

## ASX Announcement | 31 January 2020

Freelancer Group delivers all-time record cash receipts of \$14.4 million (up 7.8% on pcp) in 4Q19, all-time record FY19 cash receipts of \$57 million (up 11.2% on pcp). Freelancer Group GPV for the full year was \$787.7m (up 6.4% on pcp, unaudited). Freelancer segment Gross Payment Volume for FY19 was \$181.4m (up 6.7% on pcp, unaudited). Escrow segment Gross Payment Volume for FY19 was \$606.3 million (up 6.3% on pcp, unaudited). Freelancer had a positive net operating cash flow of \$2.1 million for the full year. The group ended FY19 with cash and cash equivalents of \$32.0 million, down 3.6% on FY18.

**SYDNEY, 31 January 2020** - 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 2019 (4Q19).



## Freelancer.com



Freelancer segment Gross Payment Volume for FY19 was \$181.4m (up 6.7% on pcp, unaudited). For 4Q19 it was \$43.5 million for the quarter (down 2.2 % on 3Q19, unaudited).

In the fourth quarter the major focuses for the product team were Freelancer enterprise, continuing the roll out of the new front-end architecture and associated technical debt, improvements to reduce spam, work to comply with new regulatory requirements, and improvements to our deployment and QA infrastructure.

In our enterprise division, one of our major focuses was the deployment and support of Deloitte MyGigs, a custom internal talent marketplace built on Freelancer Enterprise that enables Deloitte consultants globally to more efficiently match skills and opportunities across a vast organization and provide enhanced visibility into project and resourcing needs. We are pleased to announce that Deloitte MyGigs has seen significant internal adoption, with user sign-ups over 8,000 and continuing to grow strongly. In late 2Q20 we will be opening up MyGigs to allow the hiring of freelancers on Freelancer.com.



*Research can be very time consuming and intricate, but it doesn't require a Deloitte specific skillset.*

*We've found that if we develop comprehensive template or research guides that we get phenomenal products back from Freelancer that frequently exceed the breadth and depth of information of what we would have been able to produce on our own.*

*Senior Manager @ Deloitte Consulting*



One recent project for a Japanese enterprise customer involved finding a machine learning engineer to help improve optimisation in route planning for a pseudo-quantum computing architecture. The conglomerate estimated it spends US\$50,000 per problem to perform this optimisation internally and had a target of US\$20,000 per project. Their first project on Freelancer.com cost US\$250 and resulted in a solution within one week that was more optimal than all previously solved solutions for the first problem space by their internal team.

Figure 2: Optimisation project for a Japanese Conglomerate

Our product teams continue to work on features that assist enterprise adoption and we are looking forward to detailing these in future reports. We are additionally porting Freightlancer.com to Freelancer Enterprise.

We continued to roll out our new front-end architecture which has taken longer than we originally planned due to prioritising enterprise and enhancements to meet new regulatory requirements which are increasingly being enacted in jurisdictions around the world. We are progressively rolling out pages in the new architecture and anticipate we will complete this during 2020. The new pages are faster and provide a better user experience. For example, our new Know Your Customer and Identity Verification Centre, part of our anti-spam improvements, resulted in a 19% improvement in KYC documents being uploaded and subsequently approved. Our front-end overhaul has been a major project in paying off technical debt- effectively a rebuilding the entire website- which we believe will strongly pay off in the long term. It has been tricky work on highly functional pages as feature completeness is critical and any deficiency will result in a small penalty to GMV. We continue to progressively work through a backlog of improvements and pages.

freelancer Q Browser My Projects Messages Updates Post a Project Czel L. @ceel01 \$12.00 USD

## Know Your Customer and Identity Verification

Know Your Customer (KYC) ensures a trusted marketplace for all users by confirming their identity through the submission and verification of valid documentation.

### Why verify your identity?

Verifying your identity is crucial in establishing trust within the Freelancer.com Community. In addition, it is a legal requirement for us to perform "Know Your Customer (KYC)" checks under the Australian Money Laundering and Anti-Terrorism Financing Act. These requirements are similar to those presented by other regulatory regimes throughout North America and Europe.

All data uploaded as part of this process will be kept strictly confidential, and is stored securely, separate from other Freelancer.com data, using best practice, industry standard encryption. For more information, please see our [Privacy Policy](#).

### Learn More

- Know Your Customer Program (KYC)
- Know Your Customer and Identity Verification Policy
- KYC Requirements and acceptable documents
- Privacy Policy

### Things you need

#### Proof of Identity

You must provide any government issued ID such as:

- Passport
- Driver's License
- National ID Card
- Other IDs - as long as it is government-issued and has your name, photo, date of birth, signature and the ID's date of issue

IDs must include your photo, signature, name and date of birth.

#### Keycode Verification

You will be provided with a **unique keycode** to print or write down. You must provide a photo of yourself holding the **unique keycode** and your **ID side-by-side**.

#### Proof of Address

You must provide documents that include your full name and address, and must clearly display the issuing authority's name, address, and phone number. The following documents may be provided:

- Bank Statement (issued within the last 3 months)
- Utility Bills (issued within the last 3 months)
- Residence ID/Permit
- Any valid government-issued ID as long as it has your name, current address, photo, date of birth, signature, and the ID's issue date.

[Verify my identity](#)

Figure 3: The new Know Your Customer (KYC) and Identity Verification Center

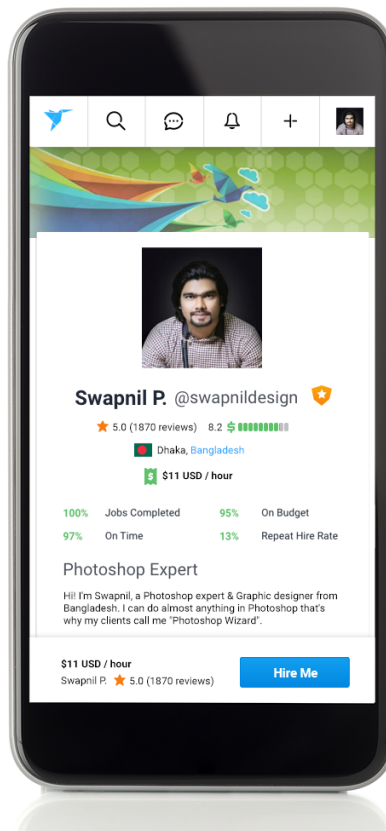


Figure 4: The new responsive Profile page

Our mobile apps continue to perform well, with weekly active app users in 4Q19 up 9% from 3Q19, and up 54% year on year. This result can be partially attributed to a number of core feature releases in 4Q19, including superior group chat management and creation on iOS, and the introduction of the Recruiter upgrade to Android.

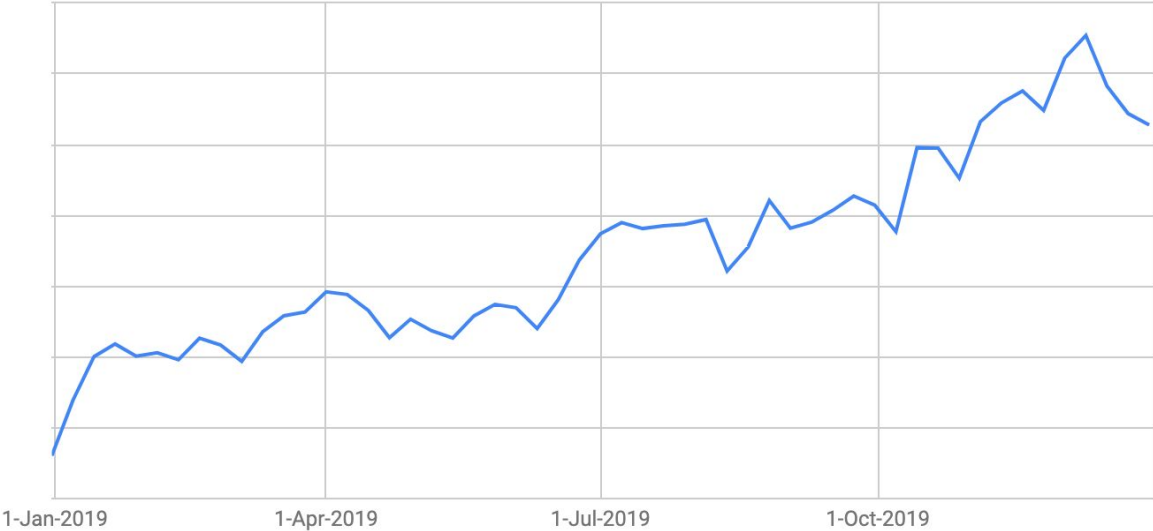


Figure 5: Total weekly active mobile app users up 54% year on year in 4Q19



Figure 6: New group chat interface for iOS

# Escrow.com



Gross Payment Volume for 4Q19 was \$146.6m, and for FY19 \$606.3m (up 6.2% on pcp, unaudited). In USD for 4Q19, it was US\$100.3m and ex-China US\$92.1m. 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\$)

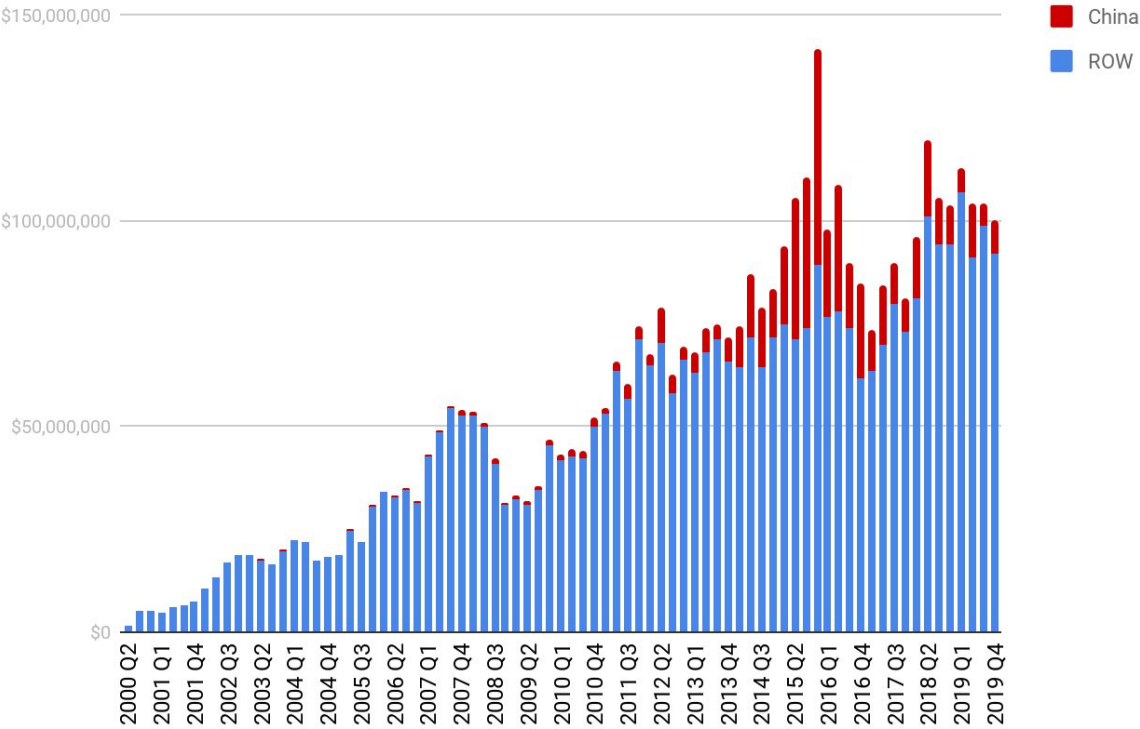


Figure 7: Escrow Gross Payment Volume (USD) by Quarter (China and Rest of World)

Escrow.com is rapidly becoming the payment provider of choice for the IPv4 industry signing across the year Hilco Streambank, Brander Group Inc., INANA Group, DigitalOcean Holdings, Inc., Hetzner Online GmbH and BRENAC EURL. In the last two years Gross Payment Volume for IPV4 rose 530% to US\$51 million (unaudited) in FY19.

Likewise we are making progress through the automotive industry and will expect to provide an update during 1Q20.



Escrow.com continues to be the choice for transacting the highest value domain names, with Fashion.com being sold at private auction through Auction-Experts and Escrow.com in 4Q19. Domain names sold through Escrow.com continue to attract good prices, the auction of fashion.com sold in the quarter at an eight digit price in US dollars. In 4Q19, Escrow.com partnered with Flippa, the #1 platform to buy and sell online businesses, to power payments.

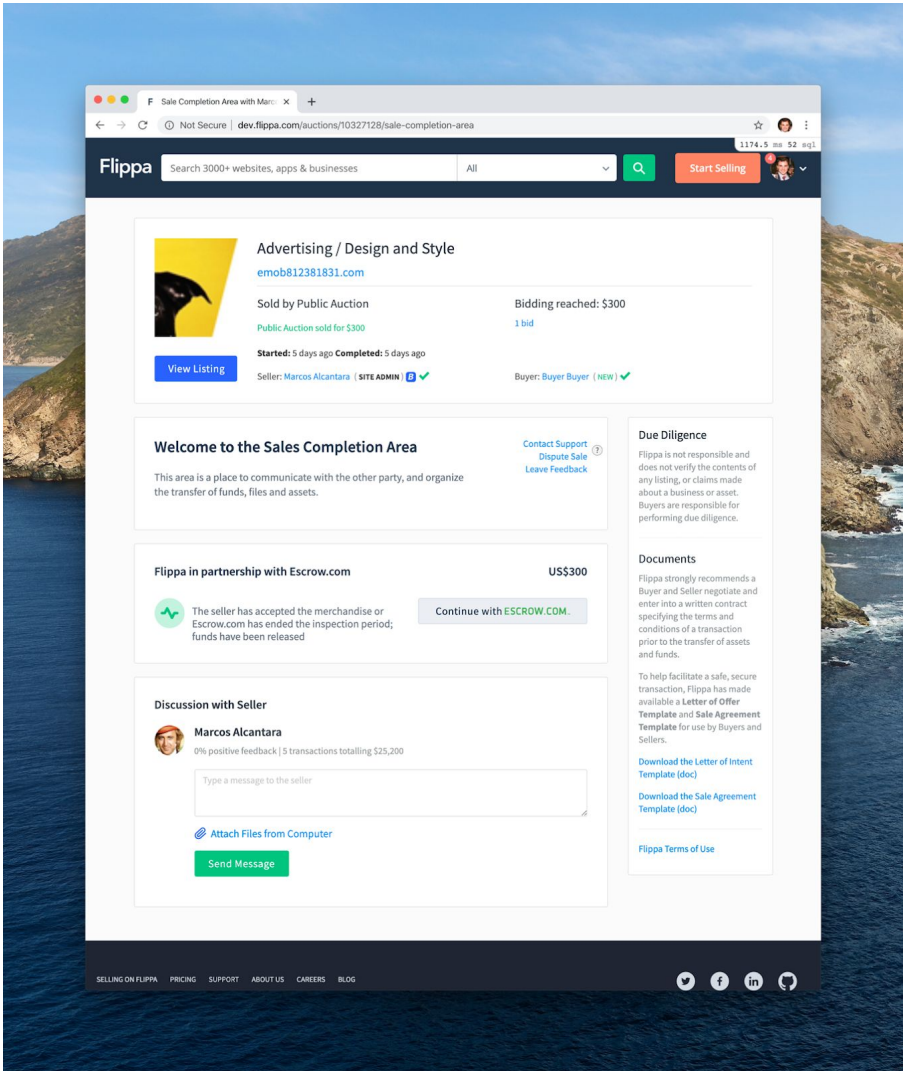


Figure 8: Escrow.com integration with Flippa

In terms of product development we made a number of improvements to support our partners, improving our co-branded experience for partners through our product funnels including Escrow Offer. We also improved our fraud prevention for partners to add additional checks and enhanced Know Your Customer (KYC) processing, together with operational enhancements for ongoing analysis and action to reduce fraud and improve customer experience. We also enabled electronic ID verification to improve onboarding and mitigate fraud. In the quarter we also launched the partner dashboard with a modern user experience to allow marketplaces & partners to monitor escrow transactions. Finally, we automated and streamlined the integration between banking partners and to improve payments to users.



In the 14th Annual Business Awards (Stevies) Escrow.com won Silver for the Company of the Year for Financial Services (Small) and Bronze for Best Fintech Solution.

Canadian dollar support was enabled in 3Q19 and our application for MSB licensing in Quebec has been filed.

Our total total licensed coverage of the U.S. in 47 states. In 1Q20 we are expecting money transmission licenses to be granted in two more states, with one of those licenses already in the final stages of processing. This will complete our program in the US.

Escrow.com's license application for the United Kingdom is expected to lodge in 1Q20.

## Startcon

2019 was Startcon's tenth year and saw the highest audience attendance to date (up 14% YoY to 4,300 attendees over the two days). It was also an extremely successful year for speakers, including a widely reported on appearance by the Hon. Malcolm Turnbull, the 29th Prime Minister of Australia, Dr Christyl Johnson, the Director of NASA's Goddard Space Center and US Libertarian Presidential Candidate John McAfee.



**Figure 9:** The Hon. Malcolm Turnbull speaking at Startcon 2019

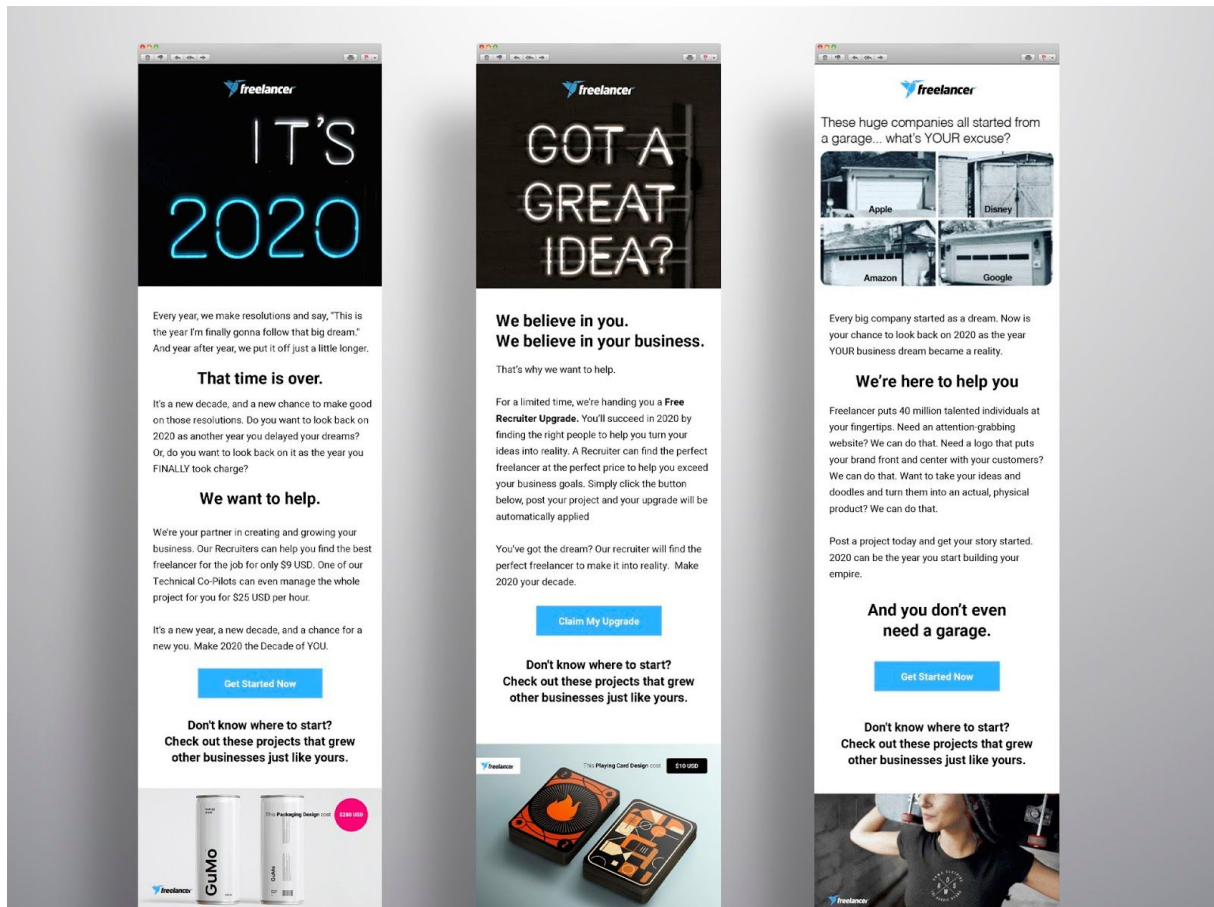
## Conclusion

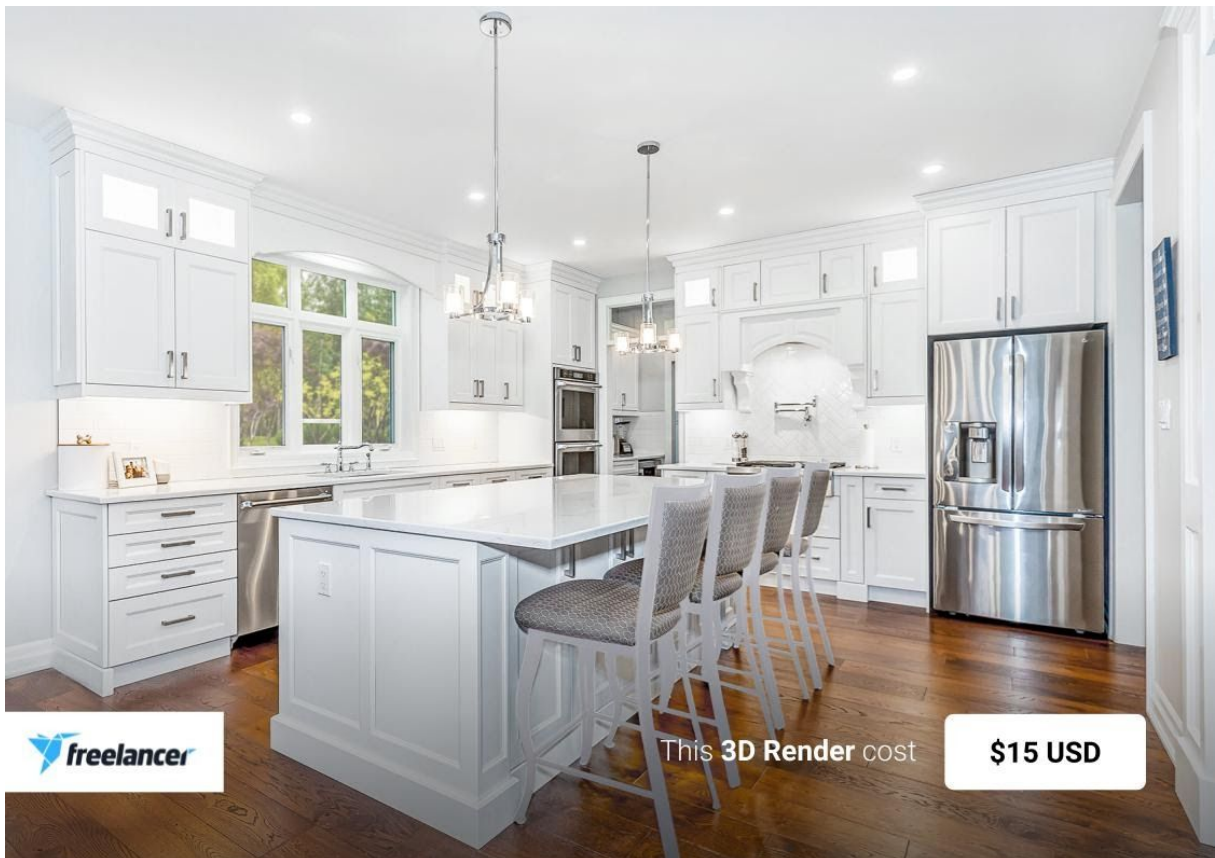
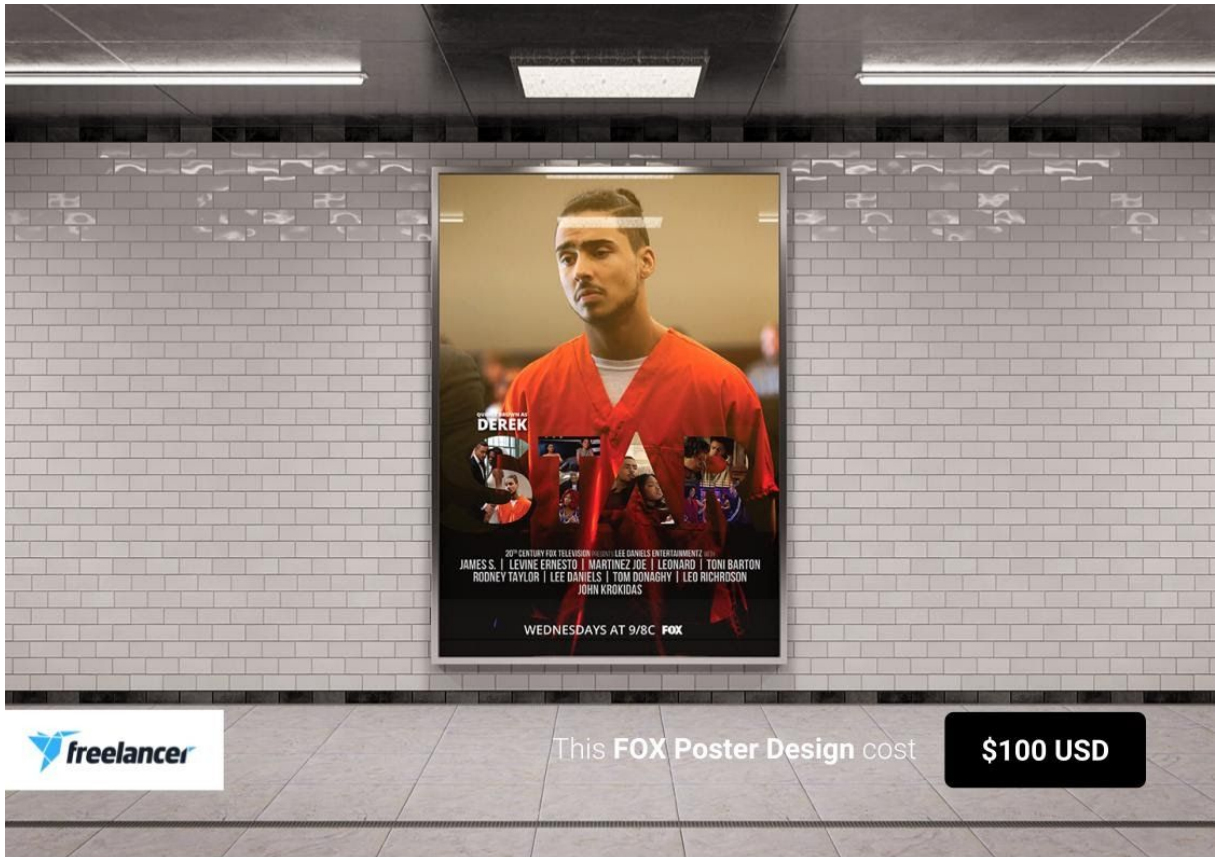
Freelancer achieved a net operating cash flow of \$2.1 million for the full year.

The group ended FY19 with cash and cash equivalents of \$32.0 million, down 3.6% on FY18.

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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 FY20 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 41 million registered users have posted over 17 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\$4.3 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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