

## ASX Announcement

27 August 2020

### Slater & Gordon Limited FY20 Full-Year Financial Results and Business Update

**Slater & Gordon Limited** (“Slater & Gordon” or “the Company”) (ASX: SGH) today announced its full year results to 30 June 2020.

The results show continued improvement for the Company despite reporting a net loss after tax for the full year ended 30 June 2020 of \$1.2m, which includes the costs invested in transforming the company, as well as the cost of normalising its incentive programs. This compares to a net profit after tax for the full year ended 30 June 2019 (“PCP”) of \$31.3m which was positively impacted by the requirement to recognise a deferred tax asset of \$31.5m.

The company also reported EBITDA<sup>1</sup> before specified items<sup>2</sup> of \$28.1m, compared to \$17.5m in FY19. Revenue on this basis increased by 12% and costs increased by 6%.

At the same time, the Company has benefited from stronger management of its working capital and a strengthened balance sheet. Gross Operating Cashflow<sup>1,2</sup> was \$27.6m, compared to \$16.6m in FY19.

The continuing improvement in the Company’s performance reflects the Company’s ongoing transformation efforts and the work of its people across the Company on behalf of injured and wronged Australians.

#### Business Highlights

The full-year results reflect continued improvements and initiatives undertaken by the Company during FY20. Highlights included:

- Significant investment in the Company’s business-wide transformation program and digital strength, delivering a more contemporary and enhanced experience for clients and employees.
- Delivered approx. \$700 million in personal injury compensation to everyday Australians.
- Announced \$250 million in class action settlements on behalf of more than 55,000 Australians who were victims of corporate dishonesty and wrong-doing.
- Completion of a \$75.6 million, fully underwritten, non-renounceable entitlement offer, repaying the Company’s \$64.4 million syndicated facility and associated fees.
- Extension of the Company’s Super Senior Facility from December 2020 to 31 July 2023.
- Completion of an opt-out unmarketable parcel sale facility for shareholders who owned less than \$500 of fully paid ordinary SGH shares, simplifying the Company’s share register and saving costs.

#### Statutory Results

The financial report also shows the Company ended the full-year with:

- Total revenue and other income from continuing operations of \$178.3m, compared to \$160.4m in the PCP.
- Expenses relating to continuing operations of \$178.5m, compared to \$160.5m in the PCP, the increase primarily reflecting the recognition of the value of the Slater & Gordon Rights Plan, finance costs, an uplift in labour expenses and depreciation and amortisation.
- A net loss from continuing operations before tax of \$199k (PCP: net loss of \$141k).

<sup>1</sup> Normalised for the impact of adopting AASB 16 on 1 July 2019

<sup>2</sup> Adjusted for Specified items are certain cash and non-cash items relating to transformation and normalisation of the company.

- Operating cash inflows generated from continuing operations of \$20.0m (PCP: \$2.1m), which is up due to improved management of the Company's working capital.
- A net asset position of \$162.3m (PCP: \$84.2m).

### COVID-19

The Company noted that the COVID-19 pandemic had not had a material impact on the Company's financial performance, but that the continued impact of the COVID-19 pandemic, including in particular the continued imposition of government restrictions and the broader impacts on the Australian economy, may impact the Company's performance in FY21. That impact (if any) cannot currently be determined with certainty.

The Board and Executive Leadership Team continue to monitor the situation closely and to take actions in response as appropriate and as recommended by governments and health authorities.

### Chair's Quotes

Chair, James MacKenzie, said the results demonstrated that the Company was continuing to improve.

"The Company would not be making this progress without the passion and dedication of our people to our clients. In particular, I would like to thank our people for their incredible efforts during the disruption caused by the COVID-19 pandemic.

"I would also like to thank our people, leadership team and Board for their care and commitment to our clients and to justice. It is that care and commitment that sets Slater & Gordon apart and is shaping our future.

"The work that we have undertaken to continue to transform the Company is delivering results and we are firmly focused on the future.

"The Company has a strengthened balance sheet and is seeing positive organic growth.

"Most importantly we are united in our purpose to deliver affordable, high quality legal services to the thousands of everyday Australians who need our help to access justice."

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