



INVESTOR PRESENTATION

FY22 H1 RESULTS

February 2022

www.australianfamilylawyers.com.au

Agenda

01 About Us

02 FY22 H1 Results

03 Growth Update

04 Strategy Update

01

ABOUT US

We are a tech enabled law firm with a difference

Our strategy is to grow our position as the largest family law firm in Australia and expand into other areas of law



+17

offices



+90

employees



+50%

revenue growth p.a.¹



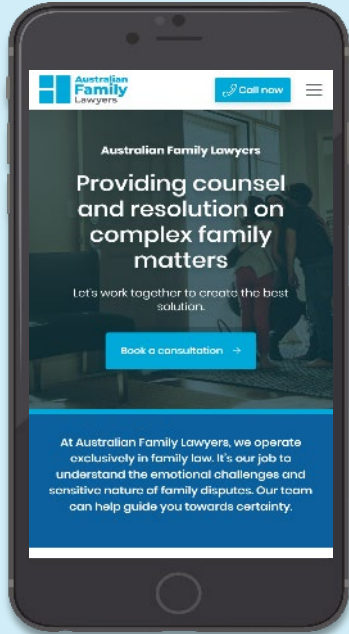
~2%

market share

1. FY17-FY21 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



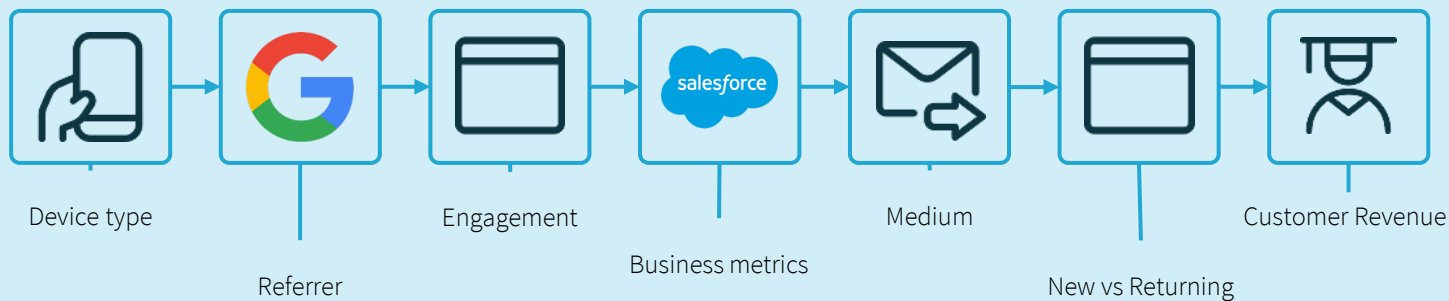
Technology

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



Insights

End to end behavioural and sales reporting for ongoing optimisation



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



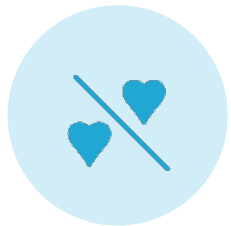
No

national players



96%

of divorcees retain lawyers



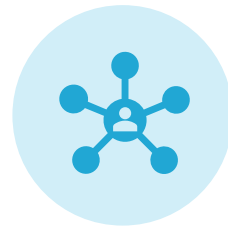
+50,000

divorces per annum



3rd

largest personal legal
services market



20

different service offerings within
family law

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

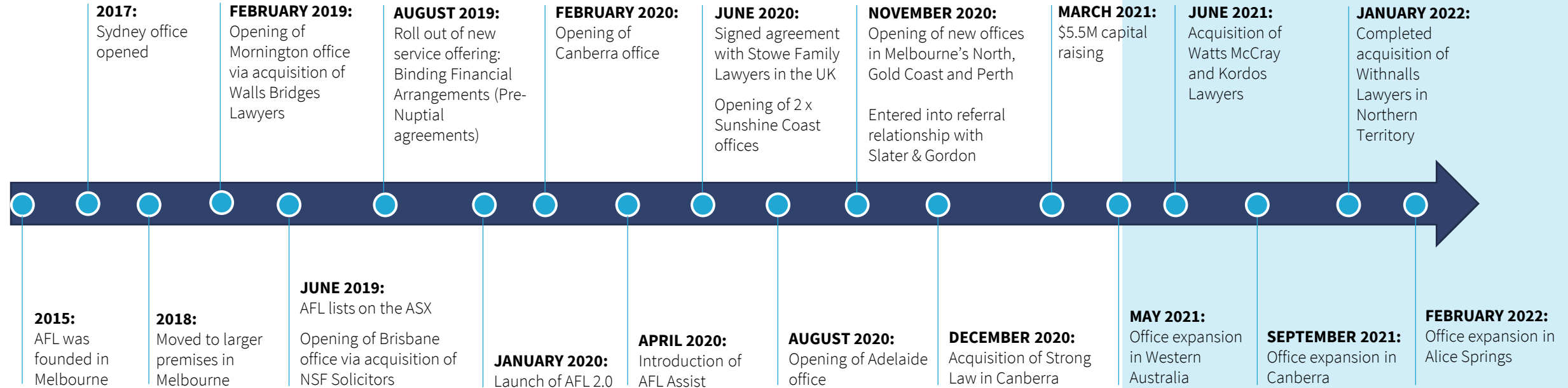
=

Big Opportunity

Timeline since inception



AFL was founded in 2015 and has rapidly expanded to 17 offices since its IPO in June 2019



Our tech enabled “new law” platform is allowing us to scale quickly



CLIENT ACQUISITION MODEL



Tactical Digital Marketing

- Proprietary in-house model since inception
- Website and mobile
- Content
- Paid and SEO

Referrer Marketing

- Corporate Services
- B2B
- Product innovations

New Horizons

- BNPL
- Above the line advertising

NEWLAW PRACTICE MODEL



Tech Driven

- Technology founded and focused
- Cloud solutions, practice management software, Slack etc

Cultural Drivers

- Flexible working
- Personal “My Plans”
- Path to promotion

Premises

- Efficient design-right size
- Serviced facilities

Off Shoring

- From day one

HIGHEST QUALITY OF LAW IN MARKET



- 16 Accredited Family Law Specialists
- 2 former Family Court Registrars
- Forty years of precedent design-1000 Precedents
- Alumni of 5 Family Court Judges
- Professor of Family Law in Residence
- Full time CLO – Chief Legal Officer to focus on quality
- Doyles Guide recognised at firm and Individual level
- 2020 and 21 Nominee for Australian Law Firm of the year

OUR GROWTH HIERACY



Growth Levers to drive growth

1 Organic Growth

- Digital client acquisition model
- Referral strategies
- Brand presence

2 Lateral Hire Strategy

- Key recruits with practice following
- New locations

3 Acquisition Model

- Complimentary firms
- Strategic and cultural fit

What have we achieved since IPO?

Strong organic growth and strategic acquisitions has provided the scale to build out the platform in FY22 and beyond



FINANCIAL PERFORMANCE

FY21 H1 Annual Run Rate **Revenue and Underlying EBITDA** of **\$22.0m and \$5.8m** respectively

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



NEW OFFICES AND GEOGRAPHIES

Created and acquired **17 new office locations:** Brisbane, Canberra (2), Sunshine Coast (2), Adelaide, Perth (2), Sydney (3), Melbourne (3), Alice Springs, Darwin and the Gold Coast



LATERAL HIRES AND ACQUISITIONS

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

Completed **5 strategic acquisitions** in Brisbane, Canberra, Melbourne, Darwin 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

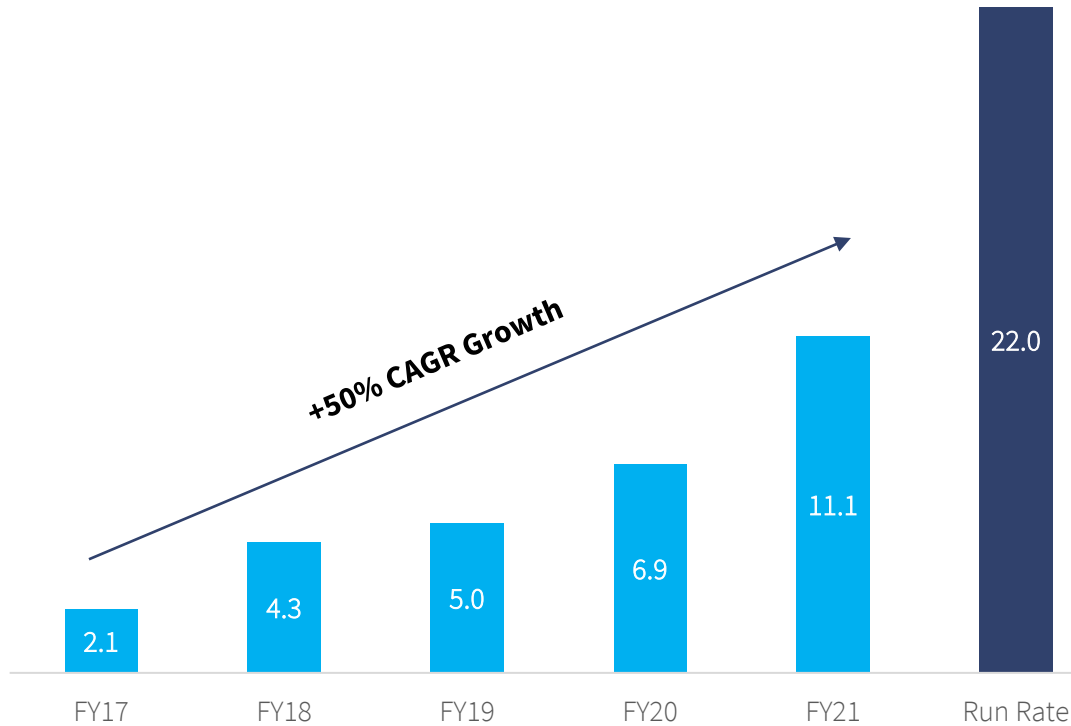
Launched **6 x New Service lines** including Binding Financial Arrangements, Corporate Services, AFL Assist, Asset Protect, Faculty of Arbitration and Mediation and an International Relations Division



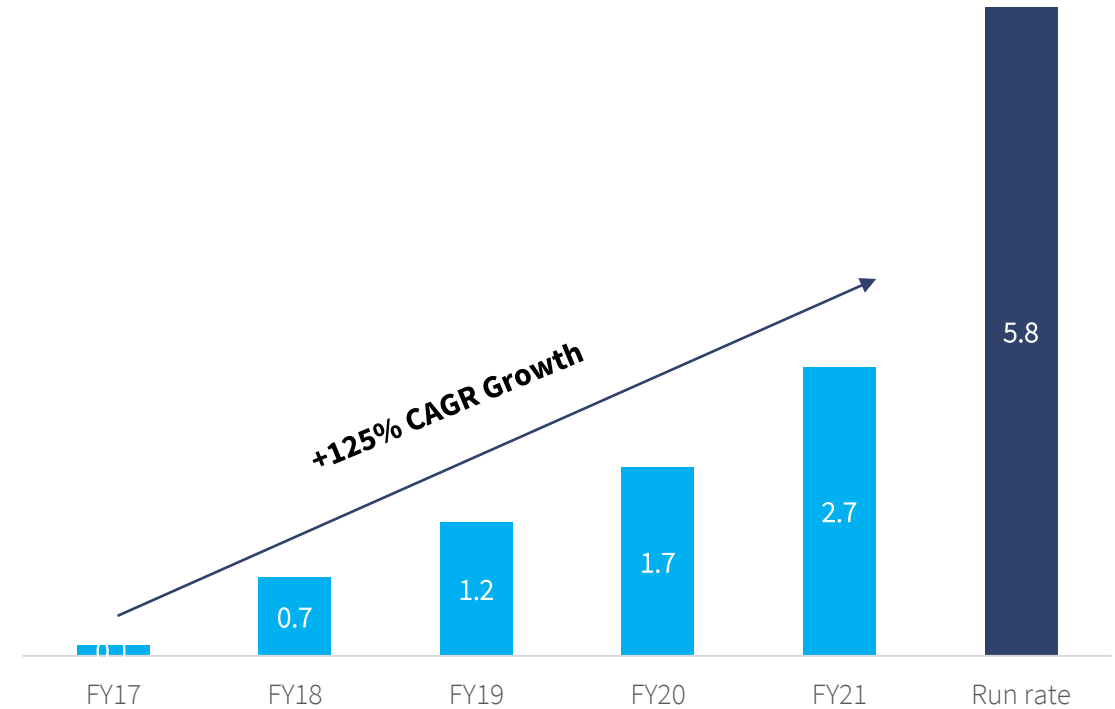
Historical revenue and EBITDA

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. Run rate annualizes FY22 H1 Pro Forma Revenue and Underlying EBITDA

Investment Highlights



The **largest specialised family law firm in Australia** in less than 5 years



Disrupting the way law firms acquire clients with its tech enabled 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%

Underlying EBITDA CAGR
(FY17-FY21)



~2%

market share



+50%

Revenue CAGR (FY17-FY21)



Best-in-class

client acquisition engine



Finalist x 3

Australian Legal Awards

02

FY22 H1 RESULTS

Highlights, FY22 H1



Strong half year result driven by continued organic growth and record file openings with additional contributions from acquisitions

- ✓ **H1 Revenue and Underlying EBITDA¹ were \$9.1m and \$2.4m** respectively, over 100%+ growth versus pcp
- ✓ Delivered continued **strong organic² revenue growth at +20%** versus FY21 H2. This was achieved despite the impact of traditional December seasonality (Q2 is always the weakest quarter of the year), Omicron variant, spot lockdowns in various regions and an increase in holiday leave due to the inability to travel throughout most of 2022
- ✓ Completed acquisition of 51% controlling interest in **Withnalls Lawyers in Northern Territory**. Withnalls acquisition would have added **\$1.9m and \$0.5m in Revenue and Underlying EBITDA** respectively to the half year results on a consolidated basis. These results have been included in the *Pro Forma*³ figures for illustrative purposes
- ✓ Pro Forma Revenue was \$11.0m, **an annual run rate of \$22.0m**. Pro Forma Underlying EBITDA was \$2.9m, **an annual run rate of \$5.8m**
- ✓ **YTD file openings remain strong and at record levels up +97%** versus pcp and **website visits are up +126%** versus pcp
- ✓ Expanded to 17 offices with a **new office opening in Alice Springs**
- ✓ Strong pipeline of organic and acquisition growth opportunities are under review in both **family law and adjacent sectors** and **discussions are underway with banks to support future acquisitions**

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. Organic revenue growth has been calculated on a "like for like" basis by removing all contributions from acquisitions completed in the last 12 months
3. Pro Forma adjusts statutory FY22 H1 to include the full contribution of the Withnalls acquisition from 1 July 2021 on a consolidated basis as required by AASB

Income Statement – FY22 H1



Strong half year result driven by continued organic growth and record file openings with additional contributions from acquisitions

- **H1 revenue and Underlying EBITDA¹ were \$9.1m and \$2.4m** respectively, over 100%+ growth versus pcip
- Delivered continued **strong organic³ revenue growth at +20%** versus FY21 H2
- **Withnalls acquisition would have added \$1.9m and \$0.5m in Revenue and Underlying EBITDA** to the half year results. These have been included in the Pro Forma figures for illustrative purposes
- Pro Forma Revenue was \$11.0m, **an annual run rate of \$22.0m Revenue**
- Pro Forma Underlying EBITDA was \$2.9m, **an annual run rate of \$5.8m Underlying EBITDA**

A\$'000s	FY22 H1	% growth	Pro Forma ²
Total Revenue	9,098	108%	11,037
Underlying EBITDA	2,359	115%	2,928
<i>% margin</i>	26%		27%
<i>Less: Non-recurring income / expenses</i>			
<i>Share based payments (non-cash)</i>	(372)		(372)
<i>Transaction expenses</i>	(120)		(16)
<i>One-off growth-related expenses</i>	(31)		(31)
Statutory EBITDA	1,836	128%	2,509
<i>AASB 16 implementation</i>	(492)		(492)
Statutory EBITDA (pre AASB 16)	1,344	121%	2,017
<i>D&A</i>	(309)		(311)
<i>Finance costs</i>	(42)		(33)
<i>Income tax</i>	(249)		(451)
Statutory NPAT – Group Total	744	200%	1,223
<i>Less: Non controlling interest</i>	--		(234)
Statutory NPAT – AFL	744	200%	988
<i>Amortisation</i>	192		192
Statutory NPATA	936	128%	1,180
<i>Non-recurring expenses (net of tax)</i>	379		303
Underlying NPATA	1,315	112%	1,484

1. Underlying EBITDA adjusts statutory EBITDA to include the removal of share-based payments, transaction expenses, one-off growth-related expenses and one-off non-recurring expenses
2. Pro Forma adjusts statutory FY22 H1 to include the full contribution of the Withnalls acquisition as if it had occurred on 1 July 2021
3. Organic revenue growth has been calculated on a “like for like” basis by removing all contributions from acquisitions completed in the last 12 months

Balance Sheet– FY22 H1

Robust balance sheet, record cash balance and excess debt capacity



A\$'000s	30 June 2021	31 December 2021
Cash and cash equivalents	4,658	5,827
Accounts receivable	2,664	3,511
Other current assets	698	333
Total current assets	8,019	9,671
Deferred tax assets	774	769
Plant and equipment	326	246
Intangible assets	10,986	10,849
Right of use assets	881	585
Total assets	20,986	22,122
Trade and other payables	3,076	3,518
Current tax liabilities	530	331
Deferred consideration	1,938	1,875
Borrowings	52	18
Employee provisions	577	580
Deferred tax liabilities	514	598
Lease liability	1,004	666
Total liabilities	7,692	7,586
Net assets	13,294	14,536
Issued capital	128,307	129,020
Reserves	823	607
Retained profits	(115,835)	(115,091)
Total equity	13,294	14,536

Commentary

- Net cash provided from operations was \$1.9m for the quarter and current asset position was up +20% versus 30 June 2021
- Increase in debtors reflects growth in the business and typical slow paying debtors during the holiday period. The quality of debtors is robust with no additional provision of doubtful debts during the period
- Deferred consideration relates to performance linked share payments that may be payable to the vendors of Kordos Law and Watts McCray
- Bank debt facility of \$0.5m remains available and the Company is in discussions with lenders to increase this capacity for future acquisitions
- Balance sheet does not include the acquisition of Withnalls – the controlling interest will be consolidated from 1 January 2022 and be reported in the full year results

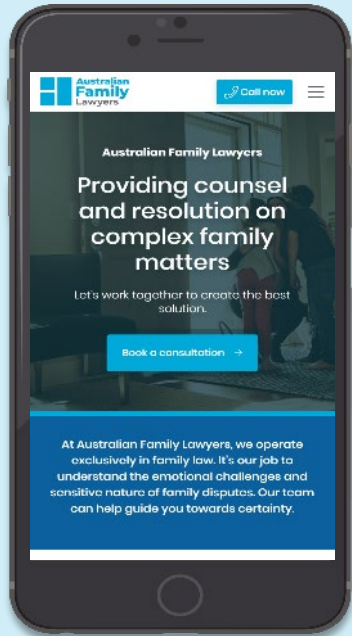
03

GROWTH UPDATE

Continuing to deliver strong organic growth at +20%



From a 2015 start-up with no brand presence to a fast-emerging national brand with the largest share of media voice in Australia



NEW RECORDS IN LEAD GENERATION AND WEBSITE USERS

Record months for lead generation and website user conversion

Click share on google search increased +20% versus top peers



INCREASED RETURN ON INVESTMENT

Increase in % of organic users to website (e.g. non paid) reducing cost per acquisition

Efficiency gains from reduction in sales cycle (e.g. lead generated to paid appointment)



STRONG FILE OPENING PIPELINE FOR H2

FY22 H1 file openings almost double versus pcp up +97%

Record new file openings in November 2021 provides strong pipeline for H2



BUILDING BRAND PRESENCE





Largest share of media voice in Australia

Fanatical CX team drives direct customer referrals
B2B referrals and corporate partners strategy diversifying lead channels

Brand Strategy = digital + brand referrals = fast growing market share

Acquisition Integration Update

AFL is currently assessing a number of acquisitions in both family law and adjacent sectors and is conducting due diligence as appropriate

	NEW SOUTH WALES	MELBOURNE	CANBERRA	DARWIN
				
REVENUE	~\$6m	~\$2m	~\$1m	~\$2.5m
PURCHASE PRICE	<ul style="list-style-type: none"> \$1.5m cash upfront \$1.1m 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 	<ul style="list-style-type: none"> 51% controlling position \$450k cash \$450k shares
COMPLETION	June 2021	June 2021	December 2020	January 2022
INTEGRATION UPDATE	<ul style="list-style-type: none"> Integration plan 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 	<ul style="list-style-type: none"> Integration complete Operational savings in premises, staff efficiencies, supplier contracts Strong Law client numbers continue to grow 	<ul style="list-style-type: none"> Expanded to Alice Springs in February 2022 Strong FY22 H1 recording \$1.9m in fees Vendor retained with 49% shareholding

Network Expansion Update

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

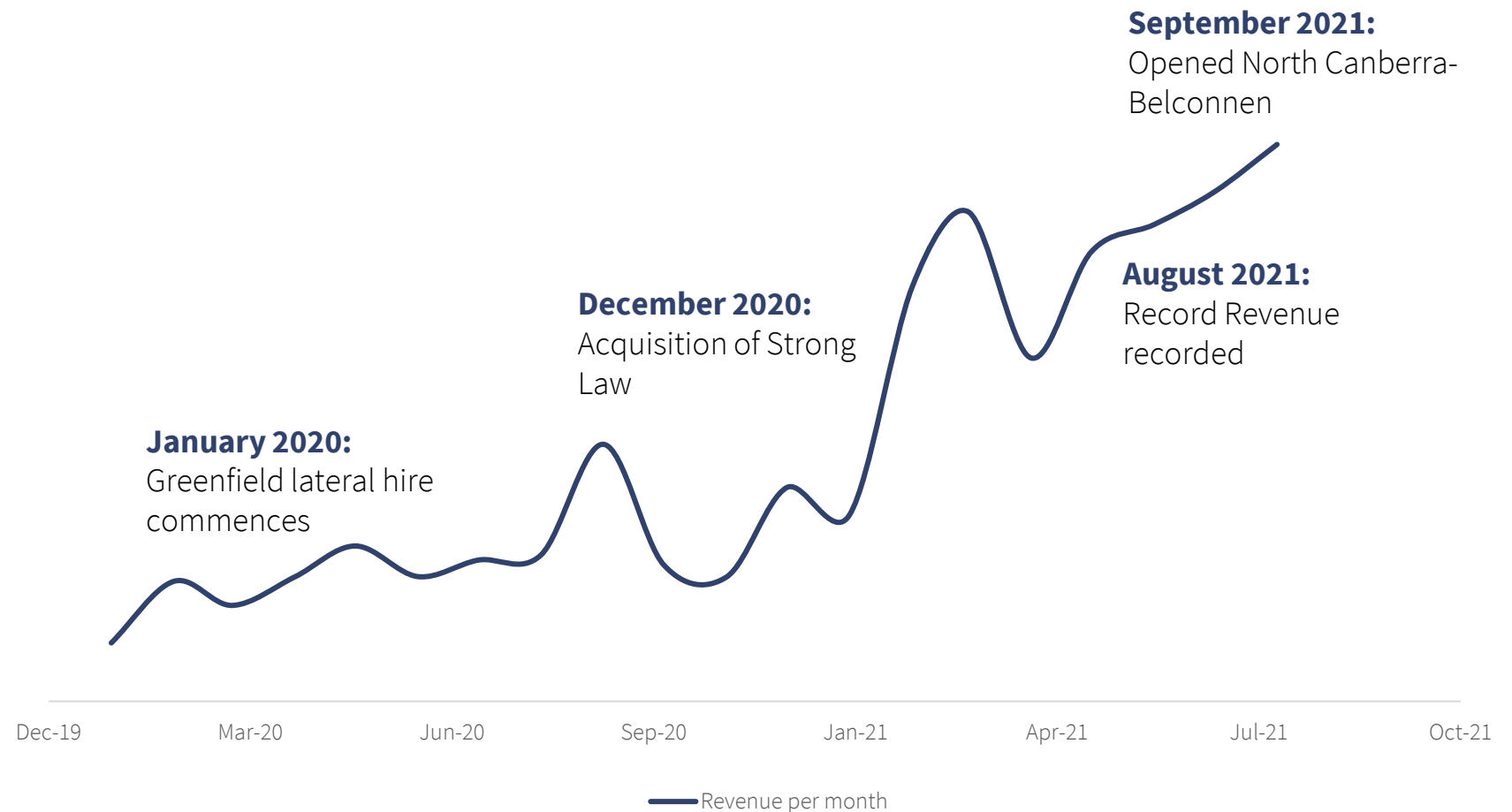
	MODE OF EXPANSION	LAUNCH DATE	STATUS UPDATE
SUNSHINE COAST	Lateral Hire	June 2020	<ul style="list-style-type: none"> • 2 lawyers and third being recruited - brand presence growing as digital gets traction • First trial of Radio - doubled file openings in trial month
SOUTH AUSTRALIA	Greenfield	August 2020	<ul style="list-style-type: none"> • Achieved budget in year 1 - second lawyer employed • Digital take up initially slow but now ramping up
MELBOURNE'S NORTH	Lateral Hire	November 2020	<ul style="list-style-type: none"> • Serviced Hub in Preston - additional office has seen client cancellations drop 15% • Momentum building and overheads are immaterial
NORTH PERTH	Lateral Hire	December 2020	<ul style="list-style-type: none"> • Digital success – record file openings in September 2021 • Second lateral hire complete - 3 lawyers in 8 months
ALICE SPRINGS	Greenfield	February 2022	<ul style="list-style-type: none"> • Natural bolt on to new presence in Darwin via Withnalls acquisition

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 (populations 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



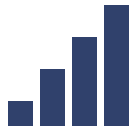
FY22

- Continue organic growth and integrate acquisitions
- Assess larger scale acquisitions
- Assess new jurisdictions
- Review expansion into adjacent sectors and service lines
- 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 been focused on Family Law but the opportunity will arise to expand and include opportunities outside of family law but within the personal legal services market
- Continue to assess acquisition opportunities (sometimes large) as both “bolt on” acquisitions and platform acquisitions in existing and new jurisdictions

THANK YOU

A photograph of a family of three—a man, a woman, and a child—hugging warmly in a doorway. A dog is visible near the child, and a handbag sits on the floor. The scene is brightly lit by natural light from the doorway. In the background, a living room with a chair and a decorative wall piece is visible. The overall mood is warm and affectionate.

THANK YOU

A photograph of a family of three—a man, a woman, and a child—hugging warmly in a doorway. A dog is visible near the child, and a handbag sits on the floor. The scene is brightly lit by natural light from the doorway. In the background, a living room with a chair and a decorative wall piece is visible. The overall mood is warm and affectionate.