

ASX Market Release

29 April 2021

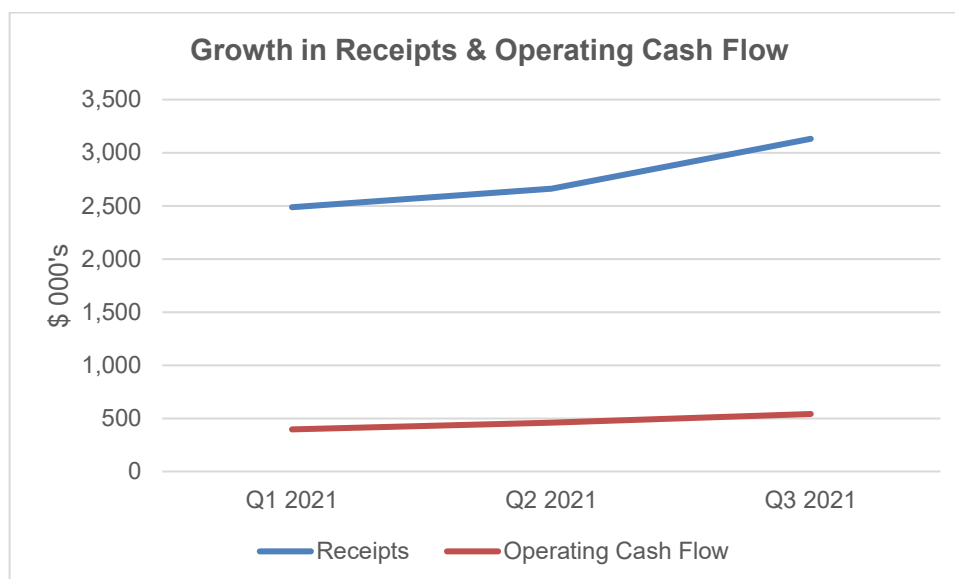
PropTech Group Limited continues to deliver strong operational cash flow in Third Quarter of FY21

The PropTech Group Limited (ASX: PTG) (“**Company**” or “**PropTech Group**”), a leading investor in and operator of PropTech companies in Australia, the United Kingdom, and New Zealand is pleased to release its Appendix 4C and Activities Report for the three months ending 31 March 2021 (“**Third Quarter,**” “**Q3**” or “**Q3 FY21**”).

Q3 Highlights

Operational highlights for the quarter include:

- Underlying positive net cashflow from operating activities of **\$541,000** (after adjusting statutory cashflow for one-off costs associated with relisting on the ASX), up **18%** compared to the second quarter of FY21;
- Cash receipts from customers of **\$3.1m** in Q3, up **18%** compared to the second quarter of FY21;



- **\$10.3m** in cash on hand as of 31 March 2021;
- Increased A/NZ real estate market share from **28%** to **33%** during the quarter (where market share is calculated as number of agency offices in ANZ that use one or more of the PropTech Group products);

For personal use only

- Broadened its integrated product offering to include websites (Website Blue) and a technology platform that allows real estate agents to self-manage their digital marketing assets and campaigns (Designly) – both part of the acquisition of JMCG Pty Ltd (Website Blue);
- Acquired H1 CRM from Harcourts leading to an increase in number of agencies using a PropTech Group CRM in Australia and New Zealand;
- Finalised a further 2-year agreement with its largest client, the Ray White Group, at an increased Average Revenue per Agent (“**ARPA**”); and
- Continued investigation of several new acquisition opportunities.

Joe Hanna, CEO of the PropTech Group, commented: “Q3 was a strong quarter for the PropTech Group in both operations and acquisitions. Operations were highlighted by \$541,000 in operating cash flows, the continued migration of customers from MyDesktop system to VaultRE, and the hiring of strong managers in the team. Acquisitions were highlighted by acquiring Website Blue and the H1 platform from Harcourts, and by increased opportunities for investment and acquisition.

“The focus of the Company for the next six months is on growing our market share, migration of customers from MyDesktop to VaultRE, enhancing our integrated product offering and expanding our presence in the UK.”

Operating Cashflows

On a statutory basis, in Q3 FY21, the Company had a positive net cash flow from operating activities of \$480,000.

On an adjusted basis, where one-off costs relating to relisting on the ASX are excluded, the Company had an underlying net cash flow from operating activities of \$541,000.

The chart and table below provide a further breakdown of the reconciliation of statutory net cash flows from operating activities to adjusted net cashflows.

PTG - Underlying net cash flows from operating activities - Reconciliation	Q2 FY21 A\$ '000's	Q3 FY21 A\$ '000's	% Change
Statutory net cash flows from operating activities	(514)	480	193%
Adjustments			
Relisting & Acquisition	329	61	
Historical Payables	644		
Underlying net cash flows from operating activities	459	541	18%

For personal use only

Acquisitions

Website Blue

The total consideration for the acquisition of Website Blue is \$1.5 million payable in a combination of cash and PropTech Group shares over 3 tranches.

In Q3 FY21, the initial consideration paid on completion was \$750,000 (\$150,000 cash and \$600,000 in PTG shares at the 30-day volume weighted average price (VWAP));

Website Blue owns and operates Designly, a technology platform that allows real estate agents to self-manage their digital marketing assets and campaigns. With one click, real estate agents can create all the marketing assets including eMarketing, signboards, property flyers, DL cards, social media stories, and window cards.

As part of the PropTech Group, Website Blue will increase the ARPA (average revenue per agent), increase the total number of customers, and help drive product innovation across the complete PropTech Group.

H1 Platform

In Q3 FY21, the PropTech Group acquired the H1 technology platform, along with the associated goodwill and intellectual property.

H1 is a full-service real estate sales CRM that was first developed by Harcourts in 1998. Today over 650 Harcourts franchise offices use H1 to operate their businesses with over 600 being in Australia and New Zealand. The remaining Harcourts offices using H1 are in South Africa and Indonesia.

The agreement includes a strategic partnership which sees Harcourts exclusively endorse the PropTech Group's VaultRE sales CRM to their network in Australia and New Zealand.

The acquisition of H1 increases the share of real estate agencies which use at least one of the PropTech Group's products to over 4050 offices across Australia and New Zealand, a market share of c.33%.

Payments to Domain

As part of the acquisition of Commerce Australia Pty Ltd (MyDesktop), the deferred consideration of \$2m was paid during Q3 FY21.

Payment of \$4m in contingent consideration for the retention of at least 85% of the MyDesktop customer base will be fully paid in Q4 FY21 and;

¹ VWAP will be calculated on the 30 trading days ending on the trading day immediately preceding the execution of the Share Purchase Agreement and the relevant dates for the deferred components.

The final contingent consideration payment of \$3m will fall due in the next financial year (FY22) which is contingent on the retention of a key customer licensing the VaultRE CRM for a minimum of 2 years.

**** ENDS ****

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

Contact Details

Joe Hanna
CEO and Managing Director
The PropTech Group
joe@proptech-group.com

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;
- VaultEA in the United Kingdom;
- Website Blue;
- Designly;
- Real Estate Investar; and
- Rent Find Inspector.

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

Appendix 4C

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

Name of entity

PropTech Group Limited

ABN

39 141 276 959

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,131	8,280
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(582)	(1,960)
(c) advertising and marketing	(47)	(70)
(d) leased assets	-	-
(e) staff costs	(1,482)	(3,314)
(f) administration and corporate costs	(456)	(2,226)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	(84)	(402)
1.7 Government grants and tax incentives	-	54
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	480	362
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(2,150)	(2,150)
(b) businesses	-	-
(c) property, plant and equipment	(10)	(26)
(d) investments	-	-
(e) intellectual property	(188)	(491)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	319
2.6	Net cash from / (used in) investing activities	(2,348)	(2,348)

Note:

2.5 Other: In line with AASB 3 reverse acquisition accounting, PropTech Group Limited's opening cash balance taken up on business combination in prior period.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,600
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(5)	(773)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(5)	9,827

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,207	2,475
4.2	Net cash from / (used in) operating activities (item 1.9 above)	480	362
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,348)	(2,348)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	9,827
4.5	Effect of movement in exchange rates on cash held	4	22
4.6	Cash and cash equivalents at end of period	10,338	10,338

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,735	2,982
5.2	Call deposits	6,603	9,225
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,338	12,207

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	109
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Consulting and director fees relating to the current quarter - \$109k</p>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	480
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,338
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	10,338
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date: 29 April 2021

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

Notes

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