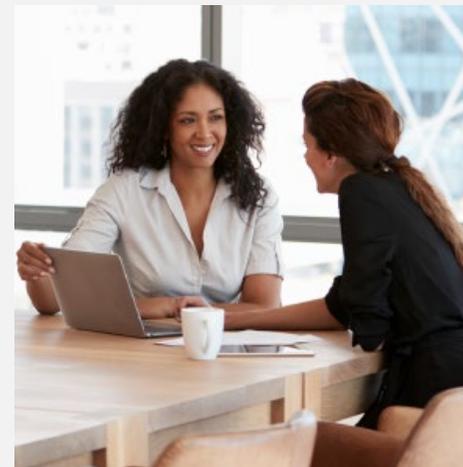




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H1 FY24 Results

Investor Presentation
29 February 2024





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Profitable and stable period

H1 FY24 Highlights



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- **H1 Revenues** (excl. disbursements) saw **growth** of 21% on H1 FY23 and 6.5% on H2 FY24
- AF Legal Group Limited (**AFL Group**) delivered **back-to-back financial halves of profitable NPBT attributable to the owners of AFL** of \$510k for H1 FY24 and \$622k for H2 FY23. This followed two halves of NPBT attributable losses (after normalisation) H1 FY23 loss (\$463k) and H2 FY22 loss (\$407k)
- **Strong cash position** in H1 FY24 despite paying \$1 million cash in deferred consideration with a net cash inflow from operating activities of \$2.185 million
- AFL Group has resourced its **in-house finance team** to focus on **monthly financial hygiene and reporting** for account accuracy that supports management decisions and builds trust
- AFL Group **extended its NAB finance facility** until January 2027 and released \$355k of unrequired legacy other tax provisions
- First 6 months of our **people-first culture** is beginning to help attract talent organically, enhance talent retention and reducing reliance on recruitment agencies
- **Executive team bolstered by the introduction of new Legal Leadership Team** offering improved senior local support to drive high performance and the organic growth of the business at a practice level



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Financial Results

H1 FY24

Another profitable half



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	Note	31-Dec-23 \$'000	31-Dec-22 \$'000
Revenue	3	10,713	8,827
Expenses			
Cost of sales		3	(23)
Employee expenses		6,547	5,448
Administrative expenses	4	1,350	1,490
Other expenses	5	899	2,523
Share based payment expense	6	33	100
Interest expense		94	109
Depreciation		579	674
Amortisation		215	464
Impairment expense	7	-	6,569
Profit/(Loss) before income tax		993	(8,528)
Income tax expense/(benefit)	8	(53)	(465)
Profit/(Loss) for the period after income tax		1,046	(8,063)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		1,046	(8,063)
Profit/(Loss) for the period attributable to:			
Non-controlling interest		482	280
The owners of AF Legal Group Limited		564	(8,343)
Total comprehensive income/(loss) for the period attributable to:			
Non-controlling interest		482	280
The owners of AF Legal Group Limited		564	(8,343)
Total comprehensive income/(loss) for the period		1,046	(8,063)

- Headline **NPAT attributable** to the owners of the AF Group for H1 FY24 was a **profit of \$564k**, up from \$8.343 million loss in the previous corresponding period (pcp), key contributors:
 - Revenue of \$10.7 million **up by \$1.9 million (21%)** compared to pcp
 - Total Expenses of \$9.7 million increased only \$0.8 million (8.7%)** compared to pcp after normalisation adjustments
 - \$0.355 million** legacy other income tax provision release (following a tax related review and reconciliation)
- NPBT attributable** for H1 FY24 was **\$510k up \$973k** compared to (\$463k) loss for pcp after normalisation and phasing adjustments
- H1 FY23 saw **\$8.415 million** in **one-off expenses** and charges which adversely impacted results, no such one-off expenses have been required since
- Newer regional offices of **Gold Coast, Wollongong and Bayside delivered** strong organic revenue growth and profitability uplift compared to the pcp (which included their commencement dates and therefore not a reflective full trading period). We expect this significant rate of growth to moderate slightly as the businesses continue to mature into a steady profitable growth pattern

Another profitable half



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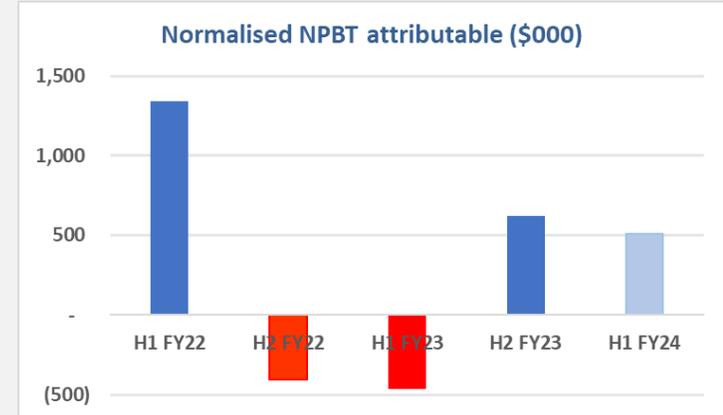
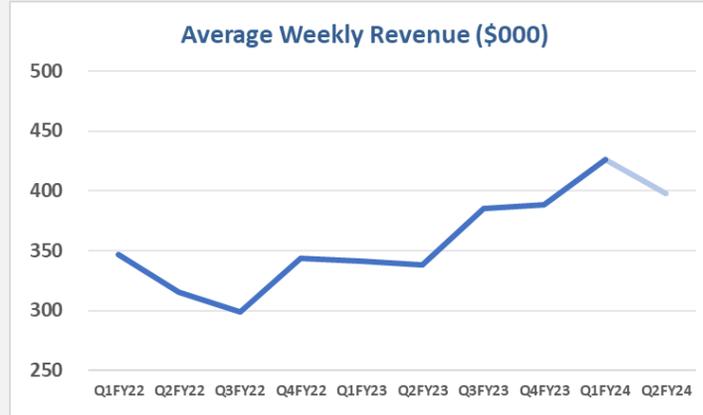
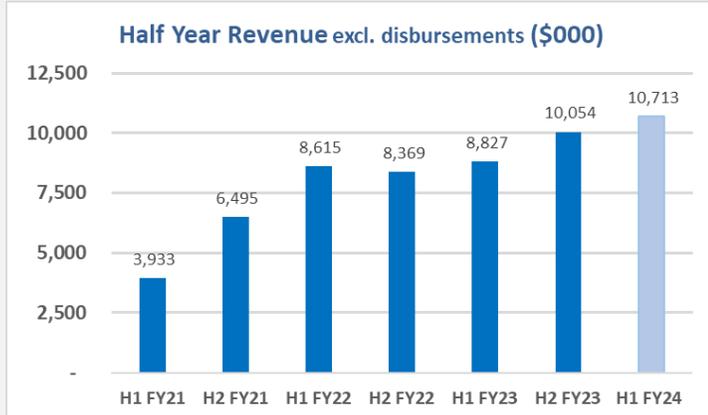
\$'000	H1 FY24	Q2 FY24	Q1 FY24	FY23	H2 FY23	H1 FY23	FY22
Revenue (excl. disbursements)	10,713	5,170	5,543	18,881	10,054	8,827	16,983
Average Weekly Revenue [AWR] (excl. disbursements)	412	398	426	363	387	339	327
<i>AWR Growth on H1 FY23</i>	21%						
<i>AWR Growth on H2 FY23</i>	6.5%						
<i>Growth 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

- H1 FY24 profit mostly driven by strong organic revenue growth, \$1.9 million (21%) to pcp, with strong performances by:
 - Long standing brands: Watts McCray, AFL Withnalls
 - Newer practices: AFL Gold Coast and , AFL Wollongong
 - Combined Australian Family Lawyers offices were flat but supported by strong performances from Victoria, WA and QLD Bayside
- Average weekly revenue (AWR) \$412k per week reduced slightly in Q2 due to seasonal impacts including unusually higher levels of leave and other minor disruptions. This supports the need for further growth to gain scale to minimise impact of such seasonal and one-off type fluctuations
- NPBT attributable to owners of AFL Group of \$510k, \$973k increase compared to pcp and only a minor reduction on NPBT attributable (before phasing adjustment) in H2 FY23

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Stabilisation secured



Need for further growth to gain scale



Financial hygiene secured

Clean and robust Balance Sheet



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	Note	31-Dec-23 \$'000	30-Jun-23 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,233	2,052
Trade and other receivables	9	4,224	4,476
Other current assets		830	896
TOTAL CURRENT ASSETS		7,287	7,424
NON-CURRENT ASSETS			
Deferred tax assets		1,750	1,907
Right of use assets		3,040	3,683
Plant and equipment		631	649
Intangible assets	10	4,179	4,382
TOTAL NON-CURRENT ASSETS		9,600	10,621
TOTAL ASSETS		16,887	18,045
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,568	2,880
Current tax liabilities		273	243
Deferred consideration		444	1,194
Lease liabilities		758	792
Employee benefits		800	801
TOTAL CURRENT LIABILITIES		4,843	5,910
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,281	1,458
Lease liabilities		2,347	2,904
Deferred consideration		-	250
Provisions		235	310
Employee benefits		260	171
TOTAL NON-CURRENT LIABILITIES		4,123	5,093
TOTAL LIABILITIES		8,966	11,003
NET ASSETS		7,921	7,042

- Despite Total assets reducing by \$1.2 million during H1 FY24, **net assets of \$7.9 million increased by \$0.9 million** compared to 30 June 2023 at \$7.0 million, main movements included:
 - \$1 million reduction in **deferred consideration** earn out **payments**
 - \$0.6 million reduction of existing **Lease Liabilities** with no new leases taken out during H1
 - \$0.355 million release of a legacy **other tax provision was considered not required**, reduction in trade and other payables:
 - The review and reconciliation is ongoing with another possible \$0.35 million legacy other tax provision to be reviewed during FY24
 - The actual benefit realised by 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).
- Post H1 FY24, **NAB finance facility extended to January 2027** available for the appropriate opportunity with minor term changes including \$9 million limit as against the previous \$10 million limit, minor fee changes and a \$50k increase in credit card limits for ease of business operations

Cash Flow strengthening



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	31-Dec-23 \$'000	31-Dec-22 \$'000
Cash Flows from Operating Activities		
Receipts from customers	10,962	11,221
Payments to suppliers and employees	(8,549)	(10,737)
Interest received	3	-
Interest expense	-	(2)
Income tax paid	(231)	(446)
Net cash provided by/(used in) operating activities	2,185	36
Cash Flows from Investing Activities		
Purchase of fixed assets	(107)	(208)
Payment for internally developed intangible assets	(11)	(109)
Payment for deferred consideration	(1,000)	(250)
Payment for business acquisition	-	-
Net cash provided by/(used in) investing activities	(1,118)	(567)
Cash Flows from Financing Activities		
Repayment of lease liabilities	(686)	(774)
Payments of borrowings	-	(68)
Payment of dividends	(200)	-
Net cash provided by/(used in) financing activities	(886)	(841)
Net increase/(decrease) in cash and cash equivalents	181	(1,373)
Cash and cash equivalents at the beginning of the financial period	2,052	3,749
Cash and cash equivalents at the end of the financial period	2,233	2,376

- The **operating cash flow** for the half year period was an **inflow of \$2.185 million** (H1 2023: inflow of \$36k):
 - Adjusting for the impact of the repayment of lease liabilities (now in “Cash Flows from Financing Activities” under AASB16) this would represent a net cash inflow of \$1.5 million
- **Operating cash flow improvement** derived from continued focus on daily cash flow management, robust debt collection procedures and continued reinforcement of the Debtor’s policy
- The **overall net increase in cash held of \$0.181 million** was then the result of net cash used in investing activities of \$1.1 million (the majority due to \$1 million deferred consideration payments) plus the net cash used in financing activities of \$0.886 million (\$0.686 million lease liabilities and \$0.2 million dividend payments to non-controlling interest “NCI” entities)



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Focus and Outlook FY24

Focus and Outlook



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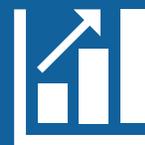
People-first culture

- 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



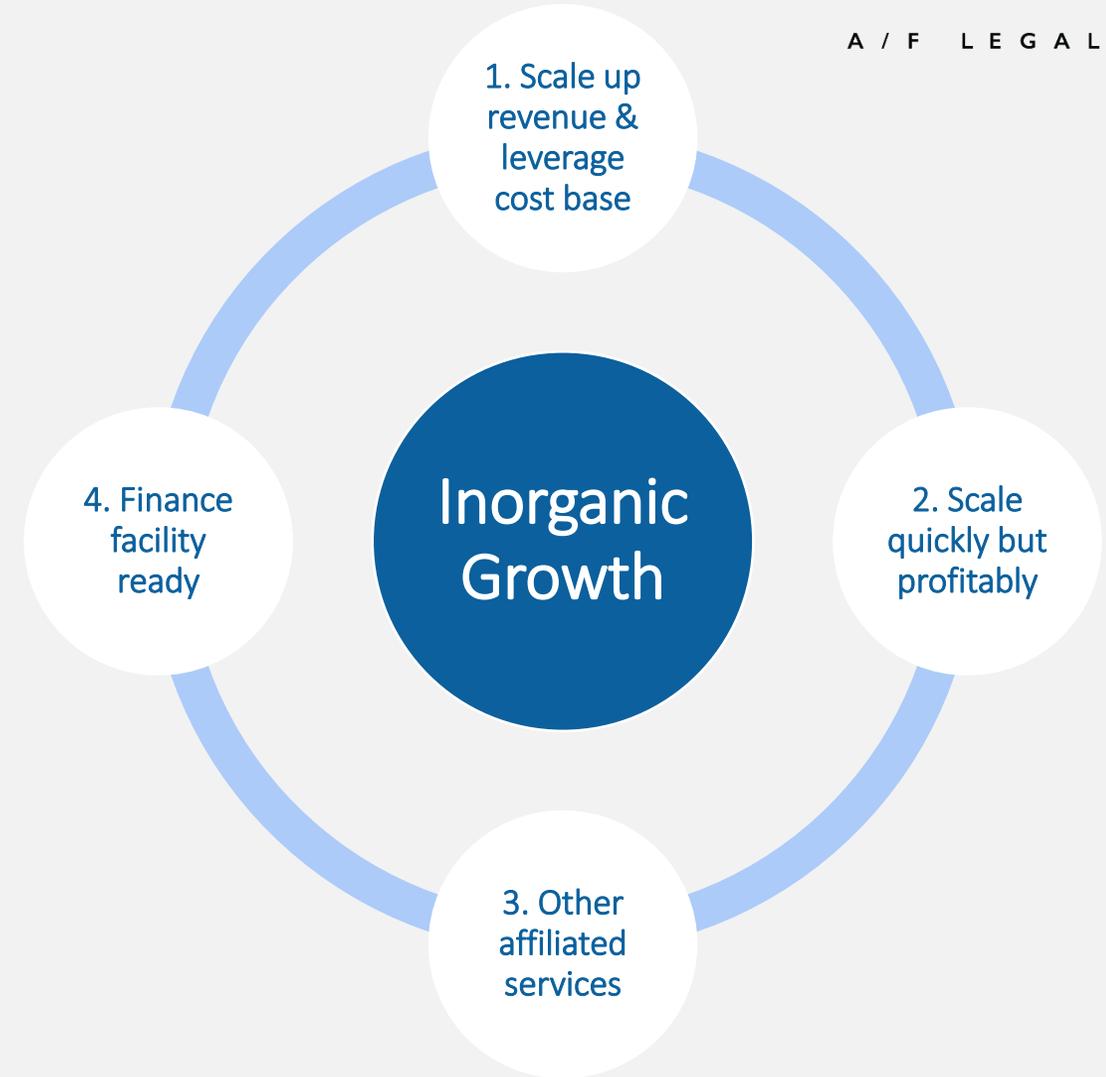
Proven growth model

- 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

Focus and Outlook



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Thank You