Freelancer Group delivers Gross Payment Volume in 4Q20 of an all-time record of US$191.8 million (up 47.5% on pcp, unaudited) or AU$261.8 million (up 37.7% on pcp). In 4Q20:

- Freelancer GMV second highest on record (after 3Q20) at US$25.9m (up 20.0% on pcp) or AU$35.5m (up 12.3% on pcp)
- Escrow GPV an all-time record US$156.6m (up 56.9% on pcp) or all-time record AU$213.6m (up 45.7% on pcp).
- Escrow GPV ex-China all-time record of US$149.8m (up 62.6% on pcp).

Group net cash receipts for 4Q20 at AU$14.3 million (down 0.9% on pcp). Adjusted for $1.1 million in overdue funds received in early Jan 21 for engineering services delivered in 4Q20 & StartCon not running, total receipts would be up 13.1% in USD on pcp. Escrow cash receipts were US$1.73 million (up 46.5% on pcp). Freelancer cash receipts (incl Startcon) were AU$11.9 million (down 6.1% on pcp), US$8.7 million (up 0.4% on pcp).

The group had positive net operating cash flow of $0.1 million for the quarter (FY20 $7.9 million). It ended FY20 with cash and cash equivalents of $34.4 million, up 7% on pcp. Freelancer, Escrow and the Group were all profitable in 4Q20 and 2H20 (unaudited).

SYDNEY, 1 February 2020 - Freelancer Limited (ASX: FLN), the world’s largest freelancing and crowdsourcing marketplace by total number of users and jobs posted, today released its Quarterly Cash Flow Statement (Appendix 4C) for the quarter ending 31 December 2020 (4Q20).
Freelancer.com

Gross marketplace volume (payments to freelancers) in 4Q20 was the second highest on record (after 3Q20) at US$25.9m (up 20.0% on pcp, unaudited) or AU$35.5m (up 12.3% on pcp). In 2H20, GMV was an all-time record of US$51.8m (up 17.7% on pcp).

In Australian dollars, currency was a 7% headwind in the quarter on the previous corresponding period as the AUD appreciated from an average rate of 0.6838 to 0.7314 against the USD.

Cash receipts for the quarter were AU$11.9m (down 6.1% on pcp) or US$8.7m (up 0.4% on pcp). Adjusted for $1.1m in overdue funds received in early Jan 21 for engineering services delivered in 4Q20, total receipts would be up 10.0% in USD equivalent.

The StartCon conference financials are grouped within the Freelancer segment. StartCon did not run in 2020, and will not for the foreseeable future. Receipts for the conference in FY19 were AU$675k. The conference usually runs in the fourth quarter where the majority of the receipts are taken. Adjusting for this, cash receipts would have been up 13.1% in USD equivalent. The conference in recent years has been running at a loss, and not running the conference is financially beneficial with a contribution to EBITDA of approximately A$594k moving forward.

Core revenue lines in the Freelancer business grew on par with GMV. For example in 4Q20, project fees were up 19.3%, FX up 21.0% in USD on pcp. Membership fees were a negative contributor, being down AU$237k, or about -2% of cash receipts, due to bid limiting efforts, which caused membership plan downgrades (the primary feature of plans being the number of bids you can make- and freelancers now need to take more time to craft a quality proposal).
Demand (Clients)

In 4Q20, web traffic to Freelancer.com was very healthy, increasing 46.8% year on year, with direct traffic up 92.3%. The improvements we have been making to the platform are reflected across the board with usage statistics: pages views were up 131.1% to 407 million in the quarter, pages per session were up 58% to 9.9, average session duration was up 26% to 42 minutes and bounce rate down 22.5%. This has been reflected by a lift in our Alexa rank to the 1190th largest website in the world by traffic, up 794 places in the last 90 days. Note that this is only for our .com domain and does not encapsulate the traffic to our 52 other country domains.

Alexa Rank

This site ranks:

**#1,190**

In global internet traffic and engagement over the past 90 days

![Figure 1: Freelancer.com’s Alexa rank](https://www.alexa.com/siteinfo/freelancer.com)

**Figure 2: Gross Marketplace Volume continues to hit all-time highs (red line). The two large dips indicate the New Year holidays.**
In the last quarter, we reported an all-time record Gross Marketplace Volume as businesses increasingly began to move their work online. This out-performance has continued in 4Q20. Throughout the annual slowdown of work that occurs in late December, demand continues to be strong, and consistently exceeds the demand from the same period one year ago (red line vs green line in Figure 2).

![Gross Marketplace Volume and Total Deposits (USD)](image)

**Figure 3:** Monthly Gross Marketplace Volume and Total Deposits continue to hit all-time highs

Similarly, jobs posted (filtered) were 524k in 4Q20, up 20.2% on 4Q19¹.

As mentioned in last quarter’s report, the hourly projects funnel is performing well after fixing the issues in 2019 from porting across to the new front-end web architecture. Hours tracked are now growing faster than before the port and up 27% in 4Q20 on pcp.

![Hourly Hours Tracked](image)

**Figure 4:** Hourly milestones and tracked hours per year (rolling)

¹ Jobs Posted (Filtered) is defined as the sum of Total Posted Projects and Total Posted Contests, filtered for spam, advertising, test projects, unwearable or otherwise projects that are deemed bad and unable to be fulfilled.
Contests

Contest participation continues to increase with about 1.2 million entries every 28 days.

Figure 5: Total number of entries for contests (28 days)

Contests each now have on average 260 entries.

Figure 6: Average number of entries per contest (28 days)

Over 85% of contests now receive an entry within the first hour.
Supply (Labour)

Freelancer.com continues to be the world’s largest marketplace for freelance talent by number of users - by a large margin. We are imminently hitting 50 million registered users on the marketplace, a significant milestone that is indicative of the liquidity of talent and breadth of skills and experience that can be found on the platform.

In the 1H20 report we detailed how in response to the big growth in new clients and freelancers that the average completed project size fell from US$216 to $161, rising to $172 by the end of 3Q20. The drop in average project size in the second quarter was due to a large spike of new demand on the platform and new supply. At the time we remarked that these numbers would climb over time as payments continued to be made on these projects, and they have. For the full year 2020, the average completed project size rose to US$178, and this number will continue to rise as further payments are made (it is a lagging metric).

As we ramped up our anti bid-spam program, the average number of bids per project has decreased to 26, and 68% of projects are now bid within 60 seconds (down from 83%), as freelancers are more careful to write higher quality proposals.

Expired Fees

In 2Q20, the marketplace saw a large influx of new freelancers as 94% of the global workforce moved into active workplace closure measures as a result of the pandemic. This resulted in an increase of 12% in new freelancers winning jobs over experienced freelancers. One of the advantages of Freelancer.com is that new freelancers can come on the site for free, bid for free and win work without paying for membership, as project commissions are

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https://hbr.org/2020/07/what-would-it-take-to-reskill-entire-industries
charged only when you have been successfully awarded work. This means that a freelancer, potentially from a low income or emerging market, can join Freelancer.com and only start paying fees once they win work. Project commissions can thus be charged to user accounts with no funds in them, driving them negative and giving 30 days for the freelancer to complete some, or all of the deliverables. Newer freelancers, however, are less likely to complete jobs successfully which can result in abandon accounts and expiring fees related to project commissions. This has a negative impact on both GMV and revenue as projects that experienced freelancers would otherwise complete, do not get completed in the end.

However, other measures have made up for that. We have worked hard to improve trust in the marketplace through verifying new users, tightening up payment verification, and calibrating membership plans. This has resulted in total expired fees decreasing by 48% compared to 3Q20, which has been a positive contribution to GMV as more successful projects are being completed on the platform.

![Figure 8: Sum of expired project fees per month grouped by expiry date (90 days after creation, USD)](image)

**Mobile**

In 4Q20 the team made great progress polishing the new mobile app and conducting extensive performance testing. This work, coupled with a focus on mobile as a first-class citizen, will ensure we are well positioned to deliver value to our customers whatever device they are using. We also expect that the heavily reduced redundancy and complexity of our mobile app stack compared to our previous technology position will continue to deliver significant lifts to our internal productivity.

In 4Q20 we released the iOS app to beta testing, where we have received excellent feedback. Beta users are particularly excited that the new app now has, for the first time, all the features that are available on desktop. Android will likewise ship to beta in early February 2021, with a goal to have both in full production by the end of 1Q21.
The new responsive mobile website was launched in early 3Q20 and this has been reflected in fee growth. In 2H20, fees from mobile web grew 51.5% on pcp.

**Enterprise**

The Freelancer Enterprise business continued to expand in 4Q20.

In no particular order:

- Enterprise GMV grew 62% quarter on quarter in 4Q20 (on 3Q20).

- We closed a further Masters Services Agreement with a global computer company to expand a multi-country pilot in computer & printer repair from Indonesia to India as a second country, with more countries to join in 1Q21 (see www.freelancer.com/globalfleet). As part of this, our operations team has expanded to India.

- We signed a contract with a global telecommunications company to roll out 5G technology in Europe. After the completion of the pilot phase there is an opportunity to deliver 10s of thousands of tasks across Europe as part of the programme.

- Expansion continued with a $150b consumer goods company which is seeing average cost savings exceeding 90% against previous supply chains in categories such as research papers, report writing, ideation, design power and web development.

- Signed SOW with a $70b multinational outsourcing firm committed to spend more than $1m in GMV in 2020.
Accelerated roll-out from an initial US$250k pilot with a $100b multinational to four additional workflows with that client, including custom platform enhancements.

We closed a half million dollar per annum (revenue) licensing deal for the core Enterprise product, commencing immediately.

We closed a $1.1m engineering services contract to build customer workflow integrations for scale. In enterprise engineering in 1Q21 will be working on services engagements with six customers, with other accounts in active negotiation.

Under the $25m NOIS2 joint tender, we won our first task Order for the US Bureau of Reclamation valued at $365,000 USD in partnership with Arrow Electronics. The project is attempting to improve the reliability of hydropower plant generation by automating safety equipment testing and reducing plant downtime. Over the course of two years and two contests, including an on-site testing demonstration, we will source innovative solutions for Reclamation from a global community. We anticipate winning more task orders in 2021.

We hosted an event with Udacity and the Egyptian government, which was attended by 95 companies, to promote freelancing in the region. We are now conducting a sponsored pilot for Egyptian companies to be able to hire form a curated pool of Egyptian Udacity graduates, who have been trained in latest digital skills and have been coached and to become successful freelancers.

We additionally made a number of releases to the enterprise product offering in the quarter.

The sales & operational teams for Enterprise expanded in the United Kingdom, Canada and Australia in the quarter. We also hired Chris Whittock to run the core enterprise product group. Chris is a seasoned staffing executive with leadership roles at Kelly OCG, Randstad, Manpower & Adecco.
Escrow.com achieved an all-time record Gross Payment Volume of $213.6 million (up 45.7% on pcp, unaudited) in 4Q20. In US dollars GPV was $156.6 million (up 56.2% on pcp). Ex-China, Escrow.com GPV was an all-time record of US$149.8 million (up 62.3% on pcp).

The last four months of 2020 were particularly strong. December is usually a soft month due to the holiday season, but in December 2020 GPV was $84.0 million (up 91.5% on pcp) or $63.8 million USD (up 111.5% on pcp).

The growth was primarily attributed to the intangible goods including but not limited to domain names and IP addresses, with a smaller contribution from eBay Motors.
Jamie Lannone, Chief Executive of eBay, discussed adding Escrow.com at 9 minutes into an interview with Yahoo Finance (https://www.youtube.com/watch?v=hSgPm5o2Flk) on 1 Jan 2021.

**eBay Watches**

Escrow’s partnership with eBay continued to grow in 4Q20. Escrow.com entered beta as the payment provider for prestigious luxury watches valued at $10,000 and above, alongside eBay’s new Authenticity Guarantee service.

![Figure 11: Escrow.com is powering the Authenticity Guarantee for eBay Watches](image)

Escrow.com is still in beta testing with a small number of power sellers for eBay Watches - it was deemed that the anticipated launch in 4Q20 was too close to the major Christmas buying season for a major change to how transactions worked, and so has been delayed at this stage until March 2021. Over the beta launch with key luxury watch sellers, it has so far contributed seven figures USD in Gross Payment Volume, plus valuable user feedback that will be used to improve the solution prior to the full launch.

**Escrow Pay**

In the quarter, Escrow Pay was the major focus for development as it is the highest demanded integration from our customers, including eBay and it’s the simplest way to add escrow payments to a website, mobile app, online store, classified site or marketplace.
Through a single line of code it enables escrow payments that redirects the buyer to Escrow.com where they can complete an escrow transaction in a few easy steps.

In 4Q20 we made a number of enhancements to the user flow including onboarding.

![Figure 12: Buyer view in the Escrow Pay flow](image)

We also launched interactive chat on each step of the Escrow Pay flow so that buyers can ask support questions.

![Figure 13: Live interactive chat with Escrow Pay](image)
New Marketplace Partnerships

In 4Q20 we expanded Escrow.com sales by appointing Chris Weir as Commercial Manager in the United Kingdom. We also brought on new marketplace partnerships in North America, Europe and Australia including but not limited to automotive, livestock and fine art.

Some examples of partners that went into production included, but were not limited to:

- **Blinker**: an award winning mobile-first used car marketplace in the United States.
- **Artland**: Europe’s fast growing marketplace for contemporary artwork.
- **Livestock.com.au**: a classifieds site for livestock trading (in development).
- **Energy Domain**: World first online marketplace for trading mineral, oil and gas rights.
- **The Machine Market**: UK-based marketplace for industrial and manufacturing machinery.
- **Antengo.com**: an automotive classifieds marketplace

Additionally of note: a major cut gemstone and jewellery marketplace servicing private and business buyers is currently in integration.

Conclusion

The group had positive net operating cash flow of $0.1 million for the quarter ($7.9m year to date) and ended 4Q20 with cash and cash equivalents of $34.4 million, up 7% on pcp. Freelancer, Escrow and the Group were all profitable in 4Q20 and 2H20 (unaudited).

In Australian dollars, currency was a 7% headwind for the quarter on pcp as the AUD appreciated from 0.6838 to 0.7314

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Forward-looking statements

This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, including Freelancer’s FY21 outlook, are also forward-looking statements, as are statements regarding Freelancer’s plans and strategies and the development of the market. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Freelancer, which may cause actual results to differ materially from those expressed or implied in such statements. Freelancer cannot give any
assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that Freelancer’s business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this announcement and Freelancer assumes no obligation to update such information. The release, publication or distribution of this document in jurisdictions outside Australia may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

About Freelancer

Twelve-time Webby award-winning Freelancer.com is the world’s largest freelancing and crowdsourcing marketplace by total number of users and projects posted. More than 49 million registered users have posted over 19 million projects and contests to date in over 1,800 areas as diverse as website development, logo design, marketing, copywriting, astrophysics, aerospace engineering and manufacturing. Freelancer owns Escrow.com, the leading provider of secure online payments and online transaction management for consumers and businesses on the Internet with over US$4.5 billion in transactions secured. Freelancer also owns Freightlancer, a global enterprise freight marketplace. Freelancer Limited is listed on the Australian Securities Exchange under the ticker ASX:FLN.
This logo design cost $100 USD and took 22 days.

This concept design cost $500 USD and took 8 days.
This mobile website cost $190 USD and took 5 days to make.

This website design cost $240 USD and took 1 day to make.

End