



2023 ANNUAL GENERAL MEETING

14 November 2023



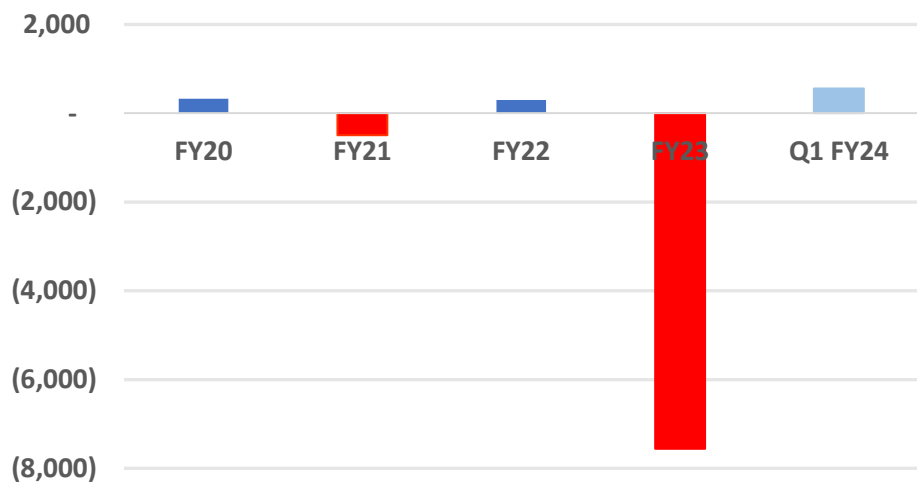


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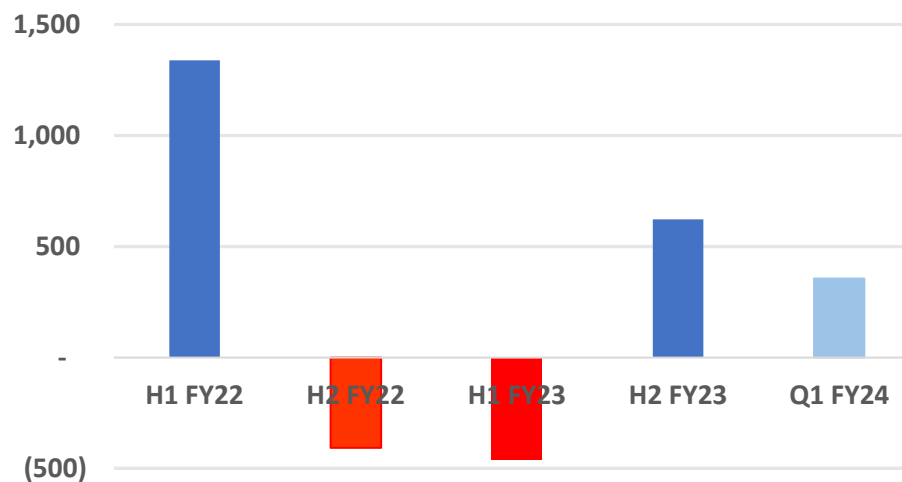
Company Presentation



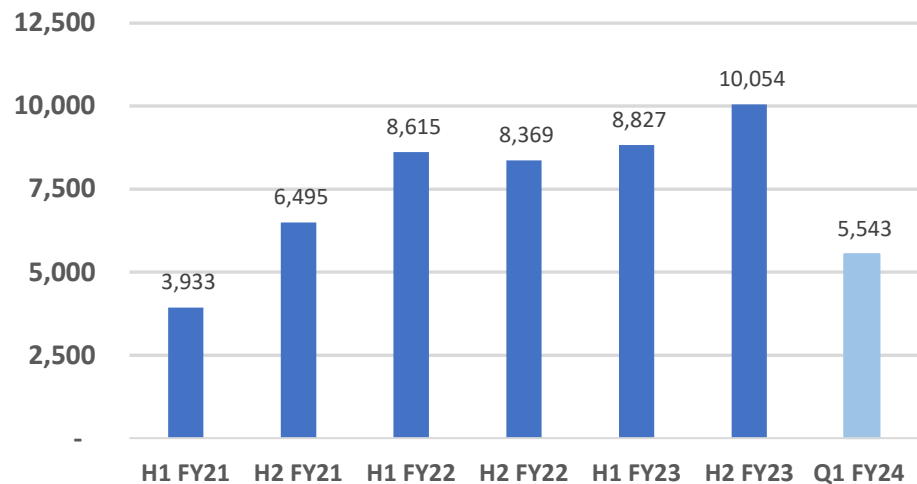
Profitability - NPBT (\$000)



Normalised NPBT attributable (\$000)



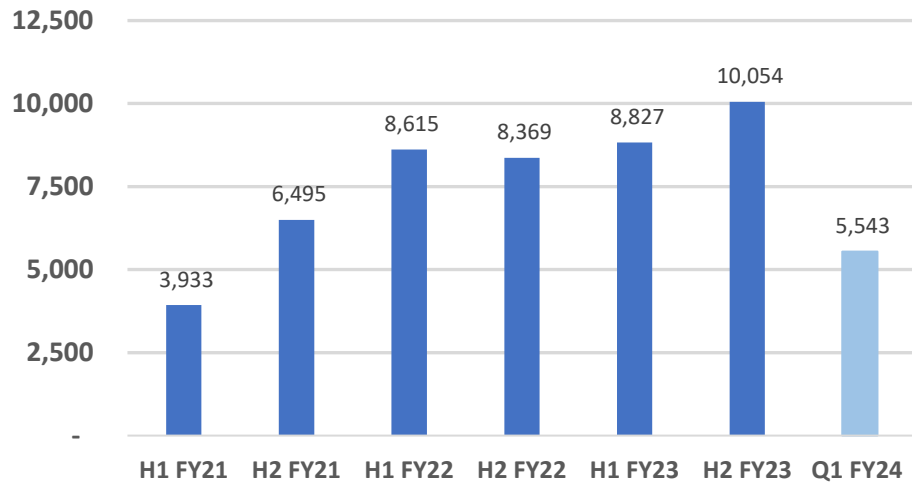
Half Year Revenue excl. disbursements (\$000)



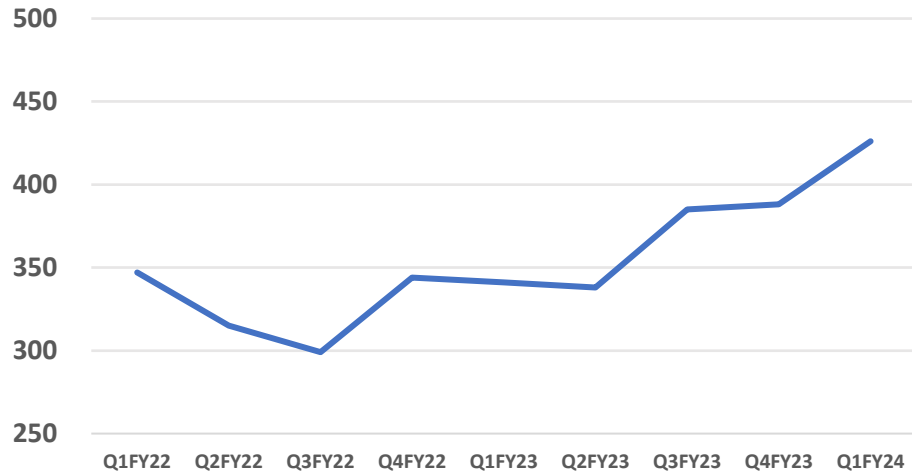
Average Weekly Revenue (\$000)



Half Year Revenue excl. disbursements (\$000)



Average Weekly Revenue (\$000)



- Revenue of \$5.5 million for Q1 FY24 continues our recent trend of strong year-on-year top line growth with the period up by \$1.1m or 25% on the prior corresponding period of Q1 FY23 (pcp)
 - At 25% our Q1 FY24 growth on pcp is the highest achieved organically and even stronger than the 20% growth on pcp experienced across H2 FY23
- Average Weekly Revenue for Q1 FY24 was \$426k per week, another new high for our organisation, building on the positive revenue momentum seen across H2 FY23
 - FY22 Q2 & Q3 drop stabilised in Q4 FY22 to Q2 FY23 but has now lifted appreciably across H2 FY23 and now Q1 FY24
- Watts McCray Sydney, Withnalls Darwin and AFL WA have all performed well delivering solid increases on pcp (Q1 FY23)
- Our newest AFL offices at Wollongong, Gold Coast and Bayside Brisbane continue showing improvement with growing revenues and are profitable practices
- The remainder of the AFL branded portfolio was largely flat, but on a positive note, most of these practices have been exhibiting improvement month by month across the quarter

Q1 Revenue growth 25%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the 1st quarter ended 30 September 2023

	30 Sept 2023	30 Sept 2022
	\$000	\$000
Revenue	5,543	4,435
Expenses		
Cost of sales	(11)	8
Employee expenses	3,281	2,602
Administrative expenses	754	664
Other expenses	475	834
Share based payment expense	22	100
Interest expense	56	50
Depreciation	301	347
Amortisation	107	105
Impairment Expense	-	-
Profit/(Loss) before income tax	558	(275)
Income tax expense	-	-
Profit/(Loss) for the period	558	(275)
Other comprehensive income	0	0
Total comprehensive income/(loss) for the period	558	(275)
Profit/(Loss) for the year attributable to:		
Non-controlling interest	202	138
The owners of AF Legal Group Ltd	356	(413)
Total comprehensive income/(loss) for the year attributable to:		
Non-controlling interest	202	138
The owners of AF Legal Group Ltd	356	(413)
Total comprehensive income/(loss) for the year	558	(275)

- NPBT attributable to the owners of the AF Legal Group Limited for Q1 FY24 was a profit of \$356k which represents a \$769k improvement on the (\$413k) loss for Q1 FY23
 - Normalised NPBT attributable for H2 FY23 of \$622k
 - Normalised NPBT attributable losses of (\$463k) and (\$407k) for H1 FY23 and H2 FY22 respectively
- Revenues of \$5.5 million up by \$1.1m or 25% on Q1 FY23
- Employee expenses up 26% and Administrative expenses up 14% due in part to more appropriate coding of Other expenses which are down 57%
- Please note Q1 Profit & Loss is Unaudited

Profitability trend continuing

\$'000	Q1 FY24	Q1 FY23	FY23	H2 FY23	H1 FY23	FY22
Revenue (excl. disbursements)	5,543	4,435	18,881	10,054	8,827	16,983
Average Weekly Revenue [AWR] (excl. disbursements)	426	341	363	387	339	327
<i>Growth on Q1 FY23</i>	25.0%					
<i>Growth on H2 FY23</i>		10.3%				
<i>Growth on FY22</i>			11.2%			
<i>AWR Growth on H1 FY23</i>				13.9%		
<i>AWR Growth on H2 FY22</i>				20.1%	5.5%	
NPBT	559	(275)	(7,556)	972	(8,528)	295
NPBT attributable to the owners of AF Legal Group Limited	356	(413)	(8,256)	551	(8,807)	(43)
Normalisation adjustments*	-	440	8,415		8,415	976
Phasing adjustments**	-	-	-	71	(71)	
Normalised NPBT	559	165	859	1,043	(184)	1,271
Normalised NPBT attributable to the owners of AF Legal Group Limited	356	27	159	622	(463)	932

- This Normalised and correctly Phased view represents a continuation in Q1 FY24 of the marked improvement seen across H2 FY23 with a Normalised NPBT attributable profit of \$356k (H2 FY23 \$622k)
 - H1 FY23 loss of (\$463k)
 - H2 FY22 loss of (\$407k)

- H2 FY23 saw no further Normalising adjustments other than some minor Phasing adjustments which resulted from the final review of the balance sheet and the profit and loss. This is included in the table above to arrive at a Normalised and Phased view of FY23 by half (H1 FY23 & H2 FY23), also including further detail in relation to Q1 FY23 for direct comparison. Also included for reference are the full year FY22 numbers.

Consolidated Statement of Cash Flows
for the 1st quarter ended 30 September 2023

	30 Sept 2023	30 Jun 2023
	\$'000	\$'000
Cash Flows From Operating Activities		
Receipts from customers	4,807	23,191
Payments to suppliers and employees	(4,261)	(21,923)
Net interest received	0	(2)
Income tax paid	(247)	(200)
Net Cash Generated by Operating Activities	299	1,066
Cash Flows From Investing Activities		
Payments for purchase of fixed assets	(96)	(582)
Payments for purchase of intangible assets	(11)	(183)
Payment of deferred consideration	(250)	(432)
Net Cash Used in Investing Activities	(358)	(1,197)
Cash Flows From Financing Activities		
Payment of lease liabilities	(256)	(1,098)
Payment of borrowings	-	(116)
Payment of dividends	-	(351)
Net Cash Used in Investing Activities	(256)	(1,565)
Net (Decrease)/Increase in Cash Held	(314)	(1,697)
Cash at the Beginning of the Financial Year	2,052	3,749
Cash at End of Period	1,738	2,052

- The operating cash flow for the FY23 financial year was an inflow of \$0.30 million (FY23: inflow of \$1.06 million)
 - Adjusting for the impact of the repayment of lease liabilities (now in “Cash Flows from Financing Activities” under AASB16) this would be a net cash inflow of \$43k
- Operating cash flow included the impact of \$0.25m for Income taxes paid during the quarter
- The overall net decrease in cash held of \$0.31 million was then the result of the net cash used in investing activities of \$0.36m (\$0.96m for fixed assets, \$0.25m in deferred consideration) plus the net cash used in financing activities of \$0.26m (\$0.26m lease liabilities)
- Cash remains tight but manageable with \$0.75m to be paid in Q2 to finalise most of our Deferred Consideration obligations and it is worth noting that \$0.57m of our cash is held in the Withnalls entity (51% owned)
- Please note Q1 Cash Flow is Unaudited

Consolidated Statement of Financial Position
for the 1st quarter ended 30 September 2023

	30 Sept 2023	30 Jun 2023
	\$'000	\$'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,738	2,052
Trade and other receivables	5,212	4,476
Right to use asset	-	-
Other current assets	929	896
TOTAL CURRENT ASSETS	7,878	7,424
NON-CURRENT ASSETS		
Deferred tax assets	1,907	1,907
Right to use asset	3,444	3,683
Plant and equipment	684	649
Goodwill	3,861	3,861
Intangible assets	425	521
TOTAL NON-CURRENT ASSETS	10,321	10,621
TOTAL ASSETS	18,200	18,045
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	3,052	2,880
Current tax liabilities	(3)	243
Deferred consideration	1,194	1,194
Lease liability	792	792
Borrowings	-	-
Employee benefits	668	589
TOTAL CURRENT LIABILITIES	5,703	5,698
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,458	1,458
Lease liability	2,704	2,904
Deferred consideration	0	250
Provisions	311	310
Employee benefits	400	383
TOTAL NON-CURRENT LIABILITIES	4,873	5,305
TOTAL LIABILITIES	10,577	11,003
NET ASSETS	7,623	7,042

- Net assets at \$7.6m were up \$0.6m on the prior year (2023: \$7.0m)
- Noteworthy balance sheet movements since the end of the financial year ended 30 June 2023 include:
 - Cash balance down by \$0.3m – Cash Flow comments previous slide
 - Trade & other receivables up by \$0.7m – up 16% broadly in line with stronger revenue trend
 - we continue to focus on appropriate Debtors & WIP levels, but these can be somewhat volatile from quarter to quarter, not always evidencing a meaningful trend
 - Right to use assets down \$0.2m – three months amortisation
 - Intangibles down by \$0.1m – three months amortisation primarily of Website
 - Trade and other payables up by \$0.2m
 - Current tax liability down by \$0.25m
 - Non-current lease liabilities down by \$0.2m – refer RTU asset movement
 - Deferred consideration down \$0.25m – payment made in Q1, a further \$0.75m to be paid across Q2
- ZERO borrowings with the \$10m NAB debt facility remaining in place, undrawn but available for the appropriate opportunity
- Please note Q1 Balance Sheet is Unaudited



People-first culture

- Focus on onboarding, professional development, continual education, mentorship and care for the individual
- Focus on junior lawyers with a clear capability and professional development program and a defined career path
- Greater autonomy and involvement for our Practices & Practice Leaders
- High performance culture characterised by open communication and mutual respect



New Client Activity

- Follow up on the successful 2023 launch of our “Australian Relationship Report” – the first of its kind in Australia
- Business development Initiatives: Corporate services; new service offerings; maintain leading national media voice
- Introduce Net Promoter Score client feedback mechanism across all our brands and markets



Profitability

- Return to meaningful profit levels in FY24
- High performance culture to drive revenue, incentivised through a more rewarding bonus scheme
- Cost reduction in corporate overheads and operational costs
- Invest in our most important resource, our people. Profitability and growth will naturally follow



Proven growth model

- Expand into new regions and continue lateral hires as low risk expansion strategy
- Grow existing practices through increased recruitment activity
- Emphasis on cultural alignment
- NAB acquisition debt facility remains undrawn available for the appropriate opportunity
- The Board retains its commitment to our longer-term growth aspirations through a combination of organic and inorganic growth opportunities

Thank You