Freelancer Limited

Financial Report & Directors' Report

For the year ended 31 December 2022

Lodged with the ASX under Listing Rule 4.5

ACN 141 959 042

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Your Directors submit the financial report of Freelancer Limited (the Company) for the year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

Directors

The names and particulars of the directors of the Company during or since the end of the financial year (Directors) are:

Matt Barrie *Executive Chairman (appointed 10 April 2010)* BE (Hons I) BSc (Hons I) GDipAppFin MAppFin MSEE (Stanford) GAICD SEP FIEAust	• Founder and Executive Chairman of the Company. • Serial entrepreneur with extensive experience and knowledge in the technology sector. Previously co-founded and was CEO of Sensory Networks Inc., a vendor of high performance network security processors, which was acquired by Intel Corporation Inc. in 2013. • Formerly Adjunct Associate Professor at the Department of Electrical and Information Engineering at the University of Sydney. Co-author of over 20 US patent applications. • Qualifications include first class honours degrees in Electrical Engineering and Computer Science from the University of Sydney, Masters in Applied Finance from Macquarie University, Masters in Electrical Engineering from Stanford, California, Graduate of the Stanford Executive Program at the Graduate School of Business, Fellow of the Institute of Engineers Australia and Councillor of the Electrical and Information Engineering Foundation at the University of Sydney. • Relevant interest in 196,052,055 fully paid ordinary shares, including a relevant interest in 1,416,754 fully paid ordinary shares by virtue of having a voting power of over 20% in the Company, which has a relevant interest as a result of trading restrictions over shares issued under the Employee Share Plan. • Beneficial interest in 194,635,301 fully paid ordinary shares (representing 43.03% of issued capital). • Member of the Nomination and Remuneration Committee and Audit Committee.
Darren Williams *Non-Executive Director from 1 November 2015. Executive Director until 31 October 2015 (appointed 10 April 2010)* BSc (Hons I) PhD (Computer Science)	• Non-Executive Director of Company. Was the Chief Technology Officer and Executive Director of the Company until 31 October 2015. • Extensive experience in computer security, protocols, networking and software. Previously co-founded and was CTO (and subsequently CEO) of Sensory Networks Inc., a vendor of high performance network security processors, which was acquired by Intel Corporation Inc. in 2013. • Previously lectured Computer Science at the University of Sydney. Author of numerous articles, patents and papers relating to security technology, software and networking. • Qualifications include first class honours degree in Computer Science and a Ph.D. in Computer Science specialising in computer networking from the University of Sydney. • Beneficial and relevant interest in 10,627,165 fully paid ordinary shares (representing 2.35% of issued capital). • Member of the Nomination and Remuneration Committee and Audit Committee.
Simon Clausen *Non-Executive Director (appointed 10 April 2010)*	• Founding investor and Non-Executive Director of the Company. • Extensive experience in operating and investing in high growth technology businesses in both Australia and the United States. Previously founded and was CEO of PC Tools which was acquired by Symantec Corporation in October 2008. • Currently the sole director of Startive Ventures, a specialised technology venture fund that actively maintains investments in a number of companies globally. • Relevant interest in 161,916,754 fully paid ordinary shares, including a relevant interest in 1,416,754 fully paid ordinary shares by virtue of having a voting power of over 20% in the Company, which has a relevant interest as a result of trading restrictions over shares issued under the Employee Share Plan. • Beneficial interest in 160,500,000 fully paid ordinary shares (representing 35.48% of issued capital). • Member of the Nomination and Remuneration Committee and Audit Committee.

Freelancer Limited
Directors' Report

Company Secretary

Mr Neil Katz held the position of Company Secretary during and at the end of the financial year (appointed 9 March 2012). He has been with the Group since 2009 and is also the Chief Financial Officer.

Principal activities

The principal activity of the consolidated entity (the Group) during the financial year was the provision of an online outsourcing marketplace and escrow payment services.

There were no significant changes in the nature of the principal activities during the financial year.

Review of results and operations

The Group's loss attributable to equity holders of the Company, after providing for income tax, was $5,413,000 (2021 loss: $2,257,000).

Key Performance Highlights

Year ended 31 December	FY22 $m	FY21 $m	% Change
Financial metrics:			
Gross Payment Volume[1]	1,127	1,260	-11%
Net Revenue[2]	55.7	57.0	-3.1%
Gross Profit	46.9	47.7	-1.7%
Gross margin (%)	84.3%	83.1%	+1.4%
Operating EBITDA[3,4]	(6.6)	(2.7)	nm
Operating EBIT[3]	(6.9)	(3.0)	nm
Operating NPAT[3]	(5.3)	(2.1)	nm
Operating Cash Flow	(4.2)	2.6	-258%
Operational metrics:			
New Jobs[5] (millions)	1.2	1.8	-32%
Total Jobs Posted (millions)	22.2	21.0	+6%
New Registered Users (excluding Escrow, millions)	6.7	7.6	-12%
Total Registered Users[6] (millions)	65.1	58.2	+12%

Notes:

1. *Gross Payment Volume (GPV) is calculated as the total payments to Freelancer and Escrow users for products and services transacted through the Freelancer and Escrow websites plus total Freelancer and Escrow revenue. GPV is an unaudited metric. Marketplace segment FY22 GPV A$173.9 million (down 3.6% on prior corresponding period), Payments segment GPV A$953.4 million (down 11.7% on prior corresponding period).*
2. *Net Revenue excluding Escrow.com for FY22 was $45.6m (down 1.1% on prior corresponding period).*
3. *Excludes non-cash share based payments expense of $159k in FY22 and $156k in FY21.*
4. *From FY19 lease expenses in respect of office leases have been accounted for in accordance with AASB 16 Leases. The impact is that lease expenses are no longer reflected in the P&L but are brought into account as depreciation on the right of use asset and interest paid on the corresponding lease liability. Depreciation of $4.2m (FY21:$4.6m) and finance costs of $1.7m (FY21:$2.0m) relating to office leases (accounted for in accordance with AASB 16 Leases) are included in the EBITDA calculation.*
5. *Total Projects and Contests Posted was redefined in January 2016 to Total Jobs Posted (filtered). 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.*
6. *User and project/contest data includes all users and projects/contests from acquired marketplaces. Includes Escrow.com unique users.*

Freelancer.com

freelancer

Summary

Freelancer revenue was $45.6m (-1.1% on pcp) or US$31.7m (-8.4% on pcp). Freelancer GMV was $128.4m (-4.5% on pcp) or US$89.3m, -11.6% on pcp).

The year 2022 was mixed. We saw a rolling off of Covid super-seasonality, negatively impacting a number of core metrics, but primarily affecting project fees, with secondary fee lines such as memberships largely unaffected. However, in FY22 we also made substantial improvements to the product, customer acquisition profitability, and rectified a number of long-standing marketplace problems towards the end of the year.

Marketplace

In FY22 we added 6.7m new users and 1.2m new projects to the marketplace, reaching 64.4m users and 22.2m projects at the end of year.

Average project size lifted from $235 to $252 over FY22 (up 7% on pcp), its highest value to date.

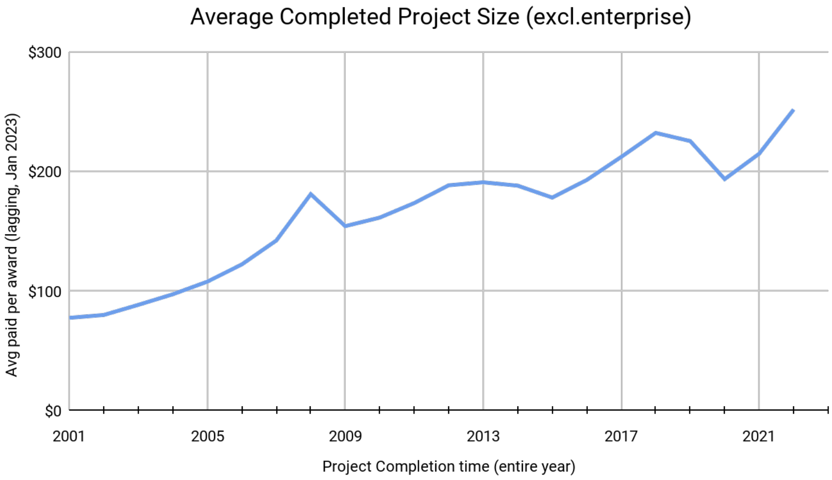


Figure 1: Average Completed Project Size

Marketplace liquidity remains strong. The percentage of projects receiving bids within 60 seconds has dropped slightly from a peak of ~59% in FY21 to ~51% as of writing this report, due to the efforts to stamp out spammy bids, however the percentage of projects receiving bids within 90 seconds and above remains unchanged, and the percentage receiving a bid within 5 mins increased from ~84% to 87%.

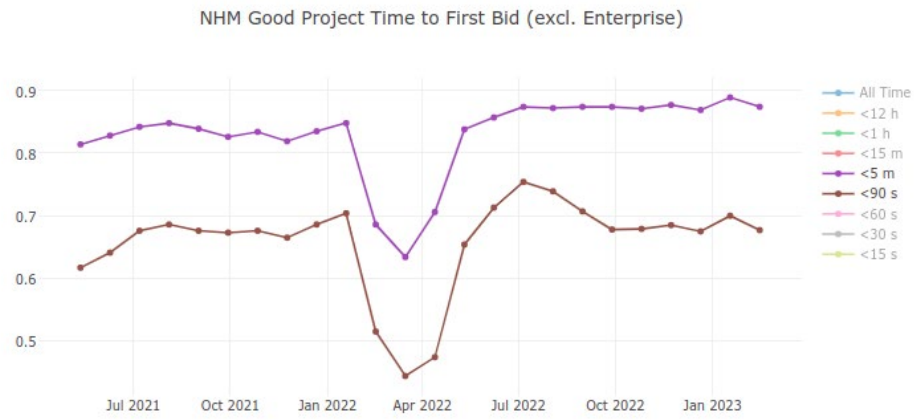


Figure 2: Time to first bid for projects show reduction in spammers (fast bids)

Contest liquidity remains exceptional, with the average number of entries per contest exceeding 320. This is fairly remarkable given contests start at $10.

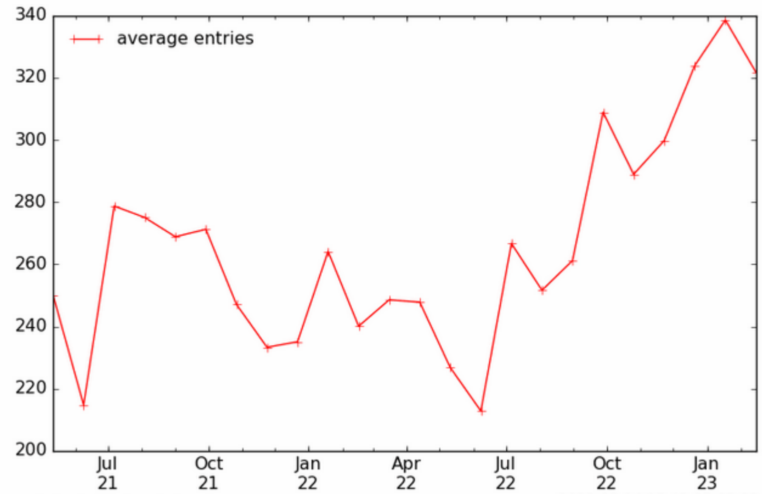


Figure 3: Average number of entries per contest

Product & Engineering

In FY22, the mission of product & engineering was to:

1. Improving our visual design, responsiveness & UI/UX
2. Enhancements to payments, enterprise features, matchmaking and collaboration
3. Acquisition, retention & engagement of clients

We have made substantial progress in each of these areas:

Improving our visual design, responsiveness & UI/UX

The UI Engineering and Product Design achieved exceptional progress on the first goal, to bring a fresh, modern look to the platform with the goal to create an intuitive, seamless user experience that engages.

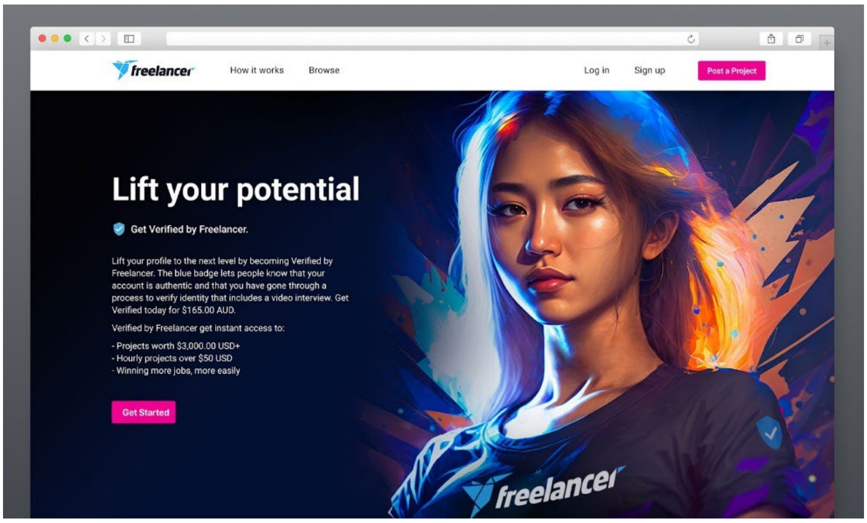


Figure 4: Updated visual design

Working closely with power users, improvements were made to the way we represent elements like users and projects, as well as the look and feel of UX components such as the newsfeed. These efforts have resulted in a revamped user interface that is visually appealing and easier to navigate. This was combined with updates provided by the Design Systems team for the landing pages, banners, illustrations and other design elements.

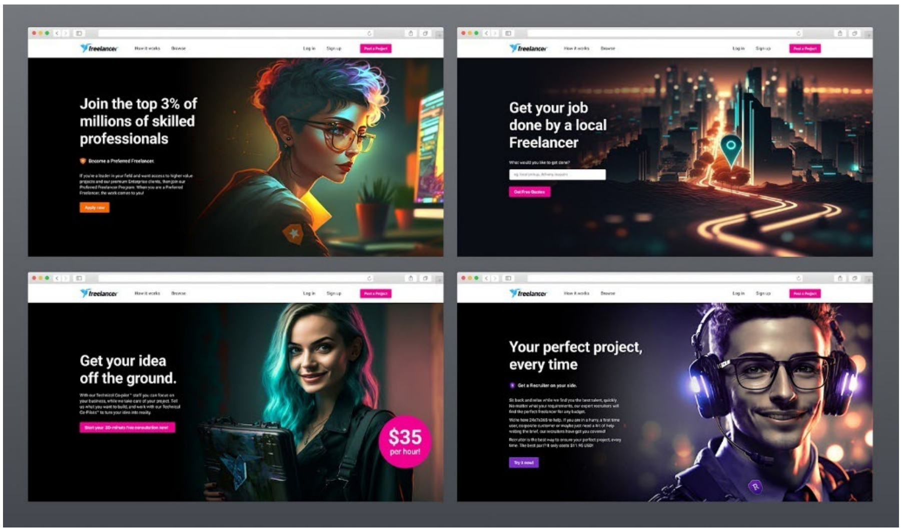


Figure 5: Updated design being deployed across platform

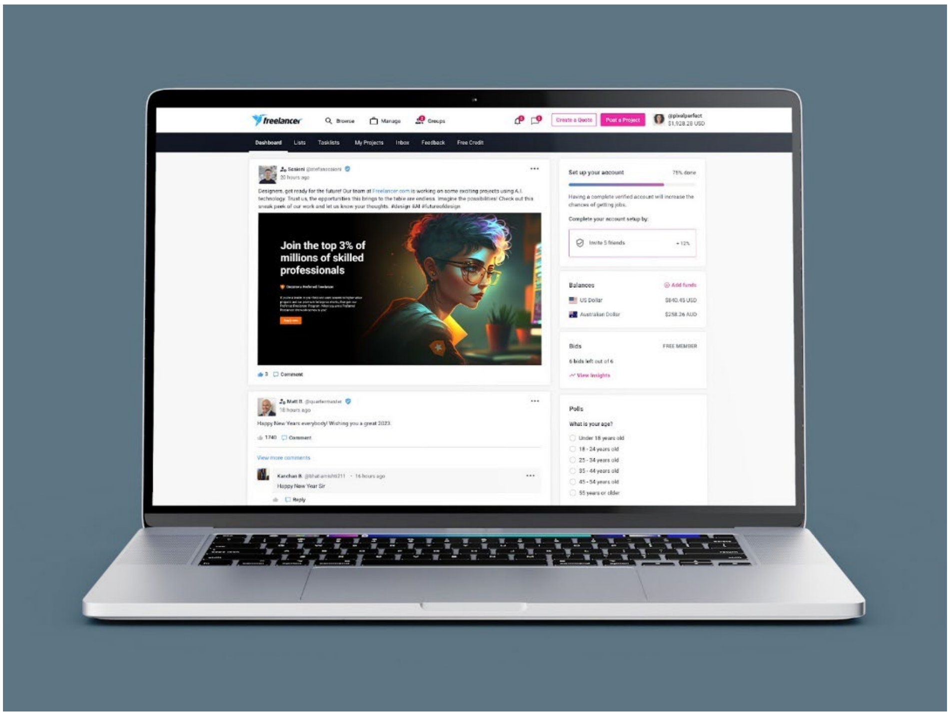


Figure 6: Improved user experience

Enhancements to payments

On the payments front, in 2022 we launched our Quotations product, which introduces a new, freelancer-driven payments channel to the website. After launch in 1Q22, we made numerous improvements to the product, including allowing users to send quotations externally, polishing the UI/UX of the feature, improving new user onboarding to the feature, and more.

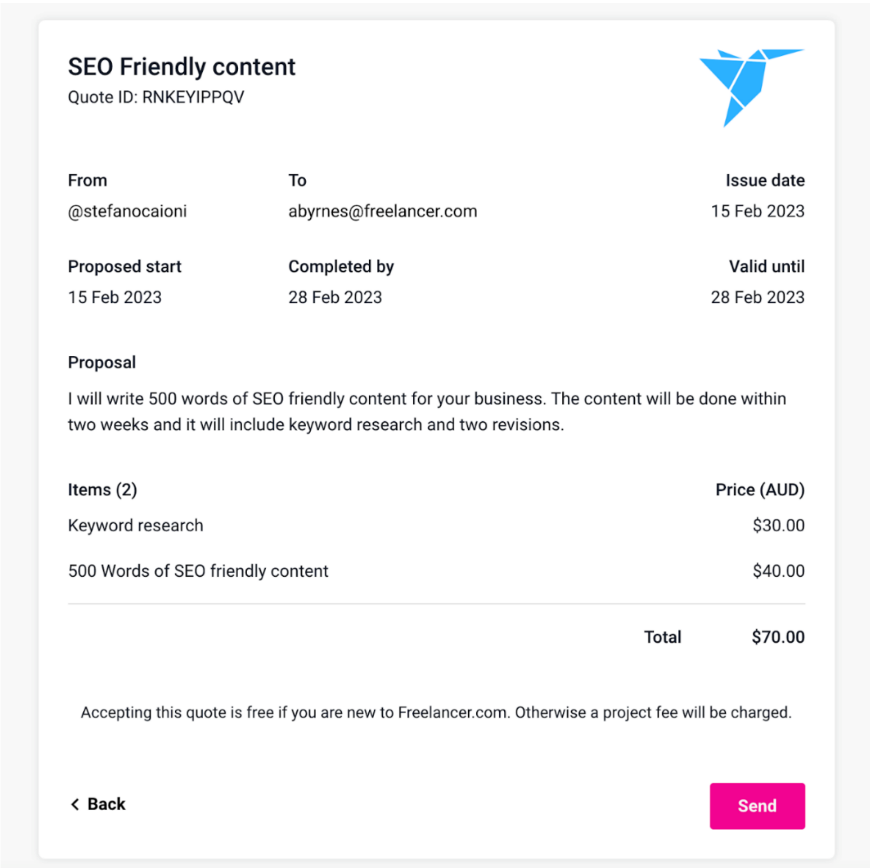


Figure 7: Example Quotation

We plan to add further UI polish, deeper integration into our other products, usage incentivisation & marketing, and feature expansion into areas such as hourly billing and recurring subscription support.

In 4Q22 we worked on overhauling the hire-me funnel in an effort to improve conversion and reduce spam, by introducing quotations.

The old hire-me funnel had issues: project budgeting was difficult for clients, leading to lower conversion rates; highly ranked freelancers received low-quality leads and had limited opportunities to negotiate; and the hire-me system was vulnerable to spam, negatively impacting freelancer trust.

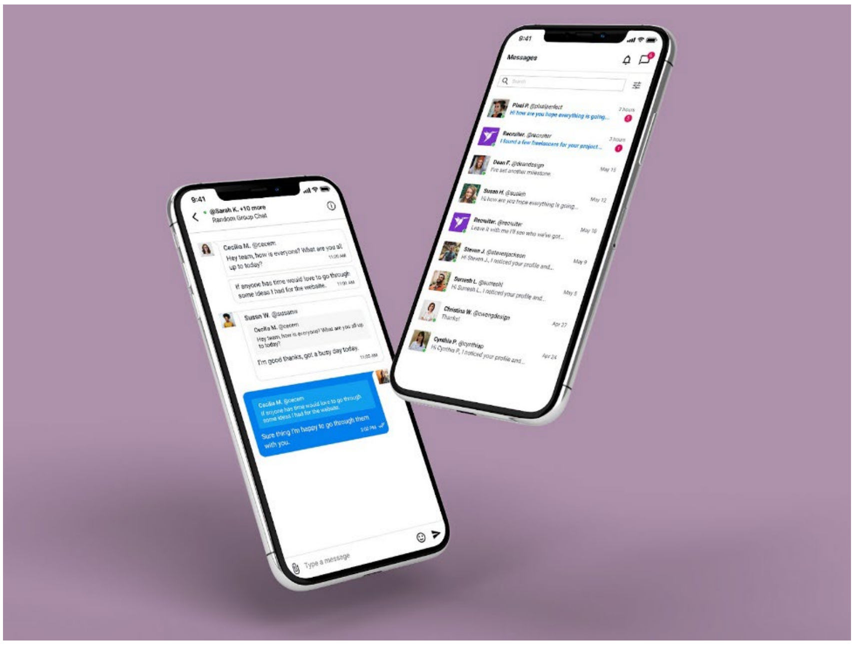


Figure 8: Improved mobile experience

The new "chat request" funnel replaces "hire-me" with a messaging system similar to social media. Clients send requests to freelancers, who can accept, reject, or block them. Freelancers can discuss the project and provide quotes if interested. Early data suggests positive customer feedback and comparable conversion rates, with further improvements expected as freelancers become more accustomed to the new system.

Finally, in 4Q22 we also made improvements to the tipping interface for US and Canadian clients that led to a 30% increase in tips sent to freelancers.

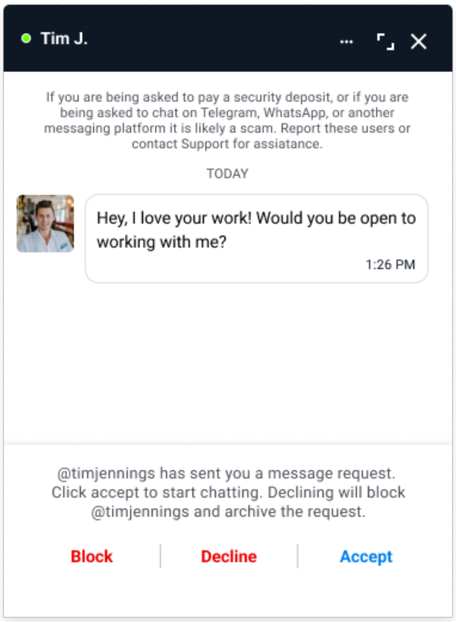


Figure 9: Chat requests

Enhancements to enterprise features

In FY22, our enterprise product teams spent the majority of their time working directly with clients building out integrations and features to support the sales efforts.

We also made improvements to the invoicing experience, including consolidating all invoices related to a project into a single document, overhauling their visual design, and finally allowing for the generation of "pro-forma" invoices.

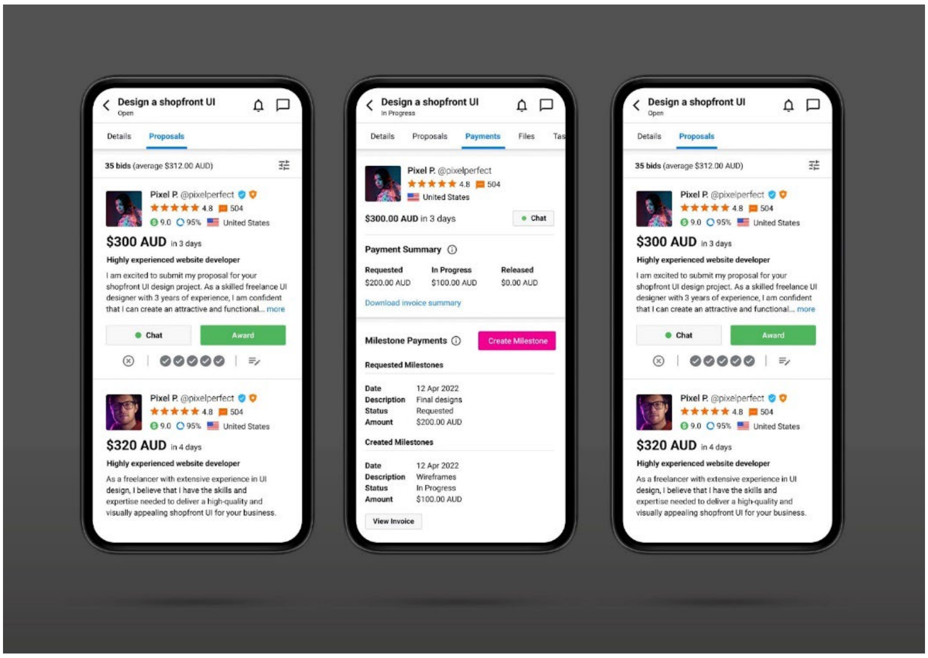


Figure 10: Improved user experience

Enhancements to matchmaking

In FY22 we largely solved the "spammy bids" problem and adjusted the client funding process as from 2021, the percentage of projects receiving their first bids (within 30 seconds) rose sharply. This problem was getting steadily worse and increasingly impacting the overall marketplace experience, as freelancers increasing used software to bid.

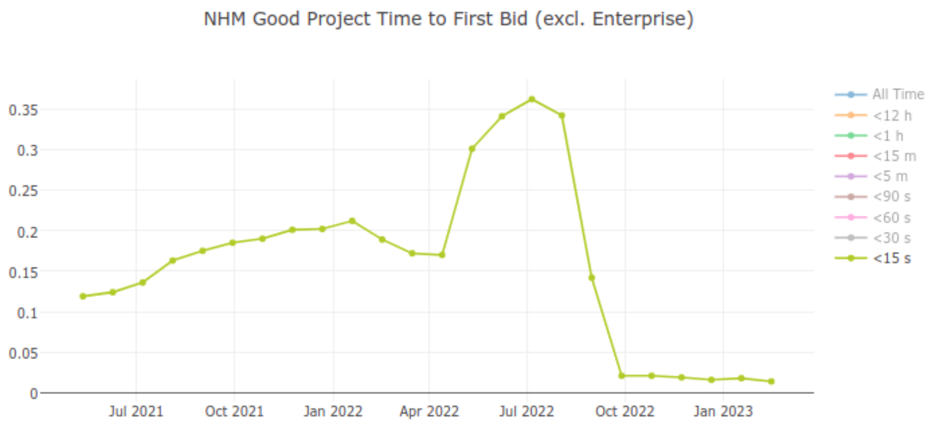


Figure 11: Spammy (fast) bids have been greatly reduced

In 3Q22 we used an innovative approach to put a stop to this behaviour. We were able to do this without impacting the overall liquidity of the marketplace- the number of bids within 60 seconds is largely unaffected.

Figure 12: Marketplace liquidity from good bidders is largely unaffected

We also fixed a major conversion problem in the main funnel with projects. Substantial lifts in retention rates were seen, and we expect this will pay dividends in future quarters.

Enhancements to collaboration

In FY22 we made huge strides in our long-standing collaboration-focused product strategy, primarily through launching Groups in 3Q22, the pillar that will support all of our collaboration products.

Designed to support collaboration and communication at scale, Groups enable everything from small teams to millions of people to interact in a structured and efficient manner.

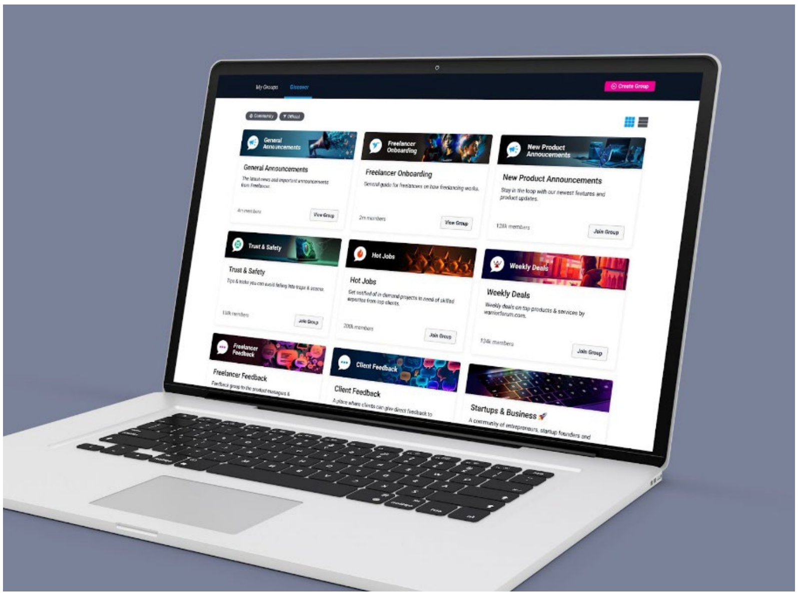


Figure 13: Collaboration tools

In 4Q22, we improved the user interface and user experience while integrating content from Groups into the main homepage. This increased engagement and visibility significantly. We also started using our own Groups product for internal communication, enhancing our understanding of user needs.

Moving forward, we plan to integrate Groups as a collaboration tool to improve engagement and retention in 1H23.

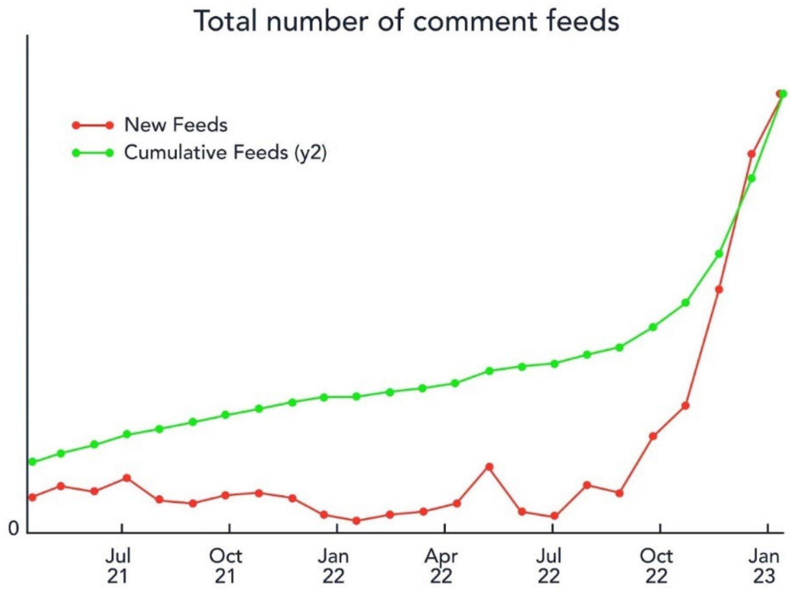


Figure 14: Groups engagement takes off

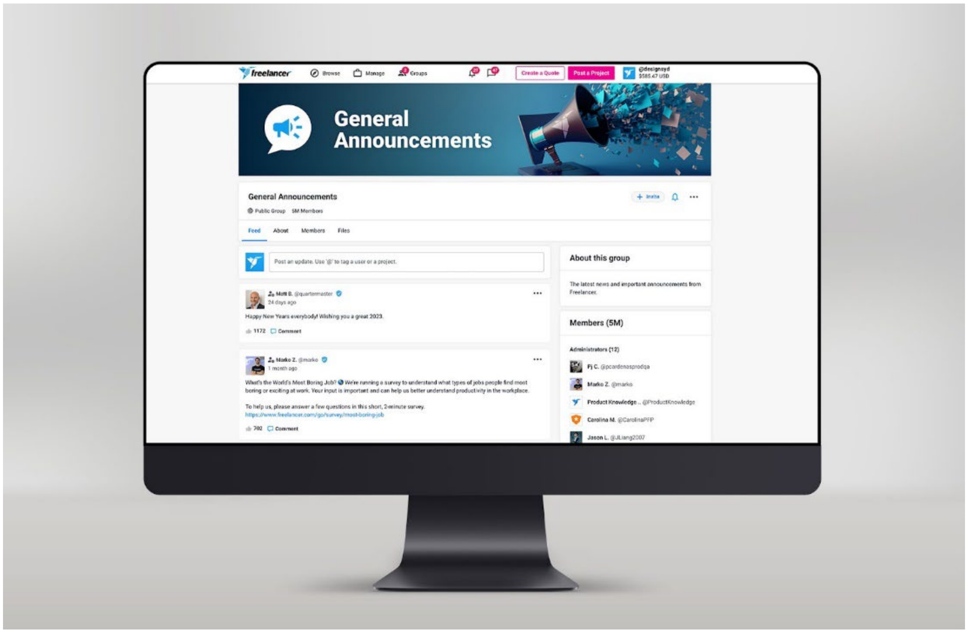
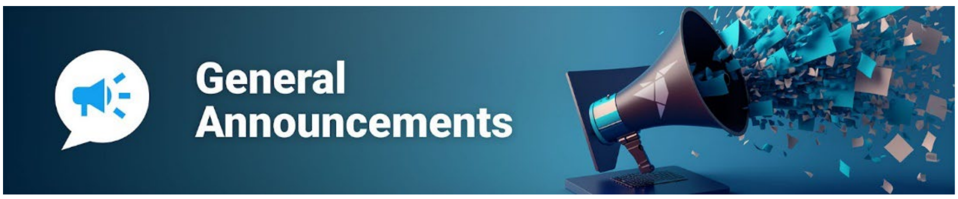


Figure 15: Groups interface

In addition to Groups, we also

- Overhauled our Tasklists product, redesigning the UI, and integrated with projects
- Added a number of modern messaging features including replies and screen-sharing
- Resigned the logged in homepage experience



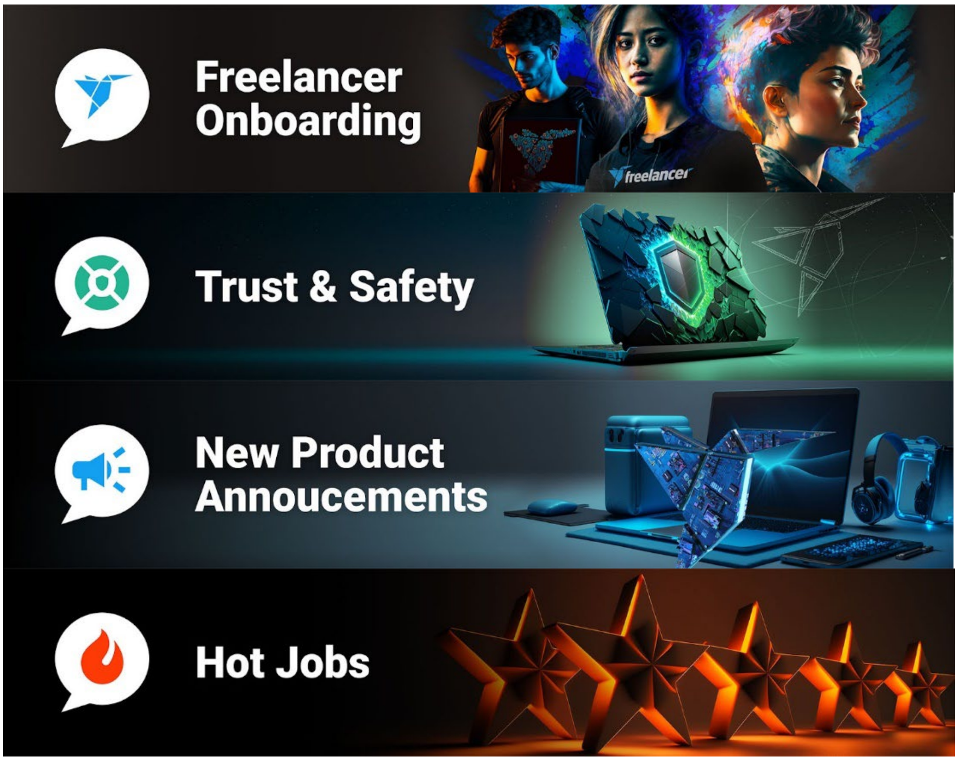


Figure 16: Example of groups

Acquisition, retention & engagement of clients

On the acquisition front, in 4Q22 we saw our year-long effort on SEM profitability come to fruition. Profitability across all spending in 4Q22 is up 58% on its 2Q22 yearly low, and up 23% on pcp. Focusing on our non-brand Google account, profitability is up 77% on its 2Q22 yearly low, and 43% on pcp.

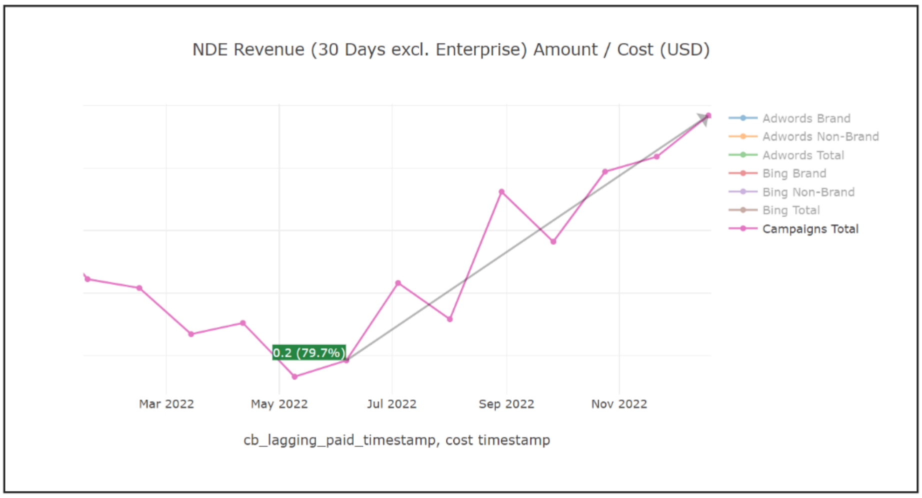


Figure 17: Revenue from new customers through acquisition channels

The main focus of our paid marketing efforts in FY23 will be diversification away from our current focus on Google adwords, adding new paid channels to the overall mix, whilst grinding out incremental progress on our existing campaigns.

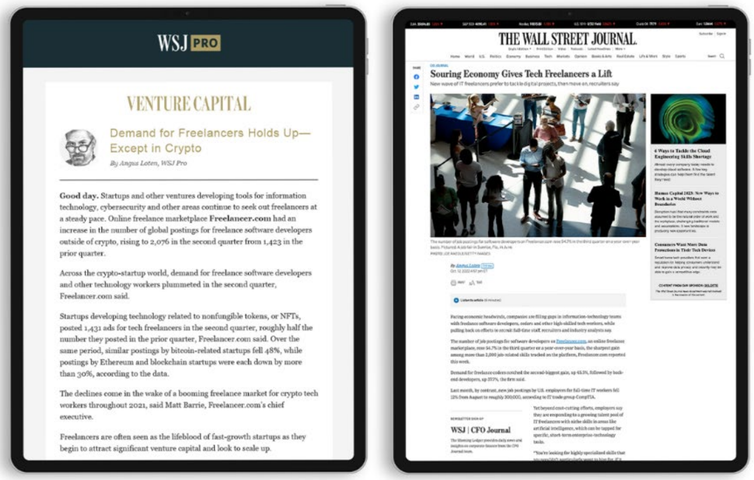


Figure 18: WSJ Reports: Freelancing Surges Amid Economic Uncertainty

Moving into the new year, we have begun our yearly "Back to Work" campaign. This year, the focus is on the Crazy Ideas that underpin every world-changing business, inspiring entrepreneurs to get off their couches and start their dream businesses.

The campaign can be viewed here:

https://www.freelancer.com/crazyideas

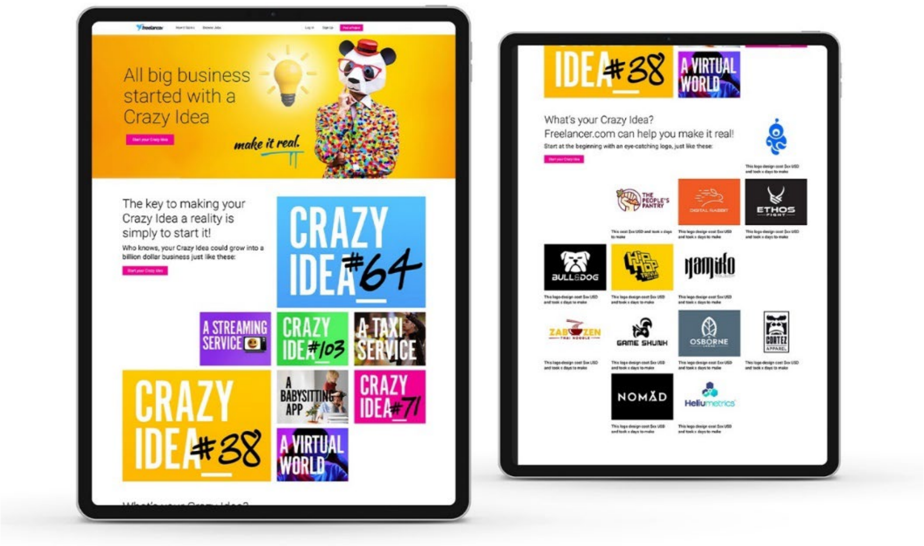


Figure 19: Crazy Ideas campaign

We are also continuing to focus on improving our landing page conversion rates. Whilst these tests are typically performed on smaller, more focused landing pages, we have recently started running tests on our homepage. For example, a recent test we ran on the homepage resulted in a ~13% lift in conversion.

On the retention & engagement front, the majority of our work here was focused around assisting the collaboration products, which are specifically designed to drive engagement and retention.

2023 outlook

In 2023, our product mission will be

- Taking UX & design to the next level: from consistent to delight
- Collaborative tooling to drive retention & engagement
- Improve acquisition through organic growth

Each of these three is instrumental in driving GMV and revenue growth in the core marketplace, and we look forward to reporting in future quarters on our progress in each of these areas.

Enterprise

Freelancer Enterprise went from strength to strength in FY22 with GMV up 101.5%.

Key developments this quarter:

- November 2022 was an all-time record for GMV, surpassing the record set in August 2022.
- We finalised commercials with the Middle-Eastern branch of a Switzerland based global pharmaceutical company with the agreement subsequently being executed early in 1Q23 and we are currently working to onboard and activate the partner with projects expected by the end of 1Q23.
- We progressed commercials with the EMEA entity of a top global professional services firm with an initial pilot agreement being executed in early 1Q23. We are also working on potential opportunities with their Australian and Indian entities.
- We onboarded a new division of a global transportation technology leader to our platform, which is currently being used to support the expansion of their North American operations by procuring and managing freelancers for in-store tasks. They plan to expand globally using our platform and are leveraging our Local Jobs capabilities for this engagement.
- Executed with a global talent provider that will be introducing their clients to the Freelancer.com platform. We are currently exploring deeper integration into the platform.
- Ended the quarter with in-flight proposals for engineering services and/or ongoing program management including a strategic platform-based transformation opportunity for a state government, integration with a global BPO leader, a national telecommunications company and a global contingent workforce management leader.
- On the downside, in 4Q22 we finalised an agreement with a global technology leader for a flexible and international technical support capacity by utilising the abilities of our freelancers. We signed a SOW, received a green light on passing the externally audited vendor security & privacy assurance process, received a purchase order and personnel were undergoing onboarding & training. We were very recently informed that the division has been restructured and merged into an internal division. While a disappointment, the client has organised a meeting to discuss other opportunities within the 200,000 employee organization.

Deloitte MyGigs

MyGigs is a Deloitte branded version of the Freelancer InSource platform tailored to meet the needs of Deloitte practitioners and tightly integrated with SAP Fieldglass. Projects are posted both "internally" (to Deloitte practitioners) and "externally" to the greater Freelancer.com marketplace. Projects have risen throughout the year with an average completed external project size of $1,469. External projects are also proving to be more liquid than internal projects, with an average bid count of 8.3 and 3.5, respectively. That liquidity will continue to grow as more freelancers are onboarded through a comprehensive enterprise-grade vetting process.

A dedicated team of product managers and engineers have been working closely with Deloitte to further tailor and enhance product and integration capabilities.

In 1Q23, the engineering services engagement will expand as more Freelancer engineers are added. Deloitte has also added a marketing capability to their team. As the joint project starts to focus on activation and marketing to Deloitte users.

Figure 20: Deloitte MyGigs

Global Fleet / Field Services

In the quarter, we completed the technology integration of the Freelancer platform with the global computer & printer company's CRM and workflow management platform in several countries. This paves the way for significantly higher volumes across all markets and provide a standardised, automated single global solution.

Figure 21: Field service engineers based in India undertaking training and certification, and completing on-site field repairs.

In brief:

- **India**: As of the time of writing this report, technical integration launched in Hyderabad, Pune and Kolkata and is already live in Bangalore. Chennai, Ahmedabad and Delhi will go live on the 23rd February then Mumbai on the following Monday. Focus on enhancing freelancer experience and productivity. Expanded service to Vizag and Lucknow, covering 10 out of 18 cities. A proposal in development for installation work in India.
- **Indonesia**: Contract extended across six cities with high-quality work and great customer satisfaction.
- **Australia/New Zealand**: Engagement extended, enabling expansion into any city. Cost-effective solution maintaining consistent volumes to explore other markets.
- **Malaysia**: Signed SOW, focusing on recruitment and training. Work orders launched in Feb '23 in regional areas to reduce turnaround times for repairs before expanding to metro areas.
- **Rest of World**: Interest from across the globe with presentations to country heads. Part consumption compared to partners opened doors to Americas, aiming to penetrate the break fix market. 13 countries on the initial target list out of 50 regions.

Overall 2022 Review: Established groundwork for Freelancer Global Fleet field services program. End-to-end offering includes freelance support for cost savings, remote work, and seasonal fluctuations. Expanded services to new cities and countries for consumer and commercial segments. Aim to expand to installation work and penetrate the Americas market.

NASA & U.S. Government

2022 was a great year for the NASA and U.S. Government project team. The key takeaway with this engagement is that Freelancer is delivering high end, sophisticated work, by high end freelancers, to major US government agencies.

In October, Freelancer awarded Phase 2b of the US$1 million NOIS2-064 CommanDING Tech Challenge and launched Phase 3 the following day. This task order is in partnership with the National Institute of Standards and Technology's Public Safety Communications Research (PSCR) Division. In Phase 2b, contestants developed their incident command dashboards and presented them to the Judging Panel in virtual meetings. Eight winners were awarded a total of US$200,000 in cash prizes and a sensor package each, for testing and developing their prototype, valued at US$3,000.

The following are the winning teams/individuals of Phase 2b:

- BadVR, Inc. (United States)
- Cloud Responder (United States)
- Engineering Dynamics (United States)
- Headwall (United States)
- Red Volta (United States)
- Televerse Robot, LLC (United States)
- TurnRock Labs (United States)
- Valoarus (United States)

In November, Freelancer also awarded Phase 1 of the US$300,000 NOIS2-071 Counting Every Drop Challenge in partnership with GEONOR on behalf of Bureau of Reclamation, USDA Natural Resources Conservation Service (NRCS) and NASA. Seven solutions were awarded US$10,000 each. The teams have now joined Phase 2 where they will develop their precipitation gauge prototype based on their Phase 1 White Paper.

The following are the winning teams/individuals:

- Rahavi Brothers (Canada) | *Intelligent Precipitation Measurement System (IPMS)*
- The Planet Earth (Canada)
- PMASS (USA) | *Precipitation Measurement with Advanced Solid-state Sensors*
- PGRAWS (USA) | *Precipitation Gauge with Redundant Array of Weight Scales*
- Top Solvers (USA)
- Orion Labs (USA)
- rixel (Hungary)

The full list of task orders won to date:

ID	Sponsor	Skills	Value (AUD)	Task Order Purpose
NOIS2-090	National Institutes of Health	Genome Editing	$10,630,000	Develop delivery systems to deliver genome editing machinery to target cell types or specific tissues.
NOIS2-071	Bureau of Reclamation	Hydrologic Engineering	$590,200	Develop new and improved designs for ground-based precipitation measurement devices.
NOIS2-064	Department of Commerce - National Institute of Standards and Technology	UI/UX Design, Software Development	$1,950,000	Advance incident command dashboard technologies to allow for real-time tracking of assets, personnel, and objects of interest.
NOIS2-068	NASA Aeronautics Research Mission Directorate	Graphic Design	$85,162.13	Seek freelance graphic illustration and facilitation expertise.
NOIS2-069	NASA Aeronautics Research Mission Directorate	English Transcription Services	$8,840	Transcribe interview recordings.

NOIS2-031	NASA Langley Research Centre	Physics, Mechanical Engineering	$130,000	Develop novel shock propagation prediction techniques, helping them advance shock propagation prediction past the current 50 year-old empirical methods.
NOIS2-030	Centers for Disease Control & Prevention	Network Science	$273,000	Explore how recent advances in network science can be used to more quickly and accurately identify emerging health threats, such as suicide and drug overdose.
NOIS2-038	NASA Game Changing Development Program	Machine Learning, Artificial Intelligence	$130,000	Use machine learning and artificial intelligence to identify potential risks on active projects by using historical data and information available.
NOIS2-039	Department of Commerce - International Trade Administration	UI/UX Design, Software Development	$1,071,200	Promote cross-border data flows through the creation of a data privacy certification software program.
NOIS2-043	Bureau of Reclamation	Computational Fluid Dynamics	$721,500	Optimise and speed up the sparse matrix linear equations solver for computational fluid dynamics models.
NOIS2-017	National Institute of Child Health & Human Development	Data Science	$624,431.60	Identify factors and interventions that impact maternal morbidity and severe maternal morbidity.
NOIS2-006	Bureau of Reclamation	Electrical Engineering	$486,834.40	Improve the reliability of hydropower plant generation. by automating safety equipment testing and reducing plant downtime.

Escrow.com

Escrow.com is the world's largest and only multi-jurisdictional licensed online escrow company. There are fundamentally two sides of the Escrow business- transactional which is the vast majority of the current business and checkout which we are trying to pioneer in the space of large value transactions.

Transactional volume flew in FY21 and 1H22 was the second highest half for Escrow GPV in the history of the company (US$407m). From May 2022 volume crashed with the crypto/tech wreck and general economic contraction.

Escrow.com Gross Payment Volume (GPV) in 4Q22 was AU$189.5m down 48% on pcp or (US$124.5m down 53.2% on pcp). For the FY22, Escrow GPV was $953.4m, down 11.7% on pcp (US$668.4m, down 17.3%).

Despite this drop, the Escrow.com business was profitable in FY22.

February 2023 is shaping up to be the best month since July 2022,possibly June 2022, and we are fairly confident that 1Q23 GPV will be higher than 4Q22, however volume has yet to fully return to the heights seen in 2021 / early 2022.

Over 75% of the fall in 4Q22 is attributable to the decrease in the volume of domain name transactions, a market segment in which Escrow.com has a dominant position, which decreased by 20% from US$514M in FY21, to $411M in FY22. Global venture capital funding in FY22 fell 35% to US$445 billion. This drop followed through to a fall in "mega" domain transactions ($10m+) where startups pay top dollar for instant brand recognition and a permanent tail wind for their marketing.

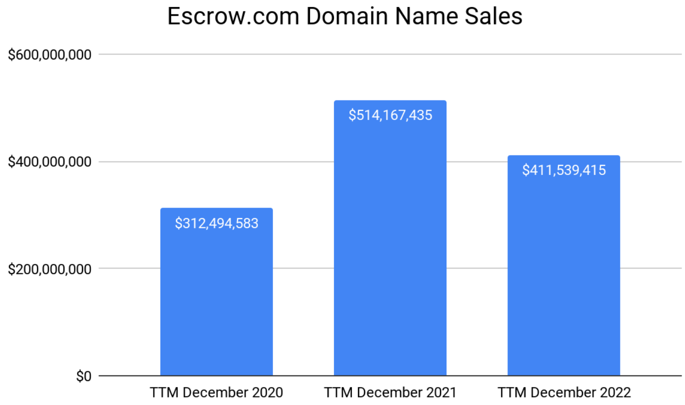


Figure 22: Escrow.com domain sales

Through the first half of 2022, we saw many large value transactions ($10-20m), particularly in the crypto space. We saw some signs of life in the latter part of the year, where our domain transaction volume had a 5.5% uplift in 4Q22 at $83m from 3Q22's $79m. We do, however, expect to see it come strong back in FY23 as we expect a boom in VC funding certain sectors such as generative artificial intelligence. In 1Q23 we have already quoted a 'mega' domain transaction that would be a substantial lift on our all-time record for a single domain transaction by several multiples and have seen one 'mega' transaction in the $10-20m range.

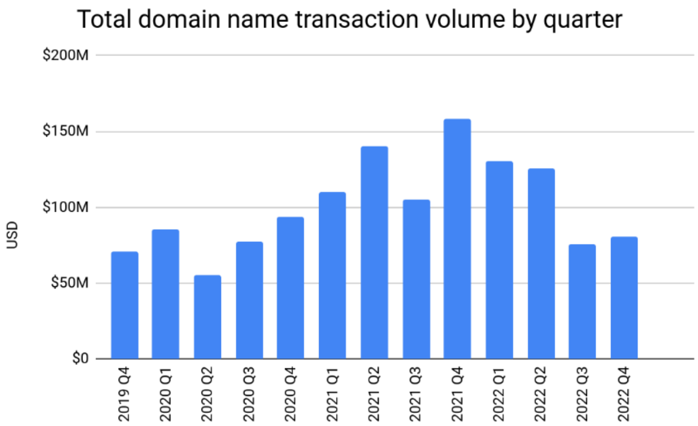


Figure 23: Escrow.com total domain name transaction value per quarter

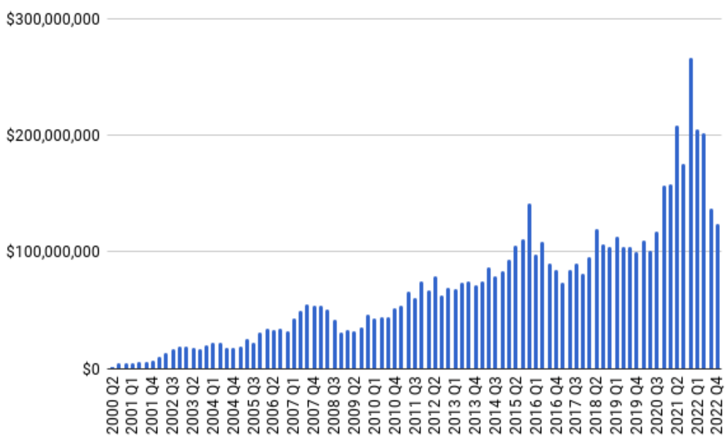


Figure 24: Escrow Gross Payment Volume (USD) by quarter since inception

Product

For 1H23, the priorities for product are as follows:

- Prioritise customer feedback
- Improve the overall KYC experience to best in class
- Reduce friction of the end-to-end transaction flow
- Support more verticals and transaction types
- Provide a better partnership experience
- Automate internal transaction processes

These reflect our commitment to designing a product that enhances user experience and is fully customer centric in its design and transaction flow.

Partner Activity

In 4Q22, Escrow.com continued to introduce and support a diverse range of marketplaces and brokers, both existing and new partners. Towards the end of December, we received approval from compliance to get started on a specific pricing structure for the Real Estate vertical in 31 US states. We started outbound sales for real estate and construction marketplaces with the goal of focusing on buyer deposits for real estate bids.

M&A Marketplaces

Marketplaces for business acquisitions continued to be a strong vertical for partner growth. Escrow spent the year working closely with MicroAcquire to support their growth while MicroAcquire has excelled at small business acquisitions and have become acquire.com to support larger business acquisitions. They are the largest startup acquisition marketplace focused on profitable software companies. We are also seeing increased volume coming through from app marketplaces including Flippa and Zipos Apps. Some of these marketplaces are also looking to branch into full M&A of businesses, which Escrow.com will support.

IP Addresses

We continue to see growth in new IP address platforms and growth opportunities. We continue to see IP partners grow revenue with UAB Voldeta and HMB Holding GmbH in Europe both onboarding last quarter.

We attended RIPE in Belgrade, Serbia as well as LACNIC 38 IP in Latin America. In FY23 we expect to release an IP transaction type and IP leasing with a number of partners.

Construction and Real Estate Marketplaces

Towards the end of December, the sales team received approval from compliance for the Real Estate vertical in 31 US states. We started reaching to real estate and construction marketplaces with the goal of focusing on buyer deposits, as a jumping off point. Our first home renovation marketplace is preparing to launch in 2Q23.

Domain Names

We attended Namescon Global in Austin, Texas in 4Q22. New accounts included Stenning Limited, who subsequently closed their first transaction with us. Escrow will be attending the next NamesCon Global in Austin, Texas at the end of May, 2023.

The focus on this vertical is to upgrade and automate Domain Name Holding, streamline the client onboarding process and KYC, revamp partner tools, integrated partnership reports, and overall improve the experience for our partners and their customers.

Other

We are equally focused on reaching out to big prospects as new partners across verticals (IP, Construction, Services, Domains, M&A, Vehicles, Merchandise, etc.) and distribution channels: payment aggregators, shopping carts, multicategory marketplaces, and peer to peer payments.

Loadshift

Connecting Shippers & Carriers

The year 2022 was transformational for our freight division as we merged the Loadshift and Freightlancer platforms, which now entirely operates under the Loadshift brand, and running on the Freelancer enterprise stack. The Freightlancer brand has been decommissioned.

Total loads posted for FY22 were 74,096 (down 11.0% on pcp). Total kilometres posted were 99,102,593 (down 16.5% on pcp), representing $350 million of Notional Gross Load Value (up 7.4% on pcp).

As explained in previous quarterlies, pre-merger in August '22, all loads expired in three days, which resulted in a number of reposted jobs under the old system. On the new marketplace, loads stay up until awarded or expire in 30 days, so looking at the two numbers is not a direct comparison. Additionally, a few accounts were banned that were cross posting jobs to the old classifieds site but going off-site to complete them. 4Q21 volume was also abnormally high due to lockdowns (which ended in NSW & Victoria in October 2021).

Figure 25: Maxtrak Mobile Crusher moved from Henderson WA to Unanderra NSW in 4Q22

Records achieved in 4Q22 include (note: compared to the quarter immediately before):

- 2H22 GPV up 63.6% on 1H22
- Average completed load size: $5,184
- Average freight charge: $3.49/km (up 21.6% on pcp)
- All-time lowest median time from post to first quote
- All-time record for most quotes/day, unique shippers quoting/day
- All-time lowest median time from post to first quote (1.5 hours)

The key objective in FY23 is to transition the Loadshift business to a marketplace model, where payments flow through and a commission is levied.

The commission model is superior for a number of reasons that are beneficial for all parties. One of the main advantages is the ability to "close the loop" by providing visibility into the entire process. In the past, the bulletin board had no information after a listing was made, with no idea of which carrier performed the load, whether it was done on-time, or whether quality work was performed.

Figure 26: Caterpillar Grader moved from Bunbury, WA to Bathurst, NSW

The regulatory environment has changed significantly and now all participants in the movement of heavy freight are in the "Chain of Responsibility". This means that compliance and safety improves overall as the platform, being a trusted third party, is now 'in the loop' as to the movement of the freight and carriers, which results in an overall better experience for all parties involved.

Another major advantage is the secure payment system through the marketplace, which prevents bad actors from running away from deposits or performing poor service. Reputable carriers can earn feedback and reviews, which allows them to increase rates for better services and differentiate themselves in the market, thus creating a win-win situation for both carriers and shippers.

Shippers are no longer left to themselves either, as our operations team liaises with both shipper and carrier to ensure loads are completed successfully, providing a level of support and guidance that was previously not available. Enterprise customers can take advantage of our managed services, which includes project management for complex movements, adding a level of convenience and professionalism that was previously not available.

Additionally, integrations are now able to be performed with platforms that need freight to be performed every day (e.g. automotive, machinery or auctions), adding a level of efficiency and streamlining previously not possible. An enhanced set of offerings are now available for both carriers and shippers, as well as enterprise features such as invoicing financing (via a third party provider, Butn), makes the process more convenient and efficient for all parties.

Finally, carriers now have more flexibility in how they use the platform, they have the choice to either pay a membership and a reduced commission, or no membership and a 10% commission, providing them with the ability to choose what works best for them and their business, which results in a more customised and tailored experience for all parties involved.

Additionally for 2023, the plan will be to increase volume and conversion by:

- Growing the carrier network
- New features for shippers & carriers

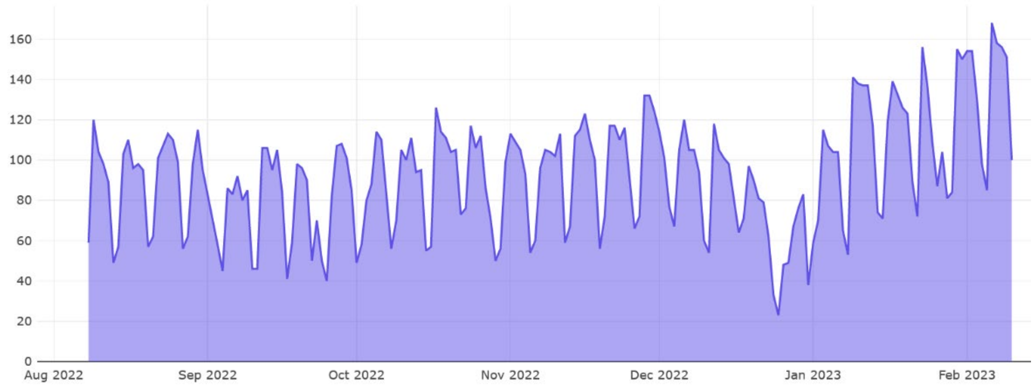


Figure 27: Daily quoting carriers (since merger)

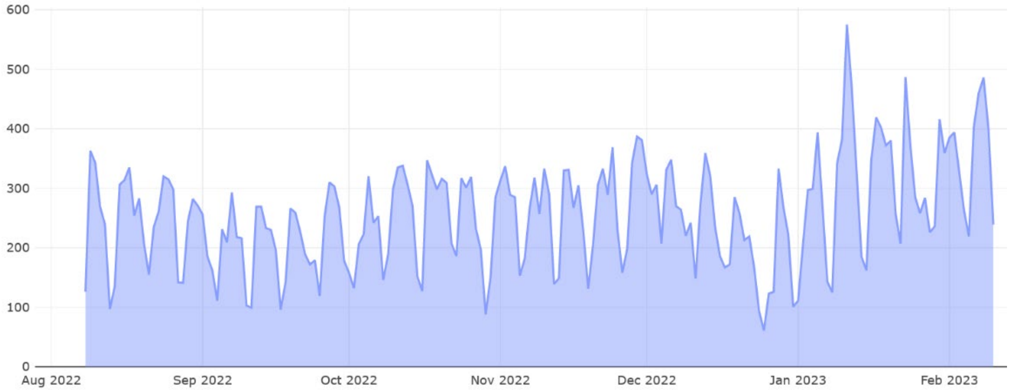


Figure 28: Quotes per day (since merger)

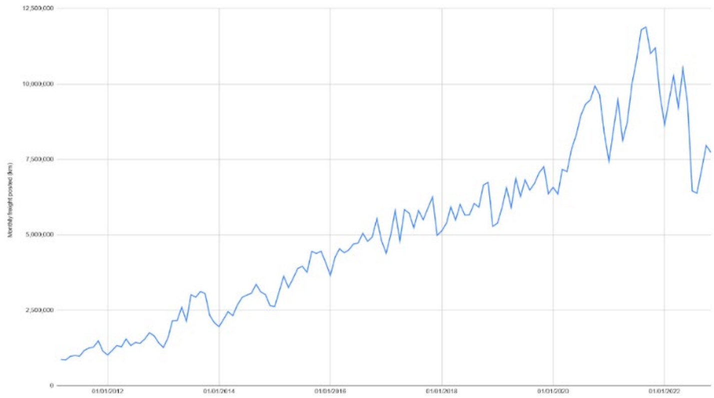


Figure 29: Group freight posted since inception (loads)

We continued to see significant increase in key metrics and hit record numbers for GMV, number of loads completed, number of quotes and number of carriers quoting via the platform in 4Q22. We have lifted the award rate of jobs on the platform from 0% (no jobs being awarded under the bulletin board model) to 10% as of the date of this commentary in February. Currently the bias in awarded jobs is towards lower end jobs, as they more easily convert, however we expect the award rate to continue to rise rapidly through FY23.

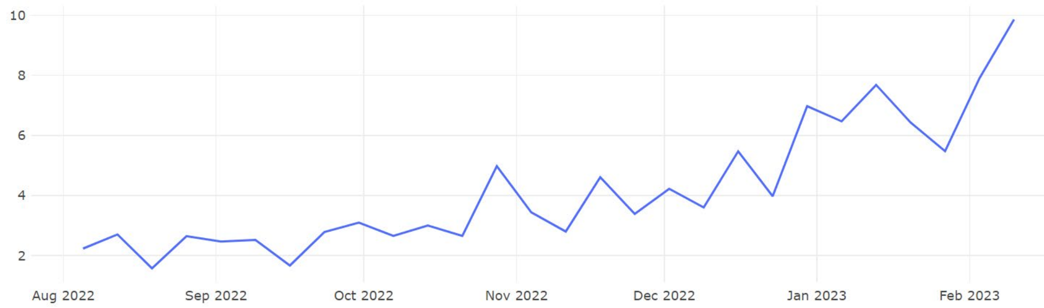


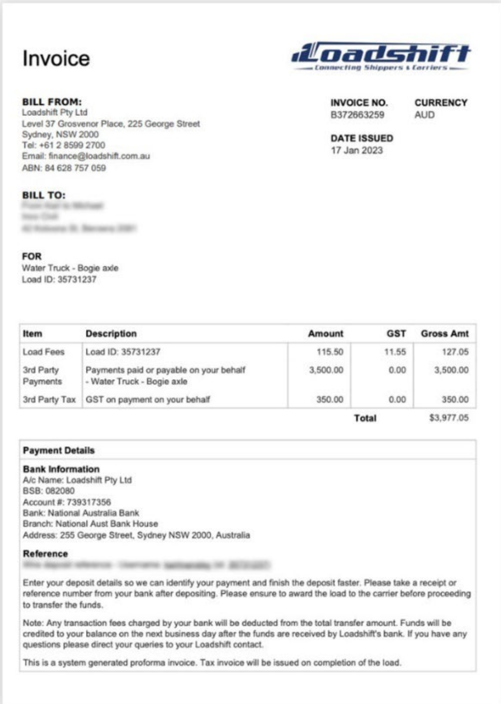
Figure 30: Loadshift award rate

New features were launched to increase load conversion. The proforma invoice feature generates proforma invoices for every quote submitted through the system, which allows companies to have the accounting documentation required for load awarding. Other features such as SMS notifications and insurance/certification verification were also introduced. Carriers can now upload their insurance and certification documents, and carriers with proper certifications can showcase their credentials and increase their reputation on the platform. Additionally, the layout of the load view page was improved to make it easier for carriers to scan and submit quotes.

As carriers take advantage of the features of the platform, the feedback and reviews generated and adopt the secure payment system, we expect the award rate to grow by a number of multiples in FY23.

All in all, this resulted in the number of loads completed under the marketplace model strongly growing. This year will be a marquee year for the Loadshift business as the number of completed loads (and revenue) continues to rise under the new model.

This is reflected in Gross Payment Volume (GPV) which is the most important for the division.



Invoice

BILL FROM:
Loadshift Pty Ltd
Level 37 Grosvenor Place, 225 George Street
Sydney, NSW 2000
Tel: +61 2 8599 2700
Email: finance@loadshift.com.au
ABN: 84 628 757 059

INVOICE NO.
B372663259

CURRENCY
AUD

DATE ISSUED
17 Jan 2023

BILL TO:
[illegible]

FOR
Water Truck - Bogie axle
Load ID: 35731237

Item	Description	Amount	GST	Gross Amt
Load Fees	Load ID: 35731237	115.50	11.55	127.05
3rd Party Payments	Payments paid or payable on your behalf - Water Truck - Bogie axle	3,500.00	0.00	3,500.00
3rd Party Tax	GST on payment on your behalf	350.00	0.00	350.00
			Total	$3,977.05

Payment Details

Bank Information
A/c Name: Loadshift Pty Ltd
BSB: 082080
Account #: 739317356
Bank: National Australia Bank
Branch: National Aust Bank House
Address: 255 George Street, Sydney NSW 2000, Australia

Reference
[illegible]

Enter your deposit details so we can identify your payment and finish the deposit faster. Please take a receipt or reference number from your bank after depositing. Please ensure to award the load to the carrier before proceeding to transfer the funds.

Note: Any transaction fees charged by your bank will be deducted from the total transfer amount. Funds will be credited to your balance on the next business day after the funds are received by Loadshift's bank. If you have any questions please direct your queries to your Loadshift contact.

This is a system generated proforma invoice. Tax invoice will be issued on completion of the load.

Figure 31: Loadshift proforma invoice

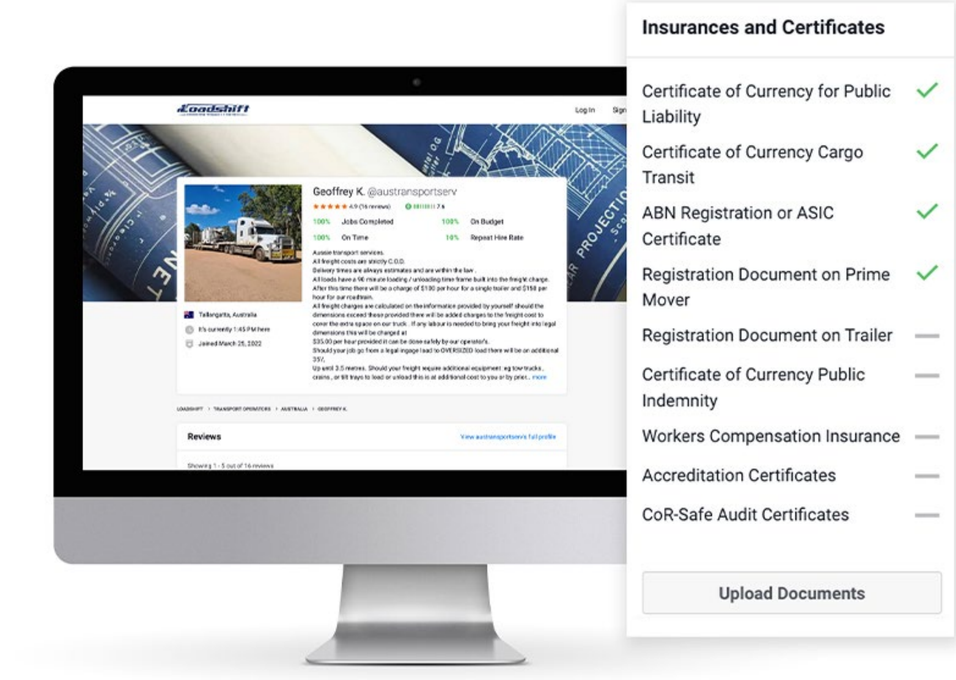


Figure 32: Loadshift Insurance Verification

Looking forward to the rest of the year, we will be continuing to improve the platform with a view to build the tools required for both carriers and shippers for end to end management of freight. This includes features such as optimisation of the current marketplace with better notification and payment flow, GPS tracking, proof of delivery workflows, integration with other marketplaces, insurances, credit management and fleet management tools.

Freight Categories

The freight moved by the group is consistent with the numbers prior to integration. It is diversified but primarily heavy machinery (21.2% mobile, 6.7% stationary) for the mining, construction and industrial sectors. This is followed by vehicles, cars 11.8%, trucks 7.4%, pallets less than a load 8.7%, general part loads 7.9% and general full loads 7.7%.

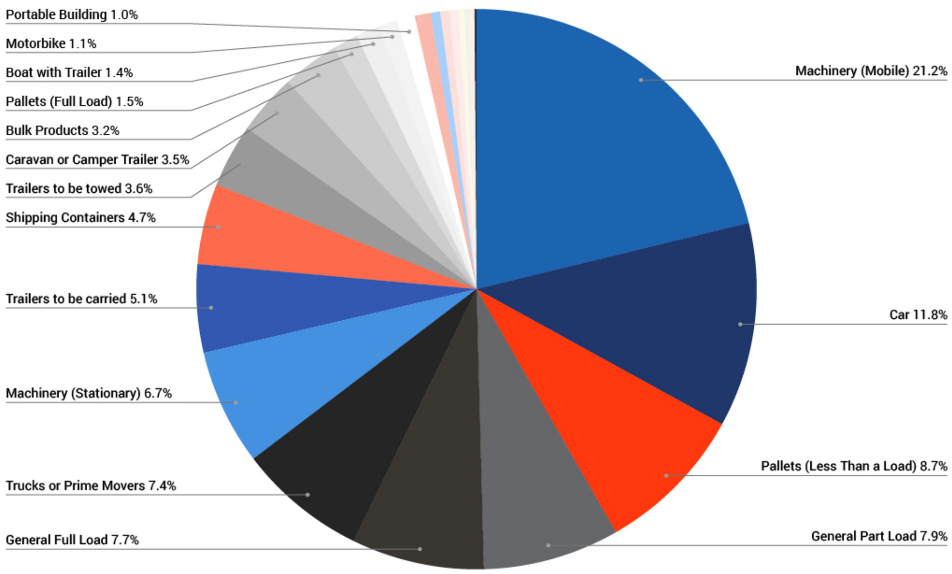


Figure 33: Freight categories by type (%) in 4Q22

Review of Financial Performance

The Company achieved Net Revenue of $55.7 million in FY22 (down 3.1% on the previous corresponding period), and Gross Payment Volume of $1,127.4 million (down 10.5% on the previous corresponding period). Revenue excluding Escrow.com was $45.6 million (down 1.1% on the previous corresponding period). Escrow.com revenue was $10.1 million (down 11.1% on the previous corresponding period).

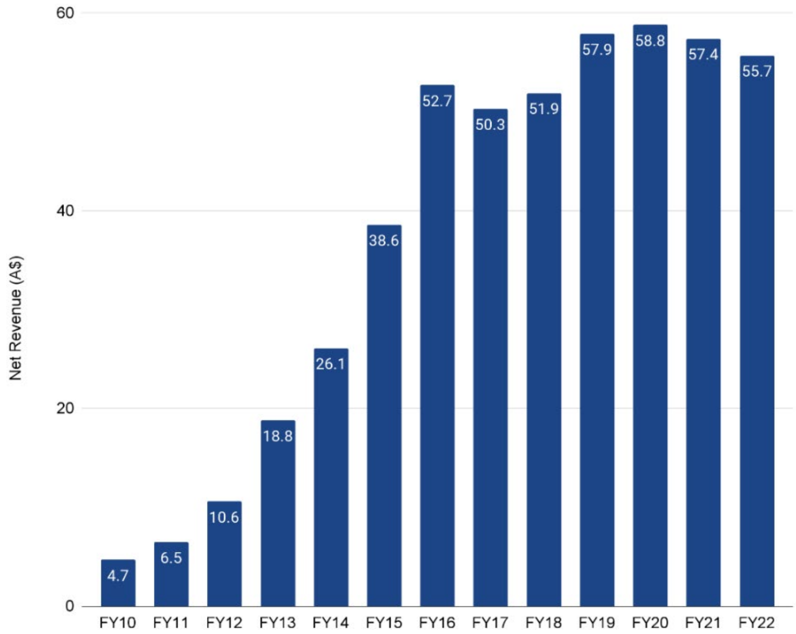


Figure 34: Net revenue for the Freelancer Group by Financial Year

1. *Gross Payment Volume (GPV) is calculated as the total payments to Freelancer or Escrow users for products and services transacted through the Freelancer or Escrow websites plus Net Revenue. Based on Freelancer's unaudited management accounts which have not been subject to an auditor's review.*
2. *Take rate for the Marketplace segment is 3% employer commission and 10% freelancer commission, which has not changed since 2010.*
3. *Core Freelancer FY22 GPV of A$173.9m. Escrow FY22 GPV of US$668.4m, average AUD/USD FX of 0.70109= A$953.5m*

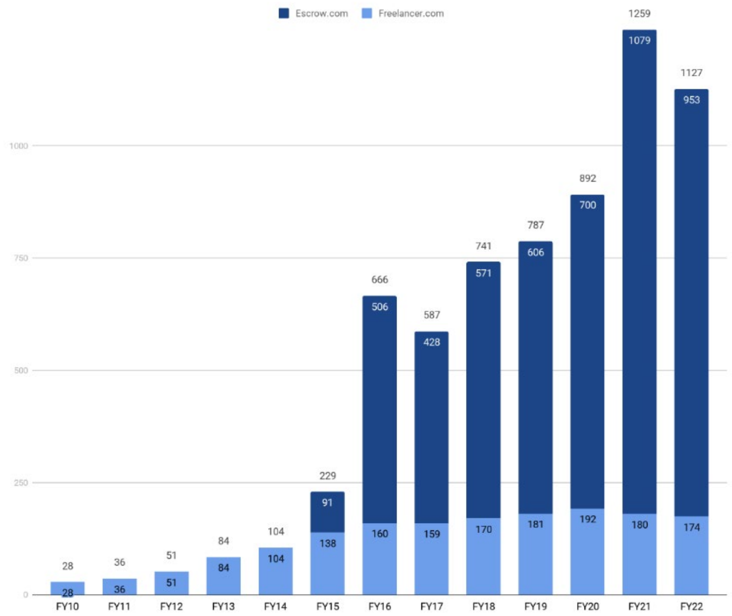


Figure 35: Gross payment volume (GPV) for the Freelancer Group by year

The Company's gross margin of 84.3% in FY22 compared to the previous corresponding period (FY21: 83.1%), and remains within a consistent range since 2011. The Company's cost of sales predominantly consists of transaction costs that are incurred from the various gateways relied upon to process user payments, as well as various provisions taken for credit card chargebacks and fraud risks. Cost of sales also includes direct labour costs incurred in generating enterprise services revenue.

The Company reported an Operating NPAT (loss) of $(5.3) million in FY22 (FY21: $(2.1) million). NPAT (loss) was $(5.4) million in FY22, which included a tax benefit of $1.6 million (FY21: $(0.9) million).

Operating NPBT (loss) was $(6.9) million in FY21 (FY21: $(3.0) million). The escrow.com division made a NPBT of $0.4 million.

Operating expenses were 5.6% higher than the prior corresponding period. Payroll costs, which represent 49% of operating costs were up by 5.9% and marketing costs were up by 21.4%. These increases were substantially as a result of a ramp up of employee and marketing expenses in 1H22 in anticipation of higher revenues. In 2H22 the group implemented numerous cost efficiencies across all expense categories. Operating costs in 2H22 were 15.2% lower than 1H22. These cost efficiencies, together with with ongoing strategies to improve revenue growth will become evident in FY23 as the group trends to profitability. As of 31 January 2023, the company had 376 FTE staff.

The Company posted a negative operating cash flow of $4.2 million in FY22 down from (FY21: $2.6 million). Operating cash flow excludes $3.8 million (FY21: $3.5 million) of lease payments associated with office premises, which have been reflected as finance costs in accordance with AASB 16 Leases.

Balance Sheet
As at 31 December 2022, the Company held cash and equivalents of $23.4 million and no net debt, down 23% on FY21.
Escrow ended the year with off balance sheet cash of $54.8 million. (FY21:$64.7 million)

Trade and other receivables include receivables from various payment gateways and enterprise customers. These decreased by 22% from FY21

Trade and other payables includes user obligations (user balances and milestone payments held on balance sheet). These decreased by 4% from FY21

Operating cost efficiencies are expected to drive profitability and will strengthen the balance sheet in FY23.

Dividends paid or recommended

There have been no dividends paid or provided for the financial year ended 31 December 2022 (2021: nil).

The Company has established a Dividend Reinvestment Plan (DRP). The full terms and conditions of the DRP are available on the Company's website, www.freelancer.com.

Significant changes in state of affairs

There have been no significant changes in the state of affairs for the current financial year.

Subsequent Events

As at the date of this report, the Directors are not aware of any circumstance that has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations in future financial years, the results of those operations in future financial years, or the Group's state of affairs in future financial years.

Future developments

In future financial years, the Group expects to further its growth through expansions to other territories organically and by acquisition, and forming strategic alliances and partnerships.

Environmental regulations

The operations of the Group do not involve any activities that have a marked influence on the environment. As such, the Directors are not aware of any material issues affecting the Group or its compliance with the relevant environment agencies or regulatory authorities.

Insurance and indemnification of Directors and Officers

During the financial year, the Group paid premiums based on normal commercial terms and conditions to insure all directors, officers and employees of the Group against the costs and expenses in defending claims brought against the individual while performing services for the Group. The premium paid has not been disclosed as it is subject to the confidentiality provisions of the insurance policy.

The Company has in place Deeds of Indemnity, Insurance and Access with each of its current Directors and such other officers that the Directors determine are entitled to receive the benefit of an indemnity.

Rounding off of amounts

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies. Accordingly amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Meetings of Directors

During the financial year six meetings of Directors were held. Other matters arising during the year were resolved by circular resolutions.

The following persons acted as Directors of the Company during the financial year, with attendances to meetings of Directors as follows:

	Director meetings		Audit Committee meetings		Nomination and Remuneration meetings	
	Eligible to attend	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
R.M. Barrie	7	7	2	2	-	-
S.A. Clausen	7	7	2	2	-	-
D.N.J. Williams	7	7	2	2	-	-

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor and its related parties amounted to $20,000 (2021: $40,000).

The Directors are satisfied that the provision of non-audit services in the form of tax compliance services during the year by the auditor (or another person or firm on the auditors' behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Directors are of the opinion that the services as disclosed in Note 21 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former audit partners of the auditor

There are no officers of the Company who are former audit partners of Hall Chadwick.

Auditor's independence declaration

The auditor's independence declaration is included on page 33 and forms part of the Directors' Report for the year ended 31 December 2022.

Shares issued under Employee Share Plan (ESP) or Long Term Incentive Plan (LTIP)

No ESP shares or LTIP share options have been granted to Directors during the financial year. No ESP shares or LTIP share options have been granted to Directors since the end of the financial year.

Proceedings on behalf of Company

No proceedings have been brought or intervened in on behalf of the Company, nor have any applications for leave to do so been made in respect of the Company, under section 237 of the Corporations Act 2001.

Remuneration Report

This audited Remuneration Report for the Group which forms part of the Directors' Report for the financial year ended 31 December 2022, details the nature and amount of remuneration for each Director and the Executives.

Key management personnel (KMP) comprise:
- R.M. Barrie – Executive Chairman
- S.A. Clausen – Non-Executive Director
- D.N.J. Williams – Non-Executive Director
- N.L. Katz – Chief Financial Officer and Company Secretary

Remuneration policy

The performance of the Group depends upon the quality of its directors and executives. The Group recognises the need to attract, motivate and retain highly skilled directors and executives.

The Board of Directors, through its Nomination and Remuneration Committee, accepts responsibility for determining and reviewing remuneration arrangements for the Directors and Executives. The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and Executives on a periodic basis by reference to relevant employment market conditions, giving due consideration to the overall profitability and financial resources of the Group, with the objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Non-Executive Director remuneration
Fees and payments to Non-Executive Directors reflect the demands which are made of the Directors in fulfilling their responsibilities. Non-Executive Director fees are reviewed annually by the Board. The Constitution of the Company provides that the Non-Executive Directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in general meeting. The most recent determination was at a General Meeting held on 9 October 2013 where the shareholders approved an aggregate remuneration of $300,000. Annual Non-Executive Directors' fees currently agreed to be paid by the Company are $25,000 (2021:$25,000) to S.A. Clausen and D.N.J. Williams inclusive of superannuation.

Executive and Executive Director remuneration
Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits, including motor vehicles), as well as employer contributions to superannuation funds.

Executive and Executive Director remuneration levels are reviewed annually by the Nomination and Remuneration Committee through a process that considers the overall performance of the Group. The Executive Directors are not paid any director fees in addition to their fixed remuneration as Executives.

Performance based remuneration
Performance based remuneration is at the discretion of the Nomination and Remuneration Committee. These can take the form of cash bonuses, invitations to participate in the Company's Employee Share Plan (ESP) or invitations to participate in the Company's Long Term Incentive Plan (LTIP).

Remuneration of Directors and Executives

Remuneration shown below relates to the period in which the Director or Executive was a member of key management personnel. Amounts below have either been paid out or accrued in the period.

	Short-term benefits			Post-employment benefits	Share based payments	Total
	Directors' fees	Cash salary and fees	Other	Super-annuation	Shares	
	$	$	$	$	$	$
Non-Executive Directors						
S.A. Clausen						
2022	**25,000**	**-**	**-**	**-**	**-**	**25,000**
2021	25,000	-	-	-	-	25,000
D.N.J. Williams						
2022	**22,884**	**-**	**-**	**2,288**	**-**	**25,172**
2021	22,884	-	-	2,232	-	25,116
Executive Directors						
R.M. Barrie						
2022	**-**	**569,096**	**23,078**	**25,904**	**-**	**618,078**
2021	-	569,096	20,148	25,904	-	615,148
Other KMP						
N.L. Katz						
2022	**-**	**378,319**	**21,512**	**27,600**	**94,500**	**521,931**
2021	-	357,314	18,242	27,600	39,815	442,971
Total						
2022	**47,884**	**947,415**	**44,590**	**55,792**	**94,500**	**1,190,181**
2021	47,884	926,410	38,390	55,736	39,815	1,108,235

The remuneration of key management personnel in the years ended 31 December 2022 and 2021 were 100% fixed, and there is no link between remuneration and the market price of the Company's shares.

ESP shares

Details of ESP shares in the Company held directly, indirectly or beneficially, by KMP, including their related parties, is as follows:

	Balance at the start of the year	Granted / issued	Released from restrictions	Forfeited / cancelled	Balance at the end of the year	Balance of unvested ESP shares	Balance of vested ESP shares
2022							
Directors							
R.M. Barrie	-	-	-	-	-	-	-
D.N.J. Williams	-	-	-	-	-	-	-
Other KMP							
N.L. Katz	440,539	-	-	-	440,539	308,378	132,161
	440,539	**-**	**-**	**-**	**440,539**	**308,378**	**132,161**
2021							
Directors							
R.M. Barrie	-	-	-	-	-	-	-
D.N.J. Williams	-	-	-	-	-	-	-
Other KMP							
N.L. Katz	685,539	-	(245,000)	-	440,539	396,486	44,053
	685,539	**-**	**(245,000)**	**-**	**440,539**	**396,486**	**44,053**

Ordinary share options in subsidiary (Payments Pty Ltd)
Details of ordinary shares options in Payments Pty Ltd held directly, indirectly or beneficially, by KMP, including their related parties, is as follows:

	Balance at the start of the year	Granted / issued	Released from restrictions	Forfeited / cancelled	Balance at the end of the year	Balance of unvested ESP shares	Balance of vested ESP shares
2022							
Directors							
R.M. Barrie	-	-	-	-	-	-	-
D.N.J. Williams	-	-	-	-	-	-	-
Other KMP							
N.L. Katz	10,000,000	-	-	-	10,000,000	9,000,000	1,000,000
		-		**-**	**10,000,000**	**9,000,000**	1,000,000
2021							
Directors							
R.M. Barrie	-	-	-	-	-	-	-
D.N.J. Williams	-	-	-	-	-	-	-
Other KMP							
N.L. Katz	-	10,000,000	-	-	10,000,000	10,000,000	-
	-	**10,000,000**	-	**-**	**10,000,000**	**10,000,000**	-

Ordinary share capital
Details of ordinary shares in the Company held directly, indirectly or beneficially, by KMP, including their related parties, is as follows:

	Balance at the start of the year	Received as part of remuneration	Purchase of shares	Sale of shares	Balance at the end of the year
2022					
Directors					
R.M. Barrie[1]	195,281,931	-	632,870	-	195,914,801
S.A. Clausen	160,500,000	-	-	-	160,500,000
D.N.J. Williams[2]	10,758,165	-	-	-	10,758,165
Other KMP					
N.L. Katz[3]	595,000	-	-	-	595,000
	367,135,096	-	**-**	**-**	**367,767,966**
2021					
Directors					
R.M. Barrie[1]	195,281,931	-	-	-	195,281,931
S.A. Clausen	160,500,000	-	-	-	160,500,000
D.N.J. Williams[2]	10,758,165	-	-	-	10,758,165
Other KMP					
N.L. Katz[3]	350,000	-	245,000	-	595,000
	366,890,096	-	**245,000**	**-**	**367,135,096**

Loans to directors and key management personnel
The following loan balances are outstanding at the reporting date in relation to remuneration arrangements with Executive Directors and KMP in respect of fully paid shares and shares issued under the Employee Share Plan (ESP).

As the ESP is considered in substance a share option, the ESP shares issued and corresponding loan receivable are not recognised by the Group in its financial statements. The ESP shares will not be considered issued to participants until the corresponding loan has been repaid, at which time there will be an increase in the issued capital and increase in cash. Further information relating to the ESP is set out in Note 24 of the financial statements. Loans provided in respect of fully paid shares are recognized in the financial statements.

	2022 $000	2021 $000
Directors:		
R.M. Barrie	**-**	-
S.A. Clausen	**-**	-
D.N.J. Williams	**-**	-
Other KMP:		
N.L. Katz*	**334**	334
Total loans to Directors and KMP	**334**	334

*The loans comprise a non-recourse component of $207,053, which is secured by the corresponding ESP shares in issue to the employee and a full recourse loan of $127,400. The full recourse loan is unsecured, interest free, repayable within 14 days of termination of employment or 10 years, whichever is earlier, repayable in part or full by employee at any time, and an undertaking from the employee that should they dispose of any Freelancer Limited shares, they will in the first instance use the proceeds from such a sale to repay some or all of the loan obligation.

[1] 1,279,500 shares as at 31 December 2022 (2021: 1,279,500) are held directly or indirectly by related parties.
[2] 131,000 shares as at 31 December 2022 (2021: 131,000) are held directly or indirectly by related parties.
[3] 40,000 shares as at 31 December 2022 (2021: 40,000) are held directly or indirectly by related parties.

Executive service agreements
The employment terms and conditions of Group Executives and KMP are formalised in service agreements.

Position	Key terms of service agreements
Chief Executive Officer	• Term: unspecified. • Base remuneration: Reviewed annually by the Nomination and Remuneration Committee. • Bonus entitlements: Determined annually by the Nomination and Remuneration Committee (capped at 50% of the base remuneration). • Termination notice period: 6 months notice or alternatively in Freelancer's case, payment in lieu of notice. • Restraint of trade period: 12 months.
Other Executives	Other Executives are employed under individual executive services agreements. These establish, amongst other things: • Total compensation; • Eligibility to participate in the ESP; • Variable notice and termination provisions of up to 3 months, or by the Group without notice in the event of serious misconduct; and • Restraint and confidentiality provisions.

Other transactions with KMP or their related parties
There were no other transactions conducted between the Group and KMP or their related parties, other than those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons, apart from related party transactions disclosed in Note 25 of the financial statements.

This concludes the Remuneration Report.

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors

Matt Barrie

Matt Barrie
Chairman

22 February 2023

HALL CHADWICK (NSW

Chartered Accountants and Business Advisers

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FREELANCER LIMITED
ABN 66 141 959 042
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FREELANCER LIMITED

In accordance with S307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Freelancer Limited. As the lead audit partner for the review of the financial report of Freelancer Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and

(b) any applicable code of professional conduct in relation to the review

Hall Chadwick (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney, NSW 2000

Kumar

Sandeep Kumar
Partner
Dated: 22 February 2023

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Freelancer Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

	Note	2022 $000	2021 $000
Revenue	5	**55,660**	**57,419**
Cost of sales		**(8,740)**	**(9,689)**
Gross profit		**46,920**	**47,730**
Other income	5	**1,993**	2,155
Employee expenses	6	**(27,315)**	(25,793)
Administrative expenses	6	**(11,602)**	(11,914)
Marketing related expenses	6	**(8,573)**	(7,063)
Occupancy expenses		**(878)**	(305)
Foreign exchange losses	6	**(1,291)**	(838)
Depreciation and amortisation expenses	6	**(4,470)**	(4,894)
Share based payments expense	19	**(159)**	(156)
Finance costs	6	**(1,655)**	(2,035)
Loss before income tax		**(7,030)**	(3,113)
Income tax benefit	7	**1,617**	856
Loss after tax		**(5,413)**	(2,257)
Exchange differences on translation of foreign operations	19	**250**	279
Total comprehensive loss for the year		**(5,163)**	(1,978)
Loss is attributable to:			
Owners of Freelancer Limited		**(5,413)**	(2,257)
Non-controlling interests		**-**	-
		(5,413)	(2,257)
Total comprehensive income for the year is attributable to:			
Owners of Freelancer Limited		**(5,163)**	(1,978)
Non-controlling interests		-	-
		(5,163)	(1,978)
Earnings per share		**Cents**	Cents
Basic earnings per share	32	**(1.20)**	(0.50)
Diluted earnings per share	32	**(1.20)**	(0.50)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Freelancer Limited
Consolidated Statement of Financial Position
As at 31 December 2022

	Note	2022 $000	2021 $000
Assets			
Current assets			
Cash and cash equivalents	8	**23,358**	30,316
Trade and other receivables	9	**4,825**	6,448
Other assets	10	**2,614**	2,191
Total current assets		**30,797**	38,955
Non Current assets			
Trade and other receivables	9	**794**	732
Plant and equipment	11	**491**	639
Intangible assets	12	**34,120**	34,119
Right of use assets	13	**17,832**	18,753
Other assets	10	**491**	496
Deferred tax assets	7	**12,520**	11,633
Total non-current assets		**66,248**	66,372
Total assets		**97,045**	105,327
Liabilities			
Current liabilities			
Trade and other payables	14	**39,647**	41,259
Lease liabilities	13	**5,562**	5,709
Borrowings	15	**121**	121
Current tax liabilities	7	**18**	43
Provisions	16	**2,798**	2,871
Contract liabilities	17	**685**	846
Total current liabilities		**48,831**	50,849
Non-current liabilities			
Deferred tax liabilities	7	**4,622**	5,605
Provisions	16	**960**	822
Lease liabilities	13	**15,519**	16,082
Contract liabilities	17	**648**	639
Total non-current liabilities		**21,749**	23,148
Total liabilities		**70,580**	73,997
Net assets		**26,465**	31,330
Equity			
Contributed equity	18	**38,918**	38,779
Reserves	19	**1,288**	4,764
Accumulated losses		**(17,415)**	(15,887)
Non-controlling interests		**3,674**	3,674
Total equity		**26,465**	31,330

The above statement of financial position should be read in conjunction with the accompanying notes.

Freelancer Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

	Note	Contributed Equity	Share Based Payments	Foreign currency translation reserve	(Accumulated losses)	Non-controlling interests	Total Equity
		Attributable to owners of Freelancer Limited					
		$000	$000	$000	$000	$000	$000
Balance at 1 January 2021		**38,446**	**4,903**	**(574)**	**(13,630)**	**20**	**29,165**
Loss for the year		-	-	-	(2,257)	-	(2,257)
Exchange differences on translation of foreign operations	19	-	-	279	-	-	279
Total comprehensive loss for the year		**-**	**-**	**279**	**(2,257)**	**-**	**(1,978)**
Transactions with owners in their capacity as owners:							
Share capital contributed by non-controlling interests		-	-	-	-	3,654	3,654
Contributions of equity arising from repayment of ESP loans	18	333	-	-	-	-	333
Share based payments	24	-	156	-	-	-	156
Balance at 31 December 2021		**38,779**	**5,059**	**(295)**	**(15,887)**	**3,674**	**31,330**

	Note	Contributed Equity	Share Based Payments	Foreign currency translation reserve	(Accumulated losses)	Non-controlling interests	Total Equity
		Attributable to owners of Freelancer Limited					
		$000	$000	$000	$000	$000	$000
Balance at 1 January 2022		**38,779**	**5,059**	**(295)**	**(15,887)**	**3,674**	**31,330**
Loss for the year		-	-	-	(5,413)	-	(5,413)
Exchange differences on translation of foreign operations	19	-	-	250	-	-	250
Total comprehensive loss for the year		**-**	**-**	**250**	**(5,413)**	**-**	**(5,163)**
Transactions with owners in their capacity as owners:							
Shares issued during the year		139	-	-	-	-	139
Share based payments reserve no longer required		-	(3,885)	-	3,885	-	-
Share based payments		-	159	-	-	-	159
Balance at 31 December 2022		**38,918**	**1,333**	**(45)**	**(17,415)**	**3,674**	**26,465**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Freelancer Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2022

	Note	2022 $000	2021 $000
Cash flows from operating activities			
Receipts from customers		**58,128**	60,990
Payments to suppliers and employees		**(60,458)**	(56,164)
Interest received		**99**	56
Interest paid		**(1,653)**	(2,034)
Income taxes paid		**(295)**	(205)
Net cash (outflow) / inflow from operating activities	31	**(4,179)**	2,643
Cash flows from investing activities			
Payments for plant and equipment		**(148)**	(429)
Payments for intangible assets		**(1)**	(7,662)
Net cash (outflow) from investing activities		**(149)**	(8,091)
Cash flows from financing activities			
Contributions of equity arising from repayment of ESP loans	18	**-**	333
Repayment of lease liabilities		**(3,845)**	(3,479)
Issue of shares in subsidiaries		**-**	3,654
Net cash (outflow) / inflow from financing activities		**(3,845)**	508
Net (decrease) in cash and cash equivalents		**(8,173)**	(4,940)
Cash and cash equivalents at beginning of the financial year		**30,316**	34,341
Effects of exchange rate changes on cash and cash equivalents		**1,215**	915
Cash and cash equivalents at end of year	8	**23,358**	30,316

The above statement of cash flows should be read in conjunction with the accompanying notes.

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1. *Reporting entity*

Freelancer Limited (the Company) is a company domiciled in Australia. The address of the Company's registered office is Level 37, Grosvenor Place, 225 George Street, Sydney, NSW, 2000. The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group is a for-profit entity and primarily is involved in operating an online marketplace for services and providing escrow payment services. The separate financial statements of the parent entity, Freelancer Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The consolidated financial statements were authorised for issue by the Board on 22 February 2023.

2. *Basis of preparation*

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

The Directors believe that there are reasonable grounds that the company is able to pay its debts as and when they fall due. The Group has a significant cash balance at year end and has projected a profitable financial year for the period ending 31 December 2022 based on increased revenue and significantly reduced expenses.

(a) Compliance with International Financial Reporting Standards

The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Historical cost convention

The consolidated financial statements have been prepared on the historical cost basis unless otherwise stated in the notes. Except for the cash flow information, the financial statements have been prepared on an accrual basis, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 33(g).

(e) Significant accounting policies

The principal accounting policies adopted in the presentation of these consolidated financial statements are set out in the relevant notes. The policies have been consistently applied to all the years presented, unless otherwise stated.

(f) Rounding of amounts

The Company has applied the relief available to it under ASIC Corporations Instrument 2016/191. Accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest $1,000.

(g) New Accounting Standards

The Group has not adopted any new or amended Accounting Standards and Interpretations this year that have had a material impact on the Group or the Company.

(h) Materiality

These consolidated financial statements have included information that is deemed to be material and relevant to the understanding of the financial statements. Disclosure may be considered material and relevant if the dollar amount is significant due to size or nature, or the information is important to understand the:

- Group's current year results;
- impact of significant changes in the Group's business; or
- aspects of the Group's operations that are important to future performance.

3. *Financial risk management*

Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives (Finance) under policies approved by the Board of Directors (Board). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

The Group holds the following financial instruments:

	Note	2022 $000	2021 $000
Financial Assets			
Cash and cash equivalents	8	**23,358**	30,316
Trade and other receivables	9	**5,619**	7,180
Total financial assets		**28,977**	37,496
Financial Liabilities			
Trade and other payables	14	**39,647**	41,259
Lease liabilities	13	**21,081**	21,791
Total financial liabilities		**60,728**	63,050

The carrying value of the assets and liabilities disclosed in the table above closely approximates or equals their fair value. The carrying amounts of trade receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(a) Market risk

Foreign currency risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currencies.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group has not entered into forward foreign exchange contracts to protect against exchange rate movements. The Directors are of the view that the cost of hedging the Group's short-term foreign exchange exposure outweighs the risk of adverse currency movements.

The Group's exposure to foreign currency exchange risk at the reporting date, expressed in each currency, was as follows:

2022

Currency exposure:	**AUD**	**USD**	**NZD**	**GBP**	**HKD**	**SGD**	**PHP**	**EUR**	**CAD**	**INR**	**Other**
Denominated in:	**AUD 000's**	**USD 000's**	**NZD 000's**	**GBP 000's**	**HKD 000's**	**SGD 000's**	**PHP 000's**	**EUR 000's**	**CAD 000's**	**INR 000's**	**AUD 000's**
Cash	4,282	9,487	109	648	1,093	302	8,133	1,015	347	54,099	193
Trade receivables	1,368	1,142	43	175	309	14	523	437	263	44,060	377
Other financial assets	2,174	207	-	26	-	-	14,352	-	10	221	-
Payables	(2,067)	(1,566)	(1)	(155)	(3)	(12)	(8,482)	(15)	(238)	5,022	29
User obligations	(2,636)	(15,586)	(168)	(968)	(829)	(253)	(2,590)	(2,587)	(1,011)	(64,345)	(305)
Net exposure	**3,121**	**(6,316)**	**(17)**	**(274)**	**570**	**51**	**11,936**	**(1,150)**	**(629)**	**39,057**	**294**

2021

Currency exposure:	**AUD**	**USD**	**NZD**	**GBP**	**HKD**	**SGD**	**PHP**	**EUR**	**CAD**	**INR**	**Other**
Denominated in:	**AUD 000's**	**USD 000's**	**NZD 000's**	**GBP 000's**	**HKD 000's**	**SGD 000's**	**PHP 000's**	**EUR 000's**	**CAD 000's**	**INR 000's**	**AUD 000's**
Cash	4,073	14,192	161	845	1,334	401	10,784	1,067	785	72,541	150
Trade receivables	4,330	318	40	142	384	32	681	469	293	22,164	525
Other financial assets	1,711	239	-	29	-	-	13,617	-	5	258	-
Payables	(1,258)	(1,448)	-	(14)	-	(5)	(52,738)	-	(59)	(66)	28
User obligations	(2,406)	(17,577)	(233)	(1,224)	(1,240)	(289)	(2,611)	(2,702)	(1,064)	(66,310)	(427)
Net exposure	**6,450**	**(4,276)**	**(32)**	**(222)**	**478**	**139**	**(30,267)**	**(1,166)**	**(40)**	**28,587**	**276**

The Group had net liabilities of $10,809,000 denominated in foreign currencies as at 31 December 2022 (comprising assets of $24,070,000 less liabilities of $34,880,000). The Group had net liabilities of $9,007,000 denominated in foreign currencies as at 31 December 2021 (comprising assets of $28,772,000 less liabilities of $37,779,000).

The analysis below reflects management's view of possible movements in relevant foreign currencies against the Australian dollar in the short term subsequent to 31 December 2022. The table summarises the range of possible outcomes that would affect the Group's net profit and equity as a result of foreign currency movements on year end foreign denominated assets and liabilities.

The impact of potential movements in exchange rates on the profit or loss is as follows:

		2022 $000		2021 $000	
		High	Low	High	Low
AUD to USD	(Range +5% to -5%)	**442**	**(489)**	280	(310)
AUD to NZD	(Range +5% to -5%)	**1**	**(1)**	1	(2)
AUD to GBP	(Range +5% to -5%)	**23**	**(26)**	20	(22)
AUD to HKD	(Range +5% to -5%)	**(5)**	**6**	(4)	4
AUD to SGD	(Range +5% to -5%)	**(3)**	**3**	(7)	7
AUD to PHP	(Range +5% to -5%)	**(15)**	**17**	39	(43)
AUD to EUR	(Range +5% to -5%)	**86**	**(95)**	87	(96)
AUD to CAD	(Range +5% to -5%)	**32**	**(36)**	1	(1)
AUD to INR	(Range +5% to -5%)	**(33)**	**37**	(25)	28
Net movement		**528**	**(584)**	392	(435)

Price risk
The Group is not exposed to significant equities price risk.

Interest rate risk
The Group is not exposed to any significant interest rate risk.

Cash balances
As at 31 December 2022 the Group had $23,358,000 (2021: $30,316,000) held in bank accounts and online wallets. The Group's cash balances are predominantly held in interest bearing bank accounts. Funds that are excess to short term liquidity requirements are generally invested in short term deposits.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Credit risk is managed by a risk assessment process for all customers, which takes into account past experience.

(c) Liquidity risk

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
The Group does not have any borrowing facilities in place at the reporting date.

Maturities of financial assets
The following table details the Group's remaining contractual maturity for its financial instrument assets. The table has been drawn up based on the undiscounted cash flows of financial assets based on the earliest date on which the financial assets are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Note	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
		$000	$000	$000	$000	$000
2022						
Non-derivatives						
Non-interest bearing						
Trade Receivables		2,008	1,648	4,408	-	8,064
		2,008	**1,648**	**4,408**	**-**	**8,064**

	Note	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
		$000	$000	$000	$000	$000
2021						
Non-derivatives						
Non-interest bearing						
Trade Receivables		2,064	2,001	5,139	918	10,122
		2,064	**2,001**	**5,139**	**918**	**10,122**

Maturities of financial liabilities

The following table details the Group's remaining contractual maturity for its financial instrument liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Note	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
		$000	$000	$000	$000	$000
2022						
Non-derivatives						
Non-interest bearing						
Trade and other payables	14	39,649	-	-	-	39,649
Lease liabilities		5,562	6,033	13,446	-	25,041
		45,211	**6,033**	**13,446**	**-**	**64,690**

	Note	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
		$000	$000	$000	$000	$000
2021						
Non-derivatives						
Non-interest bearing						
Trade and other payables	14	41,259	-	-	-	41,259
Lease liabilities	13	5,709	4,485	11,597	-	21,791
		46,968	**4,485**	**11,597**	**-**	**63,050**

Trade and other payables are payable as and when they are due. The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

4. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. These include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities. The Board of Directors are identified as the chief operating decision makers (CODM).

Identification of reportable operating segments

The Group is organised into two operating segments: namely an online marketplace and online payment services. These segments are based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources (AASB 8 para. 5(b)).

The CODM assess the performance of the operating segments based on a measure of revenue and operating EBITDA (earnings before share based payments, interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The Group operates predominantly in Australia, where the majority of online revenues and expenses are incurred. Although the Group has staff and operations in Philippines, United Kingdom, Argentina, the United States and Canada in addition to Australia, these geographic operations are considered, based on internal management reporting and the allocation of resources by the Group's CODM, as one geographic segment.

The information reported to the CODM is at least on a monthly basis.

Year end 31 December 2022	**Online Marketplace**	**Online Payments**	**Total**
Segment revenue			
Segment revenue	45,591	10,069	**55,660**
Total segment revenue	45,591	10,069	**55,660**
Segment result			
Segment profit / (loss)	(1,459)	713	**(746)**
Share based payments	(159)	-	**(159)**
Depreciation and amortisation expenses	(4,224)	(248)	**(4,472)**
Interest paid	(1,607)	(46)	**(1,653)**
Loss before income tax	(7,449)	419	**(7,030)**
Income tax benefit			**1,617**
Loss for year			**(5,413)**

Segment Assets At 31 December 2022	**Online Marketplace**	**Online Payments**	**Total**
Segment assets	46,760	6,542	**53,302**
Intergroup eliminations	(1,497)	-	**(1,497)**
Deferred tax assets	-	-	**12,520**
Intangibles	-	-	**32,720**
Total assets	45,263	6,542	**97,045**
Segment liabilities At 31 December 2022			
Segment liabilities	(63,225)	(4,231)	**(67,456)**
Intergroup eliminations	-	1,497	**1,497**
Deferred tax liabilities	-	-	**(4,621)**
Total liabilities	(63,225)	(2,734)	**(70,580)**

Year end 31 December 2021	**Online Marketplace**	**Online Payments**	**Total**
Segment revenue			
Segment revenue	46,099	11,320	57,419
Total segment revenue	46,099	11,320	57,419
Segment result			
Segment profit / (loss)	2,059	1,913	3,972
Share based payments	(156)	-	(156)
Depreciation and amortisation expenses	(4,702)	(191)	(4,893)
Interest paid	(1,981)	(55)	(2,036)
Loss before income tax	(4,780)	1,667	(3,113)
Income tax benefit	-	-	856
Loss for year			(2,257)

Segment Assets At 31 December 2021	**Online Marketplace**	**Online Payments**	**Total**
Segment assets	54,006	9,641	63,647
Intergroup eliminations	(2,673)	-	(2,673)
Deferred tax assets	-	-	11,633
Intangibles	-	-	32,720
Total assets	51,333	9,641	105,327
Segment liabilities At 31 December 2021			
Segment liabilities	(65,042)	(6,022)	(71,064)
Intergroup eliminations	-	2,672	2,672
Deferred tax liabilities	-	-	(5,605)
Total liabilities	(65,042)	(3,350)	(73,997)

5. Revenue

The Company's net revenues result from transaction and other fees generated in its online marketplaces and in providing online escrow services. Revenues are recognised when evidence of an arrangement exists, the fee is fixed and determinable, no significant obligation remains and collection of the receivable is reasonably assured. Amounts disclosed as revenue are net of refunds and amounts collected on behalf of third parties. Where services have not been provided but the Company is obligated to provide the services in the future, revenue recognition is deferred. Provision for doubtful accounts and transaction losses are made at the time of revenue recognition based on the Company's historical experience. The provision for doubtful accounts and transaction losses are recorded as charges to cost of sales.

Revenue is recognised for the major business activities as follows:

Marketplace services
The Group enters into short-term contracts with customers for marketplace services. Such contracts are entered into before the delivery of the service which is paid in advance of receipt of the service. The performance obligation is the delivery of the service which is recognised by the system controls. The system does not draw fees from the customer until the delivery of the service. Therefore, revenue is recognised at a point in time upon delivery of the service when the system recognizes that the service has completed. No rebates or volume discounts are provided to customers.

Payment services.
The Group enters into both long-term and short-term contracts with customers for payment services. In respect of long-term contracts, revenue is recognised over the period of the contract. In respect of short-term contracts, revenue is recognised by reference to stage of completion of the services as this is consistent to the pattern of performance obligation i.e. availability of the open transaction to be executed progressively in the future and on the Escrow.com platform

Enterprise Services
The enterprise services revenue stream focuses on projects negotiated with customers to meet their needs on short to long-term contracts. Revenue is recognised when milestones as determined in the contact are completed. Under AASB 15: Revenue from Contracts with Customers, this happens over time. The Group has an enforceable right to payment for work completed to date and therefore, revenue is recognised over time. The Group considers the cost-to-cost method an appropriate measure of progress for the completion of the performance obligation. The cost-to-cost method is based on the proportion of costs incurred for work performed to date relative to the estimated total contract costs.

A customer is billed for the project services when a certain series of milestones have been achieved. A contract asset is recognised for revenue recognised but not yet billed due to the milestone billing arrangement. Once an invoice is issued, the corresponding contract asset is reclassified to trade receivables. A contract liability is recognised if the milestone payment exceeds the revenue recognised to date under the cost-to-cost method. No significant financing components have been identified in the contracts with customers, as the period between the payment and the recognition of revenue (cost-to-cost method) is always less than 12 months.

Interest income
Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Government grants
Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating.

Sublease rent
Sublease rental income of office space is recognised on a straightline basis over the term of the sub-lease. The Company recognises the right-of-use asset resulting from the head lease. Refer to Note 13.

All revenue is stated net of the amount of goods and services tax (GST) and Valued Added Tax (VAT). The timing of revenue recognition is when the products and services are transferred to customers.

	2022 $000	2021 $000
Sales revenue		
Marketplace and payment services	**42,305**	43,374
Payment services	**10,069**	11,320
Enterprise services	**3,286**	2,725
	55,660	57,419
Other revenue		
Interest income	**99**	56
Sublease rent	**1,834**	1,834
Other	**60**	265
	1,993	2,155
Total revenue	**57,653**	59,574

6. Expenses

Loss before income tax benefit includes the following specific net losses and expenses:

	2022 $000	2021 $000
Employee expenses		
Wages and salaries (including superannuation)	**24,771**	23,325
Other employment costs	**2,974**	2,648
Total employee expenses [1]	**27,745**	25,973
Administrative expenses		
Hosting	**6,051**	6,009
Subscriptions	**1,478**	1,324
Professional fees	**1,477**	1,763
Insurances	**1,156**	1,013
Office Expenses	**723**	771
Other	**717**	1,034
Total Administrative expenses	**11,602**	11,914
Marketing related expenses		
Search marketing	**7,780**	5,457
Advertising	**686**	744
Other marketing costs	**107**	862
Total marketing related expenses	**8,573**	7,063
Depreciation and amortization		
Plant and equipment	**292**	267
Right of use assets	**4,178**	4,627
Total depreciation and amortisation expenses	**4,470**	4,894
Rental expense relating to operating leases		
Utilities and other related costs	**878**	307
Total rental expense relating to operating leases	**878**	307
Net foreign exchange losses	**1,291**	838
Finance costs		
Interest expense	**1**	1
Interest expense on lease liability	**1,654**	2,034

1 Inclusive of employee expenses included in cost of sales

Total employee benefits expenses are inclusive of:

Short-term obligations
Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liabilities are settled, plus related on-costs. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long–term employee benefit obligations
Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Short-term incentive plans

The Group recognises a liability and an expense for bonuses payable under short term incentive plans. Short term incentive plans are based on the achievement of targeted performance levels that may be set at the beginning of each financial year. The Group recognises a liability to pay out short term incentives when contractually obliged based on the achievement of the stated performance levels, or where there is a past practice that has created a constructive obligation.

7. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

The Company and its wholly-owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Freelancer Limited.

	2022 $000	2021 $000
(a) Income tax		
Current tax	**249**	171
Deferred tax	**(1,866)**	(1,027)
Income tax (benefit)	**(1,617)**	(856)
Deferred income tax expense included in income tax benefit comprises:		
(Increase) in deferred tax assets	**(854)**	(661)
(Decrease) in deferred tax liability	**(1,012)**	(365)
Total deferred income tax	**(1,866)**	(1,026)

(b) Numerical reconciliation of income tax benefit to prima facie income tax payable

	2022 $000	2021 $000
Loss from ordinary activities before income tax expense	**(7,065)**	(3,115)
Tax at the Australian rate of 30%	**(2,120)**	(934)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
R&D tax incentive	**-**	(11)
Difference in tax rate	**38**	(114)
Share based payments	**48**	47
Under / (Over) provision in prior years	**336**	(33)
Non taxable income	**81**	5
Other non-allowable items	**-**	184
Income tax (benefit)	**(1,617)**	(856)

(c) Deferred tax assets

	2022 $000	2021 $000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	**429**	357
Provision for user disputes & refunds	**178**	151
Prepayments	**-**	(9)
Foreign exchange losses	**576**	430
Provision for impairment of receivables	**1,138**	1,101
Audit fees	**28**	39
Lease liabilities	**5,401**	6,216
Future benefit of tax losses	**4,565**	3,000
Future benefit of foreign tax losses	**205**	348
Total amounts recognised in profit or loss	**12,520**	11,633
Net deferred tax assets		11,633
Movements:		
Opening balance at beginning of year	**11,633**	10,965
Credited to the profit or loss statement	**855**	661
Exchange differences	**32**	7
Closing balance at end of year	**12,520**	11,633

	2022 $000	2021 $000
(d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Accrued revenue	**(109)**	(181)
Foreign exchange gains	**(242)**	(205)
Right of use assets	**(4,271)**	(5,219)
Net deferred tax liabilities	**(4,622)**	(5,605)
Movements:		
Opening balance at beginning of year	**5,605**	5,957
(Credited) to the profit or loss statement	**(1,012)**	(365)
Exchange differences	**29**	13
Closing balance at end of year	**4,622**	5,605
(e) Current tax assets		
Current tax assets	**-**	-
(f) Current tax liabilities		
Current tax liabilities	**18**	43
(g) Franking credits		
Franking credits available at the reporting date based on a tax rate of 30%	**66**	66

Freelancer Limited and its wholly-owned Australian entities elected to form an income tax consolidated group as of 12 April 2010.

8. Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

	2022 $000	2021 $000
Current		
Cash at bank and on hand	**20,623**	27,593
Term deposits	**2,735**	2,723
	23,358	30,316

9. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. This provision includes amounts that are not considered to be recoverable from debtors and amounts that are expected to be credited to debtors. Trade receivables are generally due for settlement no more than 30 days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. In addition, the trade receivables balances are considered for credit notes that are expected to be raised against individual and collective balances.

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2022 is determined as follows; the expected credit losses also incorporate forward-looking information.

The "amounts written off" are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

	2022 $000	2021 $000
Current		
Trade receivables	**6,534**	7,672
Payment gateway receivables	**1,859**	2,241
Less: provisions for impairment of receivables	**(3,795)**	(3,669)
Current trade receivables net of provisions for impairment	**4,598**	6,244
Other receivables	**227**	204
Total current trade and other receivables	**4,825**	6,448
Non-Current		
Payment gateway receivables	**794**	732
Total trade and other receivables	**5,619**	7,180

(a) Provision for impaired trade receivables		
Opening balance	**3,669**	3,518
(Decrease) in provisions for impairment during the year	**(107)**	(53)
Exchange differences	**233**	204
Closing balance	**3,795**	3,669

(b) Ageing of current trade receivables		
1 – 30 days	**4,194**	4,929
31 – 60 days	**358**	915
61 – 90 days	**182**	491
90+ days	**3,659**	3,578
Provision for impairment	**(3,795)**	(3,669)
Total trade receivables net of provision for impairment	**4,598**	6,244

(c) Expected losses

	1 – 30 days $000	31 – 60 days $000	61 – 90 days $000	90+ days $000	Total $000
2022					
Expected loss rate (% of Aged Receivables)	5%	33.79%	58.79%	91.25%	
Gross carrying amount	228	121	107	3,339	3,795
Loss allowing provision	228	121	107	3,339	3,795

	1 – 30 days $000	31 – 60 days $000	61 – 90 days $000	90+ days $000	Total $000
2021					
Expected loss rate	-	14%	30.78%	94.74%	
Gross carrying amount	-	129	151	3,389	3,669
Loss allowing provision	-	129	151	3,389	3,669

10. Other assets

	2022 $000	2021 $000
Current		
Prepayments	**2,276**	1,996
Other	**338**	195
Total current other assets	**2,614**	2,191
Non-current		
Security deposits	**491**	496
Total non-current other assets	**491**	496
Total other assets	**3,105**	2,687

11. Plant and equipment

Plant and equipment is stated at historical cost less depreciation, amortisation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

Depreciation of all fixed assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Fixtures and fittings — 4 - 5 years
- Office and computer equipment — 4 - 5 years
- Software — 3 years
- Leasehold improvements — shorter of either the unexpired period of the lease or the estimated useful lives of the improvements

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the profit and loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

	2022 $000	2021 $000
Non-current		
Office and computer equipment – at cost	**3,221**	3,109
Accumulated depreciation	**(2,736)**	(2,480)
Carrying value of office and computer equipment	**485**	629
Fixtures and fittings – at cost	**503**	502
Accumulated depreciation	**(499)**	(495)
Carrying value of fixtures and fittings	**4**	7
Software – at cost	**2**	2
Accumulated depreciation	**(1)**	-
Carrying value of software	**1**	2

Leasehold improvements – at cost	**440**	451
Accumulated amortization	**(439)**	(450)
Carrying value of leasehold improvements	**1**	1
Total carrying value of plant and equipment	**491**	639

Reconciliations
Reconciliations of the carrying amount of plant and equipment and leasehold improvements at the beginning and end of the current financial year are set out below:

	Office and computer equipment	Fixtures and fittings	Software	Leasehold improvements	Total
	$000	$000	$000	$000	$000
Balance at 1 January 2021	351	15	-	1	367
Additions	534	3	2	-	539
Disposals	-	-	-	-	-
Depreciation and amortization	(256)	(11)	-	-	(267)
Balance at 31 December 2021	**629**	**7**	**2**	**1**	**639**
Additions	140	4	-	-	144
Disposals	-	-	-	-	-
Depreciation and amortization	(284)	(7)	(1)	-	(292)
Balance at 31 December 2022	**485**	**4**	**1**	**1**	**491**

12. Intangible assets

Goodwill
Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition. Goodwill is not amortised. Instead goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Domain Names
Domain names are valued at cost of acquisition. Domain names are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Intellectual Property
Intellectual property is valued at cost of acquisition. Intellectual property is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Trademarks
Trademarks are valued at cost of acquisition and are amortised on a straight-line basis over the period in which the benefits are expected to be realised. Trademarks are tested for impairment where an indicator of impairment exists, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

	2022 $000	2021 $000
Non Current		
Domain names – at cost	**4,938**	4,938
Accumulated impairment	**(28)**	(28)
Carrying value of domain names	**4,910**	4,910
Intellectual property – at cost	**2,198**	2,198
Accumulated impairment	**-**	-
Carrying value of intellectual property	**2,198**	2,198
Goodwill	**27,012**	27,011
Accumulated impairment	**-**	-
Carrying value of goodwill	**27,012**	27,011
Total carrying value of intangible assets	**34,120**	34,119

Reconciliations
Reconciliations of the carrying amount of intangible assets at the beginning and end of the current and previous financial year are set out below:

	Domain names $000	Intellectual property $000	Goodwill $000	Total $000
Balance at 1 January 2021	4,910	2,198	19,349	26,457
Additions	-	-	7,662	7,662
Balance at 31 December 2021	**4,910**	**2,198**	**27,011**	**34,119**

	Domain names $000	Intellectual property $000	Goodwill $000	Total $000
Additions	-	-	1	1
Balance at 31 December 2022	**4,910**	**2,198**	**27,012**	**34,120**

The Directors have determined the useful life of domain names is indefinite and subject to an annual test for impairment of the fair value of the domain names. The Directors have assessed the recoverability of domain names, intellectual property and goodwill based on value in use calculations.

The recoverable amount of the Group’s intangible assets has been determined by a value-in-use calculation using a discounted cash flow model, based on a 12 month projection period for the Group approved by management and extrapolated for a further 5 years with a discounted terminal value.

Goodwill and other intangibles are allocated to cash-generating units which are based on the Group’s reporting segments:

	2022 $000	2021 $000
Online marketplace	**22,386**	22,385
Online payments	**11,734**	11,734
Total	34,120	34,119

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond 5 years extrapolated using a 2% terminal growth rate. The cash flows are discounted based on management’s estimate of the time value of money and the Group’s weighted average cost of capital adjusted for the risk free rate and the volatility of the share price relative to market movements.

The following key assumptions were used in the value-in-use calculations:

	CAGR Rate	Discount Rate
Online marketplace	**11%**	15%
Online payments	**18%**	15%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Based on the above, management is satisfied that there are no indicators of impairment to the current carrying value of intangible assets.

13. Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie leases with a remaining term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability is as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group's lease portfolio comprises commercial leases for office property. As at 31 December 2022 these leases had remaining lives ranging from 1 month up to 78 months.

Options to Extend or Terminate

The options to extend or terminate are contained in several of the Group’s property leases. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

(i) AASB 16 related amounts recognised in the balance sheet

	2022 $000	2021 $000
Right of use assets		
Leased office property:		
Opening balance	**18,753**	22,418
Addition to right-of-use asset	**3,426**	953
Depreciation expense for the year ended	**(4,178)**	(4,627)
Exchange differences	**(169)**	9
Net carrying amount	**17,832**	18,753

Lease liabilities		
Current	**5,562**	5,709
Non – current	**15,519**	16,082
Total	**21,081**	21,791

(ii) AASB 16 related amounts recognised in the statement of profit or loss

	2022 $000	2021 $000
Depreciation charge related to right-of-use assets	**4,178**	4,627
Interest expense on lease liabilities (under finance costs)	**1,654**	2,034

(iii) AASB 16 related amounts recognised as cash outflows in the statement of cash

Interest expense on lease liabilities (under finance costs)	**1,654**	2,034
Repayment of lease liabilities	**3,845**	3,478

14. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group and amounts outstanding to users of the Company's websites at the end of financial year which are unpaid. The amounts are unsecured and are payable as and when they are due. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

	2022 $000	2021 $000
Current		
Trade payables	**2,740**	2,930
Sundry payables and accrued expenses	**603**	1,612
User obligations	**36,304**	36,717
Total trade and other payables	**39,647**	41,259

15. Borrowings

	2022 $000	2021 $000
Current		
Working capital loan	**121**	121
Total borrowings	**121**	121

The working capital loan has been provided from non-controlling shareholders of Freightlancer Holdings Pty Limited to provide working capital funding. The loan is unsecured, interest free and has no fixed date of repayment.

16. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract.

	2022 $000	2021 $000
Current		
Provision for user disputes and refunds	**594**	503
Provision for indirect taxes	**320**	397
Employee benefits	**1,884**	1,683
Provision for penalties	**-**	288
Total current provisions	**2,798**	2,871
Non-current		
Make-good provisions	**551**	511
Employee benefits	**409**	311
Total non-current provisions	**960**	822
Total provisions	**3,758**	3,693

Movements

	Provision for User Disputes/ Refunds $000	Provision for Indirect Taxes $000	Employee Benefits $000	Provision for Penalties $000	Provision for Make-good $000	Total Provisions $000
Balance at 1 January 2021	**538**	**216**	**1,716**	**272**	**431**	**3,173**
Additional provisions	-	1,744	1,223	-	133	3,100
Amounts used	-	(1,570)	(678)	-	(58)	(2,306)
Unused amounts reversed	(65)	-	(273)	-	-	(338)
Foreign exchange differences	30	7	6	16	5	64
Balance at 31 December 2021	**503**	**397**	**1,994**	**288**	**511**	**3,693**
Additional provisions	50	1,830	1,072	-	34	2,986
Amounts used	-	(1,904)	(876)	-	-	(2,780)
Unused amounts reversed		-	(20)	(308)	-	(328)
Foreign exchange differences	41	(3)	123	20	6	187
Balance at 31 December 2022	**594**	**320**	**2,293**	**-**	**551**	**3,758**

17. Contract liabilities

Refer to Note 5 for the accounting policy on marketplace and payment services revenue recognition policy. Revenue is recognised when these conditions are met.

	2022 $000	2021 $000
Amounts received in advance of delivery for services	**1,333**	1,485
Total contract liabilities	**1,333**	1,485
Current	**685**	846
Non-current	**648**	639
	1,333	1,485

There were no significant changes in the contract liability balances during the 2022 year.

18. Contributed equity

(a) Share capital

	Note	2022 Number	2021 Number	2022 $000	2021 $000
Ordinary shares					
Fully paid	18(b)	**452,331,636**	452,516,636	38,918	38,779
Total share capital				38,918	38,779

(b) Movements in ordinary share capital

Reconciliation to 31 December 2021	**Number of shares**	**Average price**	**$000**
Balance at 1 January 2021	453,123,619		38,446
Issue / (cancellation) of ordinary shares:			
Issue of ESP shares [1]	330,527	$0.83	-
Buy-back and cancellation of ESP shares	(937,510)	$0.65	-
Contributed equity arising from repayment of ESP loans	-	-	333
Balance at 31 December 2021	452,516,636		38,779

Reconciliation to 31 December 2022	**Number of shares**	**Average price**	**$000**
Balance at 1 January 2022	**452,516,636**		**38,779**
Issue / (cancellation) of ordinary shares:			
Issue of ordinary shares	**315,000**	**$0.44**	**139**
Buy-back and cancellation of ESP shares	**(500,000)**	**$0.67**	**-**
Balance at 31 December 2022	**452,331,636**		**38,918**

(c) Ordinary shares
Ordinary shares have the right to receive dividends as declared, and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Employee Share Plan (ESP)
Information relating to the ESP, including details of shares issued under the plan, is set out in Note 24.

(e) Capital risk management
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can

provide returns to shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.
In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The Group actively pursues additional investments as part of its growth strategy.

The capital risk management policy remains unchanged from the 2021 Annual Report.

[1] As the ESP is considered in substance a share option, the ESP shares issued and corresponding loan receivables are not recognised by the Group in its financial statements. The loan receivable does not satisfy the "probable future benefits following to the entity" criteria on the basis that the loan is non-recourse. The ESP shares will not be considered issued to participants until the corresponding loan has been repaid, at which time there will be an increase in the issued capital and increase in cash.

19. Equity – reserves

a) Movements	2022 $000	2021 $000
Current		
Share based payment reserve movements		
Balance at the beginning of the period	**5,059**	4,903
Share based payments reserve no longer required	**(3,885)**	-
Share based payment expense	**159**	156
Balance at the end of the period	**1,333**	5,059
Foreign currency translation reserve movements		
Balance at the beginning of the period	**(295)**	(574)
Currency translation differences arising during the period	**250**	279
Balance at the end of the period	**(45)**	(295)
Total reserves	**1,288**	4,764

(b) Nature and purpose of reserves

Share-based payments reserve
This amount represents the value of the ESP share grants to employees under the Freelancer Employee Share Plan and other compensation granted in the form of equity.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of its overseas subsidiaries.

20. Key management personnel disclosures

(a) Directors

The following persons were Directors of Freelancer Limited during the financial year:

Mr Robert Matthew Barrie – Executive Chairman
Mr Darren Nicholas John Williams – Non-Executive Director
Mr Simon Alvin Clausen – Non-Executive Director

(b) Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Mr Neil Leonard Katz – Chief Financial Officer and Company Secretary

c) Key management personnel compensation

	2022 $000	2021 $000
Short-term employee benefits	**1,039**	1,012
Share based employee benefits	**95**	40
Other long-term benefits	**56**	56
Total benefits	**1,190**	1,108

Short-term employee benefits
These amounts include fees and benefits paid to the Non-Executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other KMP.

Other long-term benefits
These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share based payments
These amounts represent the expense related to the participation of KMP in equity-settled schemes as measured by the fair value of the options rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Remuneration Report, which is included in the Director's Report.

21. Remuneration of auditors

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2022 $000	2021 $000
(a) Hall Chadwick		
Audit and other assurance services		
Audit and review of financial reports	**130**	127
Due diligence services	**3**	2
Taxation services		
Tax compliance services, including review of Company income tax returns	**20**	40
Total remuneration of Hall Chadwick	**153**	169

(b) Audit firms other than Hall Chadwick		
Audit and other assurance services		
Audit and review of financial reports	**78**	83
Taxation services		
Tax compliance services, including review of subsidiary income tax returns	**85**	65
Other non-audit services		
Due diligence services	**34**	6
Total remuneration of audit firms other than Hall Chadwick	**197**	154

22. Contingent liabilities

Except for the items listed below, there are no other contingent liabilities as at 31 December 2022:

- a collateral amount of USD300,000 (2021: USD450,000) is in place in one of the Group's PayPal accounts in favour of PayPal Australia Pty Ltd;
- term deposits of $78,780 (2021: $75,047) are secured for corporate credit card facilities in place;
- deposits of $788,509 (2021: $728,308) are held by various credit card processing providers, as security for any contractual compensation arising under these agreements;
- included in cash is an amount of $2,651,679 on term deposits (31 December 2021: $2,643,759), which is secured against bank guarantees that have been provided to lessors in respect of premises occupied by the Company in Sydney.
- Included in cash is an amount of USD187,000 (2021: USD240,000), which is held as a reserve to satisfy escrow regulatory requirements in respect of credit card transactions.

23. Commitments for expenditure

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Leases are made up of operating leases of property. Payments made under operating leases are accounted for in accordance with AASB 16 Leases and are brought into account as depreciation on the right of use asset and interest paid on the corresponding lease liability.

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease. Lease incentives provided are recognised over the lease term on a straight-line basis.

(a) Non-cancellable operating services

The Group has entered into a commercial agreement for web hosting services with an annual fee commitment for 2 years commencing on 1 February 2022. Fees paid under this agreement are charged to the income statement on a usage basis over the period of the agreement. This commitment is fixed in USD. The future minimum fee commitment under this agreement has been calculated using the spot exchange rate at 31 December 2022 and may be subject to variation due to changes in exchange rates. The amounts are as follows:

	2022	**2021**
	$000	**$000**
Less than one year	**5,107**	4,893
Between one and five years	**-**	4,893
More than five years	**-**	-
Total operating service commitments	**5,107**	9,786

(b) Other capital commitments

There were no other capital commitments as at 31 December 2022.

24. Share based payments

Employee Share Plan

The Group operates an employee share plan. The fair value of the effective option over the shares granted under the Company's Employee Share Plan (ESP) is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the ESP shares.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the ESP shares, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the ESP share, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the ESP share.

The fair value of share grants issued outside of the ESP is independently determined based on the value of the shares at grant date less the present value of dividends expected to be distributed between the grant date and the vesting dates.

During the year ended 31 December 2013, the Company established a share based payment plan, the Employee Share Plan (ESP) to assist the Company in retaining and attracting current and future employees by providing them with the opportunity to own shares in the Company. Resolutions to amend and approve the ESP were passed at the AGM held on 17 May 2016.

The key terms of the ESP are as follows:

- the Board may invite a person who is employed or engaged by or holds an office with the Group (whether on a full or part-time basis) and who is declared by the Board to be eligible to participate in the ESP from time to time (Eligible Employee) to apply for fully paid ordinary shares under the plan from time to time (ESP shares);
- invitations to apply for ESP shares offered to Eligible Employees subsequent to the Company's initial public offering are to be made on the basis of the market price per share defined as the volume weighted average price at which the Company's shares have traded during the 30 days immediately preceding the date of the invitation;
- invitations to apply for ESP shares under the ESP will be made on a basis determined by the Board (including as to the conditionality on the achievement of any key performance indicators) and notified to Eligible Employees in the invitation, or if no such determination is made by the Board, on the basis that ESP shares will be subject to a 4 year vesting period, with:
  - 10% of ESP shares applied for vesting on the date that is the first anniversary of the issue date of the ESP shares;
  - 20% of ESP shares applied for vesting on the date that is the second anniversary of the issue date of the ESP shares;
  - 30% of ESP shares applied for vesting on the date that is the third anniversary of the issue date of the ESP shares; and
  - 40% of ESP shares applied for vesting on the date that is the fourth anniversary of the issue date of the ESP shares.
- Eligible Employees who accept an invitation (ESP Participants) may be offered an interest free loan from the Company to finance the whole of the purchase of the ESP shares they are invited to apply for (ESP Loan). ESP Loans will have a term of 4 years and become repayable in full on the earlier of:
  - the fourth anniversary of the issue date of the Employee Offer Shares; and
  - if the ESP Participant ceases to be an Eligible Employee, either:
    - the date 30 days after the date of cessation, if the Eligible Employee is a good leaver (as defined in the ESP); or
    - that date of cessation, if the Eligible Employee is a bad leaver (as defined in the ESP).
- if the ESP Participant does not repay the outstanding ESP Loan, or it notifies the Company that it cannot, then such number of ESP shares that equal by value (using the price at which the ESP shares were issued) the outstanding amount of the ESP Loan will become the subject of a buy-back notice from the Company which the ESP Participant must accept. The buy-back of such number of ESP shares will be considered full and final satisfaction of the ESP Loan and the Company will not have any further recourse against the ESP Participant;
- any dividends received by the ESP Participant whilst the whole or part of the ESP Loan remains outstanding must be applied to the repayment of the ESP Loan. In addition, an ESP Participant may make pre-payments at any time;
- the maximum number of ESP shares for which invitations may be issued under the ESP together with the number of ESP shares still to be issued in respect of already accepted invitations and that have already been issued in response to invitations in the previous 5 years (but disregarding ESP shares that are or were issued following invitations to non-residents, that did not require a disclosure document under the Corporations Act, or that were issued under a disclosure document under the Corporations Act) must not exceed 5% of the total number of ordinary shares on issue in the Company at the time the invitations are made;
- in the event of a corporate reconstruction, the Board will adjust, subject to the Listing Rules (if applicable), any one or more of the maximum number of Shares that may be issued under the ESP (if applicable), the subscription price, the buy-back price and the number of ESP shares to be vested at any future vesting date (if applicable), as it deems appropriate so that the benefits conferred on ESP Participants after a corporate reconstruction are the same as the benefits enjoyed by the ESP Participants before the corporate reconstruction. On conferring the benefit of any corporate reconstruction, any fractional entitlements to shares will be rounded down to the nearest whole share;
- ESP Participants will continue to have the right to participate in dividends paid by the Company despite some or all of their ESP shares not having vested yet or being subject to an ESP Loan. If an ESP Loan has been made to the ESP Participant, then any dividend due must first be applied to reducing any outstanding ESP Loan amount applicable to the ESP shares on which the dividend is paid;
- ESP shares which have not vested and/or are subject to repayment of the ESP Loan will be restricted (escrowed) from trading;
- the Company may buy-back at the issue price any ESP shares which:
  - have not vested, or are incapable of vesting at any time (including as a result of the ESP Participant failing to meet any key performance indicators on which vesting of ESP shares is conditional); or

- remain in escrow and/or are the subject of an ESP Loan, on the occurrence of:
  - the ESP Participant ceasing to be an Eligible Employee (unless the Board, in its sole and absolute discretion determines otherwise, subject to any conditions that it may apply, including the repayment of any outstanding ESP Loan); or
  - the expiration of the term of the ESP Loan.
- any bonus securities issued in relation to ESP shares which remain unvested or are subject to an ESP Loan which becomes repayable in full will be the subject of a buy-back by the Company at the issue price for no consideration;
- on the death or permanent disability of an ESP Participant, all ESP shares held by the ESP Participant or their estate will immediately vest subject to the repayment of any outstanding ESP Loan by the curator, executor or nominated beneficiary(ies) (as the case may be) within 30 days of their appointment (or such longer period as the Company in its discretion may allow). Failing such repayment, the Company will buy-back all ESP shares in respect of which there is an outstanding ESP Loan;
- the rules of the ESP and any amendment to the rules of the ESP must be in accordance with the Listing Rules and the Corporations Act;
- if, while the Company's shares are traded on the ASX or any other stock exchange, there is any inconsistency between the terms of the ESP and the Listing Rules, the Listing Rules will prevail; and
- the ESP is governed by the laws of the State of New South Wales, Australia.

The full terms of the ESP are available on the Company's website, www.freelancer.com.

Long Term Incentive Plan

The Group operates a long term incentive plan through the grant of equity incentives in the form of Share Rights . The fair value of the effective option over the equity incentives in the form of Share Rights granted under the Company's Long Term Incentive Plan (LTIP) are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the Share Rights.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the Share Rights, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the Share Rights, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the Share Rights.

During the year ended 31 December 2021, the Company established a long term incentive plan, the Long Term Incentive Plan (LTIP) to assist the Company in retaining and attracting current and future employees by providing them with the opportunity to own shares in the Company. Resolutions to implement the LTIP was passed at the AGM held on 28 July 2021.

The key terms of the LTIP are as follows:

- A Share Right includes (without limitation):
  - Performance Rights (i.e. Share Rights with no exercise price);
  - Options (i.e. Share Rights generally with an exercise price equal to the market value of a Share on the date of grant or such other exercise price determined by the Board); and
  - Premium Priced Options (i.e. Share Rights with an exercise price that is greater than the market value of a Share on the date of grant).
- **Eligibility and grant of securities** - Employees who are in full-time or permanent part-time employment of a Group Company who the Board determines is to receive an offer under the Plan.
- **Offer and Conditions -** The Board may, in its absolute discretion and subject to the Plan, offer eligible employees the opportunity to participate in the Plan.
- **Vesting** - Share Rights may be subject to certain Performance Criteria or other vesting conditions as determined by the Board and set out in each participant's plan offer letter. Following testing of any relevant Performance Criteria / vesting conditions, Share Rights that do not vest will lapse (unless otherwise determined by the Board). Performance Criteria / vesting conditions can be waived by the Board in its absolute discretion.
- **Exercise and allocation of Share Rights** - Upon vesting of the Share Rights, subject to the Plan, those Share Rights will become exercisable. Share Rights must be exercised within the exercise period as advised by the Board. Upon exercise of Share Rights for the exercise price (if any), the participant will receive one Share for each Share Right that is exercised (subject to adjustment in accordance with the Plan) either by way of the issue of new Shares or a transfer of Shares acquired on-market or an allocation of Shares. The corresponding number of Shares will be delivered and registered, or allocated, in the participant's name (as applicable) as soon as practicable after a participant has exercised their Share Rights and paid the exercise price (if any) to the Company. Notwithstanding the above, upon exercise of Share Rights, the Board may determine, in accordance with the Plan, to instead pay a cash amount to the participant in respect of a vested Share Right in lieu of an issue of new Shares. The Board may, in its discretion, also determine to accept a cashless exercise of any Share Rights (in accordance with the Rules), which will involve the number of Shares allocated to the relevant participant being reduced by such number of Shares determined by the Board equal to the aggregate exercise price (if any) in respect of those Share Rights.

- **Shares issued under the Plan**
  - Shares that are registered or allocated (as applicable) in the participant's name will carry the same voting and dividend rights as all other Shares from the date of registration or allocation (as applicable).
  - Shares issued under the Plan will rank equally with all other existing Shares as at the time of issue in all respects, including with respect to voting rights and rights to receive dividends and bonus shares and to participate in rights issues.
  - A participant may only participate in a new issue of Shares or other securities to holders of Shares if Shares have been allocated to the participant and registered or allocated (as applicable) in the name of the participant in accordance with the Plan rules before the record date for determining entitlements to the issue.
  - Shares allocated to a participant following exercise of their Share Rights will not be subject to any further restrictions on dealing, other than to the extent prohibited by the Freelancer Securities Trading Policy.
- **Cessation of employment** - If a participant ceases their employment with the Group before the end of the Performance Period, their unvested Share Rights will ordinarily lapse (unless otherwise determined by the Board). However, if a participant ceases employment with the Group due to a 'Good Leaver Event' and at least six months of the Performance Period has elapsed at that time, a pro rata number of their unvested Share Rights (based on the portion of the Performance Period that has elapsed as at that time) will generally be retained and will be tested following the end of the Performance Period in accordance with the Plan. A 'Good Leaver Event' means death, permanent disablement, retirement, redundancy (as those terms are defined in the Plan) or such other circumstances that result in a participant leaving the employment of the Group and that the Board determines is a Good Leaver Event. The Board retains the discretion to determine a different treatment of any unvested Share Rights. If prior to cessation of employment, the participant held any exercisable Share Rights, then subject to the Plan rules, the relevant exercise period, in respect of those Share Rights will end on the earlier of (i) the date that is three months (or other such period as determined by the Board) following the date of the participant's cessation of employment or the date on which those Share Rights become vested Share Rights; or (ii) the expiry date.
- Lapsing of Share Rights - The Board may determine that some or all of a participant's Share Rights (whether vested or unvested) lapse, if a participant:
  - commits any act of fraud or defalcation or gross misconduct in relation to the affairs of any Group Company;
  - materially breaches their obligations to the Group Companies, including by failing to comply with a Group Company's policies;
  - hedges the value of, or enter into a derivative arrangement in respect of, any unvested Share Rights; or
  - purports to dispose of or otherwise deal with (including by granting any security interest over) their Share Rights other than as permitted under the Plan.

  The Plan rules contain other circumstances where such Share Rights may lapse. In addition, the Board may determine in the above and other circumstances that any Shares acquired by (or cash paid to) a participant following the vesting of Share Rights for the after tax value of the Share Rights at the time they converted into Shares (or at such other time determined by the Board) be paid to the Company.
- **No transfer** - Except in respect of the transmission of a Share Right to a participant's legal representative upon death or legal incapacity, and unless the Board determines otherwise, a participant may not dispose of or otherwise deal with (including by granting any security interest over) a Share Right.
- **Change of control** - If a Change of Control Event occurs, or the Board determines that such may occur, the Board has the discretion to determine that any one or more of the following apply:
  - the Performance Criteria applicable to some or all unvested Share Rights will be assessed as at a date determined by the Board or are waived;
  - the exercise period in respect of some or all Share Rights that are or become vested Share Rights (including as a result of the exercise of the Board's discretion above) is abridged to end on a date determined by the Board (subject to earlier lapse in accordance with the Plan rules);
  - some or all Share Rights are to be replaced by rights to shares of the new controlling company on substantially the same terms and subject to substantially the same conditions as the Share Rights with any appropriate amendments, including to Performance Criteria;
  - some or all unvested Share Rights lapse as at a date determined by the Board
- **Reorganisation of Capital and Bonus Issues -** In the event of any reorganisation of the share capital of the Company (including any sub-division, consolidation, reduction or return of the share capital of the Company), the number of Share Rights, and/or the number of Shares subject to the Share Rights, and/or the exercise price (if any) of Share Rights, will be reconstructed to the extent necessary to comply with, and in accordance with, the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation. If the Company makes a bonus issue of Shares to existing holders of Shares (other than an issue of Shares in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of a Share Right before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Share Right is convertible will be increased by the number of Shares which the participant would have received if the participant had exercised the Share Right before the record date for the bonus issue. No adjustment will be made to the exercise price.
- **Plan Trustee** - The Plan may be administered in conjunction with an employee share trust, the trustee of which may acquire Shares for the purposes of transfer to Participants or to be held for Participants (whether on an unallocated and/or allocated basis). The transfer of a Share by the trustee of such a trust to a Participant, or the allocation of a Share in the Participant's name which continues to be held by the trustee for that Participant, will satisfy the obligation of the Company to allocate a Share to the Participant under the Plan.

- **Other** - The Plan will be administered by the Board, which has broad powers in respect of the Plan including to exercise discretions, amend the Plan rules or any offer letter at any time in any manner the Board thinks fit (subject to prescribed limitations in the Plan rules) and/or to waive any terms or conditions (including any Performance Criteria / vesting conditions) in relation to any Share Rights.
- **Foreign participants** - The Board may adopt amended rules of the Plan applicable in any jurisdiction under which Share Rights are offered under the Plan and the way in which the Plan is operated may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors that may apply to a Participant or to any member of the Group in relation to the Share Rights or any of the provisions of the Plan.

(a) ESP share grants

Set out below are summaries of ESP shares granted, issued and that have balances or movement during the year under the plan:

Grant date	Issue price	Balance at the start of the year	Granted / issued	Released from restrictions	Forfeited / cancelled	Balance at the end of the year	Balance of unvested ESP shares	Balance of vested ESP shares
2022								
18 October 2018	$0.53	200,000	-	-	-	200,000	-	200,000
20 February 2019	$0.53	407,226	-	-	-	407,226	162,891	244,335
19 February 2020	$0.47	640,539	-	-	(200,000)	440,539	308,378	132,161
2 March 2020	$0.45	200,000	-	-	-	200,000	140,000	60,000
30 July 2020	$0.53	100,000	-	-	(100,000)	-	-	-
11 December 2020	$0.52	38,462	-	-	-	38,462	-	38,462
14 April 2021	$0.62	120,000	-	-	-	120,000	108,000	12,000
28 May 2021	$0.95	210,527	-	-	(200,000)	10,527	-	10,527
Total		**1,916,754**	**-**	**-**	**(500,000)**	**1,416,754**	**719,269**	**697,485**
2021								
4 November 2016	$1.34	100,000	-	-	(100,000)	-	-	-
8 December 2017	$0.52	472,771	-	(448,461)	(24,310)	-	-	-
18 October 2018	$0.53	800,000	-	(180,000)	(420,000)	200,000	80,000	120,000
12 November 2018	$0.65	100,000	-	-	(100,000)	-	-	-
20 February 2019	$0.53	407,226	-	-	-	407,226	285,059	122,167
6 May 2019	$0.65	100,000	-	(6,800)	(93,200)	-	-	-
19 February 2020	$0.47	640,539	-	-	-	640,539	576,486	64,053
2 March 2020	$0.45	200,000	-	-	-	200,000	180,000	20,000
30 July 2020	$0.53	300,000	-	-	(200,000)	100,000	90,000	10,000
11 December 2020	$0.52	38,462	-	-	-	38,462	-	38,462
14 April 2021	$0.62	-	120,000	-	-	120,000	120,000	-
28 May 2021	$0.95	-	210,527	-	-	210,527	210,527	-
Total		**3,158,998**	**330,527**	**(635,261)**	**(937,510)**	**1,916,754**	**1,542,072**	**374,682**

All Eligible Employees who accepted an offer of ESP shares were given an interest free loan from the Company to finance the whole of the purchase of the ESP shares they were invited to apply for (ESP Loan).

The ESP Loans are provided to participants on a non-recourse basis and upon vesting must be repaid in order to remove trading restrictions on vested ESP shares. The term of the ESP Loan is four years; however, participants may forfeit their ESP shares if they do not repay the ESP Loan or leave the Company. As the ESP removes the risk to participants from decreases in the share price by limiting the maximum loan amount repayable to the value of the ESP shares disposed and waiving the ESP Loan should the participant forfeit their ESP shares, whilst still allowing participants the rewards of any increase in share price, the Company has effectively granted the participants an option to the ESP shares due to the ESP Loans being non-recourse. As such, this arrangement is accounted for under AASB 2.

The assessed weighted average fair value at grant date of the effective share options granted during the financial year is n/a (2021: $0.42 per option). Options were priced using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected price volatility of the Company's shares is based on the historical volatility of ASX listed companies considered to be comparable to Freelancer Limited.

(b) LTIP share option grants

Set out below are summaries of LTIP options granted, issued and that have balances or movement during the year under the plan:

Grant date	Issue price	Balance at the start of the year	Granted / issued	Released from restrictions	Forfeited / cancelled	Balance at the end of the year	Balance of unvested ESP shares	Balance of vested ESP shares
2022								
22 October 2021	$0.72	63,889	-	-	-	63,889	50,000	13,889
21 December 2021	$0.73	13,699	-	-	-	13,699	-	13,699
Total		**-**	-	-	**-**	**77,588**	**50,000**	27,588

Grant date	Issue price	Balance at the start of the year	Granted / issued	Released from restrictions	Forfeited / cancelled	Balance at the end of the year	Balance of unvested ESP shares	Balance of vested ESP shares
2021								
22 October 2021	$0.72	-	63,889	-	-	63,889	63,889	-
21 December 2021	$0.73	-	13,699	-	-	13,699	-	13,889
Total		**-**	**77,588**	-	**-**	**77,588**	**63,889**	**13,889**

The assessed weighted average fair value at grant date of the effective Share Rights granted during the financial year is n/a (2021: $0.296 per option). Options were priced using a Black-Scholes option pricing model that takes into account the exercise price, the term of the Share Rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected price volatility of the Company's shares is based on the historical volatility of ASX listed companies considered to be comparable to Freelancer Limited.

(c) LTIP share option grants in subsidiary (Payments Pty Ltd)

Set out below are summaries of LTIP options granted, issued and that have balances or movement during the year under the plan:

Grant date	Issue price	Balance at the start of the year	Granted / issued	Released from restrictions	Forfeited / cancelled	Balance at the end of the year	Balance of unvested ESP shares	Balance of vested ESP shares
2022								
16 November 2021	$0.0576	15,000,000	-	-	-	15,000,000	13,500,000	1,500,000
Total		**15,000,000**	-	-	**-**	15,000,000	13,500,000	**1,500,000**

Grant date	Issue price	Balance at the start of the year	Granted / issued	Released from restrictions	Forfeited / cancelled	Balance at the end of the year	Balance of unvested ESP shares	Balance of vested ESP shares
2021								
16 November 2021	$0.0576	-	15,000,000	-	-	15,000,000	15,000,000	-
Total		**-**	15,000,000	-	**-**	15,000,000	15,000,000	**-**

The assessed weighted average fair value at grant date of the effective Share Rights granted during the financial year is n/a (2021: $0.0309 per option). Options were priced using a Black-Scholes option pricing model that takes into account the exercise price, the term of the Share Rights, the impact of dilution, the market price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected price volatility of the subsidiary's shares is based on the historical volatility of ASX listed companies considered to be comparable to Payments Pty Ltd.

25. Related party transactions

(a) Parent entity

Freelancer Limited is the parent entity and ultimate controlling entity.

(b) Interests in controlled entities

Interests in subsidiaries are set out in Note 28.

(c) Transactions with key management personnel

Disclosures relating to key management personnel are set out in Note 20 and the Remuneration Report.

(d) Transactions with related parties

Receivable from and payable to related parties

There were no receivables from or payable to related parties at reporting date in relation to transactions with related parties detailed above.

Loans to / from related parties

There were no loans to or from related parties at the reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

26. Parent entity information

The financial information for the parent entity, Freelancer Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of Freelancer Limited. Investments in subsidiaries are tested for impairment whenever changes in events or circumstances indicate that the carrying amount may not be recoverable.

Income tax consolidation legislation
Freelancer Limited and its wholly-owned Australian entities have elected to form an income tax consolidated group.

Freelancer Limited (as the head entity) and its wholly-owned Australian entities (as members of the Freelancer income tax consolidated group) account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the income tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Freelancer Limited also recognises the current tax liabilities (or assets) assumed from its wholly-owned entities in the income tax consolidated group.

Set out below is the supplementary information about the parent entity.

	2022 $000	2021 $000
Statement of comprehensive income		
Profit after tax	**553**	35
Total comprehensive loss	**553**	35
Statement of financial position		
Current assets	**10,485**	9,814
Non-current assets	**31,071**	31,958
Total assets	**41,556**	41,772
Current liabilities	**4,218**	5,198
Total liabilities	**4,218**	5,198
Net assets	**37,338**	36,574
Contributed equity	**38,918**	38,780
Reserves	**1,234**	5,047
Accumulated losses	**(2,814)**	(7,253)
Total equity	**37,338**	36,574

Contingent liabilities

The parent entity had no contingent liabilities at 31 December 2022 and 31 December 2021.

Capital commitments

The parent entity had no capital commitments as at 31 December 2022 and 31 December 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, except for investments in subsidiaries which are accounted for at cost, less any impairment.

27. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(a) Acquisition of Loadshift business

On 7 May 2021, the Group entered into a business and asset sale and purchase agreement to acquire the business of loadshift.com for a total purchase price was $7.67 million. The Group assumed control of the business on 24th May 2021. Loadshift.com is a provider of a subscription based freight classified services. Loadshift.com contributed revenues of $0.6 million for the period 24th May 2021 to 31 December 2021.

The Group has determined it impracticable to disclose the revenue and net profit/loss included in the consolidated statement of profit or loss and other comprehensive income had the acquisition of the business of Loadshift.com occurred at the beginning of the reporting period. The Group has assessed that an objective determination of the revenue and net profit since the beginning of the reporting period was not able to be made due to the integrated nature of the Group's website operations and as such disclosure has not been made.

	A$000
Purchase consideration:	
Cash	7,662
Fair value of net identifiable assets acquired:	
Goodwill on acquisition	7,662
Total purchase consideration	7,662

28. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 33:

		Percentage Owned (%)	
Name of entity	**Country of Incorporation**	**2022**	**2021**
Subsidiaries of Freelancer Limited:			
Freelancer International Pty Ltd	Australia	100	100
Freelancer Technology Pty Ltd	Australia	100	100
Freelancer India Pty Ltd	Australia	100	100
Warrior Forum Pty Ltd	Australia	100	100
Warrior Technology Pty Ltd	Australia	100	100
Payments Pty Ltd	Australia	100	100
Payments International Pty Ltd	Australia	100	100
Payments Australia Pty Ltd	Australia	100	100
Payments IP Pty Ltd	Australia	100	100
StartCon Pty Ltd	Australia	100	100
Freightlancer Holdings Pty Ltd **	Australia	53	53
Freightlancer Technology Pty Ltd **	Australia	53	53
Loadshift Pty Ltd **	Australia	53	53
Photo Anywhere Holdings Pty Ltd	Australia	100	100
Photo Anywhere Pty Ltd	Australia	100	100
Photo Anywhere Technology Pty Ltd	Australia	100	100
Freelancer Networks (Canada), Inc.	Canada	100	100
Freelancer Outsourcing, Inc.	Canada	100	100
Canadian Payments, Inc	Canada	100	100
Freelancer.com Pte Limited	Singapore	100	100
Freelancer International GmbH	Switzerland	100	100
Freemarket (Switzerland) GmbH	Switzerland	100	100
Freelancer Online India Private Limited	India	100	100
Freelancer.com Philippines, Inc.	Philippines	100	100
Freelancer Outsourcing UK Limited	United Kingdom	100	100
Internet Escrow Services UK Limited	United Kingdom	100	100
Freelancer (Shanghai) Information Technology Co., Ltd.	China	100	100
Westmor Management, Inc. *	United States	100	100
Escrow.com, Inc. *	United States	100	100
EC Services Corporation*	United States	100	100
IES International, Inc. *	United States	100	100
Internet Escrow Services, Inc. *	United States	100	100
Freightlancer, Inc. **	United States	53	53

* Escrow.com group
** Freightlancer group

29. Fair value measurements

All assets and liabilities are recorded at their fair value.

30. Events occurring after the reporting date

There are no other matters or circumstances that have arisen since 31 December 2022 that have significantly affected, or may significantly affect:

- the aggregated entity's operations in the future financial years, or
- the results of those operations in future financial years, or
- the aggregated entity's state of affairs in the future financial affairs.

31. Reconciliation of loss after tax to net cash flow from operating activities

	2022	2021
	$000	$000
Loss for the year	**(5,413)**	(2,257)
Non-cash items in operating loss:		
Depreciation and amortisation	**4,470**	4,894
Share based payments expense	**159**	156
Net exchange differences	**535**	1,313
Changes in operating assets and liabilities:		
Decrease / (Increase) in trade and other receivables	**2,018**	(1,007)
(Increase) in deferred tax assets	**(924)**	(697)
(Increase) / Decrease in other assets	**(419)**	11
(Decrease) / Increase in trade and other creditors	**(3,592)**	188
(Decrease) in provision for income tax	**(26)**	(39)
(Decrease) in deferred tax liabilities	**(1,013)**	(356)
Increase in provisions for employee benefits	**299**	277
(Decrease) / Increase in other provisions	**(273)**	160
Net cash (outflow) / inflow from operating activities	**(4,179)**	2,643

Non cash information
During the period, the group recognised $1.65 million of interest charge relating to rent under AASB 16: Leases.

32. Earnings per share (EPS)

Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2022 Cents	2021 Cents
(a) Basic earnings per share		
From operations attributable to the ordinary equity of the Company	(1.20)	(0.50)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(1.20)	(0.50)
(b) Diluted earnings per share		
From operations attributable to the ordinary equity of the Company	(1.20)	(0.50)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(1.20)	(0.50)

(c) Reconciliation of earnings used in calculating earnings per share	**$000**	**$000**
Basic earnings per share:		
Loss from continuing operations	(5,413)	(2,257)
Diluted earnings per share:		
Loss attributable to the ordinary equity holders of the Company	(5,413)	(2,257)

	2022 Shares	2021 Shares
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used in calculating basic earnings per share	450,765,581	450,166,182
Adjustments for calculation of ordinary shares used in calculating diluted earnings per share:		
ESP shares	1,885,247	2,875,150
Share grants		-
Weighted average number of ordinary shares used in calculating diluted earnings per share	452,650,828	453,041,332

(e) Information on the classification of securities

ESP shares and share grants

ESP shares granted to employees under the ESP and shares granted to employees outside of the ESP are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The ESP shares and share grants have not been included in the determination of basic earnings per share. Details relating to the ESP shares are set out in Note 24.

33. Other significant accounting policies

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of Freelancer Limited and all subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A list of the subsidiaries is provided in Note 28.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Goods and Services Tax (GST) and Valued Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST and VAT, except where the amount of GST and VAT incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of the amount of GST and VAT receivable or payable. The net amount of GST and VAT recoverable from, or payable to, the relevant taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis. The GST and VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST and VAT recoverable from, or payable to, the relevant taxation authority.

(c) Research & development

Costs relating to research and development of new software products are expensed as incurred until technological feasibility in the form of a working model has been established. At such time costs may be capitalised, subject to recoverability. Software development costs incurred subsequent to the establishment of technological feasibility have not been significant, and the Group has not capitalised any software development costs to date.

(d) Foreign currency transactions and balances

Functional and presentation currency
The functional currency of each of the Group entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies
The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency is translated as follows:

- Assets and liabilities are translated at period end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(e) Impairment of assets

At the end of each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in the profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

(f) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(g) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Business Combinations
Following the guidance in AASB 3: Business Combinations, the Group has made assumptions and estimates to determine the purchase price of businesses acquired as well as its allocation to acquired assets and liabilities. To do so, the Group is required to determine at the acquisition date fair value of the identifiable net assets acquired, including intangible assets such as brand, customer relationships and liabilities assumed. Goodwill is measured as the excess of the fair value of the consideration transferred including the recognised amount of any non-controlling interest over the net recognised amount of the identifiable assets and liabilities.

The assumptions and estimates made by the Group have an impact on the asset and liability amounts recorded in the financial statements. In addition, the estimated useful lives of the acquired amortisable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Group's future profit or loss.

Impairment of intangible assets
The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. During the year ended 31 December 2022, no impairment has been recognised in respect of intangible assets. The Group assessed recoverability of goodwill based on the present value of cash flow projections over a 6 year period. Should any of the intangible assets fail to perform, an impairment loss would be recognised up to the maximum carrying value of intangible assets at 31 December 2022 of $34,120,000 (2021: $34,119,000).

Provisions for doubtful accounts and transaction losses
Provision is made in respect of the Group's best estimate of doubtful accounts and transaction losses based on historical experience.

Share based payments
The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuation with the assumptions detailed in Note 24. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After initial recognition, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Income taxes
The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and unused tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and unused tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Trust assets and liabilities
The Group's Online Payments segment, namely the business of Escrow.com, is a regulated entity that holds funds on behalf of its users in trust bank accounts. At 31 December 2022 the cash balance in trust amounted to A$54,768,004 (2021: A$64,681,451), which has a corresponding liability of the same amount owing to its users.

The Group has determined that trust cash is not a resource controlled by the Group, nor does the Group derive any economic benefit from these user funds, and therefore the Group does not have the risks and rewards of ownership of the funds. Consequently, trust assets are not recognised as an asset in the Group's financial statements, and neither is the corresponding trust liability recognised as a liability in the Group's financial statements.

(h) Changes in accounting policies

The accounting policies applied by the Group in this consolidated financial report are the same as those applied by the Group in its consolidated financial report for the year ended 31 December 2022.

Freelancer Limited

Directors' Declaration

In the Directors' opinion:

(a) the Financial Statements and notes of the consolidated entity set out on pages 34 to 74 are in accordance with the Corporations Act 2001, including:
   - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
   - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) Note 2(a) confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001 for the financial year ending 31 December 2022.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the directors

Matt Barrie

Matt Barrie
Chairman

22 February 2023

FREELANCER LIMITED
ABN 66 141 959 042
AND CONTROLLED ENTITIES

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREELANCER LIMITED AND CONTROLLED ENTITIES

Opinion

We have audited the accompanying financial report of Freelancer Limited (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations* 2001

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's responsibility* section of our report. We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matter	Procedures
Reliance on automated process and controls Freelancer's revenue is primarily generated from new and existing users posting and fulfilling projects and contests on the Freelancer.com website and therefore a significant part of the Group's financial reporting processes are heavily reliant on IT systems with automated processes and controls over the capturing, valuing and recording of transactions. Similarly, other IT platforms of the business that includes Escrow.Com and Warrior Forum are also heavily reliant on IT systems. This is a key audit matter because of the: • Complex IT environment supporting the Group's business processes • Mix of manual and automated controls • Multiple internal and outsource support arrangements • Large volume of low value transactions	Our procedures included, amongst others: We understood and tested management's controls over its systems relevant to financial reporting. We conducted general IT controls tests that related to applications that support the effective functioning of application controls. This included a review of the policies and procedures, change management and access security. We performed application controls testing over the three main applications. The testing included procedures used to initiate, record, process and report transactions and other financial data, with particular focus on recognition and measurement of fee income, transactions including payment gateways and exception report testing. When testing controls was not considered an appropriate or efficient testing approach, alternative audit procedures were performed on the financial information.
Recoverability of Intangible Assets Refer to Note 12 – Intangible Assets and Note 2 (d) - Critical Accounting Estimates. The Group has recognised intangible assets of $34.1 million at 31 December 2022 resulting from business combinations and asset acquisitions. The intangibles are compromised of domain names, intellectual property and goodwill. The assessment of recoverability of the Group's intangible asset balances incorporated significant judgement in respect of factors such as general market conditions, discount rates, revenue growth and cost assumptions. We have focussed on this area as a key audit matter due to amounts involved being material; the inherent subjectivity associated with critical judgements being made in relation to forecast future revenue and costs; discount rates; and terminal growth rates.	Our procedures included, amongst others: We evaluated management's goodwill and intangible assets impairment assessment. Key inputs in the value of use model included forecast revenue, costs, discount rates and terminal growth rates. We corroborated those assumptions by comparing forecasts to historical actuals where applicable. We involved our valuation specialists to recalculate management's discount rates based on external data where available. The valuation specialist was also involved in assessing the value in use model used for valuation methodology. We also have considered alternative evidence in relation to the carrying value of intangibles where there were indicators of impairment for certain scenarios. We assessed the Group's disclosures of the quantitative and qualitative considerations in relation to the carrying value of goodwill and intangible assets, by comparing these disclosures to our understanding of this matter.

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FREELANCER LIMITED
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Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

We have audited the remuneration report included in pages 30 to 33 of the directors' report for the year ended 31 December 2022.

The directors of the Group are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the remuneration report of Freelancer Limited for the year ended 31 December 2022 complies with s 300A of the *Corporations Act 2001*.

Hall Chadwick (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

SKumar

SANDEEP KUMAR
Partner
Dated: 22 February 2023

Freelancer Limited

Corporate Directory

Company Directors

Mr Robert Matthew Barrie	Chairman and Chief Executive Officer
Mr Darren Nicholas John Williams	Non-Executive Director
Mr Simon Alvin Clausen	Non-Executive Director

Company Secretary

Mr Neil Leonard Katz

Registered Office

Level 37
Grosvenor Place, 225 George Street
Sydney NSW 2000
Telephone: +61 (02) 8599 2700

Share Registry

Boardroom Limited
Level 12
225 George St
Sydney NSW 2000

External Auditors

Hall Chadwick
Level 40
2 Park Street
Sydney NSW 2000

Securities exchange listing

Freelancer Limited shares are listed on the Australian Securities Exchange (Listing code: FLN)