

Freelancer

Foundations in place for volume growth

H125 results

Software and comp services

30 July 2025

Over the last year, Freelancer has optimised its cost base, invested in AI tooling for internal use and to enhance freelancers' skills, and focused on product quality to improve demand for its services. In H125, revenue was up 8.0% y-o-y even while gross marketplace volume (GMV) was down 2.4%, as the business improved the take rate in Escrow.com and Loadshift. The company was net cash flow positive in H125 and reported a year-on-year increase in adjusted operating profit. With the cost base right-sized and cash being generated at this level of revenue and GMV, we see scope for significant operational leverage if the company can stimulate GMV growth.

| 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 | 54.7 | 2.2 | 3.0 | 0.46 | 65.3 |
| 12/26e | 57.6 | 2.3 | 2.1 | 0.33 | 90.2 |

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

H125: Revenue and adjusted operating profit growth

Revenue increased 8% y-o-y to A\$27.1m in H125, with 3% growth from Freelancer and 32% growth from Escrow.com. GMV was down 2%, with Freelancer up 3% and Escrow.com down 3%. Adjusted operating profit of A\$1.8m compared to a loss of A\$1.0m in H124. Cash of A\$2.8m was generated in H125. During H125, Freelancer was appointed to NASA's NOIS3 programme, added two million new users and saw continued strong demand for AI-related projects.

H225 and beyond: Focus on stimulating GMV growth

Management continues to target double-digit revenue growth and A\$0.5m adjusted operating profit per month on a consistent basis. In Freelancer, the focus is on customer acquisition, AI-driven demand and wins with NASA/government. In Loadshift, the focus is on enterprise freight growth, driving adoption of in-app calling and developing GPS tracking. For Escrow.com, the focus is on integrations with shopping carts and expanding into high-value verticals.

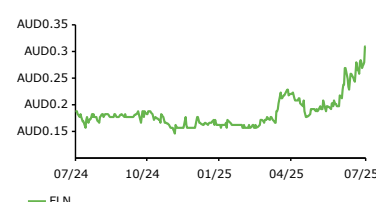
Valuation: GMV growth key to upside

A reverse discounted cash flow analysis implies that the market is factoring in only mid-single-digit revenue growth and margins for the group over FY25–34. Factoring in revenue growth of 7% pa from FY27 to FY34 and EBITDA margins increasing to 20% by FY34 as the company benefits from operational leverage results in a valuation of A\$0.58/share, 93% above the current share price. With improved take rates in Escrow.com and an already high take rate for the Freelancer marketplace, we view reversal of the GMV declines as the key to driving revenue growth. Catalysts would include higher retention rates and project sizes in the core marketplace, enterprise contract wins, growing Loadshift GMV and a growing contribution from customers in new verticals for Escrow.com. The recent launch of an ADR programme should improve liquidity; the ADR trades under the symbol 'FRLCY' on the OTCQX market at a 100:1 ratio to the ASX-listed share.

Price AUD0.300
Market cap AUD135m

Net cash at end H125 (excluding A \$9.7m of lease liabilities) AUD26.0m
 Shares in issue 450.9m
 Free float 18.0%
 Code FLN
 Primary exchange ASX
 Secondary exchange OTC

Share price performance



| | | | |
|------------------|--------|------|--------|
| % | 1m | 3m | 12m |
| Abs | 35.0 | 22.7 | 42.1 |
| 52-week high/low | AUD0.3 | | 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

Q325 update October 2025

Analyst

Katherine Thompson +44 (0)20 3077 5700

tmt@edisongroup.com
 Edison profile page

Freelancer is a research client of Edison Investment Research Limited

Investment summary

Company description: Developing the Amazon of services

Freelancer is an Australian company, operating one of the world's largest online marketplaces connecting businesses with freelancers, including those from developing countries. As well as supporting entrepreneurs and SMEs, the company has blue-chip customers such as NASA and Deloitte. CEO Matt Barrie founded the company in 2009 and has used M&A for international expansion, as well as for the development of its two other businesses: Loadshift, Australia's largest marketplace for heavy freight, and Escrow.com, which provides secure online escrow payment services for larger value transactions. Loadshift emerged from acquisitions in 2018 and 2021, and we believe the transition of customers over to Freelancer's marketplace technology stack offers significant monetisation potential. Escrow.com facilitates secure and swift transactions in various domains, processing more than US\$500m annually, serving clients like Meta and eBay. With a focus on client retention and engagement, the company is looking to reinvigorate volume growth and expand profitability.

Financials: Adapting cost base to maintain profitability

Management generates revenue through commission on the value of work/payments transacted through its platforms. Revenue growth depends on the combination of volume growth and maximising the take rate. To drive marketplace GMV, the company is using marketing to grow its client base, encouraging existing clients to use the platform more regularly while investing in new features that can expand the average project size. New categories of AI-related work are helping clients to adopt AI within their own businesses. The Loadshift business and enterprise operations have the potential to grow rapidly, leveraging the core marketplace's technology. In Escrow.com, in the near term we expect volumes to continue to be driven by domain name sales with a growing contribution from shopping cart platforms as they are integrated. Over the last year, the company has improved the take rate in Escrow.com and Loadshift, which has more than offset volume declines in Escrow.com. Also over the last year, the company has made good progress in right-sizing its cost base, and in H125 generated adjusted operating profit of A\$1.8m up from a loss of A\$1.0m in H124. Cash generation increased the cash position from A\$21.2m at the end of H124 to A\$26.0m at the end of H125.

Valuation: Unlocking long-term potential key to upside

A reverse discounted cash flow analysis implies that the market is factoring in only mid-single-digit revenue growth and margins for the group over FY25–34. Factoring in revenue growth of 7% pa from FY27 to FY34 and EBITDA margins increasing to 20% by FY34 as the company benefits from operational leverage results in a valuation of A\$0.58/share, 93% above the current share price. With improved take rates in Escrow.com and an already high take rate for the Freelancer marketplace, we view reversal of the GMV declines as the key to driving revenue growth. Catalysts would include higher retention rates in the core marketplace, enterprise contract wins, growing Loadshift GMV and a growing contribution from customers in new verticals for Escrow.com.

Sensitivities

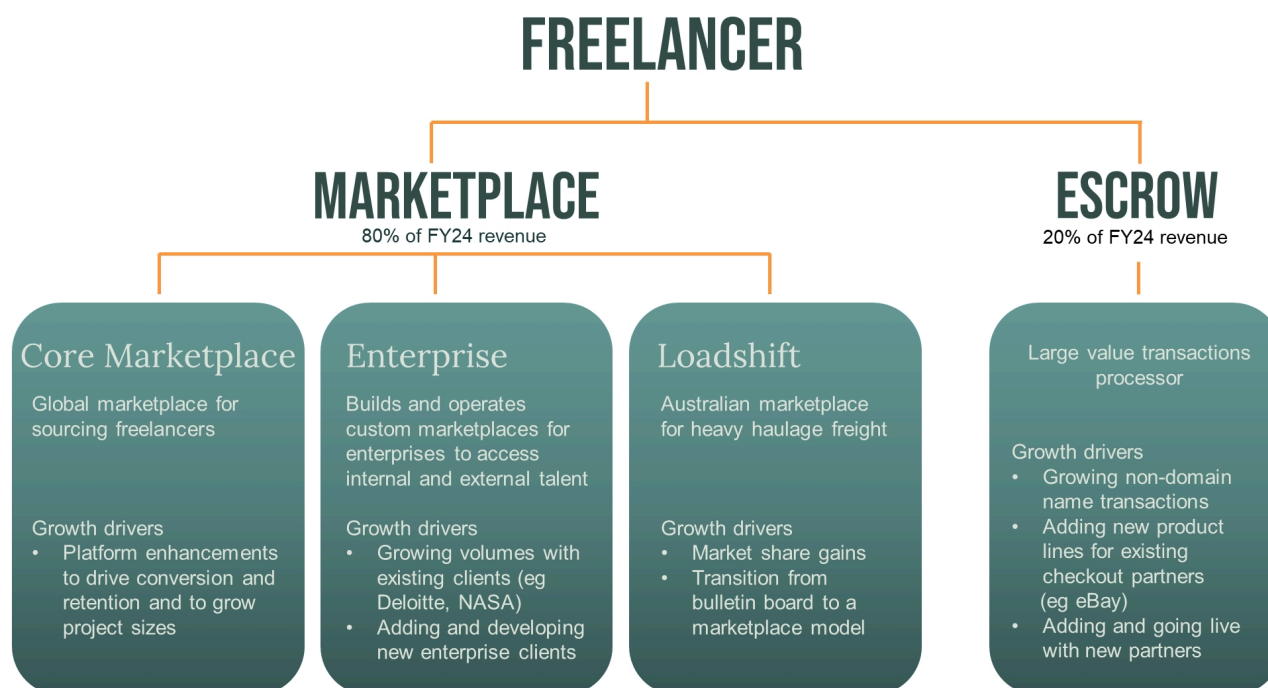
Macroeconomic changes, like those during the COVID-19 pandemic, can affect the company's marketplace due to shifts in working patterns. Technological advancements like generative AI (GenAI) could enable businesses to complete work internally, rather than use an external specialist. There are also execution risks as the company refines its platforms and explores growth opportunities. Additionally, the company's limited free float, with non-executives owning a significant portion of shares, may limit share liquidity. Lastly, while its Escrow licences can act as a competitive moat, failure to meet regulatory requirements could cost the company in monetary and reputational terms.

Freelancer marketplaces power labour, payments and freight

Freelancer operates one of the largest online marketplaces for freelancers, connecting businesses of all sizes to independent contractors based around the world. With a large proportion of contractors from developing countries, the platform provides competitive pricing for work and supports greater wealth distribution from the developed to the developing world.

The company operates and reports through two divisions. Within the Marketplace division, the company operates the Freelancer marketplace (which includes a specialist enterprise offering) and Loadshift, a marketplace for heavy haulage freight. The Escrow division operates Escrow.com, an escrow payment service that supports the secure processing of large-value transactions. The company's customer roster includes blue-chip enterprise customers such as Deloitte, NASA and Meta. In Exhibit 1, we show the business lines within each division and the key growth drivers for each business.

Exhibit 1: Group structure and business divisions



Source: Freelancer, Edison Investment Research

Freelancer was founded in 2009 by current chairman and CEO Matt Barrie, following the acquisition of Swedish company GetAFreelancer. The acquisition was funded by Startive Ventures, a technology-focused venture capital fund owned by Simon Clausen, a current non-executive director of Freelancer. Later that year, GetAFreelancer was rebranded to Freelancer.com. Since then:

- In 2010, the company acquired two freelance marketplace platforms, freelancer.co.uk (UK) and Lime Exchange (US), highlighting its ambition to grow internationally.
- In 2011, the company launched its crowdsourcing platform Freelancer Contests, which remains a key feature for growing its portfolio of freelancers.
- In 2012, the company made further acquisitions – Scriptlance (Canada) and vWorker/RentACoder (US) – and launched in Spanish and German.
- The company listed on the ASX in late 2013, raising A\$15m from the issue of 30m shares at A\$0.50 per share.
- In April 2015, the company raised A\$10m to fund the Escrow.com acquisition.
- In August 2015, the company raised A\$10m for general working capital purposes.

Management has employed a buy and build strategy, which, as shown in Exhibit 2, has enabled it to accelerate international expansion and provided the foundations for its other two main business units, Escrow.com and Loadshift. Acquisitions have been cash rather than equity-settled.

Exhibit 2: M&A history since listing

| Date | Target | Currency | Amount | Country | Description |
|------------|----------------------------|----------|--------|------------------|---|
| 19/03/2014 | Zlecenia Przez | PLN | N/A | Poland | Acquired certain IP and domain name assets of Zlecenia, expanding its user base in Poland. Zlecenia had over 85k users and posted to 115,000 projects |
| 02/04/2014 | Fantero.com | US\$ | N/A | US | 1m digital content items, used to support freelancers on Freelancer platform. |
| 15/04/2014 | Warrior Forum | US\$ | 3 | US | Was world's largest marketplace and community for internet marketers, and had over 732,000 users. Kept name following acquisition and launched Warrior Payments on 22 July 2014. |
| 11/03/2015 | DoNanza | US\$ | N/A | Israel | Freelance job marketplace and aggregator. |
| 24/03/2015 | Projectlinkr.com | US\$ | N/A | Spain | Leading online jobs marketplace in Spain, expanding its presence among Spanish speaking regions. Had over 140k Spanish speaking users. |
| 01/11/2015 | Escrow.com | US\$ | 8 | US | Provider of online escrow services, acquired from Fidelity National Financial. Originally it was acquired so that Freelancer marketplace could enter into regions whose regulation required a separate escrow platform: now it is a standalone business division. |
| 13/12/2016 | Nubelo | US\$ | N/A | Spain | Largest Spanish freelancer marketplace after Freelancer. |
| 13/12/2016 | Prolancer | US\$ | N/A | Brazil/Argentina | Largest Portuguese freelancer marketplace after Freelancer; was taken over by Nubelo in July 2015. |
| 20/11/2018 | Channel 40 | A\$ | N/A | Australia | Connects freight owners and transport operators. A number of synergies with Freelancer's business model. Brand changed to Freightlancer following completion. |
| 24/05/2021 | Loadshift Transport System | A\$ | 8 | Australia | Australia's largest marketplace for long-distance freight trucking services; 85.8m km of freight requested in 2020. |

Source: ASX

We note that external investors acquired stakes in Freightlancer when the company acquired Loadshift. Freelancer now owns 64.2% of the Loadshift business.

Alongside its M&A programme, management has spent several years optimising the business models of the acquired companies and ensuring client bases are secure to limit potential fraud and spam. Now this process is largely complete, the company is positioned to scale securely across all three business units.

Strategy

Management is currently focused on growing the business organically. In the longer term, we believe Freelancer may use M&A again to enter new verticals, employing a similar strategy to Loadshift, where management is transitioning the business from the acquired subscription bulletin board business model to the same codebase as its Freelancer marketplace.

The company's areas of focus for FY25 are as follows:

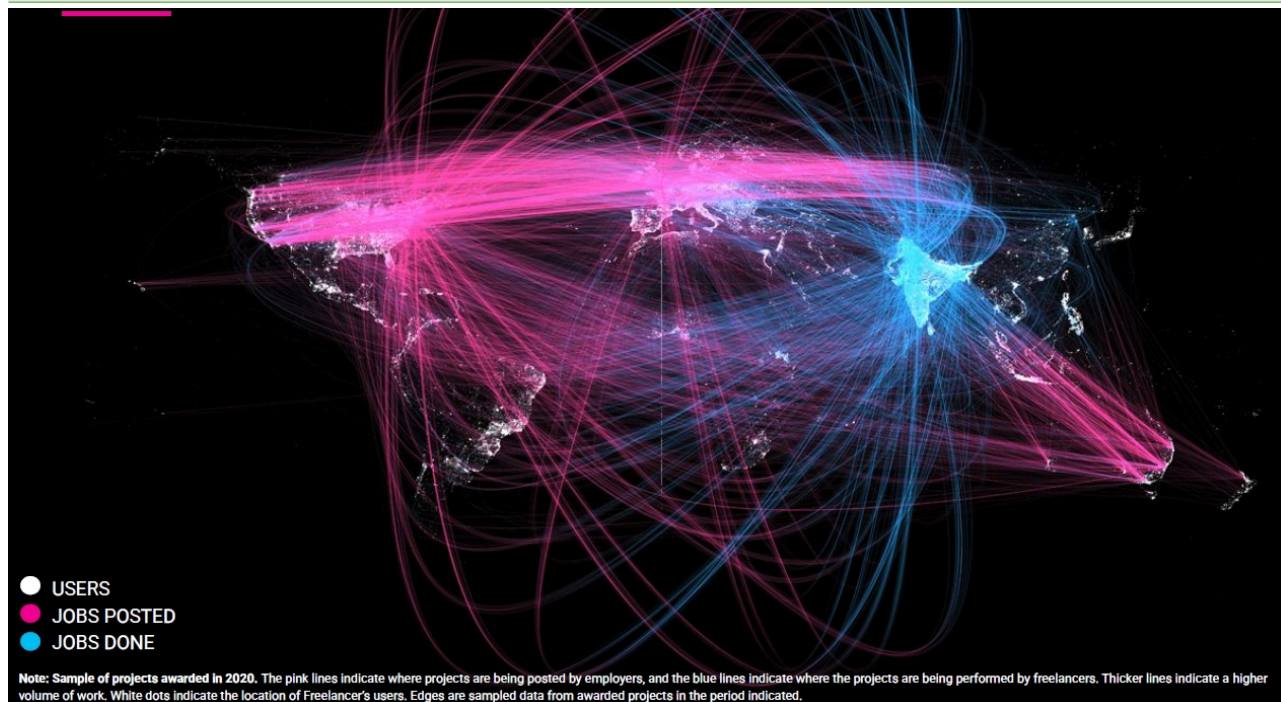
- **enhance marketplace engagement:** continue improving user experience and matching capabilities to attract, activate and retain high-quality freelancers and clients;
- **accelerate AI-driven innovation:** expand the integration of advanced AI solutions across products and services to enable efficiency, 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.

We explain the specific strategies for each business unit in more detail below.

Freelancer: World's largest freelancing marketplace

Freelancer.com is the world's largest marketplace for freelancers by user base, with over 82m registered members spanning 247 countries, regions and territories. The marketplace operates across 52 regional websites, in 33 languages and covering 38 currencies. The number of freelancers on the platform ensures high liquidity, with each project receiving on average 56 bids and 84% of projects receiving bids within 60 seconds (H125). Exhibit 3 demonstrates how the majority of the source of jobs is from the Americas and Europe whereas the source of freelancers is weighted towards Asia. In H125, the company processed A\$66.5m of GMV through its platform.

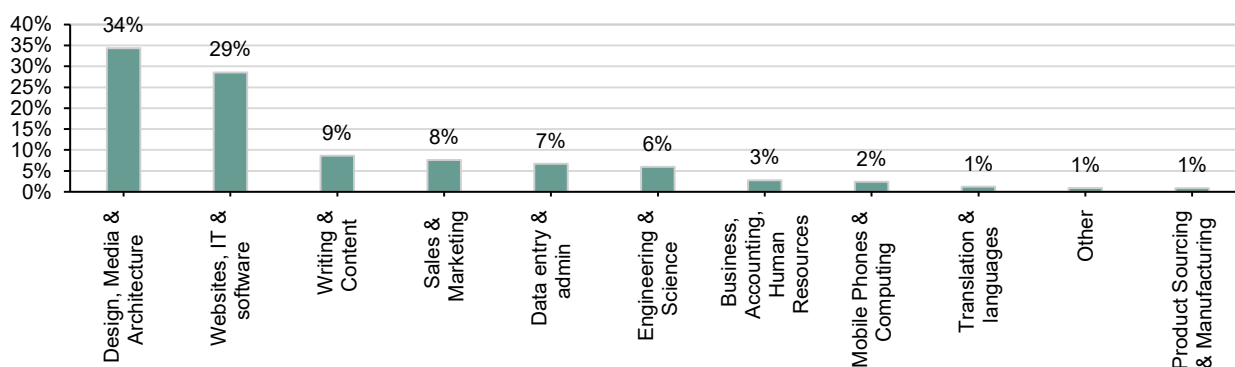
Exhibit 3: Location of job award and performance



Source: Freelancer

Freelancer specialises in enabling the fulfilment of customisable job requirements and to a high standard at relatively low cost by leveraging its deep pool of freelancers globally. Project sizes range considerably, from a US\$10 logo design to as large as a US\$10m project for NASA. Freelancers can select from over 3,000 skill areas, meaning that almost any job requirement can be fulfilled on the platform. Exhibit 4 shows that over half of completed projects fall into the categories of 'design, media and architecture' or 'websites, IT and software.'

Exhibit 4: Completed project categories by volume, H125



Source: Freelancer

Management has spent significant resource and time developing validation and rating systems to support project reliability and quality, instilling confidence in the client and supporting higher engagement. Competitions, rather than standard project tenders, enable freelancers who are new to the platform to build a reputation and high star rating. Discussed below, competitions can also be a lucrative alternative for freelancers and can allow them to collaborate on groundbreaking projects, such as the National Institutes of Health's and NASA's US\$10m award for gene editing in the central nervous system.

Its enterprise service allows individual organisations to develop a custom platform, based on Freelancer's proprietary InSource enterprise product. Management believes there is significant latent demand, particularly from multinationals, for customisable platforms that can connect either underutilised internal pools of talent or external pre-qualified freelancers to a particular project.

Growth strategy

To grow organically, Freelancer is primarily focused on increasing the volume of work it processes through its platforms (GMV). It can generate incremental revenue by expanding its GMV take rate. The main levers to grow GMV are:

- Investments in user interfaces with new features and displays to drive user engagement.
- Adding more collaborative and personalisation tools to encourage collaboration, aiming to increase retention and conversion to drive up project size.
- Focused search engine marketing (SEM) that has a demonstrable return on investment, to grow its demand-side client base. The company relies on organic channels for freelancers.
- Working with partners and using referrals to grow its demand-side client base.

In Q225, the average job size grew 36% y-o-y to \$365, reflecting the platform's ability to attract higher-value work.

To expand its take rate of the GMV across its platforms, the company offers a portfolio of value-added services, which have the potential to generate sticky, recurring revenue.

Business model

At the core level, management monetises the platform by taking a share of the value of projects posted: 3% commission from its demand-side clients and 10% from the freelancers. Freelancer then offers memberships and several value-added services, allowing it to expand its take rate of the GMV. Management satisfaction rarely sees disputes between its clients and freelancers, but has a three-stage process to ensure optimum satisfaction among its membership base. We discuss the process and cash flows below.

For clients:

- Clients can post jobs, review obligation-free quotes, chat with freelancers and review samples of their work and portfolios – all free of charge.
- On the award of a project, the total payable will be 103% of the project size: 3% project commission to Freelancer (paid on contract award) and 100% to the worker (payable at various stages depending on the agreed milestones).
- Projects can either be a fixed value or an hourly rate. Clients can add additional requirements onto a project once it has been awarded. The company's quotation function allows clients and freelancers to discuss a project fee before it starts.
- Clients can post jobs of any type, also including local work such as hardware repairs or building work.
- Freelancers go through a Know Your Customer (KYC) verification process once they have earned over US\$30 on the platform, providing a robust first layer of security for the client.
- Freelancer.com's technical co-pilots (project managers) provide an add-on service that can help evolve a client's idea to a full project.

For freelancers:

- Freelancers can view projects posted, bid on projects, chat to clients, fill in a profile, upload a portfolio and provide samples of work – all free of charge. Freelancers can also select from over 3,000 skill sets to help match the freelancer to a project.
- After a project is awarded and accepted, the freelancer pays a 10% commission to Freelancer. Freelancer can also take a share of the project fee upon completion, rather than at the start, but charges 15% for this service.
- Freelancers can also be recommended for a project through Freelancer's recruit function, which can increase Freelancer's commission to 15% if freelancers are part of the preferred programme (these would typically be higher-value projects, justifying the higher commission rate).
- Becoming KYC verified ensures that freelancers are paid faster upon completion of a project and has historically allowed for faster dispute resolution.
- Multiple freelancers can also collaborate on a project via the Groups feature.

In addition to the free version of the platform, the company offers membership programmes that provide freelancers

with a host of benefits including increasing the number of bids they can make, exclusive access to higher-value projects and daily cash withdrawals. The four programmes are Basic, Plus, Professional and Premier, and as an example, in the UK they range in price from £4.45 to £59.95 per month. Management believes that freelancers convert to being paid members as it increases their chances of being awarded a project, particularly at the higher-value end. For the company, memberships provide stable, monthly recurring revenue and the tiers provide upsell opportunities.

In addition to memberships, management has a selective Preferred Freelancer programme (PFP), where freelancers are chosen on reputation and previous quality of work. Benefits for the freelancer include exclusive invitations to high-value projects, preferential fee payment plans for Recruiter projects and premium support. To join the PFP, among other things, freelancers need to be in the top 3% overall ranking in their chosen skill sets, be verified by Freelancer, have a professional profile and portfolio of work suitable for enterprise customers and be certified (ie rank in the Preferred Freelancer entrance exam).

As well as the PFP scheme, Freelancer offers a higher-level verification process to KYC, including a video interview, confirming that the account is authentic – this service costs £96/\$99. Once verified, the freelancer earns a blue tick by their name and has instant access to projects worth more than \$2,500 and hourly projects worth more than \$50.

Competitions: High-value prizes and supporting new freelancers

Competitions offer an alternative way of posting a project on the Freelancer.com platform, where freelancers can compete against each other to win a monetary award from the client. Management introduced competitions to its platform in 2011, providing several benefits to its clients and freelancers. These benefits include:

For clients:

- Competitions allow them to assess a range of concepts, creative ideas and freelancers, most applicable to projects that are easily visually comparable, such as logos, visualisations and artwork. They are particularly beneficial if the client does not have a clear picture of the desired outcome.
- It is free to post a competition, eliminating the 3% project fee.

For freelancers:

- Newly joined freelancers can access competitions more easily than standard projects, to help them build their reputation on the platform (winning competitions earns reputation points at 5x the level of a standard project). A better reputation on the platform increases the likelihood of being awarded a project.
- Competition awards may also be higher than for comparable project work, particularly for new freelancers to the platform.

For management, using competitions is key to expanding the number of high-quality freelancers globally, without having to incur the marketing costs of recruiting freelancers through traditional avenues. By expanding the ways in which they can post work, competitions are also important to growing its demand-side client base.

Freelancer receives more than 1.8m contest entries a month. 93% of contests receive entries within one hour and on average there are 722 entries per contest.

Enterprise: A growth lever

Since 2018, management has developed several avenues to work with enterprises of all sizes, including:

- Government: publishes tasks to the public, normally through a competition.
- Field services: instead of going through local agencies/contractors, multinationals can use the platform to remove costs by connecting the customer directly to a local, vetted field engineer.
- Custom marketplaces: Fortune 500/1000 companies are the target. Custom platforms are built on the company's proprietary InSource product.

Separately through the platform, small and medium-sized enterprises (SMEs) can also post projects at a company level, rather than as an employee of a company, and may be able to reduce commission if volumes are high enough.

Management employs the same 3% fee from its clients and 10% commission from freelancers and can provide other value-added services to expand its take rate, such as additional levels of security or reach.

In FY24, the company reported that enterprise services (not including GMV-linked revenue) generated revenue of A \$1.5m, down 58% y-o-y (contributing 4% of Freelancer divisional revenue and 3% of group revenue). This declined as the company finished doing project work for a large enterprise customer in FY23.

Streamlining global field services

The first prong of its enterprise work is field services, connecting Freelancer's qualified field service engineers to customers in those regions for local work, such as hardware installation or repairs. For an enterprise, using Freelancer provides a low fixed cost and trusted way of locating specialists, replacing the work and potentially high variable costs of finding and managing local specialists or agencies. In 2023, Freelancer integrated with a global computer and printer company's CRM and workflow management system, and is now fully operational in 48 cities across India, Malaysia, Australia, New Zealand and Indonesia. At the end of 2024, Freelancer integrated with the customer's established service provider network, aligning its delivery model with their strategic partners to provide surge capacity.

In Q125, the company signed up a new printer partner that, in addition to using Freelancer's global fleet for field services, will also use Loadshift for logistics in Australia. As a result of a recent six-city roadshow across India, Freelancer has won six enterprise deals (five in India and one in Malaysia). It has opened a new office Bengaluru to house business development and the operations team for field services.

Helping governments to innovate

Working with governments is a second core growth driver for Freelancer's enterprise operations. In 2020, management jointly won the US\$25m NASA Open Innovation Services (NOIS2) tender, giving the company responsibility for crowdsourcing talent to support the next era of space exploration. NASA later increased its allocation to the NOIS2 programme to US\$175m. In June, Freelancer announced that it had been selected by NASA as one of 25 companies to manage the third tender, NOIS3, which has funds available of up to \$475m over a period of up to 10 years. Trisha Epp, who oversees the NASA relationship, provides more detail on the NOIS3 contract in the video below.

Executive interview: Trisha Epp



Source: Edison Investment Research

Freelancer's NASA tender currently underpins the government source of revenue for its enterprise offering, where management penetrates other areas within the US government through NASA (which acts as the lead organisation for government crowdsourcing).

For NASA and the US government, crowdsourcing expands the pool of talent they can access and can substantially lower costs by providing access to lower-cost labour markets. Given the award sizes, these contests can attract large research institutions and universities, as well as any qualified freelancer. The company monetises the work through project fees that include engineering and design as well as running the contest. The US is its primary source of revenue, but the company has generated some revenue from several countries in the Middle East and more recently supported

the Australian Space Agency's collaboration with NASA's Artemis programme to develop a lunar rover.

Building in-house platforms: InSource

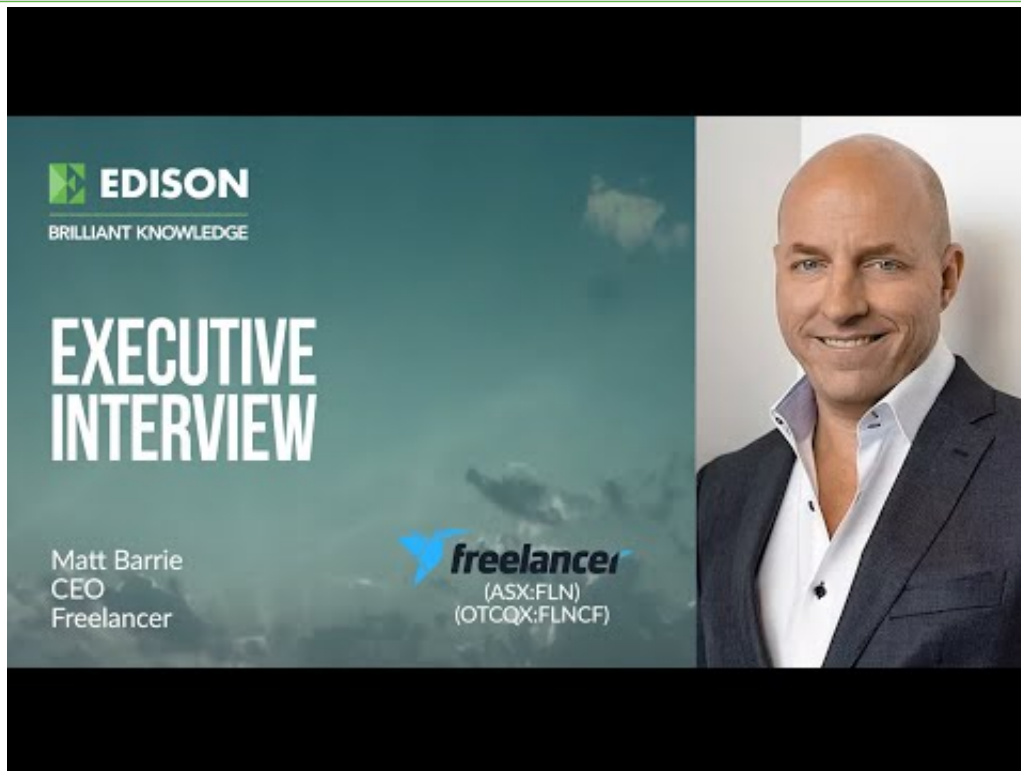
In 2022, management deployed the MyGigs platform developed for Deloitte, a collaborative product built on Freelancer's enterprise platform, InSource. MyGigs provides Deloitte's staff with access to external PFP freelancers or connects to internal teams worldwide, which may have the capacity to provide additional resource. MyGigs is integrated with several of Deloitte's internal systems, including SAP Fieldglass, creating an end-to-end product allowing internal staff to hire freelancers, manage projects and process payments at scale. More than 71k consultants have been onboarded to the platform.

MyGigs generates SaaS recurring revenues based on the number of staff using the platform and Freelancer takes a commission on any external project work completed through its PFP freelancers.

Using AI across the business to improve quality, reduce cost and drive volume

AI has the potential to transform the workplace and Freelancer is keen to be at the forefront of this. This includes using AI in-house to improve efficiency, allowing staff to focus on higher-value areas of work; helping its freelancer workforce to adopt AI to improve their own skills; and helping customers to use AI within their own businesses. CEO Matt Barrie discusses the company's approach to AI in the video below.

Executive interview: Matt Barrie



Source: Edison Investment Research

Using AI internally to improve efficiency

Freelancer is using AI internally to automate certain business processes such as identifying spam, identifying bad-actor accounts and marketing to freelancers and customers. It is also using AI to improve the user experience, targeting Q4 for the release of its next-generation AI-powered job posting experience and working to embed AI-driven user experience improvements, particularly in search and filtering systems. The company expects to imminently launch an AI-powered collaborative whiteboarding product.

Equipping freelancers with AI tools to enhance quality and increase average job value

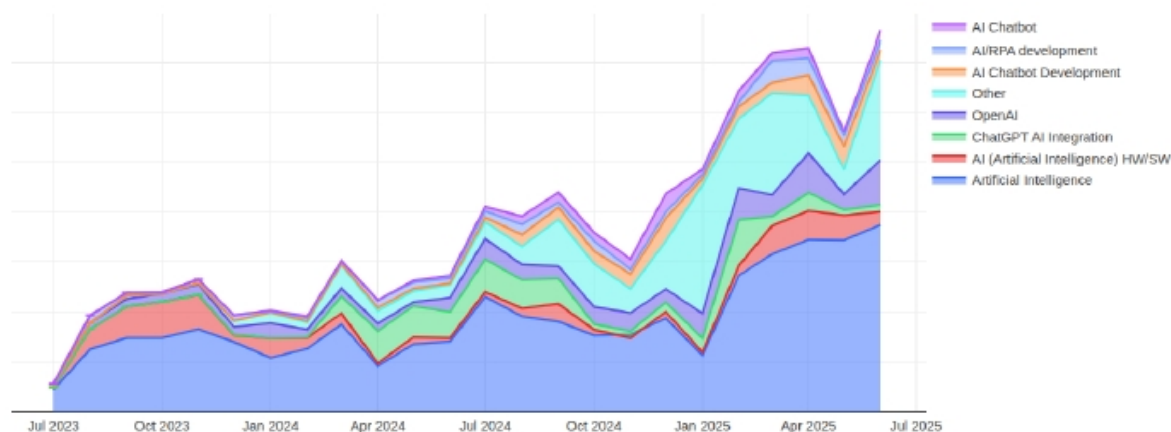
Freelancer is supporting its freelancers to use AI so that the company can provide the widest range of skills at the lowest

cost and with the highest quality. Freelancer has developed specialised AI tools and integrations for use by freelancers and has observed that many freelancers are using these tools to expand their skills to new disciplines and to deliver work faster. The company is focused on ensuring that freelancers stay at the forefront of AI to enhance their productivity and quality of output.

Creating new categories of jobs

While AI has the scope to reduce demand in certain categories, for example copywriting or translation, it also represents a growth category where clients rely on freelancers to help them on their AI journeys. In the enterprise business, this includes using freelancers to train and provide data to large foundational models (see below for more detail). The chart shows the significant growth in demand for AI-related projects since mid-2023.

Exhibit 5: Demand for AI jobs (GMV)



Source: Freelancer

The company has released the first version of its AI business transformation landing page, which aims to support customers to navigate the use of AI. Freelancer is positioning itself as the place where clients can get help with developing AI agents. Freelancer has partnered with an AI technology company called Retell.ai and will use its freelancers to distribute, integrate and deliver Retell.ai's AI agents. Examples of the kind of work the agents can undertake include phone answering, scheduling appointments or providing a hotel concierge service.

Creating new enterprise opportunities

In Q124, the company noted that it had delivered a large-scale pilot for a major technology company. The client wanted to crowdsource certain GenAI tasks to train its foundational model. As part of the pilot, Freelancer sourced and qualified more than 20,000 freelancers in 24 hours across 52 languages. By the end of H125, the company had deployed more than 175,000 freelancers across 60 language groups for one of the largest and most advanced foundational models globally. Freelancer's network of freelancers has proved particularly useful to access native speakers of languages other than English to help train models in less commonly spoken languages. As well as training large language models, Freelancer can support the collection of data for use in training (eg speech, points of interest) and for technical writing services and translation services. The company is now working on GenAI projects for three Mag-7 companies.

We believe this represents an opportunity for Freelancer to support other companies wishing to train their AI models, whether foundational models for the large technology players or smaller, niche models trained on company-specific data.

Other recent product innovation

In Q424, the company launched a new marketplace for fixed-scope services, called Freemarket. We understand this is similar to the Fiverr business model. This supports a one-click, e-commerce style purchase of services. Example services include web scraping using Python for US\$250, company profile design for US\$300 and professional PowerPoint creation for US\$100.

Loadshift: Australia's largest transport marketplace

Loadshift is Australia's largest marketplace for heavy haulage freight, in areas such as machinery, construction, industrial mining and all other types of 'big, ugly freight', according to management. Freelancer made its foray into the freight marketplace with its acquisition of Channel 40 for an undisclosed amount in 2018, which then became Freightlancer once consolidated. The company then acquired Loadshift in 2021, augmenting Freightlancer's marketplace platform with the client base of Australia's largest heavy haulage freight marketplace. The merged entity kept the name Loadshift, with Freightlancer decommissioned. The focus for Loadshift in FY22/23 was moving it from a classified membership model to a marketplace model. While the membership model remains, management sees the transition of companies over to the marketplace model as the greatest growth opportunity, allowing it to benefit from the increased volumes of freight posted through the platform; this process started in FY22.

H125 update

Loadshift saw flat job postings in H125 (22,234 in total) due to weather disruptions in part of the country and quotes placed decreased 5.4% y-o-y to 166,702. The main metric the company is currently focused on is the award rate (a measure of the number of jobs awarded compared to the number of jobs posted on the platform). Encouragingly, the award rate increased 3.7% y-o-y to 27.8% and 5,160 loads were delivered, up 4.9% y-o-y. The business twice hit all-time highs for monthly revenue in H125, beating previous highs by 12% and 8% in March and May respectively.

The reason the award rate is not higher is that some clients post jobs and then move off-platform to award the work. Loadshift management is working hard to discourage this kind of activity and has removed certain clients from the platform who post jobs but never award them. It has developed an in-app calling function that allows clients to speak to drivers while they are on the road, making it easier to communicate and giving drivers a higher chance of being awarded jobs. The business is encouraging adoption of in-app calling and is working on improvements to the user interface. Separately, the company is developing GPS tracking capabilities to provide real-time visibility and enhanced security for freight movements.

Similar business model to core marketplace; geographic expansion possible

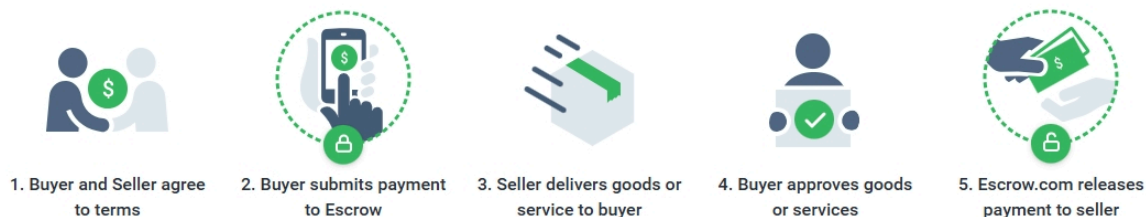
Like the Freelancer marketplace, the company charges its clients and drivers 3% and 10% (5–7% for various membership categories) commission, respectively, on the cost of transporting the freight. These are largely standardised, but management may charge more for complex and large transportations, such as for construction sites that require large volumes of freight. Additionally, the marketplace provides value-added services for an additional fee, including the management of permits, road closures, import/export taxes and duties, shipping documents and more.

Loadshift solely operates in Australia given the size and the number of verticals that require the movement of heavy freight, including mining and infrastructure. In the longer term there is the potential to expand the marketplace to other geographies; we believe Canada would be an obvious next choice based on its size and the number of mining operations. There is also the opportunity to replicate Loadshift in other verticals by using its enterprise stack as a platform. Additionally, the high value of the freight being moved provides an opportunity to cross-sell Escrow.com, ensuring additional security in the value chain.

Escrow.com: A unique large transactions processor

Freelancer describes Escrow.com as the PayPal for large-value transactions, providing a secure and quick checkout option for items ranging from c US\$1k to US\$100m in areas such as real estate, domain name transactions, luxury items and M&A. Escrow.com can also digitise traditional offline methods of trading goods, such as for oil, gas and mineral rights. The platform processed transactions worth US\$540m in FY24 and works through these stages:

Exhibit 6: Escrow.com process flow



Source: Freelancer

We believe that Escrow.com provides a compelling proposition for high-value transactions, where the alternatives, as shown below, are often less secure and inefficient:

- Credit cards: merchants are reluctant to accept credit cards given the chargeback risk, where the cardholder requests the card issuer to reverse the charge if the purchased product or service is not delivered.
- Cash or wire transfers: there is a risk in delivering cash safely and trusting the seller to deliver the goods in the promised condition.
- PayPal: this runs the risk of buyer fraud, where the buyer takes delivery of the goods but claims there is something wrong with the item or that it never arrived, keeping both the item and the cash (a well-known problem on websites like eBay and Amazon).
- Law firms and unregulated processors do not have same licences as Escrow.com, making transactions inherently less secure, which increases in importance as transactions grow in size.

The combined security and digitisation of the transaction process can simplify long distance and cross-border transactions, elevating the liquidity of a marketplace. The importance of features like KYC verification is growing to ensure regulatory compliance in several jurisdictions.

Since Escrow.com was acquired in 2015, management has invested in bolstering the security of the platform by ensuring that both parties are KYC verified and becoming fully licensed throughout the US, Canada and Australia. In the company's experience, becoming fully licensed is typically a five- to seven-year process, creating significant regulatory barriers to entry. Additionally, Escrow.com is the only online payments solution for eBay Motors, showcasing the importance of security for merchants selling high-value items.

Exhibit 7 shows the range of customers for Escrow.com across a variety of verticals.

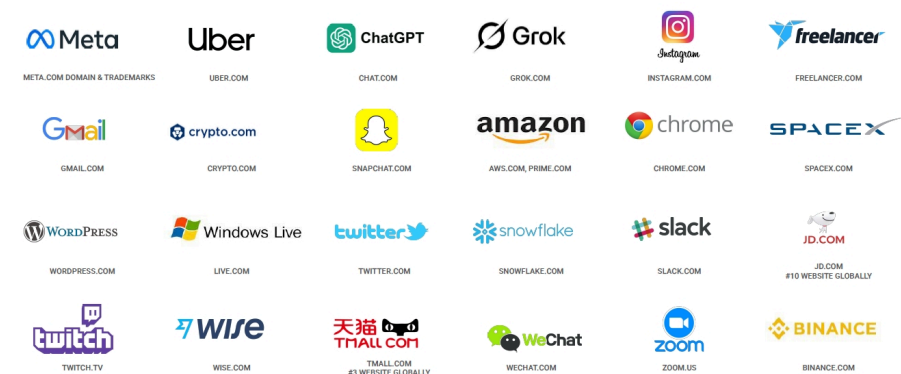
Exhibit 7: Selected Escrow.com customers

| | | | |
|---------------------------------------|--|--|---|
| Domain Names | GoDaddy, sedo, afternic, media options | Intellectual Property | Hilco Streambank, Royalty Exchange |
| IP Addresses | IPv4.GLOBAL, BRANDER GROUP, LARUS | Business Sales, Mergers & Acquisitions | shopify, Flippa, acquire trader, CHEVAL M&A, INC MERGERS CORP |
| Cars | blinker, AUTO TRADER, Classic Cars, HAGERTY, AUTOHUNTER, Porsche Digital | Import / Export | global sources, MAALEXI |
| Boats, Aircraft, Vehicles | TTT, YACHTSMART, MOTORCYCLE.COM, VINGFORM | Agriculture | exim crop, ONFARM |
| Fine Art | ART SY, ARTI AND, turbare, artprice.com | Oil & Gas | OGHelp, ENERGY DOMAIN |
| Luxury, Watches & Jewellery, Auctions | HERITAGE AUCTIONS, WatchPayer, verticalscope | Services | freelancer, Loadshift, MUSCOVITCH, KILPATRICK TOWNSEND |

Source: Freelancer

As shown by Exhibit 8, the platform has been used for transactions involving several premium domain names, including Meta, Uber, Instagram, Twitter and Crypto.com, underpinning management's claim that Escrow.com is 'where the metaverse is bought and sold'. In H125, more than three-quarters of Escrow.com's gross payment volume came from domain names at US \$196.9m, up 9.3% y-o-y.

Exhibit 8: Domain names transacted via Escrow.com



Source: Freelancer

Expanding into new verticals

Entering new verticals presents a growth opportunity, particularly in areas where processing large transactions can be complex and manual and can involve many credit layers. The company notes it can grow utilisation in new and current verticals by penetrating the client bases of its partners, for example Acquire.com, which is a marketplace for the buying and selling of start-ups.

The company has identified the e-commerce segment as an attractive vertical and currently has several major shopping cart platforms lined up to integrate with Escrow.com. In FY24, the company's focus was on integrating with one of the largest platforms that processes more than US\$290bn in transaction volume per year. The service for this platform is still in beta but it has processed the first transaction. The company plans to ramp this carefully to ensure it can provide a good service in this new vertical.

To ensure this business can scale, Escrow.com is increasing the quality of its customer support, having increased coverage from 24/5 to 24/6, and will soon be able to offer 24/7 support. As the KYC process is necessarily involved, requiring identity and document checks, the company is working to improve operational processes and is bringing in automation where possible to reduce customer friction.

The business is in the final stages of a tender process with a US-based automotive dealership group to provide secure payment solutions, is exploring a partnership with a SaaS platform for document signing services (which has competed a pilot integration) and has deepened its strategic focus on the global B2B import/export market. The company continues to see strong demand for its services from marketplaces for mergers and acquisitions, with multiple engagements underway.

Optimising the take rate

In Q224, the business updated its price card, creating a wider range of price bands and introducing minimum fees in each band. This was the first material price change in more than 20 years. The business also has scope to increase its take rate by providing add-on services, such as checking shipping documents, post inspection sale adjustments and lease swap arrangements. The result of the updated price card is evident in the increase in take rates from 1.11% in Q124 to 1.81% in Q225.

Market: Significant underlying drivers

Strong market dynamics for the adoption of cloud workers

After the 2008 financial crisis, companies sought a leaner and more efficient workforce. Until recently, technology lacked the capability for management teams to effectively leverage cloud-based contractors worldwide. With advancements like GenAI enabling real-time translation, accessing cost-effective, specialised talent has never been easier.

From SMEs to large multinationals, utilising cloud-based freelancers offers a host of benefits, which drives the adoption of marketplaces like Freelancer.com. These include:

- Flexibility and cost management: tapping into a cloud-based platform allows firms to scale their workforces up and down depending on work requirements, enabling them to keep a tighter control of their cost bases, particularly if freelancers are available at more competitive rates versus traditional on-site workers.
- Future proofing: investments in high-speed internet connections and advancements in communication technologies are making it easier for firms to work with contractors globally, who may have unique skill sets that can help the company to keep abreast of current technology trends at a potentially lower cost than hiring talent internally.
- COVID-19 and changing workforce preferences: more companies are adopting a flexible work environment and may turn to cloud-based freelancers to fill in talent gaps and maintain productivity. More staff are also looking to work remotely, driving the liquidity of the freelancer market.

Marketplaces like Loadshift are benefiting from similar market dynamics. Moving heavy freight can be complex and requires significant coordination. Using a cloud-based platform can streamline the process of finding available carriers from a potentially larger and more diverse pool of specialists, resulting in cost savings and time efficiencies. Platforms can also extend reach by allowing shippers to connect with operators across different regions and countries. Marketplaces, like Loadshift, are also equipped with services that ensure regulatory compliance, reducing the risk of incurring penalties or non-delivery.

Market landscape

In the public market there are a limited number of companies that compete directly with Freelancer's marketplace, including Fiverr and Upwork, which are both listed in the US.

Management believes Freelancer differentiates itself from its listed peers by providing both customised services and access to freelancers globally, including from developing nations. In place of customisation, Fiverr's strategy focuses on efficiency optimisation and ease of use; freelancers on its platform post the specifics of their service under a fixed pricing structure ('service-as-a-product').

Upwork's platform is similar to Freelancer in that its clients can leave open jobs for freelancers to bid on or can get in touch with them directly based on the freelancer's skill set. However, Upwork is more US-centric and has a more rigorous process for freelancers to join its platform, targeting mostly US and western contractors.

There is significantly more fragmentation on the private side; however, all business models do share similarities with the listed peers. Several companies are vertical specific, including Superside, Dribbble, Behance and Australian-based 99designs, which provide digital design services.

Other platforms, like Guru, PeoplePerHour and Malt, are more pricing and job agnostic. Additionally, the company competes with traditional methods of hiring a freelancer, such as job boards, referrals and networking.

Large transactions are moving online

In today's globalised economy, cross-border transactions are increasingly common and a growing number of verticals are looking to move to online payment methods. Distance may lead to information asymmetry between buyers and sellers, and there may be additional risks for international parties such as different legal systems, currencies and regulations. Regulators across the world are also becoming more stringent with financial institutions and customers being KYC compliant, with the US Financial Crimes Enforcement Network a key example.

Secure escrow services offer a standardised and third-party platform, ensuring secure exchanges of assets or funds, reducing the risk of fraud, non-payment or non-delivery. Platforms can also handle the complexity of international hurdles, as well as compliance with local regulation, providing a streamlined end-to-end service. Therefore, we believe the opportunities for escrow platforms will only grow in a diverse range of verticals.

A concentrated market

Growing use of e-commerce, technological advancements and changing consumer behaviours have expanded the payments processing landscape. Global payment networks like Mastercard and Visa still play an important role in facilitating funds transfers between banks, merchants and consumers. However, as digital and online payments grow in popularity, new technologies are integrating into these networks to make transfers more efficient and secure, as well as to provide consumers with more payment channels.

For consumers, solutions like PayPal, Apple Pay and Google Pay can make purchasing easier and more efficient, while keeping transfers secure with biometric and authentication technologies. Stripe and Square are typically B2B services, offering SMEs various tools for e-commerce and in-person transactions. These well-known payment methods tend to be used for smaller-value transaction payments. Conversely, Escrow.com, which processes payments between c US

\$1k and US\$100m, has significantly fewer competitors. In the large transactions processing market there have been significantly fewer new entrants, where current alternatives to Escrow.com are primarily banks and law firms. However, these options can come with a significantly higher fee structure, potential conflicts of interest and limited interoperability with online platforms. There are also blockchain escrow services, where complexity may inhibit adoption, transactions are irreversible once recorded and there is limited jurisdictional control.

Management

Freelancer has a one-tier board structure, comprising Matt Barrie, CEO and chairman, as well as four non-executive directors, Darren Williams, Simon Clausen, Patrick Grove and Craig Scroggie. Collectively, the board owns 81.4% of the company's stock, with Matt Barrie the top shareholder (44.1%).

As well as starting Freelancer in 2009, Matt founded and was CEO of Sensory Networks, a vendor of high-performance network security processors, which was sold to Intel Corporation in 2013. Matt was also an adjunct associate professor at the University of Sydney, where he taught cryptography for 15 years and, later, technology venture creation, while running Freelancer and Sensory Networks.

Two of the company's non-executive directors also have deep roots with the company. Darren Williams transitioned to the role in late 2015 following his time as executive director and chief technology officer at Freelancer. He co-founded Sensory Networks with Matt. Simon Clausen was a founding investor in Freelancer through his venture capital fund Startive Ventures. Simon has over 17 years' experience in high-growth technology businesses in both Australia and the US. He also founded and was CEO of PC Tools, a consumer-centric software company that generated over US\$100m in revenue annually before it was sold to Symantec in 2008. Patrick Grove joined the board in June 2024. He is founder, chairman and CEO of Catcha Group, which invests in internet businesses in South-East Asia. Craig Scroggie joined the board in August 2024. He is CEO and managing director of NEXTDC, an ASX-100 listed company providing data centre-as-a-service in Asia.

The board is supported by a team of five experienced managers, including Neil Katz (chief financial officer), Laurent Goudet (chief technology officer), Adam Byrnes (VP of product strategy and growth), Andrew Bateman (director of product and enterprise), Ayen Torcuator (global head of customer experience) and Ed Wong (director of sales, enterprise).

Financials

Business model

In the table below, we summarise the fees that Freelancer earns within the Freelancer division.

Exhibit 9: Fee model for Freelancer division

| | Commission on GMV | | Contest | |
|------------------------|-------------------|------------------|---------|--------------|
| | Client | Freelancer | Client | Freelancer |
| Freelancer marketplace | 3% | 10%/15% (if PFP) | N/A | 10% of prize |
| Freelancer enterprise | 3% | 10%/15% (if PFP) | Fee | N/A |
| Loadshift | 3% | 5% | N/A | N/A |

Source: Freelancer

As well as commission fees, the company can also earn additional fees from the marketplace (eg membership fees, upgrade fees, verification fees, PFP fees) and from the enterprise business (eg engineering services, recruiter fees, co-pilot hourly fees, per user yearly fees for InSource).

For Escrow.com, Freelancer earns a percentage of the payment value. The rate varies depending on the type of asset or services bought/sold. It also earns a small amount from value-added services such as checking whether cars are stolen or subject to finance agreements or tracking the service history of medical equipment.

Income statement

Exhibit 10 shows our forecasts and the company's performance over the last three years.

- Freelancer: GMV declined in FY21 and FY22, partly reflecting post-COVID behaviour, before recovering in FY23 as the enterprise and Loadshift businesses made a growing contribution to volumes, and then dipping down slightly in FY24. GMV growth turned positive in H125 reflecting measures taken by the company to increase customer

demand. We forecast modest GMV growth in the core marketplace in FY25 and FY26. We forecast flat enterprise services revenue in FY25, returning to growth in FY26. We forecast growth in enterprise GMV-linked revenue as various initiatives gain traction (AI model training, new field services business). We expect Loadshift's share of divisional revenue to increase from 5% in FY22 to 10% by FY26.

- Escrow.com: with the majority of volume coming from domain name sales, the business benefits when certain trends are hot (H221/H122) but sees lower volumes as bubbles burst (eg the crypto decline in H222). We expect a further GMV decline in FY25 (Q324 benefited from a record US\$50m IPv4 transaction) before a return to growth in FY26 as integrations with e-commerce partners start to bring in new business.

The group has generated a gross margin in the range of 82–84%; we forecast within this range in FY25 and FY26. Costs of sale include payment gateway and bank fees for processing transactions, as well as direct labour costs associated with managing certain enterprise engagements.

Employee costs make up the bulk of operating costs, followed by administrative costs, marketing costs and depreciation. The company currently has c 330 employees and we forecast headcount growth of 10% per year in FY25 and FY26. Around two-thirds of employees are in Manila, Philippines, including an engineering group, customer support, quality assurance and fraud services. The remaining employees are spread across Australia (engineers and data scientists, finance, sales and marketing, HR, product management, Loadshift and security), Argentina (Escrow account managers and recruiters), Canada, the UK and the US.

Company adjusted operating profit, which uses reported profit before tax and adds back share-based payments, unrealised FX losses/gains and non-lease-related depreciation, was A\$1.8m in H125 versus a loss of A\$1.0m in H124. We forecast this to increase from A\$0.8m in FY24 to A\$2.2m in FY25 and A\$2.3m in FY26.

Net finance costs comprise interest charges relating to leases; the company has no other material debt. The company has been loss-making at a group level, but has incurred tax in Canada, India and the UK where it makes a profit. This has been more than offset by the tax credit on losses in Australia. We note that Freelancer only owns 64.2% of Loadshift (having increased its stake in H125 from 60.0%), although as the contribution from the business is not yet material there is minimal minority interest deduction. The company does not pay a dividend.

In FY21, the company launched a long-term incentive plan through which employees are awarded share options; by the end of FY24, 357k share options were outstanding.

Exhibit 10: Financial performance and forecasts

| A\$m | FY20 | FY21 | FY22 | FY23 | FY24 | FY25e | FY26e |
|---|--------|--------|--------|--------|--------|--------|--------|
| GMV | 833 | 1,202 | 1,072 | 1,012 | 949 | 907 | 974 |
| Freelancer | 142 | 134 | 128 | 132 | 130 | 140 | 152 |
| Escrow | 691 | 1,068 | 943 | 880 | 818 | 767 | 822 |
| GMV growth | | 44.2% | -10.8% | -5.6% | -6.2% | -4.4% | 7.5% |
| Freelancer | | -5.4% | -4.1% | 2.9% | -1.2% | 7.1% | 8.9% |
| Escrow | | 54.4% | -11.6% | -6.8% | -7.0% | -6.3% | 7.2% |
| Take rate | 7.1% | 4.8% | 5.2% | 5.3% | 5.4% | 6.0% | 5.9% |
| Freelancer | 35.7% | 34.4% | 35.5% | 33.5% | 31.1% | 30.7% | 30.0% |
| Escrow | 1.2% | 1.1% | 1.1% | 1.0% | 1.3% | 1.5% | 1.5% |
| Revenue | 58.8 | 57.4 | 55.7 | 53.3 | 51.0 | 54.7 | 57.6 |
| Freelancer | 50.5 | 46.1 | 45.6 | 44.3 | 40.6 | 42.9 | 45.6 |
| Escrow | 8.2 | 11.3 | 10.1 | 9.1 | 10.4 | 11.8 | 11.9 |
| Revenue growth | 1.3% | -2.3% | -3.1% | -4.2% | -4.4% | 7.2% | 5.3% |
| Freelancer | 0.2% | -8.8% | -1.1% | -2.9% | -8.2% | 5.5% | 6.5% |
| Escrow | 9.0% | 37.3% | -11.1% | -9.9% | 14.5% | 13.6% | 1.0% |
| Gross profit | 49.0 | 47.7 | 46.9 | 44.2 | 41.8 | 45.4 | 47.8 |
| Gross margin | 83.4% | 83.1% | 84.3% | 83.0% | 81.9% | 83.0% | 83.0% |
| EBITDA | 5.8 | 4.0 | (0.7) | 6.8 | 4.8 | 8.6 | 7.3 |
| Normalised operating profit | 1.1 | (0.9) | (5.2) | 2.1 | 0.1 | 3.9 | 2.6 |
| Normalised operating margin | 1.8% | -1.6% | -9.4% | 3.8% | 0.3% | 7.1% | 4.6% |
| Reported PBT (A\$m) | (0.9) | (3.1) | (7.0) | 0.2 | (1.3) | 2.9 | 2.1 |
| Company adjusted operating profit | N/A | N/A | N/A | 0.6 | 0.8 | 2.2 | 2.3 |
| Normalised net income | (0.7) | (3.0) | (6.9) | 0.3 | (1.2) | 2.1 | 1.5 |
| Normalised diluted EPS (c) | (0.15) | (0.66) | (1.52) | 0.06 | (0.26) | 0.46 | 0.33 |
| Reported basic EPS (c) | (0.14) | (0.50) | (1.20) | 0.04 | (0.18) | 0.45 | 0.32 |
| Net (cash)/debt | (9.3) | (8.4) | (2.2) | (4.0) | (10.8) | (17.4) | (24.8) |
| Net (cash)/debt excluding lease liabilities | (34.1) | (30.2) | (23.2) | (21.0) | (23.2) | (25.8) | (29.3) |

Source: Freelancer, Edison Investment Research

Review of H125 results

On 29 July, the company reported H125 results (see Exhibit 11). Freelancer GMV increased 2.8% y-o-y and revenue increased 3.1%. In the core marketplace, the company noted that new client deposits in the first 28 days increased by

6% y-o-y in Q225, down from 21% in Q125. Corrective measures have been taken to address issues affecting demand and the trend has improved so far in Q325. Escrow.com GMV was down 3.3% y-o-y while revenue was up 32.3% over the same period, as the price changes enacted in 2024 took full effect. The strong revenue growth helped gross margin expand by 5.4pp y-o-y, as did the absence of one-off two-factor authentication costs that were incurred in H124. With net operating costs before depreciation up only 3% y-o-y, adjusted operating profit increased from a loss of A\$1.0m in H124 to A\$1.8m in H125. As a reminder, Freelancer's adjusted operating profit excludes unrealised foreign exchange gains or losses, share-based payments and depreciation of tangible assets but includes lease costs (depreciation of right of use asset plus related finance costs). Cash of A\$26.0m increased from A\$21.2m at the end of H124 and A\$23.2m at the end of FY24, while net cash after leases increased from A\$6.5m at the end of H124 and A\$10.8m at the end of FY24 to A\$16.3m at the end of H125.

Exhibit 11: H125 results highlights

| A\$m | H124 | H125 | y-o-y |
|----------------------------|-------|-------|---------|
| GMV total | 449.8 | 439.0 | -2.4% |
| Freelancer | 64.7 | 66.5 | 2.8% |
| Escrow | 385.1 | 372.5 | -3.3% |
| Revenue total | 25.0 | 27.1 | 8.0% |
| Freelancer | 20.4 | 21.0 | 3.1% |
| Escrow | 4.6 | 6.1 | 32.3% |
| Take rate - group | 5.6% | 6.2% | 0.62pp |
| Freelancer | 31.5% | 31.6% | 0.05pp |
| Escrow | 1.2% | 1.6% | 0.44pp |
| Gross profit | 19.9 | 23.1 | 15.9% |
| Gross margin | 79.9% | 85.3% | 5.43pp |
| Adjusted operating profit | (1.0) | 1.8 | N/A |
| Adjusted operating margin | -4.0% | 6.6% | 10.64pp |
| Reported profit before tax | (1.0) | 1.9 | N/A |
| Cash | 21.2 | 26.0 | 22.9% |
| Net cash (after leases) | 6.5 | 16.3 | 149.9% |

Source: Freelancer, Edison Investment Research

Cash flow improving

The company has steadily been increasing the cash generated from operating activities: from A\$1.9m in FY23 to A\$5.8m in FY24 and A\$6.8m in H125. The company operates a negative working capital model as it receives cash from clients prior to paying over to freelancers. Capex is minimal at less than A\$0.5m per year. Net cash outflow for leases totalled A\$5.0m in FY24 and A\$2.6m in H125; we forecast A\$5.0m per year for FY25 and FY26. The increase in cash of A\$2.8m in H125 was made up of cash from operating activities of A\$6.8m less capex of A\$0.1m, lease payments of A\$2.6m, FX -A\$0.5m and a payment of A\$0.7m for 4.2% of Loadshift.

Balance sheet

Non-current assets mainly comprise goodwill and intangibles from acquisitions. The company does not amortise these intangibles but undertakes annual impairment reviews; Freelancer does not capitalise development costs. Right-of-use assets mainly comprise leases on property, with the largest lease for the company's headquarters in Sydney and a smaller lease for staff in the Philippines. Part of the Australian premises is sublet, generating other income of A\$1.6m in FY24. Freelancer had cash of A\$26.0m at the end of H125 and no debt. Leases totalled A\$9.7m, resulting in net cash of A\$16.3m at the end of H125.

Changes to forecasts

In the table below, we show our revised forecasts.

Exhibit 12: Changes to estimates

| A\$m | FY25e | | | | FY26e | | | |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Old | New | change | y-o-y | Old | New | change | y-o-y |
| Revenues | 55.5 | 54.7 | -1.6% | 7.2% | 59.0 | 57.6 | -2.4% | 5.3% |
| Gross profit | 45.5 | 45.4 | -0.4% | 8.6% | 48.4 | 47.8 | -1.3% | 5.3% |
| Gross margin | 82.0% | 83.0% | 1.0pp | 1.1pp | 82.0% | 83.0% | 1.0pp | 0.0pp |
| Reported operating profit | 2.8 | 4.8 | 70.3% | N/A | 2.5 | 2.5 | 1.1% | -47.4% |
| Reported operating margin | 5.1% | 8.8% | 8.7pp | 8.7pp | 4.2% | 4.4% | -4.4pp | -4.4pp |
| Company adjusted operating profit | 2.2 | 2.2 | -0.8% | 183.1% | 2.3 | 2.3 | 1.2% | 6.5% |
| Company adjusted operating margin | 4.0% | 4.0% | 0.0pp | 2.5pp | 3.9% | 4.0% | 0.1pp | 0.0pp |
| Normalised net income | 1.4 | 2.1 | 46.5% | 276.2% | 1.5 | 1.5 | 1.3% | -27.5% |
| Reported net income | 1.3 | 3.0 | 123.0% | 469.4% | 1.4 | 1.4 | 1.4% | -52.3% |
| Normalised diluted EPS (c) | 0.31 | 0.46 | 46.5% | 276.0% | 0.33 | 0.33 | 1.3% | -27.5% |
| Reported basic EPS (c) | 0.30 | 0.67 | 123.0% | 469.4% | 0.31 | 0.32 | 1.4% | -52.3% |
| Net debt/(cash) | (26.7) | (26.8) | 0.3% | 15.8% | (30.7) | (29.3) | -4.7% | 9.2% |

Source: Edison Investment Research

Valuation

As there is no listed peer with the same combination of businesses as Freelancer (Freelancer marketplace, Escrow.com and Loadshift), we do not view a comparison with listed companies as the most useful way to value the company. We use discounted cash flow analysis as the primary valuation method.

The stock is up 35% over the last 12 months, we believe boosted by improved profitability and cash generation. Despite this, our reverse discounted cash flow (DCF) suggests that the current market price implies mid-single-digit revenue growth and average EBITDA (post lease costs) margins of 5.6%, which assumes minimal margin expansion. To get to the current share price, after our explicit forecasts to FY26 we have assumed annual revenue growth of 5.8% from FY27 to FY34 and average EBITDA margins of 5.8% from FY27 to FY34, as well as a 3% terminal growth rate and an 8% weighted average cost of capital (WACC).

Recent changes, including price increases in Escrow.com, the recent NASA contract win and development of AI-related tools and services, position the company to grow more rapidly in the medium term. After recent successful efforts to right-size the cost base and no plans to materially increase operating costs from this point, we see potential for significant margin expansion as GMV growth returns and revenue growth accelerates. Assuming annual revenue growth of 7% from FY27 to FY34, and growing EBITDA margins from 4.0% in FY26 to 20.0% by FY34, would imply a share price of A\$0.58, 93% upside to the current share price.

For completeness, we include a table showing a range of small- and mid-cap online marketplaces, as well as some aspirational marketplace peers. Our forecasts indicate slightly slower revenue growth and lower margins for Freelancer compared to its peers in the short term, but we believe this does not reflect the longer-term potential of the group as discussed above.

Delivering material evidence of the true growth potential of its newer operations, namely Loadshift, enterprise and Escrow.com, should act as a catalyst to the stock. This could include Loadshift GMV growth as users convert to using the platform, winning more flagship clients like Deloitte or NASA, or a growing contribution to Escrow.com GMV from newer verticals such as checkouts. In addition, improvements to the core marketplace such as higher rates of new customer acquisition, improved retention rates and growing average project size would all contribute to accelerating revenue growth and margin expansion.

Exhibit 13: Peer valuation and financial metrics

| | Year end | Share price | Quoted ccy | EV | Sales growth | EBITDA margin | EV/sales | EV/sales | EV/EBITDA | EV/EBITDA | P/E | P/E |
|---------------------------------|----------|-------------|------------|--------|-----------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Company | | | | A\$m | 2-year CAGR (%) | FY25e (%) | FY25e (x) | FY26e (x) | FY25e (x) | FY26e (x) | FY25e (x) | FY26e (x) |
| Freelancer LTD | Dec-25 | 0.30 | AUD | 110 | 6.2 | 5.8 | 2.2 | 2.0 | 34.5 | 47.3 | 64.3 | 88.7 |
| Recruitment marketplaces | | | | | | | | | | | | |
| Ziprecruiter | Dec-25 | 4.30 | USD | 675 | 4.0 | 5.9 | 0.9 | 1.0 | 16.2 | 7.4 | NM | NM |
| Upwork | Dec-25 | 12.65 | USD | 2,130 | 2.0 | 25.9 | 1.8 | 1.8 | 6.9 | 6.2 | 10.7 | 9.5 |
| Fiverr International | Dec-25 | 25.01 | USD | 1,203 | 10.8 | 20.2 | 2.0 | 1.8 | 8.9 | 7.6 | 9.1 | 9.0 |
| DHL Group | Dec-25 | 2.83 | USD | 258 | (4.6) | 24.0 | 1.1 | 1.3 | 5.2 | 5.0 | 19.4 | 20.4 |
| Hipages Group | Jun-25 | 0.98 | AUD | 120 | 11.0 | 23.5 | 1.6 | 1.4 | 6.2 | 5.1 | 48.8 | 20.3 |
| Other | | | | | | | | | | | | |
| Auto Trader | Mar-26 | 825.0 | GBp | 14,742 | 10.7 | 66.0 | 13.9 | 11.8 | 17.8 | 16.9 | 25.3 | 23.6 |
| Carsales.com | Jun-25 | 37.67 | AUD | 15,263 | 8.3 | 55.3 | 13.9 | 13.2 | 23.8 | 21.0 | 38.8 | 34.3 |
| Rightmove | Dec-25 | 788.8 | GBp | 12,468 | 11.2 | 71.0 | 16.1 | 14.3 | 20.1 | 18.2 | 27.2 | 24.1 |
| Moneysupermarket.com | Dec-25 | 205.4 | GBp | 2,262 | 4.0 | 32.3 | 2.6 | 2.5 | 7.7 | 7.3 | 11.6 | 10.8 |
| TrueCar | Dec-25 | 1.85 | USD | 68 | 9.5 | (2.6) | 0.3 | 0.2 | NM | 8.3 | NM | NM |
| Mean | | | | | 6.7 | 32.2 | 5.4 | 4.9 | 12.5 | 10.3 | 23.9 | 19.0 |
| Premium/(Discount) % | | | | | (0) | (26) | (60) | (59) | 175 | 359 | 169 | 367 |
| Median | | | | | 8.9 | 25.0 | 1.9 | 1.8 | 8.9 | 7.5 | 22.4 | 20.3 |
| Premium/(Discount) % | | | | | (3) | (19) | 13 | 12 | 287 | 528 | 187 | 336 |

Source: LSEG Data & Analytics (as at 29 July)

Sensitivities

Below we detail several sensitivities for Freelancer that investors should be aware of:

- **Macro issues:** the performance across the business is sensitive to changes in the economic environment. For example, Freelancer marketplace was affected by changing working patterns from COVID-19.
- **Technological advancements:** technologies like GenAI have been beneficial to the company, namely by adding more specialities to the marketplace. However, further proliferation of generative technologies may allow businesses to complete project work internally without additional resource.
- **Execution risk:** after several years of refining its platforms, management believes it has several growth levers it can utilise to scale. However, there is only a limited track record of performance, creating some uncertainty as to their effectiveness.
- **Brand awareness:** the company focuses its marketing spend on search engine marketing, which may be insufficient to grow the brand awareness needed to expand its client base.
- **Limited free float:** the three board directors own 82% of shares and the free float is 18%, limiting the liquidity of the shares.
- **Regulatory risk:** Escrow.com is licensed in several jurisdictions, but as the process takes five to seven years, further geographical expansion would only contribute to growth in the longer term. While these licences act as a competitive moat, any failure to meet regulatory requirements could cost the company in monetary and reputational terms.

Exhibit 14: 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 | 54,656 | 57,564 |
| Cost of Sales | (7,651) | (9,455) | (9,786) | (9,689) | (8,740) | (9,093) | (9,214) | (9,292) | (9,786) |
| Gross Profit | 44,024 | 48,456 | 48,985 | 47,730 | 46,920 | 44,241 | 41,789 | 45,365 | 47,778 |
| EBITDA | (672) | 2,044 | 5,793 | 3,972 | (746) | 6,784 | 4,799 | 8,559 | 7,282 |
| Company adjusted operating profit | (705) | (1,084) | (447) | (2,690) | (6,579) | 568 | 771 | 2,183 | 2,325 |
| Normalised operating profit | (1,202) | (1,170) | 1,081 | (922) | (5,216) | 2,051 | 138 | 3,897 | 2,620 |
| Amortisation of acquired intangibles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exceptionals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 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 | 4,803 | 2,526 |
| 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) | 3,003 | 2,145 |
| Profit Before Tax (reported) | (1,793) | (1,718) | (862) | (3,113) | (7,030) | 219 | (1,270) | 3,909 | 2,051 |
| Reported tax | 309 | 127 | 216 | 856 | 1,617 | (30) | 456 | (902) | (615) |
| Profit After Tax (norm) | (1,235) | (1,389) | (670) | (2,957) | (6,871) | 288 | (1,176) | 2,072 | 1,501 |
| Profit After Tax (reported) | (1,484) | (1,591) | (646) | (2,257) | (5,413) | 189 | (814) | 3,007 | 1,436 |
| 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) | 2,072 | 1,501 |
| Net income (reported) | (1,484) | (1,591) | (646) | (2,257) | (5,413) | 189 | (814) | 3,007 | 1,436 |
| BALANCE SHEET | | | | | | | | | |
| Fixed Assets | 33,459 | 60,699 | 61,727 | 66,372 | 66,248 | 60,502 | 55,496 | 52,014 | 48,532 |
| 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 | 5,941 | 2,459 |
| 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 | 31,294 | 34,888 |
| 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 | 2,508 | 2,641 |
| Cash & cash equivalents | 33,211 | 32,014 | 34,341 | 30,316 | 23,358 | 21,153 | 23,162 | 25,821 | 29,282 |
| 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 | 47,789 | 49,327 |
| Creditors | 35,898 | 36,607 | 39,166 | 41,259 | 39,647 | 36,529 | 37,135 | 39,067 | 41,605 |
| 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 | 28,083 | 29,612 |
| Minority interests | (20) | (20) | (20) | (3,674) | (3,674) | (3,674) | (3,795) | (3,062) | (3,062) |
| Shareholders' equity | 31,055 | 29,919 | 29,145 | 27,656 | 22,791 | 23,151 | 22,920 | 25,021 | 26,550 |
| CASH FLOW | | | | | | | | | |
| Op Cash Flow before WC and tax | (717) | 1,623 | 4,066 | 2,637 | (943) | 4,922 | 3,847 | 7,669 | 6,098 |
| Working capital | (660) | 300 | 5,094 | (1,463) | (3,930) | (3,505) | (45) | 1,764 | 2,405 |
| 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 | 9,527 | 8,596 |
| Capex | (135) | (227) | (221) | (429) | (149) | (53) | (92) | (180) | (180) |
| Acquisitions/disposals | 23 | 0 | (28) | (7,662) | 0 | 0 | 0 | (733) | 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 | 3,659 | 3,461 |
| Opening net debt/(cash) | (31,908) | (33,090) | (31,893) | (34,055) | (30,195) | (23,237) | (21,032) | (23,162) | (25,821) |
| 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) | (26,821) | (29,282) |

Source: Freelancer, Edison Investment Research

Contact details

Level 37
Grosvenor Place
225 George Street
Sydney, NSW 2000
Australia
+61 141 959 042
www.freelancer.com

Revenue by geography

Not disclosed

Management team**Chairman and CEO: Matt Barrie**

Matt Barrie is the founder of Freelancer and its current chairman and CEO. He has previously been an adjunct associate professor at the Department of Electrical and Information Engineering at the University of Sydney where he taught cryptography for 15 years and, later, technology venture creation. He is the co-author of more than 20 US patent applications. Previously he also founded and was CEO of Sensory Networks, a vendor of high-performance network security processors, which was sold to Intel Corporation in 2013.

Chief technology officer: Laurent Goudet

Laurent Goudet is responsible for the technical direction of the company, ensuring alignment with its business goals. Prior to transitioning from software architect to chief technology officer in early 2021, Laurent led multiple technical initiatives, transforming the Web & native clients into mobile-friendly, fast and reliable web applications, lifting the user experience and reducing the engineering costs.

CFO: Neil Katz

Neil Katz joined Freelancer in May 2009 and has been involved in establishing the financial disciplines and internal controls of the group. He has more than 20 years' experience in finance, accounting and general management, holding CFO roles at several technology companies, including IPscape, ThreatMetrix, Sensory Networks and Aprix. Neil has experience and been involved in numerous private equity and venture capital raisings, corporate restructuring and trade sale activities. In particular, he was involved in the sale of Aprix to IBM.

VP of products and growth: Adam Byrnes

Adam Byrnes is responsible for expanding Freelancer across the world, particularly into markets that are dominated by non-native English speakers, such as Asia and Latin America. He leads teams in public relations, content, marketing and translation, and has been responsible for launching Freelancer's websites internationally, including 40 dedicated regional sites and 31 languages.

Principal shareholders**%**

| | |
|------------------------------|------|
| Matt Barrie | 44.1 |
| Simon Clausen | 35.6 |
| Darren Williams | 2.4 |
| Herald Investment Management | 1.0 |

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.
