

## ASX Announcement

18 November 2020

### Annual General Meeting – Chair’s Address

**Slater & Gordon Ltd (“Slater & Gordon” or “the Company”)(ASX: SGH)** provides below the Chair’s Address to the 2020 Annual General Meeting to be held today at 11.30am online via the Lumi platform.

**James MacKenzie, Chair:**

#### *Acknowledgement of Country*

Before I start, I want to acknowledge that NAIDOC week was last week. However, it is my belief and that of the Company that this continent Always Has Been and Always Will Be First Nations’ land. Supporting and acknowledging our First Nations peoples should not just be on the agenda during one week. It should always be on our agenda and that is why I am putting it on the agenda here.

As Australians we must embrace our First Nations peoples and the more than 65,000 years of history, spirituality and culture they share with our continent. We are pleased to support NSW Premier Gladys Berejiklian in her call to change one word in our national anthem – from young and free – to one and free. One. It is perhaps a small change to some, but an important change for our First Nations people and a small step which ensures all of us respect the ongoing history of one of the oldest ongoing cultures on the planet.

We are a labour law firm. The pursuit of Justice runs deep in our veins and is central to our values. And that means that we will always be bi-partisan in our support of any initiative that seeks to make our world more just.

So, I want to start our AGM today by acknowledging the traditional owners of the lands on which we all meet.

I respectfully acknowledge the First Nations People as the original inhabitants of the nation and the traditional custodians of the land on which we live, work and learn, and pay respect to the First Nations People and their Elders, past, present and emerging.

#### *Main Address*

I would like to start my address today by thanking all of our people at Slater & Gordon for their incredible efforts during the disruption caused by the COVID-19 pandemic. Their dedication to our clients and to continuing to achieve great outcomes for them during this period goes to the very core of who we are at Slater & Gordon.

Overall, the Company has responded well to the pandemic and has taken actions to protect the health and wellbeing of its employees and clients and to protect its business. You can read more details about this in the Annual Report.

The Board and Executive Leadership Team are continuing to monitor the COVID situation closely and to take actions to respond as appropriate and as recommended by governments and health authorities. I would particularly like to thank our Melbourne metro staff who have continued to service their clients throughout their extended lockdown, which we hope is now behind us.

Moving now to some commentary around the Company's financial performance.

The FY20 results show the ongoing work to transform the Company is delivering continued improvement. This is despite reporting a net loss after tax for the full year ended 30 June 2020 of \$1.2million. This result includes transformation costs, as well as the cost of incentive programs. This result compares to a net profit after tax for the prior year of \$31.3 million. The prior year result was positively impacted by a deferred tax asset of \$31.5 million.

Although the Company reported a small net loss after tax this year, it also reported improved revenue, EBITDA and cashflow performance, driven largely by strong organic growth and increased active file stock.

The Company has benefited from stronger management of its working capital and a strengthened balance sheet. We completed a \$75.6 million, fully underwritten, non-renounceable entitlement offer in September 2019. This was used to repay the Company's \$64.4 million Syndicated Facility and associated fees. In April 2020 we executed an amendment of the Company's Super Senior Facility extending its maturity from December 2020 to 31 July 2023. These actions show we continue to take sensible steps to strengthen the Company's balance sheet for the long term.

In April 2020, we also completed an opt-out unmarketable parcel sale facility for shareholders who owned less than \$500 worth of fully paid ordinary SGH shares. This enabled those shareholders to sell their shares without brokerage and it simplified the Company's share register and result in cost saving.

It is pleasing to see that our business has stabilised and is returning to growth. There is a platform to build on, however, there is still work to do. The metrics you can see on this slide provide a quick snapshot of some of the work that we have been doing over the last year.

Last financial year we achieved almost \$1 billion in claims settled for our clients. That is a figure of which we are very proud. It also underlines the important role Slater & Gordon plays in the legal landscape in providing access to justice for the thousands of Australians who need our help.

While we know we still have more work to do, we have seen strong growth this financial year. Importantly we have strong client satisfaction levels which reflects our strong focus on our clients in everything we do. And our investment in new digital platforms is empowering our clients and our lawyers to connect with each other in ways that most suit our clients and meet the circumstances in which they find themselves. Whatever stage of lockdown or other restrictions might be in force!

Once again, the delivery of this turnaround and the investment in the business could not be achieved without our people. Pleasingly, there has been a significant improvement in our engagement levels. The improvement confirms the breadth of turnaround which has occurred.

Before I provide some commentary on performance during the first quarter of the new financial year I wanted to provide an update on an issue which the Board considered at its meeting earlier today.

The Board discussed the decision which was deferred in August as to whether the Company had achieved the necessary targets for an 'Exit Event' to be declared under the Company's Long-Term Incentive Plan.

The declaration of an 'Exit Event' is important as it determines whether participants in the Plan can exercise their vested Rights. It also results in a further tranche of Rights vesting.

Full details on the test for whether an 'Exit Event' has occurred and the implications of an 'Exit Event' occurring were set out in our 2020 Remuneration Report and in the Explanatory Memorandum for last year's AGM.

Although the Company prima facie met the necessary targets in August, the Board took a cautious approach and deferred its decision on whether an 'Exit Event' had occurred pending further clarity around the impact the COVID situation was having on the Company's performance and the economy more broadly.

However, the Board today has satisfied itself that the targets have been met and an Exit Event has now occurred.

This leads me into some comments on our trading performance to the end of October.

During the first four months of the new financial year, the momentum in the business from the last financial year has continued.

- The number of active files within the Personal Injury practice has increased by approximately 5% over the 12 months to October 2020. This continues to be a pleasing result in a market with little to no growth, demonstrating the strength of our brand and the Value of our digital initiatives.
- While revenue growth has slowed, it remains comfortably above our file rate growth.
- The contribution margin has also continued to expand compared to the corresponding period last year.

None of this progress would be possible without our people, our clients and our many supporters. I would like to take the opportunity again to thank our people, leadership team and Board for their care and deep commitment to our clients, to justice and to the labour movement.

It is that care and commitment that sets us apart and is building our future. Most importantly we are united in our purpose, for the thousands of Australians who need our help, to make their tomorrow start today.

I also want to again take the opportunity to thank our unions, regulators, industry bodies, sponsorship partners and business partners for their ongoing support.

Those of you who know Slater & Gordon well would know that this year we celebrated our 85 year anniversary. It is an 85 year history of which every one of us at the firm, and our alumni, is enormously proud. It is 85 years of breaking new ground in the legal landscape, of innovation and, most importantly, of standing up for every day Australians who would not have the means or the resources to access justice without us.

While the COVID-19 pandemic prevented us from celebrating as we had planned, we are grateful to the many people who reached out to congratulate us on this milestone and to share with us what Slater & Gordon has meant to them.

Our 85 year anniversary was a timely celebration of our shared history, our purpose and our values which run deep within our people. It is this that will shape our next 85 years.

ENDS

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