

FY20 RESULTS

INVESTOR PRESENTATION

August 2020

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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







8
offices



36
employees



+50%
revenue growth p.a.¹



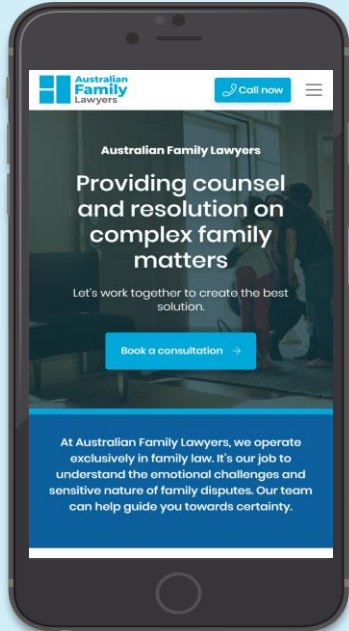
~1%
market share



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

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



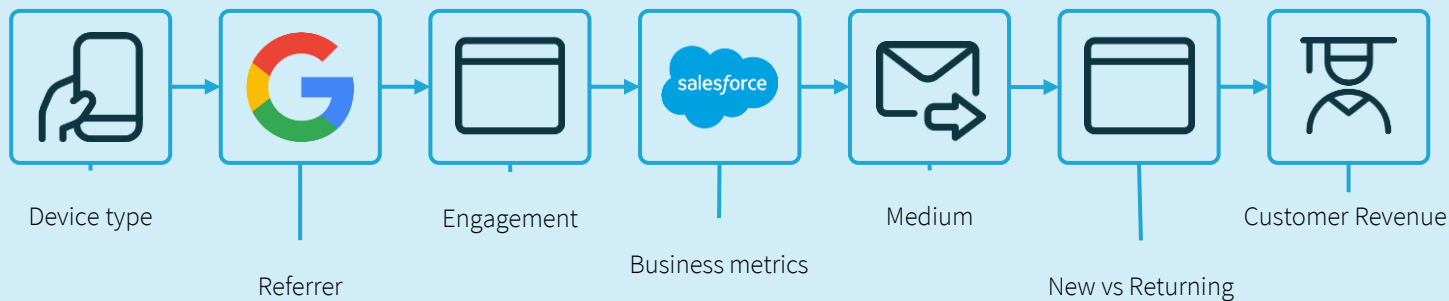
Technology

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



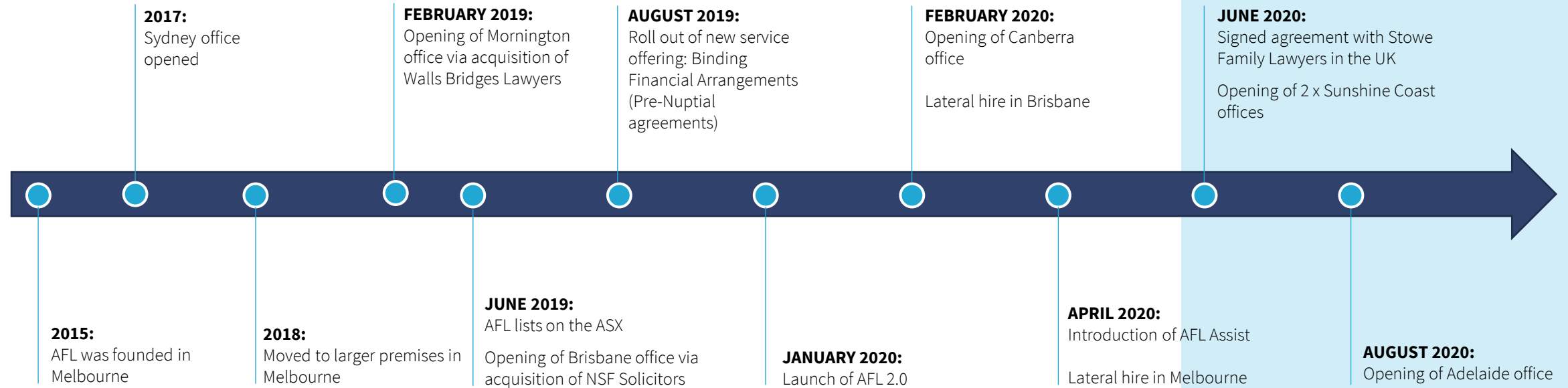
Insights

End to end behavioural and sales reporting for ongoing optimisation



Timeline since inception

AFL was founded in 2015 and has rapidly expanded to 8 offices since the IPO in June 2019



We have delivered strong growth since IPO in June 2019

Strong growth has been delivered on FY19 performance across all key operational metrics

Revenue

\$6.9m

+39%

Growth on FY19

Gross Profit

\$3.6m

+58%

Growth on FY19

Operating EBITDA¹

\$2.6m

+52%

Growth on FY19

Underlying EBITDA²

\$1.7m

+41%

Growth on FY19



- ✓ H2 FY20 recorded +48% growth on FY19
- ✓ Record revenue and file openings in May 2020 and June 2020 respectively
- ✓ +34% growth in file openings versus FY19 reflects robust pipeline for FY21



- ✓ +6% margin expansion on FY19
- ✓ Improved utilization of workforce was realized despite upfront cost impact of 4 new offices in FY20



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

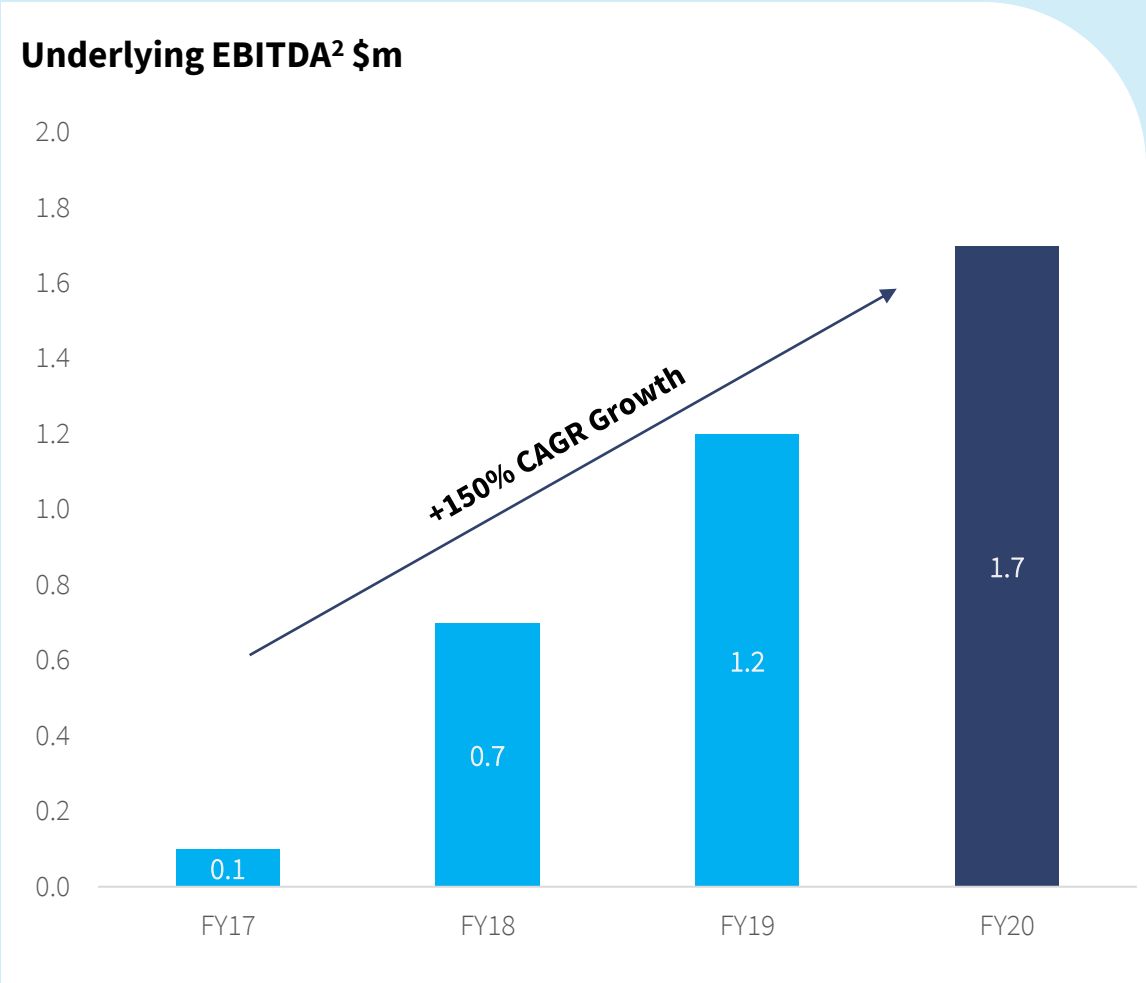
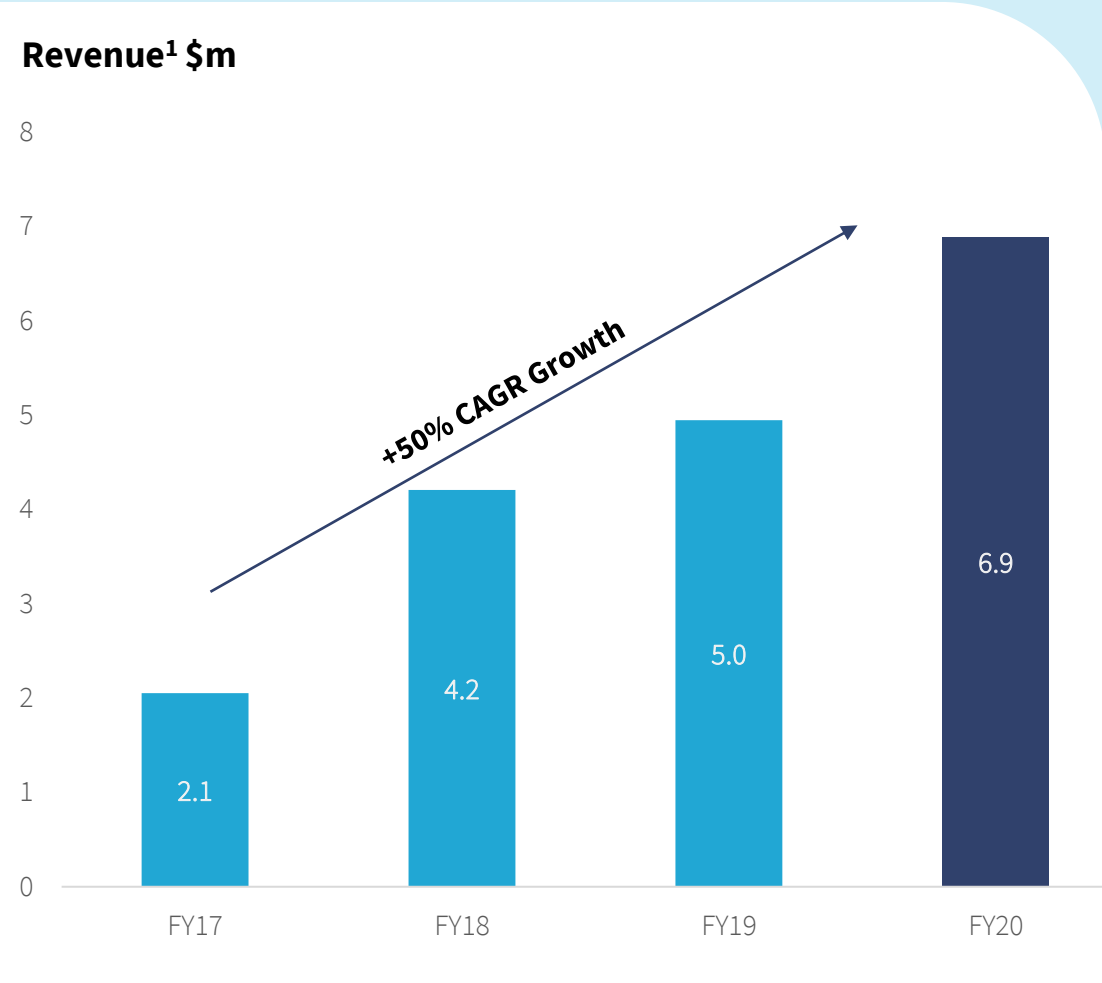


- ✓ Upside from new offices launched in H2 and roll out of AFL 2.0 is yet to be realized
- ✓ No material impact from COVID at this stage

1. Operating EBITDA adjusts the Appendix 4E statutory EBITDA for the 12 month period ending 30 June 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
2. Underlying EBITDA adjusts the Appendix 4E statutory EBITDA for the 12 month period ending 30 June 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 in Appendix 4E 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 revenue has been prepared on the same basis as the 12 months ending 30 June 2020

2. Underlying EBITDA for FY20 adjusts the Appendix 4E statutory EBITDA for the 12 month period ending 30 June 2020 to include the removal of non recurring or unusual costs. FY17- FY19 Underlying EBITDA has been prepared on the same basis as the 12 months ending 30 June 2020

3. Compounded annual growth rate

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

INDUSTRY OVERVIEW

Family law is a very large, highly fragmented market

Long-term stable volumes, an increase in defacto 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

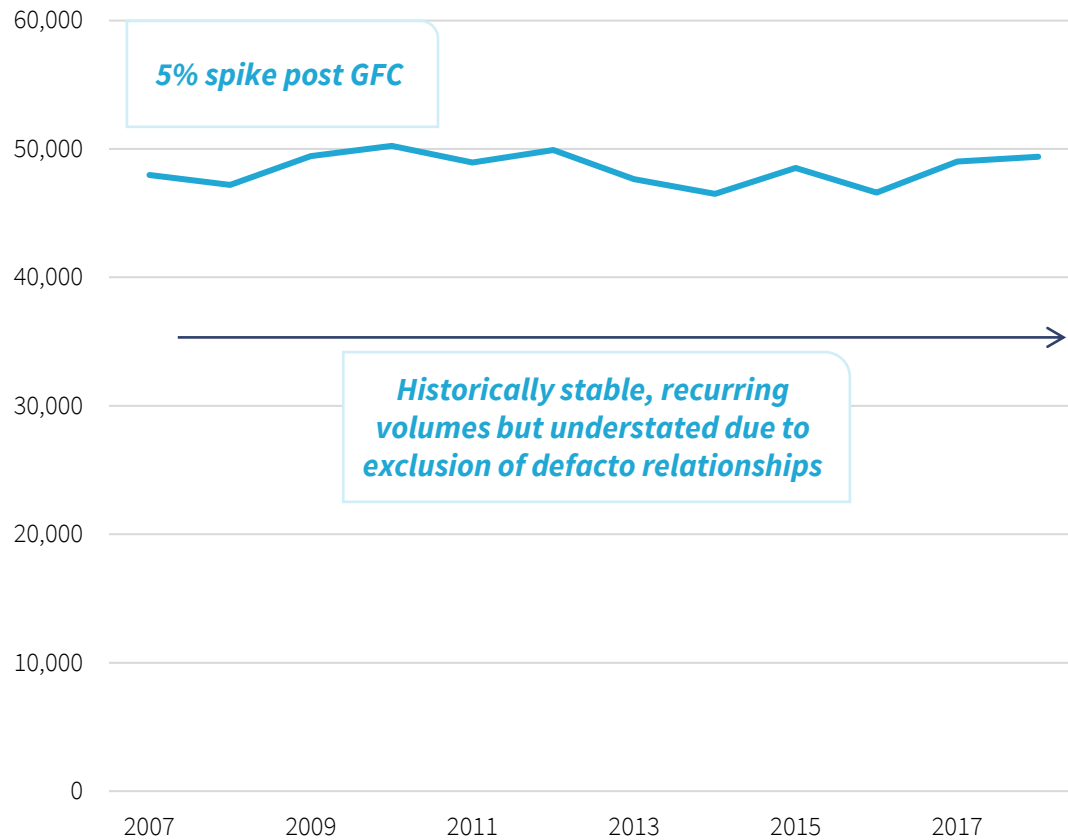
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Big Opportunity

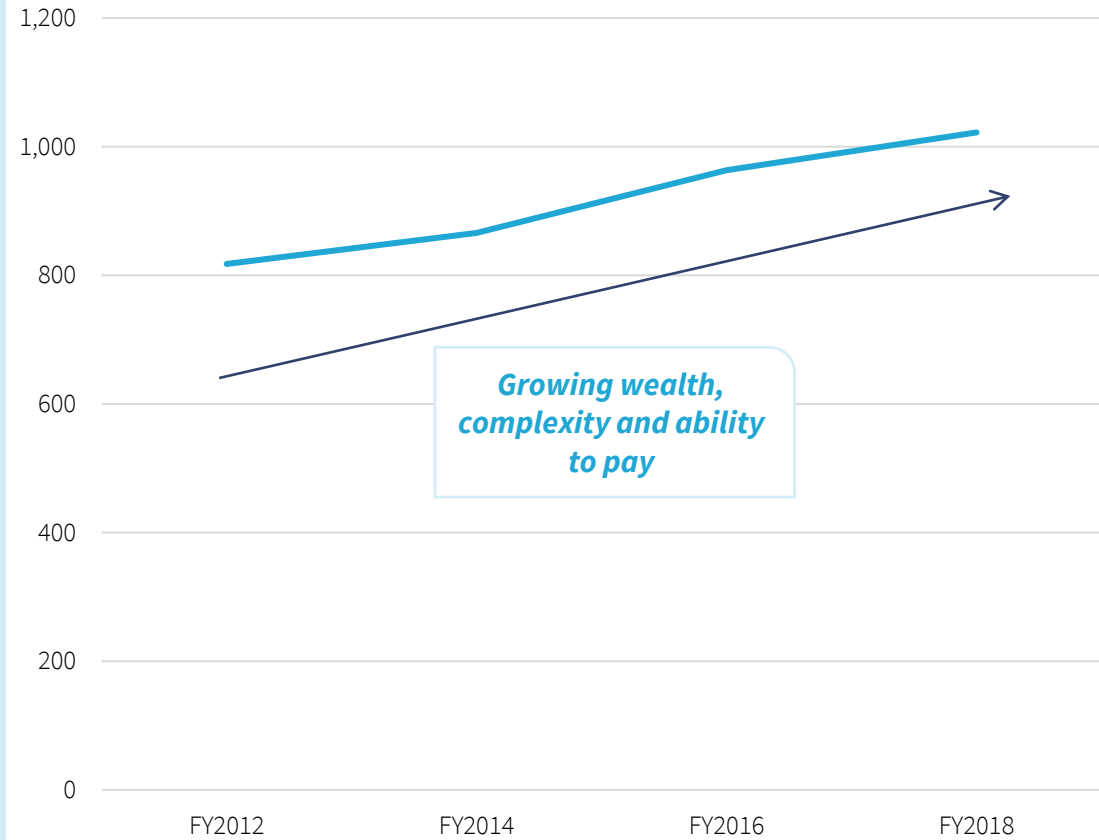
Market exhibits defensive characteristics but with growth potential

Long term stable volumes with tailwind drivers due to the increased prevalence of defacto relationships and growing asset pools

Total Divorces | 2007 to 2018



Household Net Worth (000's) | FY2004 to FY2016

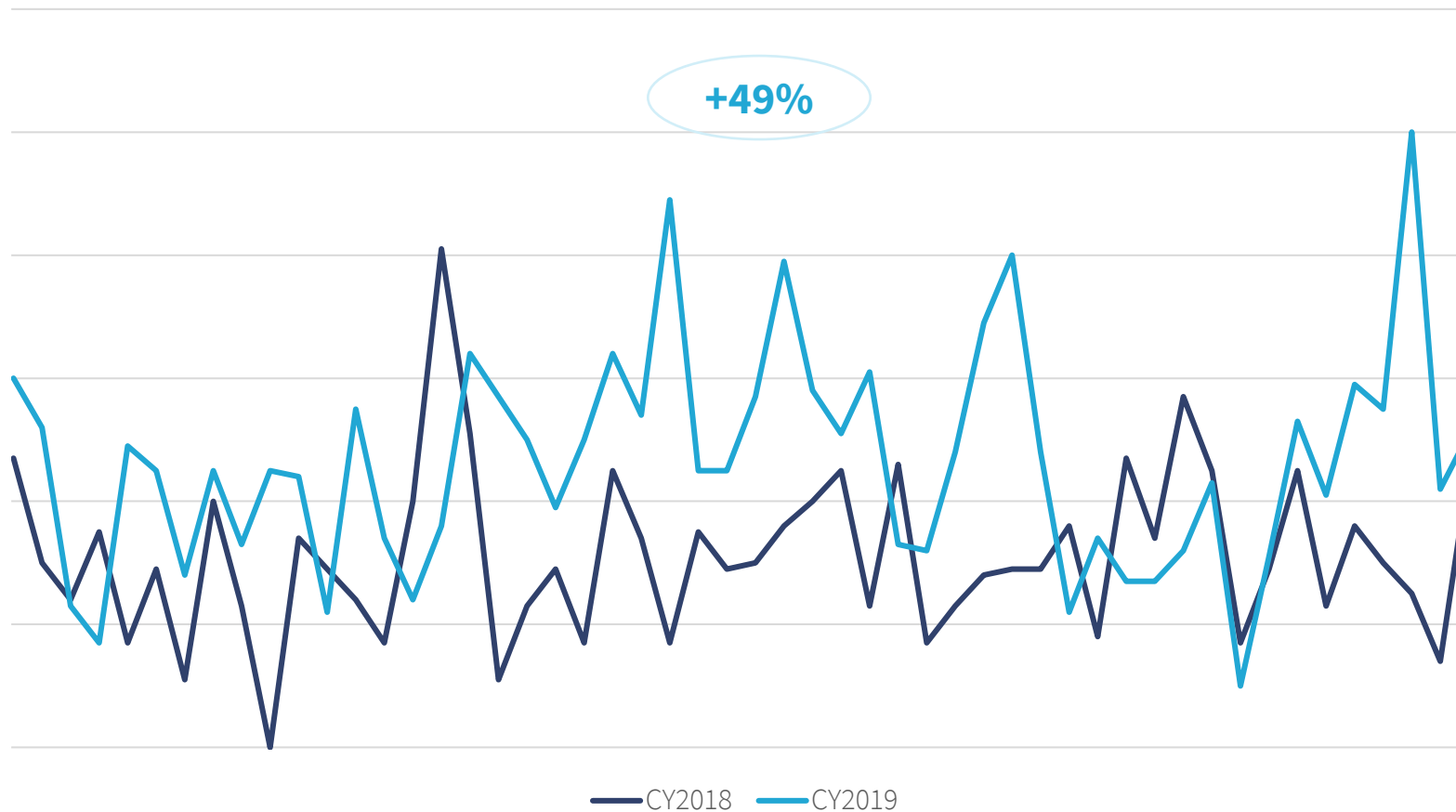


Strong growth in online search volumes for “divorce”

Google searches for the term “divorce” surged to their highest point in 12 months at the end of June 2020



Google Search Volumes: CY2018 v CY2019



“I wouldn’t be surprised if in the next year or two we see more couples file for divorce. Its consistent with what occurred after the global financial crisis”

Courtney Mullen
Australian Family Lawyers

The Australian, July 2020

03

FY20 HIGHLIGHTS

Operational highlights

Expanded business driving growth and delivering operational leverage across the platform

HIGHLIGHTS – FY20

- ✓ Strong revenue and file opening growth +39% and +34% versus pc¹ respectively
- ✓ Strong Underlying EBITDA² and Operating EBITDA³ growth +41% and +52% versus pc¹ respectively
- ✓ Doubled national footprint with 3 x lateral hires resulting in new office launches in Canberra (January 2020), Sunshine Coast x 2 (June 2020) and Adelaide (August 2020)
- ✓ Additional lateral hires secured (x2) in existing offices in Brisbane (January 2020) and Melbourne (April 2020)
- ✓ Improved client acquisition engine performance due to AFL 2.0 (+17% reduction in cost per lead in Q4 v Q3)
- ✓ Signed international partnership with Stowe Family Law (UK's largest family law firm) in June 2020

1. Prior corresponding period is prepared on the same basis as the 12 month period ending 30 June 2020

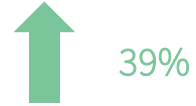
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Financial highlights

Strong growth continued across all financial metrics. No impact from COVID at this stage

Revenue¹
\$6.9m



Statutory EBITDA
\$1.0m



Gross Profit
\$3.6m



Gross Profit %
52%



Operating EBITDA²
\$2.6m



Operating EBITDA %
38%



Underlying EBITDA³
\$1.7m



Underlying EBITDA %
25%



1. Total revenue in Appendix 4E for the 12 month period ending 30 June 2020 has been adjusted to include the removal of non recurring or unusual income items
2. Operating EBITDA adjusts the Appendix 4E statutory EBITDA for the 12 month period ending 30 June 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 the Appendix 4E statutory EBITDA for the 12 month period ending 30 June 2020 to include the removal of non recurring or unusual costs
4. Prior corresponding period is prepared on the same basis as the 12 month period ending 30 June 2020

04

FY20 RESULTS

Profit & Loss

Strong revenue growth is driving operational leverage across earnings metrics

A\$'000s	FY19 ⁴	FY20	% change
Underlying			
Revenue ¹	4,950	6,893	39%
Gross Profit	2,260	3,578	58%
% Margin	46%	52%	6%
Operating EBITDA ²	1,723	2,626	52%
Margin %	35%	38%	3%
Underlying EBITDA ³	1,236	1,740	41%
Margin %	25%	25%	--
Statutory			
Revenue	430	7,039	na
EBITDA	(1,184)	1,014	na
NPAT	(1,204)	185	na

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Commentary

- Strong underlying growth driven by continued momentum in Sydney and Victoria and new office contribution from Brisbane during the period
- File openings continue to track strongly +34% versus pc⁴
- Minimal revenue impact in FY20 from new office openings in Canberra (February 2020) and Sunshine Coast (June 2020)
- First full year reporting period for the restructured AFL.ASX and therefore prior year statutory results are not representative of comparative performance
- *Underlying EBITDA* removes non recurring or unusual costs (e.g. new office establishment costs, share based payment incentives etc)
- *Operating EBITDA* removes head office costs and costs associated with being listed on the ASX to more accurately reflect the underlying operational performance and leverage of the business

Balance Sheet

Robust balance sheet, record cash balance and no debt

A\$'000s	FY19	FY20
Cash and cash equivalents	1,050	1,555
Accounts receivable	2,002	1,802
Other current assets	56	141
Total current assets	3,109	3,497
Deferred tax assets	126	465
Right of use asset	--	727
Plant and equipment	38	68
Intangible assets	6,644	6,732
Total assets	9,917	11,490
Trade and other payables	1,112	1,471
Current tax liabilities	371	455
Deferred tax liabilities	305	602
Deferred consideration	600	274
Lease liability – non interest bearing	--	770
Borrowings	282	21
Employee provisions	117	213
Total liabilities	2,787	3,806
Net assets	7,130	7,684
Issued capital	122,905	122,905
Reserves	--	369
Retained profits	(115,775)	(115,590)
Total equity	7,130	7,684

Commentary

- Cash balance strengthened to a record level of more than \$1.5m at 30 June 2020
- Strong operating cash flow of \$1.6m generated for the FY20 period
- Balance sheet now carries the “right of use asset” and “lease liability” (non interest bearing) arising from implementation of AASB16
- Bank debt facility of \$0.5m remains available but has not been utilised since IPO
- Despite strong growth in revenue, accounts receivable balance has reduced due to enhanced policies and procedures post IPO
- Increasing intangible asset balance reflects the continued investment in the client acquisition engine, AFL 2.0
- As at 31 July, deferred consideration owed to all vendors has been repaid

05

STRATEGIC REVIEW

Who are we?



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

CORE PURPOSE



To become Australia's first and 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 have been completed



LAUNCH AFL 2.0

Launched in January 2020 and has driven **improved marketing performance** in H2 (volume of leads and cost per lead)



EXPAND INTO (1) NEW GEOGRAPHY

Expanded into **4 new regions** being Brisbane, Canberra, Sunshine Coast and Adelaide



RECRUIT (2) LATERAL HIRES

In addition to office expansion hires (x 3), recruited **2 x additional lateral hires** in existing offices in Brisbane and Melbourne



IMPLEMENT SALESFORCE AND STRENGTHEN THE MARKETING TEAM

Salesforce implementation completed in January 2020
Created Marketing Advisory Board and appointed new Chief Marketing Officer



ESTABLISH ADDITIONAL SERVICE LINES

Launched **Binding Financial Arrangements**
Launched **AFL Assist** due to COVID



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

THANK YOU

