



A / F L E G A L

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H1 FY24 Results Summary

- AF Legal Group Limited (“AFL Group”) delivers another half year of strong revenue and profitable growth on the back of H2 FY23 and relative to previous corresponding period (pcp).
- H1 FY24 Revenue of \$10.7 million grew \$1.9 million (21%) on pcp of \$8.8 million, and \$0.7 million (6.5%) increase on H2 FY23.
- The current half year delivered a net profit before tax (“NPBT”) attributable to the owners of AFL Group of \$510k after pcp losses of (\$463k) and profit in H2 FY23 of \$622k.
- Ongoing financial hygiene helped deliver a strong operating cash position and resolved other long term minor tax liability amendments.

\$'000	H1 FY24	Q2 FY24	Q1 FY24	FY23	H2 FY23	H1 FY23	FY22
Revenue (excl. disbursements)	10,713	5,170	5,543	18,881	10,054	8,827	16,983
Average Weekly Revenue [AWR] (excl. disbursements)	412	398	426	363	387	339	327
<i>AWR Growth on H1 FY23</i>	21%						
<i>AWR Growth on H2 FY23</i>	6.5%						
<i>Growth on FY23</i>	6.5%						
NPBT	993	434	559	(7,556)	972	(8,528)	295
NPBT attributable to the owners of AF Legal Group Limited	510	154	356	(8,256)	551	(8,807)	(43)
Normalisation adjustments*				8,415		8,415	976
Phasing adjustments**				-	71	(71)	
Normalised NPBT	993	434	559	859	1,043	(184)	1,271
Normalised NPBT attributable to the owners of AF Legal Group Limited	510	154	356	159	622	(463)	932

*Normalisation adjustments are as disclosed previously for H1 FY23. FY22 Normalisation adjustment for FY22 are as previously declared adjusted for the impact of the FY22 Executive Bonuses which impacted the H1 FY23 result

**Phasing adjustments are corrections for minor timing errors found during the final round of extensive balance sheet and financial report reviews which took place progressively over H2 FY23 following the appointment of Chris McFadden as CFO at the time

The Board are pleased to present a second consecutive half year result showing strong revenue and steady profitable growth, especially following the prudent actions, as outlined in the accounts of the pcp, H1 FY23.

NPBT attributable to the owners of the AFL Group was \$510k at H1 FY24, a \$973k increase on pcp loss of (\$463k) in H1 FY23, and only slightly reduced on H2 FY23 NPBT attributable of \$622k.



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Revenue

H1 FY24 delivered revenue growth of \$10.7 million, a \$1.9 million (21%) increase on H1 FY23 and a 6.5% increase on H2 FY23. Main contributors to the revenue growth were the long-standing brands of Watts McCray and Withnalls. In addition, the newer offices within the Australian Family Lawyers brand of Wollongong, Gold Coast and Bayside have seen significant uplifts in revenue growth since their practices first began about 12 to 18 months ago and as their client lead generation matures. The remaining combined Australian Family Lawyers offices were flat compared to pcp but benefited from stronger performances from AFL Kordos and Australian Family Lawyers WA.

Average weekly revenue (AWR) in H1 of \$412k per week is a new half yearly record for our business. Despite this, we acknowledge Q2 AWR performance dropped due to some seasonal issues that saw AWR deliver \$398k per week in Q2 compared to Q1 FY24 of \$426k per week. This demonstrates the challenges arising from the lack of scale in our business.

Ongoing Financial Hygiene

A review and reconciliation of tax related accounts commenced in H1 FY24 and is continuing during remainder of FY24. This includes a review of a legacy other tax provision. The following note-worthy adjustments were identified at the time of this announcement:

- \$0.355 million of the legacy other tax provision has been released in the AFL Group's H1 FY24 accounts, as confident it was not required. There is some judgement and estimation involved in the calculation and release of this provision and the associated impact on profit or loss for the AFL Group. The actual benefit realised by the AFL Group may differ from the amounts recorded. A detailed note to the accounts has been provided.
- The review also identified an existing net liability of \$311k worth of prior period BAS amendments which have now been revised and payment will be made during H2 FY24 (cash impact only).

Outlook

The recent two half year periods of stabilised performance have benefited the AFL Group, driving stronger revenue and steady profitability. This has arisen on the back of the new management structure (including the introduction of the Legal Leadership Team working closer with the Executive Team), and the people-first cultural change which is showing early positive signs reflected in AFL Group's ability to attract and retain talent and minimise operational change.

We have seen the most recent office openings in Wollongong, Gold Coast and Bayside show signs of consolidation, increased activity, profitability and team growth. Our longer standing brands of Watts McCray and AFL Withnalls continue to perform well with our Australian Family Law Brand offices performing flat on pcp, showing positive signs of performance stabilisation. We look to identify other local area-based opportunities to replicate this success.

AFL Group's performance faces continued challenges due to its scale. With the costs base now relatively fixed, the business needs to better leverage this base with a focus on steady profitable growth through



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a combination of organic and inorganic growth strategies as well as cost and process efficiency savings. The focus on organic growth and cost and process efficiency savings remains ongoing. These are supported by an improved management and leadership structure providing better local support for our high-performance teams. New operations projects that have commenced in H2 centre around talent management and the identification of a new Legal Practice Management System (PMS) technology following the recent acquisition of the business's existing PMS by a full cloud-based competitor. With the recent tech-driven development within PMSs and industry merger and acquisition activity, now is the right time to review the market and find new technology-based efficiency cost savings.

The Board and Executive Management team remain committed to the above combined growth strategy and will also continue to explore possible acquisition opportunities to grow the revenue base.

-ENDS-

For any questions, please contact:

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