

FY21 H1 RESULTS

INVESTOR PRESENTATION

February 2021



Table of contents

01 About Us

02 FY21 H1 Highlights

03 FY21 H1 Results

04 Strategy Update

05 Capital Raising

01

ABOUT US

Australia's largest specialised family law firm

We help our customers get better outcomes by providing counsel and resolution on complex family matters



+11

offices



+35

employees



+50%

revenue growth p.a.¹



~1%

market share



1. FY17-FY20 CAGR (compounded annual growth rate)

Family law is a very large, highly fragmented market

Long-term stable volumes, an increase in de facto relationships and rising net household wealth = attractive market



\$1.1bn
market size



No
national players



+50,000
divorces per annum



3rd
largest personal legal services market

In contrast to personal injury law, there is no dominant or national player in family law. This is despite the fact that the two markets are of a similar size

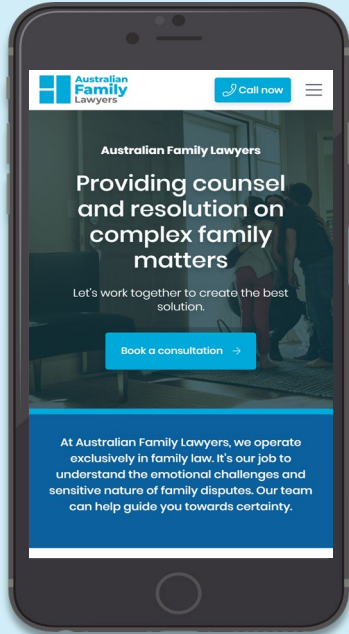
=

Big Opportunity

We have disrupted the way law firms find customers...



We utilize digital marketing techniques used in other online industries to attract customers in the family law industry



Mobile first

An optimised experience for small screens



Performance

An architecture built for fast page loads and content delivery



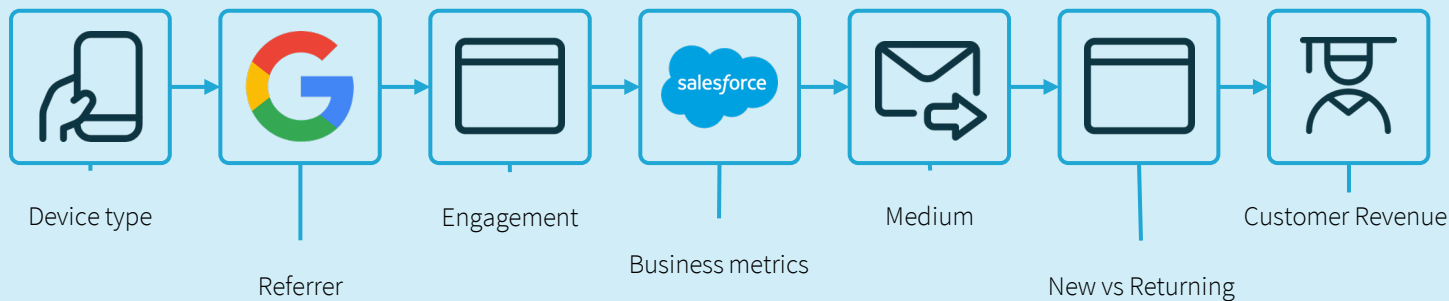
Technology

Introducing an ecosystem of world class integrated technology for scalability and business insights



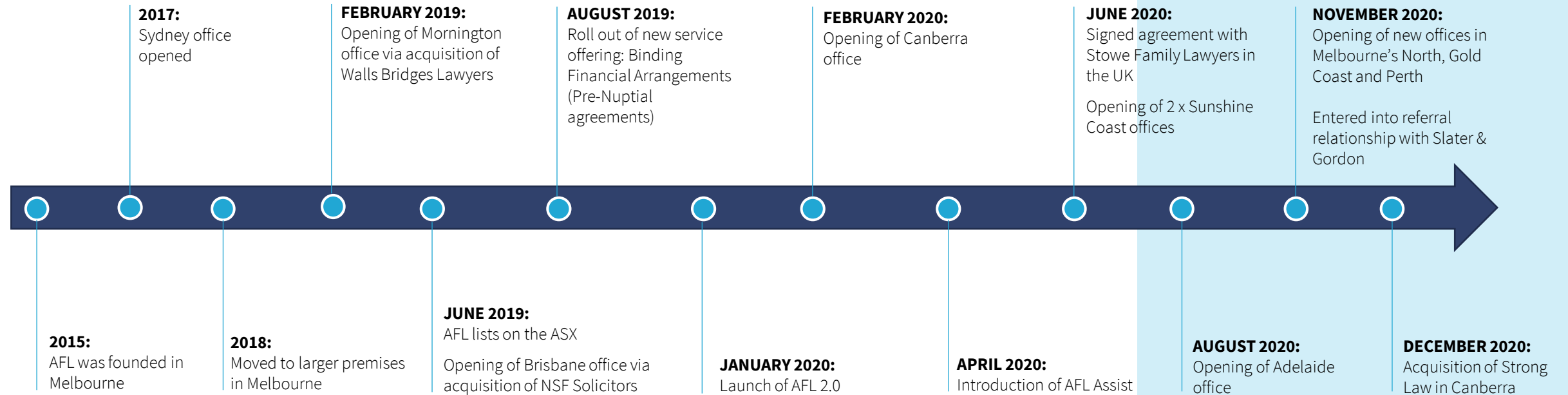
Insights

End to end behavioural and sales reporting for ongoing optimisation



Timeline since inception

AFL was founded in 2015 and has rapidly expanded to 11 offices since the IPO in June 2019



We have delivered strong growth since IPO in June 2019

Strong annual growth¹ is being delivered across all key operational metrics

Revenue

\$8.0m

+39%

Growth on CY19

Gross Profit

\$4.3m

+59%

Growth on CY19

Operating EBITDA²

\$3.1m

+58%

Growth on CY19

Underlying EBITDA³

\$2.2m

+73%

Growth on CY19



- ✓ H1 FY21 recorded +32% growth on H1 FY20
- ✓ Record revenue recorded in September 2020
- ✓ Record quarterly and monthly file openings in Q2 and December 2020 respectively



- ✓ +7% margin expansion on CY19
- ✓ Improved utilization of workforce was realized despite upfront cost impact new offices in H1



- ✓ Strong revenue growth is now building scale and delivering operating leverage on largely fixed overhead base



- ✓ Upside from new offices launched in H1 and acquisition of Strong Law in Canberra yet to be realised
- ✓ No material impact from COVID; increase in enquiries expected over next 12 months

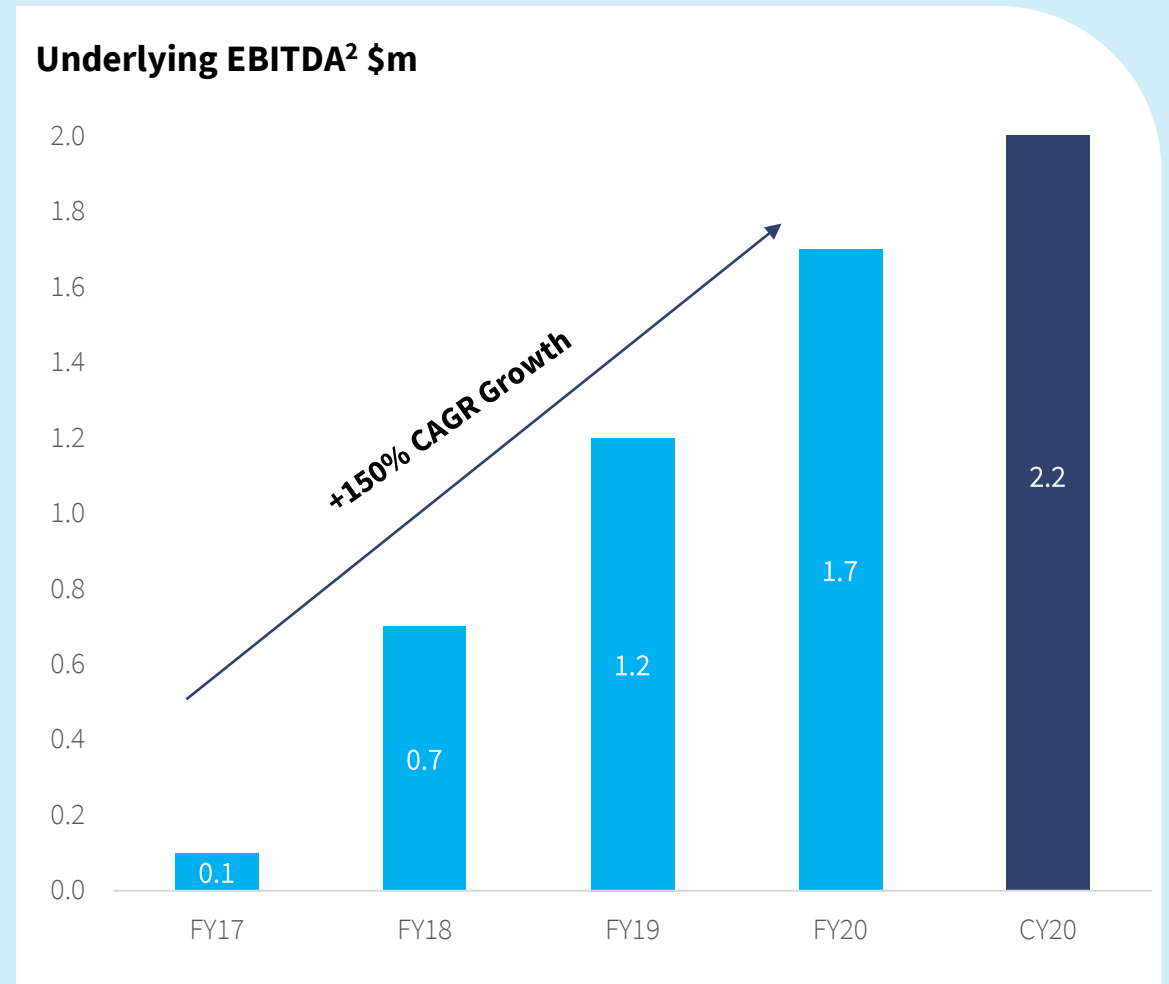
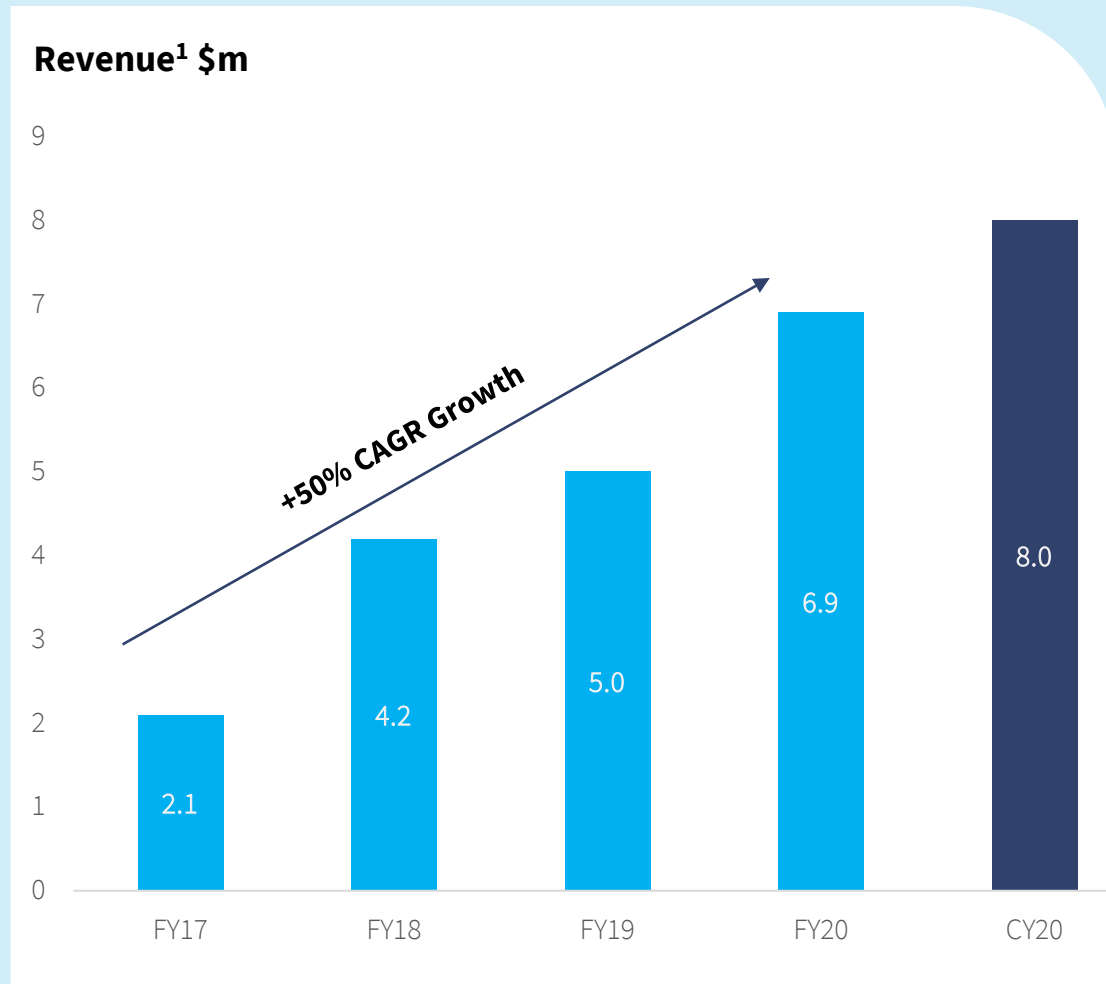
1. Last 12 months basis for period ending 31 December 2020

2. Operating EBITDA adjusts EBITDA for the 12 month period ending 31 December 2020 to include the removal of non recurring or unusual costs, removal of head office costs and costs associated with being listed on the ASX

3. Underlying EBITDA adjusts EBITDA for the 12 month period ending 31 December 2020 to include the removal of non recurring or unusual costs

Historical revenue and EBITDA

Strong historical CAGR³ growth in both revenue and EBITDA since FY2017



1. Total revenue for the 12 month period ending 30 June 2020 has been adjusted to include the removal of non recurring or unusual income items. FY17- FY19 and CY20 revenue has been prepared on the same basis as the 12 months ending 30 June 2020
2. Underlying EBITDA for FY20 adjusts statutory EBITDA for the 12 month period ending 30 June 2020 to include the removal of non recurring or unusual costs. FY17- FY19 and CY20 Underlying EBITDA has been prepared on the same basis as the 12 months ending 30 June 2020
3. Compounded annual growth rate from FY17-FY20

Investment Highlights



The largest specialised family law firm in Australia in less than 5 years



Disrupting the way law firms acquire clients with its proprietary client acquisition engine



First mover advantage across client acquisition engine, use of technology and availability of capital in the family law market



Very large, highly fragmented industry ripe for consolidation with no national competitors



Management team / board with successful track record in professional services and online technology platform businesses



Undemanding valuation with strong potential



\$1.1bn+

potential market opportunity



+150%

EBITDA CAGR (FY17-FY20)



~1%

market share



+50%

Revenue CAGR (FY17-FY20)



Best-in-class

client acquisition engine



Finalist x 2

Australian Legal Awards

02

FY21 H1 HIGHLIGHTS

Operational highlights



Expanded business driving growth and delivering operational leverage across the platform

HIGHLIGHTS – FY21 H1

- ✓ Strong Revenue growth +32% versus pcp¹ and record monthly and quarterly file openings for December 2020 and Q2 respectively
- ✓ Strong Operating EBITDA² and Underlying EBITDA³ growth +42% and +67% versus pcp¹ respectively
- ✓ LTM⁴ growth accelerating with Revenue and Underlying EBITDA growth at +39% and +73% respectively
- ✓ Expanded national footprint with 4 new office expansions via lateral hires in Adelaide (August 2020), Perth (October 2020), Gold Coast (November 2020), North Melbourne (November 2020) and acquisition of Strong Law in Canberra (December 2020)
- ✓ Launched referral partnership channel – first Australian partnership commenced with Slater & Gordon in November 2020
- ✓ Strong acquisition pipeline of organic, lateral hire and acquisition growth opportunities currently in due diligence

1. Prior corresponding period is prepared on the same basis as the 12 month period ending 31 December 2020

2. Operating EBITDA adjusts statutory EBITDA for the 12 month period ending 31 December 2020 to include the removal of non recurring or unusual costs, removal of head office costs and costs associated with being listed on the ASX

3. Underlying EBITDA adjusts statutory EBITDA for the 12 month period ending 31 December 2020 to include the removal of non recurring or unusual costs

4. LTM means the last 12 month period ending 31 December 2020

Marketing Highlights

The launch of AFL 2.0 in February 2020 has delivered an increase in lead volume at a reduced cost per lead



ENQUIRIES

Paid and organic lead growth up +418% and +58% respectively



FILE OPENINGS

Record monthly and quarterly file openings recorded in December 2020 and Q2 respectively



SHARE OF VOICE

Extensive coverage in The Australian, all major metros, regionals and niche verticals



COVID IMPACT

Experienced +90% increase in enquiries; further increase expected in next 12 months due to COVID



NEW LOCATIONS

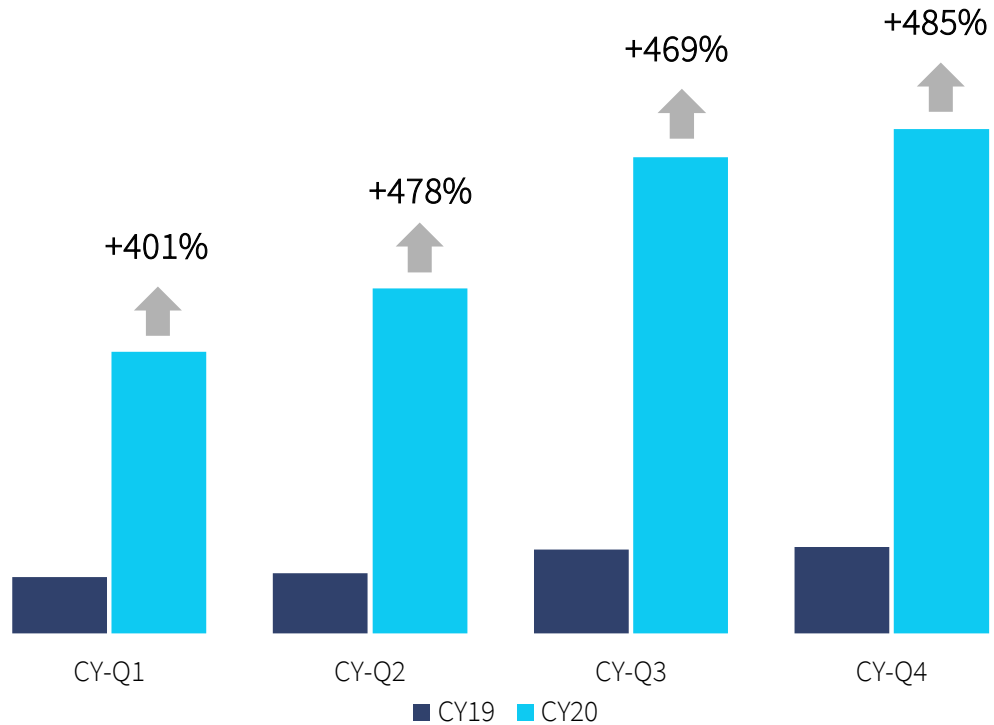
Delivering on strategy to prioritise and fast track new locations with client acquisition engine model



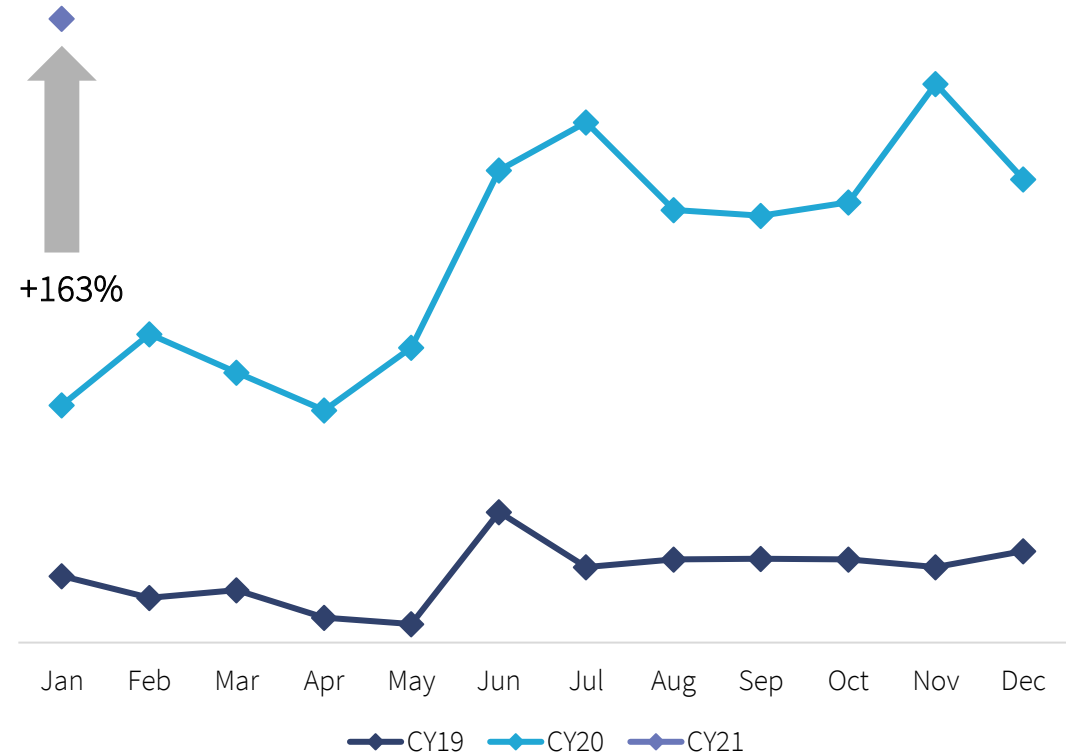
Record levels of leads recorded in 2020

Google searches for the term “divorce” surged to their highest point in 12 months in January 2021

Search Engine Leads (per quarter)



Search Engine Leads (per month)



Largest media share of voice in Australia

BUSINESS

Law firm's warning for parents as it expands to Coast

JUST IN NEWS SPORTS CLASSIFIEDS

The two new offices are in Maroochydore and Caloundra.



Australia Family Lawyers practice manager Charlotte Monaghan. Photo: Zita Chery

"When separation occurs, parents often want to return to their home state or hometown to be close to their own family and support networks," Ms Monaghan said.

JOB SEEKERS TO LEARN VITAL SKILLS AT START-UP'S EVENT

"Unfortunately, they often do so without the permission of, or even notifying the other parent."

This is a huge risk, can be very costly, is viewed unfavourably by the courts and parents can risk losing their kids, she added.



NEWS

Coronavirus Shutdown Causing 'Perfect Storm' For Divorce Lawyers

Family violence and practitioner obligations during COVID-19

By Jerome Doraisamy | 16 April 2020



There are evolving challenges facing practitioners who are seeing an increase in the number of new cases pertaining to family violence in the wake of



Calls to divorce lawyers double as coronavirus lockdowns and mass job losses push Australian couples who are cooped up together to breaking point

By Nic White For Daily Mail Australia
05:34 16 Apr 2020, updated 05:46 16 Apr 2020



AF Legal said it's had a record quarter, with 50 percent more new case openings on the year to date than last year.

The firm recorded its second highest revenue month of the financial year in March, and saw a 48 percent increase in revenue in the three months period up till March 31 than in the prior corresponding period.



National | World | Lifestyle | Travel | Entertainment | Technology | Finance | Sport

lifestyle relationships > marriage

COVID impact to send divorce rate soar searches reach peak

More Australian couples could be heading to the Family Court as the stress of 2020

Shae McDonald



Macedone Legal lawyer Sam Macedone says "the longer you keep people together and force them to live together" it is more likely that a violent partner will become more abusive. A global rise in divorce inquiries is...

Australia's divorce rate looks set to skyrocket as coronavirus restrictions and



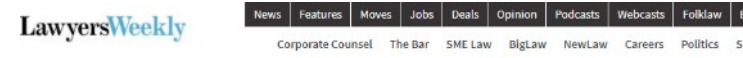
Australian Family Lawyers to open new Perth office

By Business News Australia

20 October 20

National Family law

Family lawyers 'busier than ever' as couples split after long lockdown



Family law firm reflects on year since ASX listing

By Jerome Doraisamy | 25 June 2020



03

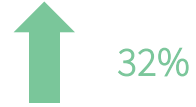
FY21 H1 RESULTS

Financial highlights

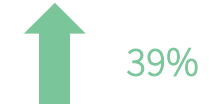


Strong growth continued across all financial metrics in H1 which also drove strong LTM² growth

H1¹ Revenue
\$4.4m



LTM² Revenue
\$8.0m



H1 Gross Profit
\$2.3m



LTM Gross Profit
\$4.3m



H1 Operating EBITDA³
\$1.6m



LTM Operating EBITDA³
\$3.1m



H1 Underlying EBITDA⁴
\$1.1m



LTM Underlying EBITDA⁴
\$2.2m



1. H1 refers to the 6 month period ending 31 December 2020
2. LTM refers to the 12 month period ending 31 December 2020
3. Operating EBITDA adjusts statutory EBITDA to include the removal of non recurring or unusual costs, removal of head office costs and costs associated with being listed on the ASX
4. Underlying EBITDA adjusts statutory EBITDA to include the removal of non recurring or unusual costs

Profit & Loss

Strong revenue growth is driving operational leverage across earnings metrics

A\$'000s	FY21 H1 ¹	LTM ²	H1 % change	LTM % change
Underlying				
Revenue	4,371	7,968	32%	39%
Gross Profit	2,264	4,256	43%	59%
% Margin	52%	53%	4%	7%
Operating EBITDA ³	1,574	3,092	42%	58%
Margin %	36%	39%	2%	5%
Underlying EBITDA ⁴	1,096	2,182	67%	73%
Margin %	25%	27%	5%	5%
Statutory				
EBITDA	805	1,265	46%	836%
NPAT	248	306	96%	na

1. H1 refers to the 6 month period ending 31 December 2020

2. LTM refers to the 12 month period ending 31 December 2020

3. Operating EBITDA adjusts statutory EBITDA to include the removal of non recurring or unusual costs, removal of head office costs and costs associated with being listed on the ASX

4. Underlying EBITDA adjusts statutory EBITDA to include the removal of non recurring or unusual costs

Commentary

- Strong underlying growth driven by continued momentum in Sydney and Melbourne and new office openings in FY20
- Record monthly and quarterly file openings recorded for December 2020 and Q2 respectively
- Minimal revenue impact in FY21 to date from new office openings in Perth (October 2020), Gold Coast (November 2020), North Melbourne (November 2020) and acquisition of Strong Law (December 2020)
- *Underlying EBITDA* removes non recurring or unusual costs (e.g. new office establishment costs, share based payment incentives etc) to more accurately reflect the underlying operational performance of the business
- *Operating EBITDA* removes head office costs and costs associated with being listed on the ASX to more accurately reflect the underlying operational performance of the business

Balance Sheet

Robust balance sheet, record cash balance and no debt



A\$'000s	30 June 2020	31 December 2020
Cash and cash equivalents	1,555	2,002
Accounts receivable	1,802	1,478
Other current assets	141	115
Total current assets	3,498	3,595
Deferred tax assets	563	490
Plant and equipment	68	97
Intangible assets	6,732	7,156
Right of use assets	727	578
Total assets	11,588	11,916
Trade and other payables	1,471	1,700
Current tax liabilities	479	550
Deferred consideration	274	138
Borrowings	21	2
Employee provisions	213	234
Deferred tax liabilities	439	399
Lease liability – non interest bearing	770	624
Total liabilities	3,667	3,646
Net assets	7,921	8,270
Issued capital	122,905	122,905
Reserves	(115,352)	(114,819)
Retained profits	369	184
Total equity	7,921	8,270

Commentary

- Cash balance strengthened to a record level of as at 31 December 2020 despite cash funded acquisition of Strong Law in December 2020
- Strong operating cash flow of \$1.4m generated for the half year period
- Despite strong growth in revenue, accounts receivable balance has reduced due to enhanced policies and procedures implemented in 2020
- Bank debt facility of \$0.5m remains available but has not been utilised since IPO

04

STRATEGY UPDATE

Who are we?



We want to be the largest global family law firm in the world

CORE PURPOSE



To be Australia's largest National Family Law Firm

CORE VALUES



Think Different; Fanatical customer focus; Under promise, over deliver; Act like an owner; Have fun, always

BHAG



First and largest global family law firm

SANDBOX



Related family law services

Middle class Australians; capital cities and key regional towns

Limited deferred / contingent matters; no single file more than 5% of revenue

3 YEAR TARGET



~10% market share across more than 10 locations in Australia

What have we achieved since IPO?

All FY20 annual priorities set at IPO were completed and FY21 is ahead of schedule



LAUNCH AFL 2.0

Launched in January 2020 and has driven **improved marketing performance** (volume of leads and cost per lead)



NEW GEOGRAPHIES

Opened **8 new offices**: Brisbane, Canberra, Sunshine Coast (2), Adelaide, Perth, Melbourne's North and the Gold Coast



LATERAL HIRES

Acquired **7 additional lateral hires** in existing and new offices

Strong pipeline of lateral hires and acquisitions are under review



BEST IN CLASS MARKETING PLATFORM

Built **in-house** digital marketing capability

Rolled out **referral partnership strategy**

Created **Marketing Advisory Board**



ADDITIONAL SERVICE LINES

Launched **Binding Financial Arrangements**

Launched **Corporate Service Offering**

Launched **AFL Assist**



Where are we going?

3 Year Plan tracking ahead of schedule

FY20

- **Launch AFL 2.0 - #1 Priority**
- Expand into (1) new geographic region
- Recruit (2) lateral hires
- Complete acquisition integrations
- Implement salesforce CRM and recruit dedicated sales team
- Establish additional services lines



Launch AFL 2.0

Exceeded Expectations

FY21

- **Presence in all state and territories in Australia - #1 Priority**
- Consolidate outcomes from AFL 2.0 to turbo charge organic growth
- Recruit (1) lateral hire per office
- Offshore non legal back of house functions
- Roll out new product and channel offerings (eg. online support, affiliates)



Drive top-line

Ahead of Schedule

FY22

- Move into new “add-on” services (eg. funding)
- Expand into adjacent sectors (eg. wills and estates)
- Assess larger scale acquisitions
- Assess new jurisdictions
- ~10% market share of family law market in Australia



Build out platform

05

CAPITAL RAISING

Key Terms



OVERVIEW



Non renounceable, pro rata entitlement offer of 1 new share at an issue price of \$0.50 for every 6.15 shares held to raise up to A\$5.0m (**Entitlement Offer**)

PURPOSE



Proceeds from the Entitlement Offer are anticipated to help to fund future acquisitions however the Entitlement Offer is not inter conditional with any acquisition

SHORTFALL FACILITY



Existing shareholders who take up their full entitlement will have the opportunity to apply for additional shares in excess of their entitlement through a shortfall facility (**Shortfall Facility**)

NEW SHAREHOLDERS



Any shares not subscribed for by existing shareholders under the Entitlement Offer and Shortfall Facility may be placed to new investors

TIMETABLE



The Record Date is Tuesday 23 February 2021. The Entitlement Offer opens on Friday 26 February 2021 and is expected to close at 5.00pm (AEDT) on Friday 19 March 2021.

Timetable



EVENT	DATE¹
Announcement of Entitlement Offer	Thursday, 18 February 2021
Lodgement of Appendix 3B with ASX	Thursday, 18 February 2021
Ex-date for Entitlement Offer	Monday, 22 February 2021
Record date for determining Entitlements	Tuesday, 23 February 2021
Entitlement Offer opens	Friday, 26 February 2021
Dispatch of Booklet and Entitlement and Acceptance Form to Shareholders	
Last day to extend Closing Date	Tuesday, 16 March 2021
Entitlement Offer closes (Closing Date)	5:00pm (AEDT), Friday 19 March 2021
Shares quoted on a deferred settlement basis	Monday, 22 March 2021
Announcement of results of the Entitlement Offer	Tuesday 23 March 2021
Allotment and issue of Offer Shares under the Entitlement Offer	Wednesday, 24 March 2021
Commencement of trading of new shares	Thursday, 25 March 2021
Last date to issue Shortfall shares (if any)	Friday, 18 June 2021

1. The above timetable is indicative only and subject to change. The quotation of Shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares. All dates and times in the timetable above are in Sydney, Australia time.

THANK YOU

A photograph of a family of three—a man, a woman, and a child—hugging warmly in a doorway. A dog is visible near the child, and a handbag sits on the floor. The scene is brightly lit by natural light from the window. In the background, a living room with a chair and a decorative wall piece is visible. The overall mood is warm and affectionate.