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Zacks Small-Cap Research

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Ohmyhome Ltd (OMH-NASDAQ)

OMH: Organic Growth, Benefits of New Property Management Unit Boost Results

OMH 1H 2024 revenue growth reflects organic increases plus the addition of the new Property management segment. Importantly, each of OMH's three core business units saw revenue advance, which we believe supports the positive outlook for OMH growth. Consistent with guidance, OMH more than doubled revenue in 1H 2024 (up 106% y/y) to S$4.5M/US$3.3M.

OUTLOOK

On higher revenue & cost constraint initiatives, the company's 1H 2024 EBITDA loss margin narrowed compared to 1H 2023 and OMH expects 2H24 cost containment measures, anticipated revenue growth – supported by a higher total value of contracts signed in 3Q24 – to drive further margin improvement. As a result, OMH anticipates further reduction in EBITDA loss in 2H 2024 as it maintains measures to optimize its cost structure and operational efficiency.

Current Price (10/9/24)	$0.43
Valuation	**$3.00**

SUMMARY DATA

52-Week High	**$3.70**
52-Week Low	**$0.41**
One-Year Return (%)	**-90**
Beta	**N/A**
Average Daily Volume (sh)	**123,000**
Shares Outstanding (mil)	**23**
Market Capitalization ($mil)	**$10**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**1**
Insider Ownership* (%)	**45**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2024 Estimate	**N/A**
P/E using 2025 Estimate	**N/A**

*Including non-founders

Risk Level	**High**
Type of Stock	**N/A**
Industry	**Tech**

ZACKS ESTIMATES

Revenue
(in millions of US$ converted at S$=.73 US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021					3.2 A
2022		2.5 A			5.1 A
2023		1.6 A			5.0 A
2024		3.3 A			7.3 E

Per Share Data
(US$ converted at S$=.73 US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021					-$0.09 A
2022		-$0.04 A			-$0.14 A
2023		-$0.09 A			-$0.30 A
2024		-$0.07 A			-$0.15 E

Quarters might not sum due to rounding & share counts

Disclosures on page 11

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COMPANY REVENUE UP 106% Y/Y IN 1H 2024

Revenue growth reflects organic increases & new Property management segment - each of OMH's three core business units saw revenue advance; metrics support growth outlook…

Ohmyhome Ltd (OMH-NASDAQ), a Singapore-based technology company that operates an online real estate platform, recently reported 1H 2024 results and provided a business update. Consistent with OMH's recent guidance, Ohmyhome more than doubled revenue in 1H 2024 (up 106% year-over-year compared to the same period of 2023, coming in at S$4.5 million (US$3.3 million). Notably, the revenue advance reflects increases in each of OMH's three core business units.

Specifically, brokerage services revenue advanced 13.9% year-over-year, the higher mortgage interest rate environment and general slowdown in market transaction activity notwithstanding. The company previously indicated that its GTV (gross transaction value) benefited from its tech investments in HomerAI, its AI feature. Revenue from the company's new Property Management services segment was S$2.0 million (US$1.5 million), while revenue from emerging and other services advanced 16% year-over-year compared to the same period of 2023. Higher demand for renovation services drove a 206% annual increase in independent third-party revenue. The company had previously indicated that the renovation business benefitted from demand from more office and residential projects.

Margin improvement on higher revenue base, cost containment efforts…

On the higher revenue base, Ohmyhome recorded gross margin improvement in all three of its core business segments. Specifically, the Brokerage services' gross margin expanded roughly 300 bps to 49% from 46%. The new Property management services segment recorded a 33% gross margin and the gross margin for the emerging and other services business increased from 23% to 28%. As a result of these factors, OMH recorded a 108% year-over-year advance in gross profit to S$1.7 million, up from S$803.6k in 1H 2023.

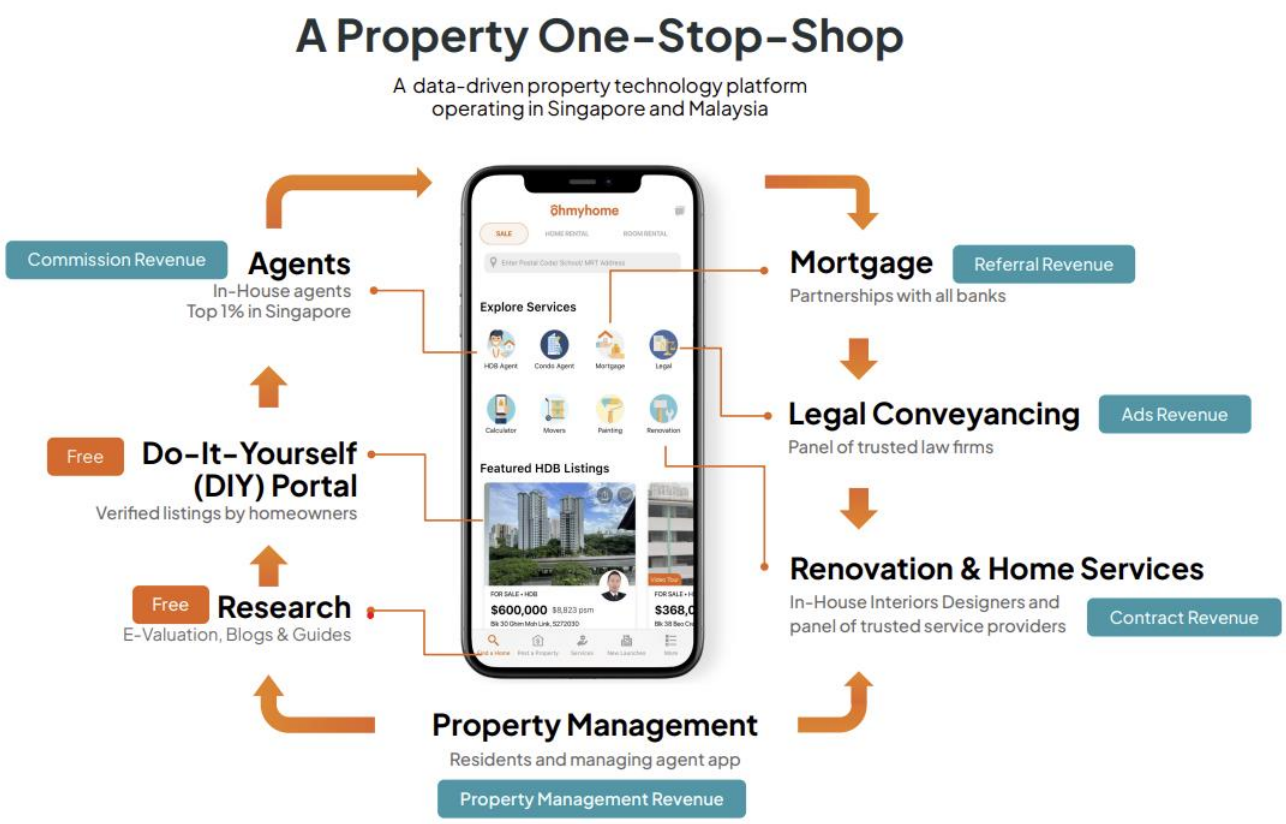
Moreover, on the higher revenue and gross profit, OMH's EBITDA loss margin narrowed considerably – to -44% from -107% in the comparable period of 2023 and its net income loss narrowed to S$2.3 million (US$1.7 million), or US$0.07 per share, compared to a net loss of S$2.5 million in the same period of 2023.

Cost containment measure, anticipated revenue growth expected to drive further margin improvement

The company expects to maintain its focus on constraining operating expenses and anticipates further reduction in EBITDA loss in 2H 2024. Importantly, the higher total value of contracts signed in Q324 support management's expectation for ongoing revenue growth, while at the same time, OMH continues measures to optimize its costs and operational efficiency. In addition, the company's founders, Rhonda Wong and Race Wong entered into an agreement with OMH on September 9, 2024, to settle an amount of their salaries deferred year-to-date through August 2024 through the issuance of 217,565 shares to each.

The company also continues to pursue a strategy to expand its service offerings, boost market share, expand into additional markets and accelerate growth organically and through strategic M&A or investments. OMH had cash and cash equivalents stood at S$2.4 million (US$1.8 million) As of June 30, 2024 to support its strategy. This balance represents an increase of S$2.2 million compared to December 31, 2023.

Technology platform offers end-to-end property solutions & services



Source: Company reports

Company's platform garners positive ratings from users

Following the acquisition of property management company Simply Sakal in late 2023, Ohmyhome's technology platform offers the convenience of end-to-end property solutions and services. These include brokerage, renovation and condominium property management services in Singapore. OMH believes it is Singapore's largest integrated property transactions and services platform. Since launching operations in 2016, Ohmyhome has transacted more than 15,500 properties (through June 30, 2024). According to management, it also ranks as the highest-rated property transaction platform.

According to HDB (Housing & Development Board) transaction data, Ohmyhome had a roughly 5% market share of the public residential property resale market based on the number of transactions completed, as of year-end 2022.

The company views the comprehensive services and efficiencies of its technology platform and access to a broad array of relevant data as key competitive advantages. OMH also believes the property management space specifically is ripe for digitalization. The property management sector in Singapore and Southeast Asia is fragmented, according to Ohmyhome, which believes there exists a need for digitalization to provide a better access for both managing agents and condominium residents. The company views "its paperless workflow process in the paper-heavy industry" as an important strength of its digital platform.

OHMYHOME PROPERTY MANAGEMENT

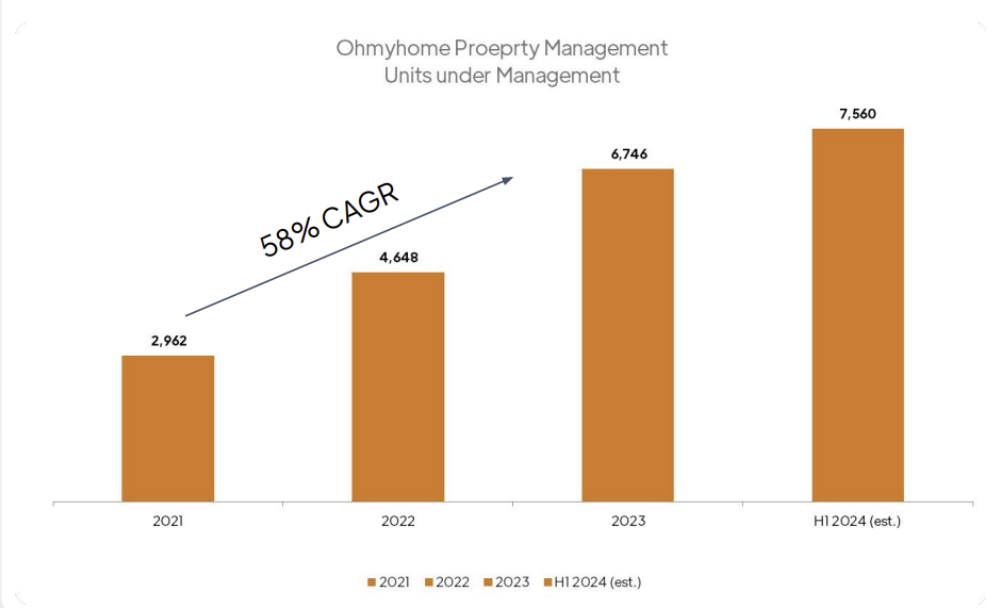
Numerous expected benefits of entry into property management segment

Ohmyhome acquired Simply Sakal in late 2023. The company believes this transaction strengthens its position within the Singapore real estate market and expands its service offerings, advancing its goal to create a leading one-stop-shop property "Super App" and potentially expanding its overall target market within Singapore's private residential segment. Moreover, the property management space is significantly less seasonal compared to OMH's original transaction business. It generates a recurring revenue stream that is not dependent on housing transactions and which is also expected to help accelerate overall consolidated growth. The company notes that:

- Property Management segment units under management continue to increase
- Increased presence in condominium market yields synergies and cross-promotional opportunities
- Potentially expands target market within Singapore's private residential segment
- Recurring revenue stream that is less seasonal

We view it positively that the acquisition diversifies Ohmyhome's revenue base, adding a less seasonal, recurring revenue stream, particularly as the property management sector expands OMH's access to Singapore's private residential segment where revenue per transaction is higher. According to OMH filings, as an independent company the sector generated operating revenues of S$2.6 million (US$2.0 million) in 2022, up 58% from S$1.7 million in 2021. Much of this growth reflects the increase in number of residential units managed over this period. At the end of 2022, the former Simply Sakal managed some 4,648 units according to the company's filings, up from 2,962 at the end of 2021. Simply managed 6,746 residential units as of December 31, 2023, up about 45% compared to year-end 2022. The company estimates that the property management segment managed about 7,560 units at the end of 1H24. The goal is to continue to increase the number of units under management, which Ohmyhome believes will contribute to growing Ohmyhome Property Management revenue and consolidated results.

Units Under Management Continue to Rise, Expect Cross-Promotional Activity, Growth Driver



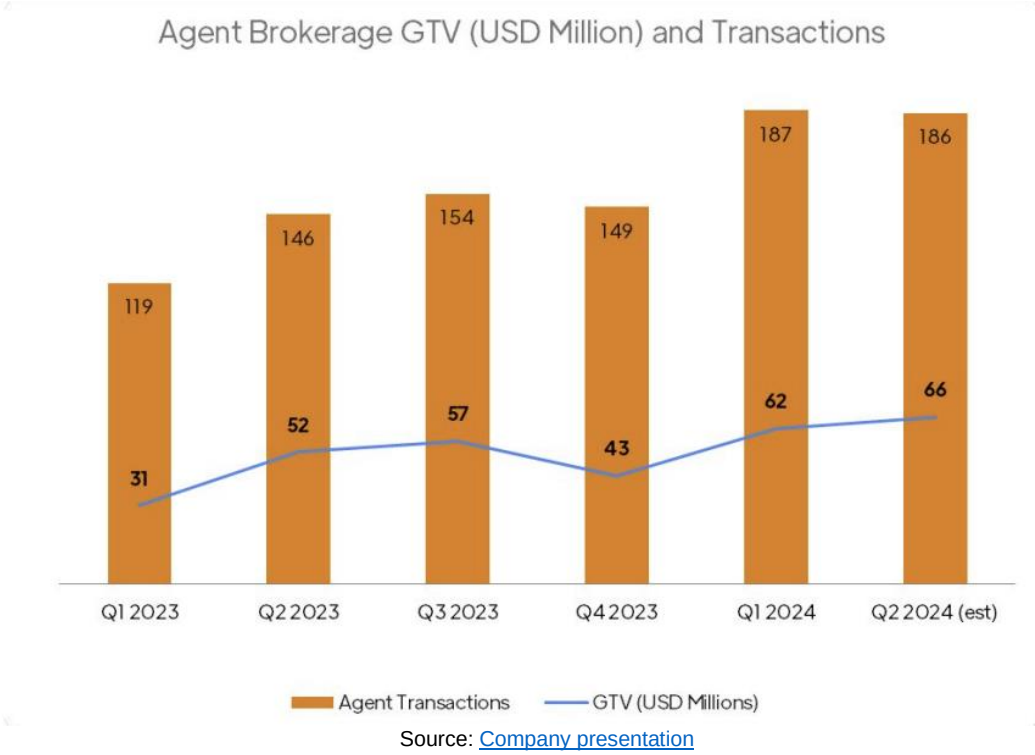
Source: Company reports

The goal is to increase units under management for the newly rebranded Ohmyhome Property Management business. This goal likely has a positive tailwind from actions by the Singapore government. According to Singapore's Urban Redevelopment Authority (URA), the government has taken measures to increase the country's housing stock.

Currently, more than 400,000 families in Singapore live in condominiums and executive condominiums (ECs), according to the company, and approximately 40,000 additional units are expected to be completed over the next few years. The company notes that residents often engage with the condominium property management company for services and Ohmyhome believes this interaction is largely paper-based and would be substantially more efficient if digitalized and accessible in an app. The company believes the property management industry in Singapore and elsewhere in Southeast Asia overall is fragmented and largely paper based, making it ready to be digitalized.

TECHNOLOGY PLATFORM ENABLES FASTER TRANSACTION COMPLETION

The company's technology enables its agents to facilitate a greater number of transactions than others within the industry and achieve greater (roughly 13X) efficiency per Ohmyhome agent compared to other agents at other real estate agencies, according to the company and external third-party data. The Ohmyhome platform leverages its matching algorithm, MATCH, to enable property buyers and sellers or renters to connect. About 65% of property transactions are completed within seven days on average and some even within one day, according to the company.



Source: Company presentation

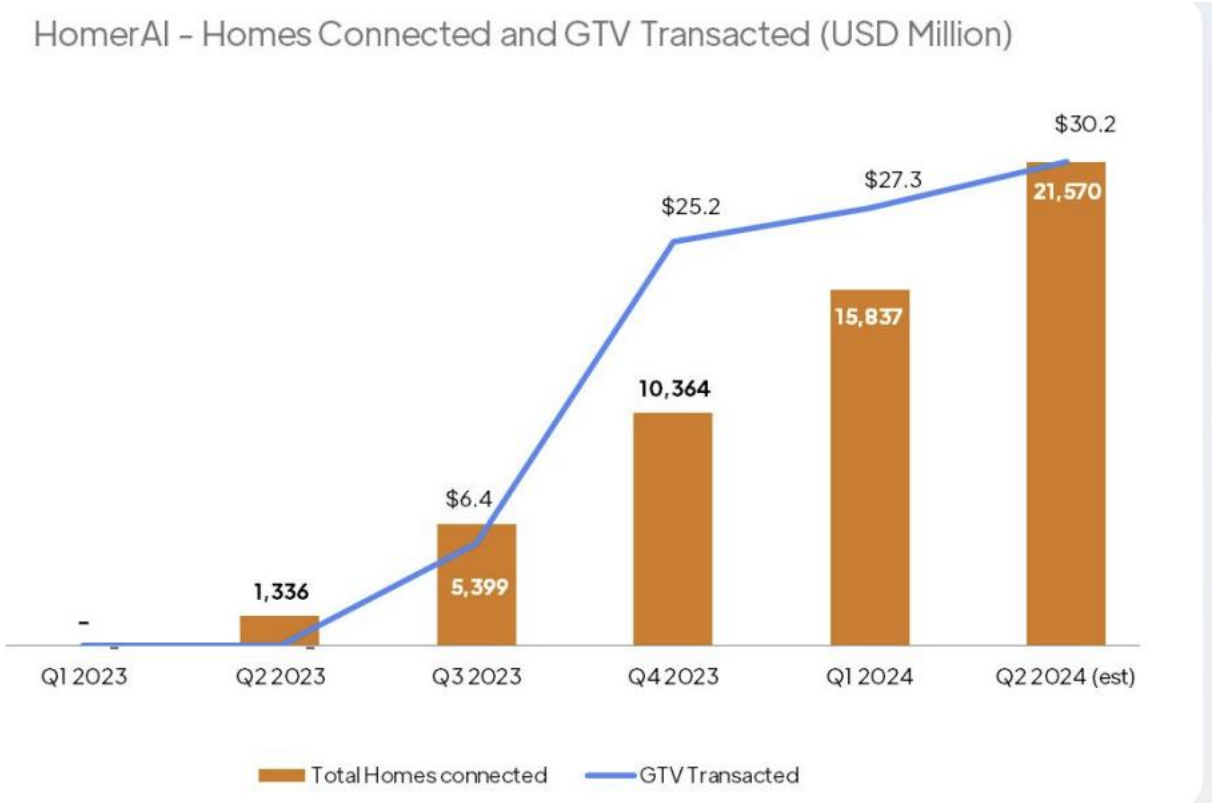
Ohmyhome's overall online platform enables customers to conduct research on real estate metrics. Once they are ready to move forward on property transactions, the company's platform offers brokerage services for clients who want to access professional real estate agents, as well as assistance for those who want to engage in DIY transactions, listing and research services for home sellers, mortgage referral and legal and insurance referral services, as well as renovation offerings to help current and prospective homeowners.

AI helps attract and retain users / potential buyers/sellers…

The technology enables the company's agents to facilitate a greater number of transactions than others within the industry that are significantly higher than the industry's average brokers, according to the company citing data from consulting and market research firm Frost & Sullivan. OMH's "Super Agents" enjoy better than industry average closing metrics, as noted, but customers can also use the company's tools to improve their DIY property transactions by leveraging the company's AI capabilities.

In addition to agent assisted transactions, customers can also use the company's platform to facilitate self-transacted or DIY property transactions, as noted. For example, customers can get a list of recommended properties based on the preferences they have indicated through the platform. They can then view the property in-person or virtually.

Ohmyhome seeks to offer solutions and services to help customers in most aspects of their property transactions. Ohmyhome users can access the overall Ohmyhome technology, including HomerAI , the AI-enabled digital feature Ohmyhome launched in 2023. HomerAI enables Ohmyhome customers and, as noted, Simply residential users, to access Ohmyhome's suite of services, including live e-valuations and data about relevant prior transactions. The company expects to continue to enhance the HomerAI capabilities. Management has indicated that HomerAI has produced a substantial increase in the sales pipeline.



Source: Company presentation

The AI capability includes a valuation feature that enables homeowners to gauge the value of their home. This, in turn, helps Ohmyhome attract users to its platform at an early stage in their decision making process, sometimes even before they have decided to sell their home. Other AI features, such as the capability that allows users to design and reimagine their space helps with traction to keep them using the platform so that when they ultimately decide to make a move, they are familiar and comfortable with the Ohmyhome technology.

For homeowners who choose to move forward without using an agent Homer enables users to create their own listings using just a few online steps. HomerAI has enabled OMH to grow its sales pipeline, as management has indicated, with mid- to high-intent property sellers.

Ohmyhome believes its online real estate platform provides a one-stop solution for a broad range of services that now includes property management solutions, as illustrated above. The company's technology platform also enables buyers and sellers to connect through the company's AI-enabled technology, assess valuations on real estate assets, obtain mortgage and legal referrals, and home renovation and furnishing services, among other offerings. The platform leverages its matching algorithm, MATCH, to enable property buyers and sellers or renters to connect. About 50% of property transactions are completed within seven days on average and some even within one day, according to the company.

With the benefits of its platform, launch of HomerAI and incorporation of property management revenue, OMH projects that 1H24 revenue will be more than double that of 1H23, as noted and the company's 2023 deployment of HomerAI. The company has identified preliminary potential synergies estimated at about S$9 million in the first year. Moreover, the company views Simply as potentially its initial entry into the broader property management space. As noted, the number of condominium units is expected to grow significantly over the next few years, facilitated by government initiatives.

VALUATION

OMH is optimistic about its growth plans and strategy as it expands its presence in Singapore and potentially enters new ASEAN markets. Despite the company's outlook, the shares dropped sharply following the March 2023 IPO reflecting, we believe, concerns about the impact of inflation and interest rates, perhaps government initiatives, and potential dilution from subsequent offerings. They have remained under pressure and it would not surprise us to see investors wait in the near-term for upcoming milestones. Nevertheless, if the company can deliver on its growth initiatives, in success we would anticipate share price appreciation over time.

Given this stage of the company's ongoing strategy and external factors, including government measures, we assign a 90% confidence multiple to our 2024 revenue forecast at this point. If Simply revenue ramps faster than we anticipate and the impact of government measures lessens, our confidence factor might prove conservative and we might increase / lower our confidence multiple in the future.

We believe it is difficult to compare OMH shares to those of other publicly traded companies. While there are companies that provide services similar to one or more the company offers – including companies such as Zillow, Compass and Redfin, among others – there does not seem to be a direct competitor. On a price-to-sales (P/S) basis, these players trade at a wide range of multiples of forward revenue that range from <1x to >7x. Some have established footprints, revenue bases and brands and also operate primarily in more mature, albeit lower growth, markets. Conversely, we would expect Ohmyhome to record faster growth at this early stage in its development and off a significantly lower base. If we use the P/S multiple at the higher end of the range and apply a discount for the higher risk OMH faces, we derive a valuation of about $3.00 per OMH share on our 2024 revenue estimate.

If the company delivers milestones earlier than anticipated, it could impact these multiples and adjustments. Conversely, any delay or failure in successful execution of the strategy could represent a potential risk to our valuation and cause the share price to decline. We believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RISKS

We believe risks to Ohmyhome achieving its goals, and to our valuation, include the following, among others.

- OMH might not gain market share as quickly as the company expects, which could lead to slower than anticipated revenue ramp.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- OMH might need to raise capital to support its strategy that might be dilutive to current shareholders.
- The company faces FX risk as it expands into other international markets.
- Government initiatives aimed at constraining property price inflation could last longer than management anticipates or resume at another time.
- The inflation and interest rate environments might have a greater impact on overall transaction volumes and on Ohmyhome revenue than the company expects.
- Property management segment revenue might not grow as quickly as management anticipates.
- If OHM does not regain Nasdaq price compliance by October 28, 2024, it might need an extension.

RECENT NEWS

- On September 25, 2024, OMH provided a business update.
- On May 6, 2024, OMH received Nasdaq notification regarding minimum bid deficiency of its share price.
- OMH filed its 20F results on April 24, 2024.
- OMH and Webuy announced a cross-promotional collaboration on January 8, 2024.
- On October 11, 2023, Ohmyhome announced the acquisition of Simply Sakal.
- Ohmyhome reported 1H23 results on October 4, 2023.
- Ohmyhome announced a partnership with eMediaLinks on September 22,, 2023.
- Ohmyhome hosted an Hawaii State Housing Delegation in Singapore on September 18, 2023.
- The company retained Skyline Corporate Communications to provide IR services on June 12, 2023.
- On May 15, 2023, Ohmyhome signed an MOU for the potential acquisition of Simply.

FINANCIAL MODEL

Ohmyhome Ltd.

Ohmyhome Income Statement & Projections ($ Singapore dollars)

	2020	2021	1H22	2H22	2022	2H23A	2023A	1H24A	2024E
Brokerage services	2,901,479	3,731,586	1,695,673	1,376,387	3,072,060	1,345,726	2,817,930	1,533,293	3,806,050
Property Management	-	-	-		-	-	846,726	1,983,553	3,907,179
Emerging & other services	437,195	650,097	1,686,841	2,266,691	3,953,532	821,295	1,339,837	953,243	1,879,123
Total operating revenues	3,338,674	4,381,683	3,382,514	3,643,078	7,025,592	2,167,021	5,004,493	4,470,089	9,592,351
				-					
Brokerage services	(1,718,012)	(1,605,602)	(815,061)	(568,427)	(1,383,488)	(732,930)	(1,638,368)	(785,983)	(1,854,313)
Property Management							(582,582)	(1,325,466)	(2,852,240)
Emerging & other services	(249,109)	(390,020)	(1,041,081)	(2,284,109)	(3,325,190)	(630,446)	(1,063,891)	(688,491)	(1,595,028)
Total cost of revenues	(1,967,121)	(1,995,622)	(1,856,142)	(2,852,536)	(4,708,678)	(1,363,376)	(3,284,841)	(2,799,940)	(6,301,582)
				-					
Gross profit	1,371,553	2,386,061	1,526,372	790,542	2,316,914	803,645	1,719,652	1,670,149	3,290,769
				-					
Technology and development expense	(1,539,651)	(1,449,065)	(857,584)	(910,146)	(1,767,730)	(1,096,651)	(1,304,914)	(788,962)	(2,653,895)
Selling and marketing expenses	(1,183,380)	(1,717,470)	(1,003,189)	(922,814)	(1,926,003)	(848,504)	(1,797,033)	(988,872)	(1,885,376)
G&A	(1,291,238)	(1,563,599)	(806,158)	(1,048,363)	(1,854,521)	(1,485,521)	(3,960,636)	(1,724,834)	(3,829,038)
Total operating expenses	(4,014,269)	(4,730,134)	(2,666,931)	(2,881,323)	(5,548,254)	(3,430,676)	(7,062,583)	(4,398,845)	(8,368,309)
				-					
Operating loss	(2,642,716)	(2,344,073)	(1,140,559)	(2,090,781)	(3,231,340)	(2,627,031)	(5,342,931)	(2,728,696)	(5,077,539)
				-					
Stock-based comp							(537,756)		
Interest income	7,620	10,262	3,983	2	3,985	24,454	106,023	136,679	60,744
Interest expense	(30,364)	(49,926)	(18,740)	(20,412)	(39,152)	(16,721)	(31,696)	(14,904)	(41,535)
Gov grants	565,979	492,404	205,113	42,954	248,067	8,399	25,769	45,418	81,752
FX	(5,313)	(3,065)	14,791	(70,417)	(55,626)	114,013	264,367	266,616	283,208
Other income	7,035	1,123	-	25	25	-	-	15,502	54,377
Total other income, net	544,957	450,798	205,147	(47,848)	157,299	130,145	(173,293)	449,311	438,546
				-					
Pretax loss	(2,097,759)	(1,893,275)	(935,412)	(2,138,629)	(3,074,041)	(2,496,886)	(5,516,224)	(2,279,385)	(4,638,993)
Taxes	-	-	-	-	-	-	-		-
				-					
Net loss	(2,097,759)	(1,893,275)	(935,412)	(2,138,629)	(3,074,041)	(2,496,886)	(5,516,224)	(2,279,385)	(4,638,993)
				-					
Minority interest	(160,682)	(68,467)	(15,998)	(5,043)	(21,041)	(22,030)	(46,494)	(1,385)	(2,493)
Net loss to Ohmyhome Ltd	(1,937,077)	(1,824,808)	(919,414)	(2,133,586)	(3,053,000)	(2,474,856)	(5,469,730)	(2,278,000)	(4,636,500)
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Avg shares out	16,250,000	16,250,000	16,250,000	16,250,000	16,250,002	19,050,000	18,461,340	23,262,574	23,263,579
Loss per share	($0.13)	($0.12)	($0.06)	($0.06)	($0.19)	($0.13)	($0.30)	($0.10)	($0.20)

Source: Company reports, Zacks estimates

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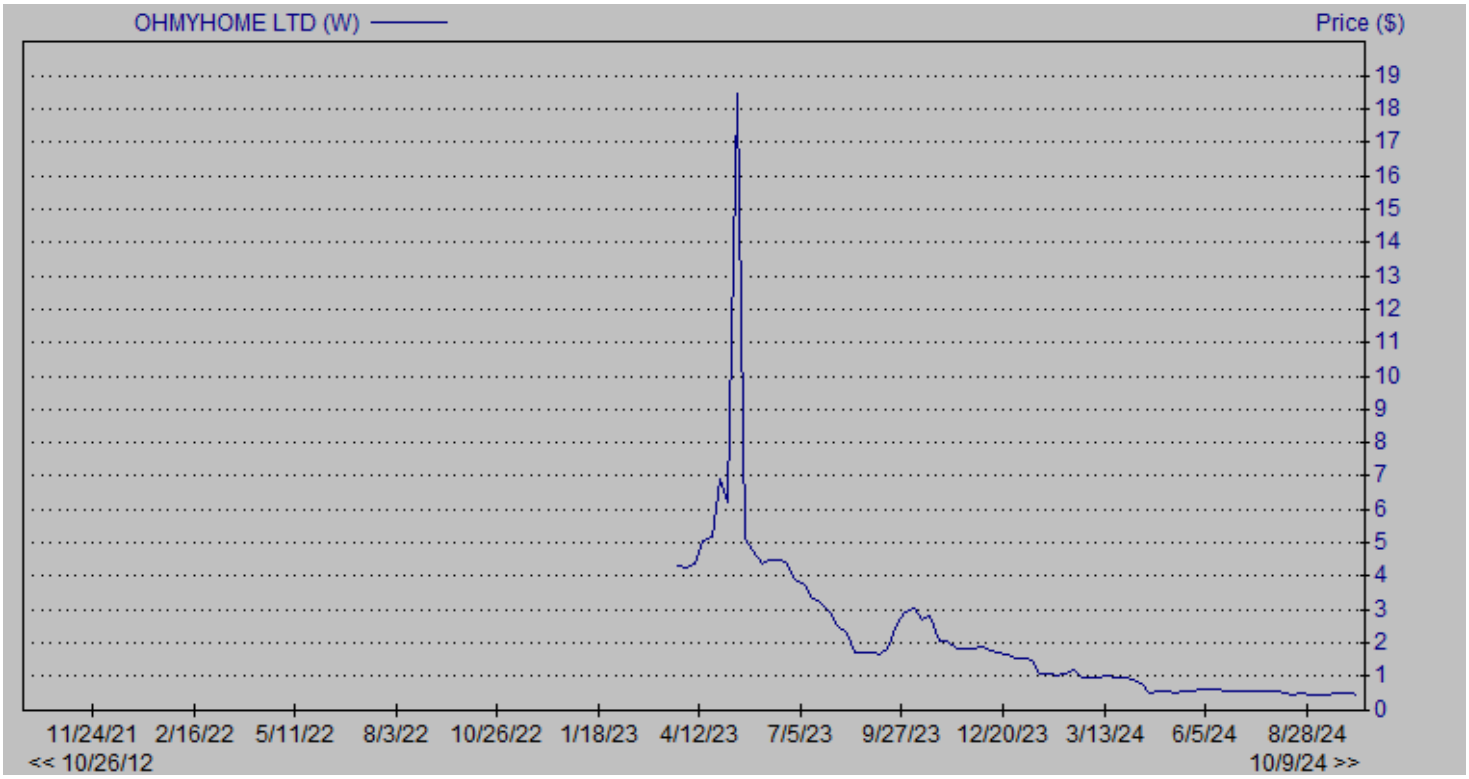

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