

ASX Announcement | 24 October 2016

Freelancer delivers cash receipts in Q3 2016 of \$12.7 million, up 31% YoY (47% YTD), positive operating cashflow of \$4.2 million for YTD, all time record for number of jobs posted, up 47.9% YoY.

Monday, 24 October 2016 - Freelancer Limited (ASX: FLN), the world's largest freelancing and crowdsourcing marketplace by total number of users and jobs posted, today released its Quarterly Cash Flow Statement (Appendix 4C) for the quarter ending 30 September 2016 (Q3 2016).

Cash receipts were up 31% YoY for the third quarter to \$12.7 million, 47% YTD YoY

In Q3 2016, the Company booked cash receipts of \$12.7 million, up 31% over the prior corresponding period. For the 9 months year to date, the Company booked cash receipts of \$38.8 million, up 47% YoY.

This result was achieved against the background of a significant appreciation in the Australian Dollar from approximately 0.69 to above 0.78 AUD/USD through this period.

While revenue in the core Freelancer business has grown strongly in recent periods (see Figure 1 below), revenue from Escrow.com was weaker, which was primarily due to a bubble in the Chinese domain name market, which is non-core revenue for the group. As reported in an ASX filing on 13th of January 2016, Escrow.com had experienced exponential growth in transactions from Chinese buyers of premium domain names (e.g. 2-4 letter) in 2015. This volume was transient and unsustainable. Like many asset bubbles in China, it was well reported in 2016 that this bubble had popped¹. Escrow.com China volume has now reverted back to be in line with its long-term trendline (see Figure 2 below).

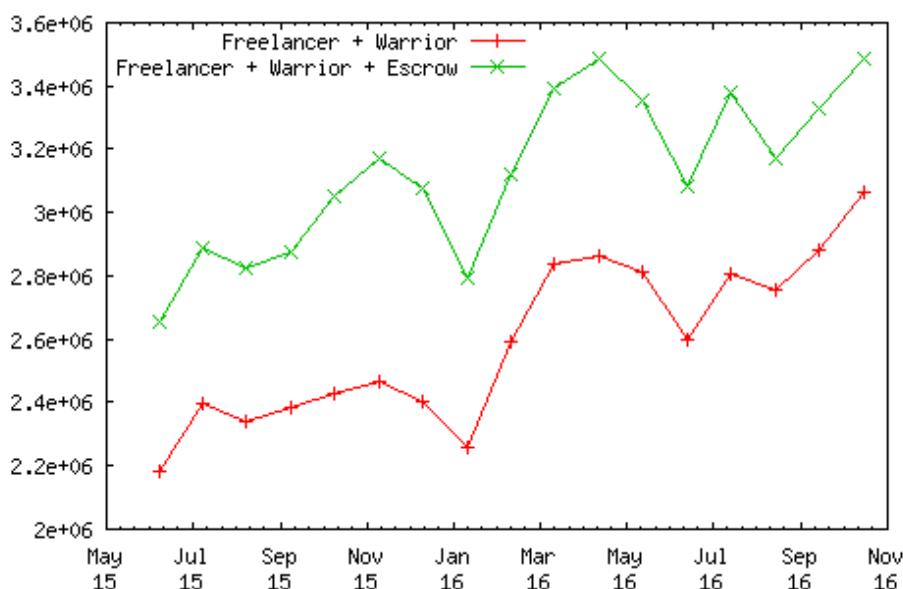


Figure 1: Unaudited rolling 30-day unadjusted revenue by group (USD, to 18 October 2016)

¹ <http://domaingang.com/domain-news/chinese-domain-market-will-chinas-stock-market-crash-affect-it/>

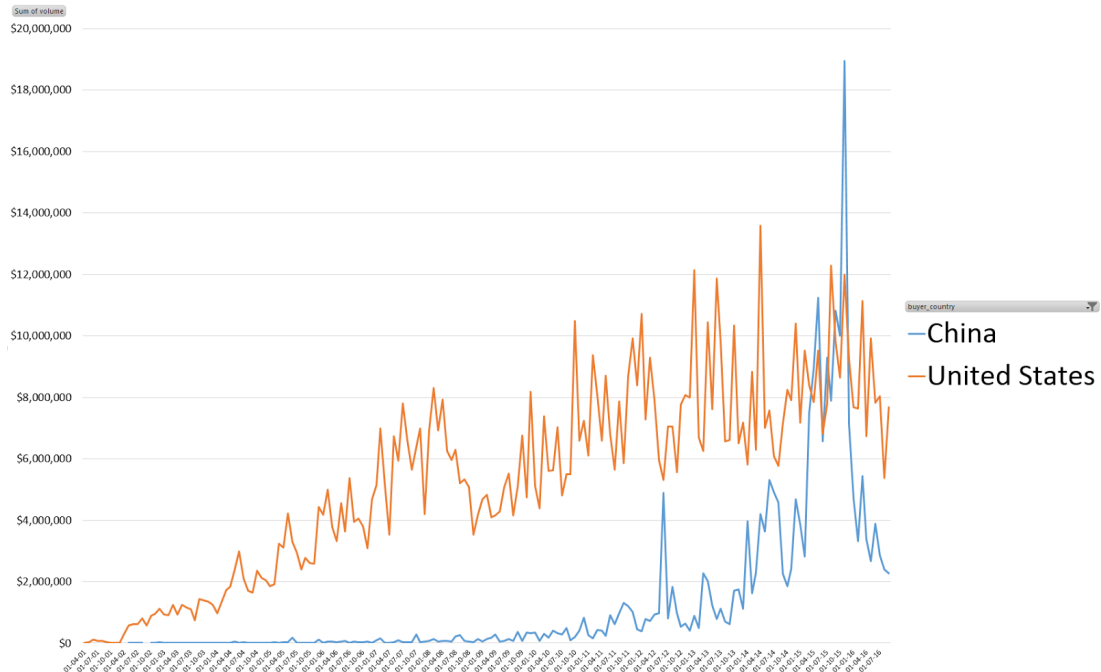
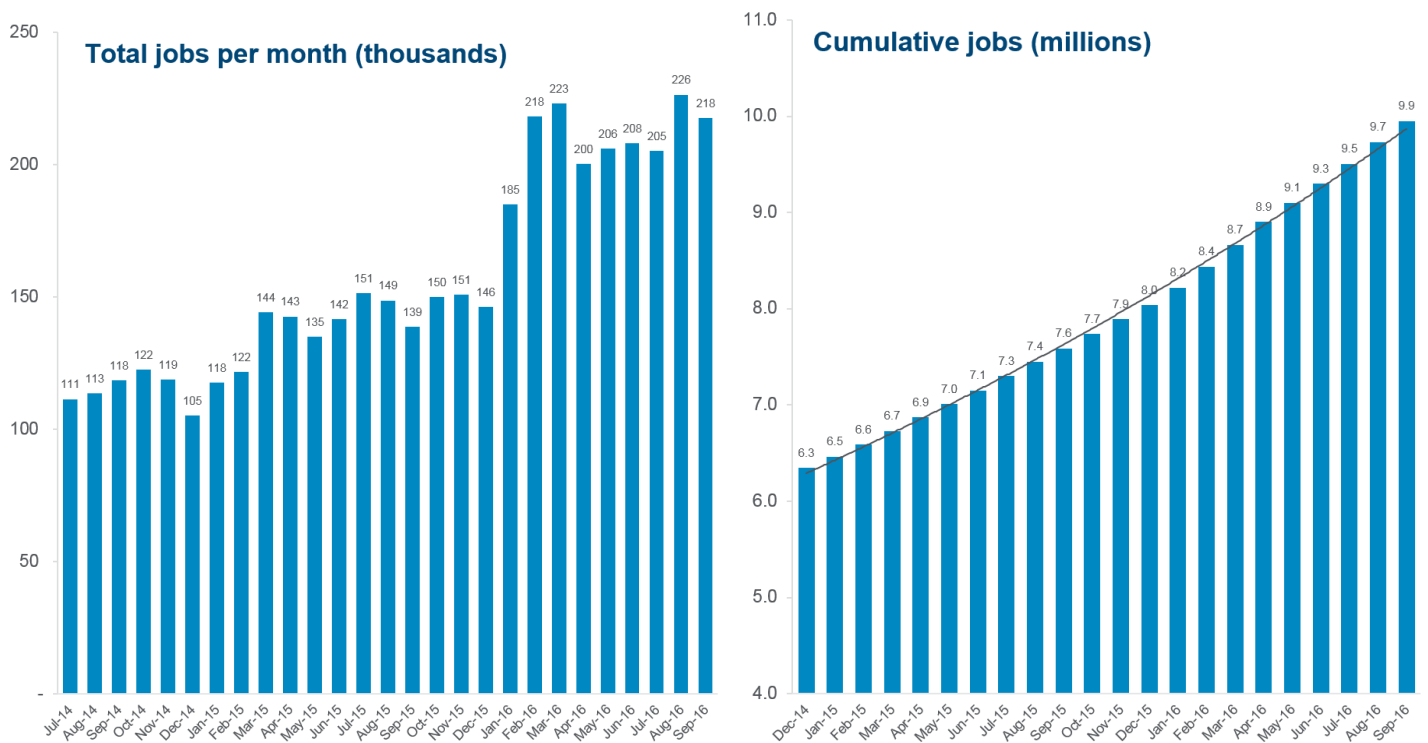


Figure 2: Escrow.com unaudited Gross Payment Volume (GPV) for Domain Names, China vs US (USD)

In the Freelancer marketplace, job volume was up 47.9% YoY in Q3, the best quarter on record. Liquidity increased in Q3 to 73.8% of projects being bid on within 60 seconds (up from 70%).



Strong balance sheet with \$34.3 million cash & equivalents and no net debt

As at 30 September 2016, the Company held cash and equivalents of A\$34.3 million. Escrow.com also held approximately A\$25 million in cash, in trust, off balance sheet.

Positive operating cash flow YTD

For the first 9 months of FY16, operating cash flow was positive \$4.2 million. This is in line with the Company's strategy of being cash flow positive on an operating basis, to de-risk future growth.

Escrow.com headquarters moves to San Francisco

A new escrow payments team was hired in San Francisco together with backend support in Sydney. As a result, payments are now being processed 30% faster. The office in Rancho Santa Margarita has been closed, and Escrow.com's headquarters is now in downtown San Francisco. The new office is supported by engineering, support and other functional groups based in Sydney, Vancouver and Manila.

Mobile launched Version 3 of the iOS App - our biggest release ever

On mobile, Freelancer now reaches more than 1.2 million active app users globally. Distinct from users, the Android app hit a milestone of 1 million downloads last week, while the iOS app has approximately 425,000 downloads

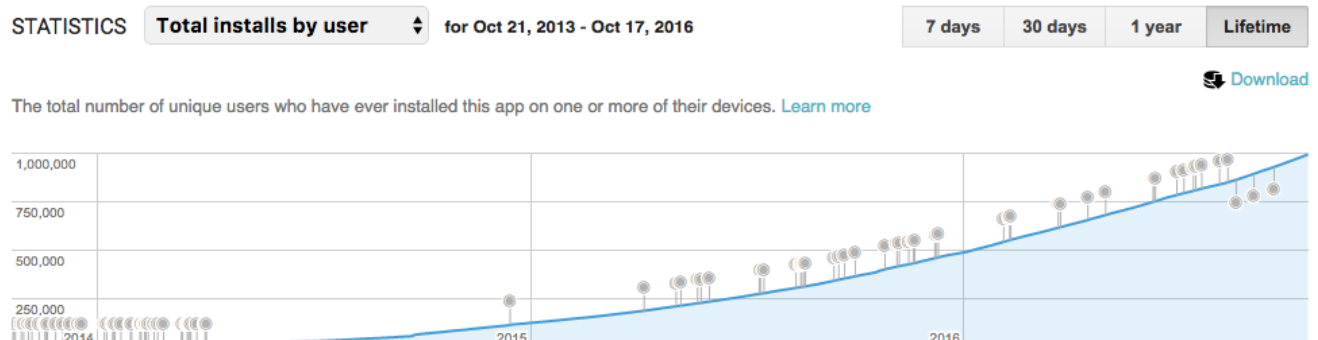


Figure 3: Total number of unique users that have installed the Freelancer Android App

Local Jobs have now been posted in over 1,000 cities in over 100 countries

Local jobs can be posted by users anywhere, no matter where they are in the world, and from launch c.18 months ago liquidity continues to grow strongly. Globally, the average number of bids per project is seven, and 65% of projects receive a bid within the first hour. On average, the first bid arrives within 15 minutes.

Freelancer's StartCon conference will take place on November 26 and 27 at the Royal Randwick Racecourse in Sydney.

StartCon is Australia's largest startup and growth conference. Over 3,000 entrepreneurs, technology specialists, startups, marketers and innovators are expected to attend in 2016. This year has a record lineup of speakers from Silicon Valley including Uber, Pinterest, Zillow, SurveyMonkey, GrowthHackers & 500 Startups. Tickets are available at www.startcon.com.



Full year outlook

FY16 will be an exceptional year for the Company, with its first full year contribution from Escrow.com. Q3 represented a record quarter for the Company in terms of jobs posted.

Conclusion

Matt Barrie, Chief Executive, commented on the results, "Freelancer.com once again achieved strong results in Q3 with continued strong year on year growth in receipts from customers. This was achieved against the background of an appreciating Australian Dollar and fluctuations in the Chinese domain market, which is a non-core revenue stream in the Freelancer group. We believe that 2016 will also be an exceptional year for Freelancer, with a full year contribution from Escrow.com."

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For more information, contact:

Christopher Koch Deputy Chief Financial Officer & Investor Relations

Tel: +61 409 788 637

Email: christopher@freelancer.com

<http://www.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 FY16 outlook, are also forward-looking statements, as are statements regarding Freelancer's plans and strategies and the development of the market. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Freelancer, which may cause actual results to differ materially from those expressed or implied in such statements. Freelancer cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that Freelancer's business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this announcement and Freelancer assumes no obligation to update such information. The release, publication or distribution of this document in jurisdictions outside Australia may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

About Freelancer

Ten-time Webby award-winning Freelancer.com is the world's largest freelancing and crowdsourcing marketplace by total number of users and projects posted. More than 20 million registered users have posted over 10 million projects and contests to date in over 1,000 areas as diverse as website development, logo design, marketing, copywriting, astrophysics, aerospace engineering and manufacturing. Freelancer owns Escrow.com, the leading provider of secure online payments and online transaction management for consumers and businesses on the Internet. Freelancer Limited is listed on the Australian Securities Exchange under the ticker ASX:FLN.