

30 August 2021

Market Announcements Office  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
Sydney NSW 2000

## Market Update

The Board of AF Legal Group Ltd (ASX: AFL) (AFL or the **Company**) is pleased to provide a market update on the Company's performance. The Company has achieved significant growth and operational improvements during FY21 including:

- For the 12 month period ending 30 June 2021 on a pro forma<sup>1</sup> basis:
  - Revenue of \$16.4m
  - Operating EBITDA<sup>2</sup> of \$5.8m
  - Underlying EBITDA<sup>3</sup> of \$4.7m
- For the 12-month period ending 30 June 2021 on a statutory basis v pcp<sup>4</sup>:
  - Revenue up +61% to \$11.1m
  - Operating EBITDA<sup>2</sup> up +42% to \$3.7m
  - Underlying EBITDA<sup>3</sup> up +54% to \$2.7m
- Record revenue recorded in June 2021
- Record monthly and quarterly file openings recorded in June 2021 and Q4 respectively
- Completed strategic acquisitions of Strong Law, Watts McCray and Kordos Law
- Executed lateral hires in Adelaide, North Melbourne, Perth and North Perth (Joondalup)

Further information is provided to shareholders in the investor presentation following this announcement.

## Board and Management Structure Update

The Board is also pleased to inform shareholders that the Company's management structure has been updated to better serve the needs of a business which has significantly grown both organically and via acquisition in the last 12 months.

Edward Finn has taken the decision to retire as a non-executive director and will be replaced by new Independent Director, Dr Sarah Kelly OAM with the changes taking effect today.

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<sup>1</sup> Full year pro forma contribution includes the acquisition of Strong Law, Watts McCray and Kordos Law from 1 October 2020, 1 January 2021 and 1 April 2021 respectively

<sup>2</sup> 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

<sup>3</sup> Underlying EBITDA adjusts statutory EBITDA to include the removal of non recurring or unusual costs

<sup>4</sup> Prior corresponding period performance is adjusted and prepared on the same basis as the 12 month period ending 30 June 2021

Edward Finn commented “the talent and capability of the current Board and management team is exceptional. The performance of the team and business since listing is testament to their skills. As the largest shareholder in the Company, I am incredibly confident we have the right combination in place to drive the next stage of growth for our clients, staff and shareholders. I strongly endorse the appointment of Independent Director Dr Sarah Kelly to the Board and I look forward to continuing to support the Company for many years to come”.

*Dr Sarah Kelly OAM had a successful career as a commercial lawyer and is an experienced non-executive director with various roles across sport, tourism, technology, education, start-ups and not for profit sectors with a focus on marketing and governance. Most notably, Sarah is currently an Associate Professor at the University of Queensland Business School and is the Deputy Chair of the Brisbane Lions, Deputy Chair of Tourism and Events Queensland and the state leader for the Minerva Network.*

Grant Dearlove commented “The Board welcomes Sarah. The skills, independence and diversity Sarah brings to AFL will enhance our governance and we look forward to harnessing her experience to support the pace of the Company’s growth. I would also like to thank Edward for his service on the Board since listing and look forward to his continued support as a shareholder”.

The Board is also pleased to announce the promotion of current Chief Operating Officer Stace Boardman to the position of Chief Executive Officer (CEO). The key terms and conditions of Ms Boardman’s appointment are set out in Annexure A.

Retaining the title of Executive Chairman, Grant Dearlove continues in this role in an increased capacity and as effectively as Managing Director. Glen Dobbie continues in his position as an Executive Director in an increased capacity and current Non-Executive Director Kevin Lynch will now lead the Marketing Advisory Board.

#### **On-market buyback closure**

The Board also wishes to advise that the notice concerning the on market buy-back in place since 10 August 2020 has expired and no shares have been bought back. The Appendix 3F following this announcement marks the closure of this buy-back.

This announcement has been authorised by the AFL board.

Yours faithfully



Maggie Niewidok  
**Company Secretary**

**Annexure A**  
**Ms Boardman – Key Terms and Conditions of Employment**

Commencement Date	30 August 2021
Term	Appointment on an on-going basis until terminated by either party (see termination and notice below)
Fixed Remuneration	\$250,000 per annum comprising base salary and superannuation (an increase from \$220,000 in the previous financial year)
Short Term Incentives	<p>Short Term Incentive of up to \$200,000 (payable 50% in cash and 50% in shares) subject to achieving a financial target of 30% growth on proforma revenue and underlying EBITDA growth each year (excluding contribution of acquisitions).</p> <p>This incentive will vest in three equal tranches with the first tranche being paid at the completion of the annual audited results. The second tranche on the 12 month anniversary of the first tranche and the third tranche on the 12 month anniversary of the second tranche.</p>
Long Term Incentives	<p>\$33,000 of shares at the end of each FY22 and FY23 subject to Ms Boardman remaining employed and/or engaged by the Company in respect of each financial year, with the number of shares to be issued calculated by reference to the 20 day VWAP of AFL shares immediately prior to their issue.<sup>(a)</sup></p> <p>\$45,000 of performance rights vesting over the 3 years in three equal tranches based on achieving yearly objectives including annual financial and operational targets and other long term strategic objectives determined by the Board to support the long term growth of the Company.</p>
Termination and Notice clause	The Company or the CEO may terminate the agreement by providing 6 months' notice.
Restraint	Ms Boardman is subject to certain restrictive covenants, including a 12 month restriction on employment working in a similar field.

**Notes:**

- <sup>(a)</sup> Ms Boardman will be issued \$33,000 of shares in the Company in respect of the FY21 in connection with her role as Chief Operating Officer during the period.