

Rent.com.au Ltd

Company Update

Positive response to RentPay in its first 30 days

Rent.com.au Limited (ASX:RNT) is a purpose-led company seeking to empower home renters through their rental profile, rental bond and payments and through a growing number of aligned transactional services. The company has provided an update on the first 30 days of its transaction engine RentPay with 2,400 downloads of the app to date and a 54% activation rate. This is in line with the company's expectations for the app at this point. Rent.com.au is targeting to have 200,000 paying customers on RentPay by June 2023, which is just under 10% of rental households. This is a higher penetration rate than we have applied to our base case valuation of \$0.35/share. The company also announced that it has appointed former New York based brand strategy director Hayley Parker as General Manager - Marketing for the company. In previous roles, Ms Parker launched JP Morgan Chase's US investing app, and led brand strategy at both US and Australian financial and consumer brands including eToro, National Australia Bank, Kmart and Macys. Ms Parker will now oversee a much broader marketing campaign for RentPay, initially focused on Rent.com.au's existing channel of 700,000 monthly users and then extending to the entire rental community of 2.5m+ households. In our view, the current share price of \$0.155/share houses little for the company's move to a transactions-based business.

Business model

Rent.com.au generates revenue from advertising and from rental products, with revenue for the latter derived from RentCheck, which verifies a renter's identity and checks their record against the National Tenancy Database, from RentConnect which delivers an integrated utility connection and \$100 gift card to renters in conjunction with AGL, and from RentBond, RNT's "move now pay later" product which helps renters bridge the gap from one rental property to another by financing their bond online. The company's RentPay app platform allows renters total financial flexibility in terms of how they make their rent payments while giving agents and landlords surety of payments on time. It also aligns Rent.com.au to the tenancy period, giving it an opportunity to engage with its audience for longer and extend the relationship into other revenue lines including insurance, telco, loan & finance products.

Positive start to transactional transition

Rent.com.au has announced that in the first 30 days of RentPay, the app was rated 4.9 (out of 5 stars) in both the Google and Apple stores, that there had been 2,400 downloads of the app, 2,200 registered customers, 1,300 activating customers, and 100 paying customers. The company is now focusing on a faster conversion of activating to paying customers by streamlining the verification process (fraud and anti-money laundering) and customer security. RNT expects a significant lift in the number of paying customers through the balance of June and into July as it begins marketing to its existing customer base.

Base case DCF valuation of \$0.35/share is conservative

Our base case DCF valuation for Rent.com.au of \$0.35/share is predicated on our expectation that RentPay will secure 5% of renters on its platform by FY23 and 20% by FY30. In our view this is entirely achievable and may well prove too conservative, particularly given the company's target for 200,000 RentPay customers by FY23. As we demonstrated in our report of [18 May 2021](#), if Rent.com.au achieves its ambitions, our base case valuation rises to \$0.91/share. Ongoing evidence of faster than forecast takeup together with the expansion of RentPay into other transactional products will likely result in our forecasts being revisited.

Earnings History and RaaS's Estimates

| Year end | Sales Revenue (A\$m) | Gross Profit (A\$m) | EBITDA(A\$m) | NPAT (A\$m) | EPS (c) | EV/Sales (x) |
|----------|----------------------|---------------------|--------------|-------------|---------|--------------|
| 06/20a | 2.5 | 1.5 | (0.8) | (1.7) | (0.6) | 18.9 |
| 06/21e | 3.0 | 1.9 | (0.7) | (1.1) | (0.2) | 19.2 |
| 06/22e | 6.0 | 3.4 | 0.2 | (0.2) | (0.0) | 9.5 |
| 06/23e | 13.9 | 7.4 | 2.8 | 1.6 | 0.4 | 3.8 |

Source: RaaS Advisory Estimates for FY21e, FY22e and FY23e, Company Data for historical earnings

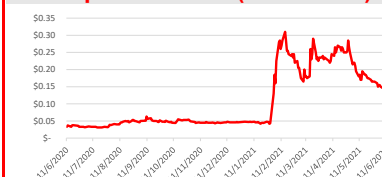
Software & Services

11th June 2021

Share details

| | |
|---|---------|
| ASX Code | RNT |
| Share price (intraday) | \$0.155 |
| Market Capitalisation | \$61.6M |
| Shares on issue | 397.7M |
| In the money options/performance rights | 29.5M |
| Net cash 31 Mar 2021 | \$3.8M |

Share performance (12 months)



Upside Case

- Purpose-led culture underpinning improving business metrics
- Opportunity to expand RentPay into other payments products
- Opportunity to upsell existing 700,000 monthly unique visitors into RentPay

Downside Case

- Advertising revenues exposed to cyclical trends
- Investment in RentPay and other products may require further capital
- Small player relative to other online portals

Catalysts

- Evidence of takeup of RentPay
- Expansion of RentPay into other products
- Further evidence of operational momentum

Board of Directors

| | |
|---------------|-------------------------|
| Garry Garside | Non-Executive Chairman |
| Sam McDonagh | Non-Executive Director |
| Phil Warren | Non-Executive Director |
| John Wood | Non-Executive Director |
| Greg Bader | Chief Executive Officer |

Company contact

| | |
|-----------------------|-----------------|
| Greg Bader (CEO)/ | +61 8 6145 2602 |
| Jan Ferreira (CFO) | |
| Investors@rent.com.au | |

RaaS Advisory contacts

| | |
|----------------------------|-----------------|
| Finola Burke | +61 414 354 712 |
| finola.burke@raasgroup.com | |

Exhibit 1: Financial Summary

| Rent.com.au Ltd | | | | | | Share price (11 June 2021) | | | | | | A\$ | | 0.16 |
|-----------------------------|--------|--------|--------|--------|--------|----------------------------|--------|----------|----------|----------|-----------|---------|-------|------|
| Profit and Loss (A\$m) | | | | | | Interim (A\$m) | | H120A | H220A | H121A | H221F | H122F | H222F | |
| Y/E 30 June | FY19A | FY20A | FY21F | FY22F | FY23F | Revenue | 1.2 | 1.3 | 1.5 | 1.5 | 2.1 | 3.9 | | |
| | | | | | | EBITDA underlying | (0.7) | (0.3) | (0.3) | (0.4) | (0.2) | 0.5 | | |
| Sales Revenue | 2.2 | 2.5 | 3.0 | 6.0 | 13.9 | EBIT | (1.2) | (0.7) | (0.7) | (0.7) | (0.5) | 0.2 | | |
| Gross Profit | 0.8 | 1.5 | 1.9 | 3.4 | 7.4 | NPAT (normalised) | (1.0) | (0.7) | (0.2) | (0.7) | (0.3) | 0.2 | | |
| EBITDA underlying | (2.0) | (0.8) | (0.7) | 0.2 | 2.8 | Minorities | 0.0 | 0.0 | 0.0 | - | - | - | | |
| EBITDA reported | (1.9) | (0.8) | (0.9) | 0.2 | 2.8 | NPAT (reported) | (0.9) | (0.7) | (0.4) | (0.7) | (0.3) | 0.1 | | |
| Depn | (0.0) | (0.1) | (0.0) | (0.0) | (0.0) | EPS (normalised) | (0.3) | (0.2) | (0.1) | (0.2) | (0.08) | 0.03 | | |
| Amort | (0.5) | (0.8) | (0.7) | (0.5) | (0.5) | EPS (reported) | (0.3) | (0.2) | (0.1) | (0.2) | (0.08) | 0.03 | | |
| EBIT | (2.6) | (1.7) | (1.6) | (0.3) | 2.3 | Dividend (cps) | 0.0 | 0.0 | 0.0 | - | - | - | | |
| Interest | 0.0 | (0.0) | 0.0 | 0.0 | 0.1 | Imputation | 0.0 | 0.0 | 0.0 | - | - | - | | |
| Tax | 0.0 | 0.0 | (0.0) | 0.1 | (0.7) | Operating cash flow | (0.6) | (0.1) | 0.2 | (0.1) | (0.0) | 1.0 | | |
| Minorities | 0.0 | (0.0) | 0.0 | 0.0 | (0.1) | Free Cash flow | (0.5) | 0.2 | 0.3 | 0.1 | 0.2 | 1.2 | | |
| Equity accounted assoc | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Divisions | H120A | H220A | H121A | H221F | H122F | H222F | | |
| NPAT pre significant items | (2.6) | (1.7) | (1.1) | (0.2) | 1.6 | Fees from Agents/Landlords | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | | |
| Significant items | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | Rental Products | 0.6 | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 | | |
| NPAT (reported) | (2.5) | (1.7) | (1.1) | (0.2) | 1.6 | Advertising | 0.5 | 0.0 | 0.5 | 0.5 | 0.7 | 0.6 | | |
| Cash flow (A\$m) | | | | | | RentPay | 0.0 | 0.0 | 0.1 | 0.1 | 0.5 | 2.3 | | |
| Y/E 30 June | FY19A | FY20A | FY21F | FY22F | FY23F | Total Revenue | 1.2 | 0.8 | 1.5 | 1.5 | 2.1 | 3.9 | | |
| EBITDA | (2.0) | (0.8) | (0.7) | 0.2 | 2.8 | | | | | | | | | |
| Interest | 0.0 | (0.0) | 0.0 | 0.0 | 0.1 | COGS | (0.5) | (0.5) | (0.5) | (0.6) | (0.9) | (1.7) | | |
| Tax | 0.0 | 0.0 | (0.0) | (0.1) | (0.7) | Gross profit | (0.48) | (0.46) | (0.46) | (0.49) | (0.40) | 0.56 | | |
| Working capital changes | 0.1 | 0.0 | 0.5 | 0.8 | 2.0 | Employment | (1.0) | (0.9) | (0.8) | (1.0) | (1.0) | (1.3) | | |
| Operating cash flow | (1.9) | (0.8) | (0.2) | 1.0 | 4.2 | SGA&A | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | | |
| Mtce capex | (0.0) | (0.0) | 0.0 | 0.0 | 0.0 | | | | | | | | | |
| Free cash flow | (1.9) | (0.8) | (0.2) | 1.0 | 4.2 | EBITDA | (0.7) | (0.3) | (0.3) | (0.4) | (0.2) | 0.5 | | |
| Growth capex | (0.6) | (0.5) | (0.3) | (0.5) | (0.5) | Margins, Leverage, Returns | | FY19A | FY20A | FY21F | FY22F | FY23F | | |
| Acquisitions/Disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EBITDA | | (93.4%) | (31.5%) | (24.0%) | 4.1% | 20.3% | | |
| Other | 0.0 | 0.0 | (0.4) | 0.0 | 0.0 | EBIT | | (119.6%) | (67.6%) | (54.9%) | (4.8%) | 16.6% | | |
| Cash flow pre financing | (2.5) | (1.2) | (0.8) | 0.5 | 3.7 | NPAT pre significant items | | (119.2%) | (67.9%) | (35.7%) | (2.9%) | 11.2% | | |
| Equity | 0.5 | 2.0 | 4.1 | 0.0 | 0.0 | Net Debt (Cash) | | 0.1 | 0.6 | 4.0 | 4.5 | 8.1 | | |
| Debt | (0.0) | (0.1) | (0.0) | 0.0 | 0.0 | Net debt/EBITDA (x) | (x) | n/a | n/a | n/a | 18.3 | 2.9 | | |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | ND/ND+Equity (%) | (%) | (10.0%) | (52.4%) | (426.6%) | (1635.6%) | 472.2% | | |
| Net cash flow for year | (2.0) | 0.7 | 3.3 | 0.5 | 3.7 | EBIT interest cover (x) | (x) | n/a | n/a | n/a | n/a | - | 0.0 | |
| Balance sheet (A\$m) | | | | | | ROA | | (78.3%) | (68.1%) | (37.8%) | (4.4%) | 24.7% | | |
| Y/E 30 June | FY19A | FY20A | FY21F | FY22F | FY23F | ROE | | (174.6%) | (103.5%) | (31.8%) | (3.6%) | 27.9% | | |
| Cash | 0.2 | 0.6 | 4.0 | 4.5 | 8.2 | ROIC | nm | | 334.7% | (323.1%) | 121.2% | (80.7%) | | |
| Accounts receivable | 0.3 | 0.4 | 0.4 | 0.8 | 1.8 | NTA (per share) | n/a | | 0.00 | 0.01 | 0.01 | 0.01 | | |
| Inventory | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Working capital | | (0.3) | (0.2) | (0.5) | (1.2) | (3.2) | | |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | WC/Sales (%) | | (12.9%) | (7.1%) | (15.1%) | (20.3%) | (23.0%) | | |
| Total current assets | 0.5 | 1.0 | 4.4 | 5.3 | 10.0 | Revenue growth | | (6.9%) | 13.3% | 22.2% | 101.5% | 130.8% | | |
| PPE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EBIT growth pa | n/a | n/a | n/a | n/a | n/a | nm | | |
| Intangibles and Goodwill | 1.7 | 1.5 | 1.5 | 1.5 | 1.5 | Pricing | | FY19A | FY20A | FY21F | FY22F | FY23F | | |
| Investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | No of shares (y/e) | (m) | 249 | 303 | 398 | 398 | 398 | | |
| Deferred tax asset | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | Weighted Av Dil Shares | (m) | 238 | 292 | 313 | 398 | 398 | | |
| Other non current assets | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | | | | | | | | | |
| Total non current assets | 1.7 | 1.6 | 1.6 | 1.7 | 1.7 | EPS Reported | cps | (1.1) | (0.6) | (0.3) | (0.0) | 0.4 | | |
| Total Assets | 2.2 | 2.7 | 6.0 | 7.0 | 11.7 | EPS Normalised/Diluted | cps | (1.1) | (0.6) | (0.2) | (0.0) | 0.4 | | |
| Accounts payable | 0.6 | 0.6 | 0.8 | 2.0 | 5.0 | EPS growth (norm/dil) | | n/a | n/a | n/a | n/a | nm | | |
| Short term debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | DPS | cps | - | - | - | - | - | | |
| Tax payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | DPS Growth | | n/a | n/a | n/a | n/a | n/a | | |
| Other current liabilities | 0.2 | 0.3 | 0.2 | 0.2 | 0.2 | Dividend yield | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | |
| Total current liabilities | 0.8 | 0.8 | 1.1 | 2.2 | 5.2 | Dividend imputation | | 0 | 0 | 0 | 0 | 0 | | |
| Long term debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | PE (x) | | - | - | - | - | 39.5 | | |
| Other non current liabs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | PE market | | 18.5 | 18.5 | 18.5 | 18.5 | 18.5 | | |
| Total long term liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Premium/(discount) | | (100.0%) | (100.0%) | (100.0%) | (100.0%) | 113.6% | | |
| Total Liabilities | 0.8 | 0.9 | 1.1 | 2.3 | 5.3 | EV/EBITDA | - | 19.1 | - | 59.8 | - | 80.2 | 232.7 | 18.9 |
| Net Assets | 1.4 | 1.8 | 4.9 | 4.8 | 6.4 | FCF/Share | cps | (0.8) | (0.2) | (0.0) | 0.2 | 1.0 | | |
| Share capital | 35.3 | 37.1 | 41.4 | 41.4 | 41.4 | Price/FCF share | - | 20 | - | 62.1 | - | 329.9 | 62.4 | 14.8 |
| Accumulated profits/losses | (40.2) | (41.9) | (43.0) | (43.1) | (41.5) | Free Cash flow Yield | | (4.9%) | (1.6%) | (0.3%) | 1.6% | 6.7% | | |
| Reserves | 6.3 | 6.6 | 6.5 | 6.5 | 6.5 | | | | | | | | | |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | | |
| Total Shareholder funds | 1.4 | 1.8 | 4.9 | 4.8 | 6.4 | | | | | | | | | |

Source: RaaS Advisory

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS, 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the 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 Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been commissioned by Rent.com.au Ltd prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory has been paid a fee to prepare this report. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2021 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.