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Variation of Employment Agreement of CEO and Issue of Shares and Performance Rights under Long Term Incentive Plan (LTIP)

AF Legal Group Limited (**ASX:AFL** or the **Company**) advises that:

- the Company has entered into a Deed of Variation of Employment Agreement with Chris McFadden, Chief Executive Officer (**CEO**). For the purposes of Listing Rule 3.16.4 and for all other purposes, the material changes to the Employment Agreement of the CEO are summarised below; and
- its Board of Directors has resolved to issue Shares and Performance Rights to Chris McFadden, CEO and Stace Boardman, CFO and COO under its Long Term Incentive Plan adopted on 14 November 2023 (**LTIP**) as set out below.

Variation of Employment Agreement of CEO

We refer to the Company's market announcement dated 12 July 2023 (**July 2023 Announcement**) regarding the appointment of Chris McFadden as CEO of the Company.

The July 2023 Announcement contained a summary of the material terms and conditions of employment of Chris McFadden.

The Company has entered into a Deed of Variation of Employment Agreement with Chris McFadden on 28 August 2025 under which the terms and conditions of his Employment Agreement are varied (**Variations**).

The purpose of the Variations is to clarify certain matters regarding the award of short term and long term incentives. In particular, it will be clarified that the performance hurdles as summarised in the July 2023 Announcement only apply to the 1,180,000 performance rights issued to Chris McFadden on 1 March 2023 and that any future performance rights will be issued in accordance with the LTIP adopted by the Company (as amended from time to time) and within the discretion of the Board.

Furthermore, under the Variations, it is clarified that notwithstanding anything else in the LTIP rules, as applicable from time to time, any current and future performance rights (including the performance rights granted on 1 March 2023 to Chris McFadden), options, or any other pending (unvested or unexercised) share entitlements granted or issued (under the LTIP or otherwise) to Chris McFadden and which remain outstanding (i.e. have not lapsed or expired) (**Outstanding Performance Rights**) automatically convert into fully paid ordinary shares in the Company if a change of control event (as defined in the LTIP) occurs with respect to the Company, for example, through a merger, acquisition or takeover.



Issue of Shares and Performance Rights under LTIP

On 28 August 2025 the Board of the Company has approved the following awards under the LTIP with respect to the financial year ended 30 June 2025 (**FY25**):

Employee name and role	Awards under LTIP for FY25
Chris McFadden, CEO	<ul style="list-style-type: none">• 1,300,000 fully paid ordinary shares to be held in escrow until 1 July 2028• 409,091 performance rights to acquire fully paid ordinary shares for nil consideration
Stace Boardman, CFO and COO	<ul style="list-style-type: none">• 272,727 performance rights to acquire fully paid ordinary shares for nil consideration

The issue of 1,300,000 fully paid ordinary shares under the LTIP (**LTIP Shares**) to Chris McFadden should be considered an exception. The Board is mindful of unnecessary dilution of shareholders but considers it desirable to issue the LTIP Shares and the performance rights under the LTIP given the importance of Chris McFadden and Stace Boardman to the success of AF Legal Group.

The 1,180,000 performance rights issued to Chris McFadden on 1 March 2023 are due to expire on 1 March 2027 and the Board is of the view that it is unlikely that the performance hurdles will be met. However, if there is a change of control event (as defined in the LTIP) with respect to the Company prior to the expiry date of the performance rights, the 1,180,000 performance rights will automatically convert into 1,180,000 fully paid ordinary shares, irrespective of whether the performance hurdles have been met.

A summary of the material terms of the performance rights issued under the LTIP to Chris McFadden and Stace Boardman (**Performance Rights**) is set out in Annexure A.

-ENDS-

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

For any questions, please contact:

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Annexure A – Summary of Material Terms of the Performance Rights

Vesting Condition	All Performance Rights will vest on 1 July 2027, subject to continued employment of the relevant employee.
Expiry Date	1 July 2028
Issue Price	Nil.
Vesting / Exercise	Once vested, each Performance Right will convert into one fully paid ordinary share in the Company (Share).
Exercise Price	Nil.
Transferability	The Performance Rights are not transferable, except in accordance with clause 8.4 of the LTIP rules.
Change of Control	Performance Rights automatically convert into fully paid ordinary shares in the Company if a change of control event (as defined in the LTIP) occurs with respect to the Company.
Ranking of Shares	On and from the date of allotment, the Shares allotted pursuant to the conversion of the Performance Rights will rank equal with all existing ordinary shares of the Company including in respect of all rights and bonus issues.
Dividends	The Performance Rights will not give any right to participate in dividends until Shares are allotted pursuant to the conversion of the Performance Rights.
Listing of Shares	The Company will apply to the ASX within a reasonable time after Shares are allotted pursuant to the conversion of the Performance Rights if those Share are not already listed for those Shares to be listed.