1H FY23 Investor Presentation

THE AGENCY

28 February 2023

1H FY23 Key Takeaways

$(0.95M)

Underlying EBITDA[1]
(1H FY22: $2.14M)

$37.5M

Revenues from Ordinary Activities
(1H FY22 : $35.5M)

$2.6B

Gross Value of Properties Sold
(1H FY22 : $3.1B)

2,847

No. of Properties Sold
(1H FY22 : 2,910)

$45.7M

GCI[2]
(1H FY22 : $52.9M)

412

No of Agents
(31 Dec 2021: 345)

1. Underlying EBITDA adjusted for the impact of AASB16 Leasing Standard and Gain on Sale.
2. Gross Commission Income ("GCI") is the fees the vendor pays for the sale of a property.

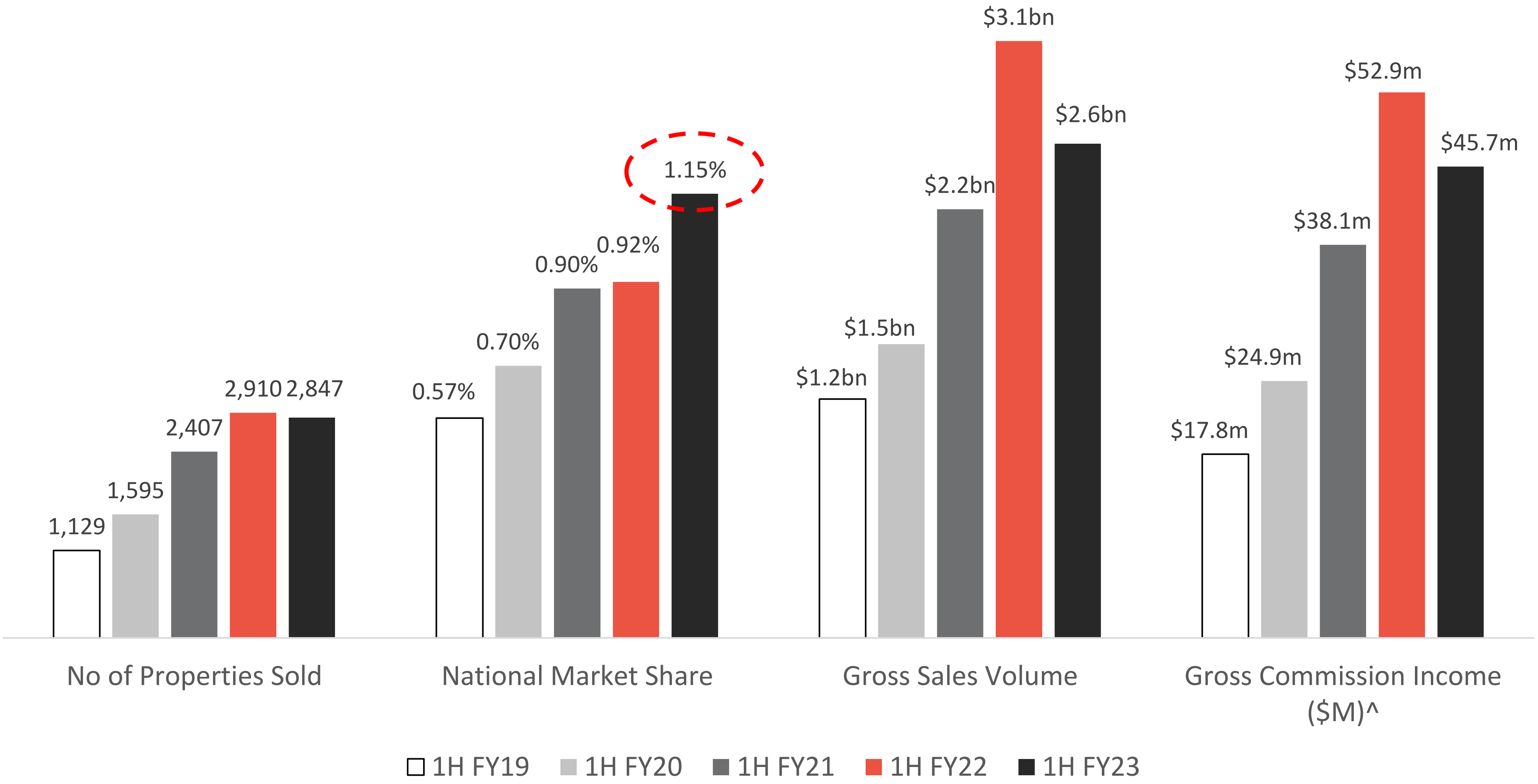
Increase in Agent Numbers underpinned market share growth

0.23%

Increase in National Market Share in 1H FY23

Although we are increasing national market share, state mix of sales and average selling price movements have impacted Gross Sales Volume and lower Gross Commission Income.

WA Average Sale Price in the period was +8.2% in 1H FY23, while NSW Average Sale Price was -9.6% in 1H FY23 which are both outperforming market movements (+3.6% and -12.1% respectively[1]).



National Market Share Source: The Agency # of Sales / Estimated Properties sold per CoreLogic Economist Park (Jan 2023)
Note – recent months sales are subject to revision by CoreLogic
1: CoreLogic

Agent Growth to 412 agents as at 31 December 2022

Across 2022, the broader industry saw a number or lower performing agents exit the industry as a result of the tough operating environment on the East Coast. The Agency achieved good recruitment in Western Australia during the period as we focus on gaining market share in the premium western suburb markets.

The Agency expanded its presence to Rockhampton and Capricorn Coast in QLD in December 2022 as part our objective to have a stronger local presence in regional powerhouses to better service our clients at the local and national levels.

Refreshed leadership in Vic & QLD

In January, new state leadership for Queensland and Victoria/Tasmania was announced. Following on from the establishment of these states over recent years, the next focus is on scaling The Agency's presence across each state and increasing market share.

Sally O'Connell was most recently Macquarie Bank's Victorian Segment Head of Real Estate where she worked with over 2,000 residential real estate agencies.

Steve Carroll was previously the Director of Sales at realestate.com.au for seven years and was the founder of Digital Live, a coaching business that helped real estate agencies leverage their digital opportunities.

Sally O'Connell, GM of Sales | Victoria & Tas

Steve Carroll, GM of Sales | Queensland

Investment in Marketing Activities

Appointment of Chief Marketing Officer and National Head of Brand.

Launch of National Brand Refresh to align all regions under a single brand guidelines to improve brand recognition and penetration.

National Brand Refresh launch coincided with a launch a new website to maximise engagement and generate sales, landlord and recruitment leads. Further work is being done to further enhance the leads from the website across property appraisal and landlord leads.

Launch of bespoke marketing offering that coordinates inhouse all agent marketing requests to generate better consistency of brand.

Variety of local level brand campaigns across various markets to complement agent campaigns to build brand awareness.

Data Strategy

- We have made significant investments in the area of data strategy and security with the appointment of a Chief Technology Officer. The CTO will focus on identifying efficiencies and deliver efficiency savings, along with leading IT investments that support and enhance our growth strategy as we scale nationally.
- **Connecting our systems**
  The Agency has undertaken a nation-wide project to consolidate all of our systems and ensure they work together more seamlessly. Progress to date has focused on the collation of data into a data warehouse which allows greater visibility of our customers across our various software platforms used across departments (sales, property management and ancillary services). This allows our team members to provide more meaningful interactions with our customers across all geographic regions and across all arms of the business.
- **Connecting our suppliers and services**
  The Agency has continued the integration of best in class IT solutions that provide Agents with a better experience through the integration of suppliers across the entire property journey lifecycle. This ensures a better experience for our agents and ensures The Agency has a competitive difference.
- **Seamless onboarding for our agent recruits**
  The Agency has built proprietary technology and workflow process that assists in onboarding agents and agencies without the need to change their existing technology they are familiar with. This allows for rapid transition into the technology ecosystem which results in lower training time required for new agents.

Data Security Strategy

External Data Security review process undertaken by The Agency to review how data is collected and stored. While the majority of our customer data is held in external SaaS databases which now have Multi Factor Authentication, The Agency still has a responsibility to minimise any risk.

Benefits of this review include changing the way The Agency is capturing data. As an example, The Agency is incorporating new custom technology that ensures a high standard of legal compliance from listing to settlement. The Agency has rolled out a new ID verification software that is cutting edge and reduces the quantum of sensitive data held on The Agency's technology ecosystem, or its SaaS providers.

MDC Trilogy Group Alliance

- New strategic alliance with MDC Trilogy Group (“MDC Trilogy”) to accelerate The Agency market share across geographical areas.
- An inhibitor to agent recruitment is often an agent owning existing rent roll assets. The alliance with MDC Trilogy provides an opportunity for the agent to sell their business including rent roll assets and join The Agency as a sales agent.
- The business sale allows the agent to refocus on their selling strengths rather than administrative tasks that enables a focus on superior services and results to the customers.
- Across Australia, there are 3.25 million rental properties which we estimate are worth near $3 trillion dollars in asset value. This is broadly equivalent to the entire ASX listed stocks value and compared to the ASX listed funds management industry, the management of the residential rental properties has seen limited innovation over recent decades.
- MDC Trilogy Group intends to continue purchasing rent rolls across New South Wales, Queensland and Victoria areas with favourable demographics, strong rental appreciation potential and high demand from tenants and investors and is in late stage due diligence on a number of further opportunities that will be managed by The Agency.

Financial Highlights

Notwithstanding a softer market environment, to ensure solid foundations for future growth, continued investment on a number of strategic initiatives have been undertaken.

	UNDERLYING[1]			STATUTORY		
	1H FY23	1H FY22	Change	1H FY23	1H FY22	Change
Revenue	**$37.49m**	**$35.48m**	**5.7%**	**$37.50m**	**$35.48m**	**5.7%**
Cost of Doing Business	35.9%	30.5%	5.4%	n.a.	n.a.	n.a.
EBITDA	**($0.95m)**	**$2.14m**	**-144.2%**	**$0.14m**	**$3.05m**	**-95.5%**
Profit on Sale of Asset	-	-		$1.51m	-	
Net Profit/(Loss) after tax	($3.62m)	($0.87m)	n.m	($1.67m)	($1.25m)	33.7%

During 1H FY23 The Agency undertook a number of strategic initiatives including a branding refresh, data consolidation strategy, data security review and establishment costs relating to MDC Trilogy group. Combined with general cost inflation these initiatives will result in increased operating expenses.

The Agency remains committed to reducing the Cost of Doing Business Ratio and taking advantage of economies of scale as our agent population and sales revenue grows.

As part of a mortgage broker departing the Group's mortgage business, The Agency sold a portion of its Mortgage trail book consisting of the departing broker's trail book, client list and database to the departing broker. Gain on Sale of $1.51m was recognised, with cash proceeds of the sale received on 9 January 2023.

1. Underlying adjusted for the impact of AASB16 Leasing Standard and Impairment Reversal in the prior period.
2. Operating Expenses Pre AASB16 Leasing Standard as a percentage of revenue
n.m. – Not Meaningful

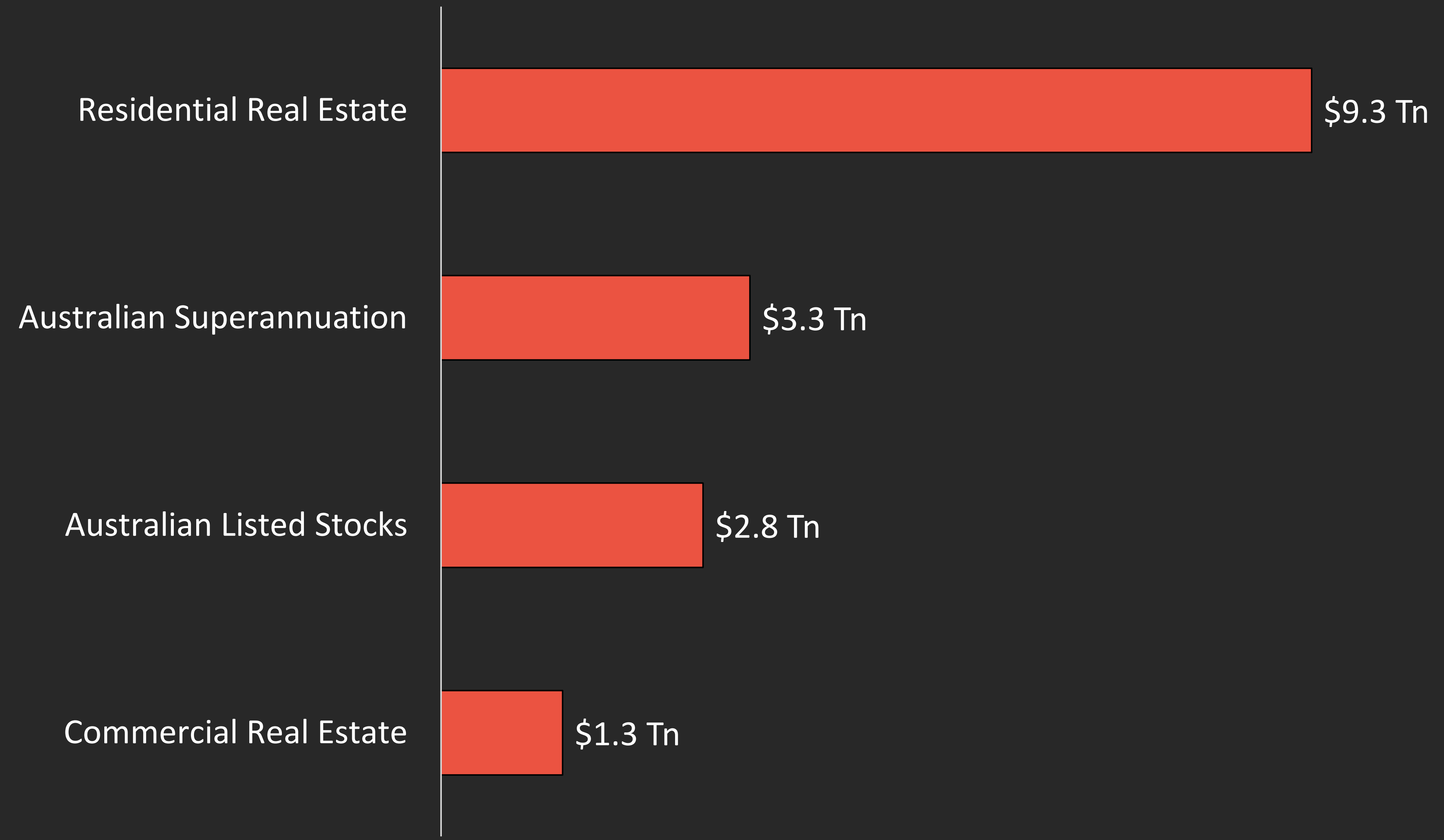
Significant shareholder value held off Balance Sheet

	Statutory		
	31 Dec 2022	30 June 2022	Change
Cash at bank	$4.41m	$8.22m	-46.4%
Net Assets	**$14.99m**	**$16.40m**	**-8.6%**
Assets not on balance sheet[1]	$12.71m	$12.68m	0.2%
Estimated Net Assets[2]	**$27.70m**	**$29.08m**	**-4.8%**

- The value attached to internally generated Property Management and remaining Mortgage book is not recorded in the balance sheet.
- Management valuation of the Property Management portfolio is calculated on a blended valuation multiple of 3.35x on Q2 FY23 Annualised Property Management fees and 2.25x Net Trail Income relating to the remaining Mortgage Book (combined value of $26.0m).
- Only $13.2m of this value is held on the Balance Sheet as an intangible asset, leaving $12.7m value off balance sheet.
- Adjusted for these off balance sheet assets, Estimated Net Assets has decreased 4.8% to $27.7m
- As announced, on 25th July 2022, The Agency entered into a Primary lender banking facility with Macquarie Bank, with a facility limit of $8.40m for a 3 year term expiring on 20 July 2025.
- Concurrently with the approval of the part sale of the Mortgage trail asset, the primary lender has provided a covenant waiver in relation to the interest cover ratio for the period December 2022 quarter end. It has also confirmed approval has been obtained to waive the 31 March 2023 quarter Interest Cover Ratio covenant testing and will finalise the documentation within the next two weeks. As part of the approval of sale and waiver conditions, the Company delivered a duly executed deposit account agreement and transferred $650k into a nominated deposit account to cover 12 months interest costs. Conversations and discussions continue with the primary lender regarding future support initiatives while the business continues to invest in strategic initiatives.

Industry Highlights

57.0% of Australian Household Wealth is held in Residential Housing with **$7.0 Billion** annual addressable sales commission market



514,312
Sales in Calendar 2022

$465.9 Bn
Gross Value of Sales in 2022

$7.0 Bn
Total Annual Addressable Market* (GCI)

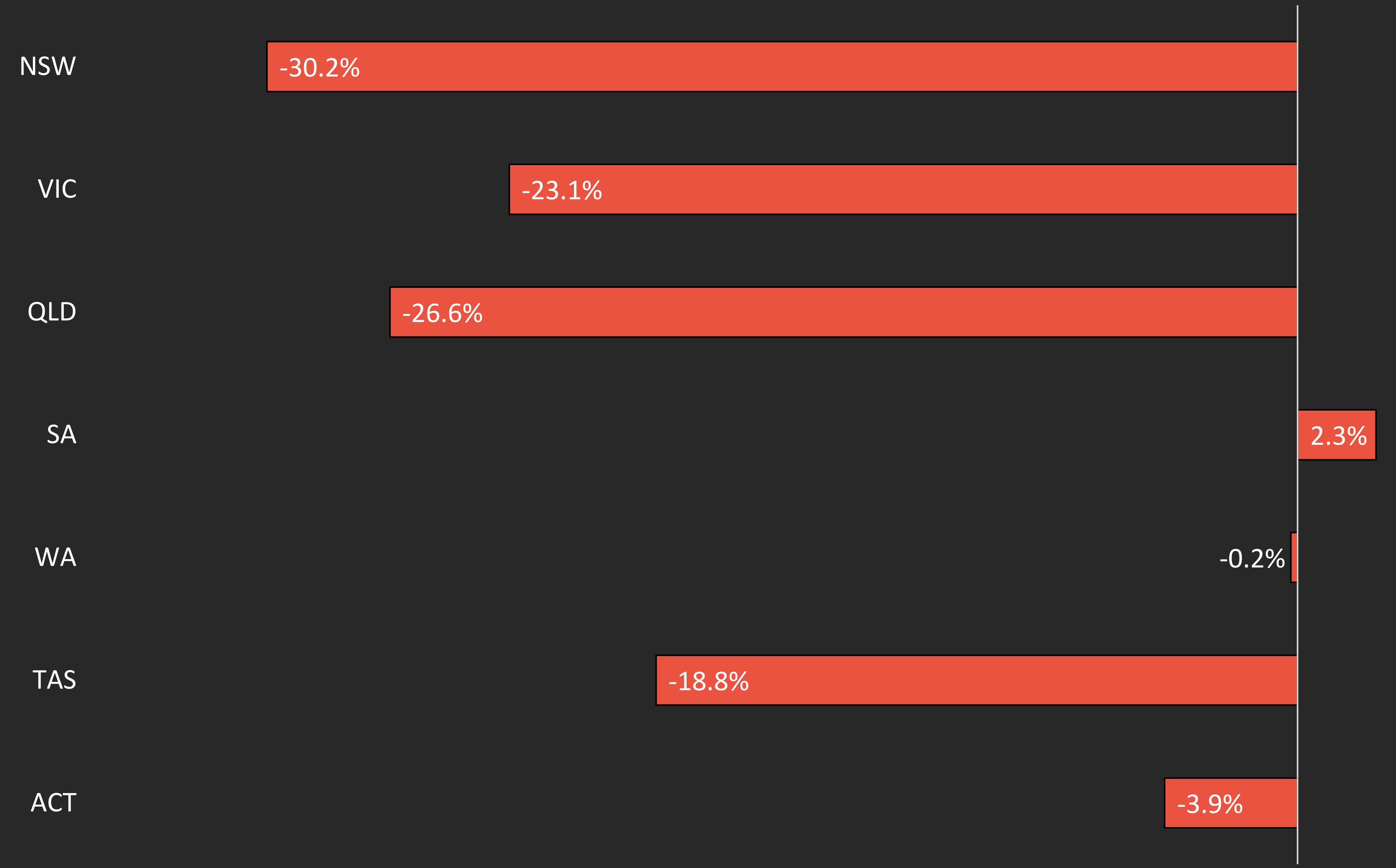
Source: CoreLogic, RBA, APRA, ASX
* Assessed at 1.50% Average Commission Rate of Gross Sales Volume of $494.6Bn.

1H FY23
Market Sales Volume

In the 6 months to 31 December, Australian market volumes have reduced 21.6% from prior corresponding period.

The Agency has recorded better than system performance with volumes reducing 2%. This has led to increased market share of national transactions.

Change in sales volumes, six months to Dec 2022



-21.6%
Australia

-21.3%
Combined Regionals

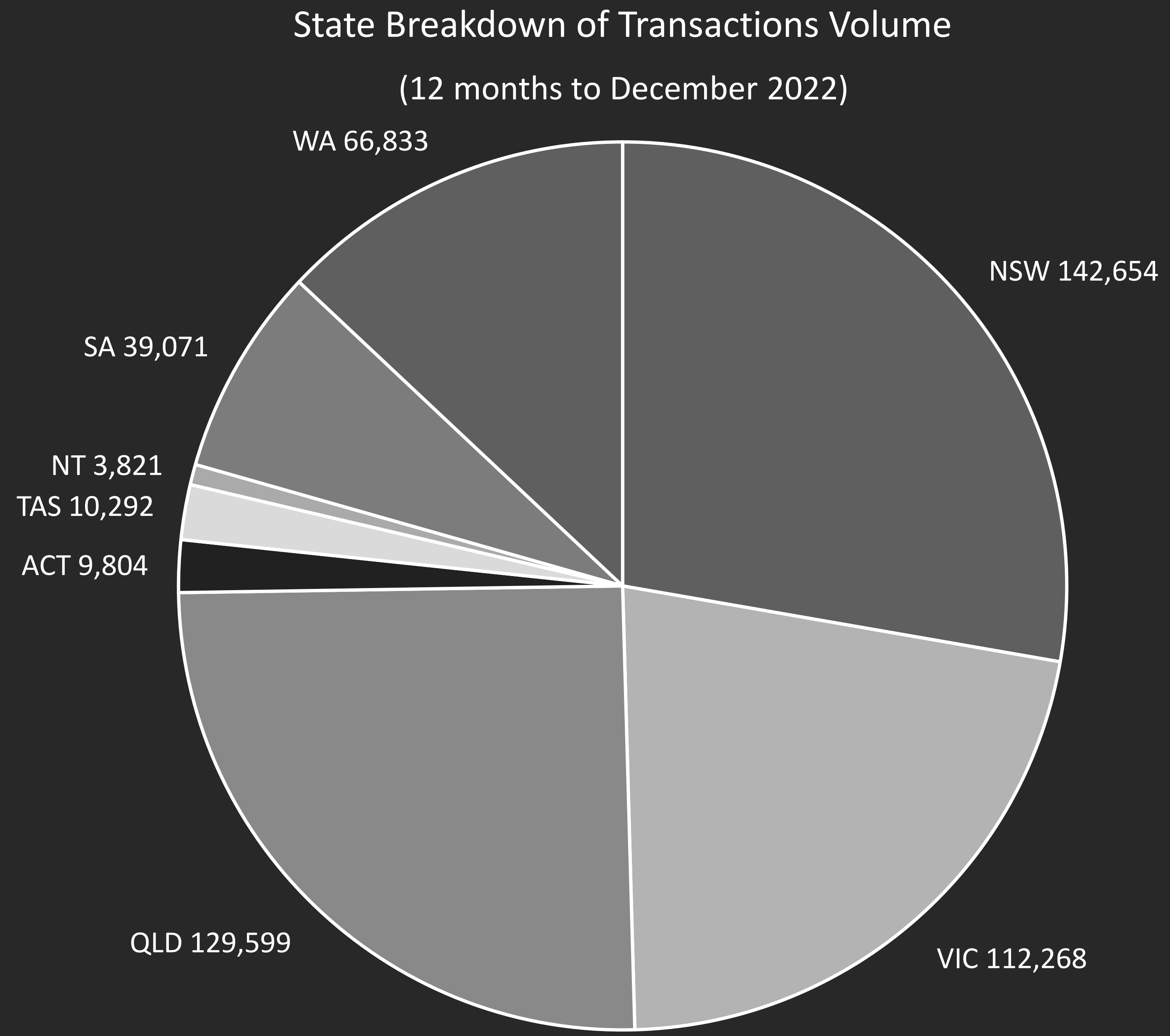
-22.0%
Combined Capitals

Source: CoreLogic

State Breakdown of Sales

In the 12 months to 31 December, NSW and Queensland represented approx. one quarter of the national sales volume, followed closely by Victoria at 22%.

Increased organic agent recruitment and MDC Trilogy Group capital deployment will improve The Agency's market share in these key growth markets.



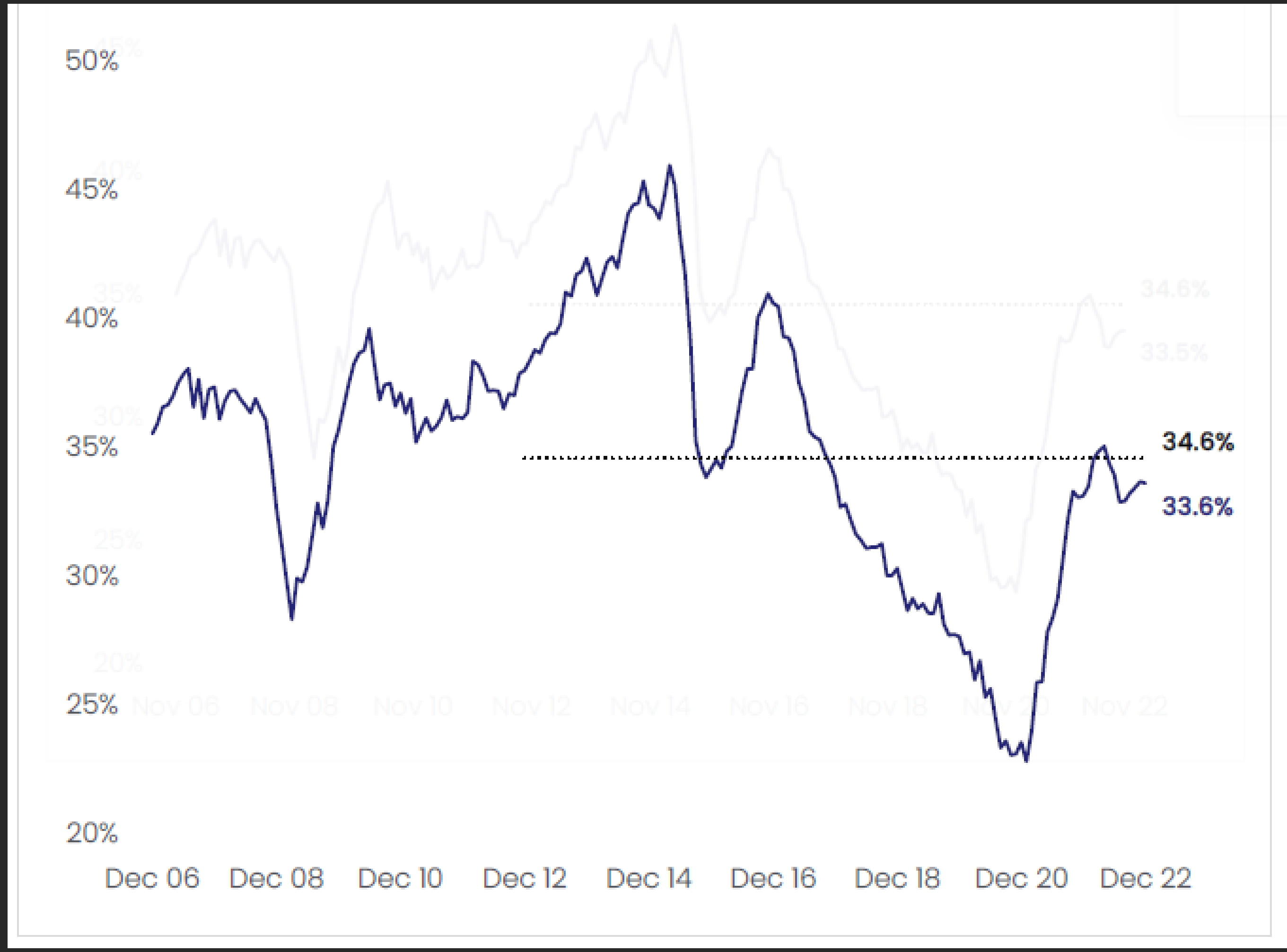
Source: CoreLogic

Investor Participation

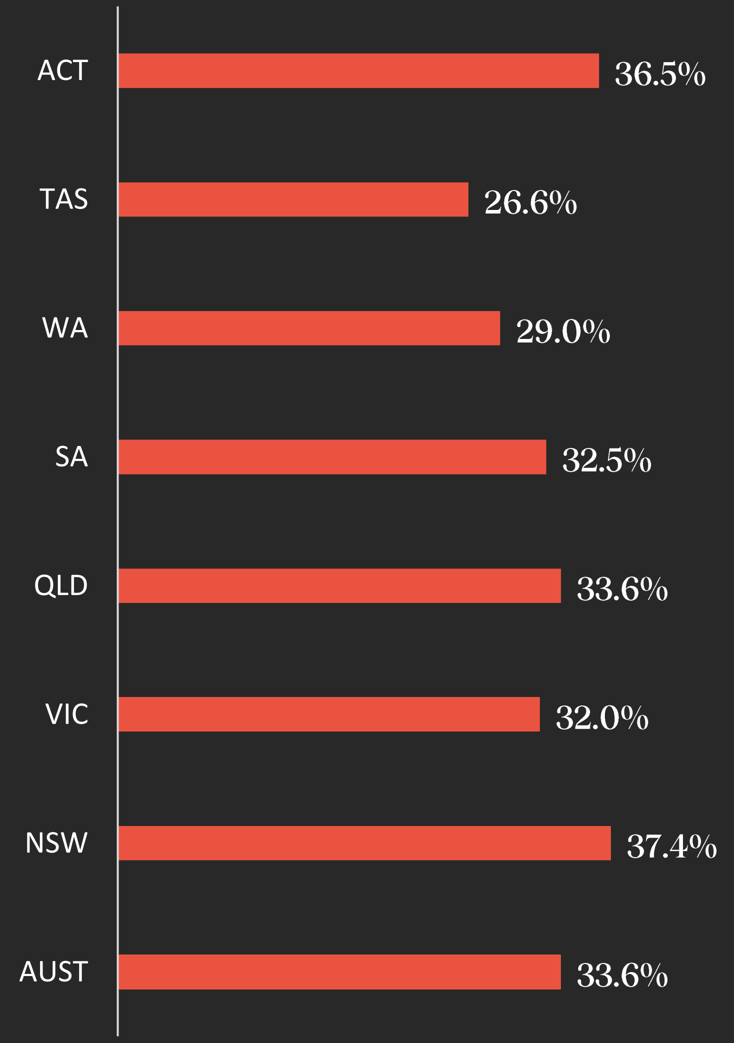
Investor Participation at 33.6% is slightly below the decade average of 34.6%.

NSW is the state with the highest investor participation with 37.4% of lending to investors, while WA has grown to 29.0% in December 2022, up from 21.8% in December 2021.

Portion of new lending for investment housing (excluding refinance)



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

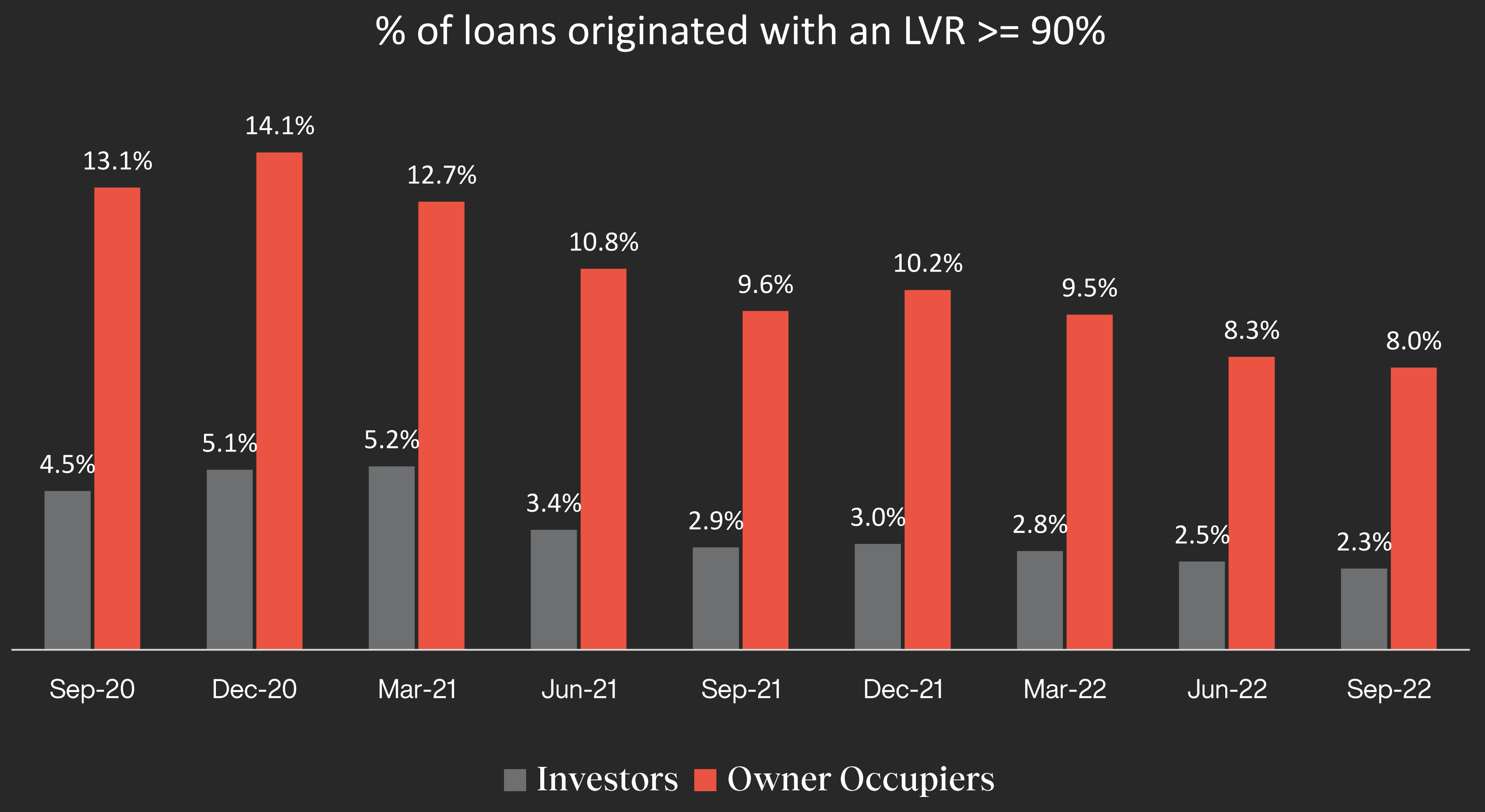


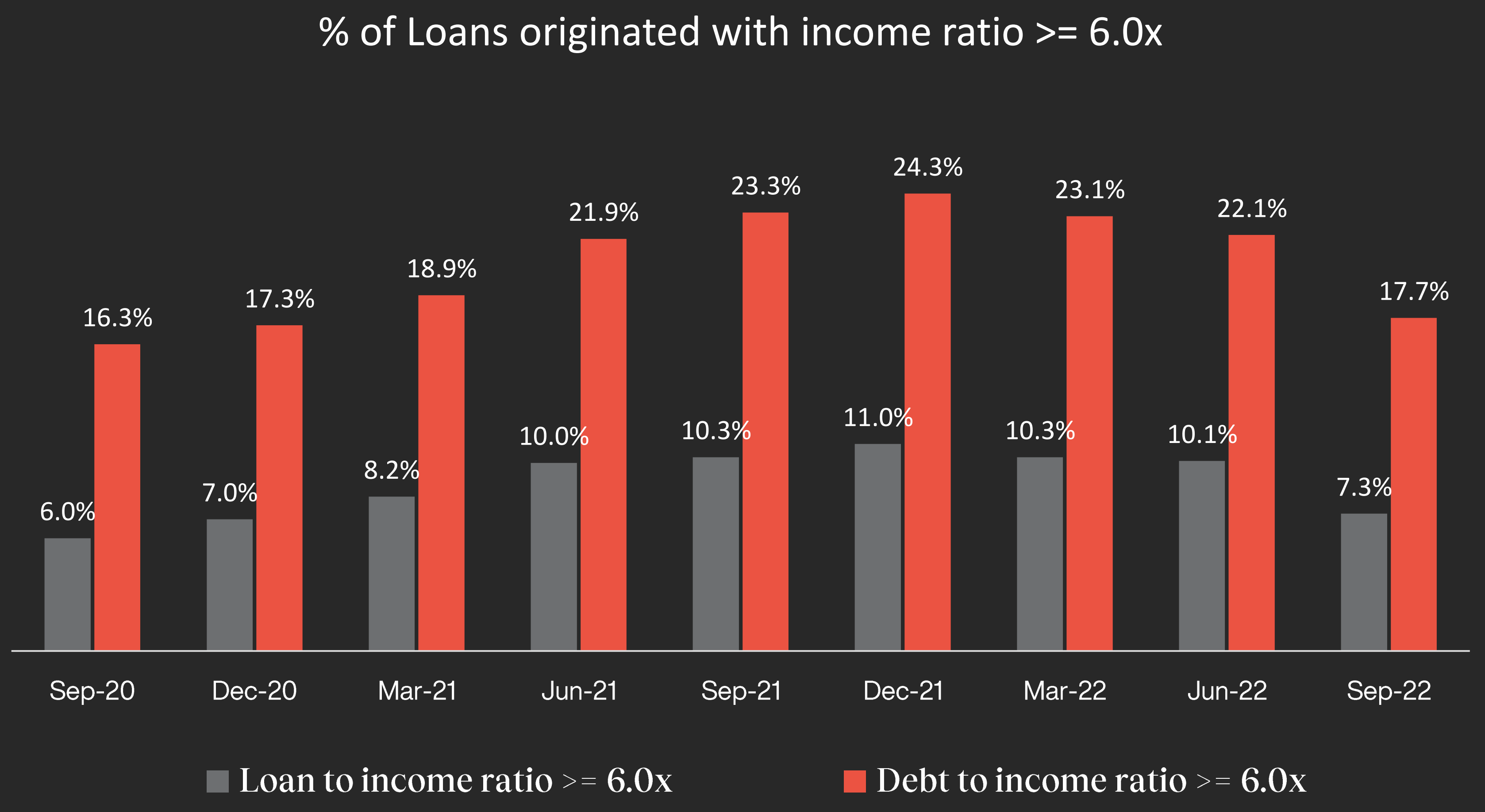
Source: CoreLogic, ABS

Cautious lending **improving quality of loans**

Mortgage originations for 'risker' types of lending trended notably lower through 2022.

Furthermore, as increased interest rates were incorporated into new mortgage application assessments, the percentage of loans with a loan to income ration of greater than 6.0x reduced to 7.3% in the Sept 2022 quarter, down from a peak of 11.0% in the December 2021 quarter.





Source: CoreLogic, APRA

Outlook

Strategic objectives

Further expansion of geographical regions across Australia in a disciplined capital and operating expenses approach including through MDC Trilogy Group. 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.

CY2023 Outlook

Across 2023, states with lower median price points to continue to transact above decade average levels, outperforming higher median priced states which are expected to transact below decade volume averages.

CY23 likely to be a year of two halves. The beginning of the year is likely to have continued price reductions, followed by price stabilisation in Spring 2023. Expectation of -4% to -8% national price decline across the full year.

Inexperienced agents continue to leave the industry.

Market Consolidation continues as smaller independents and franchisees look to access operating efficiencies. The MDC Trilogy Group alliance means we are well placed to capitalise on this.

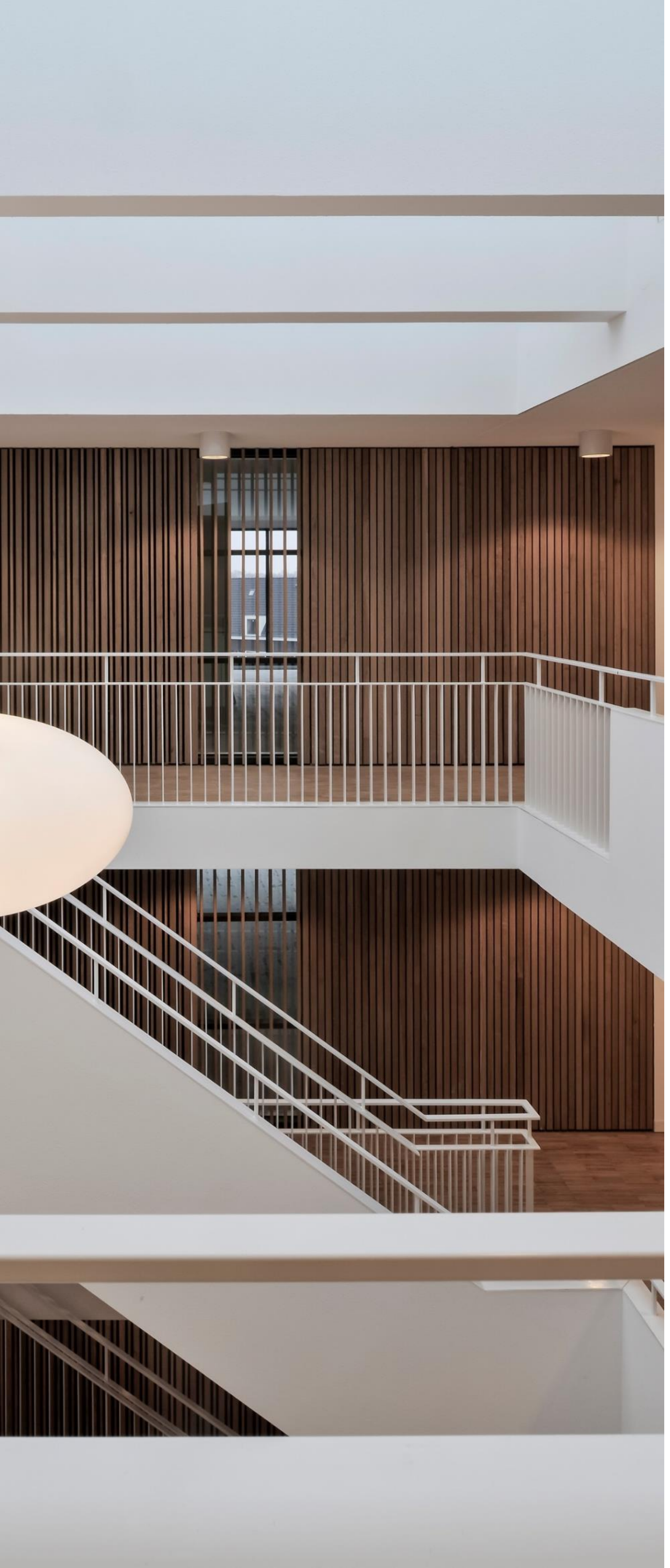
Consumer sentiment lower than GFC despite reduction in quantum of interest rate movements.
Recent weeks has started to see an improvement in auction attendance and clearance rates as rates get closer to their terminal value for this cycle.

Appendix

Profit & Loss Statement

	UNDERLYING[1]			STATUTORY		
	1H FY23	1H FY22	Change	1H FY23	1H FY22	Change
Revenue	**$37.49m**	**$35.48m**	**5.7%**	**$37.49m**	**$35.48m**	**5.7%**
Cost of Sales	($25.29m)	($22.82m)	10.8%	($25.29m)	($22.82m)	10.8%
Gross Profit	**$12.21m**	**$12.66m**	**-3.6%**	**$12.21m**	**$12.66m**	**-3.6%**
Other Income	$0.32m	$0.30m	6.6%	$0.37m	$0.35m	8.1%
Operating Expenses	($13.47m)	($10.82m)	24.6%	($12.44m)	($9.95m)	25.0%
EBITDA	**($0.95m)**	**$2.14m**	**-144.2%**	**$0.14m**	**$3.05m**	**-95.5%**
Depreciation and Amortisation	($2.32m)	($1.93m)	20.1%	($3.20m)	($2.70m)	18.6%
Share-based payments expense	($0.26m)	($0.38m)	-31.9%	($0.26m)	($0.38m)	-31.9%
Impairment recovery	-	-	n.a	-	$0.40m	n.a
Acquisition of business costs	-	-	n.a	($0.07m)	-	n.a
Profit on Sale of Asset	-	-	n.a	$1.51m	-	n.a
EBIT	($3.52m)	($0.17m)	n.m.	($1.88m)	$0.37m	n.m
Net Finance income/(expense)	$0.14m	$0.15m	-10.1%	($0.03m)	$0.03m	n.m
Net Profit/(Loss) Before Tax	($3.38m)	($0.02m)	n.m	($1.91m)	$0.40m	n.m
Income Tax Benefit	($0.24m)	($0.85m)	n.m	($0.24m)	($0.85m)	n.m
Net Profit After tax	**($3.62m)**	**($0.87m)**	**n.m**	**($1.67m)**	**($1.25m)**	**-33.7%**

1. Underlying adjusted for the impact of AASB16 Leasing Standard and Gain on Sale.
n.a – Not Applicable
n.m – Not Meaningful



Balance Sheet

	Statutory		
	31 Dec 2022	**30 June 2022**	Change
Cash at bank	**$4.41m**	**$8.22m**	-46.4%
Other Current Assets	$13.84m	$11.60m	19.3%
Non Current Assets	$33.49m	$27.84m	20.3%
Total Assets	**$51.74m**	**$47.65m**	8.6%
Total current liabillities	($20.45m)	($28.25m)	-27.6%
Total Non current liabilities	($16.30m)	($3.00m)	443.3%
Total Liabilities	**($36.75m)**	**($31.25m)**	17.6%
Net Assets	**$14.99m**	**$16.40m**	**-8.6%**
Assets not on balance sheet[1]	$12.71m	$12.68m	0.2%
Estimated Net Assets[2]	**$27.70m**	**$29.08m**	**-4.8%**

Cashflow Statement

	1H FY23 (Underlying)* (Pre AASB16)^	1H FY23 (Statutory) (Post AASB16)	1H FY22 (Statutory) (Post AASB16)
EBITDA	**($0.95m)**	**$0.14m**	**$3.05m**
Change in net working capital	($0.66m)	($0.36m)	$0.66m
Net interest Paid	($0.19m)	($0.36m)	($0.31m)
Net Cashflow from Operating Activities	**($1.80m)**	**($0.58m)**	**$3.40m**
Purchase of property, plant and equipment	($0.35m)	($0.35m)	($0.40m)
Purchase of intangibles	($0.54m)	($0.54m)	($0.06m)
Deposit for bank guarantees	($0.04m)	($0.04m)	($0.11m)
Net Loans to other entities	($0.64m)	($0.64m)	($0.67m)
Net cash received on disposal of asset group	($0.04m)	($0.04m)	$-
Payment for acquisition of subsidiary, net of cash acquired	($4.36m)	($4.36m)	
Net cash (used in) / received from investing activities	**($5.40m)**	**($5.40m)**	**($1.24m)**
Payment of principal portion of lease liabilities	$-	($1.20m)	($0.99m)
Proceeds of borrowings	$3.40m	$3.40m	$-
Net cash used in financing activities	**$3.40m**	**$2.20m**	**($0.99m)**
Net (decrease)/increase in cash and cash equivalents held	**($3.80m)**	**($3.80m)**	**$1.17m**
Cash and cash equivalents at the beginning of the half-year	$8.22m	$8.22m	$5.10m
Cash and cash equivalents at the end of the half-year	**$4.41m**	**$4.41m**	**$6.26m**

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