

# Market Announcement | 27 April 2022

## 1Q22 Business Update

**Freelancer Limited delivers Gross Payment Volume in 1Q22 of \$326.5 million (up 30.8% on pcp) or US\$237.3 million (up 23.0% on pcp):**

- **Freelancer GMV \$32.3m down 3.9% on pcp (US\$23.4m, down 9.9%)**
- **Escrow GPV of \$282.3m, up 37.8% on pcp (US\$205.3m, up 29.7%)**

**Group net cash receipts for 1Q22 of \$15.2m (down 2.1% on pcp) or US\$11.0m (down 8.1%):**

- **Freelancer cash receipts \$12.3m down 6.1% on pcp (US\$8.9m, down 11.9%)**
- **Escrow cash receipts \$2.9m up 19.5% on pcp (US\$2.1m, up 12.1%)**

**In Australian dollars, FX was a tailwind of 6.3% in the quarter as the Australian dollar depreciated against the USD from an average of 0.7726 to an average of 0.7237.**

**The group had positive net operating cash flow of \$1.7 million for the quarter (1Q21: \$4.2 million).**

**Cash & cash equivalents Mar 31 of \$30.1 million, flat vs 31 Dec 2021.**

**Escrow ended the quarter with off balance sheet cash of US\$52.5 million, up \$13.8m or 35.7% on pcp.**

**SYDNEY, 27 April 2022** - Freelancer Limited (ASX: FLN) (OTCQX: FLNCF), the world's largest freelancing and crowdsourcing marketplace by total number of users and jobs posted, today released its business and activities update for 1Q22.

The Freelancer Group primarily consists of Freelancer.com- the largest cloud workforce in the world, Escrow.com- the world's largest online escrow company, which facilitates and secures large value payments, and Loadshift- Australia's largest online freight marketplace. All are market leading, broad, horizontal service offerings that consumers to large enterprises require as part of their everyday business.

## Freelancer.com



### Summary

Freelancer cash receipts \$12.3m, down 6.1% on pcp (US\$8.9m, down 11.9%). Freelancer GMV was \$32.3m down 3.9% on pcp (US\$23.4m, down 9.9%).

This can be attributed to a number of factors:

- In 1Q21 had an enterprise lump sum payment of US\$825k (AU\$1.06m) from a customer as a comparable for cash receipts.
- As we discuss in further detail below, we have now fully recovered our paid advertising volume, and this is now growing significantly (up 44%) on a pcp basis, with the US up 130% on pcp.
- This is reflected in an uptick in the average project size to US\$244 per project in 1Q22 (\$217 in 1Q21), and revenue from non-brand ad campaigns in five-eyes countries is now at its highest point since June 2020.
- We are yet to fully apply the same methods to our ad campaigns for the rest of the world. Our next most lucrative segment, broadly described as Europe + other high GDP countries, only achieved positive pcp growth in March, and the remainder of the segments are still negative pcp, which was a deliberate result of the retargeting changes.
- Moving forward, we will continue to optimise our ad spend, especially in the “non five-eyes” segments, whilst broadening our efforts to deeper, more scalable channels such as SEO.
- The war in Ukraine has affected both Russia and Ukraine. GMV from Ukrainian freelancers is so far holding up reasonably well, but the rapid deterioration in banking relationships between Russia and the West has heavily impacted Russian freelancer GMV, reducing it by approximately 70%. Furthermore, the introduction of strict sanctions for users in the Luhansk and Donetsk regions has also negatively impacted GMV. We estimate the total impact on GMV to be approximately 2% +/- 0.5%.

We are excited about the future of the core freelancer marketplace, as we roll off our previous work on technical debt and ad restructuring and shift towards new product development and new marketing channels.

### US, Five-eyes Clients & Acquisition

As mentioned in prior reports, paid advertising was a significant revenue headwind throughout the latter half of FY21. This was a result of a conscious decision by us to improve the predictive long-term modelling of customer flows, which we have previously discussed in



the full year report. In doing so, we temporarily sacrificed volume, with a goal of recovering this volume profitably later. Despite being slower than anticipated at achieving this recovery, we are pleased to report that 1Q22 volume from Google Adwords non-brand campaigns now significantly exceeds that of 1Q21 (up 44% on pcp), and is rapidly approaching record levels.

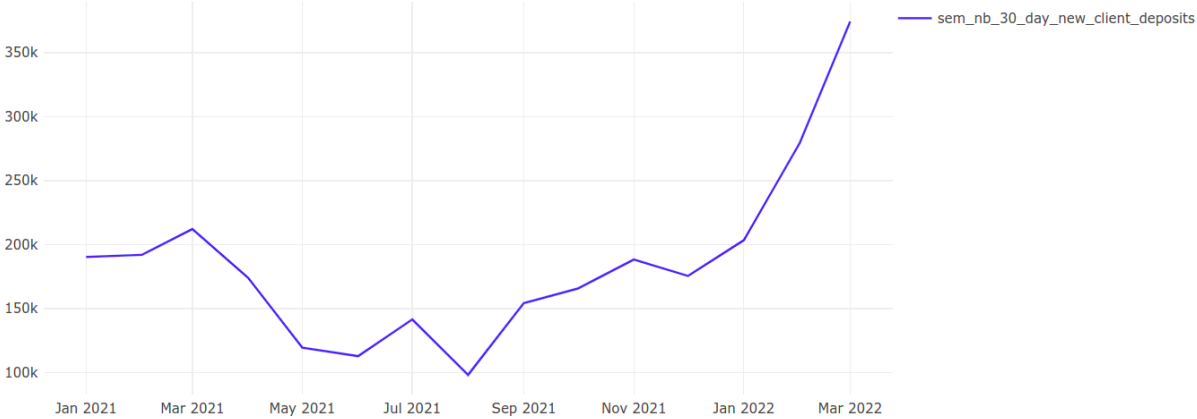


Figure 1: Deposits from clients worldwide from SEM non-brand (30 day window)

The primary focus has been on US and five-eyes customers. For example, SEM non-brand new client deposits (30 day window) from the United States in 1Q22 are now up 130% on pcp and continue to rise.

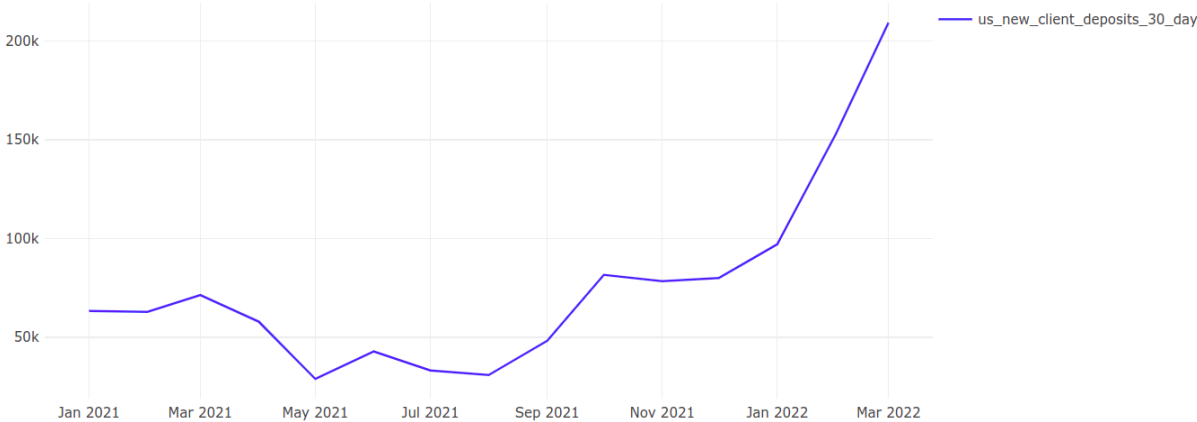
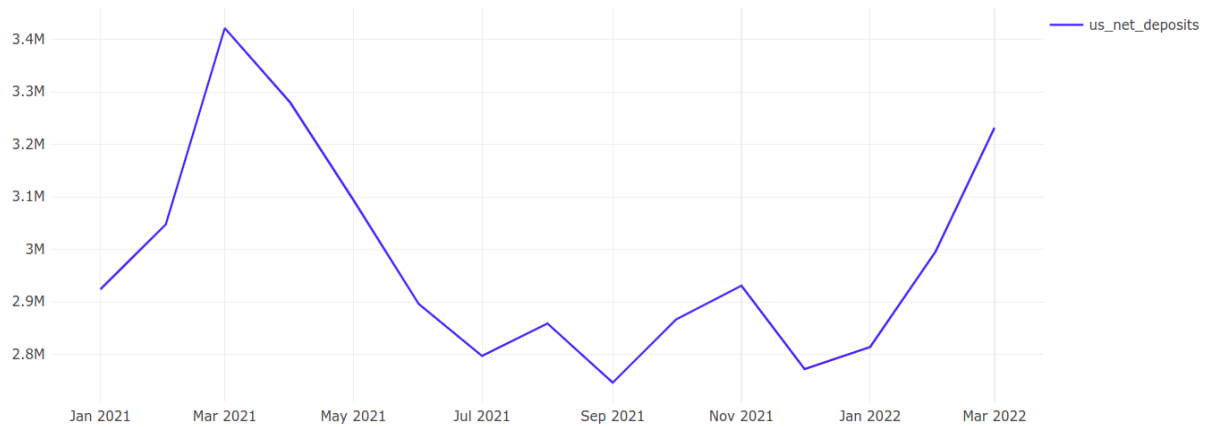


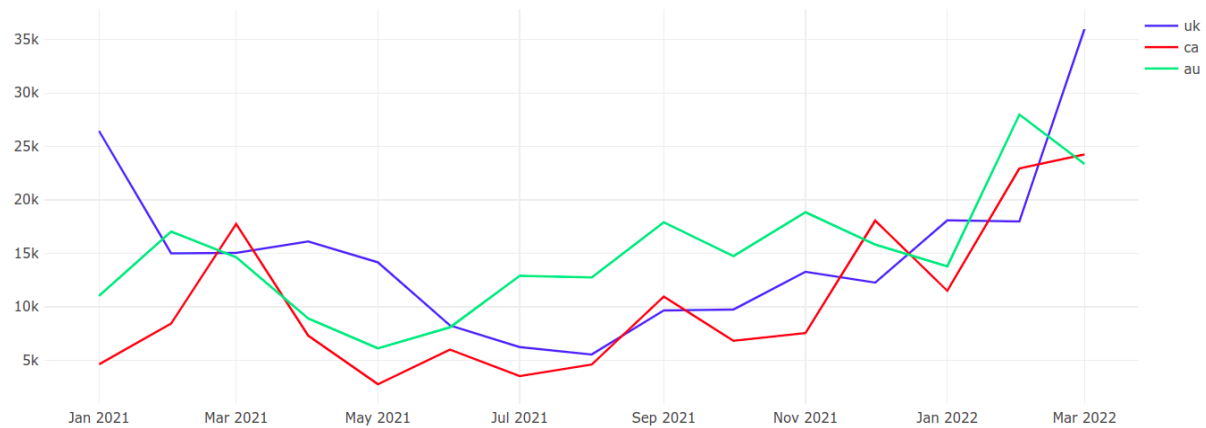
Figure 2: Deposits from US clients from SEM non-brand (30 day window)

This is flowing through to overall US net deposits (all customers new/old, no time window), which are now roughly breakeven (-0.5% on pcp), and we believe this will continue to rise as the newly acquired US customers flow through and become established retained users.



**Figure 3:** Net Deposits from US clients (overall, no window)

Looking at the broader five-eyes countries, we can see that whilst our campaigns in these countries have begun to grow again, there remains significant upside within the five-eyes segment.



**Figure 4:** Deposits from new UK, AU and CA clients from SEM non-brand (30 day window)

We now need to apply similar methods to the remainder of our campaigns that target Europe and the rest of the world (ROW). As can be seen below, there remains significant room for growth in these as yet untouched segments.

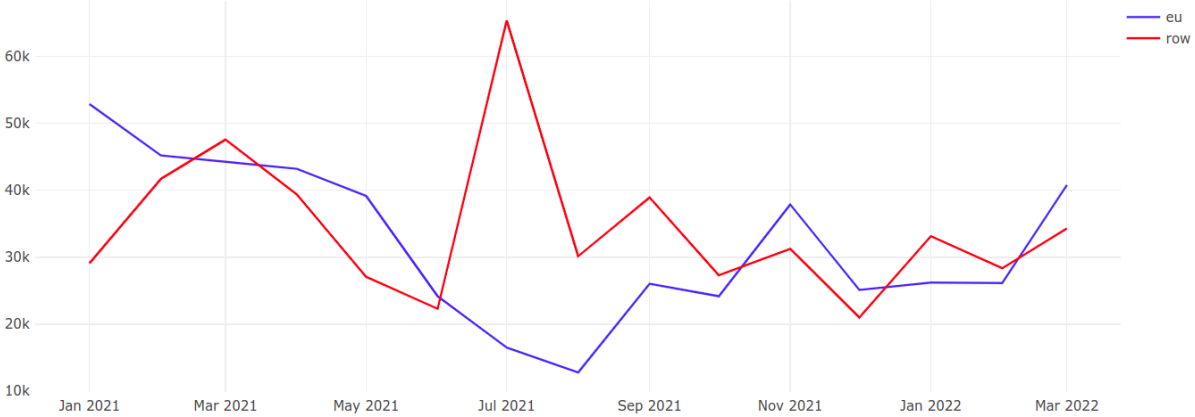


Figure 5: Deposits from new EU and “rest of world” clients, from SEM non-brand (30 day window)

Furthermore, there is still significant room for optimisation of all campaigns (including US ones) now we have migrated to the new campaign structure. These campaigns are still largely unoptimised, as the focus to date has been volume recovery and expansion.

Moving into 2Q22, there will be an increasing focus on profitability again, however we do not anticipate any significant volume reductions to occur from this, as these profitability improvements will be primarily achieved through optimisation within the existing campaign structure. We will do this through utilising improved tooling added in 1Q22 that allows for granularity of targeting, without sacrificing control. Lastly, our reporting indicates that there is still a considerable untapped volume that Google may have available. Once our new structure is fully settled, we intend to leverage this potential.

Now that our paid search overhaul is under control, we will focus on sustainable and profitable expansion of volume, by utilising the dimensionality of our business. We operate in over 2,500 skills and technology areas - everything from “Angular” to “Zoom” - many of which are highly technical and obscure, and we can utilise this as a significant competitive advantage for our campaigns moving forward, utilising similar methods to those used by ecommerce businesses that sell physical products.

We expect to see increasing focus from our marketing team on other channels in 2H22. We have been developing new technology and testing new paid channels that will potentially reduce our reliance on Google, while at the same time growing the total size of the pie.

**Organic Traffic (SEO)**

Whilst we have had a heavy focus on improving the paid marketing in FY21 and 1Q22, for the remainder of FY22 our primary focus will shift towards deeper, more scalable acquisition channels. This will be a long-term, multi-quarter effort, however we expect to start seeing returns in the short to medium term.

One of these channels is SEO. Strategically, we are well positioned to leverage SEO as a growth channel. We possess the key ingredient- a large amount of User Generated Content



(UGC) with a significant amount of dimensionality (or ways in which that UGC can be categorised).

This effort has already begun with a team focused on page performance throughout 1Q22.

**Marketing**

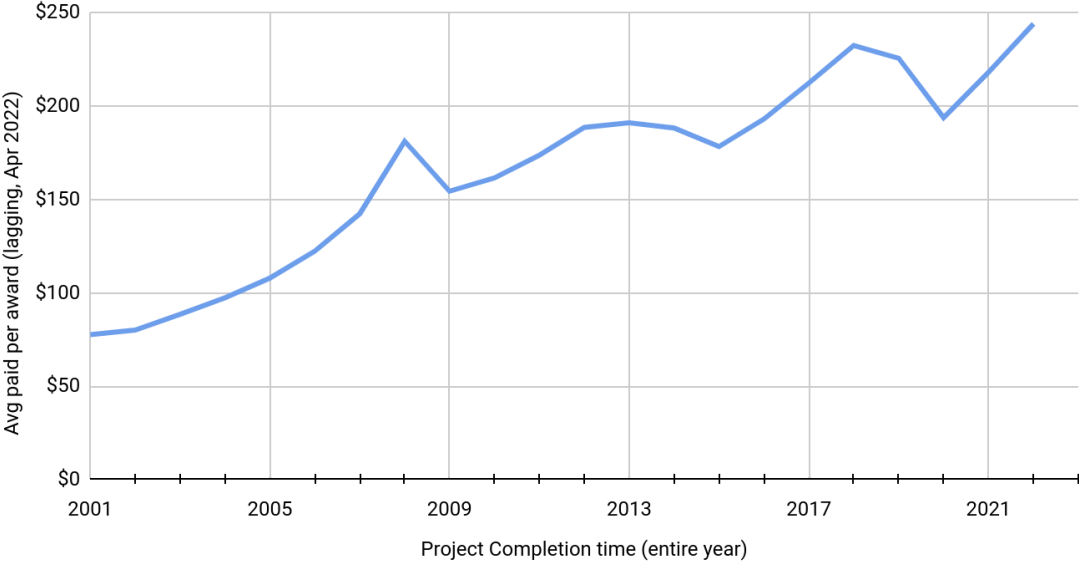
As discussed in prior reports, we have recently hired Hector Perez-Nieto as Director of Marketing. Hector has extensive experience leading marketing, and we expect his team to see expansion throughout the remainder of FY22.

We also intend on broadening our marketing efforts, encompassing a wide range of both paid and free channels, online and offline methods, customer lifecycle marketing (CLM), customer relationship marketing (CRM) and modern growth methods.

Finally, Hector is an expert in conversion optimisation (CRO) and we look forward to utilising his expertise to improve conversion rates across the platform.

**Supply & Demand**

On the supply side, the marketplace continues to grow strongly. In 1Q22 we added another 1.6 million users to the marketplace. Liquidity also improved, with the percentage of projects receiving their first bid in 30 seconds increasing from 38% at end of December '21 to 47% as of writing this report.



**Figure 6:** Average Completed Project Size

Average project size continues to rise, reaching US \$244 at the end of 1Q22. This was primarily as a result of the improved acquisition targeting and partially from the long term

marketplace trend of increasing sophistication in skills and quality of work delivered by our talented freelance workforce.

## **Product & Engineering**

As discussed in previous reports, we have now completed the majority of the work overhauling our front end and mobile technical architecture, and because of this, our product teams have shifted focus to new product development. Throughout the remainder of FY22, these areas remain:

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

As a key outcome of our technical overhaul, all new products will be delivered mobile first and across all of our platforms simultaneously.

In 1Q22, we released a number of new products, discussed in further detail below.

## **Introducing Quotations**

In the offline world, service transactions typically begin with an initial assessment followed by a formal itemised quotation, created by the service provider and issued to the buyer. The buyer then either negotiates, or makes a purchase decision.

On our site to date, we instead push all of the pricing decisions on to the client - the freelancer simply gives a high level price estimate (bid) and the client is responsible for breaking down the work into milestones and creating the payments.

This presents a number of problems.

- 1) The client typically does not work in the freelancers industry, and is often unable to effectively break down and price the work. This adds a significant amount of overhead and psychological friction to the client experience.
- 2) Secondly, there is no easy way on our website for a freelancer to initiate or propose further work with a client. All of these actions are currently driven by the client.
- 3) The format of the payment / proposal does not match the typical real-world format, causing confusion and UX issues. Confusion around milestones is a top three detractor in customer surveys.

All of these are solved through the introduction of our new quotations feature. Now freelancers can proactively send itemised work that can be accepted and paid in just two clicks, allowing a much more seamless checkout and payment creation process and significantly streamlining one of the highest friction points in our funnel.

In addition to a dramatically streamlined transaction process, freelancers are also able to issue quotations to clients not currently present on the platform, at a discounted fee rate of 3%. This allows freelancers to onboard their existing clients at minimal cost, helping them build their on-platform reputation and opening up a new acquisition channel for our business.

We have been working on this feature for many months now, and we believe it will be a driver of revenue and GMV in 2H22 and beyond. This release is only the first step in a long journey - we have a huge roadmap of UX tweaks, enhancements and expansions to this feature that we look forward to bringing to market in the coming quarters.

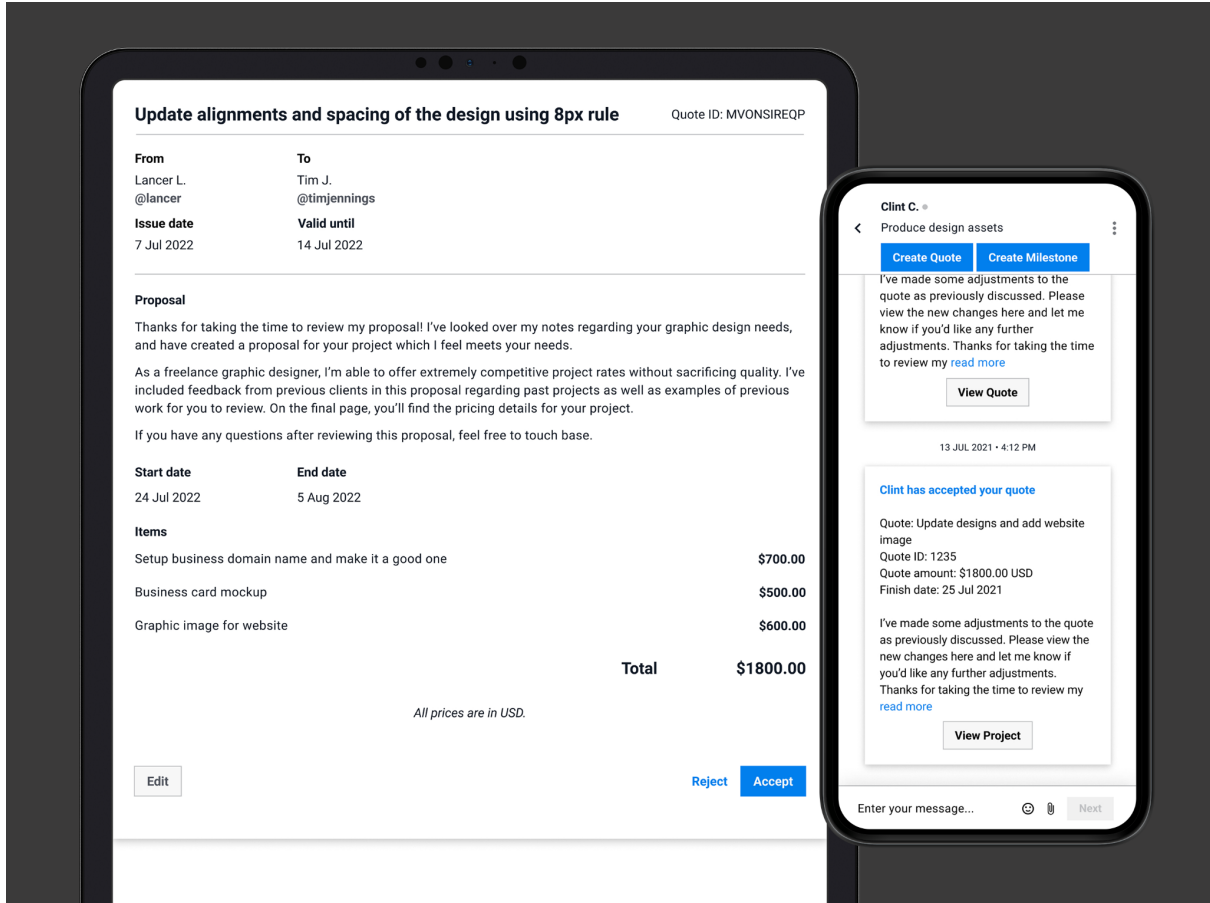


Figure 7: Quotes

## Tasklist

As part of our ongoing efforts to increase retention and average project size through an enhanced suite of collaboration products, we're about to launch a completely redesigned and re-engineered Tasklist.

As our platform is being used for projects of all types and sizes, we wanted to make the Tasklist as simple and flexible as possible. Furthermore, soon after launch, we will allow task lists to be shared with users who do not currently have a freelancer account, opening up another viral acquisition channel.

Clients will now be able to capture their future plans directly on our platform and easily convert them into projects. Freelancers will be able to break down projects into individual





tasks, visually indicating the current and future work that needs to be done, and then easily convert these tasks into additional work for clients.

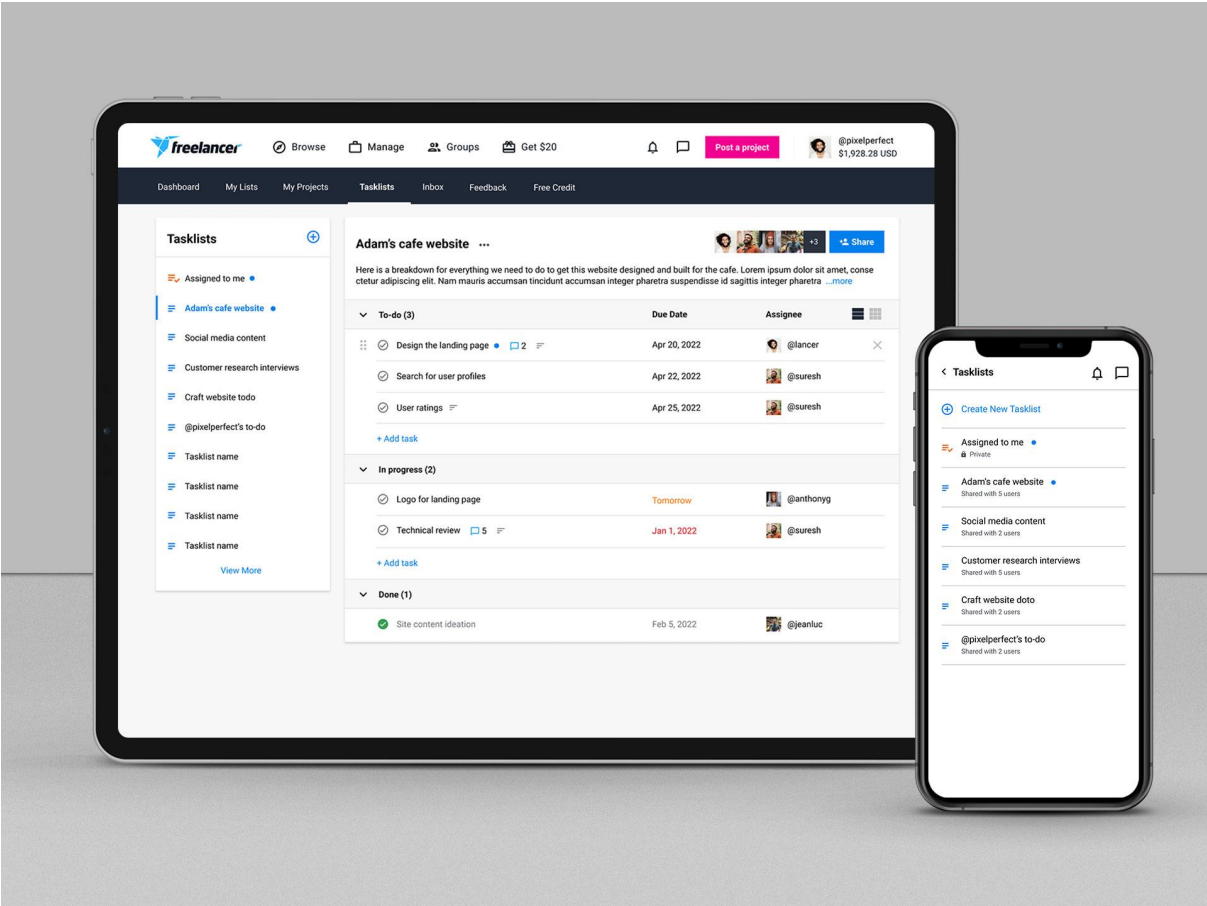


Figure 8: Tasklist

Collaboration will be a major part of our product strategy moving forward, and we can't wait to continue expanding our suite of collaboration products.

**Mobile, Visual Design, UI & UX**

A major focus of the business in FY22 is the design and UX of the platform.

In 1Q22 we made a number of enhancements to our design system, introducing new patterns and components, some of which can be seen below:



Figure 9: Freelancer mobile app

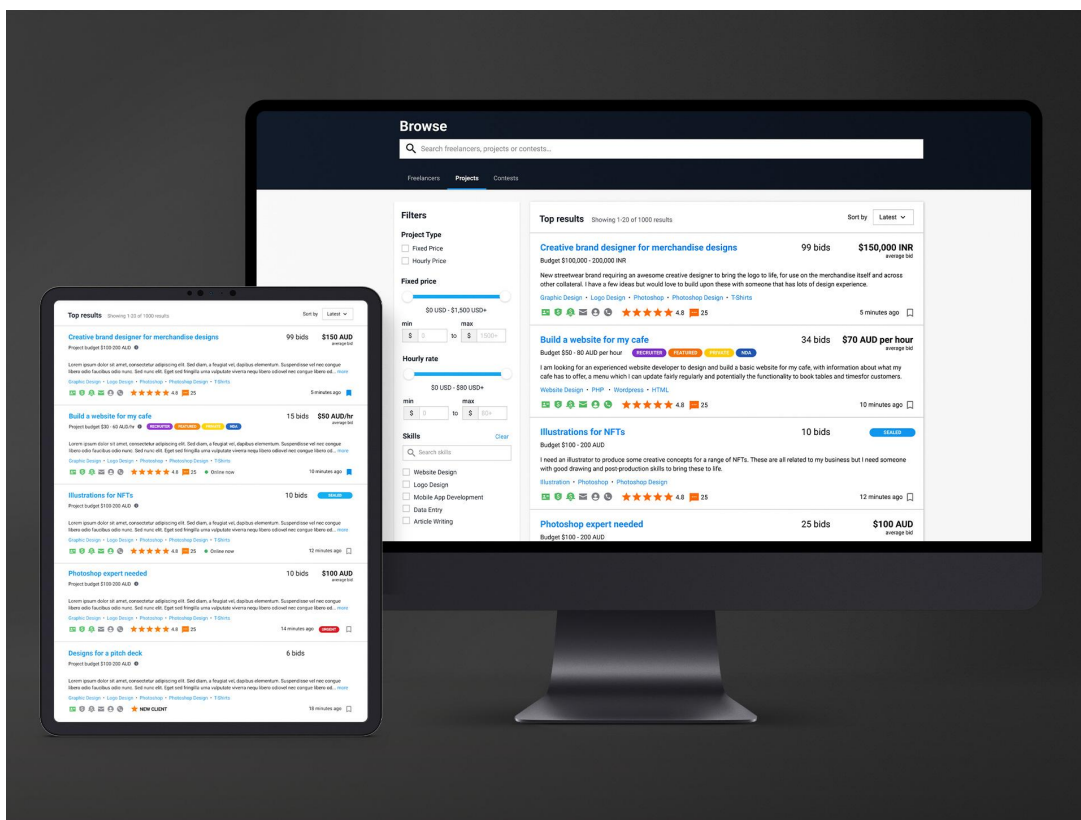


Figure 10: UX improvements

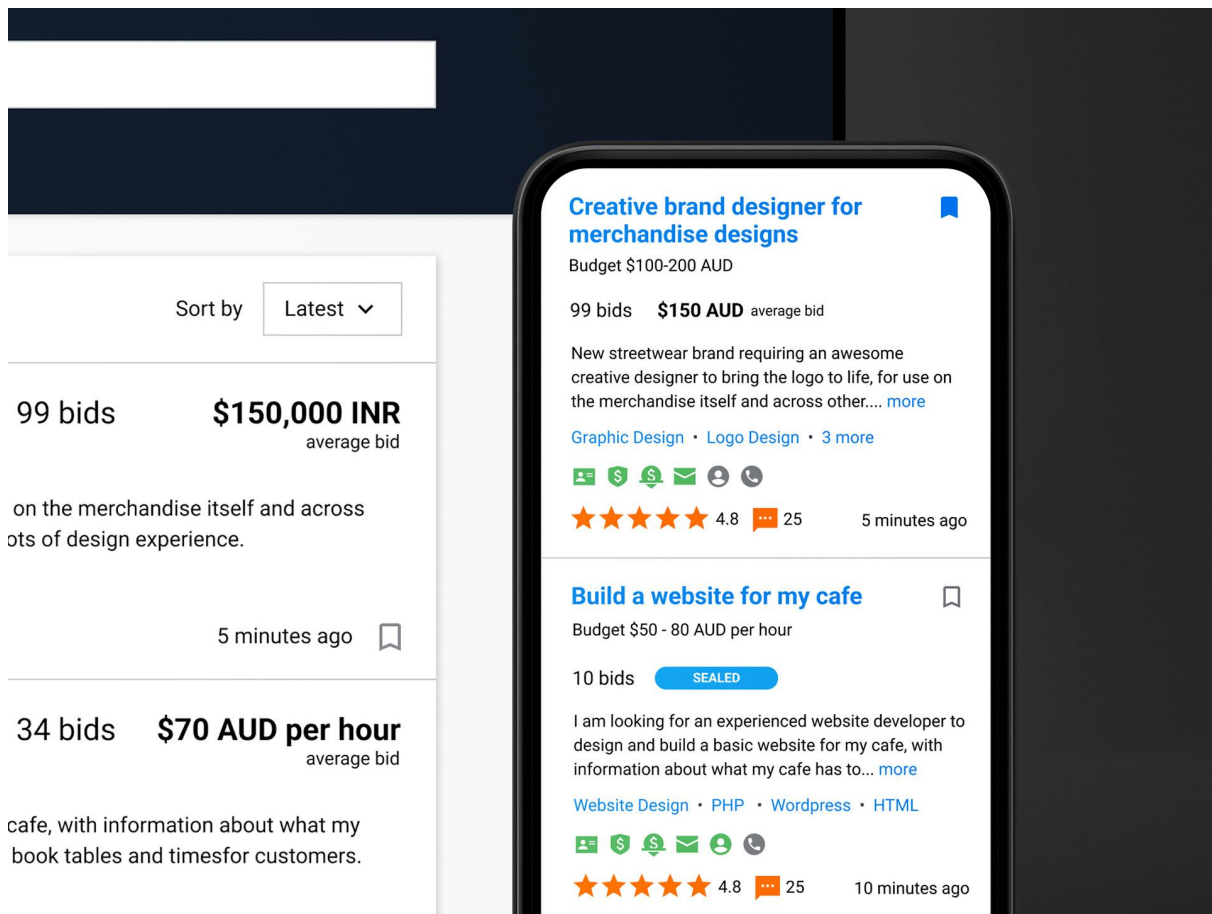


Figure 11: Mobile experience



Figure 12: Updated visual design

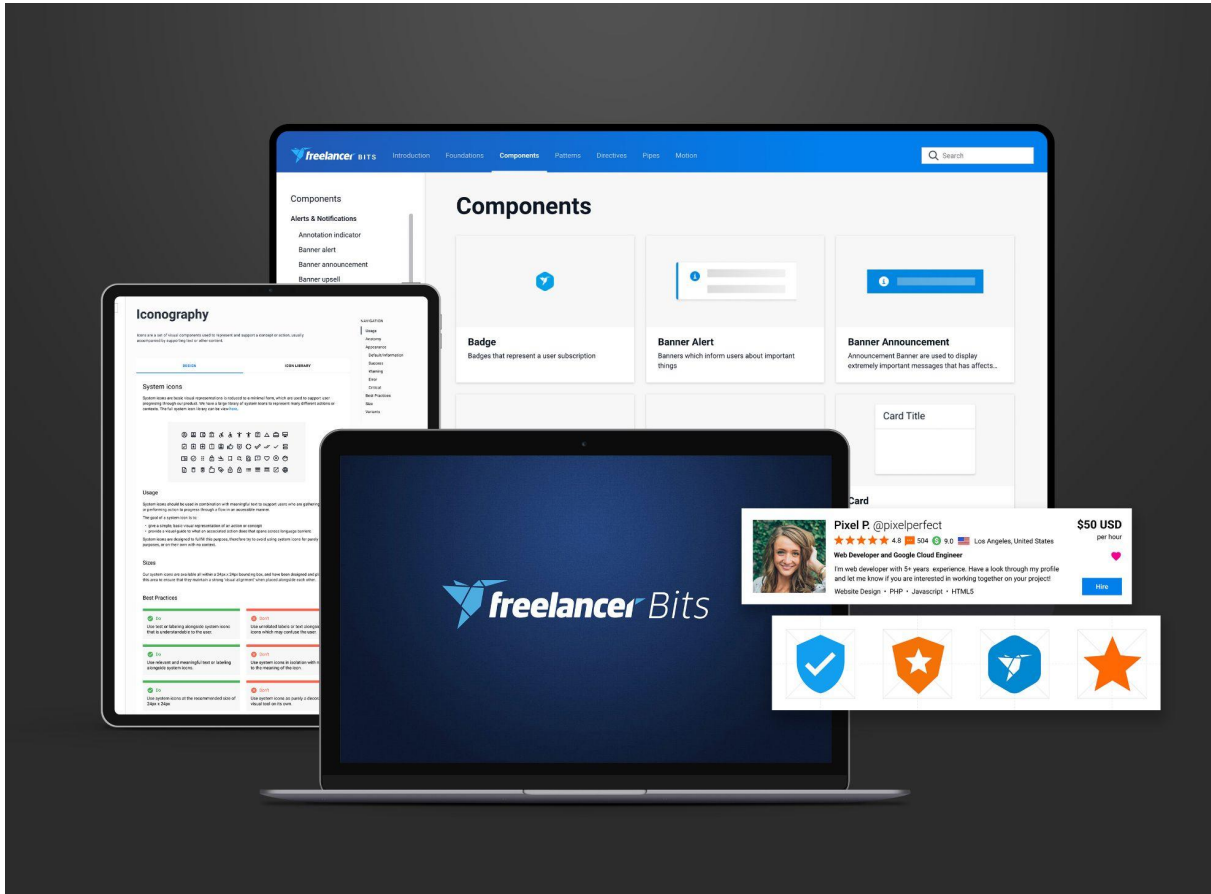


Figure 13: Design System improvements

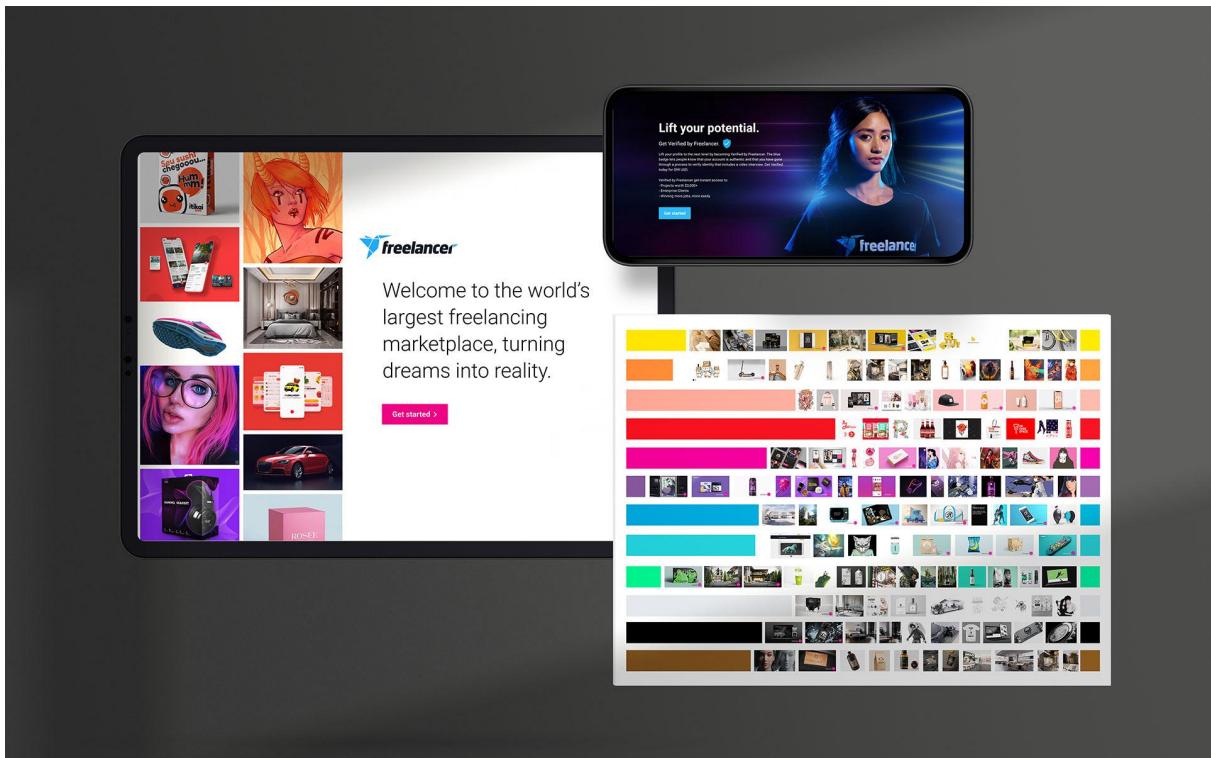


Figure 14: Visual design updates

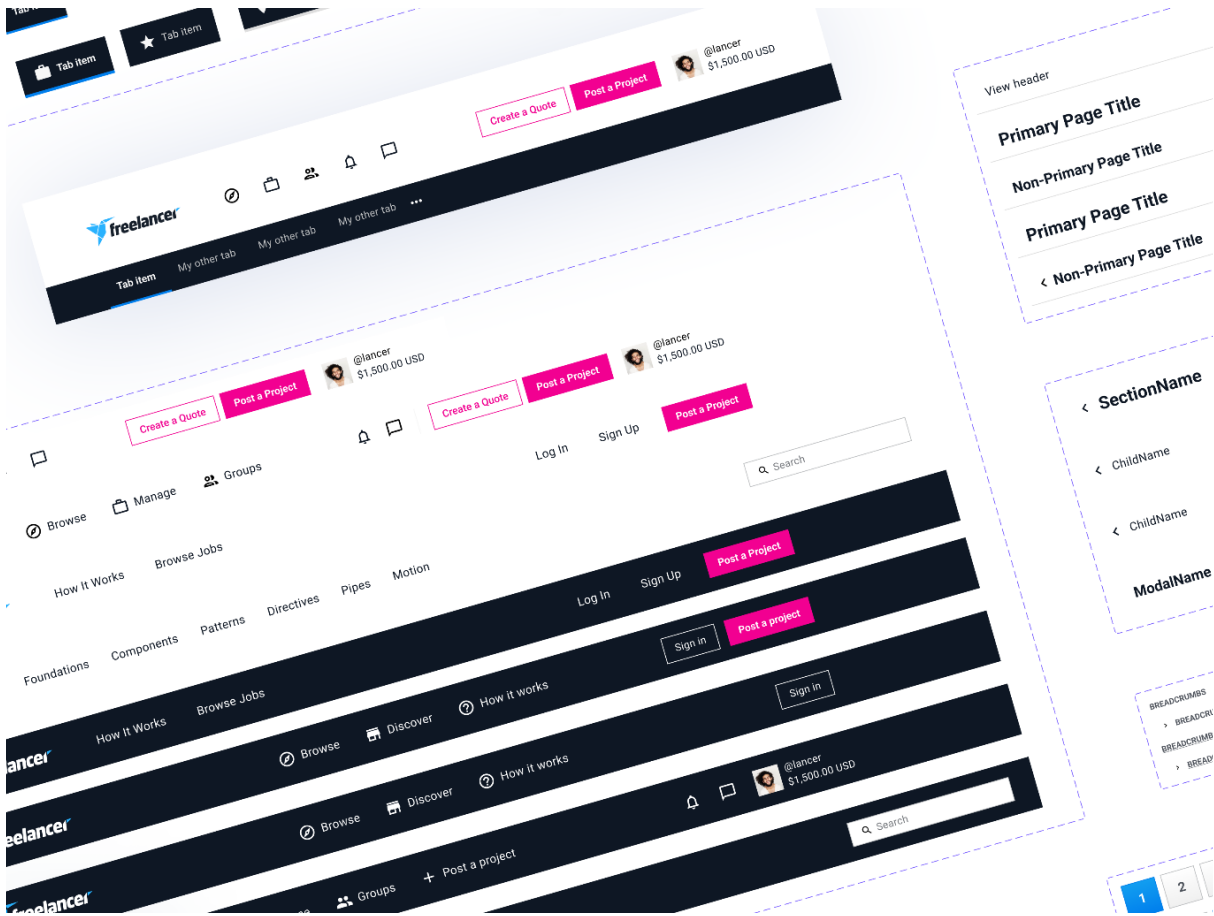


Figure 15: UI component improvements

**Trust & Safety**

Trust and Safety is key to the long term success of any marketplace product. In FY21, particularly in 2H21, we saw a significant increase in spam activity within the marketplace, and in response to this, towards the end of FY21 and throughout 1Q22, the company 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 continued to occupy a considerable amount of our resources in 1Q22. We did however make substantial progress in 1Q22 in improving key Trust and Safety metrics, and will continue our efforts throughout 2Q22.

We believe that these efforts will pay considerable long term benefits, and underpin long term sustainable growth.

**Contests**

Contests continue to perform strongly. As of writing this report, average entries per contest exceeds 250, and over 90% of contests now receive an entry within an hour.

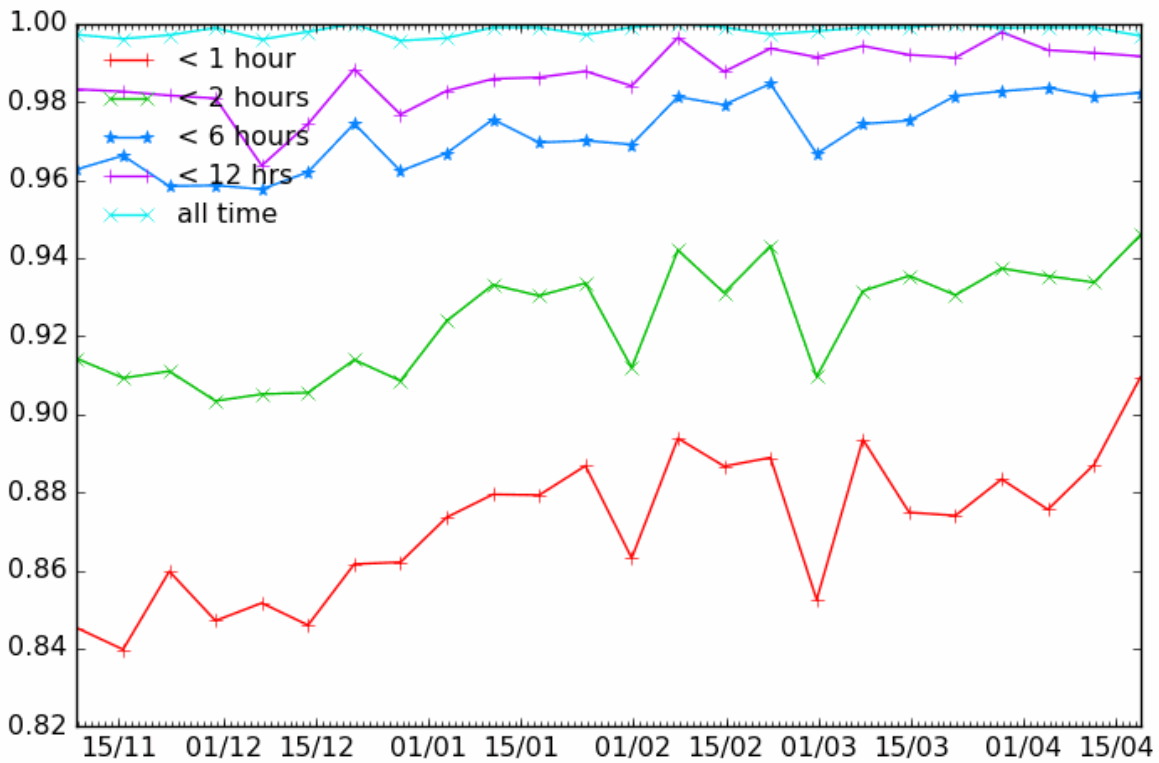


Figure 16: Contest time to first entry

Revenue per contest remains strong at \$23, up from \$16 on pcp.

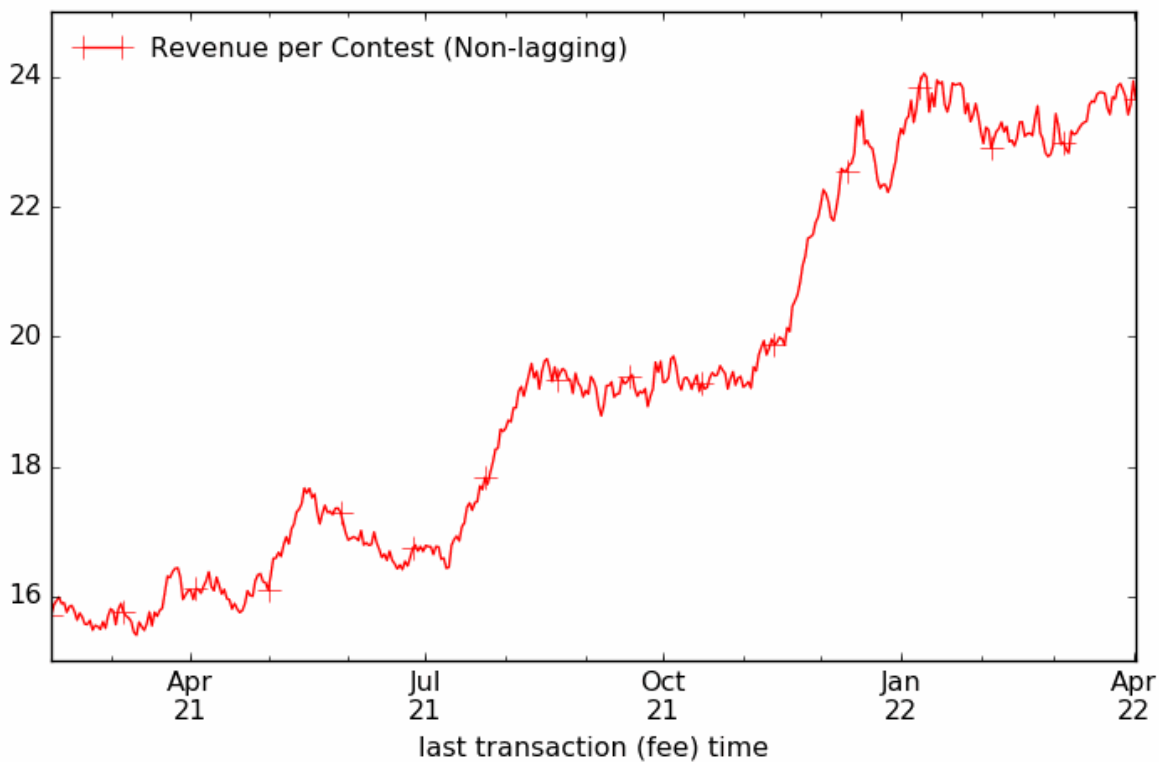


Figure 17: Revenue per contest

## Enterprise



The Freelancer Enterprise division continued its positive momentum in the first quarter of the year with GMV growth of 109% on pcp. The division benefited from a strong pipeline that generated growth across accounts in industries including professional services, technology, business process outsourcing, chemicals, government, software and education. Enterprise GMV for the quarter represented 3.7% of total Freelancer GMV. The division is expecting further GMV contribution uplift from delivering on key NASA milestones in 2Q22.

Some of the key highlights in 1Q22 included:

- 8 MSAs were signed in the quarter across technology, logistics, education, pharmaceuticals and professional services clients.
- Following 18 months of world-leading operational delivery with a global computer & printer company, a Statement of Work for engineering services was signed for a technical integration with the partner's global internal platform. This integration is not only a sign of confidence based on the outcomes thus far but will enable much larger project volumes across global markets.
- Commenced an engagement with one of the world's largest creative & marketing software companies engaging specialist freelancers to augment a key business unit. 1Q21 spend outstripped 2021 full year spend by 2.8x and is rapidly ramping.
- Continuing work on the formal paperwork processes pertaining to the awarded 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.
- Completed more onboarding steps following the rigorous RFP for a trillion dollar market capitalisation technology company to create an agile, elastic business model using freelancers. We are now moving to completing contractual requirements including the Statement of Work review, ahead of a formal expected award.
- NASA NOIS2 funding increased from US\$25m to \$175m, which was formally announced on April 25th. In 1Q21 we completed a number of task orders as detailed below. Our strike rate improved, winning 3 of 4 task orders bid on, including the largest awarded value to date of US\$1.5m. We anticipate that the value and frequency of task orders will rise dramatically in FY22 given the 600% increase in funding to the program.
- We started providing product demos of InSource to G2000 clients.

## Deloitte MyGigs

Phase 3 of the Deloitte MyGigs platform was completed this quarter, connecting Deloitte's internal platform to the external Freelancer cloud workforce. From the go-live in 2Q22 this year, Deloitte staff will be able hire freelancers, manage projects and process payments at scale. Over 30,000 Deloitte staff have been onboarded to the platform already, billing over 150,000 hours. This is expected to rapidly approach 50,000 users as part of our joint post-launch activation strategy. While most of these new users will initially focus on using MyGigs to find internal resources / gigs, there is significant and enduring upside potential for MyGigs External. We expect an uptick of new users and heavy traffic when this announcement is made in the coming quarter. Additionally, Phase 4 and Phase 5 have commenced planning.

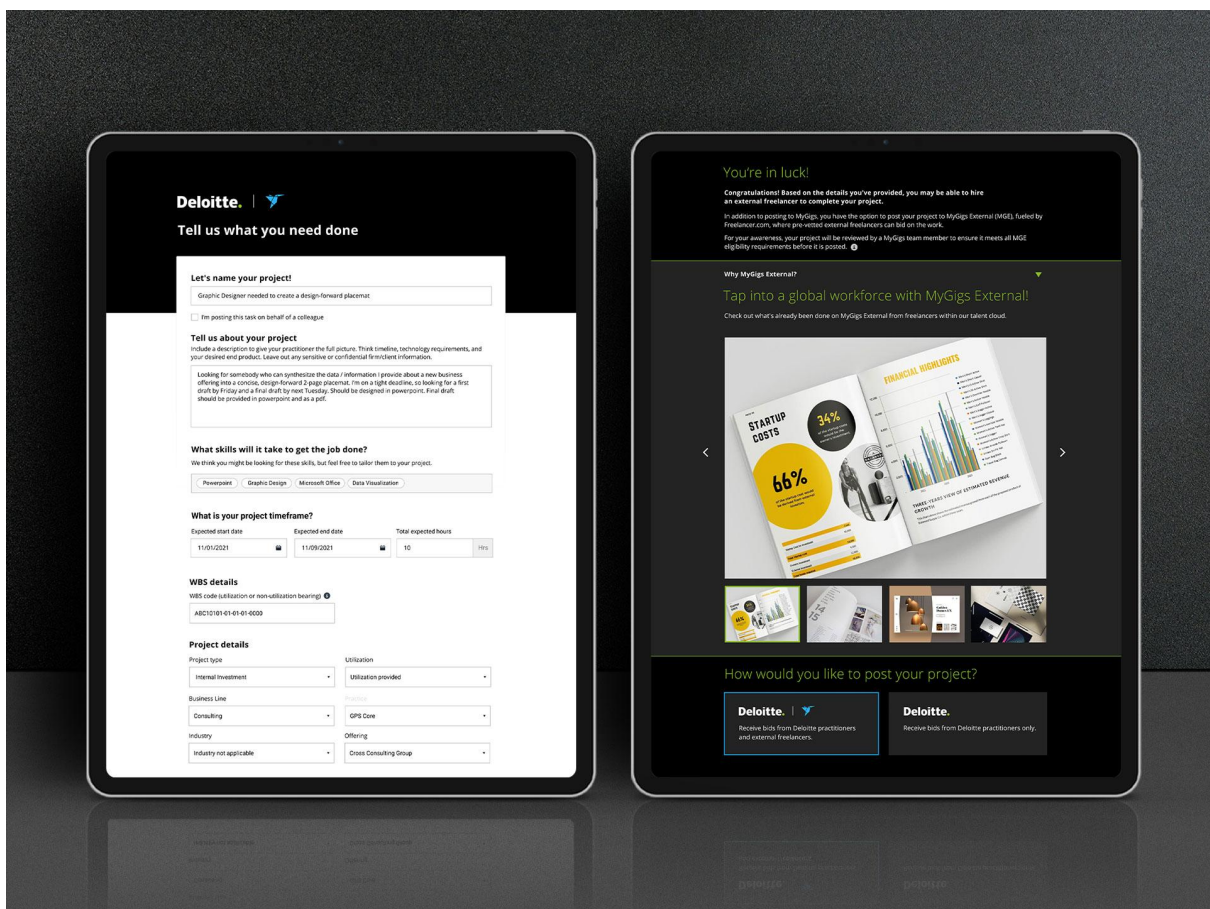


Figure 18: Deloitte MyGigs

## 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.

Initial feedback from the first ten partner demonstrations of InSource has been positive across a wide range of industries and regions, with a view to securing the first billable clients in 2Q22. Human Resource Managers are seeing real tangible value in the product as InSource addresses strategic objectives around talent attraction, staff development, optimising worker productivity and improving retention with an all encompassing solution.

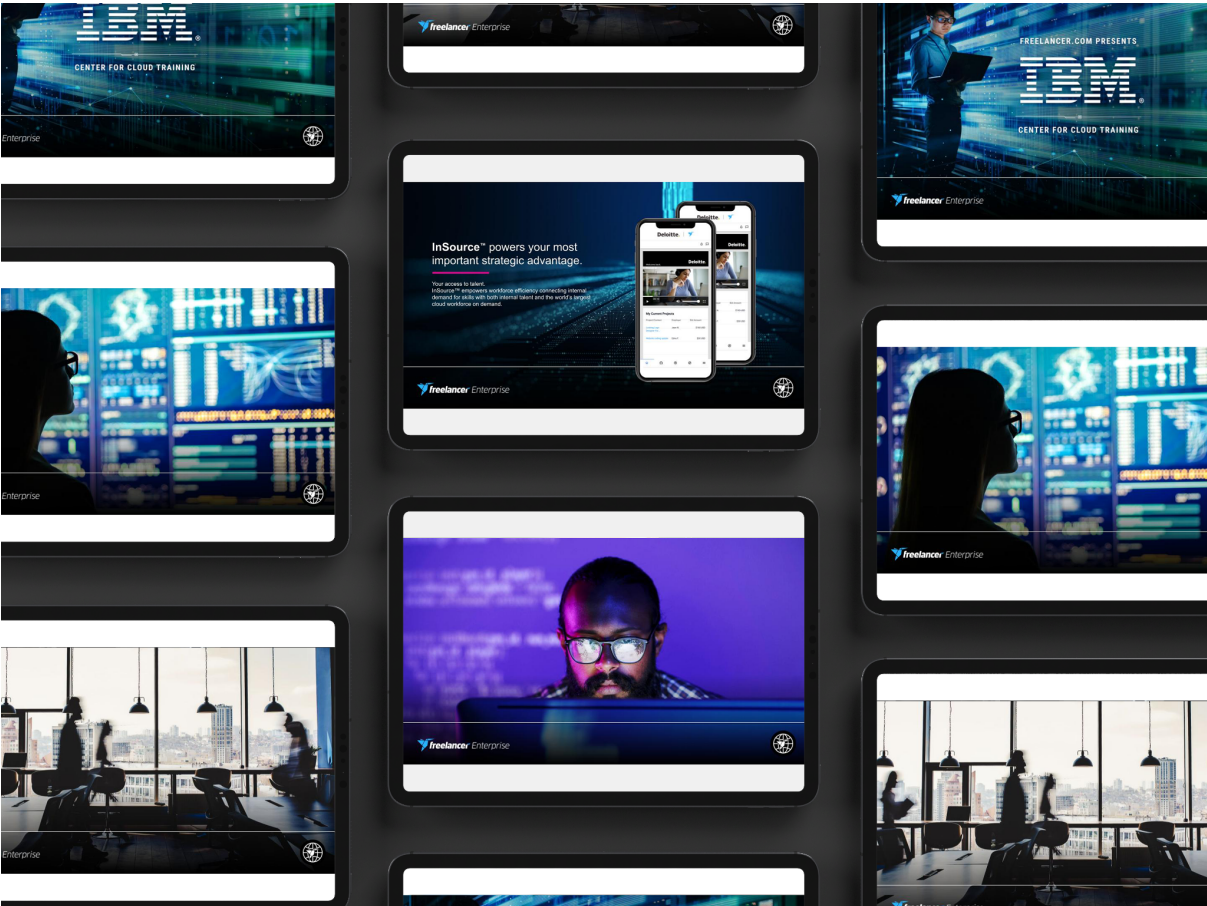


Figure 19: Freelancer InSource™

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. In India, IT enablement was completed for the next major city and hiring has started for our local team of field service engineers. Additionally, our innovative part delivery model solution



was approved by the global leadership team, which will allow us to turn our attention to opening up in three more Indian cities as part of the Phase 2 expansion for that country. 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. In 1Q22, we launched one new city in Australia with training and set up underway for the next two more to roll out.

Based on our operational strength, continued performance, growth, and cost savings to our partner, a business case with executive sponsorship was accepted which saw a Statement of Work signed for a pivotal technical integration with the partner’s global internal platform. This integration will pave the way for significantly higher volumes across all markets and provide a standardised, single global solution.

Beyond India, Australia and Indonesia, discussion around the next countries for global expansion have continued with a desire of opening new markets in Asia, Middle East, Africa and Europe.



**Figure 20:** Global Fleet freelancer performing on-site repairs at customer premises.

**NASA and U.S. Government**

Freelancer won three task orders in 1Q22 and completed its second task order under the NASA Open Innovation Services 2 (NOIS2) contract.

The first and second task orders won in 1Q22 are smaller work items both for the NASA Convergent Aeronautics Solutions (CAS) project valued at US\$9,300 and US\$61,000. The task orders leverage the Freelancer crowd with exceptional transcription skills and design facilitation expertise respectively. Freelancers will deliver transcriptions of a series of interviews for the CAS project and a more effective collaboration process for early problem

identification, exploration, and high-level solution conceptualization, in addition to graphic illustration and facilitation support.

The third task order is for the U.S. Department of Commerce and the National Institute of Standards and Technology (NIST), and is the largest task order won by Freelancer to date, worth US\$1,500,000. Freelancer will execute a multi-phase challenge that will leverage existing mobile and web-based technology to offer high-functioning, user-friendly Incident Command Dashboards to First Responders. The challenge will culminate in a final phase where participants will be able to showcase their solutions to the public safety community using live data. This task order will be delivered in partnership with LMI.

Progress was conducted on ongoing task orders, such as the NOIS2-006 Automated Maintenance of Protection Systems (AMPS) Challenge, that awarded five finalists and moved them to the next and final stage where they will ship their prototypes that will be tested in a lab environment by the Bureau of Reclamation.

Freelancer, in partnership with the digital product agency Input Logic, delivered on a key milestone, demonstrating the final software that will be delivered to the U.S. Department of Commerce International Trade Administration under NOIS2-039. The software will enable global adoption of data privacy certification based on the APEC Cross Border Privacy Rules and the Privacy Recognition for Processors Systems.

Risky Space Business: NASA AI Risk Prediction Challenge

In March 2022, Freelancer completed the Risky Space Business: NASA AI Risk Prediction Challenge for the NASA Game Changing Development Program. Three prizes totaling US\$35,000 were awarded to teams who developed an artificial intelligence and machine learning algorithm that could collect and analyse data from past projects in any organisation to allow teams to predict, prevent, and prepare for different risks or pitfalls involved in the project at hand. An additional three prizes totaling US\$15,000 were awarded to teams who submitted innovative solutions in data extraction, data formatting, and risk prediction.

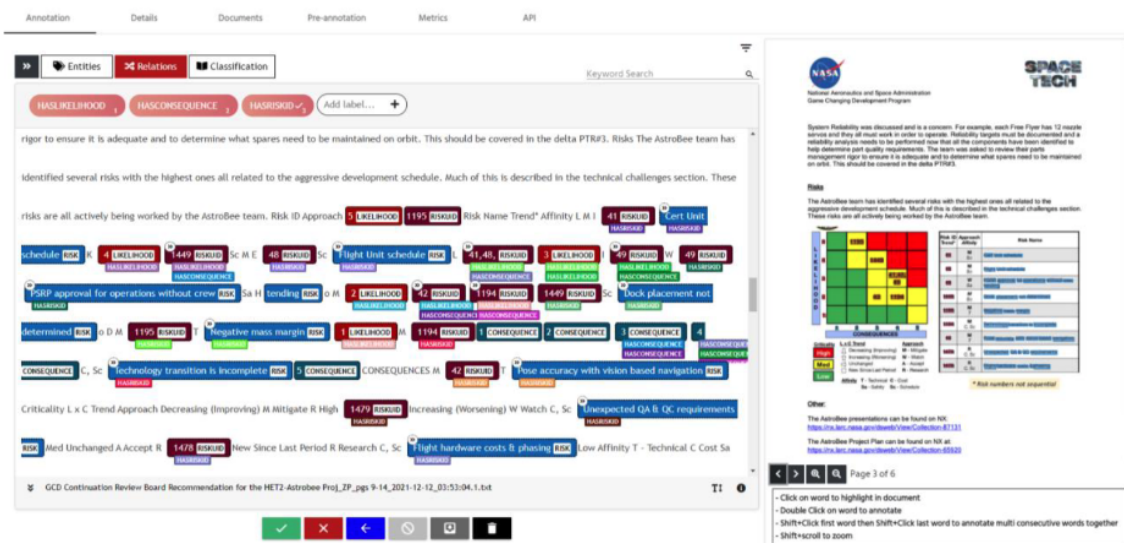


Figure 21: First place winners’ annotating document graphics for fine-tuning LayoutLM

The following are the winning teams/individuals:

*First Place | US\$20,000*

Christopher Milo, Zach Pryor, Benjamin Walzer, Daniel Mask, Jacob Walzer, and Sean Mellott (United States of America)

Kalman & Company, Inc.

*Automated Risk Information Extraction and Prediction*

<https://github.com/NOIS2-038-Risky-Space-Challenge-PUBLIC/ProjectRisk>

*Second Place | US\$10,000*

Dr. Richárd Ádám Vécsey and Dr. Axel Ország-Krisz (Hungary)

Rixel.

*Hyperrixel: a purely NLP-based risk identification and prediction method to reduce the chance of occurring unknown risks during a project's lifetime.*

<https://github.com/NOIS2-038-Risky-Space-Challenge-PUBLIC/RiskySpace>

*Third Place | US\$5,000*

Dr. Thomas Ilin (United Kingdom)

Cranfield School of Management, Cranfield University.

*Proposed Design of a Comprehensive Program Risk Assessment Tool with an AI Interface for Predictive Guidance*

<https://github.com/NOIS2-038-Risky-Space-Challenge-PUBLIC/ThomasIlin>

*Data Extraction Award | US\$5,000*

Petra Galuscakova (Slovakia)

Institute of Formal and Applied Linguistics, Charles University in Prague.

*Information Retrieval for Finding Potential Risks*

<https://github.com/NOIS2-038-Risky-Space-Challenge-PUBLIC/galuscakova>

*Data Formatting Award | US\$5,000*

Dean Koucoulas and Snezana Kirova (Canada)

MDA, Lactalis Canada

*Project Risk Identification using Natural Language Processing Technology*

<https://github.com/NOIS2-038-Risky-Space-Challenge-PUBLIC/NASA-Project-Risk-Prediction-Submission-1>

*Risk Prediction Award | US\$5,000*

Alexander Poplavsky (Poland)

Facemetrics Sp. z O. O.

*NASA AI Risk Prediction*

[https://github.com/NOIS2-038-Risky-Space-Challenge-PUBLIC/risk\\_prediction](https://github.com/NOIS2-038-Risky-Space-Challenge-PUBLIC/risk_prediction)

“The challenge proved the value of crowdsourcing through the identification of numerous unique approaches that combine text extraction and analytics with novel risk prediction methods and algorithms.” said Brian Tonge, Principal, Advanced Analytics & AI at LMI. “The collective solution portfolio supplies NASA’s program managers and analysts with an array of

options that can be further refined and deployed to achieve an advanced risk prediction capability that can transform program management and decision-making.”

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
NOIS2-064	Department of Commerce - National Institute of Standards and Technology	UI/UX Design, Software Development	\$1,950,000	Advance incident command dashboard technologies to allow for real-time tracking of assets, personnel, and objects of interest.
NOIS2-068	NASA Aeronautics Research Mission Directorate	Graphic Design	\$79,300*	Seek freelance graphic illustration and facilitation expertise. <i>*increase of AUD\$31,200 due to increased freelancing hours as required for the Task Order</i>
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	\$484,962.40*	Improve the reliability of hydropower plant generation. by automating safety equipment testing and reducing plant downtime. <i>*increase of AUD\$10,462.40 due to operational changes</i>

### 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.

Photo Anywhere received a Non-Binding Term Sheet and Inbound Services Agreement from a large technology company for a pilot integrating our Photo Anywhere into an offering powering a range of global services.

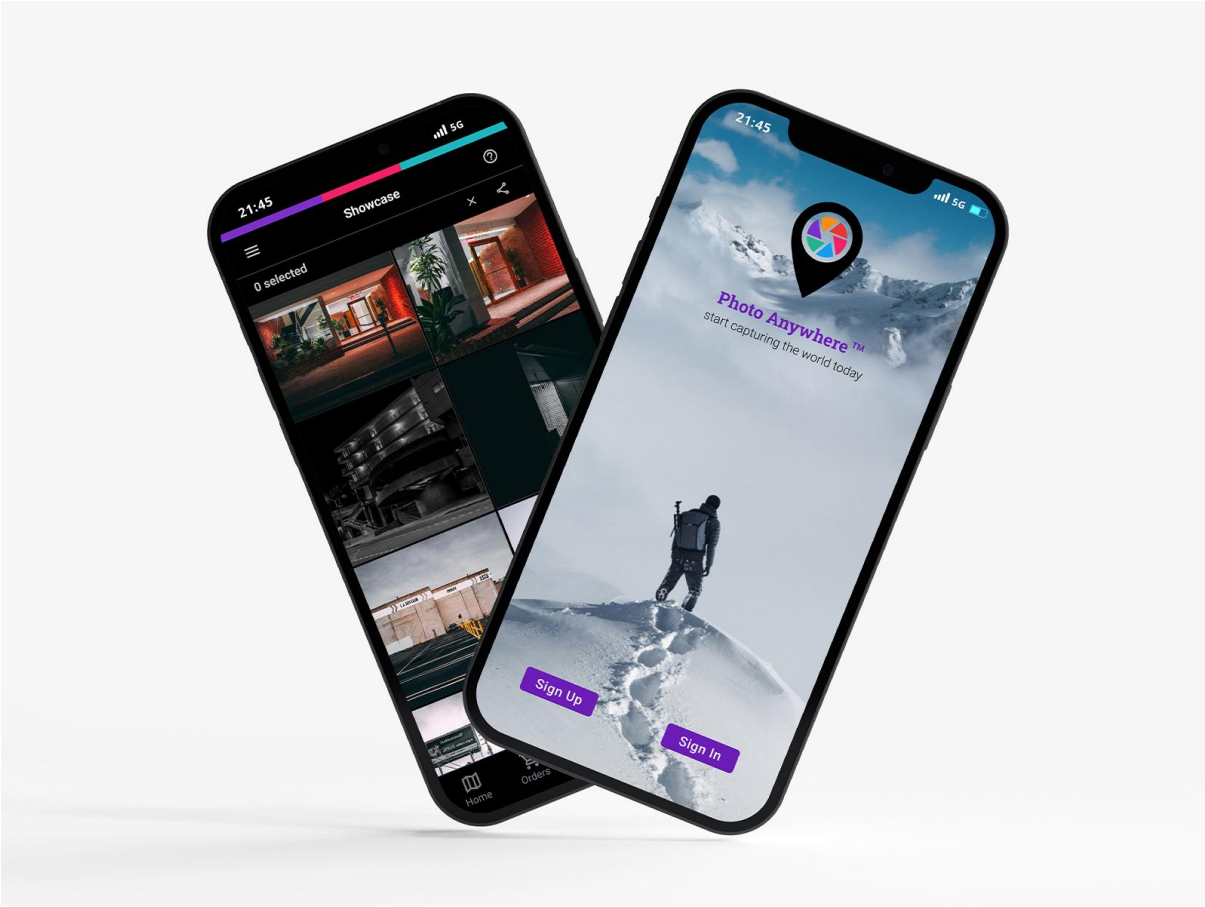


Figure 22: Photo Anywhere™

## Escrow.com



Escrow.com Gross Payment Volume (GPV) in 1Q22 was \$205.3m, up 29.7% on pcp. For the trailing twelve months, GPV was \$855.3m, up 60.1% on pcp. Escrow cash receipts were \$2.9m up 19.5% on pcp (US\$2.1m, up 12.1%). At the time of writing this report on the 26th April, the three month rolling GPV was in excess of US\$222m.

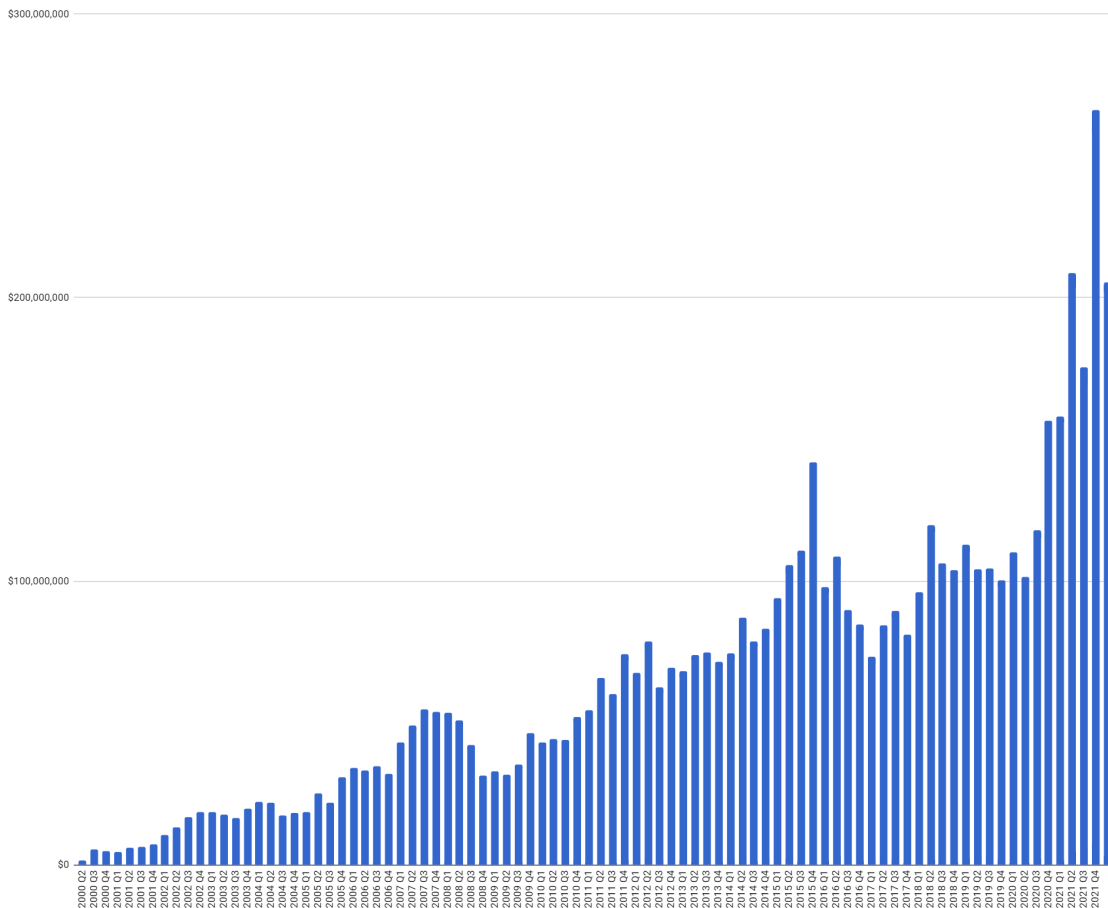


Figure 23: Escrow Gross Payment Volume (USD) by quarter since inception



## **Facilitating Financing for Automotive Purchases**

In 1Q22, Escrow.com became the first online escrow provider to add support for automotive transactions with financing, a key feature to enhance support for partner automotive marketplaces using the Escrow.com API.

Most car sales in the US are financed. By incorporating financing, escrow payments are enabled for all private party transactions in the automotive space.

Additionally, the ability to facilitate financed purchases allows millions of private party vehicle buyers the flexibility to pay over time, and allows sellers to attract higher prices for their vehicles.

To facilitate the transaction, Escrow.com will securely hold the deposit portion received from the buyer, and then the financed portion will be directly received from the finance partner. After the necessary due diligence, the vehicle is shipped and inspected, then funds are released to the verified seller of the vehicle. Escrow.com also facilitates lien holder payoffs and title transfer for financed vehicle purchases.

In a world first, the entire process, from searching, selecting, buying, financing, KYC, approval and signing of documents all happens digitally.

In 2Q22, Escrow will be announcing the launch of automotive financing and payments with a major US automotive marketplace. On launch, one finance provider will be available, but providers are being onboarded so that the borrower will select from competing offers.

## **Account Management**

A focus of the first quarter was improving our account management program and increasing the size of our account management team. We improve the user experience for high value transactions by assigning a dedicated account manager with expert knowledge in the assets being transacted. This program has contributed in improving the funding rate of high value transactions, and in 1Q22 we recorded a GPV of \$163.3m, up 50.4% pcp.

In 2Q22, we are automating the process to improve the speed of when we reach out to customers once transactions are created. Aside from improving the speed of connecting to customers, our goal is to ensure that we assign an account manager that is in the same timezone in which a transaction was initiated. We are aiming to have this live early in the quarter.

## **Transaction Improvements**

We have updated the transaction summary to provide a detailed breakdown of the amount to be paid by the buyer, and the total proceeds of the seller or broker. We have now shifted towards having all transaction types be created through this form. In 1Q22, we have seen a 48% uplift in transactions created since we launched the new *Start Transaction* flow.

**Start Transaction**

Transaction title: The sale of a 2021 Ford Mustang Shelby GT500

My role: Broker | Currency: USD

Inspection period (days): 5 | Transaction disclosure: Confidential

**Transaction details**

<b>Ford Mustang Shelby GT500</b> Cars & Trucks 2021 Ford Mustang Shelby GT500 Inspection Period: 5 Days	\$100,000.00
--	--------------

**Transaction summary** [How the totals are calculated?](#)

Subtotal:	\$100,000.00
Broker commission paid by: Seller	\$15,000.00
Escrow fee paid by: Buyer	\$890.00
Buyer price:	\$100,890.00
Seller proceeds:	\$85,000.00
Broker proceeds:	\$15,000.00

*All prices are in USD. Taxes may apply.*

**Seller details**

Email: [input] | Phone: +63 [input]

**Buyer details**

Email: [input] | Phone: +63 [input]

I have read and agree to the [General Escrow Instructions](#) and [Privacy Policy](#).

Start transaction

Figure 24: Improved Start Transaction Flow

### Partnership Growth

In 1Q2022, Escrow.com added a diverse range of marketplaces and broker partners across existing and new verticals.

Upscaling our presence in M&A, MicroAcquire has partnered with Escrow.com to enable M&A of startups for its 30,000 buyers. MicroAcquire joins existing partners Flippa and Shopify in using Escrow.com to secure their buyer's funds for the acquisition of businesses around the world.

## MicroAcquire startups safely with Escrow.com

Whether you're acquiring your next venture or selling your first startup, protect your transaction with Escrow.com for total peace of mind.



**MICROACQUIRE** 600+ startups MicroAcquired | 1,000s of vetted startup listings | **ESCROW.COM.** 1.4M+ customers | \$5B+ safely escrowed

### Acquisitions Made Fast, Safe, and Easy

With **MICROACQUIRE** and **ESCROW.COM.**

MicroAcquire is your #1 startup acquisition marketplace with 1,000s of vetted listings that make buying and selling startups a breeze. And with Escrow.com, you needn't worry about being scammed, defrauded, or not getting what you paid for. Together, we've got you covered.

Protect your acquisition with Escrow.com and enjoy peace of mind from the moment you agree a letter of intent or sign a purchase agreement. As a trusted third party, Escrow.com will secure your transaction from beginning to end, ensuring you and the other party get what was agreed.



#### Avoid Fraud

Transfer assets or cash safely while ensuring you get what you expect from the transaction.



#### Review & Approve

You instruct us to release funds, and only when you're happy with what you've received.



#### Secure Funds

We're fully licensed and accredited in 48 states and rated A by the BBB – your funds are in safe hands.



#### Transparent Pricing

Fees are low, fixed, and transparent. No hidden charges, and cheaper than credit cards.

### How It Works



1

#### Agree to terms

Agree acquisition terms with a signed letter of intent (LOI) or asset purchase agreement (APA).



2

#### Buyer sends funds to Escrow.com

The buyer securely transfers funds for the acquisition to Escrow.com.



3

#### Transfer Assets

The seller accepts the Escrow.com transaction and transfers the assets specified in the LOI or APA.



4

#### Buyer approves assets

The buyer reviews and approves the assets are as expected and instructs Escrow.com to release funds.



5

#### Escrow.com releases funds

Escrow.com wires the funds to the seller. The acquisition is complete!

Figure 25: Escrow & MicroAcquire

Escrow.com allows specialised app development and acquisition marketplaces like WeeWoo to offer a one-stop-shop experience for buyers looking to purchase and develop mobile apps through a combination of up-front and milestone payments. Escrow.com is fast becoming the transaction method of choice in this market, adding four new mobile acquisition and development partners in 1Q22.

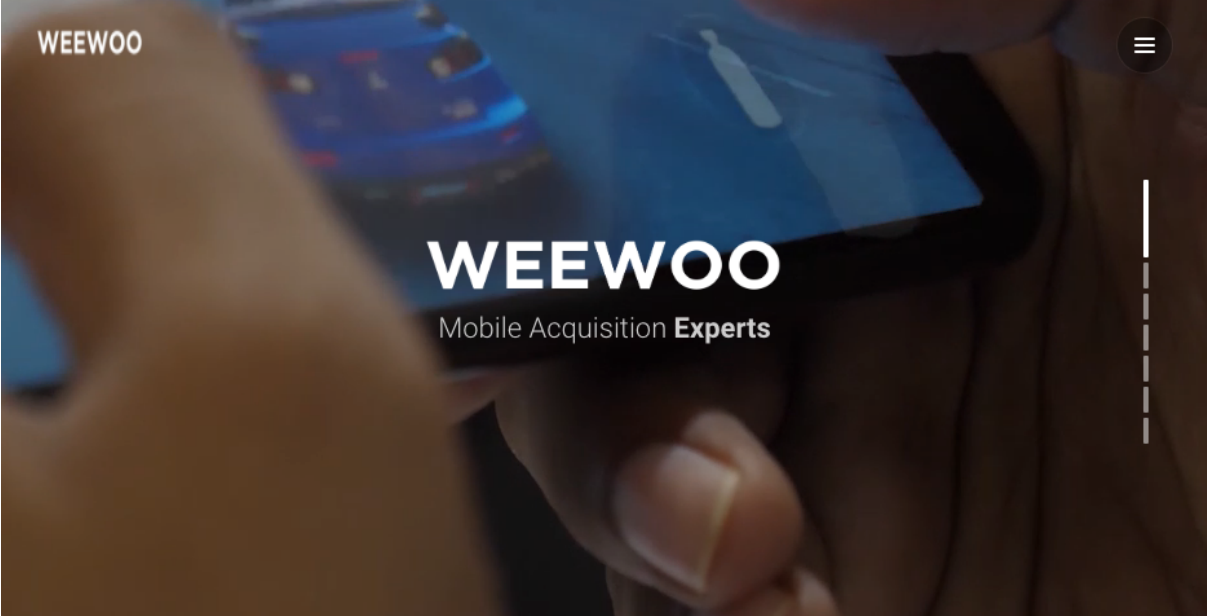


Figure 26: Escrow & WeeWoo

In new verticals Escrow.com has developed partnerships within agricultural, cybersecurity consultation services and niche event sponsorship markets. Integration is currently ongoing with a new wholesale manufacturing supply marketplace with launch set for 2Q22.

## Freightlancer / Loadshift

# FREIGHTLANCER

A *Loadshift* Company

The freight division continues to solidify its position as Australia's largest online freight marketplace. In 1Q22, the division saw 19,832 loads posted (up 10% on pcp) representing 28,417,070 kilometres of freight (up 12% pcp), with a notional Gross Load Value of approximately \$87 million.

In the quarter, Freightlancer was migrated to the Freelancer enterprise technology stack providing significant improvements to the Freightlancer platform and the launch of features such as messaging, reviews and notifications for end to end management of freight.

The enterprise stack also facilitates taking the business global which is anticipated in FY23. The legacy Channel40 platform was retired at the same time. We are now proceeding to integrate Loadshift and Freightlancer into one platform.

In the quarter, Loadshift was integrated into Machines4u, Australia's No. 1 Online Machinery Trader Classifieds. Loadshift's proprietary pricing algorithm provides accurate estimates for transport to shippers and helps them make an informed decision prior to machine purchase.

On the carrier side, we launched several features this quarter to improve carrier experience and to help them secure the right jobs quickly. We launched operating states and the truck types feature, allowing carriers to select the states they operate in and the truck types they have. Ultimately, this will improve matchmaking and the conversion of loads by allowing carriers to receive tailored notifications categorised by cargo type, truck configuration and the states they service.

# Hyundai 2.5t Forklift

Open

**Description**  
Hyundai 2.5t Forklift - Delivery is to the Dugald mine site 65km north west of Cloncurry QLD

Quantity	Load Information	Length	Width	Height	Weight
1	Hyundai 2.5t Forklift - Delivery is to the Dugald mine site 65km north west of Cloncurry QLD	3700 mm	1200 mm	2300 mm	3850 kg
<b>Total Weight of All Items</b>					3850 kg

**Pickup and Dropoff**  
 Western Australia, Australia  
 31 May 2022  
 Three Rivers, QLD 4824

**Load Types**  
Machinery up to 25T

**Approximate Distance**  
3,794km

**Place your bid now and earn money moving Freight!**

**Bid on this Load**

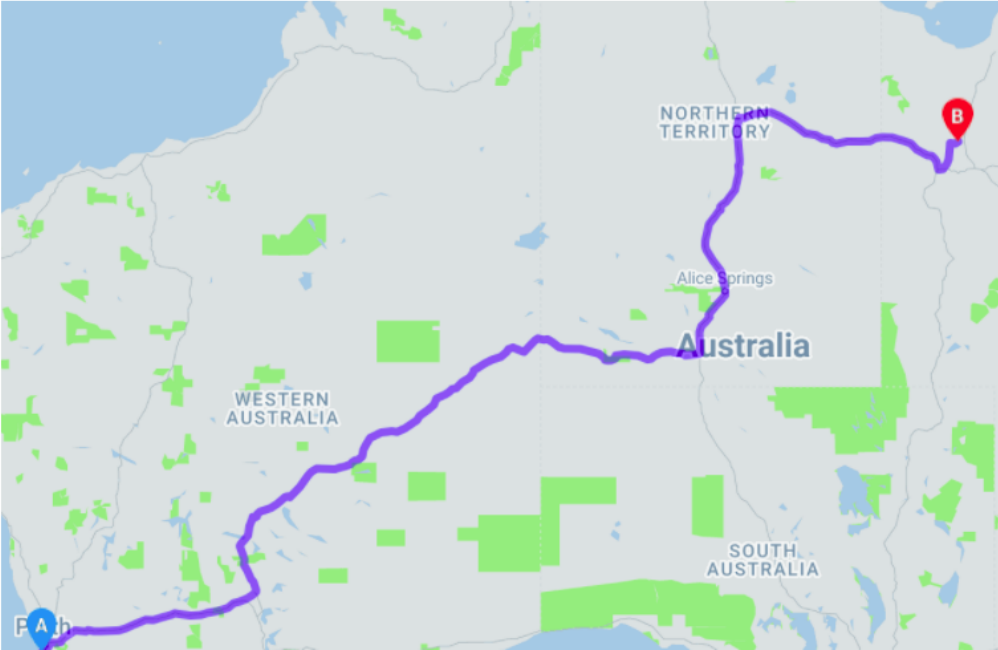


Figure 27: View Loads

Freightlancer specialises in high value, complex freight movements. An example is the movement of the Pride of the Murray for Outback Pioneers, a 26 metre long 75 tonne paddle steamer that will be recovered from the Murray River at Moama in New South Wales and loaded onto a 12 line module trailer. Under escort from state police, pilots and the power company, the Pride of the Murray will be transported to Longreach Queensland some 1750 km over about 10 days before being relaunched into the Thompson River.



Figure 28: *Pride of the Murray* being moved by Freightlancer

In terms of other key metrics for the quarter:

- Average load distance: 1,424km / load
- Average time to first bid: 18 minutes
- Average number of bids per job: 4.7
- Average freight charge: \$3.05 per kilometre
- Average load size: \$4,023.74

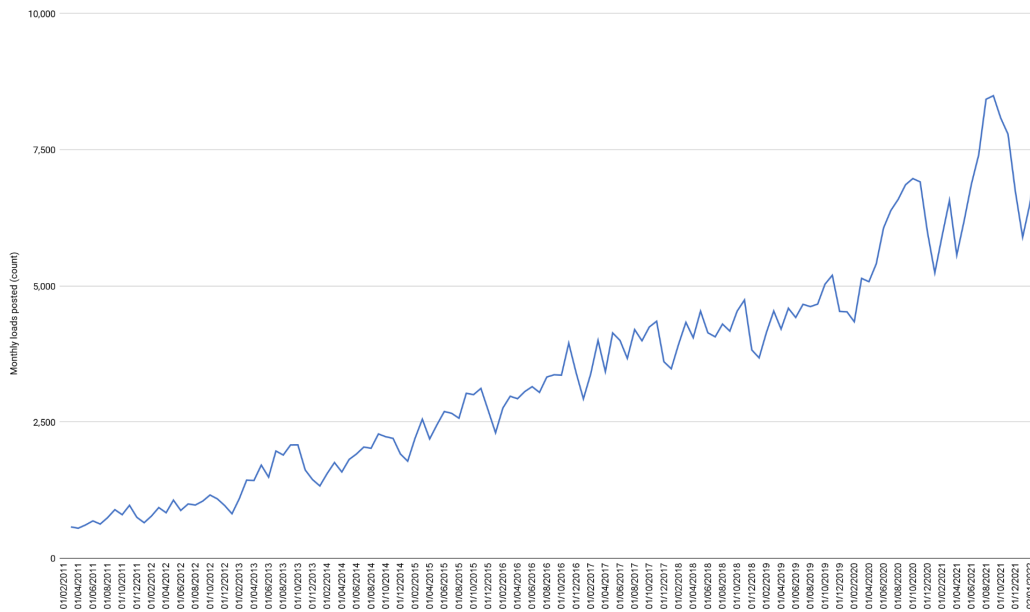


Figure 29: Group freight posted since inception (loads)

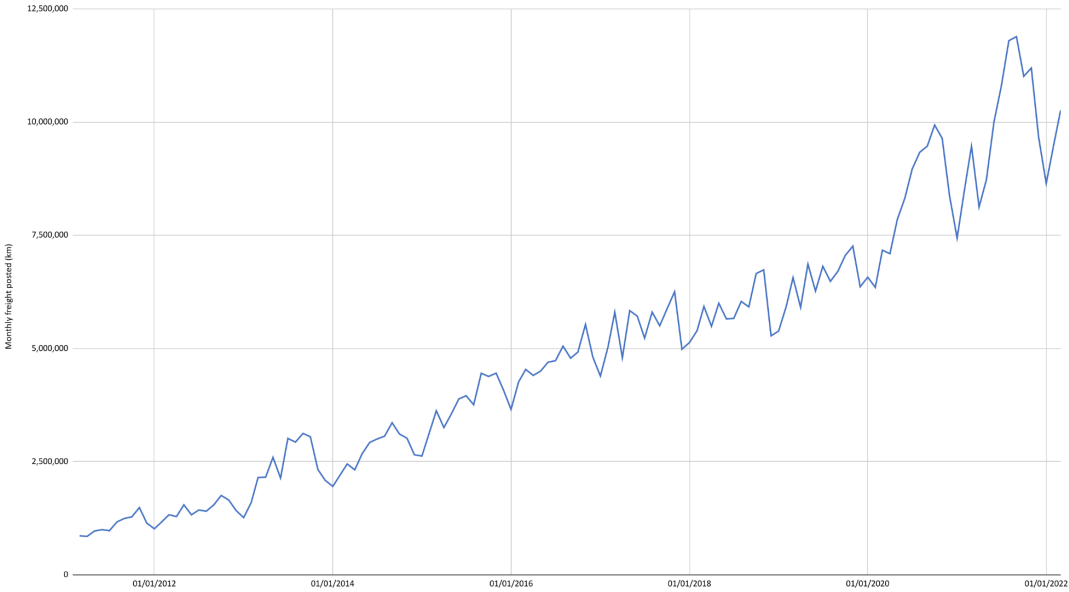


Figure 30: Group freight posted since inception (km)

**Freight Categories**

The freight moved by the group is diversified but primarily heavy machinery (19.2% mobile, 7.8% stationary) for the mining, construction and industrial sectors. This is followed by vehicles (cars 17.2%, trucks 8.3%, caravans 5.2%, trailers 6.3%, boats on trailers 2.9%, and motorcycles 1.9%).

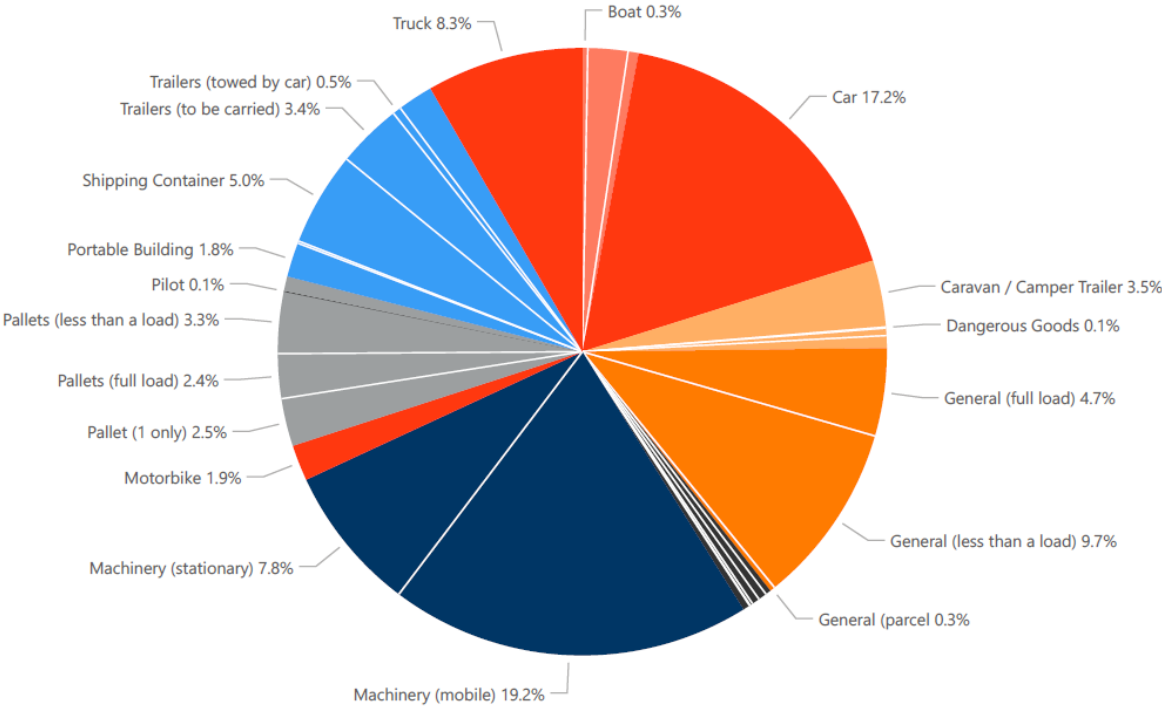


Figure 31: Freight categories by type (%) in 1Q22





## **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.

## **Conclusion**

Cash & cash equivalents as of March 31st was \$30.1 million, flat vs 31 Dec 2021.

Escrow ended the quarter with off balance sheet cash of US\$52.5 million, up \$13.8m on pcp, up 35.7%.

In 1Q22, Freelancer obtained Depository Trust Company ("DTC") eligibility for its ordinary shares on OTCQX Best Markets. DTC manages electronic clearing and settlement of publicly traded companies across the United States and in 131 other countries. Trading through DTC allows for cost-effective clearing and guaranteed settlement, simplifying and accelerating the settlement process of daily trades. U.S. investors can find current financial disclosure and Real-Time Level 2 quotes for the company on <https://www.otcm Markets.com/stock/FLNCF/quote>.

OTCQX trading will make it easier for our U.S. investors, employees and customers to invest in Freelancer by reducing the requirement of having an Australian share trading account.

**For more information please contact:**

Neil Katz  
Chief Financial Officer  
Freelancer Limited  
[investor@freelancer.com](mailto:investor@freelancer.com)

**Forward-looking statements**

This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, including Freelancer's FY22 outlook, are also forward-looking statements, as are statements regarding Freelancer's plans and strategies and the development of the market. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Freelancer, which may cause actual results to differ materially from those expressed or implied in such statements. Freelancer cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that Freelancer's business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this announcement and Freelancer assumes no obligation to update such information. The release, publication or distribution of this document in jurisdictions outside Australia may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

**About Freelancer**

Twelve-time Webby award-winning Freelancer.com is the world's largest freelancing and crowdsourcing marketplace by total number of users and projects posted. More than 57 million registered users have posted over 20 million projects and contests to date in over 2,000 areas as diverse as website development, logo design, marketing, copywriting, astrophysics, aerospace engineering and manufacturing. Freelancer owns Escrow.com, the leading provider of secure online payments and online transaction management for consumers and businesses on the Internet with over US\$5 billion in transactions secured. Freelancer also owns Freightlancer & Loadshift, enterprise freight marketplaces with over 550 million kilometres of freight posted since inception. Freelancer Limited is listed on the Australian Securities Exchange under the ticker ASX:FLN and is quoted on OTCQX Best Market DTC under the ticker FLNCF.

End





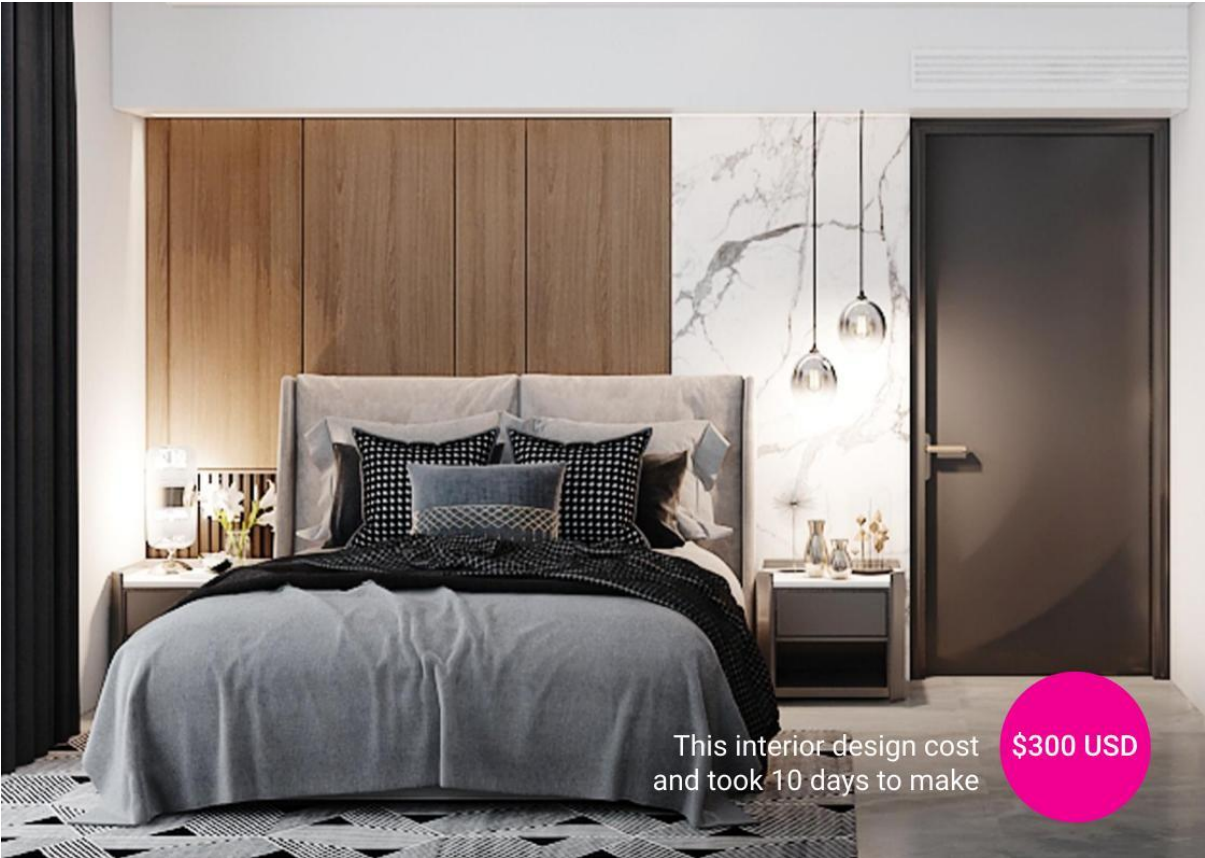
This logo design cost and took 10 days to make

\$173 USD



This logo design cost and took 10 days to make

\$175 USD





This brand design cost and took 9 days to make

\$80 USD



This brand design cost and took 1 day to make

\$120 USD