

AFG confirms strong underlying result and consolidates technology strategy

Australian Finance Group Ltd (ASX: AFG) is set to deliver strong financial results for the financial year ended 30 June 2022, with business volume growth driving a 17% increase in underlying earnings.

The company expects to remain within earnings consensus with normalised NPATA* of \$61.3 million, (with statutory NPAT of \$38.8 million after impairments) and normalised underlying NPATA* of \$55.8 million. AFG confirms its dividend policy of paying 70% to 80% of normalised underlying NPATA* (ie. excluding the impact of trail book accounting) will remain unchanged.

David Bailey, AFG CEO, said: "Our strategy to diversify earnings and expand into higher margin lending products has been a key driver of our growth in this financial year. AFG Securities direct lending settlements were up 102% to \$2.7 billion, with a loan book up 41% to \$4.8 billion. White Label settlements were also up 36% to \$2.9 billion, with its loan book up 8% to \$8.5 billion. AFG will report its full FY2022 result on 26 August 2022.

"The technology landscape and what our brokers tell us their customers now require has vastly changed since the onset of the pandemic," he said. "Together with the acquisition of leading fintech businesses BrokerEngine and Fintelligence we have taken the opportunity to refocus our technology strategy to utilise the best of the three broker technology platforms to deliver a more flexible and efficient solution for our brokers." The outcome is a \$6.3 million (after tax) partial impairment of past capitalised expenditure relating to elements of the new platform developed prior to the acquisitions. The company also confirms the impairment of \$15 million from Volt Bank's recently announced cessation of its banking licence, bringing total impairments in FY2022 to approximately \$21.3 million (after tax).

	30 June 2022 Profit after tax \$m
Normalised Underlying NPATA* excluding significant items	55.8
Change in the carrying value of trailing commissions contract asset and payable (trail book accounting)	5.5
Normalised NPATA* excluding significant items	61.3
Amortisation of acquired intangible assets	(1.2)
Normalised NPAT excluding significant items	60.1
Significant Items [^]	(21.3)
Statutory NPAT	38.8

*NPATA – NPAT after adjusting for the amortisation of acquired intangible assets (Fintelligence & BrokerEngine)

[^] Significant items include technology and Volt impairments

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The release of this announcement was authorised by AFG's Board of Directors.

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