

Freelancer

Stable performance in Q3

Freelancer reported essentially flat revenues in Q325 on a lower gross marketplace volume (GMV). Higher take rates in Escrow.com more than compensated for lower volumes, essentially offsetting a small decline in the Freelancer division's revenue. The company saw good progress in the Loadshift division and has multiple initiatives ongoing to drive growth in the enterprise business. AI-related projects are making an increasing contribution to core marketplace volumes and the company continues to make use of AI tools to improve internal efficiency and platform quality. We maintain our forecasts.

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	50.1
12/26e	57.6	2.3	2.1	0.33	69.1

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.

Higher Escrow take rates offset GMV decline

The Freelancer division saw a 3.9% y-o-y increase in GMV, helped by growth from Loadshift, while Escrow saw a 26.0% decline, as Q324 had been boosted by a single US\$50m transaction. The Freelancer division saw a 2.2% revenue decline despite the GMV increase, which we estimate was due to a higher contribution from the lower take rate Loadshift business. Escrow revenue growth was 2.8% as, despite the lower GMV, the take rate was substantially higher than a year ago. Overall, revenue was down 0.7% y-o-y and the company saw positive operating profit. Cash at end Q325 was up 18% y-o-y but down slightly versus H125 as the company increased its stake in Loadshift from 64.2% to 73.4% during Q3.

Adjusting mix, maintaining forecasts

We have revised our revenue forecasts to more accurately reflect the mix in Q325. We have reduced Freelancer and Escrow GMV forecasts but increased the take rate in the Escrow business. Overall, group revenue, operating profit and EPS forecasts are unchanged. Our net cash forecasts reflect the payments for the increased stake in Loadshift.

Valuation: GMV growth to drive 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% per year 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, 152% 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.

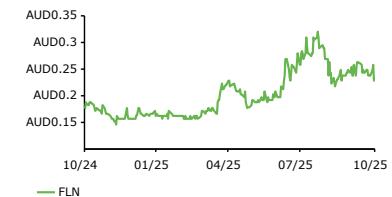
Q3 business update

Software and comp services

23 October 2025

Price	AUD0.230
Market cap	AUD104m
Net cash/(debt) at end Q325	AUD25.6m
Shares in issue	450.9m
Free float	18.0%
Code	FLN
Primary exchange	ASX
Secondary exchange	OTC

Share price performance



%	1m	3m	12m
Abs	(6.1)	(17.9)	21.1
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.

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Review of Q325 business update

The table below summarises Freelancer's Q325 performance.

Exhibit 1: Freelancer Q325 and 9M25 performance

A\$m	Q324	Q325	y-o-y	9M24	9M25	y-o-y
GMV						
Freelancer	32.8	34.1	3.9%	97.5	100.6	3.2%
Escrow	247.0	182.8	-26.0%	632.1	555.3	-12.2%
Total	279.8	216.8	-22.5%	729.6	655.9	-10.1%
Net revenue						
Freelancer	10.3	10.1	-2.2%	30.7	31.1	1.4%
Escrow	3.1	3.2	2.8%	7.7	9.3	20.4%
Total	13.4	13.3	-0.7%	38.4	40.4	5.2%
Group cash flow						
Operating cash flow	2.2	1.6	-25.3%	4.4	8.5	94.2%
Cash and cash receipts	21.7	25.6	18.0%	21.7	25.6	18.0%

Source: Freelancer

The group saw a 22.5% y-o-y decline in GMV due to the large US\$50m Escrow.com transaction that was reported in Q324. The Freelancer division saw a 3.9% y-o-y increase in GMV, while Escrow saw a 26.0% decline.

The Freelancer division saw a 2.2% revenue decline despite the GMV increase, we estimate due to a higher contribution from the lower take rate Loadshift business. Escrow saw revenue growth of 2.8% as, despite the lower GMV, the take rate of 1.76% was substantially higher than the 1.27% reported in Q324. Overall, revenue was down 0.7% y-o-y.

The company stated that group generated an operating profit in Q325.

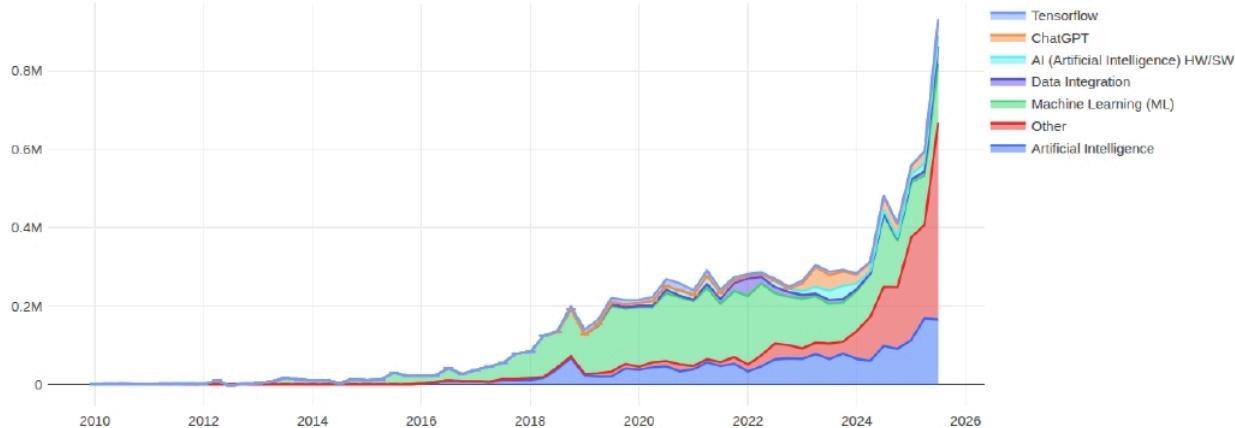
The group saw a net cash outflow of A\$0.3m in Q325, with operating cash flow of A\$1.6m offset by lease payments of A\$1.4m and A\$0.4m related to the acquisition of additional shares in Loadshift. At the end of H125, Freelancer owned 64.2% of Loadshift and has since increased its ownership stake to 73.36%. A further A\$1.2m is still payable in three equal instalments over the next nine months.

Freelancer divisional performance

Freelancer core marketplace

Freelancer added 1.86m new users (down 4.1% y-o-y) and saw 171k projects added to the marketplace (flat quarter-on-quarter and down 16% y-o-y). The average project size of US\$395 was 53% higher year-on-year and 8% higher quarter-on-quarter. The average number of bids per project was 21% higher year-on-year at 57 and average entries per contest more than doubled to 846. The company tracks new client deposits over the first 28 days as a lead indicator of customer acquisition. This was 7.6% higher year-on-year in US dollar terms. The company plans further enhancements to its customer acquisition processes in Q425.

GMV contributed by AI-related projects is growing rapidly, albeit from a small base. The chart below shows the progression of AI-related GMV. In Q4, the business will be extending its AI capabilities to improve project-to-talent conversion, engagement and overall marketplace efficiency.

Exhibit 2: AI-related jobs – GMV in US dollars


Source: Freelancer

Freelancer enterprise business

The enterprise business has made progress in the following areas:

- A global cloud computing platform will position Freelancer as a service provider to 18,000 small/medium business customers, with customers already live.
- A concierge service is being launched to provide operational support, including specialised talent sourcing for premium enterprise customers.
- Global fleet for generative AI: engagements are ongoing with multiple technology and service providers for large-scale AI training and data operations. The business has introduced an automated credential management system to scale the deployment of freelancers. The product team has started working on advanced demographic profiling and intelligent search capabilities to rapidly identify and match specialised talent with specific project requirements.
- Global fleet for field services: one client has engineers fully trained and ready to start operations this month. A major Indian retail group is close to completing onboarding. The business is currently in the final contract stage for the supply of over 5,000 field professionals to support product distribution across the Indian market for a leading fintech platform.
- NASA: Freelancer ran several key initiatives during Q3 including the US\$6m NIH TARGETED Challenge, the NASA Moon Mascot Challenge, the NASA Sustainable Business Model Challenge and the NIH Data Sharing (S-Index) Challenge.
- Government: the Bahrain Labour Fund mentoring programme, which places participants in training with top-performing freelancers, continued to operate during Q3.

Loadshift

Loadshift achieved record monthly revenue in September (up 25.3% y-o-y) and record quarterly revenue in Q325 (up 15.5% y-o-y). The business was profitable for Q325. This was achieved through improvements in the award rate (+1.2pp to 28.4%), total jobs awarded (+11.3% y-o-y to 3,512) and delivered loads (+8.2% y-o-y). Carrier engagement was strong with 2.1 quotes per job in the first hour.

During the quarter, a new dashboard was launched to give operations teams real-time visibility into platform activity and performance metrics. The business's next priorities are to focus on driving widespread user adoption of the in-app calling function, enhancing and streamlining the carrier onboarding experience and implementing real-time GPS tracking to improve customer visibility.

Escrow.com performance

Escrow.com processed domain name transactions (the largest vertical for this business) with a GMV of US\$95.5m/A\$145.9m, down 3.7% y-o-y but up quarter-on-quarter. AI ventures and digital assets made up a large proportion of transactions.

Last year, the company's focus was on integrating with one of the largest shopping cart platforms that processes more than US\$290bn in transaction volume per year and in Q325 the business continued to onboard partners. The service for this platform is still in beta, but it has started processing transactions. The company plans to ramp this carefully to ensure it can provide a good service in this new vertical.

In Q3, the business formed new partnerships with multiple US-based businesses to integrate Escrow.com payment systems. This includes Immobilium, a global luxury asset platform with a network of 5,000 real estate agents, and Pitch Capital, an AI-powered capital raising platform that has already helped secure US\$370m in funding for start-ups.

To improve service levels in the business, 24/7 customer support was rolled out in Q3, including voice, email and chat support services. The business expanded its account management team and transitioned to a global account management structure.

Outlook and changes to forecasts

We have revised our forecasts to reflect lower GMV in both divisions and a higher take rate for Escrow.com. Overall, our revenue, profit and earnings forecasts are unchanged. We have reflected the payments for the increased stake in Loadshift, reducing our net cash forecasts at the end of FY25 from A\$26.8m to A\$26.0m and at the end of FY26 from A\$29.3m to A\$27.7m.

The company's focus for Q425 will continue to be:

- 1. Enhance marketplace engagement.** Make continued improvements to user experience and matching capabilities to attract, activate and retain high-quality freelancers and clients.
- 2. 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.
- 3. Expand financial service offerings.** Broaden and streamline payment methods and financial infrastructure to improve transaction ease, security and global scalability.
- 4. Drive operational excellence.** Strengthen platform reliability, quality and performance through rigorous internal processes, to enhance customer satisfaction and market leadership.

The company is targeting A\$500k per month in operating profit on an ongoing basis.

Exhibit 3: Financial summary

	A\$'k	2018	2019	2020	2021	2022	2023	2024	2025e	2026e
Year end 31 December		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	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	0
Exceptionals	0	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	0
Discontinued operations	0	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	
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)	0.46	0.33	
EPS - diluted normalised (c)	(0.27)	(0.31)	(0.15)	(0.66)	(1.52)	0.06	(0.26)	0.46	0.33	
EPS - basic reported (c)	(0.33)	(0.35)	(0.14)	(0.50)	(1.20)	0.04	(0.18)	0.67	0.32	
Dividend (c)	0	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)	7.2	5.3	
Gross Margin (%)	85.2	83.7	83.3	83.1	84.3	83.0	81.9	83.0	83.0	
EBITDA Margin (%)	(1.3)	3.5	9.9	6.9	(1.3)	12.7	9.4	15.7	12.7	
Normalised Operating Margin (%)	(2.3)	(2.0)	1.8	(1.6)	(9.4)	3.8	0.3	7.1	4.6	
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	30,494	33,288	
Stocks	0	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	25,021	27,682	
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	36,807	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	0
Short-term borrowings	121	121	286	121	121	121	0	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	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	27,283	28,012	
Minority interests	(20)	(20)	(20)	(3,674)	(3,674)	(3,674)	(3,795)	(2,262)	(1,462)	
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	(1,533)	(800)	
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	2,859	2,661	
Opening net debt/(cash)	(31,908)	(33,090)	(31,893)	(34,055)	(30,195)	(23,237)	(21,032)	(23,162)	(25,021)	
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)	(26,021)	(27,682)	

Source: Freelancer, Edison Investment Research

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