

THE AGENCY

— GROUP AUST LTD

ABN 52 118 913 232

and its controlled entities



APPENDIX 4D

Interim Financial Report 31 December 2021

Corporate directory

Current Directors

Andrew Jensen	<i>Executive Chairman and Chief Operating Officer</i>
Geoff Lucas	<i>Managing Director and CEO</i>
Paul Niardone	<i>Executive Director</i>
Adam Davey	<i>Non-executive Director</i>

Company Secretary

Stuart Usher

Registered Office and Head Office

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PERTH WA 6000

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CLOISTERS SQUARE WA 6850

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Facsimile: +61 (0)8 9204 7956

Email: info@theagencygroup.com.au

Website: theagencygroup.com.au

Share Registry

Advanced Share Registry Limited

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NEDLANDS WA 6009

Telephone: 1300 113 258 (within Australia)
+61 (0)8 9389 8033 (International)

Facsimile: +61 (0)8 6370 4203

Email: admin@advancedshare.com.au

Website: www.advancedshare.com.au

Auditors

Hall Chadwick WA Audit Pty Ltd

283 Rokeby Road

SUBIACO WA 6008

Telephone: +61 (0)8 9426 0666

Securities Exchange

Australian Securities Exchange

Level 40, Central Park, 152-158 St Georges Terrace

Perth WA 6000

Telephone: 131 ASX (131 279) (within Australia)

Telephone: +61 (0)2 9338 0000

Facsimile: +61 (0)2 9227 0885

Website: www.asx.com.au

ASX Code AU1

Solicitors

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

Perth WA 6000

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Results for announcement to the market

for the half-year ended 31 December 2021

1	REPORTING PERIOD (item 1)	
	■ Report for the period ended:	31 December 2021
	■ Previous corresponding period is half-year ended:	31 December 2020

2	RESULTS FOR ANNOUNCEMENT TO THE MARKET	Movement	Percentage	Amount
			%	\$
	■ Revenues from ordinary activities (item 2.1)	<i>Increase</i>	20.74 to	35,555,648
	■ Profit from ordinary activities after tax attributable to members (item 2.2)	<i>Increase</i>	49.75 to	1,247,405
	■ Profit after tax attributable to members (item 2.3)	<i>Increase</i>	49.75 to	1,247,405
	a. Dividends (items 2.4 and 5)			
			Amount per Security	Franked amount per security
			¢	%
	■ Interim dividend		nil	n/a
	■ Final dividend		nil	n/a
	■ Record date for determining entitlements to the dividend (item 2.5)	n/a		
	b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):			
	1. Revenue represents service revenue.			
	2. EBITDA of \$3,048,684, refer to section 2.3 of the Directors' Report for details.			

3	DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS
	Nil
	a. Details of dividend or distribution reinvestment plans in operation are described below (item 6):
	Not applicable

4	RATIOS	Current period	Previous corresponding period
	a. Financial Information relating to 4b:	\$	\$
	Earnings for the period attributable to owners of the parent	1,247,405	832,979
	Net assets	15,766,417	14,137,261
	Less: Intangible assets and deferred tax balances	(22,230,465)	(22,883,701)
	Net tangible (liabilities)/assets	(6,464,048)	(8,746,440)
		No.	No.
	Fully paid ordinary shares	428,575,916	428,575,916
		¢	¢
	b. Net tangible (liability)/assets backing per share (cents) (item 3):	(1.508)	(2.041)

Directors' report

Your Directors present their report on the Group, consisting of The Agency Group Australia Ltd (**The Agency or the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2021 (**HY2022**).

The Agency is listed on the Australian Securities Exchange (ASX:AU1).

1. Directors

The names of Directors in office at any time during or since the end of the half-year are:

- Andrew Jensen Executive Chairman and Chief Operations Officer
- Geoff Lucas Managing Director and CEO *Appointed 28 January 2022*
- Paul Niardone Executive Director
- Adam Davey Non-Executive Director
- Matthew LaHood Executive Director and Real Estate CEO *Resigned 28 January 2022*

(collectively **the Directors or the Board**)

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

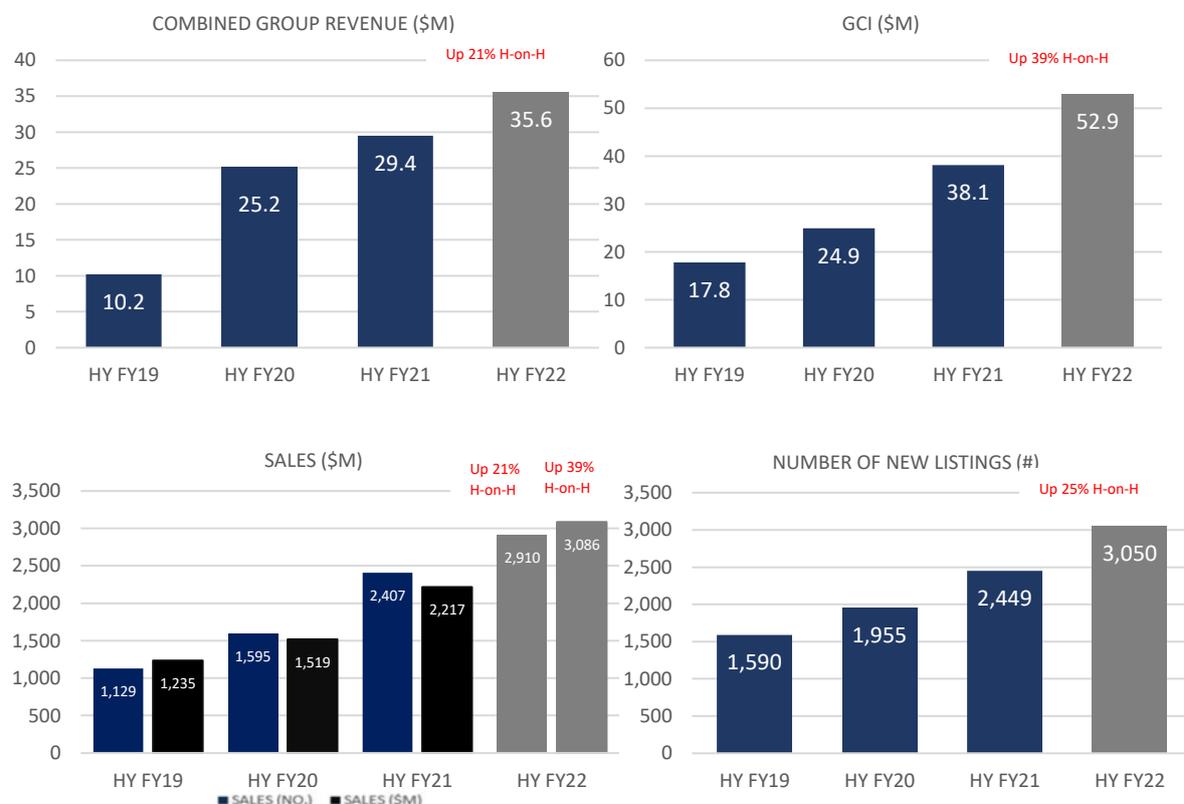
2. Operating and financial review

2.1. Nature of Operations Principal Activities

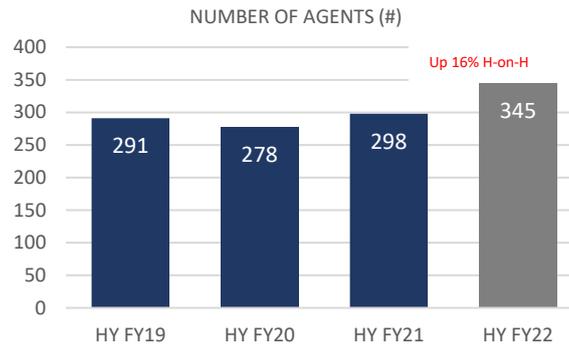
The principal activity of the Group for the half-year was real estate services and related activities. There were no significant changes in the nature of the Group's principal activities during the half-year.

2.2. Operations Review

a. Key Metrics



Directors' report



During HY2022, The Agency delivered significant HY2022 financial and operational results across its business as it further grows its presence now in five states and territories.

Group revenue for HY2022 \$35.6 million, up 21% on HY2021's Group revenue of \$29.4 million, which further highlights the effectiveness of the Company's model.

The increase in revenue was primarily due to a 39% year-on-year increase in Gross Commission Income (**GCI**) to \$52.9 million (HY2021 \$38.1 million).

This figure was bolstered by 2,910 exchanges across the Group for HY2022 (compared to 2,407 exchanges in HY2021) and \$3.1 billion worth of property sold across the combined Group for HY2022 (compared to \$2.2 billion in HY2021).

The pipeline for future sales remains strong with the combined Group reporting 3,050 listings for the half-year period. The Agency's east coast operations reported a total management portfolio of 3,551 PuM at the end of December 2021.

As at 31 December 2021, the Company consisted of 345 agents, a 16% increase on the 298 agents as at 31 December 2020. Importantly, post half-year end, in January 2022 alone, The Agency has further accelerated its recruitment drive adding four new agents in the ACT, seven new agents in NSW, seven new agents in QLD and four new agents in WA.

2.3. Financial Review

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Agency has continued its growth during HY2022. With positive cashflow during these 6 months means the Group has now delivered three continuous quarters of positive EBITDA and cashflow, a first for the company. For HY2022, the Group recorded positive EBITDA of \$3.05 million. EBITDA was calculated as provided below.

Directors' report

EBITDA calculation	HY2022 \$	HY2021 \$	Change \$	Change %
Profit after tax	1,247,405	832,979	+414,426	+50%
Income tax benefit	(850,437)	(1,049,926)		
Profit / (loss) before tax	396,968	(216,947)	+613,915	+283%
Interest income	(2,700)	(16,437)		
Depreciation and amortisation	2,694,819	2,793,006		
Embedded derivative non-cash financing (gains) / costs ¹	(289,428)	-		
Impairment recovery	(400,000)	-		
Interest and finance costs	267,274	1,455,310		
Profit on Sale of Assets ²	-	(331,407)		
Share-based payments expense	381,751	-		
EBITDA	3,048,684	3,683,525	-634,841	-17%
AASB 16 Leases impact ³	(909,783)	(918,567)		
EBITDA (pre-AASB16 Leases impact)	2,138,901	2,764,958	-626,057	-23%
Government incentives	-	(1,161,089)		
Normalised EBITDA	2,138,901	1,603,869	+535,032	+33%

Other key metrics:

■ Revenue	35,555,648	29,449,321	+6,106,327	+21%
■ GCI	52,876,078	38,124,162	+14,751,916	+39%

EBITDA for the current period was \$3.05 million (HY2021: \$3.68 million). After adjusting for the AASB16 Leases impact and government incentives received, normalised EBITDA for HY2022 was \$2.14 million. This represents a \$0.54 million increase in normalised EBITDA, which equates to a 33% increase from the comparative period.

The Group generated a net profit after tax for the year of \$1.25 million (HY2021: \$0.83 million profit). This was primarily impacted by the embedded derivative non-cash financing gains (\$0.29 million), impairment recovery (\$0.40 million), interest and finance costs (\$0.27 million), and depreciation and amortisation (\$2.69 million).

The net assets of the Group have increased from 30 June 2021 by \$1.63 million to \$15.77 million at 31 December 2021 (30 June 2021: \$14.14 million).

As at 31 December 2021, the Group's cash and cash equivalents increased from 30 June 2021 by \$1.17 million to \$6.26 million at 31 December 2021 (30 June 2021: \$5.10 million).

	HY2022 \$'000
Cash at bank (reference financial statements note 4.1)	6,262
<i>Cash classified as</i>	
■ Bank Guarantees	639
Reporting in the 31 December 2021 Appendix 4C	6,901

¹ Refer to note 2.1 of the financial statements

² Sale of West Coast rent roll assets to Managex. Includes profit on sale of net assets disposed of \$273K + Gain on exit of lease of \$58K

³ AASB 16 Leases was adopted from 1 July 2019. The above demonstrates finance costs and amortisation, which prior to the adoption AASB 16 was recognised as rent expense.

Directors' report

2.4. Impact of COVID 19 Coronavirus

The COVID-19 coronavirus global pandemic has continued to cause significant disruption and restrictions to the movement of people and goods throughout the world. During the pandemic, The Agency implemented prudent business continuity measures to see it through which allowed it to continue to operate nationally and is now reaping the benefits of a rebounding real estate market in WA and NSW. The half-year numbers reflect limited activity from Victoria which is expected to rebound with the easing of restrictions.

2.5. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements as disclosed in note 8 Events subsequent to reporting date on page 22.

2.6. Future Developments, Prospects and Business Strategies

The Group continues to focus on growth opportunities and attracting real estate agents to its contemporary direct engagement business model. By contracting directly with agents, the Group removes an additional layer of management and also better aligns the company and selling agents by removing internal conflicts. We believe this creates an environment where agents do what they do best which is selling real estate. The Group also differentiates by reducing the number of traditional real estate offices, operating in larger purpose built 'hubs' from which agents collaborate and serve broader geographic regions. The Group believes this model is more attractive to agents than traditional offices which have historically dominated the highly fragmented Australian real estate industry as it enables a higher agent commission split in a sustainable way.

Future growth will come from growth in agent numbers, and increased efficiencies driven by economies of scale and utilisation of best practice technological advances to ensure agents can maximise their productivity. The highly fragmented structure of the industry presents an opportunity for consolidation and the Group believes additional growth will come from acquisition opportunities - a number of which are being assessed and can be funded by existing resources.

The Group continues to assess a variety of strategic partnerships and adjacent revenue opportunities closely related to the activities of real estate sales transactions in addition to the existing property management, mortgage broking and conveyancing businesses already undertaken.

2.7. Environmental Regulations

The Group's operations are not subject to any significant environmental regulations in the jurisdictions it operates in.

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2021 has been received and can be found on page 7 of the interim financial report.

This Report of the Directors, is signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001* (Cth).



GEOFF LUCAS

Managing Director and CEO

Dated this Wednesday, 23 February 2022

HALL CHADWICK

To the Board of Directors,

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the review of the Financial Statements of The Agency Group Australia Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,


HALL CHADWICK WA AUDIT PTY LTD


DOUG BELL CA
Partner

Dated in Perth, Western Australia this 23rd day of February 2022

Condensed consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2021

	Note	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
<i>Continuing operations</i>			
Revenue	1.1	35,555,648	29,449,321
Other income	1.2	214,285	941,995
		35,769,933	30,391,316
Advertising and promotion expenses		(1,243,675)	(1,014,102)
Computers and information technology expenses		(931,205)	(679,515)
Consultancy fees		(707,482)	(949,776)
Depreciation and amortisation		(2,694,819)	(2,793,006)
Embedded derivative non-cash financing gains / (costs)	2.1	289,428	-
Impairment recovered	2.2	400,000	-
Interest and finance costs		(267,274)	(1,455,310)
Legal and professional fees		(352,936)	(1,168,662)
Occupancy costs		(314,350)	(373,636)
Salaries and employment costs	2.3	(28,408,725)	(21,158,144)
Other expenses		(1,141,927)	(1,016,112)
Profit / (loss) before tax		396,968	(216,947)
Income tax benefit	3.1	850,437	1,049,926
Net profit for the year		1,247,405	832,979
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss:		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		1,247,405	832,979
<i>Earnings per share:</i>			
Basic earnings per share (cents per share)	10.4	0.29	0.28
Diluted earnings per share (cents per share)	10.4	0.29	0.27

The Condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

as at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
<i>Current assets</i>			
Cash and cash equivalents	4.1	6,262,235	5,096,435
Trade and other receivables	4.2.1	11,381,645	8,353,403
Other current assets	4.4.1	1,111,272	323,438
Total current assets		18,755,152	13,773,276
<i>Non-current assets</i>			
Trade and other receivables	4.2.2	132,710	163,010
Financial assets	4.3.1	639,030	612,860
Property, plant, and equipment	5.1	1,660,873	1,577,659
Right of use asset	5.2.1	4,665,290	4,894,370
Intangible assets	5.3	22,736,778	24,240,451
Total non-current assets		29,834,681	31,488,350
Total assets		48,589,833	45,261,626
<i>Current liabilities</i>			
Trade and other payables	4.5.1	14,519,173	11,194,122
Provisions	5.4	2,438,511	2,565,406
Leases	5.2.2	1,892,474	1,828,270
Total current liabilities		18,850,158	15,587,798
<i>Non-current liabilities</i>			
Borrowings	4.6.1	5,000,000	5,000,000
Financial liabilities	4.7.1	4,593,244	4,882,672
Provisions	5.4	258,819	280,245
Leases	5.2.2	3,614,882	4,016,900
Deferred tax liabilities	3.6	506,313	1,356,750
Total non-current liabilities		13,973,258	15,536,567
Total liabilities		32,823,416	31,124,365
Net assets		15,766,417	14,137,261
<i>Equity</i>			
Issued capital	6.1.1	43,635,166	43,635,166
Reserves	6.4	1,453,612	1,071,861
Accumulated losses		(29,322,361)	(30,569,766)
Total equity		15,766,417	14,137,261

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2021

	Note	Contributed equity \$	Accumulated Losses \$	Share-based payment Reserve \$	Total equity \$
<i>Balance at 1 July 2020</i>		39,395,942	(28,713,311)	928,715	11,611,346
Profit for the half-year attributable owners of the parent		-	832,979	-	832,979
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-
Total comprehensive income for the half-year attributable owners of the parent		-	832,979	-	832,979
<i>Transaction with owners, directly in equity</i>					
Shares issued during the half-year (net of costs)		-	-	-	-
Options granted during the half-year		-	-	-	-
Balance at 31 December 2020		39,395,942	(27,880,332)	928,715	12,444,325
<i>Balance at 1 July 2021</i>		43,635,166	(30,569,766)	1,071,861	14,137,261
Profit for the half-year attributable owners of the parent		-	1,247,405	-	1,247,405
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-
Total comprehensive income for the half-year attributable owners of the parent		-	1,247,405	-	1,247,405
<i>Transaction with owners, directly in equity</i>					
Shares issued during the half-year (net of costs)		-	-	-	-
Options granted during the half-year	11.2.2	-	-	381,751	381,751
Options exercised during the half-year		-	-	-	-
Balance at 31 December 2021		43,635,166	(29,322,361)	1,453,612	15,766,417

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows
for the half-year ended 31 December 2021

	Note	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		37,762,381	31,536,210
Payments to suppliers and employees		(34,092,451)	(28,086,117)
Interest received		2,700	16,437
Finance costs		(311,280)	(898,045)
Net cash received operating activities		3,361,350	2,568,485
<i>Cash flows from investing activities</i>			
Purchase of property, plant, and equipment		(399,736)	(70,235)
Deposit for bank guarantees		(26,170)	-
Purchase of intangibles		(112,294)	-
Loans to other entities		(670,000)	-
Net cash received on disposal of asset group	1.2.1	-	2,623,330
Net cash (used in) / received from investing activities		(1,208,200)	2,553,095
<i>Cash flows from financing activities</i>			
Repayments of borrowings		-	(3,564,464)
Payment of principal portion of lease liabilities		(987,350)	(987,977)
Net cash used in financing activities		(987,350)	(4,552,441)
Net increase in cash and cash equivalents held		1,165,800	569,139
Cash and cash equivalents at the beginning of the half-year		5,096,435	2,724,142
Cash and cash equivalents at the end of the half-year	4.1	6,262,235	3,293,281

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

In preparing the December 2021 Interim Financial Report, The Agency Group Australia Ltd has grouped into sections under the same key categories as used in the June 2021 Annual Report:

■ Section A: How the numbers are calculated	13
■ Section B: Unrecognised items.....	22
■ Section C: Other Information	23

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The financial report is presented in Australian dollars, except where otherwise stated.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity.

Note	1	Revenue and other income	Note	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
1.1		Revenue			
		Commissions		29,240,577	21,973,365
		Fees		3,013,947	3,376,980
		Management fees		3,301,124	4,098,976
				35,555,648	29,449,321
1.2		Other Income			
		Interest income		2,700	16,437
		Gain on disposal of assets	1.2.1	-	273,225
		Gain on exit of lease		-	58,182
		Other income		211,585	269,739
		Government grants received – Cash Flow Boost		-	324,412
				214,285	941,995

1.2.1 In September 2020, the Company formed a strategic partnership with Managex Funds Management Pty Ltd (**Managex**). Under the terms of a binding sales agreement, Managex purchased The Agency Property Management WA Pty Ltd that held the Group's West Coast rent roll net assets, resulting in the following gain:

	6 months to 31 December 2020 \$
<i>Consideration</i>	
Cash payment	2,777,164
Retention receivable	484,794
Total consideration	3,261,958
<i>Less:</i>	
Costs associated with sale	(51,292)
Net assets disposed	(2,937,441)
Profit on sale of net assets disposed	273,225

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

Note	2	Profit before income tax	Note	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
The following significant revenue and expense items are relevant in explaining the financial performance:					
2.1		Embedded derivative non-cash financing (gains)/costs:			
		■ Embedded Derivative - Finance cost		455,912	-
		■ Embedded Derivative - Fair value adjustment	4.7.1a	(745,340)	-
				(289,428)	-
2.2		Impairment:			
		■ Doubtful debts (recovered) / expense	4.4.1,4.4.3	(400,000)	-
				(400,000)	-
2.3		Salaries and employment costs:			
		■ Commissions		18,810,810	14,233,025
		■ Director fees		72,000	72,000
		■ Salary and wages		5,499,294	4,909,529
		■ Share-based payments expense	11	381,751	-
		■ Superannuation		1,322,093	1,088,996
		■ Other employment related costs		2,322,777	1,691,271
		■ Government grants received in connection with employment costs		-	(836,677)
				28,408,725	21,158,144
Note	3	Income tax		6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
3.1		Income tax benefit			
		Current tax		-	-
		Deferred tax		(850,437)	(1,049,926)
				(850,437)	(1,049,926)
3.2		Reconciliation of income tax expense to prima facie tax payable			
		The prima facie tax benefit on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:			
		Accounting profit / (loss) before tax		396,968	(216,947)
		Prima facie tax on operating profit / (loss) at 30% (December 2020: 27.5%)		119,090	(59,660)
		Add / (Less) tax effect of:			
		■ Other Deductible expenses		(17,965)	(48,659)
		■ Profit on sale of assets		-	(75,033)
		■ Capital gain on sale of assets		-	192,612
		■ Profit on lease exit		-	(16,000)
		■ Non-deductible expenses		14,831	16,462
		■ Unrecognised income tax effect of temporary differences		-	(1,059,648)
		■ Recognition of deferred tax assets on revenue losses, not previously recognised		(966,393)	-
		Income tax benefit attributable to operating profit / (loss)		(850,437)	(1,049,926)

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2020

Note	3	Income tax (cont.)	Note	31 December 2021 \$	30 June 2021 \$
3.5		Deferred tax assets			
		Employee benefits		628,386	558,583
		Accrued expenses		2,243,801	1,747,300
		Provisions		27,160	177,161
		AASB 16 <i>Leases</i> - Lease Liability		190,620	182,453
		Other		259,531	309,093
				3,349,498	2,974,590
		Set-off deferred tax liabilities	3.6	(3,349,498)	(2,974,590)
		Net deferred tax assets		-	-
3.6		Deferred tax liabilities			
		Intangible Asset - Rent Roll		3,855,811	4,331,340
				3,855,811	4,331,340
		Set-off deferred tax assets	3.5	(3,349,498)	(2,974,590)
		Net deferred tax liabilities		506,313	1,356,750
3.7		Tax losses and deductible temporary differences			
		Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:			
		■ Revenue losses attributable to Australia		3,130,755	5,063,541
				3,130,755	5,063,541

The parent company has accumulated tax losses of \$10,435,850 (30 June 2021: \$16,878,470) which are expected to be available indefinitely for offset against future taxable profits of the parent company in which the losses arose. The recoupment of these losses is subject to assessment by the Australian Taxation Office.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021**Note 4 Financial assets and financial liabilities**

4.1 Cash and cash equivalents		31 December 2021 \$	30 June 2021 \$
Cash at bank		6,262,235	5,096,435
		6,262,235	5,096,435
4.2 Trade and other receivables		31 December 2021 \$	30 June 2021 \$
4.2.1 <i>Current</i>			
Trade debtors		9,155,180	6,672,604
Recoverable commissions / wages		1,201,262	1,125,019
Other receivables		1,075,203	855,780
Provision for non-recovery of trade debtor and commissions / wages		(50,000)	(300,000)
		11,381,645	8,353,403
4.2.2 <i>Non-current</i>			
Trade debtors		132,710	163,010
		132,710	163,010
4.3 Financial assets		31 December 2021 \$	30 June 2021 \$
4.3.1 <i>Non-current</i>			
Bank guarantees and restricted cash		639,030	612,860
		639,030	612,860
4.4 Other assets		31 December 2021 \$	30 June 2021 \$
4.4.1 <i>Current</i>			
Prepayments		1,111,272	305,748
Other deposits		-	417,690
Less: provision for impairment		-	(400,000)
		1,111,272	323,438

4.4.2 *Other deposits* at 30 June 2021 relate to an advance payment of \$400,000 made to the Federal Court regarding the Magnolia case and other amounts of \$17,690.

4.4.3 During the half-year, the provision for impairment of \$400,000 was reversed following the favourable decision of the Federal Court (announced 23 November 2021), costs were awarded to the Agency and the \$400,000 was returned to the Company.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

Note 4 Financial assets and financial liabilities (cont.)

4.5 Trade and other payables		31 December 2021 \$	30 June 2021 \$	
4.5.1 <i>Current</i>				
<i>Unsecured</i>				
Trade payables		3,316,135	2,552,376	
Employees' remuneration – commissions payable		4,557,215	3,706,455	
Payroll tax		509,793	353,739	
Superannuation – employees		367,003	392,778	
Sundry creditors and accrued expenses		3,438,134	2,512,237	
GST and PAYG payable		2,330,893	1,676,537	
		14,519,173	11,194,122	
4.6 Borrowings		Note	31 December 2021 \$	30 June 2021 \$
4.6.1 <i>Non-current</i>				
Bank loans	4.6.1a	5,000,000	5,000,000	5,000,000

- a. On 4 August 2021 the Company executed an amendment deed to its loan agreement with Macquarie Bank Limited (**Macquarie**). Pursuant to the terms of the amendment deed, the revised terms of the loan include:

- **Loan amount** \$5,000,000
- **Interest rate** Base Rate (BBSW) + margin of 3.75%.
The Base Rate (determined monthly) has ranged between 0.01% to 0.0917% during the period
- **Repayment date** On or before 4 January 2023
- **Covenants** The Company has covenanted to Macquarie that it will:
 - maintain an EBITDA interest cover ratio of at least 3 times. The definition of interest expense does not include financial indebtedness owed by the Company to Peters Investments Pty Ltd, in accordance with the convertible notes issued on 15 May 2020 and 4 January 2021 respectively.
- **Termination/Default** It is an event of default under the loan agreement if the total number of sales agents employed by the Company's wholly owned subsidiary, Top Level Real Estate Pty Ltd, is less than, or falls to less than 59. The Loan Agreement otherwise contains default and termination provisions considered standard for a bank facility of this nature.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021**Note 4 Financial assets and financial liabilities (cont.)**

4.7 Financial liabilities	Note	31 December 2021 \$	30 June 2021 \$
4.7.1 Non-current			
Convertible note:	4.7.1a,b		
■ Debt component		1,351,013	895,101
■ Derivative financial liability conversion option		3,242,231	3,987,571
		4,593,244	4,882,672
<i>a. Reconciliation of convertible notes</i>			
<i>Opening balance:</i>			
■ <i>from Borrowings</i>		-	1,000,000
■ Debt component		895,101	-
■ Derivative financial liability conversion option		3,987,571	-
Proceeds on issue of convertible notes		-	5,000,000
		4,882,672	6,000,000
■ Fair value of derivative liabilities		-	4,988,334
■ Host debt liability		-	896,561
■ Convertible loan notes converted to equity		-	(3,612,768)
■ Interest charged		455,912	623,557
■ Fair value movement		(745,340)	1,986,988
Carrying value of liabilities at reporting date		4,593,244	4,882,672
<i>b. On 5 January 2021, following shareholder approval at the Company's AGM held 4 January 2021, the Company issued 5,000,000 convertible notes to Peters Investments Pty Ltd in order to raise \$5,000,000. In addition, the terms of the 1,000,000 convertible notes issued to Peters Investments in May 2020 were amended to be consistent with the terms of the 5,000,000 convertible notes issued 4 January 2021:</i>			
■ Interest rate	higher of 8% per annum and the interest rate on the Macquarie Bank loan		
■ Facilitation fee	3% fee equalling \$150,000 which is capitalised and added to the face value of the note.		
■ Security	Second security ranking behind Macquarie Bank.		
■ Options	12,000,000 Options exercisable at the \$0.027 on or before 31 March 2023. These options were exercised on 28 January 2021.		
■ Term/Maturity Date	Unless converted to shares the notes will be repaid in cash on the earlier of 31 March 2023 or when all amounts owing by the Company to Macquarie Bank have been repaid.		
■ Conversion	At Noteholders election the notes can be converted into shares in The Agency at the lower of \$0.027 per share and the issue price of shares offered under any subsequent capital raising completed by the Company to raise over \$1,000,000 on or before maturity date.		
■ Other Conditions	Noteholder will have the first right of refusal to replace the Macquarie Bank loan on commercial terms and conditions to be reasonably agreed between the Noteholder and The Agency.		
On 28 January 2021, Peter Investments converted \$3,612,768 of debt and interest into 115,621,485 shares.			

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

Note 5 Non-financial assets and financial liabilities

5.1 Property, plant, and equipment

	31 December 2021 \$	30 June 2021 \$
Plant and equipment – at cost	1,359,511	1,253,362
Accumulated depreciation	(795,733)	(725,387)
	563,778	527,975
Leasehold improvements – at cost	3,739,133	3,447,970
Accumulated amortisation	(2,642,038)	(2,398,286)
	1,097,095	1,049,684
Total plant and equipment	1,660,873	1,577,659

5.2 Leases

	31 December 2021 \$	30 June 2021 \$
5.2.1 Right of use assets		
Properties	3,609,893	3,704,241
Printing equipment	1,055,397	1,190,129
	4,665,290	4,894,370
5.2.2 Lease liabilities		
Current	1,892,474	1,828,270
Non-current	3,614,882	4,016,900
	5,507,356	5,845,170

5.3 Intangible assets

	31 December 2021 \$	30 June 2021 \$
Goodwill	10,704,236	10,704,236
	10,704,236	10,704,236
Rent Roll and trail book	21,134,545	21,134,545
Accumulated amortisation	(9,436,696)	(7,851,603)
	11,697,849	13,282,942
Trademarks	268,420	268,420
Accumulated amortisation and impairment	(268,420)	(268,420)
	-	-
Others	403,529	291,875
Accumulated amortisation and impairment	(68,836)	(38,602)
	334,693	253,273
Total intangibles	22,736,778	24,240,451

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021**Note 5 Non-financial assets and financial liabilities (cont.)**

5.4 Provisions	31 December 2021 \$	30 June 2021 \$
5.4.1 Current		
Employee entitlements	1,670,366	1,406,422
Future fund referrals	768,145	1,158,984
	2,438,511	2,565,406
5.4.2 Non-current		
Employee entitlements	57,252	62,742
Make good provisions	148,498	149,548
Future fund referrals	53,069	67,955
	258,819	280,245

Note 6 Equity

6.1 Issued capital	Note	31 December 2021 No.	30 June 2021 No.	31 December 2021 \$	30 June 2021 \$
Fully paid ordinary shares at no par value		428,575,916	428,575,916	43,635,166	43,635,166
		6 months to 31 December 2021 No.	12 months to 30 June 2021 No.	6 months to 31 December 2021 \$	12 months to 30 June 2021 \$
6.1.1 Ordinary shares					
At the beginning of the period		428,575,916	298,954,431	43,635,166	39,395,942
Shares issued during the period:					
■ Convertible note conversion	4.7.1b	-	115,621,485	-	3,612,768
■ Exercise of \$0.027 options		-	12,000,000	-	546,000
■ Exercise of \$0.0338 options		-	2,000,000	-	140,456
Transaction costs relating to share issues		-	-	-	(60,000)
At reporting date		428,575,916	428,575,916	43,635,166	43,635,166
6.2 Performance shares				31 December 2021 No.	30 June 2021 No.
Performance shares				1,555,558	1,555,558

6.2.1 During the 2020 financial year, 2,222,251 performance shares converted into 2,222,251 ordinary shares upon achieving a 10% growth in the mortgage and finance business loan book within 18 months of settlement. The remaining 1,555,558 performance shares failed to vest (by achieving a 20-day volume VWAP on the ASX which equals or exceeds 3 times the re-quotations price of \$0.02, at any time within 24 months of settlement) and expired. These performance shares will convert to five only ordinary shares.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

Note 6 Equity (cont.)

6.3 Options	Note	31 December	30 June	31 December	30 June
		2021	2021	2021	2021
		No.	No.	\$	\$
Options		30,333,333	333,333	1,453,612	1,071,861
		6 months to 31 December 2021 No.	12 months to 30 June 2021 No.	6 months to 31 December 2021 \$	12 months to 30 June 2021 \$
At the beginning of the period		333,333	104,181,760	1,071,861	928,715
Options movement during the period					
■ Issued in connection with Convertible notes	4.7.1b		12,000,000		222,000
■ Exercise of \$0.027 options			(12,000,000)		(222,000)
■ Exercise of \$0.0338 options			(2,000,000)		(72,800)
■ Granted and issued to CEO in accordance with employment agreements	11.2.2a	30,000,000	-	381,751	215,946
■ Expiry of options		-	(101,848,427)	-	-
At reporting date		30,333,333	333,333	1,453,612	1,071,861

6.4 Reserves	2021	2020
	\$	\$
Share-based payment reserve	1,453,612	1,071,861
	1,453,612	1,071,861

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

SECTION B. UNRECOGNISED ITEMS

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 7 Commitments

There are no material commitments to the Group as at 31 December 2021 (30 June 2021: Nil).

Note 8 Events subsequent to reporting date

- 8.1** Following the appointment of Geoff Lucas as Managing Director on 28 January 2022, Paul Niardone has moved to Executive Director. As part of the updated appointments to the board, Real Estate CEO Matt Lahood has stepped down as a director of the listed Company to allow him additional time to focus on his increasing executive workload following recent agent recruitment. All changes were effective 28 January 2022.
- 8.2** At the Annual General Meeting on 28 January 2022, the shareholders approved the issue of 11,000,000 performance rights to Paul Niardone.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Note 9 Contingent liabilities

There are no contingent liabilities as at 31 December 2021.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

SECTION C. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note	10	Earnings per share (EPS)	Note	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
10.1		Reconciliation of earnings to profit or loss			
		Profit for the half-year		1,247,405	832,979
		Less: profit attributable to non-controlling equity interest		-	-
		Profit used in the calculation of basic and diluted EPS		1,247,405	832,979
				6 months to 31 December 2021 No.	6 months to 31 December 2020 No.
10.2		Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS		428,575,916	298,954,431
		Weighted average number of dilutive equity instruments outstanding	10.5	2,018,116	11,162,892
10.3		Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS		430,594,032	310,117,323
				6 months to 31 December 2021 ¢	6 months to 31 December 2020 ¢
10.4		Earnings per share			
		Basic EPS (cents per share)	10.5	0.29	0.28
		Diluted EPS (cents per share)	10.5	0.29	0.27
10.5		As at 31 December 2021, the Group has 30,333,333 unissued shares under options (December 2020: 11,162,892) and 1,555,558 performance shares on issue (December 2020: 1,555,558). As at 31 December 2021, of the 30,333,333 options granted and issued, 10,333,333 options have vested and are exercisable. Unvested options are not considered to be dilutive.			

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

Note	11	Share-based payments	Note	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
11.1		Share-based payments:			
		■ Recognised in profit or loss – share-based payment expense	11.2.2a	381,751	-
		Gross share-based payments		381,751	-

11.2 Share-based payment arrangements in effect during the period**11.2.1 Issued during the current year**

No share-based payments were granted during the period. Refer 11.2.2a for share-based payments issued in prior year, remaining in effect.

11.2.2 Issued in prior year, remaining in effecta. *Chief Executive Officer – Remuneration Options*

On the commencement of employment, the Company granted Mr Geoff Lucas 30,000,000 options in accordance with his employment agreement, on the following terms (subject to the completion of his probationary period, ending 29 September 2021):

Number under Option	Date of Expiry	Consideration	Exercise Price	Vesting Terms
10,000,000	29 September 2022	nil	\$0.050	60 days after 6-month probationary period 28 November 2021
10,000,000	29 September 2023	nil	\$0.075	12 months after 6-month probationary period 29 September 2022
10,000,000	29 September 2024	nil	\$0.100	24 months after 6-month probationary period 29 September 2023

11.3 Movement in share-based payment arrangements during the period

A summary of the movements of all Company options issued as share-based payments is as follows:

	6 months to 31 December 2021 \$		12 months to 30 June 2021 \$	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the period	30,333,333	\$0.077	104,181,760	\$0.068
Granted (refer 11.3a below)	-	-	42,000,000	\$0.061
Exercised	-	-	(14,000,000)	\$0.028
Expired	-	-	(101,848,427)	\$0.068
Outstanding at the end of the period (refer 11.3a below)	30,333,333	\$0.077	30,333,333	\$0.077
Exercisable at the end of the period	10,333,333	\$0.058	333,333	\$0.300

- Included in *Granted* and *Outstanding at year-end* are 30,000,000 options granted to Mr Geoff Lucas that subject to vesting conditions and remained unissued as at 30 June 2021, as noted in 11.2.2a. These options were issued to Mr Lucas on 30 November 2021. As at 31 December 2021, of the 30,000,000 options granted and issued, 10,000,000 options have vested and are exercisable.
- The weighted average remaining contractual life of options outstanding at period end was 1.73 years (June 2021: 0.53 years).
- The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

Note 11 Share-based payments (cont.)**11.4 Fair value of options granted in prior period, remaining in effect**

The weighted average fair value of options was calculated using the Black-Scholes option pricing model, applying the following inputs to options issued the period:

Note Reference	11.2.2a	11.2.2a	11.2.2a
Grant date:	29 March 2021	29 March 2021	29 March 2021
Grant date share price:	\$0.060	\$0.060	\$0.060
Option exercise price:	\$0.050	\$0.075	\$0.100
Number of options issued:	10,000,000	10,000,000	10,000,000
Remaining life (years):	0.75	1.75	2.75
Expected share price volatility:	106.60	106.60	106.60
Risk-free interest rate:	0.08%	0.08%	0.66%
Value per option	\$0.0320	\$0.0333	\$0.0360

Fair values:

Total fair value	\$320,000	\$333,000	\$360,000
Recognised in the period	\$197,147	\$112,061	\$72,543

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2021

Note 12 Operating segments

12.1 Segment Financial Performance

	Real Estate Property Services \$	Mortgage Origination Services \$	Total Reportable Segments \$	Other Segments \$	Total \$
31 December 2021					
Revenue					
■ External revenues	33,848,380	1,706,099	35,554,479	1,169	35,555,648
■ Inter-segment revenues	-	-	-	-	-
Total segment revenue	33,848,380	1,706,099	35,554,479	1,169	35,555,648
<i>Reconciliation of segment revenue to Group revenue:</i>					
■ Eliminations					-
Total group revenue and other income					35,555,648
Segment earnings before interest, tax, depreciation, and amortisation (EBITDA)	5,403,692	441,562	5,845,254	119,935	5,965,189
■ Unallocated corporate costs					(2,916,504)
EBITDA					3,048,685
<i>Reconciliation to Group profit:</i>					
(i) Allocated items:					
■ Depreciation and amortisation	(2,536,519)	(21,420)	(2,557,939)	(136,880)	(2,694,819)
■ Net finance costs	(248,759)	4,572	(244,187)	(476,300)	(720,487)
(ii) Unallocated items:					
■ Impairment reversal	-	-	-	400,000	400,000
■ Fair value adjustments	-	-	-	745,340	745,340
■ Share-based payments	-	-	-	(381,751)	(381,751)
Profit before income tax					396,968
31 December 2020					
Revenue					
■ External revenues	28,010,324	1,431,003	29,441,327	7,994	29,449,321
■ Inter-segment revenues	-	-	-	-	-
Total segment revenue	28,010,324	1,431,003	29,441,327	7,994	29,449,321
<i>Reconciliation of segment revenue to Group revenue:</i>					
■ Eliminations					-
Total group revenue and other income					29,449,321
Segment EBITDA	5,605,925	630,345	6,236,270	(615,471)	5,620,799
■ Unallocated corporate costs					(1,937,272)
EBITDA					3,683,527
<i>Reconciliation to Group loss:</i>					
(i) Allocated items:					
■ Other gains	58,182	-	58,182	273,225	331,407
■ Depreciation and amortisation	(2,680,767)	(21,420)	(2,702,187)	(90,820)	(2,793,007)
■ Net finance costs	(774,913)	(2,247)	(777,160)	(661,714)	(1,438,874)
Loss before income tax					(216,947)

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

Note 13 Statement of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the periods presented, unless otherwise stated.

13.1 Basis of preparation**13.1.1 Reporting Entity**

The Agency Group Australia Ltd (**The Agency** or the **Company**) is a listed public company limited by shares, domiciled and incorporated in Australia. This interim financial report is intended to provide users with an update on the latest annual financial statements of The Agency Group Australia Ltd and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the half-year ended 31 December 2021, together with any public announcements made during the half-year.

13.1.2 Basis of accounting

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue on 26 February 2021 by the Directors of the Company.

13.1.3 Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a profit for the half-year of \$1,247,405 (31 December 2020: \$832,979 profit) and a net cash in-flow from operating activities of \$3,361,350 (31 December 2020: \$2,568,485 in-flow). Included in the profit during the year was depreciation and amortisation of \$2,694,819, embedded derivative non-cash financing gains \$289,428, and impairment recovery of \$400,000.

As at 31 December 2021, the Company had a working capital deficit of \$1,206,278 (30 June 2021: \$2,120,270 working capital deficit)

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet commitments and working capital requirements for the 12-month period from the date of signing this financial report.

The ability of the Group to continue as a going concern is principally dependent on the following:

- The Group continuing to generate cash flows from profitable operations; and
- The Group being in compliance with all terms of its debt facilities and the Group repaying or refinancing its borrowings which are due for repayment in January 2023.

In the event that the above are not achieved the Group will need to raise funds from issued capital and/or alternative financing arrangements.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

13.1.4 Comparative figures

Where required, comparative figures have been adjusted to conform to changes in presentation for the current half-year.

13.1.5 New and Amended Standards Adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group are:

- AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions [AASB 16]*
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 [AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139]*.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

Note 13 Statement of significant accounting policies**13.2 Use of estimates and judgments**

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

13.2.1 Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Note 14 Company details

The registered office and head office of the Company is:

*Street:*68 Milligan Street
Perth WA 6000
Australia*Postal:*PO Box 7768
CLOISTERS SQUARE WA 6850
Australia

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 28, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half-year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001* (Cth) and is signed for and on behalf of the directors by:



GEOFF LUCAS

Managing Director and CEO

Dated this Wednesday, 23 February 2022



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF THE AGENCY GROUP AUSTRALIA LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of The Agency Group Australia Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Agency Group Australia Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of The Agency Group Australia Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


HALL CHADWICK WA AUDIT PTY LTD


DOUG BELL CA
Partner

Dated in Perth, Western Australia this 23rd day of February 2022

THE AGENCY
— GROUP AUST LTD