

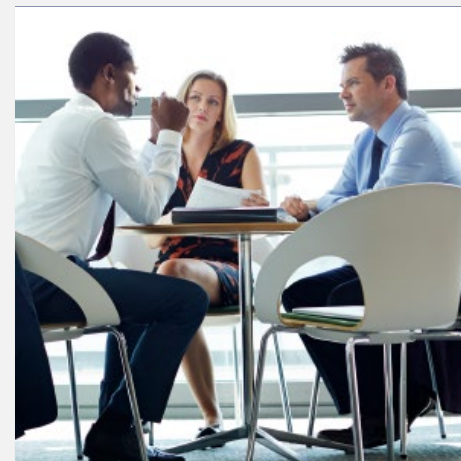
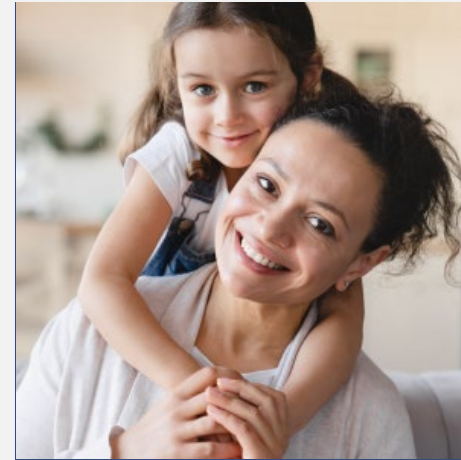


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# Executing our growth strategy

Acquisition of Armstrong Legal's Criminal and Family Law Practices and the [armstronglegal.com.au](http://armstronglegal.com.au) website

18 October 2024



# Executive Summary – Latest Acquisition

*Acquisition of Armstrong Legal’s Criminal and Family Law Practices and the armstronglegal.com.au website*



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<p>Acquired Divisions Overview</p>	<ul style="list-style-type: none"> <li>Armstrong Legal - Criminal Law (AL-CL) practice manages all aspects of criminal offences (traffic, drugs, sexual assault, violence, fraud etc) corporate crime and “criminal adjacent” work which extends to Coronial Inquests, Commissions of Inquiry and Torts against the Police.</li> <li>Armstrong Legal - Family Law (AL-FL) practice manages all aspects of family law including property matters, parenting matters, child support, spousal maintenance and separation and divorce.</li> </ul>	<ul style="list-style-type: none"> <li>armstronglegal.com.au website and certain related business assets .</li> <li>AL-CL &amp; AL-FL are divisions of Armstrong Legal, a business owned and operated by the seller, Go To Court Lawyers Pty Ltd (GTC) (acquired Dec-19). The armstronglegal.com.au website and certain related business assets are owned by GTC Legal Pty Ltd (GTC Legal)</li> <li>AFL will acquire the key components of these divisions being debtors, work in progress, client matters and direct staff</li> </ul>
<p>Deal Metrics</p>	<ul style="list-style-type: none"> <li>Total consideration expected to be in a range of between \$2.25 million and \$2.50 million, comprised of:             <ul style="list-style-type: none"> <li>Initial Purchase Price of \$2.25 million</li> <li>Subsequent adjustment for debtors and work-in-progress less employee leave and some other minor miscellaneous adjustments</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>This deal requires no further earnout payments</li> <li>AFL has agreed to guarantee the obligations of its wholly-owned subsidiaries as buyers under the sale agreement</li> <li>The obligations of the sellers will be guaranteed by GTC Legal</li> </ul>
<p>Timing and conditions</p>	<ul style="list-style-type: none"> <li>The acquisition is subject to a number of conditions precedent, namely:             <ul style="list-style-type: none"> <li>draw down under the Company’s NAB Finance Facility becoming unconditional in accordance with its terms</li> <li>GTC and GTC Legal obtaining Westpac’s consent to the transaction and encumbrances being released</li> <li>the buyer being registered as an incorporated legal practice with a legal practice director appointed covering New South Wales, and obtaining professional indemnity insurance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>key employees of the relevant divisions of Armstrong Legal’s business accepting offers of employment with AFL’s group</li> <li>execution of ancillary transaction documents</li> <li>there being no material adverse change before completion</li> <li>Subject to the satisfaction or waiver of the conditions precedent, the parties are aiming to complete on 28 October 2024</li> </ul>
<p>Operational Highlights</p>	<ul style="list-style-type: none"> <li>See following slides for greater detail into the operational highlights of each of the relevant acquired divisions</li> </ul>	<ul style="list-style-type: none"> <li>Existing team will be secured pre-completion with new Employment Agreements in place with retention incentives included</li> </ul>

# Executive Summary – Latest Acquisition

*Acquisition of Armstrong Legal’s Criminal and Family Law Practices and the armstronglegal.com.au website*



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Rationale	<ul style="list-style-type: none"><li>▪ The acquisition is consistent with our stated growth strategy and represents a move into our third area of law, being criminal law</li><li>▪ We are now diversified across family law, contested wills and estates and criminal law</li><li>▪ All three sectors have good prospects for continued organic growth. Criminal law is currently confined to NSW, but we will look to expand into other states in the short to medium term. All three sectors are characterised by the absence of significant national players</li><li>▪ The acquisition includes the armstronglegal.com.au website which is one of the nation’s premier sources of search activity and resultant lead volume across the three areas of law we now operate across</li></ul>	<ul style="list-style-type: none"><li>▪ Both this acquisition and the previous one mean we can better leverage our cost base by adding revenue and accordingly gross margin (after fee earner costs) with minimal incremental overhead costs such that our bottom-line profitability grows at a disproportionately higher rate</li><li>▪ Synergies across all three practice areas, whilst not expressly quantified, contribute to this better leveraging of our cost base</li><li>▪ Three practice areas of law operating on a more national basis in time present potential career benefits to our team members, with opportunities to expand into new areas of law and new geographical locations as more advancement opportunities arise</li></ul>
Financial Highlights	<ul style="list-style-type: none"><li>▪ Annualised projections of Revenue in the order of \$3.3 million, with NPBT attributable of approximately \$700k after interest charges</li><li>▪ As outlined in the following slides we have excluded many possible upsides from these projections, not due to their uncertainty but more related to their timing and quantity</li></ul>	<ul style="list-style-type: none"><li>▪ FY25 Q2 and/or H1 contribution for AFL assumed to be positive but minimal</li><li>▪ H2 FY25 initial projections would be in line with half of the annualised projections quoted in the absence of material geographical expansion of the criminal law division</li></ul>
Transaction funding and other	<ul style="list-style-type: none"><li>▪ All cash transaction with the initial purchase price to be by bank debt drawn down on our \$9 million NAB Finance Facility; and</li></ul>	<ul style="list-style-type: none"><li>▪ Legal work for the transaction including a legal due diligence was performed by Addisons</li><li>▪ Financial due diligence was performed by PKF</li></ul>

# Criminal Law



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- Armstrong Legal - Criminal Law is a well-regarded and well-established criminal law firm that has operated for over 40 years, with a high-quality team led by Angela Cooney (nationally) and Trudie Cameron (Sydney) with three accredited specialists in criminal law
- Criminal Law is a vast area of law, encompassing all kinds of criminal offences (traffic, drugs, sexual assault, violence, fraud, etc.), corporate crime and “criminal adjacent” work which extends to Coronial Inquests, Commissions of Inquiry, Regulatory Prosecutions (e.g. WH&S) and Disciplinary Tribunals
- Armstrong Legal – Criminal Law is proudly a Doyles’ Recommended Criminal Law firm, whilst several of the team are themselves Doyles’ recognised:
  - Angela Cooney – Recommended Traffic & DUI lawyer
  - Trudie Cameron – Leading Criminal Defence lawyer and Recommended Traffic & DUI lawyer
  - Sophie Ogburn – Criminal Law Rising Star
- Both Angela and Trudie have been with the business for 9-10 years, joining in 2015 and 2014 respectively, well before the GTC acquisition of Armstrong Legal in December 2019
- The existing operations, comprised of a team of 8, are centred around NSW from the Sydney office, but previously the coverage extended to Victoria, Queensland, the ACT and Western Australia
  - Previously when Armstrong Legal - Criminal Law operated on a more national basis, annual revenue was in excess of \$10 million. This is not a short-term goal but does highlight the growth opportunity as we look to grow back beyond NSW in the short to medium term
- Following an initial period of bedding the new business into the AF Legal Group we will look to expand geographically largely through organic expansion leveraging the existing AF Legal Group office network
- Criminal Law is characterised by a very high proportion of monies in trust up front, and as such has an advantageous cash flow profile

# Family Law



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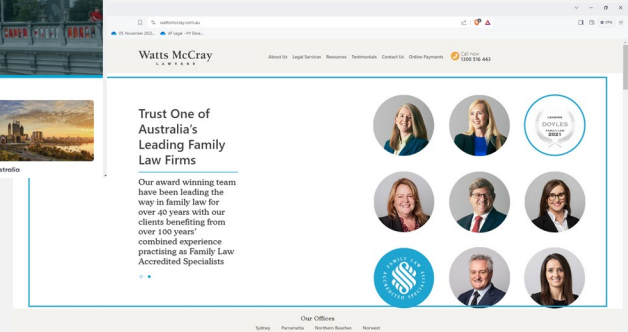
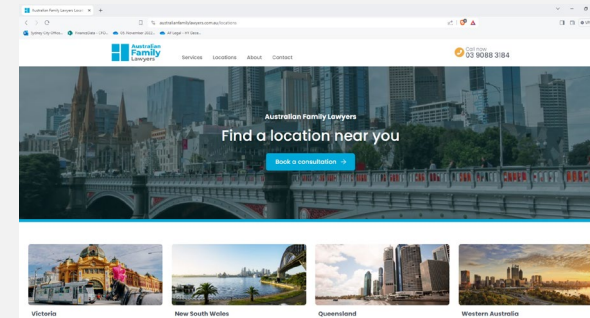
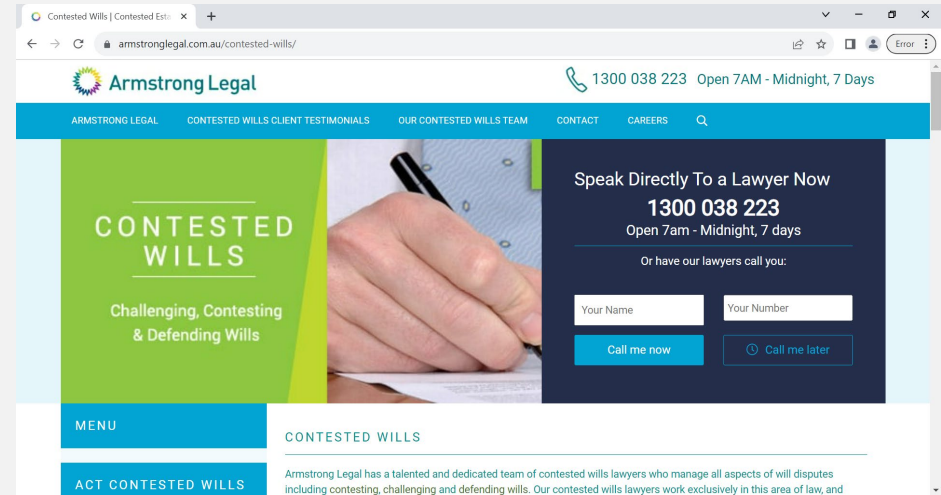
- Armstrong Legal - Family Law has a well-established and high-quality team of 4 led by Laura Lincoln, with existing operations largely centred around NSW from the Sydney office
- The team of family law specialists are highly experienced in relation to property matters, parenting matters, child support, spousal maintenance and separation and divorce.
- Family Law remains the core business of the AF Legal Group, even with our recent expansion into both Contested Wills & Estates and Criminal Law.
- Armstrong Legal – Family Law will be quickly integrated into the Watts McCray teams based out of Sydney, to better leverage our resources and to cross-pollinate across the respective family law team members
- The armstronglegal.com.au website generates the majority of the leads for the transferring NSW family law team, but also fields additional interstate queries which were previously distributed throughout the greater GTC network
  - Whilst not factored into our projections these could generate similar volume which will now be available to our non-NSW national family law network
  - Additionally, there were potentially NSW leads in excess to the Armstrong Legal – Family Law team capacity which may be available to our pre-existing Watts McCray team. Again, these are not factored into our projections

# Contested Wills & Estates – digital strength



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- The deal sees us obtain the armstronglegal.com.au website which is among the most highly visited non-government legal websites in Australia
  - Site drove contested combined enquiries in excess of 22 per day (\*from 1 Apr 23 to 31 Mar 24) with over 75% of these queries related to contested wills and estates, criminal or family law
  - Our marketing and digital teams are working closely with all Armstrong Legal leaders, evaluating modifications to enhance the content to further enhance throughput and conversion
  - We will explore referral options for the areas of law we currently do not cover
- AF Legal Group's own increasingly valuable website resources have benefited from a strong focus on SEO/organic traffic combined with ongoing thought leadership (e.g. Research Report), PR and a strong content/article strategy
  - ↑37% in new file openings (all FY24 v FY23)
  - ↑58% in website users for the digitally driven Australian Family Lawyers with organic growing ↑75% (259k growing to 454k)
  - Acquisition efficiency showing positive trends, increasing lead growth at a declining cost of acquisition (media spend ↓39%)



# Our Growth Strategy

*Better leverage our cost base by adding revenue and accordingly gross margin (after fee earner costs) with minimal incremental overhead costs such that our bottom-line profitability grows at a disproportionately higher rate*



<p>Family Law - Organic</p>	<ul style="list-style-type: none"> <li>Grow existing Family Law practices through team expansion</li> <li>Opening complementary FL practices feeding off existing network, expanding suburban footprint in major cities</li> <li>Future acquisition opportunities in relation to non-controlling interests in existing operations</li> </ul>	<ul style="list-style-type: none"> <li>4 previously serviced office-based market entry locations moved into permanent office locations during FY24</li> <li>Entered 2 new markets in FY24 opening new serviced office locations in Frankston VIC and Double Bay NSW</li> <li>armstronglegal.com.au website Oct-24 acquisition delivers lead volume to fuel organic growth beyond NSW</li> </ul>
<p>Family Law - Acquisitions</p>	<ul style="list-style-type: none"> <li>Regional expansion and infill opportunities where we currently do not have a presence</li> <li>Examples include Adelaide, Tasmania, Townsville, Newcastle, etc.</li> <li>Organic and/or greenfield option remains in play (e.g. Wollongong)</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of existing Family Law businesses will play a role as a market entry opportunity</li> <li>Armstrong Legal – Family Law Oct-24 acquisition brings new team members, revenue &gt;\$1m on top of website lead benefits</li> </ul>
<p>Complementary Areas of Law - Organic</p>	<ul style="list-style-type: none"> <li>There are complementary areas of law currently under serviced by our existing business model which make sense for an organisation seeking to be more than a Family Law business and more of a business which is <i>Your Family’s Lawyer</i></li> </ul>	<ul style="list-style-type: none"> <li>Some we do in a limited fashion in some locations, but further such expansion represents incremental revenue</li> </ul>
<p>Complementary Areas of Law - Acquisition</p>	<ul style="list-style-type: none"> <li>Acquire legal businesses complementary to Family Law, which have significant opportunity for growth by leveraging our existing and growing Family Law practice network</li> <li>Armstrong Legal - Contested Wills &amp; Estates Apr-24 acquisition was our first such move into a complementary area of law</li> <li>Armstrong Legal – Criminal Law Oct-24 acquisition represents our move into a third area of law</li> </ul>	<ul style="list-style-type: none"> <li>Future Contested Wills &amp; Estates geographic expansion will largely come through organic leveraging of the existing AF Legal office network</li> <li>armstronglegal.com.au website Oct-24 acquisition delivers lead volume to fuel this geographical expansion</li> <li>Other areas of law will be considered for similar future acquisition-based growth opportunities</li> </ul>



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# Thank You