

Highly scalable agent rating platform

RMA Global Limited (ASX: RMY) has a vision to make its market leading 'RateMyAgent' platform a must-have for every active real estate agent in the US, Australia, New Zealand and beyond. The company's self-reinforcing Freemium business model, coupled with substantial Social Media marketing upsell opportunities has resulted in a leadership position in the Australian market, which is a blueprint for expansion into the US.

Network effect to work its magic

We expect the network effect, where more agents on the platform attract more vendor reviews which in turn attracts more agents, to drive revenue and margins going forward. This comes from agents using the site to market themselves by showing their sales and reviews. Additionally, the ease with which agents can market their listings on social media, circumventing traditional real estate websites is an additional key attraction, in our view.

The US market is key to RMY's future

In the lucrative US market, with a system of buying and selling agents and a large market size, 20% of the agents are responsible for 80% of property deals. RMY focuses on these 300,000 agents and has established partnerships to quickly acquire them on its platform, which attracted more than 185,000 agents by January 2022.

Additionally, there is an increase in agent engagement, as evidenced by the growth in vendor review numbers, where one-third of total reviews in the US have been generated in Q2 2022 alone. The number of Active Agents with a Claimed profile in the US is 6x larger than in Australia. Extrapolating the performance of the Australian market to date to the US, leads to potential Subscription and Promoter Revenues in the US that are 20x and 24x larger than in Australia.

Valuation range of A\$0.61 – A\$0.66 per share

We value RMY at A\$0.61 per share base case and A\$0.66 optimistic case using a DCF approach. We believe RMY has significant scope to re-rate on the back of its performance in the US market.

Year to June (A\$m)	2022F	2023F	2024F	2025F	2026F
Sales (m)	15.6	24.3	35.9	50.4	66.7
EBITDA (m)	-5.5	0.3	8.5	19.1	31.0
Net Profit (m)	-5.9	-0.1	8.0	18.6	28.3
EBITDA margin (%)	-35.5%	1.4%	23.6%	37.8%	46.4%
RoA (%)	-57.6%	-1.2%	70.5%	75.1%	58.6%
RoE (%)	-151.6%	-10.1%	165.0%	102.3%	68.0%
EPS	-1.23c	-0.02c	1.67c	3.88c	5.89c

Source: Company, Pitt Street Research

Share Price: A\$0.18

ASX: RMY

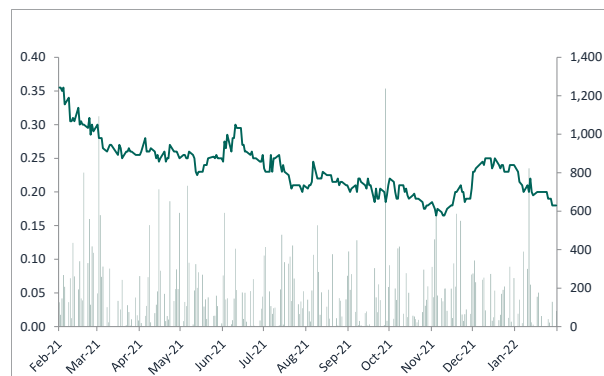
Sector: Internet Media & Services

22 February 2022

Market Cap. (A\$ m)	86.3
# Shares outstanding (m)	479.4
# Share fully diluted (m)	497.4
Market Cap Full. Dil. (A\$m)	86.3
Free Float	35.1%
12-months high/low (A\$)	0.385/0.16
Avg. daily volume ('1000)	182.5
Website	rma-global.com

Source: Company, Pitt Street Research

Share price (A\$) and avg. daily volume (k, r.h.s.)



Source: Thomson Reuters, Pitt Street Research

Valuation metrics	
DCF fair valuation range (A\$)	0.61-0.66
WACC	10.1%
Assumed terminal growth rate	2.50%

Source: Pitt Street Research

Disclosure: Pitt Street Research / Stocks Down Under
Directors own shares in RMY.

Analyst: Marc Kennis

Tel: +61 (0)434 838 134

marc.kennis@pittstreetresearch.com



Financial Statements

Profit & Loss (A\$'000)	2022E	2023E	2024E	2025E	2026E
Sales Revenue	15,577	24,304	35,918	50,389	66,717
Operating expenses	(21,104)	(23,969)	(27,429)	(31,330)	(35,736)
Profit before tax (before exceptionals)	(5,905)	(91)	8,016	18,586	30,534
Tax expense	0	0	0	0	(2,276)

Cash Flow (A\$'000)	2022E	2023E	2024E	2025E	2026E
Profit after tax	(5,905)	(91)	8,016	18,586	28,258
Depreciation	374	394	439	483	552
Change in trade and other receivables	(14)	(90)	(23)	(1)	(41)
Change in trade payables	140	65	143	63	95
Change in Other operating activities	-	-	-	-	-
Operating cashflow	(5,401)	310	8,608	19,121	28,759
Capex (- asset sales)	(144)	(164)	(188)	(239)	(283)
Other investing activities	19	(31)	(57)	(49)	7
Investing cashflow	(91)	(140)	(165)	(175)	(126)
Dividends (ords & pref)	-	-	-	-	-
Equity raised (repurchased)	-	-	-	-	-
Debt drawdown (repaid)	-	-	-	-	-
Net change in cash	(5,898)	(86)	8,153	18,571	28,245
Cash at End Period	4,802	4,716	12,869	31,440	59,686

Balance Sheet (A\$'000)	2022E	2023E	2024E	2025E	2026E
Cash	4,802	4,716	12,869	31,440	59,686
Total Assets	7,300	7,288	15,449	34,037	62,339
Total Debt	0	0	0	0	0
Total Liabilities	6,358	6,437	6,582	6,584	6,628
Shareholders' Funds	942	851	8,867	27,453	55,711



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Introducing RMA Global

RMA (ASX: RMY) is an Australian online digital marketing business. It provides sale results data on real estate agents and agencies, statuses of active residential property listings as well as agent performance reviews from vendors and buyers of residential real estate.

The extensive data provided by the company is utilised by agents to build their profiles and market their portfolio of listings. Vendors can compare and shortlist agents themselves and sell their property. The company was formerly known as Digital Castle Pty. Ltd. The company was launched in 2014 in Australia and expanded to the US in 2017 and to New Zealand in 2018.

The Group's total revenue for FY21 amounted to A\$11.3m, of which A\$11.1m was recurring revenue (98.2% of total revenue). Recurring revenue includes subscriptions, promoter, and mortgage broking.

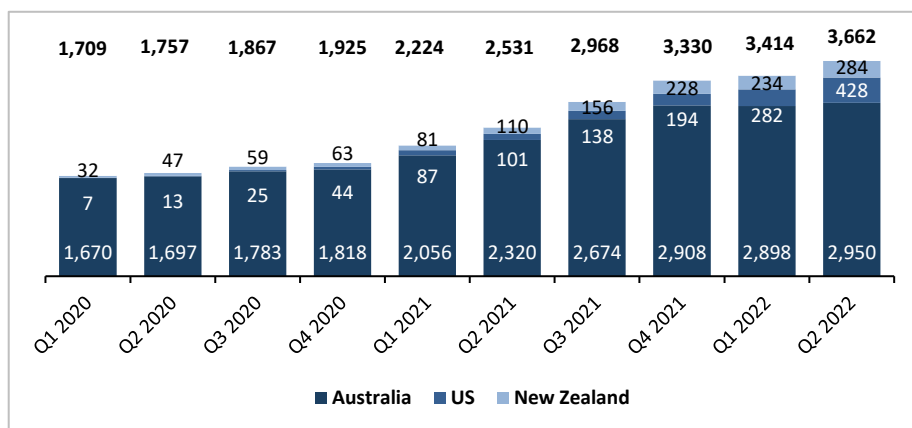
The majority of revenues in FY21 was contributed by Australia, accounting for 90% of total revenues. However, much is expected from the US market in the near future due to its large market size, dual agent system and high number of agents. The US revenue contribution grew from 4.7% in FY21 to 10% in H1Y22.

The group's recurring revenue amounted to A\$7.1m in 1HY22 compared to A\$4.8m in 1HY21, an increase of 48.8% year-over-year.

RMY has presence in Australia, New Zealand and US and is focused on monetization of its agent network

The US contribution to revenues is growing fast

Figure 1: Trend of group's recurring revenue by geography (A\$k)



Source: Company

RMY is focused on further monetisation of its dominant position in Australia and New Zealand, and the growth of agents on the platform in the US. Various product enhancement and marketing initiatives, along with data sharing and promotion partnerships as well as incentive programmes are instrumental in the company achieving these objectives.

Investing in marketing continues to be crucial in Australia and the US as the company aims to raise the brand awareness of "RateMyAgent" and deliver on targets around claimed agent profiles and vendor review in the US.

RMY plans to use its experience in the Australian market to drive exponential growth in the vast US market. The company also aims to become cash flow positive in FY22 through further monetisation of the existing Australian and New Zealand agent base and through growth of its agent network in the US.

Key reasons to look at RMA Global

High expectations for the US market based on Australian experience

The US market is 10 times larger than the Australian one, where circa 20% of agents are responsible for 80% of the property transactions and RMA's focus is on these 300,000 agents. The US market has very high potential judging by RMY's experience in the Australian market. Specifically, when looking at agent numbers and vendor review counts, RMY's US platform already has six times the number of Active Agents with a Claimed profile compared with the Australian platform. The US offers an upside of 20x Subscription Revenue and 24x Promoter Revenue when we extrapolate the uptake of services in Australia to the US market.

Dominating position in Australia and New Zealand

RMY has a leadership position in Australia where approximately 73% of active agents¹ in the market have claimed RMY profiles and 90% of the top 30% agents in the market have claimed RMY profiles. The company replicated its business model in the New Zealand market and has witnessed successful agent engagement, which has been reflected in the company's performance since the New Zealand launch.

Company benefitting from the network effect

In 1HY22 the company added 1,500 Active Agents with Claimed profiles in Australia, while the review count increased by ~141k. Before that, in FY21, the increase in Active Agents with Claimed profiles and reviews amounted to 2,100 and 224k, respectively. In other words, agents are being added to the platform, but reviews are being added at a much faster rate. This is leading to an increase in utility of the platform for both agents and vendors, which in turn attracts more agents followed by more reviews, making the platform self-reinforcing.

Similarly, in the US the ratio of new reviews to new active agents with a claimed profile stood at 1.1, 2.1 and 3 for the periods 1HY21, 2HY21 and 1HY22 respectively. So, the number of reviews per agent has been improving for 18 months and suggests the US market is following a similar pattern to Australia.

Comfortable financial position to fund US market rollout

RMY has the required funding for its planned expansion plans with close to A\$11m on its balance sheet as cash and cash equivalents as of FY 2021 (and no debt). The company raised A\$13.5m in 2020 – through a share placement and a share purchase plan. Previously, the company raised A\$10m in 2019 and A\$12m in 2018 through the IPO. It raised A\$5m in 2016 through a Series A funding round.

On-market buying by Chairman Williams

David Williams, RMY's Chairman who has a strong track record of building successful companies, has been buying RMY shares regularly. Mark Armstrong, co-founder of the company, had stepped down from the CEO role in 2020 to focus on the US rollout. The company plans to expand to Canada to leverage the agency partnerships in the US and may be dragged there

¹ Agents that have sold at least one property in the last 12 months

sooner through its partnerships with large brokerages with offices in both countries.

Business Model

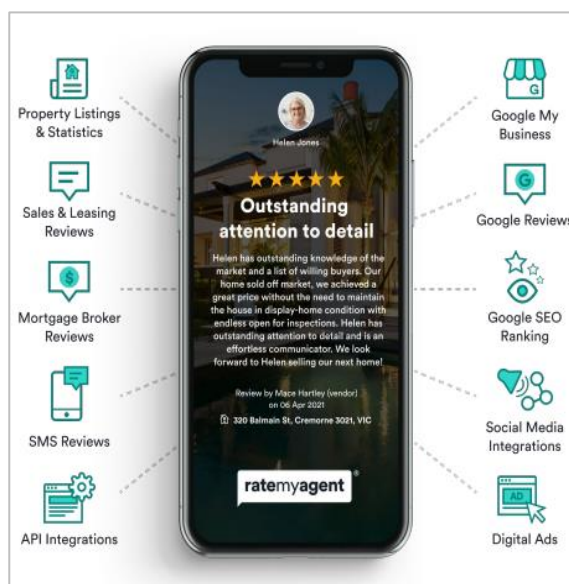
RMY's online platform, RateMyAgent, provides a database of agent profiles that are marked as active agent if they have accomplished at least one property sale in the previous 12 months. RMY sends invites to active agents with the objective of having the agents claim their profile on RMY's platform after which RMY provides them with access to basic products and services at no-charge.

In a next step, RMY encourages those agents with claimed profiles to engage on RateMyAgent by collecting customer reviews (property buyers and sellers) and to take advantage of the benefits provided by the platform. In the free model, the advantage is to build an attractive profile that can be found by vendors looking for an agent. RMY's ultimate objective is for the agents with a substantial number of reviews and popular profiles to buy paid subscriptions unlock value added services, which translates into revenue for the company.

Apart from the site dynamics, the company offers various awards such as 'Agent of the Year' to drive competition among the agents, driving them to request more reviews from their customers. RMY has integrated with various social media platforms, such as Domain and Google My Business to facilitate flow-through of reviews from the RateMyAgent platform.

RMY provides basic services to agents on its platform through a freemium model and provides further value-add services in a subscription model

Figure 2: Multiple offerings of RMY's platform



Source: Company

Figure 3: Agents at various stages



The company generates revenue through various avenues, such as Subscriptions, Promotions, and an Award Program:

- **Subscription Revenue** – A set of basic products and services are offered to agents and agencies through a “freemium model”, while premium services are provided with a subscription charge. Subscribed agents receive a more prominent profile and get access to a range of marketing products and services for a fee. In addition, in FY20, RMY launched a



Mortgage Broking service, which leverages off its existing product to provide a subscription service to mortgage brokers (launched primarily in Australia).

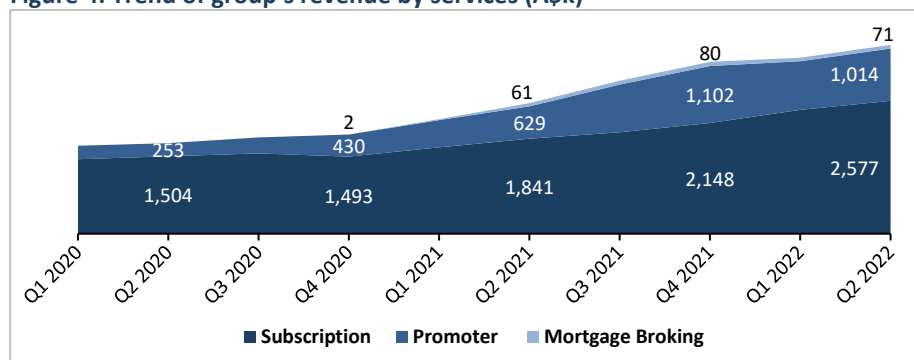
- **Promoter Revenue** – Promoter’s fees are generated through the promotion of agent and agency campaigns via third-party online advertising providers, including Google and Social Media platforms, such as Facebook. Campaigns are renewable and generally run for a duration 1 week to 3 months.

RMY currently has two platforms – Promoter and Promoter for Listings. Promoter, at its simplest, pushes an agent’s Review around social media to increase the agent’s profile visibility. Promoter for Listings was launched in 1Q22 and enables agents to advertise their current listings on various Social Media platforms and Google. With the help of both platforms, agents can advertise themselves and their listings and gain wide exposure. The new platform is expected to help vendors sell faster and more efficiently with usage of targeted ad campaigns, which in turn is likely to result in higher revenues for agents.

- **Awards Programme** – RMY also generates non-recurring revenue from its Awards programme. It awards agents for excellent performance and generates revenue from the sale of trophies, certificates and other memorabilia related to the awards.

RMY has an ‘RMA Awards Leader Board’ on its website, which displays agent’s relative positions in the respective suburbs/countries. The Awards lead to a spike in Reviews as agents compete for leadership positions.

Figure 4: Trend of group’s revenue by services (A\$K)



Source: Company

Subscription revenue of A\$5m in 1HY22 improved by 20.9% sequentially from A\$4.1m in 2HY21 and increased by 41.6% year-on-year (yoy) from A\$3.5m in 1HY21. Promoter revenue of A\$2.0m in 1HY22 was in-line with 2HY21 but grew 69% yoy compared to 1HY21.

The contribution of Subscription revenue and Promoter revenue to the group’s total recurring revenue amounted to 70.3% and 27.7%, respectively in 1HY22 in comparison to 69.0% and 28.8% FY21, i.e., these revenue lines are increasing in importance.

Dominating the agent review space in Australia

Average reviews per Active Agent with Claimed profile continue to increase

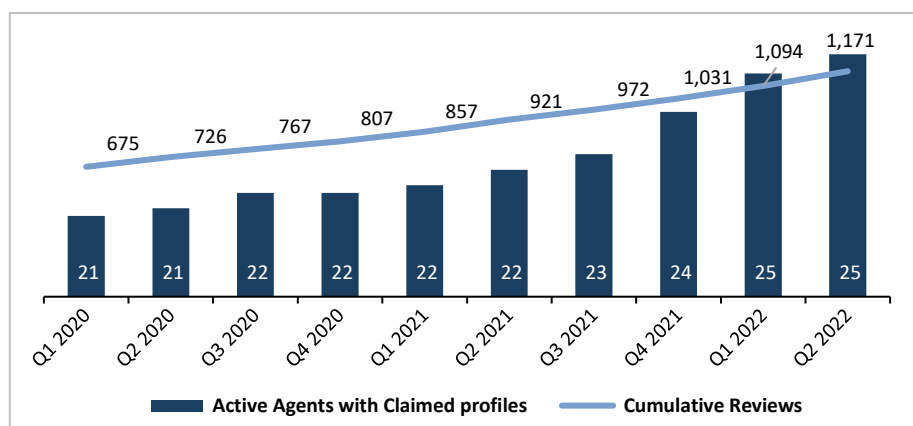
Growth in reviews per agent profile is a leading indicator of future paid subscription uptake

A real estate agent in the Australian market generally works for an agency on a salary plus commission. There is usually only one agent involved from the vendor's side in any transaction. RMY is a market leader in Australia where it has consolidated its position by growing the number of claimed agents and agent reviews on the RateMyAgent platform. Approximately 73% of active agents in the market have claimed RateMyAgent profiles, while 90% of the top 30% of agents have a claimed RateMyAgent profile. Furthermore, 81% of all residential properties sold in FY21 were sold by active agents with a claimed RateMyAgent profile.

RMY's focus in FY21 was on further monetising its dominant position in the Australian market. This has resulted in an increase in active agents, which when coupled with RMY's product improvements and expansion initiatives, has led to increased usage of its platform by active agents.

Furthermore, the cumulative number of reviews attached to an agent's profile provides an agent with an edge with visibility to property owners looking to retain an agent to sell their property. The significant increase in reviews over time is a reflection of agent engagement, which in turn is a leading indicator of paid subscriptions.

Figure 5: Active Agents with Claimed profiles and Reviews in Australia (x1,000)



Source: Company

In 1HY22 the company added 1,500 Active Agents with Claimed profiles in Australia, while the review count increased by ~141k. Before that, in FY21, the increase in Active Agents with Claimed profiles and reviews amounted to 2,100 and 224k, respectively.

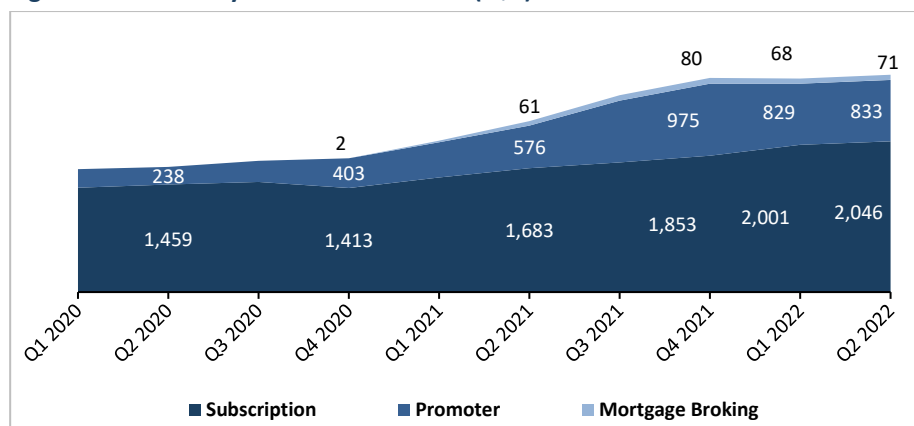
Average reviews per Active Agent with a Claimed profile have shown an increase from 37 in FY20 to 43 in FY21 and further increased to 47 in 1HY22.

We believe these are very encouraging trends that proves agent engagement should drive future revenue growth through subscriptions and promoter campaigns.

Average reviews per active agent grew to 47 in 1HY22, driving future revenue growth



Figure 6: Revenue by services in Australia (A\$k)



Source: Company

Subscription revenue in 1HY22 at A\$4.1m was up 12% sequentially from 2HY21 and increased by 25% yoy, driven by RMY's deeper database, growth initiatives and product improvements.

Promoter revenue typically gets a boost in Q3 of the financial year from the annual RMA awards, while Q2 also gets to benefit from these awards somewhat in the build-up to the awards. In 1HY22, Promoter revenue increased by 57.4% yoy versus 1HY21.

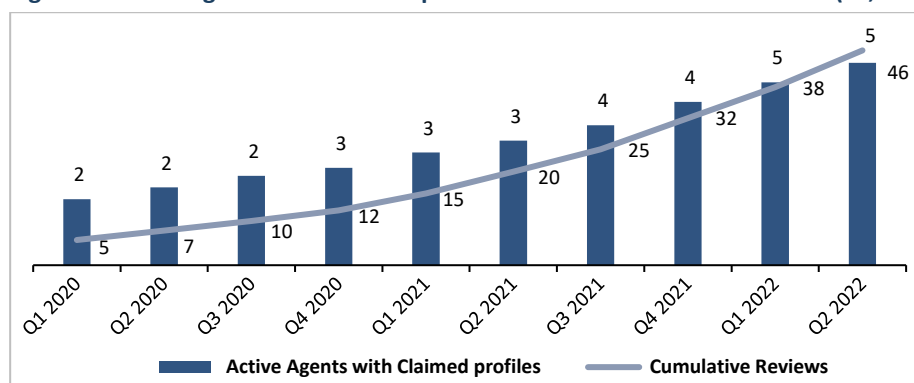
**Promotor revenues get
seasonal boost from RMA
Awards**



Leading agent review platform in New Zealand

RMY has replicated its Australian business model in New Zealand and continues to build a now well-established database of agents, converts them to claimed profiles and then builds the agent profiles through reviews.

Figure 7: Active Agents with Claimed profiles and Reviews in New Zealand (x1,000)



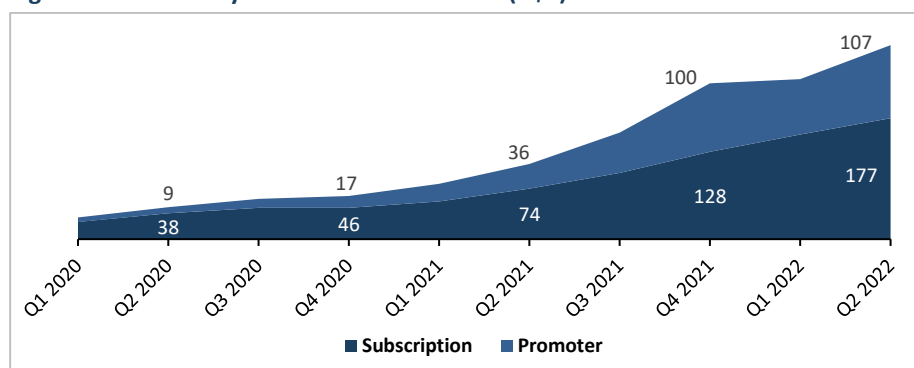
Source: Company

Solid growth in New Zealand

During 1HY22, the company added 1,000 Active Agents with Claimed profiles, while Reviews increased by 14.5k resulting in an average addition of 14.5 reviews for each additional Active Agent with a Claimed profile. For FY21, increase in Active Agents with Claimed profile amounted to 1,700 while the review count increased by 19,800 translating in an average addition of 11.6 reviews per addition of Active Agent with a Claimed profile.

We believe these are very strong metrics. The strong growth in reviews per agent coupled with growth in agent numbers is reflective of strong platform engagement in the country, in our view. It also encourages a view that the Australian experience is replicable.

Figure 8: Revenue by service in New Zealand (A\$K)



Source: Company

New Zealand's contribution to RMY's overall recurring revenues is growing

RMY started to focus on active monetisation in New Zealand in FY20 by adding in-country resources, product enhancements for Subscriptions and Promoter and inclusion of agents into the RMA awards to drive brand awareness. The contribution of New Zealand to RMY's total recurring revenue has increased from 4% in 1HY21 and 5.2% in FY21 to 7.3% in H1Y22.



The US market potential is why we like RMY so much

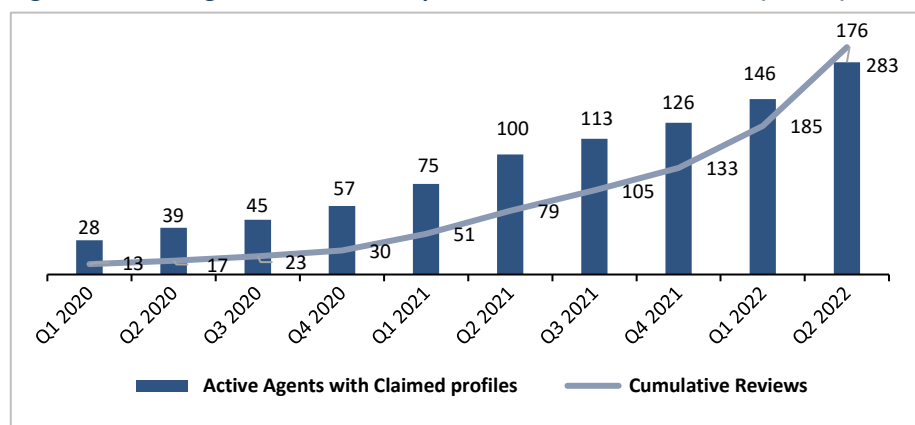
The US residential property market has a dual agent system where each transaction involves agents for buyer and seller. There are more than 1.5m agents in the US, but RMY is focused on the circa 300,000 US agents who are responsible for 80% of the property deals.

“Multiple Listing Services” (MLS) in the US provide data aggregation services for real estate transactions where 80% of the agents in the market are members of fewer than 30 MLS. RMY has partnered with these MLS, which promote RMA’s products directly to their member agents, thus increasing the credibility and reach of the company.

Brokerages in the US are equivalent to agencies in Australia and RMY has entered into data sharing and co-marketing agreements with 3 brokerages with a combined agent base of more than 140,000 agents. The 25 MLS and 3 brokerages that RMY partners with have over 820,000 agent members.

US partnerships provide access to > 800,000 US agents

Figure 9: Active Agents with Claimed profiles and reviews in the US (x1,000)

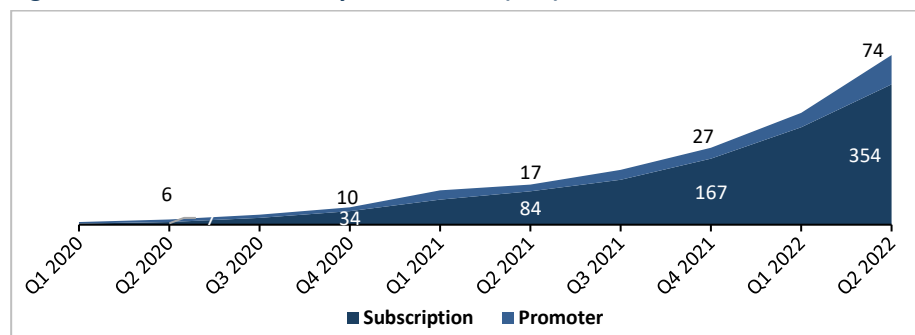


Source: Company

RMA had more than 185k Claimed profiles of Agents on its US platform by January 2022, which is 4x larger than Australia

RMY’s current focus on its US rollout is to grow agent reviews to be followed by deriving revenue from subscriptions. There has been uplift in agent engagement with the platform where one-third of total reviews have been generated in 2Q22 alone followed by a rise to more than 309k reviews by the end of January. The number of agents in 2Q22 increased by 40%, to 176k, compared with FY21. This is more than 4x the Australia number. Claimed Agents and Reviews have continued to increase.

Figure 10: Trend of revenue by service in US (A\$K)



Source: Company

The growing agent engagement in US is leading to growth in subscription revenue, which increased to A\$600k in 1HY22 from A\$280k in 2HY21 and A\$147k in 1HY21.

Australia is the blueprint for US roll out

The US market is very attractive because of its large size and its dual agent system, where the real estate agents and brokerage services market is poised to grow by US\$172bn, a CAGR of approximately 4.8% during 2020-24². This growth rate creates a big opportunity for RMY, in our view.

More importantly, we believe the Australian model can be replicated in the very large US market with its dual agent system. In our opinion, RMY's Australian performance metrics, when applied to the US market, can lead to US subscription revenues that are potentially 20x larger than in Australia and US Promoter revenues that are 24x larger than in Australia.

Replicating Australian success in US implies 20x larger subscription revenue and 24x larger Promoter revenue

Figure 10: Potential in the US based on extrapolation of Australian performance

Business Funnel	Australia (As of Q2 FY 2022)	US (As of January 2022)	Australian extrapolation to US market
Active Agents (x1,000)	37	860	-
Total Claimed profiles (x1,000)	45	185	-
Agents with Claimed profiles (x1,000)	26.5	162	616
Number of reviews (x1,000)	1,170	311	27,196
Active agents under paid subscription (x1,000)	12	2.6	279
Average revenue per subscription (A\$)	690	600	600
Subscription ARRR (A\$k)	8,280	1,560	\$167,400
Average # Promoter campaigns per month (x1,000)	630	110	15
Promoter ARRR (A\$k)	3,100	400	\$73,810

Source: Company. All figures in Thousands unless mentioned otherwise

Extrapolating the Australian performance to the US market

About 72% of the active agents in Australia have a claimed profile in comparison with only 19% in the US, thus creating a potential of more than 600,000 Active Agents in the US with a Claimed profile in comparison with the present number of 162,000.

Additionally, an Active Agent with a Claimed profile generated an average of 44 reviews in Australia while there were only 2 reviews per Active Agent with a Claimed profile in the US so far. Assuming the average number of reviews per Active Agent with a Claimed profile in the US will grow to a level similar to Australia's over time, the total number of reviews could potentially grow to 27m in comparison to the current 311,000 reviews in the US.

Moreover, close to 45% of the Active Agents with Claimed profiles have opted for paid subscriptions in Australia, while the share stands at only 2% in the US. Extrapolating the Australian numbers to the US, the number of agents with a paid subscription could grow to 279,000 compared to 2,600 currently.

US reviews can potentially grow to ~27m

US agents with paid subscription could grow to 279,000 from 2,600 currently

² Real Estate Agents and Brokerage Services Procurement Research Report by SpendEdge



The potential US addressable market for subscriptions is A\$167m in size

The potential US addressable market for Promotor is >A\$70m

RMY's niche segment of the real estate industry is highly competitive and fragmented

In addition, the average revenue per subscription of A\$600 in the US is lower than Australia's ARR per subscribed agent of A\$690. While there's not a big upside there, in our view, the potential 270,000 US active agents in the US with claimed profiles is 23x larger than Australia, which indicates a potential addressable US market for subscription revenues of A\$167m over time versus A\$1.6m in actual US subscription revenues currently.

Lastly, when we take the average number of promoter campaigns per active agent in Australia per year (0.63) and extrapolate that to the potential number of active agents in the US (279,000 in due course), we get a potential number of Promotor campaigns in the US of nearly 176,000 per year. Multiplied by an average revenue per Promotor campaign of just over \$400, we believe RMY could potentially generate more than \$70m in Promotor revenues in the US in due course. This would be more than 23x the current Australian Promotor revenue level.

It should be obvious from these extrapolations that the US market is highly interesting for RMY. In our view, RMY's entire investment case is centred around US market penetration.

Competitive Landscape

RMA Global operates in a niche segment of the real estate industry. The industry is highly competitive and fragmented as there are several online platforms/websites that help vendors connect to real estate agents. Most competitors generate revenue by charging agents a percentage of the commission upon a successful sale/transaction, a revenue model different from RMY's, which is primarily an online agent rating site and works through a subscription-based model.

RMY faces intense competition, not only from online marketing platforms for agents, but also from real estate marketplaces, referral websites, comparison websites and diversified real estate services providers in all the markets in which it operates. Even though the core offerings/revenue model of its competitors might be different (with some even offering reviews only as an add-on feature for now), they still pose a threat to the company's business as all of them aim to onboard agents on their platforms.

For the purposes of identifying comparable companies, we have considered companies that operate in the same geographies (Australia, New Zealand, US) and with a 1. similar business mode, i.e., agent ratings websites 2. diversified services providers, which provide agents' ratings as one of their services 3. real estate marketplaces that provide agents' ratings as an add-on feature/service to complement their primary services.

Local Agent Finder – Based in Australia, it is a comparison service, which allows homeowners (after they have registered their properties) to find and compare agents based on various metrics and contact them through the website free-of-cost. Qualitative information, such as languages spoken, office locations and quantitative statistics, such as sales history and average commission, are listed to assist sellers in decision making. The website provides 12 months of data for over 15,000 suburbs and shares average sale price per property type for the suburbs. The company earns revenue by charging a service fee only on completion of a transaction.

Which Real Estate Agent – Based in Australia, it operates as an agent comparison website that analyses more than 8m property sales and has reviews on more than 60,000 agents, with the aim of finding the right agent

and supporting sellers through the transaction. The company generates revenue from referral fees charged from agents who have completed a sale.

Open Agent – It uses its research tool to compare and recommend real estate agents to sellers in Australia. The company's comparison tool processes information related to the needs of the seller, the reviews of agents and their sales history. It leverages its network of 30,000 agents to match sellers to the right agent. It additionally provides property reports for specific areas.

Zillow – Based in the US, Zillow is a real estate marketplace, which additionally provides home loans and agent finder services. With regards to the agent finder services, it provides agent reviews and agent ratings based on different factors, such as process expertise, knowledge, negotiation skills and responsiveness. Like Rate My Agent, it provides specific services to allow agents to promote themselves. The company had more than 9.6bn visits on mobile applications and websites in 2020 and has over 227m average monthly users.

Homelight – Based in the US and backed by a number of Private Equity firms, this is a real estate referral company that enables buyers/sellers to connect with agents through its technology platforms. Annually, the platform facilitates transactions amounting to more than US\$1bn through its network of 28,000 agents. For the buyers/sellers, it provides a range of services including all-cash offers and home loans in addition to providing access to a community of agents. For the agents, it provides a source of client leads, a tool to manage offers and a way to enable clients to buy and sell at the same time. The agents pay a referral fee to the company on completion of a transaction.

Yelp – Operating in the US and Canada, Yelp is a platform that collects and aggregates reviews of businesses/service providers to customers/clients on one hand, while providing advertising and marketing products/services to businesses/service providers on the other. In addition to providing reviews for real estate agents, it caters to restaurants, marketing agencies, home, and retail services providers, unlike RMA Global. In December 2020, it had 5.4m active claimed local business locations and around 224m reviews on its platform.



Valuation of A\$0.61 per share

Our basic valuation approach for RMY is as follows:

- We have built a DCF for RMY, incorporating its growth plans over a period of five years. The company operates in three geographies – Australia, New Zealand and the US, and our growth projections incorporate the company's expansion and monetisation plans.
- The revenue for the Australian operations has been forecast assuming an average subscription rate of 45% and ARRR per subscription of A\$690.
- The revenues for the US operations have been forecast factoring in the company's focus on the 300k US agents responsible for 80% of US residential property transactions.
- The firm value is the summation of present value of free cashflows for the period FY22 to FY26 and the present value of RMY's terminal value.
- We have used a WACC of 10.1% and a terminal growth rate of 2.5%.
- Other assumptions include a weighted average corporate tax rate of the three operating geographies, with weights based on revenue contribution from each operating geography.

Figure 12: DCF valuation for RMA Global

Valuation (A\$)	Base case	Bull case
Present value of FCF	33,877,184	34,561,036
Present value of Terminal FCF	253,685,513	278,305,463
Enterprise Value	287,562,697	312,866,498
Net debt (cash)	(3,400,262)	(3,400,262)
Equity value (A\$)	290,962,958	316,266,760
Shares outstanding	479,359,639	479,359,639
Implied price (A\$ cents)	60.70	65.98
Current price (A\$ cents)	18.00	18.00
Upside (%)	237%	267%

Source: Pitt Street Research

Valuation per share of A\$0.61
base case and A\$0.66 bull case

Figure 13: DCF value in A\$ cents using various WACCs

Sensitivity Analysis									
WACC	10.07%								
Terminal Growth Rate	2.50%	Change in WACC							
Implied Price (A\$ cents)	60.70	8.57%	9.07%	9.57%	10.07%	10.57%	11.07%	11.57%	12.07%
Change in Terminal Growth Rate	1.75%	70.11	64.59	59.79	55.57	51.85	48.53	45.55	42.88
	2.00%	72.63	66.74	61.63	57.18	53.25	49.76	46.65	43.85
	2.25%	75.34	69.04	63.61	58.88	54.73	51.06	47.80	44.87
	2.50%	78.28	71.51	65.72	60.70	56.31	52.45	49.02	45.95
	2.75%	81.47	74.19	67.98	62.64	57.99	53.91	50.30	47.09
	3.00%	84.95	77.08	70.42	64.72	59.78	55.46	51.66	48.28
	3.25%	88.75	80.22	73.05	66.95	61.69	57.12	53.10	49.55

Source: Pitt Street Research



Re-rating RMY

We believe RMY is undervalued at its current market cap and may see a rerating based on the following factors:

- 1) high potential of the US market and a replication of the Australian experience
- 2) leadership position in Australia and New Zealand,
- 3) growth in agent and review numbers as well as the top line. The latter is reflective of successful agent engagement.

Reinvesting in growth

Management has repeatedly stated that the only reason the company is not yet profitable is because it is in expansion mode and is constantly reinvesting its cashflow in growth. We believe this is a very good position to be in as a company and further reinforces our view that RMY will be successful in conquering the all-important US market.

Risks

We see three main risks related to RMY's investment thesis.

- **Dependence on large number of subscriptions:** RMY's subscription service is one of its primary sources of revenue. The contracts in subscription services, however, are short-term in nature and can be cancelled any time. Inability to replace/renew expired and cancelled contracts can lead to volatility in revenues.
- **Volatility in the industry:** RMY's business revolves around onboarding real estate agents on its platform. While there is a strong correlation between the number of agents and the number of transactions, a downturn in the relevant real estate markets can lead to a shrinking market.
- **Technological obsolescence:** RMY's platform relies on its technology systems and software. A disruption or security breach of these systems would have a direct impact on the company's operations and market standing.

Experienced Leadership Team

RMA Global's current leadership team has extensive experience:

- **CEO Michael Davey** has more than 21 years of deep commercial and operational experience in Tech businesses. He joined as the Chief Operations Officer in 2018 and was promoted to CEO in 2020, after Mark Armstrong stepped down. He has worked at SEEK for 10 years as a senior executive covering marketing, sales, and operations.
- **Non-executive Chairman David Williams** has over 36 years' experience with specialisation in business development, mergers, acquisitions, and capital raisings. He is the chairman of the Nomination and Remuneration Committee. He serves as a Director of Medical Developments International Ltd. (ASX: MVP), Chairman of PolyNovo Ltd (ASX: PNV) and Managing Director of Kidder Williams Ltd. Mr. Williams owns 28% of RMY's shares.
- **Chief Product Officer and Co-Founder Mark Armstrong** is currently focusing on the US business. He was appointed as Managing Director and CEO in 2014 and stepped down from the CEO role in 2020. He has extensive experience as a real estate property advisor and is a Certified Practising Accountant. He is a Member of the Australian Institute of Company Directors.
- **Chief Technical Officer and Co-Founder Edward van Roosendaal** has more than 16 years of experience and has provided strategic direction to the product and technology teams. He holds a Bachelor of Information Technology from Swinburne University of Technology and is a member of the Australian Institute of Company Directors.
- **CFO and Company Secretary Scott Farndell** has more than 20 years of financial experience, predominantly in Financial Services and Technology across UK, South Africa, and Australia. He is a qualified Chartered Accountant.
- **Non-executive Director Charlie Oshman** has significant experience in real estate data expertise, analytics, technology, and SaaS. Charlie started and sold two real estate tech companies. Charlie founded Reonomy- a successful real estate start-up in the US and was also the co-founder and CEO of Pragmic Technologies Inc- a data infrastructure company for agency mortgage-backed securities.
- **Non-executive Director Max Oshman** has more than 20 years of data analytics experience in the US and international markets, primarily in growing digital channels, products, and services for brands such as Pernod Ricard, LensCrafters and Tempur-Sealy. He is also the Chief Digital Officer at TheLab- owned by Hyundai subsidiary "Innocean".

Chairman David Williams has built successful companies like Kidder Williams Ltd and owns 28% of RMY

Appendix I – Analyst certification

Marc Kennis has been an equities analyst since 1996.

- Marc obtained an MSc in Economics from Tilburg University, Netherlands, in 1996 and a post graduate degree in investment analysis in 2001.
- Since 1996, he has worked for a variety of brokers and banks in the Netherlands, including ING and Rabobank, where his focus has been on the technology sector, including the semiconductor sector.
- After moving to Sydney in 2014, he worked for several Sydney-based brokers before setting up TMT Analytics Pty Ltd, an issuer-sponsored equity research firm.
- In July 2016, with Stuart Roberts, Marc co-founded Pitt Street Research Pty Ltd, which provides issuer-sponsored research on ASX-listed companies across the entire market, including technology companies.

Appendix II – Glossary

Active Agents – Agents that have sold at least one property in the last 12 month according to sales recorded on RateMyAgent platform

Agent – Residential real estate agent

Agent of the Year – It is an award ceremony hosted by RMA

Agents with claimed profile – Agents that creates an account on the RateMyAgent platform

Agents with reviews – Agents that got reviewed on RateMyAgent platform when they sold a property

ARRR – Annual revenue run rate

Brokerages – Equivalent of agencies in Australia

Multiple Listing service (MLS) – data aggregation services for real estate transactions

Appendix III – Major Shareholders

Investors	Ownership (%)
David Williams	28.7%
Mark Armstrong	11.3%
EFM Global Growth Fund	7.7%
Moggs Creek Pty Ltd	7.3%
Merchant Fund Mgt Pty Ltd	6.0%
Xavier Perronnet	5.5%
Pantaraxia Pty Ltd	5.4%

Source: Bloomberg

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