Freelancer

Q126 update

A mixed picture

Software and comp services

24 April 2026

Freelancer saw a mixed performance in Q126, with strong volume and revenue growth for Escrow.com which was more than offset by weaker volumes in the Freelancer core marketplace. Measures are underway to remedy the causes of the volume decline, including adapting the platform for generative AI-related changes to search. We have revised our forecasts to reflect weaker than expected Q1 performance, reducing our revenue forecasts by 8.1% in FY26 and 7.7% in FY27.

Year end	Revenue (AUDm)	EBIT (adj) (AUDm)	PBT (AUDm)	EPS (AUc)	P/E (x)
12/24	51.0	0.8	(1.2)	(0.26)	N/A
12/25	53.2	2.0	3.4	0.49	30.9
12/26e	51.8	0.5	0.3	0.03	N/A
12/27e	55.2	2.1	1.9	0.28	55.2

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.

Group GMV +14% y-o-y, revenue -10% y-o-y

The Freelancer division saw a gross marketplace value (GMV) decline of 14.8% and a revenue decline of 19.0%, as various technical issues dampened demand in the core marketplace. Within this division, the Loadshift business achieved y-o-y GMV and revenue growth. The Escrow division conversely saw GMV and revenue growth of 18.9% y-o-y and record operating profitability helped by several larger transactions. Adjusted EBIT was breakeven, with a record profit in the Escrow division offset by a loss from the Freelancer division. Including an fx gain, PBT was positive.

Adjusting cost base to demand

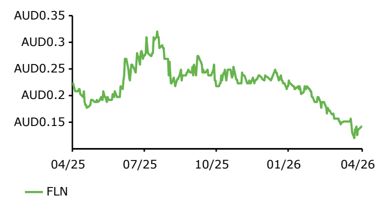
We assume that the measures the company is taking will result in improving GMV in the core marketplace through the course of 2026. To offset lower revenues, we expect the company to manage costs including slowing the pace of hiring. The revenue reductions result in a 79% decline in our FY26 adjusted EBIT forecast and a 32% decline in FY27.

Valuation: Core turnaround key driver of upside

A reverse discounted cash flow analysis implies that the market is factoring in only low-single-digit revenue growth and low-single-digit margins for the group over FY28–35. With improved take rates in Escrow.com and an already high take rate for the Freelancer marketplace, we view reversal of the core marketplace GMV declines as the key driver of revenue growth. Factoring in revenue growth of 5% per year from FY28 to FY35 and EBITDA margins increasing to 18.7% by FY35 as the company benefits from operational leverage results in a valuation of A$0.40/share, 164% above the current share price. Catalysts for the share price include higher customer acquisition, 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.

Price	**AUD0.152**
Market cap	**AUD69m**
Net cash/(debt) at end FY25	AUD22.9m
Shares in issue	450.9m
Free float	18.0%
Code	FLN
Primary exchange	ASX
Secondary exchange	OTC

Share price performance



%	1m	3m	12m
Abs	(26.5)	(41.9)	(45.7)
52-week high/low		AUD0.3	AUD0.1

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

H126 results	July

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Q126 update trading update

Exhibit 1: Q126 highlights

A$m	Q125	Q126	y-o-y
GMV total	231.0	263.3	14.0%
Freelancer	33.4	28.4	-14.8%
Escrow	197.6	234.9	18.9%
Revenue total	13.6	12.2	-10.3%
Freelancer	10.7	8.7	-19.0%
Escrow	2.9	3.5	18.9%
Operating cash flow	3.5	(0.1)	N/A
Net cash flow	2.2	(1.7)	N/A
Cash and cash equivalents	25.4	20.8	-18.0%
Take rate – group	5.9%	4.6%	1.3pp
Freelancer	32.2%	30.6%	-1.6pp
Escrow	1.48%	1.48%	0.00pp

Source: Freelancer

For Q126, group GMV of A$263.3m was up 14.0% y-o-y whereas group revenue of A$12.2m declined 10.3% y-o-y due to mix (see divisional discussion below for more detail). As the majority of revenues were earned in US dollars, the strength of the Australian dollar versus the US dollar reduced reported GMV and revenue (average A$1.44/US$ in Q126 vs 1.59 in Q125).

The group broke even at the operating profit level before fx, with Escrow.com generating a record operating profit. After a positive fx contribution, the Freelancer segment excluding Loadshift delivered a modest operating profit on a reported basis.

Operating cash flow was -A$0.1m compared to A$3.5m in Q125 due to a combination of lower operating profit and lower user balances. Net cash flow was -A$1.7m versus A$2.2m in Q125. During Q126, the company paid another A$0.4m instalment for the purchase of Loadshift shares. The company also incurred one-off costs from the closure of the Buenos Aires office and the Manila lease transition (including make-good and fit out costs, and deposits). PBT, which included an fx gain, was positive for the quarter. Cash at the end of Q126 was A$20.8m, down 18% y-o-y and 9% q-o-q.

Freelancer division: Core marketplace weakness

The division saw Q126 GMV down 14.8% y-o-y and revenue down 19.0% y-o-y. The divisional take rate of 30.6% was down from 32.2% a year ago, we estimate mainly due to the higher proportion of enterprise and Loadshift GMV in the mix, both of which have a lower take rate than the core marketplace.

Core marketplace

The core marketplace had a challenging quarter. In Q126, it added 1.31m users (down 24% y-o-y and q-o-q) and 150,000 new projects (down 18% y-o-y and up 6% q-o-q). The average project size grew 20.4% y-o-y to US$414, bids per project increased 4.1% to 51 and contest entries increased 72.4% to 862 per contest. The primary paid acquisition channel grew 5.5% y-o-y, as measured by deposits from new clients in the first 28 days. Repeat customer award and milestone rates also increased y-o-y due to product improvements.

Three factors negatively affected performance during the quarter:

- **Security enhancements created friction for returning users.** The business rolled out two-factor authentication in late 2025 to reduce fraudulent account activity and strengthen platform integrity. This created friction for returning users, particularly for longer-term users with legacy account configurations. The company is refining the authentication process for verified users and believes that the impact on volumes is now stabilising.
- **Organic search volumes down.** In late 2025, the company migrated substantially all site traffic to content delivery network (CDN) -based caching infrastructure to address elevated automated crawler activity, particularly from AI training and scraping agents. As part of this process, rate-limiting controls were applied to Google crawler traffic, which inadvertently affected legitimate indexation and reduced organic referral traffic. The increased prominence of AI-generated search summaries is also likely to have contributed to lower search volumes. Some technical fixes

were put in place in Q1 and have delivered some improvements, but the channel has not yet returned to prior year levels. To reduce reliance on organic search, the company is focused on three areas: 1) making technical improvements relating to indexation, schema mark-up and site architecture, 2) producing a content programme that targets high-intent skill and project categories to capture commercial search demand and 3) investing in answer engine optimisation (AEO) and generative engine optimisation (GEO) to ensure Freelancer appears in large language model (LLM) search results.

- **Recruiter volumes down**. The Recruiter function (which helps larger customers to find approved freelancers) was moved to Manila from Buenos Aires to improve operational efficiency. The Manila team has managed to lift award rates for managed projects. However, changes were made to qualifying thresholds for complimentary Recruiter upgrades, and this resulted in a temporary reduction in the volume of high-value projects. Management is reviewing the thresholds to restore volumes while preserving the improved conversion rates. The company is also scaling team capacity and increasing automation to support sustainable growth in throughput, and it expects that volumes should revert to previous levels in the coming quarter.

In addition to the work underway to resolve the issues described above, the business delivered a new bid ranking algorithm at the end of Q126, which helped overall award and accept rates. It is expected to be particularly attractive to users searching for niche skill sets and with complex, high value projects. The business also implemented a policy change that limits the bidding pool, resulting in an 80% reduction in low quality bids for specific project categories. In Q226, the business expects to accelerate the automation of support functions and noted that its in-house coding agent, Diffuty, can now process increasingly complex coding tasks, which should support higher coding throughput.

Enterprise

The business expanded its customer base across AI data services, field operations and managed workforce solutions and has contracts and pilots at various stages of execution across digital payments, customer experience and AI data services. Notable events in Q126:

- Freelancer has worked with NASA since 2015 managing crowdsourcing for innovation, and in Q126, the Artemis II mission carried with it Rise, a soft toy that is used as a zero-gravity indicator (ZGI). The toy was designed by a participant in the Moon Mascot: NASA Artemis II ZGI Design Challenge managed by Freelancer for NASA.
- The UN Development Programme has engaged Freelancer to crowdsource affordable tools for the detection and marking of underwater explosive ordnance.
- The business signed its first commercial partner for the Freelancer Moonshot Innovation Programme (built on the proprietary model developed for NASA), launching a challenge to produce physics-based AI modelling to predict the particle distribution and aftermath of high-energy disruptive events.

Loadshift

In Q126, the business saw revenue growth of 6.8% y-o-y and GMV growth of 5.7% y-o-y. Job postings increased 18.3% y-o-y to 12,518 and awards increased 9.6% to 3,359, resulting in a decrease in the award rate to 26.8% from 28.9% in Q125 and 27.1% in Q425. Delivered loads increased 11.6% y-o-y to 2,785. The Iran-related increase in fuel prices drove higher quoting levels resulting in increased job repostings, which in turn reduced the award rate. We estimate fuel price volatility could dampen freight volumes for at least the current quarter.

Escrow division: An exceptional quarter

In Q126, the division grew GMV and revenue by 18.9% y-o-y with a take rate of 1.48%, flat y-o-y. This was the second-highest revenue quarter in its history. Domain name GMV was US$128m/A$184m, up 19.6% y-o-y and making up 78% of divisional GMV, helped by growing demand for the .ai domain. The company also noted strength from IPv4 deals. As noted above, operating profit was at a record level.

Outside the core domain names business, Escrow.com continues to develop partnerships in other verticals including e-commerce, global trade, B2B electronics and IPv4.

As we have previously discussed, the business is working on operational improvements, in particular to bring automation to manual processes and to strengthen its payments infrastructure. The migration of the front-end to the Freelancer technology stack is underway with go-live expected in Q226.

Outlook and changes to forecasts

We have revised our forecasts to reflect Q126 performance. For Freelancer, we have reduced our core marketplace GMV assumptions for the remainder of the year, assuming that y-o-y growth resumes in Q426. We assume that the company manages its cost base in response to lower volumes in the Freelancer division, and we reduce our headcount growth assumptions for FY26 and FY27. Overall, we reduce our FY26 revenue forecast by 8.1% and FY27 by 7.7%. This results in a reduction in FY26 adjusted EBIT from A$2.3m to A$0.5m and in FY27 from A$3.0m to A$2.1m.

Exhibit 2: Changes to forecasts

	FY26e				FY27e			
A$m	Old	New	change	y-o-y	Old	New	change	y-o-y
Revenues	56.4	51.8	-8.1%	-2.6%	59.8	55.2	-7.7%	6.5%
Gross profit	47.1	43.3	-8.1%	-4.6%	49.9	46.1	-7.7%	6.5%
Gross margin	*83.5%*	*83.5%*	*0.0pp*	*-1.7pp*	*83.5%*	*83.5%*	*0.0pp*	*0.0pp*
Reported operating profit	2.4	0.6	-76.5%	-86.4%	2.8	1.9	-31.8%	238.2%
Reported operating margin	*4.3%*	*1.1%*	*-3.2pp*	*-6.8pp*	*4.7%*	*3.5%*	*-1.2pp*	*2.4pp*
Company adjusted operating profit	2.3	0.5	-79.2%	-76.1%	3.0	2.1	-31.8%	326.8%
Company adjusted operating margin	*4.1%*	*0.9%*	*-3.2pp*	*-2.9pp*	*5.1%*	*3.8%*	*-1.3pp*	*2.8pp*
Normalised net income	1.4	0.1	-90.2%	-93.6%	1.9	1.2	-35.3%	777.9%
Reported net income	1.4	0.1	-94.1%	-96.2%	1.9	1.2	-36.4%	1342.8%
Normalised diluted EPS (c)	0.32	0.03	-90.2%	-93.6%	0.43	0.28	-35.3%	777.9%
Reported basic EPS (c)	0.31	0.02	-94.1%	-96.2%	0.41	0.26	-36.4%	1342.8%
Net debt/(cash)	(25.7)	(22.4)	-12.8%	-2.2%	(28.6)	(24.2)	-15.3%	8.0%

Source: Edison Investment Research

Exhibit 3: Financial summary

A$'k	2020	2021	2022	2023	2024	2025	2026e	2027e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Revenue	58,771	57,419	55,660	53,334	51,003	53,214	51,821	55,176
Cost of Sales	(9,786)	(9,689)	(8,740)	(9,093)	(9,214)	(7,874)	(8,551)	(9,104)
Gross Profit	48,985	47,730	46,920	44,241	41,789	45,340	43,271	46,072
EBITDA	5,793	3,972	(746)	6,784	4,799	8,788	4,735	6,104
Company adjusted operating profit	(447)	(2,690)	(6,579)	568	771	2,028	485	2,070
Normalised operating profit	1,081	(922)	(5,216)	2,051	138	4,269	654	2,010
Amortisation of acquired intangibles	0	0	0	0	0	0	0	0
Exceptionals	0	0	0	0	0	0	0	0
Share-based payments	(192)	(156)	(159)	(115)	(94)	(85)	(85)	(85)
Reported operating profit	889	(1,078)	(5,375)	1,936	44	4,184	569	1,925
Net Interest	(1,751)	(2,035)	(1,655)	(1,717)	(1,314)	(832)	(309)	(93)
Joint ventures & associates (post tax)	0	0	0	0	0	0	0	0
Exceptionals	0	0	0	0	0	0	0	0
Profit Before Tax (norm)	(670)	(2,957)	(6,871)	334	(1,176)	3,437	345	1,917
Profit Before Tax (reported)	(862)	(3,113)	(7,030)	219	(1,270)	3,352	260	1,832
Reported tax	216	856	1,617	(30)	456	(1,146)	(78)	(549)
Profit After Tax (norm)	(670)	(2,957)	(6,871)	288	(1,176)	2,262	241	1,342
Profit After Tax (reported)	(646)	(2,257)	(5,413)	189	(814)	2,206	182	1,282
Minority interests	0	0	0	0	0	(41)	(100)	(100)
Discontinued operations	0	0	0	0	0	0	0	0
Net income (normalised)	(670)	(2,957)	(6,871)	288	(1,176)	2,221	141	1,242
Net income (reported)	(646)	(2,257)	(5,413)	189	(814)	2,165	82	1,182
Basic average number of shares outstanding (m)	450.0	450.2	450.8	450.9	450.9	450.9	450.9	450.9
EPS - basic normalised (c)	(0.15)	(0.66)	(1.52)	0.06	(0.26)	0.49	0.03	0.28
EPS - diluted normalised (c)	(0.15)	(0.66)	(1.52)	0.06	(0.26)	0.49	0.03	0.28
EPS - basic reported (c)	(0.14)	(0.50)	(1.20)	0.04	(0.18)	0.48	0.02	0.26
Dividend (c)	0	0	0	0	0	0	0	0
Revenue growth (%)	1.5	(2.3)	(3.1)	(4.2)	(4.4)	4.3	(2.6)	6.5
Gross Margin (%)	83.3	83.1	84.3	83.0	81.9	85.2	83.5	83.5
EBITDA Margin (%)	9.9	6.9	(1.3)	12.7	9.4	16.5	9.1	11.1
Normalised Operating Margin (%)	1.8	(1.6)	(9.4)	3.8	0.3	8.0	1.3	3.6
BALANCE SHEET								
Fixed Assets	61,727	66,372	66,248	60,502	55,496	50,831	48,035	47,226
Intangible Assets	26,457	34,119	34,120	34,120	34,120	34,130	34,130	34,130
Tangible Assets	22,785	19,392	18,323	13,751	9,423	5,205	2,409	1,600
Deferred tax & other	12,485	12,861	13,805	12,631	11,953	11,496	11,496	11,496
Current Assets	41,964	38,955	30,797	28,182	28,467	26,850	26,574	28,501
Stocks	0	0	0	0	0	0	0	0
Debtors	5,593	6,448	4,825	3,927	2,340	1,911	2,130	2,268
Cash & cash equivalents	34,341	30,316	23,358	21,153	23,162	22,925	22,431	24,219
Other	2,030	2,191	2,614	3,102	2,965	2,014	2,014	2,014
Current Liabilities	48,170	50,849	48,831	45,009	45,857	45,383	44,230	44,281
Creditors	39,166	41,259	39,647	36,529	37,135	36,464	38,311	39,862
Tax and social security	87	43	18	4	0	358	358	358
Short-term borrowings	286	121	121	121	0	0	0	0
Lease liabilities	5,628	5,709	5,562	4,842	5,487	4,543	1,543	43
Other	3,003	3,717	3,483	3,513	3,235	4,018	4,018	4,018
Long-Term Liabilities	26,356	23,148	21,749	16,850	11,391	6,277	4,891	4,591
Long-term borrowings	0	0	0	0	0	0	0	0
Lease liabilities	19,094	16,082	15,519	12,187	6,911	2,420	1,034	734
Other long-term liabilities	7,262	7,066	6,230	4,663	4,480	3,857	3,857	3,857
Net Assets	29,165	31,330	26,465	26,825	26,715	26,021	25,488	26,855
Minority interests	(20)	(3,674)	(3,674)	(3,674)	(3,795)	(3,195)	(2,495)	(2,595)
Shareholders' equity	29,145	27,656	22,791	23,151	22,920	22,826	22,993	24,260
CASH FLOW								
Op Cash Flow before WC and tax	4,066	2,637	(943)	4,922	3,847	6,725	4,263	5,376
Working capital	5,094	(1,463)	(3,930)	(3,505)	(45)	2,536	1,628	1,413
Exceptional & other	(1,439)	1,313	535	339	1,950	(1,612)	0	0
Share-based payments	192	156	159	115	94	85	85	85
Net operating cash flow	7,913	2,643	(4,179)	1,871	5,846	7,734	5,977	6,874
Capex	(221)	(429)	(149)	(53)	(92)	(295)	(285)	(285)
Acquisitions/disposals	(28)	(7,662)	0	0	0	(1,527)	(800)	0
Borrowings	176	0	0	0	0	0	0	0
Equity financing	0	3,987	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0
Other	(2,721)	(3,479)	(3,845)	(4,201)	(4,955)	(5,386)	(5,386)	(4,800)
Net Cash Flow	5,119	(4,940)	(8,173)	(2,383)	799	526	(494)	1,789
Opening net debt/(cash)	(31,893)	(34,055)	(30,195)	(23,237)	(21,032)	(23,162)	(22,925)	(22,431)

Source: Freelancer, Edison Investment Research

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