

For personal use only

Australian Family Lawyers

AF Legal Group Limited

ASX: AFL

Market Update

April 2020



A / F L E G A L



Disclaimer



A / F L E G A L

For personal use only

The information contained in this presentation or subsequently provided to any recipient of this presentation whether orally or in writing by or on behalf of AF Legal Group Limited ACN 063 366 487 (“AF Legal” or the Company”) or its respective employees, agents or consultants (Information) is provided to the recipients on the terms and conditions set out in this notice. The purpose of this presentation is to provide recipients with information relating to the Company and each recipient must make his/her own independent assessment and investigation of AF Legal and its business and assets and should not rely on any statement or the adequacy and accuracy of any information.

AF Legal does not make any representation or warranty (either expressed or implied) as to the accuracy, reliability or completeness of the Information. AF Legal and/or its directors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (express or implied) arising out of, contained in or derived from, or for any omissions from the presentation, except liability under statute that can not be excluded.

This presentation contains references to certain intentions, expectations and plans for the Company. These intentions, expectations and plans may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ. The performance and operation of AF Legal may be influenced by a number of factors, many of which are outside the control of AF Legal. No representation or warranty, express or implied, is made by AF Legal or its respective directors, employees, officers, agents, consultants or advisers that intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved.

Any recipient of this presentation specifically agrees, understands and acknowledges that some information contained herein has been provided by third parties and AF Legal, its officers, agents, contractors and employees accept no responsibility for any inaccuracy misstatement or omission in relation to that information.

This presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire any shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. AF Legal is not licensed to provide financial product advice in respect of its shares. This presentation is not a prospectus or disclosure document under Corporations Act 2001 (Cth) or any other law.

This presentation does not constitute in any way an offer or invitation to subscribe for securities in AF Legal pursuant to the Corporations Act 2001 (Cth).

For personal use only

- For the 3-month period ending 31 March 2020 v pcp¹:
 - Revenue up +48%
 - Operating EBITDA² up +42%
- For the 9-month period ending 31 March 2020 v pcp¹:
 - Revenue up +37%
 - Operating EBITDA² up +34%
- Operating highlights:
 - YTD file openings up +50% v pcp¹
 - Highest file openings on record in January 2020
 - Second highest revenue month for FY20 in March 2020
 - Recruited lateral hire in Canberra and opened new office. Additional lateral hires recruited in Brisbane and Melbourne
- Anecdotal evidence and online search volumes suggest that divorce rates will rise due to COVID-19. For example, relevant search trends in Australia have already increased +20% pcp¹



Notes:

1. Prior corresponding period
2. Operating EBITDA adjusts the management accounts for the nine month and three month periods ending 31 March 2020 to include the removal of non recurring or unusual historic costs, removal of head office costs and costs associated with being listed on the ASX (previously referred to as EBITDA excl. HO)

FY20 Q3 Operating Highlights



A / F L E G A L



Strong revenue growth

H2 YTD growth up +48%
FY20 YTD growth up +37%



Record file openings

File openings YTD up +50%
Record file openings in January 2020



3 x Lateral Hires

Lateral hires secured in Canberra, Brisbane and Melbourne



Second market expansion for the year

Successful expansion into Canberra in February 2020



Improved marketing performance due to AFL 2.0

Spent 16% less to generate:
+40% more leads
+31% more appointments



Launch of “AFL Assist”

First to market “fixed fee model” to service non-traditional AFL clients impacted by COVID-19

For personal use only

Results of Launch of AFL 2.0 (FY20 - Q3 v Q2)

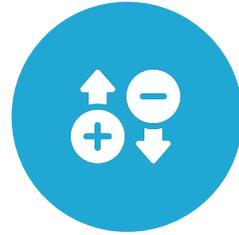


A / F L E G A L



Lead volume growth

+40% more leads
+31% more appointments



More for less

Spent 16% less to generate:
+40% more leads
+31% more appointments



Better quality leads

+14% swing in % of total appointments (free v paid) going straight to paid appointments



Cost per acquisition

36% reduction in cost per appointment
19% reduction in cost per lead

For personal use only

FY20 Q3 Performance Highlights



A / F L E G A L

For personal use only

- Strong growth in FY20 YTD and Q3 Profit & Loss metrics compared to prior periods
- Momentum from FY20 H1 continued in Q3 with strong contributions from new offices in Brisbane and Mornington
- Strong balance sheet with no debt, \$0.5m cash, \$2.0m receivables and available undrawn debt facilities of \$0.4m as at 31 March 2020
- At this stage, there has been no impact to performance due to COVID-19

	FY20 March YTD (9 months)	FY20 Q3 (3 months)	LTM March 2020 ⁴
Revenue	\$4.97m <i>Up 37% on pcp³</i>	\$1.66m <i>Up 48% on pcp³</i>	\$6.52m
Operating EBITDA ¹	\$1.73m <i>Up 34% on pcp³</i>	\$0.62m <i>Up 42% on pcp³</i>	\$2.80m
Operating EBITDA margin	35% <i>Down 1% on pcp³</i>	37% <i>Down 2% on pcp³</i>	43%
Underlying EBITDA ²	\$1.01m <i>Up 9% on pcp³</i>	\$0.36m <i>Up 14% on pcp³</i>	\$1.39m

Notes:

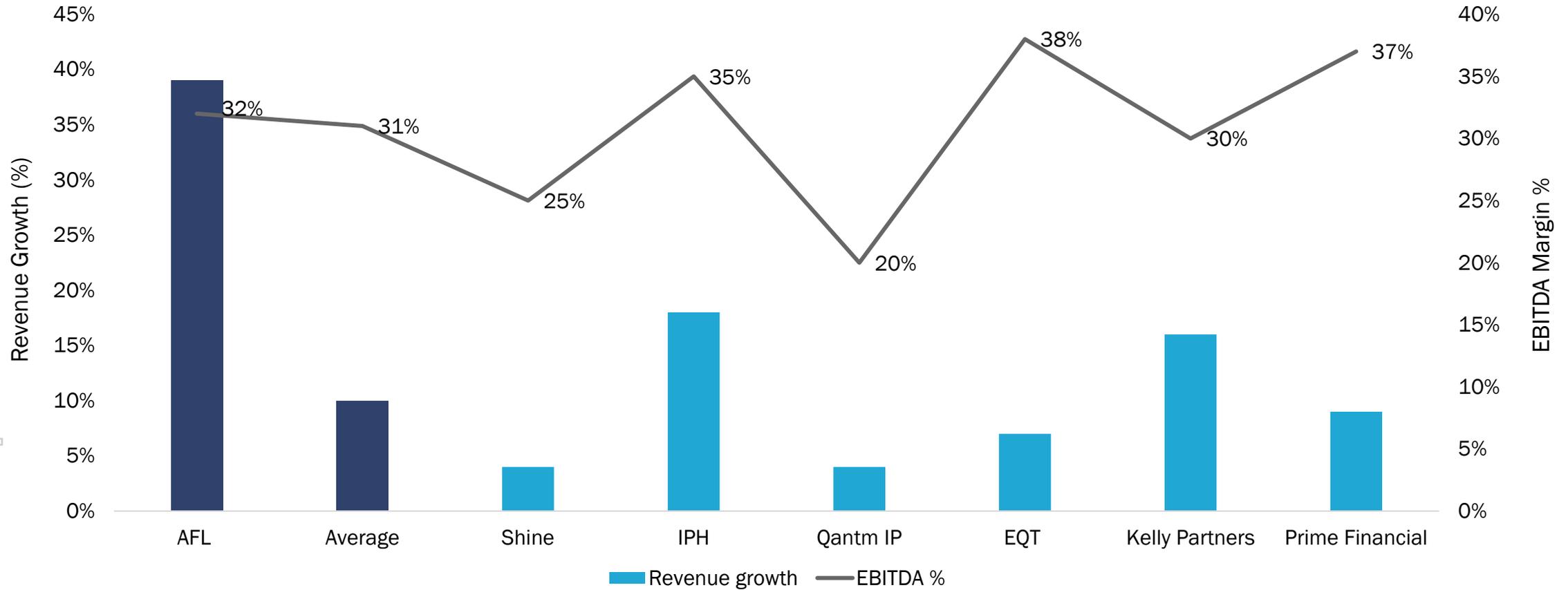
1. Operating EBITDA adjusts the management accounts for the nine month and three month periods ending 31 March 2020 to include the removal of non recurring or unusual historic costs, removal of head office costs and costs associated with being listed on the ASX (previously referred to as EBITDA excl. HO)
2. Underlying EBITDA adjusts the management accounts for the nine month and three month periods ending 31 March 2020 to include the removal of non recurring or unusual costs
3. Prior corresponding period
4. Twelve month period ending 31 March 2020

How does our revenue growth and margin compare to peers?



A / F L E G A L

For personal use only



Notes:

1. Revenue growth is based on average growth rates for FY18 and FY19
2. EBITDA % margin is based on the average EBITDA % margin for FY18 and FY19. For comparative purposes, Operating EBITDA has been used for AFL

Family law market: Defensive volumes with tailwind drivers

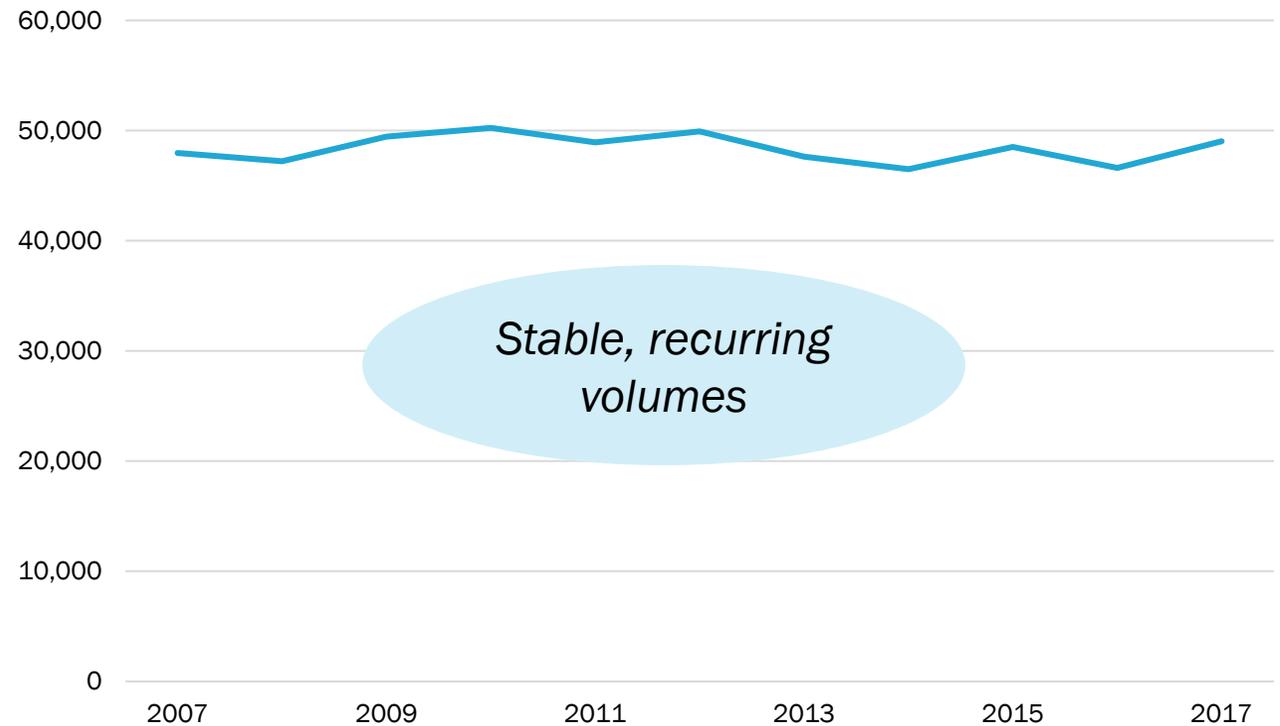


A / F LEGAL

Working from home and self isolation policies may actually provide an increase in divorce volumes in Australia

- The number of total divorces in Australia has historically been very stable highlighting the recurring nature of the industry
- Working from home, self isolation policies and loss of income will inevitably cause a strain on families. The Government recently announced a \$150m boost in funding to tackle domestic violence after support services reported a spike in family abuse
- Anecdotal reports globally have highlighted recent spikes in divorce and domestic violence enquiries due to COVID-19. In 2009, the number of divorces in Australia increased after the global financial crisis of 2007-2008

Total Divorces | 2007 to 2017



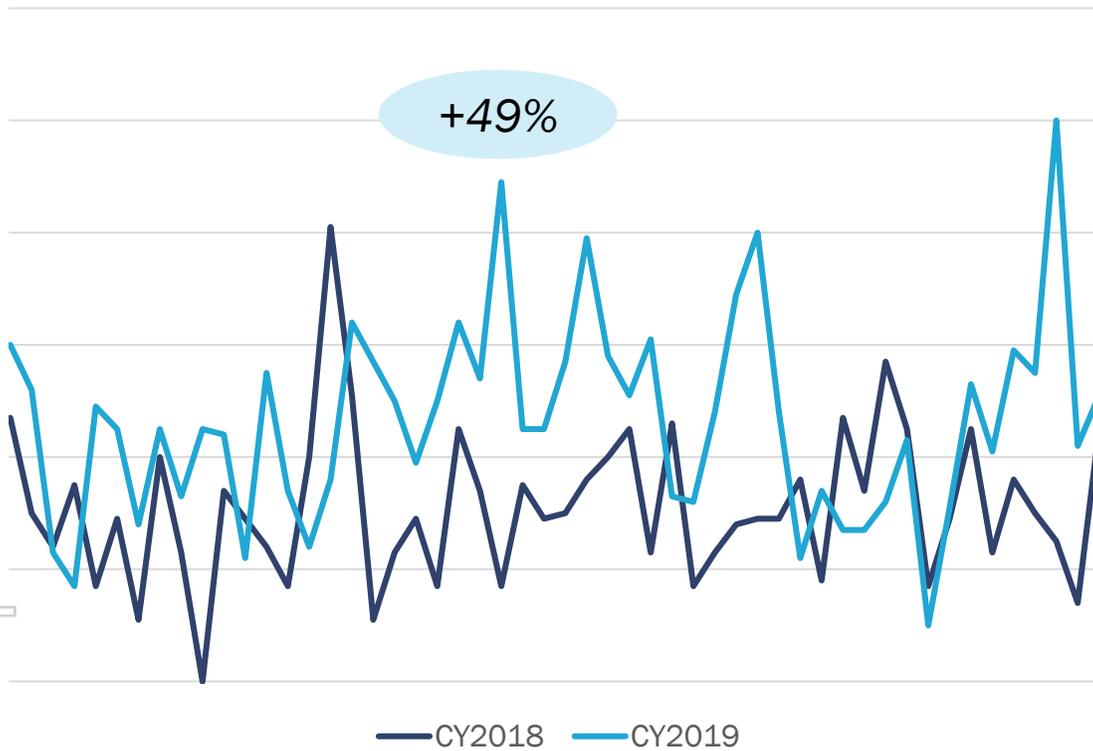
Google search volumes for “divorce lawyers” in Australia were up 49% last year and are already up 20% year to date



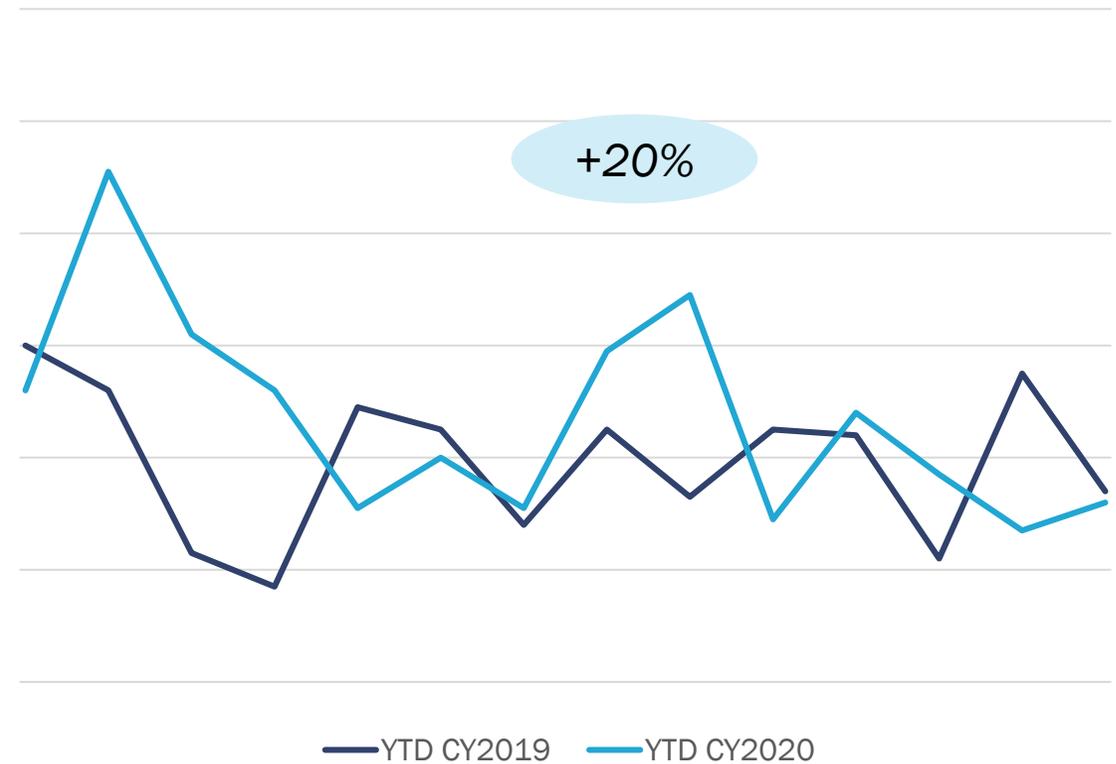
A / F L E G A L

For personal use only

Google Search Volumes: CY2018 v CY2019



Google Search Volumes: YTD CY2020



Global reports suggest divorce rates will rise due to COVID-19



A / F L E G A L

For personal use only

make it SUCCESS MONEY WORK LIFE VIDEO

HEALTH AND WELLNESS

As couples self-isolate due to coronavirus, lawyers expect a rise in divorces

Published Wed, Mar 25 2020 4:27 AM EDT • Updated Wed, Mar 25 2020 9:26 AM EDT

Vicky McKeever
@VMCKEEVERCNBC

Share f t in e

GET YOUR DAILY BUSINESS NEWS FIX RIGHT IN YOUR INBOX.
Have the latest business stories delivered to your inbox every weekday by 7:30AM (SIN/HK).



THE NEW YORKER

THE CORONAVIRUS CRISIS Latest Coverage Treatment and Testing Economic Impact Culture

QUARANTINES DEPT. MARCH 23, 2020 ISSUE

TO HAVE AND TO HOLD, IN QUARANTINE AND IN HEALTH

Do global pandemic and marital strife go together? Some experts think so, but, thanks to reality TV and cross-stitching, several spouses are making it through.

By Tyler Foggatt
March 16, 2020

As millions of people in the United States begin self-quarantining, in order to prevent the spread of the new coronavirus, China, the first country to shut down, is in the process of opening back up. In Xi'an, the capital of Shaanxi Province, more than ten million people were placed under lockdown. When restrictions were eased, earlier this month, the city's divorce rate spiked. One official blamed it, in part, on the quarantine. "Many couples have been bound with each other at home for over a month, which evoked the underlying conflicts," he told the *Global Times*, a Chinese state-run tabloid. Perhaps global pandemic and marital



DAILY SABAH

Turkey's divorce rates rise since start of coronavirus lockdown

BY DAILY SABAH WITH WIRES | ISTANBUL | TURKEY | APR 06, 2020 | 4:17 PM GMT-3



sky news Watch Live

Home UK World Politics US Climate Science & Tech Business Ents & Arts Travel Offbeat More

Coronavirus 'very likely' to cause spike in divorce rates, says leading lawyer

A top lawyer says "one only has to imagine" what will happen when couples are self-isolating together.

Emily Mee
News reporter @EmilyMeeSky

Wednesday 18 March 2020 09:47, UK

COVID-19 CORONAVIRUS



China is experiencing an increase in divorce rates



A / F / L E G A L

For personal use only

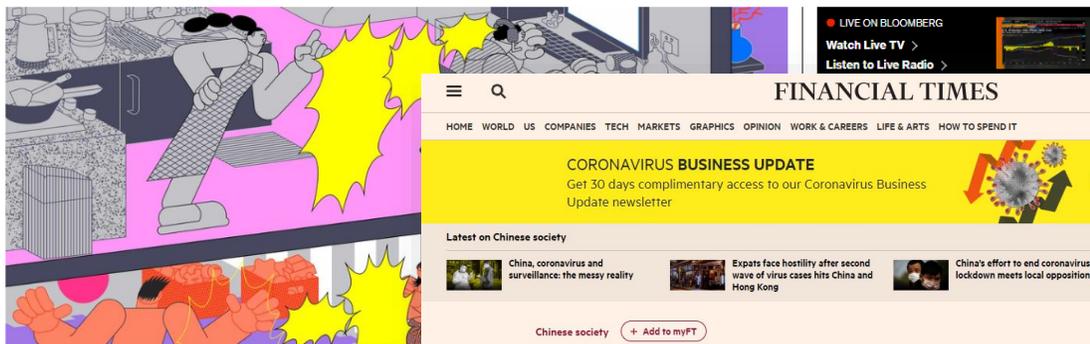
Bloomberg Businessweek

March 31, 2020, 7:00 PM GMT+11

China's Divorce Spike Is a Warning to Rest of Locked-Down World

- Filings started rising in March as couples emerged from quarantine.

By Sheridan Prasso



BUSINESS INSIDER AUSTRALIA

TECH MONEY & MARKETS BRIEFING IDEAS EXECUTIVE LIFE RESEARCH

BUSINESS INSIDER RESEARCH

In partnership with Commonwealth Bank of Australia

Future Cities

FIND OUT MORE

BRIEFING

The coronavirus may be driving up divorce rates in a Chinese city, officials say

GABBY LANDSVERK
MAR 7, 2020, 8:37 AM

FACEBOOK TWITTER REDDIT LINKEDIN EMAIL



FINANCIAL TIMES myFT

HOME WORLD US COMPANIES TECH MARKETS GRAPHICS OPINION WORK & CAREERS LIFE & ARTS HOW TO SPEND IT Sign In Subscribe

CORONAVIRUS BUSINESS UPDATE
Get 30 days complimentary access to our Coronavirus Business Update newsletter [Get the newsletter now](#)

Latest on Chinese society

- China, coronavirus and surveillance: the messy reality
- Expats face hostility after second wave of virus cases hits China and Hong Kong
- China's effort to end coronavirus lockdown meets local opposition
- Voices from Hubei: residents welcome liberation after quarantine

Chinese society + Add to myFT

Strain of life under lockdown sparks divorce surge in China

The number of filings to end marriages has doubled in the past decade

Introducing DealVision™. With real-time dashboards.

SCHEDULE A DEMO

For personal use only

Thank you



A / F LEGAL

