

Freelancer

Positive start to the year

After reporting positive momentum in Q424, Freelancer saw year-on-year growth in gross marketplace volume (GMV) and revenue in Q125 across both divisions. The company also generated positive operating profit and cash flow in the quarter. We view the adoption of AI (by Freelancer, by freelancers and by customers) and new integrations and partnerships within Escrow as key drivers of growth and profitability during our forecast period.

Year end	Revenue (AUDm)	EBIT (adj) (AUDm)	PBT (AUDm)	EPS (AUc)	P/E (x)
12/23	53.3	0.6	0.3	0.06	N/A
12/24	51.0	0.8	(1.2)	(0.26)	N/A
12/25e	55.5	2.2	2.0	0.31	68.8
12/26e	59.0	2.3	2.1	0.33	65.5

Note: Adjusted EBIT is after depreciation and interest charges associated with capitalised leases and excludes unrealised FX losses, share-based payments and other depreciation. PBT and EPS are normalised and exclude amortisation of acquired intangibles, exceptional items and share-based payments.

Positive trends in Q125

In Q125, Freelancer generated group GMV growth of 1.7% y-o-y, which resulted in revenue growth of 12.4% y-o-y. In the Freelancer marketplace, recent initiatives have helped improve customer acquisition and project size, resulting in GMV growth of 6% y-o-y and revenue growth of 8%. Escrow saw a 1% increase in GMV while revenue was up 34.5% y-o-y, boosted by a significantly higher take rate. The group generated a positive adjusted operating profit for the quarter and a net cash inflow of A\$2.2m.

Multiple growth drivers

AI is benefiting Freelancer in three key ways: freelancer skills are enhanced by the use of AI tools, company efficiency is improved using AI in-house, and the AI category of work is growing, including supplying freelancers to companies to support the training of generative AI models. Escrow is benefiting from better pricing and has several avenues for volume growth, including new heavy machinery and agricultural marketplace partnerships and e-commerce shopping cart integrations. We have revised our forecasts, mainly to reflect stronger Escrow pricing, resulting in revenue upgrades of 2.6% in FY25 and 1.3% in FY26 and adjusted operating profit upgrades of 60% and 43% respectively.

Valuation: Discount to peers reducing

Prior to this quarterly update, the stock had gained 28% over the last month and since the update is up another 5%. We believe this is down to a combination of improving underlying performance and lack of direct exposure to trade tariffs. On an EV/sales basis across FY25 and FY26, Freelancer trades at an average discount of 26% to its closest peers (Upwork and Fiverr), substantially down from the 59% discount when we last wrote. Sustained growth in GMV and revenue towards the company's targets will be key to reducing this gap further. Catalysts could include higher retention rates in the core marketplace, enterprise contract wins, vertical diversification for Escrow.com, and growing GMV and take rates for Loadshift.

Q125 trading update

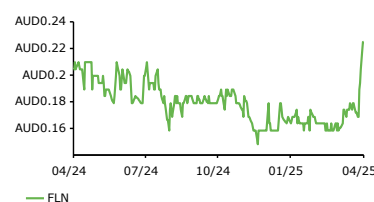
Software and comp services

15 April 2025

Price **AUD0.215**
Market cap **AUD97m**

Net cash/(debt) at end Q125 AUD25.4m
 Shares in issue 450.9m
 Free float 18.4%
 Code FLN
 Primary exchange ASX
 Secondary exchange OTC

Share price performance



%	1m	3m	12m
Abs	24.2	24.2	0.0
52-week high/low	AUD0.2		AUD0.2

Business description

Freelancer is an Australian company, operating one of the world's largest online marketplaces for freelancers. Its marketplace division has two business units and the company also owns Escrow.com, which is a large transactions processor.

Next events

H125 results July

Analyst

Katherine Thompson +44 (0)20 3077 5700

tmt@edisongroup.com

[Edison profile page](#)

Freelancer is a research client of Edison Investment Research Limited

Review of Q125 update

Freelancer reported year-on-year growth in both GMV (+1.7% y-o-y) and revenue (+12.4%), with both divisions contributing to growth. Operating cash flow was significantly higher and net cash flow of A\$2.2m compared to A\$0.0m a year ago. We discuss divisional performance in more depth below.

The group achieved a positive adjusted operating profit in Q125. Management noted that it has a target to generate adjusted operating profit of A\$0.5m per month and it is currently two-thirds of the way to this target, at a run-rate of c A \$1m per quarter.

Exhibit 1: Q125 trading data

A\$m	Q125	Q124	y-o-y
GMV total	231.0	227.1	1.7%
Freelancer	33.4	31.5	6.0%
Escrow	197.6	195.7	1.0%
Revenue total	13.6	12.1	12.4%
Freelancer	10.7	9.9	8.0%
Escrow	2.9	2.2	34.7%
Operating cash flow	3.5	1.0	241.0%
Net cash flow	2.2	0.0	N/A
Cash and cash equivalents	25.4	21.7	16.7%
Take rate – group	5.9%	5.3%	0.6pp
Freelancer	32.0%	31.7%	0.4pp
Escrow	1.48%	1.11%	0.37pp

Source: Freelancer

Freelancer: Highest GMV for six quarters

GMV increased 6.0% y-o-y to A\$33.4m, the highest level since Q323. This translated to revenue growth of 8.0% as the take rate increased by 0.6pp to 32.0%.

Core Freelancer marketplace seeing positive lead indicators

Management confirmed that the core Freelancer marketplace contributed about half of GMV growth. Multiple changes and enhancements made by the company over the last year have contributed to improved new customer acquisition and higher average project values (US\$343 vs US\$253 a year ago). The company noted that new customer deposits (in US dollars) in the first 28 days increased 21% y-o-y in Q125, up from 18.6% in Q424. The business added 1.72m new users and 182k new projects to the marketplace. Liquidity on the platform was good, with 50 bids per project (up 28% y-o-y) and an average of 536 entries per contest (+69% y-o-y).

Enterprise: Field services and AI provide growth potential

In the global fleet field services business, the company recently signed up a new printer customer and will provide both freelancers and Loadshift freight services to the company in Australia. Management visited six cities in India to meet other potential new customers.

We have written before how Freelancer has provided freelancers to train foundation large language models (LLMs) for large technology companies, and the company is currently working on generative AI projects for three of the Mag-7 companies. It is also in discussions with several Fortune 500 companies regarding customised AI model training programmes.

Loadshift: Working to lift the award rate

While the company does not yet disclose Loadshift GMV and revenue separately, it noted that revenue increased 27.3% y-o-y in March. Total jobs awarded of 3,066 increased 9.1% y-o-y, with an award rate of 28.9%, and delivered loads increased 7.8% to 2,495. The launch of in-app audio and video calling in Q125 has the potential to improve the award rate as it should make it easier for the customer and haulier to communicate.

Escrow: Pricing changes drive take rate higher

Escrow GMV increased 1% y-o-y. Revenue increased 34.7% y-o-y with a take rate of 1.48%, up from 1.11% a year ago and 1.42% in Q424. Management noted that it had made a series of changes to its pricing model for escrow services and was ensuring it levied all relevant fees; this increase should therefore be sustainable.

The business has several potential drivers of volume growth:

- Ongoing beta testing with an e-commerce shopping cart provider: management is keen to ensure that when this service launches commercially it is able to provide a high-quality, robust service, so is taking the integration process slowly. This includes increasing customer support from 24/5 to 24/7. Once this service moves out of beta into full availability, the company has several other shopping cart providers looking to integrate with Escrow.com.
- New agricultural sector e-commerce platform signed up; activation expected in Q225.
- New partnership with a European heavy machinery marketplace. Phased roll-out planned across core European countries.
- New partnership with an auction technology provider.
- In discussions with a US-based heavy equipment lead management platform with an extensive dealer network.
- Several high-value domain name marketplaces scheduled to integrate Escrow.com into their payment options over the next quarter.

Outlook and changes to forecasts

The company's focus for the remainder of the year is to:

- **Enhance marketplace engagement:** continue improving user experience and matching capabilities to attract, activate and retain high-quality freelancers and clients;
- **Accelerate AI-driven innovation:** expand the integration of advanced AI solutions across products and services to enable efficiency, automation and new opportunities for enterprise growth;
- **Expand financial service offerings:** broaden and streamline payment methods and financial infrastructure, improve transaction ease, security and global scalability; and
- **Drive operational excellence:** strengthen platform reliability, quality and performance through rigorous internal processes, enhancing customer satisfaction and market leadership.

The company noted that Freelancer thrives in periods of uncertainty, particularly as businesses look to hire freelancers rather than making permanent hires.

We have revised our forecasts to reflect the Q125 update, with the main change being an increase in our Escrow take rate.

Exhibit 2: Changes to forecasts

A\$m	FY25e				FY26e			
	Old	New	change	y-o-y	Old	New	change	y-o-y
Revenues	54.1	55.5	2.6%	8.9%	58.2	59.0	1.3%	6.3%
Gross profit	44.4	45.5	2.6%	9.0%	47.7	48.4	1.3%	6.3%
Gross margin	82.0%	82.0%	0.0pp	0.1pp	82.0%	82.0%	0.0pp	0.0pp
Reported operating profit	2.0	2.8	41.4%	N/A	1.8	2.5	38.4%	-11.4%
Reported operating margin	3.7%	5.1%	5.0pp	5.0pp	3.1%	4.2%	-0.8pp	-0.8pp
Company adjusted operating profit	1.4	2.2	60.1%	185.4%	1.6	2.3	43.2%	4.4%
Company adjusted operating margin	2.5%	4.0%	1.4pp	2.5pp	2.8%	3.9%	1.1pp	-0.1pp
Normalised net income	0.8	1.4	69.2%	220.2%	1.0	1.5	48.7%	4.8%
Reported net income	0.8	1.3	75.1%	265.6%	0.9	1.4	52.1%	5.0%
Normalised diluted EPS (c)	0.19	0.31	69.2%	220.2%	0.22	0.33	48.7%	4.8%
Reported basic EPS (c)	0.17	0.30	75.1%	265.6%	0.21	0.31	52.1%	5.0%
Net debt/(cash)	(25.7)	(26.7)	3.8%	15.4%	(29.6)	(30.7)	3.7%	15.0%

Source: Edison Investment Research

Exhibit 3: Financial summary

A\$'k	2018	2019	2020	2021	2022	2023	2024	2025e	2026e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT									
Revenue	51,675	57,911	58,771	57,419	55,660	53,334	51,003	55,514	59,009
Cost of Sales	(7,651)	(9,455)	(9,786)	(9,689)	(8,740)	(9,093)	(9,214)	(9,993)	(10,622)
Gross Profit	44,024	48,456	48,985	47,730	46,920	44,241	41,789	45,522	48,387
EBITDA	(672)	2,044	5,793	3,972	(746)	6,784	4,799	7,572	7,254
Company adjusted operating profit	(705)	(1,084)	(447)	(2,690)	(6,579)	568	771	2,195	2,297
Normalised operating profit	(1,202)	(1,170)	1,081	(922)	(5,216)	2,051	138	2,910	2,592
Amortisation of acquired intangibles	0	0	0	0	0	0	0	0	0
Exceptionals	0	0	0	0	0	0	0	0	0
Share-based payments	(558)	(329)	(192)	(156)	(159)	(115)	(94)	(94)	(94)
Reported operating profit	(1,760)	(1,499)	889	(1,078)	(5,375)	1,936	44	2,816	2,498
Net Interest	(33)	(219)	(1,751)	(2,035)	(1,655)	(1,717)	(1,314)	(895)	(476)
Joint ventures & associates (post tax)	0	0	0	0	0	0	0	0	0
Exceptionals	0	0	0	0	0	0	0	0	0
Profit Before Tax (norm)	(1,235)	(1,389)	(670)	(2,957)	(6,871)	334	(1,176)	2,015	2,117
Profit Before Tax (reported)	(1,793)	(1,718)	(862)	(3,113)	(7,030)	219	(1,270)	1,921	2,023
Reported tax	309	127	216	856	1,617	(30)	456	(576)	(607)
Profit After Tax (norm)	(1,235)	(1,389)	(670)	(2,957)	(6,871)	288	(1,176)	1,410	1,482
Profit After Tax (reported)	(1,484)	(1,591)	(646)	(2,257)	(5,413)	189	(814)	1,345	1,416
Minority interests	0	0	0	0	0	0	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0
Net income (normalised)	(1,235)	(1,389)	(670)	(2,957)	(6,871)	288	(1,176)	1,410	1,482
Net income (reported)	(1,484)	(1,591)	(646)	(2,257)	(5,413)	189	(814)	1,345	1,416
Basic average number of shares outstanding (m)	449.3	449.8	450.0	450.2	450.8	450.9	450.9	450.9	450.9
EPS - basic normalised (c)	(0.27)	(0.31)	(0.15)	(0.66)	(1.52)	0.06	(0.26)	0.31	0.33
EPS - diluted normalised (c)	(0.27)	(0.31)	(0.15)	(0.66)	(1.52)	0.06	(0.26)	0.31	0.33
EPS - basic reported (c)	(0.33)	(0.35)	(0.14)	(0.50)	(1.20)	0.04	(0.18)	0.30	0.31
Dividend (c)	0	0	0	0	0	0	0	0	0
Revenue growth (%)	0.0	12.1	1.5	(2.3)	(3.1)	(4.2)	(4.4)	8.8	6.3
Gross Margin (%)	85.2	83.7	83.3	83.1	84.3	83.0	81.9	82.0	82.0
EBITDA Margin (%)	(1.3)	3.5	9.9	6.9	(1.3)	12.7	9.4	13.6	12.3
Normalised Operating Margin (%)	(2.3)	(2.0)	1.8	(1.6)	(9.4)	3.8	0.3	5.2	4.4
BALANCE SHEET									
Fixed Assets	33,459	60,699	61,727	66,372	66,248	60,502	55,496	51,926	48,356
Intangible Assets	26,429	26,429	26,457	34,119	34,120	34,120	34,120	34,120	34,120
Tangible Assets	557	27,446	22,785	19,392	18,323	13,751	9,423	5,853	2,283
Deferred tax & other	6,473	6,824	12,485	12,861	13,805	12,631	11,953	11,953	11,953
Current Assets	37,657	37,326	41,964	38,955	30,797	28,182	28,467	32,240	36,403
Stocks	0	0	0	0	0	0	0	0	0
Debtors	3,474	4,003	5,593	6,448	4,825	3,927	2,340	2,547	2,707
Cash & cash equivalents	33,211	32,014	34,341	30,316	23,358	21,153	23,162	26,728	30,731
Other	972	1,309	2,030	2,191	2,614	3,102	2,965	2,965	2,965
Current Liabilities	38,628	42,984	48,170	50,849	48,831	45,009	45,857	48,577	50,615
Creditors	35,898	36,607	39,166	41,259	39,647	36,529	37,135	39,855	42,893
Tax and social security	71	57	87	43	18	4	0	0	0
Short-term borrowings	121	121	286	121	121	121	0	0	0
Lease liabilities	0	3,248	5,628	5,709	5,562	4,842	5,487	5,487	4,487
Other	2,538	2,951	3,003	3,717	3,483	3,513	3,235	3,235	3,235
Long-Term Liabilities	1,413	25,102	26,356	23,148	21,749	16,850	11,391	7,436	4,481
Long-term borrowings	0	0	0	0	0	0	0	0	0
Lease liabilities	0	23,134	19,094	16,082	15,519	12,187	6,911	2,956	1
Other long-term liabilities	1,413	1,968	7,262	7,066	6,230	4,663	4,480	4,480	4,480
Net Assets	31,075	29,939	29,165	31,330	26,465	26,825	26,715	28,154	29,663
Minority interests	(20)	(20)	(20)	(3,674)	(3,674)	(3,674)	(3,795)	(3,795)	(3,795)
Shareholders' equity	31,055	29,919	29,145	27,656	22,791	23,151	22,920	24,359	25,868
CASH FLOW									
Op Cash Flow before WC and tax	(717)	1,623	4,066	2,637	(943)	4,922	3,847	6,007	6,078
Working capital	(660)	300	5,094	(1,463)	(3,930)	(3,505)	(45)	2,513	2,878
Exceptional & other	(160)	(196)	(1,439)	1,313	535	339	1,950	0	0
Share-based payments	558	329	192	156	159	115	94	94	94
Net operating cash flow	(979)	2,056	7,913	2,643	(4,179)	1,871	5,846	8,613	9,049
Capex	(135)	(227)	(221)	(429)	(149)	(53)	(92)	(92)	(92)
Acquisitions/disposals	23	0	(28)	(7,662)	0	0	0	0	0
Borrowings	121	0	176	0	0	0	0	0	0
Equity financing	57	340	0	3,987	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0
Other	86	(3,091)	(2,721)	(3,479)	(3,845)	(4,201)	(4,955)	(4,955)	(4,955)
Net Cash Flow	(827)	(922)	5,119	(4,940)	(8,173)	(2,383)	799	3,566	4,002
Opening net debt/(cash)	(31,908)	(33,090)	(31,893)	(34,055)	(30,195)	(23,237)	(21,032)	(23,162)	(26,728)
FX	2,130	(275)	(2,792)	915	1,215	178	1,210	0	0
Other non-cash movements	(121)	0	(165)	165	0	0	121	0	0
Closing net debt/(cash)	(33,090)	(31,893)	(34,055)	(30,195)	(23,237)	(21,032)	(23,162)	(26,728)	(30,731)

Source: Freelancer, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by Freelancer and prepared and issued by Edison, in consideration of a fee payable by Freelancer. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.
