

### Oversubscribed \$2.5m raise set to accelerate RentPay

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 announced it has secured binding commitments to raise \$2.5m before costs through the issue of 41.67m shares at \$0.06/share. The oversubscribed placement was done at a 1.6% discount to RNT's last traded price of \$0.061/share and was supported by existing substantial shareholders and new investors. We understand that this includes tech investor Bevan Slattery, who holds ~10% through his investment vehicle Capital B Asset Management, and fund manager SG Hiscock. Rent.com.au intends to use the proceeds to fast-track key RentPay developments and increase its marketing efforts for both RentPay and its core Rent.com.au platform. The company noted that it had seen increasing interest from real-estate agents in the RentPay product. Late last year, RNT announced a collaboration with Rental Management Australia (RMA), which manages more than \$4b in rental assets across Western Australia, Queensland and Victoria. The partnership will see RentPay made available to ~6,000 renters with all new tenants having access to the platform which includes the Scorebuilder, the Savings Buffer and Safetynet features as well as allowing renters flexibility on payment timing while matching the rent cycle. We expect to see similar partnerships emerge over the course of calendar 2022. We have incorporated the placement in our model and our base-case valuation is now \$0.28/share (previously \$0.31/share).

### 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, telecommunications, loan and finance products.

### Oversubscribed placement sets up Rent.com.au for 2022

Rent.com.au noted that it had initially set out to raise \$2.0m but was well over-subscribed, closing it off at \$2.5m. The company plans to use the funds to accelerate its marketing efforts for RentPay, having spent the past six months since its soft launch learning what marketing strategies worked and what it customers wanted. RNT will also use the funds to add new features and functionality to RentPay such as new payment choices, improved customer flows and rewards systems as well as increased marketing of its core platform Rent.com.au.

### Base-case DCF valuation of \$0.28/share

Our base-case DCF valuation for Rent.com.au is \$0.28/share (previously \$0.31/share) after adjusting for the additional shares being issued in the placement. In dollar terms our base-case valuation has lifted slightly to \$125.3m from \$123.0m. Our valuation is predicated on our expectation that RentPay will secure 5% of renters on its platform by FY23 and 20% by FY30. Evidence of faster-than-forecast takeup of RentPay together with the expansion of RentPay into other transactional products will likely result in our forecasts being revisited.

#### Earnings History and RaaS' Estimates (In A\$ unless otherwise stated)

Year end	Sales Revenue	Gross Profit	EBITDA	NPAT	EPS (c)	EV/Sales (x)
06/20a	2.5	1.5	(1.1)	(1.7)	(0.6)	9.0
06/21a	3.1	1.8	(0.7)	(1.0)	(0.4)	8.7
06/22e	4.5	2.3	(0.8)	(1.2)	(0.3)	6.
06/23e	12.0	6.6	2.4	1.0	0.2	2.5

Source: RaaS estimates for FY22e and FY23e; Company data for historical earnings

### Software & Services

13<sup>th</sup> January 2022

#### Share Details

ASX code	RNT
Share price (intraday)	\$0.075
Market capitalisation	\$33.0M
Shares on issue (post-raise)	439.9M
In-the-money options/performance rights	25.7M
Net cash (est)	\$2.7M

#### 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

- Further evidence of takeup of RentPay
- Expansion of RentPay into other products
- Ongoing 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

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### Exhibit 1: Financial Summary

Rent.com.au Ltd						Share price (13 January 2022)						A\$ 0.08		
Profit and Loss (A\$m)						Interim (A\$m)								
Y/E 30 June	FY19A	FY20A	FY21A	FY22F	FY23F		H121A	H221A	H122F	H222F	H123F	H223F		
						Revenue	1.5	1.6	1.8	2.7	4.8	7.2		
						EBITDA underlying	(0.3)	(0.4)	(0.7)	(0.2)	0.7	1.8		
Sales Revenue	2.2	2.5	3.1	4.5	12.0	EBIT	(0.7)	(0.8)	(1.1)	(0.6)	0.2	1.3		
Gross Profit	0.8	1.5	1.8	2.3	6.6	NPAT (normalised)	(0.2)	(0.8)	(0.8)	(0.4)	0.2	0.9		
EBITDA underlying	(2.1)	(1.1)	(0.7)	(0.8)	2.4	Minorities	0.0	-	-	-	0.0	0.0		
EBITDA reported	(2.0)	(1.1)	(1.0)	(0.8)	2.4	NPAT (reported)	(0.4)	(0.9)	(0.8)	(0.4)	0.2	0.9		
Depn	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)	EPS (normalised)	(0.1)	(0.3)	(0.19)	(0.10)	0.03	0.21		
Amort	(0.5)	(0.8)	(0.8)	(0.9)	(0.9)	EPS (reported)	(0.1)	(0.2)	(0.19)	(0.10)	0.03	0.21		
EBIT	(2.7)	(2.0)	(1.6)	(1.7)	1.5	Dividend (cps)	0.0	-	-	-	-	-		
Interest	0.0	(0.0)	(0.0)	0.0	0.0	Imputation	0.0	-	-	-	-	-		
Tax	0.0	0.0	(0.0)	0.5	(0.4)	Operating cash flow	0.2	(0.3)	(1.2)	(0.3)	0.2	1.0		
Minorities	0.0	(0.0)	(0.0)	0.0	(0.1)	Free Cash flow	0.6	1.0	(0.6)	0.2	0.8	1.5		
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	<b>Divisions</b>	<b>H121A</b>	<b>H221A</b>	<b>H122F</b>	<b>H222F</b>	<b>H123F</b>	<b>H223F</b>		
NPAT pre significant items	(2.6)	(1.7)	(1.0)	(1.2)	1.0	Fees from Agents/Landlords	0.1	0.1	0.1	0.1	0.1	0.1		
Significant items	0.1	0.0	(0.3)	0.0	0.0	Rental Products	0.8	0.8	0.8	0.9	0.9	1.0		
<b>NPAT (reported)</b>	<b>(2.5)</b>	<b>(1.7)</b>	<b>(1.3)</b>	<b>(1.2)</b>	<b>1.0</b>	Advertising	0.5	0.7	0.8	0.9	0.9	0.9		
						RentPay	0.1	0.1	0.0	0.9	3.0	5.2		
						Total Revenue	<b>1.5</b>	<b>1.6</b>	<b>1.8</b>	<b>2.7</b>	<b>4.8</b>	<b>7.2</b>		
<b>Cash flow (A\$m)</b>	<b>Y/E 30 June</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21A</b>	<b>FY22F</b>	<b>FY23F</b>								
EBITDA	(2.1)	(1.1)	(0.7)	(0.8)	2.4	COGS	(0.5)	(0.7)	(1.0)	(1.2)	(2.1)	(3.3)		
Interest	0.0	(0.0)	(0.0)	0.0	0.0	Gross profit	(0.46)	(0.66)	(0.92)	(0.30)	0.85	1.92		
Tax	0.0	0.0	(0.0)	0.0	(0.4)	Employment	(0.8)	(0.8)	(1.0)	(1.2)	(1.4)	(1.5)		
Working capital changes	0.2	0.4	0.7	(0.7)	(0.9)	SGA&A	(0.4)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)		
Operating cash flow	(1.9)	(0.8)	(0.1)	(1.5)	1.2	EBITDA	<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>(0.2)</b>	<b>0.7</b>	<b>1.8</b>		
Mtce capex	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	Margins, Leverage, Returns		<b>FY19A</b>	<b>FY20A</b>	<b>FY21A</b>	<b>FY22F</b>	<b>FY23F</b>		
Free cash flow	(1.9)	(0.8)	(0.1)	(1.6)	1.1	EBITDA		(97.9%)	(46.0%)	(22.3%)	(18.1%)	20.4%		
Growth capex	(0.6)	(0.5)	(1.6)	(1.0)	(1.0)	EBIT		(124.1%)	(82.0%)	(50.4%)	(37.4%)	12.7%		
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	NPAT pre significant items		(120.4%)	(67.9%)	(32.1%)	(26.1%)	8.6%		
Other	0.0	0.0	0.0	0.0	0.0	Net Debt (Cash)		0.1	0.6	2.9	2.7	2.8		
Cash flow pre financing	(2.5)	(1.2)	(1.7)	(2.6)	0.1	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	n/a	1.1		
Equity	0.5	2.0	4.2	2.5	0.0	ND/ND+Equity (%)	(%)	(10.0%)	(52.4%)	(143.6%)	(79.5%)	(62.6%)		
Debt	(0.0)	(0.1)	(0.1)	0.0	0.0	EBIT interest cover (x)	(x)	n/a	n/a	n/a	n/a	0.0		
Dividends paid	0.0	0.0	0.0	0.0	0.0	ROA		(81.2%)	(82.8%)	(36.4%)	(25.8%)	18.2%		
Net cash flow for year	(2.0)	0.7	2.4	(0.1)	0.1	ROE		(176.4%)	(103.5%)	(37.9%)	(21.5%)	15.7%		
						ROIC	nm		406.6%	(148.9%)	(116.1%)	184.2%		
<b>Balance sheet (A\$m)</b>	<b>Y/E 30 June</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21A</b>	<b>FY22F</b>	<b>FY23F</b>								
Cash	0.2	0.6	2.9	2.7	2.8	NTA (per share)	n/a		0.00	0.01	0.01	0.01		
Accounts receivable	0.3	0.4	0.5	1.3	3.4	Working capital		(0.3)	(0.2)	(0.2)	0.4	1.3		
Inventory	0.0	0.0	0.0	0.0	0.0	WC/Sales (%)		(12.9%)	(7.1%)	(7.5%)	9.8%	10.9%		
Other current assets	0.0	0.0	0.0	0.0	0.0	Revenue growth		(6.9%)	13.3%	26.2%	45.6%	166.2%		
Total current assets	0.5	1.0	3.4	4.0	6.2	EBIT growth pa	n/a	n/a	n/a	n/a	n/a	nm		
PPE	0.0	0.0	0.0	0.1	0.2	<b>Pricing</b>		<b>FY19A</b>	<b>FY20A</b>	<b>FY21A</b>	<b>FY22F</b>	<b>FY23F</b>		
Intangibles and Goodwill	1.7	1.5	2.4	2.6	2.7	No of shares (y/e)	(m)	249	303	398	440	440		
Investments	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	238	292	313	435	440		
Deferred tax asset	0.0	0.0	0.0	0.5	0.5	EPS Reported	cps	(1.1)	(0.6)	(0.4)	(0.3)	0.2		
Other non current assets	0.0	0.1	0.0	0.0	0.0	EPS Normalised/Diluted	cps	(1.1)	(0.6)	(0.4)	(0.3)	0.2		
Total non current assets	1.7	1.6	2.5	3.2	3.3	EPS growth (norm/dil)		n/a	n/a	n/a	n/a	nm		
<b>Total Assets</b>	<b>2.2</b>	<b>2.7</b>	<b>5.9</b>	<b>7.1</b>	<b>9.5</b>	DPS	cps	-	-	-	-	-		
Accounts payable	0.6	0.6	0.7	0.8	2.1	DPS Growth		n/a	n/a	n/a	n/a	n/a		
Short term debt	0.0	0.0	0.0	0.0	0.0	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%		
Tax payable	0.0	0.0	0.0	0.0	0.0	Dividend imputation		0	0	0	0	0		
Other current liabilities	0.2	0.3	0.2	0.2	0.2	PE (x)		-	-	-	-	30.1		
Total current liabilities	0.8	0.8	1.0	1.1	2.4	PE market		18.5	18.5	18.5	18.5	18.5		
Long term debt	0.0	0.0	0.0	0.0	0.0	Premium/discount		(100.0%)	(100.0%)	(100.0%)	(100.0%)	62.9%		
Other non current liabs	0.0	0.0	0.0	0.0	0.0	EV/EBITDA	-	8.8	- 19.5	- 39.1	- 37.3	12.4		
Total long term liabilities	0.0	0.0	0.0	0.0	0.0	FCF/Share	cps	(0.8)	(0.2)	(0.0)	-0.3	0.3		
<b>Total Liabilities</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>	<b>2.4</b>	Price/FCF share	-	10	- 30.0	- 18,889.6	- 23.6	26.1		
<b>Net Assets</b>	<b>1.4</b>	<b>1.8</b>	<b>4.9</b>	<b>6.0</b>	<b>7.1</b>	Free Cash flow Yield		(10.1%)	(3.3%)	(0.0%)	(4.2%)	3.8%		
Share capital	35.3	37.1	41.5	43.8	43.8									
Accumulated profits/losses	(40.2)	(41.9)	(43.2)	(44.4)	(43.3)									
Reserves	6.3	6.6	6.6	6.6	6.6									
Minorities	0.0	0.0	(0.0)	(0.0)	(0.0)									
<b>Total Shareholder funds</b>	<b>1.4</b>	<b>1.8</b>	<b>4.9</b>	<b>6.0</b>	<b>7.1</b>									

Source: RaaS estimates



# FINANCIAL SERVICES GUIDE

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**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: 6<sup>th</sup> May 2021**



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

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