



A / F L E G A L

AF Legal Group Ltd

and its controlled entities

ABN 82 063 366 487

Appendix 4E

For the financial year ended
30 June 2024

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

Results for announcement to the market

Key information	2024 \$'000	2023 \$'000	% Change
Revenue from ordinary activities	21,862	18,881	16%
Profit/(Loss) after tax from ordinary activities	1,600	(7,593)	121%
Profit/(Loss) after tax from ordinary activities attributable to owners	962	(8,102)	112%

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	2024 cents	2023 cents	% Change
Basic earnings per share (cents)	1.17	(10.31)	111%
Diluted earnings per share (cents)	1.13	(10.31)	111%

Refer to Note 9 for further information on earnings per share calculations

Dividends

Dividends were paid during the year to the shareholders of Withnall Cavanagh & Co Pty Ltd on 100 shares on issue as follows:

- at \$4,082 per share, the total dividend being \$408,164 paid out to shareholders:
 - AF Legal Pty Ltd \$208,164
 - Non-controlling interests \$200,000
- At \$4,852 per share, the total dividend being \$485,183 paid out to shareholders:
 - AF Legal Pty Ltd \$247,443
 - Non-controlling interests \$237,740

Net tangible assets per share (cents)	2024	2023	% Change
Net tangible assets per share (cents) ¹	6.22	3.39	84%

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

The Company incorporated two entities AF Legal Contested Estates Holding Pty Ltd and Armstrong Contested Estates Pty Ltd ("ACWE") in association with the business combination detailed in note 25 of the Annual Report.

Status of Audit

The report is based on consolidated financial statements for year ended 30 June 2024 which have been audited by PKF Brisbane Audit.

Annual General Meeting

The Company advises that its Annual General Meeting will be held on Friday, 15 November 2024. 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 Thursday, 26 September 2024.**





A / F L E G A L

ANNUAL REPORT

for the financial year ended 30 June 2024

AF Legal Group Ltd

and its controlled entities
ABN 82 063 366 487

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Chair's Report

Dear Shareholders,

I am pleased to present the 2024 Annual Report for AF Legal Group Ltd ("AFL" or the "Company") and its controlled entities (together the "Group") for the year ending 30 June 2024.

2024 was a significant year for AFL as we continued to navigate our stabilisation phase, which commenced in H2 FY23 and continued across the majority of financial year 2024. We are now pleased to have delivered three consecutive profitable halves and it is from this solid base that we now are positioned to grow, and I am pleased to report here the early signs of that growth.

2024 saw us deliver our highest ever revenue of \$21.7 million and our best yet bottom line achievement with normalised NPBT attributable to the owners of the AF Legal Group Ltd of \$0.8 million and normalised NPAT attributable of \$1.0 million. The same was true of our headline NPBT of \$1.5 million and headline NPAT of \$1.6 million.

As we announced on 1 March 2024, it is imperative we grow our organisation to gain scale and we are committed to a growth strategy which is based not just on growth in the family law sector, but also by expanding into complementary areas of law, which we have now commenced following the acquisition of Armstrong Contested Wills & Estates ("ACWE") in April 2024. The impact on our results has been immediate with the additional revenue gained delivering to our bottom-line profitability at a greater rate given the relatively fixed nature of our centralised cost base. Pleasingly also, whilst only one quarter in, ACWE has delivered results which have exceeded our projections underlying the acquisition business case. We look forward to further acquisitions to complement our organic growth as we continue to pursue our growth goals.

Our growth opportunities are built off the solid foundation put in place across the first twelve months or so of the new management team. It is pleasing to witness the transition of our organisation into one that is people-first and practice-led.

Since the start of FY24 we have opened five new leased offices (Bayside & Gold Coast – QLD; Joondalup – WA; Canberra – ACT; Illawarra – NSW). Four of these represent the taking of a permanent presence where we initially set up in serviced office market entry locations as business has now developed sufficiently to warrant a more permanent commitment. Additionally, we opened two serviced office locations in Frankston VIC and Double Bay NSW and have seen pleasing starts to these operations. This expansion is in line with our organic family law growth strategy of opening complementary family law practices which feed off our existing network.

We continue to develop our team members with 24 promotions announced since the start of FY24, representing over 30% of our lawyers and legal support staff. This development focus remains paramount, driven by our desire to present achievable and rewarding career pathways to our team members, be that through the careful nurturing and development of our new lawyers, but also by facilitating advancement at the higher levels also.

Pleasingly, savings have been realised with the cost per new client file reducing by 40% through continual improvement of our digital acquisition model and growing brand recognition. We continue to strengthen our SEO strategy reaching a goal of 40% enquiry from organic search. Over 17,700 people reached out for help during FY24.

It was also very encouraging to see a 39% increase in positive client reviews received, including over 220 5-star Google reviews. We have firmly established our expert voice in national media, with a new chapter added to the AFL Relationships Report in Q1 and over 155 mentions by key media in FY24 including a 500% increase in commentary requests from the ABC. Drafted and updated inhouse the report entitled - AFL Australian Relationships Report: Love, Marriage, and Divorce in the Modern Nation is available for free download at <https://www.australianfamilylawyers.com.au/relationship-divorce-marriage-statistics>.

CHAIR'S REPORT

We will continue to deliver upon our growth strategy throughout 2025 and beyond, focused on profitable revenue growth, through our continued commitment to our highly valued team members and through the provision of an exceptional client experience.

Yours sincerely,



Rick Dennis
Non-Executive Chair

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Directors Report

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 2024.

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 2024, including the part year contribution from the Armstrong Contested Wills & Estates (“ACWE”) acquisition (acquired Apr-24), was \$1.0 million (FY23: loss of \$8.1 million).

Key elements within the result include:

Revenues

Group Revenue (after normalising for \$0.2 million relating to a deferred consideration favourable adjustment) at \$21.7 million increased by 15% from the comparative period, assisted in Q4 by the first quarter of revenue from ACWE, with growth excluding ACWE at 10%. Average Weekly Revenue for Q4 was \$465k per week, a new high for our organisation (H1 FY24 \$412k & FY23 \$363k).

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 \$0.6 million (FY23: NPBT attributable loss of \$8.26 million).

The second half of FY24 saw several one-off expenses and charges, primarily relating to the ACWE acquisition which adversely impacted our results, and these have been adjusted into our Normalised NPBT attributable result of \$0.8 million. Additionally, we also normalised a deferred consideration finalisation benefit and an offsetting additional debtor provision taken up following the resolution of a legacy litigation funding negotiation.

These one-off expenses and charges included:

Business acquisition costs – ACWE	\$0.176 million
Deferred consideration favourable adjustment	(\$0.193 million)
Debtor provision adjustments	\$0.191 million

Total H2 Normalising Adjustments	\$0.174 million
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DIRECTORS REPORT

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

\$'000	FY24	Q4 FY24	Q3 FY24	Q2 FY24	Q1 FY24	FY23	H2 FY23	H1 FY23	FY22	FY21
Revenue*	21,661	6,051	4,899	5,167	5,543	18,881	10,054	8,827	16,983	11,009
Average Weekly Revenue [AWR] (excl. disbursements)	417	465	377	397	426	363	387	339	327	212
<i>AWR Growth on prior Qtr</i>		23%	-5%	-7%	10%					
<i>AWR Growth on pcp</i>		20%	-2%	18%	25%		14%	5%		
<i>Growth on prior FY</i>	15%					11%				
NPBT	1,476	449	34	434	559	(7,556)	972	(8,528)	295	(495)
NPBT attributable to the owners of AF Legal Group Limited	607	246	(149)	154	356	(8,256)	551	(8,807)	(43)	(495)
Normalisation adjustments**	174	174				8,415		8,415	31	584
Phasing adjustments***							71	(71)		
Normalised NPBT	1,650	623	34	434	559	859	1,043	(184)	326	89
Normalised NPBT attributable to the owners of AF Legal Group Limited	781	420	(149)	154	356	159	622	(463)	(13)	89

* Q4 FY24 Revenue and AWR figures exclude any "other income" that has been normalised. Revenue numbers exclude disbursements. Remaining profit numbers factor in total revenue without exclusions.

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

*** Phasing adjustments are corrections for minor timing errors found during the final round of extensive balance sheet and financial report reviews which took place progressively over H2 FY23 following the appointment of Chris McFadden as CFO.

This normalised and correctly phased view back to FY21 has been standardised with our current practice, excluding any previous normalising of share-based payments.

What it shows is sustained improvement since the actions undertaken at end H1 FY23 with three consecutive profitable halves when viewed at a Normalised NPBT attributable level. The 18 months covering H2 FY23 and FY24 have delivered an NPBT attributable profit of \$1.4 million. This represents a significant turnaround on the NPBT attributable loss of (\$0.4 million) for the two and a half years covering FY21 to end of H1 FY23.

Our slight Q3 FY24 loss was quickly overcome with Q4 FY24 again delivering a profit on the back of significant revenue growth, in part assisted by the ACWE acquisition.

This Q4 improvement reflects the initial impacts of our growth strategy following the ACWE acquisition, which has delivered additional revenue and scale, allowing us to better leverage our relatively fixed central cost base. We remain committed to this strategy as initially presented back on 1 March 2024 and as updated in our full year investor presentation for FY24.

Statement of financial position

Net assets at \$10.0 million were up by \$2.9 million on the prior year (2023: \$7.0 million) reflecting FY24 profitability and the impact of the capital raise related to the ACWE acquisition which has changed the shape of our balance sheet.

Noteworthy year on year balance sheet movements include:

- Cash balance up by \$0.3 million – refer to Cash Flow comments below
- Trade & Other Receivables up by \$5.1 million – ACWE \$4.4 million reflective of payment timing being more end of matter arrangements
 - A full and thorough review of all debtors and WIP balances was performed during the year with many longstanding amounts written off against the provision which was increased at H1 FY23
 - The review also highlighted the need for an additional provision related to a legacy matter following finalisation of a litigation funding negotiation – see page 3 for FY24 normalisation
- Intangibles largely unchanged with minimal Goodwill from the ACWE acquisition (\$0.3 million) offset by amortisation charges during the year
- Trade & Other Payables down by \$0.9 million primarily due to the release of a \$0.7 million legacy tax provision which was considered not required
- Borrowings of \$3.6 million to fund ACWE acquisition (\$2.7 million) and various earn out payments (\$1.0 million) made during FY24

Cash Flow

Operating cash flow for the full year was an inflow of \$0.5 million (2023: inflow of \$1.1 million) due in part to a number of one-off type outflows:

- Prior year BAS \$0.5 million (following tax and related extensive reconciliation exercise)
- Payments made to former executives \$0.4 million
- GST payment related to acquisition \$0.3 million (recovered early FY25)
- Acquisition costs \$0.2 million
- Increase in WIP and Debtors of \$0.7 million in core business due primarily to growth and timing issues

The overall outflow from investing activities of \$4.1 million was primarily due to the acquisition of Armstrong Contested Wills & Estates (\$2.7 million) and payments made in relation to the deferred consideration for both Watts McCray and Kordos (\$1.0 million). Additionally, there were increases in fixed assets (\$0.4 million) predominantly related to new offices and additional IT expenditure.

The overall inflow from financing activities of \$3.8 million was primarily due to borrowings of \$3.6 million and the net proceeds from shares issued in the capital raise of \$1.7 million, partly offset by the payment of lease liabilities (\$1.1 million) and dividend payments to non-controlling interests (\$0.4 million).

Overall, this delivered a net cash outflow for FY24 of \$0.3 million.

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 Ernst & Young 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 the Non-Executive Chair of ASX listed Energy Resources of Australia Limited, Motorcycle Holdings Limited, and Non-Executive Director of ASX listed Apiam Animal Health Limited, Cettire Limited and Step One Clothing Limited.



Dr Sarah Kelly OAM

Non-Executive Director
PhD, MBA, LLB (Hons), BCom (University of Qld), AICD

Sarah was appointed as an independent Non-Executive Director on 30 August 2021.

Serving on a range of corporate, government and not-for-profit boards, across a variety of sectors since 2013, Sarah is a highly respected and accomplished business leader and company director and is Professor and Head of the QUT Graduate School of Business. She has over 30 years of commercial experience, including as a commercial lawyer, strategy consultant and researcher.

Sarah currently serves as a non-executive director on several boards, including as Deputy Chair of the Brisbane Lions AFL Football Club, Deputy Chair Tourism and Events Qld, and as a Director on the Brisbane 2032 Games Organising Committee. She is the Queensland Chapter Leader for the Minerva Network, a national social enterprise concerned with providing mentoring by c-suite women to professional sportswomen.

In 2021, she was awarded an Order of Australia Medal for service to tertiary education and sports administration.

Sarah was a Non-Executive Director of ASX listed MSL Solutions between March 2022 and February 2023.



Mr Peter Johns

Non-Executive Director
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).

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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/COO in November 2022. He has over 25 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's Services Group, Ross Human Directions, and Woolworths.

Chris's management style is characterised by calmness and a sense of humour, inspiring teams to excel and fostering a work environment based on mutual respect and trust.



Ms Stace Boardman

Chief Financial Officer / Chief Operating Officer
CPA, B.Bus (ProfAcc)

Stace was appointed to the Group executive team 29 July 2019 and is currently the CFO/COO. Stace is a seasoned CPA with over 20 years of finance and operations experience, including 15 years in law firms. She has worked with senior and executive management both nationally and internationally across various sectors.

Stace is responsible for the firm's day-to-day operational management and strategic development, focusing on client relationships, team and financial performance, and system and process improvement.

Her leadership, marked by a strong emphasis on people development and operational efficiency, ensures that the firm continues to thrive while creating a supportive environment for both clients and team members.

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.

*Ms. Priyamvada (Pia) Rasal (Resigned 11 June 2024)

DIRECTORS REPORT

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	8	8	3	3	3	3
Sarah Kelly	8	4	3	1	3	1
Peter Johns	8	8	3	3	3	3

* represents the number of meetings held during the period which the relevant Director was appointed.

Outside of formal Board meetings, the Board meets on a regular basis 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 on 100 shares on issue as follows:

- at \$4,082 per share, the total dividend being \$408,164 paid out to shareholders:
 - AF Legal Pty Ltd \$208,164
 - Non-controlling interests \$200,000
- At \$4,852 per share, the total dividend being \$485,183 paid out to shareholders:
 - AF Legal Pty Ltd \$247,443
 - Non-controlling interests \$237,740

Environmental Regulations

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

DIRECTORS REPORT

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 section 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 2024:

	30 June 2024 \$'000	30 June 2023 \$'000
Taxation compliance service – preparation of tax return and other tax matters	38	23
Tax and financial agreed upon procedures	-	16
Total	38	39

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, 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.

DIRECTORS REPORT

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 20 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 law. The Group provides advice to clients in respect of divorce, separation, property, children's matters and wills and estates together with related and ancillary services such as litigation.

During the financial year the Group's areas of specialisation expanded from the previous single focus on family and relationship law to now also include a new area of law, that being contested wills and estates law, as a consequence of the acquisition of Armstrong Contested Wills & Estates.

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 2024 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 2024. 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)
- Dr. Sarah Kelly OAM, Non-Executive Director (appointed 30 August 2021)
- 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)

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.

REMUNERATION REPORT (AUDITED)

Details of remuneration

	Cash salary & fees	Bonus	Superannuation	Shares/ Performance rights	Total
2024	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Non-Executive Directors</i>					
Rick Dennis	65	-	-	-	65
Sarah Kelly	36	-	4	-	40
Peter Johns	35	-	-	-	35
<i>Other Key Management Personnel</i>					
Grant Dearlove ¹	284	-	-	-	284
Stace Boardman ²	284	48	31	15	378
Christopher McFadden ³	360	60	46	36	502
Total	1,064	108	81	51	1,304

¹Grant Dearlove continued as a KMP member (Consultant) until the AGM 14 November 2023.

²Stace Boardman FY24 remuneration includes one-time \$63k bonus (\$48k paid in cash, \$15k in shares) as agreed in consultancy agreement from FY23.

³Christopher McFadden FY24 remuneration includes \$60k bonus paid as per CFO/COO employment agreement from FY23.

	Cash salary & fees	Bonus	Superannuation	Shares/ Performance rights	Total
2023	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Non-Executive Directors</i>					
Rick Dennis *	63	-	-	-	63
Sarah Kelly	32	-	3	-	35
Peter Johns *	22	-	-	-	22
Kevin Lynch *	28	-	-	-	28
<i>Executive Directors</i>					
Grant Dearlove ¹	-	-	-	-	-
<i>Other Key Management Personnel</i>					
Grant Dearlove ¹	325	163	-	-	488
Glen Dobbie ²	218	135	-	-	353
Pratyush Jagdishwala *	132	55	19	-	206
Stace Boardman ³	278	-	20	48	346
Christopher McFadden	196	-	20	11	227
Total	1,294	353	62	59	1,768

* Represents remuneration from date of appointment and/or to date of resignation.

¹Grant Dearlove resigned as a Director on 14 November 2022 but continued as a KMP member (Consultant) for the balance of financial year 2023.

²Glen Dobbie resigned as a Director on 30 June 2022 but continued as a KMP member (Consultant) in financial year 2023 until 29 November 2022.

³Stace Boardman FY23 remuneration includes \$30k in unused annual leave on initial termination (17 April 2023) and \$56k in consulting fees (17 April to 30 June 2023) all prior to her being re-employed as CFO/COO from 1 July 2023.

REMUNERATION REPORT (AUDITED)

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors</i>						
Rick Dennis	100%	100%	-	-	-	-
Sarah Kelly	100%	100%	-	-	-	-
Peter Johns	100%	100%	-	-	-	-
<i>Executive Directors</i>						
Grant Dearlove ¹	-	-	-	-	-	-
<i>Other Key Management Personnel</i>						
Grant Dearlove ¹	100%	67%	-	33%	-	-
Pratyush Jagdishwala *	-	73%	-	27%	-	-
Stace Boardman ²	83%	86%	-	-	17%	14%
Christopher McFadden	81%	95%	-	-	19%	5%

* Represents remuneration from date of appointment and/or to date of resignation

¹ Grant Dearlove resigned as a Director on 14 November 2022 but continued as a KMP member (Consultant) in financial year 2023 until 14 November 2023

² Stace Boardman FY23 remuneration includes \$30k in unused annual leave on initial termination (17 April 2023) and \$56k in consulting fees (17 April to 30 June 2023) all prior to her being re-employed as CFO/COO from 1 July 2023.

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:	Base remuneration of \$70,000 paid as consultancy fees, to be reviewed annually by the Remuneration and Nomination Committee. 3-month termination notice by either party.

Name:	Dr Sarah Kelly OAM
Title:	Non-Executive Director
Agreement commenced:	30 August 2021
Term of agreement:	None
Details:	Base remuneration of \$45,000, to be reviewed annually by the Remuneration and Nomination Committee. 3-month termination notice by either party. Eligible to participate in the Company's LTIP and STIP subject to KPI achievement.

REMUNERATION REPORT (AUDITED)

Name:	Peter Johns
Title:	Non-Executive Director
Agreement commenced:	15 November 2022
Term of agreement:	None
Details	Base remuneration of \$35,000 paid as consultancy fees, to be reviewed annually by the Remuneration and Nomination 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:	Salary of \$399,600 including superannuation, to be reviewed annually by the Remuneration and Nomination 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 Remuneration and Nomination Committee. Restraint period, non-solicitation and non-compete clauses.

Name:	Stace Boardman
Title:	Chief Financial Officer & Chief Operating Officer
Agreement commenced:	1 July 2023
Term of agreement:	None
Details:	Salary of \$321,900 including superannuation, to be reviewed annually by the Remuneration and Nomination 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 Remuneration and Nomination Committee. Restraint period, non-solicitation and non-compete clauses.

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REMUNERATION REPORT (AUDITED)

Share-based compensation

Issue of shares

A total of 76,923 shares were issued to key management personnel during the year ended 30 June 2024. The 76,923 shares issued to key management personnel were on conversion of service rights.

Name	Issue date	Shares	Issue price
Stace Boardman	27 November 2023	76,923	0.195

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)
Grant Dearlove	505,000	16-12-21	30-06-23	16-12-24	-	40.5
Grant Dearlove	505,000	16-12-21	30-06-24	16-12-24	-	40.5
Glen Dobbie	410,000	16-12-21	30-06-23	16-12-24	-	40.5
Glen Dobbie	410,000	16-12-21	30-06-24	16-12-24	-	40.5
Kevin Lynch	50,000	16-12-21	30-06-23	16-12-24	-	40.5
Kevin Lynch	50,000	16-12-21	30-06-24	16-12-24	-	40.5
Sarah Kelly	35,000	16-12-21	30-06-23	16-12-24	-	40.5
Sarah Kelly	35,000	16-12-21	30-06-24	16-12-24	-	40.5
Christopher McFadden	1,180,000	01-03-23	30-06-24	01-03-27	-	11.5

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.

REMUNERATION REPORT (AUDITED)

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	-	-	-	-
Sarah Kelly	-	-	-	-
Peter Johns	10,845,300	2,711,326	-	13,556,626
Christopher McFadden	-	1,666,667	-	1,666,667
Stace Boardman	225,619	152,559	-	378,178
	11,070,919	4,530,552	-	15,601,471

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	Balance at the end of the year
Rick Dennis	-	-	-	-
Sarah Kelly	70,000	-	-	70,000
Peter Johns	-	-	-	-
Christopher McFadden	1,180,000	-	-	1,180,000
Stace Boardman	-	-	-	-
	1,250,000	-	-	1,250,000

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 2024
Expiry date	1 March 2027
Share price at grant date (cents)	11.5
Exercise price	-
Expected volatility	74%
Dividend yield	-
Risk-free interest rate	4.1%
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

REMUNERATION REPORT (AUDITED)

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

NPBT attributable hurdle for the purpose of granting the performance rights means achieving Profit Before Tax attributable to AFL shareholders of 3.0c per share in FY24, which equates to \$2.35m before tax.

- 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%)

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
30 August 2024

Corporate Governance

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 2024 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:

- 54% of its management staff are female
- 62% of its fee earning staff are female
- 77% of all of its staff are female.

On 30 August 2021, the Company appointed Dr. Sarah Kelly OAM as a Non-Executive Director. Dr. Sarah Kelly OAM is the only female on a Board of 3 (33%).

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Auditors Independence Declaration



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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 2024, 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.

A handwritten signature in blue ink that reads 'PKF'.

PKF BRISBANE AUDIT

A handwritten signature in blue ink that appears to read 'Tim Follett'.

TIM FOLLETT
PARTNER

BRISBANE
29 AUGUST 2024

PKF Brisbane Pty Ltd is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s). Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

		2024	2023
	Note	\$'000	\$'000
Revenue	3	21,862	18,881
Expenses			
Cost of sales		(8)	84
Employee expenses		(13,082)	(11,276)
Administrative expenses	4	(3,197)	(3,020)
Other expenses	5	(2,441)	(3,591)
Share based payment expense	6	(51)	(84)
Depreciation expense		(1,214)	(1,242)
Amortisation expense		(393)	(739)
Impairment expense	15	-	(6,569)
Total expenses		(20,386)	(26,437)
Profit/(Loss) before income tax		1,476	(7,556)
Income tax (expense)/benefit	7	124	(37)
Profit/(Loss) for the year after income tax		1,600	(7,593)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		1,600	(7,593)
Profit/(Loss) for the year attributable to:			
Non-controlling interest	26	638	509
The owners of AF Legal Group Ltd		962	(8,102)
Total comprehensive income/(loss) for the year attributable to:			
Non-controlling interest		638	509
The owners of AF Legal Group Ltd		962	(8,102)
Total comprehensive income/(loss) for the year		1,600	(7,593)
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share (cents)	9	1.17	(10.31)
Diluted earnings/(loss) per share (cents)	9	1.13	(10.31)

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 2024

		2024	2023
	Note	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	10	2,317	2,052
Trade and other receivables	11	9,543	4,476
Other current assets	12	1,073	896
Total current assets		12,933	7,424
Non-current assets			
Deferred tax assets	8(a)	2,532	1,907
Right of use assets	13	3,208	3,683
Plant and equipment	14	743	649
Intangible assets	15	4,293	4,382
Total non-current assets		10,776	10,621
Total assets		23,709	18,045
Liabilities			
Current liabilities			
Trade and other payables	16	1,985	2,880
Current tax liabilities	8(c)	221	243
Deferred consideration	17	625	1,194
Lease liabilities	18	981	792
Provisions	20	-	-
Employee benefits	21	1,039	801
Total current liabilities		4,851	5,910
Non-current liabilities			
Deferred tax liabilities	8(b)	2,046	1,458
Lease liabilities	18	2,334	2,904
Deferred consideration	17	375	250
Borrowings	19	3,591	-
Provisions	20	269	310
Employee benefits	21	269	171
Total non-current liabilities		8,884	5,093
Total liabilities		13,735	11,003
Net assets		9,974	7,042
Equity			
Equity attributable to the owners of AF Legal Group Ltd			
Issued capital	22	131,607	129,873
Reserves	23	276	240
Accumulated losses		(122,767)	(123,729)
Total equity attributable to the owners of AF Legal Group Ltd		9,116	6,384
Non-controlling interests	26	858	658
Total equity		9,974	7,042

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 2024

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	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 2022	129,507	1,140	(116,242)	14,405	500	14,905
Loss for the year	-	-	(8,102)	(8,102)	509	(7,593)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(8,102)	(8,102)	509	(7,593)
Performance rights converted to ordinary shares (note 22)	293	(911)	615	(3)	-	(3)
Issue of performance rights	-	11	-	11	-	11
Issue of shares to employees	73	-	-	73	-	73
Total transactions with owners and other transfers	366	(900)	615	81	0	81
Dividends paid	-	-	-	-	(351)	(351)
Balance at 30 June 2023	129,873	240	(123,729)	6,384	658	7,042
Balance at 1 July 2023	129,873	240	(123,729)	6,384	658	7,042
Profit for the year	-	-	962	962	638	1,600
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	962	962	638	1,600
Performance rights converted to ordinary shares (note 22)	-	-	-	-	-	-
Issue of performance rights	-	36	-	36	-	36
Issue of shares via entitlement offer	1,899	-	-	1,899	-	1,899
Cost of entitlement offer	(180)	-	-	(180)	-	(180)
Issue of shares to employees	15	-	-	15	-	15
Total transactions with owners and other transfers	1,734	36	-	1,770	-	1,770
Dividends paid	-	-	-	-	(438)	(438)
Balance at 30 June 2024	131,607	276	(122,767)	9,116	858	9,974

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 2024

		2024	2023
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		20,050	23,191
Payments to suppliers and employees		(19,009)	(21,923)
Net interest paid		(54)	(2)
Income tax paid		(442)	(200)
Net cash from operating activities	27	545	1,065
Cash flows from investing activities			
Payments for purchase of fixed assets		(360)	(582)
Payments for business combinations	25	(2,733)	-
Payments of deferred consideration		(1,000)	(432)
Payments for purchase of intangible assets		(24)	(183)
Net cash used in investing activities		(4,117)	(1,197)
Cash flows from financing activities			
Proceeds from issue of shares		1,733	-
Payment of dividends		(438)	(351)
Payments of lease liabilities		(1,049)	(1,098)
Net proceeds from/(payments for) borrowings		3,591	(116)
Net cash provided by/(used in) financing activities		3,837	(1,565)
Net increase/(decrease) in cash and cash equivalents		265	(1,697)
Cash and cash equivalents at the beginning of the financial year		2,052	3,749
Cash and cash equivalents at the end of the financial year	10	2,317	2,052

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 2024

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 29 August 2024 in accordance with a resolution of the Directors of the Company.

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.

Material Accounting Policies

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 2024, unless stated otherwise.

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 2024

1. Material Accounting Policies (continued)

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 15) for impairment considerations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. Material Accounting Policies (continued)

b) Revenue and Other Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. 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 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 being the term of the contracts, based on the level of effort 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

Work in progress is a contract asset, representing costs incurred and profit recognised on client cases that are in progress and have not yet been invoiced at the end of the reporting date. The recoverability of these amounts is assessed by management and any amounts in excess of the net recoverable value are provided for. Historical experience and knowledge of the client cases has been used to determine the net realisable value of work in progress at balance date and also the classification between current and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. Material Accounting Policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. Material Accounting Policies (continued)

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. Material Accounting Policies (continued)

h) Employee Benefits (continued)

Share-based payments (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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.

l) Intangibles other than Goodwill

Intellectual property

Intellectual property has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate cost of the intellectual property over the estimated useful life of the intellectual property which is 5 years.

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 2024

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 segment based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. One business segment has been identified (family law) and operations are only 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	4 to 5 years
Office equipment	10 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. Material Accounting Policies (continued)

p) Leases (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 2024. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 6 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 growth rates of the estimated future cash flows. Refer to Note 15 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 11, 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; incurrance 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3. Revenue

	2024	2023
	\$'000	\$'000
Legal fees	21,661	18,826
Interest income	7	1
Other income	194	54
Total revenue	21,862	18,881

4. Administration expenses

	2024	2023
	\$'000	\$'000
ASX, registries and company secretarial fees	119	149
Accounting and tax fees	259	259
Audit fees	114	78
Directors' fees	100	110
Marketing and advertising	1,050	1,003
Transaction costs	176	300
Computer and software expenses	957	621
Premises expenses	422	500
Total administration expenses	3,197	3,020

5. Other expenses

	2024	2023
	\$'000	\$'000
Office costs	521	488
Legal and professional fees	759	1,260
Insurance	302	295
Interest expense	257	228
Doubtful debts expense	304	959
Others	298	361
Total other expenses	2,441	3,591

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

6. Share based payment expense

	2024	2023
	\$'000	\$'000
Share based payment expense	51	84

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 Remuneration and Nomination 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 Remuneration and Nomination Committee.

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

2024

Name	Exercise price (\$)	Bal. at start of the year	Granted	Exercised	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	-	-	3,180,000

2023

Name	Exercise price (\$)	Bal. at start of the year	Granted	Exercised	Bal. at end of the year
Grant Dearlove	-	1,985,000	-	(975,000)	1,010,000
Glen Dobbie	-	1,620,000	-	(800,000)	820,000
Kevin Lynch	-	350,000	-	(250,000)	100,000
Sarah Kelly	-	70,000	-	-	70,000
Christopher McFadden	-	-	1,180,000	-	1,180,000
Total	-	4,025,000	1,180,000	(2,025,000)	3,180,000

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 G
Grant date	1 March 2023
Milestone date	30 June 2024
Expiry date	1 March 2027
Share price at grant date (cents)	11.5
Exercise price	-
Expected volatility	74%
Dividend yield	-
Risk-free interest rate	4.1%
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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

7. Income tax expense/(benefit)

	2024	2023
	\$'000	\$'000
Current tax	437	396
Deferred tax	(36)	(623)
Adjustments for current tax of prior periods	(560)	169
Adjustments for deferred tax of prior periods	35	95
	(124)	37
Deferred income tax expense/(income) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(589)	(999)
(Decrease)/increase in deferred tax liabilities	588	471
	(1)	(528)
Numerical reconciliation of income tax expense to prima facie tax payable		
Total profit/(loss) before income tax	1,476	(7,560)
Tax at the Australian tax rate of 25% (2023: 25%)	369	(1,890)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	32	1,663
General interest charges	175	-
Adjustment for current tax of prior periods	(17)	169
Adjustment for deferred tax of prior periods	35	95
Other adjustments	(718)	-
Income tax expense/(benefit)	(124)	37

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

8. Deferred and current tax

	2024	2023
	\$'000	\$'000
(a) Deferred tax assets		
The balance comprises temporary difference attributable to:		
Doubtful debts	142	336
Blackhole expenditure	85	100
Accruals	29	25
Provisions	414	320
Intangible assets	60	70
Unpaid superannuation	82	51
Tax losses	891	80
Lease liability	829	924
Total deferred tax assets	2,532	1,906
(b) Deferred tax liabilities		
The balance comprises temporary difference attributable to:		
Prepayments	(158)	(132)
Work in progress	(1,016)	(308)
Right of use assets	(802)	(921)
Intangible assets	-	-
Property, plant & equipment	(70)	(97)
Others	-	-
Total deferred tax liabilities	(2,046)	(1,458)
Net deferred tax assets/(liabilities)		
Deferred tax assets expected to be recovered within 12 months	696	765
Deferred tax assets expected to be recovered after more than 12 months	1,836	1,141
Deferred tax liabilities expected to be settled within 12 months	(1,174)	(440)
Deferred tax liabilities expected to be settled after more than 12 months	(872)	(1,018)
	486	(448)
Movement in deferred tax		
Opening balance	448	(80)
Opening balance adjustment (acquired)	-	(95)
Credited/(charged) to the statement of comprehensive income	1	623
Others	37	-
	486	448
(c) Current tax		
Current tax liabilities	221	243

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

9. Earnings per share

	2024	2023
	Cents	Cents
Basic and diluted earnings/(loss) per share		
From continuing operations	1.17	(10.31)
Total basic earnings/(loss) per share	1.17	(10.31)
From continuing operations	1.13	(10.31)
Total diluted earnings/(loss) per share	1.13	(10.31)
Profit/(Loss) attributable to the owners of the Group	\$'000	\$'000
Profit/(loss) from continuing operations	962	(8,102)
Net profit/(loss) attributable to the owners of the Group	962	(8,102)
Weighted average number of ordinary shares for the purposes of:	Nos.	Nos.
Basic earnings/(loss) per share	81,902,233	78,561,418
Diluted earnings/(loss) per share	85,082,233	78,561,418

The diluted number of shares above includes 3,180,000 performance rights.

10. Cash and cash equivalents

	2024	2023
	\$'000	\$'000
Cash at bank	2,317	2,052
Total cash and cash equivalents	2,317	2,052

11. Trade and other receivables

	2024	2023
	\$'000	\$'000
Trade receivables	6,047	4,585
Provision for doubtful debts	(567)	(1,342)
	5,480	3,243
Work in progress	4,063	1,233
Total trade and other receivables	9,543	4,476

\$'000	Gross amount	Past due and impaired	Past due but not impaired			
			<30 days	30-60 days	61-90 days	90+ days
2024	6,047	567	2,328	637	253	2,829
2023	4,585	1,342	1,686	299	200	1,058

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

12. Other current assets

	2024	2023
	\$'000	\$'000
Security deposit	185	102
Prepayments	715	529
Vendor loan	97	197
Other receivables	76	68
Total other current assets	1,073	896

Vendor loan relates to amount receivable from the vendor of Withnalls Lawyers and will be set-off against the dividends declared and paid from that entity.

13. Right of use assets

	2024	2023
	\$'000	\$'000
Building – right of use	7,115	6,660
Less: Accumulated depreciation	(3,907)	(2,977)
Total right-of-use assets	3,208	3,683

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.

14. Plant and equipment

	2024	2023
	\$'000	\$'000
Furniture and fittings		
Cost	511	294
Less: Accumulated depreciation	(280)	(234)
Written down value	231	60
Leasehold improvements		
Cost	168	168
Less: Accumulated depreciation	(51)	(22)
Written down value	117	146
Computer equipment		
Cost	874	733
Less: Accumulated depreciation	(479)	(290)
Written down value	395	443
Total plant and equipment	743	649

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

14. 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 2022	277	104	376	758
Purchases during the year	17	64	357	438
Measurement period adjustment	-	-	-	-
Business combinations	-	-	-	-
Balance as at 30 June 2023	294	168	733	1,195
Balance as at 1 July 2023	294	168	733	1,195
Purchases during the year	217	-	141	358
Measurement period adjustment	-	-	-	-
Business combinations	-	-	-	-
Balance as at 30 June 2024	511	168	874	1,553
Accumulated depreciation				
Balance as at 1 July 2022	172	-	149	321
Depreciation expense	62	22	141	225
Balance as at 30 June 2023	234	22	290	546
Balance as at 1 July 2023	234	22	290	546
Depreciation expense	46	29	189	264
Balance as at 30 June 2024	280	51	479	810
Written down value				
As at 30 June 2023	60	146	443	649
As at 30 June 2024	231	117	395	743

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

15. Intangible assets

	2024	2023
	\$'000	\$'000
Goodwill		
Opening Balance	3,862	10,431
Measurement period adjustment	-	-
Goodwill from business combination	280	-
Impairment	-	(6,569)
Net carrying amount	4,142	3,862
Intellectual Property		
Opening Balance	222	464
Less: Amortisation expense	(222)	(242)
Net carrying amount	-	222
Website		
Opening Balance	298	612
Additions	11	183
Less: Amortisation expense	(158)	(497)
Net carrying amount	151	298
Total intangible assets	4,293	4,382

Reconciliations

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

	Goodwill	Intellectual Property	Website	Total	
	\$'000	\$'000	\$'000	\$'000	
	Note	\$'000	\$'000	\$'000	
Balance as at 1 July 2022		10,431	464	612	11,507
Additions		-	-	183	183
Measurement period adjustment		-	-	-	-
Impairment		(6,569)	-	-	(6,569)
Amortisation expense		-	(242)	(497)	(739)
Balance as at 30 June 2023		3,862	222	298	4,382
Balance as at 1 July 2023		3,862	222	298	4,382
Additions		-	-	11	11
Measurement period adjustment		-	-	-	-
Business combination		280	-	-	280
Amortisation expense		-	(222)	(158)	(380)
Balance as at 30 June 2024		4,142	-	151	4,293

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

15. Intangible assets (continued)

FY24 goodwill includes the acquisition of the ACWE team on the 3 April 2024 generating \$0.3 million of goodwill.

Impairment tests for goodwill

The total amount of goodwill has been allocated to identified CGU's, being geographical regions.

	2024	2023
	\$'000	\$'000
Sydney and Melbourne	2,993	2,752
Brisbane	451	412
Darwin	698	698
Total	4,142	3,862

The consolidated entity tests whether goodwill and other intangible assets have suffered any impairment on an annual basis, or more frequently, if required. A detailed impairment assessment was conducted at 30 June 2024, being the annual impairment assessment date for the Group (no change from the prior year).

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 FY29 (the forecast period) using growth rates deemed appropriate by management. FY29 also includes a terminal value. The present value of the expected cash flows was determined by applying a suitable discount rate.

The various assumptions used are outlined below:

Assumptions

Budget period	1 year from 1 Jul 24
Forecast period	4 years from 1 Jul 25
Growth Rate	5.0%
Maintenance Capex. Growth rate	10.0%
WACC	13.63%
Terminal Growth Rate	2.0%

The growth rate reflects management's conservative view of longer-term average growth rates. The projected revenue growth rates are considered appropriate based on experience and forecast of the growth of the market for family legal services. The discount rate or weighted average cost of capital ("WACC") reflects appropriate adjustments relating to market risk and specific risk factors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

15. Intangible assets (continued)

Impairment

There was no impairment loss recognised during the year, with the recoverable amount of each cash generating unit exceeding the carrying value of assets tested for impairment.

Sensitivities

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 2.5%
- Terminal growth rate decreases by 2.5%

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

16. Trade and other payables

	2024	2023
	\$'000	\$'000
Trade payables	188	897
GST payable	14	302
Accrued expenses	1,006	521
Payroll payables	777	1,160
Total trade and other payables	1,985	2,880

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

17. Deferred consideration

	2024	2023
	\$'000	\$'000
Current	625	1,194
Non-current	375	250
Total deferred consideration	1,000	1,444

Change in deferred consideration payable during the year		
Balance at 1 July	1,444	1,875
Additions through business combinations	750	-
Settled during the year	(1,194)	(431)
Balance at 30 June	1,000	1,444

18. Lease liabilities

	2024	2023
	\$'000	\$'000
Current	981	792
Non-current	2,334	2,904
Total lease liabilities	3,315	3,696

Change in lease liabilities during the year		
Balance at 1 July	3,696	1,518
Additions	782	3,501
Interest expense	(196)	(225)
Lease repayments	(967)	(1,098)
Balance at 30 June	3,315	3,696

During the year, the Group signed the following leases:

- Office lease at 4/457-459 Esplanade Manly QLD. The lease commenced on 1 February 2024 for 2 years.
- Office lease at Centretown Plaza Suites 8&9 128-134 Crown Street, Wollongong NSW. The lease commenced on 15 April 2024 for 2 years with a 1-year renewal option.
- Office lease at AMP Building Level 6, 1 Hobart Place Canberra, ACT. The lease is commenced on 1 March 2024 for 4 years.
- Office lease at Ground Floor, 165 Varsity Parade, Varsity Lakes, QLD. The lease commenced on 15 February 2024 for 3 years with a 3-year renewal option.
- Office lease at Level 2/52 Davidson Terrace, Joondalup WA. The lease commenced on 13 May 2024 for 3 years with a 1-year renewal option.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

19. Borrowings

	2024	2023
	\$'000	\$'000
NAB Finance Facility	3,591	-
Total borrowings	3,591	-

The Group has secured a \$9.0 million corporate markets loan facility to fund future acquisitions. The facility is for a term of 3 years to January 2027. \$1.0 million was drawn down in February 2024 to assist with earn out payments and \$2.7 million in April 2024 for the acquisition of the ACWE team.

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 FY24 and is not expecting any breaches during FY25.

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

20. Provisions

	2024	2023
	\$'000	\$'000
Current		
Make-good provision	-	-
Non-current		
Make-good provision	269	310
Total Provisions	269	310

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

21. Employee benefits

	2024	2023
	\$'000	\$'000
Current		
Annual leave entitlement	693	589
Long service leave entitlement	346	212
	1,039	801
Non-current		
Long service leave entitlement	269	171
Total Employee benefits	269	383

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.

22. Issued capital

	2024	2024	2023	2023
	Shares	\$'000	Shares	\$'000
Ordinary shares fully paid	91,299,204	131,607	78,561,418	129,873

Movement in ordinary share capital:

Details	Date	Shares	Issue price (\$)	\$'000
Opening Balance	30 June 2023	78,561,418	-	129,873
Issue of shares to employees as per STI/LTI	27 Nov 2023	76,923	0.195	15
Issue of shares from Entitlement offer	27 Mar 2024	12,660,863	0.150	1,899
Entitlement offer costs	27 Mar 2024	-	-	(180)
Closing Balance	30 June 2024	91,299,204	-	131,607

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

23. Equity – reserves

	2024	2023
	\$'000	\$'000
Share based payments reserve	276	240

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

24. Contingent liabilities and contingent assets

In the opinion of the Directors, there are no material contingent liabilities or contingent assets as at 30 June 2024 and as at the date of this report.

25. Business combinations

On 3 April 2024 (effective date 2 April 2024) the Group acquired the Armstrong Contested Wills and Estates (ACWE) Legal Team and associated business assets from Armstrong Legal, a fully owned law firm subsidiary from Go To Court Holdings Pty Ltd. The acquirer was the newly registered wholly owned subsidiary of AF Legal Group Limited, Armstrong Contested Estates Pty Ltd (via the AF Legal Contested Estates Holding Pty Ltd). Details of the business combination are noted below:

Purchase consideration:	\$'000
Cash consideration	2,733
Deferred consideration	750
	3,483
Assets and Liabilities acquired:	
Work in progress	2,678
Trade receivables	851
Bad debts provision	(170)
Trade payables (net of unbilled and unpaid disbursements)	44
Employee benefits	(236)
Deferred tax asset	36
Fair Value of Assets and Liabilities acquired	3,203
Goodwill on acquisition **	280

* an impairment provision was created at acquisition and considered as adequate recognition of recovery

** Goodwill is attributable to the high profitability of the acquired business assets and synergies expected. Provisional accounting for the business acquisition has been completed.

In accordance with accounting principles of Business Combinations, the financial results reported herein contain the results for the full reporting period and the results of the ACWE team from the point of acquisition effective date, 2 April 2024. In the three months to 30 June 2024, the ACWE team contributed a statutory profit of \$0.4 million to the Group's results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

26. Interest 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	
		2024	2023
AF Legal Pty Ltd	Australia	100%	100%
Watts McCray (NSW) Pty Ltd	Australia	100%	100%
Withnall Cavanagh & Co. Pty Ltd	Australia	51%	51%
AF Legal (Wollongong) Pty Ltd	Australia	75%	75%
AF Legal (Gold Coast) Pty Ltd	Australia	75%	75%
AF Legal Contested Estates Holding Pty Ltd	Australia	100%	-
Armstrong Contested Estates Pty Ltd	Australia	100%	-

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

	2024	2023
	\$'000	\$'000
<i>Summarised statement of financial position</i>		
Current assets	3,481	2,587
Non-current assets	1,202	675
Total assets	4,683	3,262
Current liabilities	598	1,044
Non-current liabilities	2,268	949
Total liabilities	2,866	1,993
Net assets	1,817	1,269
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Profit after income tax expense	1,441	987
Other comprehensive income	-	-
Total comprehensive income	1,441	987
<i>Other financial information</i>		
Profit attributable to non-controlling interests	638	509
Accumulated non-controlling interests at the end of reporting period	858	658

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

27. Cash Flow information

	2024	2023
	\$'000	\$'000
Reconciliation of profit/(loss) for the year to cash flows from operating activities		
Profit/(loss) for the year	1,600	(7,593)
Non-cash and non-operating activities		
Depreciation and amortisation	1,606	1,981
Impairment	-	6,569
Doubtful debt expense	-	959
Interest on lease liability	196	-
Share based payment	36	-
Write back of deferred consideration	(193)	-
Changes in assets and liabilities:		
Trade and other receivables	(1,612)	(543)
Tax	(23)	-
Trade and other payables	(955)	(445)
Provisions	67	137
Other assets	(177)	-
Net cash inflows from operating activities	545	1,065

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 2024. As at the reporting date, the following assets and liabilities were exposed to Australian variable and fixed interest rates:

	Weighted Average Interest Rate %	2024 \$'000	Weighted Average Interest Rate %	2023 \$'000
<i>Variable Interest</i>				
Cash and cash equivalents	0.01%	2,317	0.01%	2,052
<i>Fixed interest</i>				
Borrowings	7.88%	3,591	-	-
Lease liabilities	6.00%	3,315	6.00%	3,696

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

28. Financial instruments (continued)

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 2024.

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

	2024	2023
	\$'000	\$'000
Short-term employee benefits	1,172	1,647
Post-employment benefits	81	62
Share based payments	51	59
Total KMP compensation	1,304	1,768

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 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

31. Parent entity disclosures

	2024	2023
	\$'000	\$'000
Loss for the year	(1,536)	(9,861)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,536)	(9,861)

Financial position of the parent at year end

Current assets	267	67
Total assets	4,335	10,910
Current liabilities	501	1,121
Total liabilities	5,961	5,872

Total equity of the parent entity comprising of

Contributed equity	131,607	129,873
Reserves	276	240
Accumulated losses	(133,509)	(125,076)

32. Auditors' remuneration

	2024	2023
	\$'000	\$'000
Audit and review of the financial reports	71	61
Taxation services	38	23
Tax and financial agreed upon procedures	-	16
Total auditors remuneration	109	100

33. Events after the reporting period

No other matter or circumstance has arisen since 30 June 2024 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 42, 264 George Street
Sydney NSW 2000

Consolidated Entity Disclosure Statement

In accordance with recent changes to the *Corporation Act 2001* section 295(3A)(a) effective on or after 1 July 2023, 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 CONTESTED ESTATES HOLDINGS PTY LTD	Body Corporate	n/a	100	Australia	Australian
ARMSTRONG CONTESTED ESTATES 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 2024 and of its performance for the financial year ended on that date;
- 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 57 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
30 August 2024
Sydney

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 2024, 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 2024 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 Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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. These matters were 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 these matters. 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

As at 30 June 2024 the carrying value of intangible assets is \$4,293,000 (2023: \$4,382,000), as disclosed in Note 15. For the year ended 30 June 2024, provisional goodwill from an acquisition of \$280k was recorded in Note 25.

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 the balance;
- the goodwill resulting from the business combination;
- the significant audit effort required to test the goodwill resulting from the business combination and impairment assessment; and
- the level of judgement applied in evaluating the goodwill resulting from the business combination and management's assessment of impairment

As outlined in Notes 1, 15 and 25, 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.

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, and accordingly the amount of impairment charge recorded.

How our audit addressed the key audit matter

In assessing this key audit matter, our work included, but was not limited to:

- 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;
 - assessing forecasted costs to ensure appropriate costs are included commensurate to the achievement of revenue forecasts;
 - evaluating terminal value growth rates and calculations.
- assessing the appropriateness of any changes in model and key assumptions;
- assessing the appropriateness of the CGU designations applied;

Why significant

How our audit addressed the key audit matter

- reviewing the acquisition accounting for provisional goodwill, including: purchase documentation including contracts and sale agreements; the appropriateness of the valuation methodology of the assets acquired; the fair value of consideration and recognition of deferred consideration; any specific identifiable intangible assets acquired;
- assessing the appropriateness of the related disclosures in Note 15 and 25

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 2024, 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
- c) 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.

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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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024. 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 2024 complies with section 300A of the *Corporations Act 2001*.



PKF BRISBANE AUDIT



TIM FOLLETT
PARTNER

BRISBANE
29 August 2024

Shareholder Information

The shareholder information set out below was applicable as at 20 August 2024

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Holding Ranges	Holders	Total Units	% of Issued Share Capital
1 - 1,000	117	19,344	0.02%
1,001 - 5,000	107	315,464	0.35%
5,001 - 10,000	152	1,385,580	1.52%
10,001 - 100,000	243	9,422,836	10.32%
100,001 and above	104	80,155,980	87.79%
Totals	723	91,299,204	100.00%

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.14 per unit	3,572	186	167,827

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	10.95%
MRS ROSHEENI CHRISTINA DOBBIE	5,425,000	5.94%
MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	5,069,705	5.55%
SMITHSTOCK PTY LTD <WARIALDA 1 UNIT A/C>	5,000,000	5.48%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	3,965,839	4.34%
DMX CAPITAL PARTNERS LIMITED	3,925,000	4.30%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,622,233	2.87%
WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C>	2,258,788	2.47%
MRS JULIANNE PATRICIA DEARLOVE <DEARLOVE FAMILY INV A/C>	2,147,375	2.35%
VELKOV FUNDS MANAGEMENT PTY LTD <VICTOR VALUE FUND A/C>	2,100,000	2.30%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,923,323	2.11%
MR CHRISTOPHER JOHN MCFADDEN & MRS TOULA MCFADDEN <CHRISTOULA SUPER FUND A/C>	1,666,667	1.83%
WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C>	1,297,838	1.42%
MR EWAN ROBERT GRENFELL WINDSOR & MRS FRANCES EMILY WINDSOR <WINDSOR FAMILY A/C>	1,250,000	1.37%
RANAN INVESTMENT PL	1,200,000	1.31%
L&K HOLDING COMPANY PTY LTD <THE LYNCH FAMILY A/C>	1,149,644	1.26%
MR DOUGLAS JOHN WHELAN	1,107,634	1.21%
VANESSA MARIE FARMER	1,064,969	1.17%
L J O'BRIEN SUPER PTY LTD <L J OBRIEN SUPERFUND A/C>	1,026,325	1.12%
JET INVEST PTY LTD <RJC INVESTMENT A/C>	1,020,000	1.12%
Total	55,220,340	60.48%
Total Issued Capital	91,299,204	100.00%

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SHAREHOLDER INFORMATION

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, and the percentage of total issued capital are:

Holder Name	Date of Interest	Number of ordinary shares on date of interest ¹	% of issued capital on date of interest ¹	Current number of ordinary shares ²	Current % of issued share capital ³
WESTFERRY OPERATIONS PTY LTD <WESTFERRY LEGAL SERVICES A/C> & <THE WESTFERRY FUND A/C>	3 Apr 2024	13,556,626	14.85%	13,556,626	14.85%
ROSHEENI CHRISTINA DOBBIE	14 Sep 2021	4,303,786	5.73%	5,425,000	5.94%
SMITHSTOCK PTY LTD <WARIALDA 1 UNIT A/C>	2 Jul 2024	5,000,000	5.48%	5,000,000	5.48%
DMX ASSET MANAGEMENT LIMITED	8 Apr 2024	4,925,000	5.39%	4,925,000	5.39%
MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C> ⁴	13 Apr 2021	4,814,094	6.64%	5,069,705	5.55%
Total		32,962,390	37.79%	33,976,331	37.16%

¹ As disclosed in the most recent substantial shareholder notice lodged with the ASX by the substantial shareholder.

² The current number of shares held by the holder of the Company as at 20 August 2024.

³ The percentage based on the number of shares held by the substantial holder relative to the total issued share capital of the Company as at 20 August 2024.

⁴ Information is based on the substantial shareholders notices as lodged and may not reconcile with the Top 20 as at 20 August 2024.

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
Dr. Sarah Kelly OAM
Mr. Peter Johns

Non-Executive Chair
Non-Executive Director
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 42, 264 George Street
Sydney NSW 2000

Auditors

PKF Brisbane Audit
Level 2, 66 Eagle Street
Brisbane QLD 4000

Share Registry

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

Solicitors

Addisons
Level 12, 60 Carrington 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>