



Annual Report 2022

Slater & Gordon Ltd

Contents

01	Business Highlights	12	Financial Statements
02	Our Business	13	Directors' Report
05	Chair's Report	32	Auditor's Independence Declaration
06	Chief Executive Officer's Report	33	Consolidated Statement of Profit or Loss and Other Comprehensive Income
08	People and Culture	34	Consolidated Statement of Financial Position
10	Social Responsibility	35	Consolidated Statement of Changes in Equity
		36	Consolidated Statement of Cash Flows
		37	Notes to the Financial Statements
		71	Slater & Gordon Ltd Directors' Declaration
		72	Independent Auditor's Report
		77	Additional ASX Information
		79	Corporate Directory

Business Highlights

+ Slater & Gordon is a leading Australian consumer law firm. Our mission is to give people easier access to world class legal services. The firm provides specialist legal and complementary services in a broad range of areas.

-10%

\$182.0m

Net Revenue¹

-40%

\$29.3m

EBITDA²

-85%

\$2.2m



Net Profit After Tax

16.6%

EBITDA Margin²

+2%

\$182.4m



Net Tangible Assets

-139%

\$(6.0)m



Gross Operating Cash Flow

+6

29

Net Promoter Score³

-1

63

Employee Engagement⁴

1. Statutory revenue.

2. EBITDA excluding specified items where specified items are certain cash and non-cash items relating to transformation and normalisation of the Company.

3. Source – Kantar April 2022.

4. Source – Kincentric March 2022.

Our Business

What we do

We **access justice** for all people. We champion voices struggling to be heard.

How we work

We unite to treat every client with **care and commitment**.

Why we do it

We make **tomorrow start today** for our clients.



Iconic and trusted brand

- 87+ years of caring for Australians’ rights
- Maintained #1 prompted and unprompted recall²
- Net Promoter Score of 29³

Deep physical networks staffed by skilled, diverse teams

- ~60¹ sites in VIC, NSW, ACT, QLD, NT and WA
- Well represented in chosen markets
- Unions and other referral relationships

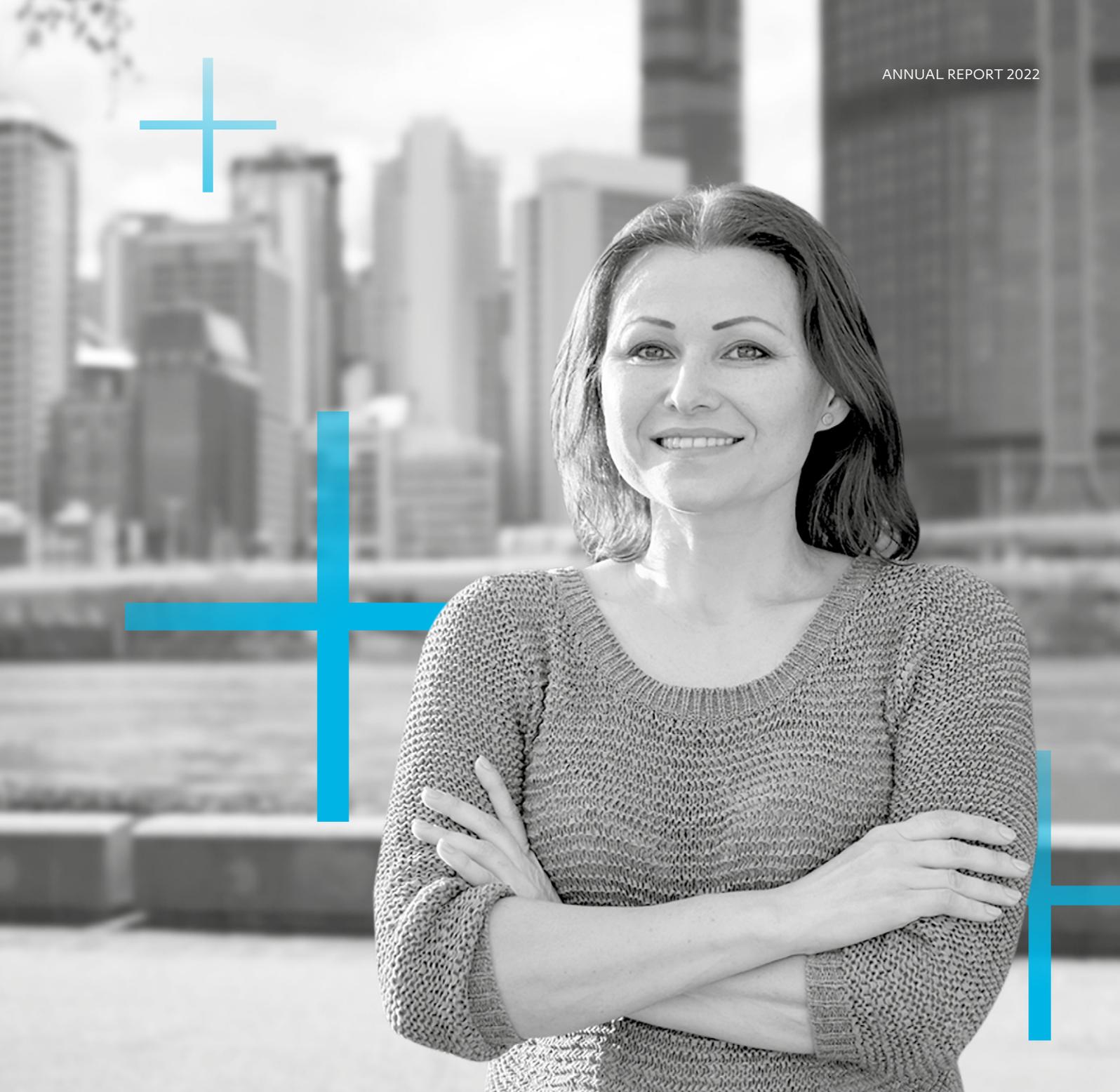
Highly focused business model

- Personal Injury⁴ – 87% of revenue
- Class Actions⁵ – 11% of revenue
- Emerging Services⁶ – 2% of revenue

Market-leading digital assets

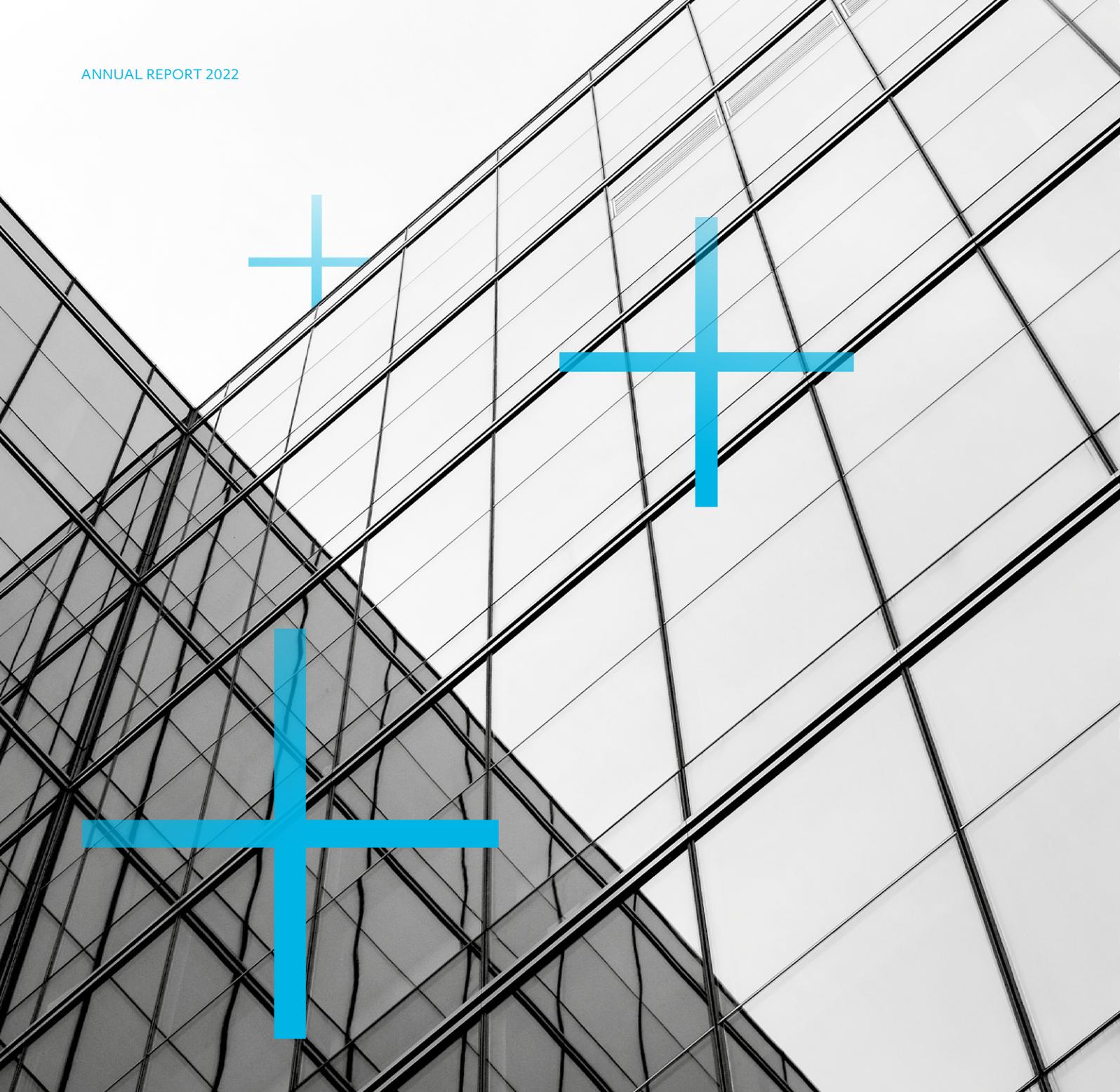
- Online claim assessment tool
- Outbound digital capability
- Advanced analytics supporting business decisions

1. Includes permanent, visiting, and virtual offices.
 2. Source – Nature: November 2021 – No 1 in all Vic, NSW, WA & No 2 in Qld.
 3. Source – Kantar April 2022.
 4. Personal Injury includes Motor Vehicle Accidents, Workers Compensation, Medical Negligence, Public Liability, Asbestos, Abuse, Military Compensation and Superannuation/TPD matters).
 5. Includes shareholder, superannuation, consumer protection, tort/product liability.
 6. Includes Compulsory Acquisition, Industrial and Employment.



Our ongoing commitment to our clients and our demand for the highest professional standards have helped make us Australia's largest personal injury law firm.⁷

7. IBISWorld Industry Report OD5519 April 2022.



**It is this commitment to our clients and to social justice
that has made a difference to millions of Australians
over our 87 year history.**

Chair's Report

I want to begin by thanking our people for their commitment to our clients and the care and compassion they have shown over the past 12 months. COVID remained an ominous threat throughout the financial year ended 30 June 2022 (FY22). The prolonged lockdowns in the first half of the financial year across Melbourne, Sydney and Canberra, as well as border closures in Western Australia and Queensland were challenging for our people and our clients. The resilience of our people shone through in the compassion and commitment they have provided to our clients and to each other.

In responding to COVID, our focus continued to be on protecting the health and wellbeing of our people and our clients and business resilience. The lockdowns in the first half of the financial year have impacted business performance and our FY22 result. Lockdowns and ongoing restrictions meant limited mobility amongst large parts of the population resulting in fewer work and road injuries and consequently in lower file openings and slower progression of files in the first half.

However, with the lockdowns and other restrictions being relaxed toward the end of the first half and into the second half and with people returning to the road and workplace, enquiry levels returned to pre-pandemic levels. The barriers to claims progression were reduced.

As a result, we were able to report a net profit after tax for FY22 of \$2.2m, which was a good turn-around from the \$7.5m loss reported at the half year. However, compared to the net profit after tax in FY21 of \$14.5m, the adverse impacts of the COVID lockdowns are apparent.

After two years of delays, we were pleased to finally come together in person to celebrate Slater & Gordon's 85 year anniversary. It was a wonderful opportunity to meet and celebrate the past as we work to shape our future. I want to thank our people, our special guests and our alumni for joining us in making it a very special celebration. I am very proud to be a part of such a wonderful community.

It is our people and our clients who make Slater & Gordon. From Bill Slater and Hugh Gordon and the workers of the RTBU in the beginning, to the many people and clients who have walked our hallways and through our doors over the past 87 years, to our people who work here today and our current clients.

I acknowledge and am grateful for the terrific support and hard work of my colleagues on the Board, the Company's leadership team and importantly, all our people. It is the commitment and care they show today that continues the legacy started by Bill Slater more than 87 years ago.

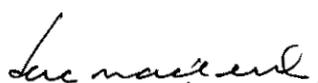
+ I acknowledge and am grateful for the terrific support and hard work of my colleagues on the Board, the Company's leadership team and importantly, all our people.

Our history is not walls and buildings, bricks and mortar; our history lives within all of us. Our history is our people and it is the clients that we've helped and the legacy we leave. That is a legacy of bravery and innovation, of protecting the right to justice for every Australian, and of standing up to big businesses, to insurers and to governments when they seek to exploit the power imbalance and deny Australians their rights. And our record on that is strong.

Whether it is the big class action cases we have taken on, the legislative reforms we have either championed or fought against when they seek to erode the rights of Australians to access justice, or the work we do for thousands of individuals every single day – it is this commitment to our clients and to social justice that has made a difference to millions of Australians over our 87 year history. The fabric of Australian society would be very different without Slater & Gordon and we were proud to have the opportunity to recognise and celebrate that.

Our friends within the union movement and within the legal profession, our regulators, industry bodies, our business partners and stakeholders are a core part of our success and I want to thank them all for their ongoing support.

There is no doubt that the past two years have been challenging for all, but these results demonstrate that the Company's strategy is continuing to deliver transformation and growth. Most importantly our commitment to our clients is unwavering. We have supported thousands of Australians to access justice and champion the voices of those who are struggling to be heard so that we can ensure their tomorrow starts today.



James MacKenzie
Chair

Chief Executive Officer's Report

FY22 was a tale of two halves for our Company.

The first half was characterised by continuing lockdowns and other restrictions on movement and work, imposed by governments to manage the ongoing COVID-19 pandemic. Those restrictions were felt particularly in Victoria and NSW, the two states where our business has its biggest presence. Although our people persevered to continue to care for and deliver terrific outcomes for our clients, there was an adverse impact on the performance of our business, with the Company reporting a net loss after tax of \$7.5m for the first half.

We were pleased the Company was able to manage through these challenges to support our people and embed flexible and hybrid working. During the continued lockdowns and restrictions in FY22, the Company continued its actions to protect the health and wellbeing of its clients and people and to protect its business, including the following:

- Offices being closed and our people working from home.
- A small skeleton staff continuing to work in offices during periods of restriction to deal with mail, banking and document retrieval.
- Further laptops and software licences were acquired to allow our people to continue to support clients and operate the Company's business with minimal disruption.
- As restrictions eased in various states and regions, offices were re-opened in a staged manner and subject to vaccination requirements, in line with recommendations from state governments and health officers.

Although, the impact of the COVID restrictions and the Omicron wave that occurred over summer continued to impact the business at the beginning of the second half of FY22, as our offices re-opened, as people began to return to the workplace, as mobility returned to the community and as courts and tribunals and other litigation-associated processes returned to almost pre-pandemic normality, we saw enquiry levels start to bounce back and matter progression return to more normal timing.

Pleasingly, we were able to turn the first half loss into a full year profit of \$2.2m. This is still significantly behind the FY21 net profit after tax of \$14.5m.

However, some of the results show the strength of the underlying business. Our fee revenue in FY22 of \$155.4m was better than in the prior corresponding period (PCP) of \$154.2m.

In FY22, WIP growth of \$26.6m declined against the PCP (FY21: \$48.1m), reflecting the slow-down in new file openings and the progression of matters.

+ Despite the challenges brought about by the ongoing disruption of the pandemic we made further progress to deliver on our *Looking Forward Strategy*.

None of our 20 class actions settled in FY22, in part due to COVID slow-downs, in part due to defendants taking a more adversarial approach to class action litigation, but also in part due to the stage of development of our class action portfolio. To this end, the lack of settlements was as mostly expected.

We were able to contain expenses reasonably well with expenses from continuing operations at \$179.2m in FY22 compared to \$182.5m in the PCP.

The business consumed cash in FY22 with a gross operating cash flow of \$(6.0)m reflecting our investment in growth, but also reflecting the slow-downs in both Personal Injury Law (PIL) matters and class actions referred to above.

We continued our work on the balance sheet, increasing our access to working capital with an increase to our term loan facility and post balance date we secured an extension to the maturity date of our Super Senior Facility to 31 October 2024.

Our net asset position improved in FY22 to \$184.0m (FY21: \$180.5m).

The Board and I are continuing our focus on this work.

Despite the challenges brought about by the ongoing disruption of the pandemic we made further progress to deliver on our *Looking Forward Strategy*, embedding our national personal injury structure and clear career paths for our people.

Pleasingly we continued to strengthen our legacy of providing access to justice for Australians and advocating for voices struggling to be heard. Following the Taliban's return to power in August 2021, 73 Slater & Gordon staff volunteered to work with the Refugee Advice and Casework Service (RACS) to assist with a large number of urgent visa applications for Afghan refugees.

Our Abuse Law team achieved a settlement and formal apology on behalf of 42 First Nations survivors of abuse at Garden Point Catholic Church Mission on Melville Island. The ceremony, which took place in Darwin in November, saw survivors receive a formal apology from the Commonwealth Government, Catholic Diocese of Darwin



and The Corporation of the Society of the Missionaries of the Sacred Heart. While nothing will ever take away the trauma they have experienced, we hope that the outcome we achieved on their behalf may go some way towards the healing process.

And in a ground-breaking case, Slater & Gordon successfully pursued a worker's death benefit claim on behalf of the family of a delivery driver who was killed on the job. To our knowledge this is the first case where there has been an admission that a gig economy driver has been considered a worker. In FY21 we launched a campaign advocating for the rights of gig economy workers and we continue to work with unions, governments and our clients to pursue better protections for gig economy workers.

I was also pleased to join with President of the Victorian Court of Appeal, Justice Chris Maxwell, CEO of the Law Institute of Victoria, Adam Awty, and CEO of Lander & Rogers, Genevieve Collins, to co-convene *Advocates for Change* – a group of Victorian legal professionals committed to taking action in their individual organisations to eliminate sexual harassment in the profession. In February, the group launched the document *Sexual Harassment in the Legal Profession: What can we do about it?*, which records the commitment of the group to collaborative engagement and working as advocates for change in the legal profession.

In May we were at last finally able to celebrate our 85 year anniversary, which occurred in 2020, but had been postponed a number of times due to the pandemic. It was wonderful to come together, in person, with our friends, alumni and special guests to celebrate our legacy as we shape our future. I want to thank everyone who attended and also our people who worked behind the scenes to make it such a special event.

Over the past 12 months we have continued to make good progress as we build on our legacy of providing access to justice for Australians and as we continue to shape our future. Despite the challenges we have all faced, I am so very proud to be a part of a firm whose people are so determined and passionate about helping their clients' tomorrow start today. After all, it is our people and our clients that make Slater & Gordon such a strong and important part of the Australian legal landscape.

John Somerville
Managing Director and Chief Executive Officer

People and Culture

Our skilled and purpose driven Slater & Gordon team across Australia continued to champion our clients' voices to unlock access to justice and advocate for those less powerful in our communities.

Anchored by our Company values and *Looking Forward Strategy*, we proudly delivered legal services to our clients throughout Victoria, New South Wales, Queensland, Western Australia, ACT and Northern Territory.

COVID-19

During the ongoing lockdowns and restrictions in FY22, the Company continued its actions to protect the health and wellbeing of its employees and clients and maintain business resilience – again doing so with no job losses or reduction in people's pay or benefits.

Previous investment in technology and training allowed our people, including newly inducted employees, to effectively work from home and continue to service our clients during periods of lockdowns. As restrictions eased in various states and regions, our offices were re-opened in a staged and COVID-safe manner. To best protect our people, a national COVID-19 vaccination policy was implemented, which was strongly supported and well received by our people and clients. Our annual engagement scores reinforced the strong sentiment that our people feel the Company takes protecting their health and safety seriously.

A focus throughout the year has remained on supporting and embedding a hybrid and flexible way of working to ensure our people have the right level of autonomy and work/life balance, whilst providing our clients with the highest level of care, service and outcomes. A large majority of our people feel supported in making use of flexible work arrangements.

Support was also provided to our people and clients impacted by flooding in Queensland and New South Wales throughout the year, which fortunately were limited in number – demonstrating our ability to pivot to remote work at short notice in response to these natural disasters to ensure business continuity.

Engagement and Delivering on our Strategy

Despite the ongoing uncertainties and challenges faced by Australian businesses as a result of the pandemic in FY22, we were pleased to effectively preserve our Company's annual employee engagement score.

Our people's feedback on their experience at work throughout the year showed significant increases in the areas of diversity and inclusion, enterprise-wide collaboration, safety, client focus, learning and development and career opportunities. These were areas of considerable focus during the year, including strengthening and increasing learning and development

Do it right

- + I aim to always exceed my client's expectations
- + I always endeavour to act with the highest professional standards
- + I deliver what I promise
- + I make informed decisions using quality information
- + I communicate openly, honestly, clearly and constructively
- + I demonstrate my passion for what S&G is trying to achieve by my work
- + I am thoughtful about how I use resources

Work well with others

- + I work with, trust and support others
- + I encourage, respect and recognise the contributions that others make
- + I share knowledge, experience and ideas
- + I connect clients, colleagues and the community
- + I empathise with others and value individual differences
- + I contribute to an enjoyable workplace

Take the lead

- + I am committed to doing all I can to help my clients achieve their goals
- + I strive to be the best I can be
- + I take initiative and ownership for finding better ways of doing things
- + I take accountability for my actions
- + I adapt to and embrace change

opportunities (including in a remote environment) and announcing clearer career pathways and national practice lines in our personal injury teams, aimed at leveraging our size and scale and unlocking greater opportunity for our people and clients.

Our firmwide engagement action plan is focused on activity closely aligned to our Company strategy and aimed at continuing to support our people to unlock their full potential, including:

- Improved and efficient operational processes across Slater & Gordon to support our people to continue to deliver exceptional legal services and results to our clients;
- More career pathways and learning opportunities for our people, with a focus on building legal and leadership capability; and
- People and client initiatives to drive Slater & Gordon's success and position Slater & Gordon as an employer of choice.

Diversity and Inclusion

Fostering a culture of Diversity and Inclusion remains fundamental to our Company Values. A high proportion of our people feel that our work environment is open, accepts individual differences and allows them to be themselves at work.

We continue to have strong female participation at all levels throughout the Company with 78% of our workforce being female and 83% of our promotions awarded to females. Promoting gender pay parity is a priority and reviewed regularly to ensure our results remain strong against industry standards.

Our advocacy extends beyond individual cases and our people stay at the forefront of broader legislative and policy debates, always seeking to protect and enhance the legal rights of all people in the community. For example, this year, the Company proudly partnered with the Law Institute of Victoria to implement the *Advocates for Change* initiative, aimed at raising awareness and eliminating sexual harassment within the workplace.

The Company's Inclusion Committee met regularly throughout the year to promote and progress several inclusion activities, including supporting the people of Afghanistan and honouring important annual events such as Refugee Week, National Reconciliation Week, NAIDOC Week, PRIDE and Wear it Purple Day.



We continue to have strong female participation at all levels throughout the Company with 78% of our workforce being female and 83% of our promotions awarded to females.

Gender Participation Levels

Employment Level	30 June 2022		30 June 2021	
	Male	Female	Male	Female
Board	71%	29%	71%	29%
Senior Executive Team	40%	60%	45%	55%
Senior Management	48%	52%	46%	54%
Non-Management	20%	80%	20%	80%
Overall Organisation	22%	78%	23%	77%

Our people are diverse, authentic, connected and collaborative and pride themselves on actions, not just words, that make Tomorrow Start Today for our clients.

Social Responsibility

Slater & Gordon is built on social justice values and we are committed to giving back. Our social responsibility program has three key areas of focus: assisting people with disease and disability, addressing inequality and disadvantage and encouraging people to engage in healthy activity and lifestyles.

One of the defining features of our firm is our relationship with the local communities in which we operate. We encourage and support that relationship through pro bono legal support and other activities, as well as giving staff the opportunity to donate a portion of their wage to our Staff Giving Program, which goes towards funding local projects throughout Australia via the Slater & Gordon Community Fund.

Slater & Gordon also gives back through its commitment to philanthropic activity, having established a Community Fund in 2001 and an Asbestos Research Fund in 2004.

In 2014 the Company broadened its commitment to achieving outcomes for people suffering disease and disability by establishing the Health Projects and Research Fund, into which the Asbestos Research Fund was absorbed.

The Slater & Gordon Community Fund

Our Community Fund is a philanthropic fund which offers grants to community groups in three key areas of focus:

- Assisting people with disease and disability and promoting their participation and inclusion;
- Addressing inequality and disadvantage; and
- Encouraging young people to engage in healthy activity and lifestyles.

Financial support is given to projects and initiatives which further these objectives. The fund is supported by donations from Slater & Gordon staff via our Staff Giving Program.

Health Projects and Research Fund

The Slater & Gordon Health Projects and Research Fund is a philanthropic grants initiative focused on improving care and treatment for people with asbestos-related illnesses, occupation-caused cancers or with significant disability caused by a catastrophic injury. The fund also provides small ongoing education grants to medical and health professionals who are dedicated to the prevention, treatment, care and support of people who have an asbestos-related disease, work-related cancer or a catastrophic spinal or brain injury. The fund did not make any grants in FY22 due to a shortage of funds. In FY23, it is intended that the fund will undergo a governance refresh and different funding options will be explored.



Pro Bono Work

Slater & Gordon has a proud history of providing pro bono and public interest legal work in Australia. Our lawyers undertake pro bono work in many areas of law and through that have assisted members of the community, including people with severe disabilities, charities, community and indigenous groups, as well as volunteering at community legal centres. In FY22 Slater & Gordon staff worked with the Refugee Advice and Casework Service (RACS) to complete a large number of urgent visa applications for Afghan refugees following the Taliban's return to power. In all, 73 Slater & Gordon employees were trained in Refugee Law to assist 70 clients, on a pro bono basis, with various stages of their visa applications.



Slater & Gordon has a proud history of providing pro bono and public interest legal work in Australia.

In FY22 Slater & Gordon staff worked with the Refugee Advice and Casework Service (RACS) to complete a large number of urgent visa applications for Afghan refugees.

The Company has partnered with the Victorian Women's Legal Service in their Starts With Us project to tackle the issues of sexism and gender inequality in the Legal and Justice Sector.

Slater & Gordon Inclusion Committee

In 2019 Slater & Gordon established the Inclusion Committee to advise on mechanisms that address inequities on the basis of gender, gender identity, sexuality, ethnicity, race, age and disability, and includes preventing violence against women and their children by addressing the drivers of violence in a holistic way, with consideration to the complex nuances associated with diversity and workplace inclusion. The Committee's membership is representative of the organisation as a whole and brings valuable insights of their lived experience to inform the Committee. Through the Committee the Company has partnered with the Victorian Women's Legal Service in their *Starts With Us* project to tackle the issues of sexism and gender inequality in the Legal and Justice Sector, and in particular the drivers of violence

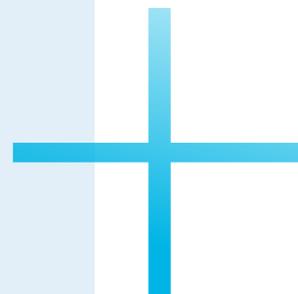
against women. Along with The Law Institute of Victoria and a group of committed legal professionals Slater & Gordon was proud to lead and implement the *Advocates for Change* initiative, committing to take action to eliminate sexual harassment in the profession.

Other Initiatives and Memberships

Slater & Gordon is a member of the Diversity Council of Australia and a signatory to the United Nations Global LGBTI Standards for Business. Slater & Gordon also supports and sponsors the *Next Generation Internship Program*, which is run by EMILY's List Australia, and in 2016 the class actions team became a signatory to the Law Council of Australia's Equitable Briefing Policy and the Company continues the process of rolling this out more broadly across the business.

Financial Statements

13	Directors' Report
32	Auditor's Independence Declaration
33	Consolidated Statement of Profit or Loss and Other Comprehensive Income
34	Consolidated Statement of Financial Position
35	Consolidated Statement of Changes in Equity
36	Consolidated Statement of Cash Flows
37	Notes to the Financial Statements
71	Directors' Declaration
72	Independent Auditor's Report
77	Additional ASX Information
79	Corporate Directory



DIRECTORS REPORT

The Directors present their report, together with the financial report of the consolidated entity consisting of Slater & Gordon Ltd (“the Company”) and its controlled entities (jointly referred to as “the Group”), for the financial year ended 30 June 2022 (“FY22”) and the auditor’s report thereon. This financial report has been prepared in accordance with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards (“IFRS”).

Directors

The Directors in office at any time during the financial year and up to the date of this report are:

- James MacKenzie – Chair
- Mark Dewar
- Merrick Howes
- Michael Neilson
- Elana Rubin
- John Somerville
- Jacqui Walters

Details of the skills, experience, expertise and special responsibilities of each Director are set out in the “Information on Directors and Company Secretary” section of this report.

Principal Activities

The principal activity of the Group during the financial year was the operation of legal practices in Australia.

Review of Operations

The Slater & Gordon vision

The Company’s vision is to help everyday Australians secure a better future by accessing justice and championing those who struggle to have their voices heard. The Company is united in its purpose to make tomorrow better than today for its clients and treats every client with care and commitment.

The Company helps unlock justice for everyday Australians who it believes have a right of redress or compensation, where there is a considerable power imbalance. The Company’s clients come to the Company at what is often the most vulnerable time of their lives. Without the Company’s services, many of the Company’s clients would not be able to access justice.

The Company treats clients with compassion and respect and prides itself on being trusted legal advocates for, and delivering the highest quality legal services to, clients. This absolute focus on client care and results makes the Company fierce in its representation and permeates the firm.

The Company has a history of innovating and is active in protecting and enhancing the legal rights of clients. The Company’s advocacy extends beyond individual cases to include the issues of social justice and individual rights more broadly.

The Company has three core values:

- + **Do it right** – we are passionate about the quality of our work and always achieve the highest professional standards in order to deliver the best outcome for our clients.
- + **Work well with others** – we share knowledge, experience and ideas. We encourage respect and collaboration within the firm and the community.
- + **Take the lead** – we challenge ourselves to be the best, we strive for innovation and we are committed to doing everything that can be done to help our clients.

Managing risks

The following details some of the material business risks that could affect the growth of the Company’s core services. These are not listed in order of significance and do not comprise every risk that the Company may be exposed to.

Description of key risk	Key risk mitigation
<p>Regulatory & Industry Reform</p> <p>The Company’s operations are subject to extensive regulation. Adverse regulatory or legislative changes may adversely impact the Company’s operations, financial performance and position. The Company’s operations are subject to extensive regulation, a changing competitive landscape and the use of new technologies. Adverse changes in regulations and/or to the Australian legal industry can impact the Company’s operations, our clients and the environment in which we operate, which may adversely impact the Company’s financial performance and position.</p>	<ul style="list-style-type: none"> • Proactive and comprehensive stakeholder and community engagement and informed discussion • Maintain an active dialogue with key regulators and government consultation to advocate our position and remain aware of impending regulatory and legal developments. • Modelling of the potential impact of regulatory and industry changes to our business model and reviewing the impact to our strategic plan; and • Optimisation and diversification of our practice management service offerings.

DIRECTORS REPORT

Description of key risk	Key risk mitigation
<p>Operations and Systems</p> <p>There are a number of key operational risks which arise directly from the operations of the Company as a major participant in the Australian legal services industry, impacted by disruptions caused by the ongoing COVID-19 pandemic and geopolitical environment. These include strategic and business decisions, technology and cyber risk, reputation risk, fraud, supplier disruption, increased digitisation and changed employee working conditions, health and safety risk, professional conduct, uninsured risks, compliance with legal and regulatory obligations, counterparty performance under outsourcing and referral arrangements, business continuity planning, legal risk, data privacy and integrity risk, client default risk, key personnel risk and external events.</p>	<ul style="list-style-type: none"> • Initiatives are being undertaken to strengthen our information security framework to enhance our resilience to cyber-attacks and for the protection and privacy of the Company's data. Further development, periodic re-assessment and scenario analysis of risk impacts to our professional operating model and business performance improvement programs designed to standardise, centralise, optimise and promote efficient and innovative operating platforms, IT systems and people strategies. • Business continuity and crisis management oversight and response activities are in place for the health and safety of the Company's people and protection of critical business functions. • A workplace health and safety framework and initiatives which supports the mental health and wellbeing of the Company's people. • Information security framework initiatives to strengthen resilience to cyber-attacks and protect and manage the privacy of the Company's data. • Enhancement of our procurement function to address changing supply chain vulnerabilities and risks.
<p>Growth Strategy, Competition and Market Share</p> <p>The Company operates in a competitive market, competing for its offering of personal injury, class actions and/or other legal services. Competition is on the basis of a number of factors, including the quality of advice and service, innovation, reputation and price which has been heightened by a reduction in the level of market activity as a result of the COVID impacted environment. In addition, the Company's marketing and service offerings may not generate sufficient enquiries and opportunities to attract and retain clients and commence class actions to support our growth strategy.</p> <p>Financial performance may be adversely impacted as a result of these risks.</p>	<ul style="list-style-type: none"> • Strategic initiatives are designed and implemented to support the Company's growth strategy, including diversification of service offerings and digitisation. • Close monitoring of the markets in which the Company operates to understand competitive activities and the ongoing demand for the Company's services whilst operating disciplined pipeline processes for class actions. • Brand protection and strengthening initiatives. • Maintaining long-standing relationships with trade unions and professional groups which provide a consistent source of new client referrals.
<p>People</p> <p>The Company may be unable to attract, engage, retain and develop talented and motivated people and maintain the Company's desired culture and diversity which may limit its ability to deliver its growth initiatives. In addition, changes in our people and management structure required to grow the business could impact the Company's ability to deliver professional services and financial performance.</p>	<ul style="list-style-type: none"> • People, culture and remuneration initiatives are undertaken to support, engage, train and develop the Company's people and maintain its desired culture, diversity and professional standard, deliver and manage our enterprise agreements and address evolving working condition needs as a result of the pandemic. • Recruitment initiatives to attract and retain skilled and talented people in a competitive environment.
<p>Capital Management</p> <p>The Company's current financing and capital commitments, balance sheet strength, ability to successfully refinance, volatility in interest rates and funding growth in service offerings, particularly in class actions exposes the Company to cashflow and liquidity risks. Additional funds may need to be obtained through capital raisings or cash flow may need to be managed through seeking to negotiate current debt and equity arrangements.</p>	<ul style="list-style-type: none"> • Periodic re-assessment, stress testing of debt exposure based on market benchmarks and enhancement of our working capital management program with due diligence of the Company's service offering funding requirements. • Close involvement of the Company's lenders to ensure liquidity needs are monitored closely and arrangements are put in place where necessary to bridge short term liquidity needs • Periodic re-assessment and management of the Company's capital and ownership structure to align with delivery of strategic plan and objectives and manage longer term financing needs.

Refer to the Company's Corporate Governance Statement for details of the Company's risk management framework.

DIRECTORS REPORT

Financial review

The Group reported a net profit before tax from continuing operations of \$3.5m for the year ended 30 June 2022, a decrease from \$21.3m in the prior year. The full year result was impacted in the first half by the economic impacts resulting from extended lockdowns because of Covid-19 health directives. This impacted the rate of growth of work in progress while Fees billed were slightly improved year on year.

The Group secured a new facility to fund working capital in December 2021. As at 30 June 2022, the Group's total borrowings were \$108.7m (excluding lease liabilities), an increase of \$19.5m from prior year. The Group has a positive net current asset balance of \$110.6m and positive overall net asset balance of \$184.0m.

Significant Changes in the State of Affairs

COVID-19

The COVID related lockdowns across metropolitan Melbourne, Sydney and Canberra during the first half of FY22 and the ongoing COVID-related work restrictions, which continued into the early part of the second half have impacted the Company's performance and its FY22 result. Those lockdowns and other restrictions, resulted in fewer road and workplace accidents, with those people with latent claims from the period prior to the lockdowns having already been identified and assisted during the FY20 and FY21 lockdown periods. These circumstances resulted in lower file openings and in delays in progressing existing claims during the first half of FY22.

However, with the lockdowns and other restrictions being relaxed toward the end of the first half and into the second half and with people returning to the road and workplace, enquiry levels returned to pre-pandemic levels. The barriers to claims progression were also largely removed.

Second half performance improved and the Company moved from a \$7.5m loss in the first half to a \$2.2m profit for the full year.

During the continued lockdowns and restrictions in FY22, the Company continued its actions to protect the health and wellbeing of its clients and employees and to protect its business, including the following:

- Offices being closed and employees working from home.
- A small skeleton staff continuing to work in offices during periods of restriction to deal with mail, banking and document retrieval.
- Further laptops and software licenses were acquired to allow employees to continue to support clients and operate the Company's business with minimal disruption.
- As restrictions eased in various states and regions, offices were re-opened in a staged manner and subject to vaccination requirements, in line with recommendations from state governments and health officers.

The Company did not qualify for, apply for or receive any support under the Federal Government's JobKeeper support scheme.

Events Subsequent to Reporting Date

On 16 August 2022, the Company executed an amendment to the Super Senior Facility loan agreement. The termination date of the facility has been extended to 31 October 2024. The interest rate has been revised and will increase by 0.5% on 1 July 2023, a further 0.5% on 1 January 2024 and a further 1% on 1 July 2024, with the additional interest being capitalised to the loan balance. Part repayments of the facility may be required based on available cash at 31 December 2022 and 30 June 2023. An Independent Debt Advisor must be appointed by 28 February 2023.

Likely Developments

The Group is focused on organically growing its core service areas of Personal Injury Law and Class Actions in Australia.

The continued impact of the COVID-19 pandemic, including in particular the continued imposition of government restrictions and the broader impacts on the Australian economy, may impact the Company's performance in FY22. That impact (if any) cannot currently be determined with certainty.

The Board and Executive Leadership Team continues to monitor the situation closely and to take actions in response as appropriate and as recommended by governments and health authorities.

Environmental Regulation

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

Environmental, Social and Corporate Governance

Pursuant to ASX Corporate Governance Principle and Recommendation 7.4, which provides that companies disclose any material exposure to environmental or social risks, the Company does not consider that the operations are materially exposed to such risk.

DIRECTORS REPORT

Dividends Paid, Recommended and Declared

The Group has not declared or paid any dividends in respect of the 30 June 2022 financial year.

The dividends paid and declared since the start of the financial year are as follows:

	2022 \$'000	2021 \$'000
<i>Dividends on ordinary shares</i>		
No interim dividend paid in 2022 (2021: No interim dividend paid)	-	-
No final dividend for 2021 (2020: No final dividend paid)	-	-
	-	-

Share Options

As reported in the Remuneration Report, as part of the Long Term Incentive Plan ("LTIP") and as approved by shareholders at the 2019 Annual General Meeting, in FY20 the Company agreed to award 15,573,000 performance rights ("Rights") to certain Directors and members of the Executive Leadership Team subject to the satisfaction of specified vesting and other conditions.

Once vesting conditions of awarded Rights were met and the required Exit Event occurred those Rights became effectively zero priced options. During FY21, the Exit Event occurred, and so all vested Rights are now exercisable.

During FY22, the Company issued a further 320,000 Rights to its new Chief Financial Officer, Kate Malone. Ms Malone is a member of the Key Management Personnel of the Company. None of those Rights have yet vested or been exercised.

Also, during FY22, 1,103,310 Rights were exercised and 1,523,912 Rights lapsed. 14,409,323 Rights remained outstanding at the end of the financial year.

A full description of the LTIP, including the numbers of Rights agreed to be awarded to Directors and other KMP, is contained in the Remuneration Report.

Indemnification and Insurance of Directors and Officers and Auditors

During the financial year, the Group has provided an indemnity or entered an agreement to indemnify, and paid insurance premiums for a twelve-month period in respect of Directors, Officers and the Company Secretary of the Company against a liability brought against such an Officer.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

The Group has agreed (in certain circumstances) to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement. No payment has been pursuant to any indemnity in favour of Ernst & Young during or since the financial year.

Information on Directors and Company Secretary

The skills, experience, expertise and special responsibilities of each person who has been a Director of the Company at any time during or since the end of the financial year is provided below, together with details of the Company Secretary as at the year end.

James MacKenzie	Experience
B.Bus, FCA, FAICD Chair Independent Non-Executive Director	<p>James is an experienced Australian company director. He currently serves as Chair of Victorian Funds Management Corporation ("VFMC"), the Suburban Rail Loop Authority, the Melbourne Arts Precinct Corporation Board, Fed Square Pty Ltd and Monivae College. He is also a Trustee of the MCG Trust.</p> <p>James was previously President of the Victorian Arts Centre Trust and Chair of property developer Mirvac Group, Pacific Brands, the Transport Accident Commission ("TAC"), Worksafe Victoria, Development Victoria and was co-Vice Chair of Yancoal Australia. He was also Managing Director of Funds Management and Insurance at the ANZ Banking Group, Chief Executive Officer of Norwich Union Australia, and TAC Chief Executive Officer. He has been a member of the COAG Business Advisory Forum and a previous director of VFMC.</p> <p>James has a Bachelor of Business from Swinburne University and is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants Australia and New Zealand.</p> <p>In 2001 he was awarded the Centenary Medal for services to Public Administration.</p> <p>James is Chair of the Board and is also a member of the Audit and Risk Committee and the People and Culture Committee.</p> <p>Other directorships of listed companies held in the last three years</p> <p>None</p>

DIRECTORS REPORT

Mark Dewar

B.Bus. Accounting

Chartered Accountant
Non-Independent Non-Executive Director

Experience

Mark joined the Board of Slater & Gordon in May 2019 and comes from a Consulting background as well as being a Non-Executive Director for other PE backed companies.

Mark is the Australian Practice Leader and is a Senior Managing Director in the Corporate Finance segment at FTI Consulting. His experience is typically focussed in helping clients who are undergoing significant change or embarking on a transformation and specialises in advising companies, private equity investors or lenders across a range of industries including financial services, mining, telecommunications, software, retail, engineering, building and construction, and automotive.

Prior to joining FTI Consulting, Mark spent almost ten years with Ernst & Young, where he commenced his career in Australia in the Audit practice before moving to London where he was a director in the Corporate Finance practice.

Mark is a Chartered Accountant and a member of the Institute of Chartered Accountants of Australia.

Other directorships of listed companies held in the last three years

None

Merrick Howes

BA LLB

Non-Independent Non-Executive Director

Experience

Merrick founded Aviron Investment Management, an Australian private investment fund, in May 2021 after nearly ten years as the head of Anchorage Capital Group LLC's operations in Australia. Previously, he was the Co-founder and Managing Director at Shearwater Capital, where he focused on special situations and distressed debt investments. Prior to Shearwater, he was a Partner and Managing Director in the Principal Investment Area at Goldman Sachs in Australia. Merrick was also a Managing Director and European Head of Global Structured Products at Merrill Lynch in Hong Kong and London. He also worked at Macquarie Bank Group from 1989 to 1998.

Merrick received a BA in Accounting and a Bachelor of Laws from the Australian National University.

Merrick is Chair of Slater & Gordon's People and Culture Committee.

Other directorships of listed companies held in the last three years

None

Michael Neilson

BA LLB GAICD FGIA

Executive Director and Company Secretary

Experience

Michael is the Executive Director, Legal and Governance, having commenced at Slater & Gordon in April 2018.

Prior to joining Slater & Gordon, Michael was at Crown Resorts Limited, where he was Group General Counsel and Company Secretary for almost ten years and, prior to that, he was General Counsel for Crown Melbourne.

From 1997 to 2004, Michael was at the Lend Lease Group where he was General Counsel and Company Secretary of General Property Trust (which was then managed by Lend Lease) and prior to that General Counsel of Lend Lease Property Management.

Michael started his career in the commercial practice at Herbert Geer & Rundle where he spent ten years before moving in house.

Michael has a strong track record in implementing governance, legal and regulatory frameworks in complex, multinational businesses as well as deep experience managing risk and compliance in challenging environments.

Other directorships of listed companies held in the last three years

None

DIRECTORS REPORT

Elana Rubin AM

BA(Hons) MA SFFin
FAICDLife

Independent Non-
Executive Director

Experience

Elana is a non-executive director at Slater & Gordon and was appointed to the Board in March 2018.

Elana has over 20 years' experience as a non-executive Company director, across diverse sectors. She is currently a director of Telstra, as well as a number of unlisted companies and/or government boards.

Elana was previously the chair of Afterpay, Australiansuper and WorkSafe Victoria, and a director of the TAC in Victoria. Other previous board roles covered the financial services, insurance, infrastructure, professional services, and not-for-profit sectors.

Before becoming a full time non-executive director, Elana worked for one of the (then) largest industry funds and the Australian Council of Trade Unions ("ACTU"). She is a member of Chief Executive Women and Women Corporate Directors International. Her career reflects an understanding of corporate social licence to operate and a deep commitment to culture, diversity, social equity and participation.

Elana is a member of the Audit and Risk Committee and the People and Culture Committee.

Other directorships of listed companies held in the last three years

Telstra Limited (ASX: TLS) (Feb 2020 to current)

Afterpay Limited (ASX:APT) (2017 to 2022)

Mirvac Limited (ASX:MGR) (2010 to Nov 2019)

John Somerville

BSC GDip Applied
Information Systems MBA

Managing Director and
Chief Executive Officer

Experience

John is the Managing Director and Chief Executive Officer of Slater & Gordon, having joined the organisation in February 2018.

John is a passionate leader with a history of building and leading successful teams that deliver strong business outcomes and people engagement. Prior to joining Slater & Gordon, he was the National Managing Partner of KPMG (Advisory) Australia.

Prior to joining Slater & Gordon he spent 25 years advising some of Australia's largest corporations and governments combined with growing and leading businesses within KPMG.

He believes business thrives when people help others be successful. This orientation translates into delivering better outcomes for clients. He is passionate about getting the most from diversity by creating an inclusive workforce.

John's career has involved regional and global activity, including work in Europe, the US, Asia as well as Australia.

Other directorships of listed companies held in the last three years

None

Jacqui Walters

BCom (Accounting and
Finance) GAICD

Independent Non-
Executive Director

Experience

Jacqui joined the Slater & Gordon Board in March 2018 and chairs the Audit and Risk Committee. She has international experience as a growth and strategy advisor across many industry sectors. Her work has ranged from whole of organisation transformation and restructuring to highly specific areas such as major capital project procurement and delivery, new product introduction, professional services strategy and performance, technology implementation and post-merger culture alignment.

Jacqui is Chair of CleanCo Queensland Ltd, a non-executive Director and Chair of the Audit and Risk Committee of Development Victoria, a non-Executive Director of the not-for-profit organisation, Second Bite, and a Director of Pathways to Resilience, a youth well-being and resilience not-for-profit organisation.

Other directorships of listed companies held in the last three years

None

Company Secretary

Michael Neilson

See above

DIRECTORS REPORT

Directors' Meetings

The number of meetings of the Board of Directors and of each Board committee held during the financial year and the number of meetings attended by each Director were:

	Board of Directors		Audit and Risk Committee ¹		People and Culture Committee ²	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
J MacKenzie ³	13	10	4	2	4	2
M Dewar	14	13	-	-	-	-
M Howes	14	13	-	-	4	4
M Neilson	14	14	-	-	-	-
E Rubin	12	12	4	4	4	4
J Somerville	14	14	-	-	-	-
J Walters	14	14	4	4	-	-

¹ All Directors who are not members of the Audit and Risk Committee also attended all meetings of the Committee as invitees.

² All Directors who are not members of the People and Culture Committee also attended all meetings of the Committee as invitees.

³ During the period 1 August 2021 to 1 December 2021, James MacKenzie temporarily stepped down as Chair to have treatment for a medical condition.

Directors' Interests in Shares

Directors' relevant interests in shares of the Company as at the date of this report are detailed below.

	Ordinary Shares of the Company	Performance Rights
J MacKenzie ¹	-	1,245,840
M Dewar	-	-
M Howes	-	-
M Neilson	-	1,245,840
E Rubin	-	415,280
J Somerville	-	3,322,240
J Walters	-	415,280

¹ James MacKenzie's Rights have been agreed to be awarded to a Company controlled by him, JACM Pty Ltd.

Directors' Interest in Contracts

Directors' interests in contracts are disclosed in Note 21 to the financial statements.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-Audit Services

Written approval for non-audit services is provided either by the Board of Directors or by the Audit and Risk Committee and approval is notified to the Board of Directors. The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means the auditor independence was not compromised.

Rounding of Amounts

The amounts contained in the Directors' Report and Financial Report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the Class Order applies.

DIRECTORS REPORT

The Directors' Report and accompanying Audited Remuneration Report is signed in accordance with a resolution of the Directors.



James MacKenzie
Chair
Melbourne
26 August 2022



John Somerville
Managing Director and Chief Executive Officer

Directors' Report

Audited Remuneration Report

1.0 Introduction

The Company made no changes to its overall remuneration framework in FY22.

The COVID-19 pandemic has presented a delayed impact to the Company's financial performance during FY22. With extended government-imposed restrictions and lockdowns in FY21 and into the first half of FY22, in particular in Victoria, enquiry numbers slowed as a result of reduced presence in workplaces, traffic on roads and elective surgeries, and delays in courts slowing case progression with medical panels and courts and tribunals being hampered and delayed in their activities. This had some negative impact on the Company's fees billed, work in progress and cash flows.

Although, the Company's financial performance improved during the second half of FY22, the Company has not met its financial performance prerequisites under the Short-Term Incentive Plan ("STIP") and so there will be no STIP payments for FY22. To reward pockets of exceptional performance and assist in the retention of key high performing individuals, the Board has approved a small bonus pool to be used for discretionary extraordinary performance bonuses. No KMP will participate in this bonus pool.

2.0 Remuneration Report Overview

The Directors present the Remuneration Report ("the Report") for the Company and its controlled entities for FY22. This Report forms part of the Director's Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for the Company's Key Management Personnel ("KMP") which is comprised of:

- Non-Executive Directors ("NEDs")
- Executive Directors
- Other Executive KMP

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company.

The table below outlines the KMP for FY22:

Name	Position	Term as KMP
Non-Executive Directors		
James MacKenzie	<ul style="list-style-type: none"> • Chair of the Board • Non-Executive Director (Independent) 	<ul style="list-style-type: none"> • Full financial year
Mark Dewar	<ul style="list-style-type: none"> • Non-Executive Director 	<ul style="list-style-type: none"> • Full financial year
Merrick Howes	<ul style="list-style-type: none"> • Non-Executive Director 	<ul style="list-style-type: none"> • Full financial year
Elana Rubin	<ul style="list-style-type: none"> • Non-Executive Director (Independent) 	<ul style="list-style-type: none"> • Full financial year
Jacqui Walters	<ul style="list-style-type: none"> • Non-Executive Director (Independent) 	<ul style="list-style-type: none"> • Full financial year
Executive Directors		
John Somerville	<ul style="list-style-type: none"> • Managing Director and Chief Executive Officer 	<ul style="list-style-type: none"> • Full financial year
Michael Neilson	<ul style="list-style-type: none"> • Executive Director, Legal and Governance 	<ul style="list-style-type: none"> • Full financial year
Other Executive KMP		
Scott Butterworth	<ul style="list-style-type: none"> • Chief Financial Officer 	<ul style="list-style-type: none"> • Resigned 29 October 2021
Kate Malone	<ul style="list-style-type: none"> • Chief Financial Officer 	<ul style="list-style-type: none"> • Commenced 1 November 2021

3.0 How remuneration is governed

The People and Culture Committee assists the Board to oversee the establishment and operation of appropriate policies and strategies that provide the Company with the capability to achieve its short and long-term business objectives, including recommending remuneration changes to the Board for NEDs, Executive Directors and Other Executive KMP.

3.1 Use of remuneration advisors

During FY22, the Company did not use remuneration advisors as defined under the *Corporations Act 2001*.

Directors' Report

Audited Remuneration Report

3.2 Claw back of remuneration

The claw back policy was introduced in June 2016. This policy enables the Company to claw back certain elements of an Executive Director's or Other Executive KMP's (collectively "Executive KMP") remuneration if there has been a misstatement of the financial statements which resulted in the Executive KMP receiving a reward which exceeds the outcome that would have been achieved had the misstatement not been made.

3.3 Share Trading Policy

The Company's Share Trading Policy ("Policy") applies to all Directors, officers, employees, contractors and consultants. The Share Trading Policy outlines how and when Directors, officers, employees, contractors and consultants may deal in Company securities.

Restricted Persons (as defined in the Policy) may only deal in securities in the Company during defined trading windows and provided they do not possess inside information. There are some limited exceptions set out in the Policy.

If a Relevant Person (as defined in the Policy) acquires securities in the Company (other than via an employee share plan), they should not sell or agree to sell any Company securities of that class for at least 30 days.

Directors are prohibited from entering margin loans under the Policy. Relevant Persons require prior approval to enter into a margin loan arrangement where the number of shares mortgaged, provided as security, lent or charged to a financier, amounts to 1% or more of the issued capital in the Company at the relevant time. A Restricted Person must notify the Company Secretary immediately if they are given notice by their financier of an intention to make a margin call and sell the Company's securities during a prohibited trading period.

Relevant Persons must not enter into hedging arrangements in relation to securities in the Company that are unvested or subject to disposal restrictions or minimum shareholding requirements.

The Policy is available on the Company's website www.slatergordon.com.au.

3.4 Executive KMP employment agreements

Executive KMP are employed on individual employment agreements that outline the terms of their employment, which include:

Length of Contract	Notice Period Employee	Notice Period Slater & Gordon ¹	Termination Payment	Statutory Entitlements	Post-Employment Restraints
No fixed term	Six (6) months	Six (6) months	Six (6) months	Payment of statutory entitlements of long service leave and annual leave applies in all events of separation	The employment agreement contains a restraint of trade provision which applies for a period of 6 months and 12 months

¹ The Company may also terminate at any time without notice for serious misconduct and/or breach of contract.

3.5 Cessation and movement of Executive KMP

During FY22, and as disclosed to the ASX on 10 August 2021, Chief Financial Officer, Scott Butterworth resigned and departed the Company on 29 October 2021. Kate Malone was appointed as Chief Financial Officer from 1 November 2021.

3.6 Other transactions and balances with KMP and their related parties

During FY22, an additional tranche of Performance Rights was awarded to Kate Malone upon her appointment as Chief Financial Officer. This is described in section 4.3 below. Otherwise, there were no additional transactions for Executive KMP and their related parties.

4.0 Overview of Executive KMP Remuneration

This section of the Remuneration Report outlines the principles applied to Executive KMP remuneration decisions and the framework used to deliver the various components of remuneration, including an explanation of the performance and remuneration linkages.

4.1 How Executive KMP remuneration policies and structures are determined

The Company's remuneration strategy is designed to motivate and focus our people on delivering the best possible outcomes for our clients and shareholders in a manner that supports the growth and sustainability of the Company in the short and long-term. To do this, the following principles are applied to fixed and variable pay:

- Aligns employee, client and shareholder interests;
- Attracts, retains and engages employees with the requisite skills, expertise and capabilities;
- Fosters a high-performance culture which focuses and aligns short and long-term objectives;
- Reinforces a pay for performance culture based on both role requirements and performance against company values;
- Is compliant with current governance and legislative requirements related to remuneration practices; and
- Promotes pay parity and equity.

Directors' Report

Audited Remuneration Report

4.2 Executive KMP Remuneration Structures

The Company rewards Executive KMP in a way that secures quality executives for the long-term success of the Company, while fostering a performance-oriented and risk management culture. The Company ensures remuneration packages are equitable, motivating, competitive and affordable.

Executive KMP receive fixed remuneration and variable remuneration consisting of short-term and long-term incentive opportunities. Executive KMP remuneration levels are reviewed annually by the People and Culture Committee with reference to the Company's remuneration principles, market movements and affordability.

4.3 Elements of remuneration

Fixed remuneration

Fixed remuneration is determined with reference to the size, scope and complexity of the role and relevant individual experience, whilst also considering market positioning, internal equity, affordability and the Company's ability to attract and retain employees with required capabilities to achieve the Company's objectives.

Fixed remuneration consists of base remuneration, superannuation (based on and up to the maximum of the statutory guarantee level) and other non-monetary benefits. Fixed remuneration is reviewed annually with approved changes effective 1 July or such other date as the Board may nominate. The following factors are taken into consideration when reviewing executive remuneration:

- Annual company performance and affordability;
- Individual performance and demonstration of company values tied to an annual Performance and Development Review;
- The Total Target Reward (fixed remuneration and incentive opportunity) of an individual, including the pay mix of fixed and variable reward;
- Economic climate and external market movement;
- Company and social responsibility; and
- Pay parity and equity.

Adjustments to Executive KMP remuneration are reviewed by the People and Culture Committee and approved by the Board.

STIP

Under the STIP, all Executive KMP have the opportunity to earn an annual incentive award. The plan includes two measures, company performance and individual performance. Company performance focuses executives on achieving sustainable success for the enterprise. Individual performance rewards the employee's own contribution towards Key Performance Indicators ("KPIs") and company success.

How are bonuses paid?

STIP bonuses are paid in cash.

How much can executives earn?

Executive KMP have a defined on-target STIP opportunity between 23% - 50% of their Full Time Equivalent base remuneration and a maximum STIP opportunity of 200% of their on-target opportunity.

Executive KMP ¹	STIP On -Target ²	% of Base Remuneration
John Somerville ³	\$276,799	50%
Michael Neilson	\$94,190	23%
Kate Malone	\$91,179	23%

¹ Scott Butterworth resigned effective 29 October 2021, so he was not entitled to be considered for an STIP bonus.

² Represents on-target for full plan year.

³ John Somerville On-Target STIP is 50% of base remuneration plus superannuation.

Each Executive KMP's Total Remuneration Pay Mix% (annualised at target) for FY22 is set out below.

Executive KMP	Total Fixed Remuneration ¹	Short Term Incentive
John Somerville	66.7%	33.3%
Michael Neilson	82.1%	17.9%
Kate Malone	82.2%	17.8%

¹ Includes superannuation

How is performance measured?

The STIP performance measures were chosen based on their ability to deliver sustainable company performance and results for clients and shareholders. Company performance against financial targets (earnings before interest, tax, depreciation and amortisation ("EBITDA") and cashflow) act as a gateway for rewarding individual performance against individually set KPI's. For each individual KPI, a target is set.

Performance measures are validated and approved by the Board annually.

Directors' Report

Audited Remuneration Report

FY22 performance measures are set out below:

Executive KMP	Company Financial Performance	Client Measure	People Measure
Managing Director and Chief Executive Officer	60%	20%	20%
Executive Director, Legal and Governance	60%	20%	20%
Chief Financial Officer	60%	20%	20%

EBITDA and cashflow targets are the measures against which the Board and management assess the Company's short term financial performance.

Who sets STIP performance measures?

Financial performance measures are set by the Board, based on the recommendation of the People and Culture Committee.

KPIs are set for the Chief Financial Officer and Executive Director, Legal and Governance by the Managing Director and Chief Executive Officer, then reviewed and endorsed by the People and Culture Committee and Board.

The Managing Director and Chief Executive Officer's KPIs are set and approved by the Board.

When are STIP bonuses paid?

The STIP outcome is determined after the end of the financial year and at the same time as the Financial Report is approved. The Board approves the final STIP award for the Executive KMP, which is generally paid approximately three months after the end of the financial year. However, the Board has some discretion as to when payment is made. There are no deferred components.

What happens if an Executive KMP leaves?

The following details the treatment of STIP on termination:

Resignation and Dismissal: Any potential STIP payment is forfeited.

Retirement and Total and Permanent Incapacity: Any potential STIP will be calculated on a pro-rated basis for portion of year worked within the plan year. Payment will be calculated in accordance with the normal timetable and based on the end of year results.

Death: Payments will be made to the estate of a deceased employee pro-rated for the eligible period. Payment will be calculated in accordance with the normal timetable and based on the end of year results.

Redundancy: If redundancy occurs during the first half of the financial year, any potential STIP will be forfeited. If redundancy occurs during the second half of the financial year, any potential STIP will be calculated on a pro-rated basis for portion of financial year worked. Payment will be calculated in accordance with the normal timetable and based on the end of year results.

Long Term Incentive Plan ("LTIP")

The LTIP and the award of performance rights ("Rights") to the independent NEDs and the Executive Directors was approved by shareholders at the 2019 Annual General Meeting.

Subsequently, four tranches of Rights have been awarded.

How is LTIP paid?

Under the terms of the LTIP, eligible participants are offered Rights to acquire ordinary shares in the Company at no cost to them. Participants can acquire shares if they remain employed by the Company and satisfy the vesting conditions and exercise conditions. While the Rights remain unexercised the participants do not have the same benefits as other holders of shares in the Company, such as dividend and voting rights. However, once vesting conditions and the exercise condition has been met and a participant exercises their Rights, then, as holders of shares, participants have the same benefits as other holders of shares in the Company, such as dividend and voting rights.

How much can executives earn?

The number of Rights granted to participants in the LTIP is determined by the Board.

In FY20 five Directors (including two Executive Directors) and nine members of the Executive Leadership Team were granted a specified number of Rights from a pool of 15,573,000 Rights, or 75% of the pool of Rights available to be awarded under the LTIP (Tranche 1). One of those employees was Kate Malone, who was not an Executive KMP at that time, but who became an Executive KMP when she was appointed Chief Financial Officer on 1 November 2021.

Although no further Rights were offered to Executive KMP in FY21, Rights were offered to 33 senior employees in two separate awards (Tranches 2 and 3).

In FY22, Kate Malone was awarded an additional 320,000 Rights with a nil exercise price (valued at \$180,000¹) upon her appointment as Chief Financial Officer and upon becoming an Executive KMP (Tranche 4). Vesting of each tranche within Tranche 4 is also conditional on Kate Malone achieving a satisfactory performance rating for each relevant financial year.

¹ Valued using the Black Scholes valuation method.

Directors' Report

Audited Remuneration Report

LTIP opportunities for Executive KMP were determined using a combination of factors, including scope, complexity and responsibility of role, relative seniority, relative base remuneration and length of service with the Company post the recapitalisation in December 2017.

Set out below are the Rights awarded to Executive KMP:

Executive KMP	Number of Rights Awarded	Tranche
John Somerville	3,322,240	1 (FY20)
Michael Neilson	1,245,840	1 (FY20)
Kate Malone	622,920	1 (FY20)
	320,000	4 (FY22)

How is performance measured?

Under the LTIP rules, the nature and content of any vesting conditions (including the vesting period) are determined by the Board and may include conditions relating to any or all of:

- continuing employment;
- performance of the Participant;
- performance of the Company;
- the Company's share price;
- the achievement of specific targets; or
- the occurrence of specific events

The Rights granted to independent NEDs, Executive Directors, Other Executive KMP and certain senior executives have vested or will vest in accordance with the following schedules, subject to continuing employment/engagement of services.

Tranche 1:

Vesting Date	Vesting Percentage
Tranche A: 30 June 2020	22%
Tranche B: 30 June 2021	22%
Tranche C: 30 June 2022	22%
Tranche D: Date of 'Exit Event'	34%

Vested Rights may only be exercised, i.e. converted to shares in the Company, after an Exit Event occurs. The terms of the award provide that an Exit Event will occur if (a) the Company's underlying EBITDA reaches the target specified by the Board of \$28.0m and as evidenced by the audited Financial Statements for that financial year and (b) the Board being satisfied that the Company's approved Budget for the following Financial Year shows underlying EBITDA forecast at or better than the target set by the Board, subject always to the Board's discretion to ignore or waive any one off transactions or circumstances in calculating underlying EBITDA for this purpose.

If an Exit Event had not occurred before the seventh anniversary of the grant of the Rights, then the Rights would have expired.

On 18 November 2020, the Board determined that the Exit Event had occurred as disclosed in section 5.3.

Tranche 2:

Vesting Date	Vesting Percentage
1 January 2022	100%

Tranche 3:

Vesting Date	Vesting Percentage
Tranche A: 1 July 2022	33.3%
Tranche B: 1 July 2023	33.3%
Tranche C: 1 July 2024	33.4%

Vesting of each tranche is also conditional on the participant achieving a satisfactory performance rating for each relevant financial year. Rights can be exercised once the vesting conditions are satisfied.

Tranche 4:

Vesting Date	Vesting Percentage
Tranche A: 1 July 2023	50.0%
Tranche B: 1 July 2024	50.0%

Vesting of each tranche is also conditional on the participant achieving a satisfactory performance rating for each relevant financial year. Rights can be exercised once the vesting conditions are satisfied.

Directors' Report

Audited Remuneration Report

When is performance measured?

Vesting conditions and (in the case of Tranche 1) the Exit Event are measured at the end of each financial year during the term of the LTIP.

What happens if a participant leaves?

If a participant resigns or is terminated for cause, any unvested and vested but unexercised (as at the date their employment ends) Rights are forfeited, unless otherwise determined by the Board.

If a participant ceases employment by reason of redundancy, ill health, death, or other circumstances approved by the Board, unvested Rights will vest pro-rata based on the portion of the Vesting Period that has elapsed as at the cessation date. The vested portion may be retained provided the participant exercises their vested Rights by delivering a signed Exercise Notice to the Company by the earlier of: (i) the expiry date of the Rights; and (ii) the date which is three months after the participant receives notification from the Company that the Exit Event has been achieved.

What happens if there is a change of control?

If there is a 'Change of Control' (as defined in the LTIP rules), all unvested Rights will automatically vest and the Exit Event will be deemed to be satisfied so that participants can elect to either request the Company to buy-back their Rights or exercise the vested Rights and dispose of the shares delivered to the participant.

Are Executives eligible for dividends?

Participants are not eligible to receive dividends on Rights, vested or unvested.

Can further awards be made under the LTIP?

There remains a pool of further Rights available for award under the LTIP at the Company's discretion.

Changes for FY22

There were no material changes to the Executive Remuneration framework during FY22.

5.0 FY22 Executive KMP Performance and Remuneration Outcomes

5.1 Actual Remuneration earned by Executive KMP in FY22:

The actual remuneration earned by Executive KMP in FY22 is set out in section 7 below.

The FY22 and FY21 cash bonus STIP and LTIP Rights awarded to Executive KMP is set out in section 7 below. The table in section 7 represents what has been awarded to Executive KMP under the STIP and LTIP. No STIP was awarded to any Executive KMP in FY22.

5.2 STIP Performance Measures for FY22

A combination of financial and non-financial measures is used to measure Executive KMP performance for STIP awards which are underpinned by the Company's values and behaviours. A summary and performance against each measure is as follows:

Key: ♦ Below target ● At target ■ Exceed target

	Company Financial Performance	Client Measure	People Measure
Managing Director and Chief Executive Officer	♦ Cash Generation ♦ EBITDA	■ Client satisfaction	♦ Engagement & compliance to people activities
Executive Director, Legal and Governance	♦ Cash Generation ♦ EBITDA	■ Client satisfaction	♦ Engagement & compliance to people activities
Chief Financial Officer	♦ Cash Generation ♦ EBITDA	■ Client satisfaction	♦ Engagement & compliance to people activities

The COVID-19 pandemic has presented a delayed impact to the Company's financial performance during FY22. With extended government-imposed restrictions and lockdowns in FY21 and into the first half of FY22, in particular in Victoria, enquiry numbers slowed as a result of reduced presence in workplaces, traffic on roads and elective surgeries, and delays in courts slowing case progression with medical panels and courts and tribunals being hampered and delayed in their activities. This had some negative impact on the Company's fees billed, work in progress and cash flows. Although, the Company's financial performance improved during the second half of FY22, the Company has not met its financial performance prerequisites under the STIP and so there will be no STIP payments for FY22.

To reward pockets of exceptional performance and assist in the retention of key high performing individuals, the Board has approved a small bonus pool to be used for discretionary extraordinary performance bonuses. No KMP will participate in this bonus pool.

The table in section 7.1 discloses actual FY22 and FY21 STIP awarded to Executive KMP.

Directors' Report

Audited Remuneration Report

5.3 LTIP Performance Measures and Vesting outcomes for FY22

On 30 June 2020, Tranche A of Tranche 1 of the LTIP vested in accordance with the terms of the award to independent NEDs and Executive KMP.

On 18 November 2020, the Board determined that the Exit Event had occurred. As a result, Tranche D of Tranche 1 vested, and both Tranche A and Tranche D, became exercisable by the participants.

On 30 June 2021 and 30 June 2022, Tranche B and Tranche C (respectively) of Tranche 1 of the LTIP vested in accordance with the terms of the award to independent NEDs and Executive KMP.

All of Tranche 1 is now vested and exercisable.

On 1 January 2022, all of Tranche 2 vested and became exercisable.

On 1 July 2022, Tranche A of Tranche 3 vested and became exercisable.

The Company has valued the benefit to independent NEDs and Executive KMP of their participation in the LTIP in FY22 using the Black Scholes valuation method and that value has been added to each NED and Executive KMP's remuneration in the tables in sections 6 and 7. The value of these benefits does not represent cash received by the relevant participant and these values may need to be adjusted over time, based on performance, changes in model parameters and LTIP outcomes.

5.4 Overview of company performance (FY18 to FY22)

The table below sets out information about the Company's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

Company Performance	2018 ¹	2019	2020	2021	2022
Total revenue and other income from continuing operations (\$'000)	162,501	160,372	178,339	203,801	182,617
Profit before tax from continuing operations (\$'000)	(29,044)	(141)	(199)	21,263	3,459
Profit after tax from continuing operations (\$'000)	(31,722)	33,010	(1,660)	14,186	1,936
Basic earnings per share (dollars)	(0.84)	0.425	(0.013)	0.098	0.013
Diluted earnings per share (dollars) ²	(0.84)	0.450	(0.013)	0.094	0.013
Gross Operating Cash Flow less CAPEX(\$'000)	(682)	5,230	24,921	14,516	(7,254)
Dividends per share - paid during financial year (cents)	-	-	-	-	-
Total dividends paid during financial year (cents)	-	-	-	-	-

1. Financial performances were not restated for the discontinued operations that occurred in FY18. However, the basic earnings per share, diluted earnings per share and share price at 30 June have been restated for the 100 to 1 share consolidation that took place on 8 December 2017.

2. Basic earnings per share and diluted earnings per share were restated for the impact of the 100 to 1 share consolidation that took place on 8 December 2017. 2018 earnings per share is shown excluding discontinued operations. Prior years are shown for the overall business and have not been restated for discontinued operations.

Directors' Report

Audited Remuneration Report

6.0 Overview of Non-Executive Director remuneration

6.1 Overview of Non-Executive Director remuneration

The fees paid to the Company's NEDs are designed to attract and retain high calibre directors who can discharge their roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

NED remuneration is based on fixed director fees and superannuation contributions and is reviewed annually by the People and Culture Committee. The chairs of the Board and each Committee do not receive any additional committee fees in addition to base fees.

6.2 Maximum aggregate NED fee pool

The maximum aggregate fee amount that may be paid to NEDs for their services is \$1,350,000 during any financial year, as approved by shareholders at the 2021 AGM held in November 2021. The table below summarises Board and Committee fees paid to NEDs for FY22 (inclusive of superannuation).

		1 July 2021 - 30 June 2022
Board Chair Fee		\$250,000 ¹
Board Director Fee		\$175,000 ²
Committee Fees		
Audit and Risk Committee	Chair	Nil
	Member	Nil
People and Culture Committee	Chair	Nil
	Member	Nil
Annual Fee Pool		\$1,350,000

¹ During the period 1 August 2021 to 30 November 2021, James MacKenzie temporarily stepped down as Chair to have treatment for a medical condition. Elana Rubin acted as Chair during this period and the Board agreed to temporarily increase her remuneration to the same rate as the Chair's remuneration during this period.

² Executive Directors John Somerville and Michael Neilson do not receive payment of Board director fees from the Company.

6.3 FY22 NED Remuneration

The table below sets out the FY22 NED remuneration. The table includes an entry for short term benefits to Merrick Howes, an executive who was employed by Anchorage Capital Group LLC ("Anchorage") until May 2021. Anchorage is the parent entity of the Group. Merrick Howes ceased his employment with Anchorage in May 2021. Prior to 1 July 2021, the Company did not pay any remuneration to Merrick Howes. Australian Accounting Standards required disclosure of fees for his role as a Director of the Company, where he was paid by his employer. The fees paid by the Company to other NEDs were considered representative of this. From 1 July 2021, Merrick Howes was paid a fee of \$175,000 pa.

The Executive Directors do not receive Board director's fees. Their remuneration does not count towards the total NED Annual Fee Pool. Please refer to table 7.1 KMP Remuneration: Statutory Remuneration Outcomes for Executive Director remuneration.

Amounts \$	Year	Short-term benefits	Post-employment benefits	LTIP Value ⁴	Total
		Fees ^{3,5}	Superannuation benefits	Rights	
Current NEDs					
James MacKenzie (Chair)	FY22	227,273	22,274	59,783	309,330
	FY21	236,962	21,276	260,999	519,237
Mark Dewar	FY22	159,091	15,909	-	175,000
	FY21	165,872	15,758	-	181,630
Merrick Howes ¹ <small>Disclosure required by Australian Accounting Standards – no remuneration was actually paid by the Company in FY21</small>	FY22	159,091	15,909	-	175,000
	FY21	159,817	-	-	159,817
Elana Rubin ²	FY22	195,245	4,851	19,928	220,024
	FY21	181,630	-	87,000	268,630
Jacqui Walters	FY22	159,091	15,909	19,928	194,928
	FY21	165,872	15,758	87,000	268,630
Total ³	FY22	899,791	74,852	99,639	1,074,282
	FY21	750,336	52,792	434,999	1,238,127

¹ Merrick Howes was employed by Anchorage until May 2021. Prior to 1 July 2021, he was not remunerated by the Company for his service as a Non-Executive Director and the Company was not charged for his service. Amounts shown in this table for Merrick Howes prior to 1 July 2021 are not included in the total NED Annual Fee Pool.

² Elana Rubin received an exemption certificate from receiving Superannuation Guarantee contributions paid by the Company during FY21. During FY22, Elana Rubin acted as Chair from 1 August 2021 to 30 November 2021 and was paid at the same rate as James MacKenzie during that period.

³ The fee shown attributable to Merrick Howes in FY21 was not counted towards the maximum aggregate NED Annual Fee Pool in FY21.

⁴ The Company has valued the benefit to independent NEDs of their participation in the LTIP in FY22 and FY21 using the Black Scholes valuation method. The value of these benefits does not represent cash received by the relevant participant. The value of the benefit under the LTIP does not count towards the total NED Annual Fee Pool.

Directors' Report

Audited Remuneration Report

In FY20 three of the NEDs were awarded Rights under the Company's LTIP, as follows:

NED	Number of Rights Awarded
James MacKenzie ¹	1,245,840
Elana Rubin	415,280
Jacqui Walters	415,280

¹ James MacKenzie's Rights were awarded to a company controlled by him, JACM Pty Ltd.

These awards were approved by shareholders at the Company's 2019 Annual General Meeting. Section 4.3 and 5.3 contains a description of the LTIP.

No further Rights have been awarded to NEDs since the award in FY20 and no NEDs have exercised any vested Rights.

Directors' Report

Audited Remuneration Report

7.0 Actual Executive Director and KMP Remuneration

7.1 Executive Director and KMP Remuneration Table – Statutory Disclosure

Name	Year	Fixed Remuneration						Variable Pay			End of Service		Proportion of Total Remuneration	
		Short-term		Post-employment Super-annuation benefits	Long-term	Short-term Cash Bonus ¹	Long-term Performance Rights / Options ²	Contractual Notice Period	Total	Total	Performance related	Delivered as Equity		
		Salary ⁴	Non-monetary benefits	Other benefit	Long service leave								%	%
Executive Director														
John Somerville	FY22	516,589	-	-	23,568	11,746	551,903	-	159,422	-	-	711,325	22.4%	22.4%
	FY21	527,723	-	-	21,694	8,670	558,087	275,000	695,998	-	-	1,529,085	63.5%	45.5%
Michael Neilson	FY22	413,756	-	-	23,568	8,927	446,251	-	59,783	-	-	506,034	11.8%	11.8%
	FY21	420,140	-	-	21,694	6,457	448,291	82,174	260,999	-	-	791,464	43.4%	33.0%
Other Executive KMP														
Scott Butterworth ³	FY22	149,501	-	-	9,383	(10,354)	148,530	-	-	-	-	148,530	-	-
	FY21	463,459	-	-	21,694	6,073	491,226	-	304,499	-	-	795,725	38.3%	38.3%
Kate Malone	FY22	269,168	-	-	14,837	5,578	289,583	-	75,781	-	-	365,364	20.7%	20.7%
	FY21	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	FY22	1,349,014	-	-	71,356	15,897	1,436,267	-	294,986	-	-	1,731,253	17.0%	17.0%
	FY21	1,411,322	-	-	65,082	21,200	1,497,604	357,174	1,261,496	-	-	3,116,274	51.9%	40.5%

¹ The FY21 cash bonus represents FY21 STIP awarded to Executive KMP which has been restated to reflect the reduction to 80% due to the underachievement of the cash target.

² The Company has valued the benefit to Executive KMP of their participation in the LTIP using the Black Scholes valuation method. The value of these benefits does not represent cash received by the relevant participant.

³ Scott Butterworth resigned from his position of Chief Financial officer in August 2021 and as a result forfeited FY21 cash bonus/STIP. His vested and unexercised Rights lapsed.

⁴ The FY21 salary comparative disclosure had been adjusted to reflect the salary prepayment in FY21.

DIRECTORS REPORT

Audited Remuneration Report

7.2 Executive KMP Equity Plans

As described in section 4.3, the LTIP is the only equity plan in which Executive KMP participated during FY22.

7.3 Vesting and Exercise of Performance Rights granted as Remuneration

As described in section 5.3, on 30 June 2021 and 30 June 2022, Tranche B and Tranche C (respectively) of Tranche 1 of the LTIP vested in accordance with the terms of the award to independent NEDs and Executive KMP.

All of Tranche 1 is now exercisable.

On 1 January 2022, all of Tranche 2 vested and has now become exercisable.

On 30 June 2022, one third of Tranche 3 vested and became exercisable.

No KMP exercised any vested Rights in FY22.

7.4 Shareholding of Executive KMP and NEDs

In accordance with the *Corporations Act* (section 205G (1)), the Company is required to notify the interests (shares and rights to shares) of directors to the ASX. In the interests of transparency and completeness of disclosure, this information is provided for each NED (as required under the *Corporations Act*) and all Executive KMP. Please refer section 3.3 for more information on prohibition on hedging and margin lending.

The table below indicates shareholdings of the Executive KMP and NEDs:

KMP	Number held at 1 July 2021	Acquisitions	Disposals	Number held at 30 June 2022
James MacKenzie	-	-	-	-
Mark Dewar	-	-	-	-
Merrick Howes	-	-	-	-
Elana Rubin	-	-	-	-
Jacqui Walters	-	-	-	-
John Somerville	-	-	-	-
Michael Neilson	-	-	-	-
Scott Butterworth ¹	-	-	-	-
Kate Malone	-	-	-	-
Total	-	-	-	-

¹ Scott Butterworth resigned effective 29 October 2021

7.5 Movement in Executive KMP Holdings: Performance rights over ordinary shares

During the financial year, the movement in the number of performance rights over ordinary shares of the Company acquired under the LTIP, held by Executive KMP and NEDs is detailed below:

KMP	Number of Rights at 1 July 2021	Acquisitions	Rights Vested ²	Rights Exercisable	Rights Exercised	Rights Lapsed	Number of Rights at 30 June 2022
James MacKenzie ¹	1,245,840	-	1,245,840	1,245,840	-	-	1,245,840
Mark Dewar	-	-	-	-	-	-	-
Merrick Howes	-	-	-	-	-	-	-
Elana Rubin	415,280	-	415,280	415,280	-	-	415,280
Jacqui Walters	415,280	-	415,280	415,280	-	-	415,280
John Somerville	3,322,240	-	3,322,240	3,322,240	-	-	3,322,240
Michael Neilson	1,245,840	-	1,245,840	1,245,840	-	-	1,245,840
Scott Butterworth ³	1,453,480	-	-	-	-	1,453,480	-
Kate Malone	622,920	320,000	622,920	622,920	-	-	942,920
Total	8,720,880	320,000	7,267,400	7,267,400	-	1,453,480	7,587,400

¹ James MacKenzie's Rights were awarded to a company controlled by him, JACM Pty Ltd.

² Rights vested comprise Tranche 1A to 1D as at 30 June 2022.

³ Scott Butterworth resigned effective 29 October 2021.

End of Remuneration Report



**Building a better
working world**

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Auditor's independence declaration to the directors of Slater & Gordon Ltd

As lead auditor for the audit of the financial report of Slater & Gordon Ltd for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Slater & Gordon Ltd and the entities it controlled during the financial year.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written over a faint, larger version of the EY logo.

Ernst & Young

A handwritten signature in black ink, appearing to read 'David Shewring', written in a cursive style.

David Shewring
Partner
Melbourne
26 August 2022

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Revenue			
Fee revenue		155,421	154,245
Net movement in work in progress		26,620	48,096
Revenue from contracts with customers	3	182,041	202,341
Other income		576	1,460
Total revenue and other income		182,617	203,801
Less expenses			
Salaries and employee benefit expense	4	(112,003)	(114,686)
Administration and office expense	4	(20,286)	(20,377)
Finance costs	4	(13,322)	(12,149)
Advertising, marketing and new business development expense		(11,779)	(12,319)
Depreciation and amortisation expense	4	(7,592)	(7,978)
Bad and doubtful debts	4	(5,075)	(4,983)
Consultant fees		(3,830)	(5,540)
Rental expense		(2,377)	(2,689)
Other expenses		(2,894)	(1,817)
Total expenses		(179,158)	(182,538)
Profit before income tax expense from continuing operations		3,459	21,263
Income tax expense	6	(1,523)	(7,077)
Profit after income tax expense from continuing operations		1,936	14,186
Profit after income tax expense from discontinued operations		220	284
Profit after income tax expense for the year		2,156	14,470
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		2,156	14,470
Total comprehensive income for the year is attributable to:			
Continuing operations		1,936	14,186
Discontinued operations		220	284
Total comprehensive income for the year		2,156	14,470
		Cents	Cents
Earnings per share from continuing operations			
Basic earnings per share	8	1.3	9.8
Diluted earnings per share	8	1.3	9.4
Earnings per share from discontinued operations			
Basic earnings per share	8	0.1	0.2
Diluted earnings per share	8	0.1	0.2
Earnings per share			
Basic earnings per share	8	1.4	10.0
Diluted earnings per share	8	1.4	9.6

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 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	15	15,633	20,697
Receivables	10	55,021	57,098
Work in progress	11	119,204	122,577
Other assets	14,25	5,150	10,981
Total current assets		195,008	211,353
Non-current assets			
Property, plant and equipment	12	2,138	2,690
Receivables	10	33,652	23,096
Work in progress	11	194,523	163,554
Right-of-use assets	17	13,673	15,572
Intangible Assets	9	1,533	907
Other assets	14,25	3,279	1,428
Total non-current assets		248,798	207,247
Total assets		443,806	418,600
Liabilities			
Current liabilities			
Payables	13	54,557	60,758
Leases	17	6,887	6,628
Provisions	14	22,979	23,154
Total current liabilities		84,423	90,540
Non-current liabilities			
Payables	13	21,845	13,317
Financing arrangements	16	108,706	89,214
Leases	17	14,257	16,542
Deferred tax	6	24,036	22,418
Provisions	14	6,575	6,114
Total non-current liabilities		175,419	147,605
Total liabilities		259,842	238,145
Net assets		183,964	180,455
Equity			
Contributed equity	19	1,435,826	1,435,177
Reserves		9,997	9,293
Accumulated losses		(1,261,859)	(1,264,015)
Total equity		183,964	180,455

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 2022

	Contributed equity \$'000	Share-based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2020	1,434,793	6,025	(1,278,485)	162,333
Profit after income tax expense for the year	-	-	14,470	14,470
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	14,470	14,470
Issuance of shares under rights offer	384	(384)	-	-
Performance rights granted under LTIP	-	3,652	-	3,652
Balance at 30 June 2021	1,435,177	9,293	(1,264,015)	180,455
	Contributed equity \$'000	Share-based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	1,435,177	9,293	(1,264,015)	180,455
Profit after income tax expense for the year	-	-	2,156	2,156
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	2,156	2,156
Issuance of shares under rights offer	649	(649)	-	-
Performance rights granted under LTIP	-	1,353	-	1,353
Balance at 30 June 2022	1,435,826	9,997	(1,261,859)	183,964

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 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Cash flows from operating activities			
Receipts from customers		211,381	224,211
Payments to suppliers and employees		(217,363)	(208,853)
Interest received		4	1,050
Borrowing costs paid		(8,397)	(4,429)
Net cash (used in) / provided by operating activities of continuing operations		(14,375)	11,979
Net cash from operating activities of discontinued operations	6	315	406
Net cash (used in) / provided by operating activities	5	(14,060)	12,385
Cash flows from investing activities			
Payment for software development		(642)	-
Payment for plant and equipment	12	(630)	(842)
Return of bank guarantees		2,095	-
Net cash from / (used in) investing activities		823	(842)
Cash flows from financing activities			
Proceeds from borrowings		31,415	5,676
Repayment of borrowings		(16,415)	(14,627)
Payment of principal portion of lease liabilities		(6,827)	(8,356)
Net cash from / (used in) financing activities		8,173	(17,307)
Net decrease in cash and cash equivalents		(5,064)	(5,764)
Cash and cash equivalents at the beginning of the financial year		20,697	26,461
Cash and cash equivalents at the end of the financial year	15	15,633	20,697

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

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 1. Basis of Preparation

This note sets out the accounting policies adopted by Slater & Gordon Ltd (the "Company") and its consolidated entities (the "Consolidated Entity" or the "Group") in the preparation and presentation of the financial report. Where an accounting policy is specific to one note, the policy is described within the note to which it relates.

The financial report was authorised for issue by the Directors as at the date of the Directors' Report on 26 August 2022.

The Company is limited by shares and is incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange.

1.1 Basis of Accounting

This financial report is a general purpose financial report, for a 'for-profit' entity, which has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements of Slater & Gordon Ltd also comply with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial report has been prepared under the historical cost convention, except where noted.

The consolidated financial statements provide comparative information in respect of the previous period.

Where necessary, comparative figures have been reclassified and repositioned for consistency with current year disclosures.

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Going Concern

The financial statements have been prepared using the going concern assumption which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a net operating cash outflow of \$14.1m and profit before tax of \$3.8m in the current period. Notwithstanding, the Group has considered the following factors in determining that the financial statements should be prepared on a going concern basis:

- As at 30 June 2022, the Group has a positive net current asset balance of \$110.6m (30 June 2021: \$120.8m) and a positive overall net asset balance of \$184.0m (30 June 2021: \$180.5m).
- As at 30 June 2022, the Group's total borrowings (excluding lease liabilities), were \$108.7m (30 Jun 2021: \$89.2m). The total debt, including the Super Senior Facility expiring in July 2023, are classified as non-current liabilities. The Group's borrowings are subject to covenants which have been complied with as at 30 June 2022. These covenants are expected to be complied with in the next 12 months based on the most recent forecasts. On 16 August 2022, the Super Senior Facility has been amended and the termination date of the facility has been extended to 31 October 2024.
- The Directors have assessed the appropriateness of applying the going concern assumption by considering the Group's balance sheet position including debt maturity profile, covenant requirements and available facilities, forecasts of the Group's trading and cash flows in line with current experience and forecast outcomes including sensitivities and the post year end execution of an amendment to the Super Senior Facility. Various mitigation strategies are able to be deployed to manage cash to appropriate levels in the event an unfavourable outcome occurs.

On this basis, the Directors have concluded that there are reasonable grounds to believe that the Group will continue to be able to pay its debts as and when they become due and payable, and the preparation of the 30 June 2022 financial report on a going concern basis is appropriate.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 1. Basis of Preparation (continued)

All inter-company balances and transactions, including any unrealised profits or losses, have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

Any changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

1.2 Foreign Currency Translations and Balances

Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars which is also the functional currency of the parent entity and all subsidiaries.

1.3 Adoption of New and Amended standards

The Group did not apply any new and/or amended standards as of 1 July 2021 that have a material impact on the financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

1.4 Significant Accounting Judgements, Estimates and Assumptions

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are regularly reviewed. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are outlined in detail within the specific note to which they relate.

Note 2. Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group has one reportable segment relating to provision of legal services in Australia. Information provided to the Chief Operating Decision Maker ("CODM") for the purposes of making decisions about allocating resources to the segment and assessing its performance is consistent with amounts presented in the consolidated financial statements.

The Group's revenues and assets are wholly based in Australia. The Group is not reliant on any single customer.

Note 3. Revenue from Contracts with Customers

3.1 Accounting Policies

Provision of Legal Services – Personal Injury Law Claims

The Group's personal injury law practice operates on the basis of No Win – No Fee ("NWNF") conditional fee arrangements, whereby fees are earned only in the event of a successful outcome of a client's claim. Fees may be fixed depending on the stage at which a matter concludes or determined based on an agreed scale detailed within the legal cost agreement, which is often a mix between time-based charging and set rates for certain activities.

Contracts with clients may comprise a single performance obligation, being the provision of services in pursuit of the successful settlement of a customer's claim, or may contain multiple performance obligations, such as legal services in respect of a statutory claim and a common law claim, or initial pre-issue work and litigation work. In both circumstances, the transaction price is allocated to a single distinct performance obligation given the services being performed are highly integrated.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 3. Revenue from Contracts with Customers (continued)

The NWNF arrangement introduces transaction price variability as the final fees receivable under a contract are generally only known upon the matter's conclusion. Expected fees are only recognised as revenue to the extent that it is highly probable that the cumulative amount of revenue recognised will not be subject to significant reversal when a matter is concluded.

The transaction price for revenue recognition is estimated using the expected value method basis using the Group's historical experience in similar contracts and is influenced by the following factors:

Factor	Basis	Sensitivity
expected fee	historical fee data	The higher the expected fee, the higher the estimated revenue.
success rate	historical rates of successful and unsuccessful outcomes of similar matters	The higher the success rate, the higher the estimated revenue.
risk adjustment	simulated at each reporting period using a Monte Carlo method	The higher the risk adjustment, the lower the estimated revenue.

The additional risk adjustment is applied to consider the variability of the final outcomes of contracts in a particular group of matters and determines a percentage adjustment that should be applied to the expected outcome in order to satisfy that it is 'highly probable that a significant reversal of revenue recognised will not occur' when the uncertainty associated with the amount of variable consideration is resolved.

Where historical averages are not predictive of the probability of outcomes for a given contract, or where the Group has limited historical experience with similar contracts, the expected amount of variable consideration is estimated using a 'most likely amount' approach on a contract by contract basis. In such circumstances, a level of judgement is required to determine the likelihood of success of a given matter, as well as the estimated amount of fees that will be recovered in respect of the matter.

Revenue is recognised when control of a service is transferred to the client. The Group recognises revenue in respect of personal injury matters 'over time' (as opposed to at a 'point in time') using a milestone-based approach. The percentage completion is determined:

- by calculating the average fee received for matters that resolve at a particular status code as a percentage of the average fee received for matters that resolve at that status and any later status; or
- by use of defined completion allocations based on historical performance.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The Group also arranges for the disbursement activities provided by third parties on behalf of the client where the Groups acts as an agent because the Group does not control the output from those activities and cannot influence the content of the medical reports or certain court filings. No profit margin is recognised on the activities when clients are charged the direct cost incurred by the Group. The amount recognised for the expected reimbursement does not exceed the relevant costs incurred. Disbursements are treated as a separate asset reduced by an allowance for non-recovery based on past experience. Refer to Note 10.

Provision of Legal Services – Litigation and Emerging Services

The Group earns revenue from the provision of general legal services, including project litigation. Revenue for general legal services is recognised over time in the accounting period when services are rendered. Revenue recognised is carried as 'Work in progress' until the matter is finalised and a client invoice is raised.

Fee arrangements from general legal services include NWNF arrangements, contingency fee arrangements, fixed fee arrangements, and partially or fully funded litigation.

NWNF arrangements: Revenue is estimated using a most likely amount approach on a contract by contract basis. Management makes a detailed assessment of the amount of revenue expected to be received and the probability of success of each case. Variable consideration is included in revenue only to the extent that it is highly probable that a significant reversal will not occur.

Contingency fee arrangements: During the period, one of the Group's Project Litigation cases converted from a NWNF arrangement to a Group Cost Order ("GCO") which operates on the basis of contingency fee arrangements. The *Justice Legislation Miscellaneous Amendments Act 2000*, effective on 1 July 2020, amended the Victorian Supreme Court Act 1956 to enable contingency fee arrangements. A contingency fee arrangement entitles the Group to receive a percentage share of the damages awarded to the plaintiffs. As with existing NWNF arrangements, the revenue will only be recognised if it is highly probable that a significant reversal will not occur.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 3. Revenue from Contracts with Customers (continued)

Partially or fully funded litigation: The Group enters into arrangements with third party funders to provide a portion of the fees on a matter over time as services are performed. In such arrangements, the funded portion of fees, referred to as time and materials, is billed regularly over time and is not contingent on the successful outcome of the litigation. The remaining portion of fees is variable consideration which is conditional on the successful resolution of the litigation. The variable consideration is included in revenue as services are performed only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved.

Fixed fee arrangements: Revenue is recognised based on the stage of completion tracked on a contract by contract basis using a milestone-based approach, similar to Personal Injury Law Claims as explained above.

As in the case of personal injury claims, estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The Group has determined that no significant financing component exists in respect of all its revenue streams. This is because:

- a substantial amount of the consideration promised by the client is variable subject to the occurrence or non-occurrence of a future event that is not substantially within the control of the client or the Group; and
- for fixed and funded fee arrangements, the period between when the entity transfers a promised good or service to a client and when the client pays for that good or service is expected to be one year or less.

A receivable in relation to the Group's services is recognised when a bill has been invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When an invoice is raised, the amount receivable is transferred from 'Work in progress' to 'Accounts receivable'.

Contract Costs

Applying the practical expedient in paragraph 94 of AASB 15 *Revenue from Contracts with Customers*, the Group recognises the incremental costs of obtaining contracts as an expense when incurred.

Critical Accounting Estimates and Judgements

Area	Detail
Identifying the performance obligation	As referred to above, some revenue contracts contain multiple deliverables. The Group has assessed that these multiple deliverables represent a single distinct performance obligation, given there is a significant integration between the various deliverables provided to clients.
Estimating the variable consideration on NWNF arrangements	As referred to above, the uncertainty around the fees ultimately receivable under these types of contracts is generally only fully resolved when a matter is concluded. To estimate the revenue recognised over the period of the contract, significant estimation is employed by the Group as described above.
Measuring the stage of completion	As referred to above, the Group recognises revenue 'over time' (as opposed to at a 'point in time'). The determination on the stage of completion involves significant estimation as described above.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 3. Revenue from Contracts with Customers (continued)

Partially or fully funded litigation: The Group enters into arrangements with third party funders to provide a portion of the fees on a matter over time as services are performed. In such arrangements, the funded portion of fees, referred to as time and materials, is billed regularly over time and is not contingent on the successful outcome of the litigation. The remaining portion of fees is variable consideration which is conditional on the successful resolution of the litigation. The variable consideration is included in revenue as services are performed only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved.

Fixed fee arrangements: Revenue is recognised based on the stage of completion tracked on a contract by contract basis using a milestone-based approach, similar to Personal Injury Law Claims as explained above.

As in the case of personal injury claims, estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

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- a substantial amount of the consideration promised by the client is variable subject to the occurrence or non-occurrence of a future event that is not substantially within the control of the client or the Group; and
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A receivable in relation to the Group's services is recognised when a bill has been invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When an invoice is raised, the amount receivable is transferred from 'Work in progress' to 'Accounts receivable'.

Contract Costs

Applying the practical expedient in paragraph 94 of AASB 15 *Revenue from Contracts with Customers*, the Group recognises the incremental costs of obtaining contracts as an expense when incurred.

Critical Accounting Estimates and Judgements

Area	Detail
Identifying the performance obligation	As referred to above, some revenue contracts contain multiple deliverables. The Group has assessed that these multiple deliverables represent a single distinct performance obligation, given there is a significant integration between the various deliverables provided to clients.
Estimating the variable consideration on NWNF arrangements	As referred to above, the uncertainty around the fees ultimately receivable under these types of contracts is generally only fully resolved when a matter is concluded. To estimate the revenue recognised over the period of the contract, significant estimation is employed by the Group as described above.
Measuring the stage of completion	As referred to above, the Group recognises revenue 'over time' (as opposed to at a 'point in time'). The determination on the stage of completion involves significant estimation as described above.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 3. Revenue from Contracts with Customers (continued)

3.2 Revenue from Contracts with Customers

The Group derives revenue from the transfer of goods and services over time and at a point in time, in the major product lines of Personal Injury Law and Litigation and Emerging Services and the geographical regions of Australia:

	Personal Injury Law \$'000	Litigation and Emerging Services \$'000	Total \$'000
30 June 2022			
Type of contract			
No Win - No Fee	157,231	10,934	168,165
Time and Materials	-	12,150	12,150
Contingency fees (Group Cost Order)	-	1,692	1,692
Fixed Fee	-	34	34
Revenue from contracts with customers	157,231	24,810	182,041
30 June 2021			
Type of contract			
No Win - No Fee	175,726	13,046	188,772
Time and Materials	-	13,537	13,537
Fixed Fee	-	32	32
Revenue from contracts with customers	175,726	26,615	202,341

Note 4. Expenses

4.1 Accounting Policies

Expenses are recorded in the period in which the goods or services are received or used.

Interest

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Depreciation

The depreciable amounts of all property, plant and equipment, excluding land, are depreciated over their estimated useful lives, commencing from the time the asset is held ready for use. Leased right of use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rates	Depreciation Method
Plant and equipment	5.00% - 33.33%	Straight Line and Diminishing Value
Right of use asset	11.00% - 50.00%	Straight Line
Low value asset pool	18.75% - 37.50%	Diminishing Value

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 4. Expenses (continued)

Amortisation

Amortisation is calculated using a straight-line method to allocate the cost of intangible assets over their estimated useful lives. Amortisation commences when the intangible asset is available for use.

The amortisation rates used for each class of assets are:

Class of Intangible Asset	Amortisation Rates	Amortisation Method
Software and development	33.33%	Straight Line
Client lists	33.33%	Straight Line

Share Based Payments

The accounting policy for share based payments is included in Note 20.

4.2 Expense Analysis

	30 June 2022 \$'000	30 June 2021 \$'000
Profit before income tax from continuing operations includes the following specific expenses:		
Salaries and employee benefit expense		
Wages and salaries	101,598	102,740
Post-employment benefits	8,532	7,525
Share-based payments expense (includes payroll tax)	1,387	3,652
Redundancy costs	486	769
	112,003	114,686
Administration and office expense		
IT and computer	6,636	5,546
Utilities and insurance	3,746	3,611
Professional fees	3,331	4,068
Printing, postage and stationery	2,182	2,222
Sundry	4,391	4,930
	20,286	20,377
Finance costs		
Interest and fees on loans (includes costs of borrowing)	11,159	10,195
Interest on lease obligations, make good and hire purchases	2,163	1,954
	13,322	12,149
Depreciation and amortisation		
Right of use assets	6,478	5,485
Property, plant and equipment	1,067	1,782
Software	47	711
	7,592	7,978
Bad and doubtful debts		
Disbursements receivables	6,176	5,064
Work in progress	(997)	(321)
Trade receivables	(104)	240
	5,075	4,983

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 5. Cash Flow Information

Reconciliation of profit for the period to cash flows from operating cash flows

	30 June 2022 \$'000	30 June 2021 \$'000
Profit after income tax expense for the year	2,156	14,470
Adjustments for:		
Interest expense capitalised in financing arrangements	4,044	6,537
Depreciation, amortisation and disposal	7,706	7,978
Bad and doubtful debts	5,075	4,983
Share-based payment expenses (includes payroll tax)	1,387	3,652
Impairment expense	304	-
Change in operating assets and liabilities:		
(Increase) / Decrease in receivables	(7,168)	6,603
(Increase) in work in progress	(26,597)	(45,803)
Decrease / (Increase) in other assets	1,881	(1,759)
(Decrease) / Increase in payables	(5,116)	5,247
Increase in provisions and other liabilities	650	3,278
Increase in net deferred tax	1,618	7,199
Net cash (used in) / provided by operating activities	(14,060)	12,385

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 6. Income tax expense

6.1 Accounting Policies

Income and other taxes consist of income tax and goods and services tax.

Income Tax

Current income tax expense or benefit for the current and prior periods is measured at the amount expected to be recovered from or paid to the tax authorities. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Except for those arising from right-of-use assets and lease liabilities, deferred tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and does not affect accounting profit or taxable profit.

Deferred tax assets are recognised for unused tax losses to the extent that management considers the similar business test to have been satisfied and only if management considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are reviewed at each reporting date. Unrecognised deferred tax assets are reassessed at each reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax for the year are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Goods and Services Tax ("GST")

Revenue and expenses are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office ("ATO"), and is therefore recognised as part of the asset's cost or as part of the expense item. Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Critical Accounting Estimates and Judgements

Area	Detail
No adverse change will occur in the income tax legislation	Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation in Australia and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.
Recognition of deferred tax assets	Deferred tax assets are recognised only if management considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 6. Income tax expense (continued)

6.2 Income Tax Expense

The major components of income tax expense are:

	30 June 2022 \$'000	30 June 2021 \$'000
Income tax expense		
Adjustment for tax expense relating to prior periods	-	(401)
Deferred income tax expense	1,618	7,600
Aggregate income tax expense	1,618	7,199
Income tax expense is attributable to:		
Profit from continuing operations	1,523	7,077
Profit from discontinued operations	95	122
Aggregate income tax expense	1,618	7,199
The prima facie tax payable on profit before tax differs from the income tax expense as follows:		
Profit before income tax expense from continuing operations	3,459	21,263
Profit before income tax expense from discontinued operations	315	406
	3,774	21,669
Tax at the statutory tax rate of 30%	1,132	6,501
Tax effect amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	486	1,099
	1,618	7,600
Adjustment for tax expense relating to prior periods	-	(401)
Income tax expense	1,618	7,199
	30 June 2022 \$'000	30 June 2021 \$'000
Deferred income tax expense included in income tax expense:		
Increase in deferred tax assets	(6,637)	(4,052)
Increase in deferred tax liabilities	8,255	11,251
	1,618	7,199

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 6. Income tax expense (continued)

6.3 Recognised Tax Assets and Liabilities

	30 June 2022 \$'000	30 June 2021 \$'000
Deferred tax assets		
Employee benefits	6,458	5,972
Lease liabilities	6,291	6,901
Provision for impairment	5,221	4,940
Property, plant and equipment	2,688	2,604
Accruals	2,299	3,264
Solicitor liability provision	1,538	1,737
Provision for make good	971	953
Blackhole tax asset ⁽¹⁾	169	923
Other	-	110
Revenue losses carried forward ⁽²⁾	61,311	52,905
Total	86,946	80,309
Offset of deferred tax assets and deferred tax liabilities	(86,946)	(80,309)
Balance at the end of the year	-	-

⁽¹⁾ Blackhole tax asset relates to capital expenditures which are not deductible immediately during the period it was incurred, but instead, deductible over 5 years using the straight-line method under the income tax regime.

⁽²⁾ The Group's revenue losses carried forward arose in prior periods and are available indefinitely for offsetting against future taxable profits, subject to compliance with the Similar Business Test.

	30 June 2022 \$'000	30 June 2021 \$'000
Deferred tax liabilities		
Work in progress	(95,902)	(87,077)
Unrendered disbursements	(9,029)	(8,836)
Right of use asset	(4,102)	(4,671)
Sub-lease receivable	(895)	(1,080)
Professional indemnity insurance asset	(268)	(744)
Other	(786)	(319)
Total	(110,982)	(102,727)
Offset of deferred tax assets balance	86,946	80,309
Net deferred tax liability balance at the end of the year	(24,036)	(22,418)

Note 7. Dividends

No interim or final dividend was paid, declared or proposed for the years ended 30 June 2022 or 30 June 2021.

Note 8. Earnings per Share

The following reflects the profit and share data used in the calculations of basic and diluted profit per share:

	30 June 2022 \$'000	30 June 2021 \$'000
Earnings per share from continuing operations		
Profit after income tax	1,936	14,186

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 8. Earnings per Share (continued)

	30 June 2022 \$'000	30 June 2021 \$'000
Earnings per share from discontinued operations		
Profit after income tax	220	284
	30 June 2022 \$'000	30 June 2021 \$'000
Earnings per share		
Profit after income tax	2,156	14,470
	2022 '000	2021 '000
Weighted average number of ordinary shares used in calculating basic earnings per share	153,025	145,219
Adjusted for potential ordinary shares in relation to the Company's equity-settled share-based payment	145	5,942
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	153,170	151,161

Note 9. Intangible Assets

9.1 Accounting Policies

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed.

Goodwill is not amortised, but it is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

Software Development Costs

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sell the asset; the entity has sufficient resources and intent to complete the development and its costs can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. See Note 4 for the amortisation policy.

	30 June 2022 \$'000	30 June 2021 \$'000
Non-current assets		
Goodwill - at cost	879	879
Software - at cost	16,570	15,898
Less: Accumulated amortisation	(15,916)	(15,898)
	654	-
Client lists - at cost	102	102
Less: Accumulated amortisation	(102)	(74)
	-	28
Total intangible assets	1,533	907

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 9. Intangible Assets (continued)

Movement in carrying amounts:

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

	Goodwill \$'000	Software \$'000	Client lists \$'000	Total \$'000
Balance at 1 July 2020	879	677	62	1,618
Amortisation expense	-	(677)	(34)	(711)
Balance at 30 June 2021	879	-	28	907
Additions	-	673	-	673
Amortisation expense	-	(19)	(28)	(47)
Balance at 30 June 2022	879	654	-	1,533

9.2 Impairment Testing of Goodwill

For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable, largely independent, cash inflows (cash generating units "CGU's").

Impairment testing is completed at least annually for goodwill, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset or CGU exceeds its recoverable amount. The recoverable amount of an asset or CGU is defined as the higher of its fair value less costs of disposal and value-in-use.

Critical Accounting Estimates and Judgements

Area	Detail
Impairment of Goodwill	<p>Determining whether goodwill is impaired requires an estimation of the value-in-use or fair-value less cost of disposal of the CGU's to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the CGU and a post-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset in order to calculate present value. A material impairment loss may arise where the present value of future cash flows as currently assessed are less than expected.</p> <p>Key assumptions and inputs into the determination of the recoverable value of the Group's CGUs such as forecast cash flows and discount rates, are subject to significant estimation.</p>

Sensitivity considerations

Sensitivities to the key assumptions were also tested and the Group has determined that no reasonably possible changes would give rise to impairment at 30 June 2022.

9.3 Impairment Losses Recognised

As at 30 June 2022, the Group did not recognise an impairment expense (30 June 2021: nil).

Note 10. Receivables

10.1 Accounting Policies

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other receivables are mainly related to deferred consideration for sale of client files. If collection of the amounts is expected in one year from the reporting date or less, they are classified as current assets. If not, they are presented as non-current assets.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 10. Receivables (continued)

Disbursements receivables are only recognised when it is assessed that a reimbursement will be received from the client or on his or her behalf. The disbursements receivables are initially recognised at the amount disbursed. The disbursements receivables are treated as a separate asset.

	30 June 2022 \$'000	30 June 2021 \$'000
Current assets		
Trade receivables	32,751	31,474
Provision for impairment	(4,384)	(5,403)
Trade receivables, net	28,367	26,071
Disbursements receivables	28,527	31,912
Provision for impairment	(3,995)	(3,376)
Disbursements receivables, net	24,532	28,536
Other receivables	2,122	2,491
Total current assets	55,021	57,098
Non-current assets		
Disbursements receivables	47,618	33,778
Provision for impairment	(15,980)	(13,503)
Disbursements receivables, net	31,638	20,275
Other receivables	2,014	2,821
Total non-current assets	33,652	23,096

Collectability of trade receivables is reviewed at each reporting period. The Group applies the AASB 9 *Financial Instruments* simplified approach to measuring the expected credit loss ("ECL") for all receivables, which uses a lifetime expected loss allowance. Where there is no reasonable expectation of recovery, receivables are written off.

The ECL is based on three main parameters: probability of default, loss given default and exposure at default. These parameters are generally derived from internally developed statistical models combined with historical, current and forward-looking information, including macro-economic data such as the uncertain economic outlook and changes in inflation and interest rates:

Parameter	Detail
Probability of default ("PD")	Lifetime PD represents the expected point-in-time probability of a default, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk. Debtors that roll into an above 90 days overdue category are assumed to have a PD of 100%.
Loss given default ("LGD")	Represents expected loss conditional on default.
Exposure at default ("EAD")	Represents the expected exposure at default, taking into account the repayment of outstanding amounts from the balance sheet date to the default event.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The use of forward-looking information such as macro-economic forecasts increases the degree of judgement required to assess how changes in these data points will affect ECLs. The assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Disbursements receivables and work in progress (Note 11) relate to unbilled work in progress and have substantially the same risk characteristics as zero days past due trade receivables for the same types of contracts. ECLs related to disbursements receivables and work in progress are discounted at the risk free rate.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 10. Receivables (continued)

The ECL as at 30 June 2022 and 30 June 2021 was determined as follows:

Trade receivables	Total \$'000	<30 days \$'000	30-60 days \$'000	61-90 days \$'000	91-180 days \$'000	>180 days \$'000
30 June 2022						
Gross carrying amount	32,751	20,745	3,758	2,121	1,552	4,575
Provision for impairment	4,384	299	92	99	315	3,579
30 June 2021						
Gross carrying amount	31,474	20,051	2,980	1,492	1,517	5,434
Provision for impairment	5,403	402	171	320	410	4,100

Provision for impairment	2022		2021	
	Trade receivables \$'000	Disbursements receivables \$'000	Trade receivables \$'000	Disbursements receivables \$'000
Opening balance as at 30 June	(5,403)	(16,879)	(5,958)	(15,924)
Receivables written off as uncollectible	996	1,811	775	2,175
Release / (increase) of provisions	23	(4,907)	(220)	(3,130)
Closing Balance as at 30 June	(4,384)	(19,975)	(5,403)	(16,879)

Critical Accounting Estimates and Judgements

Area	Detail
Provision for ECL of trade receivables and disbursements receivables	<p>As referred to above, the Group uses a provision matrix to calculate ECLs for trade receivables and disbursements receivables. The ECL is calculated based on the PD, LGD and EAD, generally derived from internally developed statistical models combined with historical, current and forward-looking information, including macro-economic data.</p> <p>The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL involves significant estimation.</p>

Note 11. Work in progress

11.1 Accounting Policies

Work in progress represents client cases which have not yet reached a conclusion and comprises personal injury cases, services performed ancillary to personal injury cases, non-personal injury cases and project litigation cases. Refer to Note 3 for further details.

Contracts for legal services are billed based on time incurred or regulated prices. As permitted under AASB 15, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations under these contracts has not been disclosed.

The Group allocates work in progress between current and non-current classifications based on a historical analysis of the Group's work in progress balances and case velocity rates to determine expected timing of settlements.

The Group maintains a provision to take account of potential errors in the data input of the work in progress of the personal injury law practice.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 11. Work in progress (continued)

	30 June 2022 \$'000	30 June 2021 \$'000
Current assets		
Personal injury	109,990	112,853
Litigation and emerging services	9,844	10,549
Provision for impairment	(630)	(825)
Total current assets	119,204	122,577
Non-current assets		
Personal injury	175,476	160,186
Litigation and emerging services	21,567	6,668
Provision for impairment	(2,520)	(3,300)
Total non-current assets	194,523	163,554

The ECL for work in progress is calculated using the same methodology as described in Note 10. The closing provision for impairment for work in progress as at 30 June 2022 reconciles to the opening provision for impairment as follows:

	30 June 2022 \$'000	30 June 2021 \$'000
Opening balance as at 30 June	4,125	4,953
Change in provisions	(975)	(828)
Closing balance	3,150	4,125

Critical Accounting Estimates and Judgements

Area	Detail
Valuation of work in progress	Refer to the disclosures made in Note 3.
Provision for ECL of work in progress	Refer to the disclosures made in Note 10.

Note 12. Property, plant and equipment

12.1 Accounting Policies

Property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

An asset's residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period. Any depreciation and impairment losses of an asset are recognised in profit or loss – see Note 4.1 for the depreciation policy.

Gains and losses on disposal are determined by comparing the proceeds obtained for the disposal with the carrying value of the relevant asset. These gains and losses are included in profit or loss when the asset is derecognised.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 12. Property, plant and equipment (continued)

	30 June 2022 \$'000	30 June 2021 \$'000
Non-current assets		
Plant and equipment - at cost	27,973	27,520
Less: Accumulated depreciation	(25,936)	(25,130)
Carrying value	2,037	2,390
Low Value Asset Pool - at cost	810	3,102
Less: Accumulated depreciation	(709)	(2,802)
Carrying value	101	300
Total	2,138	2,690

Reconciliations

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

	Plant & Equipment \$'000	Low Value Asset Pool \$'000	Total \$'000
Balance at 1 July 2020	3,162	481	3,643
Additions	842	-	842
Disposals	(12)	(1)	(13)
Depreciation expense	(1,602)	(180)	(1,782)
Balance at 30 June 2021	2,390	300	2,690
Additions	630	-	630
Disposals	(29)	(86)	(115)
Depreciation expense	(954)	(113)	(1,067)
Balance at 30 June 2022	2,037	101	2,138

Note 13. Payables

13.1 Accounting Policies

Trade creditors and accruals are carried at amortised cost and represent future amounts payable for goods and services provided to the Group prior to the end of the financial year. They arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Legal creditors are carried at amortised cost and represent counsel fees and other disbursements payable by the Group. Counsel fees will not be paid until the Group receives payment from settlement proceeds on the matter.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 13. Payables (continued)

	30 June 2022 \$'000	30 June 2021 \$'000
Current liabilities		
Legal creditors	24,472	26,727
Trade creditors and accruals	16,392	21,449
Third party disbursements	13,693	12,582
Balance	54,557	60,758
Non-current liabilities		
Third party disbursements	21,845	13,317
Balance	21,845	13,317

The Group has an agreement with a third-party disbursement funder, Equal Access Funding Proprietary Limited ("EAF"), who funds disbursements in respect of certain individual matters. They are reimbursed out of any settlement proceeds on the matter. The Group has provided a financial guarantee to EAF for the repayment of clients' obligations in certain circumstances.

In July 2018, the Group entered into an Exclusive Service Provider Deed with MAF Credit Pty Ltd ("MAF") to provide disbursement funding to clients. The funding facility was initially available for 36 months. On 8 January 2021, the Group extended the terms of the funding for an additional 18 months expiring on 2 January 2023. The Group has provided a financial guarantee to MAF for the repayment of clients' obligations in certain circumstances.

Both disbursement funding facilities are presented in the statement of financial position within payables with a corresponding financial asset in receivables. An assessment of the financial asset has been performed in line with AASB 9 and a provision has been recognised against the asset in accordance with the impairment policy described.

Critical Accounting Estimates and Judgements

Area	Detail
Recognition of third-party funding arrangements	The Group has assessed the arrangements create a financial liability, given that the effect of the arrangements is to create an unconditional contractual obligation to deliver cash to the funders (even if the amount and timing is unknown) upon certain events. A corresponding financial asset is recognised as the Group effectively acts as an agent of the client in paying disbursements associated with a client's matter. The recognition of a separate financial liability on the balance sheet and a corresponding financial asset is considered a critical accounting judgement.
Provision for ECL of third-party disbursements assets	Refer to the disclosures made in Note 10.

Note 14. Provisions

14.1 Accounting Policies

Non-employee related provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, for which it is probable that an outflow of economic benefits will result in an amount that can be reliably measured. Employee related provisions are recognised by the Group in line with the requirements of AASB 119 *Employee Benefits*.

Solicitor Liability Claims

A provision for solicitor liability claims is made for the potential future cost of claims brought against the Group by former clients. The provision relates to open claims and potential future claims as identified at the end of the reporting period. The provision is determined based on historical data, taking into account the nature of existing claims. The estimate includes the estimated maximum amount payable by the Group under its Professional Indemnity Insurance Policy on all claims notified to its insurer.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 14. Provisions (continued)

Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. Liabilities arising later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These estimated future cash flows have been discounted using market yields, at the reporting date, on high quality corporate bonds with matching terms to maturity.

A bonus provision is recognised when it is payable in accordance with the employee's contract of employment and the amount can be reliably measured.

A provision for termination benefits is recognised when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

Employee benefit obligations are presented as current liabilities if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Other: Make Good

For the Group's obligation to dismantle and remove a leased asset or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. This includes costs of removing furniture and fixtures, equipment, partitions and signage within the Group's leased offices. Adjustments to the make good provision are generally included in the Group's right-of-use asset under AASB 16 *Leases*. However, if the make good obligation specifically relates to leasehold improvements undertaken by the Group, the make good provision is capitalised as part of the relevant leasehold improvement asset rather than to the right-of-use asset.

14.2 Provisions

	30 June 2022 \$'000	30 June 2021 \$'000
Current		
Employee benefits	20,626	19,056
Solicitor liability claims	1,413	3,024
Other provisions	940	1,074
Balance	22,979	23,154
Non-current		
Employee benefits	1,304	1,246
Solicitor liability claims	2,972	2,136
Other provisions	2,299	2,732
Balance	6,575	6,114

There have been no significant COVID-19 related provisions identified as a result of the assessment performed by management for the balances as at 30 June 2022.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 15. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and short-term deposits with an original maturity of three months or less. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding banking overdrafts.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

	30 June 2022 \$'000	30 June 2021 \$'000
Cash and cash equivalents		
Cash in hand	25	26
Cash in bank	15,608	20,671
Balance	15,633	20,697

Note 16. Financing arrangements

16.1 Accounting Policies

Borrowing Costs

Borrowing costs can include interest expense, finance charges in respect of finance leases, amortisation of loan discounts or premiums, ancillary costs relating to borrowings, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

16.2 Financing arrangements

Debt facilities

At the reporting date, the Group had the following debt facilities:

- (a) Super Senior Facility (\$65.0m) with a termination date of 31 July 2023. The facility incurs fixed fees and a fixed interest rate. From 1 January 2021, 25% of the interest became payable in cash and this increased to 50% at 1 July 2021. The remaining interest continues to be capitalised to the loan balance until the end of December 2022, when all interest becomes payable in cash. The balance is \$84.0m at 30 June 2022 (30 June 2021: \$79.9m). The total undrawn amount of the facility is nil at 30 June 2022 (30 June 2021: nil). On 16 August 2022, the Super Senior Facility has been amended and the termination date of the facility has been extended to 31 October 2024. Refer to Note 26 for further details.
- (b) April 2020 Term Loan (nil) – the \$15.0m facility held at 30 June 2021 with a maturity date of 6 February 2023 was fully repaid and terminated in December 2021. The balance is not available as at 30 June 2022 (30 June 2021: \$10.0m). This facility was replaced by the December 2021 Term Loan below.
- (c) December 2021 Term Loan (\$30.0m) – a new \$30.0m facility was executed in December 2021 with a termination date of 10 December 2024. The facility is secured against a borrowing base of eligible receivables, eligible WIP and a specific bank account. The \$25.0m outstanding facility commitment is a term loan facility which incurs fixed fees and a fixed interest rate, with interest payable monthly in arrears. The balance is \$25.0m as at 30 June 2022 (30 June 2021: \$nil). The total available undrawn amount of the facility is \$5.0m as at 30 June 2022 and is available until 10 December 2022, subject to availability of the borrowing base.

Net Debt

As at 30 June 2022, the Group has fully drawn its Super Senior Facility.

The Group had cash on hand of \$15,633,000 (30 June 2021: \$20,697,000), offset by debt of \$129,850,000 (including lease liabilities of \$21,144,000), resulting in net debt of \$114,217,000 (30 June 2021: \$91,687,000).

Covenants position

The Group was in compliance with all financial covenants as at 30 June 2022.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 16. Financing arrangements (continued)

Debt reconciliation	Super senior facility \$'000	April 2020 term loan \$'000	December 2021 term loan \$'000	Lease liabilities \$'000	Insurance Premium financing \$'000	Total \$'000
Balance at 30 June 2021	79,928	9,286	-	23,170	-	112,384
Drawdowns	-	5,000	25,000	-	1,415	31,415
Repayments	-	(15,000)	-	(8,956) ⁽¹⁾	(1,450)	(25,406)
Borrowing costs	-	-	(330)	-	-	(330)
Lease non-cash movements	-	-	-	4,801	-	4,801
Borrowing costs unwind	-	714	64	-	-	778
Accrued interest / interest charges	4,044	-	-	2,129	35	6,208
Balance at 30 June 2022	83,972	-	24,734	21,144	-	129,850

⁽¹⁾ Includes both principal and interest repayment.

16.3 Summary of Borrowing Arrangements

At reporting date, the following banking facilities had been executed and were available:

Total banking facilities	Maturity	2022 \$'000	2021 \$'000
Super senior facility		65,000	65,000
December 2021 term loan		30,000	-
Total credit facilities		95,000	65,000
Super senior facility	31 Jul 2023	-	-
December 2021 term loan	10 Dec 2024	-	-
Total credit facilities - current		-	-
Super senior facility ⁽¹⁾	31 Jul 2023	83,972	79,928
December 2021 term loan ⁽²⁾	10 Dec 2024	24,734	-
Total credit facilities - non-current		108,706	79,928

⁽¹⁾ Includes interest capitalised to the loan balance.

⁽²⁾ Net of capitalised establishment costs.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 17. Leases

17.1 Accounting Policies

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. This approach excludes short-term leases (defined as leases with a lease term of 12 months or less, and leases of low value assets such as laptop computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate ("IBR").

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of an option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses; and adjusted for remeasurement of the lease liability.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 12.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event occurs and are included in the line Other expenses in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 17. Leases (continued)

17.2 Right of use assets

	Buildings \$'000	Plant & Equipment \$'000	Total \$'000
At 1 July 2020	19,705	-	19,705
Additions	1,125	272	1,397
Lease adjustments	(2,341)	-	(2,341)
Depreciation charge	(5,447)	(38)	(5,485)
Makegood recognised	2,296	-	2,296
At 30 June 2021	15,338	234	15,572
Additions	4,716	-	4,716
Lease adjustments	220	-	220
Depreciation charge	(6,388)	(90)	(6,478)
Makegood adjustments	(53)	-	(53)
Impairment	(304)	-	(304)
As at 30 June 2022	13,529	144	13,673

17.3 Lease Liabilities

The closing lease liability balances are shown below. Movements in the overall lease liabilities are outlined in Note 16.

	30 June 2022 \$'000	30 June 2021 \$'000
Current liabilities		
Lease liability	6,887	6,628
Total current	6,887	6,628
Non-current liabilities		
Lease liability	14,257	16,542
Total non-current	14,257	16,542

Refer to Note 18 for further information on financial risk management.

17.4 Amounts recognised in profit and loss

The amounts shown below are recognised in the consolidated statement of profit or loss.

	30 June 2020 \$000	30 June 2021 \$000
Depreciation and amortisation		
Depreciation expense of right-of-use assets	6,478	5,485
Finance costs and income		
Interest expense on lease liabilities	2,129	1,902
Income from sub-leasing of right-of-use assets	(273)	(357)

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 17. Leases (continued)

	30 June 2022 \$'000	30 June 2021 \$'000
Rental expense		
Expenses relating to short term leases	831	815
Expenses relating to variable payments not included in lease liability	1,534	1,515
Impairment expense		
Impairment expense of right-of-use assets	304	-

Critical Accounting Estimates and Judgements

Area	Detail
Estimating the IBR	The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The Group estimates the IBR using observable inputs (e.g. market interest rates) when available and is required to make certain entity-specific estimates (e.g. Group's credit rating).
Determining the lease term of contracts with renewal termination options	<p>The Group has several property lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.</p> <p>As at 30 June 2022, the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term amounted to \$40.5m (30 June 2021: \$33.7m).</p>

Note 18. Financial Risk Management

18.1 Accounting Policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables, work in progress, trade payables and loans. The classification of financial instruments depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets

Under AASB 9, the Group assesses which of its financial assets are measured at fair value through other comprehensive income, fair value through profit or loss, or amortised cost. The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application.

Based on the necessary assessments, the Group has designated all its financial assets to be measured at amortised cost. The carrying value of these financial assets approximate their fair value.

Receivables are non-interest bearing, non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are initially recognised based on fair value plus directly attributable transaction costs that are subsequently measured using the effective interest method at amortised cost and are subject to impairment.

Financial assets are tested for impairment on a forward-looking basis to calculate the associated ECL and to establish whether there is any objective evidence of resulting impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 18. Financial Risk Management (continued)

Financial liabilities

Under AASB 9, the Group assesses which of its financial liabilities are measured at either fair value through profit or loss or at amortised cost. Financial liabilities include trade payables, other creditors and loans from third parties including loans from or other amounts due to director-related entities.

Based on the necessary assessments, the Group has designated all its financial liabilities to be measured at amortised cost. The carrying value of these financial liabilities approximate their fair value.

Financial liabilities are recognised at amortised cost, comprising original debt, net of directly attributable transaction costs less principal payments and amortisation using the effective interest rate method. The implied interest expense is recognised in profit or loss.

18.2 Interest Rate Risk

The Group's exposure to interest rate risk and the effective interest rates of non-derivative financial assets and financial liabilities both recognised and unrecognised at the end of the reporting period are as follows:

	Variable interest rate 2022 \$'000	Variable interest rate 2021 \$'000	Fixed interest rate 2022 \$'000	Fixed interest rate 2021 \$'000	Total 2022 \$'000	Total 2021 \$'000
Financial assets						
Financial assets held at amortised cost						
Cash and bank guarantees on deposit	18,422	25,581	-	-	18,422	25,581
Total financial assets	18,422	25,581	-	-	18,422	25,581
Financial liabilities						
Financial liabilities held at amortised cost						
Lease liabilities	-	-	21,144	23,170	21,144	23,170
Super senior facility	-	-	83,972	79,928	83,972	79,928
April 2020 term loan	-	-	-	9,286	-	9,286
December 2021 term loan	-	-	24,734	-	24,734	-
Total financial liabilities	-	-	129,850	112,384	129,850	112,384

The Group manages the exposure through the ongoing monitoring of interest rates.

18.3 Foreign Exchange Risk

The Group has no significant exposures to foreign exchange risk.

18.4 Credit risk

The main exposure to credit risk in the Group is represented by receivables (debtors and disbursements) owing to the Group. The Group's exposure to credit risk arises from the 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 held cash and cash equivalents and restricted bank guarantees on deposit of \$18,422,000 at 30 June 2022 (30 June 2021: \$25,581,000). The credit risk associated with cash and cash equivalents is considered minimal as the cash and cash equivalents are held with Authorised Deposit Institutions in Australia which are regulated by the Australian Prudential Regulatory Authority.

Receivables

Once client matters are billed, a significant portion of receivables are considered low risk. This is because these receivables are collected directly from settlements that are mainly paid by insurers or government bodies or litigation funders into trust accounts held on behalf of the Group's clients. The Group applies the AASB 9 simplified approach to measuring the ECL for receivables, which uses a lifetime expected loss allowance for ECL for all receivables, see Note 10 for further details.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 18. Financial Risk Management (continued)

Management of Credit Risk

The Group actively manages its credit risk by:

- where applicable, assessing the capability of a client to meet its obligations under the fee and retainer agreement;
- periodically reviewing the reasons for bad debt write-offs in order to improve the future decision-making process;
- maintaining an adequate provision against the future recovery of debtors and disbursements;
- including in management key performance indicators ("KPIs") measures in respect of debtors, disbursements and collections;
- holding regular meetings with relevant teams on debtor profiling, including ageing of the portfolios; and
- where necessary, pursuing the recovery of debts owed to the Group through external mercantile agents and the courts.

Due to the nature of the NWNF arrangements applicable to the majority of the legal matters managed by the Group there can be considerable time between initiation and settlement of a matter. While time increases the ageing profile of receivables, particularly disbursements, it does not always increase the associated credit risk.

18.5 Liquidity risk

The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of operating cash flows and committed available credit facilities. The Group actively reviews its funding position to ensure the available facilities are adequate to meet its current and anticipated needs.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. Refer to the statement of cash flows and Note 5, for further information on the historical cash flows. Further information in relation to debt facilities available and utilised are outlined in Note 16.

Maturity Analysis

The table below represents the estimated and undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities. Cash flows for floating rate financial instruments have been presented based on the rate prevailing at the balance date.

	< 12 Months \$'000	1 - 5 years \$'000	> 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
2022					
Non-derivative financial liabilities					
Payables	54,557	21,845	-	76,402	76,402
Borrowings	9,606	118,482	-	128,088	108,706
Lease liabilities	8,116	15,203	342	23,661	21,144
Financial liability maturities	72,279	155,530	342	228,151	206,252
2021					
Non-derivative financial liabilities					
Payables	60,758	13,317	-	74,075	74,075
Borrowings	6,225	107,014	-	113,239	89,214
Lease liabilities	8,207	18,135	530	26,872	23,170
Financial liability maturities	75,190	138,466	530	214,186	186,459

Note 19. Contributed equity

	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 \$'000	30 June 2021 \$'000
Ordinary shares - fully paid	140,196,875	139,093,565	1,435,826	1,435,177

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 19. Contributed equity (continued)

Movements in ordinary share capital

Details	Shares	\$'000
Balance at 1 July 2020	138,428,817	1,434,793
Issue of shares under LTIP	664,748	384
Balance at 30 June 2021	139,093,565	1,435,177
Issue of shares under LTIP	1,103,310	649
Balance at 30 June 2022	140,196,875	1,435,826

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

During the period, the Company issued 1,103,310 shares for nil consideration as part of the Long Term Incentive Plan ("LTIP").

The Company did not pay any dividends during the financial year ended 30 June 2022 (30 June 2021: nil).

For the purpose of the Group's capital management, capital includes issued capital. The primary objective of the Group's capital management is to maximise the shareholder value.

Note 20. Share-based payments

20.1 Accounting policies

The consolidated entity operates a share-based payment employee share and option scheme.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

20.2 Employee Equity Incentive Plan

The Company has one employee Equity Incentive Plan (the "Plan"), which was approved by the shareholders of the Company at the Annual General Meeting held on 14 November 2019.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 20. Share-based payments (continued)

The Plan provides participants with a nil-exercise price right to acquire shares in the Group which are subject to restrictions to be determined by the Board. There have been four issuances (Tranches 1 to 4) to date related to the Plan as follows:

Tranche 1: The Rights under Tranche 1 are provided to participants in four tranches, A through D. The number of Rights that will vest in Tranches A to C is based on the fulfillment of service conditions, while Rights vesting for Tranche D depend on the occurrence of a performance-based exit event condition. That same exit event condition must be met for all tranches to become exercisable.

Tranche 2: The Rights under Tranche 2 will vest based on the fulfillment of a service condition of remaining in the Group's employ to 1 January 2022.

Tranche 3: The Rights under the Plan are provided to participants in three tranches, A through C. The number of Rights that will vest in Tranches A to C is based on the fulfillment of service conditions as well as the achievement of a performance-based condition.

Tranche 4: The Rights under the Plan are provided to participants in two tranches, A and B. The number of Rights that will vest in Tranches A and B is based on the fulfillment of service conditions as well as the achievement of a performance-based condition.

(i) Recognition

The Group's Plan is an equity-settled share-based payment, in accordance with the definition under AASB 2 *Share-based Payment* ("AASB 2"). Equity-settled share-based payments are measured at the grant date fair value for employee services. Equity-settled share-based payment transactions are not subsequently re-measured once the grant date fair value has been determined. Where unallocated Rights exist at year end, these will not be recognised until the allocation occurs, as no obligation is attached to these rights as at 30 June 2022.

AASB 2 requires the fair value of equity instruments granted to be based on market price, if available, and to consider the terms and conditions for those instruments granted. The cost of the Rights issued is recognised as an expense from the Grant date over the defined vesting period. Management assumptions of service conditions (i.e. employment retention) are based on best estimate and reflected in the employee expenses recognised for the respective financial year.

(ii) Valuation

A Black Scholes option pricing model has been used to value Rights given the performance hurdle is a non-market hurdle, being the underlying Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA"). The grant date fair values of the Rights have been determined to be \$9,000,000, \$812,463, \$348,750 and \$180,000 for Tranches 1, 2, 3 and 4, respectively, using the following inputs:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Exercise Price (AUD\$)	0.00	0.00	0.00	0.00
Spot price (AUD\$)	0.89	0.80	0.75	0.75
Time to maturity (years)	7.00	0.91	1.22 to 3.22	1.62 to 2.62
Dividend yield	0.00%	0.00%	0.00%	0.00%
Discounted for lack of control	28%	25%	25%	25%
Valuation date (i.e. grant date)	13 December 2019	5 February 2021	12 April 2021	18 November 2021

The employment termination of the participant will forfeit his/her rights to the share options, unless the participant is assessed to be a 'good leaver'. The Group estimates the following departures for each of the tranches:

Tranche 1: one participant each departed in financial year 2021 and 2022.

Tranche 2: no departure throughout the vesting period.

Tranche 3 and 4: the participants are not expected to leave the Group throughout the vesting period.

The estimated percentage of employee departure will be reassessed at the end of each respective financial year.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 20. Share-based payments (continued)

(iii) Measurement

The Plan is a staged vesting plan, with the following tranches:

	Vesting date / event	Vesting percentage	Cumulative value of vested award (\$)
Tranche 1			
Tranche A	30 June 2020	22%	1,980,000
Tranche B	30 June 2021	22%	3,960,000
Tranche C	30 June 2022	22%	5,940,000
Tranche D	Date of 'Exit Event'	34%	9,000,000
Tranche 2			
	1 January 2022	100%	812,463
Tranche 3			
Tranche A	1 July 2022	33%	116,250
Tranche B	1 July 2023	33%	232,499
Tranche C	1 July 2024	34%	348,750
Tranche 4			
Tranche A	1 July 2023	50%	90,000
Tranche B	1 July 2024	50%	180,000

The following table illustrates the expected vesting of the LTIP, considering that estimates described under (ii) above:

Vesting Date (\$)	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	Total cumulative expense
Tranche 1A	1,980,000	-	-	-	-	1,980,000
Tranche 1B	717,010	1,229,161	-	-	-	1,946,171
Tranche 1C	387,599	664,456	664,456	-	-	1,716,511
Tranche 1D	1,785,000	1,275,000	-	-	-	3,060,000
Tranche 2	-	375,561	450,673	-	-	826,234
Tranche 3A	-	20,043	96,207	-	-	116,250
Tranche 3B	-	10,968	52,641	52,641	-	116,250
Tranche 3C	-	7,548	36,234	36,234	36,234	116,250
Tranche 4A	-	-	34,615	55,385	-	90,000
Tranche 4B	-	-	21,429	34,286	34,285	90,000
Total	4,869,609	3,582,737	1,356,255	178,546	70,519	10,057,666

\$1.4m share based payment expense was recognised for the year ended.

(iv) Movements during the year

The following table illustrates the number and movements in Rights during the year:

	30 June 2022 (Number)	30 June 2021 (Number)
Balance at 1 July	16,716,545	15,573,000
Granted during the year	320,000	1,974,105
Forfeited/Lapsed during the year	(1,523,912)	(165,812)
Exercised during the year	(1,103,310)	(664,748)
Outstanding at 30 June	14,409,323	16,716,545
Exercisable at 30 June	13,469,323	11,499,103

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 20. Share-based payments (continued)

All of the Rights under the LTIP have a nil exercise price. For the Rights exercised during the year, the weighted average share price is \$0.68 (30 June 2021: \$0.85).

Note 21. Related Party Disclosures

21.1 Equity Interests in Related Parties

The table below lists the primary operating controlled entities of the Group. Individual controlled entities that are dormant have not been listed. All are owned 100% unless noted.

Country of Incorporation	% Equity interest 2022	% Equity interest 2021
Australia:		
Slater and Gordon (TML) Queensland Pty Ltd	100%	100%
Slater & Gordon Lawyers NSW Pty Limited	100%	100%
Conveyancing Works (Qld) Pty Limited	100%	100%
Schultz Toomey O'Brien Pty Ltd	100%	100%
All States Legal Co Pty Ltd	100%	100%
SG NSW Pty Ltd	100%	100%

The Immediate Parent Entity of the Group is AIO V Finance (Ireland) DAC, incorporated in Ireland. The Ultimate Parent Entity is Anchorage Capital Group LLC incorporated in the United States of America.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 21. Related Party Disclosures (continued)

21.2 Guarantees for S&G UK lease obligations

The Company and Slater and Gordon (UK) 1 Limited ("S&G UK") entered into certain transitional arrangements that are governed by a business separation agreement ("BSA") to effect the separation of the Group's previous UK operations and subsidiaries from its Australian operations under the Senior Lender Scheme entered into in December 2017.

The transitional arrangements required the parties to the BSA to seek to procure that the Company be released from parent guarantees and other forms of security and financial support that it has provided to the UK operations. Any potential material contingent liability relates to parent guarantees for UK leases for the major office premises used by the UK operations.

The BSA provides that S&G UK must use reasonable endeavours to have the parent guarantees released and that this must be completed within 18 months of the date of implementation of the Recapitalisation on 15 December 2017 (or such longer period as agreed between the Company and S&G UK). This due date was first extended by agreement until 22 June 2020. Subsequently in June 2020, the Company and S&G UK agreed to extend this period by six further terms of one month each in return for the payment of a guarantee fee equal to 5% of the monthly guaranteed amount, payable in advance of each one month extension. The final extension expired on 22 December 2020 and no further extension has been agreed to. Despite the failure of S&G UK to meet its obligations under the BSA to have the parent guarantees released by the extended due date, S&G UK remains under a continuing obligation to use its reasonable endeavours to have the parent guarantees released.

During the year ended 30 June 2021, S&G UK surrendered its lease of its Watford office and agreed to sub lease three of the eight floors at its Manchester office to a government sub tenant. While the sub lease does not terminate the parent company guarantee in respect of those premises, it does reduce the risk of default.

In December 2021, as part of an agreement in principle to resolve a dispute in relation to the Manchester building, the landlord agreed to a surrender of lease and release of the parent guarantee in respect of the three sublet floors. Formal documents to give effect to the agreement in principle were signed on 25 February 2022.

The Manchester office leases are the only remaining leases for which parent company guarantees have been given by the Company.

If S&G UK defaults on the UK leases subject to the parent guarantees, and those parent guarantees have not yet been released, the Company may be liable for any unpaid amounts under those leases at the time of default. Any contingent liability has the potential to be material in the event that the UK operations were in default and the parent guarantees were called upon and the Company was unable to take steps that are typically commercially available to mitigate its loss, such as sub-leasing. At 30 June 2022, the aggregate unpaid amounts under these lease agreements for the remainder of the lease term expiring on 1 January 2030 are \$43,576,609 (GBP 24,689,157), (30 June 2021: \$67,578,492; GBP 36,993,837).

It is not currently possible for the Company to estimate any liability or contingent liability under these guarantees as there would need to be an event of default by the UK operations to cause any liability. In addition, numerous factors would impact the extent of any potential liability in that event, such as when the guarantee would be called and the amounts outstanding at that time, the Company's ability to take steps to mitigate loss, including subleasing the premises, and its capacity to negotiate with the third parties who have the right to call on those guarantees. Liability in respect of these guarantees will only arise if the UK operations default on their obligations under the leases and other material contracts subject to a parent guarantee, prior to an agreement being made to release that guarantee.

21.3 Deed of Cross Guarantee

All Australian entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Corporations Instrument 2016/785 dated 17 December 2016 issued by the Australian Securities and Investments Commission.

21.4 Key Management Personnel Compensation

	30 June 2022	30 June 2021
	\$	\$
Compensation by category		
Short-term employee benefits	2,248,805	2,518,832
Post-employment benefits	146,208	117,874
Other long term employment benefits	15,897	21,200
Share based payments	394,625	1,696,495
Total	2,805,535	4,354,401

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 21. Related Party Disclosures (continued)

21.5 Transactions with AIO V Finance (Ireland) DAC (Immediate Parent Entity)

	30 June 2022 \$'000	30 June 2021 \$'000
Loans from Immediate Parent Entity		
Opening balance	44,895	45,220
Repayments	-	(4,120)
Interest capitalised	2,271	3,795
Closing balance outstanding	47,166	44,895

The loan facilities are advanced by the Immediate Parent Entity as one of the lenders under the super senior facility, on the same terms as those agreed with the other lenders. The facilities are unsecured, and repayable in cash on maturity. Further details of the terms of the facilities are provided in Note 16.2.

21.6 Transactions with Other Related Parties

The shareholdings of related parties and remuneration of KMP are disclosed in the Directors' Report.

Note 22. Parent Entity Disclosures

As at, and throughout, the financial year ended 30 June 2022 the parent entity of the Group was Slater & Gordon Ltd. Investments in subsidiaries are accounted for at cost, less any impairment recognised since acquisition.

Statement of profit or loss and other comprehensive income

	30 June 2022 \$'000	Parent 30 June 2021 \$'000
Profit after income tax	1,047	13,754
Total comprehensive income	1,047	13,754

Statement of financial position

	30 June 2022 \$'000	Parent 30 June 2021 \$'000
Total current assets	127,831	140,815
Total assets	373,709	343,934
Total current liabilities	109,639	109,603
Total liabilities	275,156	247,782
Net assets	98,553	96,152
Equity		
Contributed equity	1,435,773	1,435,124
Share-based payments reserve	10,013	9,309
Accumulated losses	(1,347,233)	(1,348,281)
Total equity	98,553	96,152

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 23. Auditor's Remuneration

The auditor of the Group for the year ended 30 June 2022 is Ernst & Young (30 June 2021: Ernst & Young).

	2022 \$	2021 \$
Fees to Ernst & Young		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	579,000	555,000
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm		
· Trust account audits	82,810	112,000
Fees for other services		
· Other non-audit services	-	50,000
Total	661,810	717,000

Note 24. Accounting Standards issued but not yet effective at 30 June 2022

At the date of authorisation of the financial statements, there are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 July 2022, but they do not have a material effect on the Group's financial statements.

Note 25. Unrecognised Items

25.1 Guarantees

The Group has provided certain lease rental guarantees with a face value of \$2,789,374 (30 June 2021: \$4,884,105). The Company has also provided lease guarantees for certain offices located in the United Kingdom. Refer to Note 21.2.

25.2 Contingent Liabilities – Class Action Proceedings

On 12 October 2016 legal proceedings were filed against the Company in the Federal Court of Australia ("Federal Court") by Matthew Hall on behalf of an open class of the Company's shareholders (the "Hall proceeding"). The class action proceeding asserted that the Company engaged in misleading or deceptive conduct and breached its continuous disclosure obligations during the period from 30 March 2015 to 24 February 2016 and sought compensation or refund of investments, plus interest and costs. This class action proceeding was settled by agreement in July 2017 through a Federal Court mediation, subject to creditor, shareholder and Court approval of a shareholder claimant and senior lender scheme of arrangement.

On 20 June 2017, the Company announced that legal proceedings were filed against it by Babsco Pty Ltd (the "Babsco proceeding") on behalf of persons who acquired an interest in shares of the Company between 24 August 2012 and 19 November 2015. The statement of claim asserted that the Company's financial statements for the financial years ended 30 June 2013, 2014 and 2015 contained false or misleading statements. This claim was later amended to also include the Company's financial statements for the financial year ended 30 June 2012. The allegations focus on the way in which the Company recognised revenue and, in financial year 2015, accounted for acquisitions in accordance with Australian Accounting Standards.

On 14 December 2017 the Federal Court approved a scheme of arrangement between the Company and all shareholder claimants ("Shareholder Claimant Scheme"), including claimants in the Hall and Babsco proceedings. The Shareholder Claimant Scheme resolves and compromises all potential shareholder claims against the Company and its officers. The Shareholder Claimant Scheme became legally effective on 15 December 2017. Under the Scheme, shareholder claimants have released the Company and officers from any shareholder claims and the Scheme can be pleaded as a bar to any shareholder claim.

On 14 December 2017 the Federal Court also approved the settlement of the Hall proceeding and dismissed that proceeding. The Company's contribution to this settlement of \$5.0m was recognised as a provision at 30 June 2017. The Hall proceeding settlement is implemented by the Shareholder Claimant Scheme. The Babsco proceeding has not yet been formally dismissed or discontinued, however the Shareholder Claimant Scheme releases the Company and its officers and bars the prosecution of that claim.

Notes to the consolidated financial statements

For the Year Ended 30 June 2022

Note 25. Unrecognised Items (continued)

The Shareholder Claimant Scheme limits the ability of a shareholder claimant to bring proceedings against third parties and also provides for an indemnity from the shareholder claimants in favour of the Company and its directors and officers in the event that a shareholder claimant brings a permitted claim against a third party and that third party then brings a claim against the Company.

On 1 November 2017, class action legal proceedings were filed against the Company's former auditors, Pitcher Partners, by Babsday Pty Ltd (the "Babsday Pitcher proceeding"). On 23 February 2018, Pitcher Partners served a cross claim on the Company and certain former directors and officers.

On 31 July 2018, further class action legal proceedings were filed against the Company's former auditors, Pitcher Partners, by Matthew Hall (the "Hall Pitcher proceedings"). On 26 October 2018 Pitcher Partners served a cross claim in the Hall Pitcher proceedings on the Company and certain former directors and officers.

The Company has filed defences against both cross claims and has, in turn, filed cross claims against the plaintiffs, claiming the benefit of the indemnity in the Shareholder Claimant Scheme.

In May 2019, Pitcher Partners brought a further cross claim against another party.

In November 2020, the Babsday Pitcher proceeding was discontinued by the plaintiff and the plaintiff has paid amounts to each of Pitchers and the Company toward their legal costs.

In September 2019, class action proceedings were commenced against the Company's former solicitors, Arnold Bloch Leibler, by Matthew Hall on behalf of an open class of the Company's shareholders (the "Hall ABL proceedings"). In December 2020, Arnold Bloch Leibler brought a cross claim against the Company and a former director and a former officer of the Company. The Company filed its Defence to the Cross Claim and has, in turn, filed a cross claim against the plaintiff, claiming the benefit of the indemnity in the Shareholder Claimant Scheme.

On 20 October 2021, an agreement was reached by the parties to settle the Hall ABL proceedings. The agreement is subject to a long form Settlement Deed being signed by all parties and approval by the Court. A long form Settlement Deed was signed on 16 November 2021 and the Court approved the settlement on 4 March 2022. Under the terms of the settlement, the Company was not required to contribute to the settlement.

The trial of the Hall Pitcher Proceedings commenced on 9 November 2021 and concluded on 23 December 2021. Judgement has been reserved and is expected to be delivered in the first half of FY23.

25.3 Contingent Liabilities – Solicitor liability

Entities within the Group are defendants from time to time in legal proceedings arising from the conduct of their business. There are contingent liabilities in respect of claims, potential claims and court proceedings against entities of the Group. Appropriate provisions have been made for identified claims based on historical data, taking into account the nature of the claims. The aggregate of any potential liability in respect of future claims cannot be accurately assessed.

25.4 Contingent Liabilities – Group Cost Orders

The *Justice Legislation Miscellaneous Amendments Act 2000* amended the *Victorian Supreme Court Act 1956* to introduce the Group Cost Order (GCO) regime which enables contingency fee arrangements. A contingency fee arrangement allows the Group to receive a percentage share of the damages awarded to the plaintiffs. In the event of losing a GCO case, the Group is liable to pay a defendant's costs where they are successful in obtaining an Adverse Cost Order.

At 30 June 2022 the Group has one GCO case. The Group considers it not probable that the Group will be liable for any adverse costs relating to this matter, therefore no provision has been recognised at 30 June 2022.

Note 26. Events after the reporting period

Subsequent events

On 16 August 2022, the Company executed an amendment to the Super Senior Facility loan agreement. The termination date of the facility has been extended to 31 October 2024. The interest rate has been revised and will increase by 0.5% on 1 July 2023, a further 0.5% on 1 January 2024 and a further 1% on 1 July 2024, with the additional interest being capitalised to the loan balance. Part repayments of the facility may be required based on available cash at 31 December 2022 and 30 June 2023. An Independent Debt Advisor must be appointed by 28 February 2023.

Directors' declaration

For the Year Ended 30 June 2022

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 Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



James MacKenzie
Chair



John Somerville
Managing Director and Chief Executive Officer

26 August 2022



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Independent Auditor's Report to the Members of Slater & Gordon Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Slater & Gordon Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial 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 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



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Work in Progress and Associated Revenue Recognition

Why significant	How our audit addressed the key audit matter
<p>Work in progress (WIP) is significant to the Group, comprising 71% of total assets. Movements in WIP are included in revenue recognised for the year.</p> <p>The Group's disclosures regarding WIP and the associated revenue recognised are included in Notes 3 and Note 11 of the financial report.</p> <p>The directors' determination of the carrying value of WIP and its associated revenue streams involves significant judgement, data analysis and complexity.</p> <p>The Group considers each revenue stream in isolation and makes judgements in relation to:</p> <ul style="list-style-type: none"> ▶ The identification of a contract ▶ The identification of the performance obligations as part or within a contract ▶ Determination of the transaction price, particularly for revenue streams accounted under a "no win no fee" basis ▶ Allocation of the transaction price ▶ Recognition of revenue when a performance obligation is satisfied <p>To validate the judgements made in relation to WIP, the Group develops a series of data models based on historical information over a two-year period. Data included in these models is applied to a methodology to determine the valuation of cases at their respective status.</p> <p>Accordingly, this was considered a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Considered whether the Groups' accounting policy for WIP complied with Australian Accounting Standards, in particular AASB 15 <i>Revenue from Contracts with Customers</i>. ▶ Obtained details of WIP recognised for each revenue stream at balance date and applied sampling techniques to select individual legal matters ("cases") for testing. ▶ Obtained evidence to support the case status that had been allocated to each of these case files by the responsible legal professional. Evidence obtained was assessed against the case coding guidelines of the Group. ▶ Considered the assumptions supporting the key judgements that were made in the data models. ▶ Assessed the movements in the legal case profile including changes in status and ageing. ▶ Involved our data specialists to assess the mathematical accuracy of the models. This involved data analytic procedures to reperform, re-calculate and test key calculations. ▶ Performed a combination of testing case samples to customer and/or court approved case settlement contracts, and revenue to cash data correlation testing, assessed the accuracy of fee amounts recorded in revenue; and ▶ Considered the adequacy of the disclosures contained in Notes 3 and Note 11, of the financial report, in particular those regarding assumptions to which the outcome of the data models is most sensitive.



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Going concern

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 1.1 of the financial report the directors concluded that in their opinion, there are reasonable grounds to believe that the Group has the ability to pay its debts as and when they fall due. The financial report has been prepared on a going concern basis.</p> <p>In making this assessment, consideration has been given to the Group's operations and forecast cash flows based on best estimates within a range of future market scenarios, noting that the uncertain nature of timing of settlements makes it inherently difficult to forecast outcomes with certainty.</p> <p>For the year ended 30 June 2022, the Group generated a net profit after tax of \$2.2 million, used net cash in operating activities of \$14.1 million, had \$15.6 million of cash on hand and had \$5.0 million of undrawn debt facilities.</p> <p>As disclosed in Notes 1.1 and Note 26 of the financial report, the Group has agreed with its senior lenders to extend the maturity date of the Super Senior Facility from 31 July 2023 to 31 October 2024.</p> <p>The going concern assumption is fundamental to the basis of preparation of the financial report. Given the judgment involved in the preparation of cash flow forecasts to support the going concern conclusion, this was considered a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Evaluated the assumptions made in the budget and the cash flow forecasts approved by the Board. ▶ Assessed the reasonableness of the assumptions included in the cash flow model with statements related to future plans and commitments contained in the approved FY23 budget. ▶ Considered the historical accuracy of the Group's cash flow forecasting by reference to actual results in prior periods. ▶ Considered the impact of a range of sensitivities to the cash flow model and cashflow mitigation assumptions made by the Group, to assess the breakeven position, including with reference to financial covenants related to the Group's borrowing facilities. ▶ Obtained evidence to support the extension of the Super Senior Facility. ▶ Assessed the adequacy of the going concern disclosures contained in Note 1.1.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2022 Annual Report other than the financial report and our auditor's report thereon. The Group's 2022 Annual Report is expected to be made available to us after the date of this auditor's report. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 on the other information obtained prior to the date of this auditor's report, 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have 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 the Australian Auditing Standards, we exercise professional judgment 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 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, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year 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 Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Slater & Gordon Ltd for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

David Shewring
Partner
Melbourne
26 August 2022

Additional ASX Information

In accordance with the Australian Stock Exchange Limited Listing Rules, the Directors provide the following information as at 26 August 2022.

(a) Distribution of shareholders and option holders

Holding	Number of Ordinary Shareholders
1 – 1,000	1,030
1,001 – 5,000	454
5,001 – 10,000	119
10,001 – 100,000	139
100,001 – Over	22

There are 874 shareholders holding less than a marketable parcel of 807 shares each (i.e. less than \$500 per parcel of shares).

(b) Twenty largest shareholders

Shareholder	Number of Shares Held	% Held
1 AIO V FINANCE (IRELAND) DAC	74,371,573	53.04
2 CITICORP NOMINEES PTY LIMITED	17,544,806	12.51
3 TCA OPPORTUNITY INVESTMENTS SARL	12,988,257	9.26
4 MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	9,020,425	6.43
5 PERPETUAL CORPORATE TRUST LIMITED	7,408,982	5.28
6 RIVER BIRCH MASTER FUND LP	6,023,362	4.30
7 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,426,073	1.73
8 PA VIEW OPPORTUNITY IV LIMITED	889,563	0.63
9 NATIONAL NOMINEES LIMITED <DB A/C>	768,339	0.55
10 RIZZO SUPER PTY LTD <RIZZO SUPER FUND A/C>	500,000	0.36
11 MS KAREN MURPHY	443,215	0.32
12 IRWIN BIOTECH NOMINEES PTY LTD	250,000	0.18
12 MR PENG REN	250,000	0.18
14 MR STEPHEN MARSHALL AARONS	222,988	0.16
15 MR PETER JOHN KLASSEN	202,306	0.14
16 MS IDA TEH	160,719	0.11
17 RIZZO PTY LTD	150,000	0.11
18 MS SARAH GAIK HIANG LIM + DR JONATHAN CHAN <SARAH LIM SUPER FUND A/C>	137,551	0.10
19 DAVID RICARDO ASSET MANAGEMENT PTY LTD	128,888	0.09
20 MR ANDREW SEYMOUR	119,000	0.08
TOTAL: Top 20 holders of Fully Paid Ordinary Shares	134,006,047	95.57

Additional ASX Information continued

(c) Substantial Shareholders

A substantial shareholder is one who has a relevant interest in 5 per cent or more of the total issued shares in the Company. Following are the substantial shareholders in the Company based on notifications provided to the Company under the *Corporations Act 2001*:

	Shareholder	Number	Ordinary Shares % ¹
1	AIO V FINANCE (IRELAND) DAC	37,100,244 ²	53
2	TCA OPPORTUNITY INVESTMENTS SARL	6,190,736 ²	9
3	YORK GLOBAL FINANCE BDH LLC	5,802,877 ²	8
4	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	9,020,608 ³	7
5	PERPETUAL CORPORATE TRUST LIMITED	3,591,500 ²	5

1. Percentage of shares in which a relevant interest is held based on total issued capital of the Company at the time a substantial shareholder notice was provided to the Company.

2. Substantial shareholder notice received pre entitlement offer completed on 20 September 2019 and based on issued shares of 69,527,235.

3. Substantial shareholder notice received post entitlement offer completed on 20 September 2019 and based on issued shares of 138,428,817.

(d) Voting Rights

All issued ordinary shares carry one vote per share.

(e) Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the Company's website at:

<https://www.slatergordon.com.au/the-firm/governance>

Corporate Directory

Directors

James MacKenzie, Chair
 Mark Dewar
 Merrick Howes
 Michael Neilson
 Elana Rubin
 John Somerville
 Jacqui Walters

Company Secretary

Michael Neilson

Registered Office and Corporate Office

Level 12
 485 La Trobe Street
 Melbourne Victoria 3000
 Telephone: (03) 9602 6888
 Facsimile: (03) 9600 0290

Company Website

www.slatergordon.com.au

Company Numbers

ACN 097 297 400
 ABN 93 097 297 400

Auditors

Ernst & Young
 8 Exhibition Street
 Melbourne Victoria 3000

Bankers

Macquarie Bank
 Level 23
 101 Collins Street
 Melbourne Victoria 3000

Solicitors

MinterEllison
 Level 20
 447 Collins Street
 Melbourne Victoria 3000

Securities Exchange Listing

Slater & Gordon Ltd
 shares are listed on the
 Australian Securities
 Exchange. The Home
 Exchange is Melbourne.
 ASX Code: SGH

Share/Security Registers

The Registrar

Computershare Investor
 Services Pty Ltd
 Yarra Falls
 452 Johnston Street
 Abbotsford Victoria 3067
 GPO Box 2975
 Melbourne Victoria 3001

Telephone

Toll Free 1300 850 505
 (Australia)
 +61 3 9415 4000
 (Overseas)

Investor Centre Website

www.computershare.com.au

Email

web.queries@computershare.com.au

