

ASX Release
29 July 2021

JUNE QUARTER 2021 UPDATE & APPENDIX 4C

Transactional volume up 57.7%, FY21 EBITDA to exceed \$4M

Highlights¹

- Unaudited EBITDA for FY21 (pre AASB16) expected to exceed \$4M, a 570% increase on FY20 of \$0.7M (pre AASB16)
- Combined group Revenue of \$16M for June Quarter – up 74% on June Quarter 2020 of \$9.2M
- Combined Gross Commission Income (GCI) of \$22.7M for June Quarter - up 108% on June Quarter 2020 of \$10.9M
- GCI for FY21 of \$80.7M, a 68.5% increase on FY20 full year of \$47.9M
- Total number of transactions for FY21 of 4,964, a 57.7% increase on prior year (compared to market increase of 40.7%)
- Gross value of exchanges for FY21 of \$4.84Bn, a 64.6% increase on FY20 full year of \$2.94Bn
- Cash and cash equivalents at 30th June 2021 of \$5.7M

Commenting on the June Quarter results, The Agency Group's Managing Director Paul Niardone said:

"Despite the continuing challenges brought on by COVID-19 nationally, our business model continues to be validated by our results, both operational and financial.

During the June Quarter we further strengthened our business nationally, achieving a 74% increase in revenue on the back of \$22.7M CGI.

For the full year, GCI was \$80.7M, a 68.5% increase on FY20 of \$47.9M, resulting in an expected unaudited EBITDA for FY21 (pre AASB16) exceeding \$4M, a 570% increase on FY20 of \$0.7M (pre AASB16).

These results confirm the company is maintaining strong growth and has achieved sufficient scale so that further revenue increases will contribute to increasing margin and profitability.

In what has been a robust real estate market generally, it is also pleasing that our transactional numbers have also significantly outperformed the market.

I look forward to providing a strong set of full year FY21 results in the coming month."

The Agency Group Australia (ASX:AU1) ("The Agency" or "the Company") is pleased to announce the June Quarter 2021 has further consolidated on the success of the previous two quarters, resulting in annual records across key metrics including combined revenue, GCI, sales and listings.

Unaudited Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA pre AASB16) is expected to exceed \$4M for the full year ending June 2021.

¹ Revenue and EBITDA figures provided in this announcement are unaudited and EBITDA provided in this announcement is pre adoption of AASB16.

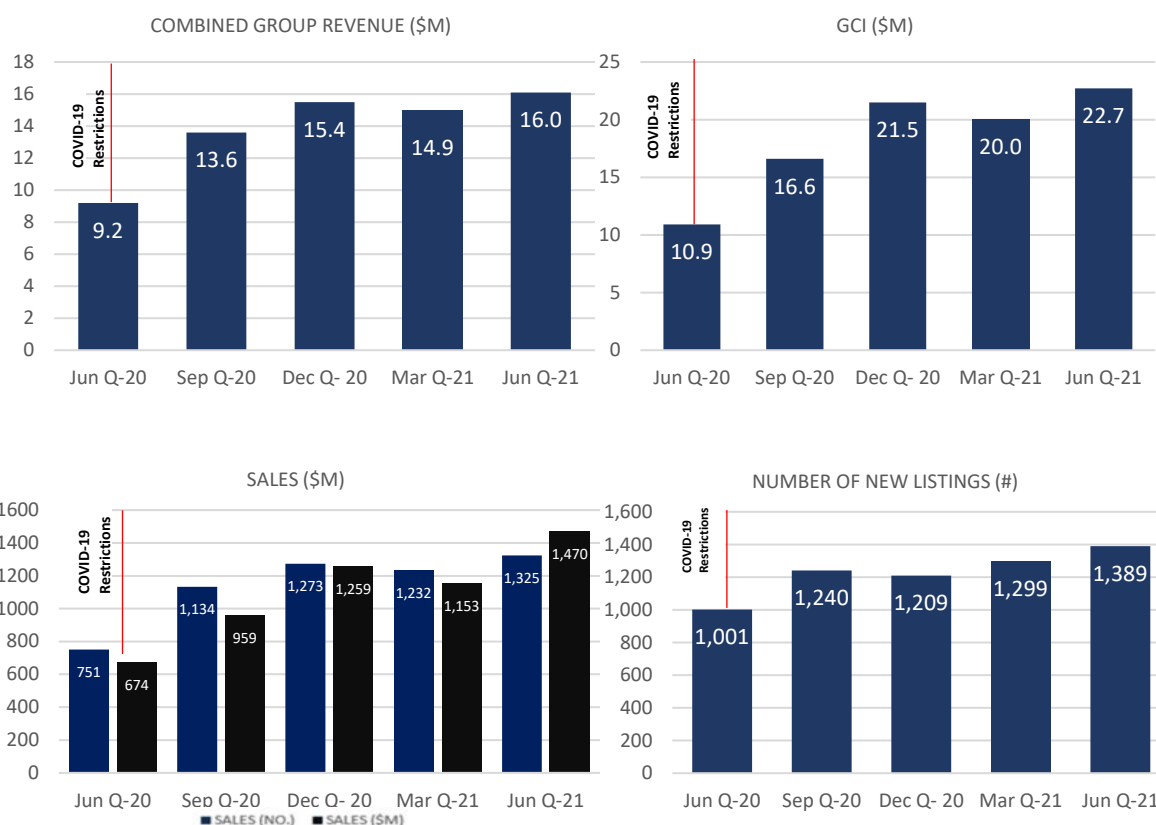


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Gross Commission Income (GCI) for the year of \$80.7M is an increase of 68.5% over the prior year of \$47.9M, with exchanges growing 57.74% to 4,964. Gross Sales Value across the group grew by 64.6% to \$4.84Bn compared to \$2.94 Bn in the prior year.

Mr Niardone added, “there has been robust growth in the number of transactions across the Australian market this year. It is pleasing to have delivered a 57.7% increase in our transaction numbers, well more than the 40.7% market growth.”

As at 30th June, The Agency had a combined 308 sales agents, up from 283 sales agents at end of June 2020. Properties under Management (PuM) at end of June 2021 were 3,517.



Appendix 4C Cashflow commentary

The Agency delivered positive operational cashflow of \$1.47M and combined group revenue of \$16M for the June Quarter.

The Group reported receipts from customers of \$21.17M for the quarter, a significant 21% increase on the previous quarter’s \$17.53M.

Cashflows from operating activities for the quarter were \$1.47M. This included an amount of \$157,000 (refer to 1.8) which related to legal costs regarding the court case with Magnolia Capital Pty Ltd. The quarter-on-quarter increase in staff costs from \$3.4M in March Quarter 2021 to \$4M in June Quarter 2021 (refer to 1.2(e)) is due to both timing of payments and a reduction in JobKeeper payment support.

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Within Cash flows from investing activities (refer to 2.3), \$225,000 in Cash flows from loans to other entities relates to the commencement of the commercial sales and leasing business with the launch of a new division.

In Payments to related parties of the entity and their associates (refer to 6.1), the \$246,000 payment refers to Executive salaries (\$211,000) and non-Executive salaries (\$35,000).

Cash and cash equivalents as at 30th June 2021 were \$5.7M.

ENDS

Announcement authorised for release by the Board of The Agency Group Australia Limited.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

The Agency Group Australia Limited (ASX: AU1)

ABN

52 118 913 232

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	21,167	73,306
1.2 Payments for		
(a) research and development	-	(22)
(b) product manufacturing and operating costs	(13,302)	(46,656)
(c) advertising and marketing	(276)	(986)
(d) leased assets	(9)	(37)
(e) staff costs (incl. govt grants or incentives)	(3,998)	(14,629)
(f) administration and corporate costs	(1,874)	(7,155)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	33
1.5 Interest and other costs of finance paid	(83)	(816)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) – See commentary as attached	(157)	(666)
1.9 Net cash from / (used in) operating activities	1,468	2,372

Note: 1.2 includes prior period BAS payments (delayed due to COVID payment extensions)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(104)	(189)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities (sale of WA Rent Roll)	-	2,777
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	(225)	(225)
2.4	Dividends received (see note 3)		
2.5	Other (Transfer to Managex of WA Rent Roll bank accounts)	-	(154)
2.6	Net cash from / (used in) investing activities	(329)	2,209

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	5,000
3.3	Proceeds from exercise of options	-	392
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(333)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(7,871)
3.7	Transaction costs related to loans and borrowings	(11)	(636)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(400)
3.10	Net cash from / (used in) financing activities	(11)	(3,848)

Note 3.9 Other: A \$400,000 deposit was placed with the Federal Court's trust accounts in Jan'21 until a legal matter (which is in dispute) is settled in relation to financing costs associated to funding with a previous mandate with Magnolia Capital.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,582	4,977
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,468	2,372
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(329)	2,209
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(3,848)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,710	5,710

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,097	3,969
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (bank guarantees)	613	613
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,710	4,582

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	246
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	5,000	5,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	3,352	3,352
7.4 Total financing facilities	8,352	8,352
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<ol style="list-style-type: none"> \$5m loan from Macquarie Bank, secured by 1st ranking charge over all group companies, Interest margin rate 4.75% repayable on 4-Jan 2023. \$3.352M Convertible Note, secured by 2nd ranking charge over all group companies, (Conversion at \$0.027 per share and interest rate 8% with a maturity date of 31 March 2023) 	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,468
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,710
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,710
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2021

Authorised by: The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.