

Cashrewards Limited

Building a cashback digital ecosystem

Cashrewards (ASX:CRW) is Australia's leading cashback ecosystem, which rewards its members with cashback rewards in exchange for shopping within CRW's network of more than 1,700 merchant partners. The cashback reward provided to the shopper is funded by the merchant, who in exchange obtains the ability to market to a large and fast-growing group of engaged shoppers. CRW earns revenues via sales commissions on transactions generated by their members, which averaged 5.9% in FY21. CRW is a digital-focused business with core assets represented by the company website and mobile phone app. The company listed on the ASX in December 2020 and raised \$65 million at \$1.73/share (\$45 million of which was retained by the company to fund investment in development of the platform). The business was founded in 2014 by Andrew Clarke who is on the Board as a Non-Executive Director and retains a 23% stake in the company's shares.

Business model

Cashrewards utilises the data generated by its customers through transactions both online and in-store to work with merchant partners on the platform to improve customer engagement and drive KPIs such as foot traffic, conversion rates, repeat purchase rates, or direct promotions. With the deployment of funds raised at the IPO the business is investing to scale its membership base with an ambition to close in on the considerably higher cashback penetration levels seen in like markets overseas and in the technology underpinning the platform to drive increased shopping frequency.

Underlying revenue growth of 54% to \$20.1m in FY21

The company has only recently listed on the ASX (December 2020) and is approaching its first full year as a listed company. In July 2021, the company secured a significant agreement with ANZ bank to launch a product called "Cashrewards Max" to ANZ's 4.7 million consumer credit and debit card holders. Note that ANZ owns 19% of CRW shares which were acquired in the IPO. The company recently reported FY21 results with highlights including TTV of \$351 million (+49% compared to FY20), active members up by 38% to 273k and underlying revenue (net of the COVID-19 impacted travel industry and giftcards) +54% to \$20.1 million. One of the non-executive directors, Lauren Williams, announced her resignation in early August 2021, with the company continuing a search process for a replacement.

Aiming for market leadership in Australian cashback

While there are many customer loyalty programs in the Australian marketplace, CRW is aiming to become the "default cashback ecosystem". Given the strong network effects between having a large membership base of high-value potential customers and the consequent strong incentives for merchant partners to join the platform (and thereby expand the potential spending of members within the ecosystem) obtaining scale quickly is crucial in what is likely to be a business model dominated by a single player in the Australian market. CRW has a strong brand and established presence in the Australian market and is backed by ANZ as a major shareholder. The company also appears well funded in the wake of the recent IPO and therefore looks to have strong prospects of delivering further growth.

Historical earnings and ratios

Year end	Revenue (A\$m)	Gross Profit (A\$m)	EBITDA Adj.*	EBITDA Rep. (A\$m)	NPAT Rep. (A\$m)	EPS Rep. (c)	EV/Sales (x)
06/20a	17.1	5.4	(3.93)	(3.93)	(6.63)	(16.63)	3.2
06/21a	22.1	3.8	(26.50)	(26.50)	(29.7)	(45.57)	2.5

Source: Company data *EBITDA and NPAT adj for one-time, non-cash items

Online retailing

10th September 2021

Share details

ASX Code	CRW
Share price	\$0.78
Market Capitalisation	\$61.5M
Shares on issue	78.8M
Net Cash at 30/06/2021	\$26.1M
Free float	33.18%

Share performance (since listing)



Upside Case

- Success of similar business models overseas
- Exposed to strong domestic retail conditions
- Digital business with strong network effects

Downside Case

- Exposure to retail cycle
- Consumer loyalty programs are diverse and highly competitive
- Cost of new customer acquisition in the digital space can fluctuate

Catalysts/upcoming events

Discussion of progress at AGM (circa November 2021)

Evidence of growth in TTV in Quarterly and Interim results through FY22

Comparable companies (Aust/NZ)

Adslot (ASX:ADS), Adveritas (ASX:AV1), Harris Technology (ASX: HT8), Plexure (ASX:PX1), Zebit (ASX:ZBT)

Top 5 shareholders

Andrew Clarke	23.05%
ANZ Bank	19.00%
Rajeev Gupta	9.00%
M&S Skyleisure Pty Ltd	6.47%
Molbek Pty Ltd	3.56%

Company contacts

Bernard Wilson (CEO) +61 400 304 147
investors@cashrewards.com

RaaS Advisory contacts

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



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: Level 14, 344 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 prepared and issued by RaaS Advisory Pty Ltd trading as Research as a Service (“RaaS”). This research is issued in Australia by RaaS 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. 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.

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.