Australian Family Lawyers

AF Legal Group Limited

ASX: AFL

Market Update

April 2020

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Market Update

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- For the 3-month period ending 31 March 2020 v pcp[1]:
  - Revenue up +48%
  - Operating EBITDA[2] up +42%
- For the 9-month period ending 31 March 2020 v pcp[1]:
  - Revenue up +37%
  - Operating EBITDA[2] up +34%
- Operating highlights:
  - YTD file openings up +50% v pcp[1]
  - Highest file openings on record in January 2020
  - Second highest revenue month for FY20 in March 2020
  - Recruited lateral hire in Canberra and opened new office. Additional lateral hires recruited in Brisbane and Melbourne
- Anecdotal evidence and online search volumes suggest that divorce rates will rise due to COVID-19. For example, relevant search trends in Australia have already increased +20% pcp[1]

Notes:
1. Prior corresponding period
2. Operating EBITDA adjusts the management accounts for the nine month and three month periods ending 31 March 2020 to include the removal of non recurring or unusual historic costs, removal of head office costs and costs associated with being listed on the ASX (previously referred to as EBITDA excl. HO)

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FY20 Q3 Operating Highlights

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Strong revenue growth

H2 YTD growth up +48%

FY20 YTD growth up +37%

Record file openings

File openings YTD up +50%

Record file openings in January 2020

3 x Lateral Hires

Lateral hires secured in Canberra, Brisbane and Melbourne

Second market expansion for the year

Successful expansion into Canberra in February 2020

Improved marketing performance due to AFL 2.0

Spent 16% less to generate:

+40% more leads

+31% more appointments

Launch of "AFL Assist"

First to market "fixed fee model" to service non-traditional AFL clients impacted by COVID-19

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Results of Launch of AFL 2.0 (FY20 - Q3 v Q2)

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Lead volume growth

+40% more leads

+31% more appointments

More for less

Spent 16% less to generate:
+40% more leads
+31% more appointments

Better quality leads

+14% swing in % of total appointments (free v paid) going straight to paid appointments

Cost per acquisition

36% reduction in cost per appointment

19% reduction in cost per lead

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FY20 Q3 Performance Highlights

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- Strong growth in FY20 YTD and Q3 Profit & Loss metrics compared to prior periods
- Momentum from FY20 H1 continued in Q3 with strong contributions from new offices in Brisbane and Mornington
- Strong balance sheet with no debt, $0.5m cash, $2.0m receivables and available undrawn debt facilities of $0.4m as at 31 March 2020
- At this stage, there has been no impact to performance due to COVID-19

	FY20 March YTD (9 months)		FY20 Q3 (3 months)		LTM March 2020[4]
Revenue	$4.97m	*Up 37% on pcp[3]*	$1.66m	*Up 48% on pcp[3]*	$6.52m
Operating EBITDA[1]	$1.73m	*Up 34% on pcp[3]*	$0.62m	*Up 42% on pcp[3]*	$2.80m
Operating EBITDA margin	35%	*Down 1% on pcp[3]*	37%	*Down 2% on pcp[3]*	43%
Underlying EBITDA[2]	$1.01m	*Up 9% on pcp[3]*	$0.36m	*Up 14% on pcp[3]*	$1.39m

Notes:
1. Operating EBITDA adjusts the management accounts for the nine month and three month periods ending 31 March 2020 to include the removal of non recurring or unusual historic costs, removal of head office costs and costs associated with being listed on the ASX (previously referred to as EBITDA excl. HO)
2. Underlying EBITDA adjusts the management accounts for the nine month and three month periods ending 31 March 2020 to include the removal of non recurring or unusual costs
3. Prior corresponding period
4. Twelve month period ending 31 March 2020

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How does our revenue growth and margin compare to peers?

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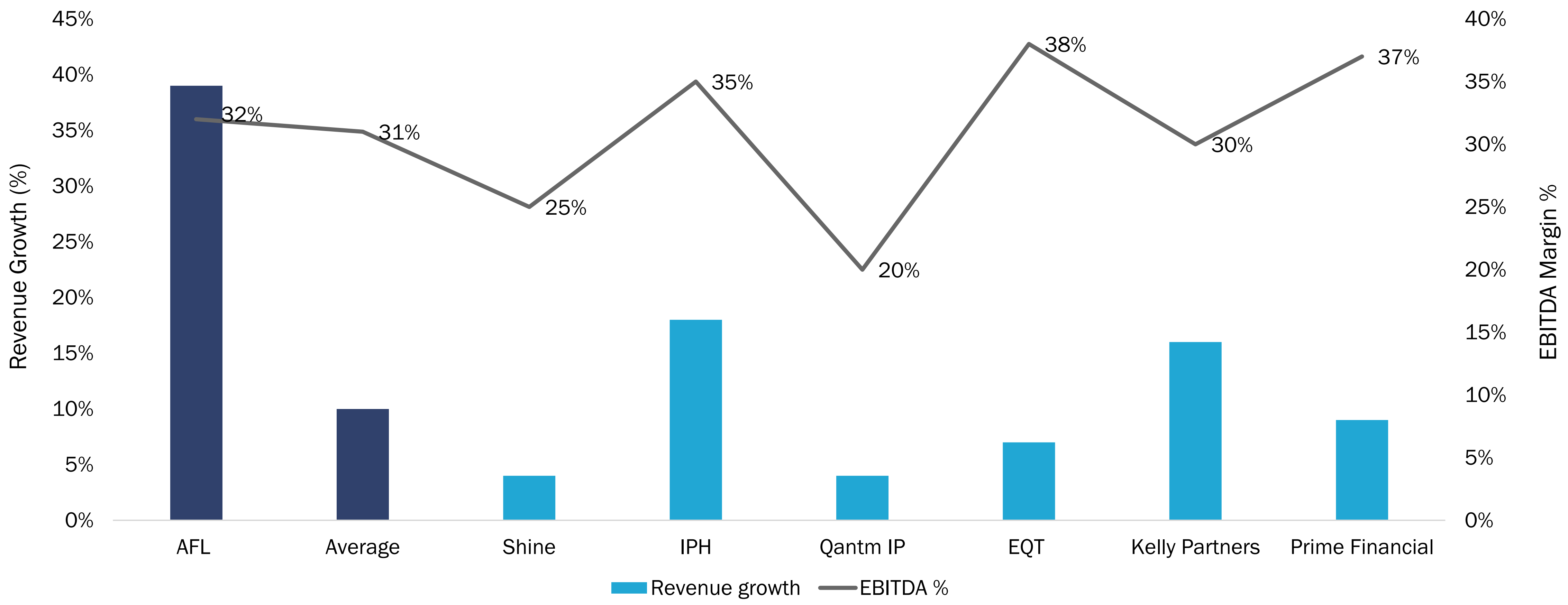

Notes:
1. Revenue growth is based on average growth rates for FY18 and FY19
2. EBITDA % margin is based on the average EBITDA % margin for FY18 and FY19. For comparative purposes, Operating EBITDA has been used for AFL

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Family law market: Defensive volumes with tailwind drivers

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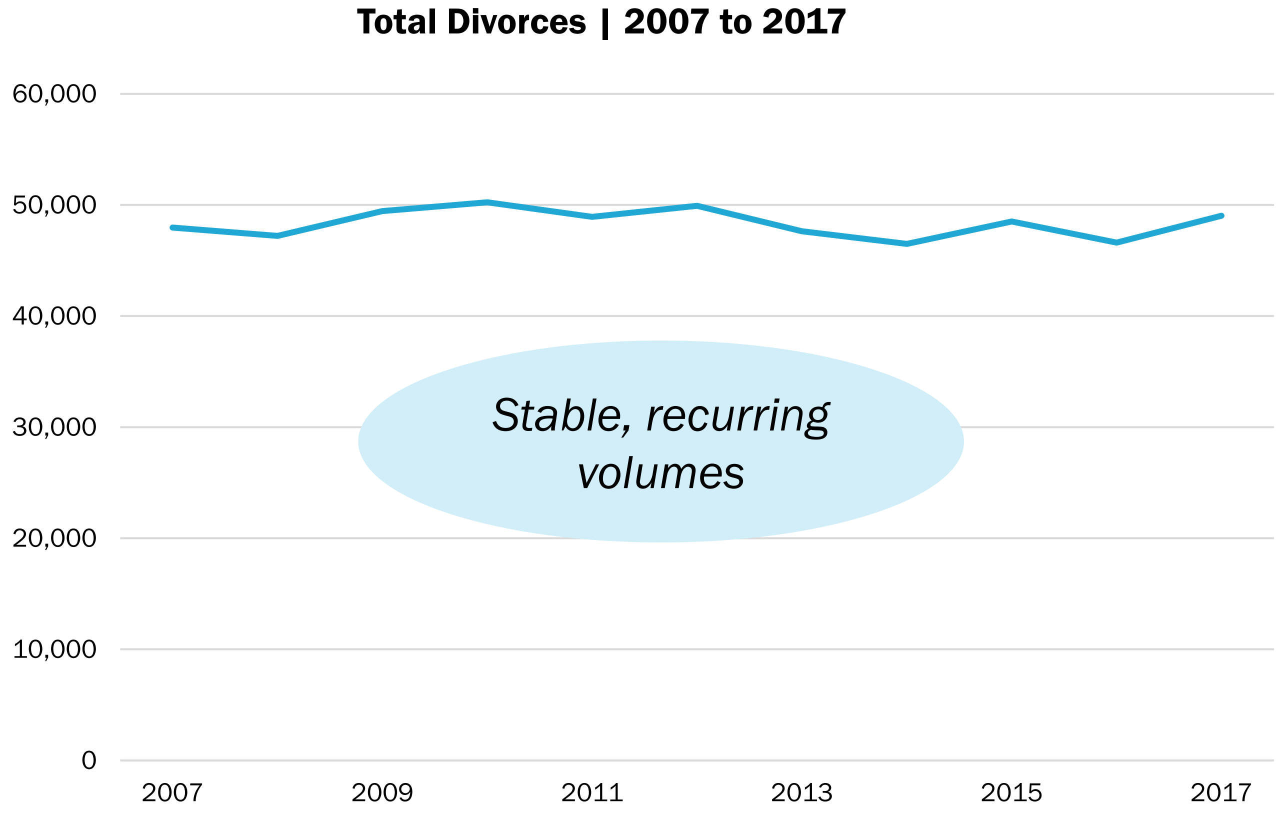
Working from home and self isolation policies may actually provide an increase in divorce volumes in Australia

- The number of total divorces in Australia has historically been very stable highlighting the recurring nature of the industry
- Working from home, self isolation policies and loss of income will inevitably cause a strain on families. The Government recently announced a $150m boost in funding to tackle domestic violence after support services reported a spike in family abuse
- Anecdotal reports globally have highlighted recent spikes in divorce and domestic violence enquiries due to COVID-19. In 2009, the number of divorces in Australia increased after the global financial crisis of 2007-2008



Source: Australian Bureau of Statistics

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Google search volumes for “divorce lawyers” in Australia were up 49% last year and are already up 20% year to date

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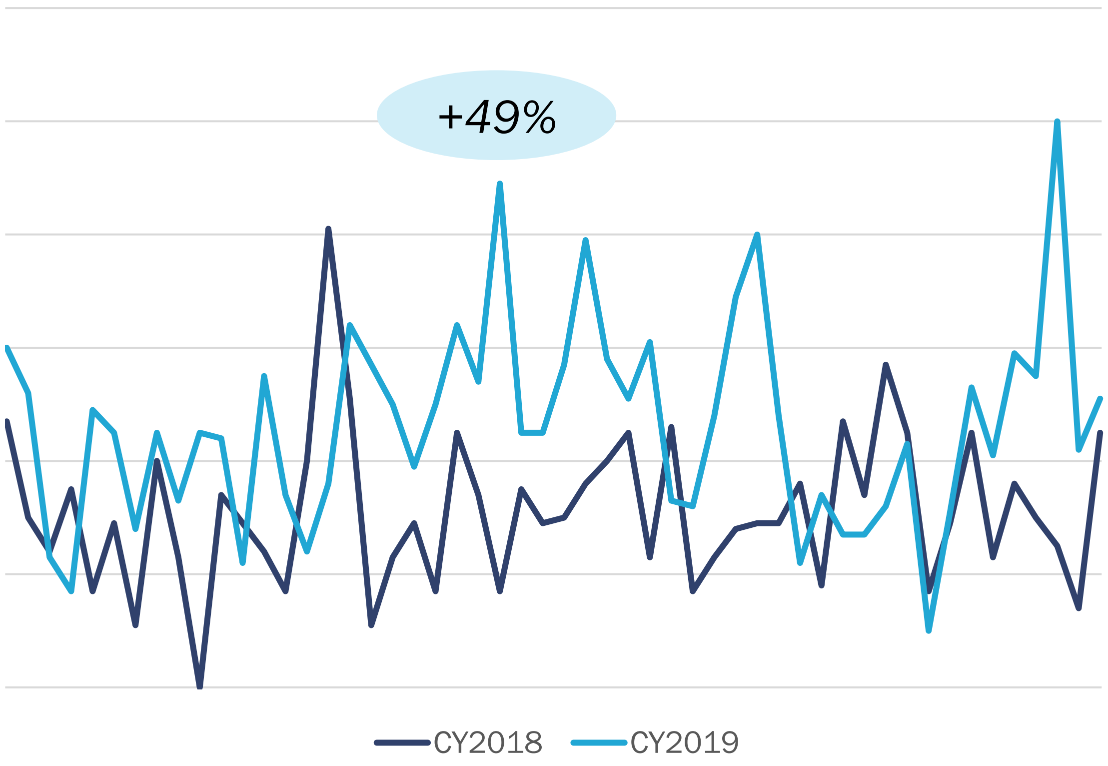
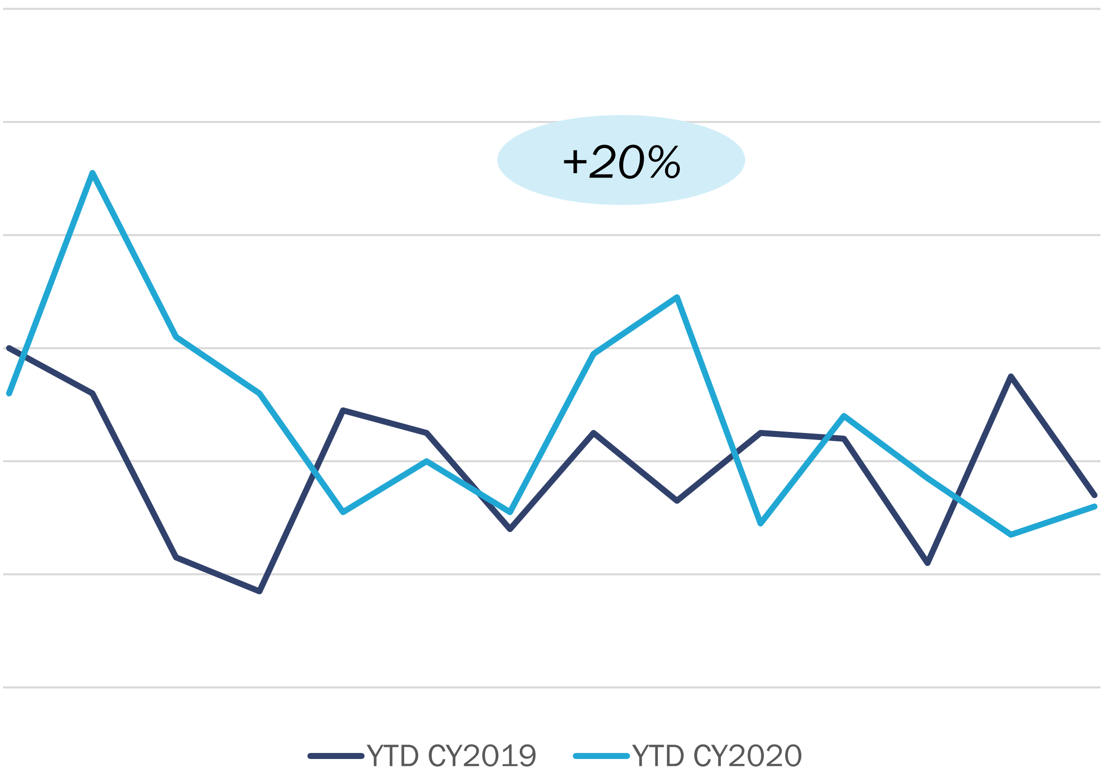
Google Search Volumes: CY2018 v CY2019



Google Search Volumes: YTD CY2020



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Global reports suggest divorce rates will rise due to COVID-19

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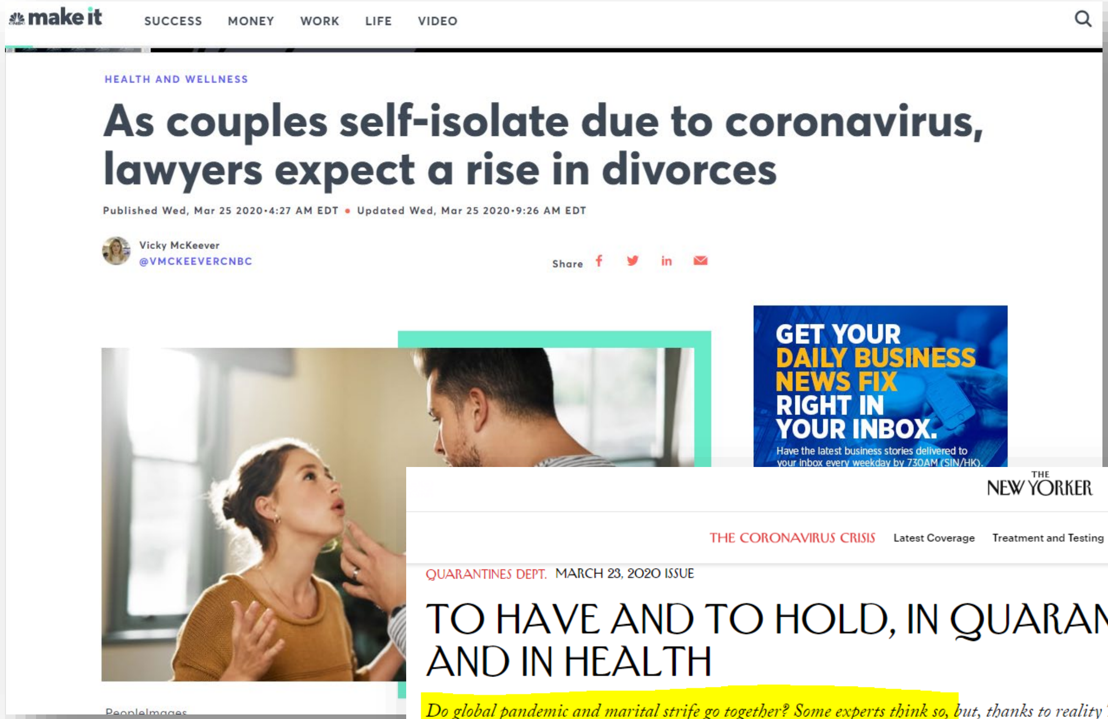
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HEALTH AND WELLNESS

As couples self-isolate due to coronavirus, lawyers expect a rise in divorces

Published Wed, Mar 25 2020•4:27 AM EDT • Updated Wed, Mar 25 2020•9:26 AM EDT

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DAILY SABAH

Turkey's divorce rates rise since start of coronavirus lockdown

BY DAILY SABAH WITH WIRES | ISTANBUL | TURKEY | APR 06, 2020 | 4:17 PM GMT+3


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QUARANTINES DEPT. MARCH 23, 2020 ISSUE

TO HAVE AND TO HOLD, IN QUARANTINE AND IN HEALTH

Do global pandemic and marital strife go together? Some experts think so, but, thanks to reality TV and cross-stitching, several spouses are making it through.

By Tyler Foggatt
March 16, 2020

As millions of people in the United States begin self-quarantining, in order to prevent the spread of the new coronavirus, China, the first country to shut down, is in the process of opening back up. In Xi'an, the capital of Shaanxi Province, more than ten million people were placed under lockdown. When restrictions were eased, earlier this month, the city's divorce rate spiked. One official blamed it, in part, on the quarantine. "Many couples have been bound with each other at home for over a month, which evoked the underlying conflicts," he told the *Global Times*, a Chinese state-run tabloid. Perhaps global pandemic and marital


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Coronavirus 'very likely' to cause spike in divorce rates, says leading lawyer

A top lawyer says "one only has to imagine" what will happen when couples are self-isolating together.

Emily Mee
News reporter @EmilyMeeSky

Wednesday 18 March 2020 09:47, UK

COVID-19 CORONAVIRUS

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China is experiencing an increase in divorce rates

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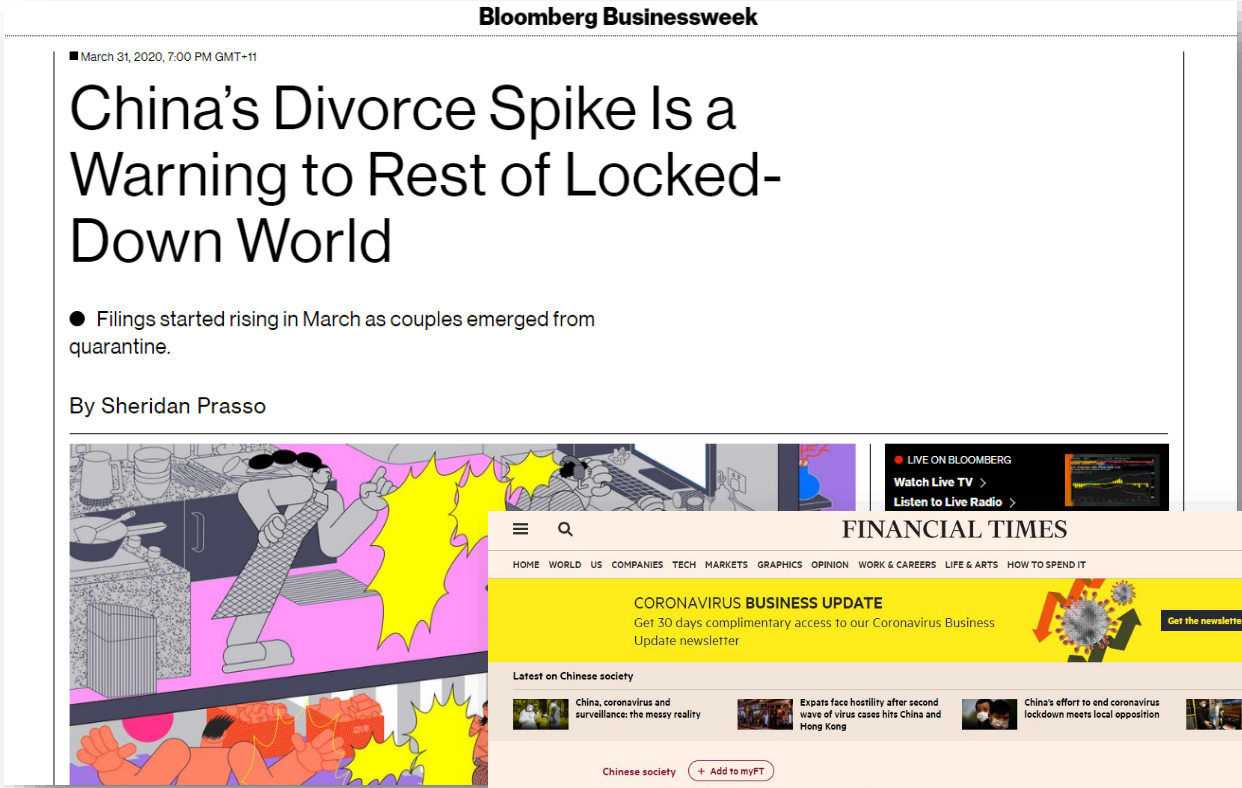

Bloomberg Businessweek

March 31, 2020, 7:00 PM GMT+11

China's Divorce Spike Is a Warning to Rest of Locked-Down World

- Filings started rising in March as couples emerged from quarantine.

By Sheridan Prasso

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BRIEFING

The coronavirus may be driving up divorce rates in a Chinese city, officials say

GABBY LANDSVERK
MAR 7, 2020, 8:37 AM

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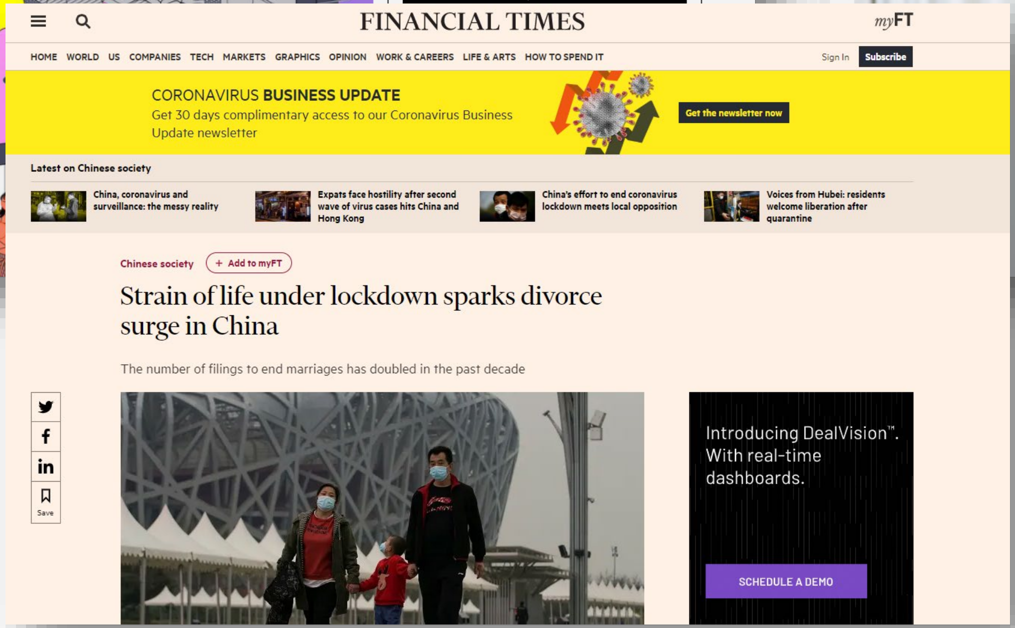

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Strain of life under lockdown sparks divorce surge in China

The number of filings to end marriages has doubled in the past decade

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