THE AGENCY

(ASX: AU1)
Investor Presentation for the FY2022
Full Year Results

30 June 2022

KEY TAKEAWAYS

UNDERLYING EBITDA[1]

$3.85M

(FY21: $3.06M) → **+26%**

Revenues from Ordinary Activities

$72.7M

(FY21: $58.4M) → **+24%**

GCI[2]

$102.5M

(FY21: $80.7M) → **+27%**

Gross Value of Properties Sold

$5.9Bn

(FY21: $4.8Bn) → **+23%**

No. of Properties Sold

5,709

(FY21: 4,964) → **+15%**

No of Agents

393

(FY21: 308) → **+28%**

1. Underlying EBITDA adjusted for the impact of AASB16 and Government Incentives received in the prior period
2. Gross Commission Income ("GCI") is the fees the vendor pays for the sale of a property.

INCREASE IN AGENT NUMBERS UNDERPINNING GCI GROWTH

Net increase of

85

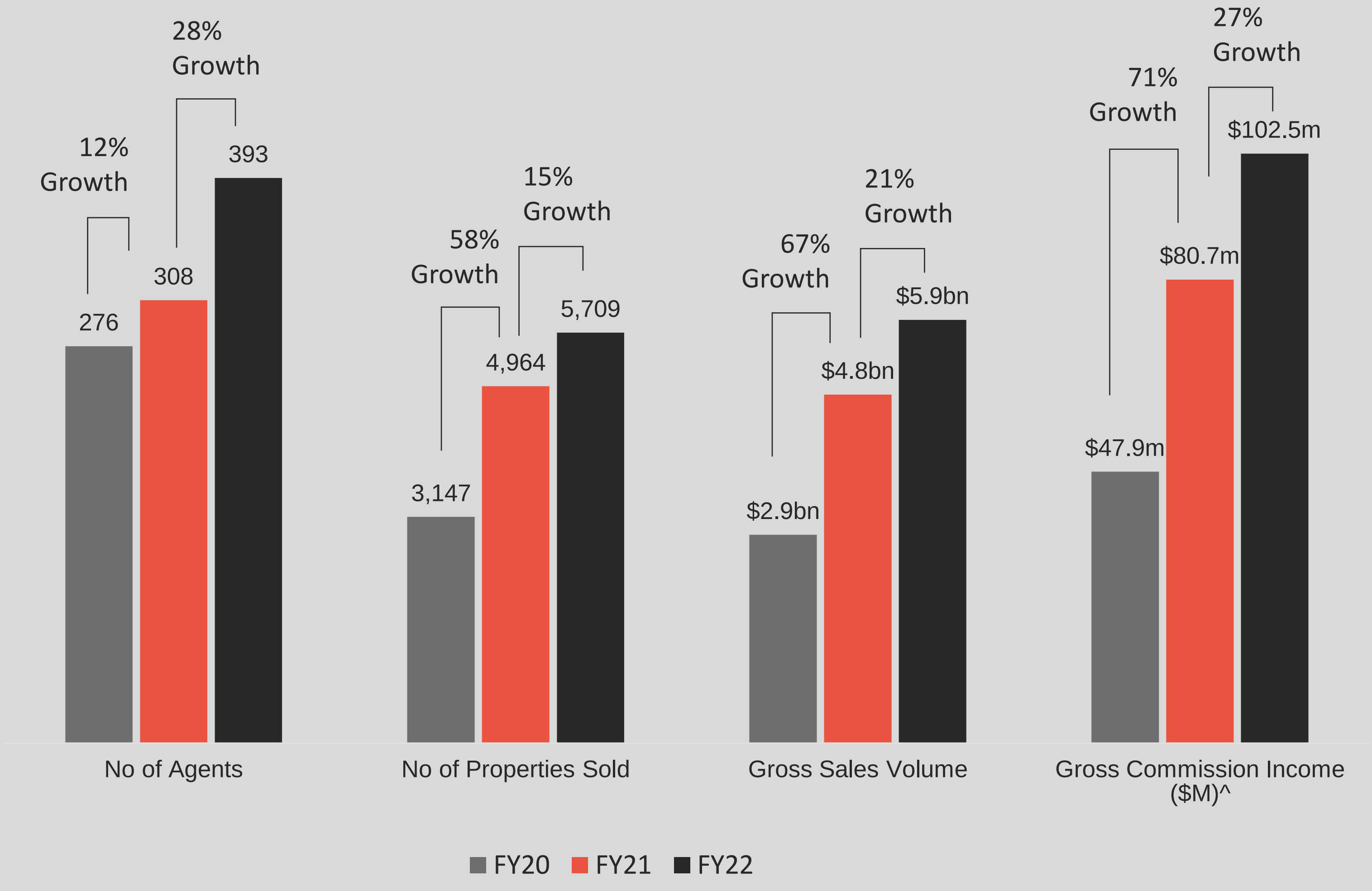
Agents from 30 June 2021

15%

Increase in No. of Properties Sold

27%

Increase in Gross Commission Income



^ Gross Commission Income (“GCI”) is the fees the vendor pays for the sale of a property.

A growing brand now with presence in 6 states and territories

Since 30 June 2021, The Agency has invested in new geographical markets of Manly NSW, Sunshine Coast, Gold Coast and Toowoomba in Queensland and Canberra in the ACT.

Post financial year end in July 2022, The Agency has entered its sixth state being Tasmania through its acquisition of Bushby Property Group.

Bushby Property Group Acquisition

Bushby Property Group, to be renamed The Agency – Team Bushby consists of nine sales agents within the 32 staff who have sold over $125m in residential property over the past 12 months and circa 1,300 properties under management, operating out of its large 'hub' office in Launceston.

Consideration of c. $5M subject to a number of earn out provisions based on performance and growth

Funded via combination of bank debt and existing cash reserves

Extension of Macquarie Bank facility until July 2025

Extension of Convertible Note issued by Peters Investments until Jan 2026 (subject to shareholder approval)

Settlement occurred 22 July 2022

Why agents are choosing The Agency

At The Agency, we're not a traditional franchise structure. Instead, we've removed the 'middle layer' and created a more responsive, efficient and effective model for our agents. This means our agents are better rewarded and their clients receive a superior service. This differentiated business model has a number of benefits, leading agents to choose The Agency:

NO FRANCHISE CONSTRAINTS OR COSTLY OUTLAYS.

Unlike most other real estate businesses, there are no franchise rules or restrictions at The Agency. Our agents can operate their business wherever they choose, under our national flagship brand, The Agency.

MORE SUPPORT SERVICES.

We've taken away the overheads and administrative burden so agents can focus on the high dollar value activities that will propel their business forward.

MORE FINANCIALLY BENEFICIAL.

The Agency reduces expenditure on fixed costs - such as set premises and office locations - which allows us to pay the agent higher commission splits in a sustainable way. It's a more financially beneficial model for both parties.

MORE RESPONSIVE.

The Agency has strategic partnerships with suppliers and various tech platforms that make selling real estate more efficient and streamlined, at a lower cost; enabling the agent to quickly and easily get their product to market.

Reimagining the office

In line with The Agency Group's innovative approach to disrupting the status quo, The Agency's newly opened satellite office in Western Suburbs of Perth completements the existing Hub office in the Perth CBD.

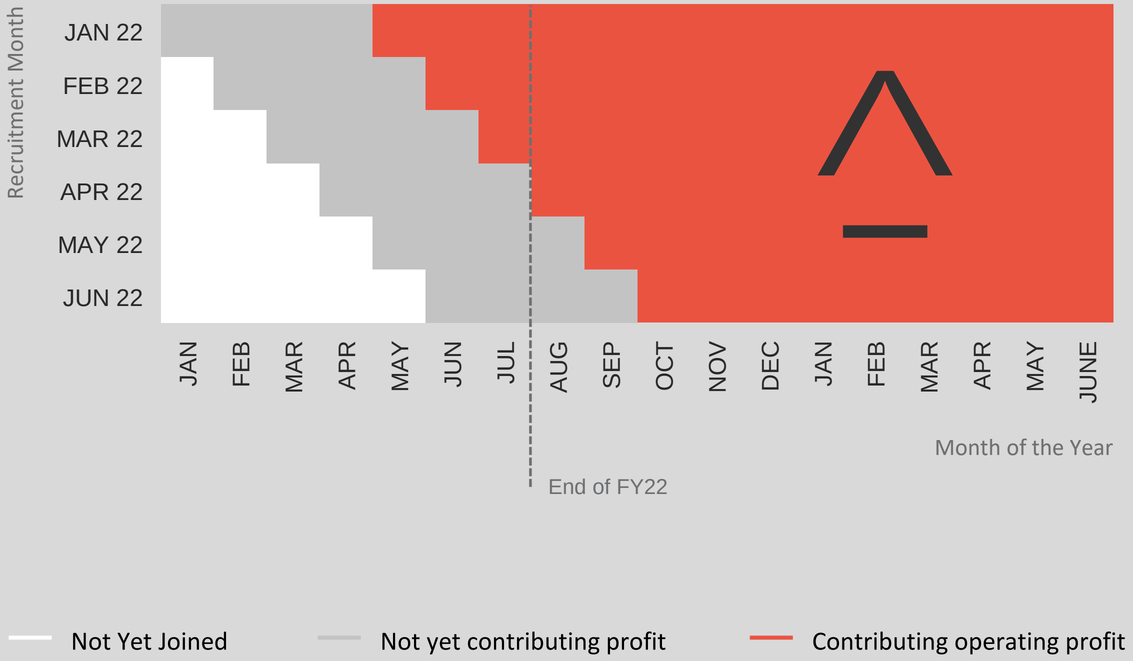
In an innovative approach, the office also doubles as an Art Gallery that facilitates community engagement while building brand awareness.

Artwork displayed, which will be constantly rotated, is currently showcasing works by students from Curtin University.

Initial feedback has seen increased foot traffic and brand awareness compared to a typical office and the Gallery is generating positive engagement with the community.

How agent recruitment assists the agency profitability

Across the past 12 month period, there has been an increase of 85 Agents. The profitability of FY22 recruits is yet to fully flow through to The Agency operating profit (as visualised below).



Agents recruited in existing, established, geographical areas have a quicker path to profitability.

It takes approx. 3-4 months for a new agent in an *existing area* to contribute to profitability.

It takes approx. 6 months for agents in a *new area* to contribute to profitability, as it takes slightly longer to establish themselves.

Before entering a new geographical area, any initial investment is carefully considered by Management against sufficient scale benefits, to ensure entry into a new market is profitable over the medium term.

Financial Highlights

Positive jaws delivering EBITDA growth

24%

Increase in Revenues

430 basis point

Decrease in Cost of Doing Business

26%

Increase in EBITDA

	UNDERLYING[1]			STATUTORY		
	FY22	FY21	Change	FY22	FY21	Change
Revenue	**$72.66m**	**$58.38m**	**24%**	**$72.66m**	**$58.38m**	**24%**
Cost of Doing Business[2]	30.3%	34.6%	-430 bps	n.a.	n.a.	n.a.
EBITDA	**$3.85m**	**$3.06m**	**26%**	**$5.69m**	**$6.37m**	**-11%**
Net Profit/(Loss) After tax	($0.84m)	($1.68m)	n.m.	$1.59m	($1.85m)	n.m.

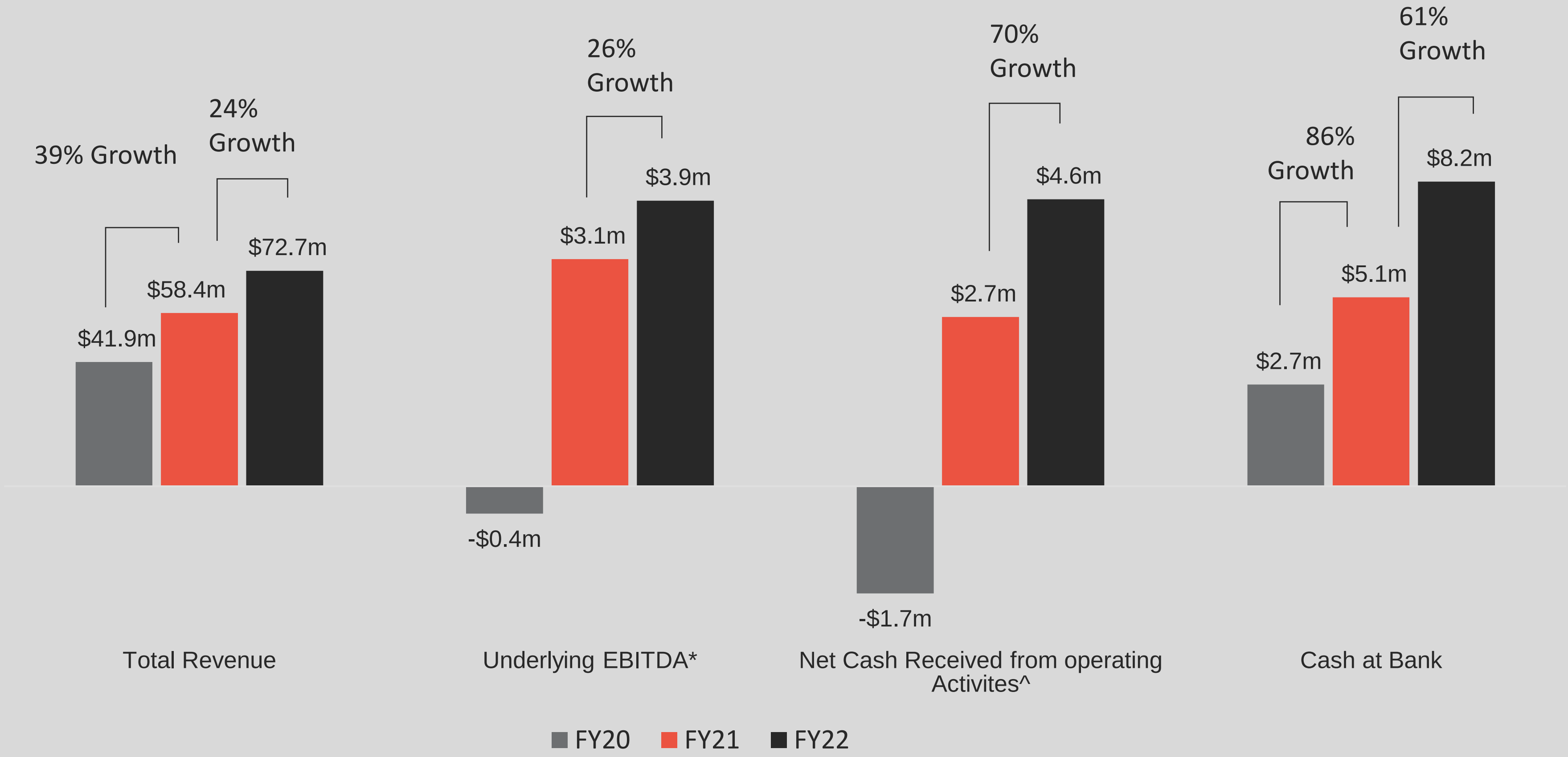
1. FY22 Underlying adjusted for the impact of AASB16 Leasing Standard and Impairment Reversal. FY21 Underlying adjusted for the impact of AASB16, Gain on Sale and Government Incentives received in the prior period. Refer to Appendix for detailed calculations
2. Operating Expenses as a percentage of revenue
n.a. – Not Applicable
n.m. – Not Meaningful

Double digit growth in key metrics as the business reaches scale delivering profitable growth and increasing cash at bank

26%
Underlying EBITDA Growth

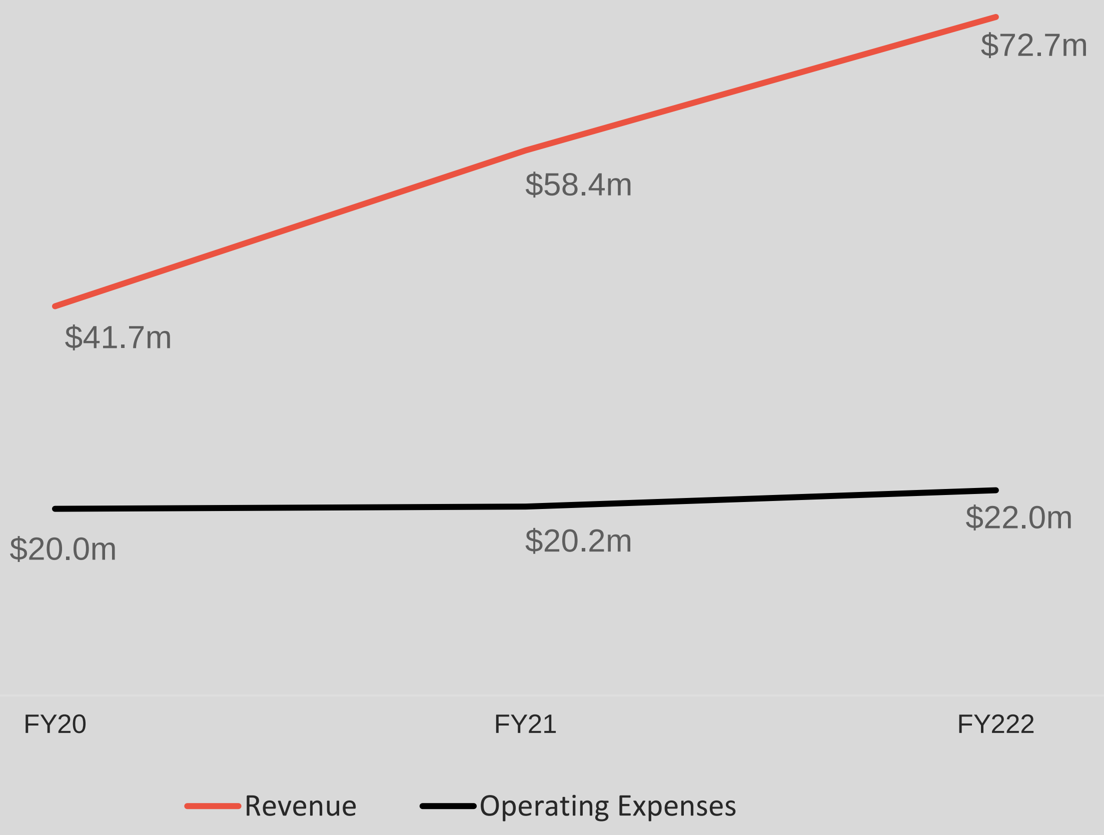
$4.6m
FY22 Operational Cash Flow (Pre AASB16)

$8.2m
Cash at Bank as at 30 June 2022



* Underlying EBITDA P(re AASB16 Leasing Standards Adjustment and Government Grants in relevant period)
^ Pre AASB16 Leasing Standards Adjustment

Reducing cost of doing business as revenue grows



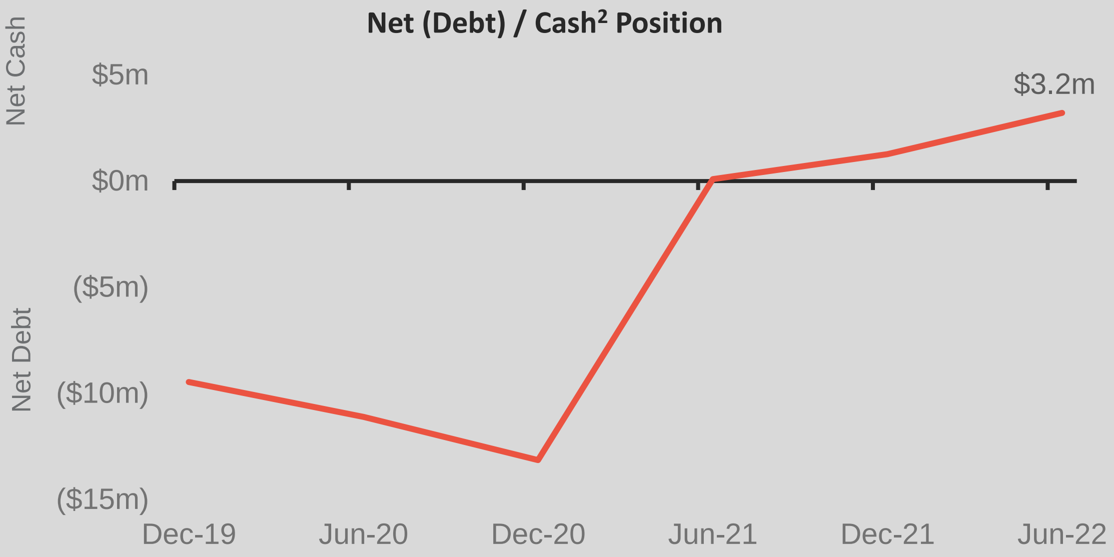
	UNDERLYING[1]		
	FY20	FY21	FY22
GCI (Fees the vendor pays for the sale of a property)	**$47.9m**	**$80.7m**	**$102.5m**
Non Payroll Agent GCI[2]	($20.4m)	($35.4m)	($41.8m)
Commissions Revenue	$27.5m	$45.3m	$60.7m
Other Revenue	$14.2m	$13.1m	$12.0m
Revenue[2]	**$41.7m**	**$58.4m**	**$72.7m**
Operating Expenses	($20.0m)	($20.2m)	($22.0m)
Cost of Doing Business	**48.0%**	**34.6%**	**30.3%**

Notwithstanding we are a growth business, we are targeting further decreases in cost of doing business ratio as we further achieve economies of scale.

Additional Fixed costs are incurred when we enter a new geographical area which could include rental expenses, marketing expenses and state management expenses. We are careful to ensure that any growth from entry into a new geographical market is profitable growth, and ensure that this additional fixed cost is only incurred once we have sufficient scale in that geographical area.

1. FY22 Underlying adjusted for the impact of AASB16 Leasing Standard. FY21 and FY20 Underlying adjusted for the impact of AASB16, Gain on Sale and Government Incentives received in the prior period.
2. According to accounting standards, recognition of revenue is dependent on the engagement mechanism of the Agent. A sale by a payroll agent will result as revenue equal to GCI, with an agent commission expense in Cost of Sales. A sale by a non payroll agent, revenue is equal to The Agency share pf GCI. There is no cost of sale expense for a non payroll agent. As a general rule, Western Australia agents are predominantly Payroll agents, while East Coast agents are predominantly non payroll agents.

Strengthened balance sheet underpinned by net cash



KEY INDICATOR	STATUTORY 30 June 2022	30 June 2021	Change
Cash at Bank	**$8.2m**	**$5.1m**	**+61.2%**
Statutory Net Assets	**$16.4m**	**$14.1m**	**+16.0%**
Value of Assets not on balance sheet	$12.7m	$11.2m	+13.4%
Estimate Net Assets[1]	**$29.1m**	**$25.3m**	**+15.0%**

Borrowings of $5.0m is below $8.2m Cash at Bank resulting in a Net Cash[2] position of $3.2m, a significant turnaround from prior year positions and represents the strength of the balance sheet repair.

The value attached to internally generated Property Management and Mortgage book is not recorded in the balance sheet.

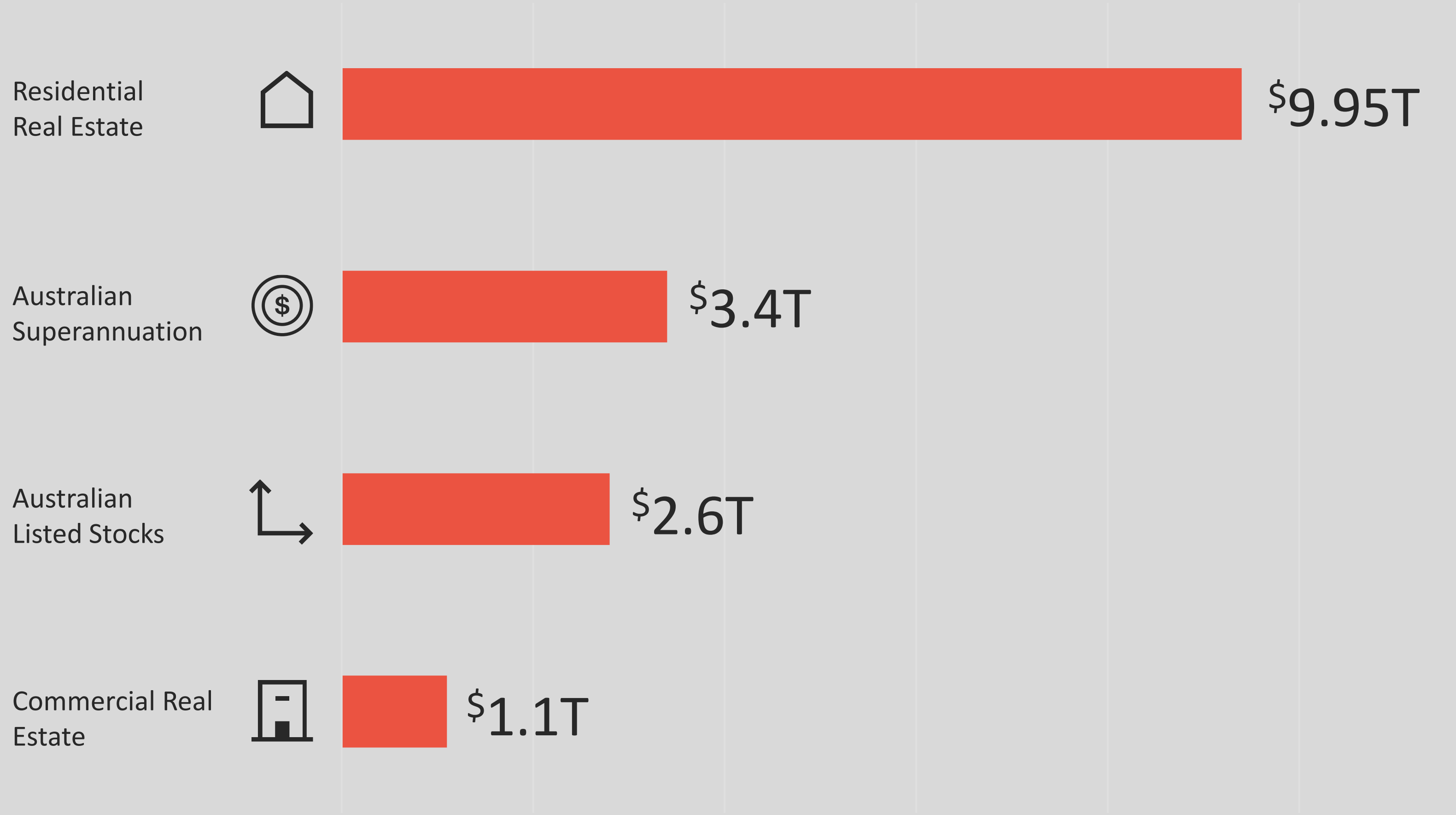
Management valuation of the Property Management portfolio is calculated on a blended valuation multiple of 3.65x on Q4 FY22 Annualised Property Management fees and 2.25x Net Trail Income relating to the Mortgage Book (combined value of $22.8m). Only $10.1m of this value is held on the Balance Sheet as an intangible asset, leaving $12.7m value off balance sheet.

Adjusted for this off balance sheet assets, Estimated Net Assets has increased 15.0% to $29.1m

1 This is a non A-IFRS measure
2. Excludes Convertible note held as Financial Liabilities

Industry Highlights

57% OF AUSTRALIAN HOUSEHOLD WEALTH IS HELD IN RESIDENTIAL HOUSING WITH $7.8 BILLION ANNUAL ADDRESSABLE COMMISSION MARKET



584,917

Sales in FY22

$521.2Bn

Gross Value of Sales in FY22

Total Annual Addressable Market* (GCI)

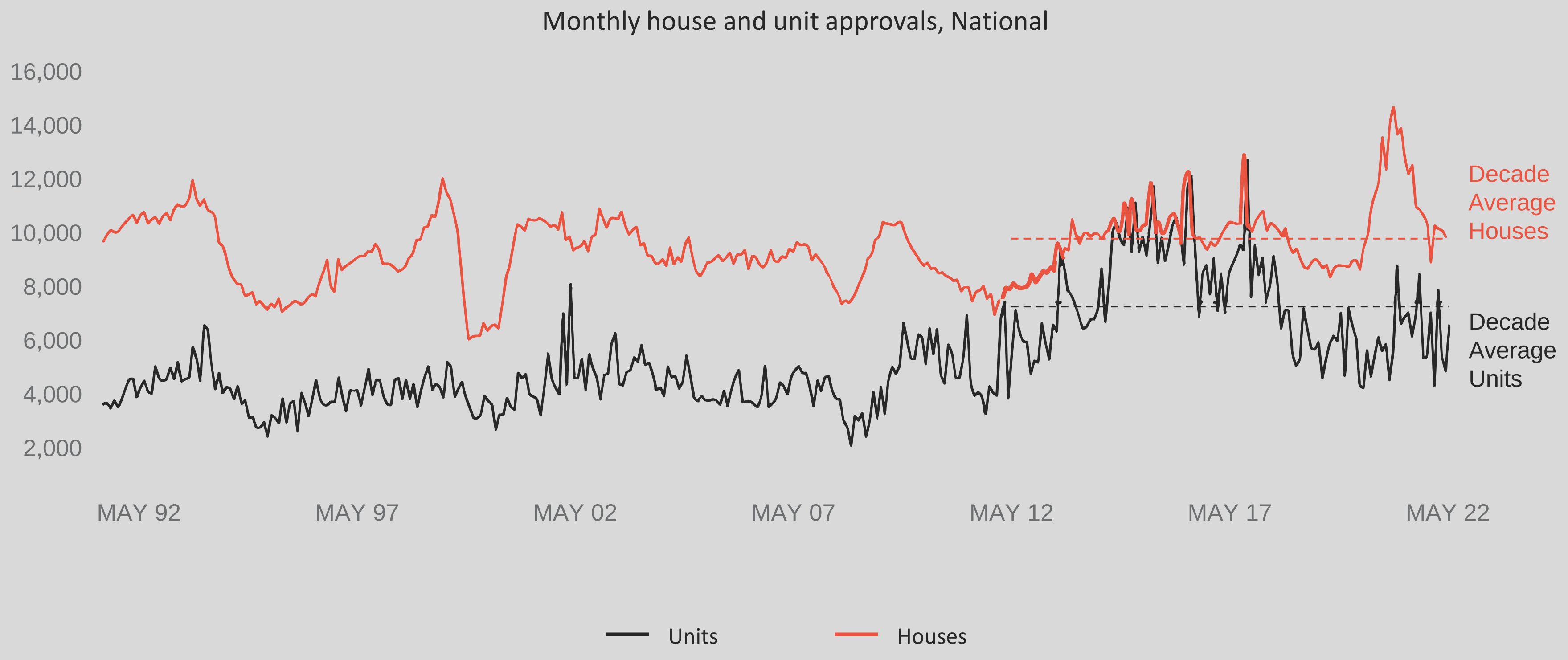
$7.8 Bn

Source: CoreLogic, RBA, APRA, ASX

* Assessed at 1.50% Average Commission Rate of Gross Sales Volume of $521.2Bn.

National dwelling approvals

Following the expiry of HomeBuilder, house approvals have adjusted downwards to decade average. Record high price differences between Units and Houses in key markets is resulting in a recovery in the Unit market due to affordability, with new Unit approvals trending towards their decade average.



Australia
197k
approvals in FY22

Houses
124k
approvals in FY22

Units
73k
approvals in FY22

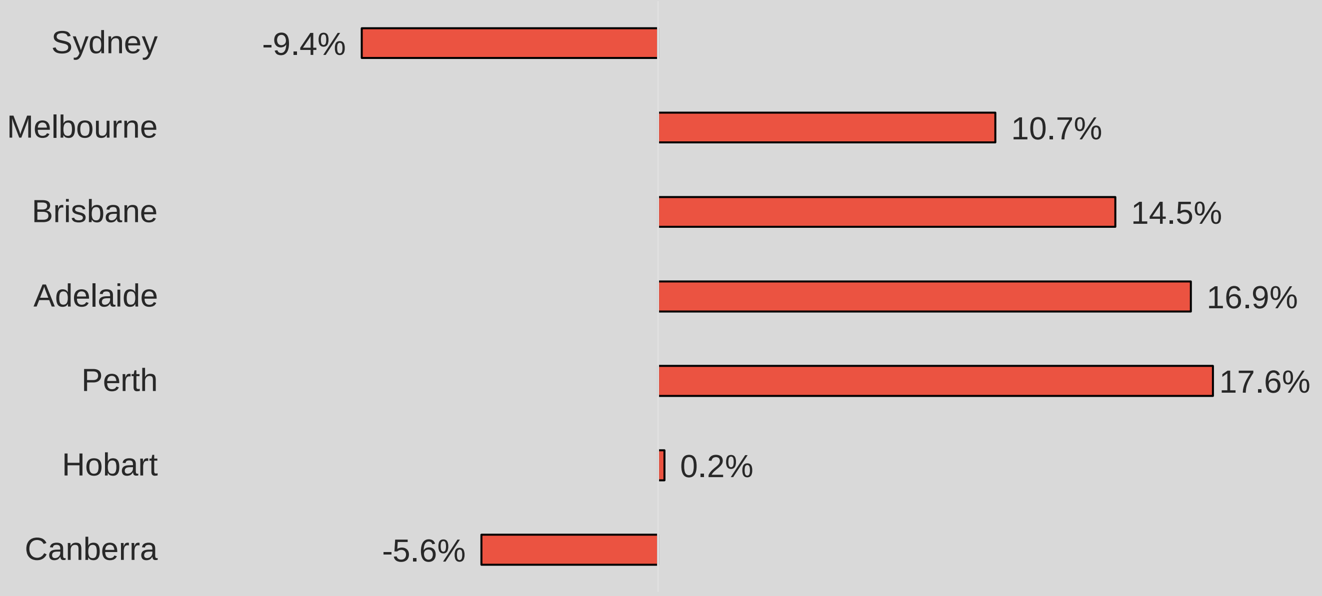
Source: CoreLogic

FY22 Sales Volumes

Across the country there were variances in sales volume movements compared to FY21. Market volumes had growth in Capital Cities markets, with slightly lower volumes in Regional markets after a very strong FY21.

Importantly, The Agency FY22 Sales Transaction increase of 15.0% outperformed the national growth of 3.2%.

Change in sales volumes, twelve months to June 2022



Australia
3.2%

Combined Regionals
-1.2%

Combined Capitals
6.0%

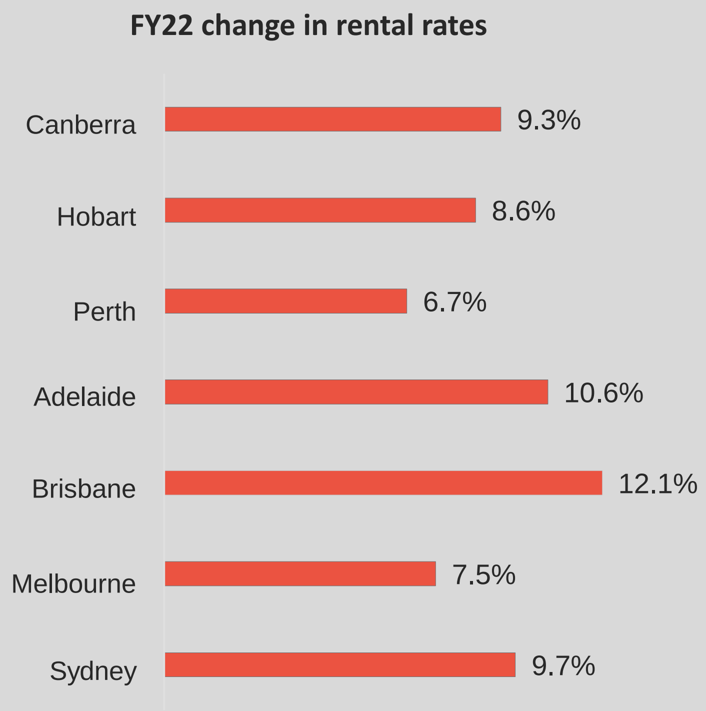
Recent months of sales volumes are modelled estimates, and are subject to revision

Source: CoreLogic

FY22 Rental Market

Rents grew strongly across FY22 in all markets, as demand for rental properties outstripped supply.

The rental growth has assisted in increasing yields for investors which have increased to be 3.33% nationally at 30 June 2022, up from a recent low of 3.21% in January 2022.



Australia
9.5%

Combined Regionals
10.8%

Combined Capitals
9.1%

Source: CoreLogic

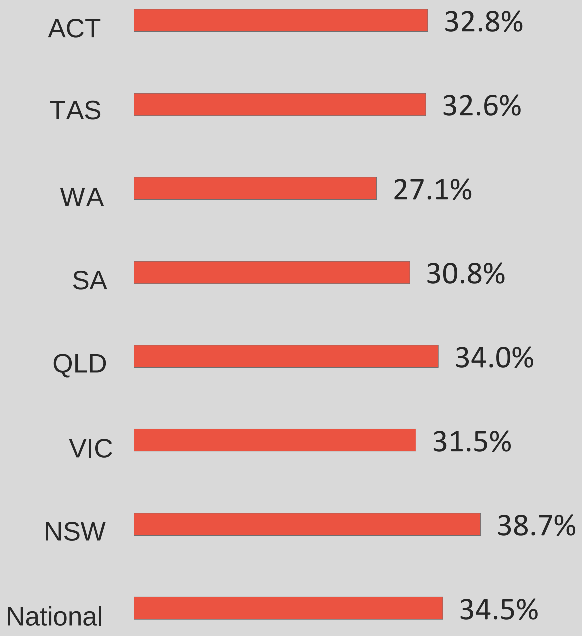
Investor participation

Investor participation at 34.5% of lending has recovered to be in line with the decade average of new lending volume.

NSW is the state with the highest investor participation with 38.7% of lending to investors.

Portion of new lending for investment housing (excluding refinance)^

Investors as a % of housing finance commitments by state (May '22)^



3.25m

# of Investment Properties across Australia*

Source: ^ CoreLogic,
* ATO

Strategic Objectives and Outlook

STRATEGIC OBJECTIVES

Further expansion of geographical regions across Australia in a disciplined capital and operating expenses approach.

Continued growth in agent numbers across the company.

Enhancement of adjacency offerings to our agents and customers to increase the share of wallet.

Further development and rollout of a Multi Brand Strategy.

Training initiatives to ensure our Agents are positioned to capitalise on changing market conditions.

Leveraging technology and cost of doing business efficiencies to enhance agent experience and ensure a solid scalable platform for growth.

OUTLOOK

Until there is certainty around interest rates, we expect transaction volumes to remain volatile at a national level.

States with lower median price points are expected to outperform higher median priced states in terms of transaction volume movements.

We have revised our CY22 National price growth to be -4% to -8%.

For the first 7 months for the year, the reduction was -1.0%, meaning we expect more rapid declines in the 2nd half of the calendar year movement.

Vendors look to experienced agents who have a track record in changing market conditions.

Market Consolidation as smaller independents and franchisees look to access operating efficiencies.

Consumer sentiment to rebound as the quantum of interest rate movements reduce.

Upon the tipping point of rates reaching their terminal value for this cycle, we believe this will lead to a recovery in transaction volumes in some states.

Appendix

PROFIT & LOSS STATEMENT

	UNDERLYING[1]			STATUTORY		
	FY22	FY21	Change	FY22	FY21	Change
Revenue	**$72.66m**	**$58.04m**	**24%**	**$72.66m**	**$58.38m**	**24%**
Cost of Sales	($47.43m)	($35.65m)	33%	($47.43m)	($35.65m)	33%
Gross Profit	**$25.22m**	**$22.39m**	**13%**	**$25.22m**	**$22.73m**	**13%**
Other Income	$0.53m	$0.63m	-16%	$0.61m	$1.29m	-53%
Operating Expenses	($21.90m)	($19.96m)	10%	($20.15m)	($17.65m)	14%
EBITDA	**$3.85m**	**$3.06m**	**26%**	**$5.69m**	**$6.37m**	**-11%**
Depreciation and Amortisation	($3.85m)	($3.94m)	2%	($5.44m)	($5.47m)	-1%
Share-based payments expense	($0.68m)	($0.22m)	n.m	($0.68m)	($0.22m)	n.m
Impairment recovery/(expense)	$-	$-	n.a	$0.40m	($0.40m)	n.m
Fair Value Gain on Financial Asset	$-	$-	n.a	$0.12m	$-	n.a
Profit on Sale of Asset	$-	$-	n.a	$0.00m	$0.20m	n.m
EBIT	($0.68m)	($1.10m)	n.m	$0.10m	$0.49m	-73%
Net Finance income/(expense)	($0.52m)	($1.30m)	60%	($0.78m)	($1.99m)	n.m
Embedded derivative non cash financing gain/(cost)	$-	$-	n.a	$1.14m	($2.24m)	n.m
Net Profit/(Loss) Before Tax	($1.20m)	($2.40m)	50%	$0.46m	($3.75m)	n.m
Income Tax Benefit	$0.36m	$0.72m	-50%	$1.12m	$1.89m	-19%
Net Profit/(Loss) After tax	**($0.84m)**	**($1.68m)**	**n.m.**	**$1.59m**	**($1.86m)**	**n.m.**

1. FY22 Underlying adjusted for the impact of AASB16 Leasing Standard and Impairment Reversal. FY21 Underlying adjusted for the impact of AASB16, Gain on Sale and Government Incentives received in the prior period.
n.a – Not Applicable
n.m – Not Meaningful
Note – may not add through due to rounding differences

BALANCE SHEET

	STATUTORY		
	30 June 2022	**30 June 2021**	Change
Cash at bank	**$8.26m**	**$5.10m**	**61%**
Other Current Assets	$11.60m	$8.68m	34%
Non Current Assets	$27.84m	$31.49m	-12%
Total Assets	**$47.65m**	**$47.65m**	**5%**
Total current liabilities	($28.25m)	($15.59m)	81%
Total Non current liabilities	($3.00m)	($15.54m)	-81%
Total Liabilities	**($32.82m)**	**($31.12m)**	**0%**
Net Assets	**$16.40m**	**$14.14m**	**16%**
Assets not on balance sheet[1]	$12.68m	$11.19m	13%
Estimated Net Assets[2]	**$29.08m**	**$25.32m**	**15%**

1: Property Management Portfolio Management Valuation calculated on a blended valuation multiple of 3.65x on Q2 FY22 Annualised Property Management fees and 2.25x Net Trial Income relating to the Mortgage Book (combined value of $22.8m). Only $10.1m of this value is held on the Balance Sheet as an intangible asset.
2: This is a non A-IFRS measure
Note – may not add through due to rounding differences

CASHFLOW STATEMENT

	FY22 (Underlying)* (Pre AASB16)^	FY22 (Statutory) (Post AASB16)	FY21 (Statutory) (Post AASB16)
EBITDA	**$3.85m**	**$5.69m**	**$6.37m**
Change in net working capital	$1.03m	$1.34m	($0.23m)
Net interest Paid	($0.24m)	($0.43m)	($0.98m)
Net Cashflow from Operating Activities	**$4.64m**	**$6.60m**	**$4.64m**
Purchase of property, plant and equipment	($0.97m)	($0.97m)	($0.24m)
Purchase of intangibles	($0.32m)	($0.32m)	$-
Deposit for bank guarantees	($0.01m)	($0.01m)	$-
Net Loans to other entities	($0.71m)	($0.71m)	($0.22m)
Net cash received on disposal of asset group	$0.49m	$0.49m	$2.62m
Net cash (used in) / received from investing activities	**($1.52m)**	**($1.52m)**	**$2.16m**
Payment of principal portion of lease liabilities	$-	($1.96m)	($1.92m)
Proceeds from borrowings	$-	$-	$5.00m
Repayment of borrowings	$-	$-	($7.84m)
Proceeds from exercise of options	$-	$-	$0.39m
Share issue costs	$-	$-	($0.06m)
Net cash used in financing activities	**$-**	**($1.96m)**	**($4.42m)**
Net increase in cash and cash equivalents held	**$3.12m**	**$3.12m**	**$2.37m**
Cash and cash equivalents at the beginning of the year	$5.10m	$5.10m	$2.72m
Cash and cash equivalents at the end of the year	**$8.22m**	**$8.22m**	**$5.10m**

* Underlying EBITDA adjusted for the impact of AASB16
^ This is a non A-IFRS measure
Note – may not add through due to rounding differences

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