Market Announcement | 20 April 2021

Quarterly Cash Flow and Activity Report for quarter ending 31 March 2021

Freelancer Limited delivers Gross Payment Volume in 1Q21 of an all-time record of US$192.9 million (up 39.0% on pcp, unaudited) or AU$249.7 million (up 18.8% on pcp):

- Freelancer GMV of US$25.9m (up 23.6% on pcp) or AU$33.6m (up 5.1% on pcp)
- Escrow GPV an all-time record US$158.2m (up 43.7% on pcp) or AU$204.8m (up 23% on pcp)
- Escrow GPV ex-China an all-time record of US$151.1m (up 48.7% on pcp)

Group net cash receipts for 1Q21 all-time records of US$12.0 million (up 32.1% on pcp) or AU$15.6 million (up 12.4% on pcp):

- Freelancer cash receipts all-time record of US$10.1 million (up 31.4% on pcp) or AU$13.1 million (up 11.8% on pcp)
- Escrow cash receipts all-time records of US$1.9 million (up 36.0% on pcp) or AU$2.4 million (up 15.8% on pcp)

In Australian dollars, FX was a headwind of -17.4% in the quarter as the Australian dollar appreciated against the USD from 0.6581 to 0.7726.

Approximately 72% of group revenue is USD and 4% is AUD.

The group had positive net operating cash flow of $4.2 million for the quarter (1Q20: $0.47 million). It ended 1Q21 with cash and cash equivalents of $37.8 million, up 8.2% on pcp. Escrow was profitable in 1Q21.
SYDNEY, 20 April 2020 - Freelancer Limited (ASX: FLN) (OTCQX: FLNCF), 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 March 2021 (1Q21).

Freelancer.com

Gross marketplace volume (payments to freelancers) grew at the fastest pace since IPO and was US$25.9m (up 23.6% on pcp) or AU$33.6m (up 5.1% on pcp).

In Australian dollars, currency was a 17.4% headwind in the quarter on the previous corresponding period as the AUD appreciated from an average rate of 0.6581 to 0.7726 against the USD.

Freelancer cash receipts were US$10.1 million (up 31.4% on pcp) or AU$13.1 million (up 11.8% on pcp) for the quarter.

Core revenue lines in the Freelancer business were approximately in line with GMV. In 1Q20, project fees were up 21.6%, FX up 27.1%, project upgrade fees up 24.3% in USD on pcp.

Demand (Clients)

In 1Q21, web traffic to Freelancer.com grew substantially year on year. Users were up 105.7% to 16.4 million for the quarter with sessions up 105.6% to 26.6 million. Direct traffic up 120.1% year on year. The bounce rate was down 55.4%, pages per session up 46.1% and average session duration up 70.6% on pcp.

Through 1Q21, Freelancer.com’s Alexa rank climbed from the 1190th largest website in the world to 561st as of the writing of this report\(^1\). Note that this is only for our .com domain and does not encapsulate the traffic to our 52 other country domains.

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Jobs posted (filtered) were 519k in 1Q21. GMV is growing at the fastest rate since IPO reaching US$26 million in 1Q21 at 23.9% on pcp. Between 2016 and 2019 we focused on paying down a tremendous amount of technical debt, rebuilding the backend infrastructure, payments system to a global multicurrency system supporting 39 currencies, the messaging system to a modern real-time multi-party chat system, memberships, continuous integration deployment processes, quality assurance processes, test environment, complete overhaul of the front end stack which is effectively rebuilding the entire website, and more recently have replaced the legacy mobile website and iOS apps, with Android shortly to follow. During 2019 we paid the price of kicking some own goals in pushing out the new front end architecture too quickly. We have been rapidly rectifying this and the results are starting to pay off as detailed below. We have done all of this while bringing the group and Freelancer.com together into profitability in 2H20, and poised for operating leverage.

2 Jobs Posted (Filtered) is defined as the sum of Total Posted Projects and Total Posted Contests, filtered for spam, advertising, test projects, unawardable or otherwise projects that are deemed bad and unable to be fulfilled.
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Figure 2: Gross Marketplace Volume continues to hit all-time highs and fastest rate of growth in four years (red line).

Figure 3: Gross Marketplace Volume is growing at the fastest pace since IPO.

One example is 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 almost twice as fast as 1Q19 on 1Q18 (before the port) and up 23% in 1Q21 on pcp.
Supply (Labour)

Freelancer.com continues to be the world’s largest marketplace for freelance talent by number of users by a large margin. We reached the milestone of 50 million registered users (51.4 million as of 8th April 2021). No other online crowdsourcing marketplace has the liquidity, breadth and depth of talent, skills and experience than Freelancer.com. We have all the talent on other marketplaces, and much more. Almost everybody globally providing services online in crowdsourcing has an account on Freelancer.com.
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. At the end of 1Q21, the average completed project size has climbed to US$187, and this number will continue to rise as further payments are made (it is a lagging metric as more payments are made on existing projects posted in the past). The non-lagging metric is on par with the 2018 all-time high for completed project size.

**Mobile**

As mentioned in previous quarterly reports, we have been in the process of replacing the mobile suite of products. The legacy mobile web site was removed in early 3Q20. In 2H20, fees from mobile web grew 51.5% on pcp and has continued to grow at a rapid rate. Mobile web fees in 1Q21 were up 110.6% on pcp.

![New fully-featured iOS app](Image)

**Figure 6:** New fully-featured iOS app
On the 6th of April 2021, we are pleased to announce that we have finally released the new iOS app to production. Our iOS users can now benefit from a major overhaul of the entire user experience and we expect to likewise see a lift in revenue generated. The new Android app is currently in mass beta and targeted to go into production before mid July 2021.

**Contests**

The Freelancer Contest platform gives you access to millions of talented individuals with the skills to provide you with the solutions that you need. Whether that be a logo, a design, an article, or anything in between, there are no limitations to what the crowd can do. Generating solutions for the likes of the US Department of Energy, US Bureau of Reclamation, US National Institute of Health, IBM, Airbus, Novo Nordisk and NASA, the contest platform is a powerful tool to tap into global talent.

As mentioned in past quarterly reports, contest supply is performing particularly well. Over 14.5 million contest entries are now being submitted each year. In 1Q21, contest entries grew significantly compared to 1Q20. Up 52%, or up to 3.82 million entries, we see a
constantly growing interest from our user base to engage with and compete on our contest platform. Users submitting entries rose 19% compared to the same period.

Figure 8: Total number of entries for contests (rolling 365 days)

Contests each now have on average over 220 entries, at an average of $88 per entry.

Figure 9: Average number of entries per contest (28 days)

Over 80% of contests now receive an entry within the first hour.

Contest demand is now hitting all time highs again in terms of the number of contests being posted as well as contests being awarded & handed over (see Figure XX, below). Likewise, prize fee count and awarded & handed over contests are at all time highs.

Contest total fees, however, has been lagging. Fees are down 14.8% comparing 1Q21 to the previous period last year. This is primarily due to a number of items that dropped off moving
to the new web stack interface (e.g. upgrades are hidden away) and are currently being tasked by the contest product team to fix. Similar to how we have rectified hourly projects, we are confident the team will get this fee line moving substantially faster in the next quarter. Between these changes and a number of high profile engagements, we expect to see significant growth from the contest platform.

![Graph](image1.png)

**Figure 10:** Total number of contests posted & fees (rolling 365 days)

![Graph](image2.png)

**Figure 11:** Total contest handover count (rolling 365 days)

**Enterprise**

The Freelancer Enterprise business had another robust quarters growth. Some highlights include:

- Enterprise GMV in USD grew 83.4% year on year in 1Q21 on pcp. This impressive growth has been driven by strong execution within Key Accounts. Average spend by
Key Accounts is up 2.3x versus the same period last year. As organisations move through deployment stages, their spend on our platform is increasing. Two large clients, both of which spent six figures on the platform in the last 4 months, were not clients in September last year.

- We closed a Masters Services Agreement with a $17B global business process outsourcing company and executed a first successful engagement of 318 freelance hires. The majority of these hires were assessed and onboarded within two weeks of pilot kick-off. The speed and ease by which we were able to beat their internal hiring benchmarks has opened the door for conversations around engaging 50,000 Freelancers through our platform.

- We signed a Statement of Work for engineering services with a Fortune 50 technology business, to integrate a branded community of pre-vetted freelancers into their cloud platform, to connect directly with their customers to increase the adoption of their cloud technology. We also created a shared landing page to increase awareness of their cloud certification programme, in addition to securing additional funding of $300,000 USD in GMV to test other use cases in their business. This agreement is not take or pay (we need to provide the talent to generate the GMV).

- We signed a $400,000 USD GMV agreement to help a large IT company better manage their contingent workers. Our technology provides a compelling business case to centralise and organize their workers onto one platform. Freelancer Enterprise is the only solution in the market that can help organisations seamlessly build a blended workforce across all their talent clouds: internal, existing continent and new freelancers. Likewise, this agreement is not take or pay (we need to provide the talent to generate the GMV).

- Under the $25M USD NOIS2 joint tender, we launched our first task order for the US Bureau of Reclamation valued at $365,000 USD in partnership with Arrow Electronics (Link to competition). The project is attempting to improve the reliability of hydropower plant generation by automating safety equipment testing and reducing plant downtime. In addition, we won our second task order with the US National Institutes of Health (NIH) for $474,500 USD in partnership with Adiona. The task order is to develop algorithms or models that spur new research hypotheses in maternal morbidity or mortality, with special emphasis on adversely affected populations. We will be partnering with industry leading organisations to win many more task orders under the tender. We anticipate winning more task orders in 2021.

- Operationally the team invested in improving account representative productivity by streamlining internal systems and refining role specific operating metrics to assess performance. As evidenced by the overall growth in Enterprise GMV the focus on operational excellence is paying dividends.

- From a product perspective, the team released a number of enhancements. Most notably, improved project tracking, talent management and shared payment options
are key updates that will unlock further growth. These new features are very valuable for organisations who need to manage $1M+ annual spends across various business divisions and functions. Early feedback from beta customers has been very positive with many of them naturally increasing spend on the platform as a result of these product releases.

**Introducing Photo Anywhere**

In 1Q21 we launched Photo Anywhere: a new app for ordering photographs from anywhere in the world. Available in the Apple App Store and the Google Play Store, users may use the app to place an order by entering the location they wish to get photographed, instructions for the photographer, and their payment details. The app handles all the rest from posting a project to the Freelancer marketplace to selecting a photographer to syncing the photographs to processing the payments. This and much more is all done via the Freelancer API. With 50+ million freelancers around the world, it is amazing how quickly you can source visual insights from such a wide range of locations. Use cases for the app include:

- **Journalism** - You now have a global photojournalism team.
- **Retail** - Check how your products are displayed in stores.
- **Ecommerce** - Get someone to take photos and QA before you buy online.
- **Real Estate** - Get recent photos taken of a property.
- **Market Research** - Check up on competitors, commodity stockpiles.
- **Travel Planning** - Or virtual travelling in the age of Covid.
- **And more..**

![Figure 12: Photo Anywhere™](image)

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Escrow.com has delivered another all-time Gross Payment Volume quarter of US$158.2 million (up 43.7% on pcp, unaudited) in 1Q21 after achieving an all time record last quarter in a large step up in volume. Ex-China, Escrow.com GPV was at an all-time record of US$151.1 million (up 48.7% on pcp).

Escrow cash receipts were US$1.9 million (up 36.0% on pcp) or AU$2.4 million (up 15.8% on pcp) for the quarter.

In 1Q21, Escrow.com surpassed the milestone of a cumulative total of US$5 billion in transactions secured through the platform. The growth this quarter was primarily due to the strong sales in digital assets (e.g. domain names up 11.5% on pcp) and physical
merchandise (up 87% on pcp). Other digital assets such as IPv4 contributed US$16 million of GPV in the quarter. Motor vehicle transaction volume was up 229.6% in 1Q21 on pcp to contribute US$12 million in GPV. eBay Motors made a small contribution to this but was not the majority.

**Escrow Pay**

Escrow Pay is a streamlined checkout payment experience for buying and selling cars, boats, airplanes, domains and anything of value, in one line of code. This quarter we released the biggest change to Escrow Pay yet with a revamp of the user experience, to provide a more user friendly and streamlined experience for buyers to set-up and fund their payment into escrow. The new designs have been in beta with eBay which has seen an increase in the rate of transaction being funded after account setup by 17%.

*Figure 14: New checkout flow for Escrow Pay with eBay Motors*

With the successful beta for the new checkout flow, we are looking to release the new user experience to the rest of the Escrow Pay partners in the coming quarter.
ACH Debit

Escrow.com has launched a new payment method to improve the buyer experience and allow the authentication of the payment within the checkout experience. ACH Debit allows funds to be pulled from their bank account after giving debit authority at the end of the checkout experience. Escrow.com verifies the user’s bank account information and bank account balance before processing the transactions. Along with our Electronic Verification of the user identity, this additional instant verification improves the speed of processing the transaction as well as strengthens our existing Know Your Customer (KYC) process. Since launching ACH Debit with our key partner (eBay) within the newly designed Escrow Pay flow it has become the preferred payment method.

eBay

Escrow.com is in production with eBay Motors and in beta with a small number of sellers with eBay Watches. We anticipate to go into production with eBay watches by May 2021. Note that eBay volume is still a small contributor to Escrow GPV and not the primary driver for the GPV growth in the last couple of quarters. We expect the eBay contribution to grow over time.

Notable Publicly Disclosed Domain Name Sales

With the increasing trade in novel assets online, the need for a safe transaction platform for nearly anything continues to grow. This quarter Escrow.com processed the sale of NFTs.com and Crypto.org, two of the largest publicly disclosed Internet domain deals of 2021. Note that all transactions on Escrow.com are confidential by default, transactions disclosed with consent of both buyer and seller.

New Partnerships

In 1Q2021, Escrow.com added a diverse range of marketplaces and other partners.

We deepened our vertical specific integrations for automotive transactions with the addition of MotorcycleShippers.com and finalising the integration of TruckTrailerTractor, a heavy equipment marketplace.

Partnership with specialised vehicle shipping partners allows Escrow.com to offer a one-stop-shop experience for buyers and sellers looking to transact interstate or internationally, which is especially important when in the market for unique, luxury and classic vehicles. Escrow.com is fast becoming the transaction method of choice in this market, adding another luxury car marketplace Topmarq.com in March.

In business acquisitions, startup marketplace MicroAcquire has added Escrow.com as an option for M&A deals for its 30,000 buyers. MicroAcquire joins existing partners Flippa and Shopify in using Escrow.com to secure their buyers funds for the acquisition of businesses around the world.
We even added an ostrich marketplace, the United Ostrich Association, the largest association of Ostrich breeders in the United States!

Escrow.com in the UK / Europe has continued to develop relationships and acquire new partnerships within agricultural (Eximcrop), business consultation Services (GSD Business Consultancy) markets and regional niche automotive markets, with a focus on classic cars and motorcycles. Integration is currently ongoing for our partner (Machine Market / Print Reef) within the UK’s heavy machinery market.

**Conclusion**

The group had positive net operating cash flow of $4.2 million for the quarter (1Q21: $0.47m). We ended 1Q21 with cash and cash equivalents of $37.8 million, up 8.2% on pcp. Freelancer, Escrow and the Group were all profitable in 4Q20 and 2H20 (unaudited). Escrow was profitable in 1Q21.

In Australian dollars, currency was a 17.4% headwind for the quarter on pcp as the AUD appreciated from 0.6581 to 0.7726. Approximately 72% of group revenue is USD and 4% is AUD.

**OTCQX**

In the quarter, Freelancer Limited commenced trading on OTCQX Best Markets under the ticker symbol FLNCF.

The OTCQX Best Market is OTC Markets Group's premier market for established, investor-focused U.S. and international companies. To be eligible, companies must meet high financial standards, follow best practice corporate governance, demonstrate compliance with U.S. securities laws, be current in their disclosure, and have a professional third-party sponsor introduction.

OTCQX trading will make it easier for our U.S. investors, employees and customers to invest in Freelancer by reducing the requirement of having an Australian share trading account.

Freelancer is in the process of securing Depository Trust Company ("DTC") eligibility for its ordinary shares. DTC manages electronic clearing and settlement of publicly traded companies across the United States and in 131 other countries. Trading through DTC allows for cost-effective clearing and guaranteed settlement, simplifying and accelerating the settlement process of daily trades. U.S. investors can find current financial disclosure and Real-Time Level 2 quotes for the company on [www.otcmarkets.com/stock/FLNCF/quote](http://www.otcmarkets.com/stock/FLNCF/quote).

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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 50 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$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 and is quoted on OTCQX Best Market under the ticker FLNCF.
This 70s style logo cost $70 USD and took 6 days to make.

This skateboard graphic cost $50 USD and took 12 days to make.
End