Freelancer Limited

Financial Report & Directors' Report

For the year ended 31 December 2021

freelancer

Lodged with the ASX under Listing Rule 4.5

ACN 141 959 042

Contents

Freelancer Limited
Directors' Report

Your Directors submit the financial report of Freelancer Limited (the Company) for the year ended 31 December 2021. 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 195,919,185 fully paid ordinary shares, including a relevant interest in 1,916,754 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 194,002,431 fully paid ordinary shares (representing 42.87% 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 162,416,754 fully paid ordinary shares, including a relevant interest in 1,916,754 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 35.47% 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 $2,257,000 (2020 loss: $646,000).

Key Performance Highlights

Year ended 31 December	FY21 $m	FY20 $m	% Change
Financial metrics:			
Gross Payment Volume[1]	1,260	892	+41%
Net Revenue[2]	57.0	59.0	-3.3%
Gross Profit	47.7	49.0	-2.7%
Gross margin (%)	83.1%	83.3%	-0.2%
Operating EBITDA[3,4]	(2.7)	(0.4)	nm
Operating EBIT[3]	(3.0)	(0.7)	nm
Operating NPAT[3]	(2.1)	(0.5)	nm
Operating Cash Flow[5]	2.6	7.9	-67%
Operational metrics:			
New Jobs[6] (millions)	1.8	2.2	-18%
Total Jobs Posted (millions)	21.0	19.1	+10%
New Registered Users (excluding Escrow, millions)	7.6	8.9	-15%
Total Registered Users[7] (millions)	58.2	50.8	+15%

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 FY21 GPV A$180.4 million (down 6.1% on prior corresponding period), Payments segment GPV A$1,079 million (up 54.2% on prior corresponding period).*
2. *Net Revenue excluding Escrow.com for FY21 was $46.1m (down 8.8% on prior corresponding period).*
3. *Excludes non-cash share based payments expense of $156k in FY21 and $192k in FY20.*
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 $4.6m (FY20:$4.5m) and finance costs of $2.0m(FY20:$1.8m) relating to office leases (accounted for in accordance with AASB 16 Leases) are included in the EBITDA calculation.*
5. *From FY19 lease payments in respect of office leases have been accounted for in accordance with AASB 16 Leases. The impact is that lease payments are now recorded in the cash flow statement as interest payments, disclosed in operating activities and capital payments, disclosed in financing activities.*
6. *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.*
7. *User and project/contest data includes all users and projects/contests from acquired marketplaces. Prior to May 2009, all data was from acquired marketplaces. Includes Escrow.com unique users.*

Freelancer.com

Summary

Freelancer revenue was flat for the year at US$34.6 million (down 0.5%). GMV was US$101.1m, up 3.4%.

In brief:

- We started the year strong in 1Q21 with the best year on year growth in GMV since IPO (US$25.9m, up 23.6% on pcp).
- FY21 saw significant improvements to the core product, with all of our efforts on merging codebases and overhauling our mobile experience paying off in the form of increased productivity and speed of shipping new product features.

However:

- Macroeconomically northern hemisphere seasonality was far more pronounced in 2H21 due to the abatement of lockdowns and other restrictions. This was benchmarked against 2H20 where there was no seasonal drop, due to lockdowns. Simply, people in the Northern hemisphere got out and enjoyed an extended summer holiday period for the first time in two years.
- More importantly, in 2Q21 we made significant alterations to our predictive ad targeting models to improve customer acquisition. These improvements improved the profitability but cut advertising spend more than what was forecast. Bringing the spend back up under the new, higher profitability targets took longer than expected. Coupled with pronounced seasonality this turned FY21 from the best start since IPO in 1Q21 to a flat year.

Seasonality & Covid

Seasonality for Freelancer is shown in Figure 1 for the four years prior to Covid. In 2H21, seasonality was more pronounced than usual as the northern hemisphere took advantage of their first lockdown free summer in two years. In 2H21 we experienced a return to the seasonal trend.

Figure 1: Seasonality in Gross Marketplace Volume for the 4 years prior to COVID

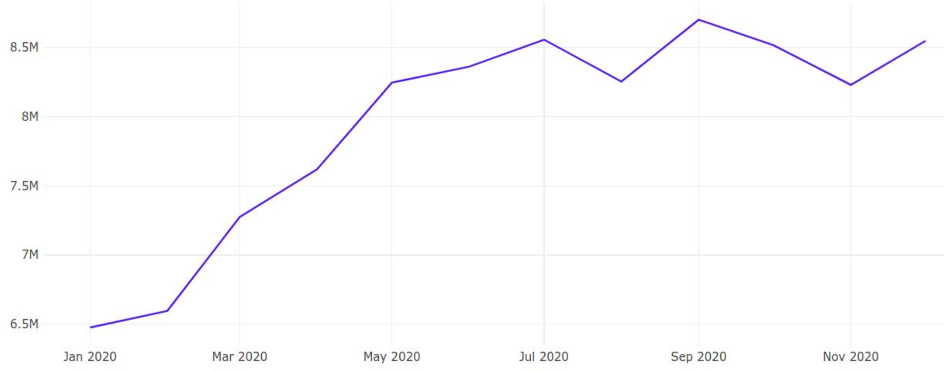

Figure 2: GMV in 2020 (note the lack of seasonality versus pre-COVID)

Predictive Ad Targeting

Advertising platforms typically give you 30 days to feed information back about the value of an acquired customer in order to direct their targeting. Unlike selling goods, where the profitability can typically be calculated and fed back instantly, services are typically performed over long time periods. To be accurate with directing the targeting of the advertising platforms one needs to forecast revenue streams from a customer. This is achieved by developing a predictive model of a customer's future payments by observations over a short time window.

Our data science and customer acquisition teams built a more sophisticated predictive model for forecasting customer revenue which took the better part of a year. It is a reasonably complex problem to tackle[1].

Figure 3: Accurate predictive long term value modelling is the holy grail of online advertising

This model went into production mid 2Q21. As part of deploying, we expected that some less profitable spend would be cut, and that we would then both tune and extend the dimensionality of the advertising program which would ultimately lift the profitability, spend and volume of acquired customers. On deployment, the model worked a little too well. It dramatically lifted profitability, but as a byproduct cut total advertising spending 24% in 1H21 and 38% in 2H21 compared to pcp.

The cut in spend from the model directing the advertising platforms to hunt increased profitability was not the problem here. The mea culpa was that we didn't tune the model and expand the program fast enough.

Part of the issue here is that it typically takes an advertising platform at least 30 days to fully implement targeting changes, as in the background various machine learning algorithms retrain. So any changes take a while before the effect can be measured. The second problem is that modifying targeting is akin to moving the cyclic stick on a helicopter: nothing happens, nothing happens, something happens.

The low-point of volume from the advertising program was in 3Q21 as seen in Figure 3.

Through the second half of 2021, we heavily focused on tuning and lifting the volume while retaining the new profitability constraints. This took quite a number of adjustments before we saw the desired effect.

We are pleased to report that as of the time of writing this report we have fully recovered our advertising volume (as measured by deposits from new advertising sourced customers). The 30 day deposit volume from paid search engine advertising is now positive on a monthly rolling pcp basis (up 6.1% year on year as of 17 Feb). We plan to continue expanding ad volume throughout FY22 within the new improved profitability targets.

[1] https://medium.com/@algolift/pitfalls-of-modeling-ltv-and-how-to-overcome-them-d2dd4666a78

Figure 4: Deposits from clients from paid SEM

We also strengthened management of this effort in November 2021 by hiring Hector Perez-Nieto as Director of Marketing (formerly Head of Digital, Mobisuper). Hector is now in charge of all customer acquisition.

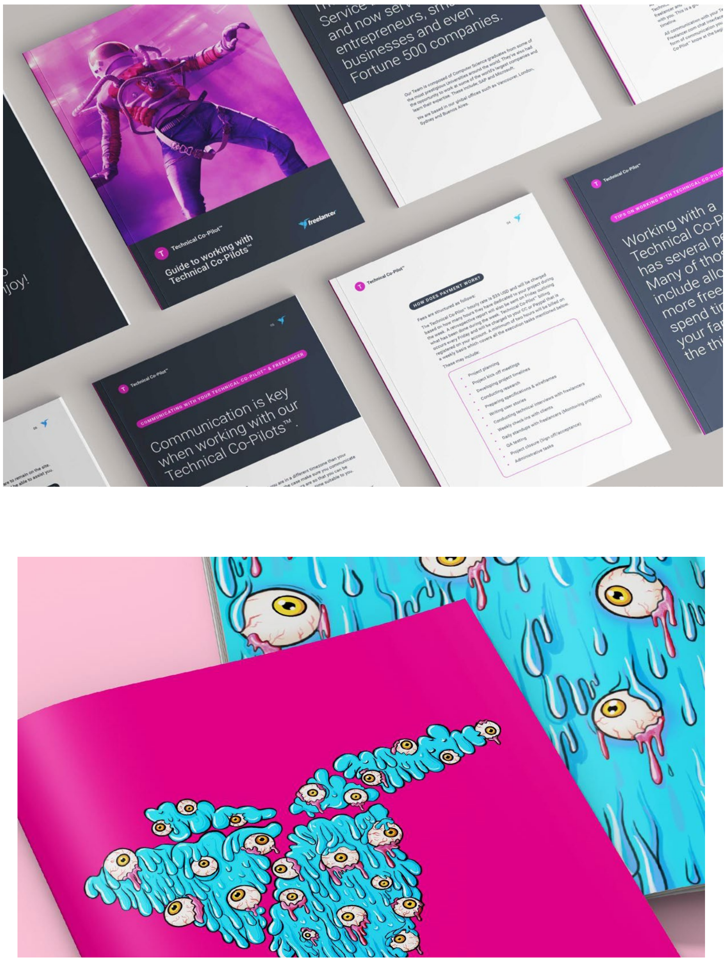

Figure 5: Improved visual design

Supply & Demand

On the supply side, the marketplace continues to grow strongly. In FY21 we added another 7.5 million users to the marketplace. Liquidity also improved, with the percentage of projects receiving their first bid in 30 seconds increasing from 28% to 38% over the course of FY21.

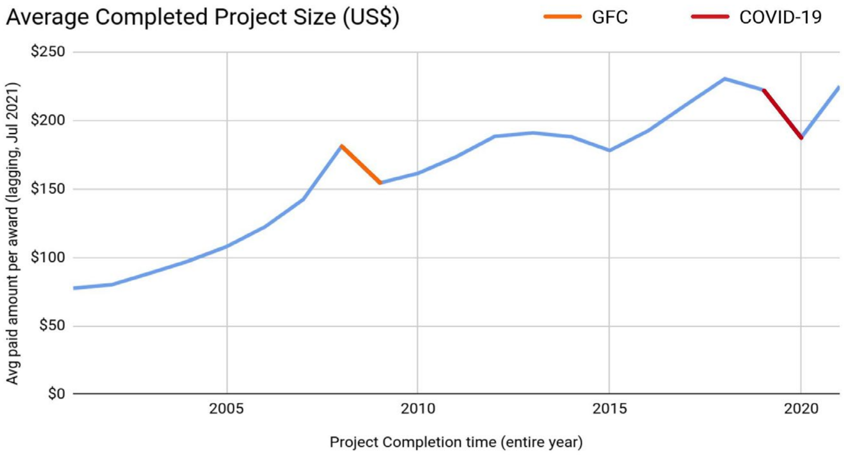

Figure 6: Average Completed Project Size

Average project size continues to rise, reaching US $225 at the end of FY21. This was partially as a result of the improved acquisition targeting mentioned above and partially from the long term marketplace trend of increasing sophistication in skills and quality of work delivered by our talented freelance workforce.

Engineering Focus

FY21 was a transformative year for the product and engineering teams. In the first half of the year, we leveraged our substantial investment into our webapp technology to completely overhaul the mobile user experience, whilst in the second half of the year we focused primarily on new product development and UX improvements.

The overhaul of our mobile experience represents the culmination of years of investment, and brings a number of significant benefits:

- The merging of four codebases into one, dramatically improving development time of new features, maintainability, and automated testing.
- A significant improvement in mobile responsiveness of the primary product, resulting in increases in client deposits and revenue.
- The introduction of a design system to improve the products visual design & UI/UX.

With the paying down of significant technical debt, our product teams have shifted focus to new product development. This is primarily focused in three major areas for FY22:

1. Visual design, responsiveness & UI/UX
2. Enhancements to payments, enterprise features, matchmaking and collaboration
3. Trust and safety

All new product will be delivered mobile first and across all of our platforms simultaneously - a key benefit of our new stack.

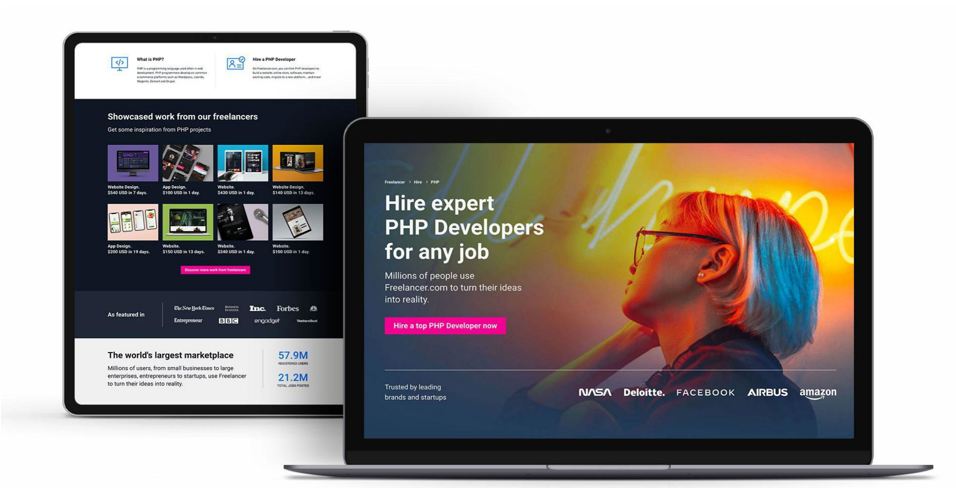

Figure 7: Improvements to the visual design

Product

A number of enhancements to the core product were shipped in FY21, including, but not limited to a new Showcase for freelancer's work, a new client onboarding flow, a modernised messaging interface and the first step towards enterprise-grade invoicing.

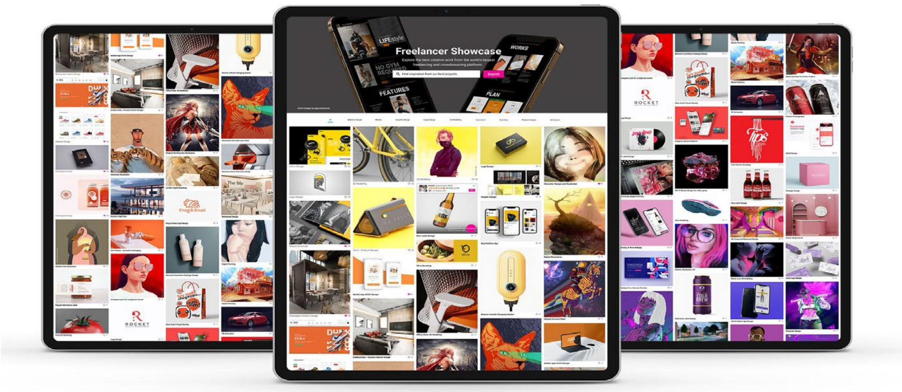

Figure 8: New Showcase of Freelancers' work

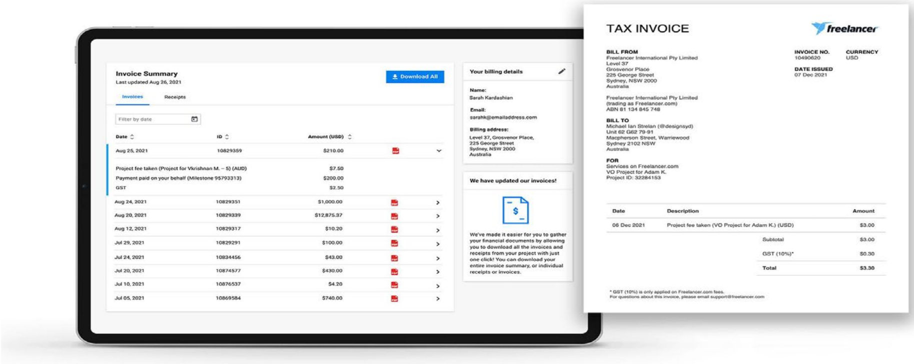

Figure 9: Improvements to invoicing

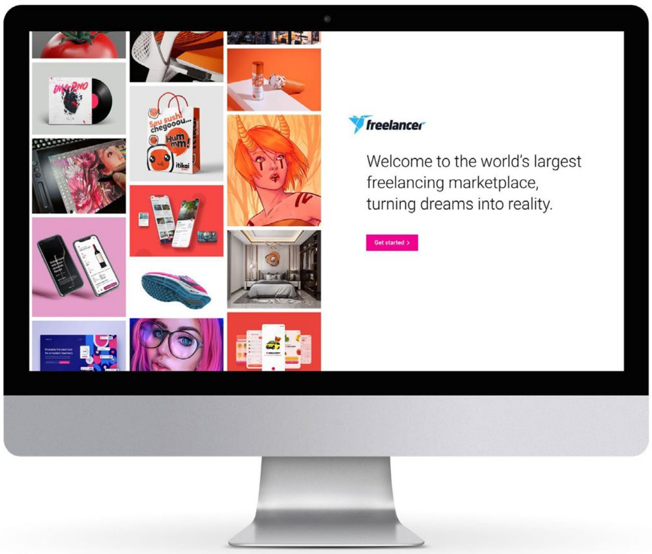

Figure 10: New client onboarding flow

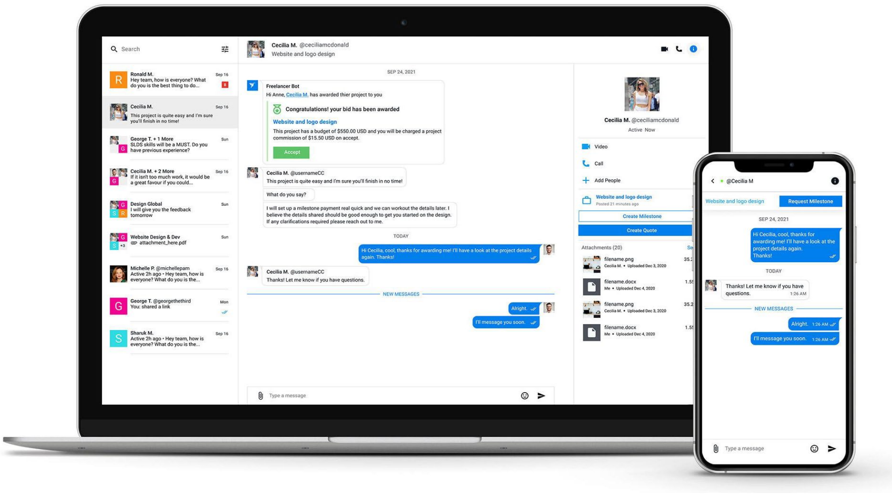

Figure 11: New messaging interface

Mobile

At the start of 3Q21 we finalised the rollout of the new Android app, marking the completion of our mobile transformation and merging the codebases of desktop, mobile web, iOS and Android. This release also marked the beginning of the end of our “webapp” transition - all the major technical work is now complete, and the vast majority of web pages and flows are also migrated. Whilst there are sporadic pages left that are not migrated, these will be migrated in the course of business as usual and will no longer require a significant amount of effort from our product and engineering teams.

The full features of Freelancer are now available at the same time, on every platform.

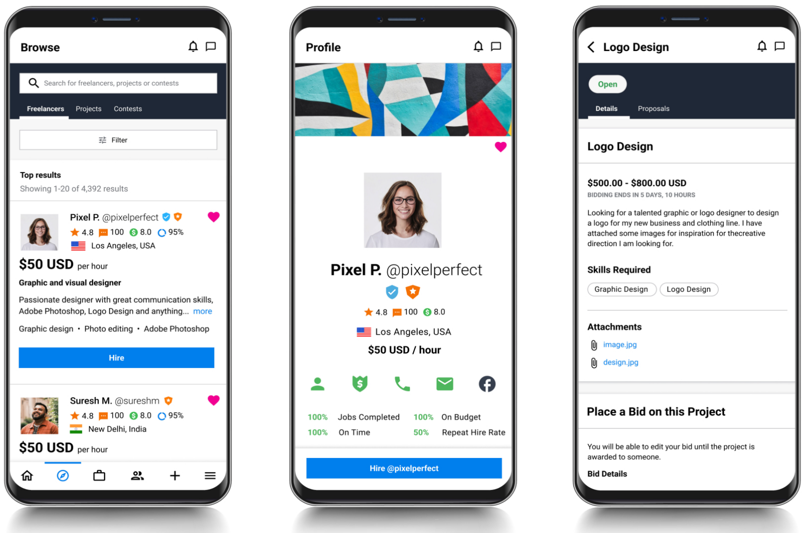

Figure 12: New fully-featured Android app

Visual Design, UI & UX

A major focus of the business in 4Q21 and FY22 is around the design and UX of the platform. With the introduction of our design system and consolidation of our web and mobile app codebases, this transformation will be highly visible.

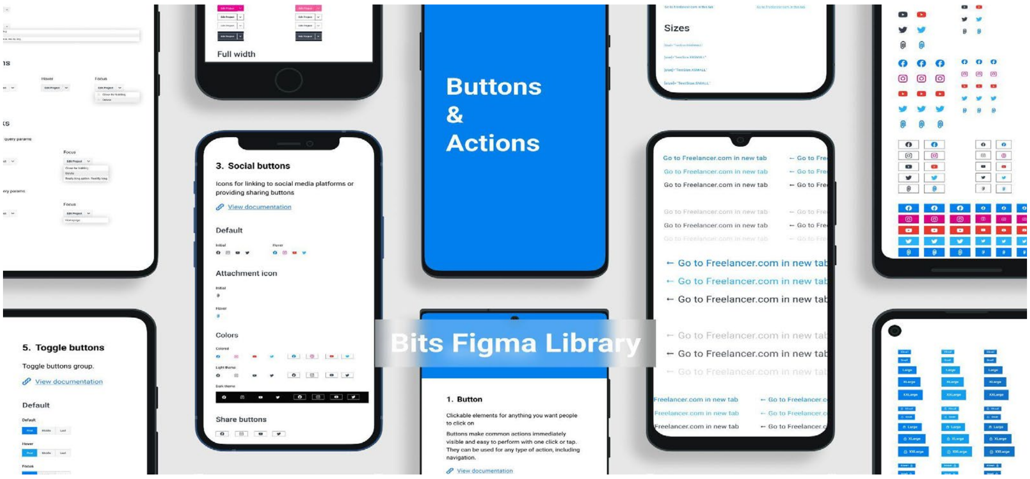

Figure 13: Freelancer's BITS design system

In 4Q21 we overhauled the UI of our messaging system, which we have been progressively rolling out since November.

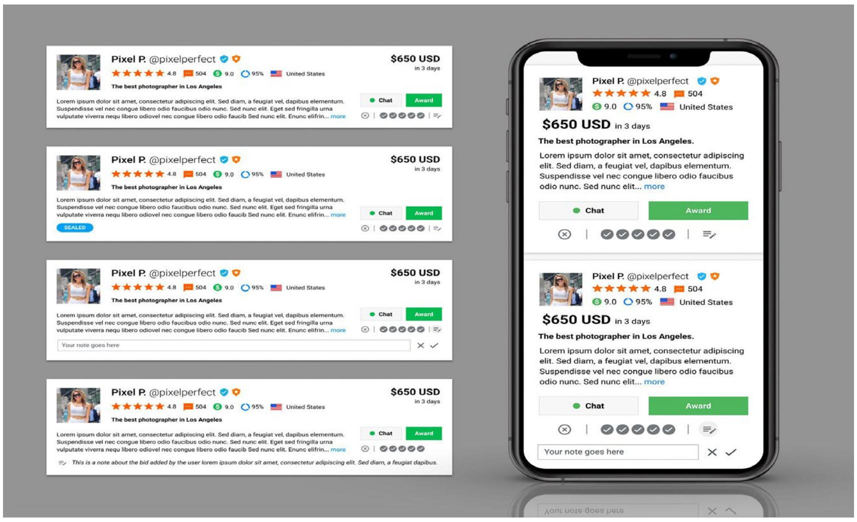

Figure 14: Example of UX improvements with the user cards

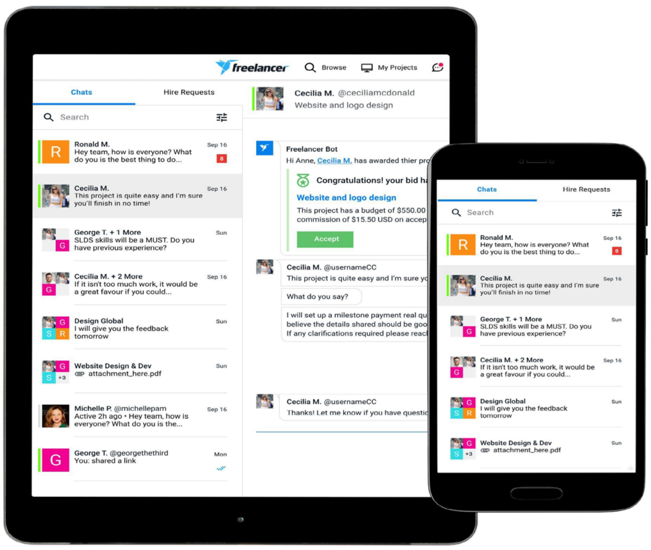

Figure 15: Improved messaging UI

In FY22, we will undergo a more fundamental UX and UI evolution, including but not limited to key elements such as site navigation and structure, alongside a broader effort to overhaul our visual styling and branding.

New Product Enhancements

Whilst many of the products under development are not yet ready to announce, some early releases in 2H21 include features in payments, enterprise, matchmaking & collaboration e.g.

- *My Lists*, an engagement-focused feature aimed at significantly reducing the barriers to rehiring existing freelancers
- Advanced search functionality for users and projects
- An overhaul of our invoicing functionality
- Showcase 2.0

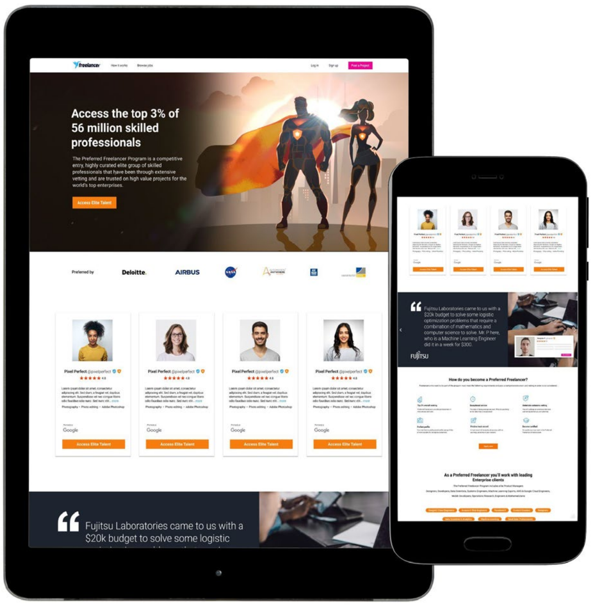

Figure 16: Improvements in visual branding, Preferred Freelancer Program

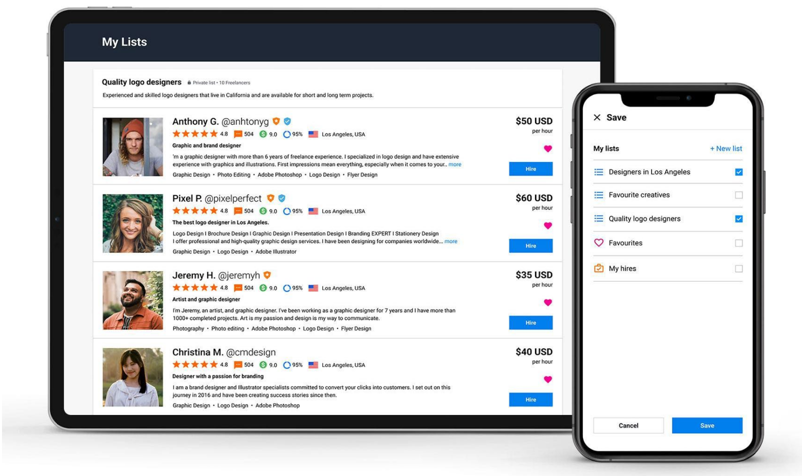

Figure 17: Introducing My Lists

Trust & Safety

Trust and Safety is key to the long term success of any marketplace product. Over the past six months, we have been seeing an increase in spam activity within the marketplace, and towards the end of FY21 and throughout FY22, the product teams have embarked on a concerted effort to eliminate spammers and other bad actors from the marketplace.

Whilst we cannot discuss much of our activity in this area for operational reasons, this effort occupied a considerable amount of our resources in mid to late FY21 and will continue throughout FY22. We believe that these efforts will pay considerable long term dividends, and underpin long term sustainable growth.

Revenue lines

As mentioned in previous quarter reports, two revenue lines that have been a drag on revenue have been memberships and contests. In FY21, the product teams put in a major effort to reverse these trends, and we were successful in returning both of these revenue lines to growth.

Memberships

As discussed in previous quarterly updates, membership revenue has been through 2020 and 1H21 a substantial drag on revenue. As previously reported, this revenue drop was a by-product, among other things, of our effort to improve bid quality in the marketplace by aggressively cracking down on poor bidding.

Figure 18: Membership revenue

Contests

In 4Q21, contest revenue grew 12.1% on pcp. Revenue per contest increased to US$24 at the end of 4Q21 (compared to $19.50 at the end of 3Q21). There is no other contest platform that is as liquid as Freelancer with over 14 million entries per year. We ended FY21 with an average of around 240 entries per completed contest.

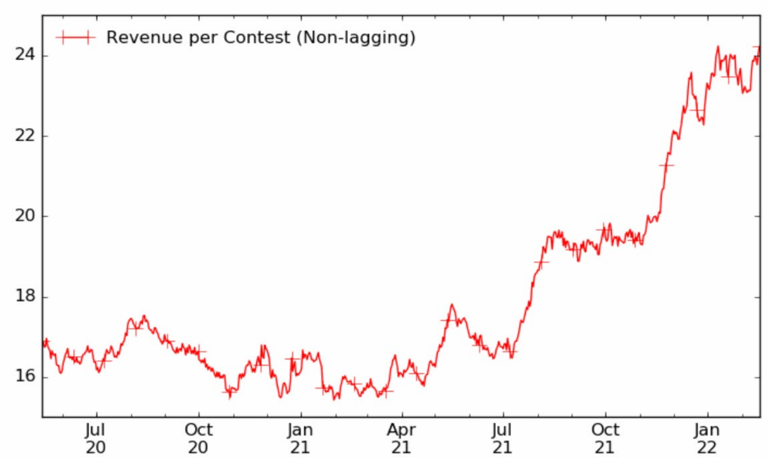

Figure 19: Paid contest fees and revenue per contest in FY21

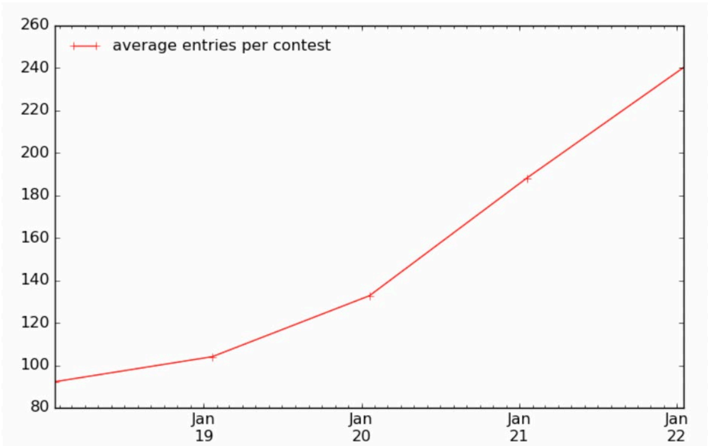

Figure 20: Average number of entries per contest (rolling 365 days)

In FY22 we will continue to iterate and improve upon the Contests product, starting with the introduction of new logged out contest pages, through which we aim to improve the SEO and overall visibility of contests.

Enterprise

The Freelancer Enterprise division finished the year strongly with growth in GMV and revenue quarter on quarter. In 2H21 top line revenue grew by 188% vs 1H21 including 369% quarter on quarter growth in Q4 on Q3. Enterprise GMV grew 164% year on year with 2H21 up 96% compared to 1H21.

The division experienced growth across our key accounts in professional services, technology, business process outsourcing, chemicals, government, education and retail sectors, with a strong pipeline leading into FY22.

Figure 21: Freelancer Enterprise & IBM

Shaun McMeeken joined Freelancer in mid-2021 to take over leadership of the division. Formerly the VP Sales at Groupon ANZ, Shaun has played an integral role in establishing key sales processes that has positioned Enterprise for growth in FY22. The team also effectively and efficiently scaled output to handle the increased customer demand through the deployment of freelancers from the main marketplace platform.

In November Adam Swertz joined the division to spearhead North American enterprise sales. Previously Adam was a technology strategist on the Accenture Bid Team where he maintained a >75% win rate and was co-lead on three of the largest service deals at Accenture in Canada (>C$150m).

The Enterprise Talent Success teams and capabilities grew across our global markets, providing bespoke end-to-end program management capability for clients. The teams have enhanced capabilities to serve the enterprise with background checks, talent curation for the unique needs of each client and comprehensive talent vetting with customised interviews, testing and verification.

Deloitte MyGigs

Deloitte US and Freelancer Enterprise commenced its final phase of deployment for the MyGigs platform in 2H21, which will connect the internal platform to the external Freelancer marketplace. Upon completion (targeted May '22 due to expanded scope with the SAP Fieldglass integration), Deloitte consultants will be able to hire freelancers, manage projects, and process payments at scale. Over 30,000 Deloitte consultants have been onboarded to the platform already.

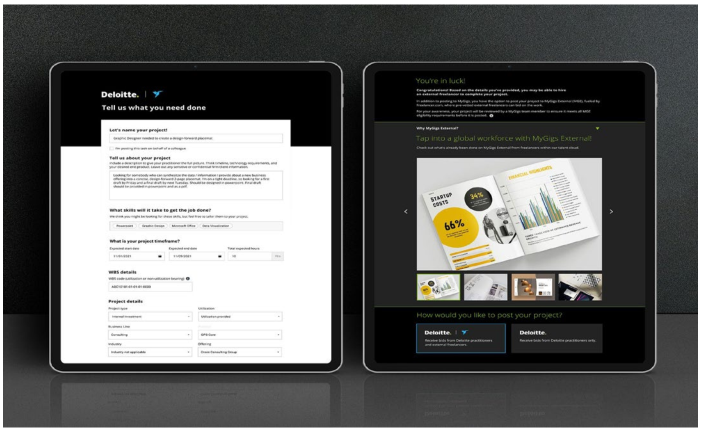

Figure 22: Posting a project on MyGigs

InSource

The MyGigs platform will form a flagship deployment of Freelancer Enterprise's InSource product solution, commercially available towards the end of 2Q22. InSource empowers workforce efficiency connecting internal demand for skills with both internal talent and the Freelancer cloud workforce, on-demand. As an end-to-end solution, InSource enables staff to access freelancers at scale, manage projects, process payments and ensure compliance at scale whilst removing the cost structures inherent in incumbent talent engagement models.

The InSource product will be a key competitive differentiator for the Fortune 500, providing the enterprise with both an internal gig platform and an elastic cloud workforce, enable rapid scale in human capital and capability, enable staff retention and access to global opportunities, accelerate time to market by augmenting talent on-demand, maximise workforce utilisation and provide an on-ramp towards a full cloud-based gig model transformation.

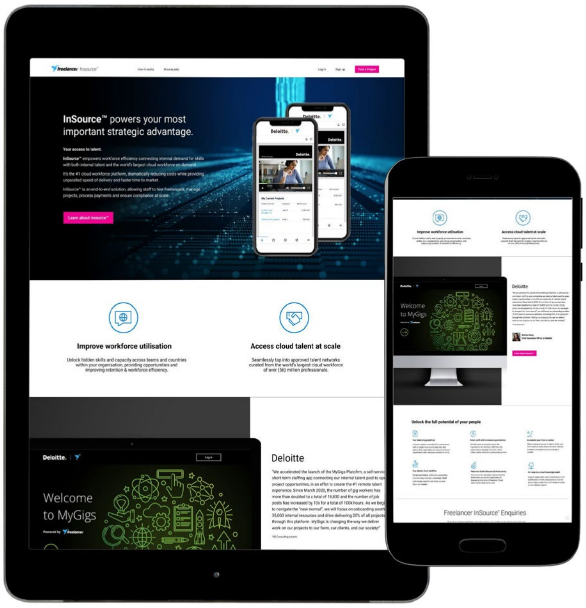

Figure 23: Freelancer InSource™

Global Fleet / Field Services

Our major engagement with a global technology leader in computer & printer technology to build a disruptive and elastic global workforce powered by freelancers continued to expand across several countries. In FY21, Mas Mohammad, formerly Performance Manager & Operations Implementation Lead at NBN, and Operations Change Manager, Telstra, joined the team responsible for scaling the operational infrastructure required to expand globally. Based on our operational strength, continued performance, growth, and cost savings to our partner, we renewed the Asia-Pacific Statement of Work for an additional year to further expand across the region.

In FY21, we entered into three strategic additional cities in India, completing the Phase I expansion for a total of 7 cities. Total volume for India alone is 660,000 projects per year, and the aim of the activity in India is to win a majority of that volume. Project volumes increased 178% in 4Q21 compared to 3Q21. An instrumental component of the continued growth is the implementation and dynamic part delivery framework across all operational cities that enables wider geographical coverage, all leveraging freelancers. The continued success of this engagement supports the disruption of traditional supply chains and positions freelancers as a key agile business solution.

Beyond India, global expansion continued with the launch of two regional cities in Victoria, Australia in 4Q21. The engagement is ahead of forecasts based on project volumes and quality scores, with expected growth in 1H22 into two additional cities. In FY22, the expansion of Phase II will continue into 14 additional cities within India with a significant increase to the overall project volumes handled by our freelancers. Our disruptive engagement and business model is also running in Indonesia (Jakarta) with a current goal of continual expansion across key markets in Asia and Europe.

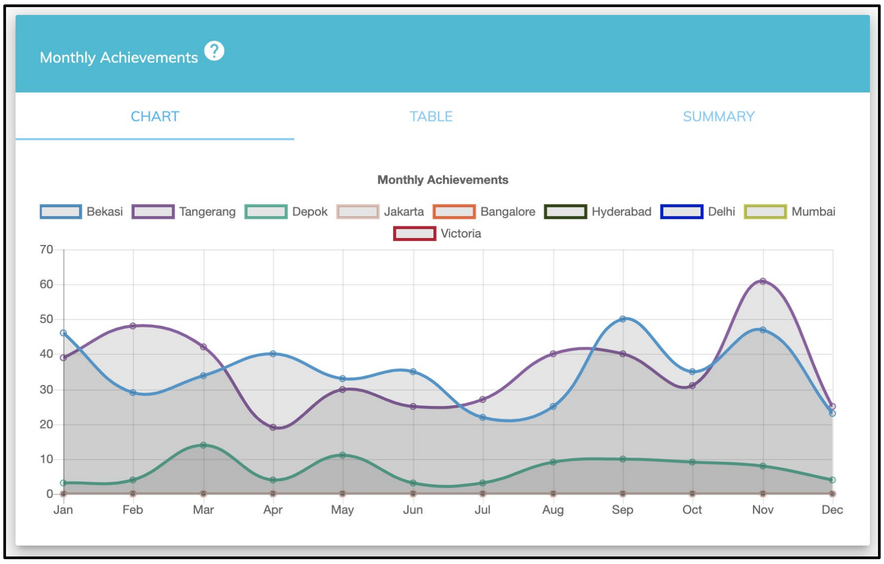

Figure 24: Global Fleet dashboard for field services engagement

We are now in discussions with the partner for a deeper technology integration to be performed by our engineering services team which will allow volumes to grow substantially.

NASA and U.S. Government

The NASA Open Innovation Series 2 tender is a program whereby NASA effectively acts as a centre of excellence for crowdsourcing for the U.S. Government. Freelancer is one of 19 joint winners in the bidding for this contract. In 4Q21 the funding for the program was increased 600%, from US$25 million to $175 million.

Freelancer won six task order contracts in FY21 with U.S. government agencies and we expect the rate of wins to increase in FY22. This is a direct result of investment into the team's bid management and operational excellence capabilities over the course of the year, with majority of the wins occurring in 2H21. A seventh order was won for a six digit value in FY21 but unfortunately a partner jointly working on the bid pulled out after the award.

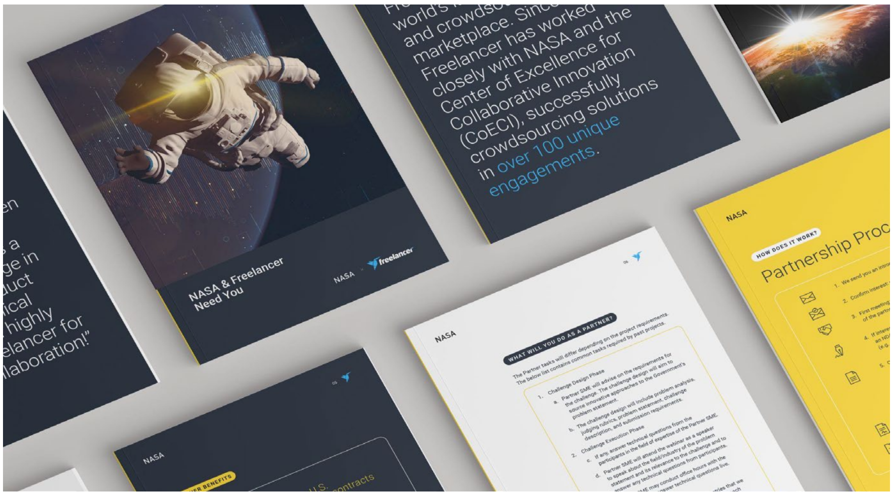

Figure 25: Freelancer NASA Program

Freelancer now has task orders or engagements with NASA, the U.S. Centers for Disease Control and Prevention, the National Institutes of Health, the U.S. Department of Commerce, the U.S. Department of Energy, and the U.S. Bureau of Reclamation.

This work is across a number of high technology areas including computational fluid dynamics, electrical engineering, physics, data science, machine learning, physics, mechanical engineering, graphic design, UI/UX design, software engineering, network science, advanced manufacturing, software development, transcription and information security.

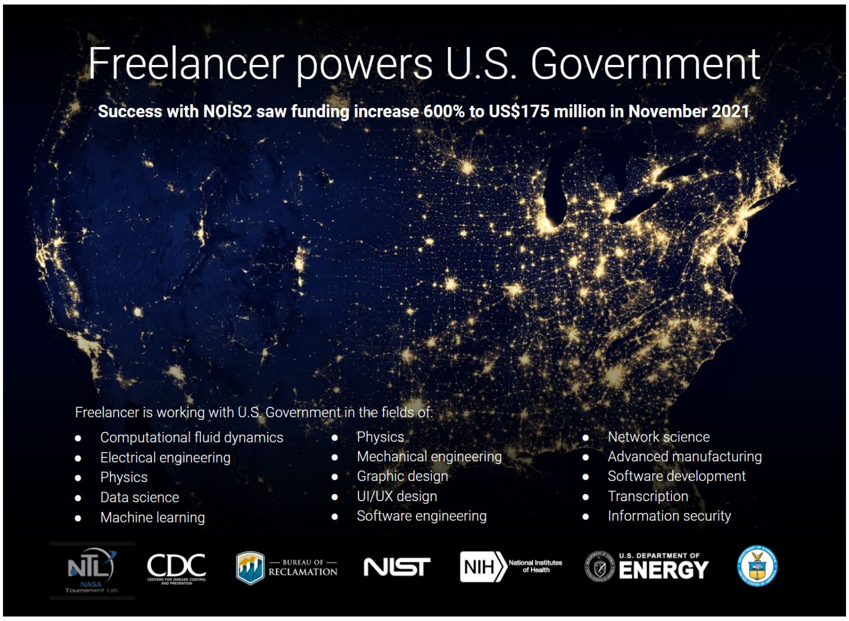

Figure 26: US Government Agencies powered by Freelancer Enterprise

Two of the six contracts were won in partnership with LMI, a government-focused consultancy with 60 years of experience delivering digital and analytic solutions, logistics, and management advisory services. LMI's well-established relationship with government agencies and years of expertise in navigating the industry makes them a key strategic channel partner for us in FY22 and beyond.

The full list of task orders won to date since the beginning of the contract term is summarised in the table below:

ID	Sponsor	Skills	Value (AUD)	Task Order Purpose
NOIS2-068	NASA Aeronautics Research Mission Directorate	Graphic Design	$48,100	Seek freelance graphic illustration and facilitation expertise.
NOIS2-069	NASA Aeronautics Research Mission Directorate	English Transcription Services	$12,090	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	$663,000	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	$474,500	Improve the reliability of hydropower plant generation. by automating safety equipment testing and reducing plant downtime.

Towards the end of FY21, the first winners for NOIS2 task orders started to be announced.

<u>NICHD Decoding Maternal Morbidity Data Challenge</u>

On December 7th, the winners of the National Institutes of Health’s Decoding Maternal Morbidity Data Challenge powered by Freelancer.com were announced at the White House’s Inaugural Maternal Health Day of Action with United States Vice President Kamala Harris.

Twelve prizes totaling US$400,000 were awarded to seven teams who proposed innovative solutions to identify risk factors in first-time pregnancies.

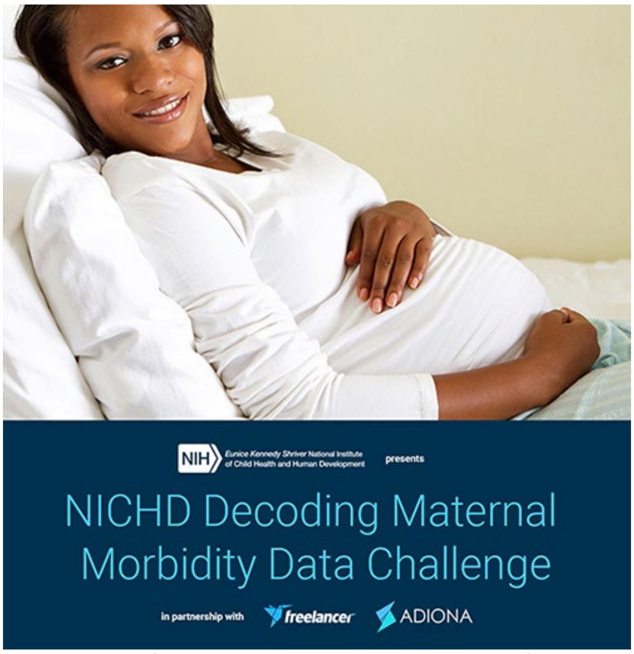

Figure 27: NICHD Decoding Material Morbidity Data Challenge

The NICHD Decoding Maternal Morbidity Data Challenge was run for the NIH’s *Eunice Kennedy Shriver* National Institute of Child Health and Human Development (NICHD). Using computational analysis, data mining, artificial intelligence and other methods, winning entrants devised ways for analysing the vast store of participant data from the Nulliparous Pregnancy Outcomes Study: Monitoring Mothers-to-Be (nuMoM2b), a racially, ethnically and geographically diverse sample of people beginning in the sixth week of pregnancy and continuing through delivery. NuMoM2b was established in

2010 and has compiled data on more than 10,000 pregnant women. The data were collected from interviews, questionnaires, clinical measurements, patient charts and biological specimens. NuMoM2b aims to identify pregnancy risks for women who have not given birth previously.

"Any maternal death is one too many," said Diana W. Bianchi, M.D., director of NIH's *Eunice Kennedy Shriver* National Institute of Child Health and Human Development (NICHD), which administered the challenge. "A healthy pregnancy and childbirth should be a given, but sadly, it's not. Understanding and reducing pregnancy-related complications and deaths—or maternal morbidity and mortality—is a high priority for NIH."

Seven prizes of $50,000 were awarded for innovation, and an additional five prizes of $10,000 were awarded for health disparities. The following are winning teams/entities /individuals; asterisks denote winners of both prize categories:

Columbia University and Hunter College, New York City
On Predicting and Understanding Preeclampsia: a Machine Learning Approach
Ansaf Salleb-Aouissi, Ph.D., Team Lead (Columbia)

Delfina, San Francisco*
Random Forests for Accurate Prediction of the Risk of Hypertensive Disorders of Pregnancy at Term
Ali Ebrahim, Ph.D., Team Lead

Emory University, Atlanta*
Social Determinants of Health Phenotype Predicts Unplanned Cesarean Birth in the Path to Maternal Morbidity Among Healthy Participants of the NuMoM2be Study
Nicole Carlson, Ph.D., Team Lead

Feng Ya, LLC, Watkinsville, Georgia
A Fair Diagnosis Proposal of Maternal Morbidity with a Demonstrative Example in Predicting Stillbirths
Yaping Li, Team Lead

IBM Data Science and AI Elite, San Francisco*
Outcomes Among Nulliparous Women
Ainesh Pandey, Team Lead

Johnston and Company, LLC, Salt Lake City*
The Relationship Between Marginalizing Behaviors and Postpartum Complications for Nulliparous Women Receiving an Undesired C-section
Britnee Johnston

University of Washington, Seattle*
Structural Equation Model Identifies Causal Pathways Between Social Determinants of Maternal Health, Biomarkers of Allostatic Load, and Hypertensive Disorders of Pregnancy among U.S. Racial Groups
Monica Keith, Ph.D., Team Lead

Freelancer.com is proud to have partnered with NICHD and Adiona to run this challenge on our platform.

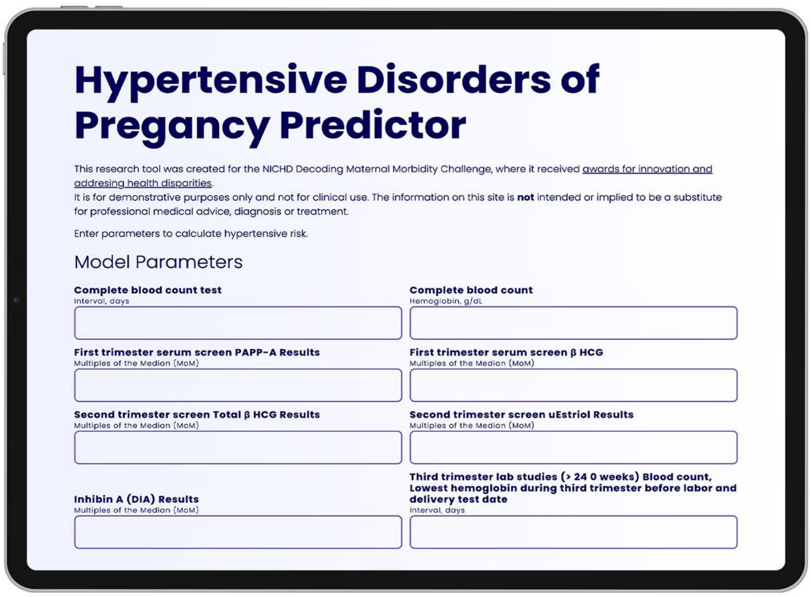

Figure 28: Demonstration of the Delfina model at hypertension.delfina.com

Automated Maintenance of Protection Systems (AMPS) Challenge

The AMPS Challenge seeks to automate protection systems testing, eliminate outages necessary to accomplish the testing, and improve hydropower plant reliability. The AMPS Challenge has two phases - a white paper and a prototype phase.

Figure 29: AMPS Challenge for the U.S. Bureau of Reclamation

In the first phase the field was narrowed to twenty six high quality white papers including detailed designs in some circumstances up to eighty pages long from electrical engineers around the world. In 4Q21, the winners of the first phase were awarded US$10,000 each:

Matthew Wolter (Booz Allen Hamilton) and Matthew Paul (Amazon).
Edge-Processing Observability Platform for Continuous Hydroelectric Plant Protection

Brett Wilson (UTS) and Professor Jian Guo Zhu (University of Sydney)
A Revolutionary Technique for Automating Hydroelectric Relay Protection Using Artificial Intelligence

Seyed Mohammadhadi Rahavi (Team Lead, Innofoods, Inc.), A. Forotan, A. Mozaffarinia (SAPCO), S. Saffar, A. Sarami, H. Ghodsi (University of Buffalo)
Intelligent Self-Testing System (ISTS) for Protective Relays
and
Automatic Relay Testing Software (ARTS) for Protective Relays

José Andrés Quintanilla (European Spallation Source, ESS AB)
Controller for Automated Maintenance of Protection Systems (CAMPS)

MultiSequence Inc.
AMPS Submission

Mike Gemmer
A Reliable, Flexible System for Protective Relay Monitoring and Automation

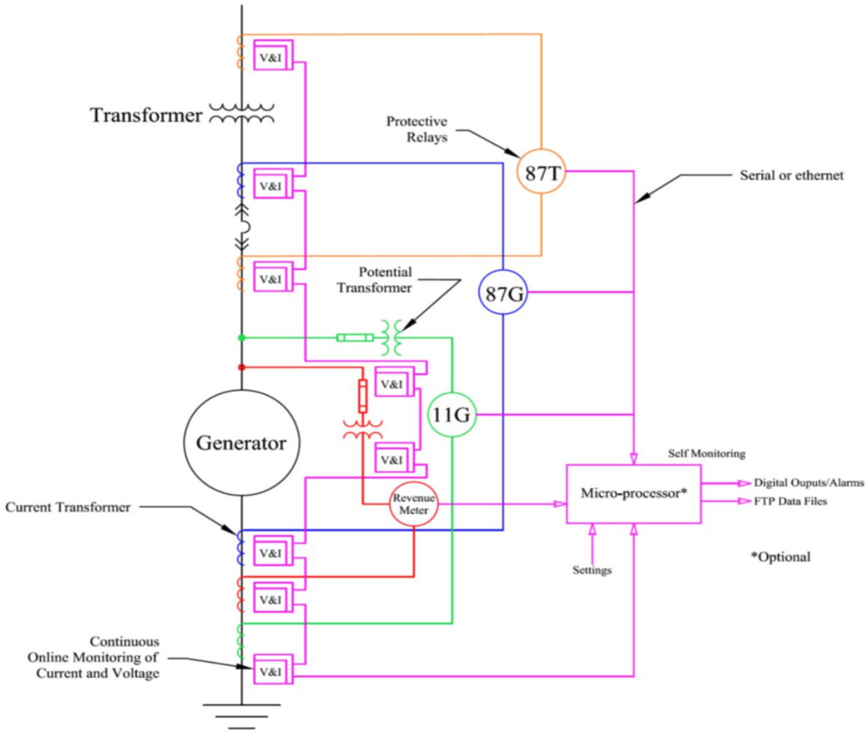

Figure 30: AMPS Conceptual design

These finalists now have five months to create a prototype. Each winner will be asked to submit both written and video submission components. From there, up to five will be selected to ship their prototypes to Colorado where the U.S. Bureau of Reclamation will test and judge the prototypes and pick the final winner for up to US$100,000.

Government

Freelancer Enterprise is engaged in strategic partnerships with the governments of Saudi Arabia and Egypt. These strategic initiatives include job creation through the cloud, the building of talent pools of skilled professionals, training (including in partnership with Udacity), job placement programs, as well as professional training and opportunities working with global corporations. Funding for these initiatives is being provided by both governments which is generating network effects of demand and uptake from enterprise companies globally. The Enterprise division is also working with the governments of Australia and Malaysia.

Figure 31: Freelancer & Bahr (Saudi Arabia)

Other Enterprise Activity

In FY21, the Enterprise division has seen a number of wins. Some highlights include:

- Signing five MSAs with global technology & professional services business process outsourcing firms. These firms are major players in the traditional skilled outsourcing industry, where all are facing challenges in scaling the provision of talent on demand.
- Expanding a global chemicals company's usage over 400% from Singapore to India, China, Norway, and Germany. Freelancer Technical Co-Pilot is also embedded with this client as part of this partnership.
- Bidding on a formal, rigorous RFP for a global leader with one of the world's most valuable brands in the FMCG space for their US-based contingent worker program. We have since won this in FY22 with formal paperwork completed by Feb 2022.
- At the same time, we bid on another formal, rigorous RFP for a trillion dollar market capitalisation technology company to create an agile, elastic business model using freelancers. We have since completed the first step of the onboarding process and are moving to completing contractual requirements ahead of a formal expected award.
- We completed vendor onboarding with one of the world's largest creative & marketing software companies to engage specialist freelancers to augment a key business unit.
- Freelancer Enterprise was awarded the 'Best Comprehensive Solution' in the 2021 HR Tech Awards by Lighthouse Research & Advisory.

Examples of the diversity of applications of our platform in FY21 included, but were not limited to:

- Sourcing experts in computational fluid dynamics for the modelling of river sediment for the U.S. government hydroelectric power authority.
- Supplying freelancer hires in over 90 regions around the world performing location based mystery shopping tasks.
- Building a supply chain for parts used in technical field services using freelancers disintermediating traditional supply chain models.
- Leveraging our global talent success capabilities to source and fill for projects requiring data engineers, user researchers, automation engineers, project managers and performance testers for a key enterprise client in the global chemicals sector.
- End-to-end project management for a global campaign of translation projects into multiple languages, product guide writing and blog writing projects for a global ecommerce company through Technical Co-Pilot.
- Accessing a pool of freelance video creators to produce high quality video content that matches pre-supplied audio files and scripts, at faster speed and lower cost to increase volume of direct SMB commercial radio advertising in the media industry.

Photo Anywhere™

Photo Anywhere is an app for ordering photos from anywhere in the world on demand. Available in the Apple App Store and the Google Play Store, users may use the app to place an order by entering the location they wish to get photographed, instructions for the photographer, and their payment details. Using the Freelancer API, the app handles posting a project, selecting a photographer, syncing photographs, proxying messaging and processing payments. With over 50 million freelancers one can quickly source visual insight from around the world.

In addition to releasing an update in 1H22 expanding the functionality to other service areas, the Photo Anywhere team is primarily focused working with the enterprise sales team on an engagement with a global technology company which is working towards producing an RFP for the team to respond to.

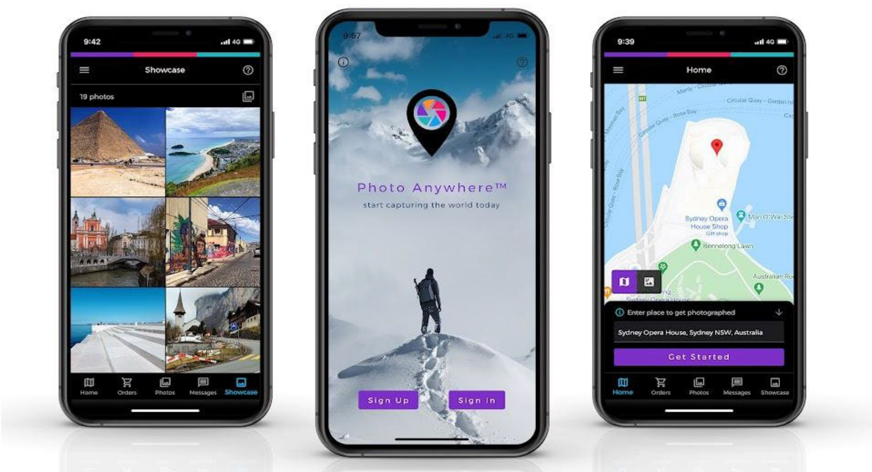

Figure 32: Photo Anywhere™

Escrow.com

Escrow.com has closed an all-time record year with an all-time record quarter. Gross Payment Volume (GPV) in 4Q21 was $365.2 million, up 70.9% on pcp (US$266.33m, up 70.0% on pcp), on par with the payment volume generated in the entire of the first half (1H21: US$366 million).

This closed the financial year with an all-time record GPV of $1.079 billion up 54.3% (US$808.3m up 65.3% on pcp).

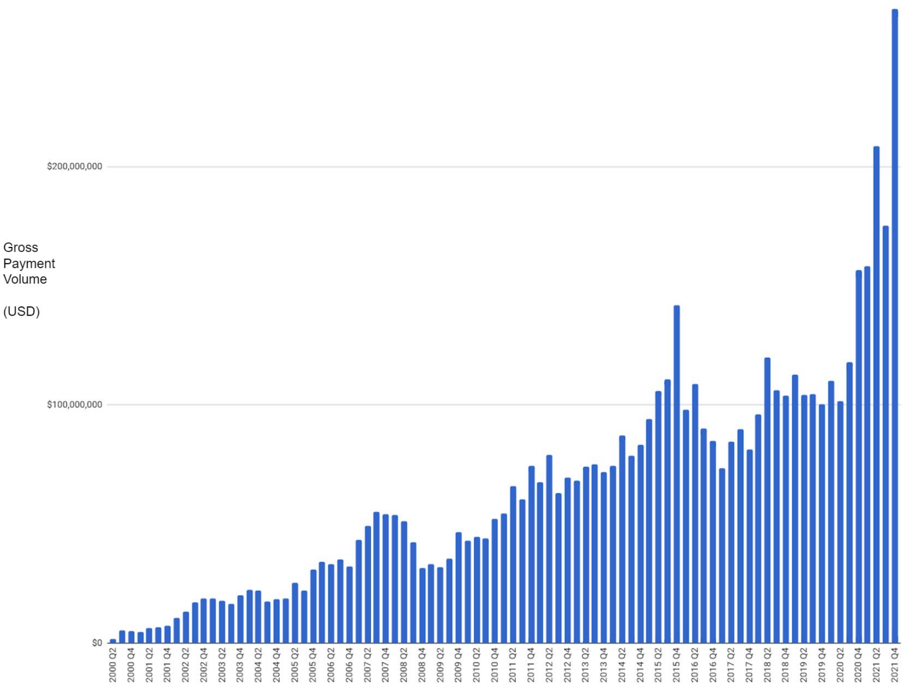

Figure 33: Escrow Gross Payment Volume (USD) by quarter since inception

Revenue for the full year 2021 was $11.3 million, up 37.3% on pcp (US$8.5 million, up 48.5% on pcp).

Escrow.com was profitable in FY21 with EBITDA of $1.7 million.

Account Management

A focus of the fourth quarter was expanding account management, improving the customer experience for high value transactions by adding a dedicated relationship manager with expert knowledge in the assets being transacted. This proactive allocation of expert support staff contributed improvement in the funding rate of high value transactions and to hitting an all-time record monthly GPV of $156.9 million, up 150.8% in November 2021 (US$114.9 million, up 152.6% on pcp).

Customer Growth in New Verticals

In FY21 Escrow.com enabled for the first time fully online transactions for oil, gas and mineral rights in partnership with Energy Domain. This transformed a century old business into the modern online age. Since the launch of this category, Escrow.com has rapidly grown its presence in the space with additional marketplace integrations completing a total of 627 net royalty acres of mineral rights in 2021. We anticipate further growth in this sector as integrations currently underway advance to production.

We additionally signed our first private jet charter marketplace. A number of developments are happening in the automotive space, and we also expanded into more watch sellers. We also continue to closely work with eBay to expand the categories that we power.

UX improvements

Escrow.com's design team has streamlined the transaction creation on the Escrow.com website to allow our UX to facilitate faster expansion into more industry verticals.

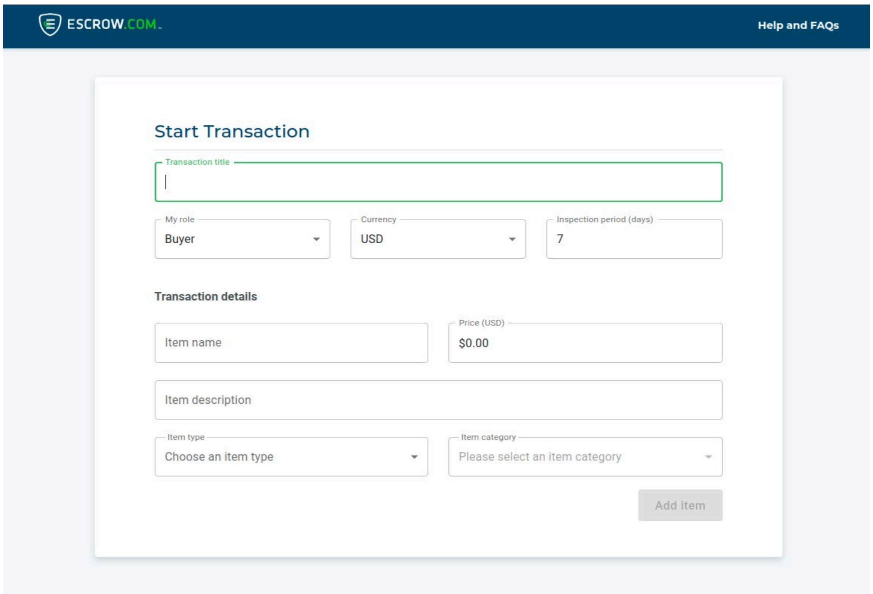

Figure 34: Improved Transaction UX

If a seller does not have a buyer at the time of transaction creation, we added a QR code and link that can now be shared, providing quick access to the Escrow Pay checkout flow.

In 4Q21, we also integrated live chat, which allows customers to instantly contact our customer experience team from their mobile device and continue the conversation while away from their desk.

These changes build on our new technology stack which will enable us to continue optimising the user experience. So far, we have seen an improvement in transaction agreed rate through this funnel across all transaction types.

My Transactions

The most visited page, while logged in, got a refresh this quarter. This has improved the site performance and the platform experience.

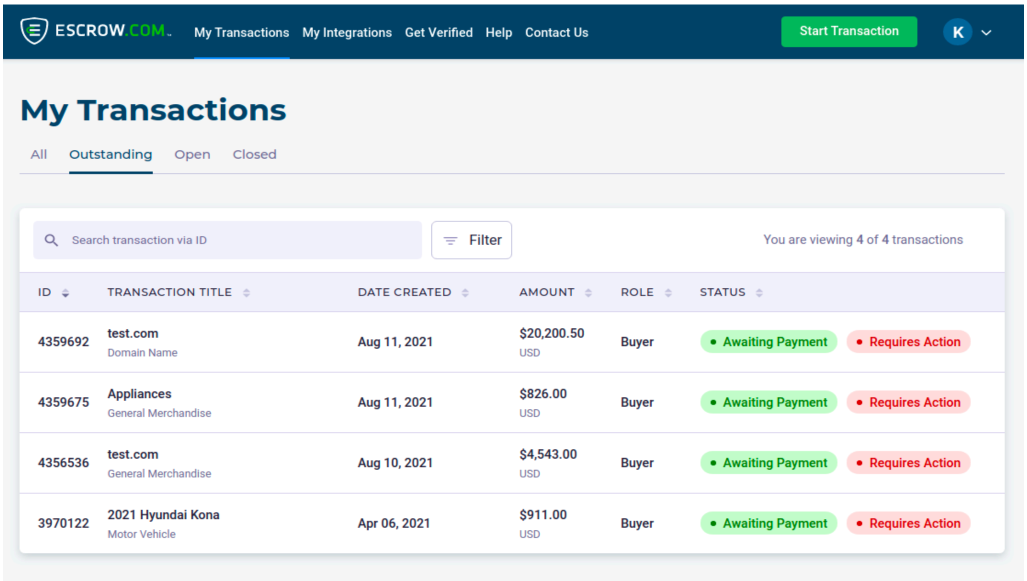

Figure 35: My Transactions

Two factor authentication

In 4Q21, Escrow.com expanded account security with a choice of 2 factor authentication (2FA) for all new and existing users, allowing users to use an authenticator app or mobile device to prevent unauthorised access.

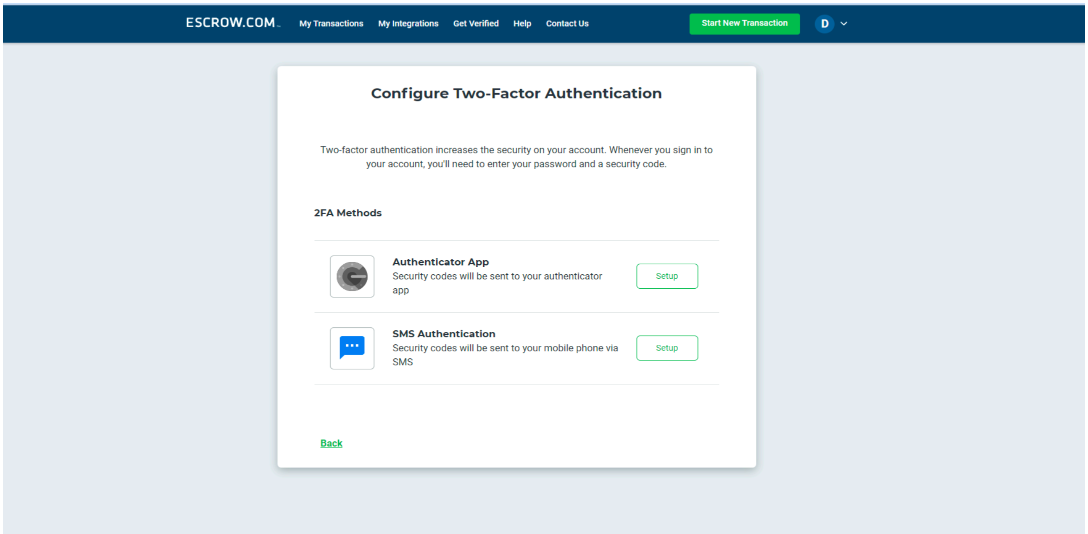

Figure 36: 2FA configuration page

Licensing & Compliance

This year we secured our escrow licence in the state of New York, giving us a total of 53 financial services licences granted or in-application (Hawaii and the territories are the only US licences remaining to file). Four U.S. states do not require Escrow.com to hold licences (Indiana, Massachusetts, Tennessee, Wisconsin). Additionally Escrow.com holds an Australian Financial Services Licence #501215 and is licensed as a MSB in Quebec, Canada #904468. A UK Payments Institution licence is in-application with the Financial Crimes Authority. In the fourth quarter we passed an important milestone with the management of the company passing the vetting by Her Majesty's Royal Customs Service.

Freightlancer / Loadshift

FREIGHTLANCER + Loadshift

The freight division experienced a large expansion this year with Freightlancer's May 2021 acquisition of Loadshift, Australia's largest heavy haulage freight marketplace. Freightlancer received a $3.7 million investment from Wes Maas, CEO and founder of Maas Group Holdings (ASX: MGH, market capitalisation $1.3 billion), a diversified industrials group, Tom Cavanagh, CEO & founder of EMS Group (now a division of ASX:MGH), a specialist in machinery hire, sales, repairs and rebuilds to support underground mining and tunnelling, and others. Startive Ventures, a venture fund focused on global technology and internet startup opportunities, also participated in the round.

In the last quarter of 2021, Mark McGinley was appointed as CEO of the freight division. For the last six years Mark was the CEO of CouriersPlease, an award winning last-mile e-commerce logistics company. With over 18 years in CouriersPlease, Mark has brought with him a wealth of knowledge and expertise.

The combined entity solidified its position as Australia's largest online freight marketplace, closing with all-time records quarter on quarter. Collectively, over 83,290 requests for transport passed through the marketplace in CY2021 (up 18.6% on pcp) representing 118,660,830 km of freight (up 19.7% pcp), with a notional Gross Load Value of approximately $326 million.

Several other milestones were achieved this year. An all-time record of freight kilometres posted in a day at 590,024 km was recorded on October 12, about 1.5x the distance from the Earth to the Moon, beating the previous record by 32,295 km. On the 13th of September 438 loads were posted which is an all-time record for daily jobs.

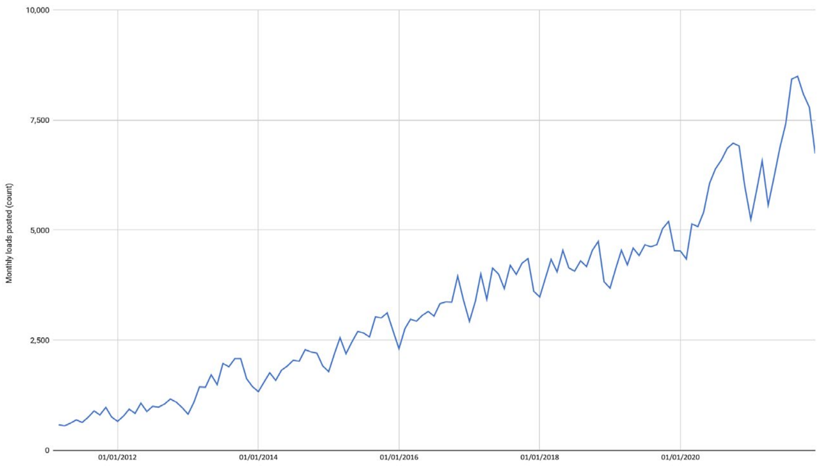

Figure 37: Group freight posted since inception (loads)

In terms of other key metrics for the year:

- Average load distance: 1,424km / load
- Average time to first bid: 18.14 minutes
- Average number of bids per job: 4.4
- Average freight charge: $2.87 per kilometre
- Average load size: $4,023.74

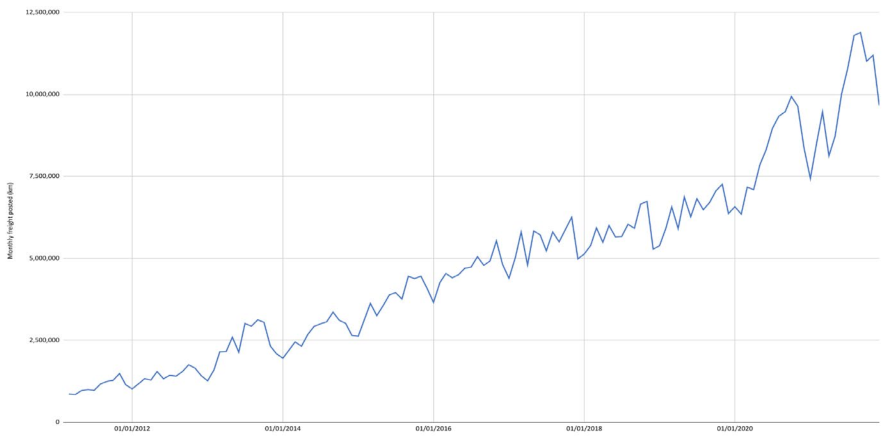

Figure 38: Group freight posted since inception (km)

Freight Categories

The freight moved by the group is diversified but primarily heavy machinery (20.3% mobile, 6.9% stationary) for the mining, construction and industrial sectors. This is followed by vehicles (cars 18.2%, trucks 9.4%, caravans 5.2%, trailers 6.3%, boats on trailers 2.9%, and motorcycles 2.2%).

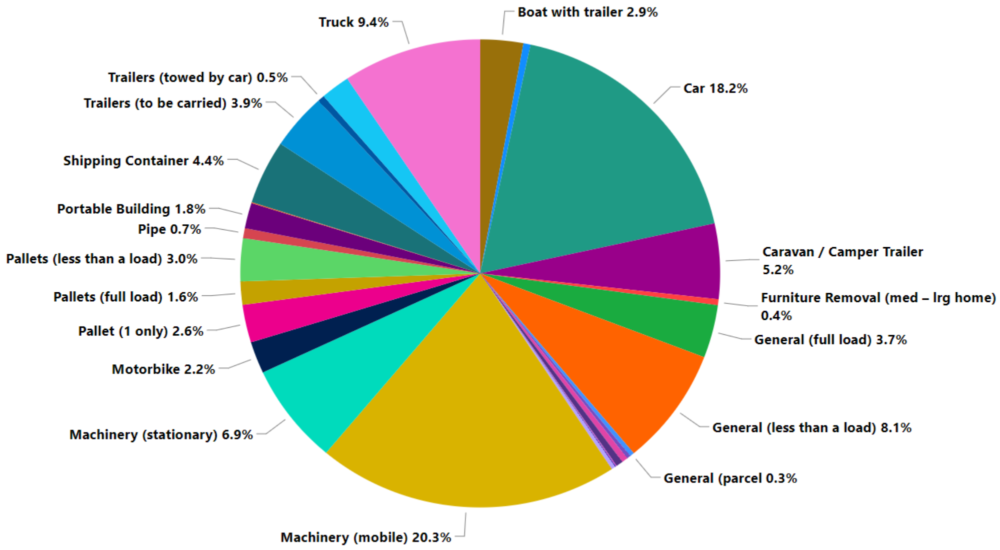

Figure 39: Freight categories by type (%)

Loadshift

The Loadshift acquisition was formalised in May 2021. The team spent 2Q21 taking over the operational, product, and engineering aspects of the business.

The focus in 3Q21 was squarely on payments. The entire payment infrastructure was upgraded to support recurring subscription payments, and a number of on-ramps for new subscribers - such as the free trial landing page - were added to the Loadshift website. An optimised update to the homepage was also deployed. The new design provided clear call to actions for both sides of the marketplace, contributing to a 52% increase in new carrier trials in 3Q21.

In the fourth quarter, we made each load on the loadboard available to logged out users, requiring the user to sign up or login to view the contact details (if they were not already logged in). This was a great improvement on the previous funnel whereby a visitor would be taken to the login screen if they clicked on a job.

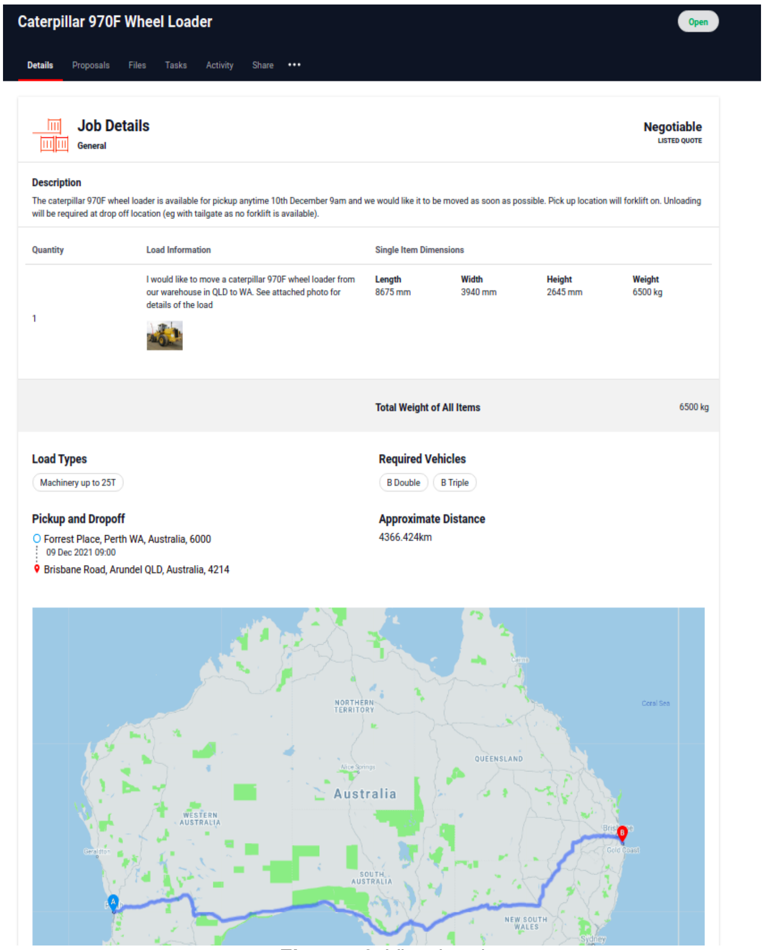

Figure 40: View Load

This technical adjustment means that high quality leads will be encouraged to sign up as they interact with our site. It also provides us an opportunity to market these jobs to potential customers through other means along with adding to our presence on various search engines.

Freightlancer

We released a revamped Freightlancer Platform at the end of the year. The updated site is built on top of the Freelancer enterprise stack which allows the Freightlancer business to leverage the functionality and tools built over the last decade on the Freelancer platform. We have cut down a huge amount of technical debt by migrating the platform out of the legacy infrastructure and modernised the site.

For the carriers, the site provides an easier and more intuitive way to search, quote and manage all of their loads and allows them to access the new and improved reviews feature to build their reputation and secure loads for high quality clients. For shippers, the new site allows a similar intuitive experience to manage their loads on the platform.

Besides the value the migration provides to shippers and carriers, the migration also allows the Freightlancer stack to share the same codebase with Freelancer stack which will facilitate continuous improvement of both platforms, speed up new feature development and increase efficiency of engineering resources. We are excited about this launch and we plan to build on this momentum by releasing features such as new mobile apps and better matchmaking tools to seamlessly connect shippers and operators over the upcoming cycles.

FY22

The focus for FY22 will be to start to convert the forecast notional Gross Load Value (GLV) of Loadshift to a marketplace commission model on Freightlancer consistent with the current Freelancer commissions.

Review of Financial Performance

The Company achieved Net Revenue of $57.4 million in FY21 (down 2.3% on the previous corresponding period), and an all-time record Gross Payment Volume of $1,259.7 million (up 41.3% on the previous corresponding period). Revenue excluding Escrow.com was $46.1 million (down 8.8% on the previous corresponding period). Escrow.com revenue was an all time record of $11.3 million (up 37.3% on the previous corresponding period).

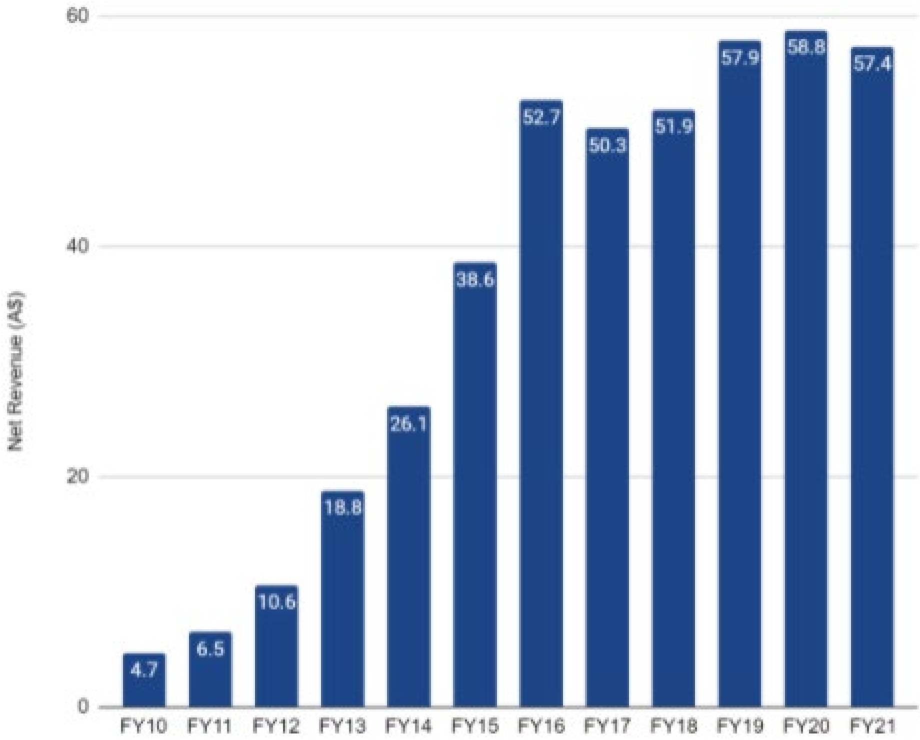

Figure 41: Net revenue for the Freelancer Group by Financial Year

Notes:

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 FY21 GPV of A$180.4m. Escrow FY21 GPV of US$808.3m, average AUD/USD FX of 0.74890= A$1,079.3m*

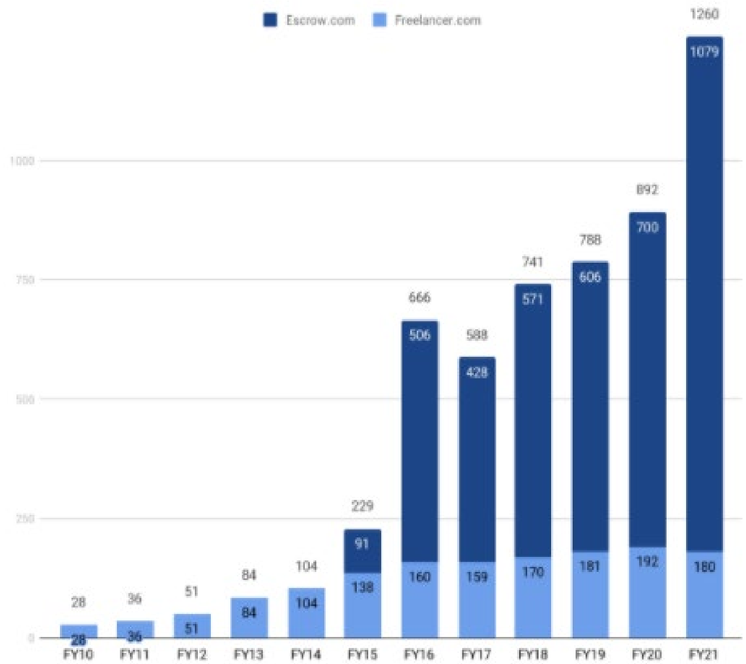

Figure 42: Gross payment volume (GPV) for the Freelancer Group by year

The Company's gross margin of 83.1% in FY21 decreased marginally by 0.2% compared to the previous corresponding period (FY20: 83.3%), but 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 $(2.3) million in FY21 (FY20: $(0.6) million).

Operating NPBT (loss) was $(3.0) million in FY21 (FY20: $(0.7) million)).

Operating expenses were 3.1% higher than the prior corresponding period. Payroll costs, which represent 48% of operating costs were up by 18% due to increased headcount and strengthening of the management team. As of 31 December 2021, the company had 465 FTE staff. Marketing costs decreased by 34% due to a shift of the targeting strategy for higher ROI. Marketing cost will grow in FY22.

Overall NPAT (loss) was $(2.3) million in FY21, which included a tax benefit of $0.9 million (FY20: $(0.6) million). The 2H21 NPAT was $(0.6m) as the group trends to profitability.

Cash Flow and Balance Sheet Strength
The Company posted a positive operating cash flow of $2.6 million in FY21 down from (FY20: $7.9 million). Operating cash excludes $3.5 million (FY20: $2.7 million) of lease payments associated with office premises, which have been reflected as finance costs in accordance with AASB 16 Leases.

Trade and other receivables include receivables from various payment gateways in relation to partially completed transactions as well as amounts due from enterprise customers.

As at 31 December 2021, the Company held cash and equivalents of $30.3 million and no net debt, down 11.7% on FY20. During the period $4m of cash was used for the Loadshift acquisition.
Escrow ended the year with off balance sheet cash of $64.7 million. (FY20:$36.2 million)

Dividends paid or recommended

There have been no dividends paid or provided for the financial year ended 31 December 2021 (2020: 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 2021 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	6	6	2	2	-	-
S.A. Clausen	6	6	2	2	-	-
D.N.J. Williams	6	6	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 $40,000 (2020: $29,000).

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 37 and forms part of the Directors' Report for the year ended 31 December 2021.

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 2021, 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 (2020:$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						
2021	**25,000**	**-**	**-**	**-**	**-**	**25,000**
2020	25,000	-	-	-	-	25,000
D.N.J. Williams						
2021	**22,884**	**-**	**-**	**2,232**	**-**	**25,116**
2020	22,884	-	-	2,174	-	25,058
Executive Directors						
R.M. Barrie						
2021	**-**	**569,096**	**20,148**	**25,904**	**-**	**615,148**
2020	-	569,096	17,056	25,904	-	612,056
Other KMP						
N.L. Katz						
2021	**-**	**357,314**	**18,242**	**27,600**	**39,815**	**442,971**
2020	-	317,400	16,420	27,600	46,844	408,264
Total						
2021	**47,884**	**926,410**	**38,390**	**55,736**	**39,815**	**1,108,235**
2020	47,884	886,496	33,476	55,678	46,844	1,070,378

The remuneration of key management personnel in the years ended 31 December 2021 and 2020 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
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**
2020							
Directors							
R.M. Barrie	-	-	-	-	-	-	-
D.N.J. Williams	-	-	-	-	-	-	-
Other KMP							
N.L. Katz	685,539	440,539	-	(440,539)	685,539	501,790	183,749
	685,539	440,539	**-**	**(440,539)**	**685,539**	**501,790**	**183,749**

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
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**	-
2020							
Directors							
R.M. Barrie	-	-	-	-	-	-	-
D.N.J. Williams	-	-	-	-	-	-	-
Other KMP							
N.L. Katz	-	-	-	-	-	-	-
	-	-	**-**	-	-	-	-

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
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**
2020					
Directors					
R.M. Barrie[1]	194,696,431	-	585,500	-	195,281,931
S.A. Clausen	160,350,000	-	150,000	-	160,500,000
D.N.J. Williams[2]	10,758,165	-	-	-	10,758,165
Other KMP					
N.L. Katz[3]	350,000	-	-	-	350,000
	366,154,596	-	**735,500**	-	**366,890,096**

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.

	2021 $000	2020 $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 2021 (2020: 1,279,500) are held directly or indirectly by related parties.
[2] 131,000 shares as at 31 December 2021 (2020: 131,000) are held directly or indirectly by related parties.
[3] 40,000 shares as at 31 December 2021 (2020: 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
Chairman

22 February 2022

FREELANCER LIMITED
ABN 66 141 959 042
AND CONTROLLED ENTITIES

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FREELANCER LIMITED

In accordance with section 307C 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 audit of the financial report of Freelancer Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

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

Kumar

SANDEEP KUMAR
Partner
Date: 22 February 2022

Freelancer Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	Note	2021 $000	2020 $000
Revenue	5	**57,419**	58,771
Cost of sales		**(9,689)**	(9,786)
Gross profit		**47,730**	48,985
Other income	5	**2,155**	1,561
Employee expenses	6	**(25,793)**	(21,797)
Administrative expenses	6	**(11,914)**	(11,557)
Marketing related expenses	6	**(7,063)**	(10,709)
Occupancy expenses		**(305)**	(316)
Foreign exchange losses	6	**(838)**	(374)
Depreciation and amortisation expenses	6	**(4,894)**	(4,712)
Share based payments expense	19	**(156)**	(192)
Finance costs	6	**(2,035)**	(1,751)
Loss before income tax		**(3,113)**	(862)
Income tax benefit	7	**856**	216
Loss after tax		**(2,257)**	(646)
Exchange differences on translation of foreign operations	19	**279**	(320)
Total comprehensive loss for the year		**(1,978)**	(966)
Loss is attributable to:			
Owners of Freelancer Limited		**(2,257)**	(646)
Non-controlling interests		-	-
		(2,257)	(646)
Total comprehensive income for the year is attributable to:			
Owners of Freelancer Limited		**(1,978)**	(966)
Non-controlling interests		-	-
		(1,978)	(966)
Earnings per share		**Cents**	Cents
Basic earnings per share	32	**(0.50)**	(0.14)
Diluted earnings per share	32	**(0.50)**	(0.14)

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 2021

	Note	2021 $000	2020 $000
Assets			
Current assets			
Cash and cash equivalents	8	**30,316**	34,341
Trade and other receivables	9	**6,448**	5,593
Other assets	10	**2,191**	2,030
Total current assets		**38,955**	41,964
Non Current assets			
Trade and other receivables	9	**732**	1,003
Plant and equipment	11	**639**	367
Intangible assets	12	**34,119**	26,457
Right of use assets	13	**18,753**	22,418
Other assets	10	**496**	517
Deferred tax assets	7	**11,633**	10,965
Total non-current assets		**66,372**	61,727
Total assets		**105,327**	103,691
Liabilities			
Current liabilities			
Trade and other payables	14	**41,259**	39,166
Lease liabilities	13	**5,709**	5,628
Borrowings	15	**121**	286
Current tax liabilities	7	**43**	87
Provisions	16	**2,871**	2,417
Contract liabilities	17	**846**	586
Total current liabilities		**50,849**	48,170
Non-current liabilities			
Deferred tax liabilities	7	**5,605**	5,957
Provisions	16	**822**	758
Lease liabilities	13	**16,082**	19,094
Contract liabilities	17	**639**	547
Total non-current liabilities		**23,148**	26,356
Total liabilities		**73,997**	74,526
Net assets		**31,330**	29,165
Equity			
Contributed equity	18	**38,779**	38,446
Reserves	19	**4,764**	4,329
Accumulated losses		**(15,887)**	(13,630)
Non-controlling interests		**3,674**	20
Total equity		**31,330**	29,165

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 2021

	Note	Attributable to owners of Freelancer Limited					
		Contributed Equity	Share Based Payments	Foreign currency translation reserve	(Accumulated losses)	Non-controlling interests	Total Equity
	Note	$000	$000	$000	$000	$000	$000
Balance at 1 January 2020		38,446	4,711	(254)	(12,984)	20	29,939
Loss for the year		-	-	-	(646)	-	(646)
Exchange differences on translation of foreign operations	19	-	-	(320)	-	-	(320)
Total comprehensive loss for the year		-	-	(320)	(646)	-	(966)
Transactions with owners in their capacity as owners:							
Share based payments	24	-	192	-	-	-	192
Balance at 31 December 2020		**38,446**	**4,903**	**(574)**	**(13,630)**	**20**	**29,165**

	Note	Attributable to owners of Freelancer Limited					
		Contributed Equity	Share Based Payments	Foreign currency translation reserve	(Accumulated losses)	Non-controlling interests	Total Equity
	Note	$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**

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 2021

	Note	2021 $000	2020 $000
Cash flows from operating activities			
Receipts from customers		**60,990**	58,301
Payments to suppliers and employees		**(56,164)**	(49,467)
Interest received		**56**	49
Interest paid		**(2,034)**	(856)
Income taxes paid		**(205)**	(114)
Net cash inflow from operating activities	31	**2,643**	7,913
Cash flows from investing activities			
Payments for plant and equipment		**(429)**	(221)
Payments for intangible assets		**(7,662)**	(28)
Net cash (outflow) from investing activities		**(8,091)**	(249)
Cash flows from financing activities			
Contributions of equity arising from repayment of ESP loans	18	**333**	-
Repayment of lease liabilities		**(3,479)**	(2,721)
Issue of shares in subsidiaries		**3,654**	-
Proceeds from borrowings		**-**	176
Net cash inflow / (outflow) from financing activities		**508**	(2,545)
Net (decrease) / increase in cash and cash equivalents		**(4,940)**	5,119
Cash and cash equivalents at beginning of the financial year		**34,341**	32,014
Effects of exchange rate changes on cash and cash equivalents		**915**	(2,792)
Cash and cash equivalents at end of year	8	**30,316**	34,341

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

Freelancer Limited
Notes to the financial statements
For the financial year ended 31 December 2021

Contents of the notes to the consolidated financial statements

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 2021 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 2022.

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 a planned reduction in 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	2021 $000	2020 $000
Financial Assets			
Cash and cash equivalents	8	**30,316**	34,341
Trade and other receivables	9	**7,180**	6,596
Total financial assets		**37,496**	40,937
Financial Liabilities			
Trade and other payables	14	**41,259**	39,166
Lease liabilities	13	**21,791**	24,722
Total financial liabilities		**63,050**	63,888

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:

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	-	50	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)**	**5**	**28,587**	**276**

2020

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	4,244	17,525	145	1,261	755	457	23,008	945	755	68,407	223
Trade receivables	1,735	2,232	19	189	291	23	1,414	387	221	27,129	382
Other financial assets	1,726	97	-	10	-	-	13,984	-	8	283	-
Payables	(285)	(2,625)	-	(25)	-	13	(3,530)	-	(88)	(722)	(15)
User obligations	(2,406)	(17,413)	(183)	(1,351)	(926)	(285)	(2,626)	(2,816)	(1,076)	(63,562)	(386)
Net exposure	**5,014**	**(184)**	**(19)**	**84**	**120**	**208**	**32,250**	**(1,484)**	**(180)**	**31,535**	**204**

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 Group had net liabilities of $3,961,000 denominated in foreign currencies as at 31 December 2020 (comprising assets of $32,613,000 less liabilities of $36,574,000).

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 2021. 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:

		2021 $000		2020 $000	
		High	Low	High	Low
AUD to USD	(Range +5% to -5%)	**280**	**(310)**	11	(13)
AUD to NZD	(Range +5% to -5%)	**1**	**(2)**	1	(1)
AUD to GBP	(Range +5% to -5%)	**20**	**(22)**	(7)	8
AUD to HKD	(Range +5% to -5%)	**(4)**	**4**	(1)	1
AUD to SGD	(Range +5% to -5%)	**(7)**	**7**	(9)	10
AUD to PHP	(Range +5% to -5%)	**39**	**(43)**	(42)	46
AUD to EUR	(Range +5% to -5%)	**87**	**(96)**	112	(124)
AUD to CAD	(Range +5% to -5%)	**1**	**(1)**	5	(6)
AUD to INR	(Range +5% to -5%)	**(25)**	**28**	(27)	30
Net movement		**392**	**(435)**	43	(49)

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 2021 the Group had $30,316,000 (2020: $34,341,000) 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 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
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**

	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
2020						
Non-derivatives						
Non-interest bearing						
Trade Receivables		1,986	2,064	5,362	2,696	12,108
		1,986	**2,064**	**5,362**	**2,696**	**12,108**

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
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**

	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
2020						
Non-derivatives						
Non-interest bearing						
Trade and other payables	14	39,166	-	-	-	39,166
Lease liabilities	13	5,628	5,519	13,376	199	24,722
		44,794	**5,519**	**13,376**	**199**	**63,888**

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 2021	**Online Marketplace**	**Online Payments**	**Total**
Segment revenue			
Segment revenue	22,731	5,091	**27,822**
Total segment revenue	22,731	5,091	**27,822**
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)**

Year end 31 December 2020	**Online Marketplace**	**Online Payments**	**Total**
Segment revenue			
Segment revenue	50,526	8,244	58,770
Total segment revenue	50,526	8,244	58,770
Segment result			
Segment profit / (loss)	5,868	(75)	5,793
Share based payments	(192)	-	(192)
Depreciation and amortisation expenses	(4,483)	(229)	(4,712)
Interest paid	(1,740)	(11)	(1,751)
Loss before income tax	(547)	(315)	(862)
Income tax benefit	-	-	216
Loss for year			(646)

Segment Assets At 31 December 2020	**Online Marketplace**	**Online Payments**	**Total**
Segment assets	63,874	6,768	70,642
Intergroup eliminations	(2,973)	-	(2,973)
Deferred tax assets	-	-	10,965
Intangibles	-	-	25,057
Total assets	60,901	6,768	103,691
Segment liabilities At 31 December 2020			
Segment liabilities	(67,140)	(4,402)	(71,542)
Intergroup eliminations	-	2,973	2,973
Deferred tax liabilities	-	-	(5,957)
Total liabilities	(67,140)	(1,429)	(74,526)

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.

	2021 $000	2020 $000
Sales revenue		
Marketplace and payment services	**43,374**	47,742
Payment services	**11,320**	8,244
Enterprise services	**2,725**	2,785
	57,419	58,771
Other revenue		
Interest income	**56**	44
Sublease rent	**1,834**	1,375
Other	**265**	142
	2,155	1,561
Total revenue	**59,574**	60,332

6. Expenses

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

	2021 $000	2020 $000
Employee expenses		
Wages and salaries (including superannuation)	**23,325**	20,305
Other employment costs	**2,648**	2,030
Total employee expenses [1]	**25,973**	22,335
Administrative expenses		
Hosting	**6,009**	6,411
Subscriptions	**1,324**	1,237
Professional fees	**1,763**	1,240
Insurances	**1,013**	931
Office Expenses	**771**	710
Other	**1,034**	1,028
Total Administrative expenses	**11,914**	11,557
Marketing related expenses		
Search marketing	**5,457**	9,019
Advertising	**744**	830
Other marketing costs	**862**	860
Total marketing related expenses	**7,063**	10,709
Depreciation and amortization		
Plant and equipment	**267**	223
Right of use assets	**4,627**	4,489
Total depreciation and amortisation expenses	**4,894**	4,712
Rental expense relating to operating leases		
Utilities and other related costs	**307**	161
Total rental expense relating to operating leases	**307**	161
Net foreign exchange losses	**838**	374
Finance costs		
Interest expense	**1**	1
Interest expense on lease liability	**2,034**	1,750

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.

	2021 $000	2020 $000
(a) Income tax		
Current tax	**171**	134
Deferred tax	**(1,027)**	(350)
Income tax (benefit)	**(856)**	(216)
Deferred income tax expense included in income tax benefit comprises:		
(Increase) in deferred tax assets	**(661)**	(5,885)
(Decrease) / Increase in deferred tax liability	**(365)**	5,535
Total deferred income tax	**(1,026)**	(350)
(b) Numerical reconciliation of income tax benefit to prima facie income tax payable		
Loss from ordinary activities before income tax expense	**(3,115)**	(862)
Tax at the Australian rate of 30%	**(934)**	(258)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
R&D tax incentive	**(11)**	(11)
Difference in tax rate	**(114)**	(136)
Share based payments	**47**	58
(Over) / Under provision in prior years	**(33)**	52
Timing differences not recognized as deferred tax asset	**-**	99
Non Taxable income	**5**	-
Other non-allowable items	**184**	(20)
Income tax (benefit)	**(856)**	(216)

	2021 $000	2020 $000
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	**357**	288
Provision for user disputes & refunds	**151**	162
Prepayments	**(9)**	(9)
Foreign exchange losses	**430**	34
Provision for impairment of receivables	**1,101**	1,055
Audit fees	**39**	43
Lease liabilities	**6,216**	6,746
Future benefit of tax losses	**3,000**	2,370
Future benefit of foreign tax losses	**348**	276
Total amounts recognised in profit or loss	**11,633**	10,965
Net deferred tax assets	**11,633**	10,965
Movements:		
Opening balance at beginning of year	**10,965**	5,129
Credited to the profit or loss statement	**661**	5,885
Exchange differences	**7**	(49)
Closing balance at end of year	**11,633**	10,965

(d) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Accrued revenue	**(181)**	-
Foreign exchange gains	**(205)**	-
Right of use assets	**(5,219)**	5,957
Net deferred tax liabilities	**(5,605)**	5,957

Movements:		
Opening balance at beginning of year	**5,957**	443
(Debited) / Credited to the profit or loss statement	**(365)**	5,535
Exchange differences	**13**	(21)
Closing balance at end of year	**5,605**	5,957

(e) Current tax assets

Current tax assets	**-**	-

(f) Current tax liabilities

Current tax liabilities	**43**	87

(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.

	2021 $000	2020 $000
Current		
Cash at bank and on hand	**27,593**	31,638
Term deposits	**2,723**	2,703
Total cash and cash equivalents	**30,316**	34,341

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 2021 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.

	2021 $000	2020 $000
Current		
Trade receivables	**7,672**	7,125
Payment gateway receivables	**2,241**	1,711
Less: provisions for impairment of receivables	**(3,669)**	(3,518)
Current trade receivables net of provisions for impairment	**6,244**	5,318
Other receivables	**204**	275
Total current trade and other receivables	**6,448**	5,593
Non-Current		
Payment gateway receivables	**732**	1,003
Total trade and other receivables	**7,180**	6,596

(a) Provision for impaired trade receivables		
Opening balance	**3,518**	3,543
(Decrease) / Increase in provisions for impairment during the year	**(53)**	294
Exchange differences	**204**	(319)
Closing balance	**3,669**	3,518
(b) Ageing of current trade receivables		
1 – 30 days	**4,929**	3,596
31 – 60 days	**915**	891
61 – 90 days	**491**	1,649
90+ days	**3,578**	2,700
Provision for impairment	**(3,669)**	(3,518)
Total trade receivables net of provision for impairment	**6,244**	5,318

(c) Expected losses

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

	1 – 30 days $000	31 – 60 days $000	61 – 90 days $000	90+ days $000	Total $000
2020					
Expected loss rate	0.09%	-	-	95.76%	95.86%
Gross carrying amount	3	-	-	2,586	2,589
Loss allowing provision	3	-	-	2,586	2,589

10. Other assets

	2021 $000	2020 $000
Current		
Prepayments	**1,996**	1,959
Other	**195**	71
Total current other assets	**2,191**	2,030
Non-current		
Security deposits	**496**	517
Total non-current other assets	**496**	517
Total other assets	**2,687**	2,547

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 estimatec 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.

	2021 $000	2020 $000
Non-current		
Office and computer equipment – at cost	**3,109**	2,566
Accumulated depreciation	**(2,480)**	(2,216)
Carrying value of office and computer equipment	**629**	350
Fixtures and fittings – at cost	**502**	497
Accumulated depreciation	**(495)**	(481)
Carrying value of fixtures and fittings	**7**	16

Software – at cost	**2**	-
Accumulated depreciation	**-**	-
Carrying value of software	**2**	-
Leasehold improvements – at cost	**451**	451
Accumulated amortization	**(450)**	(450)
Carrying value of leasehold improvements	**1**	1
Total carrying value of plant and equipment	**639**	367

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 2020	453	28	-	1	482
Additions	100	8	-	-	108
Disposals	-	-	-	-	-
Depreciation and amortization	(202)	(21)	-	-	(223)
Balance at 31 December 2020	**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**

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.

	2021 $000	2020 $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	**27,011**	19,349
Accumulated impairment	**-**	-
Carrying value of goodwill	**27,011**	19,349
Total carrying value of intangible assets	**34,119**	26,457

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 2020	4,910	2,198	19,349	26,457
Additions	-	-	-	-
Balance at 31 December 2020	**4,910**	**2,198**	**19,349**	**26,457**

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

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:

	2021 $000	2020 $000
Online marketplace	**22,385**	14,808
Online payments	**11,734**	11,649
Total	**34,119**	26,457

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 2021 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

	2021 $000	2020 $000
Right of use assets		
Leased office property:		
Opening balance	**22,418**	26,964
Addition to right-of-use asset	**953**	(12)
Depreciation expense for the year ended	**(4,627)**	(4,489)
Exchange differences	**9**	(45)
Net carrying amount	**18,753**	22,418

Lease liabilities		
Current	**5,709**	5,628
Non – current	**16,082**	19,094
Total	**21,791**	24,722

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

	2021 $000	2020 $000
Depreciation charge related to right-of-use assets	**4,627**	4,489
Interest expense on lease liabilities (under finance costs)	**2,034**	1,751

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

Interest expense on lease liabilities (under finance costs)	**2,034**	856
Repayment of lease liabilities	**3,478**	1,751

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.

	2021 $000	2020 $000
Current		
Trade payables	**2,930**	3,172
Sundry payables and accrued expenses	**1,612**	800
User obligations	**36,717**	35,194
Total trade and other payables	**41,259**	39,166

15. Borrowings

	2021 $000	2020 $000
Current		
Working capital loan	**121**	121
Payroll protection loan	**-**	165
Total borrowings	**121**	286

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.

The payroll protection loan has been provided from the US Small Business Administration to support US businesses during COVID-19. The loan is unsecured, interest free and has no fixed date of repayment. If certain conditions are met, this loan will be eligible for forgiveness.

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.

	2021 $000	2020 $000
Current		
Provision for user disputes and refunds	**503**	539
Employee benefits	**397**	1,390
Provision for indirect taxes	**1,683**	216
Provision for penalties*	**288**	272
Total current provisions	**2,871**	2,417
Non-current		
Make-good provisions	**511**	431
Employee benefits	**311**	327
Total non-current provisions	**822**	758
Total provisions	**3,693**	3,175

*At the time of the acquisition of the Escrow.com business in November 2015, it held eight money transmission and/or escrow licences in the US. After the acquisition, the Company has pursued an aggressive program of applying for money transmission and/or escrow licenses in the remaining states in the US. At 31 December 2021, forty five licences were in place. As part of this process, regulatory penalties may be payable for unlicensed activity (substantially pre-acquisition). The provision represents an estimate of probable penalties.

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 2020	**584**	**103**	**1,575**	**370**	**720**	**3,352**
Additional provisions	7	802	683	-	-	1,492
Amounts used	-	(654)	(259)	(14)	-	(927)
Unused amounts reversed	-	-	(254)	(52)	(278)	(584)
Foreign exchange differences	(53)	(35)	(29)	(32)	(11)	(160)
Balance at 31 December 2020	**538**	**216**	**1,716**	**272**	**431**	**3,173**
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**

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.

	2021 $000	2020 $000
Amounts received in advance of delivery for services	**1,485**	1,133
Total contract liabilities	**1,485**	1,133
Current	**846**	586
Non-current	**639**	547
	1,485	1,133

There were no significant changes in the contract liability balances during the 2021 year.

18. Contributed equity

(a) Share capital

	Note	2021 Number	2020 Number	2021 $000	2020 $000
Ordinary shares					
Fully paid	18(b)	**452,516,636**	453,123,619	38,779	38,446
Total share capital				38,779	38,446

(b) Movements in ordinary share capital

Reconciliation to 31 December 2020	**Number of shares**	**Average price**	**$000**
Balance at 1 January 2020	452,756,722		38,446
Issue / (cancellation) of ordinary shares:			
Issue of ESP shares [1]	1,179,001	$0.48	-
Buy-back and cancellation of ESP shares	(812,104)	$1.27	-
Contributed equity arising from repayment of ESP loans	-	-	-
Balance at 31 December 2020	453,123,619		38,446

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**

(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 2020 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

	2021 $000	2020 $000
Share based payment reserve movements		
Balance at the beginning of the period	**4,903**	4,711
Share based payment expense	**156**	192
Balance at the end of the period	**5,059**	4,903
Foreign currency translation reserve movements		
Balance at the beginning of the period	**(574)**	(254)
Currency translation differences arising during the period	**279**	(320)
Balance at the end of the period	**(295)**	(574)
Total reserves	**4,764**	4,329

(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

	2021 $000	2020 $000
Short-term employee benefits	**1,012**	968
Share based employee benefits	**40**	47
Other long-term benefits	**56**	56
Total benefits	**1,108**	1,071

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:

	2021 $000	2020 $000
(a) Hall Chadwick		
Audit and other assurance services		
Audit and review of financial reports	**127**	121
Due diligence services	**2**	2
Taxation services		
Tax compliance services, including review of Company income tax returns	**40**	29
Total remuneration of Hall Chadwick	**169**	152
(b) Audit firms other than Hall Chadwick		
Audit and other assurance services		
Audit and review of financial reports	**83**	81
Taxation services		
Tax compliance services, including review of subsidiary income tax returns	**65**	14
Other non-audit services		
Accounting services	**6**	14
Total remuneration of audit firms other than Hall Chadwick	**154**	109

22. Contingent liabilities

Except for the items listed below, there are no other contingent liabilities as at 31 December 2021:

- a collateral amount of USD450,000 (2020: USD450,000) is in place in one of the Group's PayPal accounts in favour of PayPal Australia Pty Ltd;
- term deposits of $75,047 (2020: $76,852) are secured for corporate credit card facilities in place;
- deposits of $728,308 (2020: $1,003,000) 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 $2,643,759 on term deposits (31 December 2020: $2,608,000), 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 USD240,000 (2020: USD134,000), 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 2021 and may be subject to variation due to changes in exchange rates. The amounts are as follows:

	2021 $000	2020 $000
Less than one year	4,893	3,900
Between one and five years	4,893	-
More than five years	-	-
Total operating service commitments	**9,786**	**3,900**

(b) Other capital commitments

There were no other capital commitments as at 31 December 2021.

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
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**
2020								
24 November 2015	$1.76	50,000	-	-	(50,000)	-	-	-
7 March 2016	$1.53	30,000	-	-	(30,000)	-	-	-
26 April 2016	$1.38	50,000	-	-	(50,000)	-	-	-
27 July 2016	$1.59	440,539	-	-	(440,539)	-	-	-
4 November 2016	$1.34	100,000	-	-	-	100,000	-	100,000
8 December 2017	$0.52	505,852	-	-	(33,081)	472,771	120,978	351,793
2 March 2018	$0.40	15,150	-	-	(15,150)	-	-	-
18 October 2018	$0.53	980,000	-	-	(180,000)	800,000	560,000	240,000
12 November 2018	$0.65	100,000	-	-	-	100,000	70,000	30,000
20 February 2019	$0.53	407,226	-	-	-	407,226	366,504	40,722
6 May 2019	$0.65	113,334	-	-	(13,334)	100,000	90,000	10,000
19 February 2020	$0.47	-	640,539	-	-	640,539	640,539	-
2 March 2020	$0.45	-	200,000	-	-	200,000	200,000	-
30 July 2020	$0.53	-	300,000	-	-	300,000	300,000	-
11 December 2020	$0.52	-	38,462	-	-	38,462	-	38,462
Total		**2,792,101**	**1,179,001**	-	**(812,104)**	**3,158,998**	**2,348,021**	**810,977**

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 $0.42 per option (2020: $0.19). 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
2021								
22 October 2021	$0.72	-	63,889	-	-	63,889	63,889	-
21 December 2021	$0.73	-	13,699	-	-	13,699	13,699	-
Total		**-**	**77,588**	**-**	**-**	**77,588**	**77,588**	**-**

The assessed weighted average fair value at grant date of the effective Share Rights granted during the financial year is $0.296 per option (2020: n/a). 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
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 $0.0309 per option (2020: n/a). 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.

	2021	**2020**
	$000	**$000**
Statement of comprehensive income		
Loss after tax	**35**	(861)
Total comprehensive loss	**35**	(861)
Statement of financial position		
Current assets	**9,814**	9,244
Non-current assets	**31,958**	32,713
Total assets	**41,772**	41,957

Current liabilities	**5,198**	5,895
Total liabilities	**5,198**	5,895
Net assets	**36,574**	36,062
Contributed equity	**38,780**	38,446
Reserves	**5,047**	4,904
Accumulated losses	**(7,253)**	(7,288)
Total equity	**36,574**	36,062

Contingent liabilities

The parent entity had no contingent liabilities at 31 December 2021 and 31 December 2020.

Capital commitments

The parent entity had no capital commitments as at 31 December 2021 and 31 December 2020.

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

Freelancer Limited
Notes to the financial statements
For the financial year ended 31 December 2021

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:

Name of entity	Country of Incorporation	Percentage Owned (%) 2021	2020
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	55
Freightlancer Technology Pty Ltd **	Australia	53	55
Freightlancer Pty Ltd **	Australia	53	55
Photo Anywhere Holdings Pty Ltd ***	Australia	100	-
Photo Anywhere Pty Ltd ***	Australia	100	-
Photo Anywhere Technology Pty Ltd ***	Australia	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	50	50

* Escrow.com group
** Freightlancer group
*** Incorporated in 2021

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 2021 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

	2021	2020
	$000	$000
Loss for the year	**(2,257)**	(646)
Non-cash items in operating loss:		
Depreciation and amortisation	**4,894**	4,712
Share based payments expense	**156**	192
Net exchange differences	**1,313**	(1,439)
Changes in operating assets and liabilities:		
(Increase) in trade and other receivables	**(1,007)**	(501)
(Increase) in deferred tax assets	**(697)**	(5,794)
Decrease / (Increase) in other assets	**11**	(647)
Increase in trade and other creditors	**188**	6,355
(Decrease) / Increase in provision for income tax	**(39)**	28
(Decrease) / Increase in deferred tax liabilities	**(356)**	5,540
Increase in provisions for employee benefits	**277**	142
Increase / (Decrease) in other provisions	**160**	(29)
Net cash inflow from operating activities	**2,643**	7,913

Non cash information
During the period, the group recognised $2.03 million of interest charge relating to rent free period 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.

	2021 Cents	2020 Cents
(a) Basic earnings per share		
From operations attributable to the ordinary equity of the Company	(0.50)	(0.14)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.50)	(0.14)
(b) Diluted earnings per share		
From operations attributable to the ordinary equity of the Company	(0.50)	(0.14)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.50)	(0.14)
(c) Reconciliation of earnings used in calculating earnings per share	**$000**	**$000**
Basic earnings per share:		
Loss from continuing operations	(2,257)	(646)
Diluted earnings per share:		
Loss attributable to the ordinary equity holders of the Company	(2,257)	(646)

	2021 Shares	2020 Shares
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used in calculating basic earnings per share	450,166,182	449,964,621
Adjustments for calculation of ordinary shares used in calculating diluted earnings per share:		
ESP shares	2,875,150	3,005,447
Share grants		-
Weighted average number of ordinary shares used in calculating diluted earnings per share	453,041,332	452,970,068

(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 2021, 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 2021 of $34,119,000 (2020: $26,457,000).

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 2021 the cash balance in trust amounted to A$64,681,451 (2020: A$36,181,757), 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 2021.

Directors' Declaration

In the Directors' opinion:

(a) the Financial Statements and notes of the consolidated entity set out on pages 38 to 78 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 2021 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 2021.

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

On behalf of the directors

Matt Barrie

Matt Barrie
Chairman

22 February 2022

HALL CHADWICK (NSW)

FREELANCER LIMITED
ABN 66 141 959 042
AND CONTROLLED ENTITIES

SYDNEY
Level 40
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Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

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

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 2021, 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 2021 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 involved our IT specialist to conduct 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. Our IT specialist 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 2021 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. 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 and considered any alternative positions that may indicate impairment. We performed sensitivity analysis on the fee income; terminal growth rate; and discount rate inputs. 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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Accounting for Business Combinations Refer to Note 27 – Business Combinations 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. Loadshift.com is a provider of a subscription based freight classified services. Accounting for acquisitions is complex and involves a number of significant judgements. We focused on this area as a key audit matter due to amounts involved being material and the judgements involved in determining the fair value of the assets acquired and liabilities assumed.	Our procedures included, amongst others, the following: • Reviewed the purchase agreements to understand the terms and conditions of the acquisition and evaluating management's assessments under AASB3 Business combinations • Assessed the fair value of the assets acquired and the liabilities assumed • checked the accuracy of purchase price by vouching to bank statements and sale and purchase agreements; and • Assessed the adequacy of the Group's disclosures in the financial statements.

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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 2021, 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.

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FREELANCER LIMITED AND CONTROLLED ENTITITES

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

Report on the Remuneration Report

We have audited the remuneration report included in pages 33 to 36 of the directors' report for the year ended 31 December 2021.

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 2021 complies with s 300A of the *Corporations Act 2001*.

Hall Chadwick

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

SKumar

SANDEEP KUMAR
Partner
Dated: 22 February 2022

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

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Share Registry
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External Auditors
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Securities exchange listing
Freelancer Limited shares are listed on the Australian Securities Exchange (Listing code: FLN)

freelancer