THE AGENCY

(ASX: AU1)

Investor Presentation for the Half Year End Results

31 December 2021

KEY TAKEAWAYS

UNDERLYING EBITDA[1]

$2.14M

(1HFY21: $1.60M) → **+33%**

Gross Value of Exchanges

$3.1Bn

(1HFY21: $2.2Bn) → **+41%**

Revenues from Ordinary Activities

$35.6M

(1HFY21: $29.4M) → **+21%**

No. of Exchanges

2,910

(1HFY21: 2,407) → **+21%**

GCI[2]

$52.9M

(1HFY21: $38.1M) → **+39%**

Properties Under Management

3,551

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.

STRONG GROWTH ACROSS KEY BUSINESS INDICATORS

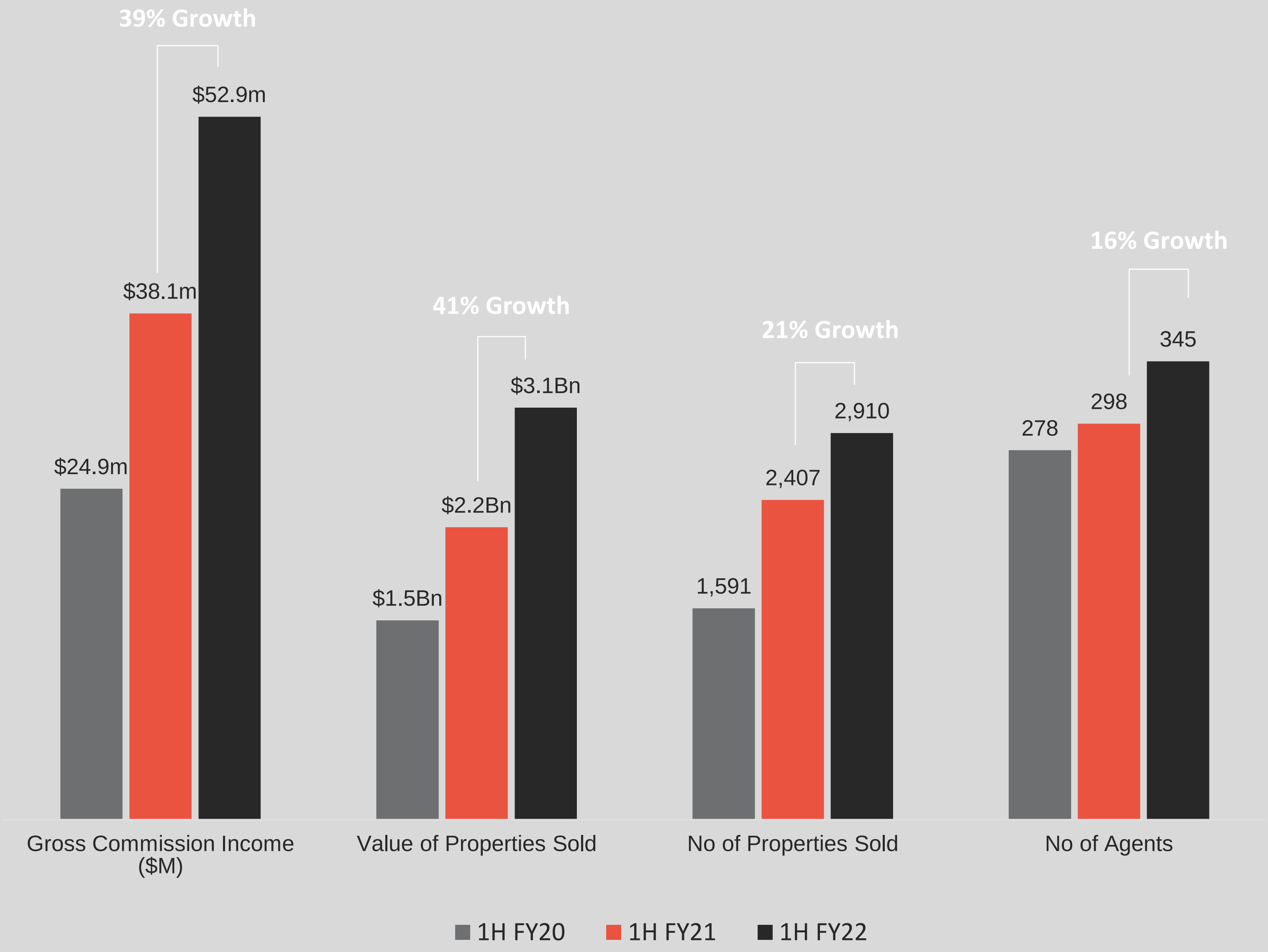
39%

Increase in Gross Commission Income

Increase of

47

Agents from 31 December 2020



A growing brand now with presence in 5 states and territories

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

WHY AGENTS ARE CHOOSING THE AGENCY

The Agency's business model is to directly engage with Selling Agents. This is a change to the industry norm where the most common arrangement is a franchisor/franchisee arrangement, with the franchisee employing the Agents. This differentiated business model has a number of benefits which are leading Agents to choose The Agency:

Franchisees are often Agents who are known as Selling Principals. The Selling Principal often competes against other Agents they have employed in their business, which creates tension and distrust that can undermine an Agent doing their best work. The Agency direct engagement model does not have these potential conflicts.

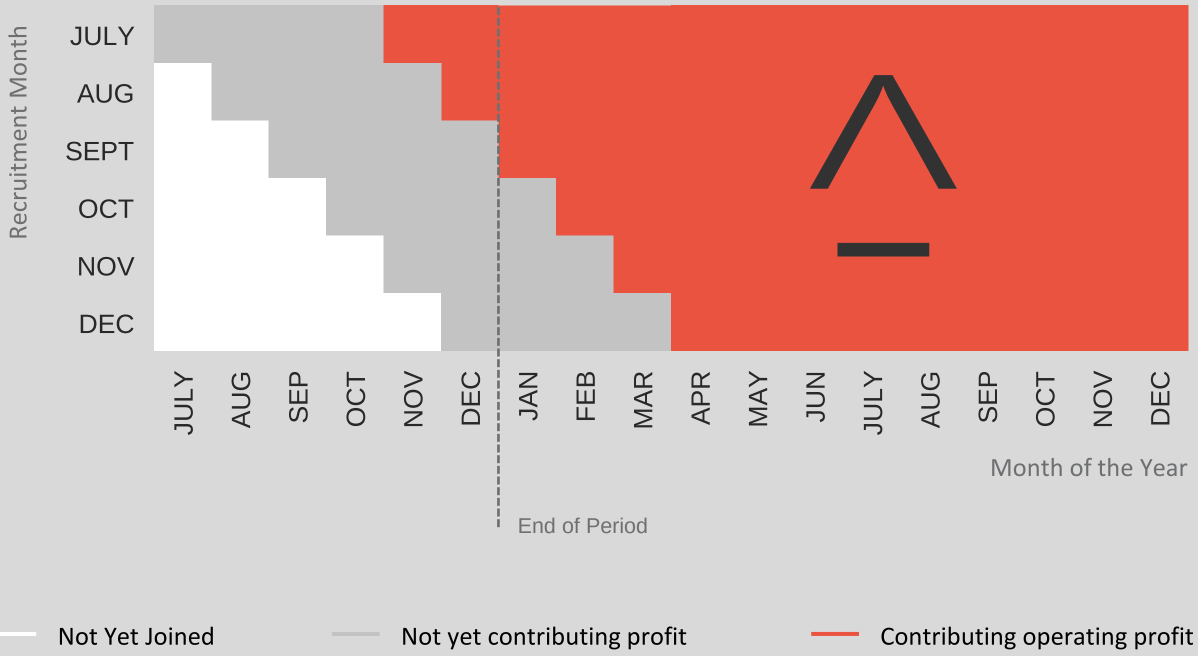
Agents can come to The Agency to focus on what they do best, which is selling real estate with their own team underneath them. The Agent's time is not distracted by needing to manage a Property Management portfolio or manage the operations of their franchisee business, office infrastructure, Trust accounts or staff matters. Freed of these distractions, we have Agents who have doubled their sales as they are just focused on listing and selling real estate.

Post COVID, Agents are aware they may no longer need to have an office on every suburban corner to be successful and sitting in a local coffee shop between appointments can generate just as much engagement with a local community as an office provides. The Agency operates Hubs where Agents can collaborate and operate with their team members. The Hub model reduces expenditure on premises which allows The Agency to pay the agent higher commission splits in a sustainable way. Competitors who have an existing office footprint, and match The Agency's commissions, will end up with a higher cost profile than The Agency.

The Agency has strategic partnerships with the industry leading suppliers that make selling real estate as easy as possible. Agents who join The Agency have access to a fully digital cloud base process that saves them time on paperwork and means they can operate from anywhere. Agents have access to artificial intelligence that automates tasks, allowing them to work more efficiently. Partnerships with Cooley Auctions lead by Damien Cooley, External Agent coaches, Vendor advertising funding providers, insurance providers, Mortgage brokers and other operators servicing the residential real estate market ensure the Agent's can maximise their productivity.

HOW AGENT RECRUITMENT ASSISTS THE AGENCY PROFITABILITY

Across the past 12 month period, there has been an increase of 47 Agents. The profitability of H1 FY22 recruits is yet to fully flow through to The Agency operating profit (as visualised below).



Agents who are recruited in existing established geographical areas have a quicker path to profitability as they plug into the existing overhead infrastructure and brand presence. A newly recruited agent needs to launch a property for sale, conduct a sales campaign and on average contribute operational profit 3 to 4 months after their commencement date.

When establishing a presence in a new geographical area, it generally takes around 6 months before these Agents contribute to operational profit while the recruited agent builds momentum and establishes themselves in the local market. Any initial investment is carefully considered by Management before entering a new geographical area and operating costs in a new area will only be incurred if there is sufficient scale benefits.

Financial Highlights

PROFITABLE GROWTH REDUCING COST OF DOING BUSINESS

21%
Increase in Revenues

86 basis point
decrease in Cost of Doing Business

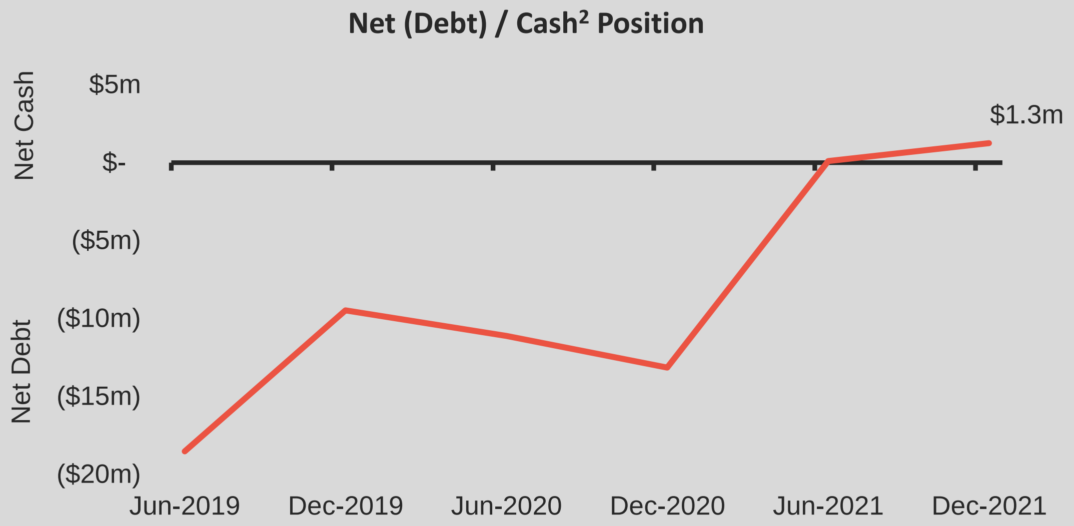
$0.4M
Increase in Statutory Net Profit after tax

	UNDERLYING[1]			STATUTORY		
	1H FY22	1H FY21	Change	1H FY22	1H FY21	Change
Revenue	**$35.56m**	**$29.45m**	**21%**	**$35.56m**	**$29.45m**	**21%**
Cost of Doing Business[2]	30.7%	31.6%	-86 bps	n.a.	n.a.	n.a.
EBITDA	**$2.14m**	**$1.60m**	**33%**	**$3.05m**	**$3.68m**	**-17%**
Net Profit After tax	$0.72m	$0.09m	743%	$1.25m	$0.83m	50%

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

STRENGTHENED BALANCE SHEET UNDERPINNED BY NET CASH

	STATUTORY		
KEY INDICATOR	31 Dec 2021	30 June 2021	Change
Cash at Bank	**$6.3m**	**$5.1m**	**-22.9%**
Statutory Net Assets	**$15.8m**	**$14.1m**	**+11.5%**
Value of Assets not on balance sheet	$11.0m	$11.2m	-7.1%
Estimate Net Assets[1]	**$26.8m**	**$25.3m**	**+5.8%**
Estimate Net Assets (cents per share)[1]	6.3 cps	5.9 cps	+5.8%



Borrowings of $5.0m is below Cash at Bank resulting in a Net Cash[2] position of $1.3m, 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.

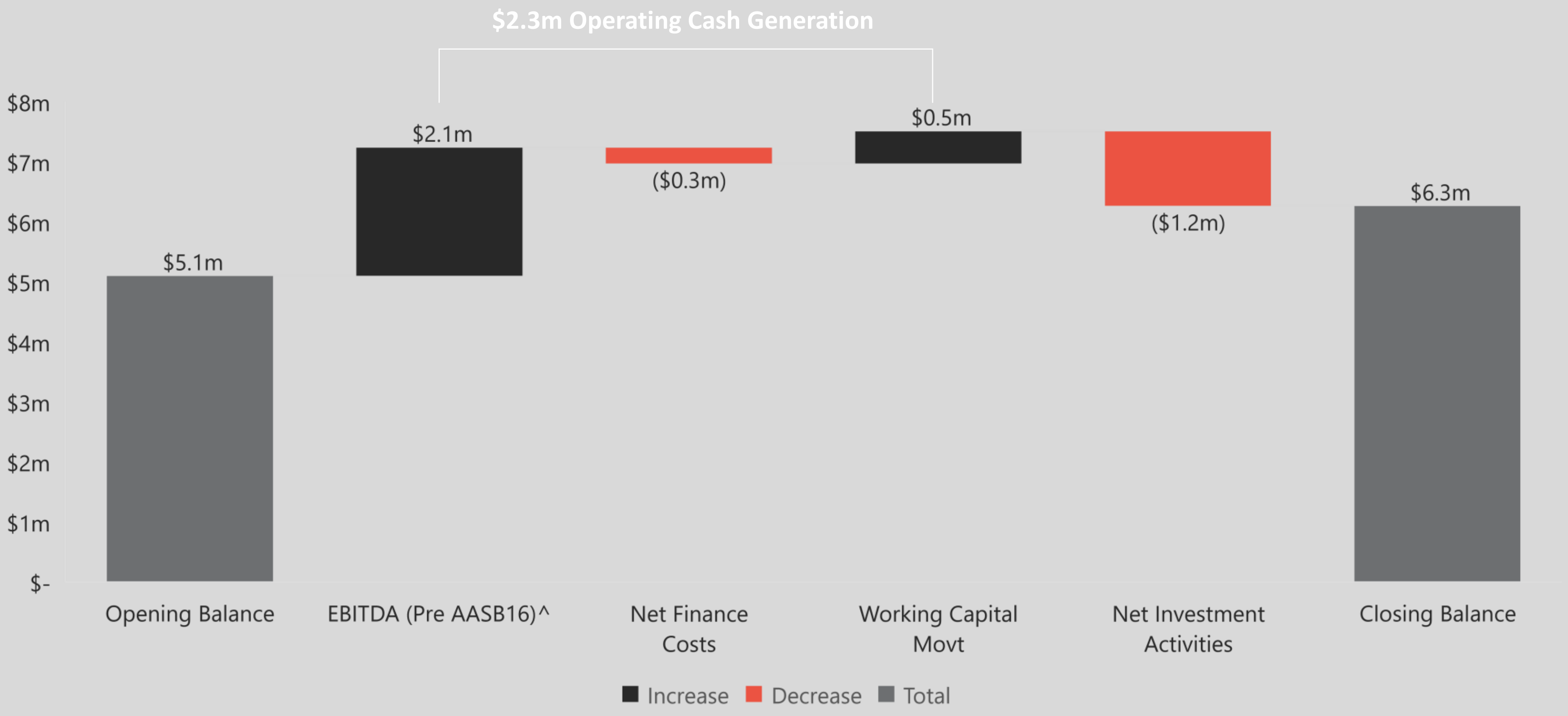
Management valuation of the Property Management portfolio is calculated on a blended valuation multiple of 3.65x on Q2 FY22 Annualised Property Management fees ($18.0m) and 2.5x Trial Income relating to the Mortgage Book ($4.7m). Only $11.7m of this value is held on the Balance Sheet as an intangible asset.

Estimated Net Assets has increased 5.8% to 6.3 cents per share.

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

STRONG OPERATING CASH GENERATION OF $2.3M IN THE PERIOD

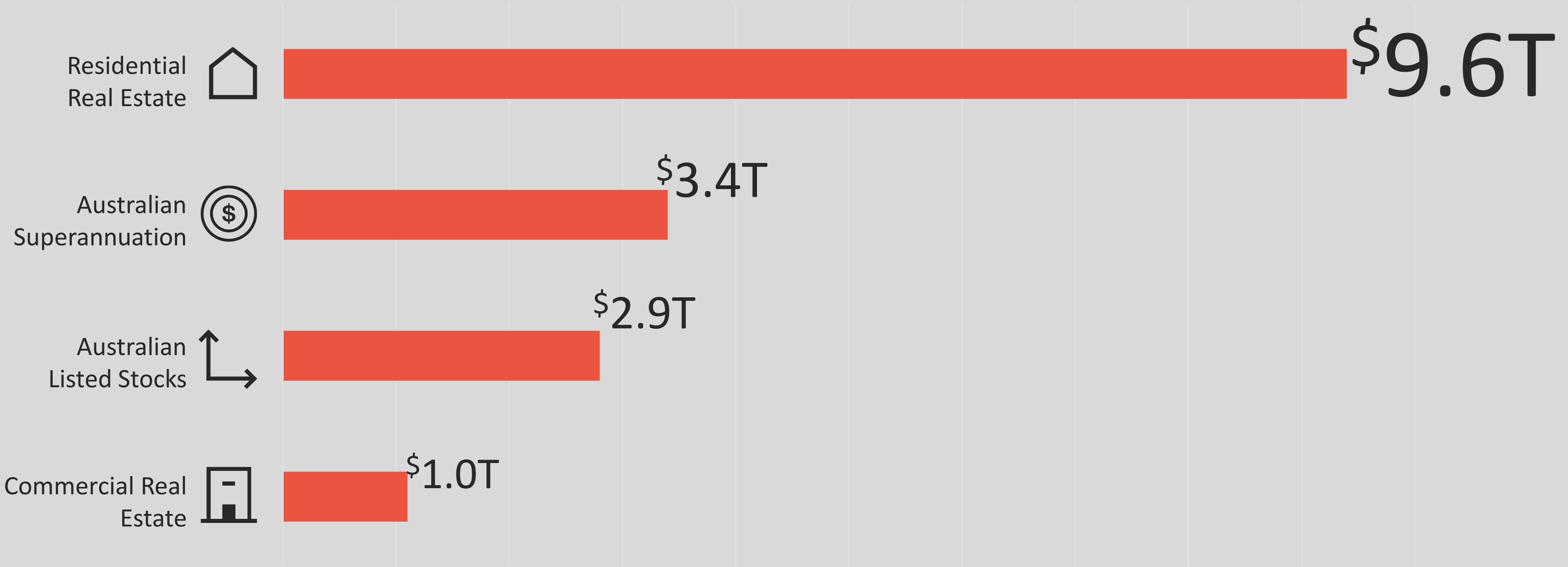
Strong Operating Cash Flow has funded $1.2m of Investment activities including costs for an office refurbishment and short term working capital advances.



1: This is a non A-IFRS measure

Industry Highlights

56% of Australian Household Wealth is held in Residential Housing with $7.4 Billion annual addressable market



653,009
Sales in 2021

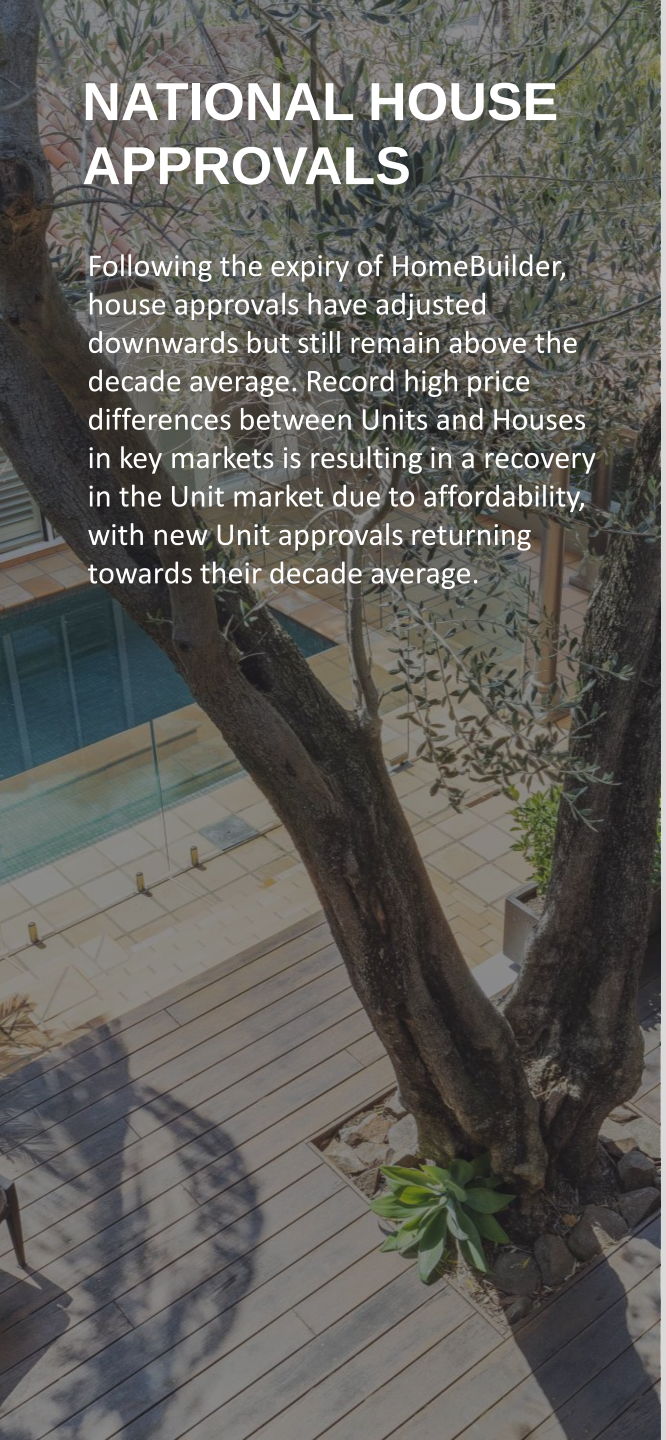
$494.6Bn
Gross Value of Sales in 2021

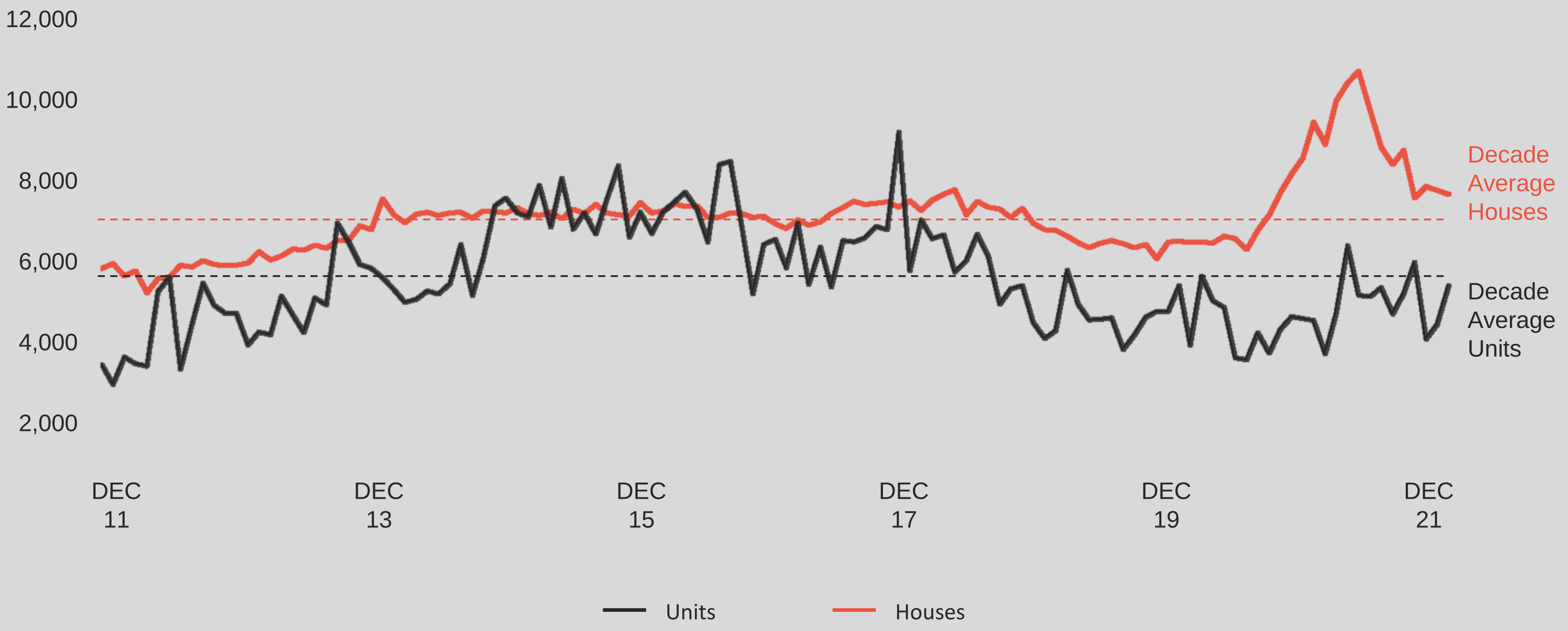
$7.4 Bn
Total Annual Addressable Market* (GCI)

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

NATIONAL HOUSE APPROVALS

Following the expiry of HomeBuilder, house approvals have adjusted downwards but still remain above the 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 returning towards their decade average.



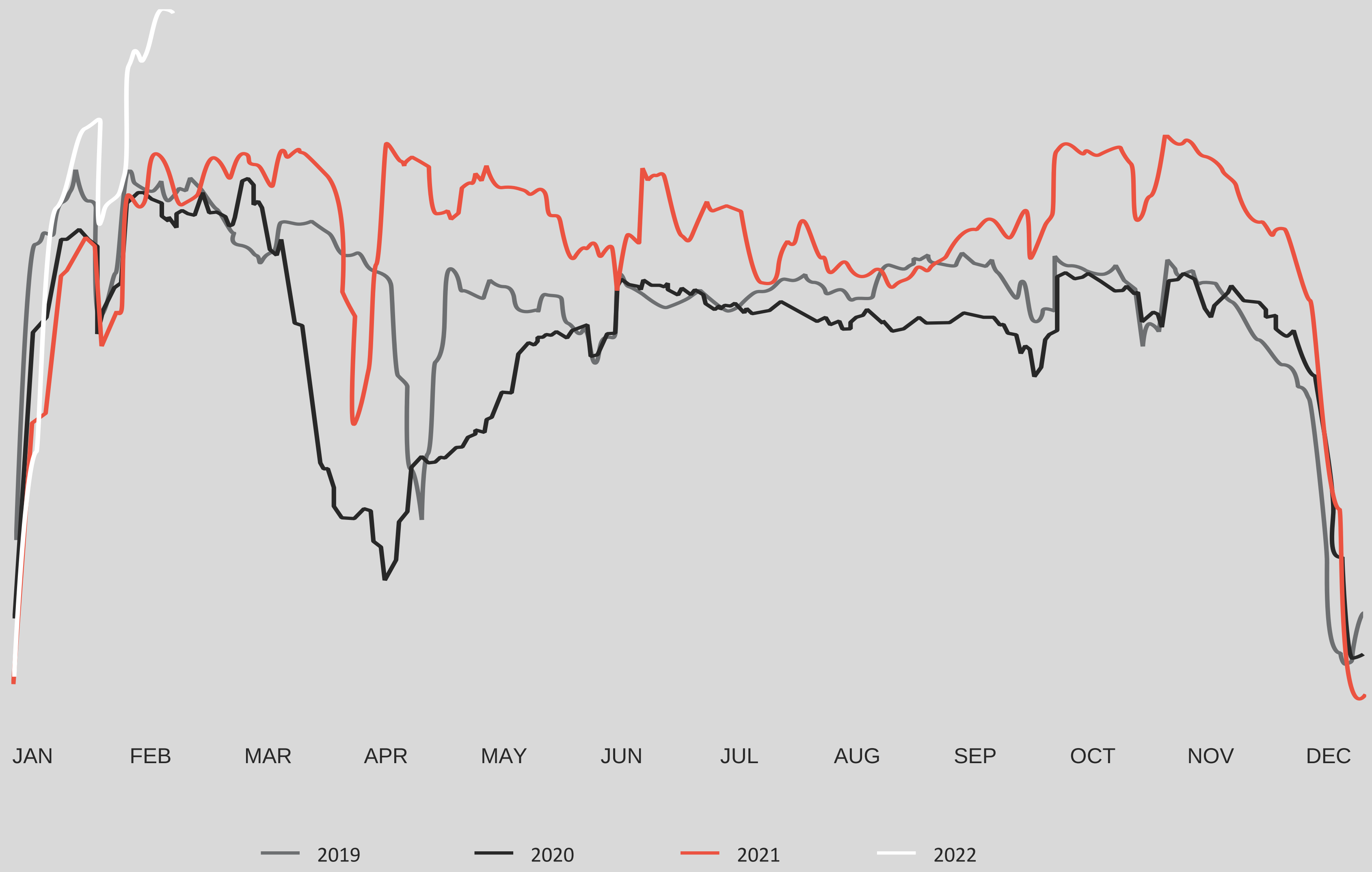


Source: CoreLogic

ROLLING SEVEN DAY COUNT OF CMA ACTIVITY EXCEEDS PRIOR YEAR

CMA's are a real estate industry acronym for Comparative Market Analysis – an RP Data tool that shows comparative recent sales to a property.

CMA's are an indicator of likely future listing volumes. The start of 2022 has seen strong uplift on prior year volumes, with the week of the 13th February generating 23% more activity than this time last year.



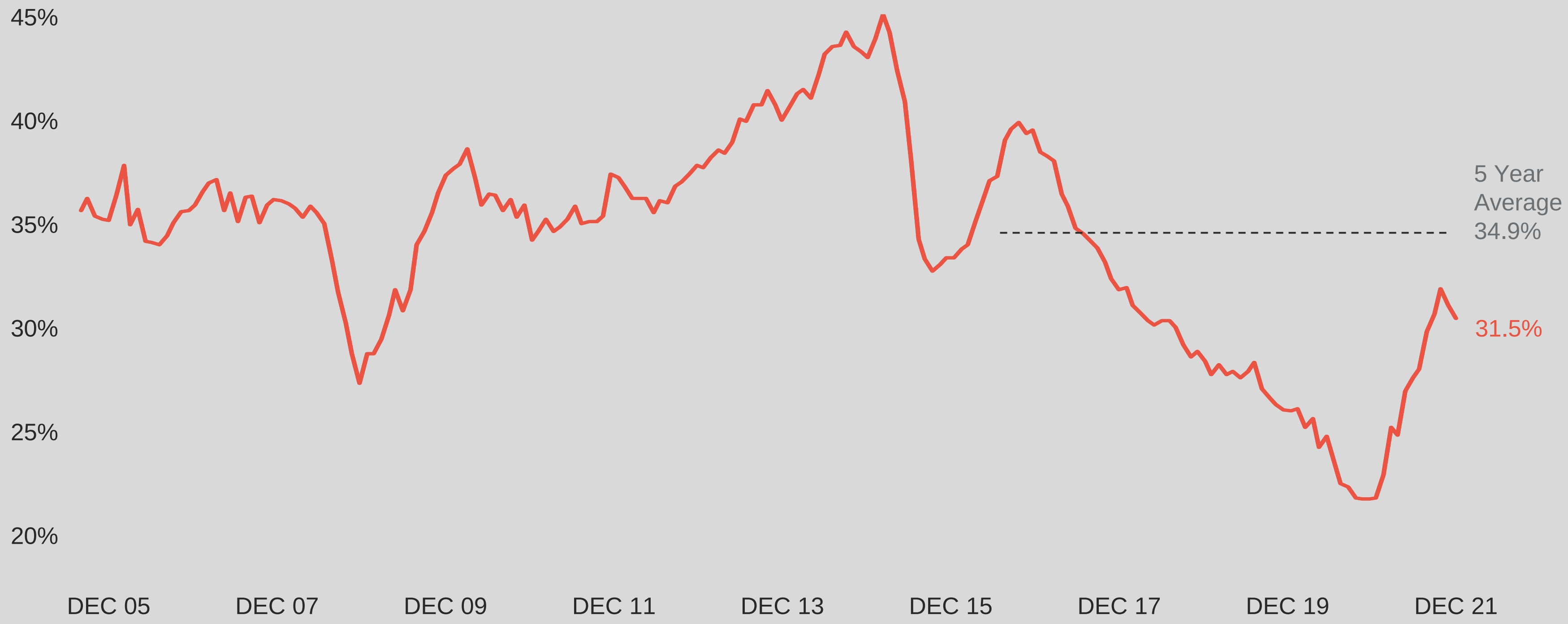
Source: CoreLogic

INVESTOR PARTICIPATION

Investor participation remains well below the 5 year average at 31.5% of new lending volume.

While investor lending is still growing at 2.4% in December, strong owner occupier lending of 5.3% in December means investors made up a smaller proportion of lending through December.

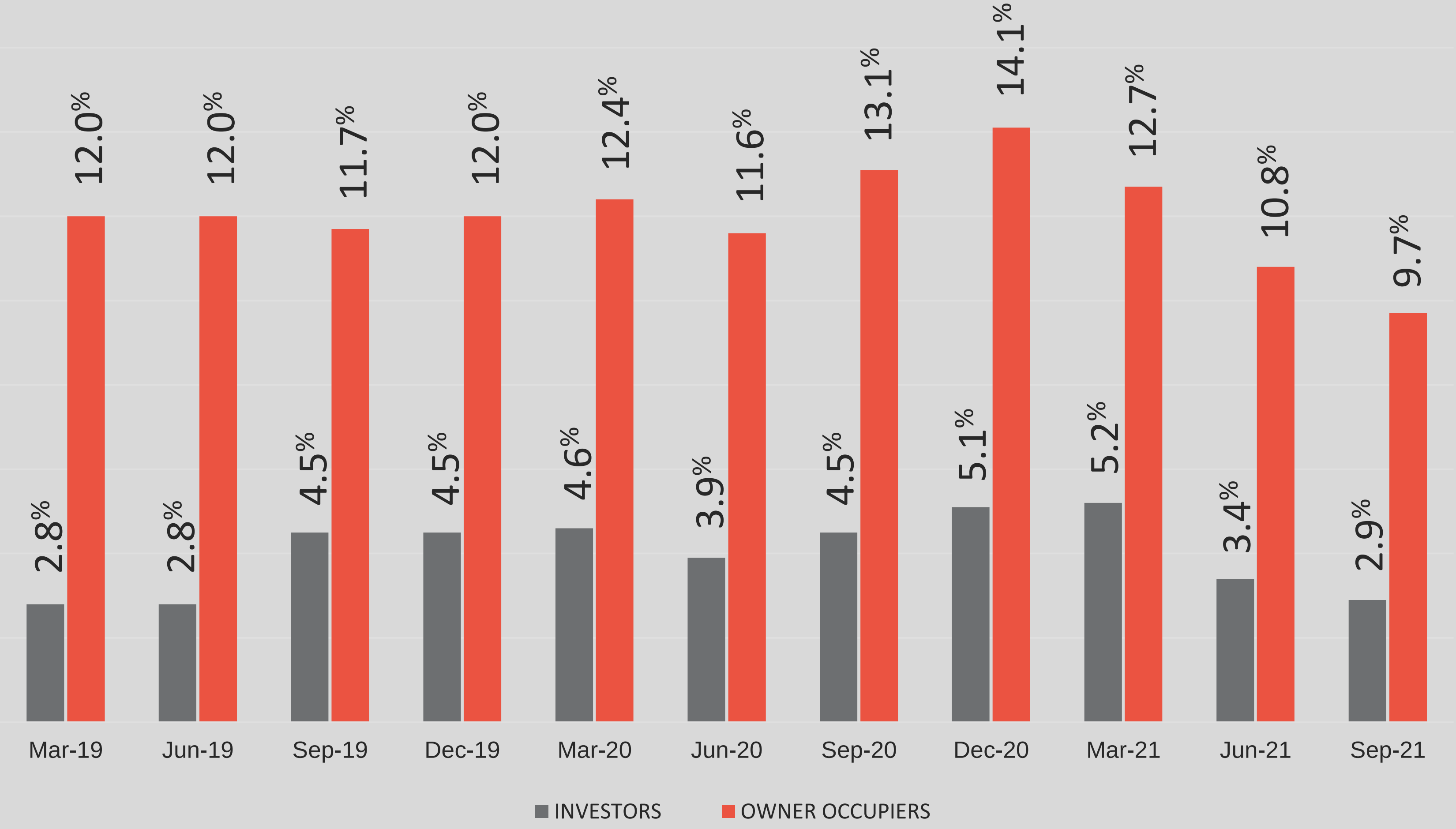
Portion of new lending for investment housing (excluding refinance)



Source: CoreLogic

LOANS GREATER THAN A 90% LOAN TO VALUE RATIO (LVR)

Over recent quarters, the % of loans originated with an LVR greater than or equal to 90% has reduced for both investors and owner occupiers. This shows some restraint by financial institutions which is key, given that regulators and policy makers are closely monitoring lending standards.

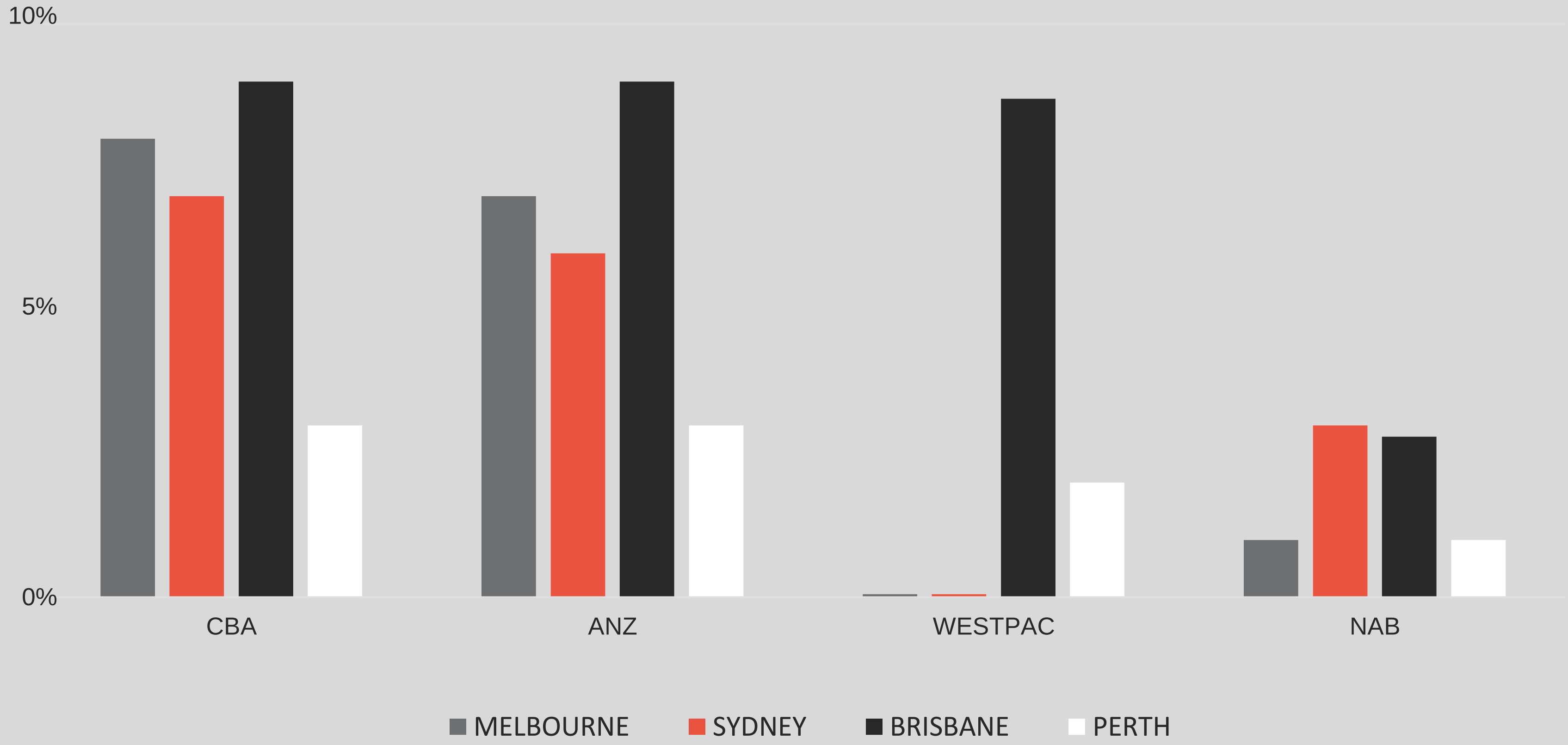


Source: CoreLogic

SUMMARY OF CAPITAL CITY 2022 FORECASTS

2022 is expected to be a more moderate year for price growth across key capital markets.

There is consensus across the Big 4 banks that Brisbane will be the strongest market for price growth.



Source: CoreLogic

Outlook

OUTLOOK

Transaction volumes expected to remain strong, despite expected subdued price growth in 2022. We forecast National price growth to be 4-6%.

Focus on further geographical regions and penetration of suburbs to grow National market share and earnings.

Continued growth in Agent numbers across the country.

Optimisation of operational systems to ensure a solid platform to service future growth and take advantage of economies of scale.

Appendix

PROFIT & LOSS STATEMENT

	UNDERLYING[1]			STATUTORY		
	1H FY22	1H FY21	Change	1H FY22	1H FY21	Change
Revenue	**$35.56m**	**$29.45m**	**21%**	**$35.56m**	**$29.45m**	**21%**
Other Income	$0.21m	$0.27m	-22%	$0.21m	$0.59m	-64%
Cost of Sales	($22.70m)	($18.81m)	21%	($22.70m)	($18.81m)	21%
Gross Profit	**$13.06m**	**$10.91m**	**20%**	**$13.06m**	**$11.23m**	**16%**
Operating Expenses	($10.93m)	($9.30m)	17%	($10.02m)	($7.55m)	33%
EBITDA	**$2.14m**	**$1.60m**	**33%**	**$3.05m**	**$3.68m**	**-17%**
Depreciation and Amortisation	($1.92m)	($2.01m)	-4%	($2.69m)	($2.79m)	-4%
Share-based payments expense	($0.38m)	$-	n.a	($0.38m)	$-	n.a
Impairment recovery	$-	$-	n.a	$0.40m	$-	n.a
Profit on Sale of Asset	$-	$-	n.a	$-	$0.33m	n.m
EBIT	($0.17m)	($0.41m)	-59%	$0.37m	$1.22m	-70%
Net Finance income/(expense)	$0.15m	($0.12m)	-228%	$0.02m	($1.44m)	n.m
Net Profit/(Loss) Before Tax	($0.01m)	($0.53m)	n.m.	$0.40m	($0.22m)	n.m
Income Tax Benefit	$0.73m	$0.61m	19%	$0.85m	$1.05m	-19%
Net Profit After tax	**$0.72m**	**$0.09m**	**743%**	**$1.25m**	**$0.83m**	**50%**

1. 1H FY22 Underlying adjusted for the impact of AASB16 Leasing Standard and Impairment Reversal. 1H 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

BALANCE SHEET

	STATUTORY		
	31 Dec 2021	**30 June 2021**	Change
Cash at bank	**$6.26m**	**$5.10m**	**23%**
Other Current Assets	$12.49m	$8.68m	44%
Non Current Assets	$29.83m	$31.49m	-5%
Total Assets	**$48.59m**	**$45.26m**	**7%**
Total current liabillities	($18.85m)	($15.59m)	21%
Total Non current liabilities	($13.97m)	($15.54m)	-10%
Total Liabilities	**($32.82m)**	**($31.12m)**	**5%**
Net Assets	**$15.77m**	**$14.14m**	**12%**
Assets not on balance sheet[1]	$11.03m	$11.19m	-1%
Estimated Net Assets[2]	**$26.79m**	**$25.32m**	**6%**

1: Property Management Portfolio Management Valuation calculated on a blended valuation multiple of 3.65x on Q2 FY22 Annualised Property Management fees ($18.0m) and 2.5x Trial Income relating to the Mortgage Book ($4.7m). Only $11.7m of this value is held on the Balance Sheet as an intangible asset.
2: This is a non A-IFRS measure

CASHFLOW STATEMENT

	1H FY22 (Underlying)* (Pre AASB16)^	1H FY22 (Statutory) (Post AASB16)	1H FY21 (Statutory) (Post AASB16)
EBITDA	**$2.14m**	**$3.05m**	**$3.68m**
Change in net working capital	$0.58m	$0.66m	($0.23m)
Net interest Paid	($0.31m)	($0.31m)	($0.88m)
Net Cashflow from Operating Activities	**$2.41m**	**$3.40m**	**$2.57m**
Purchase of property, plant and equipment	($0.40m)	($0.40m)	($0.07m)
Purchase of intangibles	($0.06m)	($0.06m)	$-
Deposit for bank guarantees	($0.11m)	($0.11m)	$-
Net Loans to other entities	($0.67m)	($0.67m)	$-
Net cash received on disposal of asset group	$-	$-	$2.62m
Net cash (used in) / received from investing activities	**($1.24m)**	**($1.24m)**	**$2.55m**
Payment of principal portion of lease liabilities	$-	($0.99m)	($0.99m)
Repayment of borrowings	$-	$-	($3.56m)
Net cash used in financing activities	**$-**	**($0.99m)**	**($4.55m)**
Net increase in cash and cash equivalents held	**$1.17m**	**$1.17m**	**$0.57m**
Cash and cash equivalents at the beginning of the half-year	$5.10m	$5.10m	$2.72m
Cash and cash equivalents at the end of the half-year	**$6.26m**	**$6.26m**	**$3.29m**

* Underlying EBITDA adjusted for the impact of AASB16 and Government Incentives received in the prior period
^ This is a non A-IFRS measure

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