

INVESTOR PRESENTATION MARKET UPDATE

November 2021

Table of contents

01 About Us

02 Market Update

03 Growth Update

04 Strategy Update

01

ABOUT US

Australia's largest specialised family law firm

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





+15

offices



+80

employees



+50%

revenue growth p.a.¹



~1%

market share

1. FY17-FY21 CAGR (compounded annual growth rate)



Family law is a very large, highly fragmented market

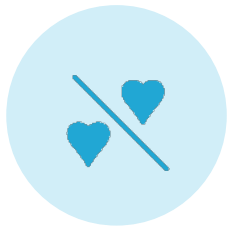
Long-term stable volumes, an increase in defacto relationships and rising net household wealth = attractive market



\$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

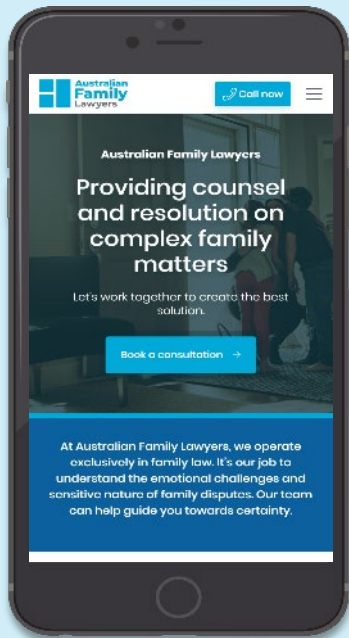
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Big Opportunity

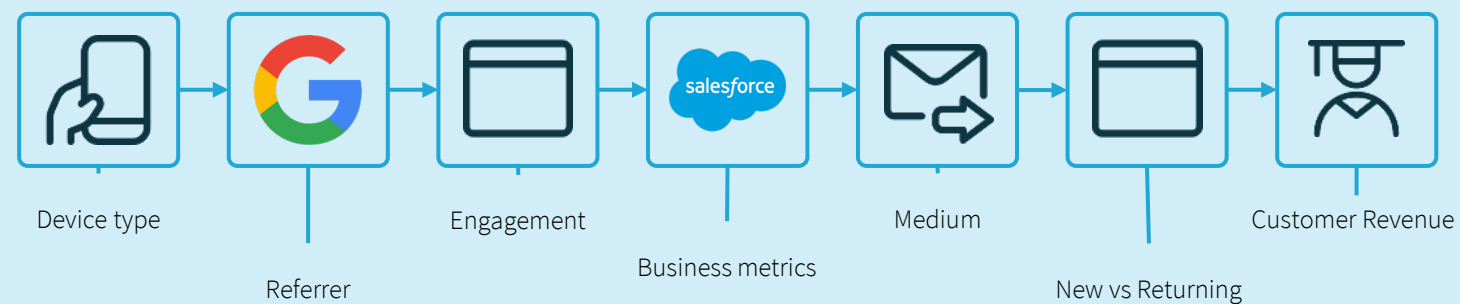
We have disrupted the way law firms find customers...



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

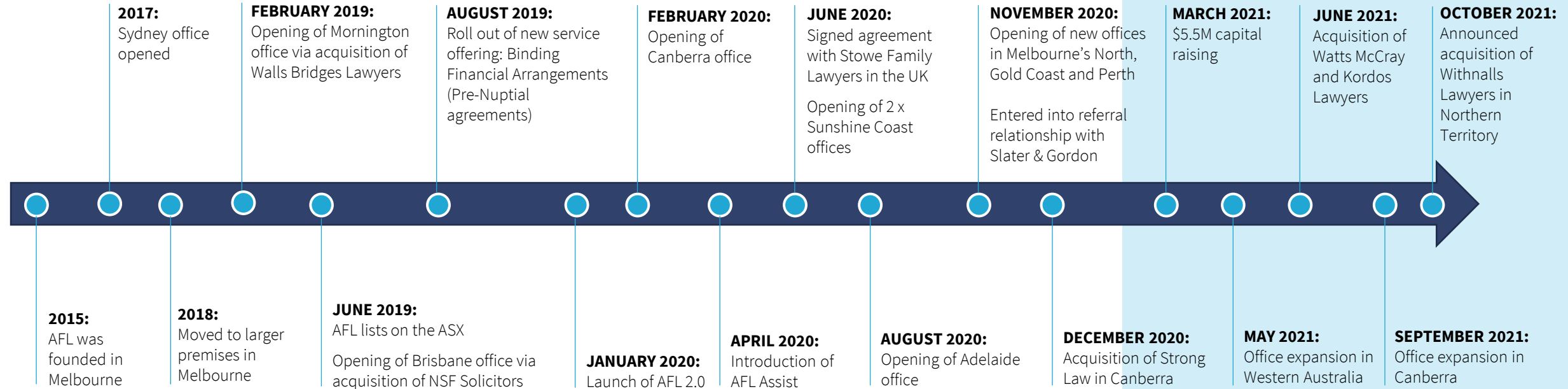


- Mobile first**
An optimised experience for small screens
- Performance**
An architecture built for fast page loads and content delivery
- Technology**
Introducing an ecosystem of world class integrated technology for scalability and business insights
- Insights**
End to end behavioural and sales reporting for ongoing optimisation



Timeline since inception

AFL was founded in 2015 and has rapidly expanded to 15 offices since its IPO in June 2019



What have we achieved since IPO?

Strategic acquisitions completed in FY21 provides the scale to build out the platform in FY22 and beyond



FINANCIAL PERFORMANCE

FY21 Pro Forma **Revenue and Underlying EBITDA of \$16.4m and \$4.7m** respectively

Delivered **strong revenue and underlying EBITDA CAGR growth** since FY17 at +50% and +125% respectively



NEW OFFICES AND GEOGRAPHIES

Created and acquired **13 new office locations:** Brisbane, Canberra (2), Sunshine Coast (2), Adelaide, Perth (2), Sydney (2), Melbourne (2) and the Gold Coast



LATERAL HIRES AND ACQUISITIONS

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

Completed **4 strategic acquisitions** in Brisbane, Canberra, Melbourne and Sydney



BEST IN CLASS MARKETING PLATFORM

Launched AFL 2.0 which has driven **improved marketing performance**

Rolled out **referral partnership strategy**

Created **Marketing Advisory Board**



ADDITIONAL SERVICE LINES

Launched **6 x New Service lines** including Binding Financial Arrangements, Corporate Services, AFL Assist, Asset Protect, Faculty of Arbitration and Mediation and an international relations division



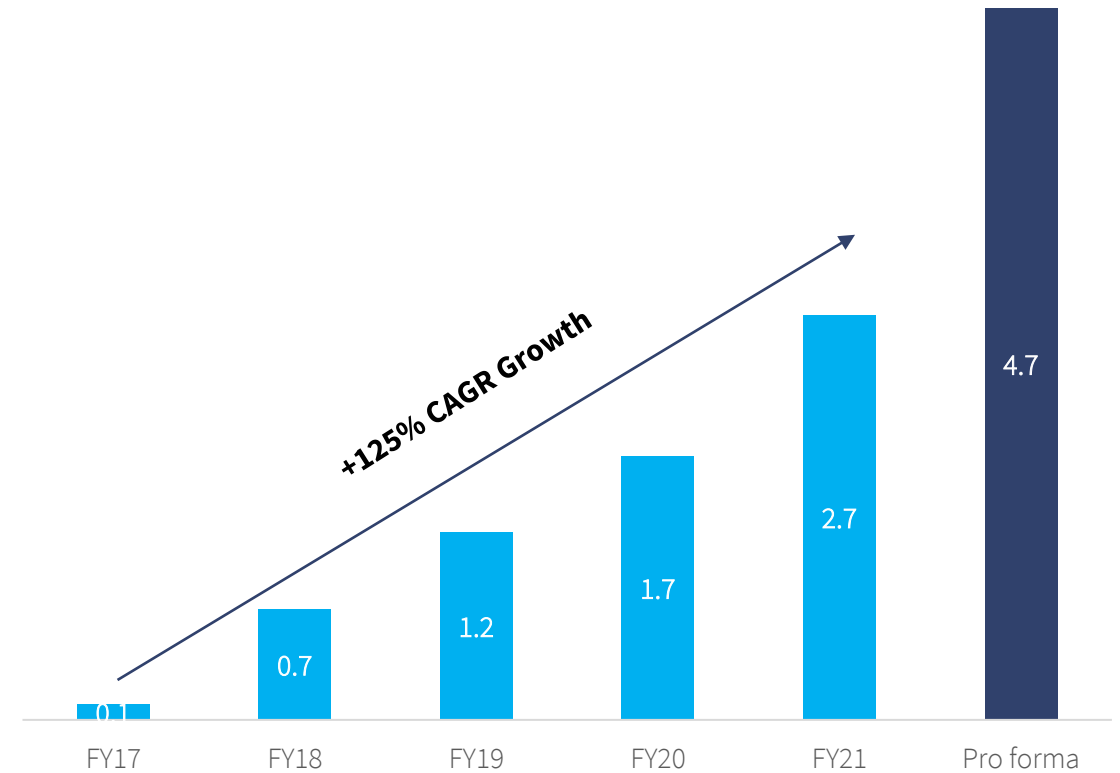
Historical revenue and EBITDA

Strong historical CAGR³ growth in both revenue and Underlying EBITDA since FY2017 (listed in June 2019)

Revenue¹ \$m



Underlying EBITDA² \$m



1. Total revenue has been adjusted to include the removal of non recurring, non cash or unusual income items
2. Underlying EBITDA adjusts statutory EBITDA to include the removal of non recurring, non cash or unusual costs
3. Compounded annual growth rate from FY17-FY21
4. Pro forma includes the acquisitions of Strong Law, Watts McCray and Kordos Lawyers from 1 July 2021

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 in the family law sector with the platform to expand into new personal legal services markets



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



Strong pipeline of organic and acquisition growth opportunities



\$1.1bn+

potential market opportunity



+125%

EBITDA CAGR (FY17-FY21)



~1%

market share



+50%

Revenue CAGR (FY17-FY21)



Best-in-class

client acquisition engine



Finalist x 3

Australian Legal Awards

02

MARKET UPDATE

Market Update – YTD September, FY22



Strong start to FY22 driven by accelerated organic growth via a record pipeline of file openings and full contributions from acquisitions

HIGHLIGHTS – Year to Date September, FY22 (YTD)

- ✓ YTD revenue was \$4.8m which equates to an **annual run rate of \$19.2m**, up +17% versus the Pro Forma FY21 Revenue of \$16.4m
- ✓ Strong **YTD revenue growth +105%** versus pc¹ and **highest revenue month on record** in August 2021
- ✓ **Underlying EBITDA growth +58%** versus pc² at a 28% margin
- ✓ **YTD file openings +74%** versus pc¹ and **October was up +114%** versus last year
- ✓ Acquisition integration of Kordos Law and Watts McCray is on track and well progressed - **\$0.6m p.a. of synergies have already been realised**
- ✓ Announced acquisition of **Withnalls Lawyers in Northern Territory** – due diligence is progressing well and on track
- ✓ Strong pipeline of organic and acquisition growth opportunities are under review in both **family law and adjacent sectors**

1. Prior corresponding period

2. Underlying EBITDA adjusts statutory EBITDA to include the removal of share based payments, acquisition costs, pre acquisition related bad debts and one off growth related costs

Financial Update – YTD September, FY22

Strong first quarter revenue and earnings growth versus last year and pro forma on both a statutory and underlying basis

- FY22 YTD September revenue was \$4.8m which equates to an annual run rate of \$19.2m, up +17% versus pro forma FY21 revenue of \$16.4m
- Strong YTD revenue growth +103% versus pcp and monthly revenue record in August 2021
- Underlying EBITDA was \$1.3m, +58% versus pcp at a 28% margin
- Acquisition integration of Kordos Law and Watts McCray is on track and well progressed - \$0.6m p.a. of synergies have already been realised (not included in pro forma numbers)
- Underlying EBITDA and Statutory EBITDA are now also reported on a “Pre AASB 16” basis to exclude the implementation of AASB 16 in relation to rent expense

| Income Statement Summary (\$m) | YTD Sept | % growth |
|---|-----------------|-----------------|
| Total Revenue | 4,803 | 103% |
| Underlying EBITDA (pre AASB 16) | 1,096 | 46% |
| <i>% margin</i> | <i>23%</i> | |
| Underlying EBITDA | 1,336 | 58% |
| <i>% margin</i> | <i>28%</i> | |
| <i>Less: Non recurring income / expenses</i> | | |
| <i>Share based payments (non cash)</i> | <i>(161)</i> | |
| <i>Acquisition costs</i> | <i>(75)</i> | |
| <i>Pre acquisition related bad debts</i> | <i>--</i> | |
| <i>One off growth related costs</i> | <i>(6)</i> | |
| Statutory EBITDA | 1,094 | 44% |
| <i>AASB 16 implementation</i> | <i>(240)</i> | |
| Statutory EBITDA (pre AASB 16) | 854 | 28% |
| <i>D&A</i> | <i>(112)</i> | |
| <i>Finance costs</i> | <i>(20)</i> | |
| <i>Income tax</i> | <i>(198)</i> | |
| Statutory NPAT | 523 | 28% |
| <i>Amortisation</i> | <i>61</i> | |
| <i>Non recurring income / expenses (net of tax)</i> | <i>175</i> | |
| Underlying NPATA | 759 | 43% |

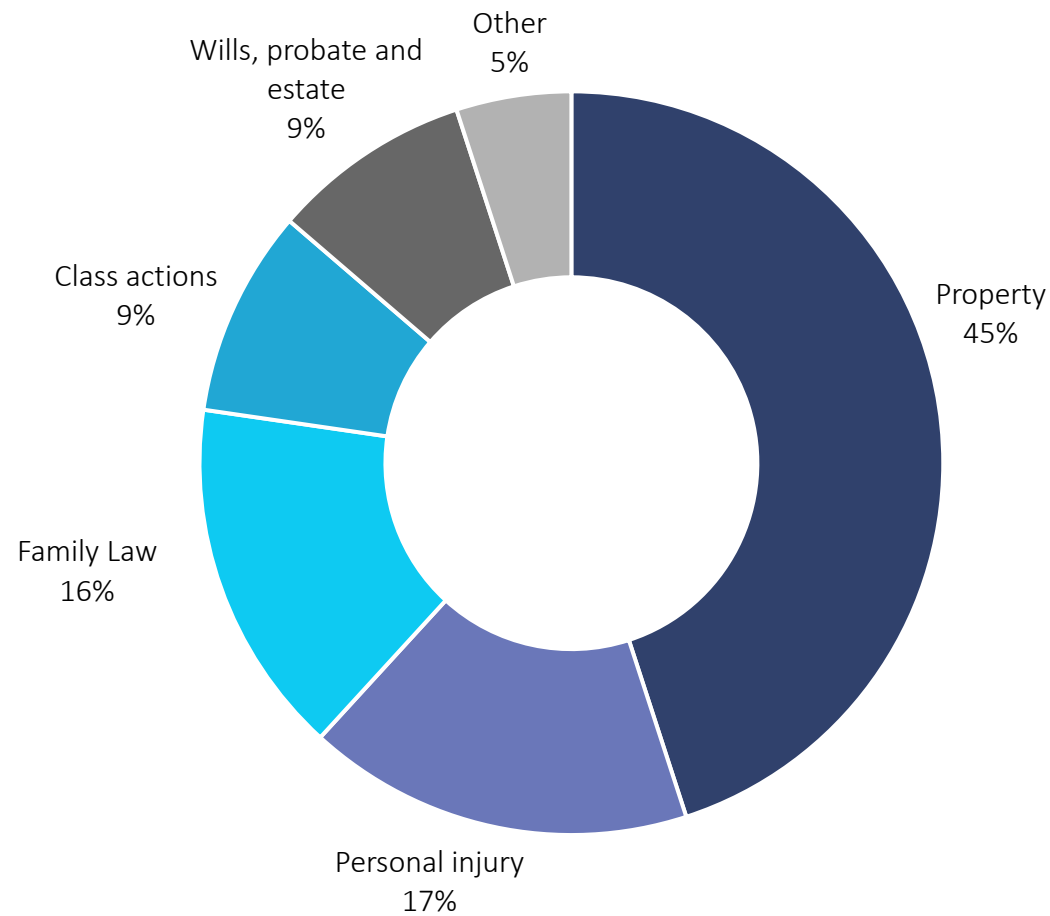
1. Underlying EBITDA adjusts statutory EBITDA to include the removal of share based payments, acquisition costs, pre acquisition related bad debts and one off growth related costs
2. Underlying NPATA adjusts statutory NPATA to include the removal of share based payments, acquisition costs, pre acquisition related bad debts and one off growth related costs
3. Year to date refers to the 3 months ending 30 September 2021

03

GROWTH UPDATE

Personal Legal Services Market is ripe for consolidation

Personal Legal Services Market (2018-19)



1. Australian Law Reform Commission
Source: Research conducted by management

- We primarily operate in the **Personal Legal Services market worth an estimated \$7bn**
- Comprises ~20,000 law firms employing over 50,000 lawyers
- **Very fragmented sector;** estimated that 45% of all firms employ less than 20 staff and few operate outside their home city
- **No major players;** top four firms have less than 4% of each of the segments
- Consolidation enables superior growth options and profitability
- **AFL is focused on consolidating the personal legal services sector where large firms traditionally don't compete**

Family Law Firms – Time for Disruption and Consolidation

Highly Fragmented



+18,000 private law firms in Australia, 2 lawyers per firm on average

Traditional



Suburban offices, no capital, old systems and process, antiquated IT software

Word of Mouth



Limited or no digital marketing, limited or no advertising, referral-based work

Local Limitations



As referral comes for local presence no expansion beyond one locality

Lack of Scale



Revenues range from \$200,000 to \$1,000,000 for the average firm. Few grow beyond this scale

Lesser Work Types



Legal Aid and Domestic Violence work is the norm and funded leading to lower margin

Slow Growth



It takes 20-30 years for a family law firm to grow to \$1,000,000 in revenue or beyond

Driver



An industry ripe for consolidation / disruption and the arrival of a national dominant player

Our Partnership Model - the 'non negotiables'



STRUCTURE

- Valuation
- Income Accretive
- Consideration blend – cash, script, performance targets
- Succession planning



CULTURE

- People considerations and fit are key
- Mix of experience and youth
- High performing / goal orientated
- Client satisfaction paramount



STRATEGY

- Market positioning
- Unique attributes that compliment existing platform
- Geography exposure
- Ability to modernize and scale



EXECUTION

- Full integration plan from Day 1
- Implement governance and process change
- Immediate cost savings forecast must materialize
- Drive retention and Run rate

Our Value Accretion Model

AFL applies its model to acquisitions to transform firms from antiquated businesses to new age efficient law firms



TOP LINE

- Turbo charge with AFL 2.0 Digital
- Enhance existing work flow channels by ramping up B2B focus
- Drive PR and brand refresh
- Launch new products
- Introduce business accountability and rhythm
- New performance based incentives for staff
- New work conditions for staff – flexibility , tech based practice, pathways to promotion
- Review fee rates



EFFICIENCY

- Remove “low hanging fruit” e.g. duplication of insurances, licenses, telephony etc
- Exit oppressive supplier contracts
- Move to cloud and Microsoft solutions
- Offshore Billing and fee management
- Remove traditional tools – typing pools, photocopiers, desk tops etc
- Utilize applications or practice management – Slack, Salesforce, LawMaster
- Reshape premises – reduce foot print but create optimal environment and efficiency




GOVERNANCE

- Deal structure partners rather than exists with vendors
- Deal Consideration stapled to performance
- Integration plans – milestones and outcomes that transform
- Policies introduced with a focus on financial hygiene
- Scorecard of performance metrics - management and performance aligned to measures
- Modernise Employment Contracts that incentivise and protect

FY21 Acquisitions Update – 3 new acquisitions

AFL is currently assessing a number of acquisitions and is conducting due diligence as appropriate

| | NEW SOUTH WALES | MELBOURNE | CANBERRA |
|---------------------------|---|---|---|
| |  |  |  |
| REVENUE | ~\$6m | ~\$2m | ~\$1m |
| PURCHASE PRICE | <ul style="list-style-type: none"> \$1.5m cash upfront \$1.3m shares earnout | <ul style="list-style-type: none"> \$125k cash upfront \$125k shares upfront \$750k cash and shares earnout | <ul style="list-style-type: none"> \$200k upfront cash \$150k cash earnout |
| COMPLETION | June 2021 | June 2021 | December 2020 |
| INTEGRATION UPDATE | <ul style="list-style-type: none"> Integration plan 6 months ahead of schedule despite COVID lockdowns All fee earners retained (except 1) and hitting productivity run rates Cost savings in supplier contracts, staff efficiencies, utility of CPD programs and precedents | <ul style="list-style-type: none"> Integration plan ahead of schedule despite COVID lockdowns AFL and Kordos teams merged together Brand architecture - 'AFL Kordos' Practice platform adopted 2021 savings to be realized i.e. premises | <ul style="list-style-type: none"> Integration complete in 3 months Operational savings in premises, staff efficiencies, supplier contracts, Strong Law client numbers continue Vendor retained |

FY21 Network Expansion Update – 4 new offices / lateral hires

AFL is targeting a minimum of 5 new lateral hires or office expansions for FY22



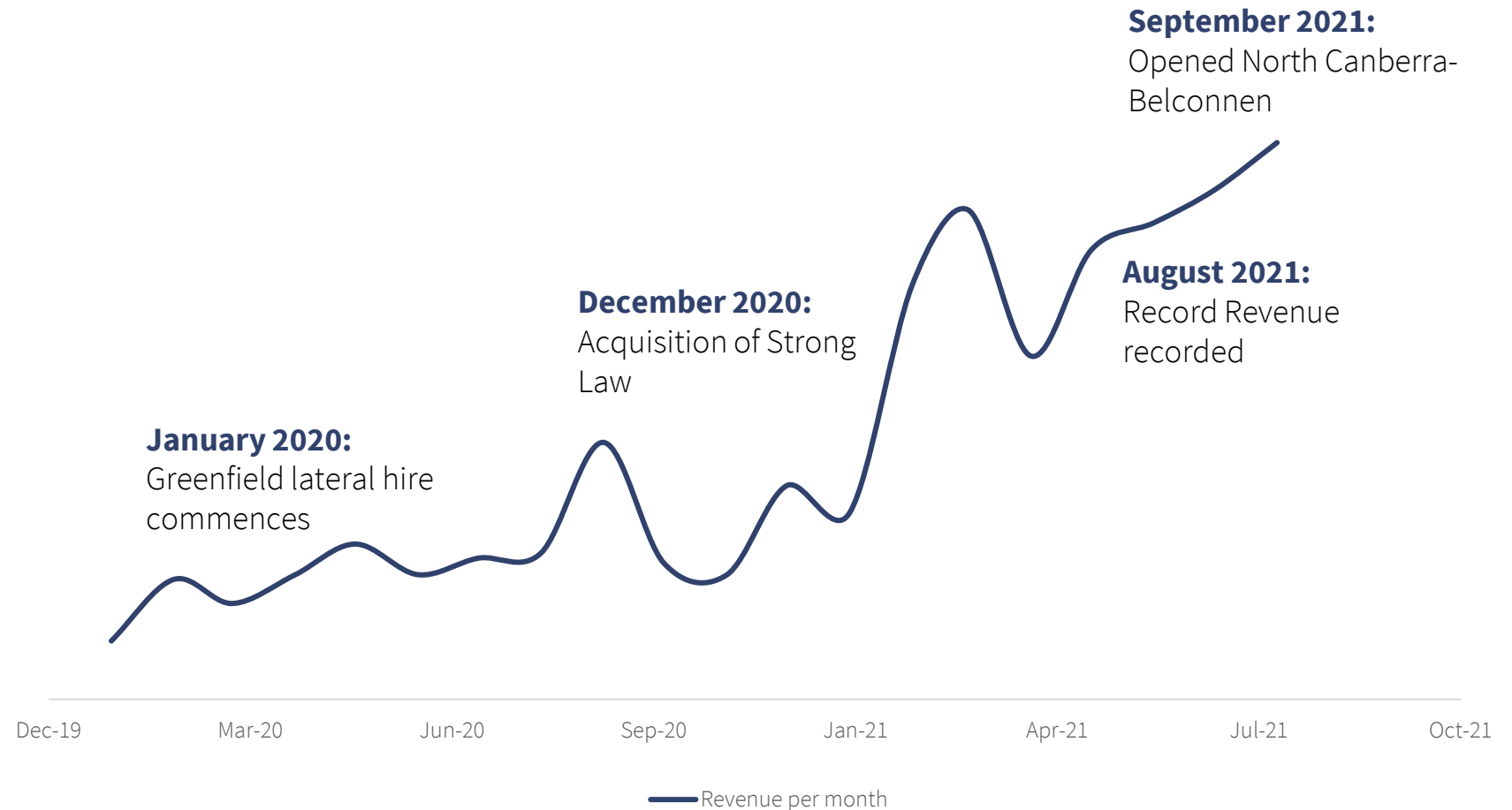
| | SOUTH AUSTRALIA | MELBOURNE'S NORTH | WESTERN AUSTRALIA | SUNSHINE COAST |
|----------------------------|--|---|---|--|
| LATERAL HIRE/ EXPANSION | <i>Lateral Hire</i> | <i>Greenfield</i> | <i>Lateral Hire</i> | <i>Lateral Hire</i> |
| COMPLETION | August 2020 | November 2020 | December 2020 | June 2020 |
| EXPANSION UPDATE | <ul style="list-style-type: none"> Achieved budget in year 1 Second lawyer employed Digital take up initially slow but now ramping up | <ul style="list-style-type: none"> Serviced Hub in Preston Additional office has seen client cancellations drop 15% Momentum building and overheads are immaterial | <ul style="list-style-type: none"> New Office – North Perth Digital success – record file openings in September 2021 Second lateral hire complete 3 lawyers in 8 months | <ul style="list-style-type: none"> 2 lawyers and third being recruited First trial of Radio - doubled file openings in June trial month Brand presence growing as digital gets traction |

Case Study: Greenfield Expansion – Canberra



AFL has successfully launched 10 greenfield operating sites since IPO in June 2019

- Greenfield analysis on the Canberra family law market completed in June 2019
- Extensive lateral hire search commenced in August 2019
- Lateral hire secured and office opened in January 2020 with operations immediately cash flow positive
- Acquired an additional \$1m p.a. in revenue with Strong Law in December 2020 (Purchase Price \$350k which included an earnout)
- Record revenue recorded in August 2021 at ~\$200k per month
- Opened North Canberra office in September 2021
- Grown from 1 to 5 fee earners and an additional office in less than 12 months



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



To be Australian's number one choice for personal legal services

CURRENT SANDBOX



Related family law services

Capital cities and key regional towns (population greater than 80,000)

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

3 YEAR TARGET



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

Where are we going?

Strategic acquisitions completed in FY21 provides the scale to build out the platform in FY22 and beyond

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



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



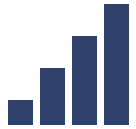
FY22

- Continue organic growth and integrate acquisitions
- Assess larger scale acquisitions
- Assess new jurisdictions
- Expand into adjacent sectors and service lines (eg. wills and estates)
- Pursue 10% market share of family law market in Australia

Build out platform

Whats Next? FY23 and beyond...

Strong organic growth platform will be the focus with an expanded sandbox for future acquisitions to enter new markets



ORGANIC GROWTH



- **Target 10-20% growth p.a.**
- Roll out AFL 3.0 – the next stage of digital client acquisition
- Launch above the line Advertising programs (e.g. radio, TVC, sponsorship etc)
- Increase corporate services partners and aggressive B2B database management and referrer engagement
- Roll out BNPL financing solutions



GREENFIELD GROWTH



- **Minimum 5 new offices per annum**
- Capital city suburban hubs – “hub and spoke” in large pockets within capital cities (e.g. North Melbourne in FY21)
- 25 regions identified as potential office locations (Populations of > 80,000 support family law firms)
- Market dynamics support lateral hires as a shift in legal talent is occurring due to the ageing of the baby boomers



ACQUISITIONS



- **Opportunistic basis with expanded sand box**
- Acquisition “sandbox” has already expanded to include opportunities outside of family law but within the personal legal services market
- Continue to assess acquisition opportunities (sometimes large) in family law – both “bolt on” acquisitions and platform acquisitions in existing and new jurisdictions

THANK YOU

