,013** |
| **Liabilities and Shareholders' equity** | | |
| Current liabilities: | | |
| Borrowings under Credit Facility | $ 25,000 | $ 25,000 |
| Accounts payable | 7,144 | 8,422 |
| Payroll and benefit related liabilities | 18,512 | 20,437 |
| Deferred revenue | 93,195 | 99,968 |
| Other payables and accrued expenses | 27,990 | 23,263 |
| Operating lease liabilities | 9,091 | 7,095 |
| Total current liabilities | 180,932 | 184,185 |
| Deferred revenue, non-current | 974 | 878 |
| Operating lease liabilities, non-current | 40,075 | 35,329 |
| Other long-term liabilities | 2,113 | 3,074 |
| **Total liabilities** | 224,094 | 223,466 |
| Shareholders' equity | | |
| Ordinary Shares, NIS 0.01 par value 500,000,000 shares authorized as of December 31, 2022 and December 31, 2023, 76,435,940 and 78,653,046 shares issued as of December 31, 2022 and December 31, 2023, 76,433,772 and 78,650,878 outstanding as of December 31, 2022 and December 31, 2023, respectively; | 210 | 216 |
| Additional paid-in capital | 345,834 | 367,558 |
| Accumulated other comprehensive (loss) income | (367) | 872 |
| Accumulated deficit | (323,726) | (353,099) |
| Total shareholders' equity | 21,951 | 15,547 |
| **Total liabilities and shareholders' equity** | **$ 246,045** | **239,013** |

Exhibit 99.2

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## Consolidated Statements of Comprehensive Income (Loss)

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| Revenue | $ 193,234 | $ 218,019 | $ 51,346 | $ 56,755 |
| Cost of revenue | 53,274 | 47,090 | 12,426 | 11,859 |
| Gross profit | 139,960 | 170,929 | 38,920 | 44,896 |
| Operating expenses: | | | | |
| Research and development | 59,904 | 56,158 | 13,977 | 13,706 |
| Sales and marketing | 122,635 | 101,198 | 30,096 | 21,836 |
| General and administrative | 45,277 | 42,380 | 9,441 | 10,439 |
| Total operating expenses | 227,816 | 199,736 | 53,514 | 45,981 |
| **Loss from operations** | (87,856) | (28,807) | (14,594) | (1,085) |
| Other income, net | 290 | — | 290 | — |
| Finance income (expenses), net | 4,421 | 941 | (375) | (2,085) |
| **Loss before income taxes** | (83,145) | (27,866) | (14,679) | (3,170) |
| Provision (benefit) for income taxes | 516 | 1,507 | 319 | 238 |
| **Net loss** | $ (83,661) | $ (29,373) | $ (14,998) | $ (3,408) |
| Net loss per share attributable to ordinary shareholders, basic and diluted | $ (1.10) | $ (0.38) | $ (0.20) | $ (0.04) |
| Weighted-average shares used in computing net loss per share attributable to ordinary shareholders, basic and diluted | 75,718,623 | 77,752,960 | 76,197,984 | 78,443,438 |
| **Net loss** | $ (83,661) | $ (29,373) | $ (14,998) | $ (3,408) |
| **Other comprehensive (loss) income, net of tax** | | | | |
| Change in unrealized (loss) gain on cashflow hedges | (527) | 1,239 | 592 | 1,604 |
| Total other comprehensive (loss) income, net of tax | (527) | 1,239 | 592 | 1,604 |
| **Total comprehensive loss** | $ (84,188) | $ (28,134) | $ (14,406) | $ (1,804) |

Exhibit 99.2

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Share-based compensation costs included above:

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| Cost of revenue | $ 599 | $ 635 | $ 136 | $ 153 |
| Research and development | 5,287 | 5,782 | 1,193 | 1,479 |
| Sales and marketing | 5,995 | 5,196 | 1,087 | 1,145 |
| General and administrative | 5,106 | 6,514 | 1,156 | 1,665 |
| **Total** | **$ 16,987** | **$ 18,127** | **$ 3,572** | **$ 4,442** |

Exhibit 99.2

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## Consolidated Statements of Cash Flows

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| **Cash flows from operating activities:** | | | | |
| Net loss | $ (83,661) | $ (29,373) | $ (14,998) | $ (3,408) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation and amortization | 10,584 | 10,258 | 2,472 | 2,570 |
| Finance expense (income) | 1,112 | 1,646 | (307) | (106) |
| Unrealized gain from hedging future transactions | (20) | (52) | (493) | (78) |
| Share-based compensation | 16,987 | 18,127 | 3,572 | 4,442 |
| Gain (loss) from sale of equipment | (142) | — | (10) | 1 |
| Changes in operating assets and liabilities: | | | | |
| Change in operating lease right-of-use assets and liabilities, net | 5,744 | (1,926) | 475 | 2,012 |
| Increase in accounts receivable, net | (6,882) | (9,728) | (13,080) | (13,149) |
| (Increase) decrease in deferred contract costs | (459) | (2,873) | 1,670 | (6,467) |
| Decrease in other current assets | 1,342 | 617 | 456 | 2,204 |
| Decrease (increase) in other non-current assets | 372 | (53) | 503 | (461) |
| (Decrease) increase in accounts payable | (4,284) | 1,255 | (1,444) | (3,054) |
| Increase in deferred revenue | 15,055 | 6,677 | 9,622 | 10,634 |
| (Decrease) increase in other non-current liabilities | (1,497) | 961 | (936) | 1,116 |
| (Decrease) increase in other liabilities and accrued expenses | (316) | 1,426 | 238 | 7,477 |
| Net cash (used in) provided by operating activities | (46,065) | (3,038) | (12,260) | 3,733 |
| **Cash flows from investing activities:** | | | | |
| Purchase of property and equipment, net | (28,257) | (1,559) | (1,932) | (182) |
| Capitalized internal-use software costs | (2,919) | (821) | (424) | (33) |
| Decrease (increase) in restricted deposits | 1,660 | (206) | 507 | (74) |
| Payment in relation to business combinations | (3,787) | — | — | — |
| Cash received in relation to business combinations | 294 | — | — | — |
| Net cash used in investing activities | (33,009) | (2,586) | (1,849) | (289) |
| **Cash flows from financing activities:** | | | | |
| Proceeds from exercise of stock options | 2,034 | 2,296 | 130 | 171 |

Exhibit 99.2

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| | | | | |
|---|---|---|---|---|
| Proceeds from employee share purchase plan | 2,083 | 1,259 | 849 | 599 |
| Borrowings under Credit Facility | 25,000 | — | — | — |
| Payments of contingent consideration, net | — | (2,363) | — | — |
| Net cash provided by financing activities | 29,117 | 1,192 | 979 | 770 |
| Effect of exchange rates on cash and cash equivalents | (1,112) | (1,646) | 307 | 106 |
| Net (decrease) increase in cash and cash equivalents | (51,069) | (6,078) | (12,823) | 4,320 |
| Cash and cash equivalents, beginning of period | 128,879 | 77,810 | 90,633 | 67,412 |
| Cash and cash equivalents, end of period | $ 77,810 | $ 71,732 | $ 77,810 | $ 71,732 |
| **Supplemental disclosure of cash flow information:** | | | | |
| Interest received, net | $ (18) | $ (203) | $ (2) | $ (114) |
| Taxes paid | $ 485 | $ 1,883 | $ 68 | $ 26 |
| **Supplemental disclosure of non-cash financing activities:** | | | | |
| Initial public offering costs incurred during the period included in accounts payable and accrued expenses | $ (120) | $ — | $ (120) | $ — |
| Additions to operating lease right-of-use assets and liabilities | $ 9,485 | $ 2,597 | $ 50 | $ 1,549 |
| Deferred proceeds from exercise of share options included in other current assets | $ — | $ 11 | $ — | $ (43) |
| Deferred costs of property and equipment incurred during the period included in accounts payable | $ 116 | $ 139 | $ (654) | $ 76 |
| Deferred payments in relation to business combinations held in escrow | $ — | $ 1,269 | $ — | $ — |
| | | | | |
| **Schedule A: Business combinations** | | | | |
| Working capital (deficit), net (excluding cash and cash equivalents) | $ (657) | $ — | | |
| Cash refund to be received resulting from adjustment to working capital | 193 | — | | |
| Property, plant and equipment | 43 | — | | |
| Goodwill and other intangible assets | 4,361 | — | | |
| Deferred taxes, net | (153) | — | | |
| | $ 3,787 | $ — | | |

Exhibit 99.2

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Reconciliation of GAAP gross profit
to Non-GAAP gross profit

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| GAAP gross profit | $ 139,960 | $ 170,929 | $ 38,920 | $ 44,896 |
| Add: | | | | |
| Share-based compensation expenses | 599 | 635 | 136 | 153 |
| Retention payments related to business combinations | 1,785 | 306 | 129 | — |
| Amortization of intangible assets related to business combinations | 4,487 | 4,641 | 1,168 | 1,137 |
| Non-recurring expenses related to termination of lease agreement and others | 35 | — | — | — |
| **Non-GAAP gross profit** | **$ 146,866** | **$ 176,511** | **$ 40,353** | **$ 46,186** |
| **Non-GAAP gross margin** | **76 %** | **81 %** | **79 %** | **81 %** |

Exhibit 99.2

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

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| Loss from operations | $ (87,856) | $ (28,807) | $ (14,594) | $ (1,085) |
| Add: | | | | |
| Share-based compensation expenses | 16,987 | 18,127 | 3,572 | 4,442 |
| Retention payments related to business combinations | 2,342 | 1,072 | 351 | 221 |
| Amortization of intangible assets related to business combinations | 4,573 | 4,776 | 1,202 | 1,171 |
| 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 | 1,174 | 17 | 197 | — |
| Capital gain related to sale of operating equipment | (127) | — | — | — |
| **Non-GAAP operating (loss) income** | **$ (63,791)** | **$ (4,815)** | **$ (10,900)** | **$ 4,749** |
| **Non-GAAP operating margin** | **(33)%** | **(2)%** | **(21)%** | **8 %** |

Exhibit 99.2

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Reconciliation of GAAP operating expenses
to non-GAAP operating expenses

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| GAAP research and development | $ 59,904 | $ 56,158 | $ 13,977 | $ 13,706 |
| Less: | | | | |
| Share-based compensation expenses | 5,287 | 5,782 | 1,193 | 1,479 |
| Non-recurring expenses related to termination of lease agreement and others | 87 | — | — | — |
| **Non-GAAP research and development** | **$ 54,530** | **$ 50,376** | **$ 12,784** | **$ 12,227** |
| **Non-GAAP research and development margin** | **28 %** | **23 %** | **25 %** | **22 %** |
| | | | | |
| GAAP sales and marketing | $ 122,635 | $ 101,198 | $ 30,096 | $ 21,836 |
| Less: | | | | |
| Share-based compensation expenses | 5,995 | 5,196 | 1,087 | 1,145 |
| Retention payments related to business combinations | 557 | 766 | 222 | 221 |
| Amortization of intangible assets related to business combinations | 86 | 135 | 34 | 34 |
| Non-recurring expenses related to termination of lease agreement and others | 996 | 17 | 197 | — |
| **Non-GAAP sales and marketing** | **$ 115,001** | **$ 95,084** | **$ 28,556** | **$ 20,436** |
| **Non-GAAP sales and marketing margin** | **60 %** | **44 %** | **56 %** | **36 %** |
| | | | | |
| GAAP general and administrative | $ 45,277 | $ 42,380 | $ 9,441 | $ 10,439 |
| Less: | | | | |
| Share-based compensation expenses | 5,106 | 6,514 | 1,156 | 1,665 |
| 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 | 56 | — | — | — |
| Capital gain related to sale of operating equipment | (127) | — | — | — |
| **Non-GAAP general and administrative** | **$ 41,126** | **$ 35,866** | **$ 9,913** | **$ 8,774** |
| **Non-GAAP general and administrative margin** | **21 %** | **16 %** | **19 %** | **15 %** |

Exhibit 99.2

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

| | Year Ended December 31, | | Three Months Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2023 | 2022 | 2023 |
| | (In thousands) | | (In thousands) | |
| Net cash (used in) provided by operating activities | $ (46,065) | $ (3,038) | $ (12,260) | $ 3,733 |
| Purchases of property and equipment, net | (28,257) | (1,559) | (1,932) | (182) |
| Capitalized internal use software costs | (2,919) | (821) | (424) | (33) |
| **Free cash flow** | **$ (77,241)** | **$ (5,418)** | **$ (14,616)** | **$ 3,518** |
| Purchases of property and equipment related to the new headquarters | 27,221 | 1,156 | 1,781 | 29 |
| Payments received in connection with purchases of property and equipment | (12,124) | — | (932) | — |
| Payments received from escrow in relation to contingent consideration | — | (380) | — | — |
| Deferred payments in relation to business combinations | 413 | 260 | — | — |
| **Normalized free cash flow** | **$ (61,731)** | **$ (4,382)** | **$ (13,767)** | **$ 3,547** |

## 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 first quarter and full year of 2024 described under "Business Outlook," the expected performance of our business, future financial results, strategy, long-term growth and overall future prospects, our customers continued investment in digital transformation and reliance on digital intelligence and the size of, and our ability to capitalize on, our market opportunity. Forward-looking statements include all statements that are not historical facts. Such statements may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential," or similar words. These forward-looking statements reflect our current views regarding our intentions, products, services, plans, expectations, strategies and prospects, which are based on information currently available to us and assumptions we have made. Actual results may differ materially from those described in such forward-looking statements and are subject to a number of known and unknown risks, uncertainties, other factors and assumptions that are beyond our control. Such risks and uncertainties include, without limitation, risks and uncertainties associated with: (i) our expectations regarding our revenue, expenses and other operating results; (ii) our ability to acquire

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new customers and successfully retain existing customers; (iii) our ability to increase usage of our solutions and upsell and cross-sell additional solutions; (iv) our ability to achieve or sustain profitability; (v) anticipated trends, growth rates, rising interest rates, rising global inflation and current macroeconomic conditions, and challenges in our business and in the markets in which we operate, and the impact of Israel's war with Hamas and other terrorist organizations 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 March 23, 2023, 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, February 13, 2024. Except as required by law, we undertake no duty to update any forward-looking statements contained in this letter as a result of new information, future events, changes in expectations, or otherwise.

Certain information contained in this letter relates to or is based on studies, publications, surveys, and other data obtained from third-party sources and the Company's own internal estimates and research. While the Company believes these third-party sources to be reliable as of the date of this letter, it has not independently verified, and makes no representation as to the adequacy, fairness, accuracy, or completeness of any information obtained from third-party sources. In addition, all of the market data

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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. 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 operating margin, non-GAAP gross profit, non-GAAP gross margin, non-GAAP research and development expenses, non-GAAP sales and marketing expenses, and non-GAAP general and administrative expenses represents the comparable GAAP financial figure, less share-based compensation, adjustments, and payments related to business combinations, amortization of intangible assets, and certain other non-recurring items, as applicable and indicated in the above tables.

## Other Metrics

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