



A / F L E G A L

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29 August 2025

Strong revenue and increased underlying profit

- Normalised NPBT attributable to owners of AF Legal Group of \$1.4 million, a record high and a \$0.6 million (77%) increase on prior corresponding period (pcp)
- Revenue growth of 27% on pcp, with Q4 achieving highest average weekly revenue of \$605k per week
- FY26 is anticipated to again build further revenue growth with continued operating leverage at the normalised NPBT attributable level

\$'000	FY25	Q4 FY25	Q3 FY25	Q2 FY25	Q1 FY25	FY24	H2 FY24	H1 FY24
Revenue*	27,602	7,870	7,026	6,425	6,281	21,661	10,951	10,712
Average Weekly Revenue [AWR]	531	605	540	494	483	417	421	412
Growth on prior FY	27%					15%		
NPBT	896	(284)	545	(32)	667	1,476	483	993
NPBT attributable to the owners of AF Legal Group Limited	64	(393)	250	(155)	362	607	97	510
Normalisation adjustments	1,501	951	103	447		174	174	
Normalised NPBT	2,397	667	648	415	667	1,650	657	993
Normalised NPBT attributable to the owners of AF Legal Group Limited	1,382	469	352	199	362	781	271	510

Table 1: Financial Performance FY25 & FY24

* H2 FY24 & FY24 Revenue and AWR figures exclude any "other income" that has been normalised. Revenue numbers exclude disbursements. Remaining profit numbers factor in total revenue without exclusions.

Revenue & Profitability

The Board is pleased to announce our results for FY25 with our highest revenue level to date of \$27.6 million and encouraging bottom-line achievement with Normalised NPBT attributable to the owners of the AF Legal Group Ltd of \$1.4 million.

Group Revenue at \$27.6 million, was an increase of 27% on the pcp, assisted by full year revenue from the Armstrong Legal Contested Wills and Estate (ACWE) team and eight months of revenue from the Criminal Law and smaller Family Law teams from the second Armstrong Legal acquisition. Growth excluding the Armstrong Legal brand was 11%. Average Weekly Revenue (AWR) for Q4 was \$605k, a new high for our organisation (H1 FY25 \$489k & FY24 \$417k). May-June saw even higher AWR levels and, so far in FY26, Jul-Aug has seen us pushing into the mid \$600k levels.

The Group has now achieved five consecutive profitable halves since H2 FY23 when viewed at a Normalised NPBT attributable level.

During FY25 several one-off expenses and charges adversely impacted our statutory results, including the second Armstrong Legal (AL) acquisition costs, Project Titan and Legal Defence costs. These costs have been adjusted into our Normalised NPBT attributable result of \$1.4 million.



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These one-off expenses and charges are detailed below:

Business acquisition costs – AL2	\$0.145 million
Project Titan	\$0.268 million
Legal Defence Costs	\$1.088 million
Total FY25 Normalising Adjustments	\$1.501 million
Total FY25 Normalising Adjustments (Attributable to Owners)	\$1.318 million

Armstrong Legal Criminal Law and its small Family Law teams were acquired late October 2024 and represents our second investment into acquiring legal businesses in practice areas which are complementary to Family Law. This acquisition included the acquisition of the Armstrong Legal website and branding which offered more opportunities for digital client leads across all areas of law within the business.

Project Titan costs are expensed as incurred. It is anticipated that FY26 should see a further \$1.2 million in costs to go live and conclude this project creating more margin efficiencies.

The circumstances of the legal defence fees outlined in previous ASX announcements involved two separate matters dating back to 2021 and 2022, one of which was settled during the year. The remaining matter relates to an ongoing regulatory investigation but does not involve any claim for damages.

In FY27 we look forward to fewer normalised costs. The Group remains committed to delivering on our growth strategy to gain scale and operating leverage.

\$'000	FY25	FY24	FY23	FY22	FY21
Revenue*	27,602	21,661	18,881	16,983	11,009
Average Weekly Revenue [AWR]	531	417	363	327	212
<i>Growth on prior FY</i>	<i>27%</i>	<i>15%</i>	<i>11%</i>	<i>54%</i>	
NPBT	896	1,476	(7,556)	295	(495)
NPBT attributable to the owners of AF Legal Group Limited	64	607	(8,256)	(43)	(495)
Normalisation adjustments**	1,501	174	8,415	31	584
Normalised NPBT	2,397	1,650	859	326	89
Normalised NPBT attributable to the owners of AF Legal Group Limited	1,382	781	159	(13)	89

Table 2: Financial Performance FY21 to FY25

* FY24 Revenue and AWR figures exclude any "other income" that has been normalised. Revenue numbers exclude disbursements. Remaining profit numbers factor in total revenue without exclusions.

**Normalisation adjustments are as disclosed above for FY24. FY23, FY22 and FY21 normalisation adjustments are as previously declared adjusted for the impact of the FY22 Executive Bonuses which impacted the H1 FY23 result. Additionally, all pre FY23 normalisation has been standardised in line with our current practice (since FY23) and now excludes any previous normalising of share-based payments.



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Other Achievements

During financial year 2025 we undertook our second Great Place to Work survey which saw our internal team member approval metric rise from a relatively low 53% in mid-2023 to a pleasing 84% in October 2024. We now promote that we are a “Great Place to Work” and this is strong confirmation of the positive internal perception of our transition into an organisation that is people-first and practice-led.

We have seen a pleasing and solid growth in revenue within our Family Law division as we are growing our teams nationally by attracting new lawyers to our organisation and seeing a big reduction in turnover of our existing team members. Family Law revenue growth of 24% in Q4 on top of 18% in Q3 are confirmation of this positive recruitment momentum.

Since the acquisition of the Armstrong Legal Criminal division, which was solely NSW based, we have subsequently recruited lawyers to lead us in Victoria, Queensland and the ACT, so we look forward to solid growth prospects from this division as we grow it geographically. Armstrong Legal Contested Wills & Estates is similarly growing their teams within their existing geographical footprint, and revenue in their first comparable period, being Q4 FY25, grew at 14%.

With our recent years acquisition related activity, this was a period of consolidation and organic growth. Rather than opening new office locations in Family law, we have initiated a serviced office presence in both Geelong (Vic) and Cockburn (WA). There remains potential for significant organic growth through the expansion of our teams in all existing locations. The board and executive continue to identify and consider suitable merger and acquisition opportunities..

We continue to develop our team members with a further 20 promotions announced in June-July 2025. Our development focus remains paramount, driven by our desire to present achievable and rewarding career pathways to our team members. The quality of those pathways differentiates us from most competitors in the areas of law in which we practice.

During H2 FY25 the Group commenced work on Project Titan including the all-important data mapping and data workflow design and building of precedents. The project is currently within budget and expected to complete and go live during H2 FY26 without any material variations to the project cost. The Group looks forward to the introduction of all the new process improvements and efficiencies that this new cloud-based system will offer, including the incorporated AI functionality benefits.

Balance Sheet

Our balance sheet reflects the impact of the second Armstrong Legal acquisition that completed during Q2 FY25 including additional borrowings of \$2.5 million for the purchase price.

FY26 will see the final earnout payment of \$375k made to the vendors of Armstrong Legal. This will bring deferred consideration on the balance sheet to zero.

The executive team with the support of our credit controller, debt collection agency and lawyers undertook regular recoverability reviews of Trade and Other Receivables throughout the year. The group have various types of debtor payment arrangements under management whilst adhering to extensive debtor management controls. Newly identified unrecoverable debtors were written off against the provision, and the provision then supplemented at the end of FY25 with a comprehensive



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debtors impairment review. Debtors only rose 9% (\$0.6 million) despite a 27% (\$5.9 million) increase in revenue and a strong end of financial year cash balance.

Our Contested Estates team regularly bills work conducted on matters as they progress even though there is an agreement to only be paid out of estate assets at the end of the matter. These can often be litigated for 2-3 years. Similar arrangements are made in high paying family law matters, particularly in our Withnalls Darwin business. This has the effect of generating a large amount of "post 90-day" owing receivables. In other businesses this would legitimately raise concerns about recoverability but, in the type of cases just described, payment is protected by the known asset pool and well tested protections or agreements ensuring AF Legal is paid prior to disbursement of those assets to other parties.

Cash Flow

Our Cash Flow similarly reflects the impact of the second Armstrong Legal acquisition of \$2.5 million representing the majority of outflows in Investing Activities and the associated acquisition borrowings in the inflows in Financing Activities.

In terms of our Operating Cash Flow for FY25, the Group is pleased to announce a \$2.9 million net cash inflow from operating activities, a \$2.3 million improvement on FY24. Operating Cash Flow after lease liabilities was \$1.5 million. This operating cash flow position was driven primarily by the increase in revenue, timing of payments and our strong focus on debtor management and cash collections.

Outlook

Financial year 2026 is anticipated to see revenue expansion with continued operating leverage at a normalised NPBT level. The first eight weeks of FY26 have seen average weekly revenue in the mid \$600k levels, although it is worth noting this is a relatively clear period without the impact of slowdowns associated with the traditional holiday seasons around Christmas, January and Easter. That noted we expect the number of lawyers working for our organisation to grow in line with the lead generation, conversion and momentum established.

This announcement was approved for release to the ASX by AFL's Board of Directors.

-ENDS-

For any questions, please contact:

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