



30 April 2025

Q3 FY25 – Quarterly Update

- Q3 FY25 Revenue of \$7.0 million increased by \$0.6 million (9%) on the prior quarter (Q2 FY25 \$6.4 million) and increased \$2.1 million (43%) on the prior corresponding period (pcp) (Q3 FY24 \$4.9 million)
- Net profit before tax (NPBT) attributable to the owners of AF Legal Group was a profit of \$250k, up from NPBT attributable results of a loss of \$155k the prior quarter (Q2 FY25) and a loss of \$149k for the pcp (Q3 FY24)

\$'000	Q3 FY25	H1 FY25	Q2 FY25	Q1 FY25	FY24	H2 FY24	Q4 FY24	Q3 FY24
Revenue*	7,026	12,706	6,425	6,281	21,661	10,951	6,051	4,899
Average Weekly Revenue [AWR]	540	489	494	483	417	421	465	377
<i>AWR Growth on prior period</i>	9%	16%	2%	4%	15%	2%	23%	-5%
<i>AWR Growth on pcp</i>	43%	19%	24%	13%		9%	20%	-2%
NPBT	545	635	(32)	667	1,476	483	449	34
NPBT attributable to the owners of AF Legal Group Limited	250	207	(155)	362	607	97	246	(149)
Normalisation adjustments**	103	447	447		174	174	174	
Normalised NPBT	648	1,082	415	667	1,650	657	623	34
Normalised NPBT attributable to the owners of AF Legal Group Limited	352	561	199	362	781	271	420	(149)

*Revenue and AWR are excluding disbursements

** Normalisation adjustments as previously disclosed with Q3 FY25 relating to legal defence fees

Q3 is traditionally a challenging period impacted by the extended summer school holidays and court closures, we have been pleased with the early signs of stabilisation that the recent acquisitions and improvements in our great place to work are bringing to our revenue growth and profitability.

Revenue & Profitability

Q3 FY25 delivered record Group revenue of \$7.0 million, a \$0.6 million (9%) increase on the prior quarter (Q2 FY25 \$6.4 million) and a 43% increase on pcp Q3 FY24 (\$4.9 million), due in part to the inclusion of Armstrong Legal Contested Wills & Estates (April 2024) and Criminal Law (November 2024). Excluding the Armstrong Legal impact, Q3 FY25 still saw 18% increase on pcp.

Revenue increases were experienced across all practice brands when compared to the prior quarter and the pcp.

Normalised NPBT attributable to the owners of the AFL Group for Q3 FY25 was a profit of \$352k, our fourth profitable quarter in a row. Whilst we are only 75% of the way through FY25 our revenue already reflects 91% of the total FY24 revenue and 117% (\$913k) of the total FY24 normalised NPBT attributable to the owners of \$781k, a positive position as we head into the final quarter of FY25.

The normalisation costs relate to legal defence fees mentioned in H1 FY25.



Balance Sheet and Cashflow

Q3 Net Assets of \$10.4 million remained steady with a minor increase of \$0.1 million (1%) compared to end of H1 FY25 with the following main investment movements:

- Q3 Cash and cash equivalents reduced by 43% (\$1.4 million) to \$1.9 million:
 - This is a timing issue, with Q3 current debtors \$0.9 million more than H1 FY25 due to the way Christmas holidays fell in December
 - An AFL Withnalls dividend was paid \$0.4 million in Q3 on the back of another period of strong profitability
- Q3 Trade and other receivables increased by 23% (\$1.9 million) to \$10.6 million:
 - Again, mostly a timing issue, with Q3 debtors \$0.9 million more than H1 FY25. Early Q4 has seen expected strong Trust to Office transfers clear the majority of this current Q3 debt
 - WIP balance increased by \$0.7 million reflecting strong input performances by all team
- Q3 Right of use assets and associated Lease liabilities reduced by \$0.6 million and \$0.5 million respectively with no new leases secured during this period.

Q3 Group operating cashflow is seasonally impacted by December and January summer holidays and therefore, lower billing despite strong WIP input levels. Q3 FY25 saw an outflow of \$0.6 million impacted also by some positive timing differences within H1 results including early payment of fees billed as noted above, and a GST credit of \$0.3 million relating to the acquisition purchase price. We look forward to a stronger Q4 cashflow position.

Project Titan

Project Titan, the 14-month upgrade and migration to a new modern practice and document management system is currently underway, on track and under budget. Project expenses will offset profits for the coming two half years but will be grouped and normalised. The project is currently focused on existing system data cleansing, data mapping to the new system and introductory data design for improved data management. The Group is excited by early opportunities for time saving and process improvement.

Outlook

We expect Q4 to further consolidate the Group's steady profitable growth. Some of the key drivers reinforcing this performance include:

- Consistent focus on people first management and all the elements that assist in the retention, development and attraction of new talent. We are pleased to welcome back two returning lawyers, including one accredited specialist
- Ongoing enhancements to our websites and digital marketing platforms have seen our Family Law digital lead generation increase by 19% compared to Q2 FY25, digital appointments increase by 45% and appointment conversion by 22% for the same period.
- Expansion of the Armstrong Legal Contested Wills & Estates and Criminal Law teams across the country, with a new senior Criminal Lawyer already appointed in Melbourne, representing our initial expansion of Criminal Law beyond NSW. The Armstrong Legal website continues to generate excess new client opportunities, with this positive demand driving the urgent expansion into other geographies.

The Board and Executive Management team remain committed to our combined organic and acquisition growth strategy and are confident this is the most appropriate manner to grow our revenue base, leverage our mostly fixed cost base and deliver greater bottom-line profitability.

-ENDS-

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

For any questions, please contact:

Chris McFadden - CEO

chris@aflegal.com.au

Landline: + 61 3 8602 1900