

ASX Announcement | 29 October 2019

Freelancer Group delivers 3Q19 cash receipts of \$14.3 million (up 9.4% on pcp), YTD cash receipts \$42.6 million (up 12.4% on pcp). 3Q19 Freelancer Group Gross Payment Volume \$197.8m (up 5.4% on pcp), YTD \$598 million (up 8.4% on pcp). Freelancer segment 3Q19 Gross Payment Volume of \$45.7 million (up 7.0% on pcp, unaudited), Escrow segment 3Q19 GPV was \$152.1 million (up 4.9% on pcp, unaudited). Ex-China, Escrow GPV was US\$98.6 million, the third highest quarter on record. Net operating cash flow 3Q19 of \$(1.5) million, the group ended the quarter with cash and cash equivalents of \$33.8 million, down \$0.7 million on 2Q19.

SYDNEY, 29 October 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 30 September 2019 (3Q19).

Freelancer.com



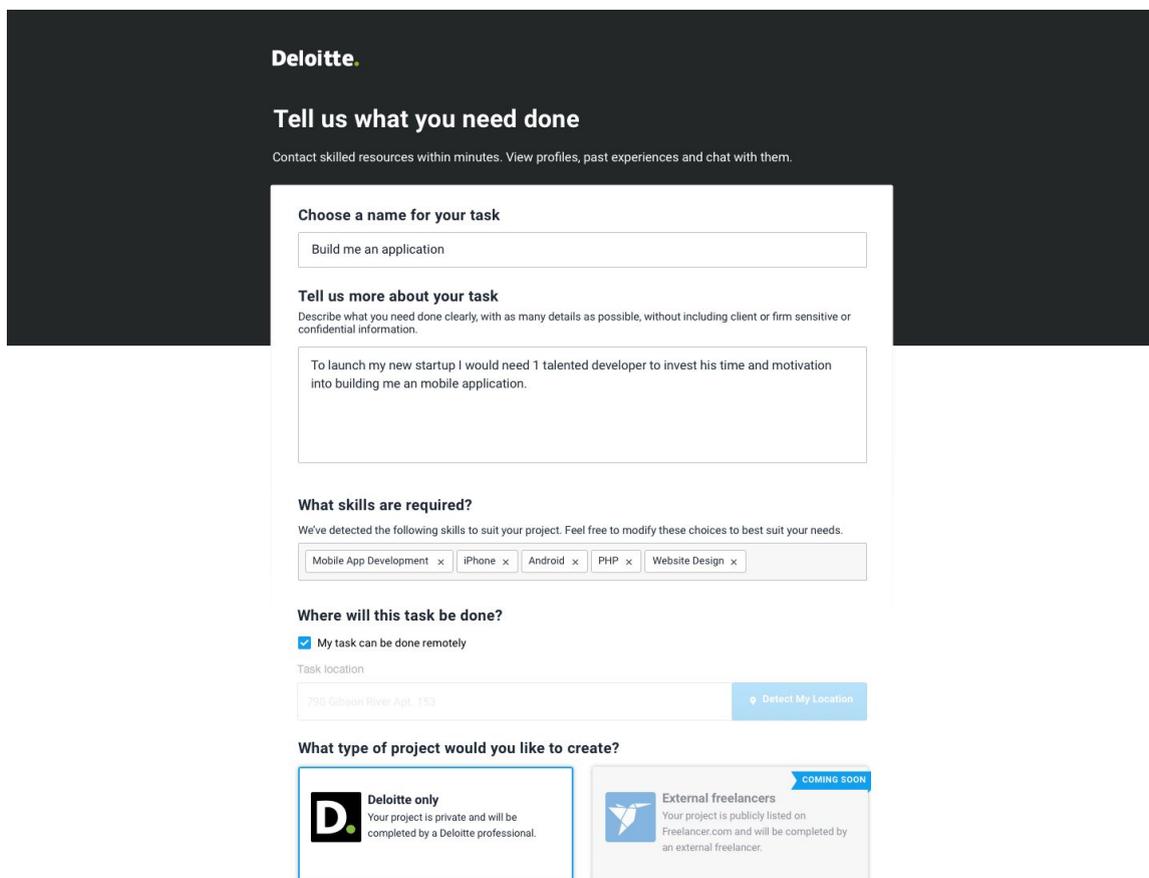
In 3Q19 Gross Payment Volume for the Freelancer.com segment was \$45.7 million for the quarter (up 7.0% on pcp, unaudited).

In the third quarter product focused primarily on enterprise (~40% of engineering resources), regulatory work including the integration of Escrow.com and continued deployment of the front end technical stack, leaving little time for product development.

However we are pleased to announce that in the quarter we deployed the first phase of Deloitte MyGigs, an internal talent marketplace, to enable Deloitte consultants globally to more efficiently match skills set with opportunities and provide greater visibility into projects and resource needs.

This has been a major project that the enterprise engineering team has been working on for most of 2019 and we are pleased to see it now in production. Deloitte has been paying for engineering services for the development of MyGigs and there is per seat licensing for use of the product. There are no minimum volume commitments as part of the Master Services Agreement.

Deloitte.



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Tell us what you need done

Contact skilled resources within minutes. View profiles, past experiences and chat with them.

Choose a name for your task

Build me an application

Tell us more about your task

Describe what you need done clearly, with as many details as possible, without including client or firm sensitive or confidential information.

To launch my new startup I would need 1 talented developer to invest his time and motivation into building me an mobile application.

What skills are required?

We've detected the following skills to suit your project. Feel free to modify these choices to best suit your needs.

Mobile App Development x iPhone x Android x PHP x Website Design x

Where will this task be done?

My task can be done remotely

Task location

799 Gibbean River Apt. 153 Detect My Location

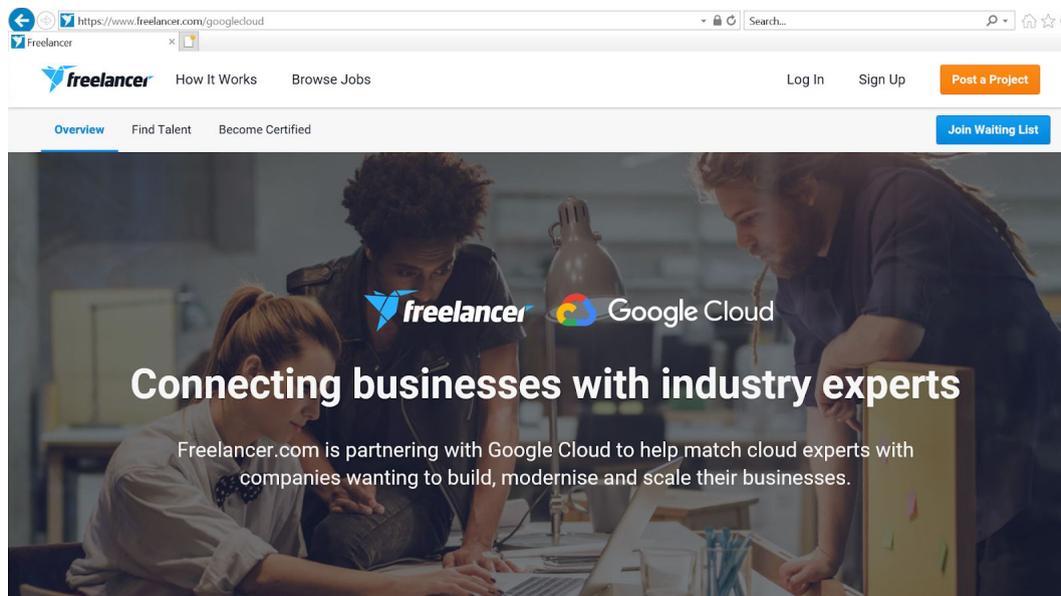
What type of project would you like to create?

Deloitte only
Your project is private and will be completed by a Deloitte professional.

External freelancers COMING SOON
Your project is publicly listed on Freelancer.com and will be completed by an external freelancer.

During this quarter we also continued to build additional features for ArrowPlus powered by Freelancer, the co-branded marketplace for electronic and electrical engineering built with Arrow Electronics.

In the quarter we also partnered with Google Cloud to match cloud experts with companies wanting to build, modernise and scale their businesses. There is no minimum volume commitment with this partnership.



Is your business lacking cloud expertise? Freelancer & Google Cloud can help.

Post projects and find certified freelancers from the professional cloud developer community, including Google Cloud Certified experts.



Apply to get a Google Cloud Certification to join the professional community.

Have the opportunity to work with quality clients using Google Cloud's platform and services.

In the third quarter of 2019 we made several releases for both iOS and Android that helped to increase our daily active users by 17% and daily to monthly active user ratio (retention metric) by 9% (relative growth) quarter on quarter. This included the browse jobs experience, releasing portfolios on mobile and the ability to draw/sketch images sent by messaging.

Escrow.com



Gross Payment Volume for 3Q19 was \$152.1 million (up 4.9% on pcp, unaudited). In USD, it was US\$104.4 million and ex-China US\$98.6 million, the third highest quarter on record. This result was despite the company deciding to discontinue service to 40 countries in July of 2019 due to increasing compliance costs for providing service in higher risk countries.

Escrow.com quarterly GPV (US\$)

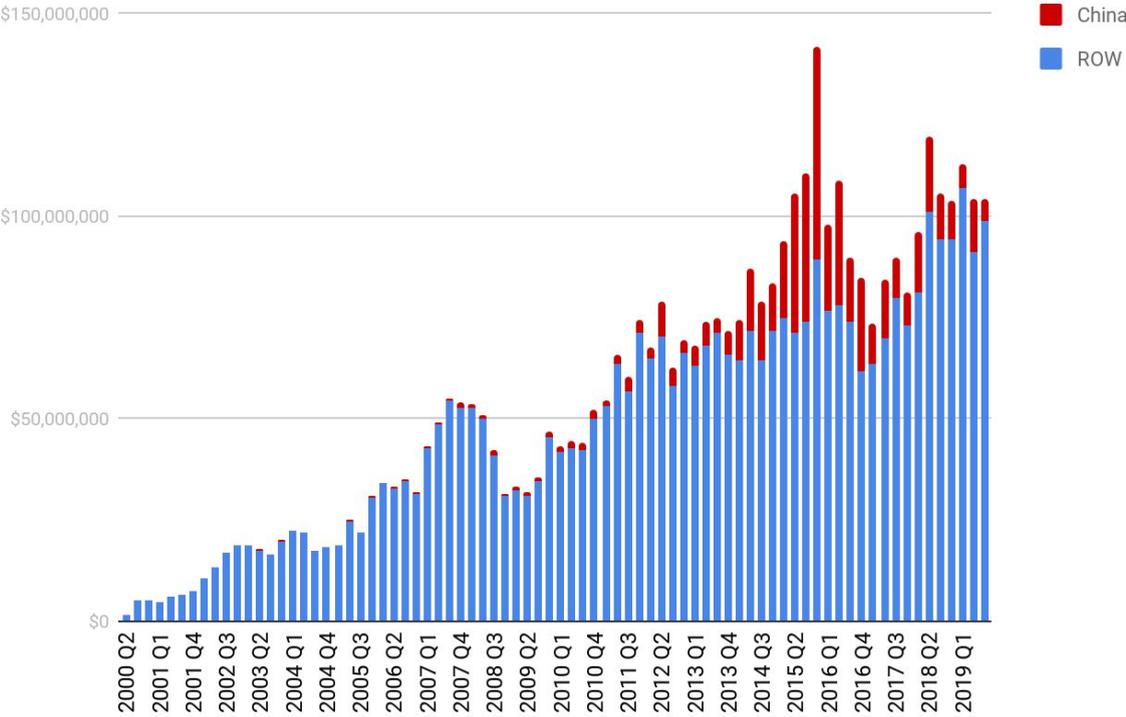


Figure 7: Escrow Gross Payment Volume (USD) by Quarter (China and Rest of World)

In October, Escrow.com integrated and went live with a major automotive marketplace in North America. The company will be making an announcement in the coming weeks on the partner’s official consumer launch date.

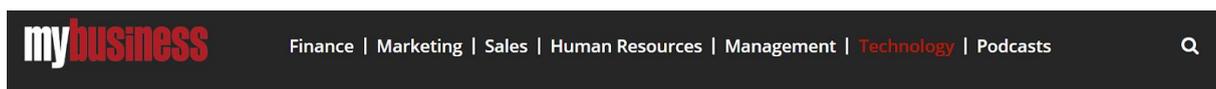
In 3Q19 we got closer to completion of our US licensing program with our total licensed coverage of the U.S. increasing to 47 states. We increased the number of money transmission licenses to 35 with the granting of a license in Maryland. We additionally have

eight escrow licenses and four states do not require licensing. In 4Q19 we expecting money transmission licenses to be granted in two more states, with one of those licenses already in the final stages of processing.

Additionally, support for Canadian dollars was enabled towards the end of the quarter.

The license application for the United Kingdom is expected to lodge in 2019. We expected to file earlier but the process was delayed due to the launch in Canada in the third quarter.

Escrow.com continues to be the payment provider of choice of domain names which continue to set record sale prices. On October 24th, bidding will open for fashion.com, with the auction managed by Auction-Experts and Escrow.com.



Home / Technology / Record price hopes as fashion.com goes to auction

Record price hopes as fashion.com goes to auction

TECHNOLOGY | ADAM ZUCCHETTI | 11 October 2019 — 1 minute read



The website domain fashion.com is up for grabs at a public auction – although you will need deep pockets to secure it, with suggestions that it could become the world's most expensive domain name.

To claim a new price record, it would have to beat the \$US30 million (approximately \$44.3 million at Friday's exchange rate) paid only a few months ago for voice.com, according to global domain trading site escrow.com.



In the quarter, much of the core engineering activity was focused on the integration of Escrow.com into Freelancer.com for the facilitation of payments by users resident in the State of California. The California Department of Business Oversight this year took a view that the provision of controlled payments- expressly milestone payments- in service



marketplaces requires an escrow license in the State of California. In May 2019 Brian Chesky, CEO of Airbnb, [publicly stated](#) that subsequently “we had to get a money transmission license in the State of California”. The impact of this change was a reduction in cash on the group balance sheet of \$0.5 million as these controlled payments were moved off Freelancer.com’s balance sheet and into trust which is off balance sheet with Escrow.com.

As far as we are aware Freelancer.com is the only freelance services marketplace (with the exception of Upwork which has historically had an internal escrow license) that has taken action to facilitate these payments in California through a licensed entity.

In the quarter, partner integrations of note included Global Sources, a B2B platform that has serviced buyers and suppliers online and offline for 48 years. The core business facilitates trade between Asia and the world through trade shows online marketplaces, magazines, and apps. The company organizes export sourcing shows in Hong Kong SAR every April and October with eight events annually, including the world’s largest electronics and mobile electronics shows as well as Lifestyle and Fashion shows.

Conclusion

The Group had operating cash flow of \$(1.5)m in the quarter. Operating cash flow has been impacted by the transfer of open controlled payments for California users to Escrow.com. Additionally, the growth in enterprise has resulted in increased receivables.

Cash and cash equivalents for the Group in the quarter ended at \$33.8 million, down \$0.7 million on 2Q19.

For more information please contact:

Neil Katz
Chief Financial Officer
Freelancer Limited
investor@freelancer.com

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

Twelve-time Webby award-winning Freelancer.com is the world's largest freelancing and crowdsourcing marketplace by total number of users and projects posted. More than 39 million registered users have posted over 16 million projects and contests to date in over 1,600 areas as diverse as website development, logo design, marketing, copywriting, astrophysics, aerospace engineering and manufacturing. Freelancer owns Escrow.com, the leading provider of secure online payments and online transaction management for consumers and businesses on the Internet with over US\$4 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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