# Investor Day

upwork

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# Welcome

Hayden Brown

upwork
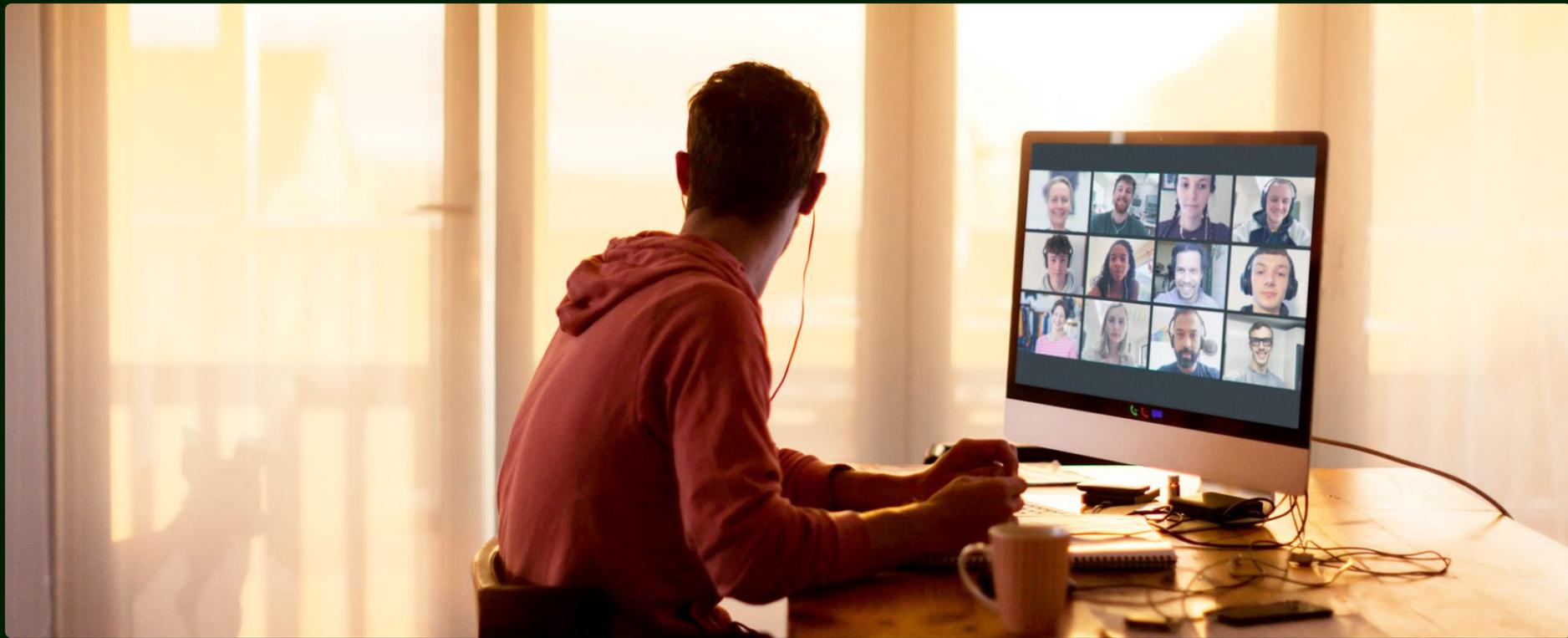
# Work is rapidly evolving

# Uniquely Positioned to Succeed

**Massive TAM with secular tailwinds**

**Largest work marketplace at scale** [1]

**Deep and expanding competitive moats**

**Multiple growth opportunities**

**Proven and experienced management team**

[1] As measured by gross services volume (GSV). See appendix for the definition of gross services volume.

5

Our Mission

# Create economic opportunities so people have better lives.

# Our Vision

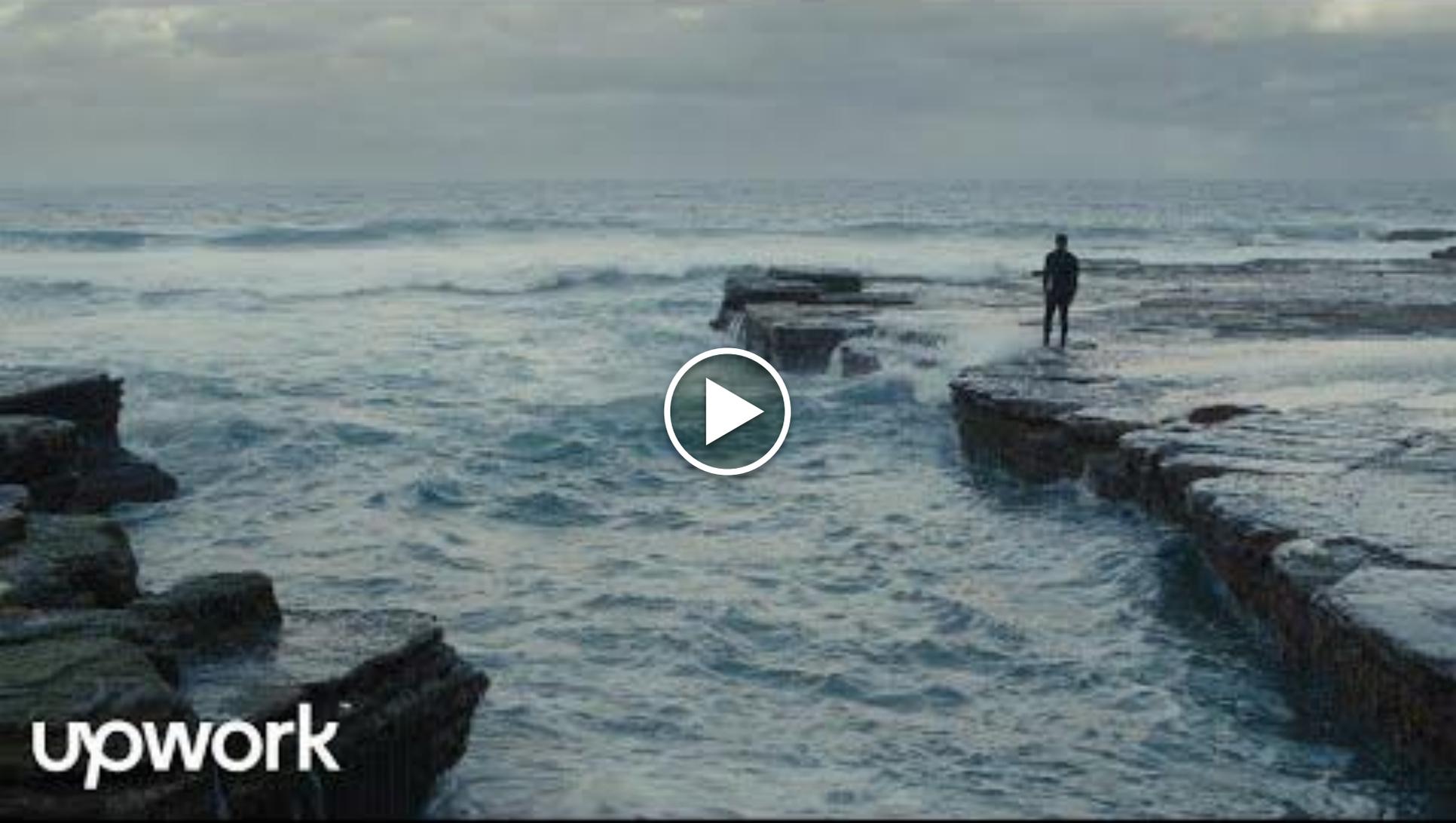# Independent talent at the heart of every business.

# A Win-Win Way to Work

## Companies

- Narrow skill gaps

- Accelerate agility and innovation

- Prevent burnout

## Freelancers

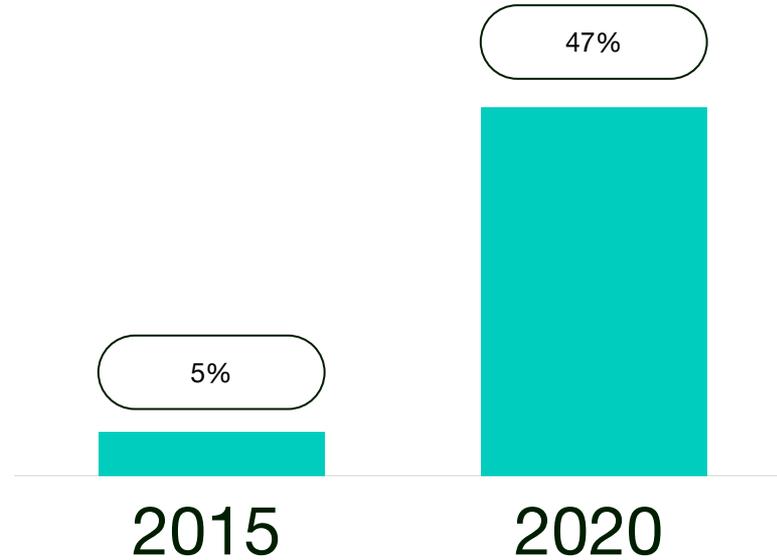- Work on your own terms

- Greater control over when and how you work, and whom you work with

# Freelancing Shows No Signs of Slowing Down

Percent of Buyers Considering Online Staffing

47%

5%

2015     2020

**10x** growth

# Creating a Massive and Growing Opportunity

~225 Million

Estimated number of global remote knowledge workers[1]

X

~$5,850

Average freelancer GSV[2]

=

$1.3T

Upwork Opportunity

# Cloud Stages of Adoption



**4** — Cloud-First

The enterprise changes view from "why cloud?" to "why not cloud?"

**3** — Scaling

The enterprise makes investments to sustain long-term IT operations in the cloud

**2** — Hybrid

AWS complements existing legacy systems and becomes an option for additional projects

**1** — Project

AWS is evaluated and vetted on a project-by-project basis to solve specific needs on a one-off basis

Customer Value

Cloud Adoption Over Time
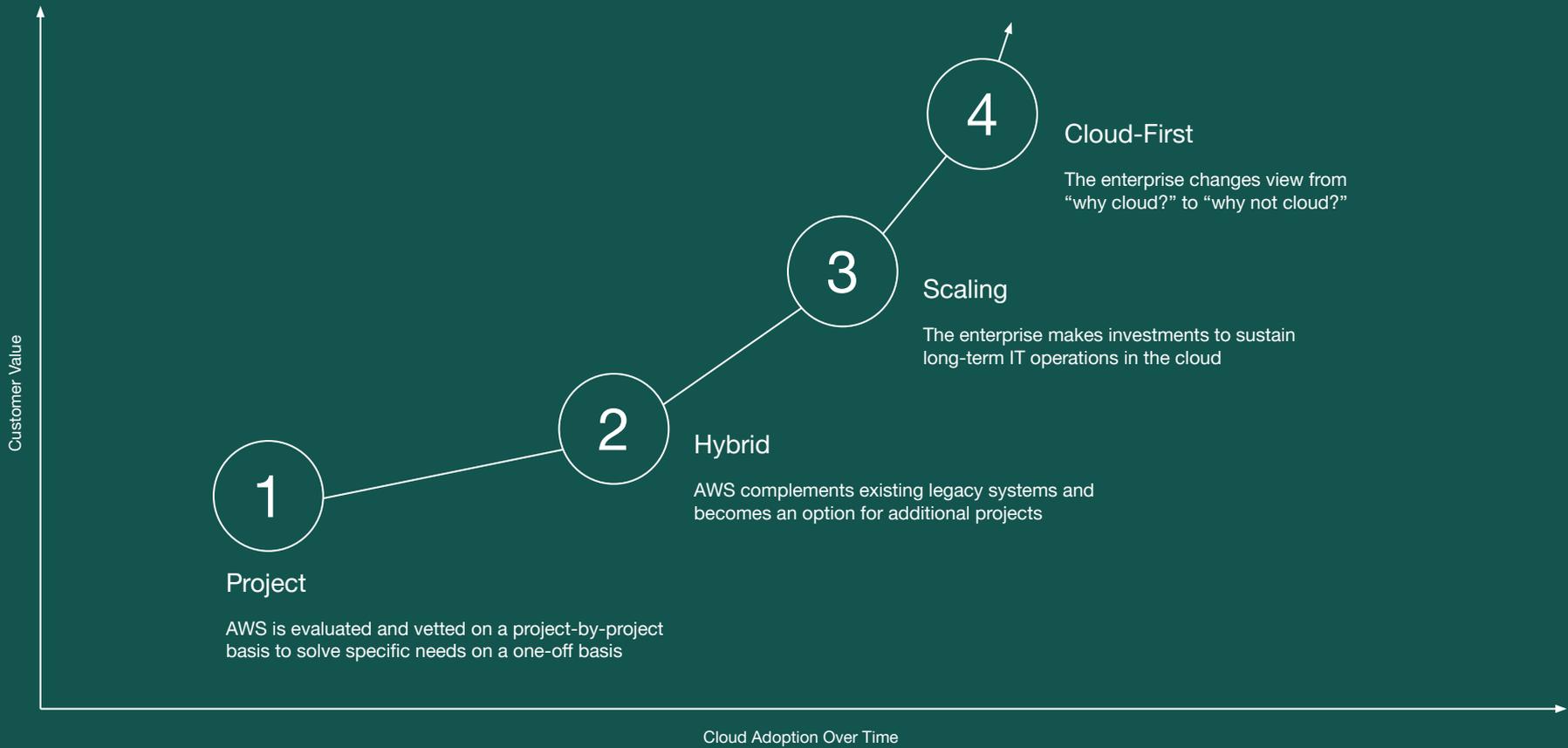
# Freelancer Stages of Adoption

Customer Value →

**4 Freelancer-First**

Companies change view from "why Upwork?" to "why not Upwork?"

**3 Scaling**

Companies make investments to leverage freelancers as core to the way they get work done

**2 Hybrid**

Freelancers complement FTEs and become an option for additional projects

**1 Project**

Freelancers evaluated and vetted on a project-by-project basis to solve specific needs on a one-off basis

Freelancer Adoption Over Time →

# Upwork Is the Most Comprehensive Work Marketplace

Multiple ways to Upwork = the "always on" solution for companies hiring and managing freelancer programs at scale

Talent Marketplace™

Enterprise Suite

Bring Your Own Talent

Payroll

Direct Contracts

Project Catalog™

Talent Scout™

...What's Next?

upwork™
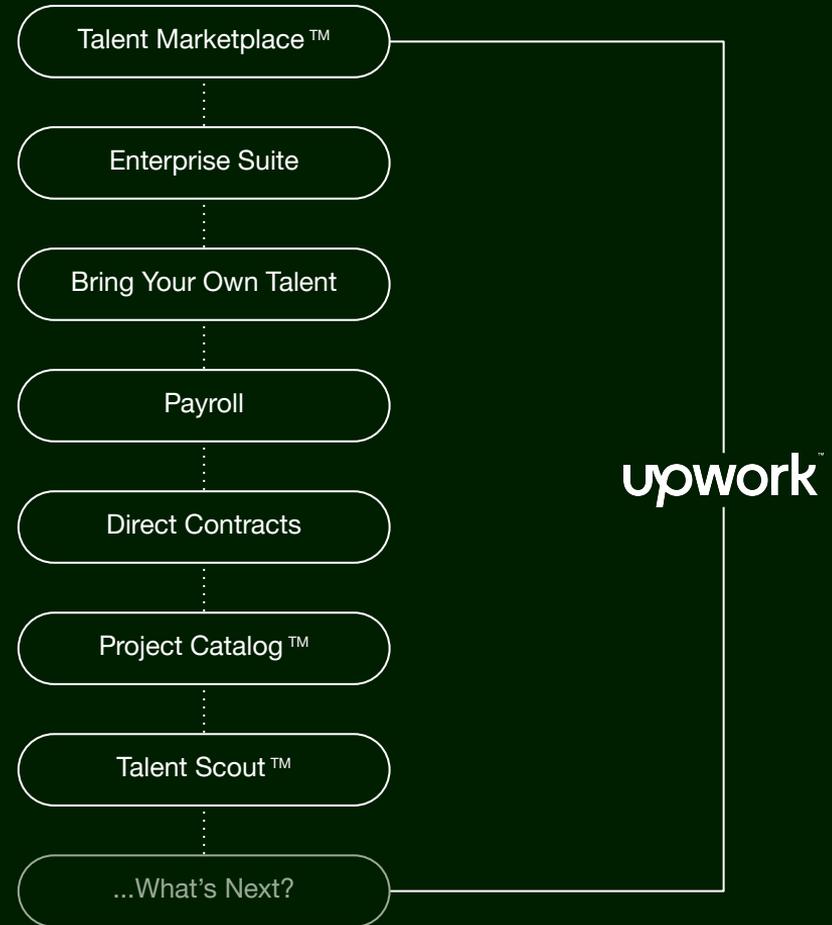
# Featuring the Most Robust Community of Clients and Freelancers
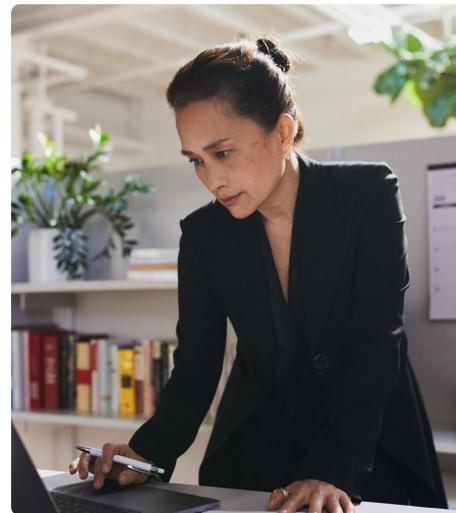
10,000+ skills

73% of talent have college degrees [1]

50+ categories with $10M+ in GSV [2]

~40% of clients hired in multiple categories [2]

~50% of Fortune 500 companies are clients [2]

[1] February 2021 Upwork internally conducted survey.
[2] Based on the trailing 12-month period ending March 31, 2021.

# Our Business Model vs. "Gig" Companies

| | "Gig" Companies | Upwork |
|---|---|---|
| Skills | Workers are interchangeable and do not have specialized skills | Highly skilled professionals; entrepreneurs building their own businesses |
| Control | The platforms set the rates and algorithms play a bigger role in determining which worker works with which customer | Talent work on their own terms – choosing whom they work with, when they work, and how much to charge |
| Relationship | Workers tend to work in same geographic area as customers | Clients and talent build relationships regardless of location |
| Economic Alignment | Company profits are extracted from service provider earnings, so platforms make more as providers make less | Upwork benefits financially when talent charges higher rates, and thus does not encourage a race to the bottom |

# Creating a Virtuous Cycle

## Value for Freelancers

### Find work quickly
Access to quality, flexible projects from our global network

### Get paid on time
Receive security and peace of mind with Upwork Payment Protection

### Build reputation
Establish long-term credibility and relationships with roster of clients

### Growth opportunities
Insights on in-demand skills and emerging areas

### Flexibility
Expanding number of ways to Upwork

## Value for Clients

### Quality talent
Global access to a verified Virtual Talent Bench™ across categories and price points

### Fast access to talent
Receive proposals within minutes; 3 days average time to contract

### Cost-effective projects
Take hiring budgets further with average 50% savings vs. hiring locally

### Work efficiently, effectively
End-to-end suite of workflow tools

### Flexibility
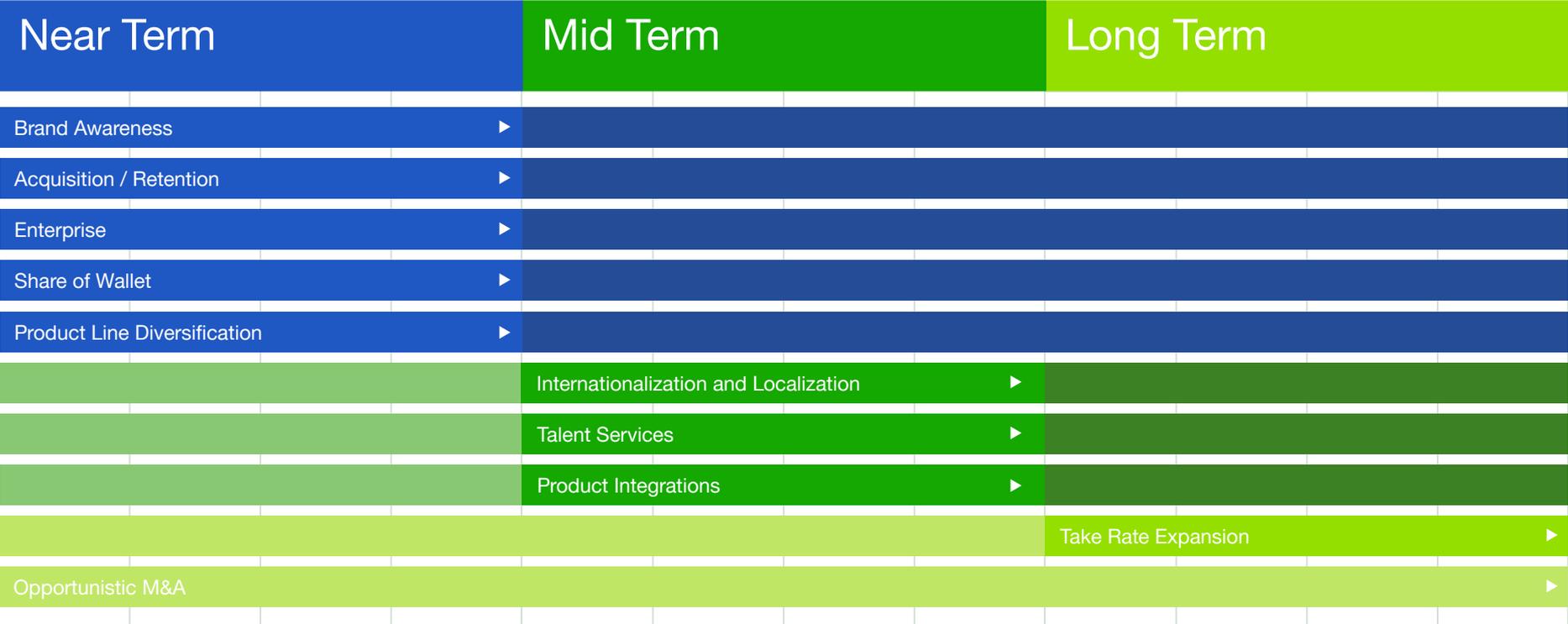Expanding number of ways to Upwork

## Value for Upwork

### This engine results in:
Highly sticky double opt-in platform with long-term relationships and recurring use, leading to increasing scale and recurring revenue

# Generating Abundant Growth Opportunities

Expected horizon for significant value creation

| Near Term | Mid Term | Long Term |
|---|---|---|
| Brand Awareness ▶ | | |
| Acquisition / Retention ▶ | | |
| Enterprise ▶ | | |
| Share of Wallet ▶ | | |
| Product Line Diversification ▶ | | |
| | Internationalization and Localization ▶ | |
| | Talent Services ▶ | |
| | Product Integrations ▶ | |
| | | Take Rate Expansion ▶ |
| Opportunistic M&A | | ▶ |

# Our Goal: 100% of businesses will have freelancers on their teams in the future

# Our Winning Strategy
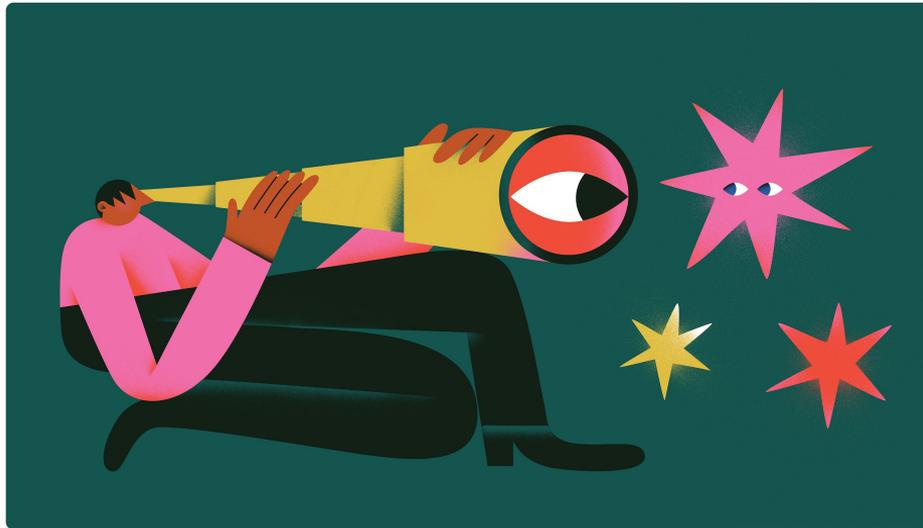


1   Innovating the work marketplace

2   Becoming a world-renowned brand

3   Augment SMB by winning the enterprise

4   Building an extraordinary hybrid team of employees and freelancers

5   Investing aggressively for long-term value creation

# Product & Experience
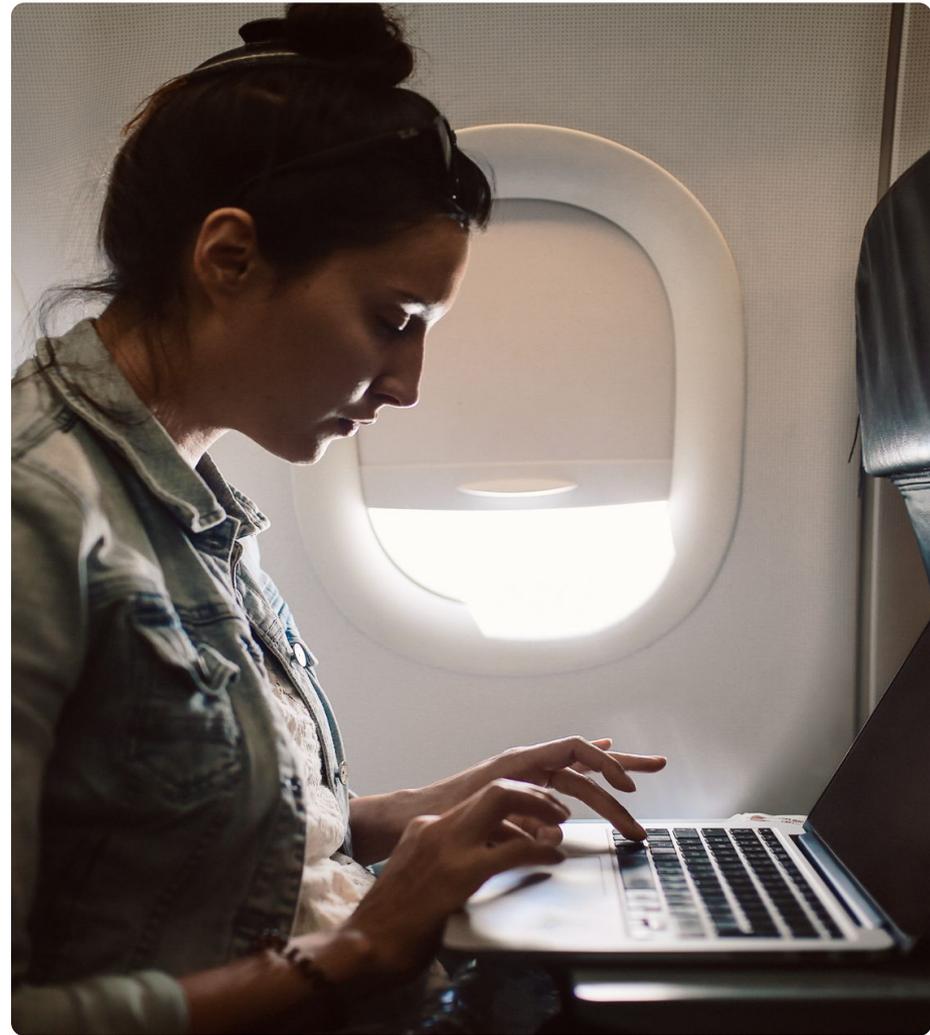
Sam Bright

upwork

# Tectonic Change in the Way We Work

# Remote Work Has Introduced a Transformative Moment

# Hybrid Workforce Is the New M.O.

# Disrupting Work Is the Next Innovation Frontier

# Upwork Is Innovating the Work Marketplace

Transforming from a single product line company to a multi-product line company

Talent Marketplace ™

Enterprise Suite

Bring Your Own Talent

Payroll

Direct Contracts

Project Catalog ™

Talent Scout ™

...What's Next?
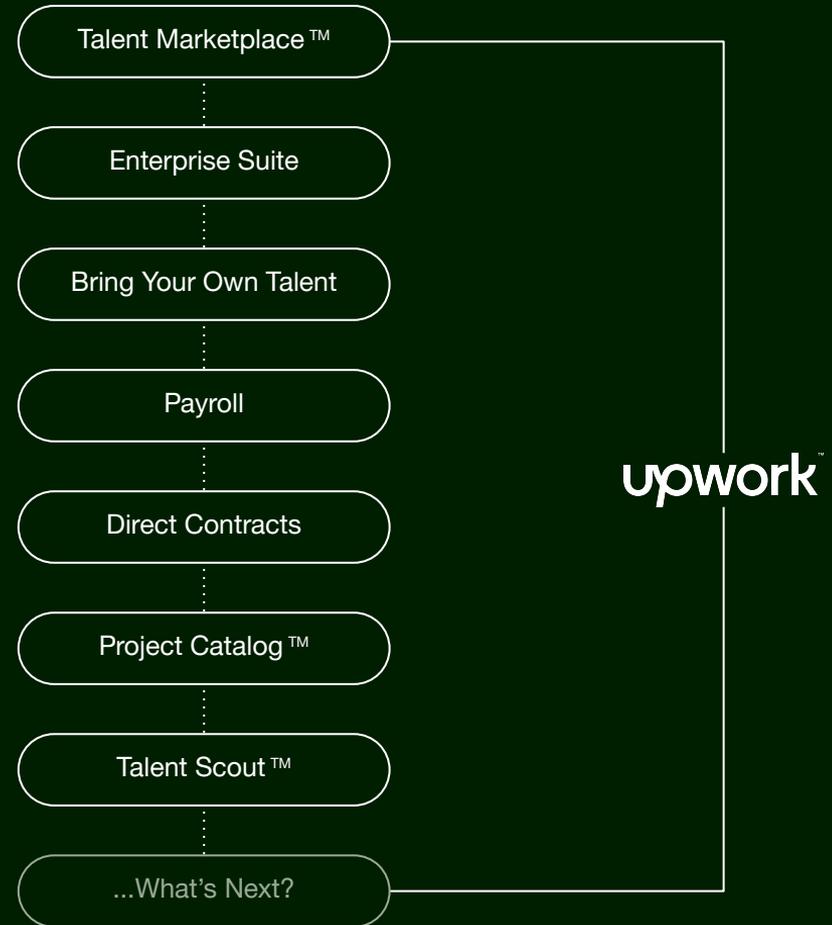
upwork™

# Product Strategic Priorities

1.  Launch and Lead Our Work Marketplace

2.  Scale Our Product Fundamentals

3.  Drive Customer Growth

# upwork™

The
world's
work
marketplace.

Lydia in Los Angeles, Rezanur in Mumbai, John in London, and Karolina in New York.

upwork™

The world's
work marketplace

# Karen T.
# Illustrator

5/5 Average Rating  $150/hour
265 Jobs

# Where the World Wants to Work

# All the Ways to Upwork

**upwork**™

The world's work marketplace

Talent Marketplace™

Talent Scout™

Project Catalog™

Enterprise Suite™
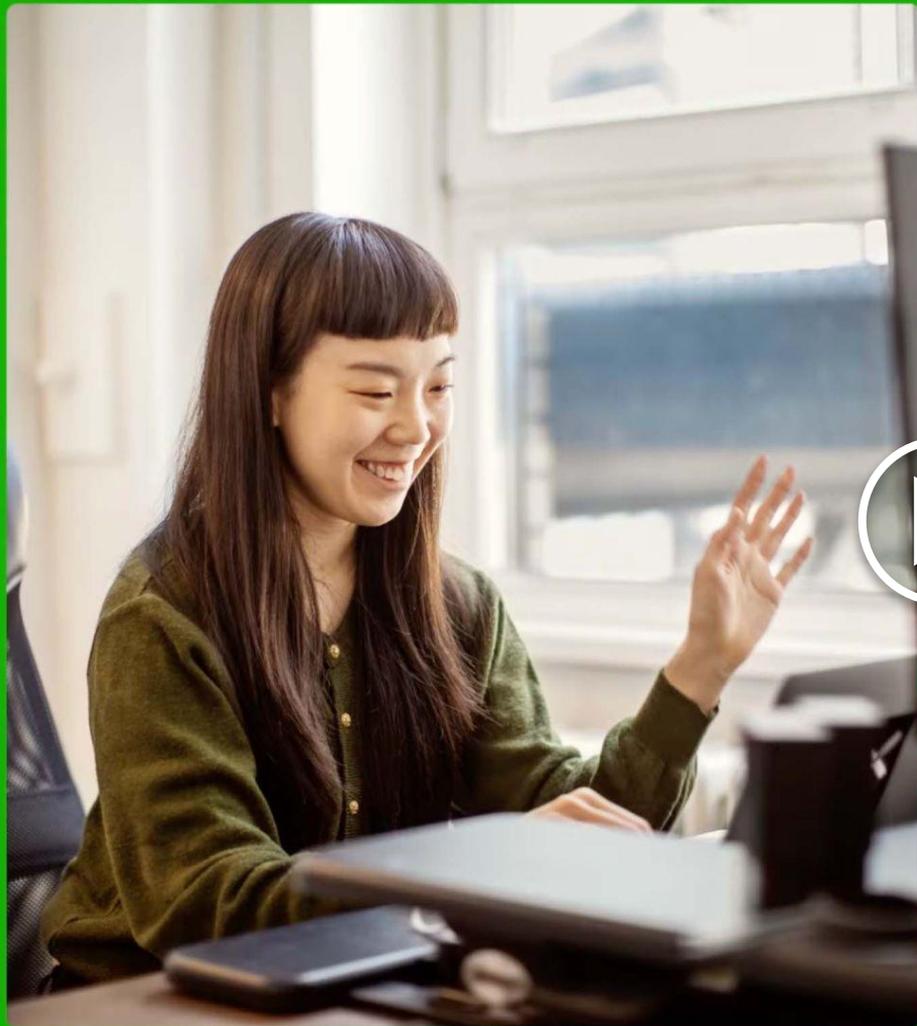
# Our Product Priorities in Action

# Launch and Lead Our Work Marketplace

## Direct Contracts

Expanded offerings enabling freelancers to safely, securely, and easily invoice and bill non-Upwork clients for hourly work
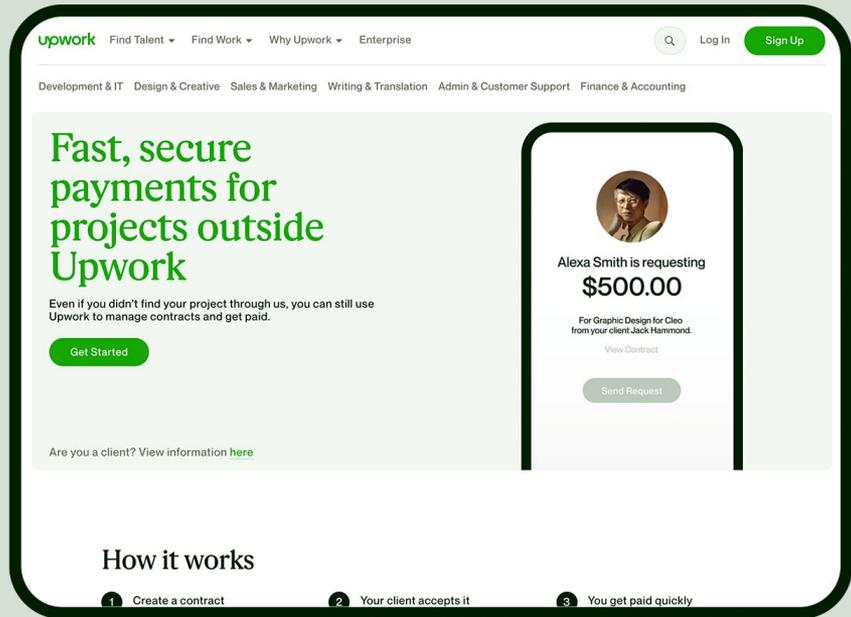
# Launch and Lead Our Work Marketplace

## Bring Your Own Talent

Added features and capabilities to our Bring Your Own Talent solution to allow clients to onboard both Upwork and non-Upwork freelancers onto our platform for global unified billing, reporting, and overall contract management

# Launch and Lead Our Work Marketplace

## Project Catalog

Project Catalog is a new product line that lets talent create productized, fixed-price projects and clients search, browse, and buy with just a few clicks
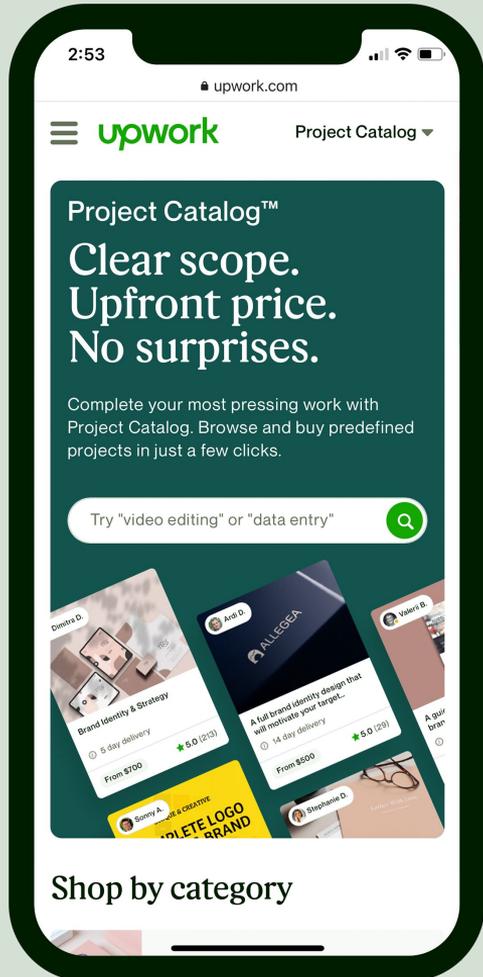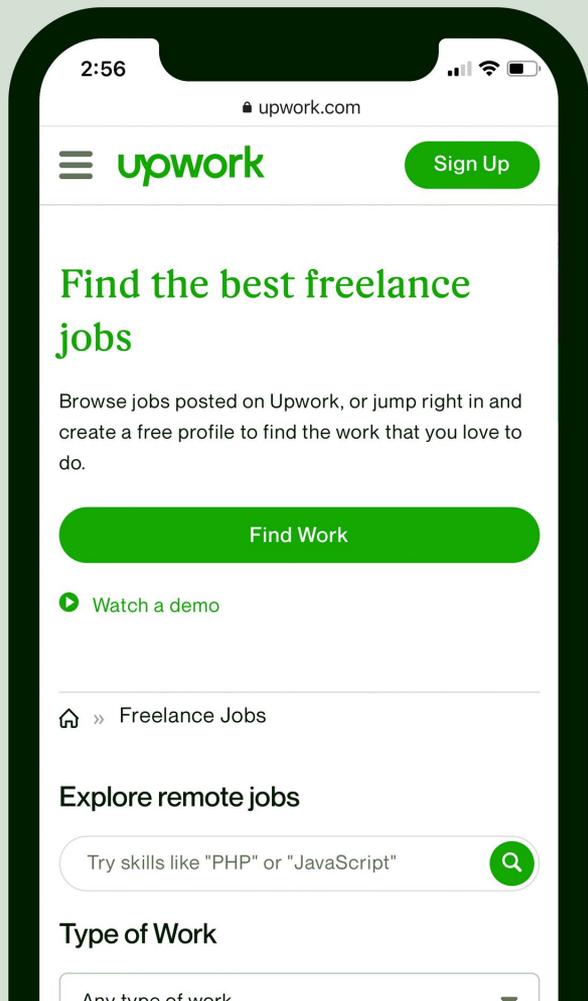
# Launch and Lead Our Work Marketplace

## Talent Scout

Talent Scout is another new product line that offers hiring managers hands-on recruiting assistance without the expensive price tag of a traditional staffing agency

# Scale Our Product Fundamentals

## Search and Data Structure

Continuous investments to improve search capabilities and underlying data structure to accommodate ever-expanding categories of work
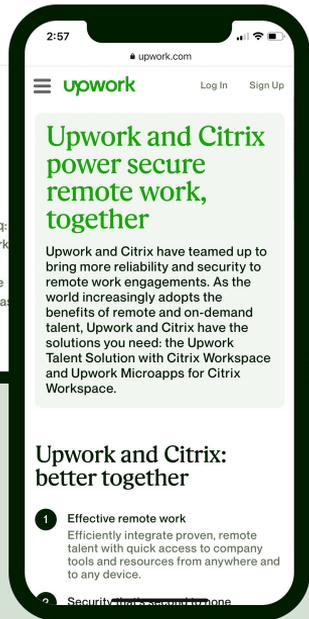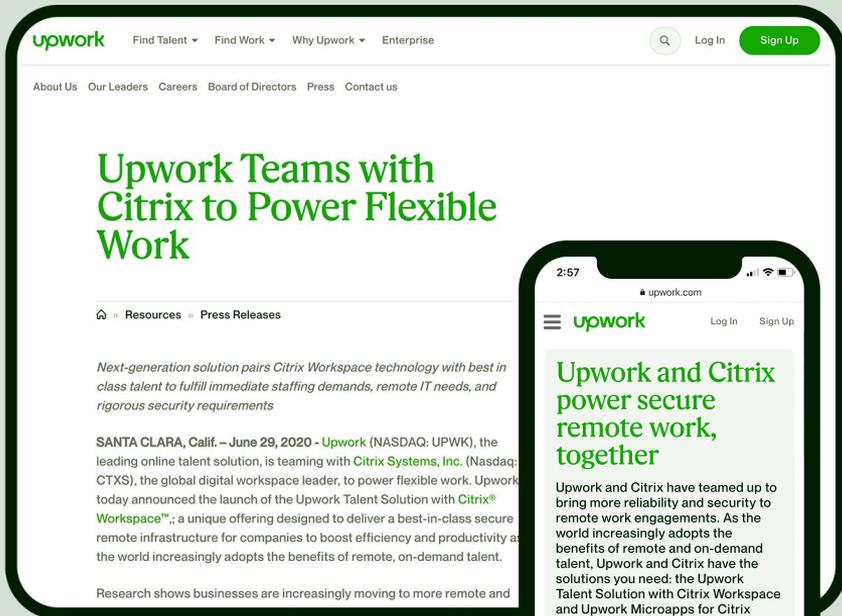
# Scale Our Product Fundamentals

## Citrix

Partnership with Citrix enables clients to simply and securely provision and deprovision Upwork talent onto corporate tools

# Scale Our Product Fundamentals

## Zoom

Integration of Zoom video and voice communications onto the Upwork platform
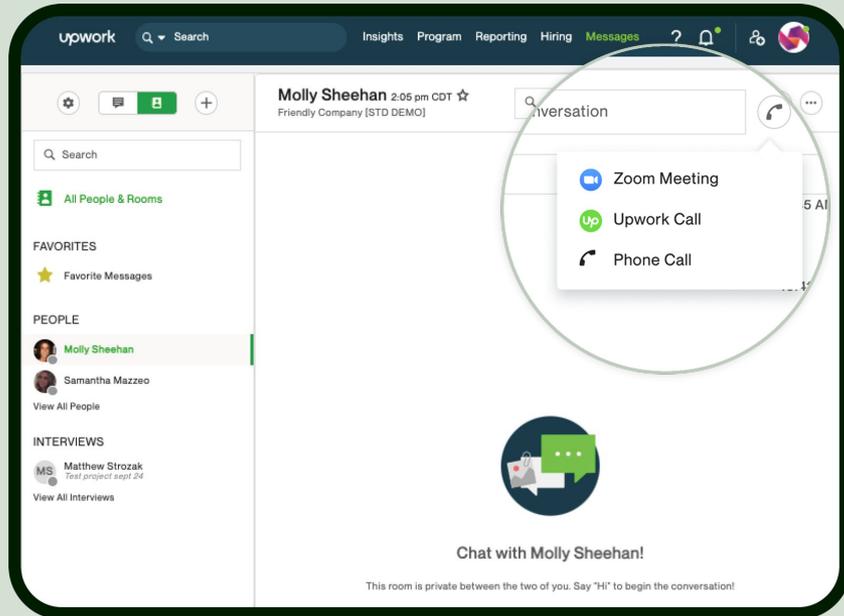
# Scale Our Product Fundamentals

## Payroll Integration

Integration with iWorkGlobal significantly reduced onboarding time while providing transparency throughout the onboarding process

# Drive Customer Growth

## Connects

Injected Connects to help talent get started, incentivize former talent to rejoin, and reward talent for submitting targeted proposals
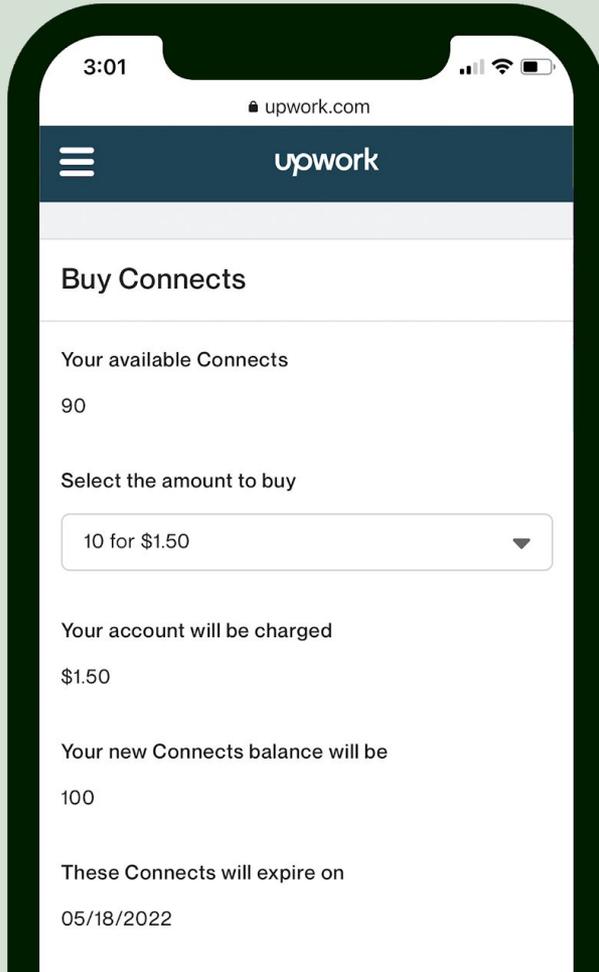
# Drive Customer Growth

## Diversity Badges

Enable diverse talent to surface their certifications and help clients build more inclusive teams
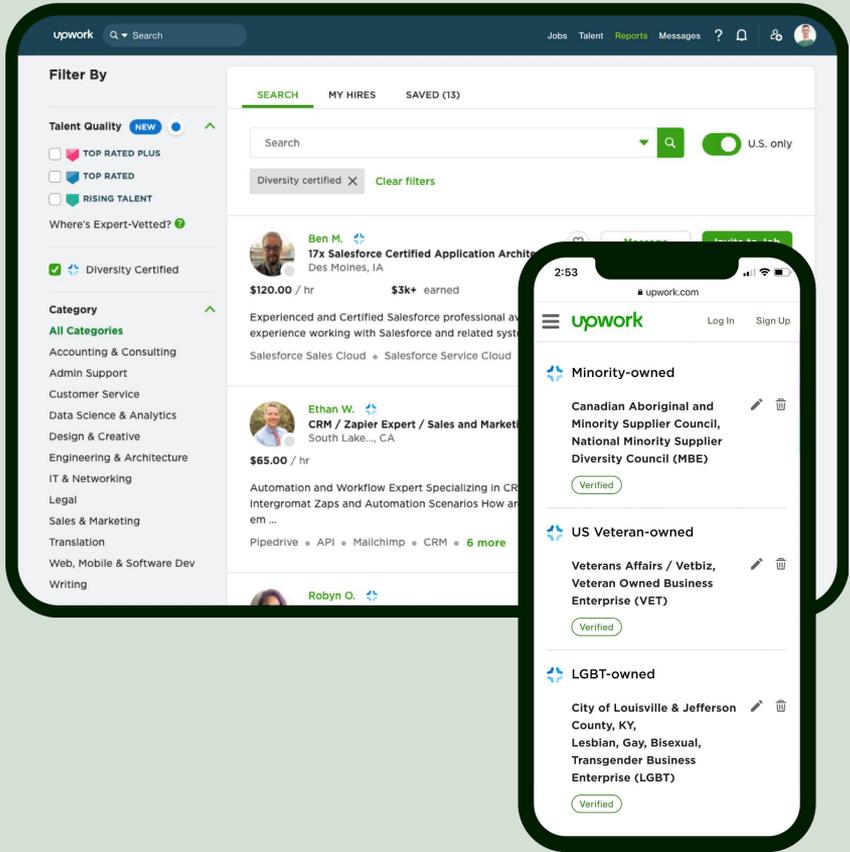
# Drive Customer Growth

## SEO

Strong improvements from consistent and systematic investments, including new content management system
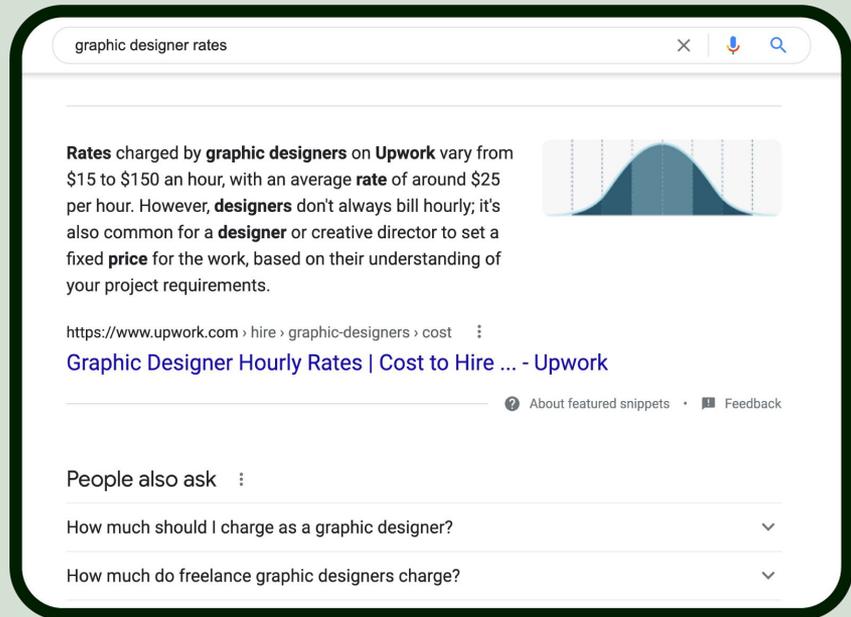
# Drive Customer Growth

## SEM

Expanded SEM presence on mobile, increased international reach, and improved bidding algorithms
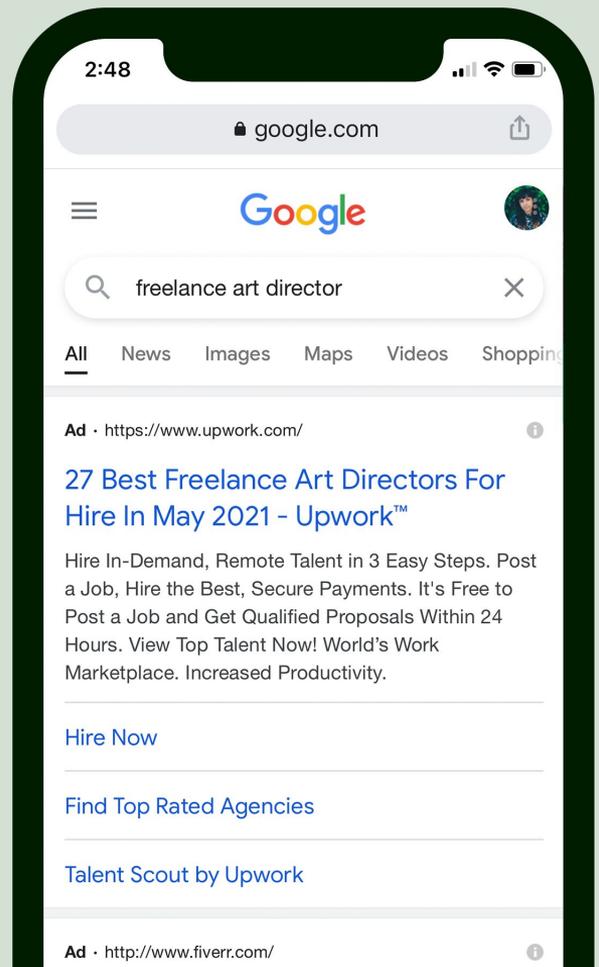
# Our Winning Strategy



1 Innovating the work marketplace

2 **Becoming a world-renowned brand**

3 Augment SMB by winning the enterprise

4 Building an extraordinary hybrid team of employees and freelancers

5 Investing aggressively for long-term value creation

# Marketing

Lars Asbjornsen

upwork

# The Race to Win the $1.3T Work Marketplace Opportunity

Platform-first service model

Hybrid service model

Traditional staffing service model

**upwork**

fiverr.

Toptal.

CATALANT

Vettery

indeed prime

### Work Marketplace

| Vetting & talent management | Platform & payments | Shortlisting & success management | Sales |
| Match & reputation | Payroll | B2B marketing | Talent pool |

Robert Half

Adecco

randstad

Regional Staffing Cos

Local Staffing Cos

"Platform when you want it – people when you don't."

# Addressing the Changing Needs of Staffing Customers

## A massive opportunity to capture market share

- Changing customer needs: flexibility, transparency, control, and service

- Lack of platform infrastructure and ecosystem

- Operating model and scale tied to individual books of business, not the firm's

- Transient talent pool vs. independent workers having chosen this as a career

# Work Marketplace Value Proposition

**1** Enables companies and people to build powerful work relationships

**2** Provides clients with access to a Virtual Talent Bench™ of trusted independent professionals

**3** Provides talent access to a virtual roster of trusted clients and quality opportunities

**4** Enables businesses of any size to scale up or down based on demand and economic conditions

# Our Marketing Opportunity

**1** COVID-19 has shattered "the fear of engaging remote talent"

**2** Businesses know they can grow with distributed talent

**3** Talent knows they don't have to live in an expensive city to get a great job

**4** Companies are realizing there is a competitive disadvantage to not have a robust strategy for using independent talent

**5** We aim to blur the lines between types of work that can be done by full-time employees and by independent talent

**6** We empower companies with the competitive advantage to scale up or down leveraging a Virtual Talent Bench™ on the Upwork work marketplace

# The Many Ways to Upwork – from "Gig to Big"

Multiple ways to Upwork = the "always on" solution for companies hiring and managing freelancer programs at scale

- Talent Marketplace™
- Enterprise Suite
- Bring Your Own Talent
- Payroll
- Direct Contracts
- Project Catalog™
- Talent Scout™
- ...What's Next?
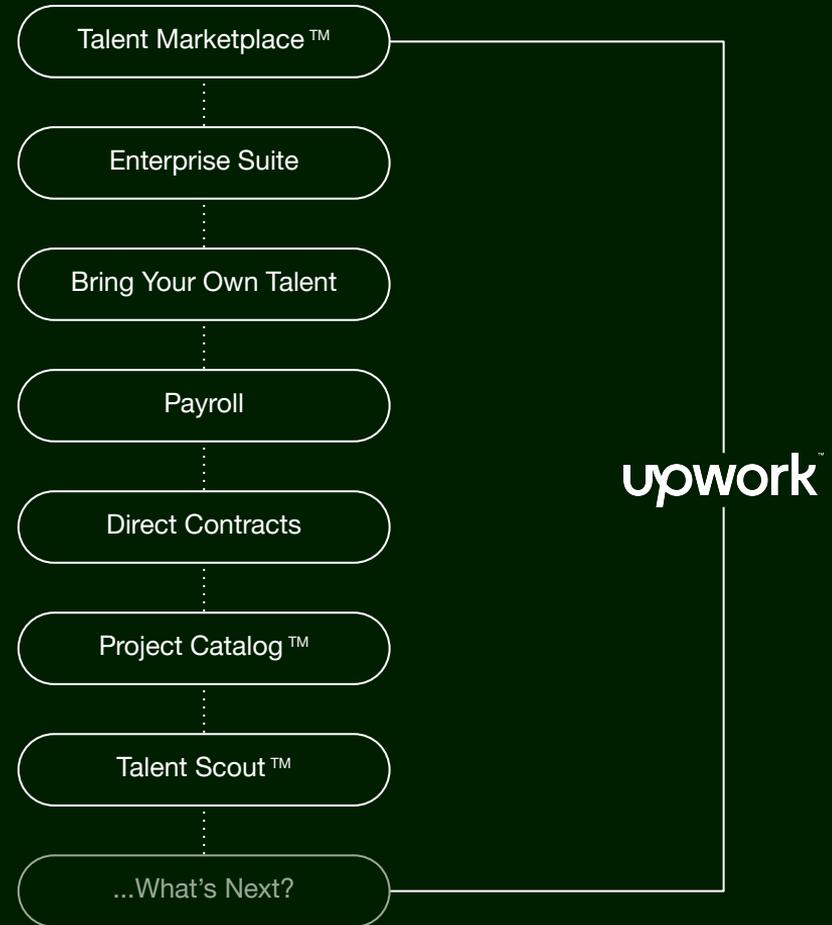
upwork™

# Hello, we're Upwork

# Accelerating Brand Awareness

**Redefined brand and PR messaging**

new value proposition to drive growth and awareness of what is possible on Upwork

**$21M in 2021**

to build brand awareness and drive overall demand

**56% YoY**

increase in brand media investment

Laser focus on driving awareness among key personas in key categories, including tech, marketing / creative and customer service

- Vertically targeted brand advertising and media buys

- Vertical content and PR strategies

- Strategic alliance partnerships

- Vertical events, sponsorships

- Category influencer programs

- Brand partnerships with major brands

# SEM Non-brand, SEO Non-brand Growth (2019 – 2020)

SEM Non-brand        SEO Non-brand

SEM broad match + new countries + proprietary bidding tool

Test Google tROAS non-brand SEM

All non-brand SEM tROAS

Test Google tROAS int'l + mobile SEM

SEM overhaul began

Mobile + int'l expansion

FJP [1]

SEO optimization began

Q1-2019    Q2-2019    Q3-2019    Q4-2019    Q1-2020    Q2-2020    Q3-2020    Q4-2020
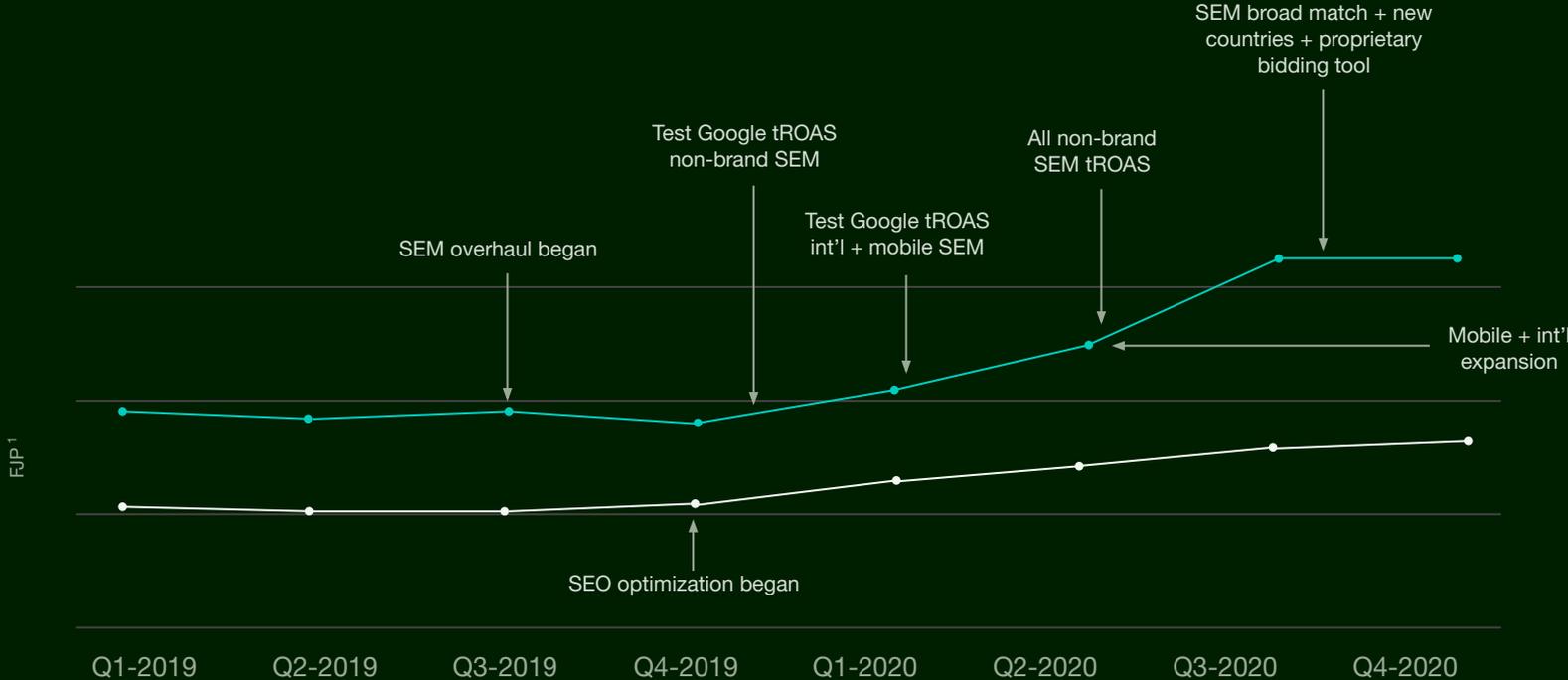
[1] See appendix for the definition of first job post (FJP).

# Infinite Personas and Categories

∞

## Tech & Product Lead
Example: VP, Engineering

- Build and maintain my website

- Build and maintain my mobile app

- Do QA testing on my product

- Augment or replace my internal UI / UX team

- Maintain a safe and secure dev environment for me

- ...

## Marketing & Creative Lead
Example: VP, Marketing

- Augment my design staff

- Translate my marketing assets

- Build my new landing page

- Develop my campaign strategy

- Develop my social media strategy

- Execute my social media strategy

- ...

## Operations Lead
Example: COO

- Recruit and manage my customer support operations

- Recruit and manage a skilled tech support team

- Let me outsource my accounting to a trusted accountant

- Provide me project-based accounting support

- ...

Growth through depth

∞

# Key Marketing and Acquisition Growth Levers for 2021 and Beyond

**1**

Launched our work marketplace marketing efforts to build awareness and drive demand

**2**

Expanding paid acquisition reach by:

- Expanding SEM keywords and mobile SEM conversion optimizations

- Growing international presence +40% YoY via keyword expansion globally

- Shifting to new brand messaging across channels to improve CTRs

**3**

Improving conversion rates by:

- Matching intent to best product lines

- Improving CLTV model to optimize client keyword bidding

**4**

Automating and scaling SEM and social through proprietary bidding tool:

- Increasing registration-to-Start conversions through better client onboarding

- Aggressively supporting Enterprise Sales land and expand efforts

- Optimizing reactivation and retention efforts by moving to more holistic marketing automation

# Our Winning Strategy
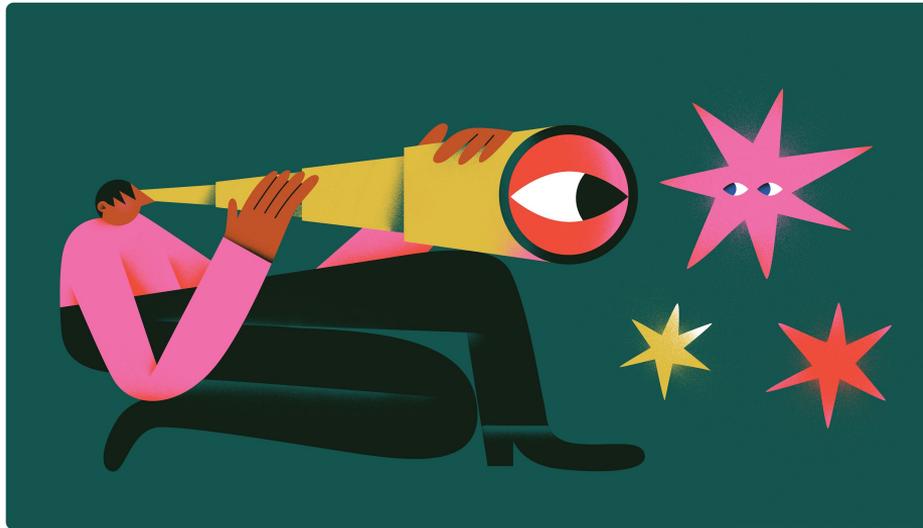


1 Innovating the work marketplace

2 Building a world-renowned brand

3 Augment SMB by winning the enterprise

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5 Investing aggressively for long-term value creation

# Enterprise Sales

Eric Gilpin

upwork

# Building and Scaling Enterprise Sales

Expanded sales team, opened Chicago office

Hosted our 1st Work Without Limits Conference

Surpassed 30K in Enterprise projects

Launched Upwork Business

Accelerated growth

**2016**   **2017**   **2018**   **2019**   **2020**   **2021**

Launched Upwork Enterprise

Signed 100th Enterprise client

Launched partnership with Microsoft

Sales restructure
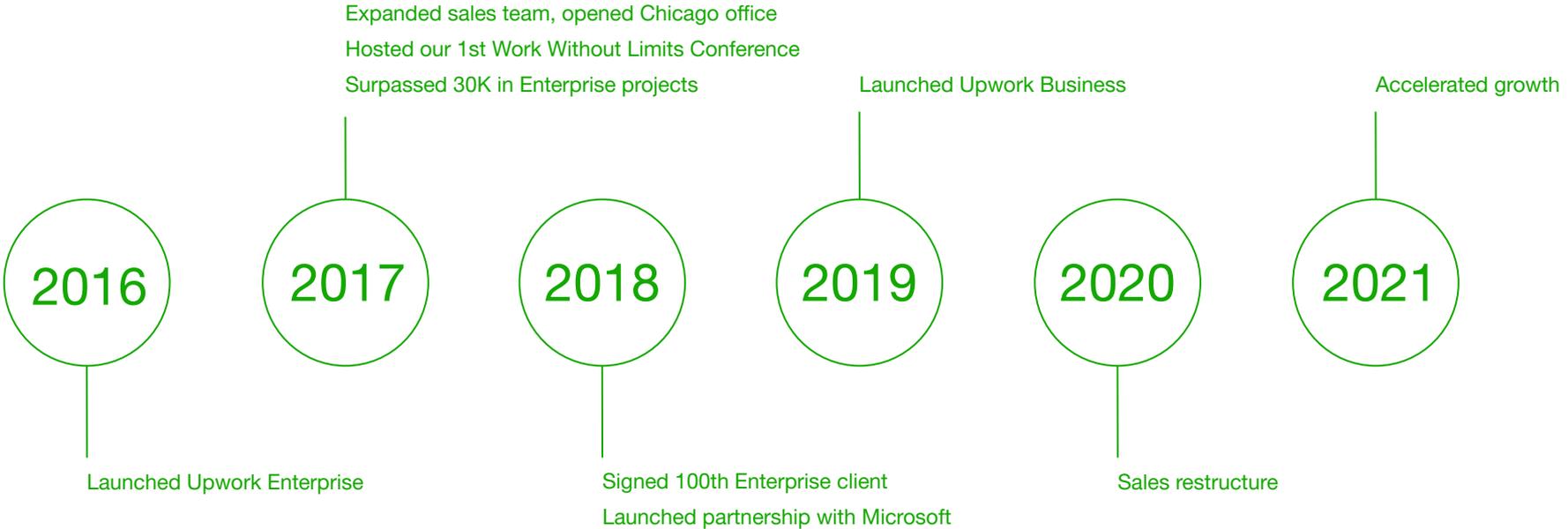
# A Dynamic Platform to Help Enterprise Organizations Scale

Multiple ways to Upwork = the "always on" solution for companies hiring and managing freelancer programs at scale

Talent Marketplace™

Enterprise Suite

Bring Your Own Talent

Payroll

Direct Contracts

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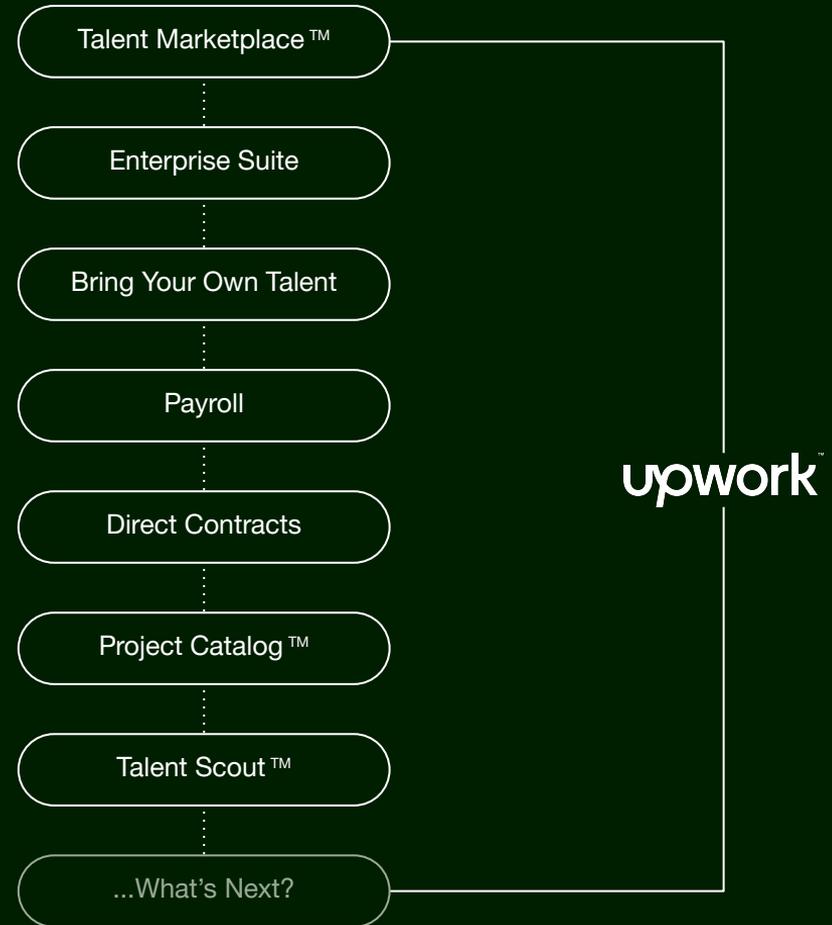
# A Dynamic Platform to Help Enterprise Organizations Scale

## Enterprise Suite

- Expert-Vetted Talent
- Bring Your Own Talent
- Custom Reporting
- Enterprise Billing
- Program Management Support

- Global IC Classification
- Global Payroll
- Secure Onboarding
- Single Sign On
- Work Protection

Talent Marketplace ™

Enterprise Suite

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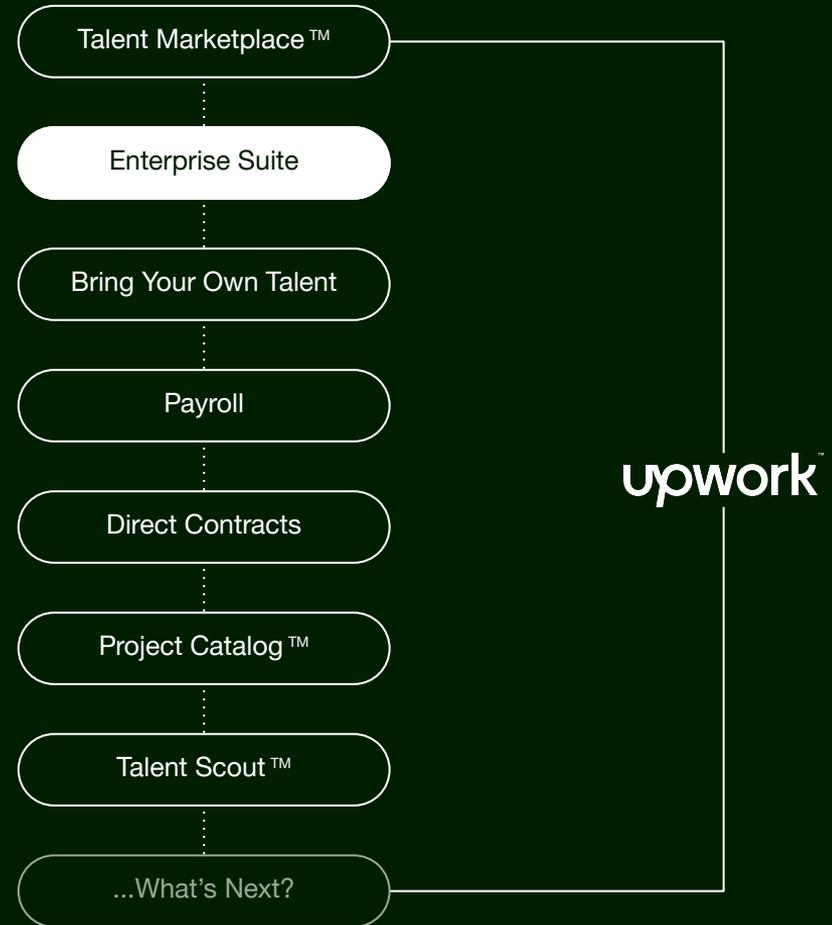
upwork ™

# The Power of Our Enterprise Offering

Upwork Enterprise provides a powerful suite of contract management and compliance tools that help enterprise organizations work more strategically with remote freelancers, whether to support project-based work, staff augmentation, or build strategic teams of consultants

## 130%
Enterprise client spend retention

(Q1 2021)

## 170
avg. spending contracts per Enterprise client

(Apr. 2020-Mar. 2021)

## ~20x
the number of registered users per client compared to Marketplace

(Apr. 2020-Mar. 2021)

## ~80
clients with over $1M spend

(May 2021)

# Traditional Models vs. Upwork Enterprise

| | The Old Way | Upwork Enterprise | |
|---|---|---|---|
| Time-to-Fill | 16+ days[1] | 3 days | Faster Hiring |
| Access to Quality Talent | 40% fill rate, NPS score of 28[2] | 85% fill rate, NPS score of 60+ | Greater Access to Quality Talent |
| Cost of Hire | More operating costs, higher margins | Fewer operating costs, more savings (avg. 30-50%)[3] | Meaningful Cost Savings |

Note:
As of December 31, 2020. NPS is a measure of client and freelancer satisfaction on a scale ranging from negative 100 to 100 based on the standard question: "On a scale of 0 to 10, with 10 being extremely likely, how likely are you to recommend Upwork to a friend or colleague?" NPS is based on users that respond to the survey question after completing a project and users who respond to the survey question once every 60 days. NPS is calculated by using the standard methodology of subtracting the percentage of users that respond that they are not likely to recommend us from the percentage of users that respond that they are extremely likely to recommend us.

# Delivering Value for Enterprise Clients

**Microsoft**

Situation:

Need for ways to effectively engage the freelance, or "on-demand," workforce

## With Upwork

In ~3 years, Microsoft completed

# ~10,000

projects on the Upwork platform, across 80 skill categories.

# 50%

improvement in time-to-fill

Extensive analysis proving compelling results in the form of increased speed to engage, quality of work, and cost savings

How Microsoft Utilizes In-Demand Talent

# Delivering Value for Enterprise Clients

insightsoftware

**Situation:**

Need to integrate, build, and service new technologies acquired through M&A in their product portfolio

## With Upwork

The team was able to access independent talent to support all of their individual product lines, enabling them to provide better service and support to their customers.

# 8x
faster time-to-fill across the organization (90 days to 11 days)

# 4.9/5.0
success ratings

# $2.3M
cost savings

# Delivering Value for Enterprise Clients

FLEXERA

Situation:

Need a quick and efficient way to access talent with in-demand skills to support rapid growth

## With Upwork

Flexera implemented a corporate-wide initiative to work with more independent talent — using Upwork to fill certain skills in a matter of days versus months.

**24x**
faster engagement with independent talent

**2x**
faster project turnaround

**1/2**
the cost of traditional hiring sources

# Revenue from Enterprise Accounts Is Accelerating

| Sales Enterprise Plan (Standard & Compliance) | 2020 | Q1-2021 |
|---|---|---|
| Revenue from Enterprise Accounts | $22.7M | $7.8M |
| YoY Revenue Growth | 44% | 74% |

# The Enterprise Opportunity

+ Many more globally

**51K** — 250+ employee US-based companies assigned to sales teams (both inbound and outbound)

**8K** — Target ideal customer profile (ICP) accounts

**1,600** — Target ICP customers with spend currently in the Marketplace

**200+** — Current Enterprise clients
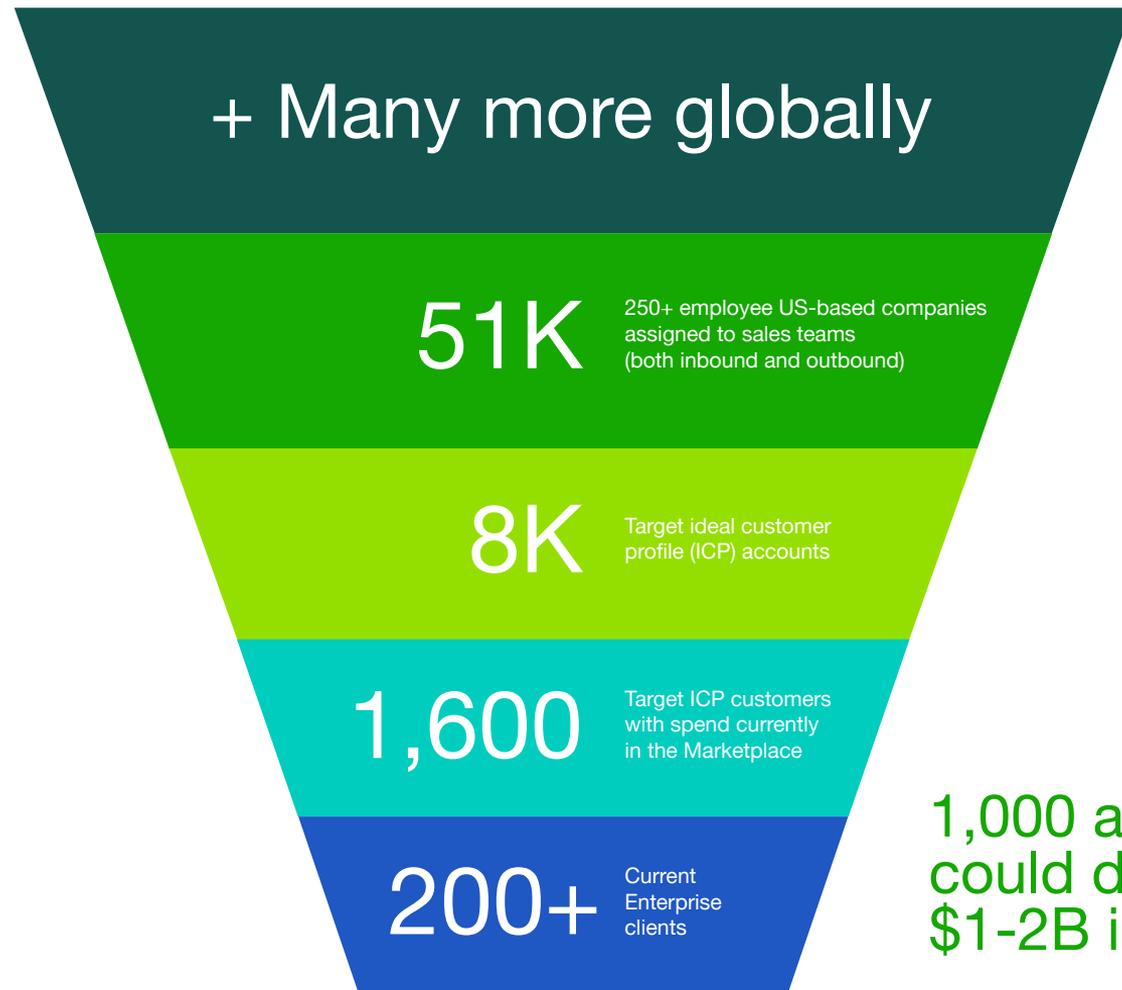
1,000 accounts could deliver $1-2B in GSV

# Supported by a World-Class Enterprise Sales Organization



# Over 50 years

Collective human capital leadership experience

Robert Half

AQUENT vitamin

Linked in

glassdoor

CAREERBUILDER

TEKsystems

# Built to Deliver Our Land and Expand Strategy

## Land

- Acquire new accounts
- 18 current Account Executives

## Expand

- Help clients expand their Upwork usage
- Increase customer satisfaction

Target AE Deal Productivity:

# 6+
deals/yr

Sales Cycle:

# 3-6
months

For every 15 reps, we could add $100M in future GSV per year

# The World's Best Companies Use Upwork to Transform Their Contingent Work Programs

Microsoft

Nasdaq

airbnb

GE

AUTOMATTIC

GoDaddy

GENESYS

PGA

BISSELL

Digicel

COREL

## ~50% of F500
companies are clients today

## 30% savings
average savings frequently reported by businesses

## 3 days
average time-to-fill

# Digicel Taps into a Global Freelance Network

# Our Winning Strategy
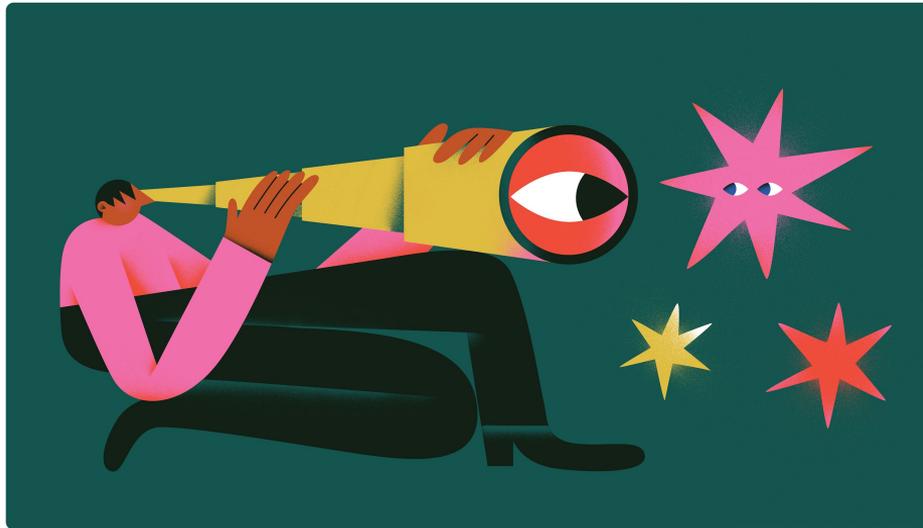


1    Innovating the work marketplace

2    Building a world-renowned team

3    Augment SMB by winning the enterprise

4    **Building an extraordinary hybrid team of employees and freelancers**

5    Investing aggressively for long-term value creation

# Human Resources and Talent Innovation

Zoë Harte

upwork

# Upwork's Winning Talent Strategy

**1**

Extraordinary talent isn't restricted by geography

**2**

Extraordinary teams aren't homogenous

**3**

Independent talent should be at the heart of every business, including ours

# Upwork Has Created a Culture with Freelancers at the Heart of Our Business

**Kunal P.**
Sydney
Systems Analyst

## 3/4
of Upwork's workforce is made up of freelancers

**Jessica L.**
Copenhagen
QA Engineer

**Camille A.**
Tempe
Accountant

## 100%
of Upwork's departments are hybrid

**Joseph M.**
Cordoba
Video Producer

**Jackson M.**
New York
Web Designer

**Diane R.**
Long Beach
Product Manager

**Charles D.**
Toronto
Project Manager

## 86
countries around the world with at least one freelance team member

**Ridhi A.**
Surat
UX Designer

**Aika Y.**
San Francisco
Computer Programmer

# Upwork
# on Upwork:

How the Sales Operations team expands
their potential with hybrid teams

Benefit #1

---

## Access to
## specialized skills

**46%**

productivity increase

**50%**

average project savings

# Upwork on Upwork:

How the CX team drops biases and builds trust, leading to success that teams can measure and customers can feel

Benefit #2

---

## Strengthens our culture, including fostering greater diversity and inclusion

**95%**
freelance composition

**91**
customer satisfaction (CSAT) score

**<5%**
attrition rate

**81**
Net Promoter Score (NPS)

# Upwork
# on Upwork:

How Product & Engineering scales faster
without compromising quality

Benefit #3

---

## Ability to scale teams up and down instantly

**70+**
agile development
teams

**350+**
remote
developers

**24/7**
coverage

**3 mos**
time to launch
Project Catalog™

# Upwork on Upwork:

How the Marketing team raises
the bar on what's possible

Benefit #4

## Increased agility and innovation

**900+**

multichannel assets
created in a quarter

Creative directors
Project managers
Writers
Motion designers
Graphic designers
UX designers
UI designers
Integrated producers
Design directors

# Upwork
# on Upwork:

How the Finance team improves work-life
balance with independent accounting talent

Benefit #5

---

## Prevents
## burnout

## 24/7
coverage with
remote talent

## 6-7 hrs
less overtime per employee

## 5x faster
time to engage

# Commitment to Strong ESG Practices

| Focus Area | Initiatives | Achievements to Date |
|---|---|---|
| Environment | • Reducing emissions by limiting our physical corporate office footprint through our remote-first working model<br>• Reducing unnecessary commuting and travel<br>• Purchasing carbon offsets that promote environmental sustainability | ✓ Enabled team members to avoid over 1 million commuting miles in 2019<br>✓ Achieved carbon neutrality for 2019 and 2020<br>✓ Committed to remaining carbon neutral going forward |
| Social | • Building a more robust diversity, inclusion and belonging (DIBs) infrastructure<br>• Leveraging data to inform strategic talent process decisions<br>• Preparing quantitative disclosures to demonstrate our progress on DIBs-related initiatives | ✓ 50% of Board is female<br>✓ 3 of our 8 directors are from underrepresented communities[1] |
| Governance | • Evolving Board and governance practices to reflect our maturation as a public company<br>• Focusing on and responding to stockholder feedback<br>• Acting to protect and grow long-term stockholder value | ✓ Implemented majority-vote standard for director elections and adopted proxy access<br>✓ The Board's Nominating and Governance Committee oversees all ESG functions |

[1] As defined under California law AB 979, underrepresented communities includes certain racial, ethnic, and LGBT identities.

# Work is not a place.

# It's something you do.

# Our Winning Strategy
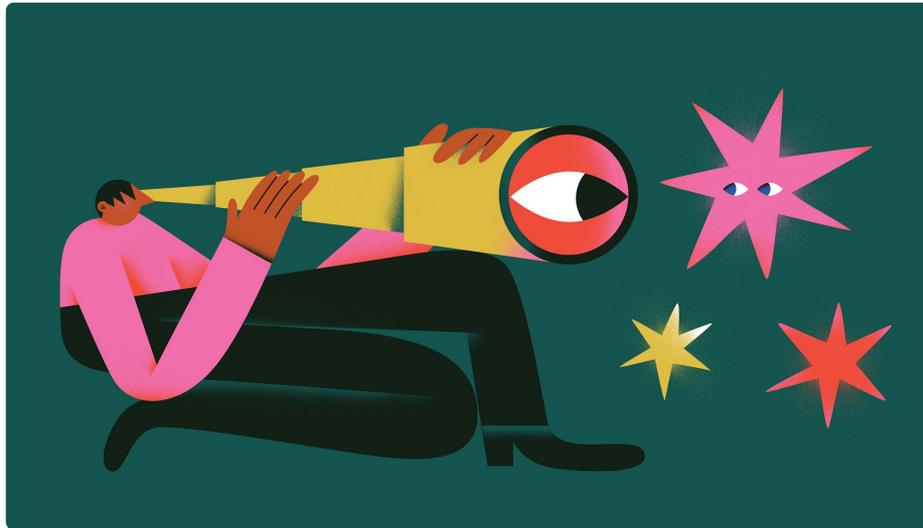


1   Innovating the work marketplace

2   Building a world-renowned brand

3   Augment SMB by winning the enterprise

4   Building an extraordinary hybrid team of employees and freelancers

5   Investing aggressively for long-term value creation

# Finance

Jeff McCombs

upwork

# Four Reasons for Confidence

1. Strong financial foundation

2. Attractive business model resulting in strong client retention and high GSV predictability

3. Strong client demand

4. Compelling margin structure

# 1. Strong Financial Foundation

# Strong Financial Foundation

## EBITDA ($M)

| Period | Value |
|--------|-------|
| FY2018 | 3.8 |
| FY2019 | 7.4 |
| FY2020 | 14.0 |
| Q1-2021 | 6.9 |
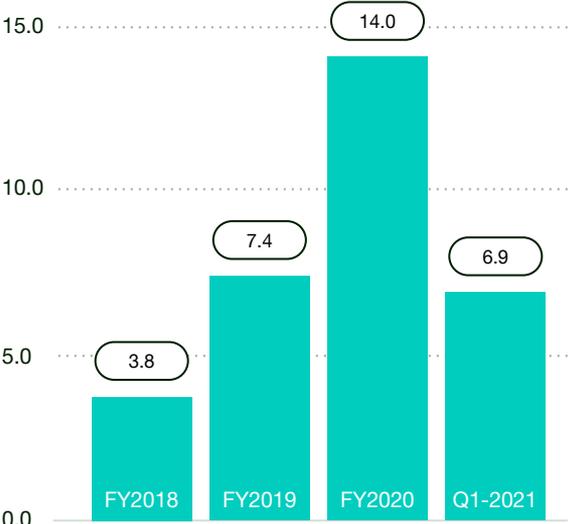
## Cash and Marketable Securities ($M)

| Period | Value |
|--------|-------|
| FY2018 | 129.1 |
| FY2019 | 133.9 |
| FY2020 | 169.7 |
| Q1-2021 | 169.8 |

## Debt ($M)

| Period | Value |
|--------|-------|
| FY2018 | 23.9 |
| FY2019 | 18.3 |
| FY2020 | 10.7 |
| Q1-2021 | 8.8 |
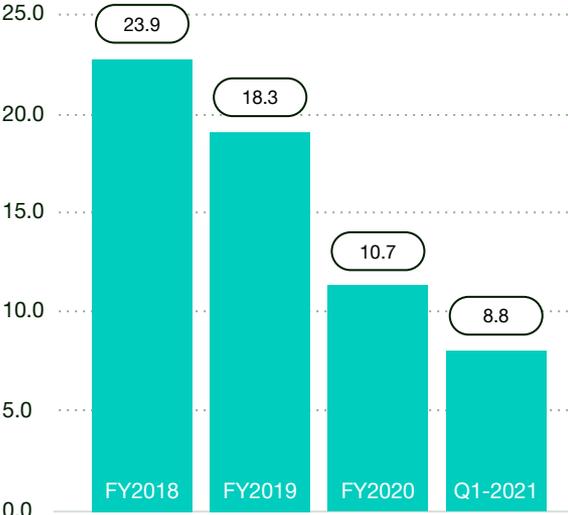
# 2. Attractive Business Model with Strong Client Retention

# Three Talent Plans

### 1

### Freelancer Basic

- Access to quality projects

- Quickly apply and get hired

- Get paid securely and on time

### 2

### Freelancer Plus

Includes all
Freelancer Basic features +

- Customized profile URL

- Insight into competitor bid ranges

- Monthly Connects package*

  *not included in Agency Plus

### 3

### Agency Plus

Includes all Freelancer
Plus features +

- Unlimited team members

- Shared Connects functionality

| Talent Plans | Freelancer Basic | Freelancer Plus | Agency Plus |
|---|---|---|---|
| Subscription Cost | No subscription | $15 / mo | $20 / mo |
| Freelancer Service Fee | 20% / 10% / 5% | 20% / 10% / 5% | 20% / 10% / 5% |

# Four Client Plans

**1**

## Basic

- Access to a global talent pool
- Safe and easy payments
- Payment protection plan
- Customer support

**2**

## Plus

Includes all Basic features +

- Invites to talent
- Featured Jobs upgrade
- Connects package
- Recruiting services

**3**

## Enterprise: Standard

Includes all Plus features +

- Custom reporting
- API access
- Expert-vetted talent pools and talent clouds
- SSO / permissions
- Purchase order management
- Consolidated invoicing and billing

**4**

## Enterprise: Compliance

Includes all Enterprise: Standard features +

- Compliance services
- Worker classification
- Misclassification indemnification
- Work protection program

| Client Plans | Basic | Plus | Enterprise: Standard | Enterprise: Compliance |
|---|---|---|---|---|
| Subscription Cost | No subscription | $49.99 / mo | $1,500 / mo | $3,000 / mo |
| Client Fee | 3% | 0%-3% | 15% | 30% |
| Freelancer Service Fee | 20% / 10% / 5% | 20% / 10% / 5% | 10% | 10% |

# Client Spend Retention Rates Are Compelling and Accelerating



Client Spend Retention[1]

| | |
|---|---|
| 110% | |
| 105% | |
| 100% | |
| 95% | |

Q1-2018: 103%
Q2-2018: 106%
Q3-2018: 108%
Q4-2018: 108%
Q1-2019: 107%
Q2-2019: 105%
Q3-2019: 104%
Q4-2019: 102%
Q1-2020: 102%
Q2-2020: 100%
Q3-2020: 100%
Q4-2020: 102%
Q1-2021: 106%
April-2021: 109%
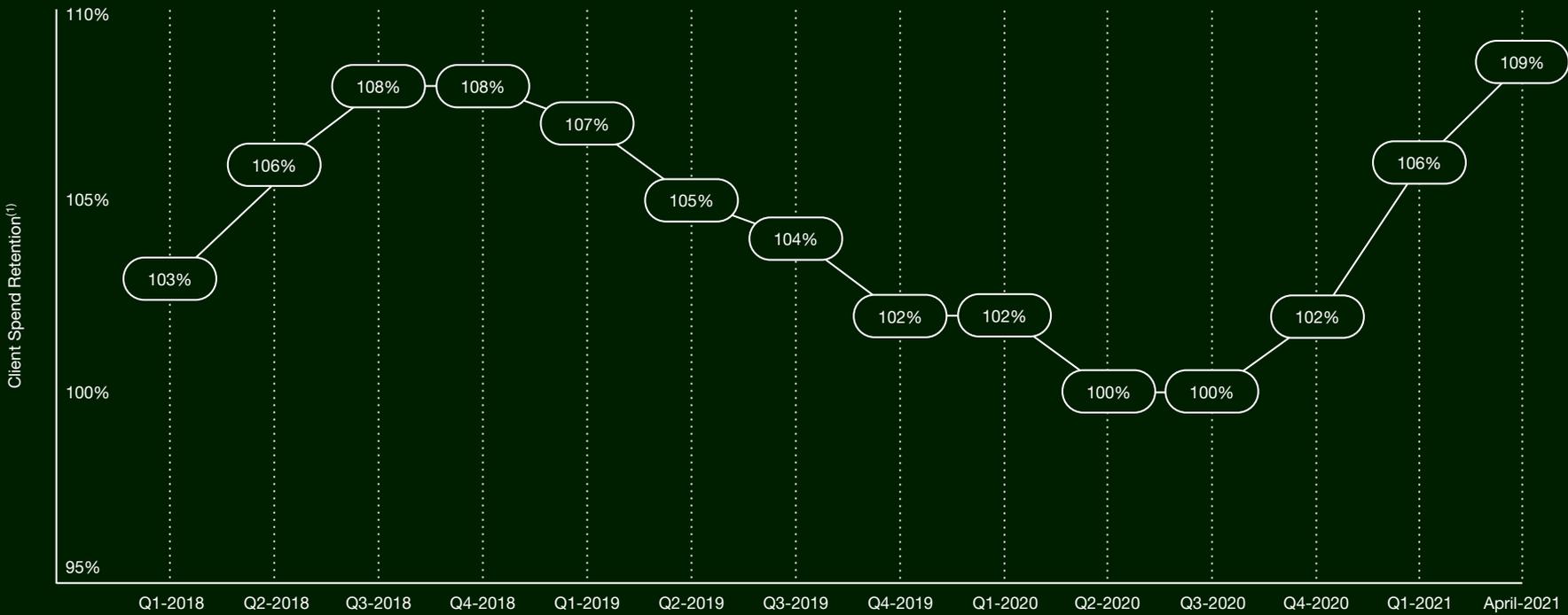
Note: (1) See appendix for the definition of client spend retention.

# Strong Client Spend Retention Provides High GSV Predictability

## GSV by Annual Client Cohort[1]

● Before 2016  ● 2016  ● 2017  ● 2018  ● 2019  ● 2020

$1.15B · $1.37B · $1.76B · $2.09B · $2.52B

GSV axis: $2.5B, $2.0B, $1.5B, $1.0B, $500M, $200M

2016 · 2017 · 2018 · 2019 · 2020
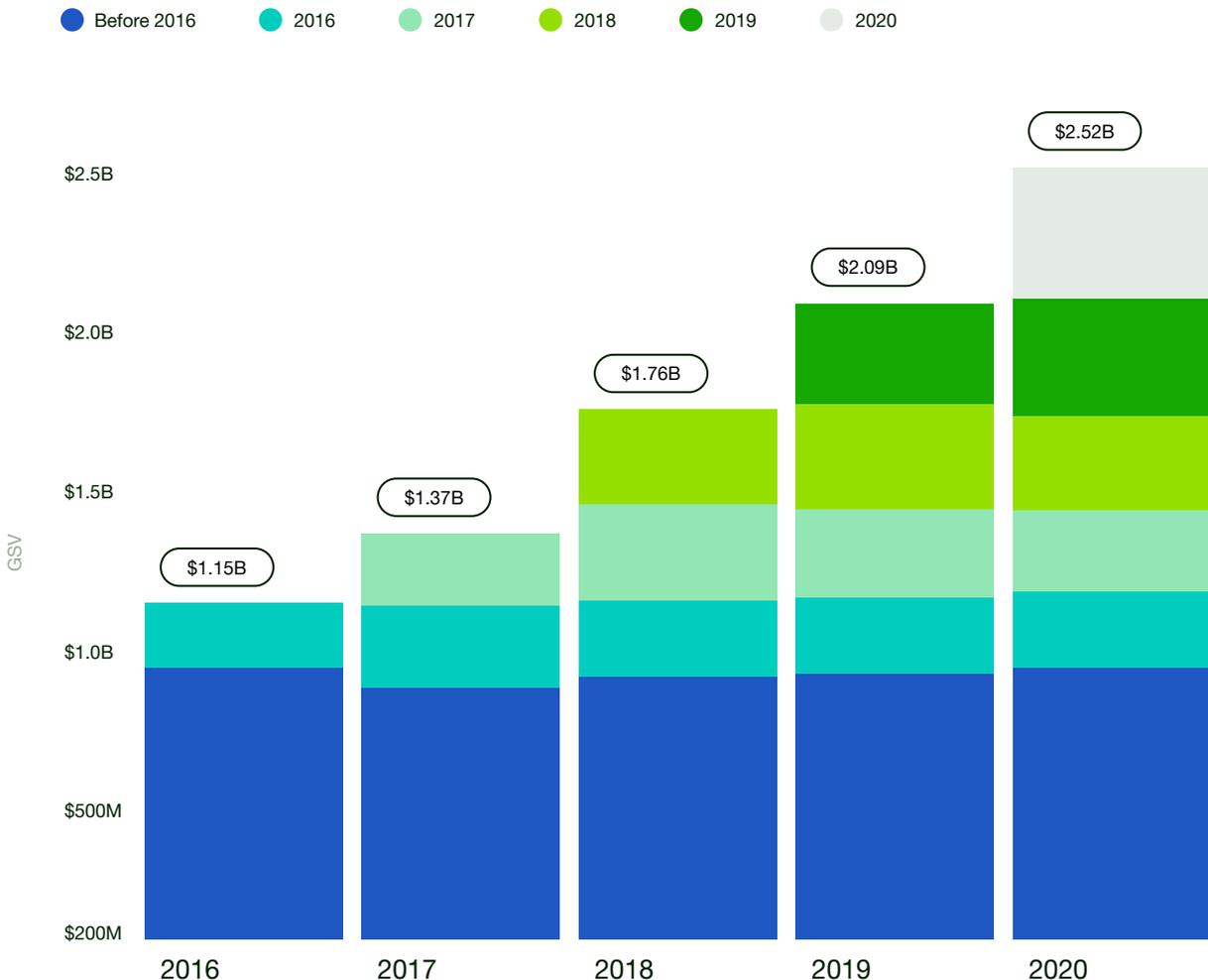
GSV
Acceleration
Among Newly
Acquired Clients

GSV from Clients
Acquired in Year

GSV

YoY Growth

37%

16%

10%

6%

2016      2017      2018      2019      2020
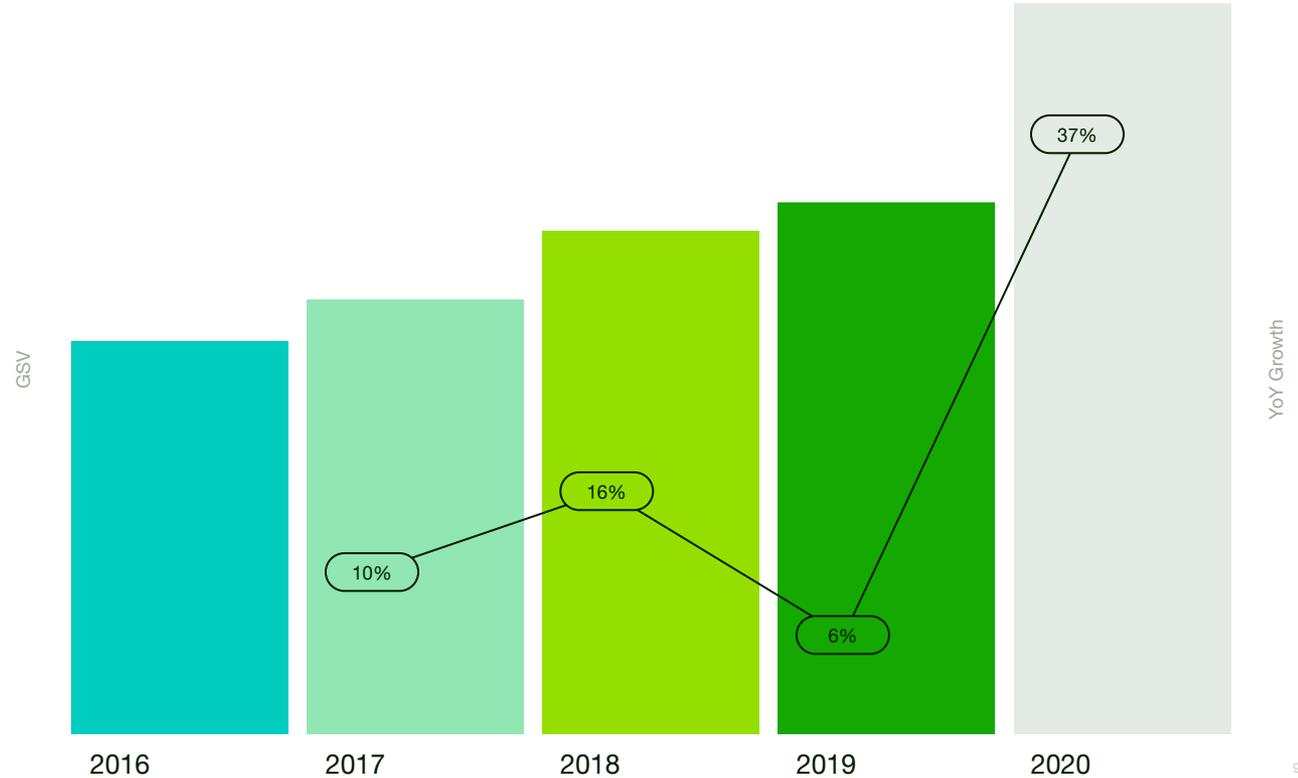
# Strong Client Spend Retention Provides High GSV Predictability



GSV by Quarterly Client Cohort

- Q1-2019
- Q2-2019
- Q3-2019
- Q4-2019
- Q1-2020
- Q2-2020
- Q3-2020
- Q4-2020
- Q1-2021

GSV

Q1-2019  Q2-2019  Q3-2019  Q4-2019  Q1-2020  Q2-2020  Q3-2020  Q4-2020  Q1-2021
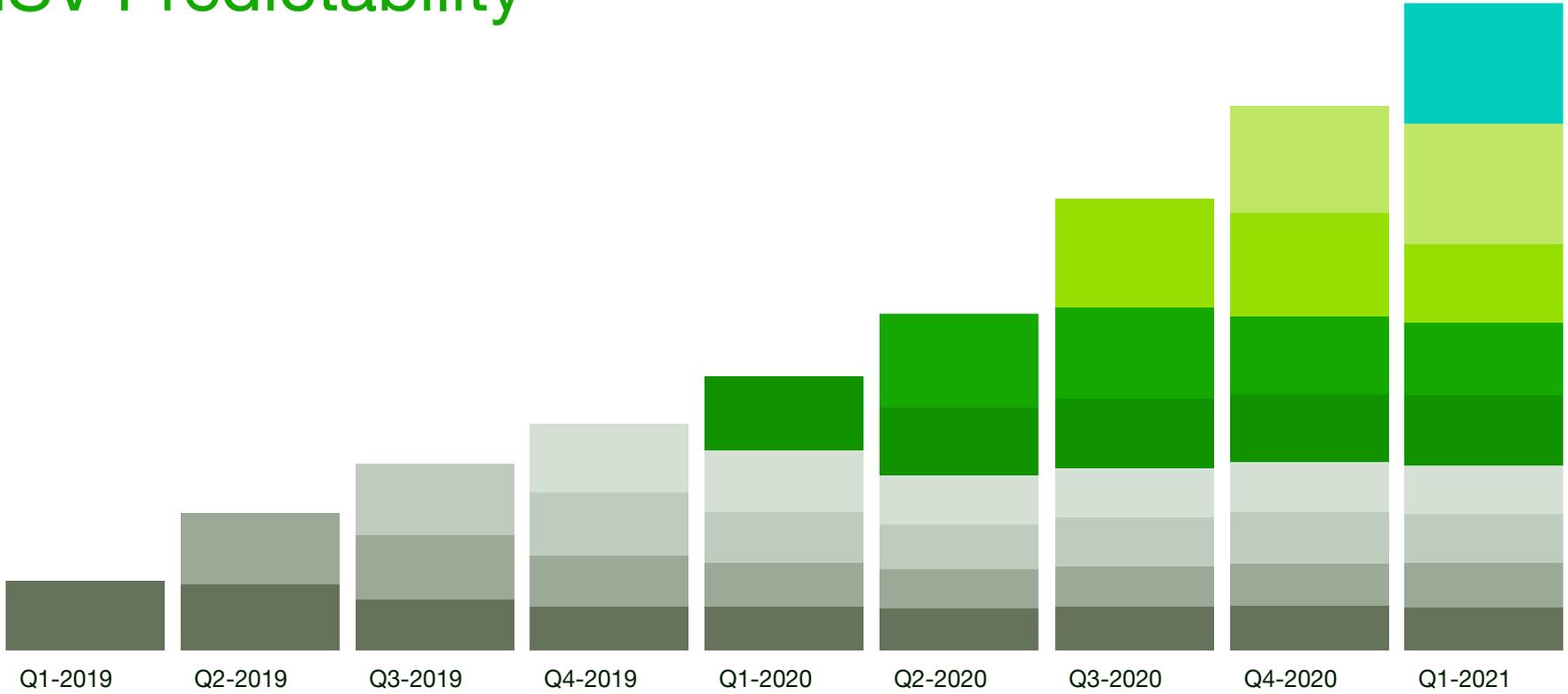
# Spend from Clients Acquired in the Quarter Has Accelerated

GSV from Clients Acquired in Quarter

YoY Growth

YoY GSV

| Quarter | YoY Growth |
|---------|-----------|
| Q1-2019 | 6% |
| Q2-2019 | 11% |
| Q3-2019 | 5% |
| Q4-2019 | 3% |
| Q1-2020 | 2% |
| Q2-2020 | 30% |
| Q3-2020 | 47% |
| Q4-2020 | 61% |
| Q1-2021 | 73% |
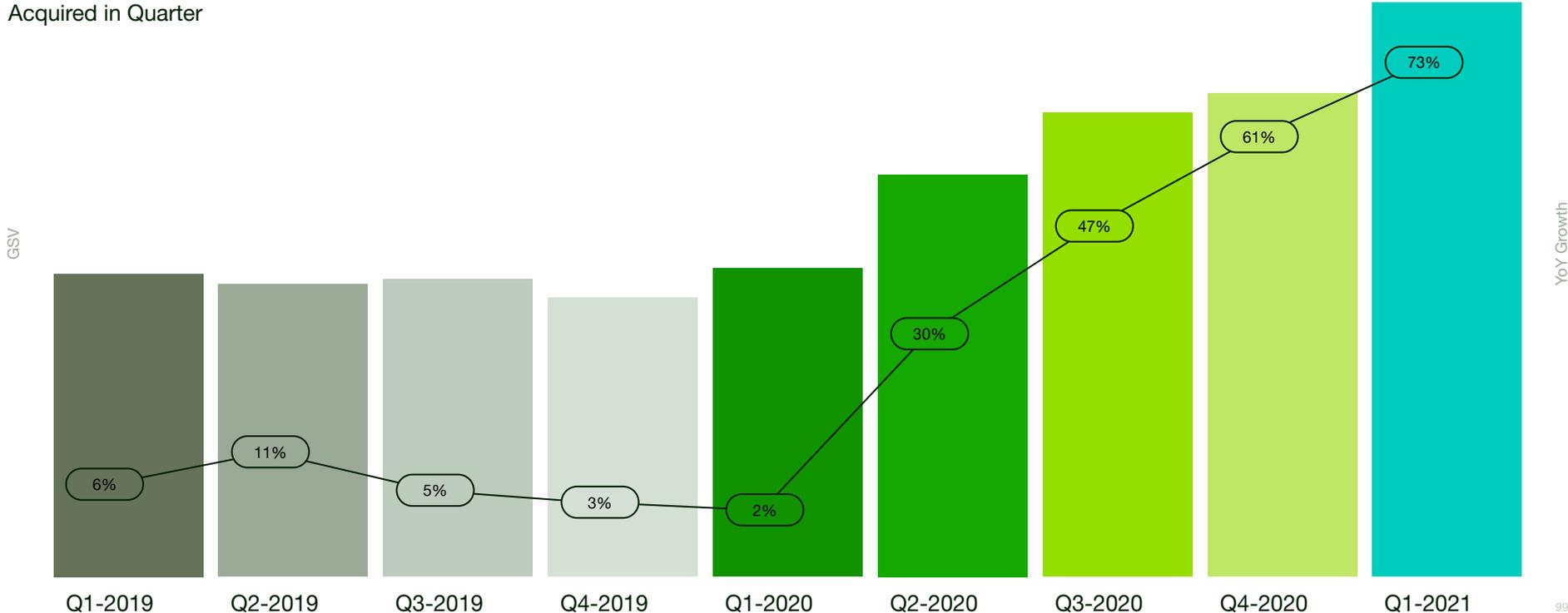
# Client Behavior Changed, Starting in Q2-2020

Since Q2-2020...

## Older Cohorts Are Increasing Spend

# 105%    ~5pt lift over historical average

Average QoQ cohort spend retention[1] from cohorts aged 1+ years in each of the past 3 quarters

Notes: (1) Referencing quarterly cohorts. See appendix for the definition of cohort spend retention.

## Newer Cohorts Are Growing Faster

# 102%    ~10pt lift over historical average

Average QoQ cohort spend retention from start period to 2nd period for Q2-2020 to Q4-2020 cohorts

It's a profound moment when you realize there is a freelancer somewhere in the world who can make whatever you're dreaming up a reality; it fundamentally changes how you work and makes the impossible possible.

Kevin Scott, head of technology, PGA of America

# 3. Strong Client Demand

# Client Demand Is Fueling Accelerated Top-Line Growth

Legend: ● YoY Growth  ● GSV

GSV values: Q1-2020 $560M, Q2-2020 $582M, Q3-2020 $655M, Q4-2020 $728M, Q1-2021 $787M

YoY Growth: Q1-2020 15%, Q2-2020 12%, Q3-2020 23%, Q4-2020 33%, Q1-2021 41%
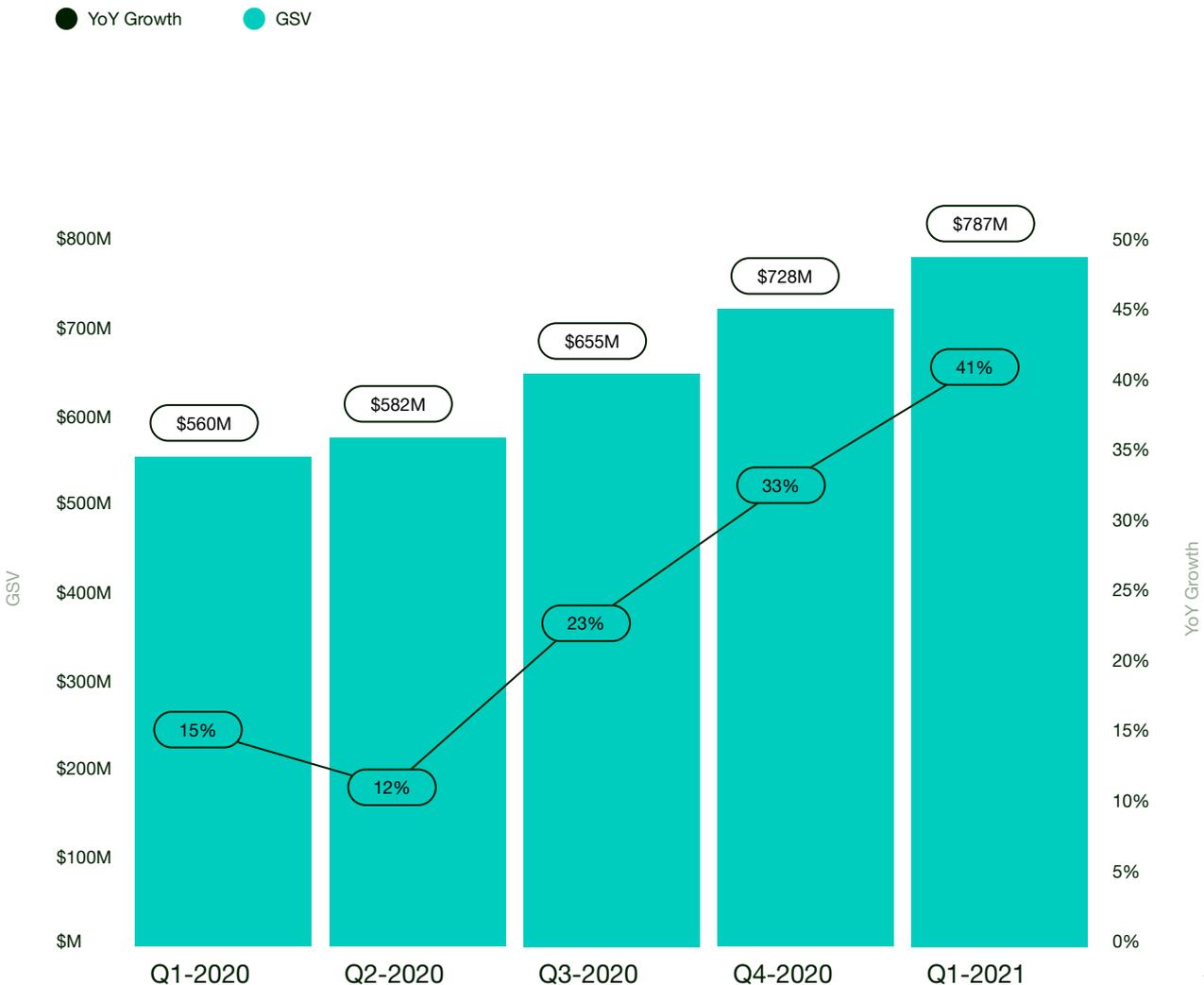
# GSV Acceleration Has Been Driven by Growth in Active Clients

● YoY Growth  ● TTM Active Clients

Active client count growth has accelerated for 4 consecutive quarters



| | Q1-2019 | Q2-2019 | Q3-2019 | Q4-2019 | Q1-2020 | Q2-2020 | Q3-2020 | Q4-2020 | Q1-2021 |
|---|---|---|---|---|---|---|---|---|---|
| YoY Growth | 10% | 10% | 10% | 9% | 7% | 9% | 12% | 17% | 25% |
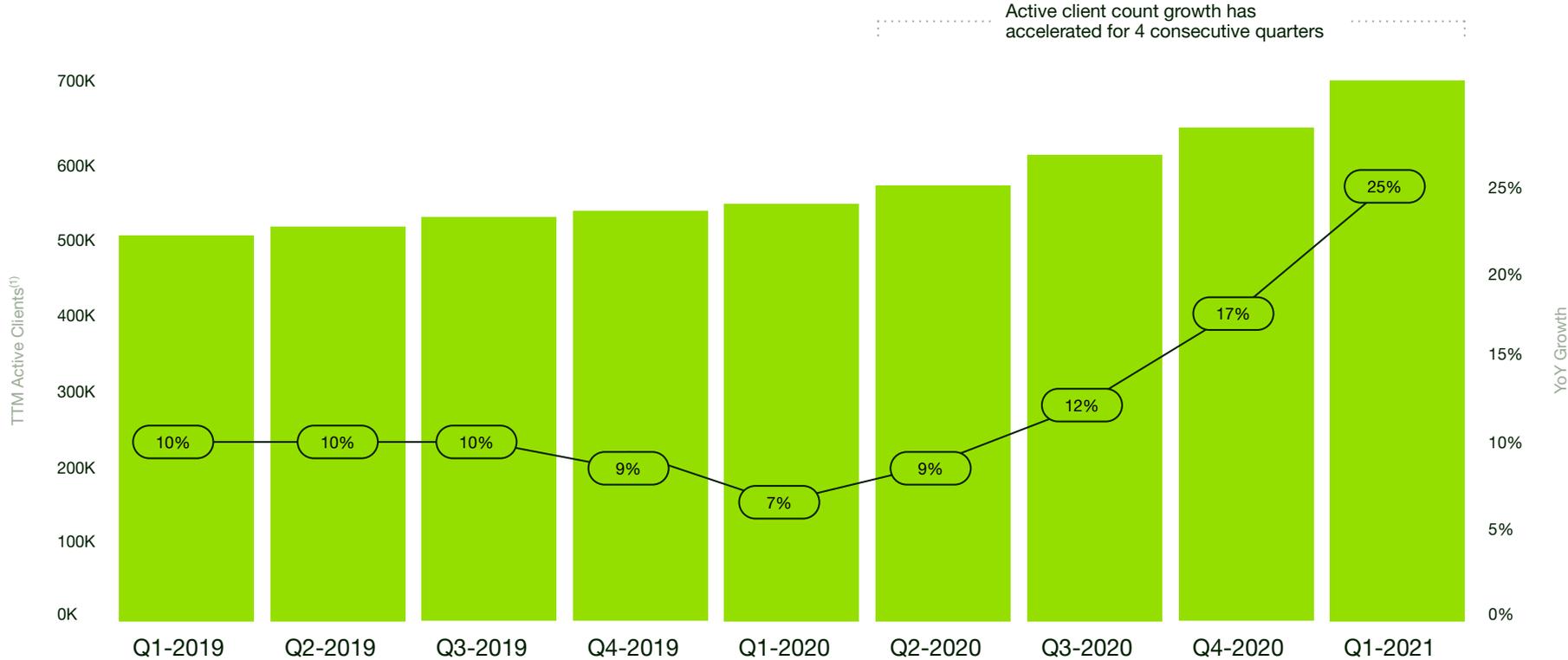
Note: (1) See appendix for the definition of active clients.

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# GSV Per Active Client Is Increasing

| | Q1-2019 | Q2-2019 | Q3-2019 | Q4-2019 | Q1-2020 | Q2-2020 | Q3-2020 | Q4-2020 | Q1-2021 |
|---|---|---|---|---|---|---|---|---|---|
| YoY Avg GSV / Retained Client | 10% | 9% | 8% | 7% | 7% | 4% | 5% | 7% | 11% |
| YoY Avg GSV / Acquired Client | 7% | 5% | 2% | 1% | 5% | 2% | 3% | 9% | 9% |
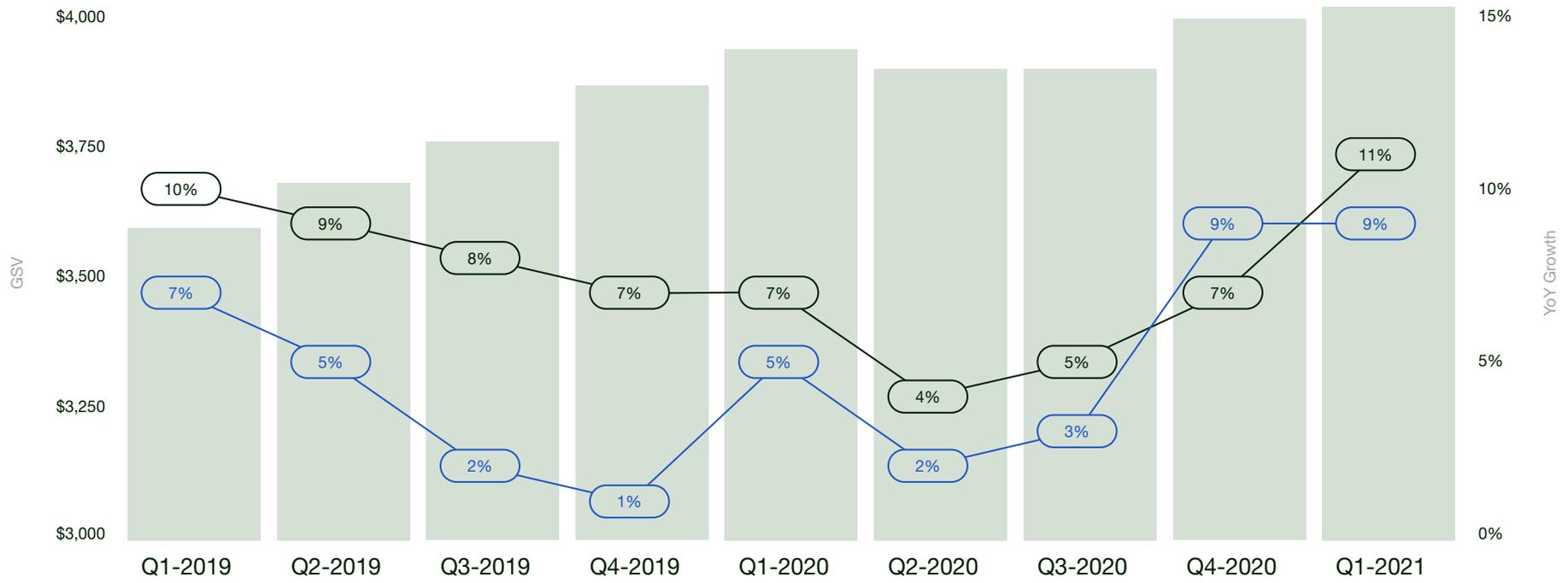
Note: (1) See appendix for the definition of GSV per active client.

# Our Large Base of Core Clients Is Also Driving GSV Growth

>80% of GSV on our platform comes from core clients,[1] which represent >20% of total clients[2]
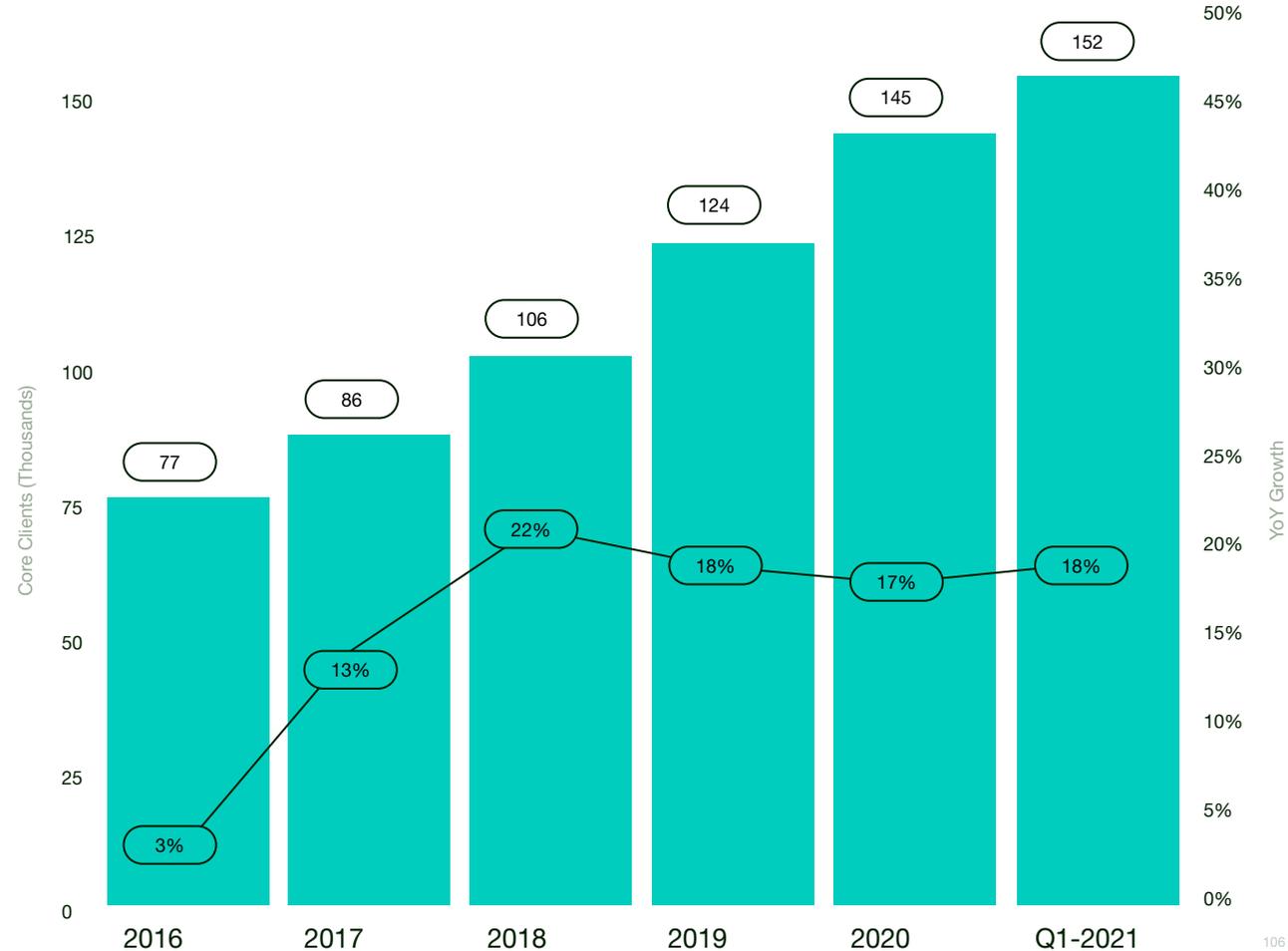
Notes: (1) See appendix for the definition of core clients. (2) As of 2021.

Core Clients[1] & YoY Growth



Core Clients (Thousands)

YoY Growth

| Year | Core Clients | YoY Growth |
|------|--------------|------------|
| 2016 | 77 | 3% |
| 2017 | 86 | 13% |
| 2018 | 106 | 22% |
| 2019 | 124 | 18% |
| 2020 | 145 | 17% |
| Q1-2021 | 152 | 18% |

# We Are Adding High-Value Clients at an Accelerating Pace

Number of Clients with GSV Exceeding $100K
During the Trailing 12 Months



High-Value Clients[1]

YoY Growth

| 2016 | 2017 | 2018 | 2019 | 2020 | Q1-2021 |
|------|------|------|------|------|---------|
| ~1,200 | ~1,500 | ~2,100 | ~2,600 | 3,100+ | 3,400+ |
| 25% | 27% | 41% | 22% | 23% | 27% |
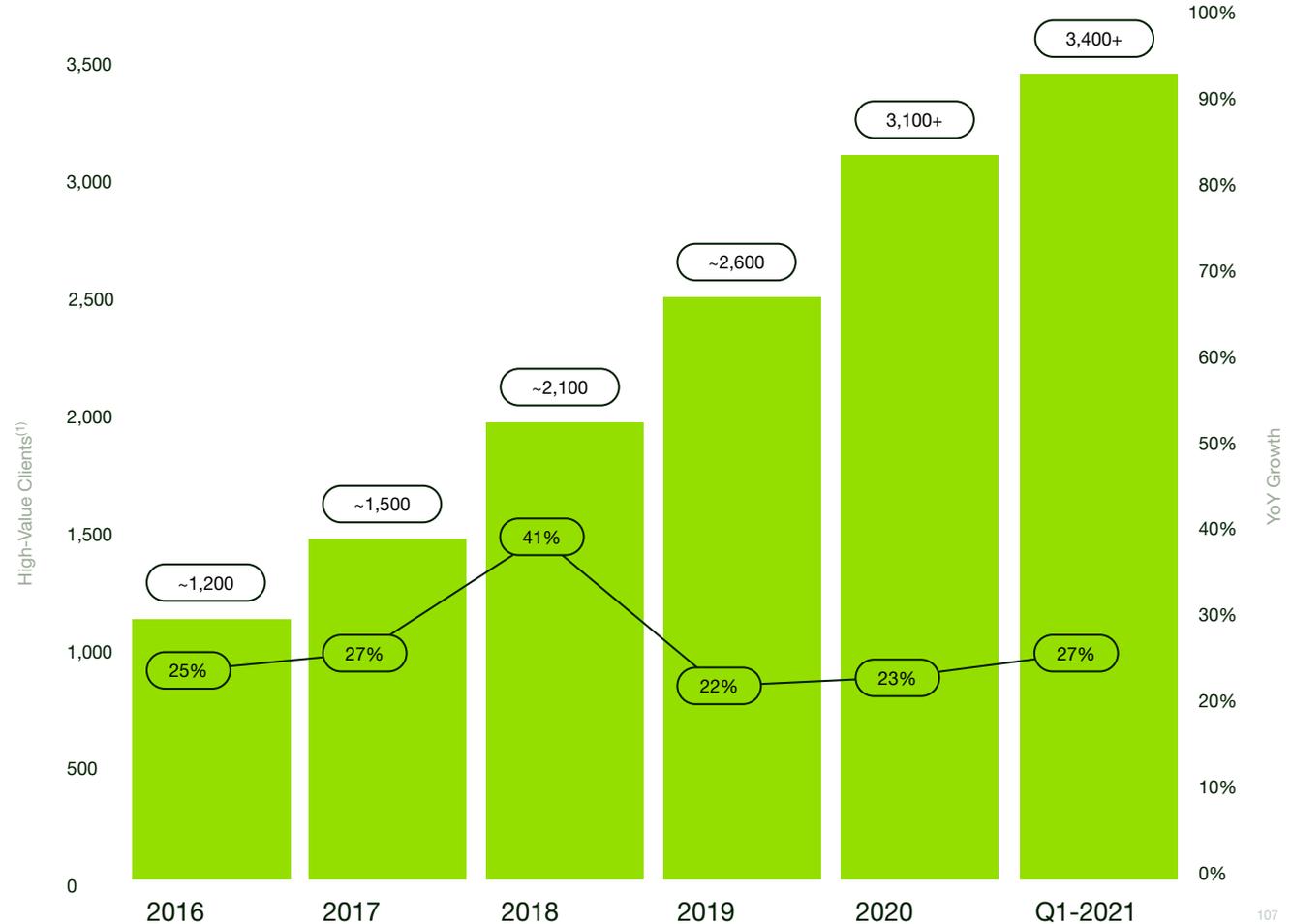
Note: (1) See appendix for the definition of high-value clients.

# Majority of Client Growth Is Organic – and We Are Growing Performance Marketing Quickly



Legend:
- Performance Marketing YoY Growth
- Organic / Other YoY Growth
- Clients from Performance Marketing
- Clients from Organic / Other

New Clients (left axis) / YoY Growth (right axis)

Performance Marketing YoY Growth: Q1-2019 27%, Q2-2019 35%, Q3-2019 26%, Q4-2019 19%, Q1-2020 10%, Q2-2020 31%, Q3-2020 72%, Q4-2020 85%, Q1-2021 111%

Organic / Other YoY Growth: Q1-2019 3%, Q2-2019 4%, Q3-2019 0%, Q4-2019 -4%, Q1-2020 -7%, Q2-2020 19%, Q3-2020 35%, Q4-2020 39%, Q1-2021 56%
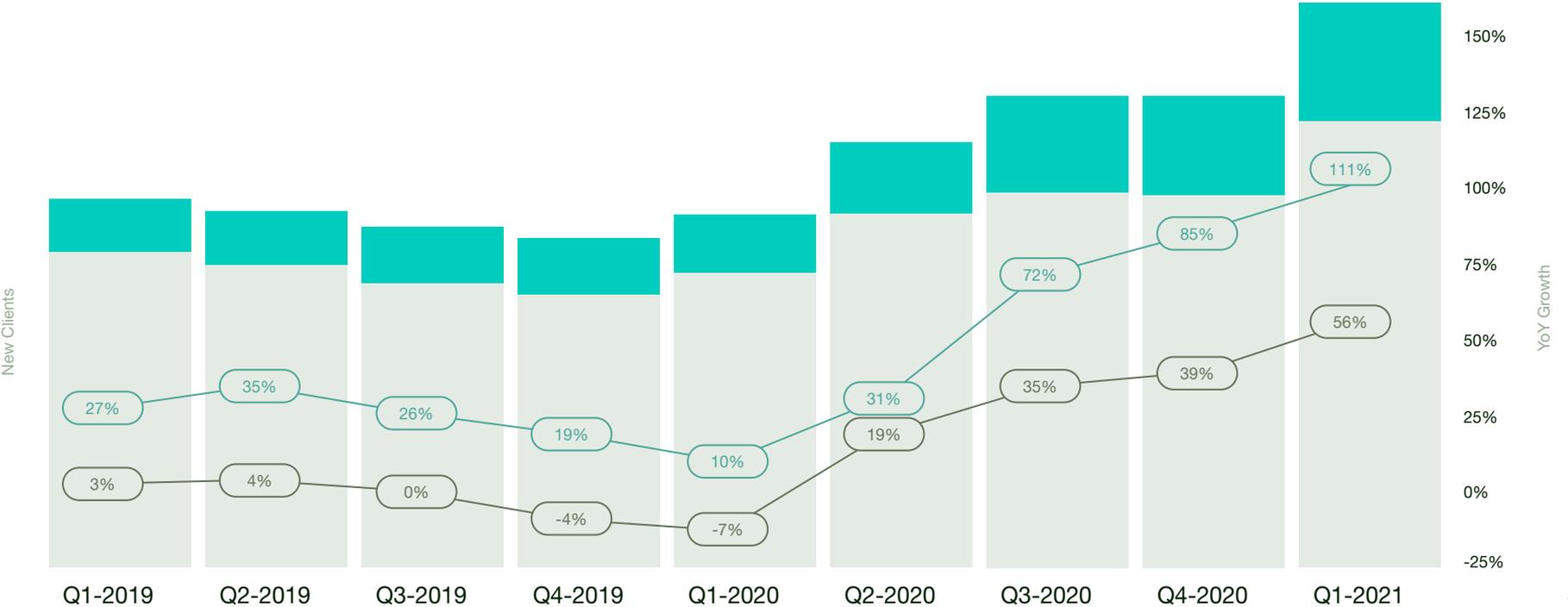
# We Have Grown Our Marketing Investments Significantly While Materially Improving Efficiency

⬤ YoY Growth  🟢 Total Marketing Spend



Total Marketing Spend (y-axis, left)
YoY Growth (y-axis, right): 80%, 60%, 40%, 20%, 0%

34% — 35% — 37% — 50%

2018   2019   2020   2021-Q1
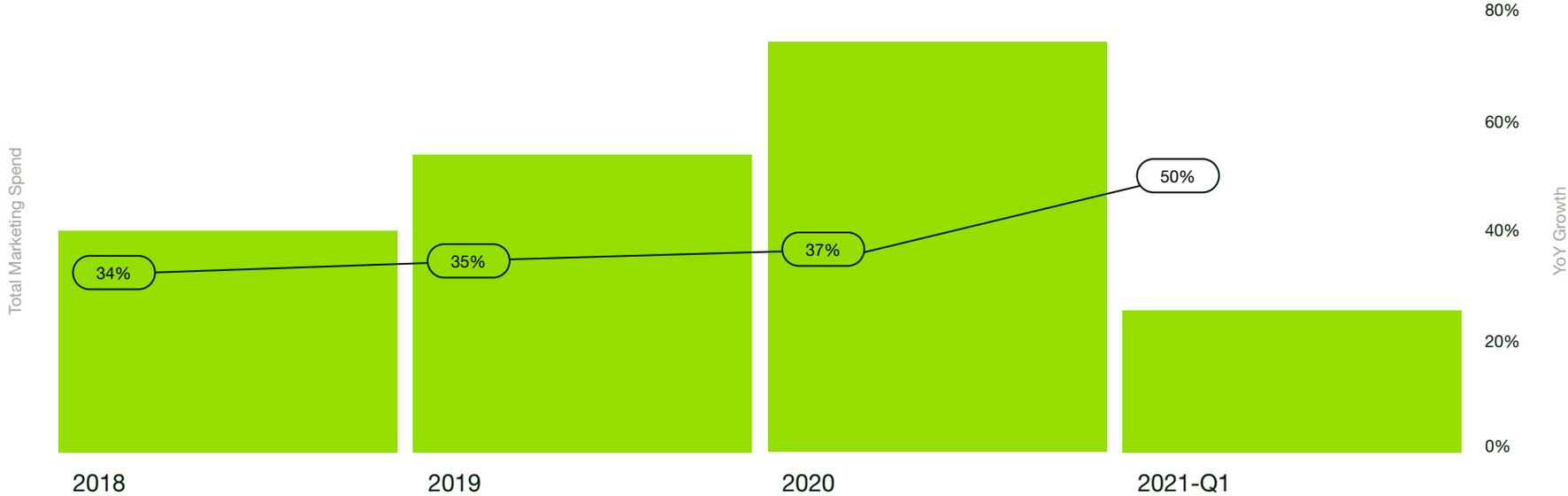
# Our Investment Approach Is Rooted in EVA

## Economic Value Added (EVA)

- Maximize investment wherever return is >WACC
- Driving growth within this constraint is top priority

EBITDA margin is important, but secondary

## Details

- 5-year revenue attribution window
- Payback period is a consideration
- Given strong retention curves, target LTV:CAC averages ~3x

# Illustrative Unit Economics per Acquired Client

## Performance Marketing

| ~$7K | ~80% | >25% |
|---|---|---|
| 5-year spend | Contribution margin | Target IRR |



## Sales

| ~$4M | ~50% | >25% |
|---|---|---|
| 5-year spend | Contribution margin | Target IRR |
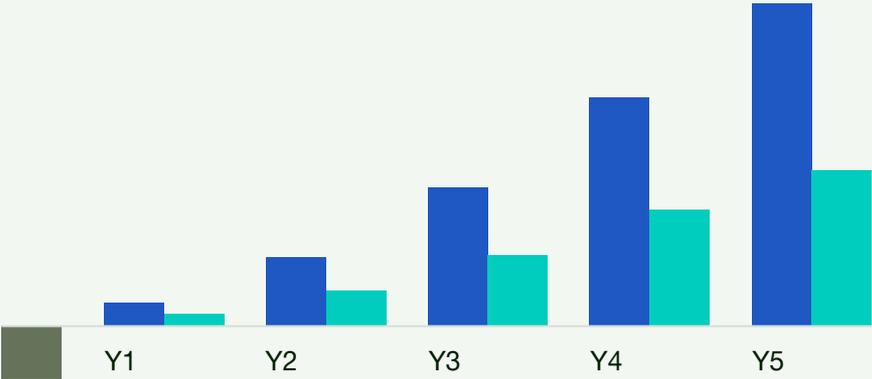
# Long-Term Target Growth Rates of 20%+

| | | Long-Term Target YoY Growth Rates | TTM YoY Growth Rates (as of Q1-2021) |
|---|---|---|---|
| Marketplace | Active TTM Clients | 10-20% | 25% |
| | GSV per Active TTM Client | 0-10% | 2% |
| | GSV | 20%+ | 27% |
| | Take Rate | >0% | 1% |
| | Revenue | 20%++ | 28% |
| Managed Services | GSV and Revenue | ~10% | 10% |

# Leading to Target Revenue of
# $1B+ in 2025

# 4. Compelling Margin Structure

# Our Compelling Margin Structure

- High and expanding gross margins

- Industry-leading investment levels in R&D to extend competitive moats

- Opportunities for leverage in R&D and G&A

- Will invest aggressively in sales and marketing to drive growth and maximize economic value added

Notes:
(1) Marketplace gross margin is defined as total gross profit, excluding revenue from Managed Services and cost of freelancer services to deliver Managed Services, divided by Marketplace revenue.

(2) Managed Services gross margin is defined as Managed Services revenue less cost of freelancer services to deliver Managed Services, divided by Managed Services revenue.

Numbers are non-GAAP. Non-GAAP here excludes SBC, amortization, and non-cash charitable donations. All numbers reflect depreciation expense, except for EBITDA.

| % of Revenue | FY2018 | FY2019 | FY2020 | Q1-2021 | LT Target |
|---|---|---|---|---|---|
| Marketplace Gross Margin [1] | 75% | 77% | 78% | 78% | 80-85% |
| Managed Services Gross Margin [2] | 17% | 17% | 19% | 19% | 20% |
| Total Gross Margin | 68% | 71% | 72% | 73% | 80-85% |
| R&D | 21% | 19% | 20% | 21% | 15-20% |
| S&M | 28% | 31% | 34% | 34% | 20-25% |
| G&A | 16% | 18% | 15% | 14% | 8-10% |
| Transaction Losses | 2% | 1% | 1% | 1% | 1-2% |
| EBITDA | 1% | 2% | 4% | 6% | 30-35% |

# Significant opportunity for sustainable, long-term growth with attractive margins

# Uniquely Positioned to Succeed

Massive TAM with secular tailwinds

Largest work marketplace at scale [1]

Deep and expanding competitive moats

Multiple growth opportunities

Proven and experienced management team

# Appendix

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# Key Metric Definitions

### Active Clients

A client who has had spend activity during the trailing 12-month period is considered active.

### Client Cohort

A client belongs to an annual or quarterly cohort, as the case may be, based on the date of first spend activity with a freelancer.

### Client Spend Retention

Client spend retention is calculated by dividing our recurring client spend by our base client spend. We define base client spend as the aggregate client spend from all clients during the four quarters ended one year prior to the date of measurement. We define our recurring client spend as the aggregate client spend during the four quarters ended on the date of measurement from the same clients included in our measure of base client spend.

### Core Clients

A core client is defined as a client that has spent in the aggregate at least $5,000 since beginning to use our platform and also had spend activity during the 12 months preceding the date of measurement.

# Key Metric Definitions

### First Job Post (FJP)

The first job a client posts on our platform.

### Gross Services Volume (GSV)

Gross services volume, or GSV, includes both client spend and additional fees charged for other services.

### GSV per Active Client

GSV per active client is calculated by dividing total trailing 12-month GSV by the number of active clients at the date of measurement.

### High-Value Clients

A high-value client is one who has a minimum total GSV of $100K in the trailing 12-month period.

### QoQ Cohort Spend Retention

QoQ cohort spend retention is calculated by dividing retention period spend by base period spend for any given client cohort, where retention period spend represents the aggregate spend by the client cohort during the quarter of measurement and the base period spend represents the aggregate spend by the same client cohort during the quarter immediately preceding the quarter of measurement.

# Summary of Changes to Our Publicly Disclosed Metrics

| Metric | Timing |
|--------|--------|
| Client spend retention | Deprecating after Q2-2021 |
| Core clients | Deprecating after Q2-2021 |
| TTM active clients | Quarterly disclosure starting Q2-2021 |
| TTM GSV per active client | Quarterly disclosure starting Q2-2021 |
| Annual cohort performance | Annual disclosure starting Q4-2021 |
| Quarterly cohort performance | One-time disclosure |
| High-value clients | One-time disclosure |

# GAAP to Non-GAAP Reconciliation

| | $Millions | | | | % of Related Revenue | | | |
|---|---|---|---|---|---|---|---|---|
| | FY2018 | FY2019 | FY2020 | Q1-2021 | FY2018 | FY2019 | FY2020 | Q1-2021 |
| GAAP Marketplace COR | 57.0 | 61.4 | 75.6 | 23.2 | 25% | 23% | 22% | 22% |
| Stock-based compensation | -0.3 | -0.5 | -0.8 | -0.2 | 0% | 0% | 0% | 0% |
| Non-GAAP Marketplace COR | 56.7 | 60.9 | 74.8 | 23.0 | 25% | 23% | 22% | 22% |
| Non-GAAP Marketplace Gross Margin (%) | 75% | 77% | 78% | 78% | | | | |
| GAAP Managed Services COR | 24.5 | 26.8 | 28.7 | 7.2 | 83% | 83% | 81% | 81% |
| Non-GAAP Managed Services COR | 24.5 | 26.8 | 28.7 | 7.2 | 83% | 83% | 81% | 81% |
| Non-GAAP Managed Service Gross Margin (%) | 17% | 17% | 19% | 19% | | | | |
| GAAP COR | 81.5 | 88.1 | 104.3 | 30.4 | 32% | 29% | 28% | 27% |
| Stock-based compensation | -0.3 | -0.5 | -0.8 | -0.2 | 0% | 0% | 0% | 0% |
| Non-GAAP Total COR | 81.2 | 87.7 | 103.5 | 30.2 | 32% | 29% | 28% | 27% |
| Non-GAAP Total Gross Margin (%) | 68% | 71% | 72% | 73% | | | | |

Notes: (1) Figures have been rounded. (2) Marketplace gross margin is using Marketplace revenue and total COR less Managed Services COR. (3) Managed Services gross margin is using Managed Services revenue and Managed Services COR.

# GAAP to Non-GAAP Reconciliation

| | $Millions | | | | % of Related Revenue | | | |
|---|---|---|---|---|---|---|---|---|
| | FY2018 | FY2019 | FY2020 | Q1-2021 | FY2018 | FY2019 | FY2020 | Q1-2021 |
| GAAP R&D | 55.5 | 64.0 | 83.5 | 26.6 | 22% | 21% | 22% | 23% |
| Stock-based compensation | -3.3 | -6.5 | -9.8 | -3.3 | -1% | -2% | -3% | -3% |
| Non-GAAP R&D | 52.2 | 57.6 | 73.7 | 23.3 | 21% | 19% | 20% | 21% |
| | | | | | | | | |
| GAAP S&M | 73.0 | 95.9 | 133.2 | 39.6 | 29% | 32% | 36% | 35% |
| Stock-based compensation | -1.6 | -2.6 | -4.4 | -1.3 | -1% | -1 | -1% | -1% |
| Non-GAAP S&M | 71.3 | 93.3 | 128.8 | 38.3 | 28% | 31% | 34% | 34% |
| | | | | | | | | |
| GAAP G&A | 49.3 | 67.3 | 71.5 | 23.5 | 19% | 22% | 19% | 21% |
| Stock-based compensation | -5.2 | -9.3 | -10.5 | -6.4 | -2% | -3% | -3% | -6% |
| Amortization | -2.7 | -2.7 | -2.7 | -0.7 | -1% | -1% | -1% | -1% |
| Non-cash charitable | -0.2 | -0.7 | -0.8 | -0.2 | 0% | 0% | 0% | 0% |
| Non-GAAP G&A | 41.3 | 54.7 | 57.6 | 16.2 | 16% | 18% | 15% | 14% |

Notes: (1) Figures have been rounded.