

ASX Release
25 August 2022

FY22 FINANCIAL AND OPERATIONAL UPDATE

THE AGENCY DELIVERS DOUBLE DIGIT GROWTH IN FY22, AS THE BUSINESS CONTINUES TO SCALE.

Highlights

	FY22	FY21	% Change
Revenue	\$72.7m	\$58.4m	+24%
Underlying EBITDA – pre AASB16 ¹	\$3.85m	\$3.06m	+26%
GCI	\$102.5m	\$80.7m	+27%
Gross Value of Properties Sold	\$5.9bn	\$4.8bn	+23%
Number of Properties Sold	5,709	4,964	+15%
Number of Agents	393	308	+28%

National real estate company The Agency Group Australia (**ASX:AU1**) (“**The Agency**” or “**the Company**”) has delivered another year of strong increases in operating and financial results for FY22, as it continues to grow market presence nationally, across six states and territories.

The Agency has announced a 26% increase in Underlying EBITDA from \$3.06m to \$3.85m for the FY22 Financial year.

Revenue grew by 24% to \$72.7m (FY21: \$58.4m), which was primarily driven by a 27% year-on-year increase in Gross Commission Income (GCI) to \$102.5m (FY21: \$80.7m). The growth in GCI was underpinned by an increase in number of properties sold, which increased 15% to 5,709 properties in FY22 (FY21: 4,964), significantly outperforming the Australian market growth of 3.2%².

Further economies of scale were achieved, with The Agency’s Cost of Doing Business³ Ratio declining to 30.3% of Revenue, down from 34.7% in FY21.

As at 30 June 2022, the Group’s cash and cash equivalents was \$8.2m (30 June 2021: \$5.1m). The growth in cash was underpinned by strong operational cash flows of \$4.6m (Pre AASB16 leasing adjustment).

Commenting on the results and outlook, The Agency Managing Director & CEO Geoff Lucas said, “We’re pleased with the financial results that have been delivered for our shareholders. Expanding our geographic reach, increasing agent numbers, growing our local market presence at a lower cost of doing business are our strategic growth levers that are delivering a solid platform for execution of our future objectives.”

¹ After adjusting for FY21 for Government grants received of \$1.51 million in FY21. EBITDA pre AASB16 for FY22 was not impacted by Government grants

² CoreLogic July 2022 Monthly Housing Chart Pack

³ Operating Expenses as a percentage of revenue

HEAD OFFICE 68 Milligan Street PERTH WA 6000
 08 9204 7955 theagencygroup.com.au ABN 52 118 913 232

“Across the past 12 months, we’ve increased our team by 85 agents, taking us to 393 agents, compared to 308 in the previous year. This agent growth underpinned our GCI uplift to \$102.5m, which is just a fraction of the \$7.6 billion⁴ total annual Australian residential real estate commissions pool. Our business is well positioned to continue growing our share of this pool.”

“Agents are attracted to our direct engagement model which has created a more responsive, efficient and effective model, removing the typical franchise ‘middle layer’. Our direct engagement model alleviates our agents from the distractions of managing office overheads and the administrative burden associated with operating a franchise and instead, allows agents to focus on the high dollar value activities like servicing their customers,” Mr Lucas explained.

“As the market tightens, we expect vendors to look to experienced agents who have a track record in changing market conditions. We are confident that these market conditions will work to our advantage, not only to help to attract new agents to our business and grow our agent numbers, but also help many of our existing agents gain market share at their local suburb level.”

Outlook

Mr Lucas continued “In terms of price movements, we have revised our calendar year 2022 national price movement to be negative 4% to 8%. We believe consumer confidence will return as the quantum of interest rate movements reduce and a terminal value for this cycle is reached. Once consumer confidence returns, we believe this will lead to a recovery in transaction volumes.”

“At 30 June 2022, the value of Australian residential real estate was \$9.95 trillion dollars – nearly 4 times the size of the value of the Australian listed stocks and about 3 times the size of the entire Australian superannuation industry. Consumers should continue to take a long-term view with decisions around their real estate assets,” Mr Lucas noted.

Mr Lucas believes although this year’s results are pleasing, there still remains significant market share potential ahead for The Agency.

“From our assessment, we’ve calculated that we sold a property in around 34% of the addressable market in the last 12 months. This shows the potential reach of our current infrastructure but also highlights that we have many further markets to tap into as we grow our national market share. Our strategy is to build depth in these existing markets as well as grow into additional markets,” he concluded.

Investor Webinar

The Agency advises that Mr Lucas will provide a detailed update on the financial and operational results of the Company for the FY22 via an investor and media webinar including a Q&A session today **Thursday 25 August 2022 at 12.00pm(AEDT) (10.00am AWST)**.

⁴ *Assessed at 1.50% Average Commission Rate on FY22 Gross Sales Volume of \$521.2Bn (CoreLogic July 2022 Monthly Housing Chart Pack)

To access further details of the event and to register at no cost, please follow the below link (or cut and paste into your browser)

https://us02web.zoom.us/webinar/register/WN_DVeFPce3R7OQdZtFYcJE8g

Once you have registered, you will be provided with detailed instructions on how to view the webinar.

A copy of the presentation to be provided in this webinar has been uploaded separately to the ASX.

ENDS

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

If you require further information, please contact:

Investors

The Agency Australia Ltd
Geoff Lucas
T: +61 02 8376 9100

Media

Chapter One Advisors
David Tasker / Colin Jacoby
T: +61 433 112 936 / +61 439 980 35

HEAD OFFICE 68 Milligan Street PERTH WA 6000
08 9204 7955 theagencygroup.com.au ABN 52 118 913 232

THE AGENCY



MORTGAGE
& FINANCE
Solutions Australia



LANDMARK
Settlements Australia



AUSNET
Insurance



AUSNET
Financial Planning

THE AGENCY
— GROUP AUSTRALIA LTD

ASX: AU1