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AF Legal Group Limited - 2025 AGM Chair & CEO Address

Chair's address – Rick Dennis

Dear Shareholders,

Financial year 2025 saw continuing progress for AF Legal Group as we continued our growth phase following the second quarter acquisition of Armstrong Legal's Criminal and Family Law practices and the armstronglegal.com.au website. This built upon the earlier acquisition of the Armstrong Legal Contested Wills & Estates business in late financial year 2024.

These additions, when combined with 11% growth in our existing business, saw us deliver an overall 27% year on year lift in revenue to \$27.6 million, with an encouraging 77% increase in underlying profit, with Normalised Net Profit Before Tax attributable to the owners of the AF Legal Group of \$1.382 million.

During the year, several one-off expenses and charges totalling \$1.5 million adversely impacted statutory profit. These one-off expenses and charges which have been detailed previously included acquisition costs of \$0.145m, legal defence fees of \$1.088m and the first of our new practice management and document management systems (Project Titan) expenses of \$0.268m.

The circumstances of the legal defence fees outlined in previous ASX announcements involved two separate matters, 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.

Project Titan costs are expensed as incurred, and it is anticipated that financial year 2026 should see a further \$1.2 million in costs in order to go live and conclude this project creating more margin efficiencies.

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 promote that we are a "Great Place to Work" and it is strong confirmation of the positive internal perception of our transition into an organisation that is people-first and practice-led. Chris will comment further on the most recent survey in his address.

Our retention of lawyers and other team members has improved significantly, as has our attractiveness as a great place to build a career. Pleasing also is the fact that 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.



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We have further expanded the coverage of Armstrong Legal Criminal beyond the purely NSW focused operation we acquired and now have senior lawyers in place in Melbourne, Brisbane and Canberra as we look to grow this division geographically.

Chris will shortly touch on our first quarter performance for the 2026 financial year and as you will see, this revenue momentum has accelerated in the current financial year, leveraging our cost base and delivering improving results in terms of our underlying profit for the first quarter of 2026.

I would like to acknowledge and thank my co-directors, Peter Johns and Emma Fredericks for their support and advice; our management team, in particular Chris and Stace for their dedication and commitment, and to you our shareholders for your ongoing support.

CEO's address – Chris McFadden

Financial year 2025 was a very significant year for the AF Legal Group as we successfully built on the momentum created by our earlier acquisition of the Armstrong Legal Contested Wills & Estates business. Our second strategic acquisition, Armstrong Legal Criminal Law, has expanded our footprint into a third core practice area and further strengthened our position as a leading provider of personal legal services.

While the 2025 numbers have been well covered, they bear repeating for the strength of the story they tell: **revenue grew 27% with underlying profit up an impressive 77%**, clearly demonstrating the operating leverage emerging from our scalable cost base. Importantly, these results include only an initial and partial contribution from the Criminal Law division. As that business continues to integrate and as we further grow our legal teams, we are well positioned for continued improvement, which we are already seeing in the strong first quarter performance of financial year 2026.

Revenue momentum accelerated throughout the year, with Average Weekly Revenue rising from just under \$500k in the first half, to \$540k in the third quarter, and surpassing \$600k in quarter four, continuing to climb during the close of the year. That trajectory has carried forward into the opening quarter of financial year 2026.

Growth in our people powered this revenue expansion. Lawyer numbers increased 20% across the year, with Legal Support growing 30%, delivering a 24% uplift in overall Fee Earners. This expanding team capacity is already translating into strong activity levels in financial year 2026.

Our transformation into a people-first, practice-led organisation is resonating deeply across the group. Our Great Place to Work® results improved dramatically from 53% in FY23 to 84% in October 2024, and I'm pleased to share that our most recent survey shows a further gain, lifting us to **85%**. This means 85% of our team members consider AF Legal Group and our various divisions a "great place to work", which provides us with a solid foundation for sustainably delivering outstanding client outcomes. We remain committed to continued improvement as our people-first culture remains a central pillar of our strategy.

While balance sheet and cash flow fundamentals were detailed previously, it is worth highlighting that we increased borrowings by \$2.5m to fund our second Armstrong Legal acquisition and that we delivered a very strong **\$2.9 million net operating cash inflow**. This was driven by disciplined debtor management, robust revenue growth, and the favourable timing of settlements, particularly in Contested Wills & Estates and Deferred Settlement matters which largely come at the end of the matter.



Amid our acquisition activity, Family Law remained focused on consolidation and organic expansion, including new serviced-office presences in Geelong (VIC) and Cockburn (WA). Our teams continue to grow across all existing locations, and this has continued into the new financial year. The Board and Executive remain active in identifying and assessing additional merger and acquisition opportunities to support long-term growth.

In the second half of the year we commenced **Project Titan**, a major technology and process-transformation initiative. Work is progressing on schedule and within budget, with go-live expected late in financial year 2026. Titan's cloud-based architecture and integrated AI capabilities will deliver significant efficiencies, enhanced data workflows, and improved client service, all of which will support margin expansion across all practice areas.

Our growth engines continue to strengthen. Leads increased **46% year on year**, while cost per lead decreased **23%**, reflecting both greater scale and enhanced digital performance. Nearly **26,000 people sought our advice** during financial year 2025, driven by our SEO driven lead capability enhanced by the integration of the Armstrong Legal website and rising organic traffic across our family-law brands. Organic appointments rose 9% across family law and 257% including Armstrong Legal.

Our reputation in the market continues to grow, reflected in more than **822 five-star Google reviews** and NPS scores consistently above industry benchmarks. With over **155 media mentions** during 2025 across The Australian, the Financial Review, major daily publications and the ABC, we have cemented our standing as trusted national experts across family law, contested estates and criminal law. The successful launch of our brand alignment with the internationally recognised "Millie" film further strengthened our national brand presence.

Financial year 2025 established strong and accelerating revenue momentum, and early financial year 2026 results show that this momentum is continuing to build. This positions us strongly to execute our growth strategy through 2026 and beyond. Our focus remains clear: **profitable revenue growth, margin expansion through operational leverage, continued investment in our exceptional people, and an unwavering commitment to the client experience.**

As I have said many times, both to our outstanding team and to our shareholders, the best is yet to come for the AF Legal Group.

Let's now turn to our first quarter 2026 results included in the presentation.

-ENDS-

This announcement was authorised for release by AFL's Board of Directors.

For any questions, please contact:

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