

ASX Market Release
26 February 2021

PropTech Group Delivers Profitable First Half Performance

The PropTech Group Limited (ASX: PTG) (“**Company**” or “**PropTech Group**”), a leading investor in and operator of PropTech companies primarily serving the Australian, United Kingdom, and New Zealand real estate markets, is pleased to release its results for the six months ending 31 December 2020 (“**First Half**” or “**H1**”).

The First Half was highlighted by strong revenues, a 29 percent underlying EBITDA margin, strong operational cash flows, the merger of multiple businesses and the re-listing on ASX.

Joe Hanna, CEO and Managing Director of the PropTech Group commented: “the First Half was extremely challenging and rewarding for the business. We were able to complete the acquisition of MyDesktop and Vault, merge them with the Real Estate Investar business, re-list the combined entity on ASX as the PropTech Group, while also delivering strong revenues, EBITDA and cash flows.

First Half financial highlights include:

- statutory revenue of **\$5.0m** (note this only includes 2 months of the legacy Real Estate Investar business revenues due to reverse take-over accounting treatment – see Financial Results section);
- Underlying EBITDA of **\$1.4m** resulting in an Underlying EBITDA margin of **29%**;
- **\$0.96m** in positive Underlying Net Operating Cashflow; and
- **\$12.2m** in cash on hand as of 31 December 2020.

First Half operational highlights include:

- as at 31 December 2020, approximately 40 percent of agents using the legacy MyDesktop CRM system had been migrated to the next-generation VaultRE;
- negotiated a further 2-year agreement with its largest client, the Ray White Group, at a higher subscription price per office;
- focused on improving customer service resulting in a significant reduction in the voluntary churn rate;
- signed Century 21 in the United Kingdom to use its VaultEA (UK version of VaultRE) CRM system;
- enhanced its leadership team by hiring of several highly experienced industry executives; and
- continued investigation of acquisition opportunities.

First Half corporate restructuring highlights include:

- acquired market-leading real estate sales CRM MyDesktop and next-generation sales CRM VaultRE via the special purpose vehicle Real Estate CRM Pty Ltd (“RECRM”);
- successfully raised \$10.6 m in capital via oversubscribed broker firm and priority offers;
- retired historical operational payables through a combination of equity and cash payments; and
- successfully re-complied with Chapter 1 and 2 of the ASX listing rules to be reinstated on the ASX in Nov 2020.

Subsequent to the end of the financial year, the PropTech Group entered into an agreement to acquire Website Blue for \$1.5m. This is payable via a combination of cash and equity with \$750,000 tied to performance over the next 2 years.

The acquisition of WebSite Blue has three major benefits to the PropTech Group:

1. An increase in the number of customers in Australia and New Zealand;
2. The PropTech Group can now offer existing customers the additional WebSite Blue marketing products, and this will increase the overall ARPA from existing customers; and
3. The PropTech Group now has access to a larger technology team allowing for even greater innovation.

Forward looking statement

The Company is in a good position to accelerate its growth in the second half of the financial year.

The Company will focus on migrating the rest of the legacy MyDesktop customers to VaultRE, cross selling its broad range of products and services to its existing customers, increasing the number of customers in all regions, and looking for additional acquisition opportunities.

Results Overview

Basis of Preparation – Statutory

The acquisition by the Company (the legal parent) of RECRM (the legal subsidiary) is deemed to be a reverse acquisition under the principles of AASB 3 “Business Combinations” since the substance of the transaction is such that the former shareholders of RECRM are deemed to have effectively acquired the Company. As a result of the reverse acquisition treatment, RECRM is considered the accounting acquirer, and the Company is deemed to be the accounting acquiree.

Therefore, the Financial Information in the Appendix 4D and Half year report for the period ended 31 December 2020 has been prepared according to AASB 3. This

means RECRM has been accounted for July 2020 – December 2020 (Year to Date), while the Company has been consolidated for November and December 2020.

First Half Financial Results for Continuing Operations

During the half year period to 31 December 2020, PropTech Group total revenues and other income was \$5,031,616, with a profit for the consolidated entity after providing for income tax amounting to \$522,478.

Annualised monthly recurring revenue for the PropTech Group as at 31 December 2020 was \$9,924,071, which only takes SaaS revenues into consideration.

	31-Dec-20
Consolidated profit or loss and other comprehensive income	\$
Total revenue & other income	5,031,616
Total expenses	(4,194,153)
Net finance costs	(120)
NPBT	837,344
Income tax	(314,866)
NPAT	522,478
Foreign currency translation differences	(18,715)
Total comprehensive profit for the period	503,762

The Group had an Underlying EBITDA for the period of \$1,414,103, which excluded any non-operating items.

Underlying EBITDA	31-Dec-20
	\$'000
SaaS Revenue	4,488
Other operating revenue	384
Total operating revenue	4,872
COS	(471)
Gross Profit	4,401
Gross Profit Margin %	90%
Other Income	159
Operating expenses	(3,146)
Underlying EBITDA	1,414
Underlying EBITDA Margin %	29%

The above numbers should be read in conjunction with the first half accounts.

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Business to Business (B2B)

The Real Estate Agency Services (B2B) business units consist of the MyDesktop, VaultRE, and Rentfind Inspect products. There are 3,703 unique agencies across Australia, New Zealand, and the United Kingdom using at least one of PropTech Group's products and services.

During the 6 months to December 20, the group continues to successfully transition its customer base from the legacy MyDesktop system to the next-generation product VaultRE that serves both the sales CRM and property management segments.

The business was able to secure its largest client Ray White for a further 2 years.

Business to Consumer (B2C)

The Property Tools business unit consists of the Real Estate Investar products.

As at 31 December 2020, there were 157,524 members using the free Real Estate Investar products.

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Release of market announcement authorised by Joe Hanna, CEO and Managing Director.

Contact Details

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About the PropTech Group

The PropTech Group is an Australian listed company that focuses on investing in and operating PropTech companies that primarily serve the Australian, United Kingdom, and New Zealand real estate markets.

Key assets include the market leading real estate sales CRM software MyDesktop and VaultRE in Australia and New Zealand, Real Estate Investar, VaultEA in the United Kingdom, and Rent Find Inspector.

Major customers include Ray White and Raine and Horne in Australia, and Century 21 in the United Kingdom.