A / F LEGAL

AF Legal Group Ltd

and its controlled entities
ABN 82 063 366 487

Appendix 4E

For the financial year ended
30 June 2026

The following information should be read in conjunction with the attached Annual Report.

Results for announcement to the market

Key information	2026 $'000	2025 $'000	% Change
Revenue from ordinary activities	35,917	27,604	30%
Profit/(Loss) after tax from ordinary activities	1,425	725	97%
Profit/(Loss) after tax from ordinary activities attributable to owners	463	102	354%

Refer to Chair's Report and Directors Report in the Annual Report and separate results announcement and presentation for commentary on the results.

Earnings per share	2026 cents	2025 cents	% Change
Basic earnings per share (cents)	0.50	0.11	355%
Diluted earnings per share (cents)	0.49	0.11	345%

Refer to Note 10 for further information on earnings per share calculations

Dividends

Dividends were paid during the year to the shareholders of Withnall Cavanagh & Co Pty Ltd and AF Legal (Gold Coast) Pty Ltd on 100 shares on issue as follows:

- At $7,000 per share, the total dividend being $700,000 paid out to shareholders:
  - AF Legal Pty Ltd $357,000
  - Non-controlling interests $343,000

- At $5,400 per share, the total dividend being $540,000 paid out to shareholders:
  - AF Legal Pty Ltd $275,400
  - Non-controlling interests $264,600

- At $1,500 per share, the total dividend being $150,000 paid out to shareholders:
  - AF Legal Pty Ltd $112,500
  - Non-controlling interests $37,500

Net tangible assets per share (cents)	**2026**	**2025**	**% Change**
Net tangible assets per share (cents)[1]	4.08	3.20	27%

1 The net tangible assets per share presented above is inclusive of right of use assets and lease liabilities.

Control Gained or Lost over Entities in the Year

Not applicable.

Status of Audit

The report is based on consolidated financial statements for year ended 30 June 2026 which have been audited by Horizon Nexus Partners formerly PKF Brisbane Audit

Annual General Meeting

The Company advises that its Annual General Meeting will be held on Friday, 13 November 2026. The time and other details relating to the meeting will be advised in the Notice of Meeting, which will be sent to all shareholders and released to the ASX.

In accordance with ASX listing rules, the Company will accept valid nominations for the election of directors up until 5pm AEST on Friday, 25 September 2026.

A / F LEGAL

ANNUAL REPORT

for the financial year ended 30 June 2026

AF Legal Group Ltd

and its controlled entities
ABN 82 063 366 487

Contents

Chair's Report

Dear Shareholders,

Today we present the 2026 Annual Report for AF Legal Group Ltd ("AF Legal") and its controlled entities (together the "Group") for the year ending 30 June 2026.

2026 saw a continuation of our revenue and underlying profit momentum with the year characterised by our deliberate investments to enhance our ability to continue to deliver on further profitable growth opportunities. Our significant investment in our practice management and document management systems mean we have an excellent technology platform to take us into the future. We have seen a significant influx of expertise and experience across our legal practitioners and we have restructured our senior management team to strengthen the business partnering focus across our organisation.

2026 delivered a revenue high of $35.5 million, up 29% on FY25 and the company delivered normalised NPBT attributable to the owners of the AF Legal Group Ltd of $1.82 million, up 32% on the prior year (FY24: $1.38 million).

During FY26 several one-off expenses and charges adversely impacted our statutory results. These one-off expenses and charges totalled $1.263 million and included: our new practice management and document management systems (Project Titan) expenses ($1.039m); legal defence fees ($0.399m); historic reconciliation adjustments ($0.200m); and a favourable deferred consideration writeback ($0.375m).

In 2027 we look forward to fewer normalised costs.

In addition to the one-off expenses and charges outlined above, there were several other one-off impacts worth mentioning which impacted our H2 profitability.

Whilst Project Titan is now live the implementation of such a significant change to operations including the lead up, created considerable disruption to business as usual. This included time taken in training prior to go-live and resultant loss of productivity post implementation as team members come to grips with the new system(s). Estimating the impact is challenging, given nothing takes place in isolation, but based on a trend analysis of weekly revenue levels we could say a likely conservative impact was in the vicinity of $0.2-0.3 million both at a revenue and bottom-line level.

Additionally, management team restructure costs relating to changes in the senior management team during the second half saw one off costs of $0.3m expensed during the period.

During the second half of the year we undertook a detailed review of all debtors and WIP balances by matter and took the prudent approach to increase the related provisions by a further $0.2m.

Our people-first, practice-led culture continues to provide us with a meaningful competitive advantage, supporting both attraction and retention of high-quality legal talent. Our third Great Place to Work (GPTW) survey which took place early in FY26 maintained the significant uplift achieved in the prior year, delivering an overall satisfaction score of 85% (2024: 84%, 2023: 53%).

Whilst our Lawyer team grew by 8% across the year, relative to Jun-25, the big change was the significant increase in the level of expertise and experience resulting from our new additions. Among our FY26 new starters were five Family Law Accredited Specialists, bringing the total number of Accredited Specialists in our family law practices to 15. We also added a further Criminal Law Accredited Specialist and now have 7 Accredited Specialists across Wills & Estates and Criminal Law.

We continue to develop our team members with a further 22 promotions announced. 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.

We have strengthened our senior management team across 2026 with David Kahn coming on board as General Manager - Finance & Operations during the second half and most recently we have lifted our people and culture focus adding a newly created role of General Manager – Human Resources. This

Chair’s Report

adds to our existing senior leadership team including our network of leaders across our various legal practices. The key focus is on strengthening business partnering across our organisation so that practice leaders and support teams work more closely to drive productivity and efficiency.

We continue to see efficiencies as we refine our client onboarding process and move to a client led journey. Over 21,000 people reached out to us for family law, contested wills and criminal law advice during FY26. With the continued influence of AI summaries impacting traffic to sites across the legal category, we have evolved our digital and onboarding strategy to focus on higher intent enquiry. As a result of this we achieved a 20% increase in conversion rate from lead to appointment in family law FY26 vs FY25 and a 61% increase in new files opened for criminal and contested estates H2FY26 vs pcp (no full year data available).

We strengthened our national thought leadership on key topics that impact everyday Australians such as the intergenerational wealth transfer and continued our alignment with the Award-Winning *Millie* film centred on improving the impact of divorce on children.

With regular commentary in The Australian, major metropolitan mastheads and the Australian Financial Review, we have seen a 41% increase in PR coverage year on year. Client satisfaction remains strong with above-benchmark Net Promoter Scores and a 15% increase in 5-star reviews.

Our revenue momentum continued during financial year 2026 and continues to build in the early stages of FY27. This momentum will enhance our ability to deliver on our growth strategy throughout 2027 and beyond. We are focussed on profitable revenue growth and increasing margins through operational leverage. This will come through continued commitment to our highly valued team members and through the ongoing provision of an exceptional experience to our clients.

Yours sincerely,

Rick Dennis
Non-Executive Chair

The Directors of AF Legal Group Ltd (the "Company") submit herewith the Financial Report of the Company, and its controlled entities (referred to herein as the "Group") for the financial year ended 30 June 2026.

To comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Discussion on results

Earnings

Net profit after tax attributable to the owners of AF Legal Group Ltd ("NPAT attributable") for the financial year ended 30 June 2026, was $0.5 million (FY25: profit of $0.1 million)

Key elements within the result include:

Revenues

Group Revenue at $35.5 million, was an increase of 29% on pcp, assisted by full year revenue from the Armstrong Legal Criminal Law (v 8 months of revenue for pcp). Family Law (FL) grew by 23% ($5.2m), Armstrong Legal Contested Wills & Estates (CWE) grew by 27% ($0.90m), with Armstrong Legal Criminal Law (CL) growing by 151% ($1.82m) aided by 4 non-comparable months (commenced Nov-24) and non-comparable new practices outside of NSW.

Average Weekly Revenue (AWR) for FY26 was a full year high of $683k, with Q4 representing a peak of $694k. With H2 fully comparable as opposed to H1, which had a 4-month non-comparable advantage for CL, growth relative to pcp moderated to 19% for H2 (H1 was 40%).

Net profit before tax attributable to the owners of AF Legal Group Ltd ("NPBT attributable")

Group NPBT attributable for the financial year was a profit of $0.8 million (FY25: NPBT attributable profit of $0.1 million).

During FY26 several one-off expenses and charges adversely impacted our statutory results, including Project Titan and Legal Defence costs as flagged previously, as well as others outlined below. These costs have been adjusted into our Normalised NPBT attributable result of $1.82 million. These one-off expenses and charges are detailed below:

Project Titan	$1.039 million
Legal defence costs	$0.399 million
Historic reconciliation adjustments	$0.200 million
Deferred consideration writeback	($0.375 million)
Total FY26 Normalising Adjustments	**$1.263 million**
Total FY26 Normalising Adjustments (Attributable to Owners)	**$1.068 million**

Project Titan costs are expensed as incurred, with a further $1.039 million expensed in FY26. The Project went live in May 2026 both within budget and on time.

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 FY25. In FY25 there was $1.088m in legal defence costs. The remaining matter relates to ongoing regulatory investigation but does not involve any claim for damages. Fees paid and accrued in relation to this matter in FY26 totalled $0.399 million.

During the year, somewhat related to the transition in accounting systems, we identified a number of items dating back to FY21, FY22 and/or FY23. The majority of these aged discrepancies related to major acquisitions around this period and are likely the result of acquisition accounting errors relating to these transactions and other accounting errors during a period lacking continuity in the finance function with many changes in team members. These historic reconciliation adjustments totalled $0.2 million.

The Armstrong Legal Contested Wills & Estates acquisition of April 2024 had an initial purchase price of $3.0 million paid in cash on acquisition with two potential earnout payments of $0.375 million each for the FY24 and FY25 years. The first of these was paid but the second has not been, given obligations of the seller have not been carried out, with the selling entity going into liquidation during FY26. AF Legal has provided a proof of debt to the liquidator which is in excess of the $0.375 million earnout amount. This favourable deferred consideration writeback has been normalised out of our underlying performance.

Normalised Net profit before tax attributable to the owners of AF Legal Group Ltd ("Normalised NPBT attributable")

Normalised Group NPBT attributable for the financial year was a profit of $1.8 million (FY25: NNPBT attributable profit of $1.4 million).

$'000	FY26	H2 FY26	H1 FY26	FY25	FY24	FY23	FY22
Revenue*	**35,542**	**17,714**	**17,828**	**27,602**	**21,661**	**18,881**	**16,983**
Average Weekly Revenue [AWR] (excl.	**683**	**681**	**686**	**531**	**417**	**363**	**327**
AWR Growth on prior Qtr/Half		*0%*	*20%*				
AWR Growth on pcp		*19%*	*40%*				
Growth on prior FY	*29%*			*27%*	*15%*	*11%*	*54%*
NPBT	**2,041**	**576**	**1,465**	**896**	**1,476**	**(7,556)**	**295**
NPBT attributable to the owners of AF Legal Group Limited	**755**	**(19)**	**774**	**64**	**607**	**(8,256)**	**(43)**
Normalisation adjustments	1,263	769	494	1,501	174	8,415	31
Normalisation adjustments (Attributable)	1,068	579	488	1,318	174		
Normalised NPBT	**3,304**	**1,345**	**1,959**	**2,397**	**1,650**	**859**	**326**
Normalised NPBT attributable to the owners of AF Legal Group Limited	**1,823**	**560**	**1,263**	**1,382**	**781**	**159**	**(13)**

**** Revenue represents Legal Fees and excludes Other Income***

The above shows the business is building momentum on sustained profitable growth, with normalised NPBT attributable increasing in each of the last four years. The last two years of FY25 and FY26 have delivered a normalised NPBT attributable profit of $3.2 million. This represents a significant turnaround on the normalised NPBT attributable profit of $0.9 million for the preceding two years of FY23 and FY24. Since FY23 revenue has grown by 88% across the past three years.

The first eight weeks of FY27 have seen average weekly revenue lift further, now above $730k per week, and even stronger for the past 4 weeks post the school holidays at more than $770k per week.

July to November is a relatively clear period without the impact of significant slowdowns associated with the traditional holiday seasons around Christmas, January and Easter, albeit school holidays in July and Sept/Oct do have an impact. We continue to expect the number of lawyers working for our organisation to grow in line with the lead generation, conversion and momentum established.

Financial year 2027 is anticipated to see further revenue expansion with continued operating leverage at a normalised NPBT level. Our business model remains predicated on a relatively fixed cost base including centralised costs, occupancy and other office costs which creates the operating leverage that sees bottom line profitability increase above the lift in revenue. With the absence of the one-offs seen in H2 FY26 outlined above we expect to re-establish a favourable gap between top-line growth and bottom-line growth as has been our prevailing pattern in previous years.

Statement of financial position

Most significant movements are discussed here with a focus primarily on Trade Receivables as we continue to grow

Cash decreased by $1.2 million and is discussed under the Cash Flow comments below

Trade Receivables grew by $4.4m or 40% with Trade Debtors up $2.7m (43%) and WIP up $1.7m (35%)

The increase in debtors during the year was primarily driven by two factors: strong business growth and the temporary impact of delayed billing associated with the implementation of Project Titan.

Revenue increased by $7.9 million during the year, contributing to a corresponding increase in work billed and amounts outstanding at year end. In addition, following the successful go-live of Project Titan on 18 May, a short-term reduction in productivity was experienced as staff adapted to new systems and workflows. As a result, some billing activity that would ordinarily have occurred in May was deferred and subsequently completed in June.

This timing impact contributed to a higher debtors balance at year end, with a greater proportion of invoices being newly raised and therefore not yet due for payment. This is evidenced by the composition of the debtor's ledger, where current debtors represented 41% of the total balance at June 2026, compared with 26% at June 2025 under a normal billing cycle.

Importantly, the increase in debtors should be viewed alongside the firm's trust position. Funds held in Trust increased by $3.35 million during the year, helping to mitigate the credit exposure associated with the $2.7 million increase in debtors and providing additional support for the overall quality of the receivables balance. In addition to money in Trust, also in place are many other exposure mitigating instruments such as caveats, irrevocable undertakings and securitisation.

In recognition of the longer cash conversion cycle of some matters, particularly in our Contested Wills and Estates (CWE) practice, we have also split our Trade and Other Receivables into current and non-current components to better reflect the expected realisation profile. This has seen $2.1 million or 14% of Trade and Other Receivables (Total $15.5m) classified as non-current (refer to Cash Flow comments below)

A comprehensive review of all debtor and WIP balances was undertaken during the year, with appropriate provisions recognised for amounts assessed as doubtful or non-recoverable. This resulted in an increase of $0.2 million to the provisions for debtors and WIP at 30 June 2026.

This was a major review that has seen us implement general as well as specific provisioning for both WIP and Debtors. In this period the general provision needed to be applied to the entirety of our WIP and Debtors whereas in future periods it will only be applied to incremental increases so will be far less significant.

Trade and other payables increased by $2.3 million, driven primarily by the costs of a larger workforce, increased business activity, and associated taxation liabilities

Deferred Consideration liability of $0.375 million was written back as outlined above

Borrowings were largely unchanged at $6.5 million but with the facility term out to January 2027 it has now been reclassified from non-current to current. We have commenced discussions on its extension or similar and anticipate having this finalised before the end of calendar 2026.

Cash Flow

Operating cash flow for the year was an inflow of $1.66 million (2025: inflow of $2.86 million). The decrease compared with the prior year reflects in part the one-off payments in relation to Project Titan ($1.0m) and management team restructure costs ($0.3m). Additionally, primarily reflects the temporary impact of delayed billing associated with the implementation of Project Titan, together with continued growth in the Contested Wills and Estates (CWE) practice, both had an impact on working capital.

Revenue growth within CWE contributed an additional $0.9 million during the year; however, the nature of this work typically results in a longer cash conversion cycle, with collections occurring on average approximately 15 months after work is performed. As a result, growth in this practice area requires an investment in working capital to support ongoing operations.

Going forward our FY27 cash flows will not have to absorb these Project Titan and other one-off impacts, so cash flows will be more readily available to strengthen our balance sheet, notwithstanding further growth in CWE.

Net cash used in investing activities was $0.4 million, comprising primarily $0.3 million of expenditure on fixed assets, with the balance relating largely to office fit-out and information technology investments aimed at supporting the firm's operational requirements and future growth.

Net cash used in financing activities was $2.4 million. This primarily reflected the absence of new borrowings during the year, together with $1.7 million in lease liability repayments and $0.6 million in dividend payments to non-controlling interests.

Overall, the Group recorded a net cash outflow of $1.2 million for FY26. While cash balances decreased modestly during the year, this outcome reflects deliberate investment in business growth, leadership and infrastructure, together with the temporary timing impacts associated with the implementation of Project Titan.

Directors

Mr Rick Dennis

Non-Executive Chair
BCom, LLB, CA

Rick was appointed as an independent Non-Executive Chair on 1 July 2022.

Rick is a business executive with over 35 years' experience in financial and corporate advisory working across global markets. Rick is a chartered accountant and is qualified in law and commerce.

Rick has a career with EY spanning over 30 years and held several senior roles including Queensland Managing Partner, Oceania COO, Asia-Pacific CFO and Deputy COO. He also sat on the Asia-Pacific executive.

Rick is currently non-executive Chair of ASX listed Energy Resources of Australia Limited and Motorcycle Holdings Limited, and non-executive director of Step One Clothing Limited. He was a former director of Apiam Animal Health Limited and Cettire Limited.

Ms Emma Fredericks

Non-Executive Director, Chair of Audit & Risk Committee

Emma has over 30 years of experience holding executive and board roles in diverse industries including legal and accounting professional services firms. She has versatile commercial insights and expertise spanning audit, corporate finance, strategic partnerships and collaborations, governance, risk management and strategy. Emma has a Bachelor of Commerce degree, completed her Chartered Accountant qualification during her career at EY and a member of AICD.

Emma currently serves as a non-executive director on several boards and government advisory committees.

Directors – continued

Mr Peter Johns

Non-Executive Director, Chair of Remuneration & Nominations Committee
BEcon, LLB (Hons) (University of Qld)

Peter was appointed as a Non-executive Director on 15 November 2022.

Peter is a director and majority owner of Westferry Investment Group. He has been a fund manager since 2016 and currently runs The Westferry Fund which has over $20m invested primarily in small companies.

Prior to this Peter spent 15 years practising as a lawyer in Australia and the UK, in both private practice and the public sector. This culminated in his role as Counsel Assisting the Qld State Coroner which saw him oversee investigations and appear at inquests into numerous complex matters.

Peter is currently a non-executive Director of NSX listed Dawney & Co Limited and former ASX listed East 72 Holdings Limited (delisted 2023).

Executive

Mr Chris McFadden

Chief Executive Officer
FCPA, GAICD, B.Bus (Accounting)

Chris was appointed as the CEO on 1 July 2023 after his initial appointment to the Group as Interim CFO in November 2022. He has over 30 years of extensive experience in finance, operations, and corporate governance making him a respected figure in the business community, with a reputation for delivering results and creating sustainable business growth.

Throughout his career, Chris has held senior leadership roles in both listed and private companies, in a number of companies including listed entities Ashley Services Group, Ross Human Directions, and Woolworths.

Chris's management style is characterised by calmness and a genuine interest in the wellbeing of his team, inspiring teams to excel and fostering a work environment based on mutual respect and trust.

Company Secretary

Ms Stephanie So
Company Secretary
BCom, LLB, Grad Dip CA, FGIA

Stephanie was appointed as Company Secretary on 11 June 2024.

Stephanie has over 13 years of governance experience working with private, public and listed companies across a number of industries, and has significant expertise in company secretarial, board and corporate governance matters. Stephanie was previously a principal listings adviser at the ASX where she had extensive involvement in the oversight of listed entities and specialised in ASX Listing Rules compliance including policy and development, initial public offerings, capital raisings and other corporate transactions.

Stephanie is dual qualified in law and commerce and is a Fellow of the Governance Institute of Australia.

Meetings of Directors

The Board of Directors of AF Legal Group Ltd ("Company") and its controlled entities ("Group") are responsible for the overall management of the Group, including guidance as to strategic direction, ensuring best corporate governance practice and oversight of management.

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each director.

Director	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Eligible to Attend*	Attended	Eligible to Attend*	Attended	Eligible to Attend*	Attended
Rick Dennis	7	7	4	4	2	2
Peter Johns	7	7	4	4	2	2
Emma Fredericks	7	7	4	4	2	2

Outside of formal Board and Committee meetings, the Board meets to review potential opportunities and make decisions on operational matters.

Dividends

Dividends were paid during the year to the shareholders of Withnall Cavanagh & Co Pty Ltd and AF Legal (Gold Coast) Pty Ltd on 100 shares on issue as follows:

- At $7,000 per share, the total dividend being $700,000 paid out to shareholders:
  - AF Legal Pty Ltd $357,000
  - Non-controlling interests $343,000
- At $5,400 per share, the total dividend being $540,000 paid out to shareholders:
  - AF Legal Pty Ltd $275,400
  - Non-controlling interests $264,600
- At $1,500 per share, the total dividend being $150,000 paid out to shareholders:
  - AF Legal Pty Ltd $112,500
  - Non-controlling interests $37,500

Environmental Regulations

The Group's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Indemnification of Directors and Officers

The Group has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- except as may be prohibited by the *Corporations Act 2001* every Director and Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him or her in his or her capacity as Director or Officer of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The insurance premiums relate to:

- any loss for which the Directors and Officers may not be legally indemnified by the Company arising out of any claim, by reason of any wrongful act committed by them in their capacity as a Director or Officer of the Company or any related corporation, first made against them jointly or severally during the year of insurance; and
- indemnifying the Company against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any Director or Officer in their capacity as a Director or Officer of the Company or any related corporation, first made against the Director or Officer during the period of insurance.

The insurance policy outlined above does not allocate the premium paid to each individual Officer of the Company.

Proceedings on Behalf of the Company

No persons have applied for leave pursuant to s.237 of the *Corporations Act 2001* to bring, or intervene in, proceedings on behalf of AF Legal Group Ltd.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence.

The following fees for non-audit services were paid / payable to the external auditors or related entities of the external auditors during the year ended 30 June 2026:

	30 June 2026 $'000	30 June 2025 $'000
Taxation compliance service – preparation of tax return and other tax matters	**32**	41
Total	**32**	41

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor’s Independence Declaration

The auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 21 of the Annual Report.

Principal Activities

The Group’s principal activities were the provision of legal services, currently specialising in family and relationship law and also in contested wills and estates and criminal law. The Group provides advice to clients in respect of divorce, separation, property, children’s matters and wills and estates and criminal law together with related and ancillary services such as litigation.

Significant Changes to the State of Affairs

There were no significant changes in the state of affairs of the Group during the year.

Subsequent Events

No matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

On behalf of the directors

Rick Dennis
Non-Executive Chair

Remuneration Report (audited)

The Directors of AF Legal Group Ltd present the Remuneration report for the Company and its controlled entities for the year ended 30 June 2026. This report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for the Group's:

- Key management personnel ("KMP") including Executive directors; and
- Non-executive Directors ("NEDs").

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel details;
- principles of compensation;
- details of remuneration;
- service agreements;
- additional disclosures related to key management personnel; and
- additional information.

Key Management Personnel Details

The key management personnel of the Group were identified as the following:

- Mr. Rick Dennis, Non-Executive Chair (appointed 1 July 2022)
- Ms Emma Fredericks, Non-Executive Director (appointed 1 January 2025)
- Mr. Peter Johns, Non-Executive Director (appointed 15 November 2022)
- Mr. Christopher McFadden, Chief Executive Officer (appointed 1 July 2023)
- Ms. Stace Boardman, Chief Financial Officer & Chief Operating Officer (re-appointed 1 July 2023, resigned effective 31 March 2026)

The Board and the Remuneration and Nomination Committee assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

The Board policy for determining the nature and amount of remuneration of Non-executive Directors is agreed by the Board of Directors as a whole. Remuneration for executives is determined by the Board's Remuneration and Nomination Committee. The Board and its Remuneration and Nomination Committee has the right to obtain professional advice, where necessary.

The Group securities trading policy applies to all NEDs and executives. The policy prohibits employees from dealing in AF Legal Group Ltd securities while in possession of material non-public information relevant to the Group.

The Group would consider a breach of this policy as gross misconduct, which may lead to disciplinary action and potentially dismissal.

Principles of Compensation

The Company remunerates its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy, and subject to the determination of the Remuneration and Nomination Committee, the remuneration of senior executives may be comprised of the following:

- Fixed salary, including superannuation, that is determined from a review of the market and reflects core performance requirements and expectations.
- A performance cash bonus designed to reward achievement by individuals of performance objectives; and
- Long term incentives in the form of Performance Rights.

Fixed Remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- The scope of the executive's role;
- The executive's skills, experience and qualifications; and
- Individual performance.

It is set with reference to comparable roles in similar companies.

Short Term Incentive – Performance Cash Bonus

KMP and other senior management are eligible for an Annual Performance Cash Bonus.

In determining whether or not executives are eligible for a Performance Cash Bonus, the Board and the Remuneration and Nomination Committee review the achievement of both Financial and Non-Financial key performance indicators ("KPIs") for the financial year compared with executives personal KPIs that had been set for the year.

The achievement of some or all of the KPIs will allow the Remuneration and Nomination Committee to determine the level of Performance Cash Bonus that is paid.

Long-Term Incentive Plan (LTIP)

As approved at the Extraordinary General Meeting ("EGM") convened on 8 April 2019, and subsequently refreshed this approval at the Annual General Meeting convened on 14 November 2023, AFL has adopted an LTIP to reward and retain employees. Under the rules of the LTIP, the AFL Board has a discretion to offer any of the following awards to senior management, directors or other nominated key employees:

- options to acquire Shares;
- performance rights to acquire Shares; and/or
- Shares, including to be acquired under a limited recourse loan funded arrangement, in each case subject to service-based conditions and/or performance hurdles (collectively, "the Awards"). The terms and conditions of the LTIP are set out in comprehensive rules.

Details of remuneration

2026	Cash salary & fees $	Bonus $	Termination benefits	Superannuation $	Shares/ Performance rights $	Total $
Non-Executive Directors						
Rick Dennis	**72,250**	**-**	**-**	**-**	**-**	**72,250**
Peter Johns	**44,000**	**-**	**-**	**-**	**-**	**44,000**
Emma Fredericks	**46,485**	**-**	**-**	**-**	**-**	**46,485**
Other Key Management Personnel						
Stace Boardman[1]	**365,317**	**142,000**	**235,000**	**20,572**	**30,000**	**792,889**
Christopher McFadden[2]	**378,000**	**105,000**	**-**	**45,360**	**94,500**	**622,860**
Total	**906,052**	**247,000**	**235,000**	**65,932**	**124,500**	**1,578,484**

[1]Stace Boardman FY26 remuneration includes $70k bonus paid in cash in relation to FY25, and $72k in relation to FY26

[2]Christopher McFadden FY26 remuneration includes $105k bonus paid in cash in relation to FY25

2025	Cash salary & fees $	Bonus $	Termination benefits	Superannuation $	Shares/ Performance rights $	Total $
Non-Executive Directors						
Rick Dennis	70,000	-	-	-	-	70,000
Sarah Kelly	20,269	-	-	2,331	-	22,600
Peter Johns	35,000	-	-	-	-	35,000
Emma Fredericks	22,500	-	-	-	-	22,500
Other Key Management Personnel						
Stace Boardman[1]	303,663	70,250	-	40,201	-	414,114
Christopher McFadden[2]	376,961	105,250	-	43,351	36,000	561,562
Total	**828,393**	**175,500**	**-**	**85,883**	**36,000**	**1,125,776**

[1]Stace Boardman FY25 remuneration includes $70.25k bonus paid in cash in relation to FY24

[2]Christopher McFadden FY25 remuneration includes $105.25k bonus paid in cash in relation to FY24

The portion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**
Non-Executive Directors						
Rick Dennis	100%	100%	-	-	-	-
Peter Johns	100%	100%	-	-	-	-
Emma Fredericks	100%	100%	-	-	-	-
Other Key Management Personnel						
Stace Boardman	70%	83%	25%	17%	5%	-
Christopher McFadden	68%	75%	17%	19%	15%	6%

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	**Rick Dennis**
Title:	Non-Executive Chair
Agreement commenced:	1 July 2022
Term of agreement:	None
Details:	Current base remuneration of $73,000, to be reviewed annually by the Nomination and Remuneration Committee. 3-month termination notice by either party.

Name:	**Ms Emma Fredericks**
Title:	Non-Executive Director
Agreement commenced:	1 January 2025
Term of agreement:	None
Details	Current base remuneration of $47,000, to be reviewed annually by the Nomination and Remuneration Committee. 3-month termination notice by either party.

Name:	**Mr. Peter Johns**
Title:	Non-Executive Director
Agreement commenced:	15 November 2022
Term of agreement:	None
Details	Current base remuneration of $47,000 paid as consultancy fees, to be reviewed annually by the Nomination and Remuneration Committee. 3-month termination notice by either party.

Name:	**Christopher McFadden**
Title:	Chief Executive Officer
Agreement commenced:	1 July 2023
Term of agreement:	None
Details:	Current salary of $423,360 including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 24-week termination notice by employer and 12-week by employee. Defined short-term and long-term incentives on achieving Board approved KPIs subject to approval of Nomination and Remuneration Committee. Restraint period, non-solicitation and non-compete clauses.

Name:	**Stace Boardman**
Title:	Chief Financial Officer & Chief Operating Officer
Agreement commenced:	1 July 2023
Agreement ended:	31 March 2026
Term of agreement:	None
Details:	Current salary of $369,600 including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 24-week termination notice by employer and 12-week by employee. Defined short-term and long-term incentives on achieving Board approved KPIs subject to approval of Nomination and Remuneration Committee. Restraint period, non-solicitation and non-compete clauses.

Share-based compensation

Issue of shares

A total of 1,300,000 shares were issued to key management personnel during the year ended 30 June 2026.

Name	Issue date	Shares	Issue price
Christopher McFadden	10 Nov 2025	1,300,000	0.12

Performance Rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date & exercisable date	Expiry date	Exercise price	Fair value per option at grant date (cents)
Christopher McFadden	1,180,000	01-03-23	30-06-24	01-03-27	-	11.5
Christopher McFadden	409,091	10-11-25	01-07-27	01-07-28	-	11.0
Anastasia Boardman	272,727	10-11-25	01-07-27	01-07-28	-	11.0
Christopher McFadden	1,347,055	23-06-26	30-06-28	01-07-29	-	13.0

Performance rights granted carry no dividend or voting rights.

All performance rights were granted over unissued fully paid ordinary shares in the company. The number of performance rights granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section “Principles of compensation”. Performance rights vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Performance rights are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such performance rights other than on their potential exercise.

Additional disclosures relating to Key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Name	Balance at start of the year	Additions	Forfeited /other	Balance at the end of the year
Rick Dennis	-	-	-	-
Peter Johns	15,026,739	1,373,261	-	16,400,000
Emma Fredericks	-	-	-	-
Christopher McFadden	1,666,667	1,300,000	-	2,966,667
Stace Boardman*	421,526	-	-	421,526
	17,114,932	**2,673,261**	**-**	**19,788,193**

** Stace Boardman resigned on 31 March 2026 and therefore is not designated as a KMP as at 30 June 2026*

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Performance Rights

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Name	Balance at start of the year	Additions	Exercised/ Other	Balance at the end of the year
Rick Dennis	-	-	-	-
Emma Fredericks	-	-	-	-
Peter Johns	-	-	-	-
Christopher McFadden	1,180,000	1,756,146	-	2,936,146
Stace Boardman*	-	272,727	-	272,727
	1,180,000	**2,028,873**	**-**	**3,208,873**

** Stace Boardman resigned on 31 March 2026 and therefore is not designated as a KMP as at 30 June 2026*

For the second round of performance rights granted during the FY26 year, the valuation inputs used to determine the fair value at the grant date, are as follows:

Performance rights	Class I
Grant date	23 June 2026
Milestone date	30 June 2028
Expiry date	30 June 2029
Share price at grant date (cents)	13.0
Exercise price	-
Expected volatility	74%
Dividend yield	-
Risk-free interest rate	4.4%
Fair value at grant date (cents)	13.0
Probability assigned to achieve vesting conditions	83%
Fair value for share-based payment expense (cents)	13.0

Under the plan, the Performance Rights vest in three tranches over three years with the below Annual Performance Hurdles:

Year	EPS - Threshold	EPS - Target	SP - Threshold	SP -Target
FY26*	2.054c per share (nPBTa $1.9m)	2.379c per share (nPBTa $2.2m)	13.5c per share	14.5c per share
FY27	2.703c per share (nPBTa $2.5m)	3.243c per share (nPBTa $3.0m)	16.0c per share	18.5c per share
FY28	3.784c per share (nPBTa $3.5m)	4.325c per share (nPBTa $4.0m)	19.0c per share	24.0c per share

**** FY26 hurdles not met but note catch-up mechanism on SP outlined below***

For each year, the Board will determine the proportion of the component of that year's EPS and SP tranche that is Secured as follows:

Annual EPS and SP outcome	Proportion of component secured
Less than the Threshold	0%
Equal to the Threshold and less than the Target	Between 70% and 100% on a straight-line basis
Equal to or greater than the Target	100%

Recognising that share prices can be volatile and may not move in line with underlying earnings in any given year, a catch-up mechanism applies to the Share Price Vesting Condition only (not to the EPS Vesting Condition):

- Year 2 catch-up: if the FY26 SP hurdle was not achieved but the FY27 SP hurdle is achieved, the SP component for both FY26 and FY27 may be retrospectively awarded — i.e. up to 50% of 66.67% = up to 33.33% of the total Performance Rights on the SP measure (pro-rated between threshold and target).
- Year 3 catch-up: if the FY26 and FY27 SP hurdles were not achieved but the FY28 SP hurdle is achieved, the SP component for FY26, FY27 and FY28 may be retrospectively awarded — i.e. up to 50% of 100% = up to 50% of the total Performance Rights on the SP measure (pro-rated between threshold and target).

The KMP must be continuously employed with the Company in a KMP role until 30 June 2028 unless otherwise agreed by the Board. Performance Rights that have been secured in earlier years (i.e. for which the relevant performance Vesting Condition has been satisfied) will only vest at 30 June 2028 if this Employment Vesting Condition is satisfied.

For the first round of performance rights granted during the FY26 year, the valuation inputs used to determine the fair value at the grant date, are as follows:

Performance rights	**Class H**
Grant date	10 November 2025
Milestone date	1 July 2027
Expiry date	1 July 2028
Share price at grant date (cents)	11.0
Exercise price	-
Expected volatility	74%
Dividend yield	-
Risk-free interest rate	4.4%
Fair value at grant date (cents)	11.5
Probability assigned to achieve vesting conditions	100%
Fair value for share-based payment expense (cents)	11.5

Under the plan, the Performance Rights vest on 1 July 2027 subject to the KMP remaining an Employee on that date

For performance rights granted during the FY23 year, the valuation inputs used to determine the fair value at the grant date, are as follows:

Performance rights	**Class G**
Grant date	1 March 2023
Milestone date	30 June 2025
Expiry date	1 March 2027
Share price at grant date (cents)	11.5
Exercise price	-
Expected volatility	74%
Dividend yield	-
Risk-free interest rate	4.4%
Fair value at grant date (cents)	11.5
Probability assigned to achieve vesting conditions	100%
Fair value for share-based payment expense (cents)	11.5

The performance rights granted during the FY23 year will vest if the NPBT attributable target per share is met or exceeded at the applicable milestone date based as follows:

Milestone date	NPBT attributable per share (cents)
30 June 2024	3.0
30 June 2025	3.5
30 June 2026	4.0

- To avoid doubt:
  - The 3.0c per share target is calculated before any deductions are made for either the CEO and/or the CFO/COO's STI and LTI.
  - This needs to be achieved without including profit from the 49% of Withnalls that the company does not own.
  - It also allows the back out of early losses for new ventures like Wollongong and Gold Coast.
- FY25 hurdle = 3.5c (up 16.7%)
- FY26 hurdle = 4.0c (up 14.3%)

Vesting conditions have not been met for FY24, FY25 or FY26 and these PRs will expire 1 March 2027. As hurdles were not met the expense previously recognised was reversed to the P&L.

Additional Information

There were no other transactions conducted between the Group and KMP and their related parties other than the above, that were conducted other than in accordance with normal employee relationships on terms not more favourable than are reasonably expected under arm's length dealings with unrelated persons.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

End of Remuneration Report (Audited)

On behalf of the directors

Rick Dennis
31 August 2026

Corporate Governance

AF Legal Group Ltd (the “Company” or “AFL”) is committed to operating effectively and in the best interests of shareholders. The Company had in place appropriate corporate governance policies and practices for the financial year ended 30 June 2026 and has adopted a Corporate Governance Statement which reports against the ASX Corporate Governance Council’s Principles and Recommendations, and this can be accessed at https://aflegal.com.au/corporate-governance/.

Gender Diversity

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity.

A full copy of AFL’s gender diversity policy can be found at https://aflegal.com.au/corporate-governance/.

The Board of Directors has set the measurable target that at least 50% of its staff, and 50% of its Senior Management are female.

The Board is pleased to report that:

- 58% of its management staff are female
- 75% of its fee earning staff are female
- 75% of all of its staff are female
- 33% of its Board are female

Corporate Governance Statement

AF Legal Group Ltd (the “Company” or “AFL”) is committed to operating effectively and in the best interests of shareholders. The Company had in place appropriate corporate governance policies and practices for the financial year ended 30 June 2026 and has adopted a Corporate Governance Statement which reports against the ASX Corporate Governance Council’s Principles and Recommendations and this can be accessed at https://aflegal.com.au/corporate-governance/.

Horizon Nexus Partners

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AF LEGAL GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2026 there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AF Legal Group Limited and the entities it controlled during the year.

Horizon Nexus Partners

Horizon Nexus (Qld) Audit Pty Limited

SJLindemann

Shaun Lindemann
Director

Brisbane
31 August 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Revenue	4	**35,917**	27,604
Expenses			
Employee expenses		**(22,002)**	(16,763)
Administrative expenses	5	**(5,494)**	(4,134)
Other expenses	6	**(4,337)**	(4,037)
Share based payment expense	7	**(113)**	(48)
Depreciation expense		**(1,825)**	(1,553)
Amortisation expense		**(105)**	(173)
Total expenses		**(33,876)**	(26,708)
Profit/(Loss) before income tax		**2,041**	896
Income tax (expense)/benefit	8	**(616)**	(171)
Profit/(Loss) for the year after income tax		**1,425**	725
Other comprehensive income for the year		**-**	-
Total comprehensive income/(loss) for the year		**1,425**	725
Profit/(Loss) for the year attributable to:			
Non-controlling interest	26	**962**	623
The owners of AF Legal Group Ltd		**463**	102
Total comprehensive income/(loss) for the year attributable to:			
Non-controlling interest		**962**	623
The owners of AF Legal Group Ltd		**463**	102
Total comprehensive income/(loss) for the year		**1,425**	725
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share (cents)	10	**0.50**	0.11
Diluted earnings/(loss) per share (cents)	10	**0.49**	0.11

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2026

	Note	2026 $'000	2025 $'000
Assets			
Current assets			
Cash and cash equivalents	11	**1,028**	2,213
Trade and other receivables	12	**13,330**	11,064
Other current assets	13	**997**	1,035
Total current assets		**15,355**	14,312
Non-current assets			
Deferred tax assets	9(a)	**3,217**	2,872
Trade and other receivables	12	**2,129**	-
Right of use assets	14	**2,626**	2,984
Plant and equipment	15	**708**	816
Intangible assets	16	**6,918**	6,881
Total non-current assets		**15,598**	13,553
Total assets		**30,953**	27,865
Liabilities			
Current liabilities			
Trade and other payables	17	**5,772**	3,511
Current tax liabilities	9(c)	**241**	171
Deferred consideration	18	**-**	375
Lease liabilities	19	**1,485**	1,330
Borrowings	20	**6,530**	-
Employee benefits	22	**1,790**	1,442
Total current liabilities		**15,818**	6,829
Non-current liabilities			
Deferred tax liabilities	9(b)	**2,638**	2,318
Lease liabilities	19	**1,170**	1,816
Borrowings	20	**-**	6,523
Provisions	21	**397**	329
Employee benefits	22	**229**	242
Total non-current liabilities		**4,434**	11,228
Total liabilities		**20,252**	18,057
Net assets		**10,701**	9,808
Equity			
Equity attributable to the owners of AF Legal Group Ltd			
Issued capital	23	**131,778**	131,622
Reserves	24	**53**	96
Accumulated losses		**(121,989)**	(122,452)
Total equity attributable to the owners of AF Legal Group Ltd		**9,842**	9,266
Non-controlling interests	26	**859**	542
Total equity		**10,701**	9,808

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2026

	Issued share capital	Share based payment reserve	Accumulated losses	Total equity attributable to the owners of AF Legal Group Ltd	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2024	**131,607**	**276**	**(122,767)**	**9,116**	**858**	**9,974**
Profit for the year	-	-	102	**102**	623	725
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**102**	**102**	**623**	**725**
Performance rights converted to ordinary shares (note 23)	15	-	(15)	**-**	-	-
Issue of performance rights	-	48	-	**48**	-	48
Lapse of performance rights	-	(228)	228	**-**	-	-
Issue of shares to employees	-	-	-	**-**	-	-
Total transactions with owners and other transfers	**15**	**(180)**	**213**	**48**	**-**	**48**
Dividends paid	-	-	-	**-**	(939)	(939)
Balance at 30 June 2025	**131,622**	**96**	**(122,452)**	**9,266**	**542**	**9,808**
Balance at 1 July 2025	**131,622**	**96**	**(122,452)**	**9,266**	**542**	**9,808**
Profit for the year	-	-	463	**463**	962	1,425
Other comprehensive income, net of tax	-	-	-	**-**	-	-
Total comprehensive income for the year	**-**	**-**	**463**	**463**	**962**	**1,425**
Performance rights converted to ordinary shares (note 23)	-	-	-	**-**	-	-
Issue of performance rights	-	53	-	**53**	-	53
Lapse of performance rights	-	(96)	-	**(96)**	-	(96)
Issue of shares to employees	156	-	-	**156**	-	156
Total transactions with owners and other transfers	**156**	**(43)**	**-**	**113**	**-**	**113**
Dividends paid	-	-	-	**-**	(645)	(645)
Balance at 30 June 2026	**131,778**	**53**	**(121,989)**	**9,842**	**859**	**10,701**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from customers		**31,146**	26,397
Payments to suppliers and employees		**(28,409)**	(22,762)
Net interest paid		**(505)**	(443)
Income tax paid		**(571)**	(328)
Net cash from operating activities	27	**1,661**	2,864
Cash flows from investing activities			
Payments for purchase of fixed assets		**(292)**	(413)
Payments for business combination		**-**	(2,483)
Payments of deferred consideration		**-**	(625)
Payments for purchase of intangible assets		**(141)**	(84)
Net cash used in investing activities		**(433)**	(3,605)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	-
Payment of dividends		**(645)**	(939)
Payments of lease liabilities		**(1,723)**	(1,356)
Net proceeds from/(payments for) borrowings		**(45)**	2,932
Net cash provided by/(used in) financing activities		**(2,413)**	637
Net increase/(decrease) in cash and cash equivalents		**(1,185)**	(104)
Cash and cash equivalents at the beginning of the financial year		**2,213**	2,317
Cash and cash equivalents at the end of the financial year	11	**1,028**	2,213

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

1. Material Accounting Policies

AF Legal Group Ltd (the “Company”) is a public company listed on the Australian Securities Exchange (trading under the code “AFL”) and its controlled entities (the “Group”), incorporated in Australia and operating in Australia. The Company’s ordinary shares are publicly traded on the Australian Securities Exchange.

The separate financial statements of the parent entity, AF Legal Group Ltd, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The consolidated financial statements were authorised for issue on 31 August 2026 in accordance with a resolution of the Directors of the Company.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2026. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

<u>AASB 18 Presentation and Disclosure in Financial Statements</u>

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027, and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Basis of Preparation

This financial report is a general-purpose financial report that has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”). The consolidated financial statements also comply with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australia dollars and is prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

1. Material Accounting Policies (continued)

The accounting policies and methods of computation adopted in this financial report are consistent with those adopted and disclosed in the Group's annual report for the financial year ended 30 June 2026, unless stated otherwise.

a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the entity controlled by AF Legal Group Ltd at the end of the reporting period. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the group has:

- powers over the investee that give it the ability to direct the relevant activities of the investee,
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

Where the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

- the contractual arrangement with the other vote holders of the investee,
- rights arising from other contractual arrangements, and
- the group's voting rights and potential voting rights.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. Where controlled entities have entered or left the group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the Group have been eliminated in full.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

1. Material Accounting Policies (continued)

a) Principles of Consolidation (continued)

Business Combinations

A business combination is accounted for by applying the acquisition method from the date that control is attained. The cost of the acquisition is measured by assessing the fair value of the aggregate consideration transferred at the acquisition date. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss. Deferred consideration is a financial liability.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

Goodwill

Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i. the consideration transferred;

ii. any non-controlling interest; and

iii. the acquisition date fair value of any previously held equity interest; over the fair value of net identifiable assets acquired at acquisition date.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest forms the cost of the investment in the separate financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Acquired goodwill is allocated to the Group's cash generating units that are expected to benefit from the combination, representing the lowest level at which goodwill is monitored for internal management purposes. Goodwill is tested for impairment annually (refer to note 16) for impairment considerations.

1. Material Accounting Policies (continued)

b) Revenue and Other Income

The following recognition criteria must be met before revenue is recognised:

Legal fees

This is comprised of revenue from the provision of legal fees in accordance with contracted arrangements. In family law, contested wills and estates and criminal law matters, contracts with clients generally comprise a single distinct performance obligation, being the provision of services in the pursuit of a successful claim, and the transaction price is allocated to this single performance obligation. Revenues from these activities are recognised over time, based on the level of effort using the input method based on labour hours incurred by the Group in providing the services. No revenue is recognised above what is deemed as recoverable. Legal fees consist of billed (receivables) and unbilled (work in progress) revenue.

Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. Interest revenue is derived from cash at bank.

c) Work In Progress

Contract assets (work in progress) represent the Group's right to consideration for legal services performed but not yet billed at the end of the reporting period, where that right is conditional on the completion of further performance obligations or other contractual conditions. When the right to consideration becomes unconditional (upon invoicing), the balance is reclassified to trade receivables.

Contract assets are classified as current where the Group expects the related performance obligations to be satisfied and invoiced within 12 months of the reporting date. Where the nature of the matter (particularly in Contested Wills and Estates matters) results in expected realisation beyond 12 months, the contract asset is classified as non-current.

d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the Statement of Financial Position.

e) Trade and Other Receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment in accordance with the expected credit loss requirements of AASB 9 Financial Instruments.

The Group assesses its expected credit losses (ECLs) using a combination of individual (specific) and collective (portfolio-wide) evaluations.

1. Material Accounting Policies (continued)

e) Trade and Other Receivables (continued)

Individual Assessment (Specific Provisioning) Trade receivables and contract assets are evaluated individually for efficiency and impairment when there is objective evidence that a specific debtor is facing significant financial difficulty, dispute, or entering bankruptcy. When an asset is individually assessed, the expected credit loss is calculated based on the estimated probability of recovery specific to that contract or counterparty, and these balances are excluded from the collective assessment pool to avoid double-counting.

Collective Assessment (General Provisioning) For all remaining trade receivables and contract assets that do not exhibit specific indicators of impairment, the Group measures ECLs collectively. Assets are grouped into portfolios based on shared credit risk characteristics. For these portfolios, a provision matrix is applied using historical credit loss experience, adjusted for forward-looking macroeconomic factors specific to the reporting date.

f) Income Tax

The income tax expense/(income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense/(income) charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

1. Material Accounting Policies (continued)

g) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

h) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries and other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

1. Material Accounting Policies (continued)

h) Employee Benefits (continued)

Share-based payments (continued)

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period

is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification had not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

i) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

j) Trade and Other Payables

Trade payables and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

1. Material Accounting Policies (continued)

k) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue costs or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Contract assets are assessed for credit loss on the same basis as trade receivables, as they share substantially the same credit risk characteristics. A lifetime expected credit loss allowance is recognised at each reporting date, using a provision matrix based on historical collection experience and adjusted for forward-looking information. Refer to Notes 2 and 12 for further detail.

l) Intangibles other than Goodwill

Brand

Brand intangible assets have an indefinite useful life and are carried at cost less any impairment losses. Refer note 1(g) for accounting policy on impairment of assets.

Website

Costs associated with website maintenance are recognised as an expense as incurred. Costs that are directly attributable to the design and testing of identifiable and unique website products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the website so that it will be available for use
- Management intends to complete the website and use or sell it
- There is an ability to use or sell the website
- It can be demonstrated how the website will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the website are available, and
- The expenditure attributable to the website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the website include employee costs and an appropriate portion of relevant overheads.

Capitalised costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight-line method to allocate cost of the website over the estimated useful life of the website which is 3 years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

1. Material Accounting Policies (continued)

m) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

n) Segment Reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors, being the chief operating decision maker, in assessing performance and determining the allocation of resources. Two reportable operating segments have been identified, being Family Law and Complementary Areas of Law, and the Group's operations are located in one geographical segment, being Australia.

o) Property, Plant, Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using either the diminishing value or prime cost method to allocate the cost of property, plant and equipment, net of their residual values, over their estimated useful lives.

Plant and equipment	2 to 5 years
Leasehold improvements	3 to 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

p) Leases

Group as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract would be considered to contain a lease if it allows the Group the right to control the use of an identified asset over the contracted lease period and receive the economic benefit. The lease contract would also require the Group to acquire this right in exchange for consideration.

Lease liabilities

A lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date discounted using the Group's incremental borrowing rate. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

1. Material Accounting Policies (continued)

p) Leases (continued)

Right-of-use assets

A right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset less any incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. In addition, the right-of-use assets may be periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

r) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. Material Accounting Policies (continued)

s) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

t) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2026. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

u) Comparative Amendments

Comparative figures in the statement of profit or loss and other comprehensive income and in the statement of financial position have been reclassified to conform to the current year presentation.

2. Critical Accounting Judgements and Key Accounting Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 7 for further information.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and debt, and growth rates of the estimated future cash flows. Refer to Note 16 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

2. Critical Accounting Judgements and Key Accounting Estimates and Assumptions

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security, and economic environment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. Segment information

Change in reportable operating segments

During the year ended 30 June 2026, the Group reassessed its operating segments having regard to the information regularly reviewed by the chief operating decision maker and the way in which resources are allocated and performance is assessed. As a result of this reassessment, the Group changed its reportable operating segments from a single segment to two reportable operating segments: Family Law and Complementary Areas of Law.

The change reflects the Group's current management and reporting structure, including the chief operating decision maker's review of financial and operational information for the Group's family law operations separately from other complementary legal practice areas.

Management considers that presenting Family Law and Complementary Areas of Law as separate reportable segments provides information that is more consistent with the way the business is managed and better enables users of the financial statements to evaluate the nature and financial effects of the Group's business activities.

Description of reportable segments

Reportable segment	Description
Family Law	Provision of legal services relating to family law matters delivered through the Group's national family law network, including the Australian Family Lawyers, Watts McCray and Withnalls brands
Complimentary Areas of Law	Provision of complementary legal services outside the Group's traditional family law offering, including contested wills and estates, criminal law and other complementary legal services that support the Group's broader strategic objective of being "Your Family's Lawyer".

Normalised NPBT attributable

Normalised net profit before income tax excludes significant isolated, non-recurring once-off expenses.

A reconciliation of Underlying NPBT attributable to profit from continuing operations is provided as follows:

	2026 $'000	2025 $'000
NPBT	2,041	896
NPBT attributable to the owners of AF Legal Group Limited	755	64
• Business Acquisition costs	-	145
• Project Titan	1,039	268
• Legal defence costs	399	1,088
• Historical reconciliation adjustments	200	-
• Deferred consideration writeback	(375)	-
Normalisation adjustments	1,263	1,501
Normalisation adjustments (Attributable)	1,068	1,318
Normalised NPBT Attributable	**1,823**	**1,382**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. Segment information (continued)

Normalised Net Profit Before Tax based on the operations of the segments is shown below:

	2026 $'000	2025 $'000
Family Law	3,980	2,879
Complimentary Areas of Law	834	735
Corporate Head Office	(2,991)	(2,232)
Underlying NPBT Attributable	**1,823**	**1,382**

Segment results

The following table presents revenue and results for the Group's reportable segments. Amounts should be completed using the information regularly provided to the chief operating decision maker.

2026

	Family Law $'000	Complimentary Areas of Law $'000	Corporate Head Office $'000	Adjustments / eliminations $'000	Consolidated total $'000
Revenue from external customers	28,313	7,218	-	-	**35,531**
Other income	1	-	3,572	(3,187)	**386**
Total segment revenue	28,314	7,218	3,572	(3,187)	**35,917**
Depreciation and amortisation	1,515	335	80	-	**1,930**
Interest revenue	15	-	-	(15)	**-**
Wages and salaries	13,759	4,270	3,973	-	**22,002**
Finance costs	152	30	504	(15)	**671**
Income tax expense / (benefit)	1,747	208	(1,339)	-	**616**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

3. Segment information (continued)

2025

	Family Law $'000	Complimentary Areas of Law $'000	Corporate Head Office $'000	Adjustments / eliminations $'000	Consolidated total $'000
Revenue from external customers	23,098	4,504	-	-	**27,602**
Other income	-	-	2,595	(2,595)	**-**
Total segment revenue	23,098	4,504	2,595	(2,595)	**27,602**
Depreciation and amortisation	1,492	166	67	-	**1,725**
Interest revenue	2	-	-	-	**2**
Wages and salaries	11,182	2,518	3,063	-	**16,763**
Finance costs	183	19	441	-	**643**
Income tax expense / (benefit)	1,078	240	(1,147)	-	**171**

Segment assets and liabilities

Segment assets are measured consistently with the financial statements. Segment assets are allocated based on the operations of the segment.

Segment assets	Family Law $'000	Complimentary Areas of Law $'000	Total $'000
Year ended 30 June 2026	15,753	10,955	**26,708**
Year ended 30 June 2025	13,753	9,027	**22,780**

Segment assets are reconciled to total assets as follows:

Year ended 31 December	2026 $'000	2025 $'000
Total segment assets	26,708	22,780
Unallocated:		
Deferred tax assets	3,217	2,872
Cash	1,028	2,213
Total assets	**30,953**	**27,865**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

3. Segment information (continued)

Segment liabilities are measured consistently with the financial statements. Segment liabilities are allocated based on the operations of the segment.

Segment liabilities	Family Law $'000	Complimentary Areas of Law $'000	Total $'000
Year ended 30 June 2026	8,109	2,734	**10,843**
Year ended 30 June 2025	6,746	1,924	**8,670**

Segment liabilities are reconciled to total liabilities as follows:

Year ended 31 December	2026 $'000	2025 $'000
Total segment liabilities	10,843	8,670
Unallocated:		
Deferred tax liabilities	2,638	2,318
Current tax liabilities	241	171
Borrowings	6,530	6,523
Deferred Consideration	-	375
Total liabilities as per the statement of financial position	**20,252**	**18,057**

All of the Group's revenue from external customers is derived from the provision of legal services in Australia. All of the Group's non-current assets are located in Australia.

No single customer represents more than 10% of the Group's revenue from external customers.

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4. Revenue

	2026	2025
	$'000	$'000
Legal fees	**35,531**	27,602
Interest income	**-**	2
Other income	**386**	-
Total revenue	**35,917**	27,604

Disaggregation of revenue
The Group derives its revenue from the provision of family law, contested wills and estates and criminal law services.

Timing of revenue recognition
The revenue from provision of services from contracts with customers is recognised over time.

5. Administration expenses

	2026	2025
	$'000	$'000
ASX, registries and company secretarial fees	**135**	142
Accounting and tax fees	**443**	330
Audit fees	**116**	137
Directors' fees	**163**	127
Marketing and advertising	**1,529**	1,230
Transaction costs	**(9)**	145
Computer and software expenses	**2,248**	1,313
Premises expenses	**869**	710
Total administration expenses	**5,494**	4,134

6. Other expenses

	2026	2025
	$'000	$'000
Office costs	**1,040**	715
Legal and professional fees	**1,130**	1,662
Insurance	**370**	354
Interest expense	**671**	643
Doubtful debts expense	**594**	218
Others	**532**	445
Total other expenses	**4,337**	4,037

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

7. Share based payment expense

	2026	2025
	$'000	$'000
Share based payment expense	**113**	48

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant performance rights over ordinary shares in the company to certain key management personnel of the Group. The performance rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of performance rights granted under the plan.

2026

Name	Exercise price ($)	Bal. at start of the year	Granted	Exercised/ Expired	Bal. at end of the year
Christopher McFadden	-	1,180,000	1,756,146	-	2,936,146
Stace Boardman	-	-	272,727	-	272,727
Total	**-**	**1,180,000**	**2,028,873**	**-**	**3,208,873**

2025

Name	Exercise price ($)	Bal. at start of the year	Granted	Exercised/ Expired	Bal. at end of the year
Grant Dearlove	-	1,010,000	-	(1,010,000)	-
Glen Dobbie	-	820,000	-	(820,000)	-
Kevin Lynch	-	100,000	-	(100,000)	-
Sarah Kelly	-	70,000	-	(70,000)	-
Christopher McFadden	-	1,180,000	-	-	1,180,000
Total	**-**	**3,180,000**	**-**	**(2,000,000)**	**1,180,000**

For performance rights granted during the prior year, the valuation inputs used to determine the fair value at the grant date, are as follows:

Performance rights	Class I
Grant date	23 June 2026
Milestone date	30 June 2028
Expiry date	30 June 2029
Share price at grant date (cents)	13.0
Exercise price	-
Expected volatility	74%
Dividend yield	-
Risk-free interest rate	4.4%
Fair value at grant date (cents)	13.0
Probability assigned to achieve vesting conditions	83%
Fair value for share-based payment expense (cents)	13.0

7. Share based payment expense (continued)

Performance rights	Class H
Grant date	10 November 2025
Milestone date	1 July 2027
Expiry date	1 July 2028
Share price at grant date (cents)	11.0
Exercise price	-
Expected volatility	74%
Dividend yield	-
Risk-free interest rate	4.4%
Fair value at grant date (cents)	11.5
Probability assigned to achieve vesting conditions	100%
Fair value for share-based payment expense (cents)	11.5

8. Income tax expense/(benefit)

	2026	2025
	$'000	$'000
Current tax	**613**	513
Deferred tax	**(45)**	(210)
Adjustments for current tax of prior periods	**28**	(38)
Adjustments for deferred tax of prior periods	**20**	(94)
	616	171
Deferred income tax expense/(income) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**(345)**	(340)
(Decrease)/increase in deferred tax liabilities	**320**	272
	(25)	(68)
Numerical reconciliation of income tax expense to prima facie tax payable		
Total profit/(loss) before income tax	**2,041**	896
Tax at the Australian tax rate of 25% (2025: 25%)	**510**	224
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	**58**	79
Adjustment for current tax of prior periods	**28**	(38)
Adjustment for deferred tax of prior periods	**20**	(94)
Income tax expense/(benefit)	**616**	171

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For the year ended 30 June 2026

9. Deferred and current tax

	2026	2025
(a) Deferred tax assets	**$'000**	**$'000**
The balance comprises temporary difference attributable to:		
Doubtful debts	**110**	101
Blackhole expenditure	**20**	45
Accruals	**257**	189
Provisions	**604**	503
Plant, property & equipment	**224**	65
Intangible assets	**22**	42
Unpaid superannuation	**130**	111
Tax losses	**1,186**	1,030
Lease liability	**664**	786
Total deferred tax assets	**3,217**	2,872
(b) Deferred tax liabilities		
The balance comprises temporary difference attributable to:		
Prepayments	**(85)**	(85)
Work in progress	**(1,652)**	(1,222)
Right of use assets	**(656)**	(745)
Property, plant & equipment	**(9)**	(30)
Others	**(236)**	(236)
Total deferred tax liabilities	**(2,638)**	(2,318)
Net deferred tax assets/(liabilities)		
Deferred tax assets expected to be recovered within 12 months	**1,108**	919
Deferred tax assets expected to be recovered after more than 12 months	**2,109**	1,953
Deferred tax liabilities expected to be settled within 12 months	**(1,737)**	(1,306)
Deferred tax liabilities expected to be settled after more than 12 months	**(901)**	(1,012)
	579	554
Movement in deferred tax		
Opening balance	**554**	486
Opening balance adjustment (acquired)	**(20)**	95
Credited/(charged) to the statement of comprehensive income	**45**	209
Others	**-**	(236)
	579	554
(c) Current tax		
Current tax liabilities	**241**	171

10. Earnings per share

	2026	2025
Basic and diluted earnings/(loss) per share	**Cents**	**Cents**
From continuing operations	**0.50**	0.11
Total basic earnings/(loss) per share	**0.50**	0.11
From continuing operations	**0.49**	0.11
Total diluted earnings/(loss) per share	**0.49**	0.11
Profit/(Loss) attributable to the owners of the Group	**$'000**	**$'000**
Profit/(loss) from continuing operations	**463**	102
Net profit/(loss) attributable to the owners of the Group	**463**	102
Weighted average number of ordinary shares for the purposes of:	**Nos.**	**Nos.**
Basic earnings/(loss) per share	**92,141,154**	91,314,852
Diluted earnings/(loss) per share	**93,780,362**	92,494,852

The diluted number of shares above includes 3,208,873 performance rights.

11. Cash and cash equivalents

	2026	2025
	$'000	**$'000**
Cash at bank	**1,028**	2,213
Total cash and cash equivalents	**1,028**	2,213

12. Trade and other receivables

	2026	2025
	$'000	$'000
Trade receivables		
Current	**8,199**	6,583
Non-Current	**1,089**	-
Provision for expected credit losses	**(438)**	(405)
	8,850	6,178
Work in progress		
Current	**5,736**	4,886
Non-Current	**1,040**	-
Provision for expected credit losses	**(167)**	-
	6,609	4,886
Total trade and other receivables	**15,459**	11,064

Trade receivables aging:

			Past due but not impaired			
$'000	Gross amount	Past due and impaired	<30 days	30-60 days	61-90 days	90+ days
2026	9,288	438	3,836	318	454	4,242
2025	6,583	405	1,718	553	345	3,562

See Note 1 (e) and 1 (h), and Note 2 for the Group's accounting policy in relation to the provision for expected credit losses and Note 28 regarding credit risk of trade receivables and work in progress, which explains how the Group manages and measures credit quality of trade receivables and work in progress.

In FY26, management classified trade receivables and work in progress into current and non-current categories. However, the information was not collected on a comparable basis in the prior period, and therefore impracticable to disclose.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2026

13. Other current assets

	2026	2025
	$'000	**$'000**
Security deposit	**133**	192
Prepayments	**864**	767
Other receivables	**-**	76
Total other current assets	**997**	1,035

14. Right of use assets

	2026	2025
	$'000	**$'000**
Building – right of use	**9,362**	8,104
Less: Accumulated depreciation	**(6,736)**	(5,120)
Total right-of-use assets	**2,626**	2,984

The Group leases various premises under non-cancellable operating leases expiring between 1 to 5 years, in some cases, options to extend. All leases have annual CPI escalation clauses. The above commitments do not include commitments for any renewal options on leases.

15. Plant and equipment

	2026	2025
	$'000	**$'000**
Furniture and fittings		
Cost	**699**	644
Less: Accumulated depreciation	**(450)**	(347)
Written down value	**249**	297
Leasehold improvements		
Cost	**246**	179
Less: Accumulated depreciation	**(129)**	(89)
Written down value	**117**	90
Computer equipment		
Cost	**1,316**	1,143
Less: Accumulated depreciation	**(974)**	(714)
Written down value	**342**	429
Total plant and equipment	**708**	816

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

15. Plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Furniture & fittings	Leasehold improvements	Computer equipment	Total
	$'000	$'000	$'000	$'000
Cost				
Balance as at 1 July 2024	511	168	874	1,553
Purchases during the year	133	11	269	413
Measurement period adjustment	-	-	-	-
Business combinations	-	-	-	-
Balance as at 30 June 2025	**644**	**179**	**1,143**	**1,966**
Balance as at 1 July 2025	644	179	1,143	1,966
Purchases during the year	55	67	173	295
Measurement period adjustment	-	-	-	-
Business combinations	-	-	-	-
Balance as at 30 June 2026	**699**	**246**	**1,316**	**2,261**
Accumulated depreciation				
Balance as at 1 July 2024	**280**	**51**	**479**	**810**
Depreciation expense	67	38	235	340
Balance as at 30 June 2025	**347**	**89**	**714**	**1,150**
Balance as at 1 July 2025	**347**	**89**	**714**	**1,150**
Depreciation expense	**103**	**40**	260	403
Balance as at 30 June 2026	**450**	**129**	**974**	**1,553**
Written down value				
As at 30 June 2025	297	90	429	816
As at 30 June 2026	**249**	**117**	**342**	**708**

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16. Intangible assets

	2026	2025
	$'000	**$'000**
Goodwill		
Opening Balance	**5,874**	4,142
Goodwill from business combination	**-**	1,732
Net carrying amount	**5,874**	5,874
Brand		
Opening Balance	**944**	-
Additions	**-**	944
Less: Amortisation expense	**-**	-
Net carrying amount	**944**	944
Website		
Opening Balance	**63**	151
Additions	**95**	32
Less: Amortisation expense	**(58)**	(120)
Net carrying amount	**100**	63
Total intangible assets	**6,918**	6,881

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Intellectual Property	Goodwill	Brand	Website	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 July 2024	-	**4,142**	**-**	**151**	**4,293**
Additions	-	-	-	32	32
Business combination	-	1,732	944	-	2,676
Amortisation expense	-	-	-	(120)	(120)
Balance as at 30 June 2025	**-**	**5,874**	**944**	**63**	**6,881**
Balance as at 1 July 2025	-	**5,874**	**944**	**63**	**6,881**
Additions	-	-	-	95	95
Amortisation expense	-	-	-	(58)	(58)
Balance as at 30 June 2026	**-**	**5,874**	**944**	**100**	**6,918**

16. Intangible assets (continued)

Allocation of goodwill

Following the reassessment of the Group's operating segments during the year ended 30 June 2026, the Group also reassessed the level at which goodwill is monitored for internal management purposes and tested for impairment. As a result of the revised operating segment structure, goodwill has been reallocated to the Group's two reportable operating segments, being Family Law and Complementary Areas of Law.

The reallocation reflects the way in which the chief operating decision maker now reviews the Group's operations, allocates resources and assesses performance. Management concluded that goodwill is not monitored at a level lower than the operating segments and, accordingly, for impairment testing purposes, goodwill has been allocated to each operating segment.

The reallocation has been performed on a basis that reflects the Cash Generating Units (CGUs) or groups of CGUs expected to benefit from the synergies of the relevant business combinations and the current internal management structure. The reallocation did not give rise to any additional goodwill or change the Group's total carrying amount of goodwill. It changed only the level at which goodwill is monitored and tested for impairment.

The carrying amount of goodwill allocated to each reportable segment are as follows:

Reportable segment	Goodwill at 30 June 2026 $`000
Family Law	3,861
Complementary Areas of Law	2,013
Total goodwill	**5,874**

Impairment testing of goodwill

The Group tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. For the year ended 30 June 2026, goodwill was tested for impairment at the level at which goodwill is monitored for internal management purposes, being the Group's two reportable operating segments: Family Law and Complementary Areas of Law.

The recoverable amount of each reportable operating segment was determined based on value in use. The recoverable amount of each segment exceeded its carrying amount and, accordingly, no impairment loss was recognised in respect of goodwill for the year ended 30 June 2026.

The recoverable amounts of each CGU were determined based on value-in-use calculations, covering forecasts for the current year, followed by an extrapolation of expected post tax cash flows for the unit out to the end of FY31 (the forecast period) using growth rates deemed appropriate by management. FY31 also includes a terminal value. The present value of the expected cash flows was determined by applying a suitable discount rate.

The carrying amount of goodwill allocated to each reportable operating segment, together with the key assumptions are set out below:

16. Intangible assets (continued)

Operating segment	Goodwill allocated $	Recoverable amount basis	Forecast period	Forecast revenue growth over next 5 years	Forecast cost increase over next 5 years	Terminal growth rate	Pre-tax discount rate	Impairment recognised
Family Law	3,861,063	Value in Use	5 years	5%	5%	2%	12.5%	Nil
Complementary Areas of Law	2,012,887	Value in Use	5 years	5%	5%	2%	12.5%	Nil

Management has assessed reasonably possible changes in the key assumptions used in the impairment test.

Management have made judgements and estimates in respect of impairment testing. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease.

The key sensitivities that management has considered are as follows:

- Growth rate decreases by 2.5%
- WACC increases by 2%
- Terminal growth rate decreases by 2%

Based on the sensitivity analysis performed there was no impairment noted.

17. Trade and other payables

	2026	2025
	$'000	$'000
Trade payables	**1,574**	419
GST payable	**480**	403
Accrued expenses	**2,450**	1,651
Payroll payables	**1,268**	1,038
Total trade and other payables	**5,772**	3,511

18. Deferred consideration

	2026	2025
	$'000	$'000
Current	**-**	375
Non-current	**-**	-
Total deferred consideration	**-**	375
Change in deferred consideration payable during the year		
Balance at 1 July	**375**	**1,000**
Written back during the year	**(375)**	**-**
Settled during the year	**-**	**(625)**
Balance at 30 June	**-**	**375**

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19. Lease liabilities

	2026	2025
	$'000	**$'000**
Current	**1,485**	1,330
Non-current	**1,170**	1,816
Total lease liabilities	**2,655**	3,146
Change in lease liabilities during the year		
Balance at 1 July	**3,146**	3,315
Additions	**845**	1,120
Interest expense	**167**	198
Lease repayments	**(1,503)**	(1,487)
Balance at 30 June	**2,655**	3,146

During the year, the Group signed the following leases:

- Office lease at Unit 138/2 Signal Terrace, Cockburn Central. The lease commenced on 2 March 2026 for 1 year with a 1-year renewal option.
- Office lease at Level 4, 40 Creek Street, Brisbane. The lease commenced on 1 June 2026 for 5 years and 6 months.
- Office lease at Suite 506, Level 5, 815 Pacific Highway, Chatswood. The lease commenced on 11 April 2026, being the assignment date. The lease ends on 30 June 2027.
- Office lease at Unit 224/18-22 Dale Street, Brookvale. The lease commenced on 12 January 2026 for 1 year with a 1-year renewal option.
- Motor vehicle lease for a company car over 48-month term.

20. Borrowings

	2026	2025
	$'000	**$'000**
NAB Finance Facility		
Current	**6,530**	-
Non-current	**-**	6,523
Total borrowings	**6,530**	6,523

The facility is for a term of 3 years to January 2027 with discussions underway to renew.The facility was secured with a charge over the present and future rights, property and undertaking of AF Legal Pty Ltd, Watts McCray (NSW) Pty Ltd and AF Legal Group Ltd.The covenants of the facility are as follows:

- Debt Service Cover Ratio: to be greater than 2.00 times, calculated on a rolling 12-month basis defined as EBITDA divided by Interest Expense plus Scheduled Principal Repayments
- Gross Leverage Ratio: to be less than 2.25 times at all times, calculated on a rolling 12-month basis and defined as Gross Debt divided by EBITDA

The Group complied with terms of the covenant during FY26 and is not expecting any breaches during FY27.

The facility interest rate is the drawn margin 3.4% + BBSY.

21. Provisions

	2026	2025
	$'000	$'000
Current		
Make-good provision	**-**	-
Non-current		
Make-good provision	**397**	329
Total Provisions	**397**	329

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

22. Employee benefits

	2026	2025
	$'000	$'000
Current		
Annual leave entitlement	**1,059**	908
Long service leave entitlement	**731**	534
	1,790	1,442
Non-current		
Long service leave entitlement	**229**	242
Total Employee benefits	**229**	242

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

23. Issued capital

	2026	2026	2025	2025
	Shares	$'000	Shares	$'000
Ordinary shares fully paid	**92,735,568**	**131,778**	91,435,568	131,622

Movement in ordinary share capital:

Details	Date	Shares	Issue price ($)	$'000
Opening Balance	1-Jul-25	91,435,568	-	131,622
Issue of shares - ESOP	10-Nov-25	1,300,000	0.12	156
Closing Balance	**30-June-26**	**92,735,568**	**-**	**131,778**

23. Issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

24. Equity – reserves

	2026	2025
	$'000	$'000
Share based payments reserve	**53**	96

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

25. Commitments and Contingencies

As at 30 June 2026, the Group has no other material commitments except as disclosed below:

The Group was aware of the following contingencies:

Legal defence fees relate to an industry regulator investigation which is ongoing, with no certainty on possible liability. The matter dates back to 2021 and 2022. The Company continued to expense incurred legal fees in the FY26 accounts.

Other than the matters above, no other commitments and contingencies were noted at balance date.

26. Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Country of incorporation	Ownership interest 2026	Ownership interest 2025
AF Legal Pty Ltd	Australia	100%	100%
Watts McCray (NSW) Pty Ltd	Australia	100%	100%
Withnall Cavanagh & Co. Pty Ltd	Australia	51%	51%
Watts McCray (Illawarra) Pty Ltd	Australia	75%	75%
AF Legal (Gold Coast) Pty Ltd	Australia	75%	75%
AF Legal Armstrong Legal Holding Pty Ltd	Australia	100%	100%
Armstrong Legal Trading Pty Ltd	Australia	100%	100%
AF Legal AAA Holding Pty Ltd	Australia	100%	100%
AF Legal AAA Trading Pty Ltd	Australia	100%	100%
AF Legal BBB Holding Pty Ltd	Australia	100%	100%
AF Legal BBB Trading Pty Ltd	Australia	100%	100%

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For the year ended 30 June 2026

26. Interests in subsidiaries (continued)

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	2026	2025
	$'000	**$'000**
Summarised statement of financial position		
Current assets	**3,951**	3,801
Non-current assets	**601**	878
Total assets	**4,552**	4,679
Current liabilities	**1,131**	782
Non-current liabilities	**1,444**	2,654
Total liabilities	**2,575**	3,436
Net assets	**1,977**	1,243
Summarised statement of profit or loss and other comprehensive income		
Profit after income tax expense	**2,153**	1,312
Other comprehensive income	**-**	-
Total comprehensive income	**2,153**	1,312
Other financial information		
Profit attributable to non-controlling interests	**962**	623
Accumulated non-controlling interests at the end of reporting period	**859**	542

27. Cash Flow information

	2026	2025
	$'000	**$'000**
Reconciliation of profit/(loss) for the year to cash flows from operating activities		
Profit/(loss) for the year	**1,425**	725
Non-cash and non-operating activities		
Depreciation and amortisation	**1,930**	1,726
Interest on lease liability	**166**	198
Share based payment	**113**	48
Write back of deferred consideration	**(375)**	-
Changes in assets and liabilities:		
Trade and other receivables	**(4,395)**	(1,204)
Tax	**45**	(354)
Trade and other payables	**2,507**	1,565
Provisions	**208**	112
Other assets	**37**	48
Net cash inflows from operating activities	**1,661**	2,864

28. Financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- market risk;
- credit risk;
- liquidity risk; and
- capital risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout this note and the financial report.

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

28. Financial instruments (continued)

Market Risk Management

a) Interest Rate Risk

The Group's main interest rate risk arises from cash and cash equivalents and loans. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and investing options and the mix of fixed and variable interest rates. The Group is only exposed to interest rate risk on cash and cash equivalents, lease liabilities and borrowings at 30 June 2026. As at the reporting date, the following assets and liabilities were exposed to Australian variable and fixed interest rates:

	Weighted Average Interest Rate %	2026 $'000	Weighted Average Interest Rate %	2025 $'000
Variable Interest				
Cash and cash equivalents	0.01%	1,028	0.01%	2,213
Fixed interest				
Borrowings	7.88%	6,530	7.88%	6,523
Lease liabilities	6.00%	2,655	6.00%	3,146

b) Currency Risk

The Group currently has no assets or liabilities in foreign currency and consequently has no material exposures to currency risk.

Credit Risk Management

The main exposure to credit risk in the Group is represented by receivables (debtors and WIP) owing to the Group. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of those assets as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Audit Committee annually. The Group measures credit risk on a fair value basis.

Liquidity Risk Management

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk management is the responsibility of the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and the liquidity management requirements.

Capital Risk Management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of equity, comprising issued capital and reserves, net of accumulated losses.

29. Key management personnel compensation

Refer to the remuneration report contained in the Directors report for details of the remuneration paid to payable to each member of the Group's key management personnel (KMP) for year ended 30 June 2026.

The total remuneration paid to KMP of the Company and the Group during the year are as follows:

	2026	2025
	$'000	$'000
Short-term employee benefits	**1,152**	1,004
Post-employment benefits	**301**	85
Share based payments	**125**	36
Total KMP compensation	**1,578**	1,125

Short-term employee benefits include fees and benefits paid to the non-executive Chair and non-executive directors as well as salary, bonuses, paid leave benefits paid.

Post-employment benefits are the current years estimated costs of providing for the Group's superannuation contributions and termination benefits made during the year.

30. Related party transactions

Transactions with Related Parties

There have been no transactions with related parties during the financial year.

Transactions with Key Management Personnel

There were no other transactions conducted between the Group and KMP other than those disclosed in note 29.

31. Parent entity disclosures

	2026	2025
	$'000	$'000
Loss for the year	**(2,362)**	(2,213)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(2,362)**	(2,213)
Financial position of the parent at year end		
Current assets	**316**	317
Total assets	**7,697**	7,337
Current liabilities	**1,348**	861
Total liabilities	**13,737**	11,140
Total equity of the parent entity comprising of		
Contributed equity	**131,606**	131,621
Reserves	**53**	84
Accumulated losses	**(137,870)**	(135,508)

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32. Auditors' remuneration

	2026	2025
	$'000	**$'000**
Audit and review of the financial reports	**82**	79
Taxation services	**32**	41
Total auditors' remuneration	**114**	120

33. Events after the reporting period

No matter or circumstance have arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

34. Company details

Principal Place of Business

Level 2, 326 William Street

Melbourne VIC 3000

Registered Office

c/o Source Governance

Level 37, 180 George Street

Sydney NSW 2000

Consolidated Entity Disclosure Statement

The Directors make the following disclosure detailing all entities that were part of the consolidated entity as at the end of the financial year.

Name of entity	Type of entity	Trustee of a Trust, Partner in a Partnership or participant in joint venture	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)
AF LEGAL GROUP LIMITED	Body Corporate	n/a	100	Australia	Australian
AF LEGAL PTY LTD	Body Corporate	n/a	100	Australia	Australian
WATTS MCCRAY (NSW) PTY LTD	Body Corporate	n/a	100	Australia	Australian
WATTS MCCRAY (ILLAWARRA) PTY LTD	Body Corporate	n/a	75	Australia	Australian
AF LEGAL (GOLD COAST) PTY LTD	Body Corporate	n/a	75	Australia	Australian
WITHNALL CAVANAGH & CO PTY LTD	Body Corporate	n/a	51	Australia	Australian
AF LEGAL ARMSTRONG LEGAL HOLDING PTY LTD	Body Corporate	n/a	100	Australia	Australian
ARMSTRONG LEGAL TRADING PTY LTD	Body Corporate	n/a	100	Australia	Australian
AF LEGAL AAA HOLDING PTY LTD	Body Corporate	n/a	100	Australia	Australian
AF LEGAL AAA TRADING PTY LTD	Body Corporate	n/a	100	Australia	Australian
AF LEGAL BBB HOLDING PTY LTD	Body Corporate	n/a	100	Australia	Australian
AF LEGAL BBB TRADING PTY LTD	Body Corporate	n/a	100	Australia	Australian

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporation Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A) (vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the Income Tax Assessment Act 1997.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency: The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Directors Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the consolidated entity disclosure statement on page 63 is true and correct.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Rick Dennis
Non-Executive Chair
31 August 2026
Sydney

Horizon Nexus Partners

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AF LEGAL GROUP LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of AF Legal Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026 the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the financial report of AF Legal Group Limited is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the year ended on that date; and
b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

Carrying amount of intangible assets

Why significant	How our audit addressed the key audit matter

As at 30 June 2026 the carrying value of intangible assets is $6,918,000 (2025: $6,881,000), as disclosed in Note 16.
 	
The Group's accounting policy in respect of intangible assets is outlined in Note 1.
 	
The carrying amount of intangible assets is a key audit matter due to:
 	
• the significance of intangible asset balances; and
• the significant audit effort required to review and test managements' goodwill and other intangible assets impairment assessment, including the level of judgement included therein as at balance date, including an updated cash generating unit (CGU) designation.
 	
As outlined in Notes 1 and 16, management assessed the carrying amount of intangible assets through impairment testing utilising a value in use model in which significant judgements are applied in determining key assumptions.
	Our work included, but was not limited to, the following procedures:
	
	• assessment of management's goodwill allocation;
	• ensuring the appropriateness of disclosures in notes 1 and 16;
	• evaluating management's methodology for determining the carrying amount of intangible assets by comparing the value in use model with generally accepted valuation methodology and accounting standard requirements;
	• conducting sensitivity analysis on key assumptions such as the projected revenue growth rates, discount rates and terminal growth rates, within reasonable foreseeable ranges;
	• challenging the key assumptions used in management's value in use model by:
	  - assessing projected revenue growth rates set by management in comparison to historical results and future approved budgets;
	  - evaluating the discount rates and terminal growth rates set by management in comparison to market and industry information available; and

Why significant	How our audit addressed the key audit matter
The key assumptions include projected revenue growth rates, discount rates and terminal growth rates. The judgements made in determining the underlying assumptions in the model have a significant impact on the recoverable amount of intangible assets.	- assessing forecasted costs to ensure appropriate costs are included commensurate to the achievement of revenue forecasts.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

[A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/ Home.aspx. This description forms part of our auditor's report.]

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of AF Legal Group Limited for the year ended 30 June 2026 complies with section 300A of the *Corporations Act 2001*.

Horizon Nexus (Qld) Audit Pty Limited

Shaun Lindemann
Director

Brisbane
31 August 2026

Shareholder Information

The shareholder information set out below was applicable as at 4 August 2026.

Distribution of equitable securities

Analysis of number of quoted equity security holders by size of holding:

Holding Ranges	Holders	Total Units	% of Issued Share Capital
1 - 1,000	122	8,630	0.02%
1,001 - 5,000	80	221,291	0.24%
5,001 - 10,000	129	1,183,496	1.28%
10,001 - 100,000	175	6,593,541	7.11%
100,001 and above	96	84,718,610	91.36%
Totals	**602**	**92,735,568**	**100.00%**

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $0.1250 per unit	3,847	181	149,058

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Holder Name	Balance	%
WESTFERRY OPERATIONS PTY LTD <WESTFERRY LEGAL SERVICES A/C>	10,000,000	10.78
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	5,475,010	5.90
MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	5,069,705	5.47
SMITHSTOCK PTY LTD <WARIALDA 1 UNIT A/C>	5,000,000	5.39
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	4,694,725	5.06
VELKOV FUNDS MANAGEMENT PTY LTD <PROVENANCE VALUE A/C>	4,500,000	4.85
WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C>	4,000,000	4.31
DMX CAPITAL PARTNERS LIMITED	3,925,000	4.23
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,538,306	2.74
WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C>	2,400,000	2.59
CITICORP NOMINEES PTY LIMITED	2,070,456	2.23
MR DOUGLAS JOHN WHELAN	1,847,500	1.99
MR CHRISTOPHER JOHN MCFADDEN + MRS TOULA MCFADDEN <CHRISTOULA SUPER FUND A/C>	1,666,667	1.80
CTHD INVESTMENT PTY LTD	1,500,000	1.62
MR CHRISTOPHER JOHN MCFADDEN + MRS TOULA MCFADDEN <CHRISTOULA SUPER FUND A/C>	1,300,000	1.40
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,261,688	1.36
MR EWAN ROBERT GRENFELL WINDSOR + MRS FRANCES EMILY WINDSOR <WINDSOR FAMILY A/C>	1,250,000	1.35
L J O'BRIEN SUPER PTY LTD <L J OBRIEN SUPERFUND A/C>	1,240,325	1.34
RANAN INVESTMENT PL	1,200,000	1.29
JET INVEST PTY LTD <RJC INVESTMENT A/C>	1,020,000	1.10
Top 20 Total	**61,959,382**	**66.81%**
Total Remaining Holders Balance	**30,776,186**	**33.19%**
Total Issued Capital	**92,735,568**	**100.00%**

Substantial holders

The names of substantial holders in the Company, the number of securities in which each substantial holder and the substantial holder's associates have a relevant interest as disclosed in substantial holding notices given to the Company and listed on the ASX website:

Holder Name	Date of Interest	Number of ordinary shares on date of interest [1]	% of issued capital on date of interest[1]
WESTFERRY OPERATIONS PTY LTD <WESTFERRY LEGAL SERVICES A/C> & <THE WESTFERRY FUND A/C>[2]	18 June 2026	16,400,000	17.68%
DMX ASSET MANAGEMENT LIMITED[2]	28 November 2025	6,508,863	7.02%
SMITHSTOCK PTY LTD <WARIALDA 1 UNIT A/C>[2]	28 June 2024	5,000,000	5.48%
MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C> [2]	7 April 2021	4,814,094	6.64%
ROSHEENI CHRISTINA DOBBIE[2]	9 September 2021	4,303,786	5.73%

[1] As disclosed in the most recent substantial shareholder notice lodged with the ASX by the substantial shareholder.
[2] Information is based on the substantial shareholders notices as lodged and may not reconcile with the Top 20 as at 4 August 2026.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Corporate Information

Board of Directors

Mr. Rick Dennis	Independent Non-Executive Chairman
Ms. Emma Fredericks	Independent Non-Executive Director
Mr. Peter Johns	Non-Executive Director

Company Secretary

Stephanie So

Principal Place of Business

Level 2, 326 William Street
Melbourne VIC 3000

Registered Office

C/o Source Governance
Level 37, 180 George Street
Sydney NSW 2000

Auditors

Horizon Nexus (Qld) Audit Pty Ltd (formerly PKF Brisbane Audit)
Level 2, 66 Eagle Street
Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Limited
Level 1, 200 Mary Street
Brisbane QLD 4000

Solicitors

Addisons
Level 10, 2 Park Street
Sydney NSW 2000 Australia

Bankers

National Australia Bank
Westpac Banking Corporation

Securities Exchange Listing

Company's ordinary shares are listed on the Australian Securities Exchange Limited (ASX). The Company's ASX code for fully paid ordinary shares is "AFL".

Website

https://aflegal.com.au