



Tomorrow **starts today**

# Results Announcement

August 2022

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## Business highlights

### Positive NPAT despite first half being impacted by lockdowns

- + Delivered year on year PIL<sup>1</sup> fee revenue increase of 6% despite impact of prolonged lockdowns on enquiries & matter progression
- + PIL enquires were 11% higher in the 2<sup>nd</sup> half<sup>2</sup>
- + Leading & growing national market share<sup>3</sup>
- + Maintained highest prompted brand awareness in all our key markets<sup>4</sup>
- + Five new class actions commenced during the year
- + GOCF<sup>5</sup> was negative for the year primarily due to continued investment in growth areas of the business including Class Actions & Abuse practices
- + Super Senior Facility maturity extended to 31 October 2024

1 Personal Injury Law

2 2nd half FY22 compared to 1st half FY22

3 Personal Injury Law

4 Nature: November 2021 – No 1 in all Vic, NSW, WA & No 2 in Qld

5 Gross Operating Cashflow

## FY22 performance – Strong recovery in 2<sup>nd</sup> half

Prolonged lockdowns in 2020 & 2021 impacted PIL market, less activity resulting in lower enquiries

- 10%  
**\$182.0m**

Net revenue <sup>1</sup>

- 40%  
**\$29.3m**

EBITDA <sup>2</sup>

- 85%  
**\$2.2m**

Net Profit after Tax <sup>1</sup>

- 139%  
**\$(6.0m)**

Gross Operating  
Cashflow

**21.0%**

Net gearing <sup>3</sup>

**- 12%**

PIL enquiries

**Flat**

Net PIL matter  
growth

+ 2 net  
**20**

Active Class  
Actions

+6  
**29**

NPS <sup>4</sup>

Note: Variance is to PCP

<sup>1</sup> Statutory basis




<sup>2</sup> EBITDA excluding specified items as set out on p 22




<sup>3</sup> Debt excluding lease liabilities – cash / Total assets

<sup>4</sup> Net Promoter Score - Source - Kantar April 2022

## Well positioned in an attractive market

### Iconic brand, focused business model

	Personal Injury Law <sup>1</sup>	Class Actions <sup>2</sup>
 Revenue pool	~\$1.8b <sup>3</sup>	~\$240m <sup>4</sup>
 Growth	~3% <sup>3</sup> Forecast 2022-2027	~10% <sup>5</sup> Historical 2012-2021
 Market structure	~2,200 <sup>3</sup> firms Leading market share	~77% <sup>5</sup> Top 3 firm share

-  Deep physical networks staffed by skilled, diverse team
  - + ~60 <sup>6</sup> sites in VIC, NSW, ACT, QLD & WA
  - + Well represented in chosen markets
  - + Unions & other referral relationships
-  Iconic & trusted brand
  - + 87+ years of caring for Australians' rights
  - + Maintained #1 prompted & unprompted recall <sup>7</sup>
  - + Net Promoter Score of 29 <sup>8</sup>
-  Highly focused business model
  - + Personal Injury – 87% of revenue <sup>9</sup>
  - + Class Actions – 11% of revenue
  - + Emerging Services <sup>10</sup> – 2% of revenue
-  Market leading digital assets
  - + Online claim assessment tool
  - + Outbound digital capability
  - + Advanced analytics supporting business decisions

<sup>1</sup> Personal Injury includes Motor Vehicle Accidents, Workers Compensation & Civil (made up of Medical Negligence, Public Liability, & Asbestos) & Emerging Practice (made up of Superannuation/TPD, Military Compensation & Abuse)

<sup>2</sup> Includes shareholder mass tort, consumer protection, product liability, & employee rights

<sup>3</sup> IBIS World Industry Report OD5519 March 2022, forecast growth

<sup>4</sup> Australian Law Reform Commission – Report 134

<sup>5</sup> Allens – Australian Class Actions Trends: 2021 Update – based on number of claims files 2012-2021

<sup>6</sup> Includes permanent, visiting & virtual offices

<sup>7</sup> Source – Nature, November 2021. #1 Prompted & Unprompted brand awareness across Personal Injury law firms in VIC, NSW & WA

<sup>8</sup> Source – Kantar April 2022

<sup>9</sup> – Based on FY22 Revenue

<sup>10</sup> Includes Compulsory Acquisition, Industrial & Employment. These business units individually account for no more than 2% of revenue

Note: Class Actions data based only on Federal Court actions from 2013 -18

## Delivering on our strategy

### Aligned to our clients & values

#### Differentiate through our care



- + Garden Point indigenous abuse survivors receive apology & compensation
- + In a ground breaking case, successfully pursued compensation & recognition as an employee for a gig economy worker
- + 73 colleagues across the firm volunteered to support Afghan refugees with immigration applications

#### Passionate & skilled, acting as one team



- + National practice groups were established across the firm delivering clear career paths for our people
- + 36 accredited specialist lawyers & 37 lawyers named in *Doyle's* List across our practice groups
- + Recognised by the Bar Association of Victoria as one of only 14 law firms, & one of only 2 plaintiff firms, in the State to have reached the Australian Law Council's Equitable Briefing Policy target of briefing women barristers
- + Signed the Charters on the Advancement of Women in the Legal Profession in Victoria & NSW

#### Simplify & digitalise our processes



- + Partnered with digital supplier to accelerate matter investigations
- + Implemented a standardised & digitised document storage platform
- + Delivered a new client portal to facilitate class actions settlement & distribution process
- + More clients opting to initially engage with us digitally
- + Invested further into technology to enable hybrid working & support of client
- + Improved our client experience materially through our digitally enabled centralised settlement roll out

#### Explore & grow into our opportunities



- + Obtained first ever Group Costs Order in a Class Action in Australia
- + Expanded our Abuse practice
- + Continue to expand our referral partners

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## Earnings overview

First half impacted by lockdowns, strong matter progression in second half

(\$m)	1H22	2H22	FY22	FY21	Var
Fee Revenue	78.1	77.3	155.4	154.2	0.8%
Change in WIP	6.9	19.7	26.6	48.1	(44.7%)
Bad & Doubtful Debts	(4.8)	(0.3)	(5.1)	(5.0)	1.8%
<b>Net operating revenue before specified items</b>	<b>80.2</b>	<b>96.7</b>	<b>177.0</b>	<b>197.4</b>	<b>(10.3%)</b>
Labour	(56.0)	(52.0)	(108.0)	(106.8)	1.1%
Non-labour costs	(20.2)	(19.4)	(39.6)	(41.9)	(5.5%)
<b>EBITDA before specified items</b>	<b>4.0</b>	<b>25.3</b>	<b>29.3</b>	<b>48.6</b>	<b>(39.7%)</b>
Specified items <sup>1</sup>	(4.2)	(1.3)	(5.5)	(8.7)	(36.2%)
<b>EBITDA</b>	<b>(0.2)</b>	<b>24.0</b>	<b>23.8</b>	<b>39.9</b>	<b>(40.4%)</b>
<b>NPAT including other income from continuing operations</b>	<b>(7.7)</b>	<b>9.6</b>	<b>1.9</b>	<b>14.2</b>	<b>Large</b>
<b>NPAT including other income &amp; discontinued operations</b>	<b>(7.5)</b>	<b>9.7</b>	<b>2.2</b>	<b>14.5</b>	<b>Large</b>

### Revenue impacted by slowing WIP growth

- + PIL WIP <sup>2</sup> in the 1<sup>st</sup> half impacted by slowing enquiries & new matter growth as a result of prolonged lockdowns, partly offset by solid PIL fee revenue growth
- + Strong growth in WIP in 2<sup>nd</sup> half reflects improving PIL market environment & progression of several firm funded class actions
- + Class Actions fee revenue lower arising from timing of settlements

### Continued focus on cost

- + Higher labour costs arising from increased FTE in growth practice groups offset by benefits from ongoing transformation activities & lower short term bonus accrual
- + \$2.3m decrease in non-labour costs, driven primarily by lower IT & admin costs & continued focus on discretionary spend
- + Specified items are \$3.1m lower due to lower long term incentive plan payments & transformation costs

<sup>1</sup> Specified items as set out on p 22  
<sup>2</sup> Work In Progress

## Earnings movement

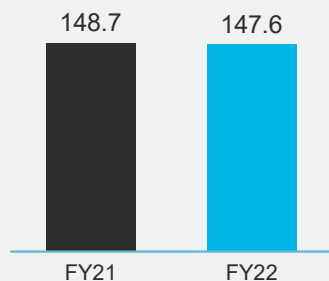
### EBITDA primarily impacted by WIP movement

#### Net Fees (\$m)



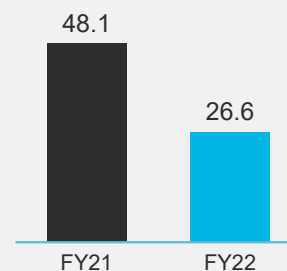
- + PIL fees up \$7.7m, driven by higher settlements, partially offset by lower average fees per settlement due to case mix.
- + Class Actions fees \$(6.5m) lower due to lower settlements

#### Expenses (\$m) <sup>1</sup>



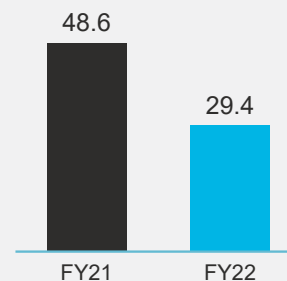
- + Increase in labour cost driven by investment in targeted practice groups such as Emerging Practice & Class Actions
- + Partially offset by reduction in bonus accrual
- + Incremental reduction in admin expenses

#### Change in WIP (\$m)



- + PIL WIP movement was lower than FY21 due to slowing enquiries & new matter growth – primarily in 1<sup>st</sup> half of year
- + Class Actions WIP growth driven by increase in NWNF <sup>2</sup> / GCO <sup>3</sup> matters

#### EBITDA (\$m) <sup>1</sup>



- + Key driver of EBITDA movement is attributable to change in WIP
- + Strong 2<sup>nd</sup> half, led by 21% improvement in revenue (2H22 v 1H22)

<sup>1</sup> Expenses & EBITDA excluding specified items as set out on p 22

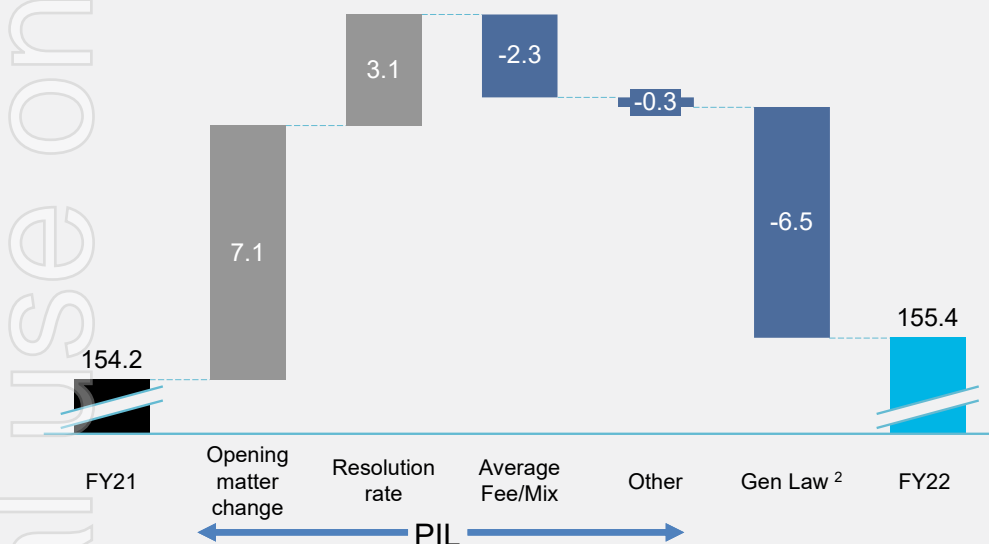
<sup>2</sup> No Win No Fee

<sup>3</sup> Group Cost Order

## Fees & WIP Waterfalls

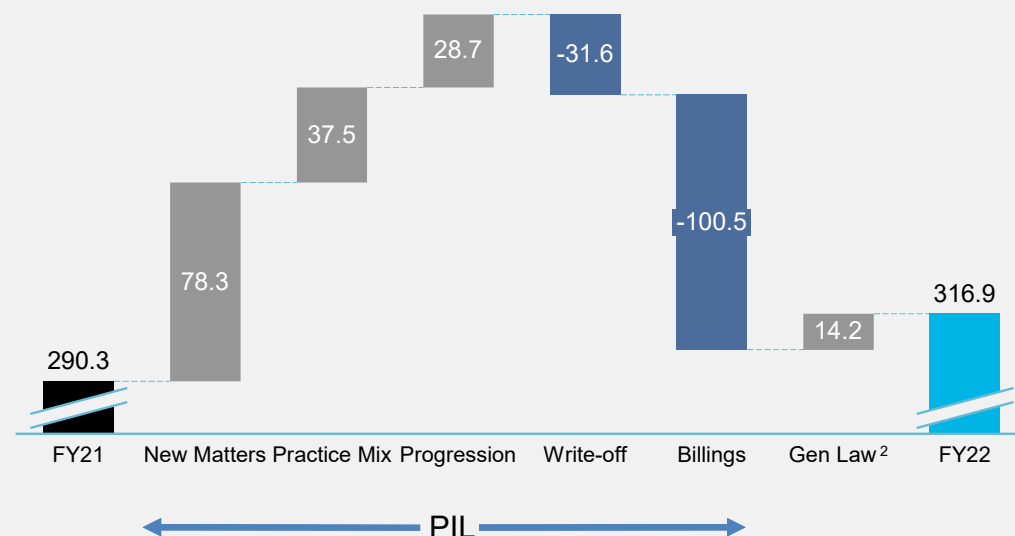
Fees steady & continued growth of WIP

Fees Billed FY22 v FY21 (\$m)



- + Successful settlements for the year were 399 higher due to higher opening active matters of 927 and a 2% improvement in resolution rate
- + Average Fee/Mix decreased by 4.6%
- + General Law <sup>2</sup> down by \$6.5m due to lower settlements

WIP Balance FY22 v FY21 (\$m) <sup>1</sup>



- + PIL WIP movement of \$12.4m was \$26.2m lower than FY21, primarily due to settlements exceeding new matters
- + 7,140 new matters for FY22
- + 8,059 matters settled, with success rates & write-offs remaining stable
- + General Law WIP movement of \$14.2m higher than FY21 driven by strong matter progression & lower settlements
- + Improvement in matter mix resulting in higher average WIP per matter

<sup>1</sup> WIP before ECL

<sup>2</sup> General Law includes Class Actions, Land Acquisition & General Litigation (LAGL), Industrial & Employment Law (I&E)

## Balance Sheet

Net Assets increasing primarily due to WIP growth

As reported (\$m)	30 Jun-22	30 Jun-21	FY22 v FY21
<b>Assets</b>			
Cash	15.6	20.7	(5.1)
Receivables	88.7	80.2	8.5
Net WIP	313.7	286.1	27.6
PPE	2.1	2.7	(0.6)
Right of use asset	13.7	15.6	(1.9)
Other	10.0	13.3	(3.3)
<b>Total</b>	<b>443.8</b>	<b>418.6</b>	<b>25.2</b>
<b>Liabilities</b>			
Payables	76.4	74.1	2.3
Borrowings	108.7	89.2	19.5
Leases	21.1	23.1	(2.0)
Deferred tax	24.0	22.4	1.6
Provisions	29.6	29.3	0.3
<b>Total</b>	<b>259.8</b>	<b>238.1</b>	<b>21.7</b>
<b>Net assets</b>	<b>184.0</b>	<b>180.5</b>	<b>3.5</b>

### Assets increased by 6% due to WIP & receivables

- + \$5.1m decrease in cash primarily due to continued growth in WIP and higher disbursements in Class Actions; offset by higher financing activities of \$8.2m relating to Term Loan increase
- + \$27.6m WIP increase from matter mix & matter progression across PIL & Class Actions
- + \$1.9m decrease in Right of Use asset offset by lease liabilities

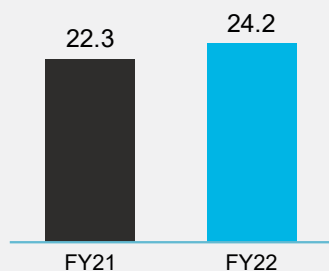
### Liabilities increased due to restructured term borrowings

- + \$2.3m higher payables due to \$9.6m increase in 3<sup>rd</sup> Party funding for disbursements; offset by a reduction in Legal Creditors, trade payables & accruals
- + \$19.5m increase in borrowings due to \$15.0m increase in Term Loan & accrued interest on Super Senior Facility

## Working capital

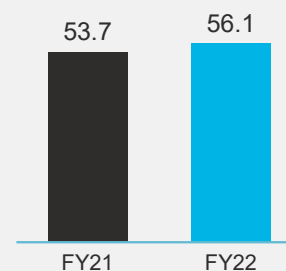
Trends remain broadly stable

WIP turnover (months) <sup>1</sup>



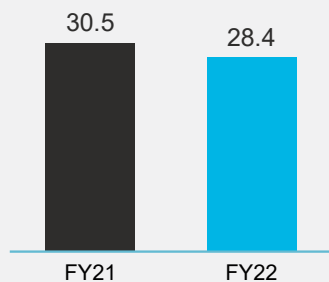
- + PIL WIP increasing due to matter duration offset by settlements outweighing new matters
- + GL WIP increasing due to a higher portion of GCO cases and longer duration matters
- + Court delays impacted settlements particularly in GL <sup>5</sup>

Debtor Turns (days) <sup>2</sup>



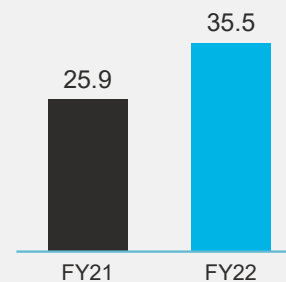
- + PIL - Continued improvement around centralised settlements & collections
- + GL – impacted by lower billings in FY22

Average 90+ day debtors ratio (%) <sup>3</sup>



- + 90+ day debtors reduced by 11% in FY22
- + Continued focus on debtor collections

Third Party Funded Disbursements (\$m) <sup>4</sup>



- + Continued improvement on uptake of third party funded disbursements

<sup>1</sup> Average WIP / Gross Fees x12 for full year

<sup>2</sup> Ending Total Debtors / Rolling 12 months Total Billings x 365 where Total Debtors & Total Billings include Fee, Disbursement, GST.

<sup>3</sup> Average of daily ratios for each year

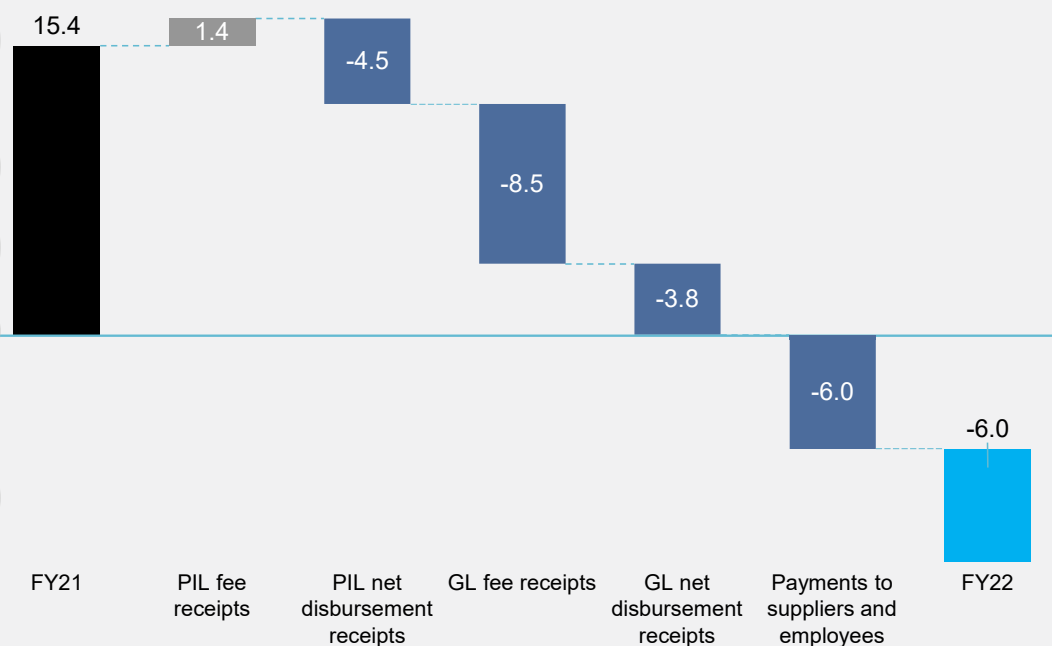
<sup>4</sup> Period close third party funding balance – PIL practice groups only

<sup>5</sup> GL = General Law, which includes Class Actions, Land Acquisition & General Litigation (LAGL), Industrial & Employment Law (I&E)

## Gross Operating Cashflow

Impacted by investment in growth areas & prolonged lockdowns

Gross Operating Cash Flow movement (\$m)



### Fee Receipts higher in PIL, offset by Class Actions

- + PIL fee receipts were higher driven by a mix of higher number of settlements and higher average fees due to small shift in portfolio mix
- + GL receipts were lower due to lower Fees Billed primarily within Class Actions with minimal fee billings as cases progress to be settled in coming periods

### Disbursements reflect investment in growth practices

- + Higher direct funding of disbursements where transition to third party funding is slower (Abuse practice)
- + Lower net disbursement receipts from other practices as a result of more clients who have settled cases in the year, funding disbursements with a third party
- + Lower GL net disbursements driven by continued build of class actions portfolio and focus on GCO cases

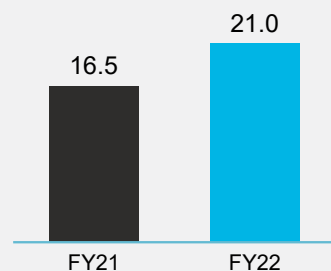
### Operating Payments

- + Payments to employees higher due to an increased headcount in investment areas, offset by lower bonus payments
- + Payments to suppliers flat with prior year

## Balance sheet structure

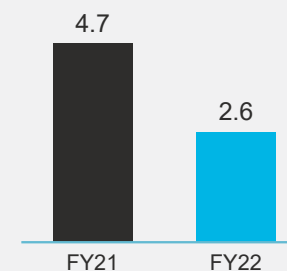
### Balance sheet measures impacted by operating performance

Net Gearing (%) <sup>1</sup>



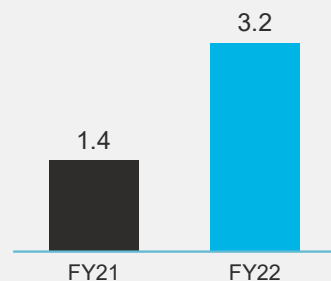
- + Net gearing impacted by increased Term Loan facility & by operating performance

Interest Coverage (x) <sup>2</sup>



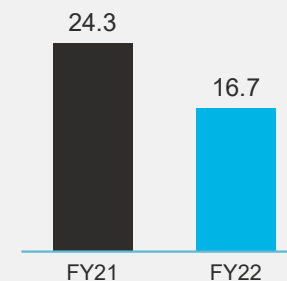
- + FY22 impacted by operating performance especially in 1<sup>st</sup> half

Net Debt / EBITDA (x) <sup>3</sup>



- + Term loan increased during the year
- + Lower EBITDA especially in 1<sup>st</sup> half

Weighted Average Time to Maturity (Months) <sup>4</sup>



- + Term Loan maturity extended

<sup>1</sup> Total interest bearing debt excluding lease liabilities – cash / Total assets

<sup>2</sup> EBITDA excluding specified items / Finance charges excluding imputed lease interest

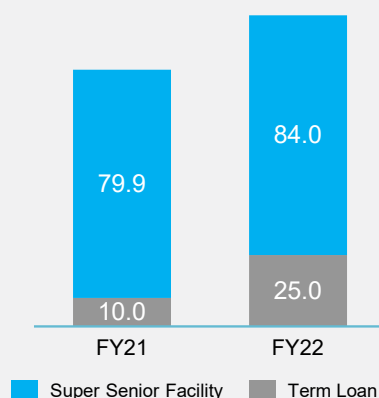
<sup>3</sup> Total interest bearing debt excluding lease liabilities – cash / EBITDA excluding specified items

<sup>4</sup> Based on time to contractual maturity from balance date, weighted by value of debt. Excludes lease liabilities

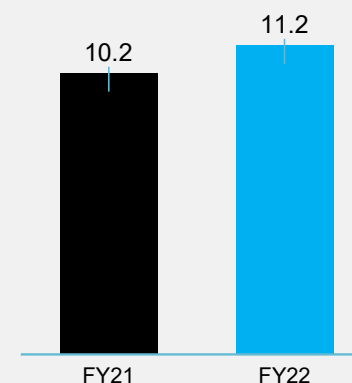
## Funding summary - Ongoing activity to optimise funding structure

### Super Senior Facility maturity extended to October 2024

Debt profile (\$m)



Finance charges excl. lease interest (\$m)



- + Refinanced 3-year Term Loan facility with \$30m limit (\$25m drawn)
- + Repaid previous \$10m Term Loan
- + Increase in SSF attributable to capitalised interest

- + Lower interest expense in FY21 due to partial debt paydown
- + FY22 finance charge costs also capture funding facility termination expense
- + Additional interest from the additional loan drawdown on new facility



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# Clear strategy

## Aligned to our clients & values

What we do



We **access justice** for all people. We champion voices struggling to be heard

How we work



We unite to treat every client with **care & commitment**

Why we do it



We make **tomorrow start today** for our clients

How we will win



**Differentiate** through our **care**

**Passionate & skilled,** acting as **one team**

**Simplify & digitise** our processes

**Explore & Grow** into our **opportunities**

How we see success



**Client advocacy**

**Engaged team**

**Leading reputation**

**Growing share** of target markets

**Sustainable, investing in our communities**

Our non-negotiables



**Client focus** in all we do

**Live our values** – take the lead, do it right, work well with others

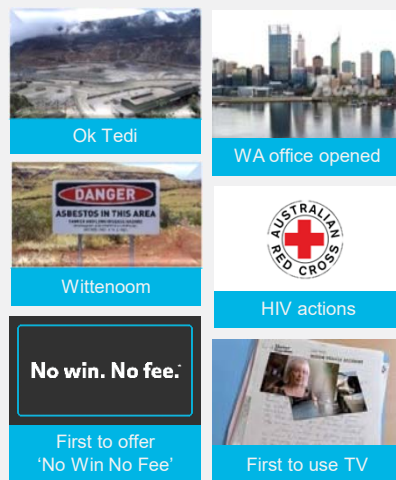
**Digitally powered**

**Sound** governance & risk management

**Strong** balance sheet & cashflows

# Proud legacy, focused for the future

## Establishment 1930's - 40's

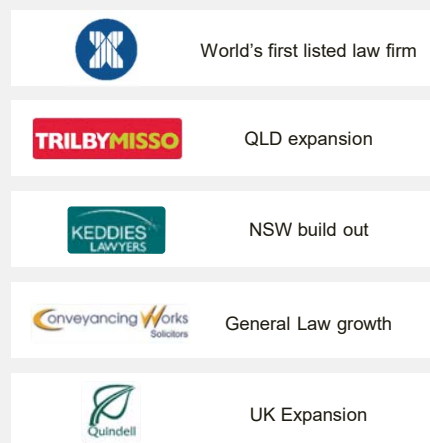


## Listing & Expansion 2007 - 2017

- + Bank debt acquired by hedge funds led by Anchorage Capital
- + S&G Australia separated from UK business
- + New Board & management team appointed
- + Prioritising investment & capital to support refined business model
- + 2017 - achieved a \$70M settlement on behalf of 1,923 detainees who were held at the Manus Island Detention Centre
- + 2018 - Launched Get Your Super Back Campaign - a series of class actions on behalf of millions of Australians
- + 2021 - In an Australian first, led by S&G & the RACS<sup>1</sup> on a pro bono basis, the Federal Government was ordered to pay almost 1300 refugees compensation after accidentally leaking their personal data
- + 2022 - Move to National Practice Lines across the firm
- + SSF maturity date extended to 2024



## Litigation Pioneers 1950's - 2000's












## Recapitalisation & turnaround 2017 +

<sup>1</sup> Refugee Advice and Casework Service (RACS)

## Our Services

### Personal Injury Law - Diversified national practice lines

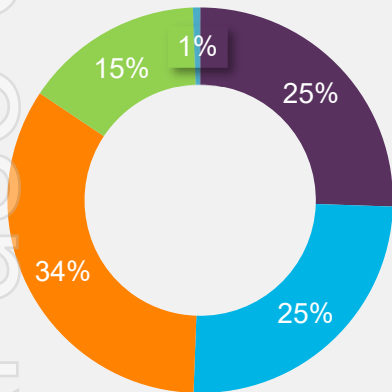
Practice	Road Traffic & WC			Civil			Emerging Practices		
	Motor Vehicle Accident 	Work Cover 	Comcare 	Public Liability 	Medical Negligence 	Dust Disease 	Abuse 	Disability Insurance 	Military Comp 
Overview	<ul style="list-style-type: none"> <li>+ Motor vehicle accident claims</li> <li>+ State by State regulation</li> <li>+ Counterparty either personal insurance company or State insurance scheme (TAC in Victoria)</li> <li>+ Impacted by population growth and overall long-term trend towards improvement in road safety</li> </ul>	<ul style="list-style-type: none"> <li>+ Accidents / illness arising from the workplace</li> <li>+ State by State regulation, with some states offering a government owned and run system, others are run through licensed insurers</li> <li>+ Impacted by population growth and overall long-term trend towards improvement in workplace safety</li> </ul>	<ul style="list-style-type: none"> <li>+ Accidents / illness arising from the workplace in Commonwealth workers</li> <li>+ Commonwealth's workers' compensation scheme under the Safety, Rehabilitation and Compensation Act; and the Work Health and Safety Act 2011 (WHS Act)</li> </ul>	<ul style="list-style-type: none"> <li>+ Claims caused by the fault of an individual or organisation that do not fall within the other PIL compensation schemes</li> <li>+ Generally low consumer awareness of potential public liability claims within Australia</li> </ul>	<ul style="list-style-type: none"> <li>+ Legal claims arising from harm caused in the provision of healthcare</li> <li>+ State by state regulation but principles are broadly similar nationwide</li> </ul>	<ul style="list-style-type: none"> <li>+ Claims arising from disease and illness due to exposure to asbestos</li> <li>+ State by state regulation but principles are broadly similar nationwide</li> <li>+ Decline in asbestos and mesothelioma claims offset by emerging areas including silicosis</li> </ul>	<ul style="list-style-type: none"> <li>+ Claims arising from cases of sexual or physical abuse at institutions, schools (and other educational settings), sporting clubs, prisons and other correctional facilities, public places, workplaces, in medical care etc.</li> <li>+ State by state regulation but principles are broadly similar nationwide</li> <li>+ Increasing claims due to consumer awareness</li> </ul>	<ul style="list-style-type: none"> <li>+ Claims where plaintiffs are entitled to additional compensation through their superannuation policies</li> <li>+ Governed by a national legislative framework</li> <li>+ Tightening of TPD definitions and removal of multiple claims impacting claims</li> <li>+ Targeting non-injury claims and maximising internal referrals represents growth potential</li> </ul>	<ul style="list-style-type: none"> <li>+ Claims arising due to injury or illness while serving in the Australian Defence Force, the individual and relevant dependants will be entitled to a range of benefits and entitlements</li> <li>+ Governed by a national legislative framework</li> <li>+ Stable market with shifting injury mix towards PTSD claims</li> </ul>

Consumer facing business with AAA debtors (insurers, governments etc.)

## Our services

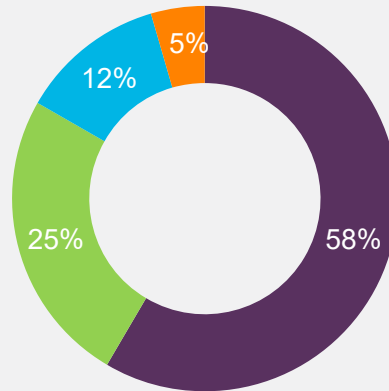
### Diversified portfolio of matters

Share of FY22 PIL  
WIP by Practice<sup>1</sup>



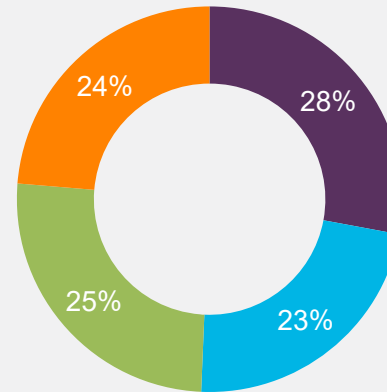
■ Motor Vehicle Accident  
■ Workers Compensation  
■ Civil  
■ Emerging Practice  
■ Other

Share of FY22 PIL  
WIP by locations



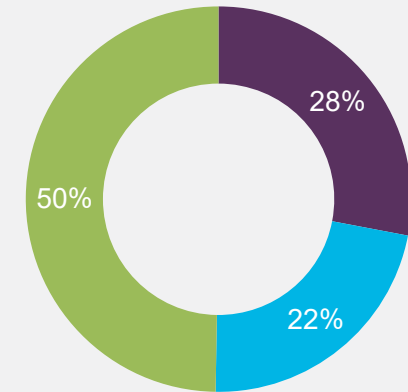
■ VIC  
■ NSW/ACT  
■ QLD  
■ WA

Share of FY22 Class  
Actions  
WIP by action type



■ Shareholder  
■ Consumer Protection  
■ Superannuation  
■ Tort/Product Liability

Share of FY22 Class  
Actions  
WIP by funding source <sup>2</sup>



■ Litigation Funded  
■ GCO  
■ No Win No Fee

<sup>1</sup> PIL WIP - Civil includes, Asbestos, Medical Negligence, Public Liability. Emerging Practice includes Abuse, Military Comp & Super TPD

<sup>2</sup> No Win No Fee includes one matter which is seeking Lit Service Fee approval and GCO includes all matters that are seeking GCO approval

## Reconciliation of PBT to EBITDA & EBITDA before specified items

First half impacted by lockdowns, strong bounce back in 2nd half

### Profit before tax (PBT) of \$3.5m for FY22

- + PBT was \$(17.8)m lower than FY21 due to prolonged lockdowns impacting 1<sup>st</sup> half performance
- + EBITDA of \$29.3m was \$(19.3)m lower than prior year
- + Strong EBITDA of \$26.4m in second half
- + Finance charges were \$1.2m higher due to higher facility funding costs
- + Specified items were \$3.1m lower primarily due to lower long term incentive plan, retention bonuses & transformation expenditure

\$'000	1H22	2H22	FY22	FY21	FY22 v FY21
Profit before tax – excluding discontinued operations	(10,706)	14,165	3,459	21,263	(17,804)
Add: Depreciation & amortisation	4,123	3,469	7,592	7,978	(386)
Add: Finance charges	6,618	6,704	13,322	12,149	1,173
Deduct: Other income	(191)	(385)	(576)	(1,460)	884
EBITDA	(156)	23,953	23,797	39,930	(16,133)
Add: Specified items					
Retention bonuses & LTIP	763	865	1,628	3,963	(2,335)
Redundancy costs	306	10	316	769	(453)
Transformation expenditure	1,710	792	2,502	3,951	(1,449)
Other non core expenditure	1,348	(256)	1,092	-	1,092
Total specified items	4,127	1,411	5,538	8,683	(3,145)
<b>Total EBITDA excluding specified items</b>	<b>3,971</b>	<b>25,364</b>	<b>29,335</b>	<b>48,613</b>	<b>(19,278)</b>



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