

## Market Announcement | 27 July 2022

### 1H22 Financial Results & Business Update

Freelancer Limited delivers Gross Payment Volume in 1H22 of \$652 million, up 15.2% on pcp (US\$471 million, up 7.8% on pcp):

- Freelancer GMV \$64.7m, down 4.8% on pcp (US\$46.6m, down 11.0%)
- Escrow GPV \$564.1m, up 18.7% on pcp (US\$407.2m, up 11.1%)

Group net revenue 1H22 \$29.2m, up 5.1% on pcp (US\$20.9m down 2.1%):

- Freelancer revenue \$23.5m up 3.4% on pcp (US\$16.9m, down 3.6%)
- Escrow revenue \$5.7m up 12.8% on pcp (US\$4.1m, up 4.2%)

FX had a tailwind of 6.8% in 1H22 as the Australian dollar depreciated against the USD from an average of 0.7715 to 0.7192.

Approximately 74% of group revenue is USD and 7% is AUD.

The group had positive net operating cash flow of \$2.3 million for 1H22 (1H21: \$2.7 million) and ended with cash & equivalents of \$31.7 million, flat on pcp.

Escrow ended the quarter with off-balance sheet cash of US\$42.6 million, up \$11.6m or 38.0% on pcp.

**SYDNEY, 27 July 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 1H22.

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 through to large enterprises require as part of their everyday business.

## Freelancer.com



### Summary

Freelancer revenue was \$23.5m up 3.4% on pcp (US\$16.9m, down 3.6%). Freelancer GMV was \$64.7m, down 4.8% on pcp (US\$46.6m, down 11.0%).

### Marketing

During 1Q22, we focused our attention to increasing the volume of transactions produced through paid advertising (SEM). This initial stage involved campaign expansion and proved to be successful with our deposits from SEM reaching near-all-time highs.

During 2Q22 we shifted our attention towards optimising and lifting the profitability of the campaigns we are running, especially the new ones. Although there was a drop in the total volume during May, we soon reached a high of average revenue per user in the channel, with our key profitability metrics trending in the right direction.

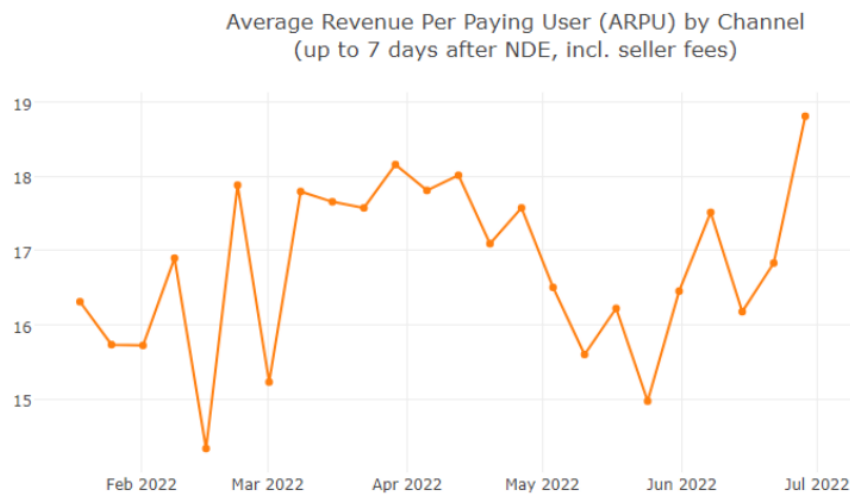
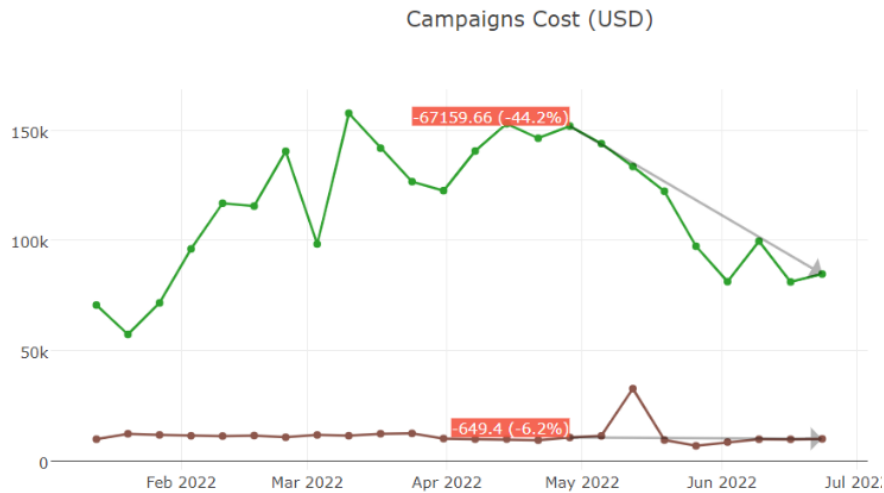
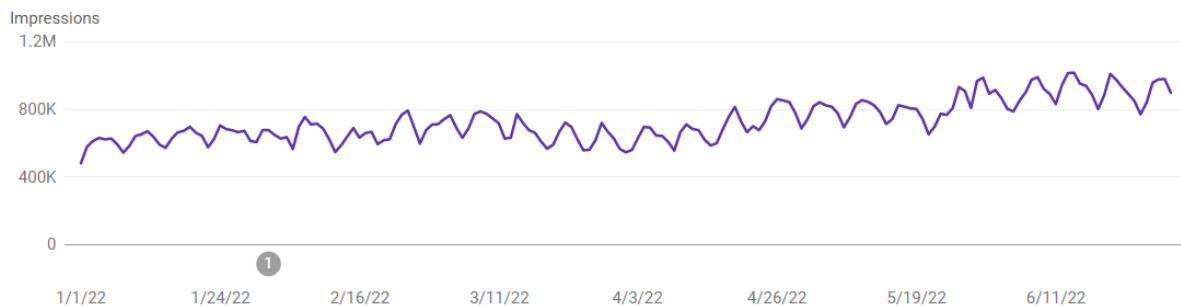


Figure 1: Average Revenue Per Paying User (SEM)



**Figure 2: Campaign Cost (SEM)**

Our efforts on the SEO front are also starting to show results. The top-level metric (Impressions) has experienced significant growth over 2Q22. The focus in 2H22 will be converting this up-funnel traffic into down-funnel GMV and revenue.



**Figure 3: Impressions from organic traffic (SEO)**

This is just a start. In 2Q22 we have been mobilising engineering resources to work on the next stage in the SEO strategy, focusing on user generated content and site architecture, which we believe will drive further impression growth and leverage our strengths as the largest online freelancing marketplace by users and projects.

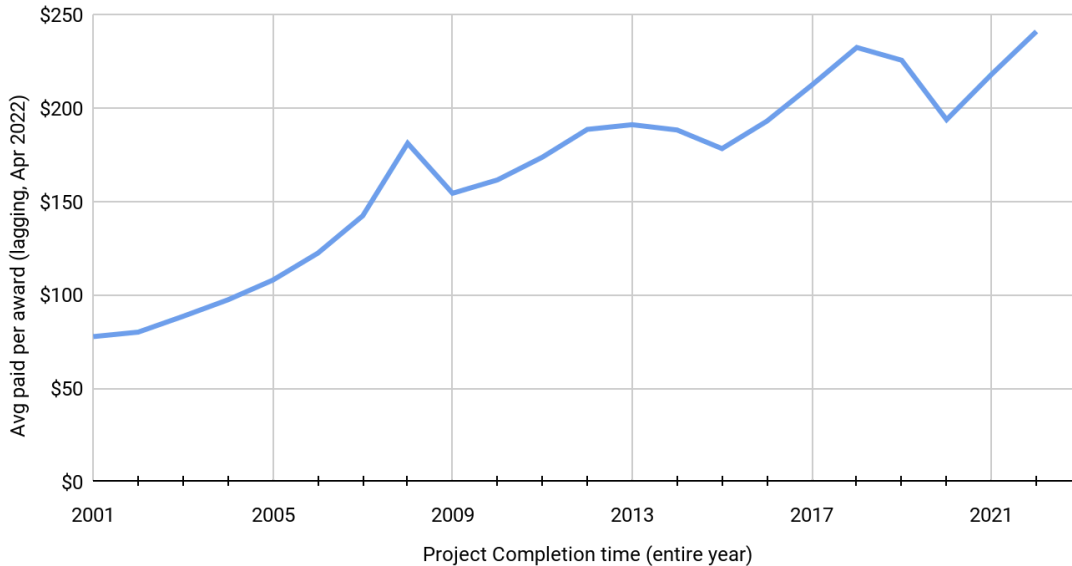
We have also begun work on the retention marketing strategy. Whilst this work is long-term in outlook, we believe we should begin to see some initial wins in the coming months as we enhance our ability to market to our existing customers.

### Supply & Demand

On the supply side, the marketplace continues to grow strongly, with another 1.5 million users added to the marketplace in 2Q22, for a total of 3.1 million over 1H22.

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Liquidity also improved slightly, with the percentage of projects receiving their first bid in 30 seconds increasing to 49% as of writing this report.



**Figure 4: Average Completed Project Size**

In 1H22, the average project size was US \$241, up 12% on pcp. As discussed in 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 are now fully leveraging our front end and mobile technical architecture improvements of the past few years, with our product teams now heavily focused on new product development. All product development is now mobile first and delivered across all of our platforms simultaneously.

Throughout FY22, the focus of this new product development will be:

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

In 1H22, we released a number of new products, discussed in further detail below.

### Quotations

In 1Q22 we introduced a new product offering - Quotations. The basic premise behind this is to allow freelancers to easily pitch services to clients. This overhauls our current paradigm, whereby the onus is on clients to set up, itemise and price the work, in complete contradiction with how the real world works.

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By placing the friction around pricing and payment setup onto the freelancers, we reduce friction for clients. In addition, by presenting the quotation in a familiar format, we aim to reduce confusion and UX issues, reducing a client's purchase decision to just a couple of clicks. As stated in our 1Q22 report, confusion around our milestone payment system is a top three detractor in our customer surveys.

Furthermore, the product is designed to encourage freelancers pitching for follow-up work, with the goal of driving client retention.

In 2Q22 we spent a significant amount of time further iterating on this product, with the goal of launching a swathe of new features in 2H22. This product has a long roadmap ahead of it, and we consider it to be a key pillar of our product strategy moving forward.

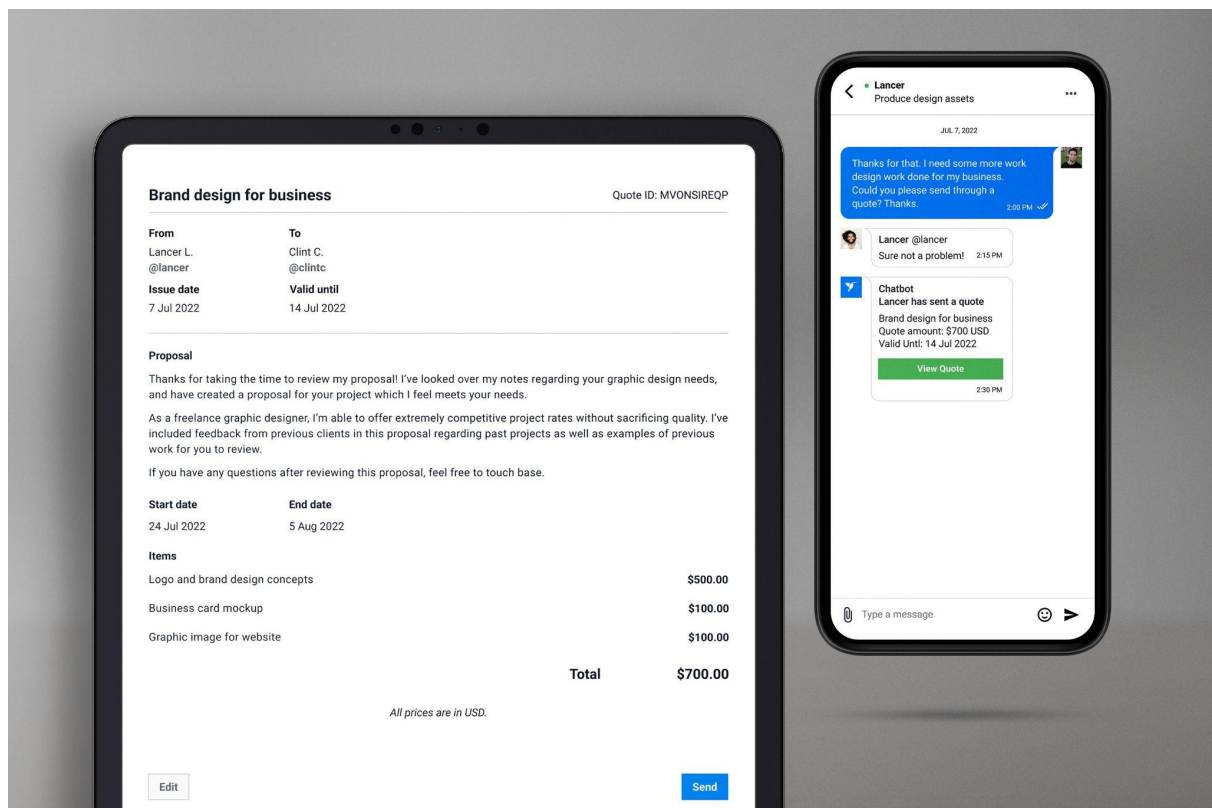


Figure 5: Quotes

## Upgrades

Over the past half-year, we have been optimising the experience of purchasing value added services and upgrades. We improved our paid NDA offering for clients, offering more protection in an age where confidentiality is increasingly crucial. We also made upgrades more visible and compelling to purchase. Operational teams have also adopted new processes to increase mid-project sales. All of this has led to a 42% increase in 1H22 upgrade revenue on pcp.

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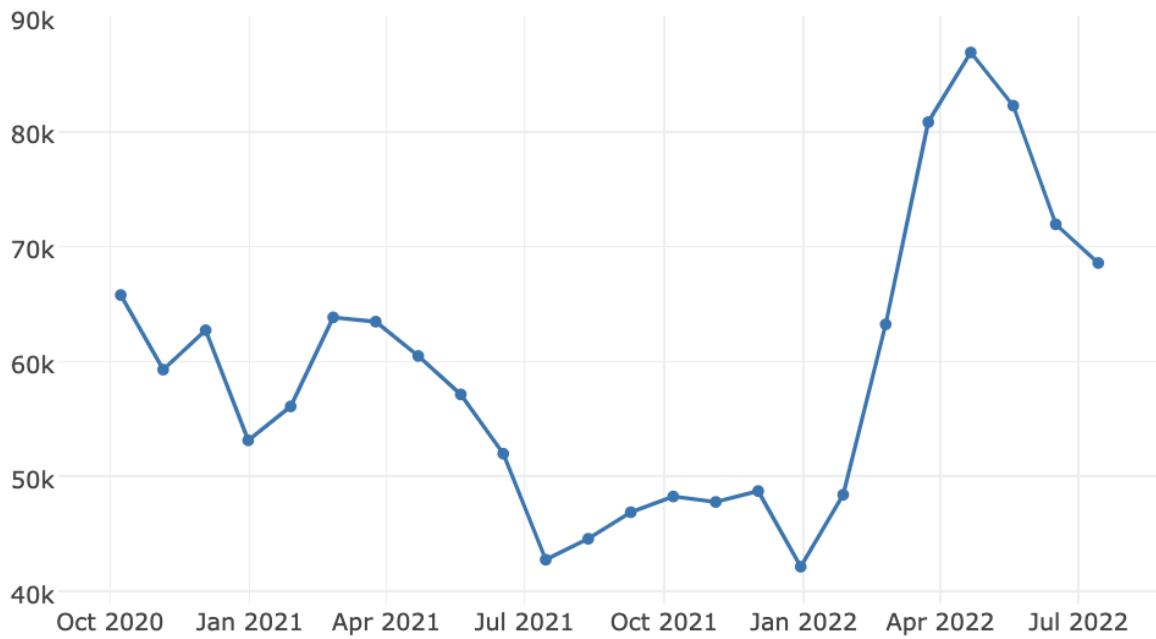


Figure 6: Revenue from upgrades

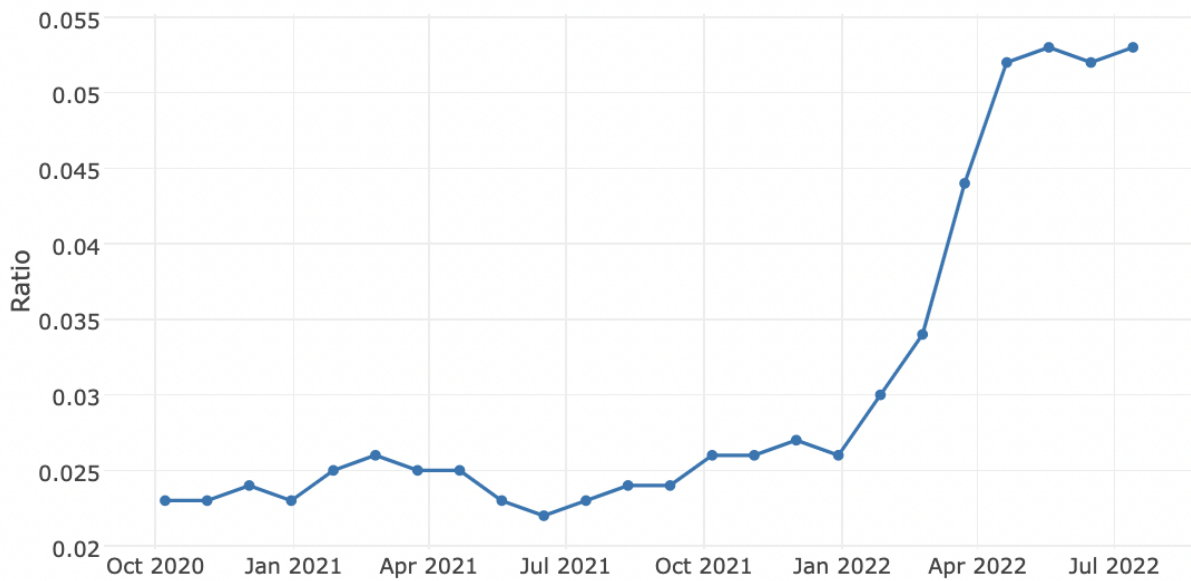


Figure 7: Ratio of projects that are upgraded

### Messaging

We continue to improve the stability and functionality of our Messaging system. We have recently introduced a number of UX updates for more intuitive experience, as well as functional updates to enable more effective communication on the platform.

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An example of this is the reply feature, allowing users to respond to individual messages within a thread, which is already being used by over 14% of all users messaging on a weekly basis.

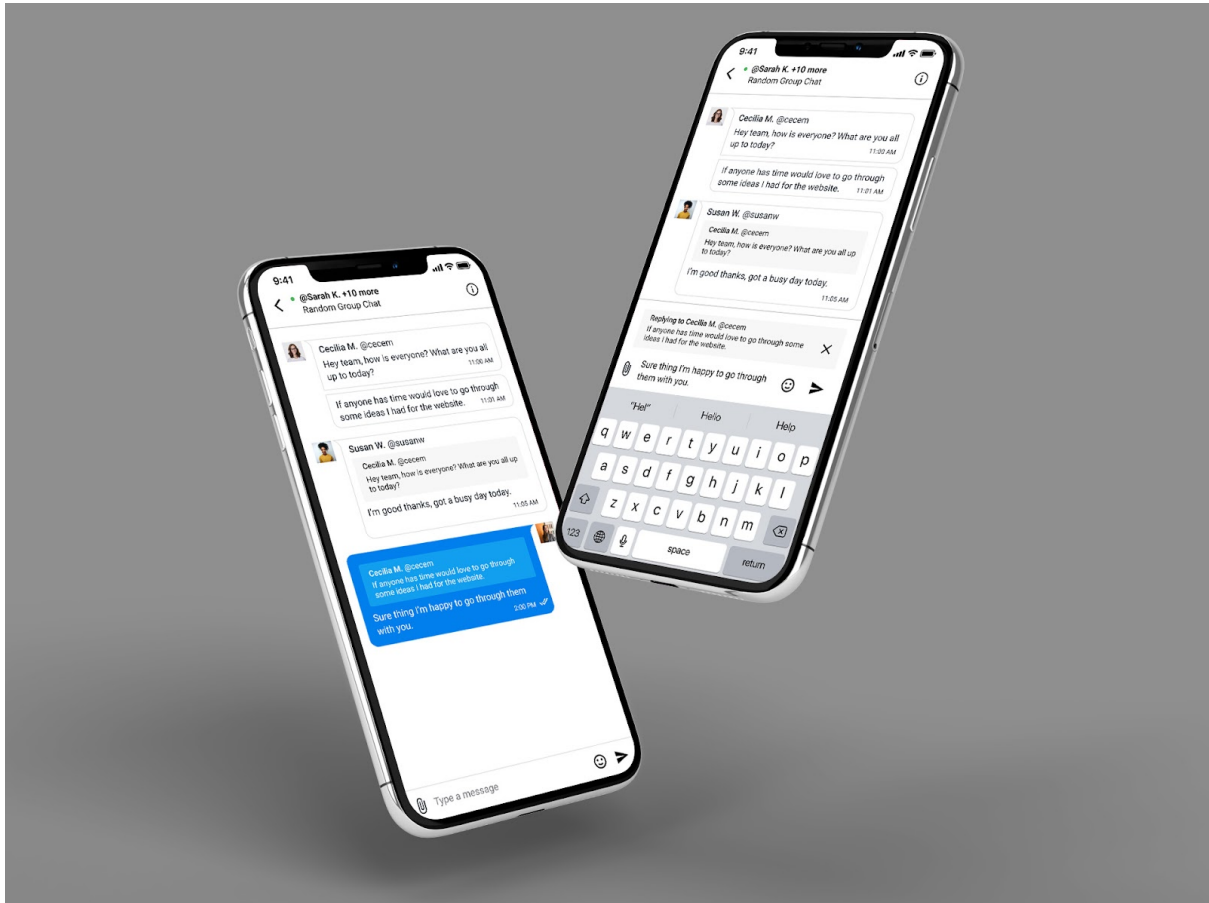


Figure 8: Reply feature in messaging

## Tasklists

As part of our ongoing efforts to increase retention and average project size through an enhanced suite of collaboration products, we have launched completely redesigned and re-engineered Tasklists.

Clients are now able to capture their future plans directly on our platform and easily share them with freelancers.

As part of our marketing efforts, we're educating freelancers how to use Tasklists to better manage their projects, break down projects into tasks, create backlogs and then convert these backlogs into additional projects.

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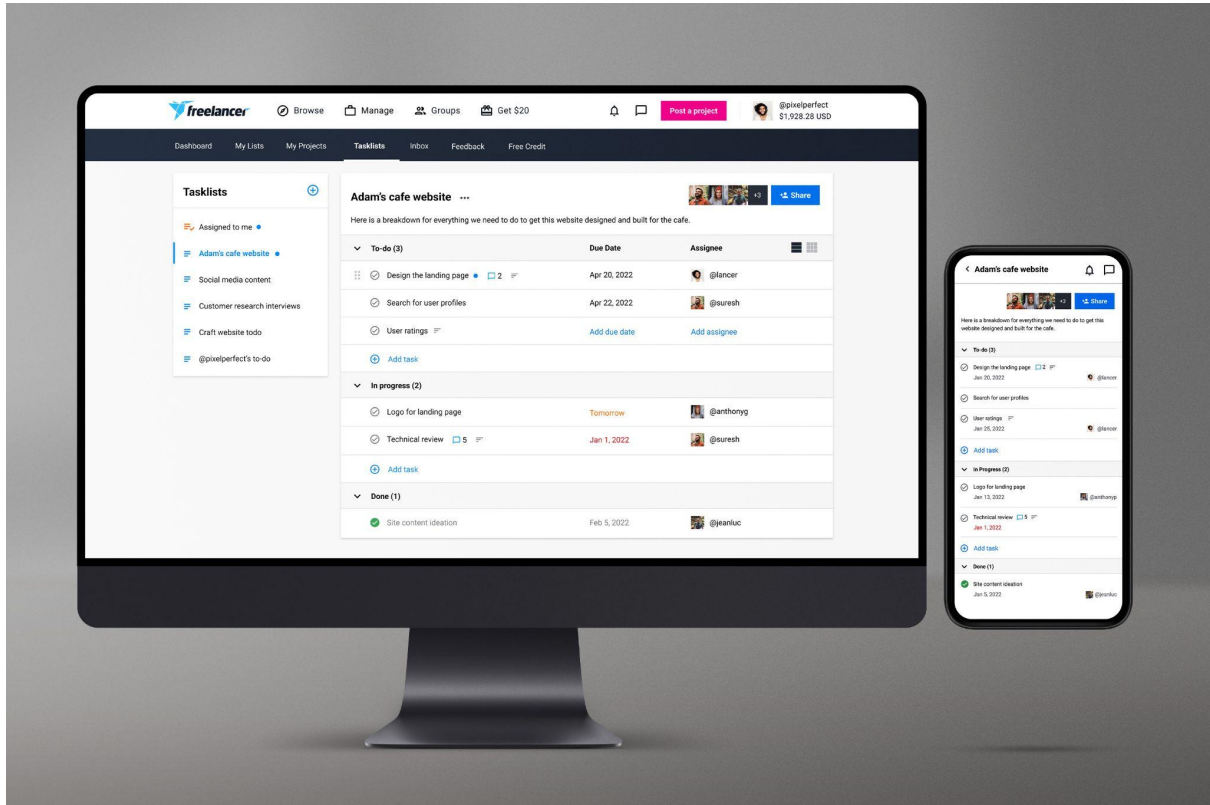


Figure 9: Tasklists

Collaboration will continue to be a major part of our product strategy moving forward into 2H22.

### Saved Alerts

We've recently launched a new feature on the platform that improves the relevance of notifications for our freelancers. Previously, we notified freelancers of all projects matching their skills. This has now been made more powerful, with freelancers able to save and subscribe to individual search queries, allowing them to control which projects they want to be notified about.



Figure 10: Alerts

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We believe these changes will drive liquidity for clients and improve the UX for freelancers sitewide

### Mobile, Visual Design, UI & UX

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

The goal is to keep providing our clients and freelancers with an outstanding and delightful experience. By leveraging our new frontend architecture, we can keep creating a more interactive and engaging user interface on both mobile and desktop simultaneously.

In 1Q22 we made a number of enhancements to our design system, introducing new patterns and reusable components the entire engineering team can rely on to build new features. Some of these can be seen below:



Figure 11: Freelancer mobile app

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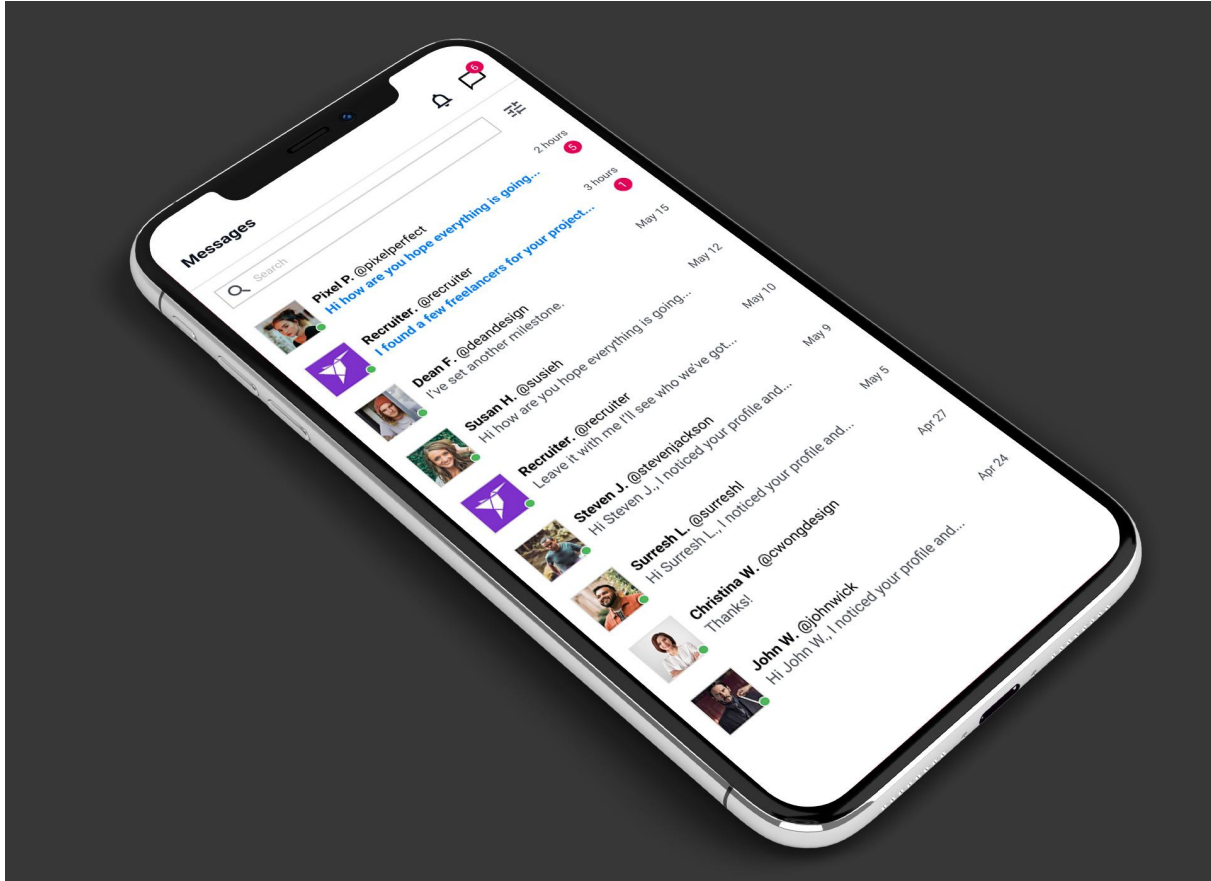


Figure 12: Mobile experience updates

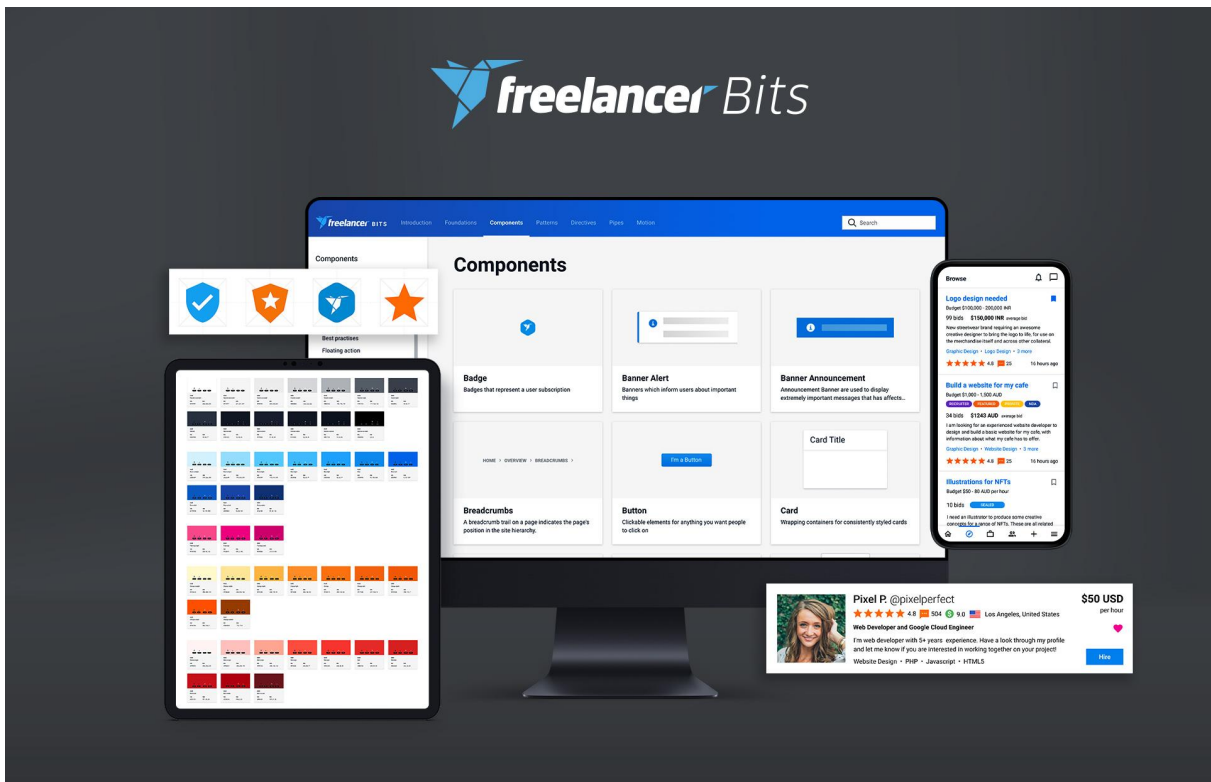


Figure 13: Bits Design System

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Figure 14: Responsive components across desktop & mobile



Figure 15: Showcasing our freelancer's best work

## Trust & Safety

In FY21, particularly 2H21, we saw a substantial increase in spam and other malicious activity across the freelancing industry. In response to this, towards the end of FY21 and throughout 1H22, we launched a concerted effort to eliminate spam and malicious actors from the marketplace.

Trust and Safety is key to the long term success of any marketplace product and we believe complacency in this area to be a mistake. As such, we will continue to invest in advancing our Trust and Safety and operational functions. We remain of the belief that these efforts will bring considerable long term benefits, competitive advantage, and underpin long term sustainable growth.

## Enterprise



## Freelancer Enterprise

The Freelancer Enterprise division continued its momentum in the first half of the year with GMV growth of 163% on pcp in USD. The division benefited from a strong pipeline that generated growth across key accounts in industries spanning technology, professional services, business process outsourcing (BPO), higher education and government.

Some of the key progress made in 1H22 included:

- Secured \$200,000 in new revenue to complete engineering services work on a technical integration with one of the world's preeminent computer and printer companies. The Freelancer platform will be integrated with the partner's field service system, enabling on-demand technical support to customers at scale. This will allow us to continue to increase project volumes rapidly across any and all of their 60 international markets. We also expanded to a number of markets, detailed below.
- In Q2 we received the final Statement of Work from a major technology leader for an outsourcing program for implementation in the second half of the year and into 2023. The purpose of the program is to use freelancers to ensure customers across multiple countries have better experiences in using their products and services, by helping to solve customer support issues and providing improved levels of customer satisfaction.
- Completed over 30 sales meetings to new international companies so they could discover our InSource co-branded product solution that is currently under development. We specifically targeted stakeholders in multi-national companies that

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lead open talent management as a core strategic objective and are looking for a new solution in this area.

- Commenced negotiations with two North American industry leaders in Contingent Workforce Management to create a direct channel partnership that supports their G1000 client base for gig based talent. Through these channel partners we will endeavour to reach more new enterprise partners via a 'one to many' consulting approach.
- Following our success with the NASA NOIS2 contract, we are proactively engaged in conversations with two new organisations from the energy sector in Europe and Australia, to discuss how crowdsourcing models can accelerate and impact their workforce transformation by using contests. These two companies are currently moving through the early stages of the pre-sales process, as part of their strategic planning for 2023.

### **Deloitte MyGigs**

Phase 4 of MyGigs connecting Deloitte's internal platform to the external Freelancer cloud workforce platform was completed this quarter with planning for Phase 5 underway. Deloitte staff will be able to hire freelancers, manage projects and process payments at scale. Approximately 39,000 Deloitte staff have been onboarded to the platform already, billing over 180,000 hours. This is expected to approach 50,000 users in the United States as part of our joint post-launch activation strategy.

While the initial focus is on using MyGigs to find internal resources / gigs, MyGigs external will go live early in 3Q22.

An expected 30,000 additional users outside of the US are to be added to the platform following successful deployment in the United States.

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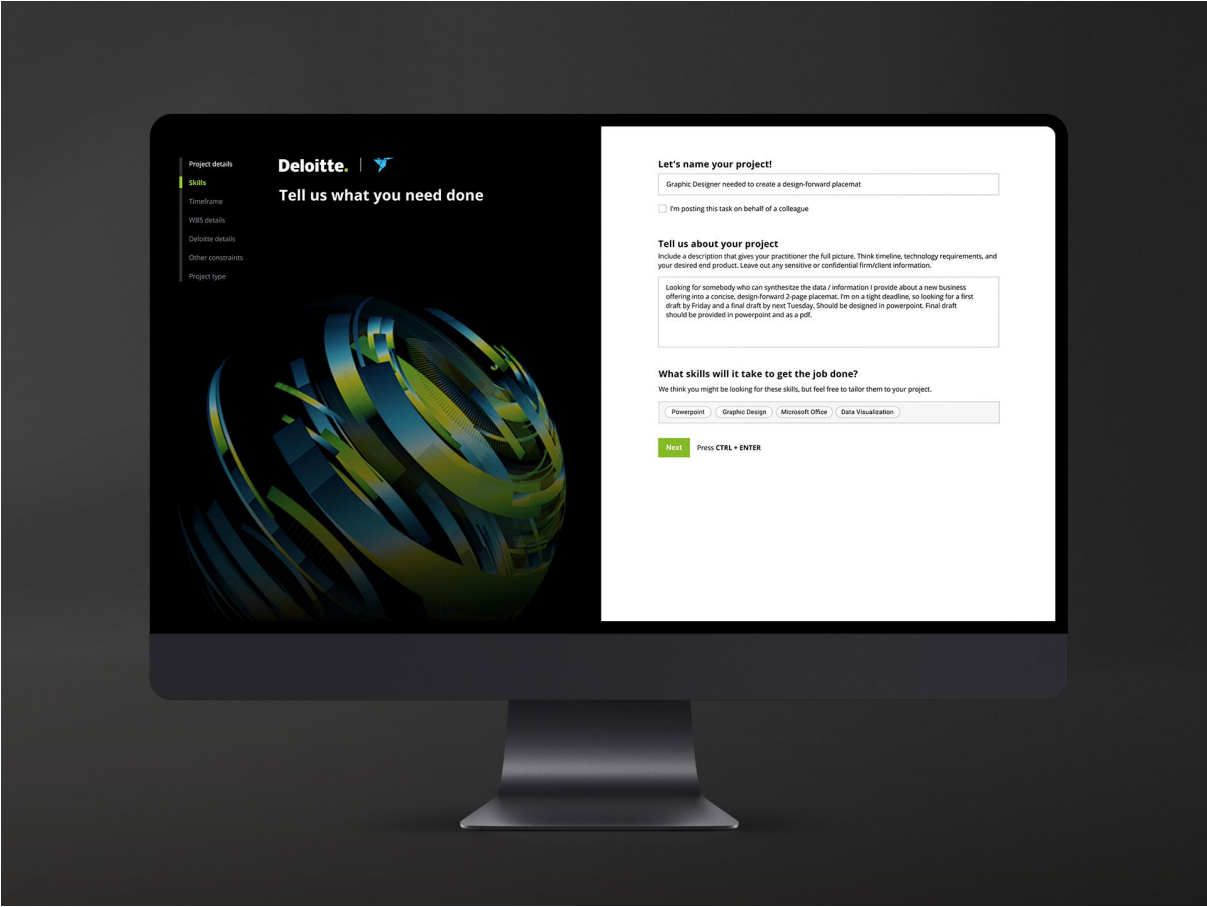


Figure 16: Deloitte MyGigs

Global Fleet / Field Services

We continue to grow, expand and build on our major engagement with a global technology leader in computer & printer technology where we are building a disruptive and elastic global workforce powered by freelancers.

Engineering work has started on the technical integration with the customer’s global internal platform. This integration will pave the way for significantly higher volumes across all markets and provide a standardised, single global solution.

In India, we launched and have started working in our fifth city and the IT enablement of three additional cities has also been completed with the final stage of hiring and training underway. Our part delivery model solution that was approved by the global leadership team has been incorporated in the existing four cities and we have seen increases in volumes for each city. The focus will be on launching the remaining cities for phase 2 and then working on phase 3 of the expansion. 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 Indonesia, we expanded into three more cities- Serang, Balaraja, and Bogor in 2Q22.

In Australia five cities are now live and active. Starting off with limited volumes whilst we focus on quality, based on our enhanced delivery of the service and excellent customer

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satisfaction rating scores, expansion in Brisbane, Queensland was approved and the SOW signed on the day of writing this report. IT enablement is underway for this expansion and the freelance field services team continues to grow.

Beyond India, Australia and Indonesia, we are in the final stages of signing a Statement of Work for Malaysia and have recently signed a Statement of Work for New Zealand metropolitan coverage. With the impending technical integration along with our continued growth and delivery in existing and new markets, this will further aid our expansion conversations within Asia, Middle East, Africa and Europe. Approximately 13 countries are on the initial target list.

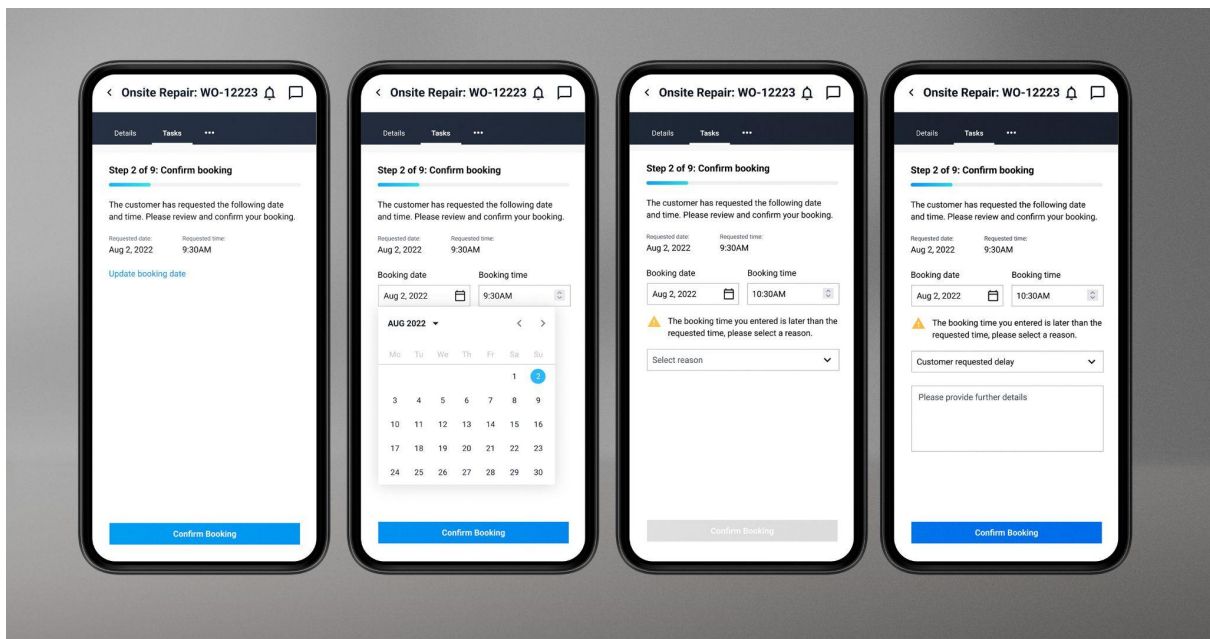


Figure 17: View of our technical integration

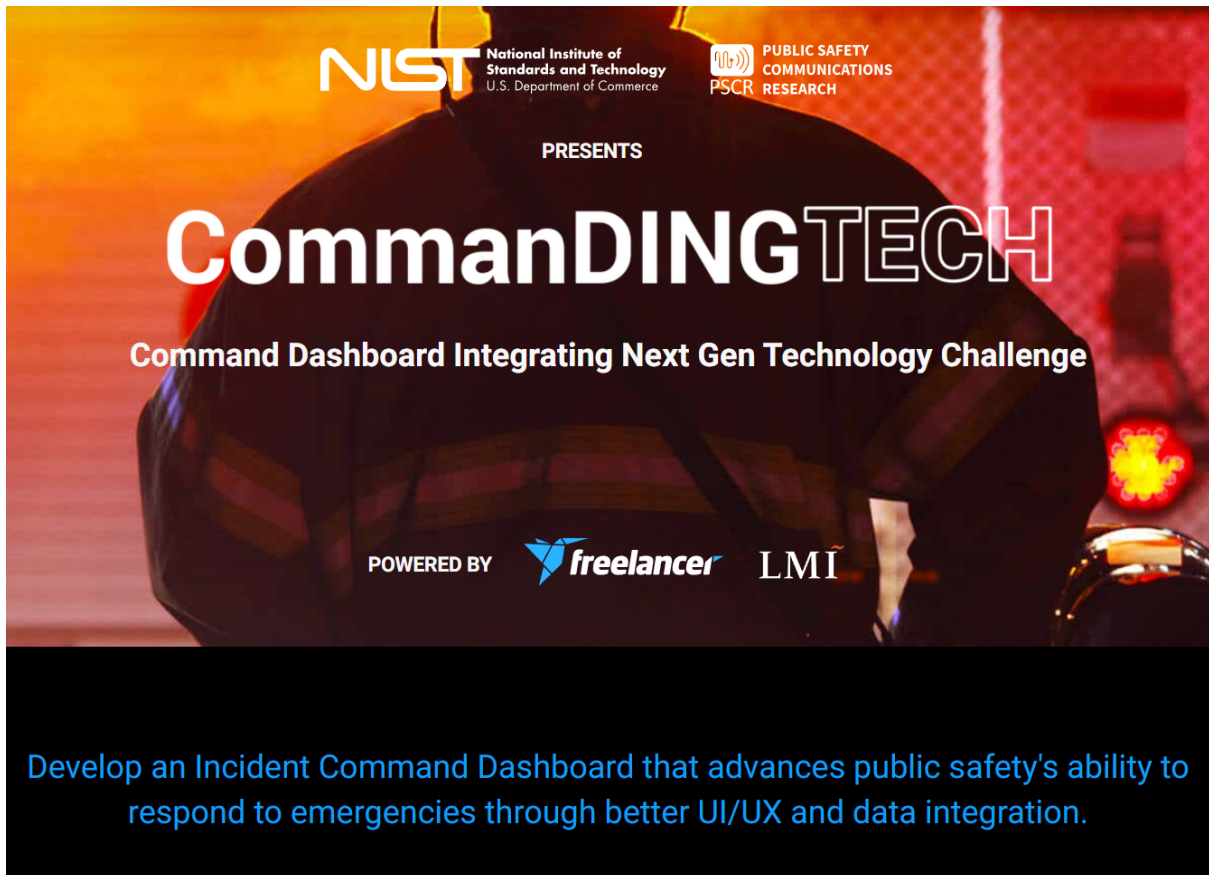
## NASA & U.S. Government

In May, Freelancer awarded Phase 1 of the NOIS2-043 [Divide and Conquer Challenge](#). This first phase sought the creation of a linear equation sparse matrix solver (LESMS) that is parallelized, is at least as stable as the Bureau of Reclamation's current solver, runs on a multi-core Windows desktop PC and meets Reclamation's speedup requirements through parallelization or GPU technology. Four winners were awarded a total of US\$100,000. The winners are eligible to move to phase 2 and will be joined by a fifth contestant who received an honourable mention.

In June, Freelancer launched Phase 1 of the NOIS2-064 [CommanDING Tech Challenge](#) in partnership with LMI and the National Institute of Standards and Technology. The Challenge is made up of four phases that include laboratory testing and a live demonstration, giving contestants the opportunity to develop a state of the art incident command dashboard and compete for a share of the US\$1,000,000 prize purse, our biggest yet. Contestants will also have the opportunity to receive feedback directly from public safety personnel, explore this

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new market opportunity, and receive funding to improve their dashboard as they advance through each challenge phase.



**Figure 18:** CommanDING TECH Challenge

<https://www.freelancer.com/nist/first-responder-dashboard>

During 1H22 Freelancer won four task orders and completed its second task order under the NASA Open Innovation Services 2 (NOIS2) contract. The won task orders included the largest task order won by any Contractor yet under the NOIS2 contract, NOIS2-064, with a value of US\$1,500,000.

In June, Freelancer won its eleventh task order, which is also its third task order for the Bureau of Reclamation and is valued at US\$454,000. Reclamation seeks the development of new and improved designs for ground-based precipitation measurement devices. Freelancer will execute a multi-phased challenge that will culminate in a final phase where participants' prototypes will be tested by Reclamation in the field. This task order will be delivered in partnership with GEONOR.

In 2Q22 Freelancer completed four task orders:

- NOIS2-068 and NOIS2-069 for NASA Convergent Aeronautics Solutions (CAS). The task orders leveraged the freelance expertise on Freelancer.com to provide transcription, graphic illustration, and graphic facilitation expertise to NASA CAS.

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- NOIS2-039 for the Department of Commerce International Trade Administration with the delivery of the final software by Freelancer in partnership with Input Logic. The software will be used by independent entities approved to certify organisations to the APEC Cross Border Privacy Rules (CBPR) and the Privacy Recognition for Processors (PRP) Systems. It will promote consistent data privacy protections across jurisdictions to facilitate international data transfers that underpin commercial activity. The task order has now moved into the software sustainment phase where Freelancer and Input Logic will provide maintenance support through September 30, 2023.
- After completing the Aftershock: NASA Shock Propagation Prediction Challenge for the NASA Langley Research Center, Freelancer closed NOIS2-031. Prizes totaling US\$50,000 were awarded to teams who developed discipline-advancing shock propagation techniques to help NASA improve predictions of how shock loads travel through a spacecraft.

The following are the winning teams/individuals:

*First Place & Innovative Award | US\$25,000*

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

*Aftershock submission by Richard and Axel*

*Second Place | US\$15,000*

Alexander Poplavsky, Facemetrics Sp. z O. O. (Poland)

*Shock Propagation Prediction*

*Third Place | US\$7,500*

Samer Hanoudi, Davenport University (USA)

*Regression analysis to compute held back values from the ShockSat dataset*

*Innovation Award | US\$2,500*

Dean Koucoulas, MDA (Canada)

*Modelling and prediction of pyroshock responses in a spacecraft based on linear superposition of single degree of freedom oscillators*

- On some task orders, freelancers have already started to develop their solutions to a commercially viable status past the initial scope of the contest.

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

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ID	Sponsor	Skills	Value (AUD)	Task Order Purpose
NOIS2-071	Bureau of Reclamation	Hydrologic Engineering	\$590,200	Develop new and improved designs for ground-based precipitation measurement devices.
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	\$85,162.13*	Seek freelance graphic illustration and facilitation expertise. <i>*increase of AUD\$5,862.13 due to increased freelancing commitment as required for the Task Order</i>
NOIS2-069	NASA Aeronautics Research Mission Directorate	English Transcription Services	\$8,840*	Transcribe interview recordings. <i>*decrease of AUD\$3,250 due to decreased freelancing commitment as required for the Task Order</i>
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.

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NOIS2-043	Bureau of Reclamation	Computational Fluid Dynamics	\$721,500*	Optimise and speed up the sparse matrix linear equations solver for computational fluid dynamics models. <i>*increase of AUD\$58,500 due to increased prize amounts</i>
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	\$510,962.40*	Improve the reliability of hydropower plant generation. by automating safety equipment testing and reducing plant downtime. <i>*increase of AUD\$26,000 due to increased prize amounts</i>

**InSource**

The MyGigs platform will form a flagship deployment of Freelancer Enterprise’s InSource product solution. InSource empowers workforce efficiency by 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 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 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 2H22. The initial feedback from Human Resource Managers is that InSource addresses objectives around talent attraction, staff development, optimising worker productivity and improving retention with an all encompassing solution.

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## Escrow.com



Escrow revenue for 1H22 was \$5.7m, up 12.8% on pcp (US\$4.1m, up 4.2%).

Escrow.com Gross Payment Volume (GPV) in 1H22 was AU\$564.1m, up 18.7% on pcp (US\$407.2m, up 11.1% on pcp).

For the trailing twelve months, GPV was AU\$1.2 billion, up 36.8 % on pcp or (US\$848.8m, up 32.4% on pcp).

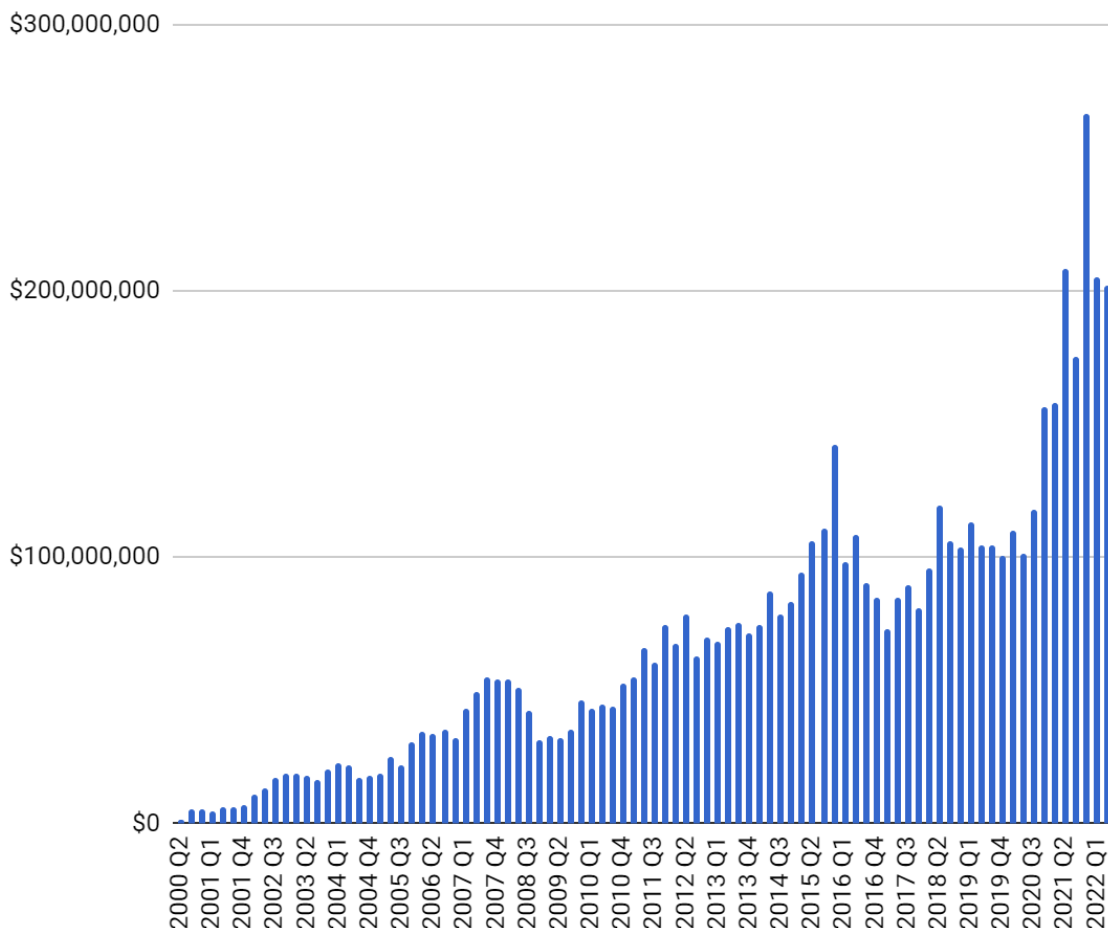
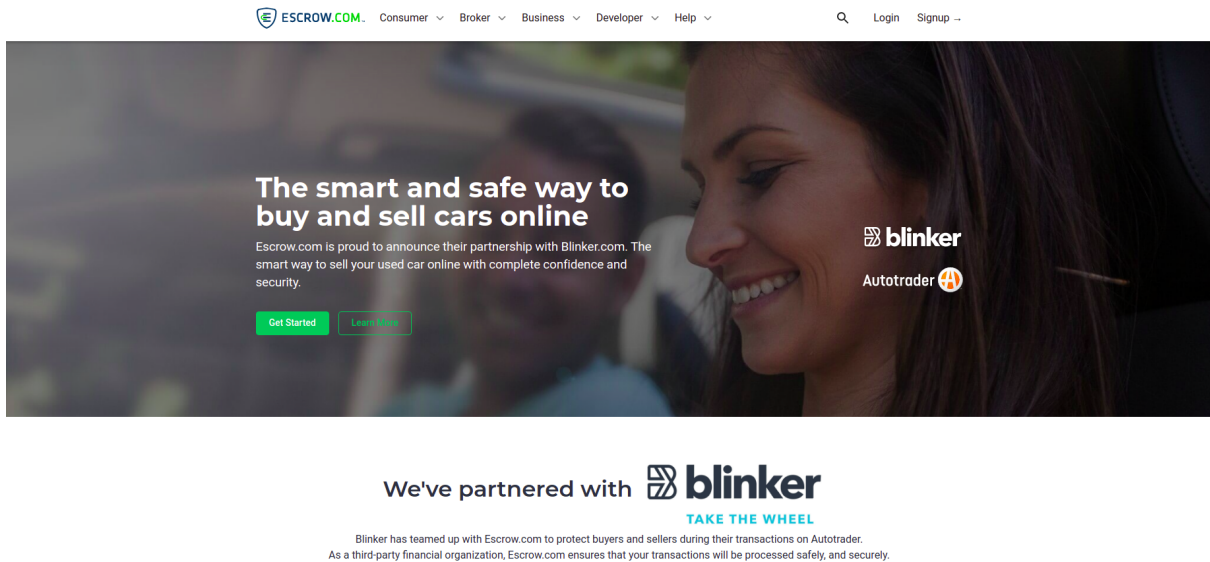


Figure 19: Escrow Gross Payment Volume (USD) by quarter since inception

## Escrow, Autotrader and Blinker

In 2Q22, Escrow launched the escrow payments support for automotive financing with Autotrader US. As of writing, Escrow.com is now live for the listings in California, and in the process of rolling out to all private party listings.



**Figure 20:** Autotrader-Blinker landing page on Escrow.com

The Escrow.com integration allows buyers and sellers on Autotrader a complete end-to-end purchasing, secure payment and financing experience. The world-first process enables buyers to select a vehicle, negotiate a price, select financing from a marketplace of finance providers, obtain approval, make a down payment to lower financing costs, complete the KYC/AML process, transfer title and complete a purchase entirely from a mobile app. Escrow.com enables the entire process by both facilitating large-value payments and securely holding the funds from both the buyer and the finance company for the seller until the transaction completes.

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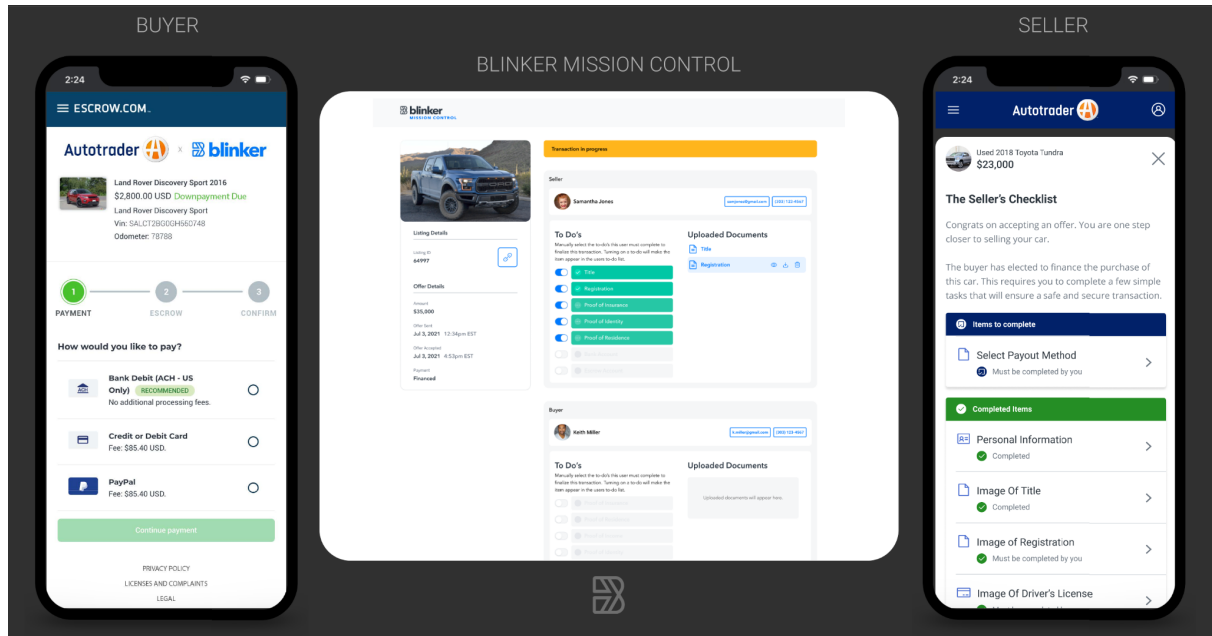


Figure 21: Escrow, Autotrader & Blinker integration

Specifically, Escrow.com will securely hold the downpayment 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

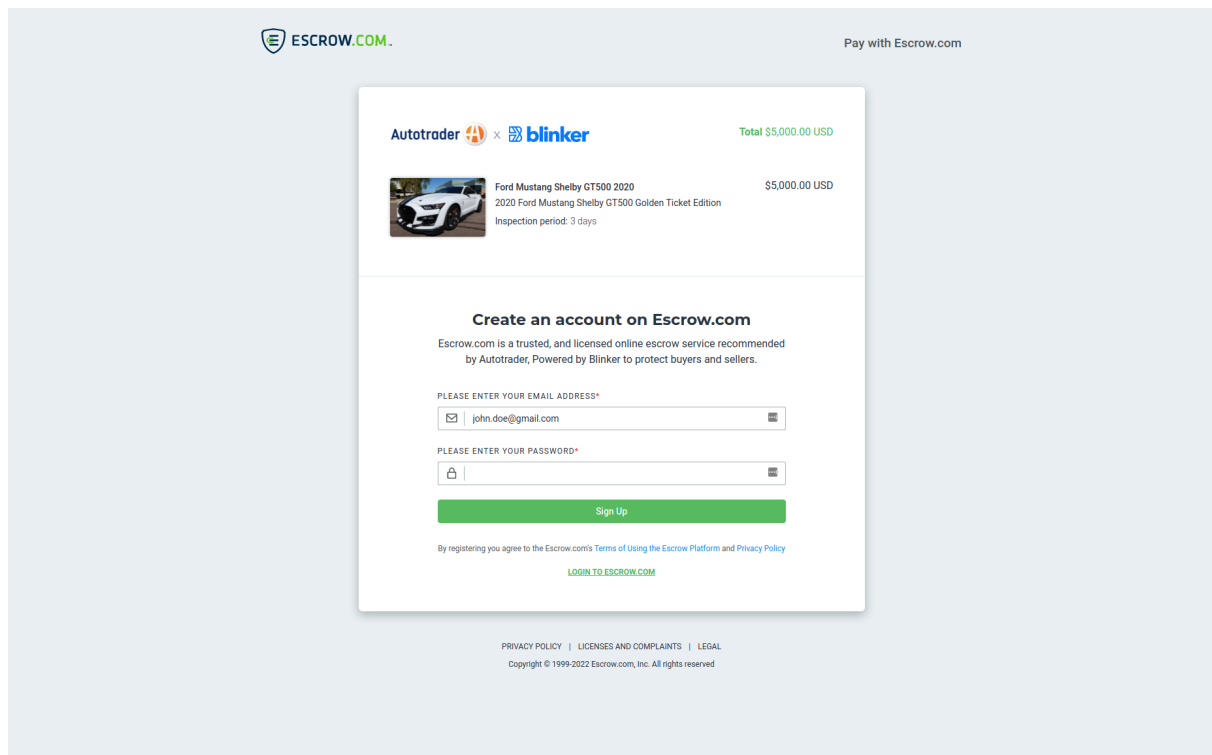
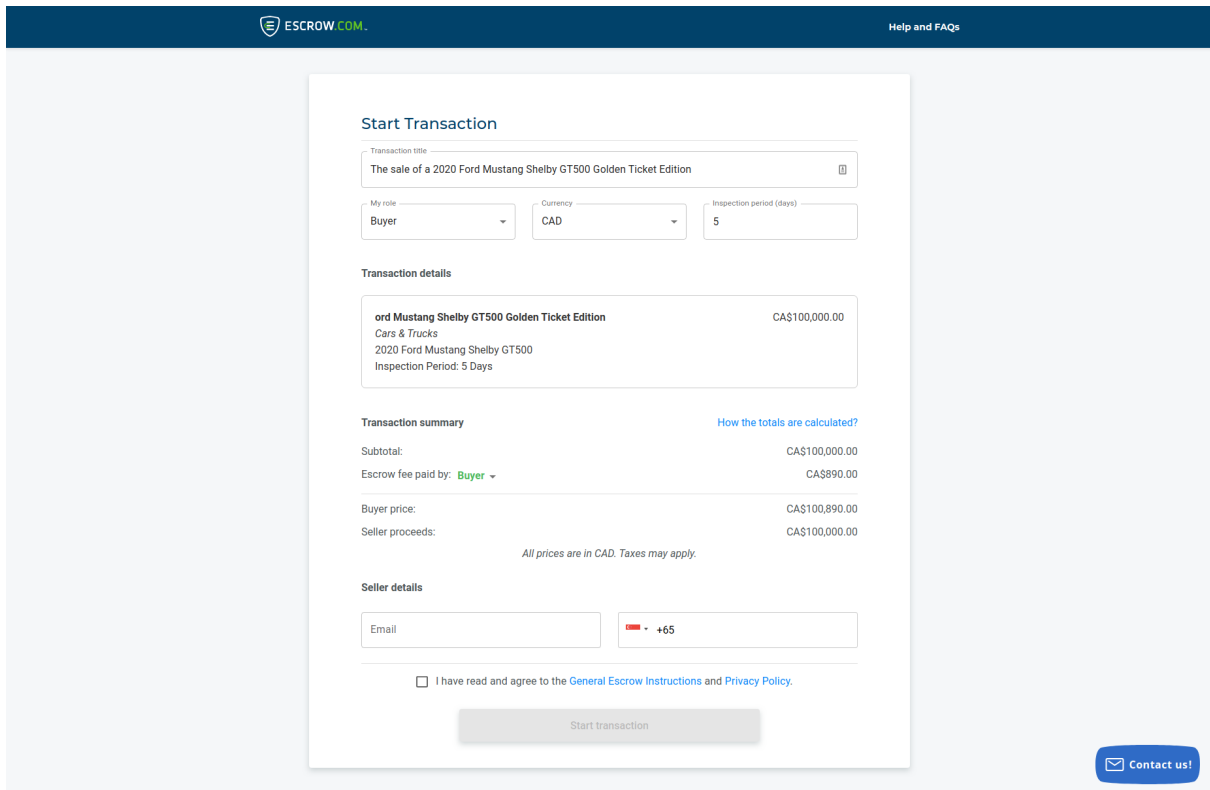


Figure 22: Escrow checkout form for the Autotrader-Blinker integration

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## Canadian Dollars

In 2Q22 we enabled full support for Canadian dollars. Escrow.com now has the full capability to process CAD transactions whether it be created from our website transaction form, or through our various API integration methods.



**Start Transaction**

Transaction title: The sale of a 2020 Ford Mustang Shelby GT500 Golden Ticket Edition

My role: Buyer | Currency: CAD | Inspection period (days): 5

**Transaction details**

ord Mustang Shelby GT500 Golden Ticket Edition Cars & Trucks 2020 Ford Mustang Shelby GT500 Inspection Period: 5 Days	CA\$100,000.00
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**Transaction summary** [How the totals are calculated?](#)

Subtotal:	CA\$100,000.00
Escrow fee paid by: Buyer	CA\$890.00
Buyer price:	CA\$100,890.00
Seller proceeds:	CA\$100,000.00

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

**Seller details**

Email:  | Phone:  +65

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

**Figure 23:** Escrow transaction in Canadian dollars

## Vendor Finance & Domain Name Holding for multiple domains

As of 2Q22, we provided support for *Domain Name Holding* transactions with multiple domains. This provides the ability for multiple domains to be held in the protection of Escrow in a predetermined period. Payments are requested on a scheduled basis through the Escrow platform.

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### Start Transaction

Transaction title  
Domain leasing of various escrow domains

My role: Buyer | Currency: USD | Inspection period (days): 5

#### Transaction details

escrow.org Domain The leasing of the domain escrow.org Inspection Period: 5 Days	\$25,000.00
escrow.net Domain The leasing of the domain escrow.net Inspection Period: 5 Days	\$15,000.00
escrow.co Domain The leasing of escrow.co Inspection Period: 5 Days	\$50,000.00

[Add item](#)

Use Domain Name Holding service

DNS managed by: Buyer

#### Payment schedule terms

Term length (years): 0 | Term length (months): 9  
Payment frequency: Quarterly | First payment date: 07/15/2022

#### Payment schedule

Payment 1 on 07/15/2022	Amount (USD) \$30000.00
Payment 2 on 10/15/2022	Amount (USD) \$30000.00
Payment 3 on 01/15/2023	Amount (USD) \$30000.00

#### Transaction summary

[How the totals are calculated?](#)

Subtotal:	\$90,000.00
Domain Name Holding fee:	\$225.00
Escrow fee paid by: Buyer	\$801.00
Buyer price:	\$91,026.00
Seller proceeds:	\$90,000.00

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

#### Seller details

Email: | Phone: +65

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

[Start transaction](#)

Figure 24: Multi-domain Domain Name Holding Transaction Flow

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## **Growth in New Partner Marketplaces**

In addition to the exciting new automotive financing partnership with AutoTrader, Escrow.com also saw increased integration activity across new and existing verticals:

### *M&A Marketplaces*

Marketplaces for business acquisitions continued to be a strong source of new partners for Escrow.com, with the addition of marketplaces integrating Escrow.com to increase the speed of offers and closing in an increasingly inflationary environment. Strydom Capital, Epoch Equity, and MergersUS launched in 1H22.

### *Wholesale Marketplaces*

Agricultural products, jewellery and wholesale electronics marketplaces led integrations for verticals with shipped goods as tightened supply chains drive buyers to seek out new international and domestic suppliers. In luxury watches both Watch Rapport and TimeCraft announced the addition of Escrow.com as a payment method on their marketplaces in 1H22.

### *New Vertical: Cybersecurity Consulting*

As high end professional services head online, we continue to see growth in the volume and diversity of customers choosing to be paid via Milestone Payments. Professional services and cybersecurity consulting marketplace Tactical Mind is changing a previously in-person led sales process into an open marketplace; Escrow.com's milestone payments integration was completed in 1H22 and we look forward to a successful launch in 1H22.

## **Leadership**

In the quarter Dr Bin Rong joined the team as Director of Engineering. Before joining Escrow, Bin was founder and Chief Executive of a technology company in the payments and mobile space, where he built a large-scale real-time processing system for traffic related data. The system incorporated data including GPS tracking from over four million cars, taxis and buses. The user facing app was used by over eight million users. Before that he was a researcher at IBM T. J. Watson working on large scale real-time stream processing.

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### Freightlancer / Loadshift

# FREIGHTLANCER

A *Loadshift* Company

Growth of freight volumes and revenue for the freight division continued in 2Q22. In the second quarter 20,580 loads were posted (up 10.6% on pcp) representing 29,082,912 km (up 8.3% on pcp) of freight, with a notional Gross Load Value of approximately \$89 million.

Freightlancer successfully transported the Pride of the Murray this quarter to its new home in the Thompson River, a 1,750km voyage at a maximum of 80kph with a 192 tonne payload. This was the largest overland marine transport operation ever attempted in Australian history.



Figure 25: Pride of the Murray enroute to Longreach QLD

It was a productive quarter for our product team as several new features were implemented to improve both shipper and carrier experience on the new Freightlancer enterprise platform.

Bid liquidity was good, with 4.7 average bids per load and the time to first bid of 18 minutes.

On the carrier side, the Freightlancer load board was made available to logged out users, significantly increasing our reach to acquire new carriers to the site. Other new carrier-facing features launched included a streamlined sign up flow to capture more relevant information on sign up.

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## Browse Loads

Pickup:   Dropoff:  Load Types:

**Top results** Showing 1-50 of 92 loads Sort by: Latest ▾

Load ID	Load Name	Pickup	Dropoff	Distance	Date	Load Type	
34113099	Exhaust packed in a box...	Muswellbrook, NSW 2333	Goulburn, NSW 2580	433 km	13-Jul-22	General Part Load	<input type="button" value="View"/>
34112870	CAT D7h Dozer (No Blade)	Albury, NSW	Bermagui, NSW 2546	466 km	13-Jul-22	Machinery (Mobile)	<input type="button" value="View"/>
34112296	Hilux ute, pallets, rai...	Kalgoorlie, WA 6430	Adelaide, SA	2159 km	13-Jul-22	Machinery (Mobile)	<input type="button" value="View"/>
34112226	Generator, fork on for ...	Dandenong South, VIC...	Rainbow, VIC 3424	446 km	13-Jul-22	Machinery (Stationary)	<input type="button" value="View"/>
33824077	Bulk Sand Loads -- 3	Shady Creek, VIC 3821	Tarwin Lower, VIC 3956	102 km	No date yet	Bulk Products	<input type="button" value="View"/>
33824048	Bulk sand loads -- 2	Shady Creek, VIC 3821	Mansfield, VIC 3722	237 km	No date yet	Bulk Products	<input type="button" value="View"/>
33824092	Bulk sand loads -- 4	Rosedale, VIC 3847	Tynong, VIC 3813	116 km	No date yet	Bulk Products	<input type="button" value="View"/>
34111764	Holden Ute	Maryborough, VIC 3465	Midvale, WA 6056	3256 km	13-Jul-22	Car	<input type="button" value="View"/>

**Figure 26:** Freightlancer Load Board

On the shipper side, new features include an updated post load form to enable users to post loads more efficiently and quick reposting of previous loads with just one click. We expect these features to continue to improve the experience for both sides of the marketplace and increase GMV by ensuring a great experience for our users.

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**FREIGHTLANCER**  
A *Loadshift* Company

## Tell us the details to get your quote

Complete this short form to post a new load. Our nationwide network of reliable and vetted carriers will get back to you with quotes soon after you post the load.

### Pickup and Dropoff

Insert the pickup and drop-off suburb name to get quotes. You can choose to enter addresses by entering the suburb name or coordinates.

Pickup Suburb
 

Location	Coordinates
----------	-------------

Seaford VIC, Australia, 3198 ✕

When is it ready to go?

ASAP	Ready Now	Available From	Planning and Budgeting
------	-----------	----------------	------------------------

Dropoff Suburb
 

Location	Coordinates
----------	-------------

Mildura VIC, Australia, 3500 ✕

This load has a required delivery date.



**Figure 27: Post Load Form**

In terms of other key metrics for the quarter, with bid liquidity improving well:

- Average load distance: 1,432 km / 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: \$4,367.60

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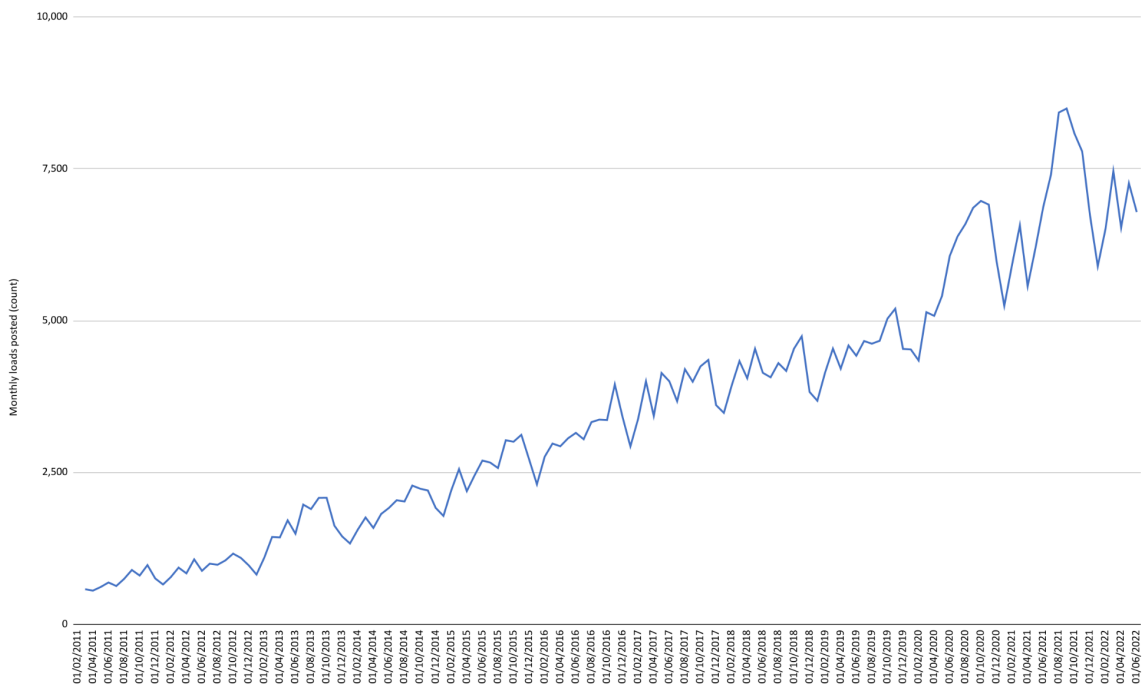


Figure 28: Group freight posted since inception (loads)

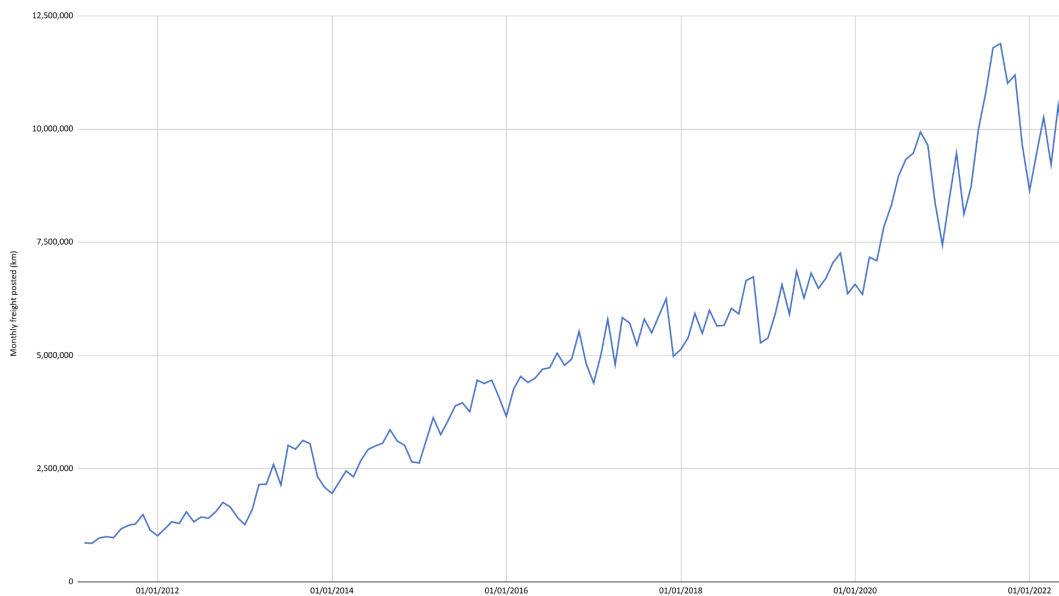


Figure 29: Group freight posted since inception (km)

### Freight Categories

The freight moved by the group is diversified but primarily heavy machinery (20.6% mobile, 6.6% stationary) for the mining, construction and industrial sectors. This is followed by vehicles (cars 16.8%, trucks 8.7%, caravans 3.2%, trailers 6.5%, and motorcycles 1.6%).

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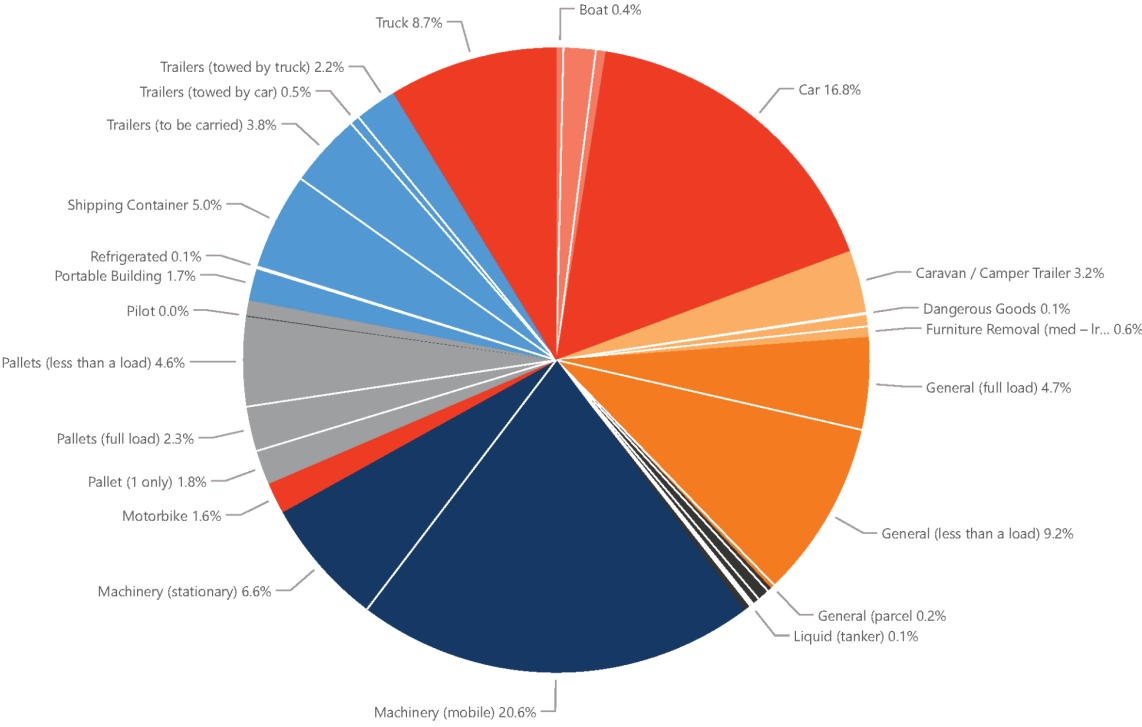


Figure 30: Freight categories by type (%) in 2Q22

**2H22**

We are continuing to lay the final groundwork to enable the key milestone of integration of the Loadshift and Freightlancer platforms. This integration will bring Freelancer’s enterprise technology to Australia’s largest freight marketplace and introduce features such as payments, reviews and load tracking. Importantly, this will move Loadshift to a marketplace commission model of 3% for shippers and 10% for carriers, which is the same as Freelancer.

On August 8th, Loadshift and Freightlancer will merge, and we will start to convert the notional Gross Load Value (GLV) of Loadshift to a marketplace commission model on Freightlancer consistent with the current Freelancer commissions.

**Group Profitability**

The group Operating EBITDA was (\$4.1m) and NPAT (\$3.1m) versus 1H21 EBITDA (\$2.1m) and NPAT (\$1.7m). The Escrow.com division was profitable in 1H22 with EBITDA of \$0.7m. The Freight division is now approximately break-even as of June 22.

The increased Operating EBITDA loss was driven primarily by lower than expected revenues from the core consumer marketplace and an increase in payroll related costs of 17% and marketing costs of 31%, which were incurred in anticipation of higher revenues.

Towards the end of 2Q22, the group implemented a number of cost efficiencies across all expense categories, which together with ongoing strategies to improve revenue growth, are

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designed to ensure that we achieve the objective of reaching a sustained level of positive Operating EBITDA by the end of 3Q22.

These efficiencies have started to be realised. By June 2022, we had dialled back marketing costs to approximately the 1H21 levels, and had wound by staff costs approximately half way back to 1H21 levels.

### **Conclusion**

The group had positive net operating cash flow of \$2.3 million for 1H22 (1H21: \$2.7 million).

The half ended with cash & cash equivalents of \$31.7 million, flat on pcp.

Escrow ended the quarter with off-balance sheet cash of US\$42.6 million, up \$11.6m or 38.0% on pcp.

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:**

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Chief Financial Officer  
Freelancer Limited  
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### **Forward-looking statements**

This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, including Freelancer's 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.

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## 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 60 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

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**freelancer**

This illustration cost and took 1 day to make

**\$25 USD**

**freelancer**

This logo design cost and took 1 day to make

**\$50 USD**



This 3D model cost and took 4 day to make

\$25 USD



This package design cost and took 6 days to make

\$250 USD

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