



2024 Annual General Meeting

Brisbane
28 November 2024



Q1 FY25 Highlights



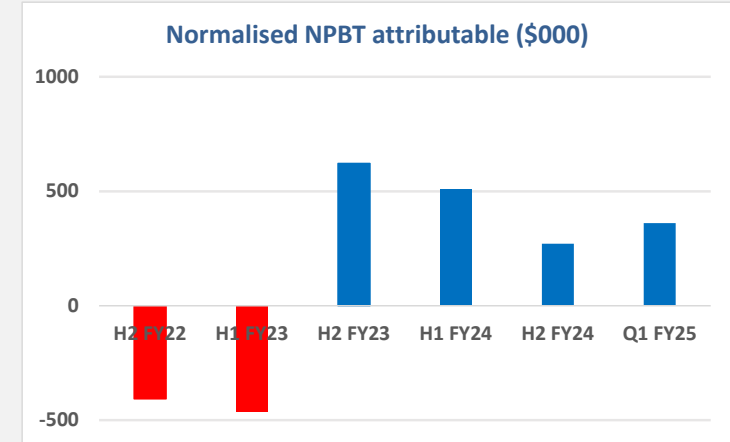
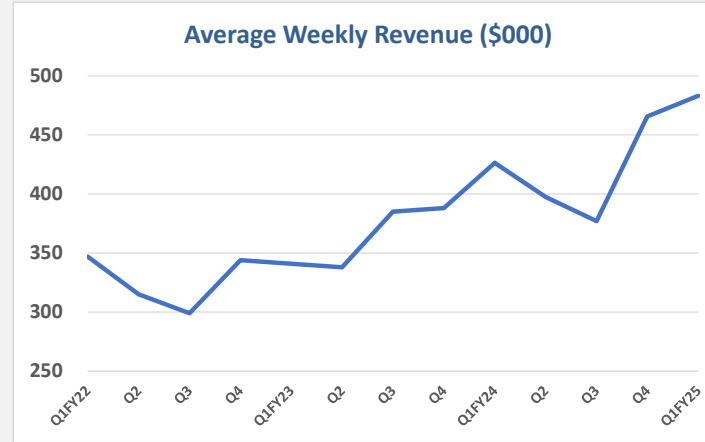
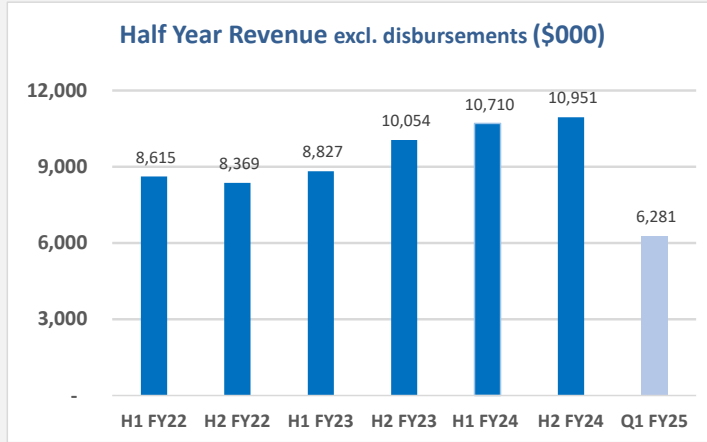
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- **Revenue growth** of 13% on prior year, with Q1 FY25 average weekly revenue of \$483k per week **representing a new high**
- **Our significant turnaround continues to gain momentum:**
 - **Normalised NPBT attributable** to the owners of AF Legal Group in Q1 FY25 of \$362k, continuing to exhibit improvement on our full year FY24 profit result of \$781k [H2 FY24 (\$271k) and H1 FY24 (\$510k)]
 - **Operating Cash Flow** was strong with an inflow of \$1.5 million as working capital unwound due to timing benefits and improvements in collections
- **Armstrong Legal's Criminal & Family Law practices and the armstronglegal.com.au website** were acquired in late October 2024 representing a further move into a third area of law in line with our Growth Strategy of moving into complementary areas of law
 - Results from the newly acquired divisions will flow into our Q2 results (partially) and then fully across H2 FY25
 - Armstrong Legal Contested Wills & Estates division acquired in Apr-24 delivered another strong performance in Q1 in terms of both revenue, profitability and cashflow
- We have transitioned our organisation to one that is **people-first culture** and **practice-led:**
 - **Great Place to Work**® survey results for Oct-24 delivered an impressive result of 84%, representing a very significant increase on the Aug-23 result of 53%, which very much represented our line in the sand from which we needed to build
 - With the new management team coming in during Jul-23 this represents a clear delineation of the leadership change, with the very pleasing increase of 31% reflective of the very positive impact on our team members in the first year or so of our culture shift

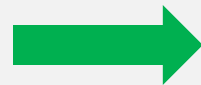
Revenue growth continues as does profitability



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Highest ever quarterly revenue



Average Weekly Revenue highest ever result

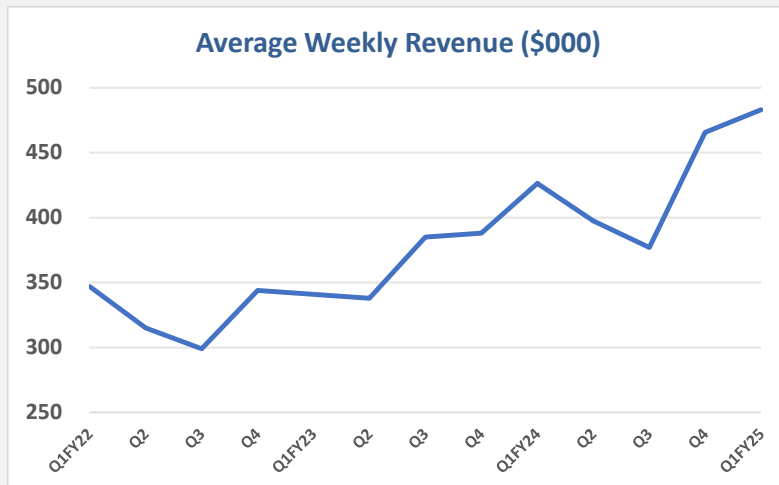
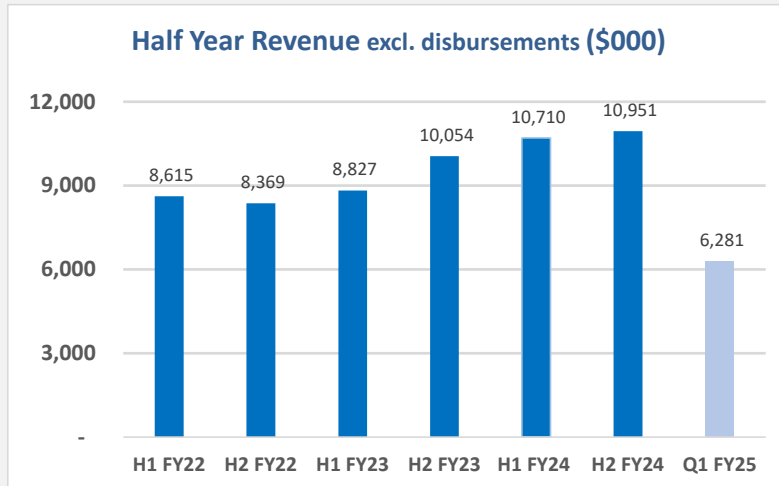


Profitability trend showing a lift

Revenue continues to hit new highs



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- Revenue of \$6.3 million for Q1 FY25 represents our highest ever quarterly revenue with the period up by \$0.74m or 13% on the prior corresponding period of Q1 FY24 (pcp)
 - Up 4% on the previous high achieved in the previous quarter (Q4 FY24)
- Average Weekly Revenue (AWR) for Q1 FY25 at \$483k per week, another new high for our organisation, building on the positive revenue momentum resulting from the Armstrong Legal Contested Wills & Estates acquisition in our Q4 FY24 and Q1 FY25 results
 - FY23 Q2 & Q3 drops in AWR have stabilised and now appear as an anomaly in the trend line over the last 3+ years
- Q2 AWR may potentially contract somewhat due to end of calendar year closure/seasonality, a few staffing gaps in the Family Law team spread across practices, along with some absences from a couple of our higher billers due to extended leave (both sick/injury and annual)
 - Some of this downward potential will be offset by the two months of revenue from the newly acquired businesses but difficult to clearly quantify so early for a new and somewhat diversified acquisition

Q1 FY25 NPBT \$362k, almost half of FY24 NPBT in first quarter



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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the 1st quarter ended 30 September 2024

	Q1 FY25	Q1 FY24	FY24
	\$000	\$000	\$000
Revenue	6,281	5,543	21,862
Expenses			
Cost of sales	3	11	(8)
Employee expenses	(3,819)	(3,281)	(13,082)
Administrative expenses	(876)	(761)	(3,197)
Other expenses	(391)	(468)	(2,184)
Share based payment expense	(12)	(22)	(51)
Interest expense	(134)	(56)	(257)
Depreciation	(340)	(301)	(1,214)
Amortisation	(45)	(107)	(393)
Impairment Expense	-	-	-
Total Expenses	(5,614)	(4,985)	(20,386)
Profit/(Loss) before income tax	667	558	1,476
Income tax expense/(benefit)	-	-	124
Profit/(Loss) for the period	667	558	1,600
Other comprehensive income	1	-	-
Total comprehensive income/(loss) for the period	667	557	1,600
Profit/(Loss) for the year attributable to:			
Non-controlling interest	305	202	638
The owners of AF Legal Group Ltd	362	356	962
Total comprehensive income/(loss) for the year attributable to:			
Non-controlling interest	305	202	638
The owners of AF Legal Group Ltd	362	356	962
Total comprehensive income/(loss) for the year	667	558	1,600

- NPBT attributable to the owners of AF Legal Group for Q1 FY25 was a profit of \$362k, in line with the profit of \$356k in the previous corresponding period (pcp) and representing an improvement in run rate against the full year FY24 NPBT attributable of \$781k [H2 FY24 (\$271k) and H1 FY24 (\$510k)]
 - Q1 FY25 NPBT attributable of \$362k represents just over 46% of the full year FY24 NPBT attributable achieved (\$781k)
- Headline NPBT (before minority interest) was a profit of \$667k similarly representing just over 45% of the full year FY24 NPBT attributable achieved (\$1.476 million):
 - Revenue of \$6.3 million, again an all-time high, up 4% (\$230k) on previous quarter Q4 FY24, and up by 13% on pcp
 - Total Expenses of \$5.6 million flat compared to Q4 FY24 \$5.6 million

Strong Q1 FY25 aided by initial Armstrong acquisition



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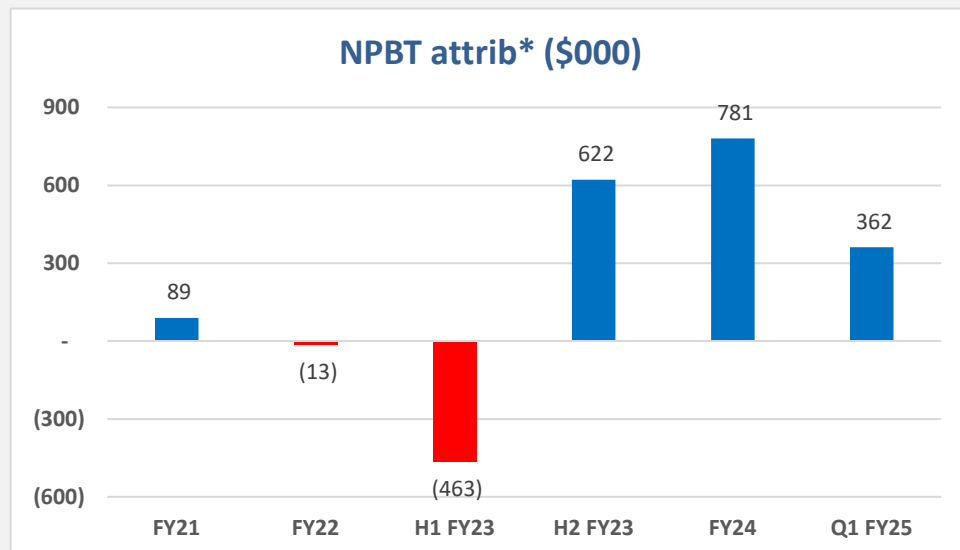
\$'000	Q1 FY25	FY24	H2 FY24	H1 FY24	FY23	FY22	FY21
Revenue*	6,281	21,661	10,951	10,712	18,881	16,983	11,009
Average Weekly Revenue [AWR] (excl. disbursements)	483	417	421	412	363	327	212
<i>AWR Growth on prior Qtr or HY</i>	4%		2%	7%			
<i>AWR Growth on pcp</i>	13%		9%	21%			
<i>Growth on prior FY</i>		15%			11%	54%	
NPBT	667	1,476	483	993	(7,556)	295	(495)
NPBT attributable to the owners of AF Legal Group Limited	362	607	97	510	(8,256)	(43)	(495)
Normalisation adjustments**		174	174		8,415	31	584
Normalised NPBT	667	1,650	657	993	859	326	89
Normalised NPBT attributable to the owners of AF Legal Group Limited	362	781	271	510	159	(13)	89

- NPBT attributable to owners of AF Legal Group of \$362k for Q1 FY25 similarly represents a lift on FY24 profitability trends (FY24: \$781k)
 - Q1 FY25 NPBT attributable represents just over 46% of the full year FY24 NPBT attrib achieved
 - Q1 FY25 \$362k NPBT attributable is in line with pcp (Q1 FY24: \$356k)
 - Q1 FY25 \$362k NPBT attributable shows a solid improvement on the previous two halves with H2 FY24 at \$271k and H1 at \$510k
- NPBT (before minority interests) of \$667k for Q1 FY25 represents a lift on FY24 profitability trends (FY24: \$1.476 million)
- Q1 FY25 profit lift predominately driven by strengthening revenue growth
- Average weekly revenue (AWR) \$483k per week for Q1 FY25, an all-time high, up on Q4 FY24 of \$465k which included the first full quarter of Armstrong Legal Contested Wills & Estates revenue following the Apr_24 acquisition

Our significant turnaround continues to gain momentum



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NPBT attrib FY21 to
end H1FY23
Loss (\$0.4 million)

NPBT attrib H2FY23
to end Q1 FY25
Profit \$1.8 million

- Normalised NPBT attributable to owners of AFL Group over the past 21 months has totalled \$1.8 million
- This represents a significant lift over the preceding two and a half years which produced a loss of (\$0.4 million)
- Historically AF Legal Group Limited profitability was presented in many different ways including EBITDA, Underlying EBITDA, Underlying EBITDA pre AASB16, NPATA, etc.
- Normalised NPBT attributable to owners of AFL Group is our preferred metric to gauge true profitability of our organisation from a shareholder view
 - Normalisation has been standardised with our current practice in the table on the prior slide and also in the adjacent graph to exclude any previous normalising of share-based payments
 - Other than truly irregular amounts (e.g. acquisition costs) it is anticipated that normalisation will be kept to a minimum moving forward

Balance Sheet Q1 movements



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	Q1 FY25 \$'000	FY24 \$'000	Movement \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2,448	2,317	131
Trade and other receivables	9,068	9,543	(475)
Other current assets	1,278	1,073	205
TOTAL CURRENT ASSETS	12,794	12,933	(139)
NON CURRENT ASSETS			
Deferred tax assets	2,532	2,532	0
Right of use assets	2,942	3,208	(266)
Plant and equipment	700	743	(43)
Intangible assets	4,261	4,293	(32)
TOTAL NON CURRENT ASSETS	10,435	10,776	(342)
TOTAL ASSETS	23,229	23,709	(479)
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2,043	1,985	58
Current tax liabilities	41	221	(180)
Deferred consideration	0	625	(625)
Lease liabilities	993	981	12
Borrowings	0	0	0
Provisions	0	0	0
Employee benefits	1,092	1,039	52
TOTAL CURRENT LIABILITIES	4,168	4,851	(683)
NON CURRENT LIABILITIES			
Deferred tax liabilities	2,046	2,046	0
Lease liabilities	2,083	2,334	(251)
Deferred consideration	375	375	0
Borrowings	3,604	3,591	13
Provisions	271	269	2
Employee benefits	281	269	13
TOTAL NON CURRENT LIABILITIES	8,661	8,884	(223)
TOTAL LIABILITIES	12,829	13,735	(906)
NET ASSETS	10,400	9,974	426

- **Net Total assets at \$10.4 million increased by \$0.4 million (30 June 2024: \$10.0 million), largely reflecting Q1 FY25 profitability**
- Significant movements were minimal across Q1 FY25:
 - **Trade & Other Receivables down by \$0.5 million**
 - With increases in Revenue, it's important to ensure we manage collections
 - The reduction in receivables is an early sign of a positive collection trend
 - As mentioned in our year end presentation, this area is impacted by invoicing and collection timings, with one \$400k+ invoice raised mid-June being paid early in Q1 FY25
 - On average, 2023 over 90% of Family Law Bills were being collected in 32 days, in 2024 YTD, over 90% Family Law Bills are being collected in 21 days.
 - Q1 FY25 saw highest quarterly collection of 90+day debtors of \$0.7m, and record total quarterly collections of \$6.6m, including \$1.5m by Armstrong Contested Wills & Estates
 - **Deferred Consideration of \$625k** representing the first of two payments relating to the ACWE acquisition (\$375k) and the final payment relating to the Kordos acquisition (\$250k)
 - **Other movements** included offsetting Right of use asset & Lease liability amounts and a \$180k reduction in a Current tax liability reflecting a payment made in Q1 FY25

Strong Operating Cash Flow with favourable timing flows



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	Q1 FY25 \$'000	FY24 \$'000	Q1 FY24 \$'000
Cash Flows From Operating Activities			
Receipts from customers	6,756	20,049	4,807
Payments to suppliers and employees	(4,951)	(19,009)	(4,261)
Net interest Paid	(84)	(54)	-
Income tax paid	(180)	(442)	(247)
Net Cash Generated by Operating Activities	1,541	545	299
Cash Flows From Investing Activities			
Payments for purchase of fixed assets	(31)	(360)	(96)
Payments for purchase of intangible assets	(13)	(24)	(11)
Payment for Acquisition of Business	(200)	(2,733)	-
Payments for Deferred Consideration	(625)	(1,000)	(250)
Net Cash Used in Investing Activities	(869)	(4,117)	(358)
Cash Flows From Financing Activities			
Payment of lease liabilities	(288)	(1,049)	(256)
Shares issued	0	1,733	-
Payment of borrowings	0	3,591	-
Payment of dividends	(253)	(438)	-
Net Cash Used in Financing Activities	(540)	3,837	(256)
Net (Decrease)/Increase in Cash Held	131	265	(314)
Cash at the Beginning of the Reporting Period	2,317	2,052	2,052
Cash at End of Period	2,448	2,317	1,738

- Operating cash flow for Q1 FY25 was a very strong inflow of \$1.54 million* (2024: inflow of \$0.5 million) due in part to:
 - GST input credit of \$275k from the acquisition price for Armstrong Contested Wills & Estates team from April 2024.
 - Reduction in receivables through strong collection activity including \$0.7m of over 90 days debtors and timing issues as evidenced by one invoice for \$400k+ raised mid-June and paid early Q1
- The overall outflow from investing activities of \$0.87 million was primarily due to three payments:
 - deposit in relation to the end October 2024 acquisition of Armstrong Legal's Criminal & Family Law practices and the armstronglegal.com.au website (\$200k)
 - first of two payments relating to the ACWE acquisition (\$375k)
 - final payment relating to the Kordos acquisition (\$250k)
- The overall outflow from financing activities of \$0.54 million was due to regular payment of lease liabilities (\$288k) and dividend payments to non-controlling interests (\$253k)
- Overall, this delivered a net cash inflow for Q1 FY25 of \$131k

* 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 \$1.25 million



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Focus and Outlook FY25

Focus and Outlook



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People-first culture

- GPTW lift to 84% in 2024 (2023: 53%)
- Focus on onboarding, professional development, 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 and a high-performance culture characterised by open communication and mutual respect



New Client Activity

- Sponsorship & Executive Producer of *Millie Vs – The Film* created by Barrister & Filmmaker Darren Mort (*Tommy*), “... investing in the power of narrative to transform lives”
- Increasingly focusing resources on SEO as a driver of digital lead flow
- Business development: Corporate services; new service offerings; maintain leading national media voice
- Expand Net Promoter Score client feedback across all our brands and markets



Profitability

- Improving Profitability trend continued in Q1 FY25
- 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
- Investment in a new Practice Management system to maximise efficiency and effectiveness



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 extended until January 2027 and drawn down for initial ACWE acquisition
- The Board retains its commitment to our longer-term growth aspirations through a combination of organic and inorganic growth opportunities

Our Growth Strategy

Better leverage our cost base by adding revenue and accordingly gross margin (after fee earner costs) with minimal incremental overhead costs such that our bottom-line profitability grows at a disproportionately higher rate



<p>Family Law - Organic</p>	<ul style="list-style-type: none"> ▪ Growing existing Family Law (FL) practices through team expansion ▪ Opening complementary FL practices feeding off existing network, expanding suburban footprint in major cities ▪ Future acquisition opportunities in relation to non-controlling interests in existing operations 	<ul style="list-style-type: none"> ▪ 4 previously serviced office-based market entry locations moved into permanent office locations during FY24 ▪ Entered 2 new markets opening new serviced office locations in Frankston VIC and Double Bay NSW ▪ armstronglegal.com.au website acquisition in Oct-24 will assist organic growth in FL nationally
<p>Family Law - Acquisitions</p>	<ul style="list-style-type: none"> ▪ Regional expansion and infill opportunities where we currently do not have a presence represent acquisition-based market entry opportunities [e.g. Adelaide, Tasmania, Townsville, Toowoomba, Newcastle, etc.] 	<ul style="list-style-type: none"> ▪ Acquisition of Armstrong Legal Family Law practice in Oct-24 will add further scale to FL ▪ Organic and/or greenfield option remains in play (e.g. Wollongong, Gold Coast)
<p>Complementary Areas of Law - Organic</p>	<ul style="list-style-type: none"> ▪ There are complementary areas of law currently under serviced by our existing business model which make sense for an organisation seeking to be more than a Family Law business and more of a business which is <i>Your Family's Lawyer</i> 	<ul style="list-style-type: none"> ▪ Some we do in a limited fashion in some locations, but further such expansion represents incremental revenue
<p>Complementary Areas of Law - Acquisition</p>	<ul style="list-style-type: none"> ▪ Acquire legal businesses complementary to Family Law, which have significant opportunity for growth by leveraging our existing and growing Family Law practice network ▪ Armstrong Legal Contested Wills & Estates (CWE) acquisition Apr-24 was our first such move into complementary areas of law 	<ul style="list-style-type: none"> ▪ Armstrong Legal Criminal Law (CL) acquisition Oct-24 represents a further move into a third area of law ▪ Future CWE & CL geographic expansion will come through organic leveraging of the existing AF Legal office network ▪ Other areas of law will be considered for similar future acquisition-based growth opportunities



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Thank You