Freelancer Group delivers all-time record 4Q18 cash receipts of $13.3 million (up 8% on pcp), Freelancer segment 4Q18 all-time record Gross Marketplace Volume of $33.0 million (up 9.5% on pcp, unaudited), Escrow segment 4Q18 GPV of US$104 million (up 28.2% on pcp, unaudited). For the full year, all-time record Group GPV for FY18 of $740.7 million (up 26% on pcp, unaudited). Escrow FY18 GPV US$426 million (up 30% on pcp), record year ex-China beating previous all time high by 20.2%. Break-even group operating cash flow 4Q18 of (0.5m), the group ended the quarter with cash and cash equivalents of $33.2 million.

SYDNEY, 31 January 2019 - Freelancer Limited (ASX: FLN), the world’s largest freelancing and crowdsourcing marketplace by total number of users and jobs posted, today released its Quarterly Cash Flow Statement (Appendix 4C) for the quarter ending 31 December 2018 (4Q18).

Freelancer.com

In 4Q18 cash receipts for Freelancer.com were an all-time record of $13.3 million (up 8% on pcp), and grew faster than last quarter. Gross Marketplace Volume also hit an all-time record of $33.0 million for the quarter (up 9.5% on pcp, unaudited).

In the fourth quarter, the major development work involved most engineering teams deploying a new front-end technical stack in order to improve the user experience, product velocity and site speed. This is a substantial amount of work and has continued into 1Q19.
with pages in the new stack starting to be shipped to the live website. This effort pays off a large amount of technical debt that has accrued over the years and will bring the front-end architecture to the state of the art, which should improve the user experience and retention.

**Figure 1**: Freelancer Earnings / GMV (USD equivalent)

Gross Marketplace Value (GMV) in USD equivalent from hourly products was up 30% in FY18 on FY17, GMV from mobile products was up 27% in FY18 on FY17 and GMV from managed services (recruiter) was up 55% in FY18 on FY17.

**Figure 2**: GMV for hourly, mobile and managed services (recruiter) (USD equivalent)
In the quarter Freelancer.com hit 31.4 million users and 15.1 million jobs posted. Average completed project size was US$205 in FY18.

Our quality and retention improvements continue to show results with our Trustpilot score reaching ‘Excellent’ in the quarter (9.0).
In Freelancer Enterprise we continued to close Master Services Agreements with customers and build the Freelancer Enterprise sales pipeline in the quarter. The pipeline is high quality.

We expect to be jointly making an announcement with one of our enterprise customers in mid February.

**Escrow.com**

Escrow cash receipts for 4Q18 were up 19.2% on pcp and Gross Payment Volume was US$104 million (up 28.2% on pcp). Gross Payment Volume for the full year was US$426 million (up 29.6% on pcp) or AU$570.6 million (up 33.3% on pcp).

**Figure 5: Escrow Gross Payment Volume by Quarter (China and Rest of World)**
In 4Q18 we released Escrow Offer™ which empowers buyers and sellers to negotiate a price for domain names, cars, boats, aircraft or any high-value item online. It is a tool that can be easily integrated into the checkout payment system of websites, online stores, mobile apps, classifieds sites, or just about any online business that handles financial transactions over the Internet. It is the easiest way to introduce the power of price negotiation into online platforms.

With Escrow Offer™, online sellers can review offers, and either accept, reject or counter them. Negotiations proceed until a deal is reached and the secure escrow process begins.

**Figure 6:** Escrow Offer™ by Escrow.com
We extended our regulatory footprint with money transmission licenses being granted in Minnesota and New Jersey, and an escrow license in Utah by the date of this announcement in January 2019. We also received confirmation that licensing is not required from Tennessee. This brings our total licensed coverage of U.S. States to 44, with 32 money transmission licenses, 8 escrow licenses (not all states have these available) and 4 states not requiring licensing. We have five license applications currently under review and applications in five U.S. territories to be lodged. We expect one of these applications to be granted imminently. We also need to re-submit our applications in Hawaii and Nevada, and this will complete our US licensing program. Our compliance team headed by Greg Robinson must be commended for their remarkable effort to get us to this point. There are only a small number of businesses that have managed to achieve a full U.S. licensed footprint in the payments space, and we are not too far away from achieving this.

We have commenced preparing the license application for the United Kingdom which we expect to lodge in early 2Q19. We are also currently exploring licensing in Canada.

In the fourth quarter we also added Australian Dollars to the list of supported currencies which includes United States Dollars (USD) and Euros (EUR), and subsequently launched in Australia.

**Figure 7:** AUD is now supported on Escrow.com
Figure 8: Escrow.com launched in Australia in 4Q18

We continued to integrate customers with Escrow through the API, Escrow Pay™ and now Escrow Offer™. A notable integration in the quarter was Efty, which has made a name for itself in the domain name sector with its popular commission-free, domain name sales platform.

Figure 9: Efty integrated with Escrow.com in 4Q18

We also redesigned a new identity verification page increased the number of users who submit KYC documents by 10%. This is promising, because all transactions in Australia and all transactions over $3,000 in the United States require identity to be verified.
Please verify your account

All customers are required to verify their accounts in order to transact on Escrow.com. We protect both sides of the transaction by verifying the identity of all users. The verified identity must be the same as the beneficial account holder’s name on any bank account used to pay or receive funds from Escrow.com.

Account Type

Individual

Change

Your Personal Details

Name: John Smith
Email: jsmith@freelancer.com
Phone Number: +61 412 345 678
Date of Birth: 2/20/1989
Billing Address: Level 20, 600 George St, Sydney, New South Wales 2000, Australia

Verify your identity to allow payments to and from your personal account or to make payments with a Credit Card, Debit Card or PayPal.

Required Documents: Government issued ID, Proof of address

Edit Details

Figure 10: New identity verification page on Escrow.com

KYC Processing count (By Processed Date)

Figure 11: Increase in KYC applications processed from the new verification page

(Note: y-axis does not start at origin)
Freightlancer

On November 20th 2018 we closed the acquisition of Channel 40 Pty Limited and we launched the global enterprise freight marketplace Freightlancer, in which we have a 50% interest.

During the quarter we did a preliminary landing page integration with Machinery Trader, Tractorhouse and Truck World, which are Australia’s top sources for used heavy equipment, farm machinery and trucks/trailers. These marketplaces sell a wide variety of products including Caterpillar parts, Manitex cranes, John Deere tractors and Mack trucks. We plan on a full integration once we get the Freightlancer API launched.

Freightlancer is now the preferred transport marketplace for purchases made on these three platforms in Australia. This is a stepping stone towards global integration once we launch US dollars on Freightlancer later this year.

Figure 12: Freightlancer integrated with Machinery Trader Australia in 4Q18
We have been working with the Freightlancer team since October 3rd, and have made a number of operational improvements. For example, liquidity has improved remarkably, we lowered the average time from post to acceptance of loads from two weeks to a day.

In the quarter we built out the sales team to cover Australia on both the east and west coasts. We also deployed a driver vetting team in Manila to ensure all professional transport operators are vetted and compliant with safety regulations.

![Freightlancer average time from post to load](image)

**Figure 13:** Freightlancer average time from post to load

**StartCon**

In the quarter we held the ninth annual StartCon conference which is the largest startup and growth conference in Australia.

The 2018 edition featured 4200+ attendees, 150+ exhibitors, and 65+ speakers, including 25 from overseas such as the Co-founder of General Assembly and Steve Rader, Deputy Director of Innovation from NASA.
Figure 14: StartCon was held on November 30th and December 1st 2018

The conference cumulated with the grand final of the Pitch for $1 Million competition that saw the top 6 from over 600 startups pitch on the main stage, with the winner receiving a $1 million term sheet from Right Click Capital.

The winners of the 3rd Annual Australasian Startup Awards were also presented at the conference which were selected by the community with over 85,000 votes in the fourth quarter.

Conclusion

The Group had operating cash flow of $(0.5)m in the quarter.

Cash and cash equivalents for the Group in the quarter were substantially unchanged at $33.2 million as at 31 December 2018.

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Forward-looking statements

This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, including Freelancer’s FY19 outlook, are also forward-looking statements, as are statements regarding Freelancer’s plans and strategies and the development of the market. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Freelancer, which may cause actual results to differ materially from those expressed or implied in such statements. Freelancer cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that Freelancer’s business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this announcement and Freelancer assumes no obligation to update such information. The release, publication or distribution of this document in jurisdictions outside Australia may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

About Freelancer

Eleven-time Webby award-winning Freelancer.com is the world’s largest freelancing and crowdsourcing marketplace by total number of users and projects posted. More than 30 million registered users have posted over 15 million projects and contests to date in over 1,350 areas as diverse as website development, logo design, marketing, copywriting, astrophysics, aerospace engineering and manufacturing. Freelancer owns Escrow.com, the leading provider of secure online payments and online transaction management for consumers and businesses on the Internet with over US$3.9 billion in transactions secured. Freelancer also owns Freightlancer, a global enterprise freight marketplace. Freelancer Limited is listed on the Australian Securities Exchange under the ticker ASX:FLN.

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