

## Risk Factors Comparison 2024-02-15 to 2023-02-16 Form: 10-K

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A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, as well as the other information in this Annual Report, including our consolidated financial statements and the related notes and “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations. ” The occurrence of any of the events or developments described below, or of additional risks and uncertainties not presently known to us or that we currently deem immaterial, could materially and adversely affect our business, results of operations, financial condition, and growth prospects. In such an event, the market price of our common stock could decline, and you could lose all or part of your investment. Summary of Risk Factors Some of the more material risks that we face include:

- Our growth depends on our ability to attract and retain a community of talent and clients, and the failure to maintain or grow our community of ~~users~~ **customers** and their activity on our platform in a cost- effective manner or at all could adversely impact our business.
- We have experienced growth in recent periods and expect to ~~continue to~~ invest in our growth ~~for in~~ the foreseeable future. If we are unable to maintain similar levels of growth or manage our growth effectively, our business, **operating results revenue and profits**, and financial condition could be adversely affected.
- We **continue to evolve our business strategy, offerings and pricing model, and changes that we make can adversely affect our business and make it difficult to evaluate our future prospects.**
- We face payment and fraud risks that could adversely impact our business.
- ~~We continue to evolve our business strategy, offerings and pricing model, and changes that we make can adversely affect our business and make it difficult to evaluate our future prospects.~~
- If we are unable to maintain our **banking and** payment partner relationships on favorable terms, or at all, our business could be adversely affected.
- Our revenue growth and ability to achieve and sustain profitability will depend in part on being able to increase the productivity, effectiveness, and efficiency of our sales force.
- Our business experienced, and may again experience, an adverse impact from the ongoing COVID- 19 pandemic, including as new variants of COVID- 19 emerge. In addition, the positive impacts on our business resulting from the shift to remote work during the pandemic may not continue as the pandemic subsides and the restrictions intended to prevent its spread are relaxed or lifted.
- Our revenue growth depends in part on the success of our strategic relationships with third parties and their continued performance.
- ~~Users~~ **Customers** circumvent our work marketplace, which adversely impacts our business.
- Clients sometimes fail to pay their invoices, necessitating action by us to compel payment.
- We are subject to disputes with or between ~~users~~ **customers** of our work marketplace.
- **We face risks related to our international community of customers, which could increase as we seek to expand our international footprint.**
- Our inability to generate revenue from our ~~marketplace~~ **Marketplace** offerings, which represents a substantial majority of our total revenue, would adversely affect our business, ~~operations~~ **operating**, financial results, and growth prospects.
- If we fail to develop, maintain, and enhance our brand and reputation ~~cost~~ effectively, our business and financial condition may be adversely affected.
- If the market for independent talent and the services they offer develops more slowly than we expect, our growth may slow or stall, and our operating results could be adversely affected.
- If we are not able to develop and release new offerings and services, or develop and release successful enhancements, new features, and modifications to our existing offerings and services, our business could be adversely affected.
- We face intense competition and could lose market share to our competitors, ~~including if we fail to continue to develop and enhance our existing offerings and services~~, which could adversely affect our business, operating results, and financial condition.
- If we or our third- party partners experience a security breach, other hacking or phishing attack, ransomware or other malware attack, or other privacy or security incident, ~~whether intentionally or unintentionally caused by us or by third parties~~, our work marketplace may be perceived as not being secure, our reputation may be harmed, demand for our work marketplace may be reduced, our operations may be disrupted, we may incur significant legal costs, fines, or liabilities, and our business could be adversely affected.
- Our sales efforts are increasingly primarily targeted at large enterprise ~~If we fail to develop, maintain, and enhance our~~ and brand other clients and ~~reputation cost~~ prospects with larger, longer- ~~effectively~~ term independent talent needs, ~~our business~~ and ~~financial condition~~ as a result we may ~~be~~ encounter greater pricing, implementation, and customization challenges, and we may incur additional costs, each of which could adversely impact our business and operating results.
- Because a substantial portion of the services sought by clients and offered by talent on our work marketplace is information technology services, a decline in client demand for, or talent offering, information technology services on our work marketplace could adversely affect ~~affected~~ our business.
- If internet search engines’ methodologies or other channels that we utilize to direct traffic to our website are modified to our disadvantage, or our search result page rankings decline for other reasons, our ~~user~~ **customer** growth could decline.
- **Business or system Errors errors**, defects, or disruptions in our work marketplace, including any security breach, other hacking or phishing attack, or other privacy or security incident, could diminish demand, adversely impact our **business, operating results, and** financial results **condition**, and subject us to liability.
- **Our business is** We and our users may be subject to new ~~extensive government regulation~~ and existing ~~oversight~~. **Any failure to comply with the extensive, complex, overlapping, and frequently changing** laws and regulations, both in the United States and internationally, ~~.~~
- The regulatory landscape regarding contractor classification is rapidly changing and changes in these laws could adversely **impact** affect demand for our services and work marketplace and adversely affect our business. In addition, there may be adverse tax, legal, and other consequences if the contractor classification or employment status of talent that use our work marketplace is challenged.
- Having an international community of users and engaging talent internationally exposes us to risks that could have an adverse effect on our business, operating results, and financial condition, ~~and these risks could increase as we seek to expand our international footprint.~~
- We

have a history of net losses, anticipate **may increasing increase** our operating expenses in the future, and may not **achieve or be able** sustain profitability. • Our operating results and performance metrics may fluctuate from period to period, which makes our future results difficult to predict. • We track certain performance metrics with internal tools and do not independently verify such metrics. Certain of our performance metrics may not accurately reflect certain details of our business, are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. • The stock price of our common stock has been and may continue to be volatile, and you could lose all or part of your investment. • **We cannot guarantee that our Share Repurchase Program will be fully consummated or that it will enhance long-term stockholder value.** • Our indebtedness could limit the cash flow available for our operations and expose us to risks that could adversely affect our business, **operating results, and financial condition**, and **results of operations**. • Adverse or changing economic and political conditions may negatively impact our business. • **We may be adversely affected by natural disasters and other catastrophic events, including the ongoing COVID-19 pandemic, by man-made problems such as warfare, terrorism, or failures of technology, that could disrupt our business operations and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.** Risks Related to our Business Operations, Execution, and Growth The size of our community of users **customers**, including both talent and clients, is critical to our success. Our ability to achieve significant **future revenue** growth in revenue in the future will depend **depends**, in large part, upon our ability to attract new users **customers** and retain existing users **customers**, including large enterprise and other clients with larger, longer-term independent talent needs, as well as talent that meet the criteria sought by such clients. Talent have many different ways of marketing their services, securing clients, and obtaining payments from clients, including advertising to, and engaging with, prospective clients through other **the competition from offline and online models is significant** or offline platforms and methods, signing up for online or offline third-party agencies and staffing firms, using payment services provided by third parties, or finding employment directly with a business. Likewise, there may be impediments to talent who would like to use our work marketplace, including geopolitical events such as Russia's invasion of Ukraine in February 2022, which resulted in immediate reductions in activity from users **customers** in the region. **Clients have similarly diverse options to find and engage service providers, including other online or offline platforms, staffing firms and agencies, by engaging service providers directly, or by hiring temporary, full-time, or part-time employees directly or through an agency.** Clients may decrease their use of, or cease using, our work marketplace and our revenue may be adversely impacted for many reasons, including: if we fail to attract new talent **and retain existing talent**; **if** the quality or types of services provided by talent on our work marketplace are not satisfactory to clients; **or if generative artificial intelligence tools provide a suitable replacement for traditional talent tasks** decrease their use of, or cease using, our work marketplace or prefer to take remote employment opportunities or to use other online remote work platforms, both of which are increasingly available as a result of the shift to remote work. Further, expenditures by clients may be cyclical and may reflect overall macroeconomic conditions or budgeting patterns. **Clients have similarly diverse options to..... reasons, including cost-cutting measures.** Additionally, one client accounted for more than 10 % of our trade and client receivables for each of the years ended December 31, 2022 and 2021. **If users 2021 The loss of a key client could have an adverse effect on our business.** **Customers** See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Active Clients and GSV per Active Client" above for the definition of active client. **Both clients and talent** may stop using our work marketplace and related services if the quality of the user **customer** experience on our work marketplace, including our support capabilities or our ability to provide a secure, reliable, and trustworthy work marketplace, does not meet their expectations or keep pace with the quality of the user **customer** experience generally offered by competitive products and services. **Customers** **Clients and talent** may also choose, and in the past have chosen, to cease using our work marketplace if they perceive that our pricing model, including associated fees, is not in line with the value they derive from our work marketplace, or for other reasons, including cost-cutting measures. **Our efforts to attract and retain customers may not be successful or cost effective, and if customers, particularly significant clients,** stop using, or reduce their use of, our work marketplace and related services for any reason, **including the foregoing reasons, our revenue and business**, **operating results, and financial condition** would be adversely affected. We have experienced growth in a relatively short period of time. **For example, our total revenue for the year ended December 31, 2022 was \$ 618.3 million, representing a period-over-period growth rate of 23 % compared to 2021.** However, there can be no assurance that we will be able to sustain our **current or historical growth rates**. **For or that any future investments in** example, we have already begun to see the effects of declining growth **will be successful or cost-effective** rates as compared to prior periods as we lap periods highly affected by the shift to remote work. Moreover, sustaining the same levels of growth in future periods will become more difficult **if** during times of macroeconomic uncertainty, **including a macroeconomic downturn or recession and rising interest rates and inflation** **persist**, such as the conditions that we have experienced beginning in the second half of 2022. Sustaining our growth will place significant demands on our management as well as on our administrative, operational, and financial resources. To manage our growth, we must improve our operational, financial, and management information systems and expand, motivate, and effectively manage and train our workforce, **all of which can be more difficult with a remote workforce and a highly competitive labor market.** If we are unable to manage our growth successfully without compromising the quality of our offerings or user **customer** experience, or if new systems that we implement to assist in managing our growth do not produce the expected benefits, our business, operating results, financial condition, and ability to successfully market our work marketplace and serve our users **customers** could be adversely affected. **Our recent and Moreover, our** historical growth should not be considered indicative of our future performance. We have encountered, and will encounter in the future, risks, challenges, and uncertainties, including those **described** frequently experienced by growing companies in **this " Risk Factors " section** rapidly changing and highly competitive industries and challenging macroeconomic conditions. If our assumptions regarding these risks, challenges, and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our financial condition and operating results

could differ materially from our expectations and those of investors and securities analysts, our growth rates may slow, and our business would be adversely impacted. **Our work marketplace systems and controls relating..... risk of harm to our users.** We have over time evolved, and will continue to evolve, our sales, marketing, and brand positioning efforts, as well as our business strategy and pricing model. ~~Recently, we have undertaken a rebranding effort and expanded our focus on large enterprise and other clients and prospects with larger, longer-term independent talent needs.~~ We **continuously** continue to evaluate and revise our current offerings and pricing model and create and test additional offerings, pricing models, features, and services to serve ~~these and other market segments, such as our current recent combination of our Upwork Basic and Upwork Plus client~~ **prospective customer base. Changes in our** offerings **and** into our new Client Marketplace offering, which simplifies the pricing model for clients of those offerings. Changes in our offerings and pricing model, and the continued evolution of our business strategy and brand positioning, subject us to a number of uncertainties, including our ability to plan for and ~~model~~ **project** future growth and ~~make accurate projections regarding our future performance.~~ In addition, we have in the past seen, and may in the future see, unexpected or unintended negative effects as a result of changes to our pricing model, offerings, and sales, ~~brand positioning,~~ and marketing efforts, including increased ~~user~~ **customer** dissatisfaction, harm to our reputation, increased circumvention rates, reductions in the rate or size of projects that get posted or completed, ~~or~~ a failure to attract and retain ~~customers~~ **customers** quality talent or attract new clients that spend on our work marketplace or the loss of spend from existing ~~clients.~~ These adverse effects may negatively affect ~~GSV, revenue, our business, operating results of operations,~~ and financial condition. **In recent**, including resulting in negative period ~~periods~~, **we have implemented** ~~over period financial results for a number of periods following the change~~ **changes** being made ~~to our pricing model that were designed to improve the health of our work marketplace.~~ **However** For example, we experienced a quarter ~~there can be no assurances as to the long-term impact~~ over-quarter decline in GSV in the ~~these~~ third quarter of 2022 that we believe was attributable primarily to our consolidation of our Upwork Basic and Upwork Plus offerings into our new Client Marketplace Offering and the associated pricing change **changes will have on our business, operating results, and financial condition.** In addition, creating new offerings is expensive and time consuming, diverts the attention of our management, and ~~not all offerings achieve market acceptance at the levels we expect and therefore~~ may not be ~~successful or~~ cost-effective to maintain. Moreover, if an offering does not achieve sufficient market acceptance or ~~is~~ otherwise ~~unsuccessful~~ does not achieve its intended effect, we may expend additional resources and divert the attention of management to implement modifications ~~in an effort to improve the offering,~~ **which** and these efforts may not be successful. For example, in 2019, we launched our Upwork Business offering, focused on mid-market businesses. In the fourth quarter of 2020, we decided that it was no longer cost-effective for our sales team to sell our Upwork Business offering, which resulted in ~~an elimination of that offering and~~ a reduction in force of approximately one-third of our sales employees at that time. **Our controls relating to customer identity verification, customer authentication, and fraud detection are complex.** If such ~~systems and~~ controls are not effective, our work marketplace may be perceived as not being secure, our reputation may be harmed, we may face regulatory action or action by our payment partners, payment networks, or other third parties, and our business may be adversely impacted. In addition, bad actors around the world use increasingly sophisticated methods, including the use of artificial intelligence, to engage in illegal activities involving ~~the theft and misuse of~~ personal information, such as: unauthorized or fraudulent use ~~or misrepresentation~~ of another's identity, ~~location, skills,~~ payment information, or other information; ~~misrepresentation of the user's identity, location, or skills, including using accounts that they have purchased, borrowed, or leased;~~ and the improper acquisition or use of credit or debit card details and banking or other payment account information. Further, our customers provide us with payment card billing information online, and we do not review the physical payment cards used in these transactions, which increases our risk of exposure to ~~fraudulent activity.~~ Bad actors also may use our work marketplace, ~~including our payment processing and disbursement methods,~~ to engage in unlawful or fraudulent conduct, such as money laundering, moving funds to regions or persons restricted by sanctions or export controls, terrorist financing, fraudulent sale of services, bribery, breaches of security, unauthorized acquisition of data, extortion or use of ransomware, distribution or creation of malware or viruses, piracy or misuse of software and other copyrighted or trademarked content, and other misconduct. ~~These types of illegal activities have increased recently on our platform and may continue to increase.~~ For example, **we experienced a significant increase in provision** for **transaction losses** in the year ended December 31, 2022; ~~provision for transaction losses increased, as compared to 2021, primarily due to increased instances of fraud, higher chargeback losses, and bad debt losses related to Upwork~~ **clients of our Enterprise Solutions offering.** This conduct on our website could result in any of the following, each of which could ~~harm our reputation and~~ adversely impact our business: • we may be, and historically have been, held liable for the unauthorized use of credit or debit card details and banking or other payment account information and required by card issuers, card networks, banks, and other payment partners to return the funds at issue and pay a chargeback, return, or other fee. **If**, and if our chargeback or return rate becomes excessive, card networks may also require us to pay fines or other fees, ~~or~~ engage in remediation efforts, which can be costly and divert the attention of management, or cease doing business with us; • the California Department of Financial Protection and Innovation, which we refer to as the DFPI, or other regulators may require us to hold larger cash reserves or take other action with respect to our internet escrow license or other licenses or licensing regimes; • ~~customers~~ **customers** users that are subjected or exposed to ~~the unlawful, fraudulent, or improper conduct of other users or other third parties~~ may seek to hold us responsible for ~~losses the conduct of or content posted by users,~~ may lose confidence in and decrease use of our work marketplace, ~~seek to obtain damages and costs,~~ or publicize their negative experiences; • law enforcement or administrative agencies could seek to hold us responsible for the conduct of or content posted by ~~users,~~ **customers and** impose fines and penalties, bring criminal action, or require us to change our business practices, and private actions or public enforcement may increase depending on interpretations of and possible changes to intermediary liability provisions such as Section 230 of the Communications Decency Act of 1996; • we may be subject to additional risk and liability exposure, including for negligence, fraud, or other claims, if employees or third-party service providers, including talent that provide services to us, misappropriate our banking, payment, or other information or ~~user~~

**customer** information for their own gain or to facilitate the fraudulent use of such information; • we may be subject to additional risk if clients fail to pay talent for services rendered, as talent may seek to hold us responsible for the clients' conduct and may lose confidence in and decrease or cease use of our work marketplace, may publicize their negative experiences, or seek to obtain damages and costs; • we may be subject to additional risk if Upwork Enterprise clients fail to pay us for amounts we advance to talent on their behalf, including financial losses resulting from our inability to recover such funds; • if talent misstate their qualifications or location, provide misinformation about their skills, identity, or otherwise, perform services they are not qualified or authorized to provide, produce insufficient or defective work product or work product with a viral or other harmful effect, clients or other third parties may seek to hold us responsible for the talents' acts or omissions and may lose confidence in and decrease or cease use of our **work marketplace, or seek recourse against us. We have received in the past, and are likely to continue to receive in the future, complaints, notices, and inquiries from clients, talent, and other third parties, including law enforcement, administrative agencies, payment partners, payment networks, and the press, concerning misuse of our work marketplace and wrongful conduct of customers. We have also brought claims against clients and other third parties for their misuse of our work marketplace, and may bring similar claims in the future. Even if these claims do not result in litigation or are resolved in our favor, these claims could divert the attention and resources of our management, negatively impact our reputation, and adversely affect our business and operating results. Further, while we take steps to implement and improve our trust and safety program through the use of algorithms and machine learning techniques, any unauthorized or inadvertent disclosure of these tools might make our efforts to prevent fraud or the improper use of our platform temporarily less effective, and any new laws restricting our use of these techniques, or that force us to make the inner workings of these tools transparent to the public, may increase the risk of harm to our customers.** Our payment partners consist of payment processors and disbursement partners. We rely on banks and payment partners to provide us with corporate banking services, escrow trust accounts or other regulated accounts, and clearing, processing, and settlement functions for the funding of all transactions on our work marketplace, and disbursement of funds to users **customers**, and we ~~do may~~ not always have a sufficient surplus of vendors in the event one or more relationships is terminated for any reason. Our **banking and** payment partners are critical to our business. ~~In order to maintain these relationships, we have in the past been, and may in the future be, forced to agree to terms that are unfavorable to us.~~ If we are unable to maintain our agreements with current **payment** partners on favorable terms, or at all, or we are unable to enter into new agreements with new **payment** partners on favorable terms, or at all, our ability to collect payments and disburse funds and our ~~revenue and business~~ **, operating results, and financial condition** may be adversely affected. This could occur for a number of reasons, including the following ~~with respect to our payment partners~~: • our partners may be unable or unwilling or may fail to perform the services we require of them, such as processing payments to talent in a timely manner and in compliance with applicable legal requirements, including sanctions regimes; • a failure by us to comply with our partners' compliance standards, which could result in increased rates that they charge us or our **customers** users, additional fees or a reduction in services or benefits that they provide us with, or termination of our agreement with them altogether, and any remediation efforts undertaken by us to return to compliance may be costly, time consuming, and divert the attention of management; • our partners may be subject to investigation, regulatory enforcement, or other proceedings that result in their inability or unwillingness to provide services to us or our unwillingness to continue to partner with them; • our partners may be unable to effectively accommodate changing service needs, ~~such as those that could result from rapid growth or higher volume or those which relate to international expansion and local jurisdictions,~~ and we may have difficulty finding suitable partners to accommodate such needs; ~~and~~ • our partners could choose to terminate **experience instability, delays, limitations,** or not renew **closures of** their agreements with us, or only be willing to renew or enter into agreements on different or less advantageous terms, which among other things, could negatively impact the revenue we derive from such agreements; • our partners could reduce the services provided to us, cease doing business with us, cease or become prohibited from doing business with certain of our users or in jurisdictions where we have users, including decisions of some payment partners to cease offering services in Russia or Belarus; or cease doing business altogether; or • our partners could be subject to delays, limitations, or closures of their own businesses, networks, partners, or systems, causing them to be unable to process payments or disburse funds for certain periods of time. In addition, we may be forced to cease doing business with certain partners if card network operating rules, certification requirements and laws, regulations, or rules governing electronic funds transfers ~~to which we are subject~~, change or are interpreted to make it difficult or impossible for us to comply. In order to increase our revenue from our premium offerings and achieve and sustain profitability, we must improve the effectiveness and efficiency of our sales force and generate additional revenue from new and existing **customers** users. For example, in the fourth quarter of 2021, we began increasing our investment in sales by expanding our sales team, which continued throughout 2022. There can be no assurance that this increased expense will generate additional revenues, or that we will be able to improve the effectiveness and efficiency of our sales force. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training, effectively deploying, and retaining sufficient numbers of **qualified** sales and sales support personnel to support our growth. ~~It is difficult to find, which can~~ and we may be unable to retain, a sufficient number of sales personnel with the specific skills and technical knowledge needed to sell our Upwork Enterprise and other premium offerings, particularly given the **challenging in times of** significant competition for qualified personnel. Furthermore, hiring and effectively deploying sales personnel is complex, **costly** and requires additional costs that we may not recover if the sales personnel fail to achieve full productivity. Even if we are able to hire qualified sales personnel, doing so may be costly and lengthy, as new sales personnel require significant training and can take a number of months to achieve full productivity. In addition, new sales personnel do not always achieve productivity milestones within the timelines that we have projected, or at all, negatively impacting our ability to achieve our long-term financial projections associated with such personnel. **In addition, our sales efforts are primarily targeted at large enterprise and other clients and prospects with larger, longer- term independent talent needs. As a result of our focus on these**

larger clients, we face greater costs, longer sales cycles, and less predictability in completing some of our sales and in increasing spend by existing clients. For larger clients, use of our work marketplace often requires approvals by multiple departments and executive-level personnel and greater levels of services and client education regarding the uses, benefits and functionality of our work marketplace. Larger enterprises typically have longer implementation cycles and demand more customization, greater indemnification and risk shifting, higher levels of support, a broader range of services, and greater payment flexibility. We may expend significant time and resources, including sales and administrative support and professional services resources, on potential large enterprise clients who may ultimately choose not to use our services. A significant portion of the fees we typically receive from clients is contingent on the level of spend by the client, and thus our revenue from any particular relationship may be minimal. If our sales personnel are not successful in obtaining new business or increasing sales to our existing user base, our business and results of operations will be adversely affected. The COVID-19 pandemic adversely impacted us. Additionally, in the fourth quarter of 2021, we began increasing our business for investment in sales by expanding our sales team, which continued throughout 2022. However, in light of macroeconomic conditions as well as our efforts to reduce spend and streamline operations, we implemented a period of time and resulted in reductions in demand for our offerings and services by some of our workforce clients, including small- and medium-sized business clients, which were impacted the most by the resulting macroeconomic downturn and from which we derive a substantial portion of our GSV and revenue. Conversely, beginning in May 2020-2023 we experienced, largely in our sales team. There can be no assurance that these or other actions we may take will increase in GSV and revenue growth driven by an acceleration in the shift toward remote work, due in part to the COVID-19 pandemic. We do not expect these positive impacts to continue as the pandemic subsides and the restrictions intended to prevent its spread continue to be relaxed or lifted, which may negatively impact our GSV and revenue growth. For example, growth in the number of active clients has decelerated on a year-over-year basis since the second quarter of 2021 and GSV growth on a year-over-year basis has decelerated since the second quarter of 2021. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Active Clients and GSV per Active Client” below for the definition of active client. The extent to which the ongoing COVID-19 pandemic will adversely affect our business, financial condition, results of operations, and cash flow will depend on future developments, which are highly uncertain and cannot reasonably be predicted with confidence at this time, including: to what extent the prevalence of remote work wanes as the COVID-19 pandemic subsides; the occurrence of additional “waves” of the outbreak; the emergence of variant strains of the virus; the availability, utilization, and efficacy rates of vaccinations; government responses to the pandemic and potential restrictions on our sales business and the businesses of our users; the impact of the pandemic on the U. S. and global economies and demand for our offerings; and the reaction of users and potential users to these developments, among others. To grow our business, we need to continue to establish and maintain relationships with third parties, such as staffing providers, banks, software and technology vendors, and payment processing and disbursement providers. For example, we work with third-party staffing providers, upon which we are dependent to support our employment offering, Upwork Payroll. We have also recently established several partnerships that have allowed us to integrate generative artificial intelligence tools into our work marketplace aimed at improving customer experience and productivity. As our agreements with third-party partners terminate or expire, we may be unable to renew or replace these agreements on favorable terms, or at all. Moreover, we cannot guarantee that the parties with which we have strategic relationships will continue to offer the services for which we rely on them at economically reasonable terms or at all, or devote the resources necessary to expand our reach, increase our distribution, or support an increased number of customers users and associated use cases. Some of our strategic partners offer, or could offer, competing products and services or also work with our competitors, the likelihood of which may increase due to the ongoing shift toward remote work. As a result of these factors, many of our third-party partners may choose to develop or support alternative products and services in addition to, or in lieu of, our work marketplace. If we are unsuccessful in establishing or maintaining our relationships with third parties on favorable terms, or if these relationships are not successful in improving our business, our ability to compete or to grow our total revenue could be impaired and our operating results may be adversely impacted. Moreover, material business changes by one or more of our third-party staffing partners materially changes its providers could negatively impact our business, our business, operating results, and financial condition may be adversely impacted results, including increased costs for clients or us, a diminished user experience, or the inability to offer the staffing provider services in one or more jurisdictions. Our business depends on users customers transacting through our work marketplace. Despite our efforts to prevent them from doing so, users customers circumvent our work marketplace and engage with or take payment through other means to avoid the our fees that we charge, and it is difficult or impossible to measure the losses associated with circumvention. Enhancements and changes we make with respect to our pricing model, fees, offerings, services, and features may unintentionally cause, and may have unintentionally caused in the past, users customers to circumvent our work marketplace, such as our consolidation of our Upwork Basic and Upwork Plus offerings into our new Client Marketplace Offering. In addition, circumvention by users customers of our work marketplace is likely to increase during a macroeconomic downturn, as users customers may be more cost-sensitive with respect to our fees. The loss of revenue associated with circumvention of our work marketplace has an adverse impact on our business, cash flows, operating results, and financial condition. Moreover, certain changes we make to decrease circumvention by users customers have in the past and could again inadvertently result in user customer dissatisfaction, increased user customer circumvention, and a decline in user customer activity on our work marketplace. Our efforts to reduce circumvention may be costly or disruptive to implement, have results that are difficult or impossible to measure, fail to have the intended effect or have an adverse effect on our brand or user customer experience, reduce the attractiveness of our work marketplace, divert the attention of management, or otherwise harm our business, operating results, and financial condition. In connection with our Upwork Enterprise Solutions offering, and for certain legacy clients, we advance payments to talent for invoiced

services on behalf of the client and subsequently invoice the client for such services. In order to maintain these relationships, we have in the past been, and may in the future be, forced to agree to terms that are unfavorable to us, including extended payments terms. In addition, in certain instances, we will advance payment on a talent invoice if the client issues a chargeback or their payment method is declined. In this circumstance, the talent assigns us the right to recover any funds from the client. From time to time, clients fail to pay for services rendered by talent, and as a result, we may incur costs to enforce the applicable agreement or our terms of service, including through arbitration or litigation, and we may not be successful in collecting amounts owed. Furthermore, some clients may seek bankruptcy protection or other similar relief and fail to pay amounts due, or pay those amounts more slowly, ~~either of which could adversely affect our operating results, financial position, and cash flow.~~ Our risk of financial exposure increases if we do not adequately screen clients, do not conduct sufficient credit checks, or otherwise do not adequately monitor clients' spend on our work marketplace. All of these risks are made more likely during a macroeconomic downturn and could result in increased costs to us ~~as we advance payments to talent and seek to compel payment from our clients.~~ Our failure to manage these risks could adversely affect our business, operating results, and financial **results condition**. Our business model involves enabling connections between talent and clients that contract directly through our work marketplace. Talent and clients are free to negotiate any contract terms they choose, but we also provide optional service contract terms that they can elect to use. Disputes sometimes arise between talent and clients, including with respect to service standards, payment, confidentiality, work product, and intellectual property ownership and infringement. If either party believes the contract terms were not met, our standard terms and some individually negotiated services agreements provide a mechanism for the parties to request assistance from us, and, for some contracts, if that is unsuccessful, a provision referring the dispute to a third-party arbitrator. Whether or not talent and clients ~~decide to seek assistance from us, if these disputes are not resolved amicably, the parties might escalate to formal proceedings, such as by filing claims with a court or arbitral authority.~~ Given our role in facilitating and supporting these arrangements, claims are sometimes brought against us directly ~~as a result of these disputes~~ and talent or clients bring us into claims filed against each other, particularly when the other **user customer** is insolvent or facing financial difficulties. Through our terms of service and services agreements for premium offerings, we disclaim responsibility and liability for any disputes between ~~users customers~~ (except with respect to specified dispute assistance programs and services); however, we cannot guarantee that these terms will be effective in preventing or limiting our involvement in ~~user customer~~ disputes or that these terms will be enforceable or otherwise effectively prevent us from incurring liability ~~as a result of disputes~~ **Disputes with or** between ~~customers users~~. Disputes between clients and talent and between ~~users and our company~~ may become more frequent based on conditions outside our control, such as a macroeconomic downturn or actions of bad actors seeking to take advantage of other ~~users customers~~. Such disputes, or any increase in the number of disputes, may **adversely affect our business, operating result results, and financial condition. Although we currently have a limited physical presence outside of the United States, we have customers of our work marketplace located in over 180 countries, including some markets where we have limited experience. In these markets, challenges can be significantly different from those we have faced in existing markets and** where business practices may create greater internal control risks. Further, certain skills and services are offered by talent concentrated in countries with higher risks of instability and geopolitical uncertainty. For example, ~~approximately 25 % of client spend from our web, mobile, and software development category in 2021 was derived from work where either the talent or the client was located in Ukraine, Russia, or Belarus. The war in Ukraine has interfered and may continue to interfere with talent's ability to access our work marketplace and for us to support users in such countries and the surrounding region. In particular, in response to the ongoing war in Ukraine, we decided in March 2022 to suspend business operations in Russia and Belarus, which means that users and have prohibited customers in each of those countries are prohibited from using our work marketplace for the duration of the suspension. In addition, we engage talent located in many countries to provide services for our managed-Managed services-Services offering and to us for internal projects, which has also been suspended in Russia and Belarus. As~~ **In addition, this international customer base subjects our business to risks relating to laws and regulations in jurisdictions outside the United States, as discussed elsewhere in these "Risk Factors."** Additional risks inherent in conducting business with ~~an adverse effect international customer base, engaging talent globally, localizing our work marketplace, and expanding our operations internationally include, but are not limited to:~~ **• varying and overlapping laws and regulations and approaches to enforcement, including with respect to worker classification and data protection and privacy; • difficulties in, and costs of, establishing local brand recognition and staffing, managing, and operating international operations or support functions; • compliance with U. S. and foreign laws designed to combat money laundering and the financing of terrorist activities; • the imposition of taxes on transactions between us and our customers our- or company- among our customers, or the imposition of liability on us for the failure to collect and remit taxes owed by our customers; • tariffs, export and import restrictions, restrictions on foreign investments, sanctions, changes to existing trade arrangements between various countries, and other trade barriers or protection measures, including those affecting certain countries with higher risks of instability and geopolitical uncertainty; • geopolitical instability and security risks, such as, such as armed conflict and civil or military unrest, political instability, human rights concerns, and terrorist activity, ransomware, and cyberterrorism** in countries where we have ~~customers users, such as the ongoing war in Ukraine, and retaliatory actions that governments may take in response; • costs of localizing services and business practices, including adding the ability for clients to pay in local currencies or modifying our platform to offer our website in local languages and the related lack of acceptance of localized services or of services generally because they are not localized; • changes to laws, regulations, or central bank rules impacting us or our partners that may make payments for services exports more costly, difficult, or impossible to process, or that may reduce the availability of tools like digital wallets and related payment services in important global markets; • compliance with U.S. contractual provisions that are designed to protect and mitigate against risks~~ **foreign data protection and privacy laws that impose complex data handling obligations, including honoring terms of service, services agreements, arbitration and class action**

**waiver provisions, disclaimers of warranties, limitations of liabilities, releases of claims, and indemnification provisions, could be deemed unenforceable by a loss of goodwill foreign court, arbitrator, or other decision-making body; • economic weakness or currency-related challenges or crises; • regional or global public health events; • and organizing or similar activity by workers, local unions, works councils, or other labor organizations in the United States or elsewhere. The risks described above may also make it costly or difficult for us to expand our operations internationally. If we are unable to comply with applicable laws, users, reputational harm, lost GSV and regulations revenue, diversion of the resources of our management, manage the complexity of global operations and support an increase in our operational international customer base successfully and in a cost-effective manner, any of which may adversely affect our business and, operating results, and financial condition could be adversely affected.**

Our business depends largely on our ability to attract and retain talented employees, including senior management and key personnel. If we lose the services of Hayden Brown, our President and Chief Executive Officer, or other members of our senior management team or key personnel, we may not be able to execute on our business strategy. Our future success depends in large part on the continued services of senior management and other key personnel and our ability to attract, retain, and motivate them. In particular, we are dependent on the services of Hayden Brown, our President and Chief Executive Officer, and our future vision, strategic direction, work marketplace, and technology could be compromised if she were to take another position, become ill or incapacitated, or otherwise become unable to serve as our President and Chief Executive Officer. We rely on our leadership team and other key personnel **across our business** in the areas of product, engineering, operations, security, marketing, sales, support, corporate development, and general and administrative functions. Our senior management and other key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason, and without notice, and we do not maintain any “key-person” life insurance policies. If we lose the services of senior management or other key personnel, if our succession plans prove inadequate, or if we are unable to retain, attract, train, and integrate the highly skilled personnel we need, our business, operating results, and financial condition could be adversely affected. There have been, and may continue to be, changes in our management team resulting from the hiring or departure of executives. ~~For example, we are currently searching for a new Chief Financial Officer. In September 2022, we announced that we had initiated a search for a new Chief Financial Officer and we that Jeff McCombs, our former Chief Financial Officer, would be separating from Upwork on December 31, 2022. We have made, and may continue to make, other changes that have been and will be disruptive to our personnel, such as changes to the composition of our leadership team and other key personnel and reorganizations of reporting lines of our workforce. These changes have resulted, and future personnel changes may result, in increased attrition or reduced productivity of our personnel, including due to changes in senior management and key personnel, stemming from organizational restructuring, as new reporting relationships are established, and as other companies may increasingly target our executives and other key personnel, particularly during the current highly competitive market for qualified personnel.~~ Any such changes may also result in a loss of institutional knowledge, cause disruptions to our business, impede our ability to achieve our objectives, or distract or result in diminished morale in, or the loss of, workers. ~~Our future success also depends on our continuing ability to retain, attract, train, and integrate highly skilled personnel, including software engineers and sales personnel. We face intense competition for qualified personnel from numerous software and other technology companies. In addition, competition for particularly with respect to qualified software engineers is particularly intense. We may not be able to retain our current key personnel or attract, train, integrate, or retain other highly skilled personnel in the future, and our personnel may not be productive.~~ We may incur significant costs to attract and retain highly skilled personnel, we may lose employees to our competitors or other technology companies before we realize the benefit of our investment in recruiting and training them, and our succession plans may be insufficient to ensure business continuity if we are unable to retain key personnel or were to lose a significant portion of our personnel. Further, even highly skilled personnel may fail to be productive, and our adoption of remote work may result in a loss of productivity of our workforce. To the extent we move into new geographies, including internationally, we would need to attract and recruit skilled personnel in those areas. Volatility, depreciation, or lack of appreciation in our stock price, **whether due to broader stock market fluctuations or due to conditions and negative investor sentiment affecting us specifically,** may also affect our ability to attract new skilled personnel and retain our key personnel. ~~The market price of our common stock has depreciated significantly recently and may continue to be volatile, in part due to broader stock market fluctuations, and as a result, the equity held by our senior management and other key personnel has depreciated in value relative to the grant date value and therefore has less retentive power.~~ We may be unable to integrate acquired businesses and technologies successfully or to achieve the expected benefits of such acquisitions. We may acquire or invest in additional companies, which may divert our management’s attention, result in additional dilution to our stockholders, and consume resources that are necessary to sustain our business. Our business strategy may, from time to time, include acquiring complementary products, technologies, businesses, or other assets. We also may enter into relationships with other businesses to expand our work marketplace or our ability to provide our work marketplace in foreign jurisdictions, which could involve preferred or exclusive licenses, additional channels of distribution, or investments in other companies. **In addition** ~~Negotiating these transactions can be time-consuming, difficult, and expensive, and our ability to close these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if undertaken and announced, may not close, and any acquisition, investment, or business relationship may result in unforeseen or additional operating difficulties, risks, and expenditures. For one or more of those transactions, we may face the following risks, any of which could adversely impact our business, operating results, and financial condition. We~~ may: • use cash that we may need in the future to operate our business **or issue equity that would dilute our stockholders’ ownership interest**; • become subject to different laws and regulations ~~due to the nature or location of the acquired business, products, technologies, or other assets, or become subject to more stringent scrutiny due~~ or differing applications of laws and regulations to **the nature** which we are currently subject as a result of such transactions; • issue additional equity or convertible debt securities that would dilute our **or**

stockholders' ownership interest **location of the acquired business, products, technologies, or other assets**; • incur expenses or assume substantial liabilities; • encounter difficulties retaining key personnel of the acquired company or assimilating acquired operations and employee cultures **or otherwise fail to realize the anticipated benefits of such transactions**; • encounter difficulties integrating diverse **cloud, software, and other information technology platform technologies and systems**; • divert management's attention; • become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges; • incur debt on terms unfavorable to us or that we are unable to repay; or • be required to adopt new, or change our existing, accounting policies. **Any of these risks could adversely impact our business and operating results.** Risks Related to Our Industry, Offerings, and Services We derive, and expect to continue to derive in the near future, the substantial majority of our revenue from our **marketplace Marketplace** offerings. As such, market acceptance of our **marketplace Marketplace** offerings, including new offerings or the consolidation of offerings, such as our consolidation of our Upwork Basic and Upwork Plus offerings into our new Client Marketplace offering, is critical to our continued success. If we are unable to meet **user customer** demands and expectations, earn and maintain **user customer** trust, expand our offerings or the categories of services offered on our work marketplace, develop features that are appealing to **users customers**, or achieve and maintain more widespread market acceptance of our **marketplace Marketplace** offerings, including attracting and retaining clients, our business operations, **operating results, and financial condition** may results, and growth prospects will be adversely affected. Demand for our **marketplace Marketplace** offerings is also affected by a number of other factors, including the timing and success of new offerings and services by our competitors, **changes to our pricing model**, our ability to respond to technological change and to effectively innovate and grow, **macroeconomic conditions**, contraction in our market, client spending patterns, talent activity levels, the size and price of projects on our work marketplace, changes in adoption of remote work, geopolitical **conditions** events, such as the war in Ukraine and the resulting macroeconomic effects, such as de-globalization and the current macroeconomic uncertainty, and impacts resulting from the COVID-19 pandemic, and the other risks identified herein. For example, GSV in each of the third and fourth quarters of 2022 was lower than GSV in the second quarter of 2022, which was attributable in part to seasonal and weakening macroeconomic conditions. To the extent these or other factors negatively affect demand for our **marketplace Marketplace** offerings, our **financial business, operating** results may be adversely affected. We believe that developing, maintaining, evolving, and enhancing awareness and integrity of our brand and reputation in a cost-effective manner are important to achieving widespread acceptance and use of our work marketplace and are important elements in attracting new users and retaining existing users. Successful and efficient promotion and positioning of our brand, offerings, and business model depend on, among other things, the effectiveness of our marketing efforts and brand messaging, our ability to provide a reliable, trustworthy, and useful work marketplace and offerings at competitive prices, the perceived value of our work marketplace and offerings, and our ability to engender user trust and provide quality support. In order to reach the brand awareness and acceptance levels of some of our competitors, we need to continuously invest in marketing programs that may not be successful in achieving meaningful awareness and acceptance levels, particularly during early phases of expansion into newer user awareness segments, such as international users and users who are reluctant to utilize remote or contract workers. Further, our brand promotion activities may not be effective. Since 2019, we have made significant investments in sales and marketing to acquire new clients and drive brand awareness, and in the second quarter of 2021, we launched a rebranding effort. This rebranding effort is focused on large enterprise and other clients and prospects with larger, longer-term independent talent needs. More recently, in the third quarter of 2022, we launched a new brand campaign, advertising across television, online video, streaming audio, and digital and social media channels. It is not certain that these investments have had or will have sufficient positive impact on our brand to be cost effective. Likewise, negative publicity and news coverage, fraud, or other illegal activity conducted by bad actors on our work marketplace, or decisions we make relating to geopolitical or social matters, may undermine our brand promotion efforts or harm our reputation. If we fail to promote and maintain our brand successfully, address user concerns, or maintain loyalty among our users, or if we incur substantial expenses in unsuccessful attempts to promote and maintain our brand, we may fail to attract new users or retain our existing users and our business and financial condition may be adversely affected. The market for online independent talent and the services they offer is relatively new, rapidly evolving, and unproven. Our future success will depend in large part on the continued growth and expansion of this market and the willingness of businesses to engage independent talent to provide services and independent talent to engage as service providers. It is difficult to predict the size, growth rate, and expansion of this market, whether any expansion will be long-term or temporary, particularly as the labor market and remote work trends continue to be unpredictable, **global and U recent challenging macroeconomic conditions continue**. S. economies are at risk of recession, the success of **The overall demand for independent talent will continue to be impacted by competitive competition** products and services **in the marketplace**, or technological developments (including artificial intelligence), and macroeconomic, geopolitical (including the prevalence of de-globalization), legal, and regulatory conditions. In particular, **a substantial portion of the services sought by clients and offered by talent on or our other developments that will impact the overall demand work marketplace is related to information technology. If, for any reason, the market or for ability to engage, independent information technology services declines or a sufficient number of qualified or desirable talent is not available on our work marketplace to meet our clients' demands, the growth in the number of customers on our work marketplace may slow or decline, and as a result, our business, operating results, and financial condition may be adversely impacted**. Furthermore, many businesses may be unwilling to engage independent talent for a variety of reasons, including perceived negative connotations with outsourcing work, quality of work, fraud, privacy, or data security concerns, or the rapidly evolving regulations that may impact the demand for independent contractor services more generally, including as discussed further in the risk factor titled "Our business **The regulatory landscape regarding contractor classification is rapidly subject to extensive government regulation and oversight. Any failure to comply with the extensive, complex, overlapping, and frequently changing and changes in these laws and regulations, both in the United States and internationally, could adversely impact**



affect demand for our services and work marketplace and adversely affect our business. In addition, **operating results** there may be adverse tax, legal, and **financial condition** other consequences if the contractor classification or employment status of talent that use our work marketplace is challenged.” Likewise, with the greater adoption **increased prevalence** of remote work and increased flexibility in employment relationships **in recent years** resulting from the COVID-19 pandemic, more skilled independent talent may choose traditional employment. If the market for independent talent and the services they offer does not achieve widespread adoption, or there is a reduction in demand for independent talent, **including as the COVID-19 pandemic subsides or as a result of a macroeconomic downturn, it could result in decreased revenue and our business, operating results, and financial condition** could be adversely affected. The market for our work marketplace is characterized by rapid technological change, frequent product and service introductions and enhancements, changing **user-customer** demands, and evolving industry standards. **For example, we have recently integrated generative artificial intelligence tools into our work marketplace aimed at improving customer experience and productivity.** The introduction of offerings and services embodying new technologies can quickly make existing offerings and services obsolete and unmarketable. We invest substantial resources in researching and developing new offerings and services and enhancing our work marketplace by incorporating additional features, improving functionality, modernizing our technology, and adding other improvements to meet our **users-customer**’ evolving demands in our increasingly highly competitive industry. The success of any enhancements or improvements to, or new features of, our work marketplace or any new offerings and services depends on several factors, including overall demand and market acceptance consistent with the intent of such offerings or services, competitive pricing, adequate quality testing **to ensure an absence of errors, defects, and disruptions on our work marketplace**, integration with new and existing technologies on our work marketplace and third-party partners’ technologies, and timely completion. We cannot be sure that we will succeed **on a timely or cost-effective basis, in developing, marketing, and delivering enhancements or new features to or modernizing our work marketplace or any new offerings and services that respond to continued changes in the market for independent talent or business services.** Any enhancements or new features to our work marketplace or any new offerings and services may not achieve, and in the past certain features and offerings have not achieved, market acceptance, cost-effectiveness, or the intended effect. In the past, we have experienced **, and in the future we may experience,** unintended negative effects, including reduced client spend, diminished fill rates for projects on our work marketplace, errors and disruptions on our work marketplace, and **user-customer** dissatisfaction from certain modifications to our offerings, services, and features. Moreover, even if we introduce new offerings and services, we may experience a decline in revenue from our existing offerings and services that is not offset by revenue from the new offerings or services. In addition, we may lose existing **users-customer** that choose to use competing products or services. This could result in a temporary or permanent decrease in revenue and adversely affect our business. **We face intense competition and could lose market share to our competitors, which could adversely affect our business, operating results, and financial condition.** The market segment for independent talent and the clients that engage them is highly competitive, **fragmented and** rapidly evolving, **including due** fragmented, and subject to changing technology, shifting needs, and frequent introductions of new competitors **as well as new offerings and services.** We compete with a number of online and offline platforms and services domestically and internationally, as well as traditional staffing firms **to attract and retain users and expand our share of user spend.** Our main competitors fall into the following categories: • traditional contingent workforce and staffing service providers and other outsourcing providers, such as The Adecco Group, Randstad, Recruit, Allegis Group, and Robert Half International; • online freelancer platforms that serve either a diverse range of skill categories, such as Fiverr, Guru, and Freelancer.com, or specific skill categories; • other online providers of products and services for individuals or businesses seeking work or to advertise their services, including personal and professional social networks, such as LinkedIn and GitHub (each owned by Microsoft), employment marketplaces, platforms providing compliance services, recruiting websites, and project-based deliverable providers; • software and business services companies focused on talent acquisition, management, invoicing, or staffing management products and services, such as Workday; • payment businesses that can facilitate payments to and from businesses and service providers, such as PayPal and Payoneer; • businesses that provide specialized professional services, including consulting, accounting, marketing, and information technology services; and • online and offline job boards, classified ads, and other traditional means of finding work and service providers, such as Craigslist, CareerBuilder, Indeed, Monster, and ZipRecruiter. In addition, well-established internet companies, such as Google, LinkedIn, and Amazon, social media platforms, such as Meta, and businesses that operate driving, delivery, and other commoditized marketplaces, such as Uber Technologies, have entered or may decide to enter our market segment. Some of these companies have launched or may launch, or have acquired or may acquire companies or assets that offer products and services that directly compete with our work marketplace. For example, LinkedIn launched ProFinder in 2016, Open for Business in 2019, and Services Marketplaces in 2021, each of which is a service to connect LinkedIn members with one another for freelance service relationships. Many of these established internet companies and other competitors are considerably larger than we are, have considerably greater financial and other resources than we do, and could offer products and services similar to our offerings for lower fees. We also compete with companies that utilize emerging technologies and assets, such as blockchain, artificial intelligence, augmented reality, cryptocurrency, and machine learning. These competitors may offer products and services that may, among other things, provide automated alternatives to the services that talent provide on our work marketplace, use machine learning algorithms to connect businesses with service providers more effectively than we do, or otherwise change the way that businesses engage or pay service providers or the way service providers perform work so as to make our work marketplace less attractive to **users-customer**. We may face increased competition from these competitors as they mature and expand their capabilities. Internationally, we compete against online and offline channels and products and services **in most countries.** Local competitors, or competitors that have invested more in international expansion, have greater brand recognition in other countries and a stronger understanding of local or regional culture and commerce. Some competitors also offer their products and services in local languages and currencies that we do not offer. **As our business grows**

internationally and we expand and grow our services offerings, we may increasingly compete with these international companies. We also compete against locally sourced service providers and traditional, offline means of finding work and procuring services, such as staffing businesses, personal and professional networks, classified ads, and recruiters. In addition, our decision to suspend our business operations in Russia and Belarus in March 2022 may increase the risk that new competitors emerge in the region. Many of our current and potential competitors, both online and offline, enjoy substantial competitive advantages, such as: greater name recognition and more prominent brand reputation; pre-existing relationships with desirable clients; more experience with international operations and localization of their offerings; longer operating histories; greater financial, technical, and other resources; more users-customers; newer technologies and more modern technical infrastructure; greater appeal to certain segments of users-customers, such as those entering the workforce; and, in some cases, the ability to rapidly combine online platforms with traditional staffing and contingent worker solutions. These companies may use these advantages to offer products and services similar to ours at a lower price, develop competitive different or superior products and services to compete with our work marketplace, or respond more quickly and effectively than we do to new or changing opportunities, technologies, standards, regulatory conditions, or user-customer preferences or requirements. In addition, while we compete intensely in more established markets, we also compete in developing technology markets that are characterized by dynamic and rapid technological change, varied many and different business models, and frequent disruption of incumbents by innovative online and offline entrants. The barriers to entry into these markets can be low, and businesses easily and quickly can launch online or mobile platforms and applications at nominal cost by using commercially available software or partnering with various established companies in these markets. Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including our current or future third-party partners. By doing so, these competitors may increase their ability to meet the needs of our existing or prospective users. These developments could limit our ability to obtain revenue from existing and new users-customers. For all of these reasons, we may not be able to compete successfully against our current and future competitors, in which case our business, operating results, and financial condition would be adversely impacted. If we or our third-party partners experience a security breach, other hacking or phishing attack, ransomware or other malware attack, or other privacy or security incident, whether intentionally or unintentionally caused by us or by third parties, our work marketplace may be perceived as not being secure, our reputation may be harmed, demand for our work marketplace may be reduced, our operations may be disrupted, we may incur significant legal costs, fines, or liabilities, and our business could be adversely affected. Our business involves the storage, processing, and transmission of users-customers' proprietary, confidential, and personal information as well as the use of third-party partners and vendors who store, process, and transmit users-customers' proprietary, confidential, and personal information. We also maintain and use third-party partners and vendors who process certain other proprietary and confidential information relating to our business and personal information of our personnel. Our systems, and the systems of our vendors and third-party partners, may be vulnerable to privacy or security incidents, such as computer viruses and other malicious software, physical or electronic break-ins, or vulnerabilities resulting from intentional or unintentional service provider actions, and similar disruptions that could make all or portions of our website or applications unavailable for periods of time. Any privacy or security incident, whether intentionally or unintentionally caused by us or by third parties, including government agencies, that we experience could result in: unauthorized access to, misuse of, or unauthorized acquisition of our, our personnel's, or our users-customers' data; the loss, corruption, or alteration of this data; interruptions in our operations; or damage to our computers or systems or those of our users-customers. Any of these could expose us to claims, litigation, fines, enforcement actions, other potential liability, and reputational harm. Additionally, ransomware or other malware, viruses, social engineering (including business email compromise and related wire-transfer fraud), impersonation of our company and executives on social media, and general hacking in our industry have become more prevalent and more complex. Bad actors often try to take advantage of us, our users-customers, and our vendors and third-party partners by using social engineering and other methods to persuade their victims to make fraudulent payments, or to download viruses, ransomware, or other malware into computer systems and networks. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not foreseeable or recognized until launched against a target, we and our vendors and third-party partners may be unable to anticipate incidents these techniques or to implement adequate preventative measures, despite our efforts to implement and maintain a robust information security program. There may also be increased risk of privacy or security incidents as a result of the effects of the war in Ukraine and our ongoing operational decisions related to the suspension of our business in Russia and Belarus in March 2022. Data security breaches and other privacy and security incidents may also result from non-technical means, such as actions taken by employees or contractors, including talent that we engage on our work marketplace to perform services for us. We have also integrated, and the likelihood of such incidents may increase as a result of expect to continue to integrate, generative artificial intelligence tools into our platform and products, our or workforce working remotely our vendors may in turn incorporate generative artificial intelligence tools into their own offerings. We and the providers of these generative artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards with respect to data privacy and protection. If we, our vendors, or our third-party partners experience an actual or perceived breach or privacy or security incident, public perception of the effectiveness of our security measures and brand could be harmed, and we could lose users-customers and business. In addition, significant unavailability of our work marketplace due to security breaches or other privacy and security incidents could cause users-customers to decrease their use of or cease using our work marketplace. Any of these effects could adversely impact our business. Any compromise of our security or the security of our vendors, third-party partners, or users could result in regulatory or other governmental investigations, enforcement actions, litigation, and legal and financial exposure, including potential regulatory fines or penalties or contractual liability. We may also need to expend significant resources to protect against, and to address issues created by, security breaches and other privacy and security incidents. While we maintain cyber liability insurance, these These liabilities

may exceed the amounts covered by our **cyber liability** insurance; further, we cannot be certain that our insurance coverage will extend to or be adequate for liabilities actually incurred, or that insurance will continue to be available to us on economically reasonable terms, at coverage limits we deem prudent, or at all. ~~Any such compromise could also result in damage to our reputation and a loss of confidence in our security measures.~~ Depending on the nature of the information compromised, in the event of a security breach or other privacy or security incident, we may also have obligations to notify affected individuals and entities and regulators about the incident, and we may need to provide some form of remedy, such as a subscription to credit monitoring services, pay significant fines to one or more regulators, reimburse, defend or indemnify third parties ~~if required under contractual obligations~~, or pay compensation in connection with a class-action settlement (including under the private right of action under the California Consumer Privacy Act of 2018, which we refer to as the CCPA). Such breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another. Complying with these obligations could cause us to incur substantial costs and could increase negative publicity surrounding any incident that compromises our, our **users customers**, our employees', our contractors', or other confidential, proprietary, or personal information. **Our sales efforts. We believe that the awareness and integrity of our brand and reputation are important** primarily targeted at large enterprise and other clients and prospects with larger, longer-term independent talent needs. For example, since the fourth quarter of 2021, we have increased our efforts to **achieving widespread acceptance** acquire clients of our Upwork Enterprise offering. As a result of our increased focus on these larger clients, we face greater costs, longer sales cycles, and less predictability in completing some of our sales and in increasing spend by existing clients. In addition, due to a continuation of challenging macroeconomic trends in the fourth quarter of 2022, we experienced an **and** increase in the average length of sales cycles, which resulted in a significant number of deals pushed from the fourth quarter of 2022 into 2023. For larger clients, use of our work marketplace may require approvals by multiple departments **and attracting and retaining customers. Successful and efficient promotion and positioning of our and brand** executive-level personnel and business depend on, among other things, the **effectiveness of our marketing efforts and and brand** require us **messaging and our ability** to provide a **reliable** greater levels of services and client education regarding the uses, benefits **trustworthy**, security, privacy, worker classification, payments, and **useful** compliance services offered on our work marketplace **and offerings at competitive prices**. Larger enterprises typically **In order to reach the brand awareness and acceptance levels of some of our competitors, we need to continuously invest in marketing programs that may not be successful, particularly during early phases of expansion into new segments, such as international customers and customers who are reluctant to utilize remote or contract workers. Further, our brand promotion activities may not be successful or cost-effective. We** have longer decision-making **from time to time launched significant new and brand campaigns** implementation cycles and demand more customization, **including as recently as the third quarter** greater indemnification and risk shifting, higher levels of **2022** support, a broader range of services, and greater payment flexibility. **We also frequently reassess** In addition, larger clients may require greater functionality and scalability that can lead to delays in sales or **our marketing** difficulties in growing client spend. We are often required **and in May 2023 implemented measures** to **reduce our marketing** spend time. **On the other and hand** resources to better familiarize potential large enterprise clients with, **negative publicity and news coverage, fraud, or the other value propositions of illegal activity conducted by bad actors on our work marketplace**, generally. Despite our **or decisions we make relating to geopolitical or social matters, may undermine our brand promotion** efforts in familiarizing potential large enterprise clients or harm our reputation. Additionally, new and developing privacy laws have established **individual rights** with respect to personal information that may lead to downstream effects on our ability to realize and quantify the value of our marketing initiatives. As more jurisdictions adopt expansive data privacy regulations, an increasing number of customers and website visitors will have the right to opt-out of sharing ~~the their~~ **benefits personal information for purposes of specific types of online advertising. This may lead to diminished efficacy of our marketing efforts, diminished visitor- to- customer conversions, and increased costs of maintaining compliance. If we fail to promote and maintain our brand successfully, address customer concerns, our- or work marketplace maintain loyalty among our customers**, these potential clients may decide not to use our **or work marketplace** if **we incur**, among other reasons, they do not feel that their procurement or compliance needs are or will be met or our work marketplace is not widely accepted within the organization. In addition, sales opportunities with large clients may require us to devote greater sales and administrative support and professional services resources to individual clients, which could increase our costs, lengthen our sales cycle, and divert our own sales and professional services resources to a smaller number of larger clients. We may spend **substantial expenses** time, effort, and money in our sales efforts without being successful **unsuccessful** in producing sales **attempts to promote and maintain or our brand**, growing client spend. A significant portion of the fees we **may fail to attract new customers** typically receive from clients is contingent on the level of spend by the client. If a client does not engage talent on our **or retain** work marketplace, or **our existing customers and** uses talent for few projects or **our** projects of low value, our revenue from the relationship may be minimal. A substantial portion of the services sought by clients and offered by talent on our work marketplace relates to information technology. If, for any reason, the market for information technology services declines, including as a result of the relaxation or lifting of restrictions intended to prevent the spread of COVID-19, a macroeconomic downturn, increased use of artificial intelligence or automation, or otherwise, if a sufficient number of qualified or desirable talent is not available on our work marketplace or willing to perform these services or businesses satisfy their needs for these services through alternative means, including through use of our competitors' products or traditional employment relationships, or if the talent on our work marketplace are not located or able to work in specific geographic regions in which clients are seeking to engage remote talent, the growth in the number of users on our work marketplace may slow or decline and as a result our revenue and **business**, **operating results, and financial condition** may be adversely **affected** impacted. Geopolitical events have impacted and may continue to impact the market for information technology services on our work marketplace. We depend in part on various internet search engines **and**, such as Google, as well as other channels to direct a significant amount of traffic to our website and

mobile applications. Our ability to maintain the number of visitors directed to our website and mobile applications is not entirely within our control. For example, our competitors' search engine optimization and other efforts such as paid search may result in their websites receiving a higher search result page ranking than ours, ~~internet search engines or other channels that we utilize to direct traffic to our website have in the past and could again revise their methodologies or implement other changes or penalties that adversely impact traffic to our website,~~ or we may make changes to our website or mobile applications that adversely impact our search engine optimization rankings and traffic ~~to our website and mobile applications~~ in order to comply with applicable regulatory requirements or requirements imposed by **regulators**, our vendors or third-party partners, or for other reasons. As a result, links to our website may not be prominent enough to drive sufficient traffic to our website, and we may not be able to influence ~~the search engine~~ results. **In addition, Search engines and other channels that we utilize to drive users** ~~customers~~ to our website and mobile applications periodically change their algorithms, policies, and technologies, sometimes in ways that cause traffic to our website and mobile applications to decline. These changes can also result in an interruption in ~~users~~ **customers'** ability to access our website, a drop in our search ranking, ~~higher levels of low-intent traffic visiting our website and mobile applications,~~ a misunderstanding among potential ~~users~~ **customers** regarding the functionality or purpose of our work marketplace, or have other adverse impacts that negatively affect ~~traffic on~~ **our ability to maintain and grow the number of users that visit** our website or mobile applications. We may also be forced to significantly increase marketing expenditures in the event that market prices for online advertising and paid listings escalate or our organic ranking decreases. Any of these changes could have an adverse impact on our **customer acquisition**, business, ~~user acquisition,~~ and operating results. Additionally, new and developing privacy laws have established individual rights with respect to personal information that may lead to downstream effects on our ability to realize and quantify the value of our marketing initiatives. As more jurisdictions adopt expansive data privacy regulatory requirements, an ~~and~~ **increasing number of users** ~~financial condition. Our systems and operations and~~ website visitors will be afforded the ~~those~~ right to opt-out of the sharing of their personal information for purposes of specific types of online advertising. The resulting decrease of individuals to whom we and our **customers and** third-party **service providers** marketing and advertising vendors and partners **have experienced from time** may employ industry standard online advertising practices may lead to diminished efficacy **time, and may experience in the future, errors, defects, and disruptions from a variety of causes, including undetected hardware and software errors** ~~our or defects~~ marketing efforts, diminished visitor ~~natural disasters such as an earthquake, blizzard, hurricane, fire, or flood, and other catastrophic events, including public health events and pandemics, man-made problems such as warfare~~ to user conversions, and increased costs of maintaining compliance. Errors, defects, or disruptions in our ~~or~~ work marketplace **terrorism, human error, cybersecurity attacks, power losses, telecommunications or other technological failures, and similar events or circumstances. In particular, catastrophic events in geographical areas where our employees or customers are concentrated** could **have more severe** diminish demand, adversely impact **impacts on** our financial results, and subject us to liability. Our work marketplace enables our users to manage important aspects of their businesses, and any errors, defects, or disruptions in our work marketplace, or other performance or availability problems with our work marketplace or infrastructure could harm our brand and reputation, negatively impact our operating results, impair our ability to obtain or maintain licenses necessary to operate our business, **and the effects of climate change may increase the frequency and intensity of such events.** ~~or~~ **For example** deliver certain services, impair ~~or~~ our jeopardize our partner relationships **corporate headquarters and many key personnel are located in the San Francisco Bay Area, a region known or for seismic activity and catastrophic fires** otherwise damage our business or the businesses of our users. As we expand, we will need an increasing amount of technical infrastructure and continued infrastructure modernization, including network capacity, computing power, and improvements to how we process and store data and transaction information. We may fail to effectively scale and grow our technical infrastructure to accommodate these demands, which may adversely affect our ~~user~~ **customer** experience. We also rely on third-party ~~software~~ **service providers** and infrastructure, including the infrastructure of the internet, to provide our work marketplace. Any failure of ~~or~~ **For example, we currently host** disruption to this software and infrastructure could also make our work marketplace unavailable to our users. These types of disruptions have occurred in the past and will likely occur in the future. Internet shutdowns in certain jurisdictions are becoming more frequent, including in response to civil unrest or prior to contested political elections, and any shutdown in a jurisdiction in which a significant number of our users are located will adversely affect user activity on our work marketplace throughout the duration of such shutdown. We also may have undetected errors in our system and work marketplace, including when new updates are first introduced or released. Any errors, defects, disruptions in service, or other performance or stability problems with our work marketplace, or the inadequacy of our efforts to adequately prevent or timely detect or remedy errors or defects, could result in negative publicity, loss of or delay in market acceptance of our work marketplace, loss of competitive position, our inability to timely and accurately maintain our financial records, interference with our clients' ability to contract for, or the ability of talent to complete, projects on our work marketplace, inaccurate or delayed invoicing of clients, delay of payment to us or talent, claims by users for losses sustained by them, or investigation and corrective action taken by regulatory agencies. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help resolve the issue. Accordingly, any errors, defects, or disruptions in our work marketplace could adversely impact our brand and reputation, revenue, and operating results. We rely on AWS to deliver our work marketplace to our users, and any disruption of service from AWS or material change to our arrangement with AWS could adversely affect our business. We currently host our work marketplace, serve our ~~users~~ **customers**, and support our operations using Amazon Web Services, which we refer to as AWS, a provider of cloud infrastructure services. We do not have control over the operations ~~of or~~ the facilities of **our third-party service providers, which** AWS that we use. AWS's facilities are vulnerable **subject to failure risks of errors, damage defects, and disruptions. In addition, these third parties generally do not have an obligation to renew their agreements with us on commercially reasonable terms, or at all, and we may not be able to switch to another**

**third-party service provider easily or without incremental costs. Any** interruption from a number of causes, including from earthquakes, hurricanes, floods, fires, cybersecurity attacks, terrorist attacks, power losses, telecommunications failures, and similar events, or could be subject to break-ins **in**, computer viruses, sabotage, intentional acts of vandalism, and other **the provision** misconduct. The occurrence of **services to us by these third parties for any reason** of these events, a decision to close the facilities or cease or limit providing services to us without adequate notice, or other unanticipated problems could result in interruptions to our work marketplace, **including lengthy interruptions and our and these third parties' business continuity and disaster recovery plans may prove to be inadequate**. Our work marketplace **'s continuing enables our customers to manage important aspects of their businesses,** and uninterrupted **any errors, defects, disruptions in service, or other** performance is critical to our **or availability problems with** success and users may become dissatisfied by any system failure that interrupts our ability to provide our work marketplace **, or our inability to adequately prevent or timely detect or remedy errors, defects, or disruptions in service, could harm our brand and reputation, result in security breaches or them- the loss of critical**. We may not be able to easily switch our AWS operations to another cloud or other data center provider if there are disruptions or interference with our use of AWS, and, even if we do switch our operations, other cloud and data center providers are subject to the same risks. Sustained or repeated system failures could reduce the attractiveness of our work marketplace to users, cause users to decrease their use of or cease using our work marketplace, and adversely affect our business. Moreover, negative publicity arising from these types of disruptions could damage our reputation and may adversely impact use **our business and the businesses** of our customers, **impair our- or work marketplace jeopardize our partner relationships, result in delays in invoicing of clients or payment to us or talent, negatively impact our ability to obtain or maintain licenses necessary to operate our business or deliver certain services, or result in claims by customers for losses sustained by them or investigation or corrective action by regulatory agencies**. We **In any such event, we may expend additional resources in order to attempt to resolve the issue. Moreover, we** may not carry sufficient business interruption insurance to **cover** compensate us for losses that may occur as a result of any **such** events, **that cause interruptions in our service** and we cannot be certain that insurance will continue to be available to us on economically reasonable terms, or at all. **Accordingly,** AWS does not have an **any errors** obligation to renew its agreements with us on commercially reasonable terms, **defects,** or at all. If we are unable to renew our **or disruptions** agreements or unable to renew on commercially reasonable terms, our agreements are prematurely terminated, or we add additional infrastructure providers, we may experience costs or downtime in connection with the transfer to, or the addition of, new data center providers. If these providers charge high costs for or increase the cost of their services, we may have to increase the fees to use our work marketplace and **could diminish demand, adversely impact our business,** operating results may be adversely impacted, **and financial condition, and subject us to liability**. Our ability to attract and retain **users-customers** is dependent in part on the quality of our support, and any failure to offer high- quality support could adversely impact our business, operating results, and financial condition. Our ability to attract and retain **users-customers** is dependent in part on the ease of use, trustworthiness, and reliability of our work marketplace, including our ability to provide high- quality support. Our **users-customers** depend on our support organization to enforce our terms of service against bad actors, **to** resolve any issues relating to our work marketplace, **to** communicate effectively about their accounts, and **to** assist in their use of our work marketplace, especially large enterprise clients, which expect higher levels of support. Our ability to provide effective support is largely dependent on our ability to attract, resource, and retain service providers who are both qualified **to support users of and well versed in** our work marketplace and well versed in. **The incorporation of generative artificial intelligence into our support tools, either by us our- or work marketplace our third- party support partners, may lead to inconsistent quality of experience as these tools are integrated and refined**. Offering our website and **user-customer** support **in only in English a limited number of languages** may negatively impact our relationships with our **customers** users, particularly users in non- English speaking countries. As we seek to continue to grow our international **user-customer** base, our support organization will face additional challenges, including those associated with delivering support and documentation in **additional** languages **other than English**. Any failure to maintain high- quality support or effectively communicate with our **users-customers**, or any market perception that we do not maintain high- quality support or act professionally, fairly, or effectively in our communications and actions **with respect to users-**, could harm our reputation, adversely affect our ability to sell our work marketplace to existing and prospective **users-customers**, and could adversely impact our business, operating results, and financial condition. Our **user-customer** growth and engagement on mobile devices depend upon third parties maintaining open application marketplaces and effective operation with mobile operating systems, networks, and standards that we do not control. Mobile devices are increasingly used for marketplace transactions. A significant and growing portion of our **users-customers** access our work marketplace through mobile devices, including through mobile applications. Our mobile applications rely on third parties maintaining open application store platforms, including the Apple App Store and Google Play, which make current and new applications or new versions of our mobile applications available for download and use on mobile devices. **We cannot assure you that these These** platforms **will may not** maintain their current structures or terms of access, **will** continue to make our mobile applications or newer versions of our mobile applications available for download, **and may** or will not charge us new or additional fees or impose other new or additional requirements, **which** including requirements that may be costly and burdensome to meet or may adversely affect **user-customer** experience. Additionally, **there is no guarantee that** popular mobile operating systems, such as Android and iOS, **could stop** will continue to support **supporting** our work marketplace, **that any changes to such operating systems will not degrade the functionality of or user experience on our- or marketplace, or that the ability to make use of mobile devices for payments or other transactions on our work marketplace will be available at all or on commercially reasonable terms or make changes that degrade the functionality of or customer experience on our marketplace**. In order to deliver high- quality mobile offerings, it is important that our offerings are designed effectively and work well with a range of mobile devices, technologies, systems, networks, and standards that we do not control, and we may not be successful in

developing relationships with key participants in the mobile industry or in developing offerings that operate effectively. In the event that it is inconvenient **or impossible** for our ~~users~~ **customers** to access and use our work marketplace on their mobile devices, ~~or our competitors develop offerings and services that are perceived to operate more effectively on mobile devices, or our users choose not to access or use our work marketplace on their mobile devices or use mobile products that do not offer access to our work marketplace, our user growth, user engagement, and business~~, **operating results, and financial condition** could be adversely impacted. Risks Related to Legal and Regulatory Matters We and our ~~users~~ **customers** are subject to a wide variety of foreign and domestic laws **and regulations**. Laws, regulations, and standards governing issues that may affect ~~us~~ **our business, including** such as worker classification, employment, worker health, payments, worker confidentiality obligations and whistleblowing, intellectual property, consumer protection, taxation, privacy, and data security, are often complex and subject to varying interpretations, ~~in many cases due to their lack of specificity~~, and, as a result, their enforcement and application in practice may change or develop over time. Many of these laws were adopted prior to the advent of the internet, mobile, and related technologies and, as a result, do not contemplate or address the unique issues of ~~such the internet, mobile, and related technologies. The level~~ **In addition, because our website is generally accessible by customers worldwide, we have received in the past, and may continue to receive, notices from jurisdictions claiming that we or our customers are required to comply with their laws and regulations. Laws and regulations outside of the United States regulating areas that and staffing companies, among others, which could be interpreted to apply to us, our business** are often less favorable to us than those in the United States, giving greater rights to competitors, ~~users~~ **customers**, and other third parties. Compliance with international laws and regulations may be more costly than expected, may require us to change our business practices or restrict or modify our offerings or obtain certain licenses, and such changes or licensure may not be possible on a reasonable timeline or at all, and the imposition of any such laws or regulations on us, our ~~users~~ **customers**, or third parties that we or our ~~users~~ **customers** utilize to provide or use our services, may adversely impact our ~~revenue~~ **business and business operating results**. In addition, we may be subject to multiple **complex** overlapping legal or regulatory **regimes that impose conflicting requirements, including with respect to data protection and privacy, which could lead to additional compliance costs and enhanced legal risks. Regulatory** scrutiny on ~~larger~~ **large** companies, technology companies in general, and companies engaged in dealings with independent contractors, payments, or personal information in particular, has increased significantly ~~recently~~ and may continue to increase. New and existing laws and regulations (or changes in interpretation of existing laws and regulations), ~~including those concerning worker classification, independent contractors, employment, discrimination and harassment, payments, whistleblowing and worker confidentiality obligations, intellectual property, consumer protection, taxation, privacy, data security, benefits, unionizing and collective action, arbitration agreements and class action waiver provisions, unfair competition, terms of service, website accessibility, background checks (such as the Fair Credit Reporting Act, 15 U. S. C. § 1681), escheatment, and federal contracting may also be adopted, implemented, or interpreted to apply to us and other online services marketplaces or our business~~ **our or users our customers, including as a result of new products or features we may introduce or international expansion of our business**. Likewise **In addition**, these laws **and regulations** affect our ~~customers~~ **users**, and their application, or uncertainty around their application, may affect demand for our work marketplace. ~~Legislators and regulatory agencies have enacted, and may continue to enact, new laws, rules, and regulations that are adverse to our business or the interests of our users, or they may view matters or interpret or enforce laws and regulations differently than they have in the past or in a manner adverse to our business or the interests of our users. Such legislative or regulatory scrutiny or action may create or enhance different or conflicting obligations on us from one jurisdiction to another. If we determine additional legal requirements apply to our business, we may expend resources to comply or obtain licenses to come into compliance with such requirements, and such efforts may be a distraction to the business or require adverse changes to the manner in which we conduct our business or our work marketplace and may themselves cause regulatory agencies to scrutinize our business, including past practices. It is also possible that certain provisions in agreements with our users~~ **customers** or service providers, or between talent and clients, or the fees we charge, may be found to be unenforceable or not compliant with applicable law. **Although we have implemented policies and procedures designed to analyze and support compliance with applicable laws and regulations, there can be no assurance that we will maintain compliance, that our interpretations are or will remain correct, or that all of our employees, contractors, partners, customers, and agents will comply. We have in the past been, and may in the future be, subject to administrative inquiries and audits concerning our compliance with applicable laws and regulations, including the taxation and classification of our workers and the customers of our work marketplace. Any failure by us or alleged failure to comply with applicable laws and regulations creates risk for our business and our employees, contractors and customers and could result in enforcement actions or other proceedings, criminal or civil fines and penalties or other actions, civil lawsuits, forfeiture of significant assets, the limitation or suspension of our ability to operate our business or certain services in a particular jurisdiction, damages, interest, loss of export privileges, costs and fees (including legal fees), injunctions, loss of intellectual property rights, whistleblower complaints, termination of agreements by our partners, the diversion of management's attention and resources, or reputational harm and adverse media coverage. Certain claims may not be covered by our insurance, and we cannot be certain that our insurance coverage will cover liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. Any of the foregoing could, individually or in the aggregate, harm our reputation and adversely affect our business, operating results, and financial condition, and we could be required to make costly and burdensome changes to our business practices or compliance programs.** **Worker Classification Our** ~~clients~~ **clients** are generally responsible for properly classifying the talent they engage through our work marketplace ~~under our terms of service~~. Some clients opt to classify talent as employees for certain work, while talent in many other cases are classified as independent contractors. We offer an optional service to ~~users~~ **customers** of our ~~Upwork~~ **Enterprise Solutions** offering and other premium offerings, through which we help classify talent as employees of third-party staffing

providers or independent contractors. For clients of these services, subject to applicable law and the terms of our agreement with the client, we indemnify clients from misclassification risk and make **certain** warranties to the client, such as to compliance with applicable laws. In addition, we offer ~~a number of~~ other premium offerings where we provide increased assistance to ~~users~~ **customers** to find and contract with one another, which could increase employment-related risks. Third-party staffing providers employ talent classified as employees for clients, and failure of these staffing providers to comply with all legal and tax requirements could adversely affect our business. We also use our work marketplace to find ~~;~~ **classify**, and engage talent to provide services for us and for our ~~managed~~ **Managed Services** offering, **which subjects us to additional misclassification risk**. There is significant uncertainty in the worker classification regulatory landscape and the application of worker classification laws, which are regularly subject to further regulation, amendment, or re-interpretation, and consequently there is risk to us and to ~~customers~~ **users, both talent and clients**, that independent contractors could be deemed to be misclassified under applicable law, including as a result of changes in our offerings or brand positioning that we may introduce. **Laws and Compliance with any new legislation or regulations that may be costly and difficult, or compliance in a commercially reasonable manner may not be possible.** Additionally, the tests governing ~~---~~ **govern the status** whether a service provider is an ~~and misclassification of~~ independent contractor **contractors** or an employee are typically highly fact sensitive and ~~vary by governing law.~~ **Laws and regulations that govern the status and misclassification of independent contractors are** also subject to change as well as to divergent interpretations by various authorities, which can create uncertainty and unpredictability. For example, in California, Assembly Bill 5, which we refer to as AB 5, went into effect on January 1, 2020 and **is** ~~has the stated~~ purpose of codifying the 2018 state supreme court decision in *Dynamex Operations West, Inc. v. Superior Court of Los Angeles*. Together, they retroactively change the standard in California for determining worker classification and are widely viewed as expanding the scope of the definition of “employee” for most purposes under California law. Since the enactment of AB 5, and subsequent amendments and challenges (including California’s Proposition 22) to the law, there is little guidance from the courts or the regulatory authorities charged with its enforcement and there remains a degree of uncertainty regarding its application. Further, **in January 2024**, the U. S. Department of Labor recently published a **new final rule Notice of Proposed Rulemaking** regarding the classification of workers as independent contractors or employees **under the Fair Labor Standards Act**, ~~which~~ **and while we expect this new rule to have minimal, if passed could expand any, impact on the independent work relationships formed on our platform, it may increase uncertainty for our customers and may be delayed or changed again as a result of recently- filed litigation.** ~~the Other~~ scope of the definition of “employee” under federal **agencies** law. Likewise, **U. S. states, or** jurisdictions outside the United States **may enact similar**, such as the United Kingdom and the European Union, which we refer to as the EU, through its work on the Platform Workers Directive and other legislative **legislation or rules** and regulatory instruments, may change their definition of “employment” to include arrangements currently viewed as independent. Even if any new rules, laws or regulations do not directly impact our business, public perception may result in confusion about the standards to be applied when making an employment determination and cause ~~customers~~ **clients** to explore alternative arrangements to meet their talent needs. ~~We have in the past been, and may in the future be,~~ subject to administrative inquiries and audits concerning the taxation and classification of our workers and the users of our work marketplace. ~~Certain claims may not be covered by our insurance, and we cannot be certain that any insurance coverage that we have or may obtain will extend to or be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. A misclassification determination, allegation, claim, or audit creates potential exposure for users and for us, including: reputational harm and monetary exposure arising from or relating to failure to withhold and remit taxes, unpaid wages, and wage and hour laws and requirements (such as those pertaining to minimum wage and overtime); claims for employee benefits, social security contributions, and workers’ compensation and unemployment insurance; claims of discrimination, harassment, and retaliation under civil rights laws; claims under laws pertaining to unionizing, collective bargaining, and other concerted activity; and other claims, charges, or other proceedings under laws and regulations applicable to employers and employees, including risks relating to allegations of joint employer liability. Such claims could result in monetary damages (including wage-based damages or restitution, compensatory damages, liquidated damages, and punitive damages), interest, fines, penalties, costs, fees (including attorneys’ fees), criminal and other liability, assessment, injunctive relief, or settlement. For example, particularly around the onset of the COVID-19 pandemic, these types of claims were more frequent in light of then- deteriorating macroeconomic conditions, more prone to agency error in light of overwhelmed agencies, more commonly submitted on a fraudulent basis, and more difficult to successfully oppose or appeal due to COVID-19 related delays, and such events may increase in frequency again if similar circumstances recur. These claims may also become more frequent as our brand awareness increases. Such a claim, allegation, or adverse determination, including with respect to the talent that provide services to us, or the requirement for us to indemnify a client, could also harm our brand and reputation, which could adversely impact our business. While these risks are mitigated, in part, by our contractual rights of indemnification against third-party claims, any limitations or obligations that we include in our contracts with clients to limit our exposure to claims could be determined to be unenforceable, could be costly to enforce or ineffective, or may otherwise prove inadequate.~~ In addition, any developments or changes in the regulatory environment impacting worker classification and independent contractors may reduce the demand for independent contractors more generally in one or more jurisdictions and have an adverse effect on our business, operating results, and financial condition. **Privacy** ~~Even though we currently have a limited physical presence outside of the United States, we have users of our work marketplace located in over 180 countries, including some markets where we have limited experience, where challenges can be significantly different from those we have faced in more developed markets, and where business practices may create greater internal..... internet, payments, escrow, data~~ **Data protection** ~~Protection~~, data residency, privacy, taxation....., could adversely affect our business. We receive, collect, store, process, transfer, and use personal information and other ~~user~~ **customer** data. There are numerous federal, state, local, and international laws and regulations regarding privacy, data protection, information security, and the

collection, storing, sharing, use, processing, transfer, disclosure, and protection of personal information and other data. The scope of these laws and regulations is changing, subject to differing interpretations, and may be inconsistent among states and countries, or conflict with other laws and regulations. We are also subject to the terms of our privacy policies and legal and contractual obligations to third parties related to privacy, data protection, and information security. The regulatory framework for privacy and data protection worldwide is, and is likely to remain for the foreseeable future, uncertain and complex, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that we do not anticipate or that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. In addition, public and regulatory scrutiny of and complaints about technology companies in general regarding their data handling or data protection practices has increased **and may continue**. Any significant change to applicable laws, regulations, or industry practices regarding the collection, use, retention, security, sharing, or disclosure of the data of our users, employees, contractors, or others, or their interpretation or enforcement, or any changes regarding the manner in which the express or implied consent of users for the collection, use, retention, sharing, or disclosure of such data must be obtained, could increase our costs and require us to modify our services and features, possibly in a material manner, which we may be unable to complete in a cost-effective manner, or at all, and may limit our ability to store and process user data or develop new services and features. We also expect that there will continue to be new laws, regulations, and industry standards concerning privacy, data protection, automated processing, and information security **that are proposed and enacted in various jurisdictions**. For example, Europe's General Data Protection Regulation, which we refer to as the GDPR, the UK General Data Protection Regulation (which implements the GDPR into UK law), and Europe's Digital Services Act impose stringent data protection and data handling compliance requirements and provide for significant penalties for noncompliance. Additionally, there is an increased focus on automated processing and processing via artificial intelligence that may lead to increased regulatory restrictions that could have an impact on portions of our platform's functionality. **The For example, we have recently established several partnerships that have allowed us to integrate generative artificial intelligence tools into our work marketplace aimed at improving customer experience and productivity. If regulatory authorities or legal challenges against us or our vendors that provide us with artificial intelligence services impose new restrictions on artificial intelligence in ways that prevent the incorporation of such tools into our platform or limit their functionality, the potential benefits to our business of artificial intelligence may not be fully realized. In California, the CCPA, in conjunction with its California Privacy Rights Act amendment,** requires, among other things, covered companies to provide certain disclosures to California consumers and affords such consumers certain rights, including the right to opt-out of certain sales of personal data. The CCPA also provides for civil penalties for violations as well as a private right of action for data breaches that may increase data breach litigation. **A growing number of U** Further, the California Privacy Rights Act, which was passed in November 2020 and became fully effective in January 2023, significantly modifies the CCPA. **S** These modifications require us to incur additional costs and expenses in our effort to comply. **states Virginia, Colorado, Utah, and Connecticut have enacted similar or other data privacy protection legislation that have or will take go into staggered effect in 2023 the near future**, and several other states and countries are considering expanding or passing privacy laws in the near term. The enactment of more restrictive laws, rules, regulations, or future enforcement actions or investigations could **impact increase our costs and require us through increased to materially modify our services and features, which we may be unable to complete in a cost-effective manner, our or business at all**, and **may limit our nonecompliance could result in regulatory penalties and significant legal liability-- ability to store and process customer data or develop new services and features**. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our users **customers** may limit the adoption and use of, and reduce the overall demand for, our work marketplace. Additionally, **if violations of applicable laws, regulations, or agreements by third parties we work with violate applicable laws, regulations, or agreements, such violations may put the data of our users customers, employees, contractors, and others at risk, could result in governmental investigations or enforcement actions, fines, litigation, claims, or public statements against us by consumer advocacy groups or others, and could result in significant liability, cause reduce our customers' users to lose trust in us, and otherwise harm have an adverse effect on our reputation and adversely impact our business. We may be subject to escrow, operating results, and financial condition. payment Payments or money services, and money transmitter regulations that may adversely affect our business.** Our subsidiary, Upwork Escrow **Inc.**, is licensed as an internet escrow agent under California's Escrow Law and is subject to regulations applicable to internet escrow agents promulgated by the DFPI. Although we are a licensed internet escrow agent and we believe that our operations comply with existing U. S. federal, state, and international laws and regulatory requirements related to escrow, **generating interest from customer funds held in escrow,** money transmission, and the handling or moving of money, the laws **or and** regulations **or their may change,** interpretations of existing laws and regulations may also change, and our operations and offerings may change resulting in new or different regulatory requirements being applicable or preferable for our business. As a result, we could be required, or choose, to become licensed as an escrow agent or a money transmitter (or other similar licensee) in other U. S. states or other jurisdictions or as a money services business **under federal laws and regulations or similar licenses under the laws and regulations of other jurisdictions**. It is also possible that we could become subject to regulatory enforcement or other proceedings in states or other jurisdictions with escrow, money transmission, electronic money, or other similar statutes or regulatory requirements related to the handling, storing, or moving of money, and such risk may increase if we are required or choose to pursue additional or different licenses, which could in turn have a significant impact on our business, even if we voluntarily sought the licenses or were to ultimately prevail in such proceedings. For example, we received two inquiries, each prior to 2014 and under outdated legal frameworks, from regulatory authorities inquiring whether we are engaging in payment activities; these inquiries were resolved in our favor and did not require us to obtain a license in the applicable jurisdiction. We may also be required, or choose, to become licensed as a payment institution (or obtain a similar license) under the European Payment Services Directive or other international laws



and regulations or may choose to obtain such a license even if not required or in order to support new products or services. Any developments or inconsistencies in the requirements, interpretations, or applicability of the laws or regulations related to escrow, money transmission, or the handling, storing, or moving of money; material changes to the mandate, purview or regulatory approach at the DFPI; or increased scrutiny of our business may lead to additional compliance costs and administrative overhead. **Moreover, The application of laws and regulations related to the extent that holding or pursuing** escrow, money transmission, and the handling or moving of money is subject to significant complexity and uncertainty, particularly as those laws relate to new and evolving business models. If we fail to comply with one or more escrow or money transmitter, or similar licenses involves complying with other similar statutes or regulatory requirements related to the handling frameworks, such as GDPR or CCPA, we may experience increased enforcement moving of money in any U. S. state or other proceedings jurisdiction, we may be subject to the imposition of fines or restrictions on our business, our ability to offer some or all of our services in the relevant jurisdiction may be limited or suspended, and we may be subject to civil or criminal liability and our business, operating results, financial condition, reputation, and brand could be adversely affected. Failure to comply with anti **Anti**- corruption **Corruption**, anti **Anti**- money **Money** laundering **Laundering**, and sanctions **Sanctions** laws, and similar laws, could subject us to penalties and other adverse consequences. We have voluntarily implemented an anti- money laundering compliance program designed to address the risk of our work marketplace being used to facilitate money laundering, terrorist financing, or other illegal activity. ~~Our~~ **However, our** program may not be sufficient to prevent our work marketplace from being used to improperly move money or may be found not to satisfy the expectations of our partners or regulators. In addition, if we or a regulator ~~determines~~ **determine** that we are required to comply with the Bank Secrecy Act (BSA), 31 U. S. C. § 5311, or similar laws outside of the United States, we may be required to enhance or alter our anti- money laundering compliance program. We also have policies, procedures, and technology designed to allow us to comply with U. S. economic sanctions laws and prevent our work marketplace from being used to facilitate business in countries, regions, or with persons or entities included on designated lists promulgated by the U. S. Department of the Treasury's Office of Foreign Assets Control, which we refer to as OFAC, and equivalent foreign authorities. Our efforts to comply with OFAC regulations may not be effective, including in preventing users from using our services within the OFAC- sanctioned countries and regions, our partners or regulators may determine they are insufficient, or we may be required to comply with new sanctions laws and regulations, which may require us to further revise or expand our compliance program. For example, as a result of the war in Ukraine, the United States, the United Kingdom, the EU, and other jurisdictions have issued **and may in the future issue** broad- ranging economic sanctions. The result of such sanctions has negatively affected and may continue to affect our users **customers** and business. Additionally, any additional sanctions by the United States and the EU could include blocking sanctions targeting Russia and the enforcement of secondary sanctions against banks in China, India, or other markets that have continued to transact with Russian entities, which may disrupt our ability to transact with entities located in those countries. Given the technical limitations in developing controls to prevent, among other things, the ability of users **customers** to publish on our work marketplace false or deliberately misleading information or to develop sanctions- evasion methods, it is possible that we may inadvertently and **unknowingly** without our knowledge provide services to individuals or entities that **are subject to sanctions** have been designated by OFAC or are located in a country subject to an embargo by the United States that may not be in compliance with the economic sanctions regulations administered by OFAC. Our and other freelancing platforms and websites have been the subject of additional scrutiny and press attention relating to North Korea. A U. S. Department of State advisory issued in July 2018 stated that " there are cases where North Korean companies exploit the anonymity provided by freelancing websites to sell their IT services to unwitting buyers. " More recently, in May 2022, the U. S. Department of State, U. S. Department of Treasury, and the Federal Bureau of Investigation issued guidance on efforts by North Korean nationals to secure freelance engagements as remote IT workers by posing as non- North Korean nationals. Additionally, press reports have stated that North Korean operatives have used various social media applications and freelancing websites, including ours. Although we have controls in place to detect and prevent such OFAC violations and our systems show no transactions with persons in North Korea, nor in any other OFAC- sanctioned jurisdictions, we may face higher levels of scrutiny by users, partners, and regulators due to the publishing of this advisory and those or similar press reports. We are also subject to the U. S. Foreign Corrupt Practices Act, which we refer to as the FCPA, the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, and the UK Bribery Act 2010, and may be subject to other anti- bribery laws in countries in which we conduct activities or have users **customers**. We face significant risks if we fail to comply with the FCPA and other anti- corruption laws. In many foreign countries, particularly in countries with developing economies, it may be a local **Local** custom **customs** that businesses engage in **international jurisdictions may involve** practices that are prohibited by the FCPA or other applicable laws and regulations. We may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities, and we may be held liable for the corrupt or other illegal activities of these third- party intermediaries, our employees, representatives, contractors, partners, and agents, even if we prohibit or do not explicitly authorize such activities. We have implemented an anti- corruption compliance policy, but we cannot ensure that all of our employees, users **customers**, and agents, as well as those contractors to which we outsource certain of our business operations, will **comply with** not take actions in violation of our policies or agreements and applicable law, for which we may be ultimately held responsible. Any violation by us, our users or payment partners of OFAC regulations, the FCPA, other applicable anti- corruption laws, or other anti- bribery, anti- money laundering, or sanctions laws, could result in investigations and actions by federal or state attorneys general or foreign regulators, loss of export privileges, severe criminal or civil fines and penalties or other sanctions, forfeiture of significant assets, whistleblower complaints, termination of agreements by payment partners, reputational harm, and adverse media coverage, which could have an adverse effect on our reputation, business, operating results, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees. We could also be required to make costly and

burdensome changes to our business practices or compliance programs as a result of regulatory scrutiny, voluntary changes we may make to our business strategy, or the expansion of our operations internationally, including expanding our presence outside the United States. Further, even **Even** if we maintain proper controls and remain in compliance with applicable anti-corruption, anti-money laundering, and sanctions laws or regulations, should any of our competitors not implement sufficient controls and be found to have violated such laws or regulations, **user-customer** perception of online freelance marketplaces in general may decrease and our business, **operating results, brand-- and financial condition**, and reputation may be adversely affected. We may be required to comply with governmental export **Export control Controls** laws and regulations. Our failure to comply with these laws and regulations could have an adverse effect on our business and operating results. We may be subject to export controls and other similar regulations that prohibit the shipment or provision of certain products and services to certain countries, governments, and persons, and new export controls and similar regulations are promulgated from time to time; ~~including the recent application of new and broad-ranging export controls enacted as a result of the war in Ukraine~~. While we take precautions to prevent aspects of our work marketplace from being exported in violation of export controls, including implementing internet protocol address blocking and obtaining and relying on licenses and exemptions, ~~when applicable,~~ we cannot guarantee that the precautions we take will prevent violations of export control and similar laws. ~~If we are found to be in violation of U. S. or international export control laws, it could result in substantial fines and penalties for us and for the persons working for us.~~ In addition, our **users customers** may be subject to export control laws that do not apply to us and we may not be able to determine the applicability of such export control laws, and any violations by them could harm our reputation and they could seek to hold us responsible for any monetary losses. In addition, various countries regulate the import and export of certain encryption and other technology, ~~which have been expanded in response to the war in Ukraine,~~ including imposing import and export permitting and licensing requirements, and have enacted **and may enact** laws that could limit our ability to distribute aspects of our work marketplace or could limit our **users customers**' ability to access our work marketplace in those countries. ~~Changes in our work marketplace, or future changes in export and import regulations or revocation or inapplicability of our licenses may prevent our international users from utilizing our work marketplace or, in some cases, prevent the export or import of our work marketplace to certain countries, governments, or persons altogether.~~ Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our work marketplace by existing or potential **users customers** with international operations **and**. ~~Any decreased use of our work marketplace or limitation on our ability to export or sell our products would likely adversely affect~~ **impact** our business, operating results, and financial **results condition**. We are vulnerable to intellectual property infringement claims and challenges to our intellectual property rights brought against us by third parties. We operate in a highly competitive industry, and there has been considerable activity in our industry to develop and enforce intellectual property rights. Intellectual property infringement claims against us or our **users customers** or third-party partners could result in monetary liability or a material disruption **to in the conduct of** our business. We cannot be certain that aspects of our work marketplace, content, and brand names do not or will not infringe valid patents, trademarks, copyrights, or other intellectual property rights held by third parties, including our competitors. Also, we are now, have in the past been, and may in the future be, subject to legal proceedings and claims relating to the intellectual property of others, including our competitors, in the ordinary course of our business. The likelihood of intellectual property-related litigation and disputes may increase as platforms like ours gain more prominence. In addition, ~~any~~ **the improper** use of generative artificial intelligence by **users customers** of our work marketplace may lead to additional claims of intellectual property infringement. ~~Companies, including non-practicing entities and our competitors, have also sent us demand letters and instituted proceedings alleging that we infringe their intellectual property, seeking licensing fees, royalties and damages, and demanding that we cease certain commercial activity. We may receive such demand letters and be subject to similar proceedings in the future.~~ Our competitors and other third parties have in the past challenged, and may in the future challenge, our registration or use of our trademarks, including "Upwork," and other intellectual property rights, and such a challenge, even if ~~not successful~~ **unsuccessful**, could adversely affect our brand and business. Our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have or trademarks or other rights that pre-date and take precedence over our own. We may also be obligated to indemnify certain clients on our work marketplace or strategic partners or others in connection with such infringement claims, or to obtain licenses from third parties ~~or modify our work marketplace or marketing strategy, and each such obligation would require us to expend additional resources and could divert the attention of management.~~ Some of our infringement indemnification obligations related to intellectual property are contractually **uncapped or** capped at a very high amount **amounts** ~~or not capped at all~~. Any litigation or other disputes relating to allegations of intellectual property infringement could divert management attention and resources, subject us to significant legal costs and liability for damages **or new licenses**, invalidate our proprietary rights, or ~~force~~ **require** us to **alter** do one or more of the following: • suspend or cease conducting certain operations in some or all jurisdictions, or stop using technology that contains the allegedly infringing intellectual property; • stop using the name "Upwork" or other trademarks in some or all jurisdictions; • incur significant legal expenses; • pay substantial damages or ongoing royalty payments to the party whose intellectual property rights we may be found to be infringing; • pay substantial amounts in settlement to a party that asserts allegations of intellectual property infringement; • **prevent us from offering aspects of our work marketplace, or make expensive and disruptive changes to our- or marketing strategy, work marketplace or our- or methods other aspects** of doing **our** business; or • attempt to obtain a license to the relevant intellectual property from third parties, which may not be available on reasonable terms or at all. We expect that the occurrence of infringement claims is likely to grow as the market segment for independent talent and the clients that engage them grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could require us to expend additional financial and management resources. Failure to protect our intellectual property could adversely affect our business. Our success depends in large part on our proprietary technology and data. We rely on various intellectual property

rights, including patents, copyrights, trademarks, and trade secrets, as well as confidentiality provisions and contractual arrangements, to protect our proprietary rights. If we do not protect and enforce our intellectual property rights successfully or cost-effectively, including if we are unable to protect our trademarks and brand, our competitive position, business and brand may suffer, which would adversely impact our operating results. We may not pursue or file patent applications or apply for registration of copyrights or trademarks in the United States and foreign jurisdictions in which we have a presence with respect to our potentially patentable inventions, works of authorship, and marks and logos for a variety of reasons, including the cost of procuring or ability to procure such rights and the uncertainty involved in obtaining adequate protection from such applications and registrations. Moreover, ~~recent amendments to, developing jurisprudence regarding, and possible~~ changes to intellectual property laws and regulations, including U. S. and foreign patent law, may affect our ability to protect and enforce our intellectual property rights or defend against claims alleging we are infringing others' rights. If the intellectual property rights that we develop are not sufficient to protect our proprietary technology and data, our brand, our business, **operating results, and financial condition** ~~and operating results~~ could be adversely affected. In addition, the laws of some countries do not provide the same level of protection for our intellectual property as do the laws of the United States. As our global reputation grows and we expand our international activities, our exposure to unauthorized copying and use of our work marketplace and proprietary information will likely increase. Despite our precautions, our intellectual property is vulnerable to unauthorized access through employee or third-party error or actions, theft, cybersecurity incidents, private or public economic espionage, and other security breaches and incidents. ~~It is possible for third-~~ **Third** parties ~~to may~~ infringe upon or misappropriate our intellectual property, ~~to~~ copy our work marketplace, and ~~to~~ use information that we regard as proprietary to create products and services that compete with ours. Effective intellectual property protection may not be available to us in every country in which our work marketplace is available. In addition, many countries limit the enforceability of patents or other intellectual property rights against certain third parties, including government agencies or government contractors. ~~In these countries, patents or other intellectual property rights may provide limited or no benefit.~~ Further, certain countries impose additional conditions on the transfer of intellectual property rights from individuals to companies, which may make it more difficult for us to secure and maintain intellectual property protection ~~in those countries~~. We may need to expend additional resources to defend our intellectual property rights domestically or internationally, which could be costly, time consuming, and distracting to management and could impair our business or adversely affect our ~~domestic or international~~ expansion. If we cannot adequately protect and defend our intellectual property, we may not remain competitive, and our business, operating results, and financial condition may be adversely affected. We rely on trade secrets as an important aspect of our intellectual property program and to cover much of our technology and know-how. We seek to protect our trade secrets and obtain rights in intellectual property developed by service providers through confidentiality and invention assignment or intellectual property ownership agreements with our employees, contractors, and other parties, as well as through implementing acceptable use policies, limiting access to our information and data through technological means, and monitoring and limiting the dissemination of our information and data outside of company-owned information systems. We cannot ensure that these agreements, or all the terms thereof, will be enforceable or compliant with applicable law, or these agreements and other measures will be effective in protecting our trade secrets and intellectual property rights. Most of our employees and all of the contractors with which we work are remote, which may make it more difficult to control use of confidential materials, increasing the risk that our source code or other confidential or trade secret information may be exposed. Any failure to protect intellectual property that we develop or our proprietary technology and data would adversely affect our business, operating results, and financial condition. ~~The~~ We have in the past been, and may in the future be, ~~forced to rely on litigation, opposition, and cancellation actions, and other claims and enforcement actions to protect our intellectual property, including to dispute registration, use of marks that may be confusingly similar to our own marks, or use of technologies that infringe on our intellectual property. Similar claims and other litigation may be necessary in the future to enforce and protect our intellectual property rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Our work marketplace contains open source software components, and failure to comply with the terms of the underlying licenses~~ **and could negatively affect our business**. Our work marketplace incorporates certain open source software. An open source license typically permits the use, modification, and distribution of software in source-code form subject to certain conditions. ~~These~~ **Some open source licenses** ~~contain conditions~~ **may require** that any person who distributes a modification or derivative work of ~~software that was subject to an open source license~~ **software** make the modified version subject to the same open source license. Distributing software that is subject to this kind of open source license can lead to a requirement that certain aspects of our work marketplace be distributed or made available in source code form. Although we do not believe that we have used open source software in a manner that might condition its use on our distribution of any portion of our work marketplace in source code form, the interpretation of open source licenses is complex and, despite our efforts, it is possible that we may be liable for copyright infringement, breach of contract, or other claims if our use of open source software is adjudged not to comply with the applicable open source licenses. Moreover, we cannot ensure that our processes for controlling our use of open source software in our work marketplace will be effective. If we have not complied with the terms of an applicable open source software license, we may need to seek licenses from third parties to continue offering our work marketplace and the terms on which such licenses are available may not be economically feasible, to re-engineer our work marketplace to remove or replace the open source software, to discontinue offering our work marketplace if re-engineering could not be accomplished on a timely basis, to pay monetary damages, or to make available the source code for aspects of our proprietary technology, any of which could adversely affect our business, operating results, and financial condition. In addition to risks related to license requirements, use of open source software can involve greater risks than those associated with use of third-party commercial software, as open source licensors generally do not provide warranties or assurances of title, performance, or non-infringement, nor do they control the

origin of the software. There is typically no support available for open source software, and we cannot ensure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. Litigation could have a material adverse impact on our operating results and financial condition. From time to time, we are involved in litigation and make and receive demands and claims threatening possible litigation. The outcome of any litigation (including class actions and individual lawsuits or arbitration), regardless of its merits, is inherently uncertain. Regardless of the merits or ultimate outcome of any claims that have been or may be brought against us or that we may bring against others, pending or future litigation could result in a diversion of management's attention and resources and reputational harm, and we may be required to incur significant expenses ~~defending against and liabilities in connection with~~ these claims ~~or pursuing claims against third parties~~. ~~If we are unable to prevail in litigation, we could incur substantial liabilities.~~ We may also determine that the most cost-effective and efficient way to resolve a dispute is ~~via to enter into a settlement agreement~~, and terms of any such settlement agreements are increasingly limited by legislation. Where we can make a reasonable estimate of the liability relating to pending litigation and determine that it is probable, we record a related liability. As additional information becomes available, we assess the potential liability and revise estimates as appropriate. However, ~~because of uncertainties relating to litigation~~, the amount of our estimates could be wrong as determining reserves for pending litigation is a complex, fact-intensive process that is subject to judgment calls ~~and the uncertainties of litigation~~. Any adverse determination related to litigation or adverse terms contained in a settlement agreement could require us to change our technology or our business practices in costly ways, prevent us from offering certain offerings or services, require us to pay monetary damages, fines, or penalties, or require us to enter into royalty or licensing arrangements, and could adversely affect our ~~reputation, business, operating results and cash flows, and financial condition~~ ~~harm our reputation, or otherwise negatively impact our business~~. If we are deemed to be an investment company under the Investment Company Act of 1940, our results of operations could be harmed. Under Sections 3 (a) (1) (A) and (C) of the Investment Company Act of 1940, as amended, which we refer to as the Investment Company Act, absent an applicable exemption, a company generally will be deemed to be an "investment company" for purposes of the Investment Company Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities or (ii) it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding, or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an "investment company," as such term is defined in either of these sections of the Investment Company Act, including as a result of both the exemption set forth in Section 3 (b) (1) of the Investment Company Act and the safe harbor set forth in Rule 3a- 8 of the Investment Company Act. Section 3 (b) (1) of the Investment Company Act provides that a company that would otherwise fit within the definition of an "investment company" under Section 3 (a) (1) (C) of the Investment Company Act will not be required to register as an "investment company" if "it is primarily engaged, directly or through a wholly owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities." We believe that we are and hold ourselves out as being engaged primarily in the operation of an online work marketplace, and our historical development, public representations of policy, the activity of our officers and directors, the nature of our present assets, the sources of our present income, and the public perception of the nature of our business all support the conclusion that we are an operating company and not an investment company. Rule 3a- 8 under the Investment Company Act provides a nonexclusive safe harbor from the definition of "investment company" for certain research and development companies. We are currently a research and development company and comply with the safe harbor requirements of Rule 3a- 8 under the Investment Company Act. As set forth above, we currently conduct, and intend to continue to conduct, our operations so that neither we, nor any of our subsidiaries, is required to register as an "investment company" under the Investment Company Act. If we were obligated to register as an "investment company," we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things, limitations on capital structure, restrictions on specified investments, prohibitions on transactions with affiliates, and compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would increase our operating and compliance costs, could make it impractical for us to continue our business as contemplated, and could have a material adverse effect on our business. Risks Related to Finance, Accounting, and Tax Matters We have a history of ~~net losses, may increase our operating expenses in the future, and may not be able to sustain profitability. Until 2023, we have had a history of~~ incurring net losses, ~~and we expect to incur net losses for the foreseeable future~~. For the ~~years-~~ ~~year~~ ended December 31, 2022 and 2021, we incurred net losses of \$ 89. 9 million and \$ 56. 2 million, respectively. As of December 31, ~~2022-2023~~, we had an accumulated deficit of \$ ~~340-294. 9-1~~ million. We have made, and expect to continue to make ~~in the future~~, significant expenditures related to the development and expansion of our business ; ~~including: investing in marketing programs and activities, such as brand promotion efforts, including those designed to reach new and existing clients; expanding our sales force; enhancing our Upwork Enterprise and other premium offerings; expanding our services and features; expanding our international user base; localizing our offerings in select locations; broadening and deepening the categories on our work marketplace; promoting client engagement of the talent that typically optimize to deliver larger projects, including through our Upwork Payroll offering; enhancing our mobile product offering; and in connection with legal, accounting, and other administrative expenses related to operating as a public company.~~ These ~~and other~~ efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently, or at all, to offset these higher expenses. While our GSV and revenue have grown in recent years, we may not be able to sustain the same level of growth in future periods, or at all. For example, ~~the year-over-year GSV growth rate decelerated to 16 % for~~ ~~remained relatively flat at \$ 4. 1 billion during~~ the year ended December 31, ~~2023, as compared to the year ended December 31,~~ 2022

from 41 % for 2021 as the changes to client fees as a result of the shift to our new Client Marketplace offering in April 2022 and the challenging macroeconomic conditions that we began to experience in the second half of 2022 both drove reductions in spend by some clients. Additionally, **In addition, although** in March 2022, we made the decision to suspend our business operations in Russia and Belarus, which also resulted in a loss of client spend in the year. We may continue to experience a similar deceleration or **our profitability** decline in GSV or revenue growth as **has improved in recent periods, if** the impact of the COVID-19 pandemic subsides and users return more frequently to physical offices or as the current macroeconomic conditions worsen. If our revenue declines or fails to grow at a rate faster than increases in our operating expenses, we will not be able to **achieve and maintain profitability** in future periods and the trading price of our common stock could decline. **As a result, we may continue to generate losses. We cannot ensure that we will achieve profitability in the future or that, if we do become profitable, we will be able to sustain profitability.** Our operating results and performance metrics have fluctuated recently, as they have in the past, and will likely continue to fluctuate in the future, particularly **during the current in light of** macroeconomic uncertainty and rising interest rates and inflation. As a result, you should not rely upon our past operating results and performance metrics as indicators of future performance. You should take into account the risks, difficulties, and uncertainties frequently encountered by companies in highly competitive and rapidly evolving markets. Our operating results and performance metrics in any given period can be influenced by numerous factors, many of which are unpredictable or are outside of our control, including **those described elsewhere in this “ Risk Factors ” section as well as the following** : • uncertainty regarding **macroeconomic conditions and** demand for our work marketplace ; • **our ability to achieve as the COVID-19 pandemic subsides and sustain profitability as the current macroeconomic uncertainty continues** ; • our ability to generate significant revenue from our marketplace **Marketplace** offerings; • our ability to maintain and grow our community of **customers** ; • **our ability to respond to competitive developments and other market and technological dynamics, such as the emergence of generative artificial intelligence, and introduce new offerings and services or enhance existing offerings** ; • **changes to our pricing model and fee structure, including any resulting changes to our revenue recognition practices** ; • **changes in the spending patterns of clients or the mix of products and services that clients demand** ; • **the productivity and effectiveness of our sales force** ; • **repurchases by us of any of our outstanding shares of common stock, including under our Share Repurchase Program, or of our 0.25 % convertible senior notes due 2026, which we refer to as the Notes** ; • **our ability to attract and retain talent that provide the types and quality of services sought by clients on our work marketplace** ; • **the impact of reductions in our workforce or involuntary or voluntary separations, including claims against us from departing employees or others** ; • **fluctuations in gross margin and revenue, including as a result of fluctuations in the users’ use of our Managed Services offering due to our recognition of the entire GSV from our Managed Services offering as revenue, including the amounts paid to talent** ; • **the length and complexity of our sales cycles** ; • the success of our marketing and brand positioning efforts; • the **productivity and effectiveness of our sales force** ; • **our ability to attract and retain talent that provide the types and quality of services sought by clients on our work marketplace** ; • **changes in the spending patterns of clients** ; • **the length and complexity of our sales cycles** ; • **fluctuations in gross margin and revenue, including as a result of fluctuations in the use of our managed services offering due to our recognition of the entire GSV from our managed services offering as revenue, including the amounts paid to talent** ; • **the impact of changing, consolidating, or terminating offerings and services , including any associated pricing changes** ; • **our ability to respond to competitive developments** ; • ongoing uncertainty regarding U. S. and global political conditions; • **our ability to introduce new offerings and services or enhance existing offerings** ; • **changes to our pricing model and fee structure, including any resulting changes to our revenue recognition practices** ; • **the number of users customers circumventing our work marketplace and our fees** ; • **fluctuations in transaction losses** ; • the disbursement methods chosen by talent and changes in the mix of disbursement methods offered; • **fluctuations in the prices that talent charge clients on our work marketplace** ; • ransomware, data security, or privacy breaches or incidents and associated remediation costs and reputational harm; • increases in, and timing of, operating expenses that we may incur to grow and expand our operations and to remain competitive; • seasonality in the labor market and spending patterns by clients , **as the COVID-19 pandemic subsides and the resulting relaxation or lifting of restrictions intended to prevent the spread of COVID-19, as well as the number of business days and the number of Sundays (i. e., the day we have the contractual right to bill and recognize revenue for the majority of our talent service fees each week) in any given period, as well as local, national, or international holidays** ; • **litigation, regulatory investigations or enforcement actions, and adverse judgments, settlements, or other litigation-related costs** ; • **fluctuations in transaction losses** ; • operating lease expenses, other real estate expenses, and any impairment charges on our operating lease asset and related leasehold improvements being recognized as a general and administrative expense due to a reduction to our office space **and our potential sublease of such office space at a rental rate that is less than our rent expense for such office space, or any termination fees we may incur as a result of our termination of the operating lease for such office space** ; • the impact of sales, use, and other tax laws and regulations in jurisdictions in which we have **customers** users; • **changes in the mix of products and services that our enterprise clients or other users demand** ; • **fluctuations in the mix of payment provider costs and the revenue generated from payment providers** ; • **potential costs to attract, onboard, retain, and motivate qualified personnel to perform services for us** ; • **changes in the law, application of the law (including as a result of changes in our services or offerings), or interpretation of law, or in the statutory, legislative, or regulatory environment** ; • **potential costs to attract, onboard, retain, and motivate qualified personnel to perform services for us** ; • costs related to the acquisition of businesses, personnel, technologies, or intellectual property; the impact of outages of, and other errors, defects or disruptions on, our work marketplace and associated reputational harm; • the impact of public health **pandemics events** , **especially such as** the COVID-19 pandemic , **or other global or regional events or conditions** ; • **fluctuations in trade and client receivables due to the timing of cash receipts from clients and the number of transactions on our work marketplace** ; • **changes to financial accounting standards and the interpretation of those standards that may affect the way we recognize and report our financial results** ; • **general economic and political**

**conditions and government regulations in the countries where we currently have significant numbers of customers or where we currently operate or may expand in the future, and fluctuations in currency exchange rates**; • revenue recognition fluctuations for arrangements subject to our tiered pricing model for talent service fees; • litigation, regulatory investigations or..... operate or may expand in the future; • losses and expenses from indemnification, dispute assistance, and other contractual obligations we owe to clients; and • non-cash accounting charges such as stock-based compensation expense, including those related to executive compensation arrangements, and depreciation and amortization. The impact of one or more of the foregoing and other factors may cause our operating results and performance metrics to vary significantly. As such, we believe that period-to-period comparisons of our operating results and performance metrics may not be meaningful and should not be relied upon as an indication of future performance. For example, future period-over-period growth rates of revenue and key performance metrics such as GSV and active clients, when compared against the quarterly and full year results of 2022, may fail to meet the expectations of investors or securities analysts given the accelerated growth experienced during such periods due to the COVID-19 pandemic and the resulting increased adoption of remote work and reduced seasonality experienced during such periods. If we fail to meet or exceed the expectations of investors or securities analysts, the trading price of our common stock could fall substantially, and we could face costly lawsuits, including securities class action suits. We track certain performance metrics, including active clients and GSV per active client, ~~both of which we began reporting in the third quarter of 2021, as well as GSV~~, and marketplace ~~Marketplace~~ take rate with internal tools ~~that~~, which are not independently verified by any third-party. Our internal tools have a number of limitations and our methodologies for tracking these metrics may change over time, which could result in inaccurate or unexpected changes to our metrics, ~~including the metrics we report~~. If the internal tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. Our performance metrics are also impacted by illegal or improper activity on our work marketplace, including fraud, spam, fake accounts, and other activity that violates our terms of service and service agreements. ~~We~~ For example, for the year ended December 31, 2022, provision for transaction losses increased, as compared to 2021, primarily due to increased instances of fraud, higher chargeback losses, and bad debt losses related to Upwork Enterprise clients. These levels of fraud could continue or increase, and there is no assurance that any measures we put in place that are **unable** designed to reduce fraud on our work marketplace will be effective. In addition, notwithstanding efforts to identify **and remove all** fake accounts and fraudulent activity on our work marketplace and exclude these users and activity from the calculation of our performance metrics, we are unable to identify and remove all such accounts and activity from being reflected in the performance metrics that we report. Accordingly, our performance metrics may not accurately reflect activity on and the performance of our work marketplace. In addition, limitations or errors with respect to how we measure data, or the accuracy of the data that we measure, may affect our understanding of certain details of our business, which could affect our longer-term strategies and our ability to respond to business trends that may negatively impact our performance. If our performance metrics are not accurate representations of our business, **user customer** base, or **traffic levels activity on our work marketplace**; if we discover material inaccuracies in our metrics; or if the metrics we rely on to track our performance do not provide an accurate measurement of our business, our reputation may be harmed, we may be subject to legal or regulatory actions, and our operating and financial results could be adversely affected. In addition, from time to time we may change the performance metrics that we track, including metrics that we report, and any new performance metrics will also be subject to the foregoing limitations and risks. If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired. A material weakness is a deficiency or combination of deficiencies in our internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our consolidated financial statements would not be prevented or detected on a timely basis. ~~We have experienced~~ As previously disclosed, we identified a number of adjustments relating to previously issued consolidated financial statements that resulted in a revision to our consolidated financial statements as of and **remediated** for the year ended December 31, 2016 and determined that this control deficiency constituted a material weakness in our internal control over financial reporting. We successfully remediated the **past material weakness during the year ended December 31, and if** 2020. If we experience additional material weaknesses or otherwise fail to maintain an effective system of internal controls in the future, we may not be able to accurately or timely report our financial condition or **operating** results of operations or prevent fraud, which may adversely affect investor confidence in us and, as a result, the value of our common stock. We cannot assure you that all of our existing material weaknesses have been identified, or that we will not in the future identify additional material weaknesses. Any failure to maintain effective disclosure controls and internal control over financial reporting could have an adverse effect on our business ~~and results of operations and could adversely impact our business~~, operating results, and financial condition. If we are unable to assert that our internal control over financial reporting is effective, **material weaknesses are identified**, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. ~~Furthermore, investor perceptions of our company may suffer if, in the future, material weaknesses are found, and this could cause the price of our common stock to decline~~. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on The Nasdaq Global Select Market. If currency exchange rates fluctuate substantially in the future, the results of our operations, which are reported in U. S. dollars, could be adversely affected. As we expand our international footprint and make more services available to our **users customers** internationally, we will become more exposed to the effects of fluctuations in currency exchange rates. Although we expect an increasing number of sales contracts to be denominated in currencies other than the U. S. dollar in the future, all of our sales contracts are and have historically been denominated in U. S. dollars. However, we offer clients the option to settle invoices denominated in U. S. dollars in the local currencies of several non-U. S. countries, and therefore, a portion of our revenue is

subject to foreign currency risk. While we currently use derivative instruments to hedge certain exposures to fluctuations in foreign currency exchange rates, the use of such hedging activities may not offset ~~any, or more than a portion, of~~ the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, geopolitical or macroeconomic events may also cause volatility in currency exchange rates between the U. S. dollar and other currencies, such as the Euro. ~~For example, the risk of a U. S. political crisis leading to a default on U. S. sovereign debt may cause large-scale fluctuations in the value of the U. S. dollar that could make hedging instruments more expensive or less available and could make U. S. dollar-denominated contracts less desirable for clients or freelancers located outside the United States.~~ Additionally, a strengthening of the U. S. dollar, ~~as we experienced in 2022,~~ could increase the real cost of transacting on our work marketplace to clients located outside of the United States and could result in a loss of such clients or a portion of their spend, which could adversely affect our business, operating results, **and** financial condition, ~~and cash flows~~. The applicability of sales, use, and other tax laws or regulations on our business could subject us or our **users-customers** to additional tax liability and related interest and penalties, and adversely impact our business. The application of indirect taxes, such as sales and use tax, value-added tax, goods and services tax, business tax, gross receipt tax, and digital services tax, and the tax information reporting obligations to our businesses are complex and evolving. Significant judgment is required to evaluate applicable tax obligations, and, as a result, amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business. For example, a number of U. S. states and other jurisdictions have enacted taxes and tax collection obligations on marketplace facilitators, requiring online marketplaces to collect and remit taxes for first- and third- party sales on their websites. A successful assertion that we should be collecting taxes or remitting taxes directly to states or other jurisdictions beyond those **that to which** we already collect or remit could result in substantial tax liabilities for past transactions and additional administrative expenses, and could cause us to accrue additional estimates of taxes due, including interest and penalties. Moreover, **many countries in the EU, as well as the United Kingdom, India, and a number of other countries and intergovernmental** organizations, ~~such as the Organisation for Economic Co-operation and Development,~~ have recently proposed or recommended, **changes to existing tax laws or have enacted new laws or changes to existing laws** that could impact our tax obligations **or add new compliance costs to our business to administer, assess, collect, and remit those taxes. These changes may happen with little or no advance notice or implementation time, which can increase various short term costs of compliance**. The impact and burden of these regulations and proposed regulations on our business and the businesses of our **users-customers** is uncertain and may have a negative impact on our business. **Starting Potential legislation and regulations, specifically in the United States, the EU, and other countries, may also result in additional costs or requirements that could have a negative impact on our** January 1, 2023, all businesses -- **business** that process payments are required. **For example, the implementation of statutory changes to issue a Form 1099-K for all talent who receive \$ 600 or more in payments, a significant decrease from the previous reporting in threshold of \$ 20, 000 and 200 transactions. The Form 1099-Ks for the new thresholds will United States and regulatory changes to the European Council Directive on Administrative Cooperation and Automatic Exchange of Information in the Field of Taxation reporting in the EU may create additional administrative burdens on Upwork. Similar reporting obligations may be issued in January 2024. There is a risk of similar laws being** enacted by other jurisdictions in the future. Tax collection responsibility and the additional costs associated with complex indirect tax collection, remittance and audit requirements, in addition to reporting requirements, could create additional tax exposure for us and additional burdens for **users-customers** on our websites and mobile platforms. We may also be subject to additional tax liabilities and related interest and penalties due to: changes in federal, state, and international tax laws, statutes, rules, regulations, or ordinances; changes in taxing jurisdictions and administrative interpretations, ~~decisions, policies,~~ and applications; results of tax examinations, settlements, or judicial decisions; changes in accounting principles; changes to our business operations; and changes in tax positions taken in prior periods. Such changes could adversely impact us or our **users-customers** (possibly with retroactive effect), which could require us or our **users-customers** to pay additional tax amounts on prior sales and going forward, as well as require us or our **users-customers** to pay fines, penalties, and interest for past amounts. For example, if we are treated as an agent for **users-customers** on our work marketplace under U. S. state tax law, we may be primarily responsible for collecting and remitting sales taxes directly to certain states. It is possible that one or more states could seek to impose sales, use, or other tax collection obligations on us, **which with regard to transactions on our platform. These taxes** may be applicable to past sales. A successful assertion by a taxing authority that we should be collecting additional ~~sales, use, or other~~ taxes or remitting such taxes directly to states could result in substantial tax liabilities for past sales and additional administrative expenses, which could negatively impact our business. Any changes to our business operations, including international expansions, internal reorganizations, and transfer pricing could impact our tax liabilities. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions ~~pursuant to the intercompany arrangements~~ or disagree with our determinations as to the income and expenses attributable to specific jurisdictions or specific affiliates. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties. We have in the past been, and may in the future be, audited by tax authorities with respect to non-income taxes, and we may have exposure to additional non-income tax liabilities, which could have an adverse effect on our operating results and financial condition. In addition, our future effective tax rates could be favorably or unfavorably affected by changes in tax rates, changes in the valuation of our deferred tax assets or liabilities, the effectiveness of our tax planning strategies, or changes in tax laws or their interpretation. Such changes could have an adverse impact on our operating results and financial condition. Our ability to use our net operating loss carryforwards and certain other tax attributes is limited. As of December 31, ~~2022-2023~~, we had net operating loss, which we refer to as NOL, carryforwards for U. S. federal income tax purposes and California state income tax purposes of \$ 341.181.42 million and \$ 95.81.03 million, respectively, available to offset future taxable income. The federal NOLs **generated in the years ended**

December 31, 2004 through 2017 will begin to expire in 2024 **2034 if not utilized**. The California state NOL carryforward amounts will begin to expire in 2028 **2029 if not utilized**. Realization of these NOL carryforwards depends on future income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could materially and adversely affect our operating results. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, a corporation that undergoes an “ownership change,” generally defined as a greater than 50 % change (by value) in its equity ownership over a three- year period, is subject to limitations on its ability to utilize its pre- change NOL carryforwards to offset future taxable income. We ~~may have undergone~~ **completed an analysis of Section 382** ownership changes in **our stock through December 31, 2023 and have concluded that we have experienced ownership changes that will result in limitations in our ability to use certain of our NOLs and tax credit carryforwards. In addition, the other** ~~past, which factors outside our control could further limit~~ **result in limitations on our ability to utilize our NOLs, or future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future U. S. federal and state taxable income, including further changes in the ownership of our stock and regulatory changes. Any such material limitation** ~~For or expiration~~ **these reasons, we may not be able to utilize some portion of our NOLs may harm our future operating** ~~even if we attain~~ **profitability, which could potentially result results in increased by effectively increasing our** ~~future tax~~ **obligations** ~~liability to us~~. In addition, the Tax Cuts and Jobs Act, as modified by the Coronavirus Aid, Relief, and Economic Security Act, limits the utilization of NOLs arising in taxable years beginning after December 31, 2017 to 80 % of taxable income in any taxable year beginning after December 31, 2020. NOLs arising in taxable years beginning after December 31, 2017 can be carried forward indefinitely with no carryback allowed. As we maintain a full valuation allowance against our U. S. federal and state NOLs, these ~~charges changes~~ **did not impact our consolidated balance sheet as of December 31, 2022-2023**. However, in future years, at the time a deferred tax asset is recognized related to our NOLs, the ~~charges changes~~ **in the carryforward / carryback periods as well as new limitations on use of NOLs may significantly impact our valuation allowance assessments. We may require additional capital to fund our business and support our growth, including in connection with any future acquisitions or strategic investments, and any inability to generate or obtain such capital may adversely affect our business, operating results, and financial condition. In order to support our growth and respond to business challenges, such as developing new features or enhancements to our work marketplace, acquiring new technologies, and improving our infrastructure, we have made and expect to continue to make** ~~significant financial investments in our business, and we intend to continue to make such investments~~. In addition, we may, from time to time, seek to acquire or strategically invest in other complementary products, technologies, or businesses or repurchase outstanding shares of our common stock or ~~the our 0.25 % Convertible Senior Notes due August 15, 2026, which we refer~~ **paid \$ 170.8 million to consummate the Notes- Note Repurchases in March 2023, and in November 2023, our board of directors authorized our Share Repurchase Program**. We may need to engage in equity or debt financings to obtain the funds required for these investments, acquisitions, and other business endeavors. If we raise additional funds through equity or convertible debt issuances, our existing stockholders may suffer significant dilution and these securities could have rights, preferences, and privileges that are superior to those of holders of our common stock. If we obtain additional funds through debt financing, we may not be able to obtain such financing on terms favorable to us. Such terms may involve additional restrictive covenants making it difficult to engage in capital raising activities and pursue business opportunities, including potential acquisitions and strategic investments. If we are unable to obtain adequate financing ~~or financing~~ **on terms satisfactory to us or at all when we require it**, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired and our business may be adversely affected, requiring us to delay, reduce, or eliminate some or all of our operations. Risks Related to Ownership of Our Common Stock The market price of our common stock has been and may continue to be volatile, particularly as a result of broader stock market fluctuations and in light of the current macroeconomic uncertainty. The market price of our common stock may fluctuate significantly in response to numerous factors, including: • actual or anticipated fluctuations in our revenue, measures of profitability, and other financial and operating results or our failure to meet the estimates of securities analysts or the expectations of investors; • the financial projections we provide to the public or our failure to meet these projections; • overall performance of the equity markets, including as a result of unfavorable investor sentiment toward unprofitable companies; • the economy as a whole and market conditions in our industry; • negative publicity related to the real or perceived trustworthiness, quality, or security of our work marketplace; • the failure to timely launch new offerings and services that gain market acceptance; • recruitment or departure of key personnel; • rising interest rates and inflation, **financial turmoil, or instability affecting the banking system or financial markets**; • failure of securities analysts to initiate or maintain coverage of us, inaccurate or unfavorable research by analysts, or changes in financial estimates by any securities analysts who follow our company; • **repurchases by us of any of our outstanding shares of common stock, including under our Share Repurchase Program, or the Notes, on unfavorable terms or at all**; • speculative trading practices by stockholders and other market participants; • rumors and market speculation involving us or other companies in our industry and / or other industries; • lawsuits threatened or filed against or by us or against our key personnel, litigation involving our industry, or lawsuits threatened or filed against our ~~users~~ **customers** relating to their use of our work marketplace; • increased interest and trading in our stock from retail investors; • developments or disputes concerning our or other parties’ products, services, or intellectual property rights; • acquisitions, strategic partnerships, joint ventures, or capital commitments; • sales of shares of our common stock by us or our stockholders, including sales of large blocks of our stock relative to the size of our public float; • **repurchases or sales of stock by us of any of our outstanding shares of common stock or our management the Notes, directors on unfavorable terms or at all significant stockholders that create negative investor perception**; • new laws or regulations or new interpretations of existing laws or regulations ~~applicable to our business~~, including those governing worker classification, taxation of workers, or



withholding and remitting taxes on income or earnings; • announcements by us or our competitors of new or terminated products or services, commercial relationships, or significant technical innovations; • changes in accounting standards, policies, guidelines, interpretations, or principles; **and • political-geopolitical** changes or events, ~~such as the ongoing U. S. and global political and international relations environment; and • other events or factors~~, including those resulting from war, **and** incidents of terrorism, ~~or responses to these events, including our decision to suspend business operations in Russia and Belarus and the ongoing war in Ukraine~~. In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business. **In November 2023, our board of directors authorized the Share Repurchase Program, under which we may repurchase up to \$ 100. 0 million of shares of our outstanding common stock. As of December 31, 2023, we had the entire \$ 100. 0 million available for future share repurchases under the Share Repurchase Program. The program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares of our common stock on any timetable or at all. The Share Repurchase Program could affect the trading price of our common stock, increase volatility, and diminish our cash reserves. The Share Repurchase Program may be suspended, terminated, or modified at any time for any reason, and we cannot guarantee that the Share Repurchase Program will be fully consummated, or at all, or that it will enhance long- term stockholder value.** Sales of substantial amounts of our common stock in the public markets, particularly sales by our directors, executive officers, and significant stockholders, or the perception that these sales could occur, could cause the market price of our common stock to decline and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market, particularly sales by our directors, executive officers, and significant stockholders. The perception that these sales might occur may also cause the market price of our common stock to decline. All shares of our common stock are freely tradable, generally without restrictions or further registration under the Securities Act of 1933, as amended, which we refer to as the Securities Act, subject to certain exceptions for shares held by our “ affiliates ” as defined in Rule 144 under the Securities Act. In addition, the shares issued upon exercise of outstanding stock options or settlement of outstanding restricted stock units will be available for immediate resale in the United States on the open market. Moreover, ~~certain holders of our common stock have rights, subject to certain conditions, to require us to file registration statements for the public resale of such shares or to include such shares in registration statements that we may file for us or other stockholders. We may also issue our shares of common stock or securities convertible into shares of our common stock from time to time in connection with a financing, an acquisition, investments, or otherwise. We will also grant additional equity awards to employees, directors, and consultants under our 2018 Equity Incentive Plan and rights to purchase our common stock under our 2018 Employee Stock Purchase Plan.~~ Any such issuances could result in substantial dilution to our existing stockholders and cause the market price of our common stock to decline. We do not intend to pay dividends for the foreseeable future. We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that for the foreseeable future we will retain all of our future earnings for use in the development of our business, **for repurchases under our Share Repurchase Program,** and for general corporate purposes. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments. Provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees, and limit the market price of our common stock. Provisions in our restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our restated certificate of incorporation and amended and restated bylaws include provisions that: **classify** ~~provide that~~ our board of directors ~~is classified~~ into three classes of directors with staggered three-year terms; • permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships; • require super- majority voting to amend ~~some-certain~~ provisions in our restated certificate of incorporation and amended and restated bylaws; • authorize the issuance of “ blank check ” preferred stock that our board of directors could use to implement a stockholder rights plan (also known as a “ poison pill ”); • provide that only the chairperson of our board of directors, our chief executive officer, president, lead independent director, or a majority of our board of directors **are will be** authorized to call a special meeting of stockholders; • prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders; • provide that the board of directors is expressly authorized to make, alter, or repeal our amended and restated bylaws; and • establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings. In addition, our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware **(or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware)** is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, which we refer to as the DGCL, our restated certificate of incorporation, or our amended and restated bylaws, ~~or any action asserting a claim against us that is governed by the internal affairs doctrine,~~ **or any action asserting an “ internal corporate claim ” as that term is defined in Section 115 of the DGCL.** Our amended and restated bylaws also provide that the federal district courts of the United States would be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to **this provision. We note, however, that there is uncertainty as to whether a court would enforce** this provision. These choices of

forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. Moreover, Section 203 of the DGCL may discourage, delay, or prevent a change of control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

**Risks Related to Our Convertible Senior Notes** In August 2021, we issued **\$ 575.0 million** the Notes, which have an aggregate principal amount of **the Notes \$ 575.0 million**. The Notes are senior, unsecured obligations and bear interest at a rate of 0.25% per year. The Notes will mature on August 15, 2026, unless earlier redeemed, repurchased, or converted in accordance with the terms of the Notes. **In March 2023, we entered into separate, privately negotiated repurchase agreements with a limited number of institutional holders of the Notes to repurchase for cash an aggregate of \$ 214.0 million principal amount of the Notes, which we refer to as the Note Repurchases.** As of December 31, 2022-2023, we had \$ 575-361.0 million **aggregate principal amount of indebtedness—the Notes outstanding**. We may also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant negative consequences for our stockholders and our business, **operating results, of operations** and financial condition by, among other things: • increasing our vulnerability to adverse economic and industry conditions; • limiting our ability to obtain additional financing; • requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes; • limiting our flexibility to plan for, or react to, changes in our business; • diluting the interests of our existing stockholders as a result of issuing shares of our common stock upon conversion of the Notes; and • placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital. Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our indebtedness, and our cash needs may increase in the future. The capped call transactions may affect the value of our common stock. In connection with the Notes, we entered into **the** privately negotiated capped call transactions, which we refer to as the Capped Calls, with various financial institutions, which we refer to as the option counterparties. **The Capped Calls remain in effect notwithstanding the Note Repurchases.** The Capped Calls are expected generally to reduce the potential dilution to our common stock upon any conversion of the Notes and / or offset any potential cash payments we are required to make in excess of the principal amount upon conversion of any Notes, with such reduction and / or offset subject to a cap. In addition, the option counterparties and / or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock in secondary market transactions (and are likely to do so following any conversion of Notes, any repurchase of the Notes by us on any fundamental change repurchase date, any redemption date, or any other date on which the Notes are retired by us). This activity could also cause or avoid an increase or a decrease in the market price of our common stock. The potential effect, if any, of these transactions and activities on the market price of our common stock will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our common stock.

**General Risks Adverse or changing economic conditions may negatively impact our business.** Our business depends on the overall demand for labor and on the economic health of current and prospective clients that use our work marketplace. Any significant weakening of the economy in the United States or Europe or of the global economy, **as is currently anticipated or otherwise, including the a** continued rise in inflation, hiring freezes, layoffs, more limited availability of credit, a reduction in business confidence and activity, decreased government or business spending, economic and political uncertainty, financial turmoil **or instability** affecting the banking system or financial markets, trade wars, sanctions, higher tariffs, **global or regional public health events or conditions**, a more limited market for independent professional service providers or information technology services, shifts away from remote work, and other adverse economic or market conditions may adversely impact our business and operating results. **In addition, small- and medium-sized businesses were disproportionately impacted by the macroeconomic downturn caused by the COVID-19 pandemic, some of which reduced their spend on our work marketplace.** These adverse conditions **have** resulted **in the past**, and may again result, in reductions in revenue, increased operating expenses, longer sales cycles, and increased competition. There is also **a** risk that when overall global economic conditions are positive, our business could be negatively impacted by a decreased demand for talent as businesses utilize more full-time employees relative to their use of independent contractors. We cannot predict the timing, strength, or duration of any economic slowdown, or any subsequent recovery generally. If the conditions in the general economy continue to deteriorate, **as a result of the war in Ukraine, the COVID-19 pandemic, or otherwise,** our business, **operating results, and** financial condition, and operating results could be adversely affected. **We may be adversely affected by natural disasters and other catastrophic events, including the ongoing COVID-19 pandemic, man-made problems such as warfare or terrorism, or failures of technology that could disrupt our business operations, and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster. A significant natural disaster, such as an earthquake, blizzard, hurricane, fire, flood, or other catastrophic event, such as a power loss or telecommunications failure, or other technological failure resulting in the permanent destruction of data, could have a material adverse impact on our business, financial condition, and operating results. In the event of natural disaster or other catastrophic event, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in development of our work marketplace, lengthy interruptions in service, security breaches, and loss of critical data, all of which could have an adverse effect on our operating results. Certain of our departments are situated primarily in one geographical area and any natural disaster or catastrophic event to such area or the surrounding communities where our employees live may impact productivity or revenue-generating activities by employees based in that office. Our corporate headquarters and many key personnel are located in the San Francisco Bay Area, a region known for seismic activity and catastrophic fires. In addition, natural disasters and other catastrophic events could affect our partners' ability to perform services for users on a timely basis. In the event any such partners' information technology systems or service abilities are hindered by any of the events discussed above, our ability to provide our work marketplace and other services may be impaired;**

resulting in missing financial targets for a particular quarter or year, or longer period. Further, if a natural disaster or other catastrophic event occurs in a region from which we derive a significant portion of our revenue, users in that region may delay or forego use of our work marketplace or other services, which may adversely impact our operating results. In addition, acts of terrorism, civil disorder, public health pandemics (including the COVID-19 pandemic), or military conflict (including the war in Ukraine) have caused and could again cause disruptions in our business or the business and activity of our partners, users, or the economy as a whole. These disruptions may be more severe than in the case of natural disasters. All of the aforementioned risks may be exacerbated if our or our partners' business continuity and disaster recovery plans prove to be inadequate. To the extent that any of the above results in delays or reductions in platform availability, activities or other services, our business, financial condition, and operating results would be adversely affected.