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Update on Darwin Practices

AF Legal Group Ltd (**ASX:AFL** or the **Company**) provides the following update on its Darwin family law practices.

Darwin operations

AFL has recently separated its Darwin operations so that they now comprise:

- the existing Withnall Cavanagh & Co. Pty. Ltd formerly trading as Withnalls Lawyers practice, now trading as Imara Family Law Trading Pty Ltd (**Imara Family Law**). AFL's wholly-owned subsidiary, AF Legal Pty. Ltd. (**AF Legal**), continues to hold 51% of the shares in Imara Family Law and the founding principal, Vanessa Farmer, through her associated entity (**Minority Shareholder**), continues to hold the remaining 49% of the shares in this entity; and
- a new practice wholly-owned by AFL, which is known as AFL Withnalls Lawyers.

This revised structure is intended to support the continued development of AFL's presence in Darwin and the broader Northern Territory market.

Imara Family Law

Following recent shareholder queries regarding the ownership arrangements for Imara Family Law, AFL provides the following clarification.

At the time of AF Legal's acquisition of its 51% interest in Imara Family Law, it entered into a shareholders agreement with the Minority Shareholder (**Shareholders Agreement**). Under this Shareholders Agreement, AF Legal granted a conditional put option to the Minority Shareholder in respect of the 49% of the shares the Minority Shareholder holds in Imara Family Law (**Put Option**).

The Put Option is subject to a number of conditions, including the following:

- it may only be exercised in writing between 19 January 2027 and 19 January 2028;
- the Minority Shareholder is required to give one year's prior notice of its intention to exercise;
- the Minority Shareholder having, in the period prior to the exercise of the Put Option, with the Imara Family Law board's approval and support, used all reasonable endeavours to establish appropriate succession arrangements and sell its shares to an existing employee approved by that board; and
- the Minority Shareholder and founding principal not having materially breached their obligations under the Shareholders Agreement and the founding principal's employment agreement with Imara Family Law.



AF Legal has no obligation to acquire the remaining 49% interest in Imara Family Law unless those conditions are satisfied and the Put Option is validly exercised in accordance with its terms. There is no certainty that these conditions will be satisfied or the Put Option will be validly exercised.

If the Put Option is validly exercised, the purchase price is to be determined on a formula applying an agreed multiple to the average earnings before interest and tax of the business over a three-year period.

As a result of the revised structure for the Darwin practices, AFL and the Minority Shareholder are currently in discussions regarding amendments to the Shareholders Agreement, including the Put Option. Amendments may include a substantial extension to the Put Option exercise period and staged payment of the purchase price. Discussions are incomplete and no agreement has been reached.

AFL is also considering the financial accounting or disclosure impact in relation to the Put Option. If binding amendments are entered into or if there is any material impact from a financial reporting perspective relating to the Put Option, AFL will make a further announcement if required under its continuous disclosure obligations.

This announcement has been authorised for release to the ASX by AFL's board of directors.

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For any questions, please contact:

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