THE AGENCY GROUP AUST LTD

ABN 52 118 913 232

and its controlled entities

ANNUAL REPORT

30 June 2021

Corporate directory

Current Directors

Andrew Jensen	*Executive Chairman and Chief Operating Officer*
Paul Niardone	*Managing Director*
Matthew LaHood	*Executive Director*
Adam Davey	*Non-executive Director*

Company Secretary

Stuart Usher

Registered Office and Head Office

Street: 68 Milligan Street
PERTH WA 6000
Postal: PO Box 7768
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
Street + Postal: 110 Stirling Highway
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
(formerly known as Bentleys Audit & Corporate (WA) 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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From the Chair

In many respects FY2021 was a company-making year for The Agency Group in which we delivered strong operating and financial results despite the COVID-19 pandemic and ongoing restrictions in key real estate markets.

Financial results

The Company significantly strengthened its balance sheet on the back of a long-term ~$8 million funding package while posting record Earnings Before Interest Tax Depreciation Amortisation (EBITDA) of $4.6 million[1], annual Group Revenue of $58.4 million and growth across all key metrics.

The Agency reduced its debt position to $8.35 million (FY20: $12.2 million) and continues to receive the commitment and support of primary lender Macquarie Bank. This ongoing support was evidenced by Macquarie Bank agreeing to an interest rate reduction in recognition of the significant improvements to balance sheet and continued strong operational performance.

New Shareholders

The Agency's strong business model was further validated with the backing of new major shareholder private investment company Peters Investments which currently has a 30.2% stake in the Company after converting $3 million in Convertible Notes.

Key Appointments

In addition, The Agency's board and management team - already one of the most highly regarded executive teams in the Australian property industry - was further bolstered with the appointment of highly experienced industry executive Geoff Lucas as new Group CEO. In only six short months since his appointment, Mr Lucas has become intrinsic to the Company and his value cannot be overstated.

Outlook

While COVID-19 restrictions continue to impact key markets into FY2022, we are confident the national property market will remain resilient and that we are in strong position for further growth in FY2022 and beyond.

Acknowledgments

I would like to take this opportunity to thank our shareholders, board, staff and property partners for their strong commitment to our business over what has been a rewarding but challenging 12-months.

Thank you for your continuing loyalty and we look forward to what promises to be another significant year for the company.

[1] EBITDA is unaudited and provided on a pre-adoption of AASB16 (but includes government incentives)

From the Managing Director

While throwing up its fair share of challenges, FY2021 was ultimately a highly rewarding year for The Agency Group thanks to the stellar efforts of our highly experienced, award-winning agents and staff.

Achievements

I am very proud of our achievements in the past 12-month period, a year in which our disruptive business model continued to be validated by our operational and financial results while weathering COVID-19 challenges in key markets.

Operationally, we continue to hit all-time highs across all key metrics with Gross Commission Income up 69% year-on-year, listings up 30% year-on-year and gross value of sales up 65% year-on-year, further reinforcing our sustained growth since inception.

In a further sign of the effectiveness of our business, The Agency outperformed the broader market with a 57.7% increase in our transaction numbers, significantly above the 40.7% experienced across the Australian real estate market for the year to July 2022.

We have also pleasingly witnessed operating costs as a percentage of revenue reducing over the past three years to 32% of revenue in FY21, a reduction from 42% of revenue in FY20 and 65% of revenue in FY19.

Recruitment

Our unique model has and always will continue to attract the best talent and I am extremely proud of our team who continue to negotiate the best results for clients amid uncertain conditions. We remain confident organic growth will continue to drive revenue growth.

The ongoing recruitment of highly-experienced agents remains a core focus of our business. As at 30th June 2021, the Company had 308 agents, up from 283 agents at 30th June 2020, with average GCI by agent increasing by +57% over FY20. Based on the Company's existing platform and cost structure, which is largely fixed, any future recruitment and productivity gains will contribute to EBITDA performance.

Outlook

Looking ahead, we are well positioned with a strong pipeline of listings into FY2022 on the back of a positive property market. All signs are the national property market will continue to perform strongly as lockdowns are eventually wound back in impacted states.

For The Agency, we will continue to drive growth via quality recruitment while maintaining a sustainable financial framework and continuing to identify and implement efficiencies into our business.

Acknowledgements

On behalf of the Board and Management Team, I would like to sincerely thank our agents and staff for their hard work, dedication and commitment to our business. To our shareholders, I thank you for your unwavering support and look forward to an exciting FY22 for The Agency Group.

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 financial year ended 30 June 2021.

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 year are:

- Andrew Jensen — Executive Chairman and Chief Operating Officer
- Paul Niardone — Managing Director
- Matthew LaHood — Executive Director
- Adam Davey — Non-Executive Director

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

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors, please refer to paragraph 6 of this Directors Report.

2. Company secretary

The following person held the position of Company Secretary at the end of the financial year:

- Stuart Usher

Qualifications	☐ B.Bus, CPA, Grad Dip CSP, MBA, AGIA, ACIS
Experience	☐ Mr Usher is a CPA and Chartered Company Secretary with 25 years of extensive experience in the management and corporate affairs of public listed companies. He holds an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2021.

4. Significant Changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year ended 30 June 2021 other than disclosed elsewhere in this Annual Report.

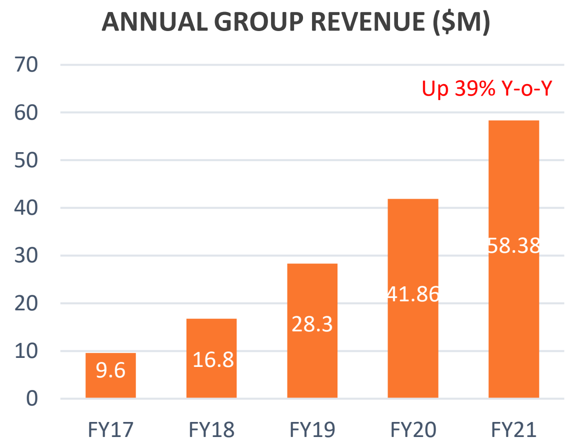
5. Operating and financial review

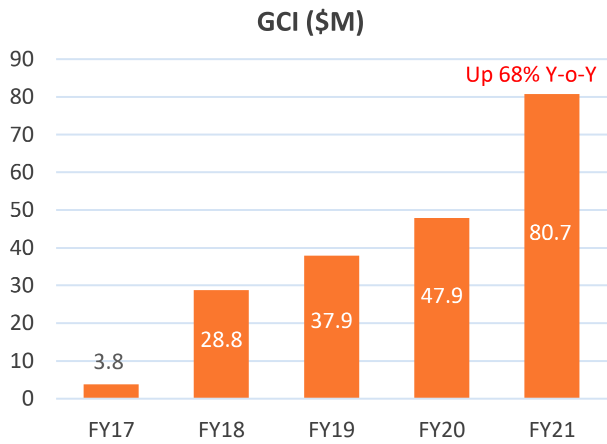
5.1. Nature of Operations Principal Activities

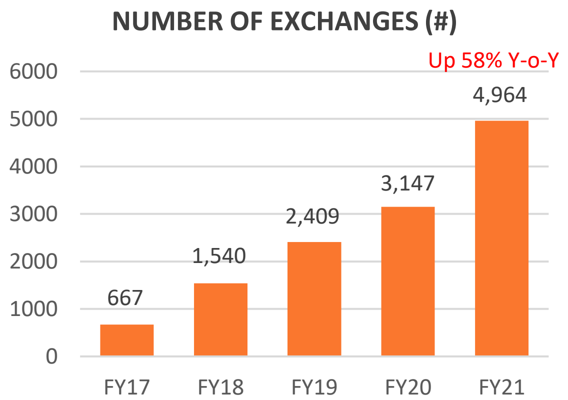
The principal activity of the Group for the financial year was real estate services and related activities. There were no significant changes in the nature of the Group's principal activities during the financial year.

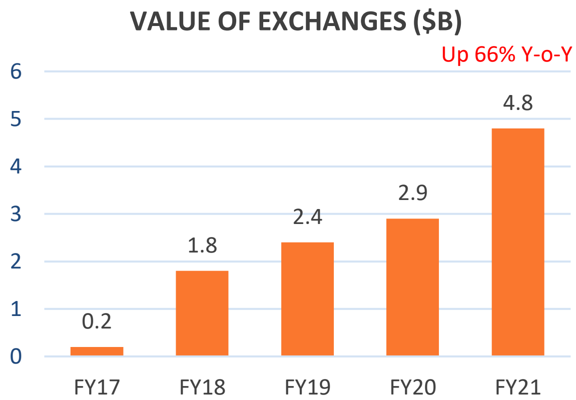
5.2. Operations Review

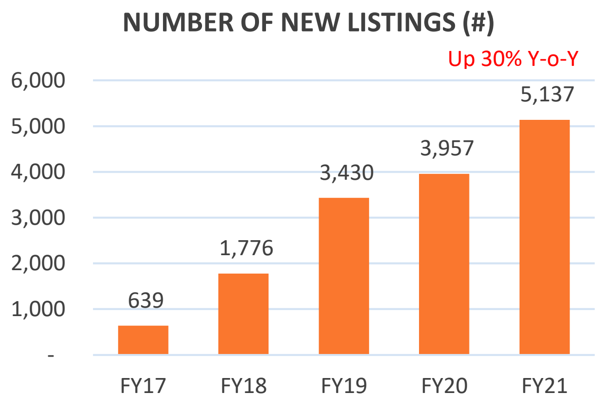
a. **Key Metrics**











The Agency delivered strong operating results for FY2021 with all key metrics increasing during the year across our businesses as demonstrated above. The results further reinforce the sustained growth the business has been able to achieve year on year for the past three years. This is despite the ongoing impact of the COVID-19 pandemic and resultant restrictions on the real estate sector nationally during the reporting period.

For FY2021, the Group reported Annual Group Revenue of $58.38 million, a 39.46% increase year-on-year (FY2020: $41.86 million), which further highlights the effectiveness of the Company’s model.

The increase in revenue was primarily due to a 68% increase year-on-year in Combined Gross Commission Income to $80.7 million (FY2020: $47.9 million). This figure was bolstered by 4,964 sales (up from 3,147 sales for FY2020) and $4.8 billion worth of property sold across the combined group for FY2021 (FY2020: $2.9 billion). Pleasingly, the 57.7% year-on-year increase in The Agency's transaction numbers was considerably more than the 40.7% market growth for the same period.

Property management has 3,517 Properties Under Management as at 30 June 2021, this is 27% down on prior year due to the disposal of the WA rent roll in September 2020. This rent roll generates ≈$7 million revenue annually.

The Company also witnessed growth in its Mortgage Solutions Australia (**MSA**) business with home loan approvals for FY2021 up 24% year-on-year from $137.4 million to $170.6 million.

As at 30 June 2021, The Agency was comprised of a combined 308 sales agents (East Coast: 163, West Coast: 145), with average Gross Commission Income (GCI) by agent increasing by over 57% over the past twelve months. The Agency's model of allowing our high-quality agents to focus on sales and providing support is being demonstrated by the year-on-year increase in GCI.

The Agency will be looking to boost agent numbers in the coming quarters. Based on the company's existing platform and cost structure, which is largely fixed, any future recruitment will directly contribute to EBITDA performance.

The Agency Group reported cash receipts of $71.57 million for the FY2021, a 68.29% year-on-year increase (FY2020: $42.53 million).

Please see below table highlighting year-on-year growth across key metrics:

	FY2021	FY2020	% Change
Revenue ($M)	58.38	41.86	+39%
EBITDA ($M)	6.37	2.66	+139%
EBITDA - pre AASB16 ($M)	4.57	0.71	+544%
GCI ($M)	80.66	47.92	+68%
PUM	3,517	4,838	-27%
Home Loan Approvals (MSA) ($M)	170.6	137.4	+24%

5.3. 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 continued its growth during FY2021 delivering three quarters of positive EBITDA as well as a positive year to date cash flow, a first for the Company. For FY2021, the Group recorded positive EBITDA of approximately $6.37 million. EBITDA was calculated as provided following.

Directors' report

EBITDA calculation	2021 $	2020 $
Loss after tax	(1,856,455)	(9,065,337)
Income tax benefit	(1,894,024)	(1,291,720)
Loss before tax	(3,750,479)	(10,357,057)
Interest income	(18,724)	(17,988)
Depreciation and amortisation	5,465,814	6,038,609
Embedded derivative non-cash financing costs[2]	2,243,784	-
Impairment	400,000	5,230,330
Interest and finance costs	2,010,936	1,769,193
Profit on Sale of Assets[3]	(200,612)	-
Share-based payments expense	215,946	-
EBITDA	6,366,665	2,663,087
AASB 16 *Leases* impact[4]	(1,793,866)	(1,951,373)
EBITDA (pre-AASB16 *Leases* impact)	4,572,799	711,714

EBITDA was $6.37 million. After adjusting for AASB 16 *Leases* impact, positive EBITDA for the year was $4.57 million which compares to positive EBITDA of $0.71 million for FY2020, a $3.86 million improvement.

The net assets of the Group have increased from 30 June 2020 by $2.53 million to $14.14 million at 30 June 2021 (2020: $11.61 million).

The Group incurred a net loss after tax for the year of $1.86 million (2020: $9.07 million loss). It is important to note that this was primarily impacted by the embedded derivative non-cash financing cost ($2.24 million), interest and finance costs ($2.01 million), and depreciation and amortisation ($5.47 million).

As at 30 June 2021, the Group's cash and cash equivalents increased from 30 June 2020 by $2.37 million to $5.10 million at 30 June 2021 (2020: $2.72 million).

	2021 $'000
Cash at bank (reference financial statements note 5.1)	5,096
Cash classified as	
■ Bank Guarantees	613
Reporting in the 30 June 2021 Appendix 4C	5,709

Government incentives and related grants have been received during the year and were used to also support employee sales agents in Perth. These have been included in operational cash flows.

5.4. 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 13 *Events subsequent to reporting date* on page 60.

[2] Refer to note 2.1 of the financial statements

[3] Sale of West Coast rent roll assets to Managex. Includes profit on sale of net assets disposed of $123K + Gain on exit of lease of $77K

[4] 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.

5.5. Future Developments, Prospects and Business Strategies

With the Group having achieved a profitable scale, The Agency's national focus has now shifted to quality agent recruitment for driving growth while maintaining a sustainable financial framework and continuing to identify and implement efficiencies into its business.

The Company has continued to work proactively with its primary bank debt provider, Macquarie Bank, regarding a reduction in funding costs as well as the release of personal guarantees on its secured debt facilities, both of which have been approved by the debt provider and announced on the 4th August 2021.

The Agency is active in pursuing new business channels and entering new markets, along with new strategic partnerships and JV opportunities it believes will drive agent recruitment and sales revenue in the coming reporting periods.

There remain significant intangible assets off the balance sheet, these include the rent roll and the Mortgage Book. These assets contribute an annuity income to the business in excess of $8 million per annum. Total estimated market asset value of the rent roll and loan book is estimated to be greater than $25 million.

Other likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations, not otherwise disclosed in this report, have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

5.6. Environmental Regulations

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

6. Information relating to the Directors

Mr Andrew Jensen	Executive Chairman and Chief Operating Officer Non-independent
Qualifications	FIPA, MAICD
Experience	Mr Jensen previously held the position of Chief Financial Officer for International and leading Australian Companies, which will greatly assist the Company in its next phase of national growth under the two prominent brands of The Agency and Sell Lease Property. Mr Jensen has strong commercial, strategic, and M&A experience and has financially led companies engaged in various fields including real estate, financial services, telecommunications, and the franchising sectors both in Australia and Internationally. He is an accomplished CFO with over 18 years' experience in senior finance and management roles. Previously, Mr Jensen was the CFO and Director of Australasia's largest real estate group Ray White, with over $20 billion in annual sales and one of Australia's largest independent mortgage broking businesses Loan Market. He has also been the CFO of VGC Food Group Pty Ltd, a private diversified manufacturing and franchising group. Mr Jensen was also CFO and COO of Digicel PNG (Papua New Guinea) part of Digicel Group Limited (Digicel), one of the South Pacific's largest and most successful telecommunications companies. He is also a fellow of the Institute of Public Accountants and member of the Australian Institute of Company Directors.
Interest in Shares and Options	**Indirect** 1,903,492 Ordinary Shares
Directorships held in other listed entities during the three years prior to the current year	RESA Group Limited Freedom Insurance Group Limited *(resigned 29 April 2019)*
Mr Paul Niardone	Managing Director Non-independent
Qualifications	MBA, BA

	Experience	Mr Niardone was the Executive Director and founder of Professional Public Relations (WA), the largest PR and communications firm in the State until he sold the business to WPP. He has experience in marketing and strategic planning for clients in both Government and the private sector. With a degree in Politics and Industrial Relations and a Master's in Business Administration, he started his career in the Department of Cabinet and Parliamentary Services. He was appointed inaugural Manager of the Peel Region Business Enterprise Centre, and was then appointed as the first Marketing Manager for the entire Enterprise Centre Network comprising 36 centres throughout WA. Mr Niardone's marketing skills were recognised by Westpac in its decision to appoint him as one of the first Business Banking Managers in Australia without a banking background. His career to date has provided him with a unique opportunity to gain experience, insights and contacts in a wide range of industries at the CEO and Board level. He has sat on the boards of a number of public and private companies and not for profit organisations.
	Interest in Shares and Options	**Indirect** 3,187,007 Ordinary Shares 116,237 Performance Shares
	Directorships held in other listed entities during the three years prior to the current year	MinQuest Limited
■	**Mr Matthew Lahood**	Executive Director Non-independent
	Experience	Mr Lahood is synonymous with Australian real estate, during more than two decades at the forefront of the industry, he has honed his expertise in everything from property sales to auctioneering. Having personally coached and mentored many of the industry's finest sales agents to become million-dollar writers, Mr Lahood knows what it takes to significantly grow their businesses. He is also well known around Australia for his outstanding leadership skills and for building super sales and operational teams. He has been recognised with countless performance awards and is considered a thought leader within the Australian real estate space. Mr Lahood provides media commentary on a national level and is a regular keynote speaker at real estate and financial events. Mr Lahood's love of real estate is only outshone by his passion for helping people grow personally and professionally. For over 28 years, he has stood firmly by his values of humility, transparency and integrity, values that he has passed onto many who have been lucky enough to work alongside him.
	Interest in Shares and Options	**Indirect** 24,804,398 Ordinary Shares
	Directorships held in other listed entities during the three years prior to the current year	Nil
■	**Mr Adam Davey**	Non-executive Director Non-independent
	Experience	Mr Davey is a Director, Director – Wealth Management, Canaccord Genuity Financial Limited. Mr Davey's expertise spans over 25 years and includes capital raising (both private and public), mergers and acquisition, ASX listings, asset sales and purchases, transaction due diligence and director duties. Mr Davey has been involved in significantly growing businesses in both the industrial and mining sector. This has been achieved through holding various roles within different organisations, including Chairman, Managing Director, Non-executive director, major shareholder or corporate adviser to the board. Mr Davey is also the Chairman of Teen Challenge Foundation, the largest Youth Drug and Alcohol Rehabilitation Centre in Western Australia.

Interest in Shares and Options	☐	**Direct**	266,667	Performance Shares
		Indirect	1,064,307	Ordinary Shares
			333,0000	Options
Directorships held in other listed entities during the three years prior to the current year	☐	Ensurance Limited Painchek Ltd		

7. Meetings of Directors and committees

During the financial year, 14 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS' MEETINGS		REMUNERATION AND NOMINATION COMMITTEE		FINANCE AND OPERATIONS COMMITTEE		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Paul Niardone	14	14						
Andrew Jensen	14	14						
Adam Davey	14	13						
Matthew Lahood	14	14						

At the date of this report, the Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.

8. Indemnifying officers or auditor

8.1. Indemnification

The Company has paid premiums to insure each of the current and former Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The Company has not given any further indemnity or entered into any other agreements to indemnify, or pay or agree to pay insurance premiums.

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the Company

8.2. Insurance premiums

The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

9. Options

9.1. Unissued shares under option

At the date of this report, the unissued ordinary shares of the Company under option (listed and unlisted) are as follows:

Grant Date	Date of Expiry	Exercise Price $	Number under Option	Vested & Exercisable
28 Nov 2018	11 Jan 2022	0.300	333,333	333,333
			333,333	333,333

On the commencement of employment, the Company granted Mr Lucas 30,000,000 options in accordance with his employment agreement. These options have not yet vested and have not yet been issued by the Company. For further details refer to the financial statements note 19.2.1a.

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

9.2. Shares issued on exercise of options

A total of 14,000,000 ordinary shares have been issued by the Company during the financial year as a result of the exercise of options (2020: nil).

10. Non-audit services

During the year, Hall Chadwick WA Audit Pty Ltd (formerly known as Bentleys Audit & Corporate (WA) Pty Ltd) (**Hall Chadwick**), the Company's and Group's auditor, provided non-audit services of $4,700 (2020: nil), in addition to their statutory audits. Details of remuneration paid to the auditor can be found within the financial statements at note 17 *Auditor's Remuneration* on page 61.

If non-audit services are provided by Hall Chadwick, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth). These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

11. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

12. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of The Agency support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. For a detailed analysis of the Company's Corporate Governance Policies, visit the corporate governance section of our website at www.investors.theagency.com.au/corporate-governance.

13. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2021 has been received and can be found on page 22 of the annual report.

14. Remuneration report (audited)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 30 June 2021. The information in this remuneration report has been audited as required by s308(3C) of the *Corporations Act 2001* (Cth).

14.1. Key management personnel (**KMP)**

This remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether Executive or otherwise) of the parent company, and includes those Executives in the Parent and the Group receiving the highest remuneration. KMP comprise the Directors of the Company and key executive personnel:

- Andrew Jensen — Executive Chairman and Chief Operating Officer
- Paul Niardone — Managing Director
- Adam Davey — Non-Executive Director
- Matt Lahood — Executive Director
- Geoff Lucas — Chief Executive Officer (**CEO**) (appointed 29 March 2021)
- Arjan van Ameyde — Chief Financial Officer (**CFO**)
- *Former directors included in comparative information:*
  - Mitchell Atkins — Non-Executive Director (appointed 1 October 2019, resigned 8 May 2020)
  - John Kolenda — Non-Executive Director (resigned 20 December 2019)

14.2. Principles used to determine the nature and amount of remuneration

a. Remuneration Policy

The remuneration policy of The Agency Group Australia Limited has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives, based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

The Board policy is to remunerate non-executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (**AGM**). Fees for non-executive Directors are not linked to the performance of the Group.

b. Performance Conditions Linked to Remuneration

The Group seeks to establish and maintain The Agency Group Australia Limited Performance Rights Plan (**Plan**) to provide ongoing incentives to any full time or part time employee, consultant or any person nominated by the Board (including director or company secretary of the Company who holds salaried employment with the Company on a full or part time basis) (**Eligible Participants**) of the Company.

The Board adopted the Plan to allow Eligible Participants to be granted Performance Rights to acquire shares in the Company.

The objective of the Plan is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of Eligible Participants in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the Plan are aligned with the successful growth of the Company's business activities.

c. Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

14. Remuneration report (audited)

(1) Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 29 April 2016 when shareholders approved an aggregate remuneration of $250,000 per year. The Board considers advice from external consultants when undertaking the annual review process.

(2) Executive remuneration

Senior executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Base salary/consulting fees are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary/consulting fees are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Details of the nature and amount of each element of each Director, including any related company and each KMP are set out below.

d. Contractual arrangements of members of KMP

(1) Executive Services Agreement (**ESA**) – Paul Niardone

Mr Paul Niardone entered into an ESA, revised on 11 January 2019, with the Company to be employed as Managing Director upon and subject to the terms and conditions of the ESA. The key terms of this agreement are disclosed below:

(A) **Remuneration**

(i) Mr Niardone will receive a salary of $390,000 per year, exclusive of superannuation, which will be reviewed annually by the Company (**Salary**)(as revised on 11 January 2019).

(ii) Mr Niardone will not receive any further director's fees in addition to the Salary from the Company during such period as Mr Niardone serves as a director of the Company as determined by the Board.

(iii) In addition, the Company may at any time during the term of the ESA pay Mr Niardone a performance-based bonus over and above his salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the key performance indicators of Mr Niardone and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

(iv) The Company paid operating lease payments for a motor vehicle, on behalf of Mr Niardone, in the amount of $25,576 for the year.

(v) The Company shall provide to Mr Niardone, at its own cost, life insurance protection on similar terms to the life insurance protection currently offered by the Company.

(vi) The Company will make employer superannuation contributions on behalf of Mr Niardone.

(vii) The Company will reimburse Mr Niardone for all reasonable travelling intra/interstate or overseas, accommodation, and general expenses incurred in the performance of all duties in connection with the business of the Company and its related bodies corporate.

(viii) Mr Niardone is entitled to all leave in accordance with the National Employment Standard (**NES**) and Western Australian long service leave legislation.

(B) **Termination by the Company without reason**

The Company may at its sole discretion terminate employment by giving twelve months' written notice and, at the end of that notice period, making a payment to Mr Niardone equal to the salary payable over a twelve-month period. The Company may elect to pay Mr Niardone the equivalent of the twelve months' salary and dispense with the notice period (as revised on 11 January 2019).

14. Remuneration report (audited)

(C) **Termination by Mr Niardone**

Mr Niardone may at his sole discretion terminate the Employment in the following manner:

(i) if at any time the Company commits any serious or persistent breach of any of the provisions contained in the ESA and the breach is not remedied within 28 days of receipt of written notice from Mr Niardone to the Company to do so, by giving notice effective immediately; or

(ii) by giving three months' written notice to the Company.

(2) ESA – Matthew Lahood

(A) **Remuneration**

(i) Mr Lahood will receive a salary of $650,000 per year, exclusive of superannuation, which will be reviewed annually by the Company (**Salary**).

(ii) Up to 1 January 2021, Mr Lahood received director's fees of $3,000 per month, from the Company in addition to the Salary, as compensation for service as a director of the Company.

(iii) In addition, the Company may at any time during the term of the ESA pay Mr Lahood a performance-based bonus over and above his salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the key performance indicators of Mr Lahood and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

(iv) Up to 1 January 2021, the Company provided a motor vehicle allowance of up to $22,000 per year.

(v) The Company will make employer superannuation contributions on behalf of Mr Lahood.

(vi) The Company will reimburse Mr Lahood for all reasonable travelling intra/interstate or overseas, accommodation, and general expenses incurred in the performance of all duties in connection with the business of the Company and its related bodies corporate.

(vii) Mr Lahood is entitled to all leave in accordance with the NES.

(B) **Termination by the Company without reason**

The Company may at its sole discretion terminate employment by giving three months' written notice and, at the end of that notice period, making a payment to Mr Lahood equal to the salary payable over a five-month period. The Company may elect to pay Mr Lahood the equivalent of the six months' salary and dispense with the notice period

(C) **Termination by Mr Lahood**

Mr Lahood may at his sole discretion terminate the Employment in the following manner:

(i) if at any time the Company commits any serious or persistent breach of any of the provisions contained in the ESA and the breach is not remedied within 28 days of receipt of written notice from Mr Lahood to the Company to do so, by giving notice effective immediately; or

(ii) by giving three months' written notice to the Company.

(3) Letter of Appointment – Adam Davey

On 16 August 2016, Adam Davey executed a letter of appointment to become a non-executive Director of the Company.

(A) **Term**

Mr Davey's service commenced on the date of completion of the acquisition of Ausnet Real Estate Services Pty Ltd by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the *Corporations Act 2001* (Cth).

(B) **Fee**

Mr Davey will be paid a fee of $48,000 per annum for his role as a non-executive Director of the Company. Any fees paid to Mr Davey will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Davey for all reasonable expenses incurred in performing his duties

(4) Letter of Appointment – Andrew Jensen

On 15 February 2019, Andrew Jensen executed a letter of appointment to become a non-executive Director of the Company effective from Settlement.

(A) **Term**

Mr Jensen's service commenced from 18 February 2019, and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the *Corporations Act 2001* (Cth).

14. Remuneration report (audited)

(B) **Fee**

Mr Jensen will be paid a fee of $60,000 per annum for his role as a non-executive Director of the Company. Any fees paid to Mr Jensen will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Jensen for all reasonable expenses incurred in performing his duties.

(5) Executive Services Agreement (**ESA**) – Andrew Jensen

Mr Andrew Jensen entered into an ESA with the Company to be employed as Chief Operating Officer upon and subject to the terms and conditions of the ESA. The key terms of this agreement are disclosed below

(A) **Remuneration**

(i) Mr Jensen will receive a salary of $350,000 per year, exclusive of superannuation, which will be reviewed annually by the Company (**Salary**).

(ii) Mr Jensen will continue to receive director's fee as detailed in (4) above.

(iii) In addition, the Company may at any time during the term of the ESA pay Mr Jensen a performance-based bonus over and above his salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the key performance indicators of Mr Jensen and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

(iii) The Company will make employer superannuation contributions on behalf of Mr Jensen.

(iv) The Company will reimburse Mr Jensen for all reasonable travelling intra/interstate or overseas, accommodation, and general expenses incurred in the performance of all duties in connection with the business of the Company and its related bodies corporate.

(v) Mr Jensen is entitled to all leave in accordance with the NES and Western Australian long service leave legislation.

(B) **Termination by the Company without reason**

The Company may at its sole discretion terminate employment by giving three months' written notice and, at the end of that notice period, making a payment to Mr Jensen equal to the salary payable over a three-month period. The Company may elect to pay Mr Jensen the equivalent of the six months' salary and dispense with the notice period

(C) **Termination by Mr Jensen**

Mr Jensen may at his sole discretion terminate the Employment in the following manner:

(i) if at any time the Company commits any serious or persistent breach of any of the provisions contained in the ESA and the breach is not remedied within 28 days of receipt of written notice from Mr Jensen to the Company to do so, by giving notice effective immediately; or

(ii) by giving two months' written notice to the Company.

(6) Letter of Appointment – Mitchell Atkins

On 30 September 2019, Mr Atkins executed a letter of appointment to become a non-executive Director of the Company effective from Settlement. This agreement terminated upon Mr Atkins' resignation 8 May 2020.

(A) **Term**

Mr Atkins service commenced on 1 October 2019 and ceased when he resigned on 8 May 2020.

(B) **Fee**

Mr Atkins was paid a fee of $48,000 per annum for his role as a non-executive Director of the Company. Any fees paid to Mr Atkins were in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company reimbursed Mr Atkins for all reasonable expenses incurred in performing his duties.

(7) Letter of Appointment – John Kolenda

On 16 August 2016, John Kolenda executed a letter of appointment to become a non-executive Director of the Company effective from Settlement. This agreement terminated upon Mr Kolenda's resignation 20 December 2019.

(A) **Term**

Mr Kolenda's service will commence on the date of completion of the acquisition of Ausnet Real Estate Services Pty Ltd by the Company and ceased when he resigned on 20 December 2019.

14. Remuneration report (audited)

(B) **Fee**

Mr Kolenda was paid a fee of $48,000 per annum for his role as a non-executive Director of the Company. Any fees paid to Mr Kolenda were in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company reimbursed Mr Kolenda for all reasonable expenses incurred in performing his duties.

(8) Executive Services Agreement (**ESA**) – Arjan Van Ameyde

Mr Arjan Van Ameyde entered into an ESA, revised on 11 December 2019 (commencing 1 February 2020), with the Company to be employed as Chief Financial Officer upon and subject to the terms and conditions of the ESA. The key terms of this agreement are disclosed below:

(A) **Remuneration**

(i) Mr Van Ameyde will receive a salary of $250,000 per year, exclusive of superannuation, which will be reviewed annually by the Company (**Salary**).

(ii) Mr Van Ameyde shall be entitled to payment of $10,000 following the one-year anniversary of the 1 February 2020, subject to achievement by the CFO of key performance indicators.

(iii) In addition, the Company may at any time during the Term pay to Mr Van Ameyde a performance-based bonus over and above the Salary

(iv) Mr Van Ameyde shall be entitled to participate in an Executive Share Scheme

(v) The Company will make employer superannuation contributions on behalf of Mr Van Ameyde and will reimburse Mr Van Ameyde for all reasonable travelling, accommodation, and general expenses incurred in the performance of all duties.

(vi) Mr Van Ameyde is entitled to all leave in accordance with the NES and Western Australian long service leave legislation.

(B) **Termination by the Company without reason**

The Company may at its sole discretion terminate employment by giving three months' written notice and at the end of that notice period, making a payment to Mr Van Ameyde of one month's salary. The Company may elect to pay Mr Van Ameyde the equivalent of the four months' salary and dispense with the notice period.

(C) **Termination by Mr Van Ameyde**

Mr Van Ameyde may at his sole discretion terminate the Employment in the following manner:

(i) if at any time the Company commits any serious or persistent breach of any of the provisions contained in the ESA and the breach is not remedied within 28 days of receipt of written notice from Mr Van Ameyde to the Company to do so, by giving notice effective immediately; or

(ii) by giving three months' written notice to the Company.

(9) Employment Agreement (**EA**) – Geoff Lucas

Mr Geoff Lucas entered into an EA, commencing on 29 March 2021, with the Company to be employed as Chief Executive Officer upon and subject to the terms and conditions of the EA. The key terms of this agreement are disclosed below:

(A) **Salary Package**	$550,000 inclusive of superannuation (not to increase for first 2 years of employment), plus short term and long-term incentive payments which will be subject to achievement of key performance indicators to be set and approved with and by the Board of The Agency.
(B) **Leave provisions**	In accordance with applicable legislation.
(C) **Probationary Period**	Six-month probationary period. At any time during this period, either party may terminate the employment by providing one week's written notice to the other party.

14. Remuneration report (audited)

(D) **Equity issues**

On the Commencement Date, the Company will issue Mr Lucas with 30 million unlisted options to acquire fully paid ordinary shares in the capital of the Company (Unlisted Options) with the following terms:

- 10 million Unlisted Options exercisable at 5 cents each which will vest 60 days after conclusion of the Probationary Period and are exercisable on or before 12 months after conclusion of the Probationary Period (approximately September 2022).
- 10 million Unlisted Options exercisable at 7.5 cents each which will vest on the 12-month anniversary date of conclusion of the Probationary Period and are exercisable on or before 12 months from vesting (approximately September 2023).
- 10 million Unlisted Options exercisable at 10 cents each which will vest on the 24-month anniversary date of conclusion of the Probationary Period and are exercisable on or before 12 months from vesting (approximately September 2024).

If the employment is terminated by either party, the Unlisted Options will be cancelled or lapsed.

If all Unlisted Options are exercised the total payable by Mr Lucas will be $2.25 million.

(E) **Termination**

Following the Probationary Period, the Company may terminate the employment without cause, or Mr Lucas may resign from the employment, with six months' written notice to the other party. The employment agreement also contains summary termination provisions considered standard for an agreement of this type.

e. Voting and comments made at the Company's 2020 Annual General Meeting (**AGM**)

At the Annual General Meeting held on 4 January 2021, the Company received 166,343,185 (98.82%) *For* votes and 1,992,781 (1.18%) *Against* votes and 15,150 abstentions on its remuneration report for the 2020 financial year. The Group did not employ a remuneration consultant during the year.

14.3. Performance-based remuneration

a. The following table provides employment details of persons who were, during the financial year, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of options.

Group KMP	Position Held as at 30 June 2021 and any change during the year	Contract Commencement / Termination Date	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance		Total
			Non-salary Cash-based Incentives %	Shares %	Options / Rights %	Fixed Salary/ Fees – cash based %	Fixed Salary/ Fees – share-based %	%
Andrew Jensen	Executive Chairman and COO	Appt. 18.02.2019 (Dir) Appt. 1.02.2020 (COO)	-	-	-	100	-	100
Paul Niardone	Managing Director	11.01.2019	-	-	-	100	-	100
Adam Davey	Non-Executive Director	16.08.2016	-	-	-	100	-	100
Matthew Lahood	Executive Director	17.02.2019	14	-	-	86	-	100
Geoff Lucas[(1)]	Chief Executive Officer	Appt. 29.03.21	-	-	-	36	64	100
Arjan van Ameyde	Chief Financial Officer	Appt. 1.02.20	4	-	-	96	-	100

(1) On the commencement of employment, the Company granted Mr Lucas 30,000,000 options (to be issued) in accordance with his employment agreement. These options have not yet vested. For further details refer to the financial statements note 19.2.1a.

14. Remuneration report (audited)

b. Statutory performance indicators

The Group aims to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. Reported below are measures of the Group's financial performance over the last five years as required by the Corporations Act 2001 (Cth). However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2021	2020	2019	2018	2017
Loss for the year attributable to owners of the Company ($)	(1,856,455)	(9,065,337)	(7,830,605)	(3,742,251)	(3,804,242)
Basic earnings per share (cents)	(0.53)	(3.60)	(12,71)	(17.58)	(0.95)
Dividend payments ($'000)	Nil	Nil	Nil	Nil	Nil
Dividend payout ratio (%)	N/A	N/A	N/A	N/A	N/A
Share price	0.05	0.043	0.070	0.148	0.427
Increase/(decrease) in share price (%)	16.28	(38.57)	(52.70)	(65.34)	N/A#

 # Prior to FY2017 the Company was incorporated as an exploration company. Comparisons to periods prior to FY2017 are not relevant to the current trading of the company

14.4. Directors and KMP remuneration

Details of the nature and amount of each element of the remuneration of each of the KMP of the Company (the Directors) for the year ended 30 June 2021 are set out in the following tables:

Bonuses paid during the year were based on the achievement of agreed key performance indicators.

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

2021 – Group										
Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other		Equity / Perf. Rights	Options	
	$	$	$	$	$	$	$	$	$	$
Andrew Jensen	410,000	-	-	-	21,694	-	-	-	-	431,694
Paul Niardone	399,000	-	-	25,576	21,694	-	-	-	-	446,270
Adam Davey	48,000	-	-	-	-	-	-	-	-	48,000
Matthew Lahood	563,181	86,940	-	25,500	21,694	-	-	-	-	697,315
Geoff Lucas(1) (2)	116,498	-	-	-	5,424	-	-	-	215,946	337,868
Arjan van Ameyde	250,000	10,000	-	-	21,694	-	-	-	-	281,694
	1,786,679	96,940	-	51,076	92,200	-	-	-	215,946	2,242,841

(1) Appointed 29 March 2021

(2) On the commencement of employment, the Company granted Mr Lucas 30,000,000 options (to be issued) in accordance with his employment agreement. These options have not yet vested. For further details refer to the financial statements note 19.2.1a.

14. Remuneration report (audited)

2020 – Group *Group KMP*	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other		Equity	Option	
	$	$	$	$	$	$	$	$	$	$
Andrew Jensen(4)	176,256	-	-	-	10,752	-	-	-	-	187,008
Paul Niardone(4)	315,000	-	-	24,752	21,003	-	-	-	-	360,755
Adam Davey(4)	46,982	-	-	-	-	-	-	-	-	46,982
Matthew Lahood	500,267	-	-	20,167	25,000	-	-	-	-	545,434
Mitchell Atkins(1)	32,000	-	-	-	-	-	-	-	-	32,000
John Kolenda(2) (4)	18,182	-	-	-	-	-	-	-	-	18,182
Arjan van Ameyde(3)	76,282	-	-	-	7,247	-	-	-	-	83,529
	1,164,969	-	-	44,919	64,002	-	-	-	-	1,273,890

(1) Appointed 1 October 2019, resigned 8 May 2020
(2) Resigned 20 December 2019
(3) Appointed 1 February 2020
(4) The following shares were issued to Directors to settle accrued outstanding Directors' fees from the prior year:

	Amount	Shares
	S	No.
Paul Niardone	116,719	1,795,682
Andrew Jensen	118,500	1,823,077
John Kolenda	87,494	1,346,061
Adam Davey	66,000	1,015,385
Total	388,713	5,980,205

14.5. Share-based compensation

The Group believes that encouraging its directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders. At present the Group does not have an active employee share option plan.

During the 2020 financial year, the Company issued 5,980,205 ordinary shares to Directors to settle accrued outstanding Directors' fees (refer note 7.1.4).

There were no equity instruments issued during the year to Directors as a result of options exercised that had previously been granted as compensation.

a. Securities received that are not performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

b. Options and Rights Granted as Remuneration

During 2021 financial year, 30,000,000 options were granted (yet to issued) as share-based compensation during the year, as detailed in note 19.2.1a. No shares or options were issued as share-based compensation during the 2020 financial year.

14. Remuneration report (audited)

14.6. KMP equity holdings

a. Fully paid ordinary shares of The Agency Group Australia Ltd held by each KMP

The number of ordinary shares of The Agency Group Australia Ltd held, directly, indirectly or beneficially, by each KMP, including their personally-related entities for the year ended 30 June 2021 is as follows

2021 – Group *Group KMP*	Balance at start of year or appointment No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year or resignation No.
Andrew Jensen	1,903,492	-	-	-	1,903,492
Paul Niardone[(1)]	4,239,023	-	-	(1,052,016)	3,187,007
Adam Davey	1,064,307	-	-	-	1,064,307
Matthew Lahood	24,804,398	-	-	-	24,804,398
Geoff Lucas[(2)]	-	-	-	-	-
Arjan van Ameyde[(3)]	-	-	-	-	-
	32,011,220	-	-	(1,052,016)	30,959,204

(1) Other movement for Mr Niardone represents shares indirectly held by an entity that discontinued to be a related entity in July 2020 as Mr Niardone ceased to have any control or significantly influence the financial or operating policies.

(2) Appointed 29 March 2021

(3) Appointed 1 February 2020

b. Options in The Agency Group Australia Ltd held by each KMP

The number of options over ordinary shares in The Agency Group Australia Ltd held, directly, indirectly or beneficially, by each KMP, including their personally-related entities for the year ended 30 June 2021 is as follows:

2021 – Group *Group KMP*	Balance at start of year or appointments No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year[(3)] No.	Balance at end of year or resignation No.	Vested and Exercisable No.	Not Vested No.
Andrew Jensen	-	-	-	-	-	-	-
Paul Niardone	99,142	-	-	(99,142)	-	99,142	(99,142)
Adam Davey	338,095	-	-	(4,762)	333,333	338,095	(4,762)
Matthew Lahood	9,622,044	-	-	(9,622,044)	-	9,622,044	(9,622,044)
Geoff Lucas[(1) (4)]	-	30,000,000	-	-	30,000,000	-	30,000,000
Arjan van Ameyde[(2)]	-	-	-	-	-	-	-
	10,059,281	30,000,000	-	(9,725,948)	30,333,333	10,059,281	20,274,052

(1) Appointed 29 March 2021

(2) Appointed 1 February 2020

(3) Other changes relate to the expiration of options

(4) On the commencement of employment, the Company granted Mr Lucas 30,000,000 options (to be issued) in accordance with his employment agreement. These options have not yet vested. For further details refer to the financial statements note 19.2.1a.

14. Remuneration report (audited)

c. Performance Shares of The Agency Group Australia Ltd held by each KMP

The number of Performance Shares in The Agency Group Australia Ltd held, directly, indirectly or beneficially, by each KMP, including their personally-related entities for the year ended 30 June 2021 is as follows

2021 – Group *Group KMP*	Balance at start of year or appointments No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year or resignation No.	Maximum value yet to vest No.(1)
Andrew Jensen	-	-	-	-	-	-
Paul Niardone(2)	411,111	-	-	-	411,111	-
Adam Davey	266,667	-	-	-	266,667	-
Matthew Lahood	-	-	-	-	-	-
Geoff Lucas (3)	-	-	-	-	-	-
Arjan van Ameyde(4)	-	-	-	-	-	-
	677,778	-	-	-	677,778	-

(1) The maximum value of the performance shares yet to vest was estimated based on the fair value of shares granted which was valued at nil. The minimum value of the performance shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met

(2) Other movement for Mr Niardone represents shares indirectly held by an entity that discontinued to be a related entity in July 2020 as Mr Niardone ceased to have any control or significantly influence the financial or operating policies.

(3) Appointed 29 March 2021

(4) Appointed 1 February 2020

The performance shares failed to vest (by achieving a 20-day volume VWAP on the ASX which equals or exceeds 3 times the re-quotation price of $0.02, at any time within 24 months of settlement) and expired. These performance shares will convert to five only ordinary shares, subsequent to balance date.

14.7. Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights, and shareholdings.

14.8. KMP Loans

There are no loans outstanding to or from KMP as at 30 June 2021 (2020: nil)

During the 2020 financial year MA SOF 56 Pty Ltd, (a Company of which former KMP, Mr Mitchel Atkins, was a director) provided a loan to the Group of $150,000 of which the principal plus interest and fees was repaid in full. Interest and fees associated with the loan was $91,820. Refer to note 7.1.3 of the financial statements for loans settled by way of equity during the prior year (2021: nil).

14. Remuneration report (audited)

14.9. Other transactions with KMP and or their Related Parties

Some Directors or former Directors of the Group hold or have held positions in other companies, where it is considered, they control or significantly influence the financial or operating policies of those entities. During the year, the following entities provided professional and corporate services to the Group.

Entity	Nature of transactions	KMP	Total Transactions 2021 $	Total Transactions 2020 $	Receivable/(Payable) Balance 2021 $	Receivable/(Payable) Balance 2020 $
Chapter One Advisers(1)	Public Relations	Paul Niardone	7,000	59,000	N/A	(11,000)
Matt Lahood	Advance commissions / Future fund	Matt Lahood	90,000	44,050	84,074	52,783
Aura Capital Pty Ltd	Placement fees / transaction fees	John Kolenda	-	415,089	-	(71,509)
Magnolia Capital	Professional services	Mitchell Atkins	-	30,170	-	-

(1) Chapter One Advisers discontinued to be a related entity in July 2020 as Mr Niardone ceased to have any control or significantly influence the financial or operating policies of Chapter One Advisers.

There have been no other transactions in addition to those described in the tables or as detailed in note 16 *Related party transactions*.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

PAUL NIARDONE
Managing Director
Dated this Wednesday, 29 September 2021

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 audit of the financial statements of The Agency Group Australia Limited for the financial year ended 30 June 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

DBell

DOUG BELL CA
Partner

Dated this 29th day of September 2021

Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2021

	Note	2021 $	2020 $
Continuing operations			
Revenue	1.1	58,380,590	41,861,521
Other income	1.2	1,510,869	1,012,487
		59,891,459	42,874,008
Advertising and promotion expenses		(1,639,614)	(1,242,399)
Computers and information technology expenses		(1,407,621)	(1,330,334)
Consultancy fees		(2,048,190)	(1,918,495)
Depreciation and amortisation		(5,465,814)	(6,038,609)
Embedded derivative non-cash financing costs	2.1	(2,243,784)	-
Impairment	2.2	(400,000)	(5,230,330)
Interest and finance costs		(2,010,936)	(1,769,193)
Legal and professional fees		(1,328,244)	(998,384)
Occupancy costs		(570,823)	(984,139)
Salaries and employment costs	2.3	(44,182,308)	(31,070,020)
Share-based payments expense	19	(215,946)	-
Other expenses		(2,128,658)	(2,649,162)
Loss before tax		(3,750,479)	(10,357,057)
Income tax benefit	4.1	1,894,024	1,291,720
Net loss for the year		(1,856,455)	(9,065,337)
Other comprehensive income, net of income tax			
■ 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		(1,856,455)	(9,065,337)
Earnings per share:		¢	¢
Basic loss per share (cents per share)	18.4	(0.53)	(3.60)
Diluted loss per share (cents per share)	18.4	N/A	N/A

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

Consolidated statement of financial position

as at 30 June 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	5.1	5,096,435	2,724,142
Trade and other receivables	5.2.1	8,353,403	4,601,222
Financial assets	5.3.1	-	1,600,000
Other current assets	5.4.1	323,438	550,476
Total current assets		13,773,276	9,475,840
Non-current assets			
Trade and other receivables	5.2.2	163,010	269,655
Financial assets	5.3.2	612,860	170,388
Property, plant, and equipment	6.1	1,577,659	2,039,814
Right of use asset	6.2.1	4,894,370	4,645,320
Intangible assets	6.3	24,240,451	30,376,355
Total non-current assets		31,488,350	37,501,532
Total assets		45,261,626	46,977,372
Current liabilities			
Trade and other payables	5.5.1	11,194,122	9,773,151
Borrowings	5.6.1	-	13,843,235
Provisions	6.4	2,565,406	2,286,835
Leases	6.2.2	1,828,270	1,979,900
Total current liabilities		15,587,798	27,883,121
Non-current liabilities			
Borrowings	5.6.2	5,000,000	-
Financial liabilities	5.7.1	4,882,672	-
Provisions	6.4	280,245	337,054
Leases	6.2.2	4,016,900	3,895,077
Deferred tax liabilities	4.6	1,356,750	3,250,774
Total non-current liabilities		15,536,567	7,482,905
Total liabilities		31,124,365	35,366,026
Net assets		14,137,261	11,611,346
Equity			
Issued capital	7.1.1	43,635,166	39,395,942
Reserves	7.4	1,071,861	928,715
Accumulated losses		(30,569,766)	(28,713,311)
Total equity		14,137,261	11,611,346

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

Consolidated statement of changes in equity

for the year ended 30 June 2021

	Note	Contributed equity $	Accumulated Losses $	Share-based payment Reserve $	Total equity $
Balance at 1 July 2019		27,765,049	(19,647,974)	583,426	8,700,501
Loss for the year attributable owners of the parent		-	(9,065,337)	-	(9,065,337)
Other comprehensive income for the year attributable owners of the parent		-	-	-	-
Total comprehensive income for the year attributable owners of the parent		-	(9,065,337)	-	(9,065,337)
Transaction with owners, directly in equity					
Shares issued during the year (net of costs)	7.1.1	11,630,893	-	-	11,630,893
Options granted during the year	7.3	-	-	345,289	345,289
Balance at 30 June 2020		39,395,942	(28,713,311)	928,715	11,611,346
Balance at 1 July 2020		39,395,942	(28,713,311)	928,715	11,611,346
Loss for the year attributable owners of the parent		-	(1,856,455)	-	(1,856,455)
Other comprehensive income for the year attributable owners of the parent		-	-	-	-
Total comprehensive income for the year attributable owners of the parent		-	(1,856,455)	-	(1,856,455)
Transaction with owners, directly in equity					
Shares issued during the year (net of costs)	7.1.1	3,552,768	-	-	3,552,768
Options granted during the year	7.3	-	-	437,946	437,946
Options exercised during the year	7.1.1, 7.3	686,456	-	(294,800)	391,656
Balance at 30 June 2021		43,635,166	(30,569,766)	1,071,861	14,137,261

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

Consolidated statement of cash flows
for the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		71,571,138	42,529,458
Payments to suppliers and employees		(65,947,300)	(40,821,013)
Interest received		18,440	17,988
Finance costs		(998,889)	(1,391,729)
Net cash used in operating activities	5.1.2a	4,643,389	334,704
Cash flows from investing activities			
Purchase of property, plant, and equipment		(242,158)	(282,527)
Advancement of bank guarantee		-	(481,498)
Return of bank guarantee		-	346,078
Purchase of intangibles		-	(192,758)
Deferred purchase consideration paid		-	(15,000)
Loans to other entities		(225,000)	-
Net cash received on disposal of asset group	1.2.1	2,623,330	-
Net cash used in investing activities		2,156,172	(625,705)
Cash flows from financing activities			
Proceeds from issue of shares		-	5,611,773
Proceeds from exercise of options		391,656	-
Share issue costs		(60,000)	(397,861)
Repayments of borrowings	5.1.2b	(7,843,235)	(2,731,516)
Proceeds from borrowings	5.1.2b	5,000,000	-
Payment of principal portion of lease liabilities		(1,915,689)	(2,064,552)
Net cash provided by financing activities		(4,427,268)	417,844
Net increase in cash and cash equivalents held		2,372,293	126,843
Cash and cash equivalents at the beginning of the year		2,724,142	2,597,299
Cash and cash equivalents at the end of the year	5.1	5,096,435	2,724,142

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

Notes to the consolidated financial statements
for the year ended 30 June 2021

In preparing the 2021 financial statements, The Agency Group Australia Ltd has grouped notes into sections under five key categories:

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 consolidated financial statements
for the year ended 30 June 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, including:

(a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.

(b) analysis and sub-totals.

(c) information about estimates and judgements made in relation to particular items.

Note 1 Revenue and other income

			2021 $	2020 $
1.1	**Revenue**			
	Commissions		45,342,382	27,523,456
	Fees		5,563,760	5,056,193
	Management fees		7,474,448	9,281,872
			58,380,590	41,861,521
1.2	**Other Income**			
	Interest income		18,724	17,988
	Gain on disposal of assets	1.2.1	123,225	-
	Gain on exit of lease		77,387	-
	Other income		567,121	994,499
	Government grants received – Cash Flow Boost		724,412	-
			1,510,869	1,012,487

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:

	$
Consideration	
Cash payment	2,777,164
Retention receivable	334,794
Total consideration	3,111,958
Less:	
Costs associated with sale	(51,292)
Net assets disposed	(2,937,441)
Profit on sale of net assets disposed	123,225

1.3 Accounting policies

1.3.1 ***Revenue from contracts with customers***

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when performance obligations have been met.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

Note 1 Revenue and other income (cont.)

1.3.2 Revenue is recognised for major business activities based on the following performance obligations:

a. **Settlement fee income**: on settlement of real estate transaction.
b. **Upfront commissions for mortgage origination**: on approval of finance to clients and settlement of real estate transaction.
c. **Trail commissions**: on receipt, based on maintaining clientele.
d. **Real estate commissions**: upon settlement and/or sale of property is unconditional.
e. **Training seminars and functions**: on date function is held.

All revenue is stated net of the amounts of goods and services tax (**GST**).

1.3.3 ***Interest income***

Interest revenue is recognised in accordance with note 3.1 Finance income and expenses.

1.3.4 ***Government Grants***

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

a. The Group received government grants from the Australian Government's JobKeeper Payment and Cash Flow Boost schemes. There are no unfulfilled conditions or other contingencies attaching to these grants. Grants related to income are presented as part of profit or loss as a deduction in reporting the related expense (refer note 2.3).

1.3.5 ***Critical judgements – Recognition of trailing commission revenue & trailing commission expense***

The Group receives trailing commissions from lenders on loans they have settled that were originated by the Group. The trailing commissions are received over the life of the loans based on the individual loan balance outstanding. The Group also makes trailing commission payments to brokers based on the individual loan balance outstanding.).

As disclosed in note 1.3.2c above, revenue from trailing commission on receipt. The Directors considered the detailed criteria for the recognition of revenue from the rendering of services set out in AASB 15 *Revenue from contracts with customers*, in particular, whether the recognition of revenue on the trail satisfied the probability requirements. The Directors determined that at the contract level, the Group cannot reliably determine the likelihood of that individual remaining with the Group or the period that they will continue for, resulting in revenue only being recognised upon receipt.

Trailing commission expenditure is recognised on the same basis as trailing commission revenue and is recognised upon receipt of trailing commission revenue.

Note 2 Loss before income tax

	Note	2021 $	2020 $
The following significant revenue and expense items are relevant in explaining the financial performance:			
2.1 Embedded derivative non-cash financing costs:			
▪ Embedded Derivative - Finance cost		256,796	-
▪ Embedded Derivative - Fair value adjustment	5.7.1a	1,986,988	-
		2,243,784	-
2.2 Impairment:			
▪ Doubtful debts expense / (recovered)	5.4.1	400,000	(74,050)
▪ Impairment of goodwill and other intangibles	6.3.5a	-	5,304,380
		400,000	5,230,330

2.2.1 ***Accounting policy***

a. *Impairment of financial assets*
Refer to note 5.8.1d

b. *Impairment of non-financial assets*
Refer to note 6.5.1

Notes to the consolidated financial statements
for the year ended 30 June 2021

Note 2 Loss before income tax (cont.)

2.3 Salaries and employment costs	Note	2021 $	2020 $
Commissions		31,656,030	19,558,045
Director fees		144,000	535,980
Salary and wages		7,899,320	8,475,768
Superannuation		2,146,579	1,369,231
Other employment related costs		3,746,379	2,210,996
Government grants received in connection with employment costs	1.3.4a	(1,410,000)	(1,080,000)
		44,182,308	31,070,020

2.3.1 ***Accounting policy***

a. *Short-term benefits*

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

b. *Other long-term benefits*

The Group's obligation in respect of long-term employee benefits other than defined benefit plans, such as long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

c. *Retirement benefit obligations: Defined contribution superannuation funds*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

d. *Termination benefits*

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured based on the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

e. *Equity-settled compensation*

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, considering the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

Note 3 Other Significant Accounting Policies related to items of profit and loss

3.1 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest revenue is recognised on a time proportionate basis that considers the effective yield on the financial asset.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

Note 4 Income tax

		2021 $	2020 $
4.1 Income tax benefit			
Current tax		-	-
Deferred tax		(1,894,024)	(1,291,720)
		(1,894,024)	(1,291,720)
Deferred income tax expense included in income tax expense comprises:			
■ Increase in deferred tax assets	4.5	(1,242,778)	(528,761)
■ Decrease in deferred tax liabilities	4.6	(651,246)	(888,324)
■ Adjustment in respect to the adoption of AASB 16 *Leases*		-	125,365
		(1,894,024)	(1,291,720)
4.2 Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Accounting loss before tax		(3,750,479)	(10,357,057)
Prima facie tax on operating loss at 30% (2020: 27.5%)		(1,125,144)	(2,848,191)
Add / (Less) tax effect of:			
■ Non-deductible expenses		796,046	423,656
■ Non-assessable income and gains		(16,072)	-
■ Recognition of deferred tax assets on revenue losses, not previously recognised		(1,802,428)	-
■ Other deductible expenses		(38,465)	-
■ Impact of change in tax rate	4.3a	295,525	-
■ Unrecognised income tax benefit in respect of current year losses and timing differences		(3,486)	1,132,815
Income tax benefit attributable to operating loss		(1,894,024)	(1,291,720)

Notes to the consolidated financial statements

for the year ended 30 June 2020

Note 4	Income tax (cont.)	2021 %	2020 %
4.3	The applicable weighted average effective tax rates attributable to operating profit are as follows:	50.50	12.47
	a. The tax rates used in the above reconciliations is the corporate tax rate of 30% payable by the Australian corporate entity on taxable profits under Australian tax law. During the year the Company changed from a tax rate of 27.5% to 30%.		
4.4	Balance of franking account at year end of the parent	nil	nil

		Note	2021 $	2020 $
4.5	**Deferred tax assets**			
	Employee benefits		558,583	465,221
	Accrued expenses		1,747,300	918,680
	Provisions		177,161	52,397
	AASB 16 *Leases* - Lease Liability		182,453	154,253
	Other		309,093	141,261
			2,974,590	1,731,812
	Set-off deferred tax liabilities	4.6	(2,974,590)	(1,731,812)
	Net deferred tax assets		-	-
4.6	**Deferred tax liabilities**			
	Intangible Asset - Rent Roll		4,331,340	4,875,336
	Accrued income		-	107,250
			4,331,340	4,982,586
	Set-off deferred tax assets	4.5	(2,974,590)	(1,731,812)
	Net deferred tax liabilities		1,356,750	3,250,774
4.7	**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		5,063,541	6,865,969
			5,063,541	6,865,969

4.8 Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2021 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the Company continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of the Directors. These estimates consider both the financial performance and position of the Company as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that Directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

The parent company has accumulated tax losses of $16,878,470 (2020: $22,886,563) 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.

Note 4 Income tax (cont.)

4.9 Accounting policy

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated based on the Australian tax laws enacted or substantively enacted at the end of the reporting period being where the Group and its associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date, in Australia.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities (**DTL**) are recognised for all taxable temporary differences except:

- when the DTL arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets (**DTA**) are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the DTA relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a DTA is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of DTA is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the DTA to be utilised.

Unrecognised DTA are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. DTAs and DTLs are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. DTAs and DTLs are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the DTAs and DTLs relate to the same taxable entity and the same taxation authority.

4.9.1 *Tax consolidation*

The Agency Group Australia Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group (the **Tax Group**) under the tax consolidation legislation. Each entity in the Tax Group recognises its own current and deferred tax liabilities, except for any DTLs resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The Group notified the Australian Tax Office that it had formed a Tax Group to apply from 1 July 2019. The Tax Group has entered a tax sharing agreement whereby each company in the Tax Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the Tax Group.

Note 5 Financial assets and financial liabilities

5.1 Cash and cash equivalents

	2021 $	2020 $
Cash at bank	5,096,435	2,724,142
	5,096,435	2,724,142

5.1.1 The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 8 *Financial risk management*.

5.1.2 ***Cash Flow Information***

a. *Reconciliation of cash flow from operations to loss after income tax*

	2021 $	2020 $
Loss after income tax	(1,856,455)	(9,065,337)
Cash flows excluded from loss attributable to operating activities	-	-
Non-cash flows in loss from ordinary activities:		
■ Depreciation and amortisation	5,465,814	6,038,609
■ Impairment	400,000	5,230,330
■ Income tax benefit	(1,894,024)	(1,291,720)
■ Non-cash interest adjustments	541,593	366,326
■ Embedded derivative non-cash financing costs	2,243,784	-
■ Share-based payments expense	215,946	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
■ (Increase)/decrease in receivables	(2,785,148)	(609,334)
■ Decrease/(increase) in financial assets	1,157,528	371,999
■ (Decrease) in trade and other payables	932,589	(1,616,823)
■ Increase/(decrease) in provisions	221,762	910,654
Cash flow (used in) from operations	4,643,389	334,704

b. *Reconciliation of liabilities arising from financing activities*

	2019 $	Cash flows $	Non-cash changes: Other Changes(i) $	Non-cash changes: Changes due to AASB 16 $	2020 $
Short-term borrowings	21,126,603	(2,731,516)	(4,551,852)	-	13,843,235
Leases	-	(2,064,552)	473,581	7,465,948	5,874,977
Total liabilities from financing activities	21,126,603	(4,796,068)	(4,078,271)	7,465,948	19,718,212

(i) Other changes include non-cash movements including conversion to shares as described in 5.1.2d below and 7.1.3, interest paid (classified under operating activities), and restricted cash in connection with a convertible note as per 5.7.1b.

Note 5 Financial assets and financial liabilities (cont.)

5.1 Cash and cash equivalents (cont.)

5.1.2 *Cash Flow Information (cont.)*

			Non-cash changes				
	2020 $	Cash flows $	Additions $	Other Changes $	Embedded Derivative $	Converted to equity $	2021 $
Short-term borrowings	13,843,235	(7,843,235)	-	(6,000,000)	-		-
Long-term borrowings and financial liabilities	-	5,000,000	-	6,000,000	2,495,440	(3,612,768)	9,882,672
Leases	5,874,977	(1,915,689)	1,694,851	191,031	-	-	5,845,170
Total liabilities from financing activities	19,718,212	(4,758,924)	1,694,851	191,031	2,495,440	(3,612,768)	15,727,842

c. *Credit and loan standby arrangement with banks*

Refer note 5.6.4 Financing facilities available.

d. *Non-cash investing and financing activities*

2021

During the year non-cash investing and financing activities consisted of:

- Issue of 115,621,485 shares upon the conversion of $3,612,768 of convertible notes as described in notes 5.7.1a and 7.1.1.
- Reclassification of borrowings to non-current upon renegotiation of terms with Macquarie Bank Limited.
- The recognition of an embedded derivative in connection with convertible notes as described in notes 5.7.1a consisting of interest of $623,557, fair value adjustments of $1,986,988, and transaction costs of ($115,105).

2020

During the prior year, non-cash investing and financing activities consisted of, and as detailed in in note 7.1.3:

- 89,889,649 shares and 44,944,639 options were issued to settle $5,798,388 in loans.
- 714,286 options were issue as a debt facilitation fee with a fair value of $14,297.
- 12,899,074 options with a fair value of $258,192 were issued in consideration for capital raising services.

5.1.3 *Accounting policy*

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Note 5 Financial assets and financial liabilities (cont.)

5.2 Trade and other receivables

	2021 $	2020 $
5.2.1 *Current*		
Trade debtors	6,672,604	3,677,980
Recoverable commissions / wages	1,125,019	876,861
Other receivables	855,780	386,083
Provision for non-recovery of trade debtor and commissions / wages	(300,000)	(339,702)
	8,353,403	4,601,222
5.2.2 Non-current		
Trade debtors	163,010	269,655
	163,010	269,655

5.2.3 The Group's exposure to credit rate risk is disclosed in note 8 *Financial risk management*.

5.2.4 The average credit period on rendering of services ranges from current to 30 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods and rendering of services, determined by reference to past default experience. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

5.2.5 ***Accounting policy***

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement within no more than 30 days. Marketing allowances and upfront commissions paid to employees and agents are recovered against future sales commissions received by the employee or agent.

a. *Determining the stage for impairment*

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the consolidated Statement of Profit or Loss and Other comprehensive Income.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are accompanied on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors

Note 5 Financial assets and financial liabilities (cont.)

5.3 Financial assets

		2021 $	2020 $
5.3.1	***Current***		
	Restricted cash	-	600,000
	Working capital – trust account	-	1,000,000
		-	1,600,000
5.3.2	***Non-current***		
	Bank guarantees and restricted cash	612,860	170,388
		612,860	170,388

5.4 Other assets

		Note	2021 $	2020 $
5.4.1	***Current***			
	Prepayments		305,748	7,636
	Other deposits	5.4.2	417,690	542,840
	Less: provision for impairment	5.4.3	(400,000)	-
			323,438	550,476

5.4.2 *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 deposits of $17,690 (2020: bank guarantees comprising of $481,716 and rental deposits of $61,124)

5.4.3 The provision for impairment of $400,000 relates to the deposit placed with the Federal court regarding the unresolved Magnolia case. As the courts final decision in this matter is still unknown, the Directors deemed it prudent to provide for an impairment in full.

5.5 Trade and other payables

		2021 $	2020 $
5.5.1	***Current***		
	Trade payables	2,552,376	2,483,388
	Employees' remuneration – commissions payable	3,706,455	1,869,045
	Payroll tax	353,739	1,152,496
	Superannuation – employees	392,778	401,358
	Sundry creditors and accrued expenses	2,512,237	843,601
	GST and PAYG payable	1,676,537	2,916,649
	Other	-	106,614
		11,194,122	9,773,151

5.5.2 Trade payables are unsecured, non-interest bearing and are normally settled on 30-day terms. Other payables are unsecured non-trade payables, are non-interest bearing and have an average term of 1 month.

5.5.3 ***Accounting policy***

a. *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Notes to the consolidated financial statements
for the year ended 30 June 2021

Note 5 Financial assets and financial liabilities (cont.)

5.6 Borrowings

		Note	2021 $	2020 $
5.6.1	***Current***			
	Loans	5.6.2a	-	750,000
	Bank loans	5.6.2b	-	12,093,235
	Convertible note - restricted cash facility		-	1,000,000
			-	13,843,235
5.6.2	***Non-current***			
	Bank loans	5.6.2b	5,000,000	-
			5,000,000	-

a. Loan payable to Kalonda Pty Ltd rolled over to 31 December 2020 with an interest rate of 16% and was repaid in full on 4 January 2021

b. On 6 January 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 8.5% which was reduced to 4.75% from 1 April 2021.
  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 a loan to value ratio (**LVR**) based on the value of the Company's property management book (on agreed multiples applied by Macquarie) as a percentage to the Company's secured debt position.
  - provide monthly reporting to Macquarie in accordance with the Loan Agreement.
  - provide a compliance certificate to Macquarie each month confirming that the Company has complied with the covenants above and no event of default exists in relation to the Company
- **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.

On 4 August 2021, the Company advised that it has executed an amendment deed to its loan agreement with Macquarie Bank Limited. The revised terms of the loan are detailed in note 13.1.

5.6.3 ***Assets pledged as security***

As disclosed in note 5.7.1b, security is held over all the Group companies.

5.6.4 ***Financing facilities available***

At balance date, the following financing facilities had been negotiated and were available:	Total facilities 2021 $	Total facilities 2020 $	Facilities used 2021 $	Facilities used 2020 $	Facilities unused 2021 $	Facilities unused 2020 $
Bank and other loans	5,000,000	13,843,235	(5,000,000)	(13,843,235)	-	-
Leases (see note 6.2.2)	-	-	-	-	-	-
Total facilities at balance date	5,000,000	13,843,235	(5,000,000)	(13,843,235)	-	-

Note 5 Financial assets and financial liabilities (cont.)

5.6 Borrowings (cont.)

5.6.5 ***Accounting policy***

a. *Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

5.7 Financial liabilities

		2021 $	2020 $
5.7.1 ***Non-current***			
Convertible note:	5.7.1a,b		
■ Debt component		895,101	-
■ Derivative financial liability conversion option		3,987,571	-
		4,882,672	-
a. *Reconciliation of convertible notes*			
Opening balance – from Borrowings	5.6.1	1,000,000	-
Proceeds on issue of convertible notes		5,000,000	-
		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		623,557	-
■ Fair value movement		1,986,988	-
Carrying value of liabilities at reporting date		4,882,672	-

THE AGENCY
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Note 5 Financial assets and financial liabilities (cont.)

5.7 Financial liabilities (cont.)

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:

- **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.

5.7.2 *Accounting policies and Critical Estimates - Convertible notes*

a. *Debt component*

The conversion feature of convertible notes (**notes**) is required to be separated from the notes and is accounted for separately as a derivative financial liability. As a result, the notes are initially recognised at a discounted amount. The discount is amortised as interest expense using the effective interest method over the terms of the notes.

b. *Embedded derivative – Conversion feature*

The conversion feature in the notes represents the embedded derivative financial instrument in the host debt contract. The conversion feature represents the Group's obligation to issue Company shares at a fixed price should noteholders exercise their conversion option.

The embedded derivatives are carried in the Statement of Financial Position at their estimated fair value taking market participant assumptions into consideration, with any changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income.

These values were calculated using the Black-Scholes option pricing model, applying the following inputs:

	Grant Date	*Balance Date*
Face Value:	$5,150,000	$3,354,032
Grant date share price:	$0.035	$0.050
Conversion price:	$0.027	$0.027
Expiry date	31 March 2023	31 March 2023
Expected share price volatility:	100.00	100.00
Risk-free interest rate:	0.19%	0.06%
Value per conversion right	$0.0219	$0.0321

c. *Settlement of Convertible Notes*

Where notes are settled by issue of shares, the related financial liabilities are derecognised at their carrying value with the corresponding increase to share capital. Any costs incurred are recognised in profit or loss.

Where notes are settled by payment of cash, the related financial liabilities are derecognised at their carrying value and the difference between total cash consideration paid and the carrying value of the financial liabilities derecognised is recognised in profit or loss.

Note 5 Financial assets and financial liabilities (cont.)

5.7 Financial liabilities (cont.)

d. *Capitalised transaction costs*

The Company incurred transaction costs upon the issuance of the notes. Transaction costs relating to the notes have been allocated between the debt component and the conversion derivatives using the relating proportions of these on initial measurement of the instruments. Costs attributed to the debt component are amortised to finance expense over the term of the notes using the effective interest method. Costs allocated to the conversion derivatives are immediately recognised in the Statement of Profit or Loss and Other Comprehensive Income.

5.8 Other Significant Accounting Policies related to Financial Assets and Liabilities

5.8.1 ***Investments and other financial assets***

a. *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (**FVOCI**).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c. *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (**FVPL**), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit or loss.
- *FVOCI*: Assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in carrying amounts are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When a financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented separately in the statement of profit or loss.
- *FVPL*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Note 5 Financial assets and financial liabilities (cont.)

5.8 Other Significant Accounting Policies related to Financial Assets and Liabilities (cont.)

ii. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. *Impairment*

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Note 6 Non-financial assets and financial liabilities

6.1 Property, plant, and equipment

	2021 $	2020 $
Plant and equipment – at cost	1,253,362	1,187,451
Accumulated depreciation	(725,387)	(614,867)
	527,975	572,584
Leasehold improvements – at cost	3,447,970	3,407,145
Accumulated amortisation	(2,398,286)	(1,939,915)
	1,049,684	1,467,230
Total plant and equipment	1,577,659	2,039,814

6.1.1 *Movements in Carrying Amounts*

	Plant and Equipment $	Leasehold improvements $	Total $
Carrying amount at 1 July 2019	682,977	1,894,573	2,577,550
Additions	54,028	228,499	282,527
Disposals / write-offs	-	(116,231)	(116,231)
Depreciation expense	(164,421)	(539,611)	(704,032)
Carrying amount at 30 June 2020	572,584	1,467,230	2,039,814
Carrying amount at 1 July 2020	572,584	1,467,230	2,039,814
Additions	96,070	40,824	136,894
Disposals / write-offs	(3,937)	-	(3,937)
Depreciation expense	(136,742)	(458,370)	(595,112)
Carrying amount at 30 June 2021	527,975	1,049,684	1,577,659

Note 6 Non-financial assets and financial liabilities (cont.)

6.1 Property, plant, and equipment (cont.)

6.1.2 *Accounting policy*

a. *Recognition and measurement*

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 6.5.1 *Impairment of non-financial assets*).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Where considered material, the carrying amount of property, plant, and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

b. *Subsequent costs*

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

c. *Depreciation*

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on either a straight-line basis or diminishing balance basis, whichever is considered most appropriate, over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the remaining term of the lease.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2021 %	2020 %
■ Leasehold Improvements	Over term of lease	Over term of lease
■ Plant and equipment:		
□ Office furniture and fittings	10	10
□ Office equipment	25	25
□ Motor vehicle	25	25

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected

net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

d. *Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Note 6 Non-financial assets and financial liabilities (cont.)

6.2 Leases	2021 $	2020 $
6.2.1 ***Right of use assets***		
Properties	3,704,241	3,500,419
Printing equipment	1,190,129	1,144,901
	4,894,370	4,645,320
6.2.2 ***Lease liabilities***		
Current	1,828,270	1,979,900
Non-current	4,016,900	3,895,077
	5,845,170	5,874,977

6.2.3 Additions to the right-of-use assets during the 2021 financial year were $3,125,759 (2020: $6,335,866).

6.2.4 ***Amounts recognised in the statement of profit or loss***	2021 $	2020 $
Depreciation charge of right-of-use assets:		
■ Properties	1,243,883	1,396,230
■ Printing equipment	279,305	293,084
	1,523,188	1,689,314
Interest expense (included in finance cost)	217,937	325,014

6.2.5 The total cash outflow for leases for the 2021 financial year was $1,915,689 (2020: $2,064,552).

6.2.6 ***Accounting policy***

a. *Recognition and measurement*

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

i. Right of Use Asset

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Subsequent to initial measurement, the right of use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life as follows:

■ Properties	17 – 64 months
■ Printing equipment	60 months

Right of use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Notes to the consolidated financial statements
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Note 6 Non-financial assets and financial liabilities (cont.)

6.2 **Leases** (cont.)

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. *Extension and termination options*

Extension options are included in the property leases of the Group.

6.2.7 ***Critical judgements in determining the lease term***

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties and printing equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Notes to the consolidated financial statements
for the year ended 30 June 2021

Note 6 Non-financial assets and financial liabilities (cont.)

6.3 Intangible assets	Note	2021 $	2020 $
Goodwill		10,704,236	17,077,617
Impairment charge	6.3.3	-	(5,304,380)
		10,704,236	11,773,237
Rent Roll and trail book	6.3.5a	21,134,545	24,348,146
Accumulated amortisation		(7,851,603)	(5,930,600)
		13,282,942	18,417,546
Trademarks		268,420	268,420
Accumulated amortisation and impairment		(268,420)	(268,420)
		-	-
Others		291,875	381,968
Accumulated amortisation and impairment		(38,602)	(196,396)
		253,273	185,572
Total intangibles		24,240,451	30,376,355

6.3.1 As disclosed in note 1.2.1, the Company sold its West Coast rent roll business, resulting in the disposal of goodwill of $1,069,001 and rent roll asset of $1,843,907.

6.3.2 *Movements in Carrying Amounts*	Note	Goodwill $	Rent Roll $	Other $	Total $
Carrying amount at 1 July 2019		17,077,617	21,958,595	-	39,036,212
Additions		-	102,482	187,304	289,786
Amortisation expense		(5,304,380)	-	-	(5,304,380)
Impairment	6.3.5a	-	(3,643,531)	(1,732)	(3,645,263)
Carrying amount at 30 June 2020		11,773,237	18,417,546	185,572	30,376,355
Carrying amount at 1 July 2020		11,773,237	18,417,546	185,572	30,376,355
Additions		-	-	104,571	104,571
Disposals	1.2.1	(1,069,001)	(1,843,907)	-	(2,912,908)
Amortisation expense		-	(3,290,697)	(36,870)	(3,327,567)
Carrying amount at 30 June 2021		10,704,236	13,282,942	253,273	24,240,451

Note 6 Non-financial assets and financial liabilities (cont.)

6.3 Intangible assets (cont.)

6.3.3 *Allocation of goodwill to cash-generating units (CGU)*

Goodwill has been allocated for impairment testing purposes to the CGU unit. Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to CGU as follows.

	2021 $	2020 $
■ Top Level Real Estate - Residential sales	10,657,756	10,657,756
■ Property Management - WA	-	1,069,001
■ Settlements	46,480	46,480
Carrying amount as at 30 June	10,704,236	11,773,237

The recoverable amount of the Group's Top Level Real Estate CGU has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by Directors utilising the following key assumptions:

- Revenue has been extrapolated at a growth rate of 5.00% from the 2-year budget, with nil% growth rate applied from year 3;
- Discount rate is based upon a weighted average cost of capital of 15.5%;
- In the 2020, an impairment of $5,304,380 (2021: $nil).

The Directors believe that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause Top Level Real Estate CGU carrying amount to exceed its recoverable amount.

6.3.4 *Accounting policy*

a. *Intangible assets acquired separately*

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

b. *Intangible assets acquired in a business combination*

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

c. *Trail Book intangible assets*

Trail book contracts and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trail book and licences over their estimated useful lives.

d. *Property Management intangible assets*

The property management rights are expected to have a finite life and are therefore amortised over their useful lives. The investment is carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight-line method to allocate the cost of the rent roll over its estimated useful lives which is based on comparable market evidence.

e. *Business and domain names*

Business and domain names are recognised at cost of acquisition. They have a finite useful life and are amortised on a systematic basis based on the future economic benefits to be obtained over its useful life. Amortisation is calculated using the straight-line method.

Note 6 Non-financial assets and financial liabilities (cont.)

6.3 Intangible assets (cont.)

f. *Subsequent measurement*

The following useful lives are used in the calculation of amortisation:

	2021 %	2020 %
■ Trail Book and Rent Roll intangible assets	15	15
■ Property Management intangible assets	15	15
■ Business and domain names	10	10

g. *Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see note 11.1.1) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

6.3.5 ***Key estimates and Critical Judgements– Impairment of intangibles***

a. *Impairment of goodwill and rent roll*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

Included within the Top Level CGU and Property Management CGU are rent roll assets of $13,140,150 (2020: $16,267,497) and $nil (2020: $1,964,417) respectively. These same CGU's also included goodwill of $10,657,756 (2020: $10,657,756) and $nil (2020: $1,069,001).

For the rent roll assets, the recoverable amounts of these CGU's are derived from market transactional evidence in relation to their fair value. The Directors have determined that a multiple of 4 for the Top Level CGU (based on an independent expert opinion) and 2.25 for the Property Management CGU (using subsequent sales transactions), multiplied by the annual rent roll income is an appropriate measure of the fair value of the rent roll assets. Fair value less cost to sell of these CGU's was classified on a level 2 basis. No impairment resulted.

Management performed a goodwill impairment test of the Top Level Real Estate Sales CGU (acquired in 2019) taking a conservative approach in preparing its value in use calculation in light of market uncertainty resulting from COVID.

Management applied a discount rate of 15.5% resulting in no impairment loss for 2021 (2020: $5,304,380).

The Mortgage CGU was tested for impairment and the result far exceeded the carrying value. All value-in-use calculations were performed using board approved budgets.

Note 6 Non-financial assets and financial liabilities (cont.)

6.4 Provisions

		2021 $	2020 $
6.4.1	***Current***		
	Employee entitlements	1,406,422	1,228,979
	Future fund referrals	1,158,984	1,057,856
		2,565,406	2,286,835
6.4.2	***Non-current***		
	Employee entitlements	62,742	61,377
	Make good provisions	149,548	165,000
	Future fund referrals	67,955	110,677
		280,245	337,054

6.4.3 ***Movements in Carrying Amounts***

	Employee entitlements $	Make good provisions $	Future fund referrals $	Total $
Carrying amount at 1 July 2020	1,290,356	165,000	1,168,533	2,623,889
Additions	592,128	-	250,118	842,246
Disposals	(43,545)	-	-	(43,545)
Amounts used during the year	(369,775)	(15,452)	(191,712)	(576,939)
Carrying amount at 30 June 2021	1,469,164	149,548	1,226,939	2,845,651

6.4.4 ***Description of provisions***

a. *Provision for employee benefits* represents amounts accrued for annual leave (**AL**) and long service leave (**LSL**). The current portion for this provision includes the total amount accrued for AL entitlements and the amounts accrued for LSL entitlements that have vested due to employees having completed the required period of service. The Group does not expect the full amount of AL or LSL balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

b. *Make good provision.* The Company is required to restore the leased premises to their original condition at the end of the respective lease terms. A make good provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. The Directors valued the make good provision based upon a third-party cost estimate provided to the Company.

c. *Provision for Future fund* referrals is an incentive scheme provided to property partners for successfully referring property management and mortgage broking transactions. The referral fees are transferred into an asset growth model which creates an interest for the future benefit of the Property Partner, maturing after two years, which also assists to retain staff. The company estimates the value of the future fund referral provision using a probability weighting model which is based on historic information.

6.4.5 ***Accounting policy***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Note 6 Non-financial assets and financial liabilities (cont.)

6.4 Provisions (cont.)

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting date

6.5 Other Significant Accounting Policies related to Non-Financial Assets and Liabilities

6.5.1 ***Impairment of non-financial assets***

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy at note 4.9) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Note 7 Equity

7.1 Issued capital

	Note	2021 No.	2020 No.	2021 $	2020 $
Fully paid ordinary shares at no par value		428,575,916	298,954,431	43,635,166	39,395,942

7.1.1 **Ordinary shares**		2021 No.	2020 No.	2021 $	2020 $
At the beginning of the year		298,954,431	103,810,047	39,395,942	27,765,049
Shares issued during the year:					
■ Issued for cash		-	85,913,817	-	5,584,398
■ Equity-settled payments	7.1.3,7.1.4	-	107,008,316	-	6,955,540
■ Conversion of performance shares		-	2,222,251	-	-
■ Convertible note conversion	5.7.1b	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)	(909,045)
At reporting date		428,575,916	298,954,431	43,635,166	39,395,942

7.1.2 Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

7.1.3 **Equity-settled Payments (prior financial year)**

As approved by shareholders at general meetings during the 12 months to 30 June 2020:

- 11,138,462 shares with a fair value of $0.065 per share totalling $724,000 were issued to third-party consultants in lieu of cash for services performed.
- 5,782,551 shares with 2,891,275 attaching options were issued to Daring Investments Pty Ltd a company controlled by Mr John Kolenda to settle outstanding loans of $377,720.
- 19,244,088 shares with 9,622,044 attaching options were issued to Teldar Real Estate Pty Ltd a company controlled by Mr Matt Lahood to settle outstanding loans of $1,252,719.
- 18,963,307 shares with 9,481,653 attaching options were issued to MAK Property Group Pty Ltd a company controlled by Mr Shad Hassen to settle outstanding loans of $1,232,615.
- 18,963,307 shares with 9,481,653 attaching options were issued to Ben Collier Investments Pty Ltd a company controlled by Mr Ben Collier to settle outstanding loans of $1,232,615.
- 19,244,088 shares with 9,622,044 attaching options were issued to SEMC 2 Pty Ltd a company controlled by Mr Steven Chen to settle outstanding loans of $1,252,719.
- 7,692,308 shares with 3,846,154 attaching options were issued to Kalonda Pty Ltd to settle outstanding loans of $450,000.
- 714,286 options were issue to Kalonda Pty Ltd as a debt facilitation fee with a fair value of $14,297.
- 12,899,074 options with a fair value of $258,192 were issued to the Joint Lead Manager in consideration for capital raising services.

7.1.4 The following shares were issued during the 12 months to 30 June 2020 to Directors to settle accrued outstanding Directors' fees from the 2019 year:

	Amount S	Shares No.
Paul Niardone	116,719	1,795,682
Andrew Jensen	118,500	1,823,077
John Kolenda	87,494	1,346,061
Adam Davey	66,000	1,015,385
Total	388,713	5,980,205

Note 7 Equity (cont.)

7.1.5 ***Accounting policy***

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

7.2 Performance shares

	2021 No.	2020 No.
Performance shares	1,555,558	1,555,558

7.2.1 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-quotation price of $0.02, at any time within 24 months of settlement) and expired. These performance shares will convert to five only ordinary shares, subsequent to balance date.

7.3 Options

	Note	2021 No.	2020 No.	2021 $	2020 $
Options		333,333	104,181,760	1,071,861	928,715
At the beginning of the year		104,181,760	5,588,912	928,715	583,426
Options issued/(lapsed) during the year:					
■ Attaching pursuant to a Placement			8,461,539		-
■ Attaching to an Entitlement Issue			34,495,371		-
■ Equity-settled payments	7.1.3		44,944,823		
■ Lead Managers options	7.1.3		12,899,074		258,192
■ Repayment of Kalonda debt	7.1.3		714,286		14,297
■ Financing costs in respect to the convertible note options	7.3.1		2,000,000		72,800
■ Issued in connection with Convertible notes	5.7.1b	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 to be issued) to CEO in accordance with employment agreements	19.2.1a	-		215,946	
■ Expiry of options		(101,848,427)	(4,922,245)	-	-
At reporting date		333,333	104,181,760	1,071,861	928,715

7.3.1 During the 2021 year, 12,000,000 options were issued as part of the convertible note (2020: 2,000,000).

7.4 Reserves

	Note	2021 $	2020 $
Share-based payment reserve	7.4.1	1,071,861	928,715
		1,071,861	928,715

7.4.1 ***Share-based payment reserve***

The share-based payment reserve records the value of options and performance shares issued by the Company to its employees or consultants.

SECTION B. RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Note 8 Financial risk management

8.1 Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below:

	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2021 Total $	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2020 Total $
Financial Assets								
Cash and cash equivalents	5,096,435	-	-	5,096,435	2,724,142	-	-	2,724,142
Trade and other receivables	-	-	8,516,413	8,516,413	-	-	4,870,877	4,870,877
Bank guarantees and restricted cash	-	612,860	-	612,860	1,600,000	170,388	-	1,770,388
Total Financial Assets	5,096,435	612,860	8,516,413	14,225,708	4,324,142	170,388	4,870,877	9,365,407
Financial Liabilities								
Financial liabilities at amortised cost								
Trade and other payables	-	-	11,194,122	11,194,122	-	-	9,773,151	9,773,151
Borrowings	5,000,000	-	-	5,000,000	12,093,235	1,750,000	-	13,843,235
Leases	-	5,845,170	-	5,845,170	-	5,874,977	-	5,874,977
Financial liabilities - Convertible notes	-	4,882,672	-	4,882,672	-	-	-	-
Total Financial Liabilities	5,000,000	10,727,842	11,194,122	26,921,964	12,093,235	7,624,977	9,773,151	29,491,363
Net Financial Assets / (Liabilities)	96,435	(10,114,982)	(2,677,709)	(12,696,256)	(7,769,093)	(7,454,589)	(4,902,274)	(20,125,956)

8.2 Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

Note 8 Financial risk management (cont.)

8.2.1 ***Credit risk***

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

- *Credit risk exposures*

  The maximum exposure to credit risk, arising from cash and cash equivalents and trade receivables, is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

  Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, wherever possible. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

- *Impairment losses*

  The ageing of the Group's current trade and other receivables at reporting date was as follows:

	Gross 2021 $	Impaired 2021 $	Net 2021 $	Past due but not impaired 2021 $
Trade receivables				
Not past due	4,390,843	-	4,390,843	-
Past due up to 30 days	1,005,293	-	1,005,293	1,005,293
Past due 31 days to 90 days	741,696	-	741,696	741,696
Past due over 90 days	884,326	(186,544)	697,782	697,782
	7,022,158	(186,544)	6,835,614	2,444,771
Other receivables				
Not past due	1,794,255	(113,456)	1,680,799	-
Total	8,816,413	(300,000)	8,516,413	2,444,771

8.2.2 ***Liquidity risk***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's ability to raise debt and / or equity funding in the market is paramount in this regard.

Note 8 Financial risk management (cont.)

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities the Group had at the end of the reporting period were trade and other payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

- *Contractual Maturities*

The table below analyses the Group's financial liabilities and assets into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Within 1 Year		Greater Than 1 Year		Total	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Financial liabilities due for payment						
Trade and other payables	11,194,122	9,773,151	-	-	11,194,122	9,773,151
Borrowings	-	13,843,235	5,000,000	-	5,000,000	13,843,235
Financial liabilities - convertible notes	-	-	4,882,672	-	4,882,672	-
Leases	1,828,270	1,979,900	4,016,900	3,895,077	5,845,170	5,874,977
Total contractual outflows	13,022,392	25,596,286	13,899,572	3,895,077	26,921,964	29,491,363
Financial assets						
Cash and cash equivalents	5,096,435	2,724,142	-	-	5,096,435	2,724,142
Trade and other receivables	8,353,403	4,601,222	163,010	269,655	8,516,413	4,870,877
Bank guarantees and restricted cash	-	1,600,000	612,860	170,388	612,860	1,770,388
Total anticipated inflows	13,449,838	8,925,364	775,870	440,043	14,225,708	9,365,407
Net (outflow) / inflow on financial instruments	427,446	(16,670,922)	(13,123,702)	(3,455,034)	(12,696,256)	(20,125,956)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

8.2.3 *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities minimally expose it to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Group does not enter into derivative financial instruments including foreign exchange forward contracts to hedge against financial risk. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

a. *Interest rate risk*

The Group are exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The Group does not have any receivables or payables that may be affected by interest rate risk.

b. Foreign exchange risk

The Group is not exposed to any material foreign exchange risk.

Notes to the consolidated financial statements
for the year ended 30 June 2021

Note 8 Financial risk management (cont.)

c. *Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

8.2.4 ***Sensitivity Analyses***

The Group is not exposed to any material sensitivities.

8.2.5 ***Net Fair Values***

a. *Fair value estimation*

The fair values of financial assets and financial liabilities are presented in the table in note 8.1 and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Note 9 Capital Management

9.1.1 ***Capital***

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Capital is defined as the combination of contributed equity, reserves and net debt (borrowings less cash). The Board is responsible for monitoring and approving the capital management framework within which management operates. The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders such as employees. The Group focuses on interrelated financial parameters, including its gearing ratio, earnings growth, average cost of debt, gearing, weighted average debt maturity and borrowing capacity. These are taken into account when the Group makes decisions on how to invest its capital and evaluate its existing investments.

The capital structure of the Group can be changed by paying distributions to shareholders, returning capital to shareholders, issuing new shares or selling assets

9.1.2 ***Working Capital***

The working capital position of the Group was as follows:	Note	2021 $	2020 $
Cash and cash equivalents	5.1	5,096,435	2,724,142
Trade and other receivables	5.2.1	8,353,403	4,601,222
Financial assets	5.3.1	-	1,600,000
Other current assets (excl. prepayments)	5.4.1	17,690	542,840
Trade and other payables	5.5.1	(11,194,122)	(9,773,151)
Borrowings	5.6.1	-	(13,843,235)
Leases	6.2.2	(1,828,270)	(1,979,900)
Current provisions	6.4	(2,565,406)	(2,286,835)
Working capital position		(2,120,270)	(18,414,917)

SECTION C. GROUP STRUCTURE

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

(a) changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation.

(b) transactions with non-controlling interests, and

(c) interests in joint operations.

A list of significant subsidiaries is provided in note 10 below. This note also discloses details about the Group's equity accounted investments.

Note 10 Interest in subsidiaries

10.1 Information about principal subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the Group. Investments in subsidiaries are accounted for at cost. Each subsidiaries' country of incorporation is also its principal place of business, being Australia:

Entity name	Class of Shares	Percentage Owned 2021	Percentage Owned 2020
Agency Partners WA Pty Ltd	Ord.	100	100
Ausnet Financial Planning Services Pty Ltd	Ord.	100	100
Ausnet Financial Pty Ltd	Ord.	100	100
Ausnet Property Investment Fund Pty Ltd	Ord.	100	100
Ausnet Real Estate Services Pty Ltd	Ord.	100	100
Courtesy Real Estate (NSW) Pty Ltd	Ord.	100	100
Jelina Holdings Pty Ltd	Ord.	100	100
Move Property Solutions Pty Ltd	Ord.	100	100
S.J. Laing & Son Pty Ltd	Ord.	100	100
The Agency Auctions NSW Pty Ltd	Ord.	100	100
The Agency Auctions QLD Pty Ltd	Ord.	100	100
The Agency Auctions VIC Pty Ltd	Ord.	100	100
The Agency Commercial Real Estate Pty Ltd	Ord.	100	100
The Agency Marketing Pty Ltd	Ord.	100	100
The Agency Project Sales NSW Pty Ltd	Ord.	100	100
The Agency Project Sales QLD Pty Ltd	Ord.	100	100
The Agency Project Sales VIC Pty Ltd	Ord.	100	100
The Agency Property Management NSW Pty Ltd	Ord.	100	100
The Agency Property Management QLD Pty Ltd	Ord.	100	100
The Agency Property Management VIC Pty Ltd	Ord.	100	100
The Agency Property Management WA Pty Ltd[i]	Ord.	nil	100
The Agency Real Estate Pty Ltd	Ord.	100	100
The Agency Sales NSW Pty Ltd	Ord.	100	100
The Agency Sales QLD Pty Ltd	Ord.	100	100
The Agency Sales VIC Pty Ltd	Ord.	100	100
The Real Estate Group Australia Pty Ltd	Ord.	100	100
Top Level Real Estate Holdings Pty Ltd	Ord.	100	100
Top Level Real Estate Pty Ltd	Ord.	100	100
Top Level Real Estate Sales Pty Ltd	Ord.	100	100
Value Partner Program Pty Ltd *Formerly Ausnet Real Estate Network Pty Ltd*	Ord.	100	100
Vicus Residential Pty Ltd[ii]	Ord.	nil	100
Vision Capital Management Ltd	Ord.	100	100
Westvalley Corporation Pty Ltd	Ord.	100	100

i. Disposed as per note 1.2.1

ii. Deregistered 21 September 2020

Note 11 Other Significant Accounting Policies related to Group Structure

11.1 Basis of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

11.1.1 *Business combinations*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share-Based Payments* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

a. *Goodwill*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Note 11 Other Significant Accounting Policies related to Group Structure

b. *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

c. *Contingent liabilities acquired in a business combination*

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of AASB 15 *Revenue from Contracts with Customers*.

11.1.2 ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in note 10 *Interest in subsidiaries* of the financial statements.

11.1.3 ***Loss of control***

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interests are measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

11.1.4 ***Transactions eliminated on consolidation***

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

SECTION D. 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 12 Commitments

There are no material commitments to the Group as at 2021 (2020: Nil).

Note 13 Events subsequent to reporting date

13.1 On 4 August 2021, the Company advised that it has executed an amendment deed to its loan agreement with Macquarie Bank Limited. Pursuant to the terms of the amendment deed, the revised terms of the loan include:

- **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
- **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.

All other terms remain the same as disclosed in note 5.6.2b

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 14 Contingent liabilities

On 20 January 2021, the Company announced the purported appointment of administrators to the Company by MCL 105 Pty Ltd (**MCL)**, a company controlled by former director Mitchell Atkins.

The purported appointment was based on an alleged and disputed $385,000 "debt" relating to alleged fees on a mandate entered into for the purpose of securing debt funding under which MCL was unable to deliver funding during the term of its mandate. The Company disputes the claim as well as the validity of the security charge MCL placed on the assets of the Group.

The Federal Court ordered that the purported appointments would have no effect (other than various technical matters) pending the determination of the proceedings or other order and control of the Company remains with the Directors.

The Court also ordered that the administration or purported administration will end at 4pm on 1 February 2021 and a hearing was scheduled on the same day that allowed an opportunity for any creditor or sufficiently interested party to apply to discharge or vary the orders ending the purported administration. A copy of the Court's orders was lodged with the ASX on www.fedcourt.gov.au, proceeding number WAD 7 of 2021. The Court requested the Company to pay $400,000 to be held in the Court's trust until the matter is settled.

The Company's position is that the alleged appointment by MCL was undertaken for the purpose of destabilising the Agency and compelling the Company to pay a disputed fee, which is still being disputed by both parties' lawyers at time the MCL appointed an administrator.

On 1 February 2021, a hearing occurred in the Federal Court. As no creditors or other interested parties appeared or applied to overturn the Court's earlier orders, the purported administration ended at 4:00pm that day. At this hearing orders were made programming the hearing of MCL disputed debt claim. That claim was heard on 4 March 2021, and the verdict on the case is yet to be ruled. Subsequent to the verdict being delivered the Company will enforce the removal of the security charge MCL has placed on the assets of the Group.

There are no other contingent liabilities as at 2021 (2020: Nil).

SECTION E. 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 15 Key Management Personnel compensation (KMP)

The names and positions of KMP are as follows:

- Andrew Jensen — Executive Chairman and Chief Operating Officer
- Paul Niardone — Managing Director
- Adam Davey — Non-Executive Director
- Matt Lahood — Executive Director
- Mitchell Atkins — Non-Executive Director (appointed 1 October 2019, resigned 8 May 2020)
- John Kolenda — Non-Executive Director (resigned 20 December 2019)
- Arjan van Ameyde — Chief Financial Officer (appointed 1 February 2020)

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the *Remuneration report* table on page 17.

	2021 $	2020 $
Short-term employee benefits	1,934,695	1,209,888
Post-employment benefits	92,200	64,002
Equity-settled share-based payments	215,946	-
Total	2,242,841	1,273,890

Note 16 Related party transactions

Some Directors or former Directors of the Group hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. During the year, the following entities provided services to the Group.

Entity	Nature of transactions	KMP	Total Transactions 2021 $	Total Transactions 2020 $	Receivable/(Payable) Balance 2021 $	Receivable/(Payable) Balance 2020 $
Chapter One Advisers[(1)]	Public Relations	Paul Niardone	7,000	59,000	N/A	(11,000)
Matt Lahood	Advance commissions / Future fund	Matt Lahood	90,000	44,050	84,074	52,783
Aura Capital Pty Ltd	Placement fees / transaction fees	John Kolenda	-	415,089	-	(71,509)
Magnolia Capital	Professional services	Mitchell Atkins	-	30,170	-	-

(1) Chapter One Advisers discontinued to be a related entity in July 2020 as Mr Niardone ceased to have any control or significantly influence the financial or operating policies of Chapter One Advisers.

During the 2020 financial year KMP loans settled by way equity as detailed in note 7.1.4.

Note 17 Auditor's remuneration

	2021 $	2020 $
Remuneration of the auditor for:		
Auditing or reviewing the financial reports:		
Hall Chadwick WA Audit Pty Ltd *(formerly known as Bentleys Audit & Corporate (WA) Pty Ltd)*	146,000	141,661
Non-audit services provided by a related practice of the Auditor	4,700	-
	150,700	141,661

Notes to the consolidated financial statements
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Note 18	Earnings per share (EPS)	Note	2021 $	2020 $
18.1	**Reconciliation of earnings to profit or loss**			
	Loss for the year		(1,856,455)	(9,065,337)
	Less: loss attributable to non-controlling equity interest		-	-
	Loss used in the calculation of basic and diluted EPS		(1,856,455)	(9,065,337)
			2021 No.	**2020 No.**
18.2	**Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS**		353,288,916	251,793,328
	Weighted average number of dilutive equity instruments outstanding	18.5	N/A	N/A
18.3	**Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS**		353,288,916	251,793,328
18.4	**Earnings per share**		**2021 ¢**	**2020 ¢**
	Basic EPS (cents per share)	18.5	(0.53)	(3.60)
	Diluted EPS (cents per share)	18.5	N/A	N/A

18.5 As at 30 June 2021, the Group has 333,333 unissued shares under options (2020: 104,181,760) and 1,555,558 performance shares on issue (2020: 1,555,558). The Group does not report diluted earnings per share on losses generated by the Group. During the year, the Group's unissued shares under option and partly-paid shares were anti-dilutive.

Note 19	Share-based payments	Note	2021 $	2020 $
19.1	**Share-based payments:**			
	■ Recognised in profit and loss – share-based payment expense	19.2.1a	215,946	-
	■ Recognised in net assets in Embedded Derivatives	19.2.1b	222,000	-
	■ Recognised in profit and loss – *Consultancy fees*	19.2.2a	-	724,000
	■ Recognised in profit and loss – *Interest and finance costs*	19.2.2b	-	87,097
	■ Recognised in net assets as a reduction in borrowings and payables	19.2.2c,d	-	6,187,101
	■ Recognised in equity – *Transaction costs*	19.2.2e	-	258,192
	Gross share-based payments		437,946	7,256,390

19.2 Share-based payment arrangements in effect during the period

19.2.1 ***Issued during the current year***

a. *Chief Executive Officer – Remuneration Options*

On the commencement of employment, the Company granted Mr Geoff Lucas 30,000,000 options (to be issued) in accordance with his employment agreement, on the following terms:

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 days after 6-month probationary period *29 September 2023*

Note 19 Share-based payments (cont.)

b. *Convertible note – attaching options*

As detailed in note 5.7.1b, 12,000,000 options were issued to Peters Investments Pty Ltd in connection with the provision of a convertible note.

Number under Option	Date of Expiry	Consideration	Exercise Price	Vesting Terms
12,000,000	31 March 2023	nil	$0.027	Immediately upon issue

19.2.2 ***Issued in prior year, remaining in effect***

a. *Equity-settled consultant fees*

As detailed in note 7.1.3, 11,138,462 shares were issued to consultants for services with a fair value of $724,000.

b. *Equity-settled financing fees*

As detailed in note 7.1.3, 714,286 options were issued as a debt facilitation fee with a fair value of $14,297, and as disclosed in note 7.3.1, 2,000,000 options were issued as part of a convertible note fee with a fair value of $72,800.

Number under Option	Date of Expiry	Consideration	Exercise Price	Vesting Terms
714,286	31 December 2020	nil	$0.065	Immediately upon issue
2,000,000	25 May 2022	nil	$0.040	Immediately upon issue

c. *Equity-settled loans*

As detailed in note 7.1.3, 89,889,649 shares and 44,944,825 options were issued to settle $5,798,388 in loans.

Number under Option	Date of Expiry	Consideration	Exercise Price	Vesting Terms
44,944,823	31 December 2020	nil	$0.065	Immediately upon issue

d. *Equity-settled accrued Directors' fees payable*

As detailed in note 7.1.4, 5,980,205 shares were issued to Directors to settle accrued outstanding Directors' fees from the prior year amounting to $388,713.

e. *Equity-settled transaction costs*

As detailed in note 7.1.3, 12,899,074 options with a fair value of $258,192 were issued in consideration for capital raising services.

Number under Option	Date of Expiry	Consideration	Exercise Price	Vesting Terms
12,899,074	31 December 2020	nil	$0.065	Immediately upon issue

f. *Performance Shares*

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-quotation price of $0.02, at any time within 24 months of settlement) and expired. These performance shares will convert to five only, ordinary shares, subsequent to balance date. Refer also 7.2.1.

Note 19 Share-based payments (cont.)

19.3 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:

	2021		2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	104,181,760	$0.068	5,588,912	$3.873
Granted *(refer 19.3a below)*	42,000,000	$0.061	103,515,093	$0.065
Exercised	(14,000,000)	$0.028	-	-
Expired	(101,848,427)	$0.068	(4,922,245)	$4.321
Outstanding at year-end *(refer 19.3a below)*	30,333,333	$0.068	104,181,760	$0.068
Exercisable at year-end	333,333	$0.300	104,181,760	$0.068

a. Included in G*ranted* and *Outstanding at year-end* are 30,000,000 options granted to Mr Geoff Lucas that subject to vesting conditions and remain unissued as at 30 June 2021, as noted in 19.2.1a.

b. The weighted average remaining contractual life of options outstanding at year end was 0.53 years (2020: 0.53 years).

c. The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

19.4 Fair value of options granted during the year

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was $0.0204 (2020: $0.0510). These values were calculated using the Black-Scholes option pricing model, applying the following inputs to options issued this year:

Note Reference	*19.2.1a*	*19.2.1a*	*19.2.1a*	*19.2.1b*
Grant date:	29 March 2021	29 March 2021	29 March 2021	1 October 2020
Grant date share price:	$0.060	$0.060	$0.060	$0.035
Option exercise price:	$0.050	$0.075	$0.100	$0.027
Number of options issued:	10,000,000	10,000,000	10,000,000	12,000,000
Remaining life (years):	1.25	2.25	3.25	1.72
Expected share price volatility:	106.60	106.60	106.60	100.00
Risk-free interest rate:	0.08%	0.08%	0.66%	0.19%
Value per option	$0.0320	$0.0333	$0.0360	$0.0185

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.

Note 19 Share-based payments (cont.)

19.4.1 *Accounting policy*

The Group has provided payment to service providers and related parties in the form of share-based compensation whereby services are rendered in exchange for shares or rights over shares, *equity-settled transactions*. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model for services provided by employees or where the fair value of the goods or services received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance date, the entity revises its estimates of the number of options with non-market vesting conditions that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award, *vesting date*.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

19.4.2 *Key estimate*

a. *Share-based payments*

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of options granted is measured using the Black-Scholes option pricing model. The model uses assumptions and estimates as inputs. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 19.4.

Note 20 Operating segments

20.1 Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors (**the Board**) monthly and in determining the allocation of resources.

The Group is managed primarily based on service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

20.2 Types of services by segment

20.2.1 ***Real Estate and Property Services***

This represents revenue received for provision of real estate services including selling of property, settlement agent services, and property management.

20.2.2 ***Mortgage Origination Services***

This represents revenue received for provision of mortgage broking services.

20.2.3 ***Other (includes financial planning, head office etc)***

This represents non-reportable segments including head office, financial planning, property investments, and other services.

20.3 Basis of accounting for purposes of reporting by operating segments

20.3.1 ***Accounting policies adopted***

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

20.3.2 ***Inter-segment transactions***

All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

20.3.3 ***Segment assets***

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

20.3.4 ***Segment liabilities***

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Note 20 Operating segments (cont.)

20.3.5 ***Unallocated items***

The following items of revenue, expenses, assets, and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Head office and corporate costs;
- Net gains on disposal of available-for-sale investments;
- Impairment of assets and other non-recurring items of revenue and expense;
- Income tax expense;
- Current and deferred tax assets and liabilities;
- Other financial assets;
- Intangibles assets; and
- Discontinued operations.

20.3.6 ***Segment information***

a. The Group's operations are from Australian sources and therefore no geographical segments are disclosed.

b. Assets and liabilities have not been reported on a segmented basis as the Board of Directors is provided with consolidated information.

20.4 Segment Financial Performance

30 June 2021	Real Estate Property Services $	Mortgage Origination Services $	Total Reportable Segments $	Other Segments $	Total $
Revenue					
External revenues	55,315,280	3,052,418	58,367,698	12,892	58,380,590
Inter-segment revenues	-	-	-	-	-
Total segment revenue	55,315,280	3,052,418	58,367,698	12,892	58,380,590
Reconciliation of segment revenue to Group revenue:					
Eliminations					-
Total group revenue and other income					58,380,590
Segment earnings before interest, tax, depreciation, and amortisation (**EBITDA**)	10,870,805	1,019,472	11,890,277	180,893	12,071,170
Unallocated corporate costs					(5,704,505)
EBITDA					6,366,665
Reconciliation of segment loss to Group loss:					
(i) Unallocated items:					
Gain on disposal of assets	77,387	-	77,387	123,225	200,612
Impairment	-	-	-	(400,000)	(400,000)
Depreciation and amortisation	(5,203,520)	(42,840)	(5,246,360)	(219,454)	(5,465,814)
Net finance costs	(1,106,530)	(3,406)	(1,109,936)	(1,139,072)	(2,249,008)
Fair value adjustments	-	-	-	(1,986,988)	(1,986,988)
Share-based payments	-	-	-	(215,946)	(215,946)
Profit before income tax					(3,750,479)

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Note 20 Operating segments (cont.)

30 June 2020	Real Estate Property Services $	Mortgage Origination Services $	Total Reportable Segments $	Other Segments $	Total $
Revenue					
■ External revenues	39,023,834	2,817,248	41,841,082	20,439	41,861,521
■ Inter-segment revenues	-	-	-	-	-
Total segment revenue	39,023,834	2,817,248	41,841,082	20,439	41,861,521
Reconciliation of segment revenue to Group revenue:					
■ Eliminations					-
Total group revenue and other income					41,861,521
Segment earnings before interest, tax, depreciation and amortisation (**EBITDA**)	6,095,130	1,131,649	7,226,779	(1,518,252)	5,708,527
■ Unallocated corporate costs					(3,045,440)
EBITDA					2,663,087
Reconciliation of segment loss to Group loss:					
(ii) Unallocated items:					
■ Impairment	(5,230,330)	-	(5,230,330)	-	(5,230,330)
■ Depreciation and amortisation	(5,771,409)	(23,410)	(5,794,819)	(243,790)	(6,038,609)
■ Net finance costs	(1,446,487)	-	(1,446,487)	(304,718)	(1,751,205)
Profit before income tax					(10,357,057)

20.5 Major customers

The Group has a diversified range of customers across various geographic locations and businesses, and is not dependant on any one customer above 5%.

Note 21 Parent entity disclosures

The Agency Group Australia Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

The Agency Group Australia Ltd did not enter into any trading transactions with any related party during the year.

21.1 Financial Position of The Agency Group Australia Ltd

	2021 $	2020 $
Current assets	268,856	1,058,028
Non-current assets	6,767,714	2,964,975
Total assets	7,036,570	4,023,003
Current liabilities	1,180,470	3,947,812
Non-current liabilities	5,856,100	-
Total liabilities	7,036,570	3,947,812
Net assets	-	75,191
Equity		
Issued capital	43,635,166	39,395,942
Share-based payment reserve	1,071,861	928,715
Accumulated losses	(44,707,027)	(40,249,466)
Total equity	-	75,191

21.2 Financial performance of The Agency Group Australia Ltd

	2021 $	2020 $
Loss for the year	(1,523,769)	(2,152,572)
Other comprehensive income	-	-
Total comprehensive income	(1,523,769)	(2,152,572)

21.3 Guarantees

There are no guarantees entered into by The Agency Group Australia Ltd for the debts of its subsidiaries as at 2021 (2020: none).

21.4 Contractual commitments

The parent company has no capital commitments at 2021 (2020: $nil). The parent company other commitments are disclosed in note 12 *Commitments*.

21.5 Contingent liabilities

There are no guarantees entered into by The Agency Group Australia Ltd for the debts of its subsidiaries as at 2021 (2020: none). The parent company other contingencies are disclosed in note 14 *Contingent liabilities*.

Note 22 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 years presented, unless otherwise stated.

22.1 Basis of preparation

22.1.1 *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. These are the consolidated financial statements and notes of The Agency and controlled entities (collectively the **Group**). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved in the integrated real estate services.

The separate financial statements of The Agency, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

22.1.2 *Basis of accounting*

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (**AAS Board**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (**AASBs**) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements were authorised for issue on 29 September 2021 by the Directors of the Company.

22.1.3 *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 loss for the year of $1,856,455 (2020: $9,065,337 loss) and a net cash in-flow from operating activities of $4,643,389 (2020: $334,704 in-flow). Included in the loss during the year was depreciation and amortisation of $5,465,814, embedded derivative non-cash financing cost $2,243,784, and impairment of $400,000.

As at 30 June 2021, the Company had a working capital deficit of $2,120,270 (2020: $18,414,917 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 not breaching the terms of its borrowing facilities.

In the event 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.

22.1.4 *Comparative figures*

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

Note 22 Statement of significant accounting policies

22.1.5 ***New and Amended Standards Adopted by the Group***

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

22.2 Goods and Services Tax

Goods and Services Tax (**GST**) is and Australian broad-based consumption taxes that the Group is exposed to.

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (or jurisdictional equivalent) is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

22.3 Foreign currency transactions and balances

22.3.1 ***Functional and presentation currency***

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the legal parent entity's functional and presentation currency. The functional currency of the Group is the Australian Dollar.

22.4 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.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 22.4.1.

22.4.1 ***Critical Accounting Estimates and Judgments***

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Key estimate – Taxation

   Refer note 4.8 of the *Income tax* note.

b. Key judgement and keys estimate – Impairment of goodwill and rent roll

   Refer note 6.3 *Intangible assets*.

Note 22 Statement of significant accounting policies

c. Key judgement – determining the lease term

Refer note 6.2 *Leases*.

d. Key estimate – determining convertible note embedded derivative

Refer note 5.7 *Financial liabilities*.

e. Key estimate – Share-base payments

Refer note 19 *Share-based payments* note.

22.4.2 ***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.

22.5 Fair Value

22.5.1 ***Fair Value of Assets and Liabilities***

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable, and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

22.5.2 ***Fair value hierarchy***

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Note 22 Statement of significant accounting policies

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

22.5.3 ***Valuation techniques***

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

22.6 New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 23 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 23 to 73, are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards;

   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 22.1 to the financial statements; and

   (c) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Group.

   (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);

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 and is signed for and on behalf of the Directors by:

PAUL NIARDONE
Managing Director
Dated this Wednesday, 29 September 2021

HALL CHADWICK

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Agency Group Australia Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 22.1.2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

HALL CHADWICK

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Intangible assets As disclosed in note 6.3 to the financial statements, the Consolidated Entity had intangible assets with a carrying amount of $24,240,451 as at 30 June 2021 consisting of goodwill and acquired rent rolls and trail books. The impairment assessment of the Consolidated Entity's intangible assets is a Key Audit Matter due to: • The significance of the balance to the Consolidated Entity's financial position; and • The presence of impairment indicators and judgement required in assessing the value in use of the cash generating units ("CGU's") to which the intangible assets relate.	Our procedures amongst others included: • Assessed the Consolidated Entity's determination of CGU's; • Obtained an understanding of management's basis for determining the fair value less costs to sell of the rent roll intangible assets; • Assessed the basis of the property management multiples used with reference to a report prepared by an independent expert; and • Assessed management's value in use calculations including analysis of key assumptions and inputs such as discount rates and assessing the reasonableness of the forecasts prepared.
Borrowings and financial liabilities As disclosed in notes 5.6 and 5.7 to the financial statements, the Consolidated Entity had borrowings of $5,000,000 and financial liabilities of $4,882,672 as at 30 June 2021. Borrowings and financial liabilities are considered to be a key audit matter due to the significance of the balances to the Consolidated Entity's financial position and the complexities involved in assessing the terms of the various agreements.	Our procedures amongst others included: • Analysing the agreements to identify the terms and conditions for each facility; • Obtaining confirmations for a sample of the balances outstanding; • Verifying the conversion of debt to equity during the year; • Reviewing the loan covenant submissions;

HALL CHADWICK

Key Audit Matter	How our audit addressed the Key Audit Matter
	• Checking the calculation of interest during the year; • Assessing the valuation report prepared by an external expert with respect to the embedded derivative; and • Assessing the accounting treatment of the financial instruments in accordance with the recognition and measurement as well as the disclosure requirements of the relevant Australian Accounting Standards.
Revenue recognition During the year ended 30 June 2021, the Consolidated Entity generated revenue of $58,380,590. Revenue recognition is considered a key audit matter due to its financial significance.	Our procedures amongst others included: • We reviewed the Consolidated Entity's revenue accounting policy and their contracts with customers and assessed its compliance with *AASB 15 Revenue from Contracts with Customers*; • Performed substantive audit procedures on a sample basis by verifying revenue to relevant supporting documentation including verification contractual terms of the relevant agreements, verification of receipts and ensuring the revenue was recognised at the appropriate time and classified correctly; and • Performed cutoff procedures to assess whether revenue is recorded in the correct period.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

HALL CHADWICK

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 22.1.2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

HALL CHADWICK

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

HALL CHADWICK

Auditor's Opinion

In our opinion, the Remuneration Report of The Agency Group Australia Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

D Bell
DOUG BELL CA
Partner

Dated this 29th day of September 2021

Corporate governance statement

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 4th edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The Company's governance-related documents can be found on its website at www.investors.theagency.com.au/corporate-governance.

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 Capital as at 31 August 2021.

a. Ordinary share capital

428,575,916 ordinary fully paid shares held by 996 shareholders.

b. Options over Unissued Shares

Number of Options	Exercise Price $	Expiry Date	ASX Status
333,333	0.300	11 Jan 2022	Unlisted
333,333			

c. Performance Shares over Unissued Shares

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date
Incentive Performance Shares	Achieving a 20-day volume VWAP on the ASX which equals or exceeds 3 times the re-quotation price of $0.02, at any time within 24 months of settlement	1,555,558	24 months of settlement	Expired *These performance shares will convert to five only ordinary shares, subsequent to balance date*
		1,555,558		

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares**: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Options**: Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.
- **Performance Shares**: A Performance Right does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company. A Performance Right does not entitle a Holder to any dividends. A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up of the Company. A Performance Right is not transferable.

e. Substantial Shareholders as at 31 August 2021.

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Peters Investments Pty Ltd	129,621,485	30.24
Ben Collier Investments Pty Ltd <Ben Collier Investments Pty Ltd>	27,060,515	6.31
MAK Property Group Pty Ltd <MAK A/C>	25,690,547	5.99
Teldar Real Estate Pty Ltd <MJ Lahood Family A/C>	24,349,790	5.68
John Kolenda (Daring Investments)	21,998,109	5.13

f. Distribution of Shareholders as at 31 August 2021.

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	214	35,898	0.01
1,001 – 5,000	115	319,070	0.07
5,001 – 10,000	108	831,197	0.19
10,001 – 100,000	358	14,235,195	3.32
100,001 – and over	201	413,154,556	96.41
	996	**428,575,916**	**100.00**

Additional Information for Listed Public Companies

g. **Unmarketable Parcels as at 31 August 2021.**

At the date of this report there were 424 shareholders who held less than a marketable parcel of shares, holding 1,056,265 shares.

h. **On-Market Buy-Back**

There is no current on-market buy-back.

i. **Restricted Securities**

The Company has no restricted securities

j. **20 Largest Shareholders — Ordinary Shares as at 31 August 2021.**

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Peters Investments Pty Ltd	129,621,485	30.24
2.	Ben Collier Investments Pty Ltd <Ben Collier Investments P/L>	27,060,515	6.31
3.	MAK Property Group Pty Ltd <MAK A/C>	25,690,547	5.99
4.	Teldar Real Estate Pty Ltd <Mj Lahood Family A/C>	24,349,790	5.68
5.	Semc 2 Pty Limited <The Chen Asset A/C>	17,475,530	4.08
6.	Hanzheng Ksw Pty Ltd <Hanzheng KSW Unit A/C>	16,666,667	3.89
7.	Daring Investments Pty Ltd	11,942,591	2.79
8.	Daring Investments Pty Ltd <Kolenda Family A/C>	10,055,518	2.35
9.	Honan Insurance Group Pty Ltd	7,692,308	1.79
10.	Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C>	7,500,000	1.75
11.	Dawney & Co Ltd	7,500,000	1.75
12.	Mr Andrew Ernest Goodall	6,853,537	1.60
13.	Nutsville Pty Ltd <Indust Electric Co S/F A/C>	6,763,230	1.58
14.	Mr Irwin David Klotz	5,000,000	1.17
15.	On Time Taxis Pty Ltd	4,886,026	1.14
16.	Crossbay Pty Ltd	4,218,934	0.98
17.	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	3,724,913	0.87
18.	BNP Paribas Nominees Pty Ltd *grouped*	3,518,429	0.82
19.	Pritdown Pty Ltd <Mcdonald Super Fund A/C>	3,500,000	0.82
20.	Martianne Pty Ltd <Crabb Family Invest No 2 A/C>	3,430,909	0.80
	TOTAL	**327,450,929**	**76.40**

k. **Unquoted Securities Holders Holding More than 20% of the Class as at 31 August 2021**

- *Unlisted Options (Exercise price $0.30, Expiry Date: 11.01.22)*

Name	Number of Unquoted Securities	% Held of Unquoted Security Class
Mr Adam Stuart Davey <Shenton Park Investment A/C>	333,333	100.00
TOTAL	**333,333**	**100.00**
TOTAL UNLISTED OPTIONS (EXERCISE PRICE $0.30, EXPIRY DATE: 11.01.22)	**333,333**	

Additional Information for Listed Public Companies

- *Performance Share Holders Ordinary Shares*

Name	Number of Unquoted Securities	% Held of Unquoted Security Class
Paul Niardone	411,112	26.43
Philip Re	344,445	22.14
TOTAL	**755,557**	**48.57**
TOTAL PERFORMANCE SHARES	**1,555,558**	

2 The Company Secretary is Stuart Usher.

3 Principal registered office

As disclosed in note 23 *Company details* on page 73 of this Annual Report.

4 Registers of securities

As disclosed in the *Corporate directory* on page i of this Annual Report.

5 Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, as disclosed in the *Corporate directory* on page i of this Annual Report.

THE AGENCY

GROUP AUST LTD