



## ASX Announcement | 31 January 2017

**Freelancer delivers Q4 cash receipts of \$13 million, all-time record annual cash receipts of \$51.9 million, up 35% year on year- best growth in USD constant currency since IPO, positive operating cashflow of \$4.5 million for the year, cash in bank of \$35 million up 8% year on year**

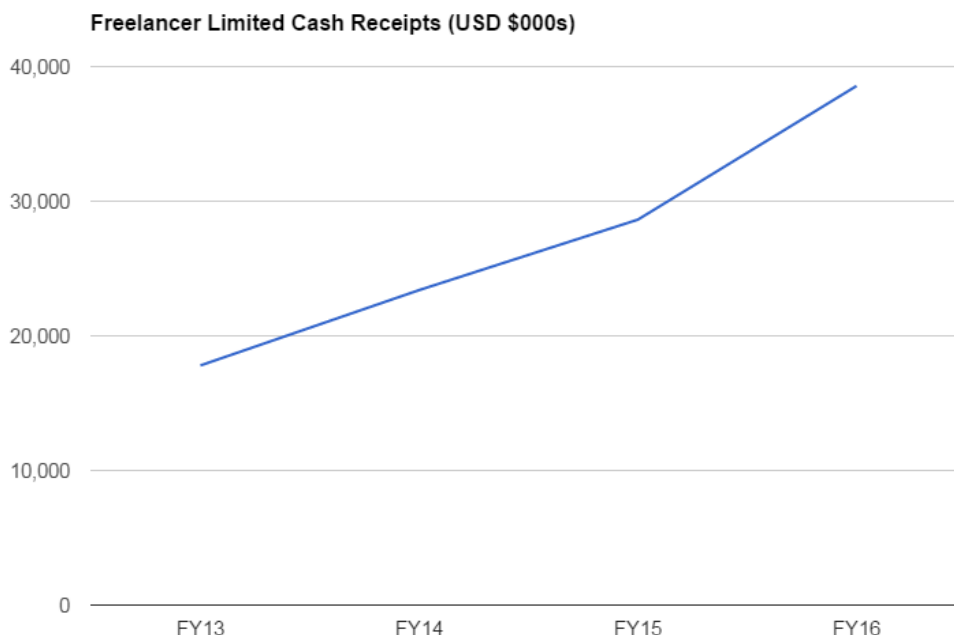
**Tuesday, 31 January 2017** - Freelancer Limited (ASX: FLN), the world's largest freelancing and crowdsourcing marketplace by total number of users and jobs posted, today released its Quarterly Cash Flow Statement (Appendix 4C) for the quarter ending 31 December 2016 (Q4 2016).

### **Year on year growth in constant currency (USD) cash receipts higher in 2016 than 2015 and 2014**

For the full financial and calendar year 2016, the Company booked cash receipts of \$51.9 million, up 35% YoY. For the full year, revenue will be higher than cash receipts due to accrual accounting.

On a constant currency basis in USD, the Freelancer Group experienced stronger year on year growth in cash receipts in 2016 than since the IPO.

This result was achieved against the background of significant volatility in the Australian Dollar which ranged between 0.68 and 0.78 AUD/USD through 2016.



*Freelancer group cash receipts FY13 - FY16 in constant currency (USD, average quarterly FX rates)*



**Positive operating cash flow for 2016, profitable on operating EBITDA basis (unaudited) through Q4 2016 (excluding non-cash share based payments)**

For of FY16, operating cash flow was positive \$4.5 million. This is in line with the Company’s strategy of being cash flow positive on an operating basis, to de-risk future growth, and is reflective of the group’s swing towards profitability at an unaudited operating EBITDA line (excluding non-cash share based payments).

The company was profitable at an unaudited operating EBITDA line for every month of Q4 2016, and expects to post a stronger result at this line item for 2H FY16 than in 1H FY16.

**Significantly increased marketing efficiency, already efficient for a public software company**

The company has been able to accelerate growth alongside a significant reduction in marketing costs as a percentage of cash receipts. In Q4 2016 marketing costs as a percentage of cash receipts reduced to 16%, from 20-22% in prior quarters during 2016, and due to efficiency improvements will continue from this lower base through 2017.

It should be noted that this is a remarkably low percentage for a software business, where in Silicon Valley this number can often range from 50 to 100% of cash receipts.

Salesforce spent about 56% of its revenue on sales and marketing at the time it filed its S1 with the SEC in 2003. Workday similarly reported 45% in its S1 and HubSpot had a 64% ratio when it went public. Box, spent over 100% its revenue on sales and marketing the year before it went public. Atlassian was lauded just before its IPO for being an “unusual outlier” at 21%<sup>1</sup>.



*Sales & Marketing as percentage of revenue of major Internet companies in year before IPO. Freelancer figure shows Q416 number only versus cash receipts for comparison.*

**Strong balance sheet with \$35 million cash & equivalents, up 8% year on year, no net debt**

As at 31 December 2016, the Company held cash and equivalents of A\$35 million. Escrow.com also held approximately A\$25 million in cash, in trust, off balance sheet.

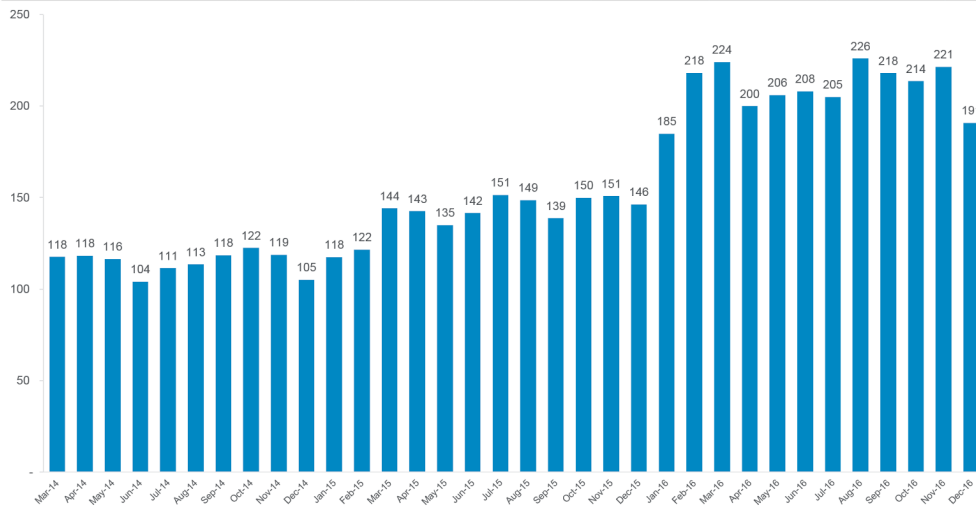
<sup>1</sup> <http://www.businessinsider.com.au/atlassians-low-sales-and-marketing-cost-2015-11>



**Strong performance in posted jobs with 626,000 posted in the quarter (up 40% year on year)**

**Total Jobs Posted per Month (Filtered), thousands<sup>1</sup>**

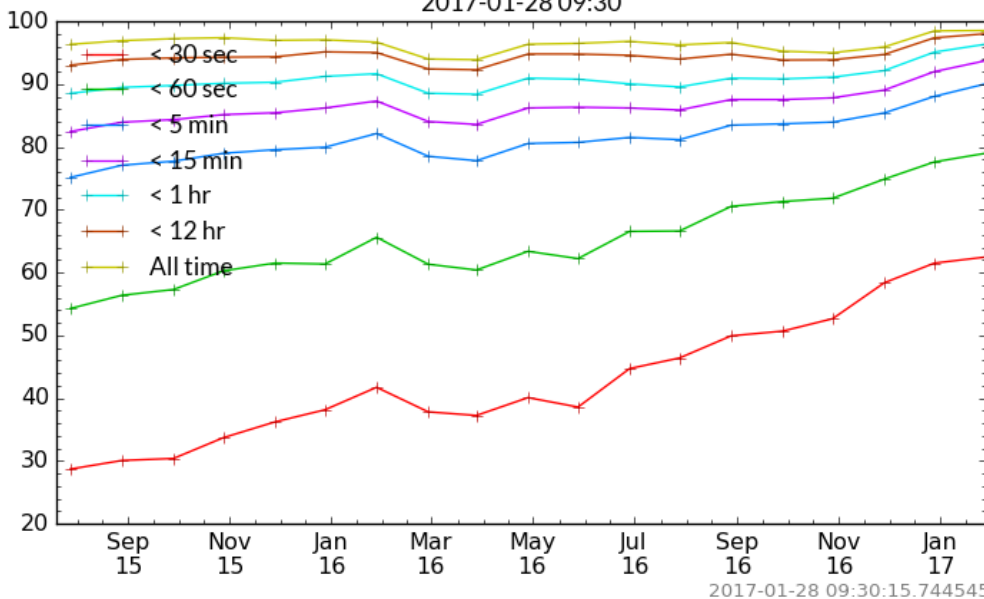
Strong growth in 2016 for projects and contests posted on Freelancer.com



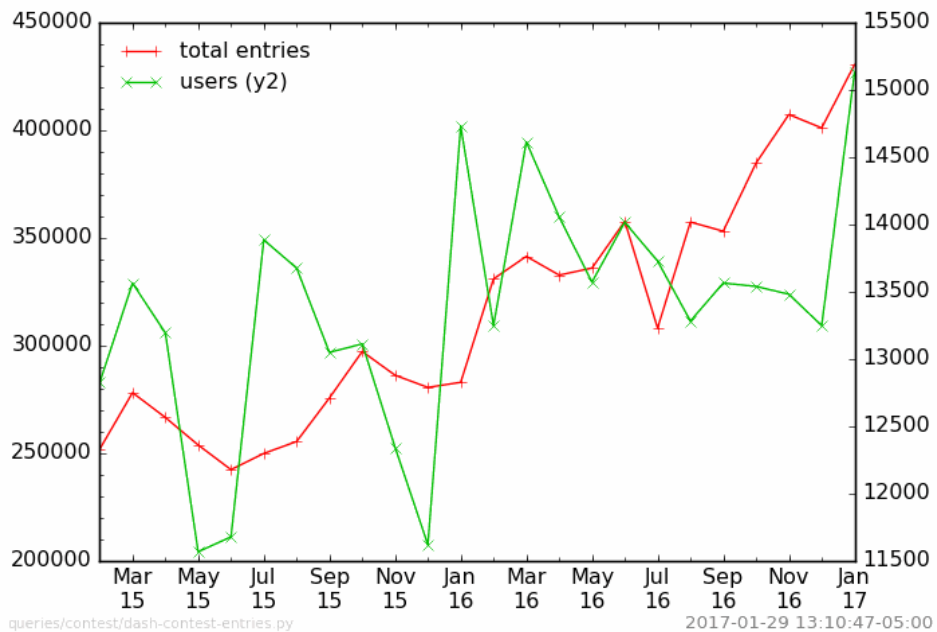
1. Total Projects and Contests Posted was redefined in January 2016 to Total Jobs Posted (filtered). Jobs Posted (Filtered) is defined as the sum of Total Posted Projects and Total Posted Contests, filtered for spam, advertising, test projects, unawardable or otherwise projects that are deemed bad and unable to be fulfilled.

**Over 78% of projects get bid on within 60 seconds**

NHM Projects Posted to 1st Bid (ratio)  
graphs/matchmaking/time-to-bid-gaf.yaml  
2017-01-28 09:30



**Contests continue to excel with over 60 entries per contest and amazing results for £10**



Winner of "I need someone to produce a label for my new brand of Beard Oils" for £10 (Contest 931155)<sup>2</sup>

<sup>2</sup> <https://www.freelancer.com/contest/i-need-someone-to-produce-a-label-for-my-new-brand-of-Beard-Oils-931155.html>



Winner of "Design a kickA Logo!" for \$95 (Contest 911934)<sup>3</sup>

**Freelancer expands Latin American, Spanish and Portuguese domination with Nubelo and Prolancer acquisitions successfully completed**

Freelancer.com expanded its leadership in the Latin American, Spanish and Portuguese markets by acquiring the Nubelo and Prolancer freelancing marketplaces in Q4. This acquisition places Freelancer.com as the dominant leader in the Latin American, Spanish and Portuguese markets, adding 750,000 registered users and 122,000 posted projects to the 1.8 million users and 502,000 projects in these markets already on Freelancer in these markets.



<sup>3</sup> <https://www.freelancer.com/contest/Design-a-kickA-Logo-911934.html>




### Escrow.com deployed new KYC/AML system with <2 hour average turnaround

Escrow.com built a new verification product into the platform which allows users to upload documents and have their identity verified. The majority of applications submitted are processed in under 2 hours.

ESCROW.COM

## Verify Your Identity

All customers are required to verify their identity in order to transact using Escrow.com. The verified identity must be the same as the beneficial account holders name on any bank account used to pay or receive funds from Escrow.com.




### Personal Verification

Personal verification allows you to make payments to and from your personal bank account.

**Required Documents:**

1. Government issued ID (e.g. passport or drivers licence)
2. Proof of personal address (e.g. bank statement or utility bill issued within the last three months.)

[START VERIFICATION](#)



### Company Verification

Company verification allows you to make payments to and from your company bank account. You will need to verify the identity of either an officer, owner or authorised representative as well as the company.

**Required Documents:**

1. Government issued ID (of authorised representative)
2. Proof of address (of authorised representative)
3. Company registration documents

[START VERIFICATION](#)

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### StartCon cemented itself as Australia's biggest and best startup and growth conference

We successfully hosted Australia's largest startup and growth conference in Sydney, which is in its seventh year. The conference held in Q4 of 2016, saw huge increases in numbers from 2015 across all aspects of the event, including 3000+ (up 50%) attendees, 102 (up 100%) exhibitors including 52 (up 30%) startups in Startup Alley, 86 (up 30%) startups in the pitch competition, 58 (up 16%) speakers of which 15 (up 50%) were international.



*The Startcon 2016 Pitch Competition Winning Team*

### Full year outlook

FY16 was a record full year for the company on a cash receipt basis and it is expected that full year revenue will also be a new record. Freelancer expects to post a full year revenue number slightly higher than the full year cash receipts of A\$51.9 million, due to accrual accounting.

Freelancer expects to release its full year results for FY16 on 23 February, 2017.

### Conclusion

Matt Barrie, Chief Executive, commented on the results, "2016 was a record year of cash receipts for Freelancer and best since IPO in USD constant currency - our highly cash generative business model yielded for the year record receipts from customers, positive operating cashflow and the company has a strong and growing balance sheet. This was achieved against the background of significant volatility in the Australian Dollar."

ENDS



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

**About Freelancer**

Ten-time Webby award-winning Freelancer.com is the world's largest freelancing and crowdsourcing marketplace by total number of users and projects posted. More than 22 million registered users have posted nearly 11 million projects and contests to date in over 1,000 areas as diverse as website development, logo design, marketing, copywriting, astrophysics, aerospace engineering and manufacturing. Freelancer owns Escrow.com, the leading provider of secure online payments and online transaction management for consumers and businesses on the Internet. Freelancer Limited is listed on the Australian Securities Exchange under the ticker ASX:FLN.