

ASX Announcement | 16 April 2018

Freelancer Group delivers 1Q18 cash receipts of AU\$12.1 million (down 3.7% on pcp), Freelancer segment gross marketplace volume at all-time high of US\$23.6 million (up 9.5% on pcp), Escrow segment 1Q18 GPV of US\$95.9 million (up 31% on pcp), Escrow GPV ex-China second highest quarter ever at US\$81.1 million (up 28% on pcp), Escrow cash receipts up 18% in 1Q18 on pcp, Group positive operating cash flow of \$0.3 million, cash and cash equivalents A\$32.8 million as at 31 March 2018 (up 2.7%), both Freelancer.com and Escrow.com segments and Group all EBITDA positive in March 2018 (unaudited).

SYDNEY, 16 April 2018 - 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 March 2018 (1Q18).

Escrow.com



Escrow cash receipts for 1Q18 were up 18% on pcp, and Escrow cash receipts in March were the highest since June 2016 as production transactions started to flow from third party API integrations. Escrow Gross Payment Volume was US\$95.9 million (up 31% year on year) with ex-China GPV recording its second highest quarter ever at US\$81.1m (up 28% year on year). Escrow China GPV was up 50.5% year on year at US\$15.0 million.

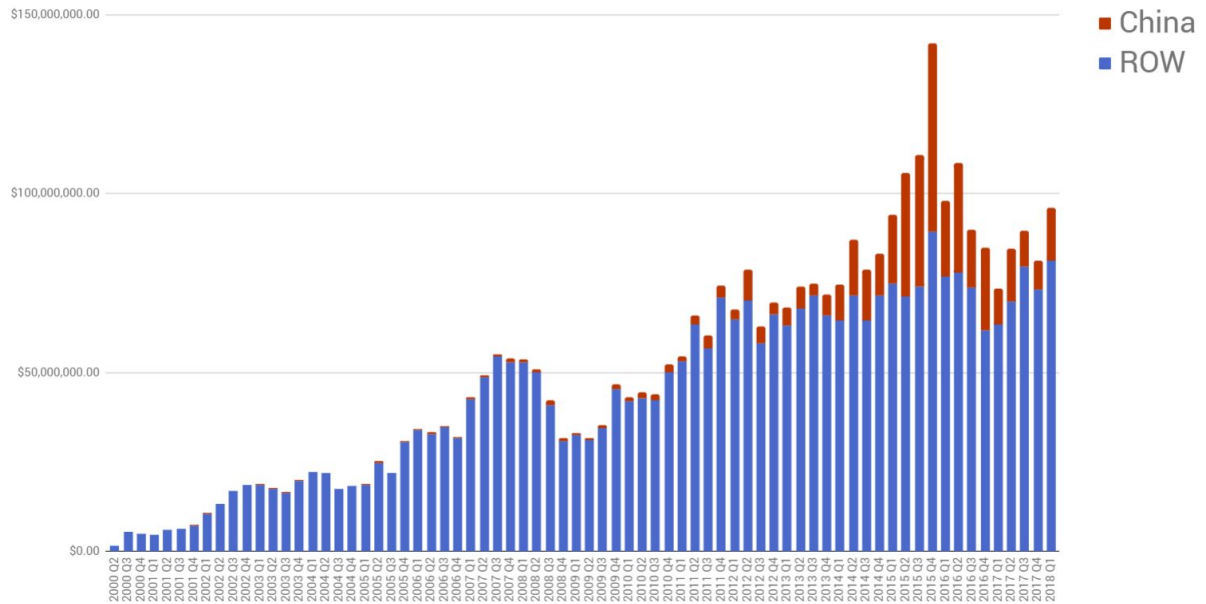


Figure 1: Escrow Gross Payment Volume by Quarter (China and Rest of World)

The recently released Escrow.com API continues to be integrated across a wide range of industries. A recent integration is shown below, where Escrow.com is the sole payment system being used in an aircraft marketplace (Wingform by Scandic Aviation).

Figure 2: Wingform.com by Scandic Aviation

Escrow.com is also the sole payment system for Orion Span’s recently announced Aurora Space Station, where production transactions are flowing for the initial US\$80,000 deposit on the \$10 million journey to the world’s first luxury space hotel.



Figure 3: The Aurora Space Station by Orion Span (www.orionspan.com)

Arturas Kerelis @arturaskerelis Follow

I joined the waitlist to stay in a space hotel with @OrionSpan and @frankbunger!

Orion Span Deposit Escrow	1	1	
Deposit for future stay aboard Orion Span's Space Station			
Subtotal			
Total			
Transaction ID: 3874462			
Terms			
Transaction #:	3874462		
Escrow #:	0		
Transaction Title:	Ecart transaction		
Buyer:	Arturas Kerelis (arturaskerelis@gmail.com)		
Seller:	Orion Span, Inc.		

8:41 AM - 6 Apr 2018

4 Retweets 19 Likes

Figure 4: Tweet from Space Journalist Arturas Kerelis of his deposit paid to Orion Span, facilitated by Escrow.com

In 1Q18 we made major improvements to payments processing through workflow automation, effectively doubling the speed at which our payments staff can disburse funds to users after verification.

Escrow revenue is expected to continue to climb as integrations continue. The Escrow.com segment was EBITDA positive (unaudited) in March 2018.

Freelancer.com



Freelancer cash receipts were down 6% on pcp, primarily as a result of drag from memberships. Gross Marketplace Volume however, a key driver of the business, hit all-time highs, growing to US\$23.6 million in 1Q18 (up 9.5% year on year), as the marketplace economic activity continued to return towards the long term trend growth.

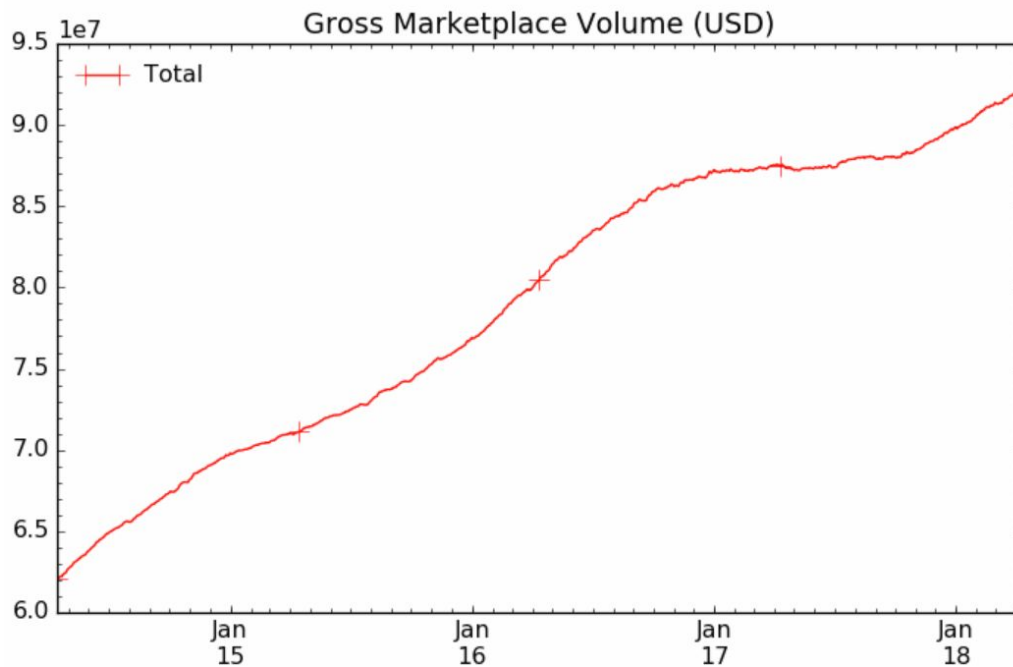


Figure 5: Milestones released to Freelancers / GMV (USD equivalent)

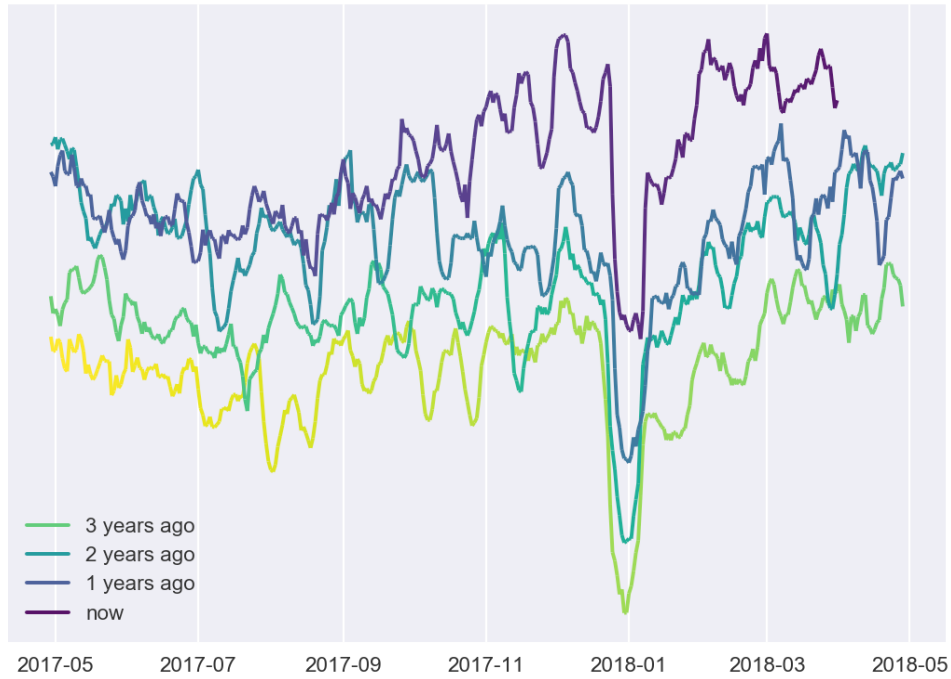


Figure 6: Milestones released to Freelancers / GMV (USD equivalent).
 Note latest data points for "now" represent the Easter holiday.

We are also hitting all time highs for the number of monthly active distinct bidders who have ever received a milestone.

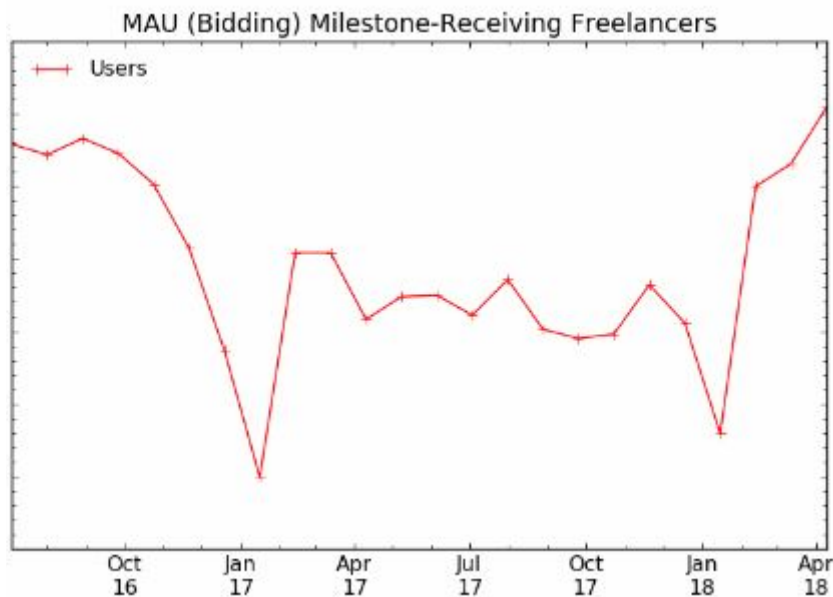


Figure 7: Count of monthly active distinct freelancers receiving milestones
 (Note: Y-axis does not start at 0)

Membership continue to be the major drag on cash receipts. As reported, we have tightened up funnels to ensure that only customers that achieve tangible value from memberships

subscribe. We also defaulted promoting the Plus (~\$11/mo. plan) over Professional (~\$44/mo.) to lift bid quality. Retention has improved markedly as a result. We estimate that by June 2018 membership revenue will revert to positive year on year growth.



Figure 8: User retention for memberships (3 months)

Contests can now be managed on mobile web, and liquidity continues to increase with over 66% of contests receiving their first entry within one hour.

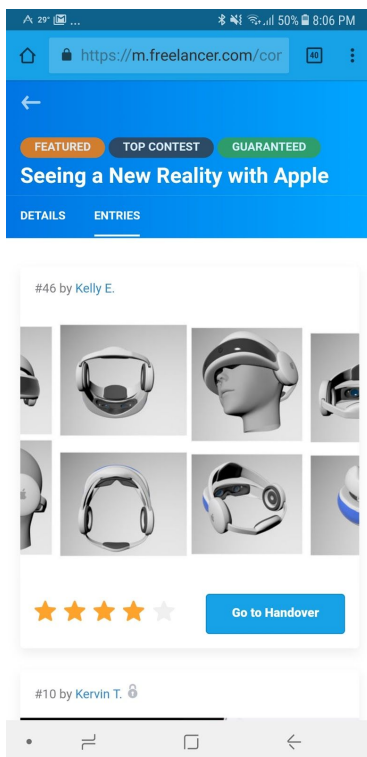


Figure 9: Contests on mobile web (LHS) and Ratio of contests with first entry within 1 hour (RHS)

Hourly projects continued to grow strongly with paid tracked hours up 12% QoQ in 1Q18/4Q17 (Figure 10). Year on year growth 1Q18/1Q17 was 53%.

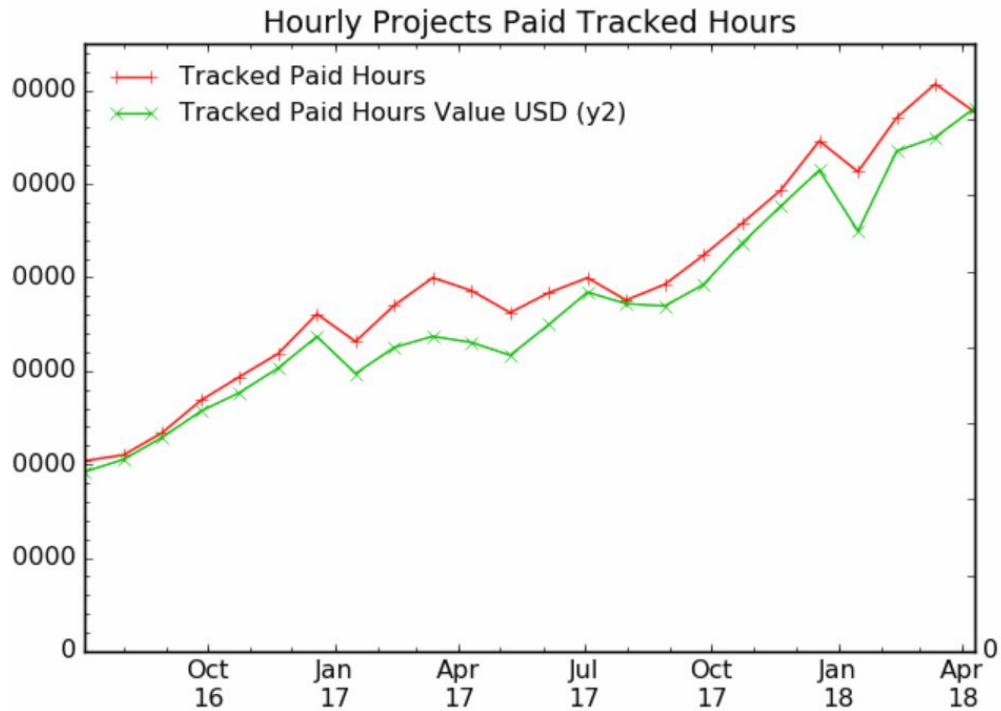


Figure 10: Paid tracked hours for hourly projects

Recruiter continues to show stellar growth with GMV up 55% year on year in 1Q18.

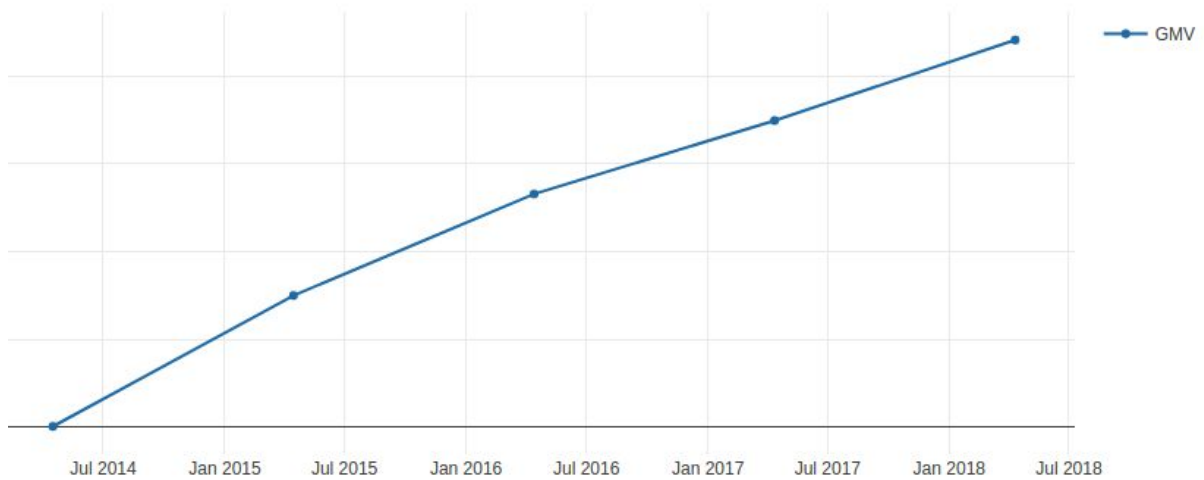


Figure 11: Recruiter Gross Marketplace Volume

Mobile also showed strong growth with paid fees in USD up 10.9% QoQ 1Q18/4Q17.

In the quarter we launched Freelancer Drive, which allows you to manage all your files in one place. The file management interface lets you set file-specific permissions, giving you control over how you share files and makes it easy to collaborate with freelancers as well as friends and colleagues.

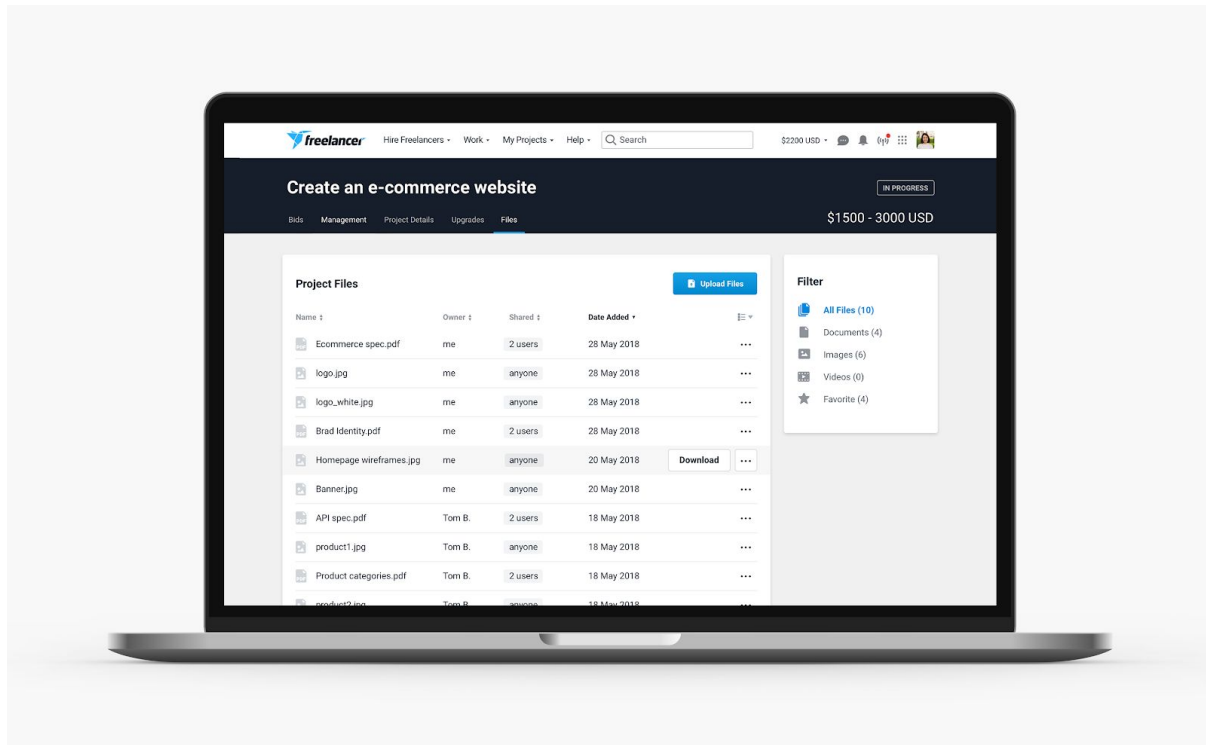


Figure 12: Freelancer Drive allows easy organisation and sharing of all your project files

We also increased local bank withdrawals to 45 countries. The list includes most European countries, Pakistan, Bangladesh, China, Russia and some countries in Southeast Asia and Latin America. We added the Google Pay payment method to mobile web which provides a better user experience for Android phone users to make payments on the platform.

Our quality and retention improvements continue to pay off with our Trustpilot score lifting to 8.8 in the quarter.



Freelancer

Reviews (2,780) • Great



Collecting



TrustScore 8.8 out of 10

Figure 13: Freelancer.com Trustpilot Score at 8.8

Since Freelancer Enterprise launched in December 2017, demand for the enterprise offering from Fortune 500 companies has risen strongly. Engagement is primarily driven by four main departments within these organisations: high-level strategy and innovation teams, procurement, point problems from product groups and consultants. The enterprise group is working with several dozen companies on early stage pilots which include: back office for a Big 4 professional services firm across three continents, a global telecommunications company on two continents, product design for a global aerospace company, economic pricing studies across the world for a media company and hardware development for a large electronics manufacturer. At the moment these pilots are all early stage and generate de minimis revenue, but in time could grow to be substantial opportunities.

The Group has positive operating cash flow of \$0.3m in the quarter. Cash and cash equivalents for the Group were at \$32.8 million as at 31 March 2018, up 2.7% from 4Q17.

The Escrow.com and Freelancer.com segments, as well as the Group were all EBITDA positive (unaudited) in March 2018.

The quality of freelance work continued to be exceptional. Figure 15 shows some of the work from the showcase in 1Q18. Freelancer.com continues to be unbeatable for the quality and sophistication of work delivered versus budget.

Healthy
Dashboard
January 10, 2018

Your Curo Score
Good 9.5

Sleep
Weekly Sleep Good 8 hrs

Your Progress
Sleep 6 hrs, 41 mins
Sleeping Good
800 Calories
2488 Steps

Calories
Daily Goal 4000

Steps
Monthly Goal 300k

This Dashboard Design cost **\$348**

This Packaging Design cost **£20**





Figure 14: Examples of freelancers' work in 1Q18

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 FY18 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

Ten-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 27 million registered users have posted over 13 million projects and contests to date in over 1,000 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\$3.5 billion in transactions secured. Freelancer Limited is listed on the Australian Securities Exchange under the ticker ASX:FLN.

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