

Upwork Investor Presentation

November 2025

upwork

Safe Harbor Statement

This presentation of Upwork Inc. (together with its wholly owned subsidiaries, the “Company,” “we,” “us,” or “our”) contains “forward-looking” statements within the meaning of the federal securities laws. Forward-looking statements include all statements other than statements of historical fact, including any statements regarding our future operating results and financial position, including expected financial results for the fourth quarter and full year 2025, information or predictions concerning the future of our business or strategy, anticipated events and trends, potential growth or growth prospects, competitive position, technological and market trends, industry environment, the economy, our plans with respect to share repurchases, the expected impact and timing of strategic initiatives, including the launch of Lifted, the Company’s enterprise-focused subsidiary, and its acquisitions of Bubty B.V., which we refer to as Bubty, and Ascen Inc., which we refer to as Ascen, and other future conditions.

We have based these forward-looking statements largely on our current expectations and projections as of the date hereof about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short- and long-term business operations and objectives, and financial needs. As such, they are subject to inherent uncertainties, known and unknown risks, and changes in circumstances that are difficult to predict and in many cases outside our control, and you should not rely on such forward-looking statements. We make no representation that the projected results will be achieved or that future events and circumstances will occur, and actual results may differ materially and adversely from our expectations. The forward-looking statements are made as of the date hereof, and we do not undertake, and expressly disclaim, any obligation to update or revise any forward-looking statements, conform these statements to actual results, or make changes in our expectations, except as required by law. Additional information regarding the risks and uncertainties that could cause actual results to differ materially from our expectations is included under the caption “Risk Factors” in our Quarterly Report on Form 10-Q for the three months ended June 30, 2025, filed with the SEC on August 6, 2025, and in our other SEC filings, which are available on our Investor Relations website at investors.upwork.com and on the SEC’s website at www.sec.gov. Additional information will also be set forth under the caption “Risk Factors” in our Quarterly Report on Form 10-Q for the three months ended September 30, 2025, when filed.

Undue reliance should not be placed on the forward-looking statements in this presentation. Neither we nor any other person makes any representation or warranty as to the accuracy or completeness of the information herein. This presentation is made solely for informational purposes.

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Businesses need solutions for today's new era of work



Companies need **high quality talent** for AI and other top priorities



Businesses require more **flexibility & speed** in evolving their workforces



Budgets **remain under pressure**



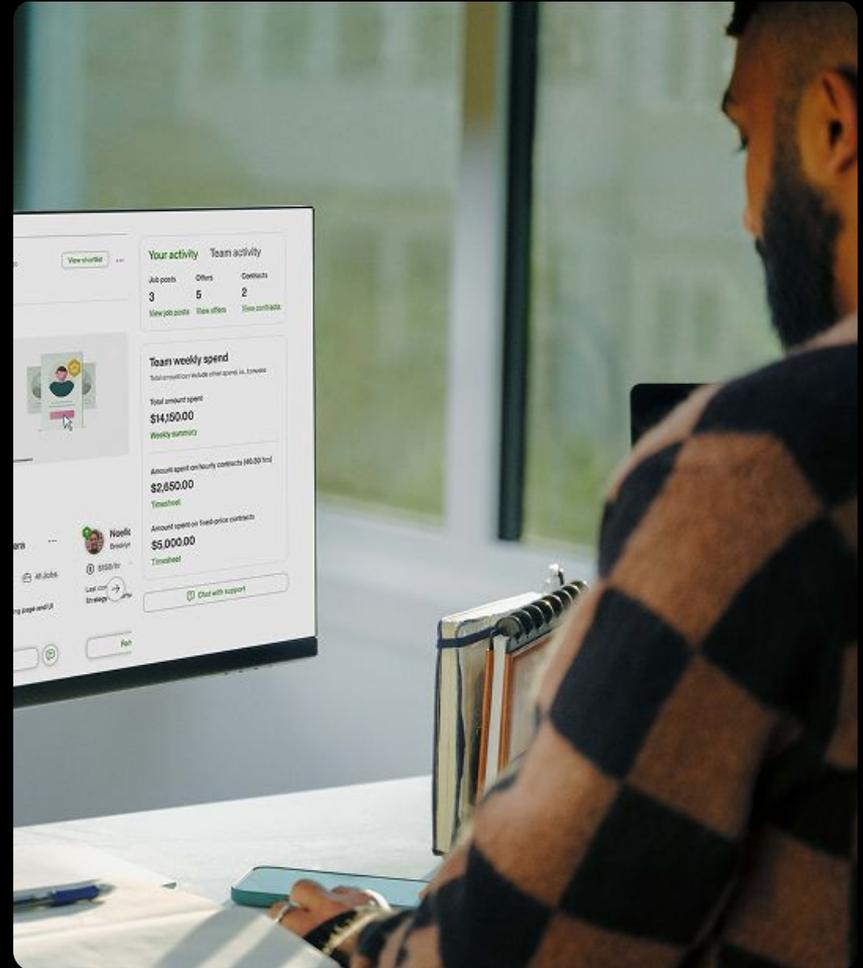
Traditional staffing solutions **fall short**



Companies are turning to Upwork: the world's human & AI-powered work marketplace

- **Global talent pool**, spanning >130 work categories and >10,000 skills – including ~250,000 AI experts globally
- **AI-powered platform** makes it easy to find, manage and pay talent for complex projects
- **Tailored solutions for SMBs and Enterprise**; customers include Microsoft, AirBnB, and Cloudflare

Proven track record delivering durable, profitable growth and increasing shareholder value



Upwork is the market leader, with advantages in scale, breadth of work and tailored support for businesses of all sizes



Industry-leading scale and innovation

- Enables \$1B of customer spend (GSV) quarterly; >\$30B in cumulative spend to date
 - Proprietary AI agent, Uma™, delivers effortless experience for hiring, managing, and paying
-



Larger, more complex jobs - enabled by AI

- GSV from AI related work grew 53% YoY in Q3'25 - subcategories like prompt engineering growing >70% YoY
 - Average GSV per active client >\$5,000 in Q3'25
-



Tailored solutions for SMBs & Enterprise

- Enterprise product purpose-built to serve contingent staffing programs at large companies
- SMB offering, Business Plus, grew GSV 33% QoQ in Q3'25

AI-enabled platform poised for accelerating growth

Growing GSV



- GSV over \$1B grew 2% year-over-year in Q3
- Platform designed to enable long-term, complex work with GSV per active client over \$5K, growing 5% year-over-year

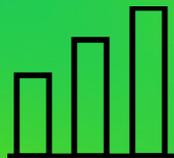
Record revenue



- Highest-ever revenue of \$202M grew 4% year-over-year in Q3
- Marketplace take rate of 18.9% grew 63 bps year-over-year

Marketplace model drives strong profitability and free cash flow

Record Margins & Profitability



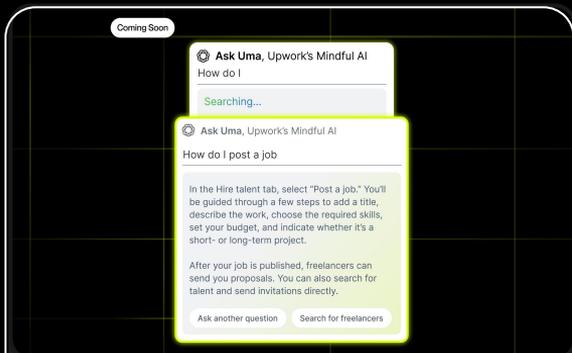
- Record adjusted EBITDA of \$59.6 million, a 38% year-over-year increase
- Record adjusted EBITDA margin of 29.6% in Q3 2025

Strong Balance Sheet & Cash Generation



- Cash, cash equivalents and marketable securities were approximately \$643M at the end of Q3 2025
- Strong free cash flow generation of \$69.4M in Q3 2025

Upwork is executing on three growth catalysts



AI features & category growth

Leveraging client demand for our ~250k AI experts and savvy talent pool to drive AI category growth.

AI-powered features including Uma, Upwork's Mindful AI, improve customer productivity and work outcomes.



Unlock SMB TAM

Attract and convert more new SMB customers with tailored solutions, such as Business Plus, and value added services to unlock the SMB market opportunity.



Enterprise expansion

Differentiated, digital offering for contingent talent sourcing, workforce management and compliant employment.

Positioned to increase wallet share with large clients and unlock the more than \$650 billion Enterprise opportunity¹.

¹ SIA, Global Staffing Market Estimates & Forecasts November 2024 | Staffing Industry Analysts

AI work is the fastest-growing major category on Upwork Marketplace for multiple quarters

Example client use cases:

- Prompt engineering
- AI integration
- Generative AI modeling
- Data labeling and annotation



53%

YoY increase in GSV from AI-related work in Q3 2025 - accelerating from 30% in Q2 2025

45%

YoY increase in the number of clients actively engaged in AI work in Q3 2025

3x

Average volume of work through Upwork from clients engaging in AI vs platform average

Lifted accelerates ability to capture greater share of the \$650B contingent workforce TAM¹

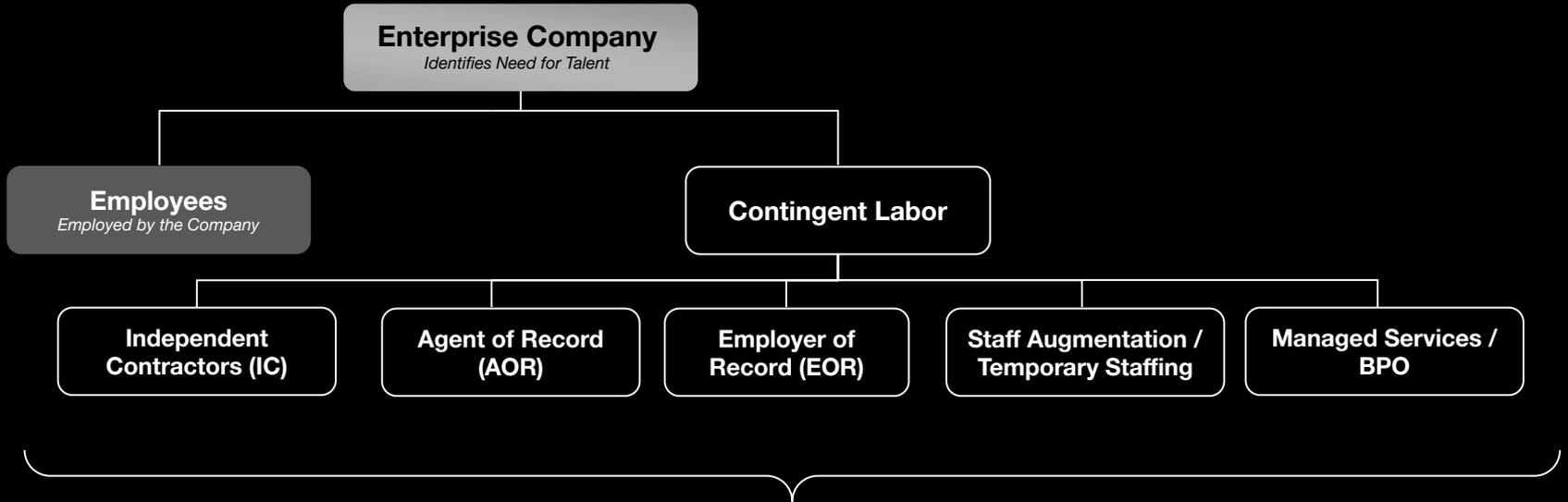
- Launched Lifted, an Upwork company, in Q3 2025 to provide a unified, best-in-class solution ready to support large enterprises' contingent work programs.
- Upwork's enterprise offering expanded with the acquisitions by Lifted of Bubty and Ascen
- Lifted is the only platform that serves enterprises with talent sourcing and workforce management across the full range of contingent workforce models (independent contractors, agency-of-record, employer-of-record, staff augmentation, statement of work, and outsourcing)
- Upwork's slate of hundreds of top-tier Enterprise clients provide strong foundation for growth of this new, expanded product.



Lifted
an upwork company

Lifted: A singular, differentiated solution

Enterprise expansion



Lifted, an Upwork Company: Differentiated, integrated & digital offering for all contingent work needs

Winning Bigger with SMBs

Attract and convert more new SMB customers with tailored solutions, such as Business Plus, and value added services to unlock the SMB market opportunity.

Q3 2025 highlights:

- Business Plus GSV increased 33% QoQ
- Business Plus active clients increased 36% QoQ in Q3 2025
- Continued to enhance the Business Plus value proposition with premium features that streamline the talent sourcing and evaluation process in Q3 2025



Proven ability to drive durable, profitable growth and margin expansion

>10 points of margin expansion over the past two years

On track to achieve 35% adjusted EBITDA margin target:

- Executing disciplined cost management across every area of our business while investing in growth levers, including AI category growth and AI platform enhancements driving revenue growth
- Current AI investments not yet impacting cost base, creating future margin upside
- Ongoing pricing and supply/demand experimentation provide powerful future take rate expansion opportunities

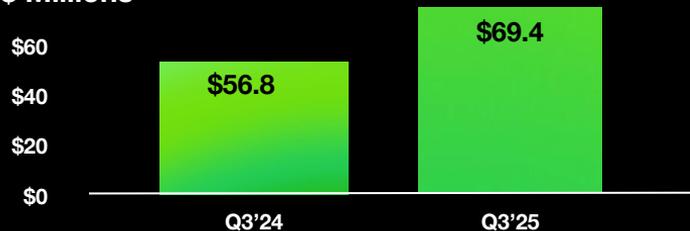


Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures and are presented for supplemental purposes only and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. An explanation of non-GAAP financial measures and reconciliations to their most directly comparable GAAP financial measures can be found in the appendix of this presentation.

Strong, growing free cash flow enables investments in growth levers, M&A and capital return

Quarterly YoY Free Cash Flow (Q3)

\$ Millions



Annual Free Cash Flow

\$ Millions



Strategic use of cash to drive long-term shareholder value:

- M&A
- Share repurchases expected to fully offset dilution from SBC

Share Repurchase Program

2024 - \$100M and 8.1M shares repurchased
- Offset SBC by \$32M

2025 YTD* - \$101.9M and 7.3M shares repurchased
- \$98.1M remaining

Strategic Acquisitions

2023  headroom

2024  Objective

2025  

Free cash flow is a non-GAAP financial measure and is presented for supplemental purposes only and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. An explanation of non-GAAP financial measures and reconciliations to their most directly comparable GAAP financial measures can be found in the appendix of this presentation.

*As of September 30, 2025.

All-time highs in revenue and adjusted EBITDA

Q3'25

GSV

\$1,017.7M

+2% year-over-year

Revenue

\$201.7M

+4% year-over-year

GAAP Gross Margin

77.3%

-32 bps year-over-year

Adjusted EBITDA

\$59.6M

29.6% adj. EBITDA margin

Free Cash Flow

\$69.4M

116% FCF/adj. EBITDA

Take Rate

19.8%

+2% year-over-year

"GSV," "Adjusted EBITDA," "Free Cash Flow," and "Take Rate" are defined in the definitions section of this presentation. Adjusted EBITDA, adjusted EBITDA margin, free cash flow, and free cash flow conversion rate are non-GAAP financial measures and are presented for supplemental purposes only and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. An explanation of non-GAAP financial measures and reconciliations to their most directly comparable GAAP financial measures can be found in the appendix of this presentation. For more information regarding our third quarter 2025 results, please refer to our press release dated November 3, 2025 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, when filed.

Appendix + Definitions

UPWORK INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue				
Marketplace	\$ 174,572	\$ 167,337	\$ 511,525	\$ 498,453
Enterprise	27,158	26,439	77,850	79,389
Total revenue	201,730	193,776	589,375	577,842
Cost of revenue	45,843	43,408	131,081	131,453
Gross profit	155,887	150,368	458,294	446,389
Operating expenses				
Research and development	47,494	50,411	138,489	155,792
Sales and marketing	34,985	46,093	107,407	141,277
General and administrative	41,257	31,276	104,964	93,201
Provision for transaction losses	2,393	1,795	6,421	4,496
Total operating expenses	126,129	129,575	357,281	394,766
Income from operations	29,758	20,793	101,013	51,623
Other income, net	5,917	8,091	18,112	20,433
Income before income taxes	35,675	28,884	119,125	72,056
Income tax provision	(6,340)	(1,126)	(19,334)	(3,636)
Net income	\$ 29,335	\$ 27,758	\$ 99,791	\$ 68,420

UPWORK INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
(In thousands, except for per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income per share:				
Basic	\$ 0.22	\$ 0.21	\$ 0.75	\$ 0.51
Diluted	\$ 0.21	\$ 0.20	\$ 0.72	\$ 0.50
Weighted-average shares used to compute net income per share:				
Basic	131,987	132,603	133,114	133,404
Diluted	139,666	139,294	140,910	140,552

UPWORK INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

September 30, 2025

December 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 260,838	\$ 305,757
Marketable securities	382,259	316,344
Funds held in escrow, including funds in transit	211,373	195,736
Trade and client receivables, net	76,433	75,490
Prepaid expenses and other current assets	18,048	17,727
Total current assets	948,951	911,054
Property and equipment, net	40,373	30,056
Goodwill	150,471	121,064
Intangible assets, net	39,656	12,989
Operating lease asset	5,188	5,752
Deferred tax asset	125,065	128,779
Other assets, noncurrent	1,505	1,919
Total assets	\$ 1,311,209	\$ 1,211,613

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	\$ 8,514	\$ 6,128
Escrow funds payable	211,373	195,736
Debt, current	359,310	—
Accrued expenses and other current liabilities	73,336	59,300
Deferred revenue	7,943	7,269
Total current liabilities	660,476	268,433
Debt, noncurrent	—	357,928
Operating lease liability, noncurrent	10,131	9,567
Other liabilities, noncurrent	12,476	308
Total liabilities	683,083	636,236

UPWORK INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
(In thousands)
(Unaudited)

	September 30, 2025	December 31, 2024
Stockholders' equity		
Common stock	13	14
Additional paid-in capital	605,931	653,575
Accumulated and other comprehensive income	867	264
Accumulated deficit	21,315	(78,476)
Total stockholders' equity	628,126	575,377
Total liabilities and stockholders' equity	\$ 1,311,209	\$ 1,211,613

UPWORK INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 29,335	\$ 27,758	\$ 99,791	\$ 68,420
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for transaction losses	2,113	1,100	5,707	3,533
Depreciation and amortization	7,946	3,668	18,686	10,443
Amortization of debt issuance costs	460	460	1,381	1,381
Accretion of discount on purchases of marketable securities, net	(2,195)	(2,272)	(5,699)	(10,431)
Amortization of operating lease asset	179	722	564	2,428
Tides Foundation common stock warrant expense	188	188	563	563
Stock-based compensation expense	19,789	18,578	48,038	54,758
Deferred taxes	(2,463)	—	(399)	—
Changes in operating assets and liabilities:				
Trade and client receivables ⁽¹⁾	(2,014)	4,851	(1,654)	(236)
Prepaid expenses and other assets	3,378	2,665	40	(2,468)
Operating lease liability	(208)	(1,086)	600	(4,215)
Accounts payable	4,571	(160)	(504)	541
Accrued expenses and other liabilities	13,866	6,480	16,777	(367)
Deferred revenue	134	(1,988)	667	(9,369)
Net cash provided by operating activities	75,079	60,964	184,558	114,981

UPWORK INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of marketable securities	(106,791)	(40,205)	(365,939)	(234,504)
Proceeds from maturities of marketable securities	70,314	43,423	302,725	365,269
Proceeds from sale of marketable securities	64	3,027	3,601	38,421
Acquisition of business, net of cash acquired	(39,436)	—	(59,846)	—
Purchases of property and equipment	(482)	(1,204)	(5,335)	(1,979)
Internal-use software and platform development costs	(5,166)	(2,963)	(13,376)	(8,600)
Net cash (used in) provided by investing activities	(81,497)	2,078	(138,170)	158,607

UPWORK INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES:				
Change in escrow funds payable, net ⁽¹⁾	6,451	36,810	23,025	32,008
Proceeds from exercises of stock options and common stock warrants	76	1,165	729	1,935
Proceeds from employee stock purchase plan	—	—	2,199	2,917
Repurchase of common stock	(31,001)	—	(101,923)	(100,000)
Net cash (used in) provided by financing activities	(24,474)	37,975	(75,970)	(63,140)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(30,892)	101,017	(29,582)	210,448
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—beginning of period	506,903	405,849	505,593	296,418
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—end of period	\$ 476,011	\$ 506,866	\$ 476,011	\$ 506,866

⁽¹⁾ We elected to change the presentation of certain cash flows on our Consolidated Statement of Cash Flow, reclassifying the change in Trade and client receivables, related to amounts received on behalf of talent to fund their escrow account, from operating activities to financing activities. Prior period comparative amounts have been recast to conform to the current period presentation.

The following table reconciles cash, cash equivalents, and restricted cash as reported in the condensed consolidated balance sheets to the total of the same amounts shown in the condensed consolidated statements of cash flows as of the following (in thousands):

	September 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 260,838	\$ 305,757
Restricted cash	3,800	4,100
Funds held in escrow, including funds in transit	211,373	195,736
Total cash, cash equivalents, and restricted cash as shown in the condensed consolidated statement of cash flows	\$ 476,011	\$ 505,593

UPWORK INC.
RECONCILIATION OF CASH PROVIDED BY OPERATING
ACTIVITIES
TO FREE CASH FLOW
(In thousands)
(Unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Cash provided by operating activities	\$ 75,079	\$ 60,964	\$ 184,558	\$ 114,981
Less: purchases of property, plant & equipment and cash outflows from internally developed software	(5,648)	(4,167)	(18,711)	(10,579)
Free cash flow	<u>\$ 69,431</u>	<u>\$ 56,797</u>	<u>\$ 165,847</u>	<u>\$ 104,402</u>

UPWORK INC.
RECONCILIATION OF CASH PROVIDED BY OPERATING
ACTIVITIES
TO FREE CASH FLOW
(In thousands)
(Unaudited)

Twelve Months Ended December 31,

	2024	2023	2022
Cash provided by operating activities	\$ 153,563	\$ 52,708	\$ 11,497
Less: purchases of property, plant & equipment and cash outflows from internally developed software	(14,444)	(13,351)	(8,733)
Free cash flow	\$ 139,119	\$ 39,357	\$ 2,764

UPWORK INC.
RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA
(In thousands)
(Unaudited)

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Net income	\$ 29,335	\$32,726	\$ 37,730	\$ 147,166	\$ 27,758	\$22,220	\$ 18,442	\$ 17,374	\$ 16,337
Add back (deduct):									
Stock-based compensation expense	19,789	15,977	12,272	13,633	18,578	19,238	16,942	18,047	17,811
Depreciation and amortization	7,946	5,879	4,861	4,370	3,668	3,629	3,146	3,808	1,763
Other income, net ⁽¹⁾	(5,917)	(5,878)	(6,317)	(4,788)	(8,091)	(5,620)	(6,722)	(7,389)	(5,766)
Income tax (benefit) provision ⁽¹⁾	6,340	5,717	7,277	(128,795)	1,126	1,181	1,329	(1,557)	895
Other ⁽²⁾⁽³⁾⁽⁴⁾	2,134	2,640	188	18,620	188	187	188	187	188
Adjusted EBITDA	\$ 59,627	\$57,061	\$ 56,011	\$ 50,206	\$ 43,227	\$40,835	\$ 33,325	\$ 30,470	\$ 31,228
Profit margin	15 %	17 %	20 %	77 %	14 %	12 %	10 %	9 %	9 %
Adjusted EBITDA margin	30 %	29 %	29 %	26 %	22 %	21 %	17 %	17 %	18 %

⁽¹⁾ During the three months ended December 31, 2024, we recognized a non-cash tax benefit of \$140.3 million from the release of a valuation allowance on certain deferred tax assets.

⁽²⁾ For all periods presented, we incurred \$0.2 million of expense related to the warrant to purchase 500,000 shares of our common stock at an exercise price of \$0.01 per share issued to the Tides Foundation in 2018.

⁽³⁾ During the three months ended December 31, 2024, we incurred \$19.2 million in costs related to the execution of the Restructuring Plan, that was announced in October 2024. Of this amount, \$18.4 million is included in Other, while the remaining amount is allocated between stock-based compensation expense and Other income, net.

⁽⁴⁾ During the three months ended June 30, 2025 and September 30, 2025, we incurred \$2.5 million and \$1.9 million acquisition-related costs in connection with our business combinations of Ascen Inc. and Butby B.V. These costs primarily consist of legal, accounting, and other professional fees, and are recorded in general and administrative expenses in the condensed consolidated statements of operations. Beginning in the second quarter of 2025, we included acquisition-related costs as an add-back to net income in the reconciliation to adjusted EBITDA. Acquisition-related costs incurred in prior periods were deemed immaterial and therefore not included as an add-back to adjusted EBITDA.

Key Definitions

Active Clients

We define an active client as a client that has had spend activity on any Upwork platform or other workforce solution during the 12 months preceding the date of measurement.

Adjusted EBITDA

We define adjusted EBITDA as net income adjusted for stock-based compensation expense; depreciation and amortization; other income (expense), net, which includes interest expense; income tax benefit (provision); and, if applicable, certain other gains, losses, benefits, or charges that are non-cash or are significant and the result of isolated events or transactions that have not occurred frequently in the past and are not expected to occur regularly in the future.

Connects

Virtual tokens that are required for talent to bid on projects and purchase ads products on the Upwork Marketplace.

Enterprise Revenue

We define Enterprise revenue as revenue from our Enterprise offerings, which primarily consist of Enterprise Solutions and Managed Services.

Free Cash Flow

We define free cash flow as cash provided by operations less purchases of property, plant and equipment and cash outflows from internally developed software.

Gross Services Volume (GSV)

Gross services volume, or GSV, represents the total dollar value transacted through all Upwork platforms and other workforce solutions.

GSV per Active Client

GSV per active client is calculated by dividing total GSV during the four quarters ended on the date of measurement by the number of active clients on the date of measurement.

Key Definitions

Marketplace Revenue

Marketplace revenue represents the revenue derived from the Upwork Marketplace, including all offerings other than our Enterprise offerings.

Marketplace Take Rate

Marketplace take rate measures the correlation between Marketplace revenue and Marketplace GSV and is calculated by dividing Marketplace revenue by Marketplace GSV.

Take Rate

We define take rate as total revenue divided by total GSV.

About Upwork

About Upwork

Upwork Inc.'s (Nasdaq: UPWK) family of companies connects businesses with global, AI-enabled talent across every contingent work type including freelance, fractional, and payrolled. This portfolio includes the Upwork Marketplace, which connects businesses with on-demand access to highly skilled talent across the globe, and Lifted, which provides a purpose-built solution for enterprise organizations to source, contract, manage, and pay talent across the full spectrum of contingent work. From Fortune 100 enterprises to entrepreneurs, businesses rely on Upwork Inc. to find and hire expert talent, leverage AI-powered work solutions, and drive business transformation. With access to professionals spanning more than 10,000 skills across AI & machine learning, software development, sales & marketing, customer support, finance & accounting, and more, the Upwork family of companies enables businesses of all sizes to scale, innovate, and transform their workforces for the age of AI and beyond.

Since its founding, Upwork Inc. has facilitated more than \$30 billion in total transactions and services as it fulfills its purpose to create opportunity in every era of work. Learn more about the Upwork Marketplace at upwork.com and follow on [LinkedIn](#), [Facebook](#), [Instagram](#), [TikTok](#), and [X](#); and learn more about Lifted at go-lifted.com and follow on [LinkedIn](#).

Contact:

investor@upwork.com

Disclosure Information

We use our Investor Relations website (investors.upwork.com), our Blog (upwork.com/blog), our X handle (twitter.com/Upwork), Hayden Brown's X handle (twitter.com/hydnbrwn) and LinkedIn profile (linkedin.com/in/haydenlbrown), and Erica Gessert's LinkedIn profile (linkedin.com/in/erica-gessert) as means of disseminating or providing notification of, among other things, news or announcements regarding our business or financial performance, investor events, press releases, and earnings releases, and as means of disclosing material nonpublic information and for complying with our disclosure obligations under Regulation FD.

Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”), we present certain non-GAAP financial measures in this presentation, including adjusted EBITDA, adjusted EBITDA margin, free cash flow, and free cash flow conversion rate.

We use non-GAAP financial measures in conjunction with financial measures prepared in accordance with GAAP for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance. These non-GAAP financial measures provide consistency and comparability with past financial performance, facilitate period-to-period comparisons of our core operating results, and also facilitate comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results. In addition, adjusted EBITDA is widely used by investors and securities analysts to measure a company’s operating performance without regard to certain items that can vary substantially from company to company, and free cash flow allows investors to evaluate the cash generated from our underlying operations across periods.

Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as analytical tools, and investors should not consider them in isolation or as a substitute for the most directly comparable financial measures prepared in accordance with GAAP. In particular, (1) adjusted EBITDA excludes stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy, (2) although depreciation and amortization expense are non-cash charges, the assets subject to depreciation and amortization may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements, and (3) adjusted EBITDA does not reflect: (a) changes in, or cash requirements for, our working capital needs; (b) interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; (c) tax payments that may represent a reduction in cash available to us; or (d) material acquisition-related deal costs. In addition, the non-GAAP financial measures we use may be different from non-GAAP financial measures used by other companies, including companies in our industry, limiting their usefulness for comparison purposes. We compensate for these limitations by providing specific information regarding the GAAP items excluded from the non-GAAP financial measures that we present. Reconciliations of the non-GAAP financial measures presented in this presentation to their most directly comparable GAAP financial measures have been provided in the financial statement tables included in this presentation, and investors are encouraged to review the reconciliations and not rely on any single financial