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Market Announcement | 22 February 2023

FY22 Business Update

Freelancer Limited delivers Gross Payment Volume in FY22 of $1,127.4 million, down 10.5% on pcp (US$789.4 million, down 16.4% on pcp):

- **Freelancer GMV $128.4m, down 4.5% on pcp (US$89.3m, down 11.6%)**
- **Escrow GPV $953.4m, down 11.7% on pcp (US$668.4m, down 17.3%)**

Revenue $55.7m, down 3.1% on pcp (US$38.7m down 10.2%):

- **Freelancer revenue $45.6m down 1.1% on pcp (US$31.7m, down 8.4%)**
- **Escrow revenue $10.1m down 11.1% on pcp (US$7.0m, down 17.5%)**

Escrow.com was profitable in FY22.

FX had a tailwind of 7.6% in FY22 as the Australian dollar depreciated against the USD from an average of 0.7516 to 0.6948.

Approximately 74% of group revenue is USD and 9% is AUD.

The group had negative net operating cash flow of -$(4.2) million for FY22 (FY21:$2.6 million) and ended with cash & equivalents of $23.4 million, down 23% on pcp.

SYDNEY, 22 February 2023 - 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 the full year 2022.

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.

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Freelancer.com

Summary

Freelancer revenue was $45.6m (-1.1% on pcp) or US$31.7m (-8.4% on pcp). Freelancer GMV was $128.4m (-4.5% on pcp) or US$89.3m, -11.6% on pcp).

The year 2022 was mixed. We saw a rolling off of Covid super-seasonality, negatively impacting a number of core metrics, but primarily affecting project fees, with secondary fee lines such as memberships largely unaffected. However, in FY22 we also made substantial improvements to the product, customer acquisition profitability, and rectified a number of long-standing marketplace problems towards the end of the year.

Marketplace

In FY22 we added 6.7m new users and 1.2m new projects to the marketplace, reaching 64.4m users and 22.2m projects at the end of year.

Average project size lifted from $235 to $252 over FY22 (up 7% on pcp), its highest value to date.

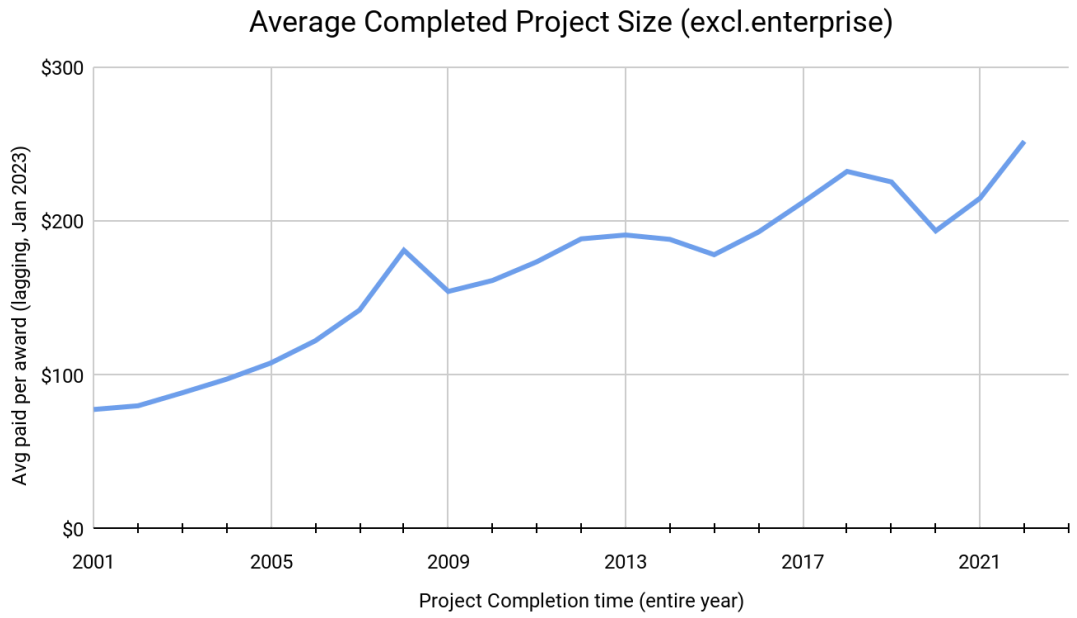


Figure 1: Average Completed Project Size

Marketplace liquidity remains strong. The percentage of projects receiving bids within 60 seconds has dropped slightly from a peak of ~59% in FY21 to ~51% as of writing this report, due to the efforts to stamp out spammy bids, however the percentage of projects receiving bids within 90 seconds and above remains unchanged, and the percentage receiving a bid within 5 mins increased from ~84% to 87%.

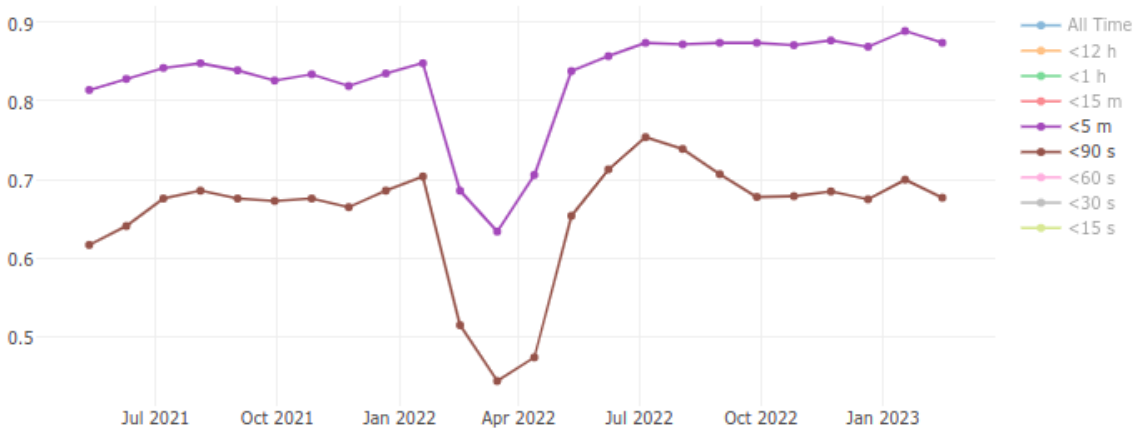


Figure 2: Time to first bid for projects show reduction in spammers (fast bids)

Contest liquidity remains exceptional, with the average number of entries per contest exceeding 320. This is fairly remarkable given contests start at $10.

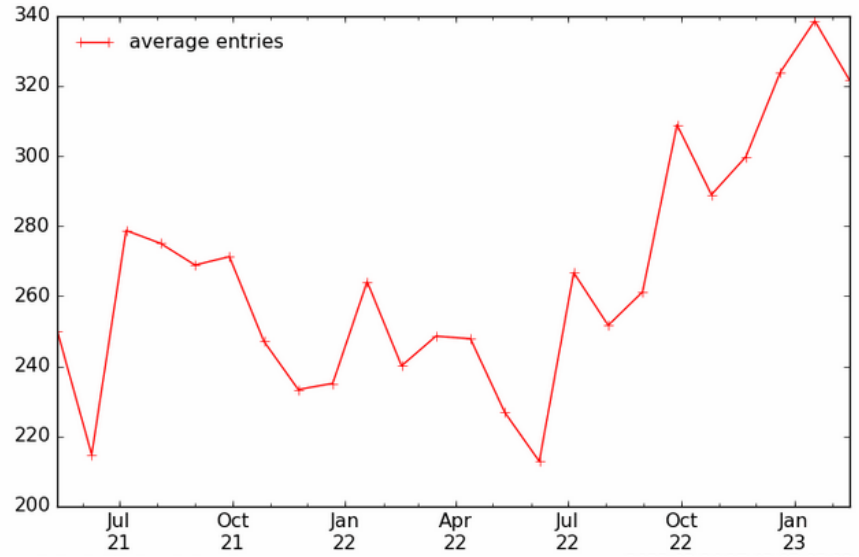


Figure 3: Average number of entries per contest

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Product & Engineering

In FY22, the mission of product & engineering was to:

1. Improving our visual design, responsiveness & UI/UX
2. Enhancements to payments, enterprise features, matchmaking and collaboration
3. Acquisition, retention & engagement of clients

We have made substantial progress in each of these areas:

Improving our visual design, responsiveness & UI/UX

The UI Engineering and Product Design achieved exceptional progress on the first goal, to bring a fresh, modern look to the platform with the goal to create an intuitive, seamless user experience that engages.

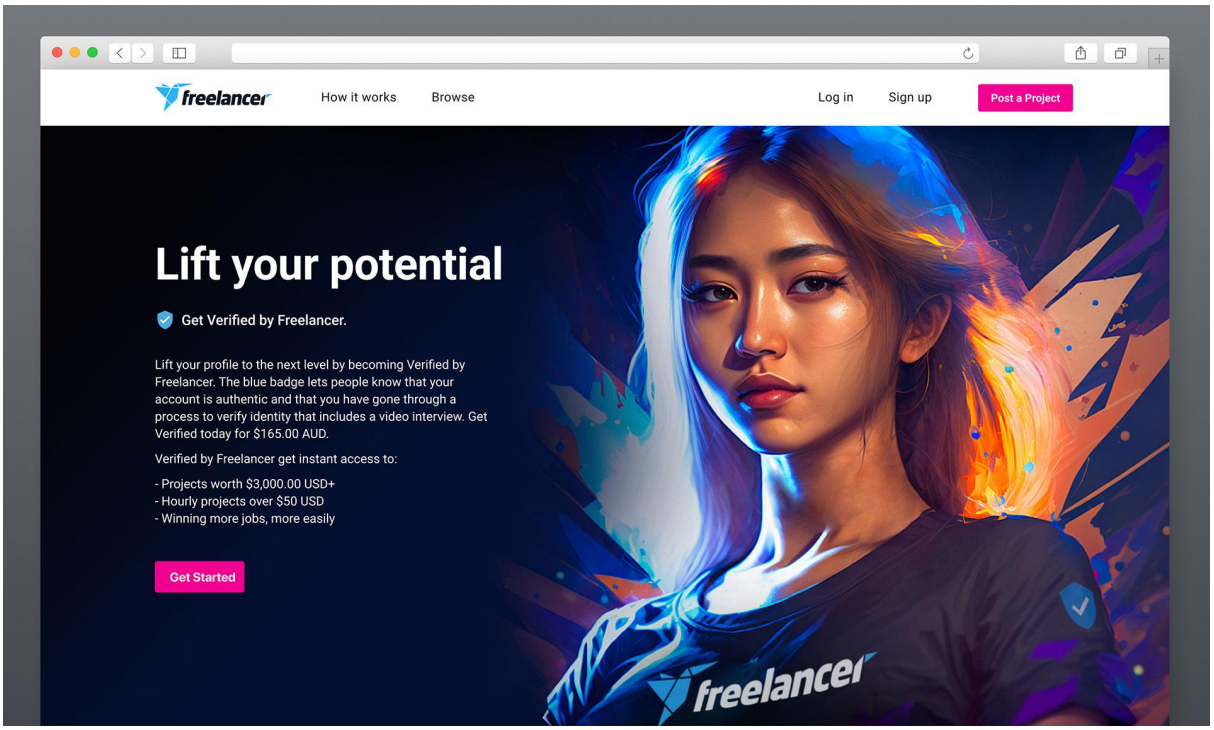


Figure 4: Updated visual design

Working closely with power users, improvements were made to the way we represent elements like users and projects, as well as the look and feel of UX components such as the newsfeed. These efforts have resulted in a revamped user interface that is visually appealing and easier to navigate. This was combined with updates provided by the Design Systems team for the landing pages, banners, illustrations and other design elements.

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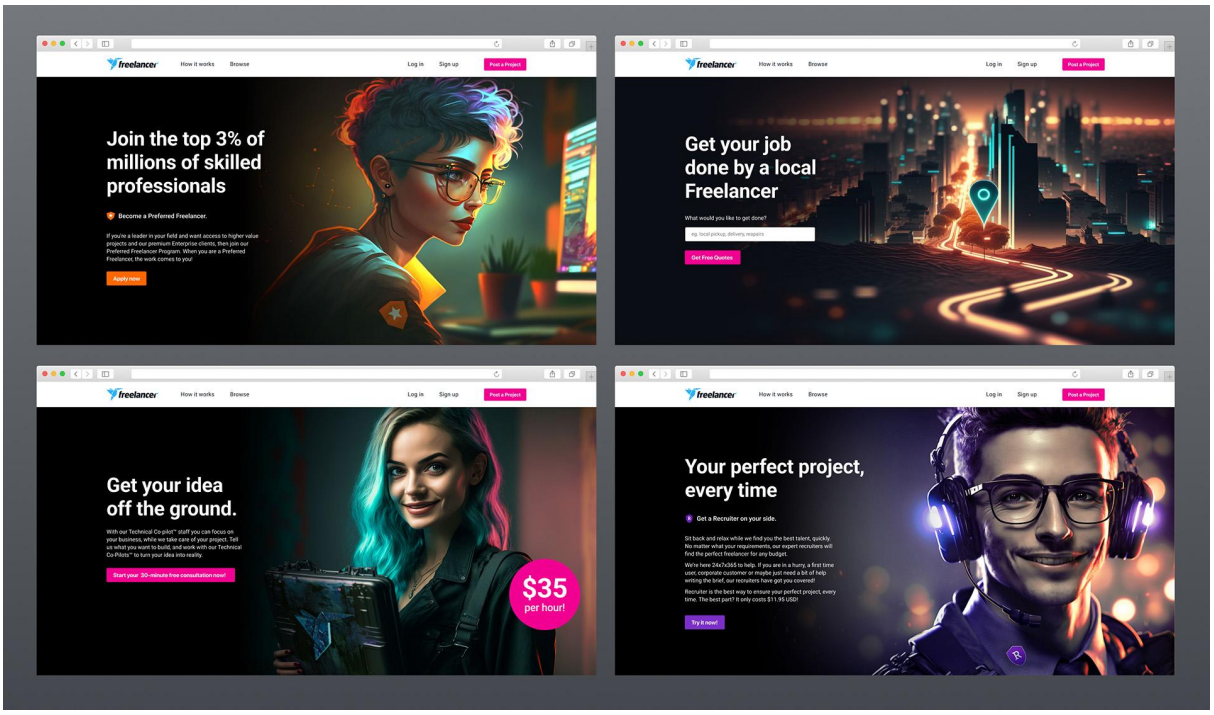


Figure 5: Updated design being deployed across platform

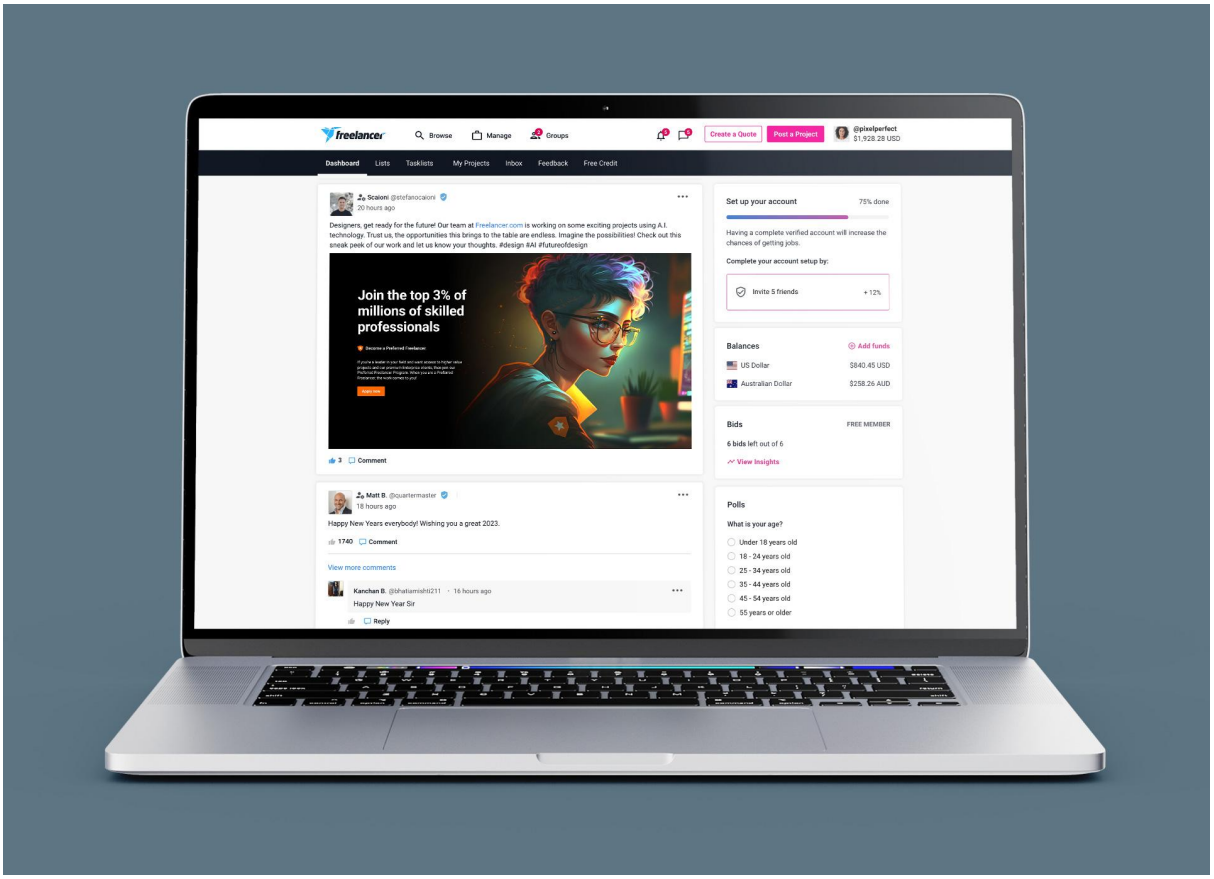


Figure 6: Improved user experience

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Enhancements to payments

On the payments front, in 2022 we launched our Quotations product, which introduces a new, freelancer-driven payments channel to the website. After launch in 1Q22, we made numerous improvements to the product, including allowing users to send quotations externally, polishing the UI/UX of the feature, improving new user onboarding to the feature, and more.

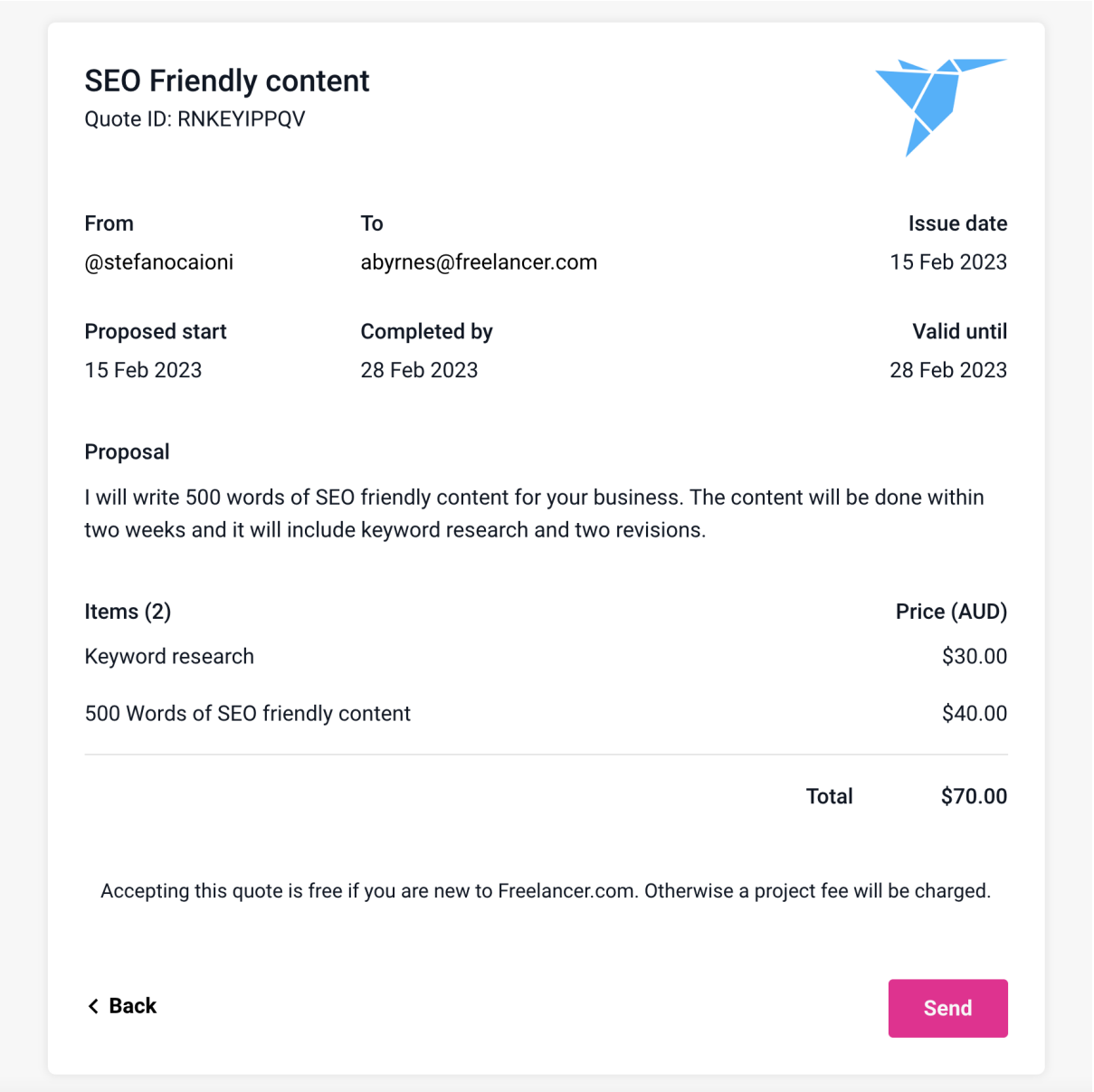


Figure 7: Example Quotation

We plan to add further UI polish, deeper integration into our other products, usage incentivisation & marketing, and feature expansion into areas such as hourly billing and recurring subscription support.

In 4Q22 we worked on overhauling the hire-me funnel in an effort to improve conversion and reduce spam, by introducing quotations.

The old hire-me funnel had issues: project budgeting was difficult for clients, leading to lower conversion rates; highly ranked freelancers received low-quality leads and had limited opportunities to negotiate; and the hire-me system was vulnerable to spam, negatively impacting freelancer trust.

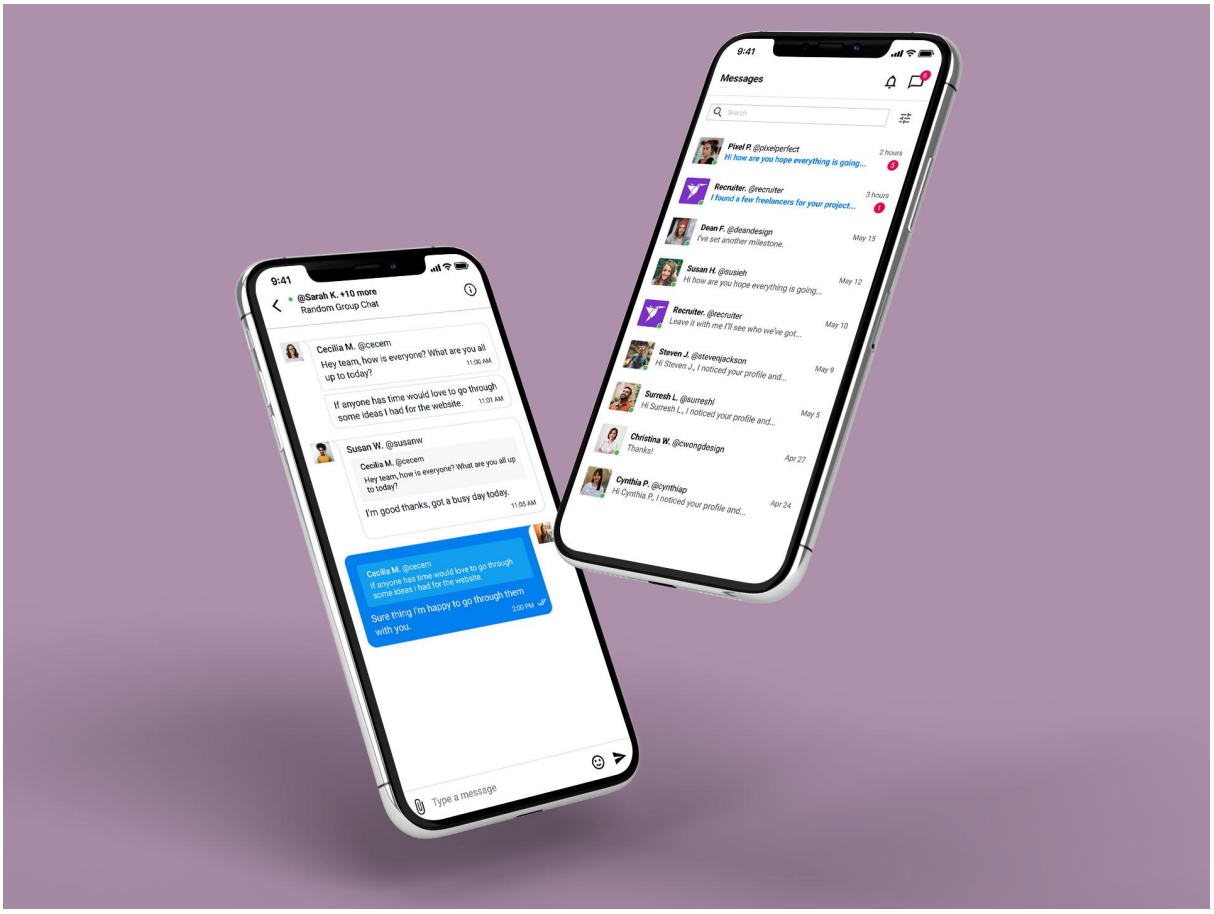


Figure 8: Improved mobile experience

The new "chat request" funnel replaces "hire-me" with a messaging system similar to social media. Clients send requests to freelancers, who can accept, reject, or block them. Freelancers can discuss the project and provide quotes if interested. Early data suggests positive customer feedback and comparable conversion rates, with further improvements expected as freelancers become more accustomed to the new system.

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Finally, in 4Q22 we also made improvements to the tipping interface for US and Canadian clients that led to a 30% increase in tips sent to freelancers.

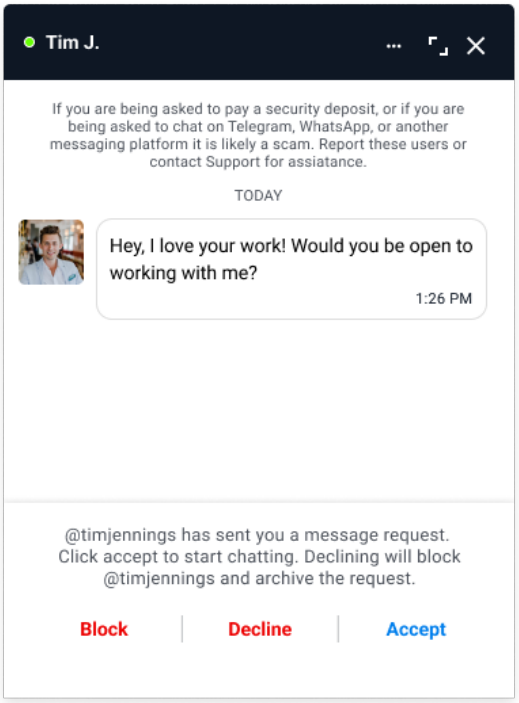


Figure 9: Chat requests

Enhancements to enterprise features

In FY22, our enterprise product teams spent the majority of their time working directly with clients building out integrations and features to support the sales efforts.

We also made improvements to the invoicing experience, including consolidating all invoices related to a project into a single document, overhauling their visual design, and finally allowing for the generation of “pro-forma” invoices.

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Invoice

BILL FROM:
Freelancer International Pty Ltd
Level 37 Grosvenor Place, 225 George Street
Sydney, NSW 2000
ABN: 81 134 845 748

INVOICE NO. B375622922
CURRENCY USD

DATE ISSUED
16 Feb 2023

BILL TO:
Ginette Lopez
3489 Stanley Street
Vancouver, British Columbia V6C 3L6

FOR
Implement OR update Google Search Console for website -- 3
Project ID: 35900257

Item	Description	Amount	Tax	Gross Amt
Project Fees	Project ID: 35900257	37.50	0.00	37.50
3rd Party Payments	Payments paid or payable on your behalf - Implement OR update Google Search Console for website -- 3	1,250.00	0.00	1,250.00
3rd Party Tax	Tax on payment on your behalf	0.00	0.00	0.00
			Total	$1,287.50

Payment Details

Bank Information
Account Name: Freelancer International Pty Ltd
Account Number: [redacted]
Bank Name: [redacted]
Branch Address: [redacted]
ABA/Routing Number: [redacted]
Swift Code: [redacted]

Reference
Wire deposit reference - Username: glopez (id: 35900257)

Enter your deposit details so we can identify your payment and finish the deposit faster. Please take a receipt or reference number from your bank after depositing. Please ensure to award the project to the freelancer before proceeding to transfer the funds.

Note: Any transaction fees charged by your bank will be deducted from the total transfer amount. Funds will be credited to your balance on the next business day after the funds are received by Freelancer's bank. If you have any questions please direct your queries to your Freelancer contact.

This is a system generated proforma invoice. Tax invoice will be issued on completion of the project.

Figure 10: Invoicing

Enhancements to matchmaking

In FY22 we largely solved the “spammy bids” problem and adjusted the client funding process as from 2021, the percentage of projects receiving their first bids (within 30 seconds)

rose sharply. This problem was getting steadily worse and increasingly impacting the overall marketplace experience, as freelancers increasing used software to bid.

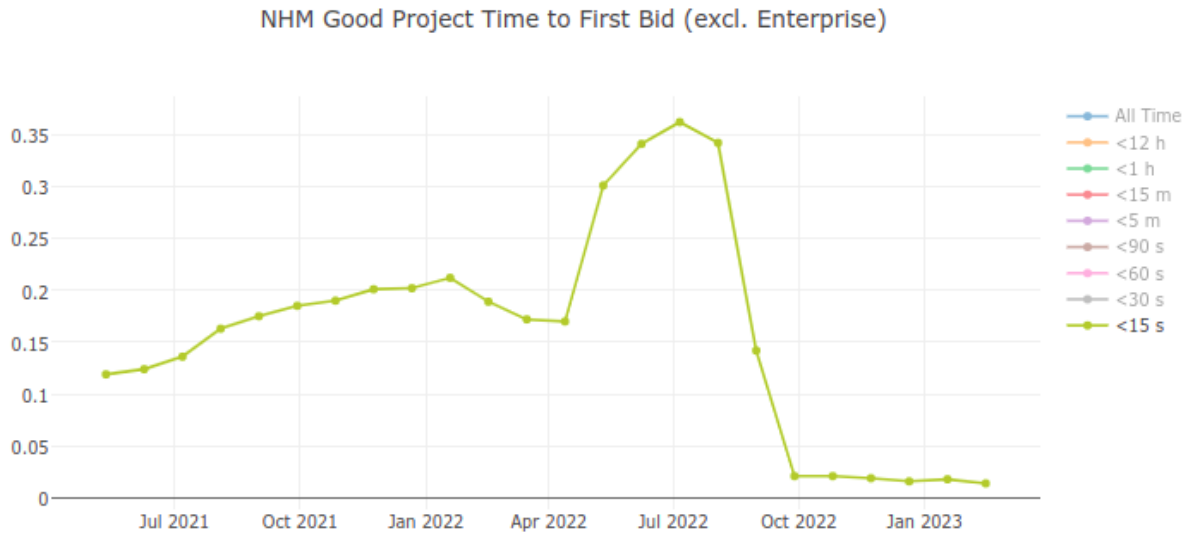


Figure 11: Spammy (fast) bids have been greatly reduced

In 3Q22 we used an innovative approach to put a stop to this behaviour. We were able to do this without impacting the overall liquidity of the marketplace- the number of bids within 60 seconds is largely unaffected.

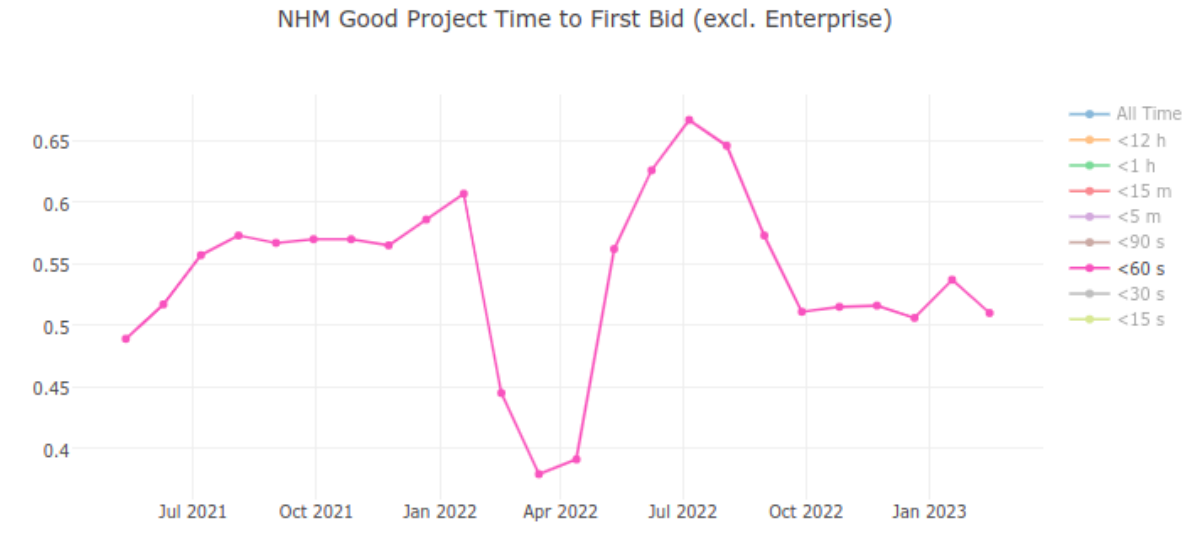


Figure 12: Marketplace liquidity from good bidders is largely unaffected

We also fixed a major conversion problem in the main funnel with projects. Substantial lifts in retention rates were seen, and we expect this will pay dividends in future quarters.

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Enhancements to collaboration

In FY22 we made huge strides in our long-standing collaboration-focused product strategy, primarily through launching Groups in 3Q22, the pillar that will support all of our collaboration products.

Designed to support collaboration and communication at scale, Groups enable everything from small teams to millions of people to interact in a structured and efficient manner.

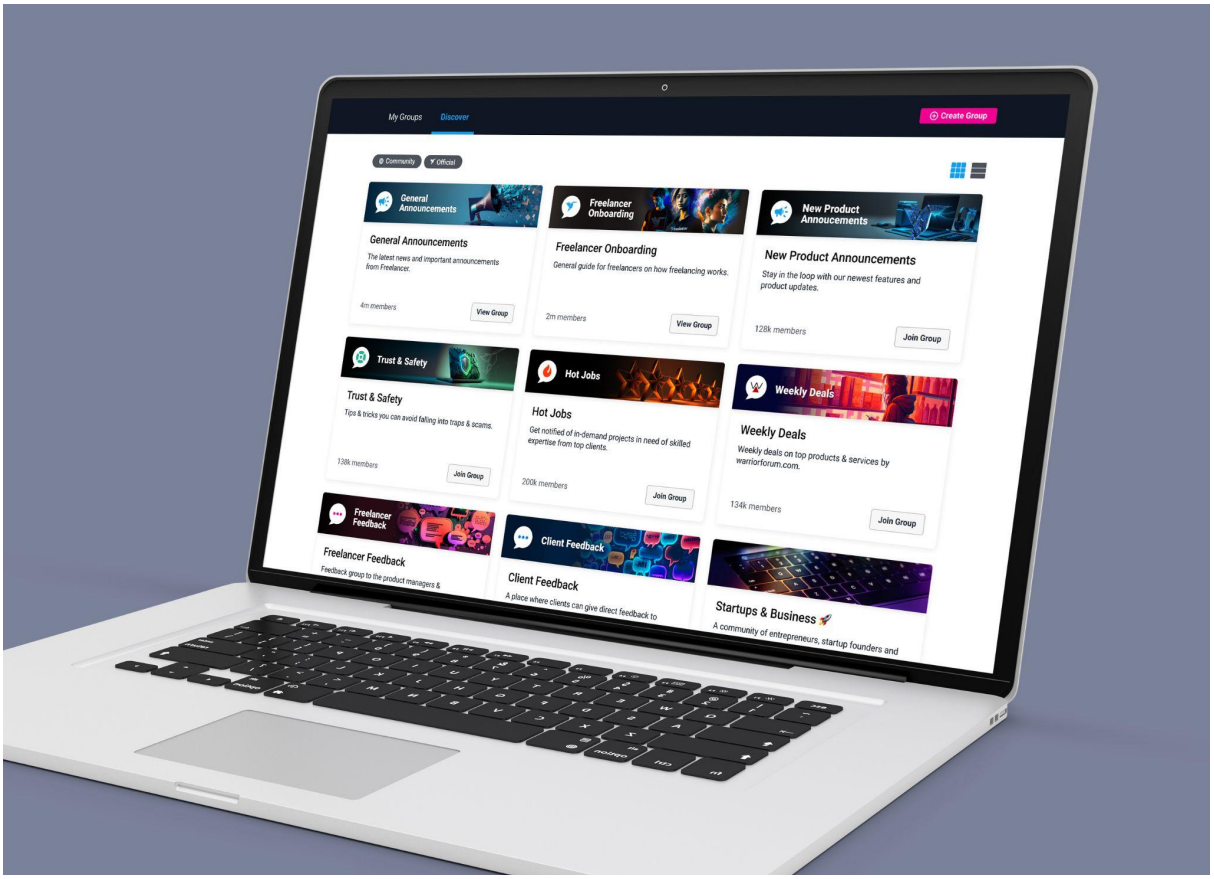


Figure 13: Collaboration tools

In 4Q22, we improved the user interface and user experience while integrating content from Groups into the main homepage. This increased engagement and visibility significantly. We also started using our own Groups product for internal communication, enhancing our understanding of user needs.

Moving forward, we plan to integrate Groups as a collaboration tool to improve engagement and retention in 1H23.

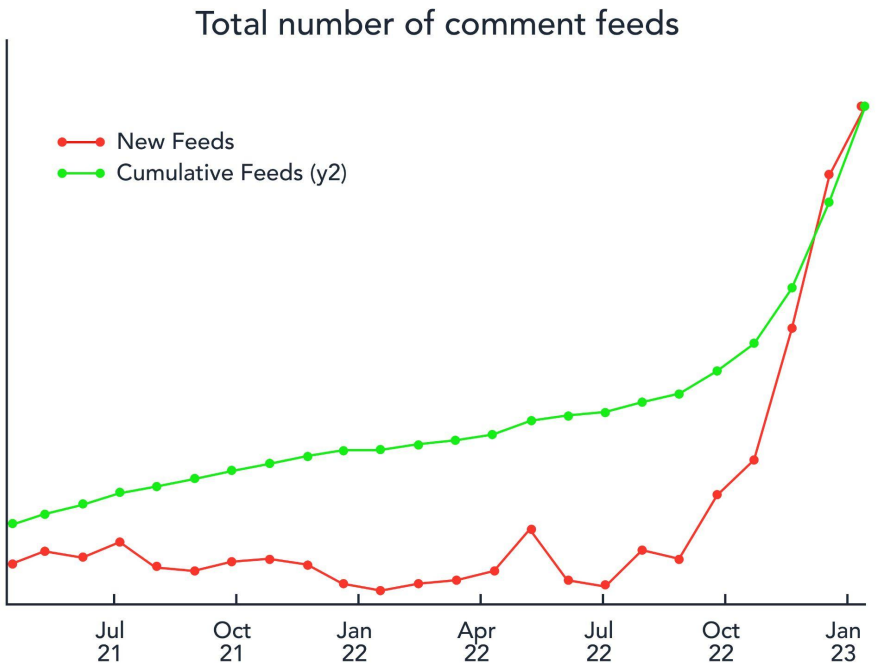


Figure 14: Groups engagement takes off

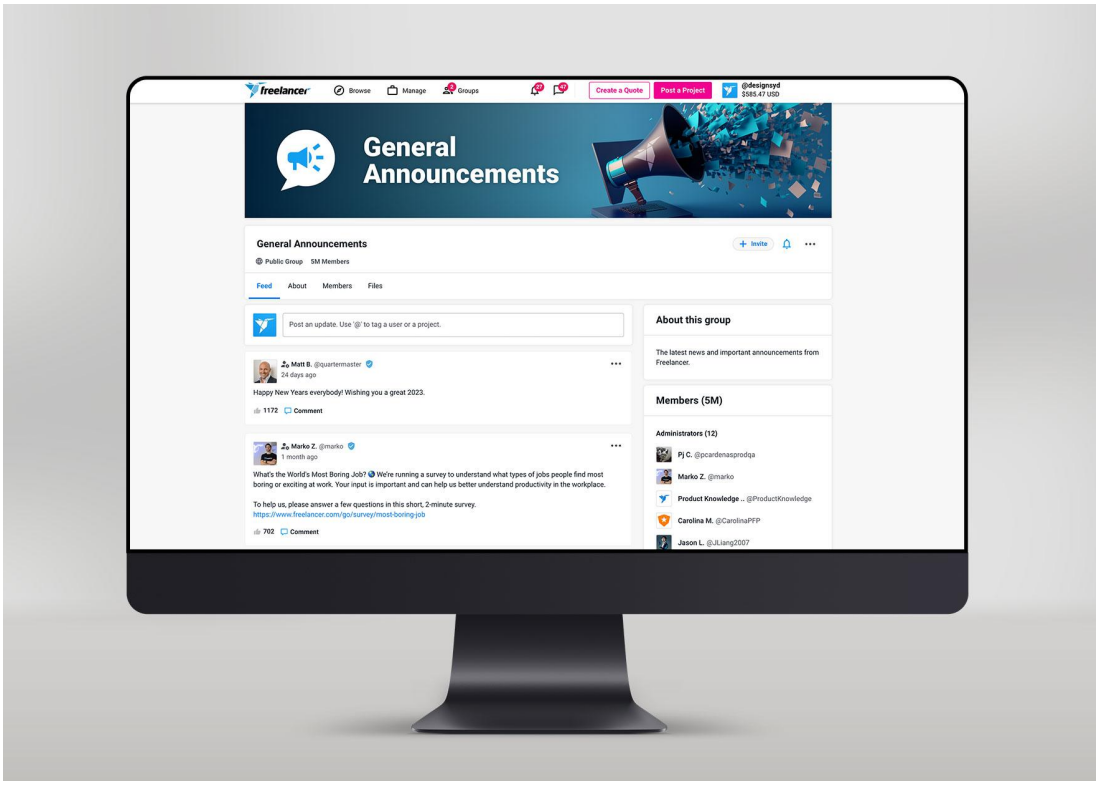


Figure 15: Groups interface

In addition to Groups, we also

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- Overhauled our Tasklists product, redesigning the UI, and integrated with projects
- Added a number of modern messaging features including replies and screen-sharing
- Resigned the logged in homepage experience

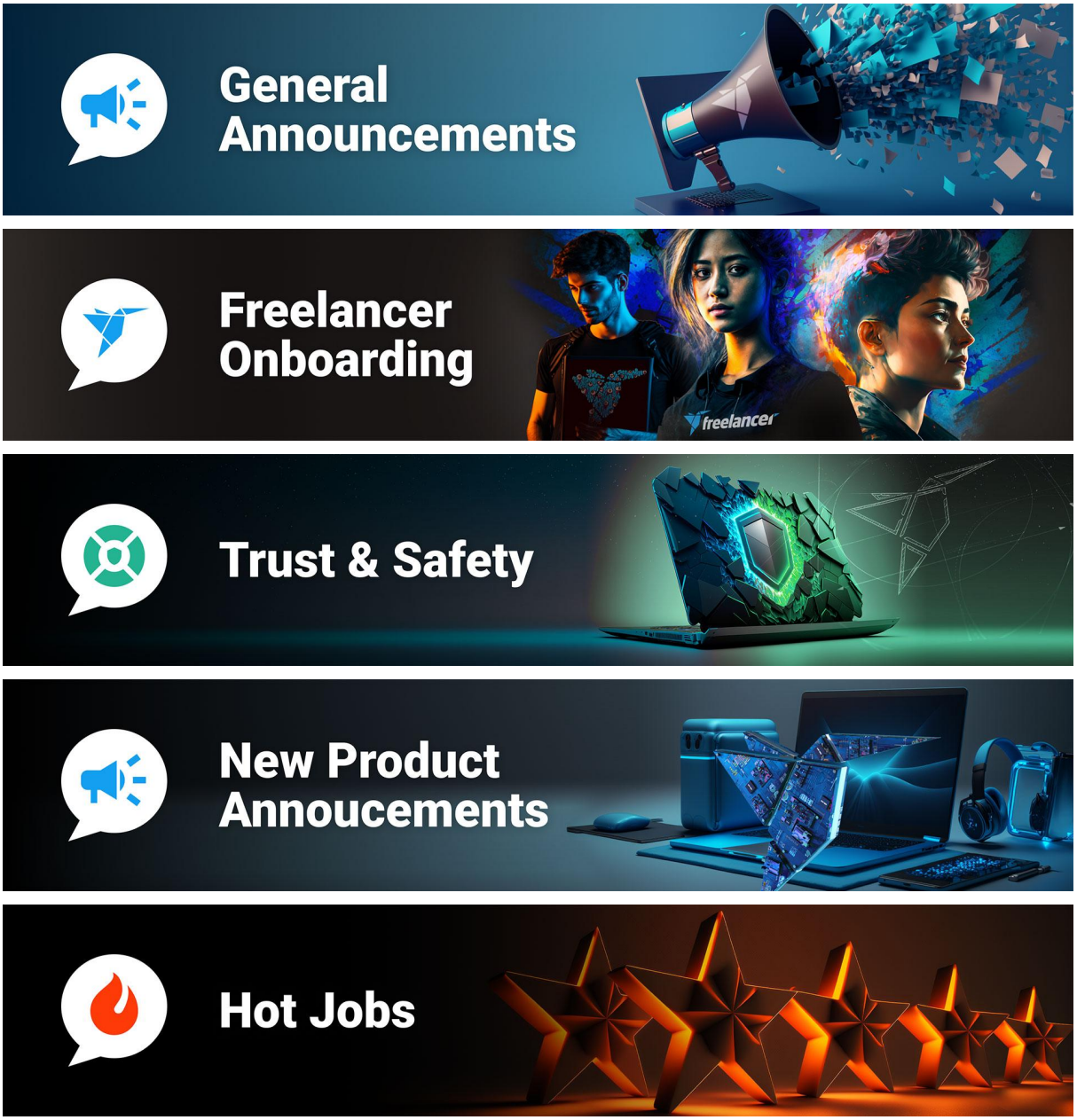


Figure 16: Example of groups

Acquisition, retention & engagement of clients

On the acquisition front, in 4Q22 we saw our year-long effort on SEM profitability come to fruition. Profitability across all spending in 4Q22 is up 58% on its 2Q22 yearly low, and up

23% on pcp. Focusing on our non-brand Google account, profitability is up 77% on its 2Q22 yearly low, and 43% on pcp.

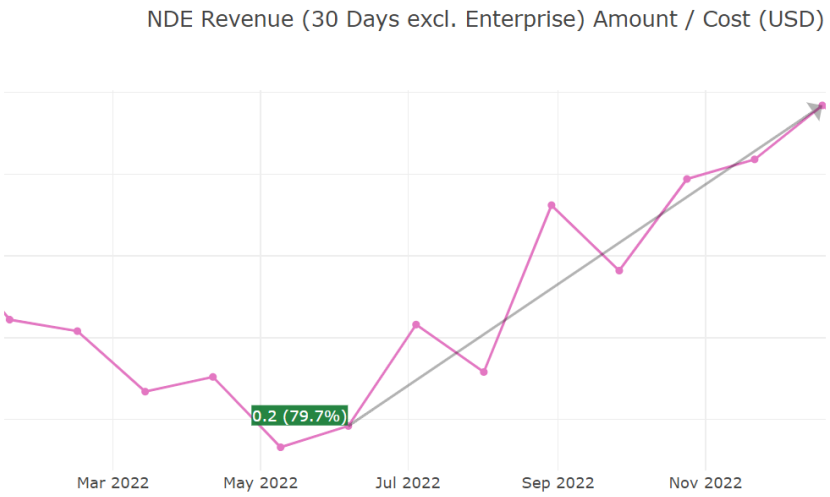


Figure 17: Revenue from new customers through acquisition channels

The main focus of our paid marketing efforts in FY23 will be diversification away from our current focus on Google adwords, adding new paid channels to the overall mix, whilst grinding out incremental progress on our existing campaigns.

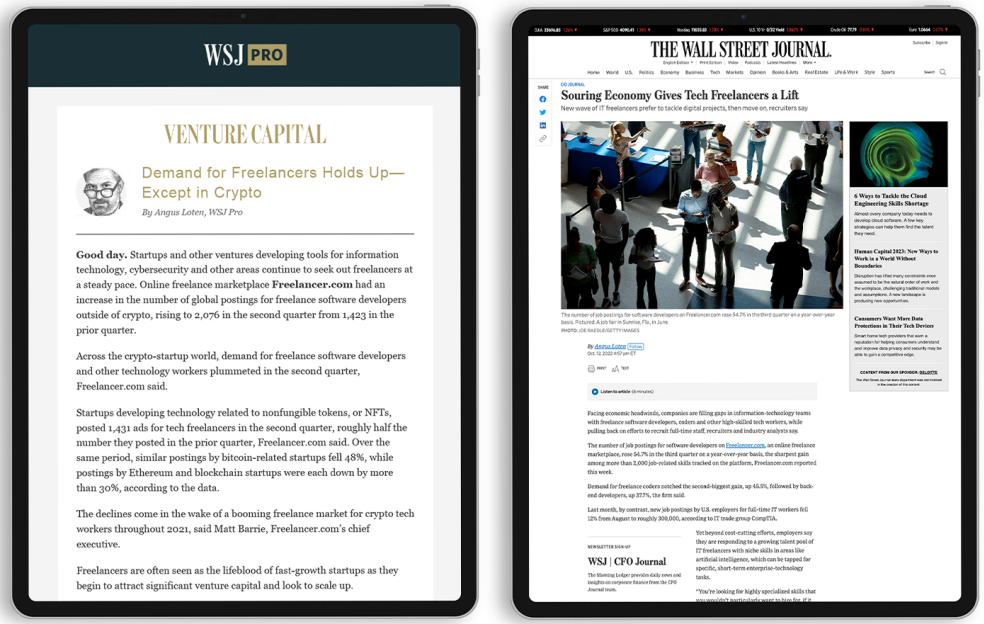


Figure 18: WSJ Reports: Freelancing Surges Amid Economic Uncertainty

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Moving into the new year, we have begun our yearly “Back to Work” campaign. This year, the focus is on the Crazy Ideas that underpin every world-changing business, inspiring entrepreneurs to get off their couches and start their dream businesses.

The campaign can be viewed here:

https://www.freelancer.com/crazyideas

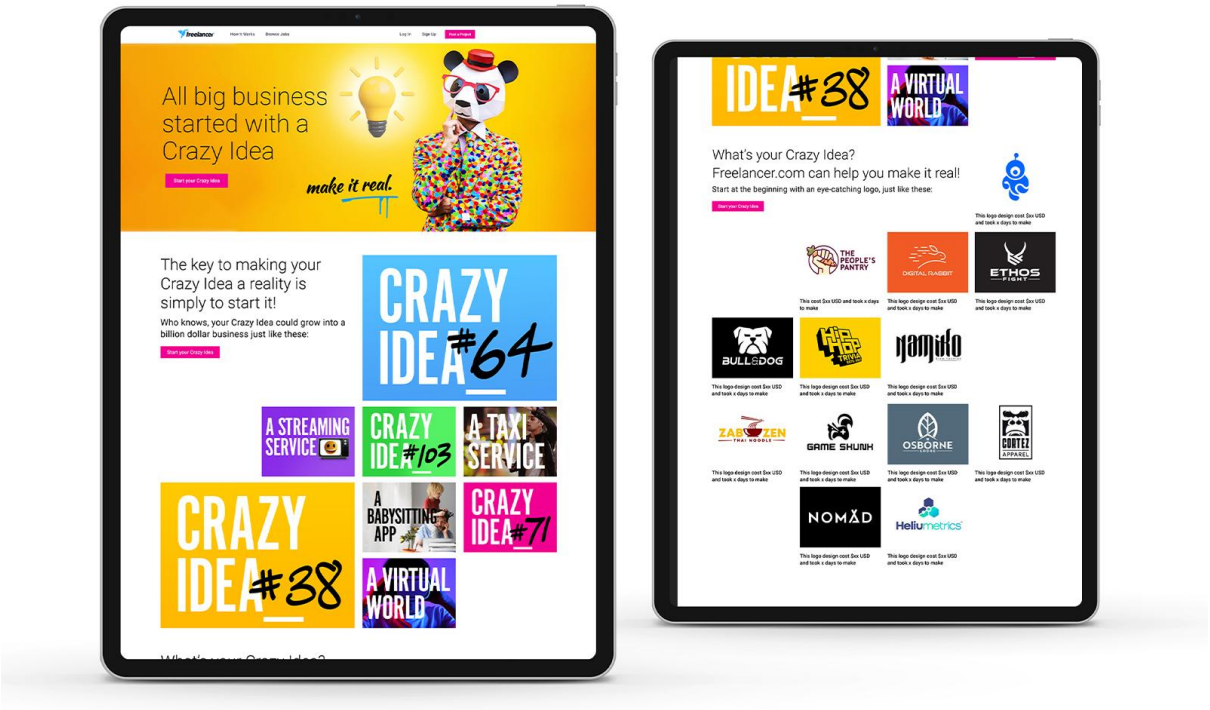


Figure 19: Crazy Ideas campaign

We are also continuing to focus on improving our landing page conversion rates. Whilst these tests are typically performed on smaller, more focused landing pages, we have recently started running tests on our homepage. For example, a recent test we ran on the homepage resulted in a ~13% lift in conversion[1].

On the retention & engagement front, the majority of our work here was focused around assisting the collaboration products, which are specifically designed to drive engagement and retention.

[1] ~13% lift in the rate of new paying clients per unit of website traffic, via A/B test Oct 18th and Nov 4th 2022.

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2023 outlook

In 2023, our product mission will be

- Taking UX & design to the next level: from consistent to delight
- Collaborative features to drive retention & engagement
- Personalisation to drive core marketplace conversion
- Improve acquisition through organic channels

Each of these three is instrumental in driving GMV and revenue growth in the core marketplace, and we look forward to reporting in future quarters on our progress in each of these areas.

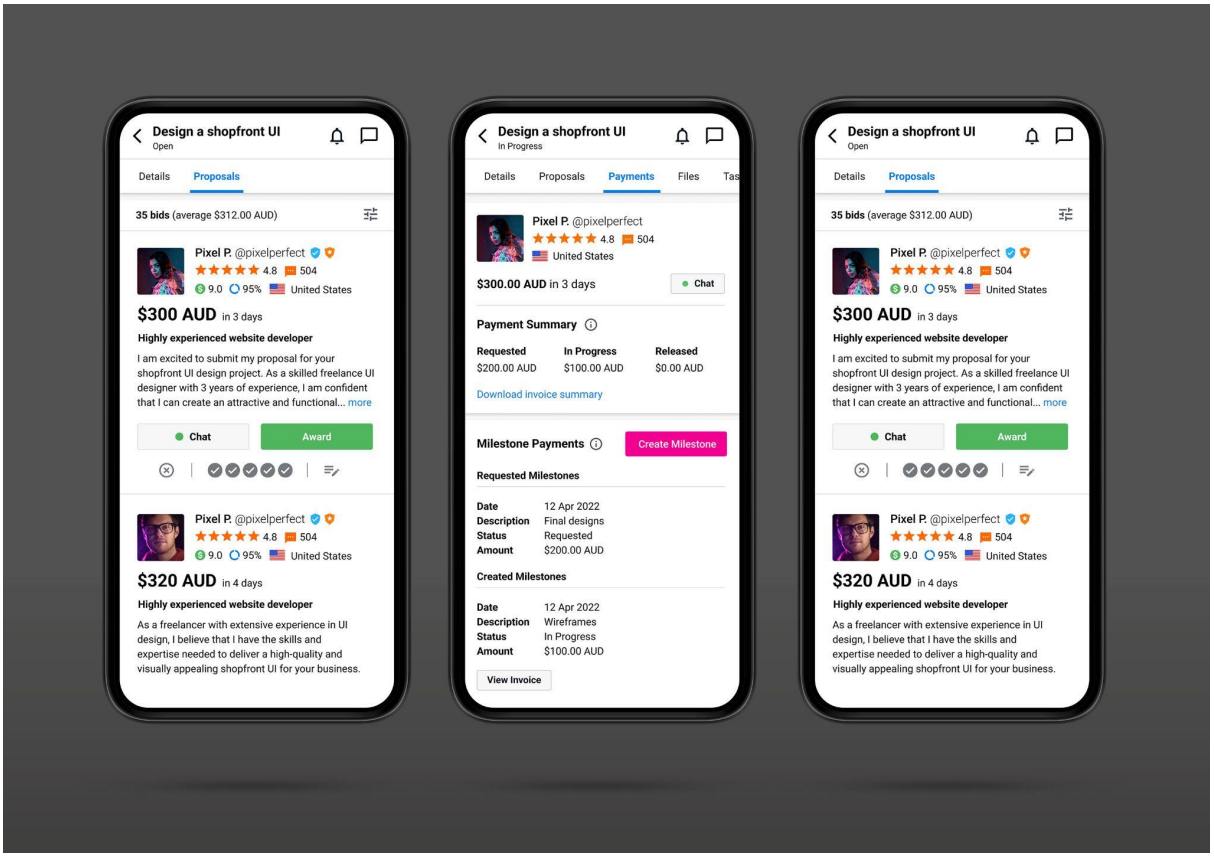


Figure 20: Improved user experience

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Enterprise



Freelancer Enterprise

Freelancer Enterprise went from strength to strength in FY22 with GMV up 101.5%.

Key developments this quarter:

- November 2022 was an all-time record for GMV, surpassing the record set in August 2022.
- We finalised commercials with the Middle-Eastern branch of a Switzerland based global pharmaceutical company with the agreement subsequently being executed early in 1Q23 and we are currently working to onboard and activate the partner with projects expected by the end of 1Q23.
- We progressed commercials with the EMEA entity of a top global professional services firm with an initial pilot agreement being executed in early 1Q23. We are also working on potential opportunities with their Australian and Indian entities.
- We onboarded a new division of a global transportation technology leader to our platform, which is currently being used to support the expansion of their North American operations by procuring and managing freelancers for in-store tasks. They plan to expand globally using our platform and are leveraging our Local Jobs capabilities for this engagement.
- Executed with a global talent provider that will be introducing their clients to the Freelancer.com platform. We are currently exploring deeper integration into the platform.
- Ended the quarter with in-flight proposals for engineering services and/or ongoing program management including a strategic platform-based transformation opportunity for a state government, integration with a global BPO leader, a national telecommunications company and a global contingent workforce management leader.
- On the downside, in 4Q2022 we finalised an agreement with a global technology leader for a flexible and international technical support capacity by utilising the abilities of our freelancers. We signed a SOW, received a green light on passing the externally audited vendor security & privacy assurance process, received a purchase order and personnel were undergoing onboarding & training. We were very recently informed that the division has been restructured and merged into an internal division. While a disappointment, the client has organised a meeting to discuss other opportunities within the 200,000 employee organisation.

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Deloitte MyGigs

MyGigs is a Deloitte branded version of the Freelancer InSource platform tailored to meet the needs of Deloitte practitioners and tightly integrated with SAP Fieldglass. Projects are posted both “internally” (to Deloitte practitioners) and “externally” to the greater Freelancer.com marketplace. Projects have risen throughout the year with an average completed external project size of $1,469. External projects are also proving to be more liquid than internal projects, with an average bid count of 8.3 and 3.5, respectively. That liquidity will continue to grow as more freelancers are onboarded through a comprehensive enterprise-grade vetting process.

A dedicated team of product managers and engineers have been working closely with Deloitte to further tailor and enhance product and integration capabilities.

In 1Q23, the engineering services engagement will expand as more Freelancer engineers are added. Deloitte has also added a marketing capability to their team. As the joint project starts to focus on activation and marketing to Deloitte users.



Figure 21: Deloitte MyGigs

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Global Fleet / Field Services

In the quarter, we completed the technology integration of the Freelancer platform with the global computer & printer company's CRM and workflow management platform in several countries. This paves the way for significantly higher volumes across all markets and provide a standardised, automated single global solution.



Figure 22: Field service engineers based in India undertaking training and certification, and completing on-site field repairs.

In brief:

- **India**: As of the time of writing this report, technical integration launched in Hyderabad, Pune and Kolkata and is already live in Bangalore. Chennai, Ahmedabad and Delhi will go live on the 23rd February then Mumbai on the following Monday. Focus on enhancing freelancer experience and productivity. Expanded service to Vizag and Lucknow, covering 10 out of 18 cities. A proposal in development for installation work in India.
- **Indonesia**: Contract extended across six cities with high-quality work and great customer satisfaction.
- **Australia/New Zealand**: Engagement extended, enabling expansion into any city. Cost-effective solution maintaining consistent volumes to explore other markets.

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- **Malaysia**: Signed SOW, focusing on recruitment and training. Work orders launched in Feb '23 in regional areas to reduce turnaround times for repairs before expanding to metro areas.

- **Rest of World**: Interest from across the globe with presentations to country heads. Part consumption compared to partners opened doors to Americas, aiming to penetrate the break fix market. 13 countries on the initial target list out of 50 regions.

Overall 2022 Review: Established groundwork for Freelancer Global Fleet field services program. End-to-end offering includes freelance support for cost savings, remote work, and seasonal fluctuations. Expanded services to new cities and countries for consumer and commercial segments. Aim to expand to installation work and penetrate the Americas market.

NASA & U.S. Government

2022 was a great year for the NASA and U.S. Government project team. The key takeaway with this engagement is that Freelancer is delivering high end, sophisticated work, by high end freelancers, to major US government agencies.

In October, Freelancer awarded Phase 2b of the US$1 million NOIS2-064 CommanDING Tech Challenge and launched Phase 3 the following day. This task order is in partnership with the National Institute of Standards and Technology's Public Safety Communications Research (PSCR) Division. In Phase 2b, contestants developed their incident command dashboards and presented them to the Judging Panel in virtual meetings. Eight winners were awarded a total of US$200,000 in cash prizes and a sensor package each, for testing and developing their prototype, valued at US$3,000.

The following are the winning teams/individuals of Phase 2b:

- BadVR, Inc. (United States)
- Cloud Responder (United States)
- Engineering Dynamics (United States)
- Headwall (United States)
- Red Volta (United States)
- Televerse Robot, LLC (United States)
- TurnRock Labs (United States)
- Valoarus (United States)

In November, Freelancer also awarded Phase 1 of the US$300,000 NOIS2-071 Counting Every Drop Challenge in partnership with GEONOR on behalf of Bureau of Reclamation, USDA Natural Resources Conservation Service (NRCS) and NASA. Seven solutions were awarded US$10,000 each. The teams have now joined Phase 2 where they will develop their precipitation gauge prototype based on their Phase 1 White Paper.

The following are the winning teams/individuals:

- Rahavi Brothers (Canada) | *Intelligent Precipitation Measurement System (IPMS)*
- The Planet Earth (Canada)

- PMASS (USA) | *Precipitation Measurement with Advanced Solid-state Sensors*
- PGRAWS (USA) | *Precipitation Gauge with Redundant Array of Weight Scales*
- Top Solvers (USA)
- Orion Labs (USA)
- rixel (Hungary)

The full list of task orders won to date:

ID	Sponsor	Skills	Value inc. Prizes (AUD)	Task Order Purpose
NOIS2-090	National Institutes of Health	Genome Editing	$10,630,000	Develop delivery systems to deliver genome editing machinery to target cell types or specific tissues.
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.
NOIS2-069	NASA Aeronautics Research Mission Directorate	English Transcription Services	$8,840	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.

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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	$721,500	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	$486,834.40	Improve the reliability of hydropower plant generation. by automating safety equipment testing and reducing plant downtime.



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Escrow.com

Escrow.com is the world's largest and only multi-jurisdictional licensed online escrow company. There are fundamentally two sides of the Escrow business- transactional which is the vast majority of the current business and checkout which we are trying to pioneer in the space of large value transactions.

Transactional volume flew in FY21 and 1H22 was the second highest half for Escrow GPV in the history of the company (US$407m). From May '22 volume crashed with the crypto/tech wreck and general economic contraction.

Escrow.com Gross Payment Volume (GPV) in 4Q22 was AU$189.5m down 48% on pcp or (US$124.5m down 53.2% on pcp). For the FY22, Escrow GPV was $953.4m, down 11.7% on pcp (US$668.4m, down 17.3%).

Despite this drop, the Escrow.com business was profitable in FY22.

February '23 is shaping up to be the best month since July '22, possibly June '22, and we are fairly confident that 1Q23 GPV will be higher than 4Q22, however volume has yet to fully return to the heights seen in 2021 / early 2022.

Over 75% of the fall in 4Q22 is attributable to the decrease in the volume of domain name transactions, a market segment in which Escrow.com has a dominant position, which decreased by 20% from US$514M in FY21, to $411M in FY22. Global venture capital funding in FY22 fell 35% to US$445 billion. This drop followed through to a fall in "mega" domain transactions ($10m+) where startups pay top dollar for instant brand recognition and a permanent tail wind for their marketing.

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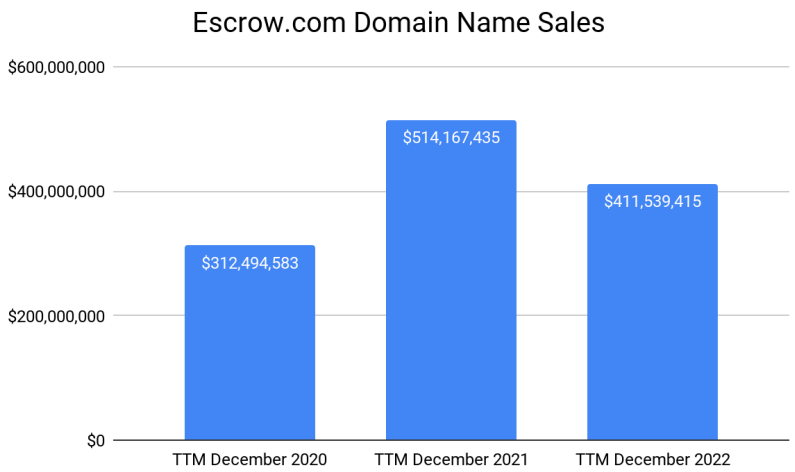


Figure 23: Escrow.com domain sales

Through the first half of 2022, we saw many large value transactions ($10-20m), particularly in the crypto space. We saw some signs of life in the latter part of the year, where our domain transaction volume had a 5.5% uplift in 4Q22 at $83m from 3Q22's $79m. We do, however, expect to see it come strong back in FY23 as we expect a boom in VC funding for certain sectors such as generative artificial intelligence. In 1Q23 we have already quoted a 'mega' domain transaction that would be a substantial lift on our all-time record for a single domain transaction by several multiples and have seen one 'mega' transaction in the $10-20m range.

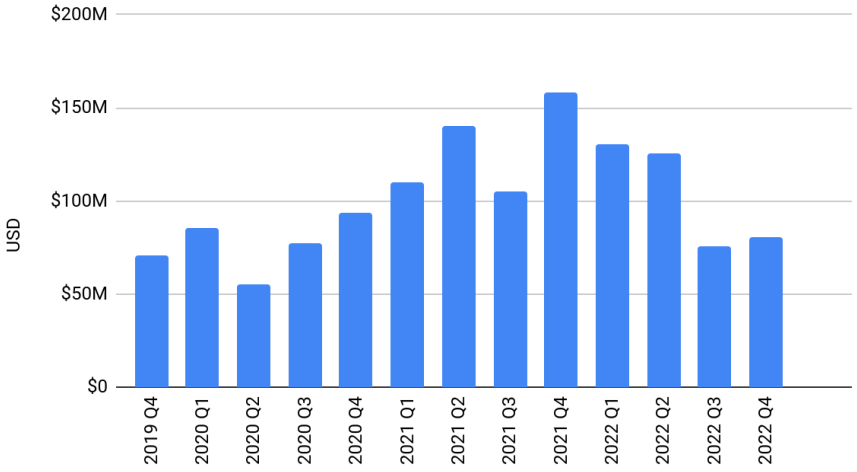


Figure 24: Escrow.com total domain name transaction value per quarter

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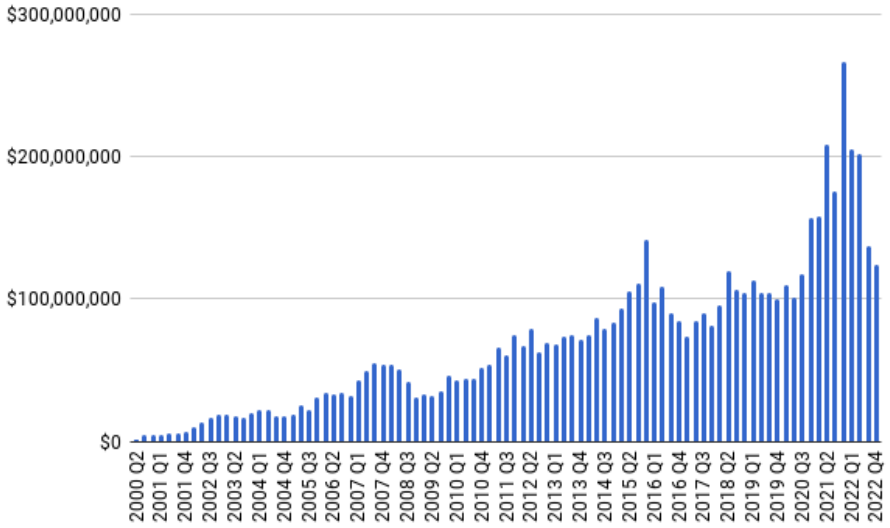


Figure 25: Escrow Gross Payment Volume (USD) by quarter since inception

Product

For 1H23, the priorities for product are as follows:

- Prioritise customer feedback
- Improve the overall KYC experience to best in class
- Reduce friction of the end-to-end transaction flow
- Support more verticals and transaction types
- Provide a better partnership experience
- Automate internal transaction processes

These reflect our commitment to designing a product that enhances user experience and is fully customer centric in its design and transaction flow.

Partner Activity

In 4Q22, Escrow.com continued to introduce and support a diverse range of marketplaces and brokers, both existing and new partners. Towards the end of December, we received approval from compliance to get started on a specific pricing structure for the Real Estate vertical in 31 US states. We started outbound sales for real estate and construction marketplaces with the goal of focusing on buyer deposits for real estate bids.

M&A Marketplaces

Marketplaces for business acquisitions continued to be a strong vertical for partner growth. Escrow spent the year working closely with MicroAcquire to support their growth while MicroAcquire has excelled at small business acquisitions and have become acquire.com to support larger business acquisitions. They are the largest startup acquisition marketplace focused on profitable software companies. We are also seeing increased volume coming through from app marketplaces including Flippa and Zipos Apps. Some of these

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marketplaces are also looking to branch into full M&A of businesses, which Escrow.com will support.

IP Addresses

We continue to see growth in new IP address platforms and growth opportunities. We continue to see IP partners grow revenue with UAB Voldeta and HMB Holding GmbH in Europe both onboarding last quarter.

We attended RIPE in Belgrade, Serbia as well as LACNIC 38 IP in Latin America. In FY23 we expect to release an IP transaction type and IP leasing with a number of partners.

Construction and Real Estate Marketplaces

Towards the end of December, the sales team received approval from compliance for the Real Estate vertical in 31 US states. We started reaching to real estate and construction marketplaces with the goal of focusing on buyer deposits, as a jumping off point. Our first home renovation marketplace is preparing to launch in 2Q23.

Domain Names

We attended Namescon Global in Austin, Texas in 4Q22. New accounts included Stenning Limited, who subsequently closed their first transaction with us. Escrow will be attending the next NamesCon Global in Austin, Texas at the end of May, 2023.

The focus on this vertical is to upgrade and automate Domain Name Holding, streamline the client onboarding process and KYC, revamp partner tools, integrated partnership reports, and overall improve the experience for our partners and their customers.

Other

We are equally focused on reaching out to big prospects as new partners across verticals (IP, Construction, Services, Domains, M&A, Vehicles, Merchandise, etc.) and distribution channels: payment aggregators, shopping carts, multicategory marketplaces, and peer to peer payments.

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Loadshift

Connecting Shippers & Carriers

The year 2022 was transformational for our freight division as we merged the Loadshift and Freightlancer platforms, which now entirely operates under the Loadshift brand, and running on the Freelancer enterprise stack. The Freightlancer brand has been decommissioned.

Total loads posted for FY22 were 74,096 (down 11.0% on pcp). Total kilometres posted were 99,102,593 (down 16.5% on pcp), representing $350 million of Notional Gross Load Value (up 7.4% on pcp).

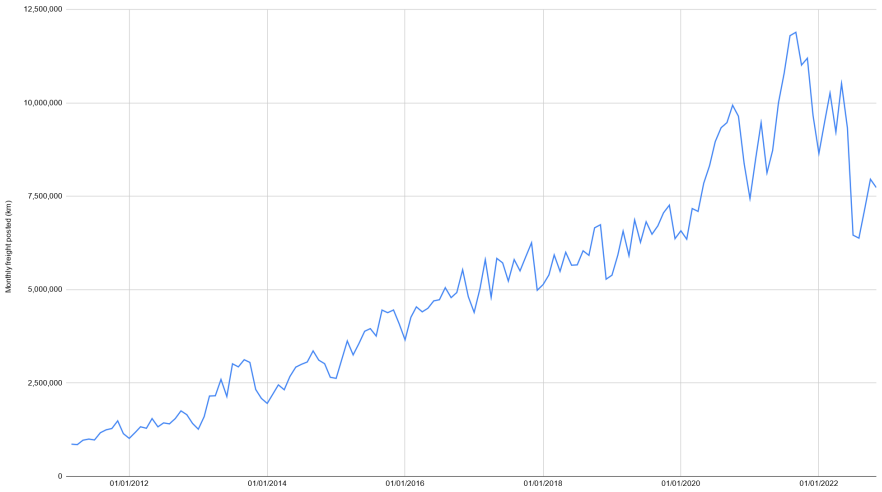


Figure 26: Group freight posted since inception (loads)

As explained in previous quarterly reports, pre-merger in August ‘22, all loads expired in three days, which resulted in a number of reposted jobs under the old system. On the new marketplace, loads stay up until awarded or expire in 30 days, so looking at the two numbers is not a direct comparison. Additionally, a few accounts were banned that were cross posting jobs to the old classifieds site but going off-site to complete them. 4Q21 volume was also abnormally high due to lockdowns (which ended in NSW & Victoria in October 21).

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Figure 27: Maxtrak Mobile Crusher moved from Henderson WA to Unanderra NSW in 4Q22

Records achieved in 4Q22 include (note: compared to the quarter immediately before):

- 2H22 GPV up 63.6% on 1H22
- Average completed load size: $5,184
- Average freight charge: $3.49/km (up 21.6% on pcp)
- All-time lowest median time from post to first quote
- All-time record for most quotes/day, unique shippers quoting/day
- All-time lowest median time from post to first quote (1.5 hours)

The key objective in FY23 is to transition the Loadshift business to a marketplace model, where payments flow through and a commission is levied.

The commission model is superior for a number of reasons that are beneficial for all parties. One of the main advantages is the ability to "close the loop" by providing visibility into the entire process. In the past, the bulletin board had no information after a listing was made, with no idea of which carrier performed the load, whether it was done on-time, or whether quality work was performed.



Figure 28: Caterpillar Grader moved from Bunbury, WA to Bathurst, NSW

The regulatory environment has changed significantly and now all participants in the movement of heavy freight are in the "Chain of Responsibility". This means that compliance and safety improves overall as the platform, being a trusted third party, is now ‘in the loop’ as to the movement of the freight and carriers, which results in an overall better experience for all parties involved.

Another major advantage is the secure payment system through the marketplace, which prevents bad actors from running away from deposits or performing poor service. Reputable carriers can earn feedback and reviews, which allows them to increase rates for better services and differentiate themselves in the market, thus creating a win-win situation for both carriers and shippers.

Shippers are no longer left to themselves either, as our operations team liaises with both shipper and carrier to ensure loads are completed successfully, providing a level of support and guidance that was previously not available. Enterprise customers can take advantage of our managed services, which includes project management for complex movements, adding a level of convenience and professionalism that was previously not available.

Additionally, integrations are now able to be performed with platforms that need freight to be performed every day (e.g. automotive, machinery or auctions), adding a level of efficiency and streamlining previously not possible. An enhanced set of offerings are now available for

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both carriers and shippers, as well as enterprise features such as invoicing financing (via a third party provider, Butn), makes the process more convenient and efficient for all parties.

Finally, carriers now have more flexibility in how they use the platform, they have the choice to either pay a membership and a reduced commission, or no membership and a 10% commission, providing them with the ability to choose what works best for them and their business, which results in a more customised and tailored experience for all parties involved.

Additionally for 2023, the plan will be to increase volume and conversion by:

- Growing the carrier network
- New features for shippers & carriers

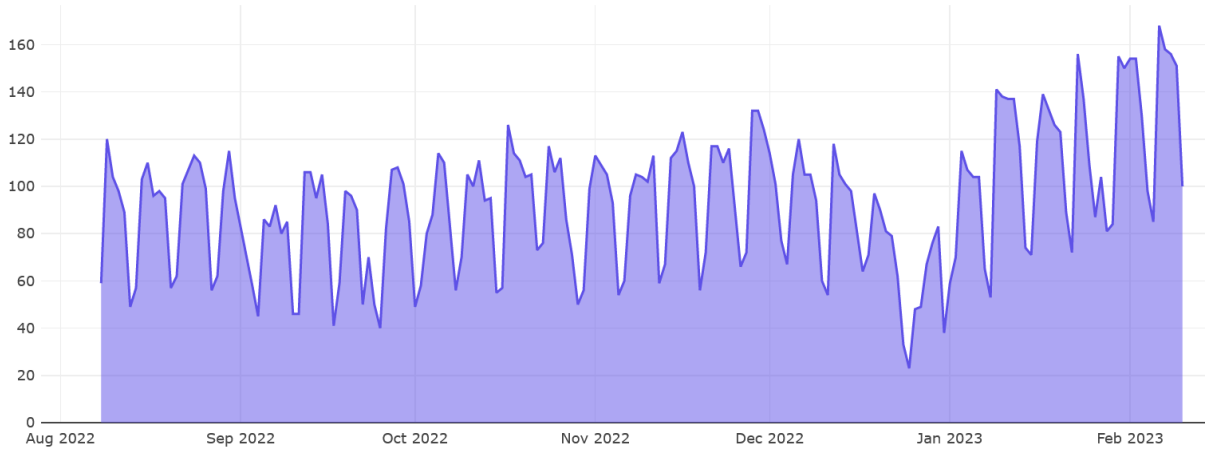


Figure 29: Daily quoting carriers (since merger)

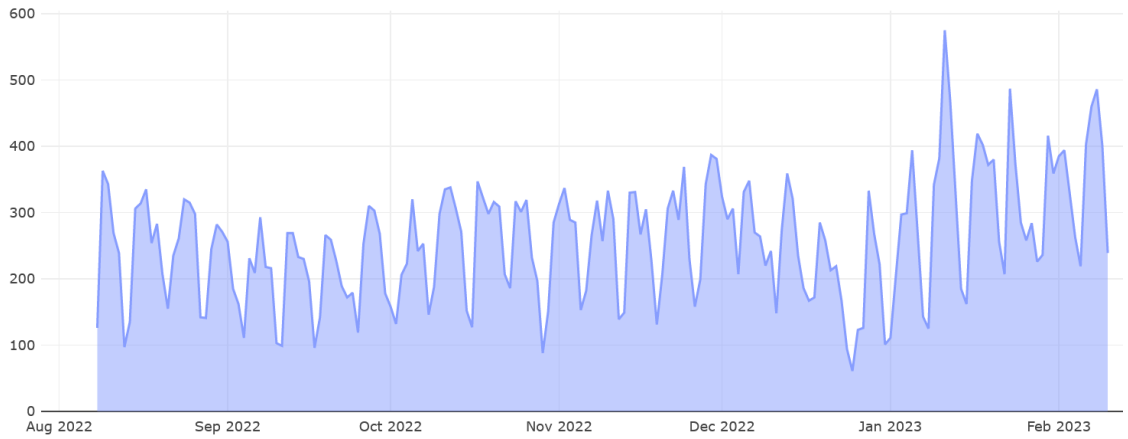


Figure 30: Quotes per day (since merger)

We continued to see significant increase in key metrics and hit record numbers for GMV, number of loads completed, number of quotes and number of carriers quoting via the platform in 4Q22. We have lifted the award rate of jobs on the platform from 0% (no jobs being awarded under the bulletin board model) to 10% as of the date of this commentary in

February. Currently the bias in awarded jobs is towards lower end jobs, as they more easily convert, however we expect the award rate to continue to rise rapidly through FY23.

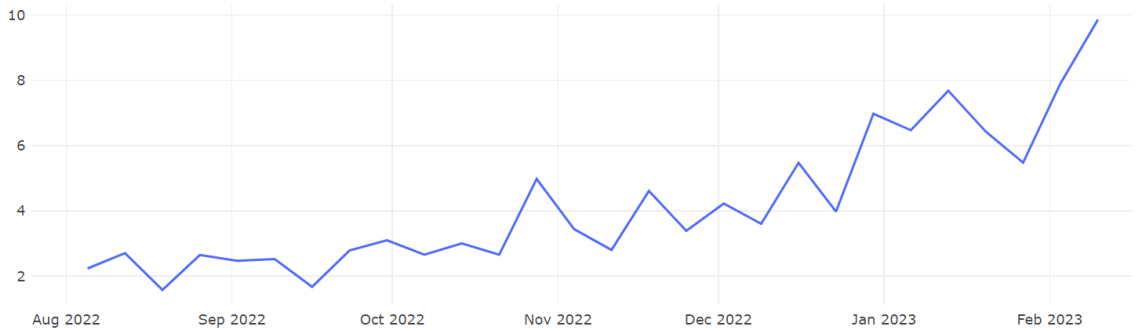


Figure 31: Loadshift award rate

New features were launched to increase load conversion. The proforma invoice feature generates proforma invoices for every quote submitted through the system, which allows companies to have the accounting documentation required for load awarding. Other features such as SMS notifications and insurance/certification verification were also introduced. Carriers can now upload their insurance and certification documents, and carriers with proper certifications can showcase their credentials and increase their reputation on the platform. Additionally, the layout of the load view page was improved to make it easier for carriers to scan and submit quotes.

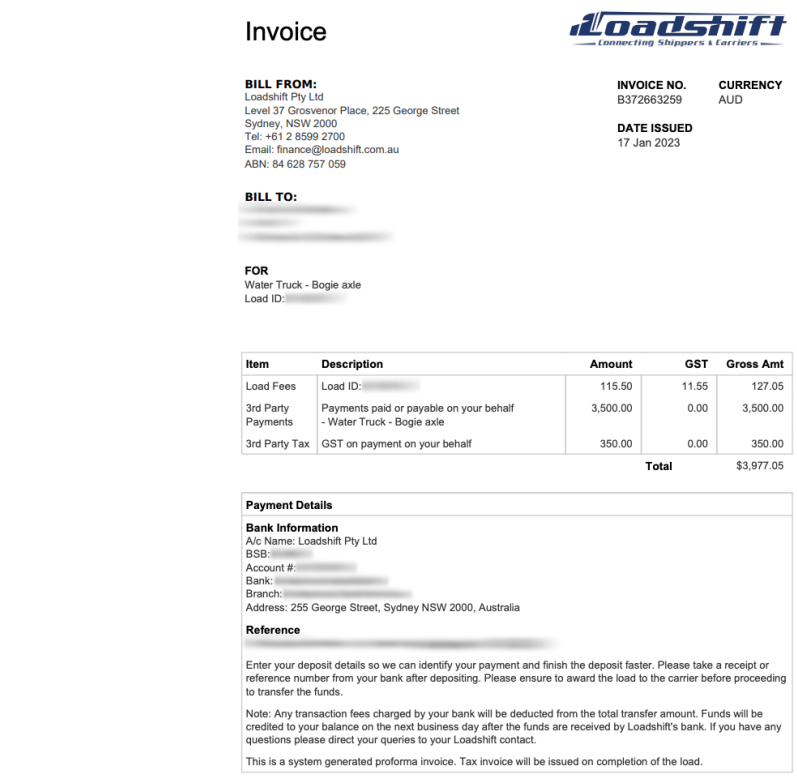
As carriers take advantage of the features of the platform, the feedback and reviews generated and adopt the secure payment system, we expect the award rate to grow by a number of multiples in FY23.

All in all, this resulted in the number of loads completed under the marketplace model strongly growing. This year will be a marquee year for the Loadshift business as the number of completed loads (and revenue) continues to rise under the new model.

This is reflected in Gross Payment Volume (GPV) which is the most important for the division.

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Invoice

Loadshift
Connecting Shippers & Carriers

BILL FROM:
Loadshift Pty Ltd
Level 37 Grosvenor Place, 225 George Street
Sydney, NSW 2000
Tel: +61 2 8599 2700
Email: finance@loadshift.com.au
ABN: 84 628 757 059

INVOICE NO. B372663259
CURRENCY AUD
DATE ISSUED 17 Jan 2023

BILL TO:

FOR
Water Truck - Bogie axle
Load ID:

Item	Description	Amount	GST	Gross Amt
Load Fees	Load ID:	115.50	11.55	127.05
3rd Party Payments	Payments paid or payable on your behalf - Water Truck - Bogie axle	3,500.00	0.00	3,500.00
3rd Party Tax	GST on payment on your behalf	350.00	0.00	350.00
			Total	$3,977.05

Payment Details

Bank Information
A/c Name: Loadshift Pty Ltd
BSB:
Account #:
Bank:
Branch:
Address: 255 George Street, Sydney NSW 2000, Australia

Reference

Enter your deposit details so we can identify your payment and finish the deposit faster. Please take a receipt or reference number from your bank after depositing. Please ensure to award the load to the carrier before proceeding to transfer the funds.

Note: Any transaction fees charged by your bank will be deducted from the total transfer amount. Funds will be credited to your balance on the next business day after the funds are received by Loadshift's bank. If you have any questions please direct your queries to your Loadshift contact.

This is a system generated proforma invoice. Tax invoice will be issued on completion of the load.

Figure 32: Loadshift proforma invoice

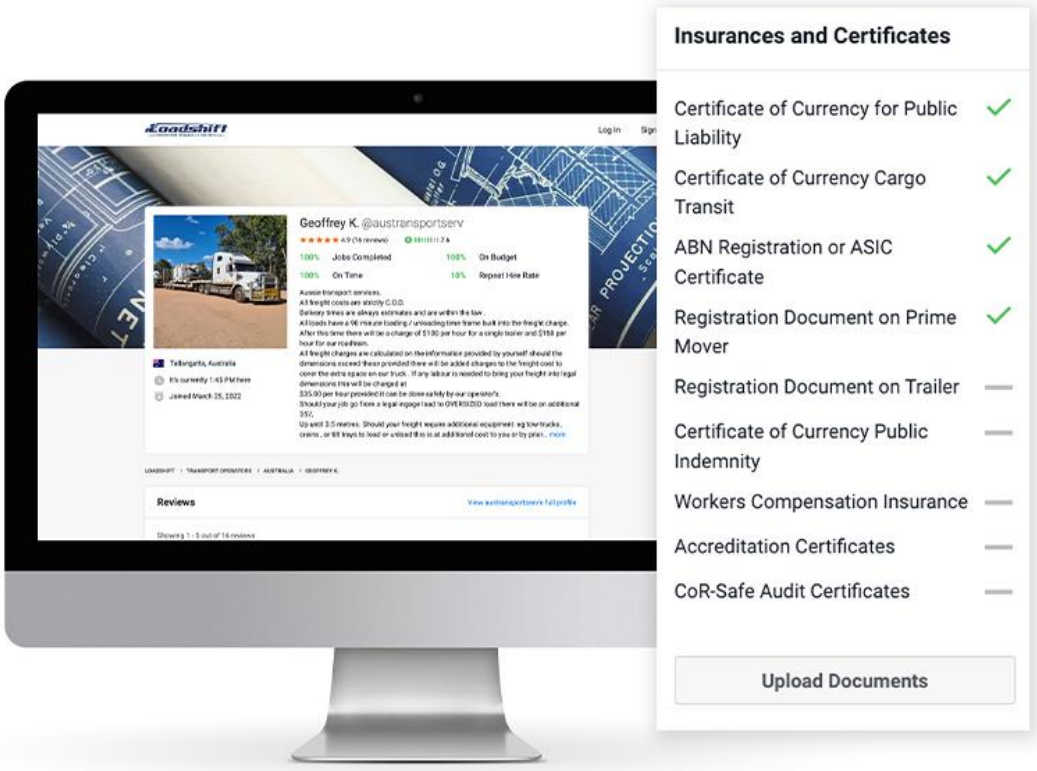


Figure 33: Loadshift Insurance Verification

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Looking forward to the rest of the year, we will be continuing to improve the platform with a view to build the tools required for both carriers and shippers for end to end management of freight. This includes features such as optimisation of the current marketplace with better notification and payment flow, GPS tracking, proof of delivery workflows, integration with other marketplaces, insurances, credit management and fleet management tools.

Freight Categories

The freight moved by the group is consistent with the numbers prior to integration. It is diversified but primarily heavy machinery (21.2% mobile, 6.7% stationary) for the mining, construction and industrial sectors. This is followed by vehicles, cars 11.8%, trucks 7.4%, pallets less than a load 8.7%, general part loads 7.9% and general full loads 7.7%.

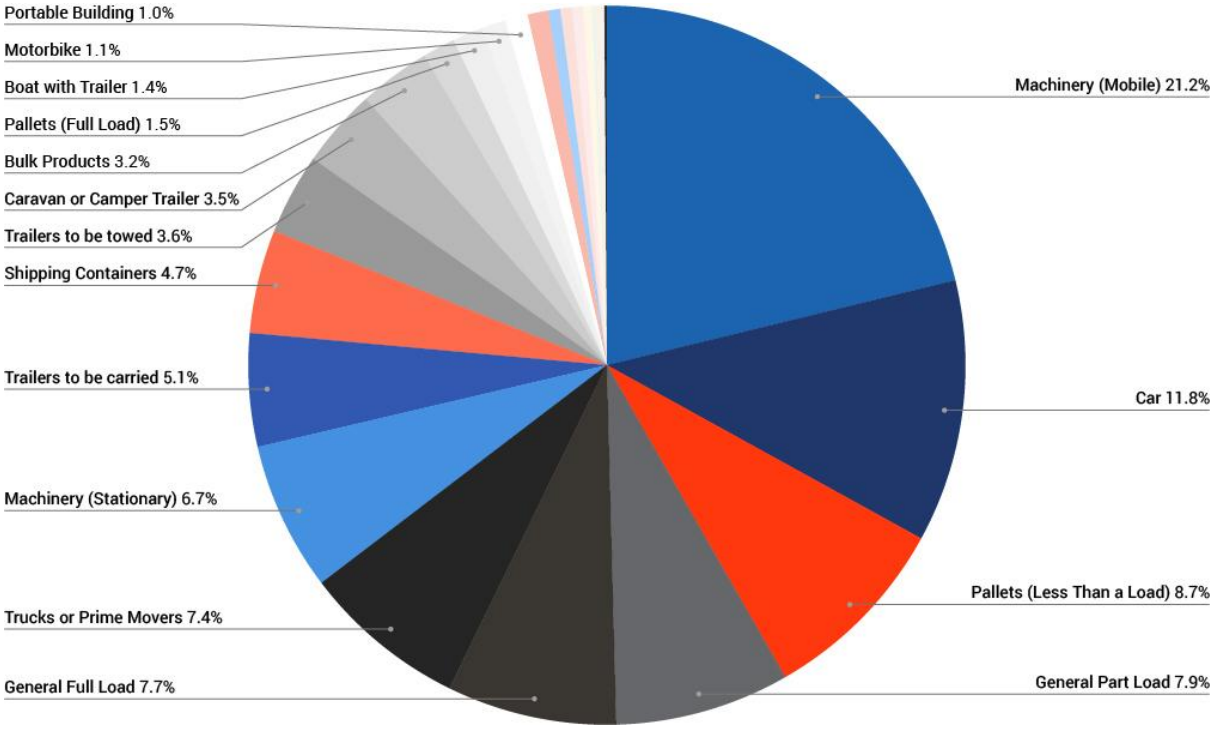


Figure 34: Freight categories by type (%) in 4Q22

Group Profitability

The group has implemented numerous cost efficiencies across all expense categories in 2H22. Operating costs in 4Q22 were 12% lower than 3Q22. These efficiencies will become evident in FY23 (e.g. 4Q22 marketing down 26%) with a profitable year expected. Together with ongoing strategies to improve revenue growth, the group will continue to monitor operating expenditures to ensure that a sustained level of profitability can be achieved in FY23. The Escrow.com business was profitable in FY22.

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Conclusion

The group had negative net operating cash flow of -$(4.2) million for FY22 (FY21 $2.6 million) and ended with cash & equivalents of $23.4 million, down 23% on pcp.

For more information please contact:

Neil Katz
Chief Financial Officer
Freelancer Limited
investor@freelancer.com

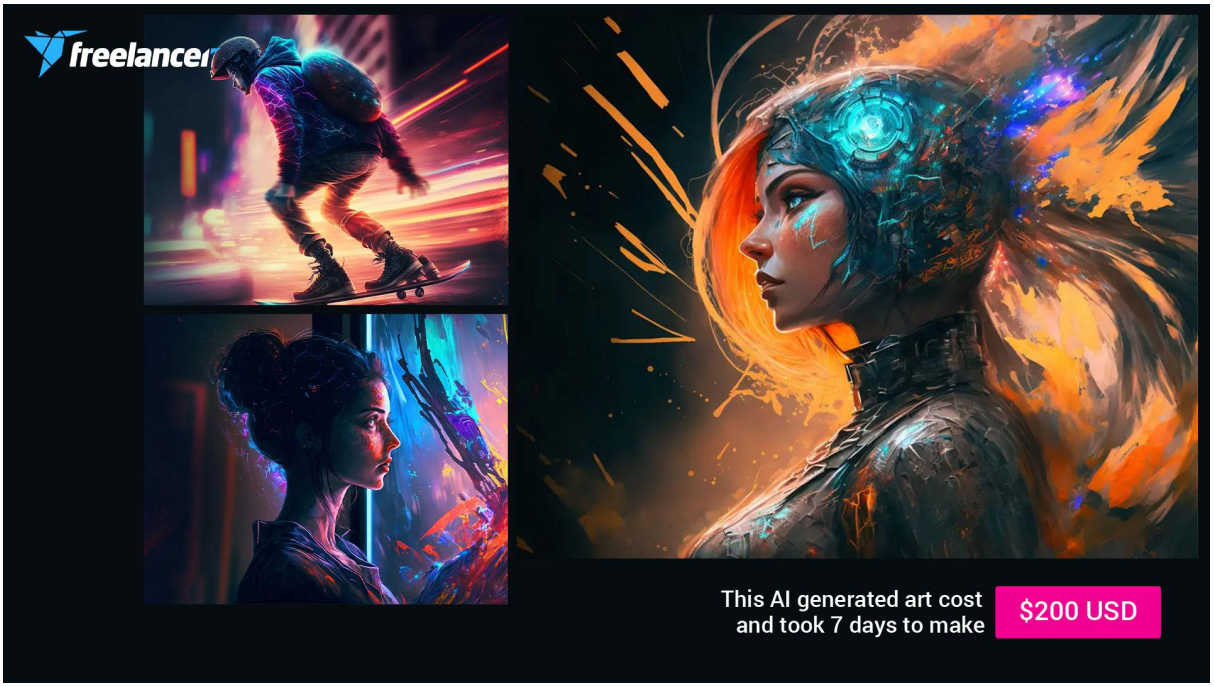
Forward-looking statements

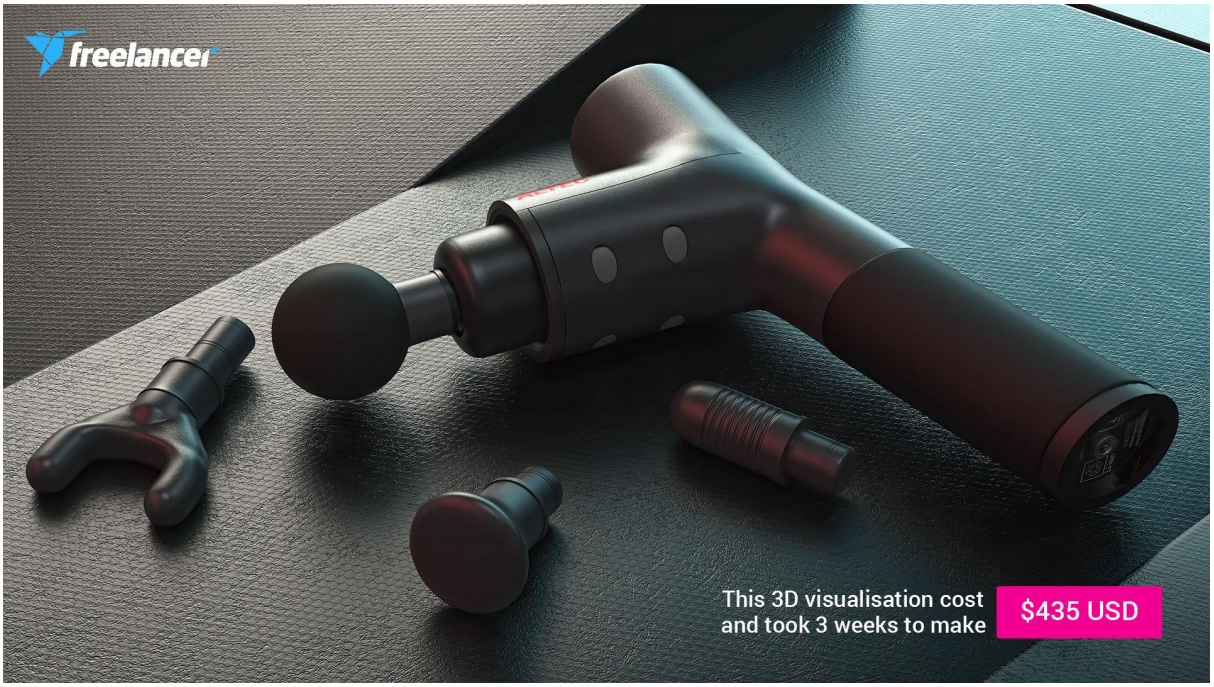
This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", “outlook”, “upside”, "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, including Freelancer’s FY23 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 65 million registered users have posted over 22 million projects and contests to date in over 2,700 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$6 billion in transactions secured. Freelancer also owns Freightlancer & Loadshift, enterprise freight marketplaces with over 700 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.

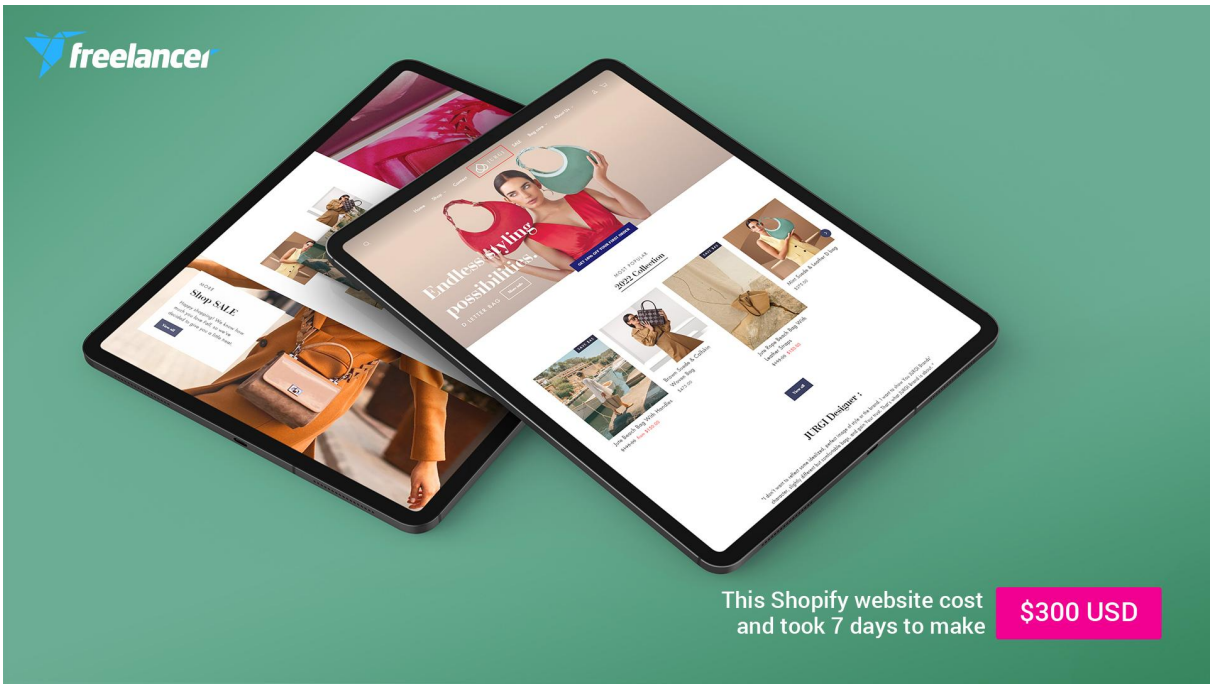
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