

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

2024



**LITIGATION CAPITAL MANAGEMENT LIMITED // ACN 608 667 509**

[WWW.LCMFINANCE.COM](http://WWW.LCMFINANCE.COM)



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We are pleased to have extended our industry-leading track record with successful case outcomes over the past 12 months driving our 13-year investment performance to an impressive 2.9x multiple of invested capital.

**PATRICK MOLONEY // CEO**

**A\$441M**

FUNDS UNDER MANAGEMENT



**2.9x**

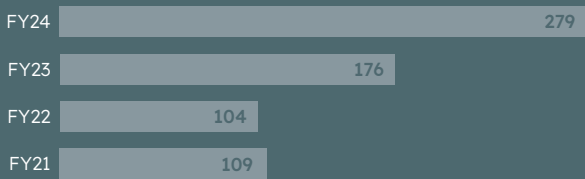
13-YEAR TRACK RECORD (MOIC)



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A\$279M

NEW COMMITMENTS



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A\$724M

COMMITTED CAPITAL



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A\$102M

INVESTED CAPITAL (IN PERIOD)



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A\$281M

CUMULATIVE INVESTED CAPITAL (IN ONGOING CASES)





STRATEGIC REPORT

# STRATEGIC REPORT

## OUR BUSINESS AT A GLANCE

Through our two business models we create value via our three primary investment strategies.

### ABOUT LCM

Litigation Capital Management (LCM) is an alternative asset manager specialising in disputes financing solutions internationally. Through our two business models, direct balance sheet and funds management, we create value through our three primary investment strategies.

These include single-case, portfolios and acquisition of insolvency claims. LCM has an unparalleled track record, driven by effective project selection, and robust risk and project management. Headquartered in Sydney, with offices in London, Singapore, Brisbane and Melbourne, LCM listed on AIM in December 2018, trading under the ticker 'LIT'.

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### OUR STRATEGIC OBJECTIVES



#### BALANCED PORTFOLIO

Maintain diversity of cases across industry type, sector and jurisdiction and maintain a healthy split between single cases and portfolios both by value and volume.



#### DISCIPLINED UNDERWRITING

Consistent and disciplined due diligence and risk management.



#### SUSTAINABLE LONG-TERM GROWTH

Strong and innovative origination of investment opportunities and continually evolving by responding to market trends and demands within the disputes finance market.



OUR VALUES



TRANSPARENCY

We will always act transparently in the best interests of clients, shareholders and staff.



DISCIPLINE

Our investment approach demonstrates the highest levels of ongoing governance and procedural oversight to achieve optimal portfolio outcomes.



INNOVATION

We continually drive market evolution through flexible, innovative and competitive client solutions.



INTEGRITY

We choose to operate to a standard that exceeds regulatory obligations placed upon industry participants in the countries where we operate.



OPPORTUNITY

We are an employer that empowers staff to succeed at every level.

PRINCIPLE BUSINESS

DELIVERING SUSTAINABLE GROWTH AND SHAREHOLDER VALUE THROUGH

1. Strong and innovative origination of investment opportunities

2. Consistent and disciplined due diligence and risk management

3. Sufficient and alternate capital to facilitate growth

**INTEGRITY**

- Development of skill and discipline of investment selection
- Building experience over time
- Creation of systems and methodologies for effective due diligence and underwriting risk
- The disciplined application of those methodologies has generated a benchmark investment track record

**CAPITAL**

- Effective investment disputes is capital intensive
- Ability to attract quality investment capital to support investment strategy
- Capital is no longer flowing into litigation finance other than that to the most experienced managers with strong track records of past performance

**ORIGINATION**

- Sourcing and originating the best dispute investments globally
- Building scale so that meaningful capital can be put to work
- An effective origination platform can only be built once sufficient and long-standing capital is available

## CHAIRMAN'S STATEMENT

Dear Shareholder,

As I reflect on another year of strategic progress, I am pleased to report that Litigation Capital Management (LCM) has continued to execute its long-term vision with resilience and agility, despite the challenges presented by the broader macroeconomic environment. Our ability to navigate these challenges while continuing to deliver solid results underscores the strength of our diversified approach and the commitment of our team.

One of our core objectives over the past few years has been our transition towards an asset management model. I am pleased to report that we continue to make significant strides in this direction. To date, we have raised over US\$440 million of third party capital from a number of high quality limited partners across two funds. As we approach the end of this calendar year, we will begin marketing for Fund III and with all investors from Fund I participating in Fund II, we hope to secure a high level of investor continuity once again. We are partnering with some of the highest quality limited partners (LPs) and those investors view our relationship as being for the long-term potentially across multiple funds. If we are able to continue delivering strong performance and they continue to support us in future fund raises then I believe the long-term benefits for shareholders could be substantial.

In line with our growth strategy, we are now preparing to expand into the United States, by far the largest legal finance market in the world. This represents a major step for LCM and presents a significant growth opportunity. The US legal finance market, which is still in a relatively early phase of development, offers us the potential to tap into a market estimated to be worth billions of dollars.

Our expansion into the US will be conducted with the same disciplined approach that has served us so well in our existing markets. Indeed, with our London office now well established and on a firm footing, we feel that the time is now right to enter the US. As we have done in our existing territories, we will seek to establish strategic partnerships with leading law firms and attorneys and we will continue to focus on high-quality cases that align with our risk management and return expectations.

As we look to the future, we are also making investments in cutting-edge technologies as we believe that legal finance is perfectly suited for the application of Big Data and artificial intelligence (AI) strategies. We have recently acquired the intellectual property of one of the pioneering platforms in this space in legal finance and we are working with the founder who built the business over a five year period. We aim to be an early mover in this space and see a number of opportunities including enhancing our origination capabilities, better assessing risk, improving case selection, and bolstering the efficiency of our operations. These investments are not just a step toward modernisation – they represent a strategic edge in a competitive asset class.

This year also saw an important transition in our leadership team. Mary Gangemi has stepped down from her role as Chief Financial Officer and from the Board of Directors. On behalf of the Board, I would like to thank Mary for her contributions to LCM during her tenure and we wish her every success in her future endeavours.

In line with our commitment to ensuring continuity in leadership and strengthening our executive team, we announced the appointment of David Collins as our new Chief Financial Officer. David brings a wealth of experience in both finance and capital markets, and we are confident that his experience will be invaluable as we continue to execute our strategic plans. David's appointment marks an important step in ensuring LCM is well-prepared for the next phase of its development, including our expansion into new markets and our ongoing technological advancements.







As we head into the next financial year, I am confident that LCM is well-positioned to continue its growth trajectory. Our focus on becoming a leading asset manager in the litigation finance space, our expansion into the US market, and our investments in advanced technology will drive sustainable growth and enhance shareholder value.

The Board is pleased to declare a final dividend to shareholders for the financial year ending 30 June 2024 of 1.25p per share. The dividend will be paid on 25 October 2024 to shareholders on the register on 4 October 2024, being the record date. The ordinary shares will be marked ex-dividend on 3 October 2024.

I would like to take this opportunity to thank our dedicated team, whose expertise and commitment continue to drive our success. I would also like to extend my gratitude to our shareholders for their continued support and trust in our vision.

We look forward to updating you on our progress throughout the coming year.

**Jonathan Moulds**  
*Non-Executive Chairman*

## CEO'S REPORT

Over the past year, we have made significant strides in our strategic transformation from a capital-intensive balance sheet litigation funder to a capital-light asset manager. Our disciplined investment approach continues to deliver strong results, with cases concluding during the period generating a 2.4x multiple of invested capital (MOIC), closely aligned with our long-term average of 2.9x. Additionally, we have delivered record levels of new commitments in the period, and our two flagship investment funds have delivered robust performance to date for our fund investors.

Looking ahead, the long-term potential of our strategy to create meaningful shareholder value is clear. Investment management businesses that generate high returns on investment and earn significant performance fees rank among some of the most profitable businesses globally. We are attracting the same sophisticated LPs who have fuelled the huge successes of private equity, venture capital, and other alternative asset classes.

Our performance thus far for LPs has been outstanding, with Fund I investors realising a net internal rate of return (IRR) of 60% to date after all costs and performance fees paid to LCM (US\$29 million to date, including those relating to the recent case conclusion post period end). This level of performance aligns with our long-term track record and firmly positions us in the top tier of alternative investment managers, where a net IRR exceeding 20% is typically considered exceptional. I am confident that if we continue to scale effectively and consistently meet or surpass the expectations of our LPs, the potential value creation for our shareholders could be significant.

Our management team is fully aligned with this vision with substantial personal shareholdings in the company. I hold a 9% stake, our Chairman, Jonathan Moulds, who joined in 2019, has independently acquired a 4.5% stake, and collectively, our small team of 25 owns approximately 17% of the company. This level of ownership underscores our confidence in LCM's future and aligns our interests closely with those of our shareholders.

As we move forward, I am focused on three strategic priorities:

1. Successfully completing our transition to asset management;
2. Entering the US market in a disciplined manner;
3. Implementing Big Data / AI strategies to enhance our origination and underwriting capabilities.

### TRANSITION TO ASSET MANAGEMENT

Since March 2020, we have raised over US\$440 million of external capital across two funds: US\$150 million in the LCM Global Alternative Returns Fund (Fund I); and US\$290 million in the LCM Global Alternative Returns Fund II (Fund II).

For Fund I, we have successfully committed US\$150 million across 26 cases, co-investing alongside our balance sheet on a 75:25 basis. As at the end of June 2024, six of these cases have concluded, all with positive outcomes, generating a 2.5x net MOIC for our investors and a net IRR of 60% after costs and fees. This strong performance enabled us to return around 70% of investors' capital as at 30 June 2024 while approximately three quarters of their investments remain active.

Fund II was launched in the second half of 2022 with all Fund I investors participating alongside new investors. To date, Fund II has committed capital to 33 matters, continuing our 75:25 co-investment model. As at the end of June 2024, the fund was 58% committed and 7% deployed with no cases concluded to date.

We plan to commence marketing for Fund III towards the end of this calendar year, and we aim to move towards evolving our fee structure to include a management fee, or similar equivalent, within our fee structure. This will transition us towards the well-known "2 and 20" model widely used across alternative asset managers. Introducing a management fee, or similar equivalent, on third party capital that will grow and ultimately cover our operating expenses is a pivotal step in our evolution to an asset management business.

As our business has scaled, operating expenses as a percentage of committed capital have declined from 7.8% five years ago to 2.6% in the current period, a trajectory we expect to continue, ultimately falling to around 2%. This transition demonstrates our shift to a sustainable asset management model, where management fees, or similar equivalents, from future funds are expected to ultimately cover the operating expenses of the business over time.





### ENTERING THE US MARKET

Since moving to London three years ago, my focus has been on establishing our presence in the UK market in a disciplined manner. Drawing on our extensive experience in Australia – the world’s oldest litigation funding market – we have successfully demonstrated that our model can be effectively applied in other common law jurisdictions.

The performance of our London office has been particularly encouraging, with over £100 million (cAUD200 million) in proceeds realised for LCM at a MOIC of over 3x inclusive of losses. Additionally, we have made good progress in Singapore with one of our larger wins in the period being originated in that office. While there is still much work to be done, both our UK and Singapore operations are now firmly established in their respective markets.

Our expansion beyond Australia has enabled us to scale, positioning the business to capitalise on the long-term potential offered by our transition to an asset management model. With this growth trajectory in mind, I believe the time is right to enter the US market – by far the largest disputes market in the world, exceeding the size of the next largest market (the UK) by more than tenfold. We have already made a few opportunistic investments in the US from our London office and we have similarly explored and made investments in the Canadian market.

The US market is highly attractive for several reasons. Firstly, its sheer scale. US law firms generate over US\$700 billion in revenues, with 20 to 30 per cent of those revenues estimated to come from disputes (litigation and arbitration). Secondly, US lawyers are accustomed to managing risk, with contingency fees – where lawyers forego part of their fees in exchange for a share of the proceeds from successful outcomes – being a widespread practice. This creates significant opportunities for litigation funders to establish

long-term financing relationships with US law firms, enabling meaningful capital deployment on attractive terms. Lastly, the US is a data-rich environment, providing fertile ground for the application of Big Data and AI strategies in a legal market ripe for such innovation.

There is a small number of legal finance businesses that have been successful in the US and we believe that a market of this magnitude has room for several more successful players. As one of the oldest and most respected litigation funders globally, LCM is well-positioned to establish itself as a leading name in this dynamic market.

### IMPLEMENTING BIG DATA AND AI STRATEGIES

In line with our strategic objectives, we have recently completed the acquisition of the intellectual property of a leading technology platform specialising in legal analytics. This acquisition, secured for a modest investment, provides us with a powerful tool to leverage Big Data and AI strategies to significantly enhance both our origination and underwriting processes.

By integrating this technology into our operations, we aim to sharpen our ability to assess legal disputes more accurately and efficiently, thereby improving our decision-making and risk assessment capabilities. This technology will allow us to better identify promising investment opportunities and streamline the underwriting process, ensuring that we can scale our business in a more data-driven and systematic manner.

This acquisition also aligns perfectly with our broader strategy to differentiate ourselves in the US market – a highly data-rich environment. By deploying cutting-edge AI and data analytics, we aim to position LCM in a differentiated way, setting ourselves apart from



traditional peers. Our ability to harness these technological advancements will not only enhance our core operations but also establish us as a forward-thinking player in the evolving landscape of legal finance.

Looking ahead, we plan to integrate this technology across our global operations, ensuring that our expansion is supported by the most sophisticated tools available. By doing so, we are positioning ourselves at the intersection of legal finance and technology, which we believe will be key to our long-term growth and success.

### WELL-FINANCED FOR LONG TERM GROWTH

We are close to finalising a new debt facility that will be of increased size and lower cost compared to our existing facility. We will provide a full update to the market when this refinancing has completed.

As communicated with our interim results, we had been exploring the retail eligible bond market in London as a potential source of debt financing. We believe that the retail bond market will be attractive to LCM in the longer term but the prevailing market conditions earlier in our financial year would have required LCM to lock in long-term debt at high interest rates. Having already seen a number of central banks begin to cut interest rates we think the decision to pursue an alternative refinancing was the right thing to do.

### MARKET DEVELOPMENTS

Litigation finance gained mainstream attention over the past year, particularly in light of the scandal involving the sub-postmasters of the Post Office in the UK. This case highlighted the critical role that litigation finance plays in providing access to justice for plaintiffs who might otherwise lack the resources to pursue their claims.

Although we did not fund the Post Office case, we have numerous examples, both historical and current, where we have stood up for individuals and smaller entities in their pursuit of justice.

The main trend that we have seen in the UK over the last twelve months is the rising number of collective actions being filed in the Competition Appeal Tribunal (CAT). We have invested in a small number of these cases which carry large budgets and seek extensive damages. The market for group claims in the UK is still in its infancy but we expect our experience from the well-developed Australian market positions us well to understand how procedures in the CAT may play out over time.

In Australia, the market for class actions remains healthy and competitive. LCM's close relationships with key law firms as well as its own ability to originate claims means that the strong pipeline of claims for funding is likely to continue.

As well as class actions, in Australia LCM is financing insolvency claims and commercial claims. The insolvency claims we have funded continue to be smaller but generate healthy returns and we expect that with tightened economic conditions we will see some larger insolvency claims in the coming years.

We are also seeing increasing interest for the funding of insolvency claims both in Singapore and Hong Kong and have positioned our team in Singapore to take advantage of this opportunity.

LCM funds a broad range of commercial claims across the APAC region and there are no restrictions on the types of claim we are able to fund. A particular trend we have noticed in recent times is claims on trade credit insurance made by trade credit providers whose finance facilities were defaulted on by commodities traders following the disruption to supply chains during and following the pandemic. LCM is currently funding four of these claims in the Australian courts and considering the financing of others in Singapore.

### OUTLOOK

Looking ahead, we see a significant long-term growth opportunity in the vast and still underpenetrated global legal finance market. As we continue to expand our presence, we remain focused on three key strategic priorities:

1. **Transitioning to an Asset Management Model:** This shift will enable us to scale our operations and diversify revenue streams, providing a stable foundation for future growth.
2. **Entering the US Market:** The US legal disputes market, being the largest globally, offers tremendous potential. We are confident that our unique positioning and established expertise will allow us to capitalise on this opportunity.
3. **Leveraging Data and AI to Enhance Origination and Underwriting:** By integrating cutting-edge technology into our processes, we aim to sharpen our competitive edge, enabling more efficient identification and evaluation of investment opportunities.

With these priorities in place, we are confident in our ability to drive sustainable long-term value creation for our shareholders, ensuring that we remain at the forefront of the legal finance industry.

**Patrick Moloney**  
Chief Executive Officer

## OUR PRINCIPLES

With an unparalleled track record and stand-out performance, we continue to strengthen our position as a market leading funder.

### DELIVERING SUSTAINABLE GROWTH AND SHAREHOLDER VALUE THROUGH:

STRONG AND  
INNOVATIVE ORIGINATION  
OF INVESTMENT  
OPPORTUNITIES

//

CONSISTENT AND  
DISCIPLINED DUE  
DILIGENCE AND RISK  
MANAGEMENT

//

SUFFICIENT AND  
ALTERNATE CAPITAL TO  
FACILITATE GROWTH

### INVESTMENT SELECTION CRITERIA:



CLEAR LEGAL  
PRINCIPLES



WRITTEN  
EVIDENCE



RECOVERABILITY

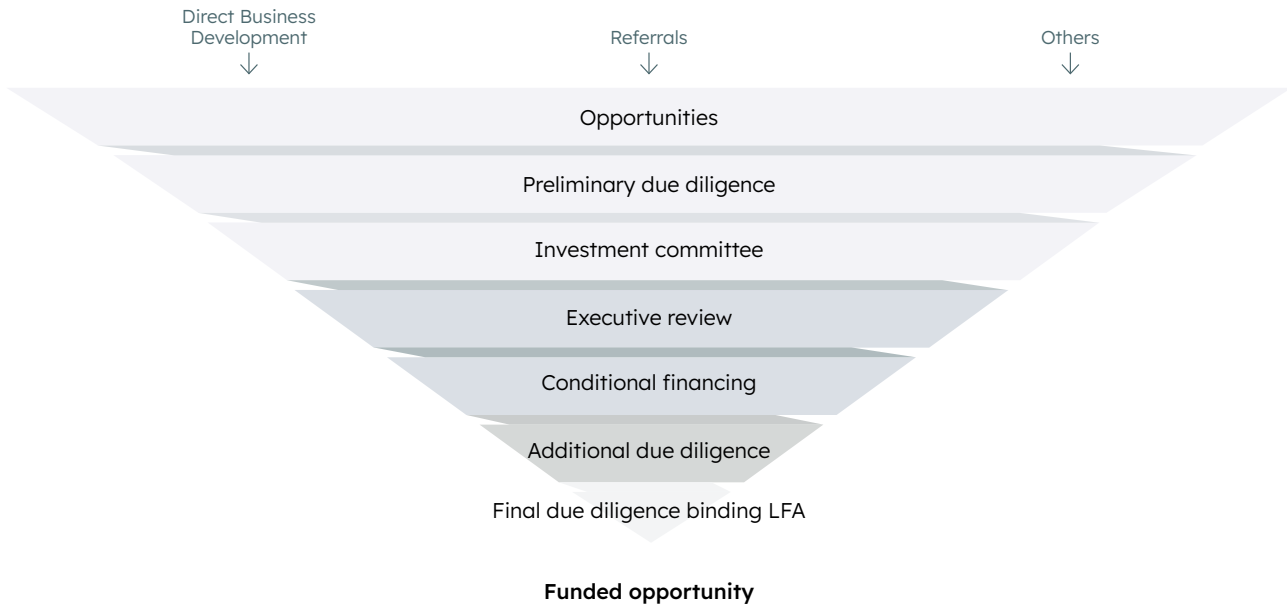


PROPORTIONALITY



EXPERIENCED  
LEGAL TEAM

**INVESTMENT SELECTION PROCESS**



**INVESTMENT SELECTION PROCESS:**

**OPPORTUNITIES**

Opportunities come from reactive sources such as solicitors, barristers, insolvency practitioners, experts and brokers as well as proactive sources through business development, leveraging firm-wide relationships, participation in key industry events or sectoral focus.

**PRELIMINARY DUE DILIGENCE**

Investment Manager considers applications for financing against LCM’s five key criteria and considers the prospects of successful recovery, budget for the litigation project and relevant documents.

**PEER REVIEW**

Review by a committee of Investment Managers. Preparation of a formal litigation project analysis document. Recommendation may be made to progress a litigation project to Investment Committee, or suggestions made as to further enquiries that need to be made in relation to it.

**EXECUTIVE REVIEW AND INVESTMENT COMMITTEE**

Review by CEO, the Investment Manager reviewing the project and two additional Investment Managers. May require independent opinion from King’s Counsel/Senior Counsel (KC/SC). Investment Committee considers the project against LCM’s five criteria, as well as relevant investment restrictions and projects fit for diversification of risk at portfolio level. May approve entry into conditional financing agreement and any due diligence required to confirm that all funding criteria are met.

**CONDITIONAL FINANCING**

Common conditions may include:

- Independent KC/SC opinion that the litigation project has good prospects
- Independent opinion on quantum formulation
- Further investigation of defendant’s asset position
- Detailed budget and solicitors’ retainer and/or deed of priorities
- Proceedings to commence or claim prepared to be filed

**ADDITIONAL DUE DILIGENCE**

LCM meets costs of further due diligence but, if it elects to proceed to unconditional financing, these costs are recoverable from the outcome of the project.

**UNCONDITIONAL FINANCING**

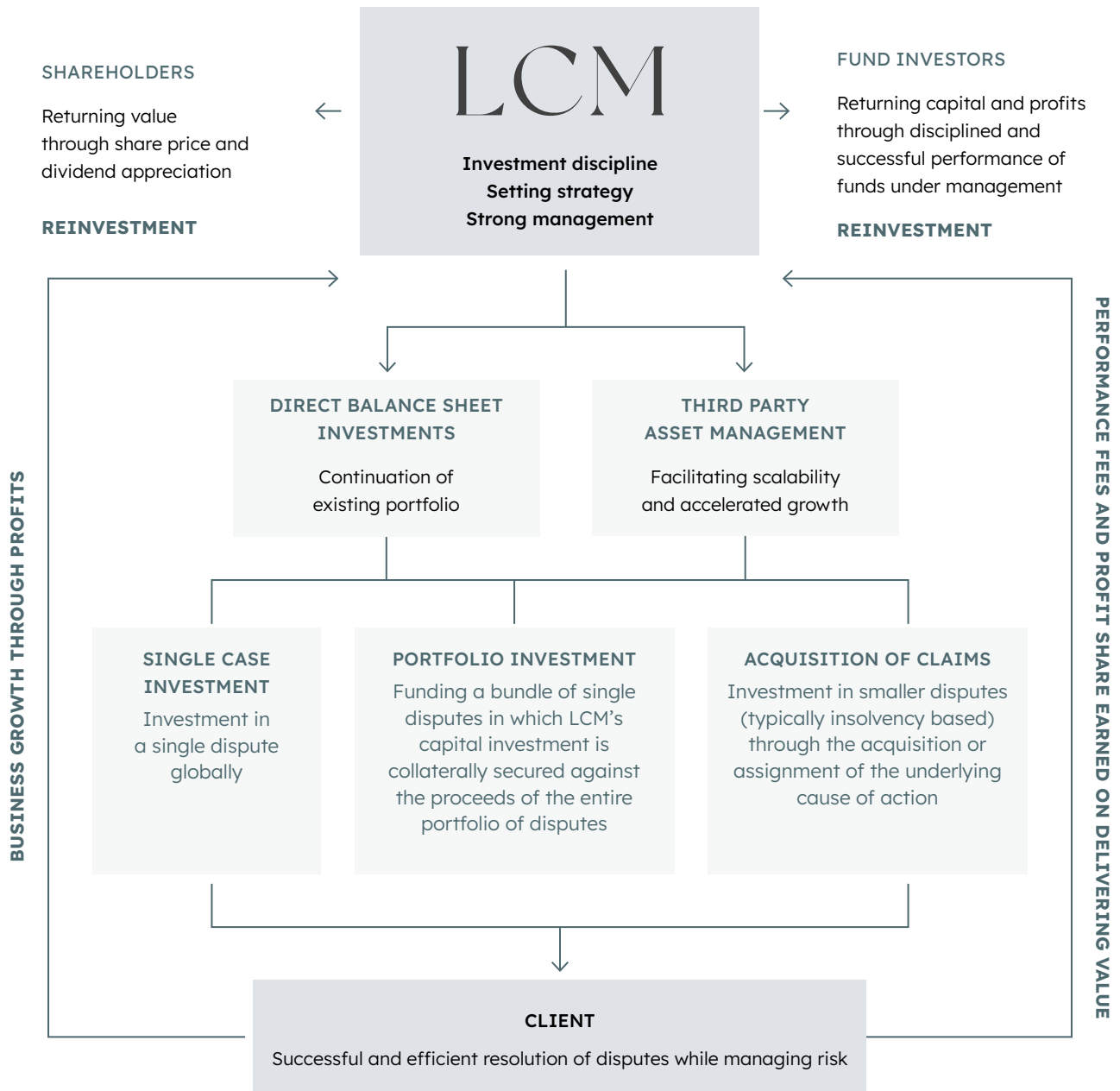
The project is again considered by the Investment Committee, which may approve entry into unconditional financing agreement, which will result in LCM being required to pay all costs and on some occasions being required to provide an indemnity and/or security for any adverse cost order that may be made against LCM’s client(s) in respect of the litigation project. LCM reserves the contractual right to terminate the financing arrangement at any time in the instance of a deterioration in prospects or a change to the economic viability of the claim.



## OUR BUSINESS MODEL

This year has demonstrated our ability to deliver enhanced market-leading returns which positions us well for accelerated growth.

### A LEADING ALTERNATIVE ASSET MANAGER IN DISPUTES FUNDING.



## WHO WE SERVE

We are an alternative asset manager specialising in disputes financing. That involves the provision of financing and risk management services to claimants in disputes globally. Our financing products are widely used from claimants that rely upon our capital as a means to justice through to large corporates who use our capital as a corporate finance product through choice.

## PEOPLE

Our people are our business and the key to long-term sustainability. The size of our business enables us to remain highly engaged with our employees. We aim to provide a culture and environment to support and facilitate performance and have aligned employee incentives with those of our shareholders.

## HOW WE ENGAGE

We have long-standing and deep relationships with referral sources, insolvency practitioners and law firms. Our proven track record ensures we continue to attract recurring business through our strong network, which we continue to expand; and realise new opportunities.

## WE CREATE VALUE

By providing our customers with financing solutions to pursue matters which would otherwise be costly, therefore taking on their risk and preserving their capital to pursue their own business opportunities. On successful completion of litigation cases we recover our investment and earn revenue through a multiple on capital invested, shared proceeds, performance and management fees

## MARKET EXPERTISE

We have extensive experience in complex disputes financing with a proven track record. We are industry pioneers in financing portfolio transactions and continue to explore and develop strategies which allow us to grow and penetrate new markets.

Our investment selection capability has enabled us to deliver market-leading returns. This positions us well amongst our industry peers and provides us with a gateway to new opportunities as we expand on our existing network.

**DIRECT INVESTMENTS**

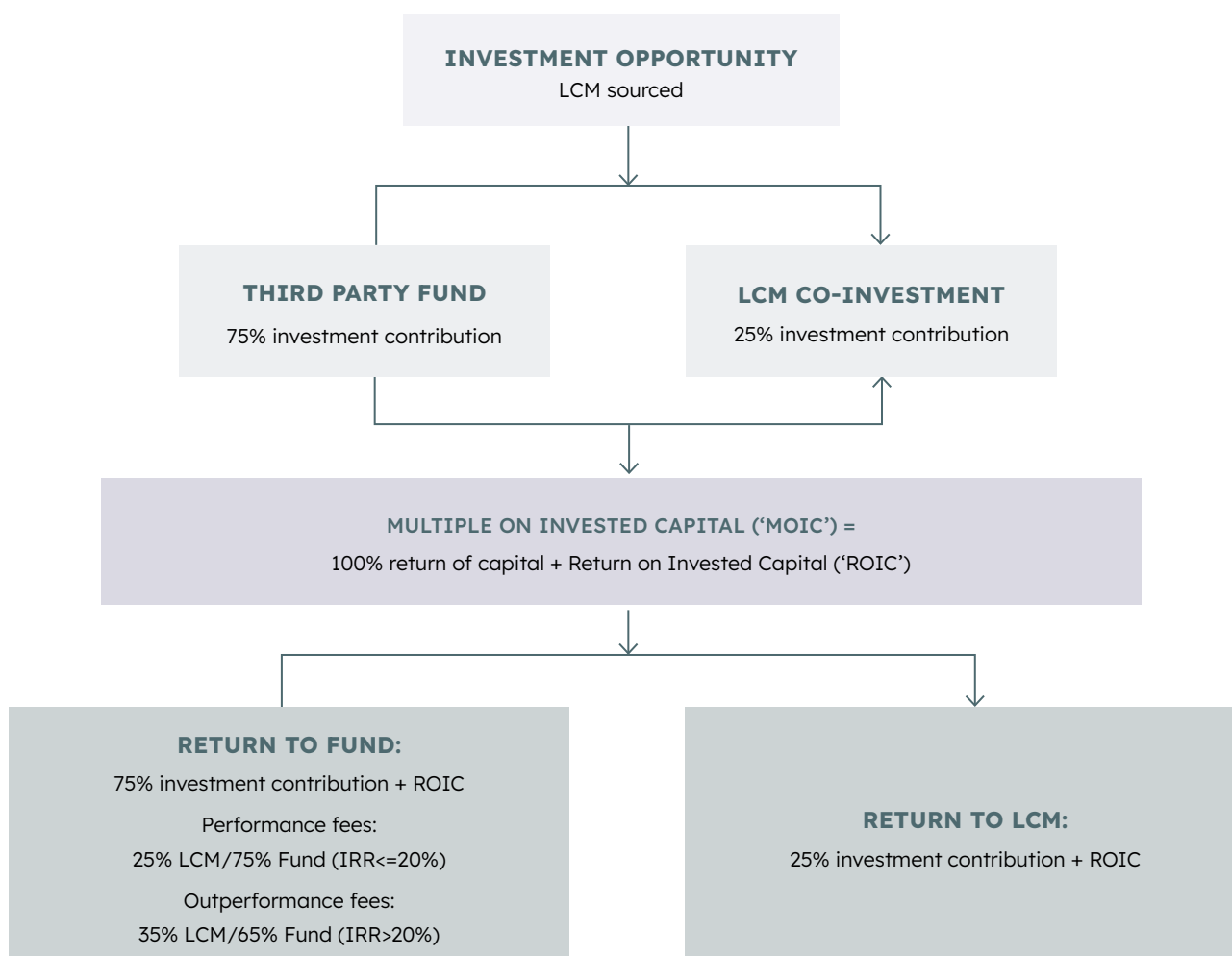
These investments are made directly by LCM through its balance sheet. These investments comprise:

- investments made by LCM where 100% of the capital commitment is made from balance sheet capital; and
- direct investment where LCM co-funds together with third party funds under management (see further detail below under Asset Management Business).

Upon maturity, LCM receives 100% of the profits derived from the direct investment and in respect of co-funded investments a percentage of profits referable to the co-funding contribution.

**ASSET MANAGEMENT BUSINESS**

Our second and larger fund has further enhanced our position as an alternative asset management business specialising in disputes financing. All qualifying investment opportunities generated by LCM are offered to the Fund and to LCM’s balance sheet on a co-funding basis. The investment is generally structured as 75% to the Fund and 25% to LCM as a direct investment, applicable for both Fund I and II. In line with our strategic objectives, this provides both LCM and our underlying Investors with a valuable opportunity to diversify significantly the disputes into which investments are made as well as allowing access to a greater part of the disputes funding market through increased capital backing. In the event that LCM continues to generate returns consistent with its 13-year track record, we expect to continue to receive out-performance fees on the majority of investments. The fee structure was supported by investors in the Fund as providing a genuine alignment between LCM’s balance sheet direct investments and Fund investments.







Our Funds management model has demonstrated our ability to deliver strong returns and we remain focused on delivering long-term growth in shareholder value.

STRATEGIC OBJECTIVES

BALANCED PORTFOLIO

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DISCIPLINED UNDERWRITING

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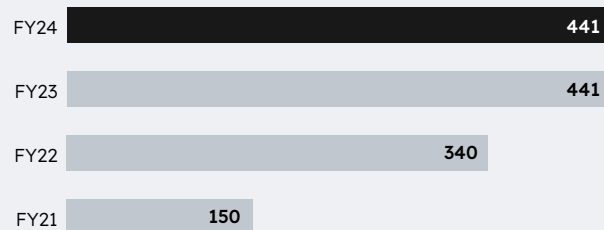
SUSTAINABLE LONG-TERM  
GROWTH THROUGH  
STRATEGIC INNOVATION  
AND EVOLUTION

## KEY PERFORMANCE INDICATORS

Our Key Performance Indicators are the metrics which provide the best reflection of growth and value creation for our business at this stage. While we place importance on measures such as revenue and operating profit, given the nature of our investments, in any one financial period, revenue and profit have not always reflected underlying growth in the value of our portfolio. This is primarily due to the timing of revenue recognition. It is equally important to understand the disparity between operating expenses incurred in one year as we manage our entire portfolio measured against revenue recorded in that same period, which is driven by the specific investments concluding in that particular period

Management believe the following indicators are key measures of growth and shareholder value creation specifically relevant to LCM. These indicators should not be looked at in isolation, but rather considered together and with LCM's financial reporting generally.

### FUNDS UNDER MANAGEMENT (A\$m)

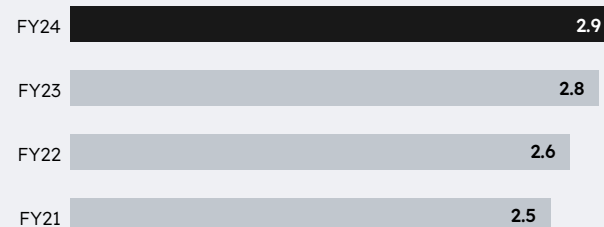


- Fund I of US\$150 million fully committed with material resolutions recognised
- Final close of Fund II of US\$291 million
- Strong interest from new investors following a number of significant returns in Fund I

### OUTLOOK

- Focus on growth of our asset management business
- Increase portfolio of investments under management
- Targeting commitment of Fund II
- Fund III marketing to commence in late 2024

### 13-YEAR TRACK RECORD (MOIC)

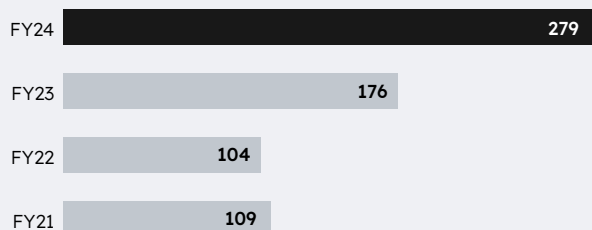


- Consistent performance reflected in 13 year portfolio MOIC, inclusive of losses of 2.9x
- Performance is a reflection of LCMs disciplined investment selection

### OUTLOOK

- Performance Metrics will fluctuate from period to period, but expectation is that they still exhibit similar characteristics to the running portfolio metrics
- Aim to deliver performance metrics within an acceptable range of historical performance

**NEW COMMITMENTS (A\$m)**

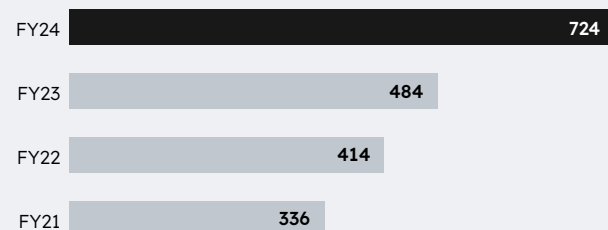


- New commitments in year was A\$279 million compared to A\$176 million in FY23
- Fund I fully committed across 26 investments of which 18 are still ongoing
- 27 Investments now committed in Fund III

**OUTLOOK**

- Growth over time depending on quality of investment opportunities
- Continue to maintain a balanced portfolio through Industry sector, geography, jurisdictions

**COMMITTED CAPITAL (A\$m)**

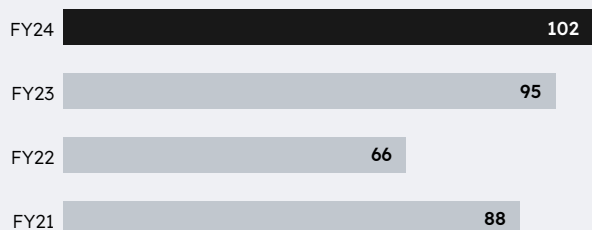


- Represents the sun of all ongoing commitments (both LCM only and external funds) at the balance sheet date

**OUTLOOK**

- Growth over time particularly as we scale the asset management business
- Increasing number of investments and diversification over time

**INVESTED CAPITAL (IN PERIOD) (A\$m)**

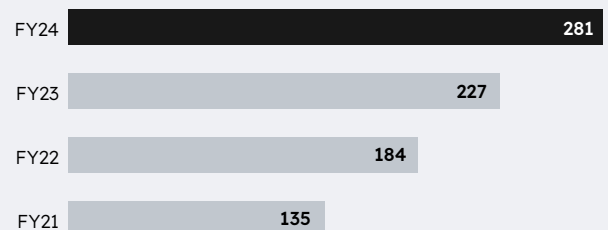


- Investment of capital was A\$102 million comprising of A\$54 million direct balance sheet and Co-Investment funding vs A\$48 million third party funding
- Demonstrating our commitment in putting capital to work to maximise returns

**OUTLOOK**

- To follow growth in committed capital over time
- The quantum of capital invested in a given period should increase over time
- Increased capital investments will generate organic capital through the maturing of investments over time

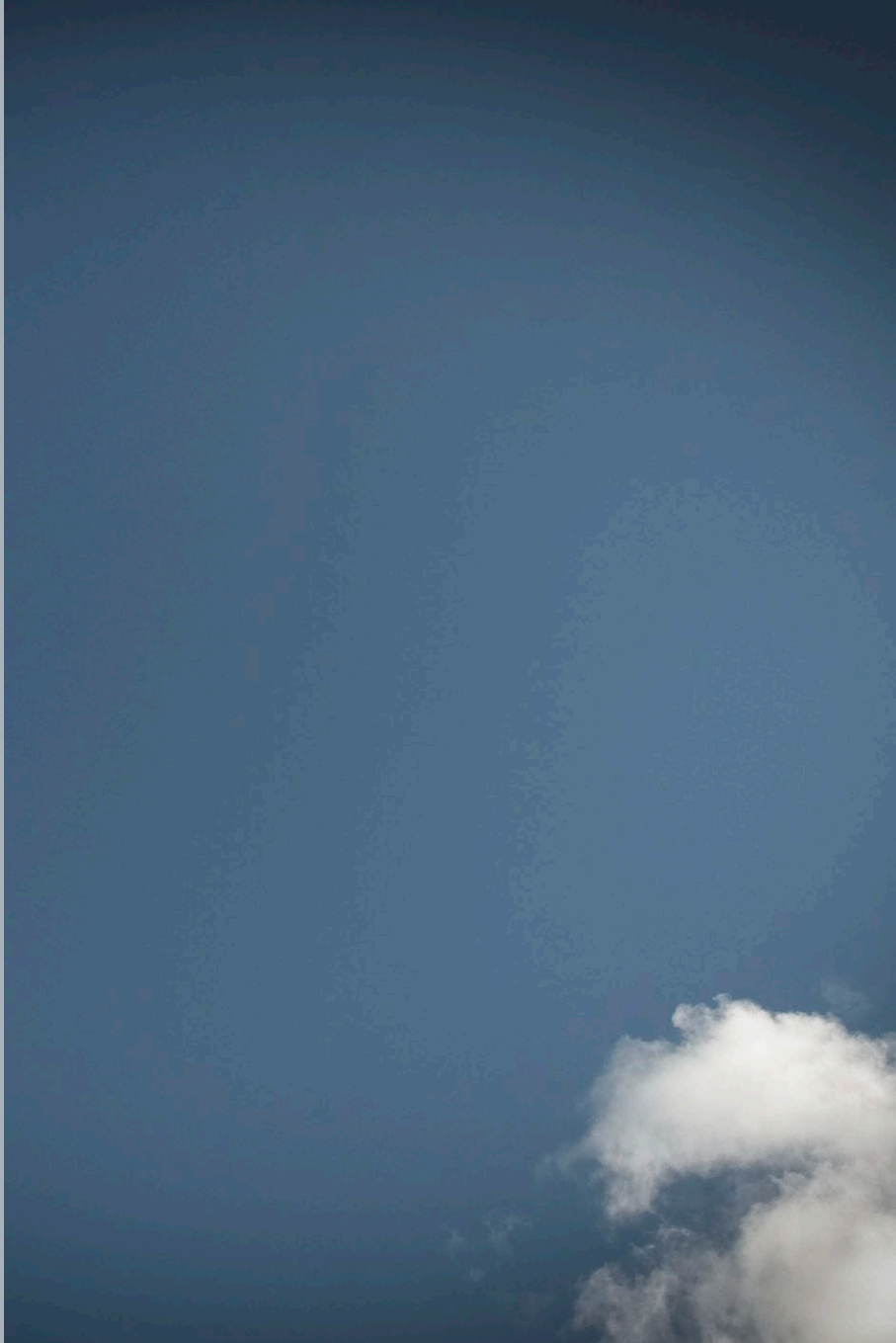
**INVESTED CAPITAL (IN ONGOING CASES) (A\$m)**



- Cumulative capital invested in on going cases was A\$281 million comprising of \$128 million from LCMs own balance sheet and A\$153 million from external funds
- LCM's ultimate returns are primarily determined through a multiple of this invested capital on successful case outcomes

**OUTLOOK**

- Growth over time particularly as we scale the asset management business
- To follow growth in committed capital over time





# FINANCIAL REVIEW



## FINANCIAL REVIEW

<b>Income Statement (A\$m) – LCM only</b>	<b>FY24</b>	<b>FY23</b>
Concluded investments – Proceeds on LCM capital	43.3	59.6
Concluded investments – Performance fees on 3P capital	12.7	24.6
Concluded investments – LCM capital invested ('Cost')	(23.8)	(32.7)
<b>Net realised gains from concluded investments</b>	<b>32.2</b>	<b>51.5</b>
<i>Fair value movement:</i>		
Fair value write-off on concluded investments	(30.9)	(37.4)
Net fair value uplift to ongoing investments	43.4	53.6
<b>Net fair value movement</b>	<b>12.5</b>	<b>16.2</b>
<b>Total income</b>	<b>44.7</b>	<b>67.7</b>
Operating expenses	(19.0)	(15.7)
FX gains/losses	0.5	(1.2)
<b>Operating profit</b>	<b>26.3</b>	<b>50.8</b>
Finance costs	(10.2)	(8.1)
<b>Profit before tax</b>	<b>16.1</b>	<b>42.7</b>
Tax	(3.3)	(11.3)
<b>Net income</b>	<b>12.7</b>	<b>31.4</b>
Basic EPS (cents)	12.01	29.53
Diluted EPS (cents)	11.33	28.33

### 2024 FINANCIAL PERFORMANCE

LCM extended its track record of successfully investing in uncorrelated litigation finance assets during the 2024 financial year. Our investments concluding in the period generated a 2.4x MOIC to LCM, consistent with our long-term track record of 2.7x.

These concluded investments generated net realised gains to LCM of A\$32.2 million. These gains are composed of A\$19.5 million of profits on investing our own capital (FY23: A\$26.9 million) and A\$12.7 million from performance fees (FY23: A\$24.6 million) earned on third party capital.

Our strategic shift towards an asset management model is beginning to yield significant benefits, as evidenced by the strong performance fees generated in both the current and prior year. We expect this trend to continue, with the majority of our current portfolio (45 out of a total of 58) now comprising cases funded through the asset management model. We have raised two funds to date with total external funds under management of US\$441 million. Both funds feature performance fees of 25% of profits on third-party capital above an 8% hurdle rate, increasing to 35% of profits exceeding a 20% return.

The net realised gains from concluded investments of A\$32.2 million was primarily driven by four successful investments, offset by one loss at trial. The four successful investments generated a combined gross profit of A\$42.7 million, reflecting an aggregate MOIC of 4.7x. The loss at trial resulted in a realised loss of A\$8.4 million.

Of the four successful investments, two were funded via our asset management model, contributing A\$12.7 million in performance fees. The net IRR after performance fees to fund investors on these concluded cases was 46%.

The case that lost at trial was fully funded by our balance sheet. Following a thorough review of our investment decision in relation to this case, we are confident that the original decision was sound. However, as with any investment business, not all investments will succeed. Our long-term track record underscores the robustness of our investment decision-making process, and we remain optimistic about our future successes.

## FINANCIAL REVIEW

The relatively small number of concluded cases driving our 2024 financial result is consistent with prior years. For instance, in both 2023 and 2022, three case conclusions in each period accounted for the vast majority of gross profit. As we continue to grow and fully transition to the asset management model, we expect the variability in our gross profitability to gradually diminish over time. Until then, year-on-year comparisons may be less meaningful, as outcomes will largely depend on the timing and size of case conclusions. Our primary focus remains on extending our long-term track record of successful investments.

While our business operates on a cashflow basis, our financial statements are presented on a fair value basis, providing investors with insight into the potential value of our ongoing investments, which would otherwise be reported at the value of the cash invested. Given the unique nature of our investments and lack of a well-developed secondary market, they cannot be marked to market. We therefore fair value these assets using a bottom-up case-by-case approach that builds value based on observable milestones achieved, consistent with the approach taken by our sector peers.

When a case investment concludes the realised gain in the P&L is calculated as the gross proceeds due from that investment (including performance fees) minus the cash that LCM invested. At the same time, the fair value asset related to that investment is removed from our balance sheet.

For cases concluded in the 2024 financial year, the achieved MOIC of 2.4x capital invested closely matched the fair value of 2.3x held for those same assets prior to their conclusion. As a result, the fair value write-off of the concluded cases of A\$30.9 million was similar to the total realised gain of A\$32.2 million. In the prior period, a MOIC of 2.6x was achieved on concluded cases compared to a fair value of 2.1x, resulting in a realised gain that comfortably exceeded the fair value write-off.

The net fair value uplift to ongoing cases during the period was A\$43.4 million (FY23: A\$53.6 million), with ongoing cases on our balance sheet valued at 1.9x the cumulative cash invested as of the end of the period (FY23: 1.8x).

The combination of the fair value write-off on concluded investments and the fair value uplift to ongoing investments gives the net fair value impact on the P&L of A\$12.5 million in FY24, which is comparable to the prior year (FY23: A\$16.2 million).

Total income for the period was A\$44.7 million, a decrease from the previous period (FY23: A\$67.7 million), primarily due to the larger size of case conclusions in the 2023 financial year, which was LCM's most successful period to date.

Operating expenses increased to A\$19.0 million, up from A\$15.7 million in the prior year. The increase is mainly attributable to the expansion of our team as we seek to enhance our origination capabilities across key markets.

Operating profit for the period was A\$26.3 million, down from A\$50.8 million in the previous year, reflecting the lower gross profit on concluded case investments compared to the prior period, as outlined above.

Finance costs rose to A\$10.2 million (FY23: A\$8.1 million), due to the higher interest rate environment. We are well advanced in negotiations to refinance our debt facility and are aiming to lower the interest rate from the 13.0% rate on the existing facility.

Profit before tax for the period was A\$16.1 million (FY23: A\$42.7 million) with a tax charge of A\$3.3 million (FY23: A\$11.3 million). Going forward, we expect an effective tax rate of 27.5%, being the average of the UK (25%) and Australian (30%) corporation tax rates.

The Board has declared a final dividend of 1.25p per share for the financial year ending 30 June 2024 (FY23: 2.25p). The Board will continue to balance the opportunities for reinvesting in growth alongside returning capital to shareholders. The dividend will be paid on 25 October 2024 to shareholders on the register on 4 October 2024, being the record date. The ordinary shares will be marked ex-dividend on 3 October 2024.



## FINANCIAL REVIEW

<b>Balance Sheet (A\$m) – LCM only</b>	<b>FY24</b>	<b>FY23</b>
Cash	\$53.0	<b>\$83.0</b>
Debtors	\$15.0	<b>\$13.9</b>
Investments at fair value	\$202.9	<b>\$165.8</b>
Investments held at cost	\$42.1	<b>\$37.3</b>
Other assets	\$1.5	<b>\$1.7</b>
<b>Total assets</b>	<b>\$314.4</b>	<b>\$301.7</b>
Borrowings	(\$61.9)	<b>(\$67.0)</b>
Tax payable	(\$0.9)	<b>(\$7.8)</b>
Deferred tax liability	(\$43.6)	<b>(\$36.3)</b>
Other creditors	(\$19.1)	<b>(\$5.2)</b>
<b>Total liabilities</b>	<b>(\$125.5)</b>	<b>(\$118.2)</b>
<b>Net assets</b>	<b>\$188.9</b>	<b>\$183.5</b>
NAV per share (pence) – Basic	94.4	<b>90.3</b>
NAV per share (pence) – Diluted	89.0	<b>86.6</b>

As of 30 June 2024, LCM was actively invested in 58 ongoing cases (FY23: 53) with a total balance sheet value of A\$245.0 million (FY23: A\$203.1 million). This valuation includes A\$42.1 million related to three investments (FY23: A\$37.3 million for four investments) that are held at cost for historic accounting reasons, and A\$202.9 million (FY23: A\$165.8 million) attributed to 55 investments (FY23: 49) that are held at fair value.

As previously noted, at the period end our case investments are held at an aggregate value of 1.9x the cumulative LCM cash invested into those same cases, a modest increase from the 1.8x multiple at the end of the prior period. This represents a discount compared to our realised long-term track record of 2.7x, reflecting our conservative approach to fair value.

It's also worth noting that our long-term track record of 2.7x would translate to a MOIC over 4.0x for LCM under the asset management model. This reflects the model's lower capital intensity and high potential for performance fees, further underscoring the conservative nature of our fair value methodology.

Our cash balance at the period end stood at A\$53.0 million (FY23: A\$83.0 million), reflecting a robust liquidity position. When offset against borrowings of A\$61.9 million (FY23: A\$69.0 million) this results in a net debt position of A\$8.9 million (FY23: net cash of A\$14 million).

Debtors, which comprises amounts receivable from successful investments stood at A\$15.0 million (FY23: A\$13.9 million). Since the period end, A\$11.6 million of this balance has been collected in cash.

Beyond our borrowings, deferred tax of A\$43.6 million (FY23: A\$36.3 million) is the largest liability on our balance sheet. A\$29.6 million of this balance relates to deferred tax on the fair value of our investments and A\$16.6 million relates to deductible funding on litigation assets. This tax is unrealised and will only become payable upon the successful conclusion of the related cases.

Other assets primarily comprises prepayments and security deposits for leases.

Net assets increased modestly over the 2024 financial year. The net income of A\$14.7 million generated during the period was partially offset by the FY23 dividend payment of A\$5.0 million and the cost of shares repurchased of A\$5.4 million. The A\$10 million share buyback program announced with our 2023 financial year results remains ongoing and is expected to complete during the 2025 financial year.

Reflecting the reduced number of shares following the partial completion of the share buyback, net assets per share increased to 94.4p (FY23: 90.3p).

## FINANCIAL REVIEW

<b>Cash Flow Statement (A\$m)</b>	<b>FY 2024</b>	<b>FY 2023</b>
Opening cash balance	83.0	29.3
Cash generated from concluded investments	56.7	96.8
Cash invested into ongoing cases (case funding)	(39.7)	(36.3)
Operating expenses	(17)	(12.1)
Net finance costs paid	(9)	(6)
Dividend and share buyback	(10.4)	-
Debt repayment	(8.1)	9.6
Other	(2.5)	1.7
Closing cash balance	53.0	83.0
<b>Net debt</b>	<b>8.9</b>	<b>(14.0)</b>

During the period, cash generated from concluded investments in the period amounted to A\$56.7 million (FY23: A\$96.8 million), inclusive of A\$12.7 million in performance fees (FY23: A\$24.6 million).

The cash invested in case funding in the period totalled A\$39.7 million (FY23: A\$36.3 million), spread across 65 investments, of which 58 remained ongoing at the period end.

Operating expenses increased to A\$14.8 million (FY23: A\$10.3 million) primarily due to the expansion of the origination team, as previously outlined.

Net finance costs paid rose to A\$9.0 million (FY23: A\$6.0 million) driven by the higher interest rate environment.

Tax paid was A\$2.8 million (FY23: A\$0.0 million) relating to UK tax paid on successful case conclusions in the prior financial year.

In our 2024 financial year, we returned A\$10.4 million of capital to shareholders with A\$5.0 million distributed as dividends and A\$5.4 million through the share buyback program.

We repaid A\$8.1 million of our borrowings during the year (FY23: A\$9.6 million increase in borrowings) to reduce interest costs, reflecting our robust liquidity position.

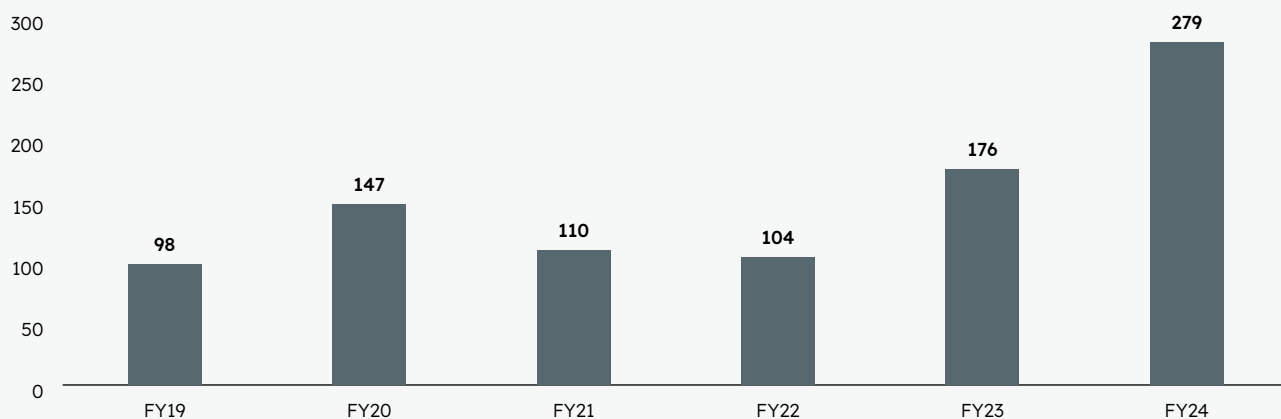
At the end of the financial period, we held A\$53.0 million in cash (FY23: A\$83.0 million) and had a net debt position of A\$8.9 million (FY23: A\$14.0 million net cash).

### **NEW COMMITMENTS**

New commitments during the period rose significantly to A\$279.0 million (FY23: A\$176.3 million) reflecting our strategic focus on scaling the business. A substantial portion of this growth was driven by our London office, where we have invested in a select number of large group claims that are being pursued through the Competition Appeal Tribunal.

## FINANCIAL REVIEW

### New Commitments (A\$m)

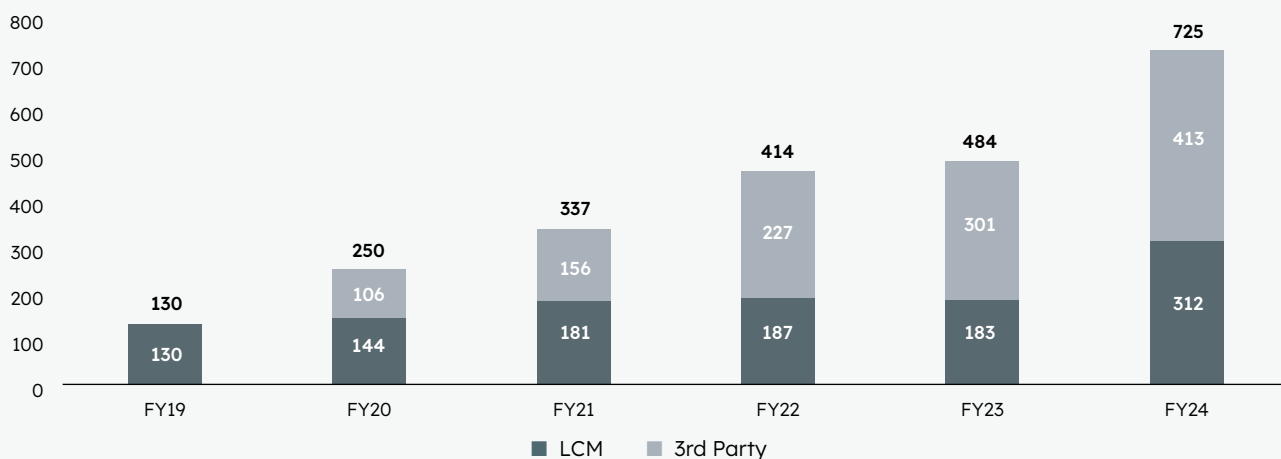


### COMMITTED AND INVESTED CAPITAL

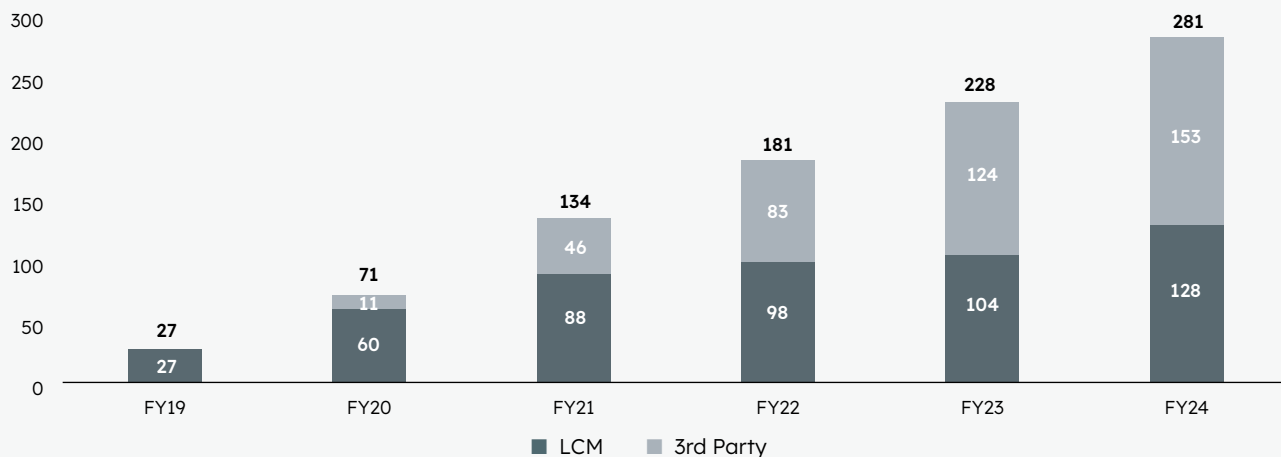
As of the end of the period, LCM was actively invested in 58 ongoing case investments. Among these, 13 were cases fully funded by our balance sheet (of which 3 cases comprise the majority of the invested capital), while 45 were co-funded through our asset management model, where LCM typically funds 25% of the investment cost.

Committed capital, which represent LCM's share of total commitments across all active cases net of conclusions and terminations, increased to A\$725.0 million at the period end (FY23: A\$484.0 million). Of this amount, A\$281.0 million has already been deployed.

### Committed Capital (A\$m)



### Invested Capital (A\$m)



## FINANCIAL REVIEW

### ASSET MANAGEMENT

Since 2020, we have been transitioning our business model from solely funding investments through our own balance sheet to operating as an asset manager. In this capacity, we raise third party capital and invest in new cases with the funding typically split 25% from our own balance sheet and 75% from our LPs invested in our funds. This model not only reduces capital demands on LCM but also provides the potential to earn substantial performance fees, ranging from 25% to 35% of the gross profits generated for our LPs above a minimum hurdle level.

To date, we have successfully raised USD441 million in external funds across two funds: Fund I (USD150 million) and Fund II (USD291 million).

Fund I has invested in 26 case investments and was fully committed and 71% deployed as of 30 June 2024. Six of these 26 cases had concluded by that date, all with successful outcomes, generating gross proceeds of USD101.9 million on LP capital of USD29.7 million. After accounting for performance fees of USD24.9 million paid to LCM, LP investors have achieved a 2.5x MOIC and a net IRR of 60%.

Fund II has invested into 33 case investments to date, and as of 30 June 2024, it was 58% committed and 7% deployed. The investments in Fund II are performing in line with our expectations. None of these investments have yet concluded.

We anticipate commencing marketing efforts for Fund III towards the end of this calendar year.

### POST PERIOD END

Shortly after the period end, we had a successful conclusion in relation to a bilateral investment treaty claim that was funded 25% by LCM and 75% by Fund I investors. A total of A\$5.9 million was invested in the case generating revenue of A\$29.6 million, equivalent to a 5.0x MOIC on a global basis. LCM's return was further amplified through performance fees of A\$6.1 million, resulting in a total return of A\$13.5 million from a A\$1.5 million investment – a pleasing 9.5x MOIC for LCM shareholders.

We are advanced on refinancing our debt facility with the objective of increasing the size and lowering the cost. We will provide an update to the market at the appropriate time.

### KEY PERFORMANCE INDICATORS

We have changed our Key Performance Indicators this year to better reflect what management is focused on as we drive the business.

The updated KPIs are chosen to reflect our focus on growing committed capital (new commitments in the period and cumulative committed capital at the period end); growing invested capital (invested capital in the period and cumulative invested capital at the period end); and delivering strong investment performance via our cumulative long-term MOIC. Furthermore, given the importance of our transition to the asset management model, external funds under management remains a KPI.

## RISK MANAGEMENT AND INTERNAL CONTROLS

### RISK MANAGEMENT

Understanding the risks our business faces is fundamental to our long term viability. We aim to continually and proactively monitor developments in the industry ahead of time to ensure we have in place the appropriate processes to manage them. Litigation funding as an industry is evolving each year with developments, particularly in England, gaining attention from the wider market. The recent Supreme Court ruling created uncertainty in the market as investors endeavoured to understand its wider implications on the litigation funding industry. This turn of events demonstrated the control systems we have in place as the potential risks associated with this potential decision were identified ahead of time allowing us to assess the impact on our business and mitigate accordingly. We continue to monitor all risks associated with our business and portfolio of disputes, including the changing landscape in each jurisdiction we operate in. We continue to enhance our approach to risk management each year. Our ability to identify, assess, manage and monitor risk is a key component to our success. We continually acquire new skills overtime which further develops our investment approach, enabling us to continue to make effective investment decisions which translate to returns, allowing us to reinvest and grow. The controls we have aim to manage and mitigate risk but does not eliminate risk entirely nor does it provide an absolute assurance against loss.

### RISK MANAGEMENT FRAMEWORK

The Board retains ultimate responsibility of risk management and sets the Group's risk appetite. The Board delegates responsibilities to the Risk & Audit Committee and day to day oversight to the Executive Management team. The Executive Management team led by the Group CEO, monitor and manage the risks appropriate for the business within the boundaries set by the Board. The Board also recognises that effective risk management requires commitment of people throughout the business and encourages a culture of open communication. The Board continues to develop and implement a comprehensive conduct framework which focuses on mitigating the risk of poor performance or other conduct risks.

Our proven risk management process involves applying our rigorous investment selection criteria to each and every investment not only at the outset but continuously throughout the life of each investment. This process has developed over our history and demonstrates a clear understanding of what is likely to constitute a successful and profitable dispute project. This process is central to the discipline LCM has shown when sourcing deals, which has been fundamental to our financial strength.

Across all core legal claim sectors we operate in; commercial claims, class actions, insolvency, arbitration and corporate portfolios, LCM's investment managers consider applications for financing against our five key criteria:

1. **proportionality** – there must be proportionality between the size of the claim and the funding commitment. Many applications for funding are instantly dismissed on the basis that it would not be commercially viable for LCM to fund them;
2. **clear legal principles** – the claim must be based on clear legal principles and not any novel or uncertain points of law;
3. **written evidence** – the claim should be supported by clear evidence that is documentary in nature, not oral;
4. **recoverability** – there must be a clear line to recovery for the claim and it must be demonstrated that the defendant or respondent has the capacity to meet a judgment or award of the size that will be sought; and
5. **experienced legal team** – there must be a highly competent and experienced legal team in place with the relevant expertise to pursue the claim.

As a result of following these criteria, LCM only provides funding to a small proportion of applicants received. This process forces restraint when making investments and mitigates the risk of financial loss and the temptation of an unnecessary acceleration of growth.

Our portfolio of investments are overseen by our investment managers who are responsible for ensuring that each disputes project continues to meet the five key criteria and is expected to achieve the funder's return at the likely completion date.

### FINANCIAL REPORTING PROCESSES

We maintain policies and procedures to facilitate accurate and timely record keeping which provides a true and fair view of our business performance. We review these policies and procedures on an ongoing basis to ensure they remain appropriate as the business grows and evolves. Our strong Internal control and risk management framework ensures the integrity of our business and the quality of the information we produce. Finance members in our Sydney and London offices provide an additional layer of oversight across various finance functions and provide frequent reporting to help assess the businesses actual performance against anticipated performance. Finance work closely alongside the investment management teams to provide them with timely and relevant information with respect to their existing investments as well as their pipeline enabling the team to participate in the review of our portfolios performance on an ongoing basis.

LCM has robust controls around payments that incorporate both internal and external systems and ensure accurate and timely maintenance of records. We have further enhanced our financial systems platform over the years to provide

efficiencies and allow for scalability. These controls provide reasonable assurance that payments have been approved through the correct authorisation channels and we continue to look at ways to strengthen our existing controls to deal with the increasing threats of cyber security. Our internal policies and procedures also ensure that transactions are recorded in the necessary manner to enable compliance with International Financial Reporting Standards (IFRS) and the Australian Accounting Standards Board (AASB).

LCM maintains its AML/KYC function through an online global onboarding and monitoring software system which streamlines our already robust function and allows us to better manage our global requirements.

### PRINCIPAL RISKS AND UNCERTAINTIES

The table following outlines the principal risks and uncertainties facing LCM together with mitigation measures which are intended to provide a reasonable but not definite level of protection. This is not a complete list of all the risks as matters or events not currently known to the Board or management could emerge.

Risk	Mitigation	Movement
<b>Strategic risk</b>		
<b>Effects of competition</b>		
<p>The effects of competition could reduce margins if competition drives a reduction in pricing.</p>	<p>During the past year, we have seen some compression in the market as smaller operators have failed due to the tightened availability of credit.</p> <p>The larger funders who LCM considers to be its direct competitors continue to compete with LCM for opportunities in the regions in which we operate. That said, we have not seen this competition have any downward pressure on pricing which may be the result of the increase in funding opportunities globally coupled with less funders operating in the market.</p> <p>In addition we differentiate ourselves from our competitors through our three primary strategies which allow us to diversify our offering.</p> <p>Continuous innovation allows us to operate across the entire spectrum and provide funding solutions to counterparties who use out of both choice and necessity. Each finance arrangement is bespoke and tailored to meet the specific needs of the funded party.</p> <p>Our experience which is reflected in our long standing track record, puts us in a good position against other peers in the market particularly as against newer players.</p> <p>The global addressable market for disputes financing is extremely large and remains hugely underpenetrated.</p>	▼
<b>Ability to raise third party capital</b>		
<p>Failure to raise third party capital could significantly impede growth opportunities potentially presenting competitors with an advantage to monetise on missed opportunities.</p>	<p>Alongside our credit facility, we have, through the resolution of matters in our mature portfolio, adequate balance sheet capital to grow our investment portfolio.</p> <p>Additionally, we continue to look at innovative solutions and attractive investment options to expand our investor reach.</p> <p>We have fully committed Fund I and have started to realise significant returns within this portfolio of investments. Additionally, we closed our second Fund at US\$291 million prior to the realisation of significant resolutions in Fund I. These attractive performance returns place us in a strong position for future growth and fund raises.</p>	▼
<b>Deployment of capital</b>		
<p>Failure to invest capital in a timely manner can have an adverse effect on the performance of our portfolio and the returns to our underlying investors. It could also be detrimental to our ability to raise further capital.</p>	<p>Our robust investment process is fundamental to our success. We regularly monitor the performance of each of our investments to ensure delivery against our own internal expectations. In terms of capital commitment, we monitor all investments on a regular basis to ensure that the portfolio does not suffer from concentration risk in any one project.</p>	▼

Risk	Mitigation	Movement
<b>Investment risks</b>		
<p>Failure to originate investment opportunities and invest capital selectively and successfully can lead to reputational damage and may cause adverse financial losses.</p> <p>LCM invests in disputes funding but does not control how a claim in which it has invested is managed and, in particular, is not the client of the law firm representing the owner of the claim that is the subject of the relevant dispute. Therefore, there can be no assurance that a dispute will be managed in a way that is most beneficial to the interests of the Group.</p>	<p>LCM continues to maintain a robust and disciplined investment selection process. LCM provides funding to only between 3-7% of the applications it receives.</p> <p>LCM places great significance on maintaining performance in line with our historical levels. Our rigorous investment process includes peer review by our team of highly experienced investment managers as well as external expert advice to ensure strict adherence to our investment criteria. This process demonstrates LCMs restraint from the temptation of unnecessary growth which may not create long term value for shareholders and investors.</p> <p>LCM is contractually able to cease funding to any dispute should it determine that the legal merits of a claim is no longer satisfactory or the claim is no longer economically viable.</p> <p>LCM measures all investment opportunities against its environmental, social and corporate governance statement.</p> <p>We also limit our investment risk by ensuring we maintain a balanced portfolio of investments by jurisdiction, industry sector and capital commitment.</p> <p>Current instability in global markets is likely to lead to increased insolvency and bankruptcy. This is a factor that continues to attracts attention.</p>	▼
<b>Operational risk</b>		
<b>Loss of key personnel</b>		
<p>Our employees are fundamental to our success. Failure to attract and retain highly skilled and experienced investment managers could have a negative impact on the success of our investments. Additionally, the loss of staff could cause disruptions to our ability to deliver to our strategic objectives.</p>	<p>Executives remain focused on achieving high levels of staff satisfaction and regularly consider succession planning. Staff are encouraged to take relevant training or professional development throughout the year. We continue to invest in our workforce and look to hire talent that can contribute to the success of our business.</p> <p>We have a robust recruitment process in place and offer competitive remuneration alongside long-term incentive schemes which we monitor and develop to remain competitive. We continuously carry out peer reviews and appraise the due diligence and underwriting techniques as well as investment monitoring.</p> <p>In addition, LCM monitors the performance of all staff including investment managers to ensure the highest level of performance, integrity and diligence.</p>	▼
<b>Loss of key customer relationships</b>		
<p>The risk of financial loss as a result of losing key relationships. This could have an adverse effect on our ability to generate new business through our long standing relationships with law firms and insolvency practitioners.</p>	<p>We continue to develop and cultivate relationships with existing clients and we place great value on their importance to LCM. We also continuously seek to develop new alliances.</p> <p>We serve clients fairly and always maintain a transparent relationship.</p> <p>Equally, the skill and experience of service providers and in particular, law firms providing legal services is fundamental to our successful performance and delivering on our objectives.</p> <p>LCM continues to monitor service provider risk through its investment managers and through its due diligence and underwriting policies.</p> <p>Additionally, we have observed that during times of market instability people tend to rely greater on existing relationships.</p>	▼



Risk	Mitigation	Movement
<b>Disruption to systems</b>		
<p>Disruptions to our systems could impact our ability to operate. It could also result in a reduced level of service to our clients. An attack on our system could jeopardise the security of the firms and/or client data which in turn could cause reputational damage.</p>	<p>LCM operates on a cloud based system providing flexibility and operational resilience.</p> <p>Our business continuity and disaster recovery plan has been proven to deliver a stable platform for all staff globally, in light of the challenges faced over recent years and the shift towards providing flexibility to work from home. We monitor and test our continuity and disaster recovery plan to ensure it operates effectively and in line with our requirements.</p> <p>We have continued to invest in and upgrade our information technology systems to ensure that we continue to work efficiently with risk of minimal disruption or loss of data.</p>	■
<b>Cybercrime, fraud or security breaches</b>		
<p>This risk of failure to protect our Information Technology systems and confidential information related to our clients and litigation matters, which could lead to a breach in our data protection obligations or cause loss of data or financial loss.</p>	<p>We continue to monitor and assess our compliance with requirements of the General Data Protection Regulation (GDPR) for privacy issues.</p> <p>Our servers are held externally with a major global cloud-based vendor to better align with our global expansion and comply with requirements of the GDPR for privacy issues. We continue to upgrade our defences for cyber security as the threat of cybercrime continues to challenge businesses globally.</p> <p>We adhere to all AML (Anti Money Laundering) and KYC (Know Your Customer) checks required and continue to monitor these with real time data and feedback on customers and investors.</p>	■
<b>Operational risk continued</b>		
<b>Regulatory risk</b>		
<p>Regulatory risk arises as a result of both the regulations specific to the jurisdictions in which we operate and the laws in those jurisdiction. Additionally, each country in which we operate may look to further regulating the industry in which we operate, which could lead to disruption of our business operations and have adverse impact on the potential to generate profits.</p>	<p>In many jurisdictions, with the exception of Singapore and Hong Kong, litigation financing is almost entirely unregulated or regulation is light touch. In Singapore and Hong Kong, there is a light regulatory regime which is monitored for continued compliance.</p> <p>The previous regulation in Australia requiring funders to hold an Australian Financial Services Licence and class actions to be registered as managed investment schemes has been wholly reversed by the current federal government. Management continue to monitor the changing regulatory landscape to ensure it remains in a position to operate without hindrance.</p> <p>The UK Supreme Court Ruling in relation to Damage Based Awards will have some impact on the industry. We continue to monitor the evolving landscape in the UK market to ensure we are aware of risks before they emerge and develop appropriate mitigating factors.</p> <p>Management actively monitor changes in the law in various jurisdictions on an application by application basis and if there are legal issues which arise particular to a jurisdiction, external advice is obtained.</p>	■
<b>Adverse court rulings risk</b>		
<p>Adverse court rulings risk arises when changes in laws impacts the value of existing investments or the ability to source future investments.</p>	<p>In addition to the risk of increased regulation described under “Risk of increased regulation” above, there is a risk that court rulings may have an adverse impact on the business of the Group and the industry in which it operates. Any changes in laws resulting from such court rulings could reduce or limit opportunities for the Group to make investments or could reduce the value of the Group’s current investment portfolio under its management in such jurisdictions.</p> <p>If the Group’s business is subject to other court rulings (either in the UK or in any other jurisdiction in which it operates) which have a negative impact on its business, this could have a material adverse impact on the Group’s ability to generate profits.</p> <p>Management continuously monitor court judgments, particularly in the areas of law that concern or intersect with our investments.</p>	■

Risk	Mitigation	Movement
<b>Financial risks</b>		
<b>Liquidity</b>		
<p>Liquidity risk is the risk the Company has a lack of sufficient resources, readily realisable assets or access to capital at commercially viable terms to continue to make investments or meet its current obligations. This could have an adverse effect on the value of investment assets.</p>	<p>Finance closely monitor liquidity and cashflow to ensure the Company continues to operate within the risk appetite set by the Board.</p> <p>The Finance function actively monitor and manage working capital to enable the Company to meet its obligations as they fall due.</p> <p>The Company utilises its credit facility to supplement the balance sheet. Finance closely manage all financial covenant and reporting requirements with respect to the facility, to ensure compliance is maintained at all times.</p> <p>LCM maintains a strong balance sheet with organic cash generation from investments reaching maturity beginning to materialise and expected to continue in the short to mid-term.</p> <p>Additionally, LCM has significant control over its investments including the contractual right to cease funding where the prospects of the claim have changed or the economic viability of the investment has deteriorated.</p>	▼
<b>FX risk</b>		
<p>Foreign exchange risk is the risk that LCM will sustain losses due to adverse movements in currency exchange rates which may arise from transactions and investments denominated in foreign exchange currencies.</p>	<p>Finance monitors the currency risk associated with respect to the timing for both the budget deployment for litigation projects and the expected return of those costs and our contractual return.</p> <p>Additionally, consequent to entering into a USD credit facility, Finance regularly reviews its overall FX exposure and assesses any hedging requirements needed to mitigate FX risk.</p> <p>We keep a proportion of our cash in the currencies in which we expect the majority of these expenses to occur, to best manage the impact of foreign exchange risk caused by rate movements.</p> <p>LCM does not hedge the expected return from litigation projects given the tenor of this exposure.</p>	■
<b>Credit risk</b>		
<p>Exposure to financial losses to LCM as a result of a client's inability or unwillingness to pay LCM its contractual entitlement.</p>	<p>As part of the initial stages of LCM's investment process Investment managers ensure there is clear line to recovery for the claim and it must be demonstrated that the defendant has the capacity to meet a judgment of the size that will be brought. This is a detailed analysis which may involve obtaining an asset tracing report or considering the detailed terms of an insurance policy. In addition, all of LCM's litigation funding contracts require that any recovery on the investment be paid into a solicitors trust account or escrow account. The funded client is not entitled to be paid any part of this recovery until LCM has been paid the amount it is owed on its investment. The solicitors directly contract with LCM to distribute the funds in accordance with these terms.</p>	■
<b>Adverse costs</b>		
<p>In certain jurisdictions in which LCM operates, it provides an indemnity as against an adverse costs result. That means that LCM underwrites the risk of an unsuccessful litigant being ordered to pay the successful litigant's legal costs.</p>	<p>On most occasions, in those jurisdictions where that service is offered, the risk is laid off through after the event insurance. This is an insurance policy taken out in the name of LCM which covers it for this adverse cost risk.</p> <p>Where there is no risk of a costs order being made for which LCM would be liable to pay, LCM expressly disclaims any liability for adverse costs in its litigation funding contract.</p>	■

Risk	Mitigation	Movement
<b>Financial risks</b> <i>continued</i>		
<b>Valuation risk</b>		
<p>We face the risk of errors arising from processes around the valuation of our portfolio of Litigation Assets which could compromise our financial reporting or expose the Group to unanticipated financial loss, or damage to our reputation. This could in turn reduce our profitability.</p>	<p>We manage this risk through an established framework which has been developed, whereby key inputs into the valuation process go through various stages of review and are challenged and assessed as appropriate by the CEO, CFO, Head of Investments APAC and Head of Underwriting EMEA. Regular monitoring of the progress of the investment is reviewed on a quarterly basis by the CEO alongside senior Investment Managers. Where a significant change in expectations has been identified, it is reviewed and verified by the CEO. The Group operates within a system of internal controls that provides oversight of business processes.</p>	▲
<b>Duration risk</b>		
<p>Increased time taken for realisation of returns on Dispute Investments could affect the financial resources available to the Group which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects</p>	<p>The timing of resolutions will depend on a variety of factors including the emergence of new facts or circumstances that were not known at the time of agreeing to fund the Dispute Investment, the anticipated costs to further progress the matter (i.e. to final determination or by way of appeal) and/or whether there have been any changes in law arising subsequent to the date of agreeing to finance a Dispute Investment. Furthermore, the settlement or resolution of Dispute Investments (including the timing of revenue recognition) can also be affected to a significant degree by factors outside the Group's control such as delays in the court system, backlog of cases caused by, for example, the Covid-19 pandemic and any other events.</p> <p>While the Group monitors its Dispute Investments, there can be no assurance as to the time for completion of any particular Dispute Investment and accordingly when the Group will receive a return on its investment (if the relevant claim is successful).</p>	▲

## SUSTAINABILITY REPORT

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Our commitment towards positively contributing towards social matters is supported by our recent success in matters achieving financial redress for those affected by unjust practices.

#### PEOPLE

We place great value on our staff who are fundamental to our success. We aim to attract and retain highly talented staff who generate value and create a sustainable business. We treat all our employees fairly and ethically and we aim to provide an environment in which all our employees feel valued, engaged, safe and can perform to the utmost of their abilities. We conduct appraisals and encourage an open dialogue with management at all times. The appraisal process is designed to improve performance by articulating individual goals and providing feedback on performance. Professional development is encouraged and ensures employees remain motivated, incentivised and working.

#### DIVERSITY AND INCLUSION

At LCM we ensure that everyone is treated equally and foster an equal opportunities approach to hiring. Our work environment is one that supports diversity and we aim to recruit the most suitable candidates with the right skill set for the role, regardless of their gender, nationality or ethnic background.

#### CORPORATE GOVERNANCE

LCM adopts the Quoted Companies Alliance Code ('QCA Code') which applies a principles based approach to good Corporate Governance. LCM has an independent Chairman and Board who are responsible for ensuring we operate ethically and transparently. LCM's business continues to evolve and we aim to strengthen and develop our governance framework to ensure it is relevant to the business as it grows. Strong corporate governance is crucial to the success of our business.

#### COMMUNITY AND CHARITIES

Our people are involved both at an individual and Company level in various charities supporting the broader communities in which we operate.

#### REDFERN LEGAL CENTRE AND ABORIGINAL LEGAL SERVICE

Following on from LCM's provision of a Deed of Guarantee to cover any adverse costs incurred in a claim pursued by Redfern Legal Centre for a number of people who were incorrectly issued with fines for offences under the Public Health Act 2010 for failure to comply with restrictions imposed during COVID 19 in 2023, LCM provided a further Deed of Guarantee to cover any adverse costs of a further client of Redfern Legal Centre seeking to challenge the fine issued to her during COVID for being out of greater Sydney (she was homeless at the time). This claim resulted in the amount of the fine being refunded to the claimant in full.

#### JUSTICE AND EQUITY CENTRE (FORMERLY PUBLIC INTEREST ADVOCACY CENTRE)

The Justice and Equity Centre (JEC) is a leading social justice and policy centre. JEC works with people and communities who are marginalised and facing disadvantage to build a fairer, stronger society by helping to change laws, policies and practices that cause injustice and inequality.

Since 2018, LCM has been a contributor to the Adverse Costs Order (ACO) Fund of the Justice and Equity Centre (JEC), formerly the Public Interest Advocacy Centre (PIAC). The ACO Fund is comprised of commitments from litigation funders who have a dedication to social justice and advancing the public interest by supporting litigation that aligns with their values and goals. Contributions to the ACO Fund enable the JEC to offer some protection to potential public interest litigation plaintiffs, against the risk of an adverse costs order. The threat of an adverse costs order is a major barrier to public interest litigation going ahead, and the ACO Fund helps the JEC overcome that barrier.

In the 2023/24 financial year, the ACO Fund provided support for two public interest litigation plaintiffs. The first, an asylum seeker who suffers from PTSD, sought to challenge the routine use of handcuffs on him when he needed to access medical care outside of an immigration detention centre. That case settled in November 2023 and while the terms of the settlement are confidential, the plaintiff Yasir was pleased with the outcome and felt there had been some accountability for his mistreatment. The second plaintiff, Ms Rachael Fullerton, commenced disability discrimination proceedings in the Federal Court of Australia in relation to the failure of Qantas to approve her to fly with her assistance dog Strike. This is despite her flying with no issue on Virgin and Rex, and she can travel with him on any train or bus in New South Wales, because Strike has a public transport card. The case is ongoing.

These cases would likely not have been able to be commenced, without the support provided by the ACO Fund contributors.

LCM also supports the JEC by buying a table at its annual fundraising event.

## CLIENTS AND STAKEHOLDERS

We strive to develop and improve relationships with our clients and stakeholders. This is evident in the strong referral network we have built over the years with our law firms. We work hard to foster these relationships, which have contributed to our success over the years. We are proud that our clients and stakeholders have participated in the successful outcomes that they engage us to do and this is evident in our track record.

We continue to work on improving the way we work in order to maintain high standards of risk management and compliance. We continue to monitor and develop our policies and procedures for data protection, anti-money laundering, and anti-bribery and corruption, as well as our regulatory obligations of being a listed entity and provide adequate training to our staff as these develop. This ensures the interests of our clients and shareholders are always at the centre of what we do.

## SHAREHOLDERS

We place significant importance on our relationship with shareholders. We strive to maintain an open and transparent dialogue with our investors as often as practicable. Our shareholders are fundamental to the long-term success of our business. We aim to meet with Shareholders to develop an understanding of their concerns and allow them the opportunity to have an open dialogue with Management. We do this predominantly through one to one meetings and investor roadshows.

## OUR INVESTMENTS AND ESG

The nature of our business facilitates claimants in achieving justice. As part of our investment criteria we ensure that we pursue cases that will be given a fair trial and don't disadvantage the claimant as a result of receiving funding.

Further, many of the cases which we fund promote wider ESG objectives. For example we provide finance for the following claims categories:

1. claims which strengthen corporate governance and hold officers accountable for breaches of directors duties;
2. claims brought by liquidators against former directors for insolvent trading and against casinos who have knowingly received company funds used by gambling addicted company directors causing the insolvency of the company;
3. derivative claims holding directors to account for regulatory failings causing losses to the company;
4. treaty arbitration cases seeking compensation from states who have acted illegally to expropriate assets of foreign investors.

Specifically, in Australia we are currently financing the following class actions which have clear social and environmental benefits:

1. a class action in Australia asserting the illegality of "social casino games" the addictive nature of which has caused considerable losses for ordinary Australians which has a corresponding negative social impact; and
2. a class action brought on behalf of the QLD fishing industry for loss and damage resulting from environmental damage resulting from the dredging of the Gladstone port.



A large, light gray, stylized letter 'S' is centered on the page, serving as a background watermark. The 'S' is composed of two thick, curved strokes that meet at a sharp point in the middle.

GOVERNANCE

## BOARD OF DIRECTORS



**Jonathan Moulds**

*Non-Executive  
Chairman*

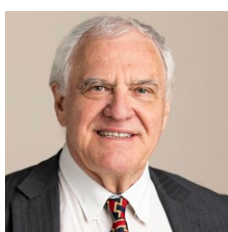
Jonathan has extensive experience in financial services and has worked in the UK, US and Asia during his 25+ year executive career. He currently chairs Citi's largest global subsidiary CGML and is the chair of the Financial Markets Standards Board. He is also the Senior Independent Director of IG, the listed global leveraged trading business.

Jonathan spent the majority of his career at Bank of America where he became head of Bank of America's International businesses and subsequently European President of Bank of America Merrill Lynch and the CEO of Merrill Lynch International following the merger of the two companies in 2009. He was most recently Group Chief Operating Officer at Barclays Plc.

Jonathan has served on key industry associations, including the International Swaps and Derivatives Association (ISDA) as Chair, Association for Financial Markets in Europe (AFME) as Director, and Capital Markets Senior Practitioners of the UK Financial Services Authority and the Global Financial Markets Association as a member.

He has a first-class honours in Mathematics from the University of Cambridge, and was awarded a CBE in the 2014 Honours List for services to philanthropy.

<b>Term of office</b>	Joined the Board December 2018
<b>Independent</b>	Yes
<b>Committee membership</b>	Rem, Nom
<b>External directorships and commitments</b>	Chair of Citigroup Global Markets Limited (CGML) a subsidiary of Citi Group Inc. Non-Executive Director of IG Group Holdings Plc Member of AFME's Advisory Board.



**Dr David King**

*Non-Executive Director*

David has a doctorate in geophysics/seismology, and was a founder and Executive Director of Eastern Star Gas Ltd. He has substantial natural resource related experience, having previously served as Managing Director of North Flinders Mines Ltd and CEO/Director of Beach Petroleum and Claremont Petroleum.

David is a Fellow of the Australasian Institute of Mining and Metallurgy, and a Fellow of the Australian Institute of Geoscientists.

<b>Term of office</b>	Joined the Board October 2015
<b>Independent</b>	Yes
<b>Committee membership</b>	ARC (Chair), Nom
<b>External directorships and commitments</b>	Non-Executive Director Renergen Ltd.



## GOVERNANCE



Gerhard brings to LCM's Board a long career in financial services and fund management. He has worked extensively in Europe and the US, including a 20+ year career at Bank of America in a number of senior management roles within the global investment bank.

Gerhard was more recently a partner at Brevan Howard Asset Management, a leading global macro hedge fund.

**Gerhard Seebacher**  
Non-Executive Director

<b>Term of office</b>	Joined the Board August 2020
<b>Independent</b>	Yes
<b>Committee membership</b>	Rem Com (Chair) ARC (Chair), Nom
<b>External directorships and commitments</b>	Chief Investment Officer and owner of Boulder Hill LLC



Patrick Moloney is a veteran of the disputes funding industry with 20 years' experience in the space. Patrick has been a Director of LCM since 2003 and the Chief Executive Officer of the Group since December 2013. He is responsible for overseeing all litigation projects in which LCM has an investment and (as a Board member) for approving new litigation projects for funding. He has been involved in all aspects of the business including devising strategy for future growth, investor relations and corporate affairs. Patrick is one of the most experienced litigation financiers globally.

Prior to joining LCM, he was the principal of Moloney Lawyers, which he established in 2003; and specialised in commercial litigation.

**Patrick Moloney**  
Executive Director

Patrick was admitted to practise law in 1996 and has acted in more than 200 commercial litigation disputes for clients in the Australian superior Courts.

<b>Term of office</b>	Joined the Board 2003
<b>Independent</b>	No
<b>Committee membership</b>	n/a
<b>External directorships and commitments</b>	n/a

## THE QCA CORPORATE GOVERNANCE CODE

The Board of LCM places great emphasis on the duty we have to our shareholders in ensuring we have a strong corporate governance framework in place. Corporate governance operates at all levels throughout the business to enable the business to operate efficiently. The Board is committed to delivering high standards of corporate governance and embedding the right practices and behaviour throughout the business. We are committed to enhancing and developing our practices to ensure they remain appropriate for our business as it evolves. The Quoted Companies Alliance has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters. From admission to the Alternative Investment Market (AIM), we have adopted the QCA Corporate Governance Code, having previously reported on our compliance with the ASX Corporate Governance Council's Principles and Recommendations. A description of the Company's corporate governance practices from admission are set out below.

<b>Governance principles</b>	<b>Compliant</b>	<b>Application of code</b>
<b>Principle 1: Establish a strategy and business model which promotes long-term value for shareholders</b>	✓	<p>LCM's Strategy focuses principally on growth and is built around four core principles:</p> <ul style="list-style-type: none"> <li>• Maintaining a balanced portfolio</li> <li>• Providing funding for new claim types</li> <li>• Focus on expansion</li> <li>• Ensuring access to capital and funding match LCM's current and future pipeline</li> </ul> <p>LCM considers the most important aspect of its business to be its people, who implement its strategy through the identification and assessment of litigation projects for financing.</p> <p><i>Further reading</i></p> <p>Full disclosure of the Strategy is detailed in LCM's Strategic Report on pages 6 to 25.</p>
<b>Principle 2: Seek to understand and meet shareholder needs and expectations</b>	✓	<p>The Board acknowledges the importance of relationships with shareholders and seeks regular interaction with major shareholders to ensure their requirements and opinions are conveyed to the Board. Our shareholders are fundamental to the long-term success of our business and we place significant importance on our relationship with them. We strive to maintain an open and transparent dialogue with our investors as often as practicable, ensuring they understand our overall strategies and how we are delivering against them. We do this through one to one meetings, capital market days and investor roadshows. LCM intends to continue to use its annual general meeting ('AGM') as an opportunity to engage with its shareholders and seek their input on the management of LCM. LCM undertakes a number of steps to seek to maximise shareholders' ability to participate in the AGM process.</p>

## GOVERNANCE

Governance principles	Compliant	Application of code
<p><b>Principle 3:</b>  <b>Take into account wider stakeholder and social responsibilities and their implications for long-term success</b></p>	<p>✓</p>	<p>LCM gives serious consideration to the impact our business activities may have, not only on our clients and employees, but also in the local communities in which we operate. It goes without saying that our people are our business and are fundamental to LCM’s long-term success and to delivering shareholder value. We treat all our employees fairly and ethically and we aim to provide an environment in which all our employees feel valued, engaged, safe and can perform to the utmost of their abilities. Staff retention is important at LCM and we continue to focus on the development of our employees and ensure that they remain motivated and incentivised. We ensure that everyone is treated equally and foster an equal opportunities approach to hiring. Our work environment is one that supports diversity and we aim to recruit the most suitable candidates with the right skill sets for the roles, regardless of their gender, nationality or ethnic background. There is no financial return to LCM from the ACO Fund and our involvement represents our commitment to supporting social justice and public interest litigation.</p> <p>The Board has a significant role to play in ensuring longevity of the business through sustainable long-term growth and development strategies. The Group’s strategy means that it will rely on the networking ability of executive and senior management as well as employees to maintain active contacts and communications with legal professionals, other professionals and business and financial parties in order to provide it with Litigation Projects. LCM takes feedback from its stakeholders into account when making decisions and taking actions.</p> <p><i>Further reading</i>            See further information on our involvement in PIAC on pages 42 to 43.</p>
<p><b>Principle 4:</b>  <b>Embed effective risk management, considering both opportunities and threats, throughout the organisation</b></p>	<p>✓</p>	<p>LCM has a proven and robust risk management process. When considering new Litigation Projects, LCM applies a rigorous selection criteria, referred to as LCM’s five pillars. Once a Litigation Project has passed these initial selection criteria, LCM then applies an established investment approval process to manage and mitigate the risks associated with its Litigation Projects. The Company has established an Audit and Risk Committee which provides advice and assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to internal and external audit, risk management systems, financial and market reporting, internal accounting, financial control systems and other items as requested by the Board. The primary objective of the Audit and Risk Committee is to assist the Board in overseeing the systems of internal control and external financial reporting of the Group. It performs this role by ensuring that the external and internal audit arrangements are appropriate and effective; the compliance arrangements are appropriate and effective fraud prevention and whistleblowing arrangements are established which minimise potential for fraud and financial impropriety; and the annual report and accounts, related internal control disclosures and any other publicly available financial information are reviewed and scrutinised. The Audit and Risk Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within the Audit and Risk Committee’s duties and responsibilities and shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.</p> <p><i>Further reading</i>            Read more about LCMs investment risk assessment on pages 35 to 41.</p>

## GOVERNANCE

Governance principles	Compliant	Application of code
<p><b>Principle 5:</b>  <b>Maintain the Board as a well-functioning, balanced team led by the Chair</b></p>	✓	<p>The Board is responsible for the overall management of the Group. The Board comprises five Directors; two Executive Directors and three Non-Executive Directors. The Company believes that it has an appropriate balance between Executive and Non-Executive Directors and meets the criteria for at least two Independent Non-Executive Directors. The board is led by the Chairman, Jonathan Moulds and the roles of Chairman and CEO are distinct. The Board has specific Audit and Risk, Remuneration and Nomination Committees covering three of the areas of the Group's operation which the Board views as having key importance to the Group's stakeholders. Each of these Committees have their own terms of reference which provide the necessary authorities for them to operate as they consider appropriate.</p> <p><i>Further reading</i>  Read more on our Board and Committees on pages 46 to 47.</p>
<p><b>Principle 6:</b>  <b>Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities</b></p>	✓	<p>The Board believes its members collectively possess the appropriate balance of skills to allow it to discharge its duties and responsibilities effectively.</p> <p><i>Further reading</i>  Read more about the skills and experience of the Board on pages 47 to 47.</p>
<p><b>Principle 7:</b>  <b>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</b></p>	✓	<p>The Board will review the effectiveness of the Board and its composition to ensure it has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively and to otherwise manage Board succession issues. The Company has established the Nomination Committee which is delegated the responsibility to lead the process for Board appointments and to ensure that the Board and its committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their respective responsibilities effectively. The Nomination Committee has adopted formal terms of reference under which the Nomination Committee shall, amongst other matters:</p> <ol style="list-style-type: none"> <li>a. regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) (including gender) of the Board and make recommendations to the Board with regard to any changes;</li> <li>b. give full consideration to succession planning for Directors and other senior managers in the course of its work, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future;</li> <li>c. be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;</li> <li>d. be responsible for the induction of new appointments to the Board;</li> <li>e. make recommendations to the Board regarding membership of the Audit and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chairmen of those Committees; and</li> <li>f. make recommendations to the Board regarding the re-appointment of any Non-Executive Director at the conclusion of their specified term of office (in particular, for any term beyond six years) having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required. The Nomination Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within the Nomination Committee's duties and responsibilities and shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.</li> </ol> <p><i>Further reading</i>  Read more on our Board and Committees on pages 46 to 47.</p>

## GOVERNANCE

Governance principles	Compliant	Application of code
<p><b>Principle 8:</b>  <b>Promote a corporate culture that is based on ethical values and behaviours</b></p>	✓	<p>LCM has a very simple philosophy around ethical conduct that is entrenched within its culture. Ethical conduct is of paramount importance to every LCM employee and it is non-negotiable. We do not permit second chances, we do not allow anyone to exploit grey areas and there is zero tolerance towards anyone looking to bend the rules. LCM’s compliance regime has grown in tandem with our international expansion and it addresses the various legal and regulatory obligations LCM has across multiple jurisdictions. The Directors have zero tolerance towards bribery and corruption and the Board has adopted an anti-bribery and corruption policy. The policy applies to all personnel of the Group including Directors, officers and employees. The policy prohibits both ‘active bribery’ (such as offering or promising to a third party benefits such as gifts, donations or awards) and ‘passive bribery’ (such as requesting, soliciting or agreeing to receive a bribe from a third party). As part of implementing the policy, the Company has a system for recording hospitality and gifts (both received and made to others) and sets out in detail guidelines for providing and accepting hospitality. The policy condemns tax evasion, whether it involves evading UK taxes or foreign taxes; and expressly prohibits the Group’s employees, consultants and agents from facilitating tax evasion by any third party.</p> <p><i>Further reading</i>  Read more on Anti-Bribery and Corruption on page 60.</p>
<p><b>Principle 9:</b>  <b>Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board</b></p>	✓	<p>The Board is responsible for the overall management of the Group. The Board has established a Remuneration Committee, a Nomination Committee and an Audit and Risk Committee and has adopted the Share Dealing Code. The Group also operates an Anti-Bribery and Corruption Policy. The Board and its Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their respective responsibilities effectively.</p> <p><i>Further reading</i>  Read more on our Board and committees on pages 46 to 47.</p>
<p><b>Principle 10:</b>  <b>Communicate how LCM is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</b></p>	✓	<p>The Board endeavours to keep all interested shareholders informed by regular announcements and update statements. The Directors intend to meet regularly with new and existing institutional shareholders to understand their needs and expectations. The Company invites shareholder feedback and will report it back to the Board. LCM uses its annual general meeting (AGM) as an opportunity to further engage with its shareholders. The Chairperson of the Board is ultimately responsible for shareholder communication. As soon as practicable following any general meeting has been concluded, the results of the meeting will be released through a regulatory news service and a copy of the announcements placed on the Company’s website. In the event that a significant proportion of votes was cast against any resolution at a general meeting, an explanation of the actions proposed to be taken in response would be outlined. LCM’s website is one of its key information tools and LCM endeavours to keep its website up to date, complete and accurate. Documents produced that communicate key information to shareholders will include the annual and interim financial statements, announcements released to the London Stock Exchange and investor presentations.</p> <p><i>Further reading</i>  Read more about LCM’s investment risk assessment on pages 35 to 41.</p>

## CORPORATE GOVERNANCE STATEMENT

### THE BOARD

The Board is responsible for the overall management of the Group. The Board meets formally and aims to meet not less than four times per year, and meets informally on a more regular basis to discuss the Company's business. In the 2024 reporting year, the Board held five meetings virtually through video conferencing and in person.

Matters specifically reserved for the Board include matters relating to strategy, management structure and appointments, review of performance, corporate finance and approval of any major capital expenditure and the framework of internal controls.

The Board has established a Remuneration Committee, a Nomination Committee and an Audit and Risk Committee and has adopted the Share Dealing Code. The Group also operates an Anti-Bribery and Corruption Policy, details of each are described further (see page 60).

### AUDIT AND RISK COMMITTEE

The Company has established an Audit and Risk Committee which provides advice and assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to internal and external audit, risk management systems, financial and market reporting, internal accounting, financial control systems and other items as requested by the Board.

The Audit and Risk Committee Charter states that this Committee shall comprise at least three members. To the extent practicable given the size and composition of the Board from time to time the Committee will consist of two Directors. Currently the Audit and Risk Committee consists of two members who during the year were Gerhard Seebacher and Dr David King who chairs the Audit and Risk Committee. The composition of the Audit and Risk Committee will be reviewed and additional members appointed as considered necessary by the Board.

The Audit and Risk Committee endeavours to meet at least three times a year. In the 2024 reporting year, the Audit and Risk Committee met three times. The Committee members (and Directors when considered appropriate) are in regular contact to discuss any relevant audit and risk matters.

The primary objective of the Audit and Risk Committee is to assist the Board in overseeing the systems of internal control and external financial reporting of the Group. It performs this role by ensuring that the external and internal audit arrangements are appropriate and effective; the compliance arrangements are appropriate and effective fraud prevention and whistleblowing arrangements are established which minimise potential for fraud and financial impropriety; and the annual report and accounts, related internal control disclosures and any other publicly available financial information are reviewed and scrutinised.

The Audit and Risk Committee has adopted formal terms of reference under which the Audit and Risk Committee shall, amongst other matters:

- a. monitor the integrity of the financial statements of the Group, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to the matters communicated to it by the Group's external auditor;
- b. review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- c. monitor and keep under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems;
- d. review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- e. review the Group's procedures for detecting fraud;
- f. monitor and review the need for an internal audit function in the context of the Group's overall risk management system; and
- g. oversee the relationship and matters with the external auditor and make recommendations to the Board regarding the same.

The Audit and Risk Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within the Audit and Risk Committee's duties and responsibilities and shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

LCM's Audit and Risk Committee plays a critical role in ensuring adequate controls are in place and the integrity of financial reporting is maintained.

#### **NOMINATION COMMITTEE**

The Company has established the Nomination Committee which is delegated the responsibility to lead the process for Board appointments and to ensure that the Board and its Committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their respective responsibilities effectively.

The Nomination Committee shall comprise at least two members; at present the nominations committee consists of three members being Jonathan Moulds, Dr David King and Gerhard Seebacher who will chair the Nomination Committee. The Nomination Committee aims to meet at least once a year. In the 2024 reporting year, the Nomination Committee did not meet.

The Nomination Committee has adopted formal terms of reference under which the Nomination Committee shall, amongst other matters:

- a. regularly review the structure, size and composition (including the skills, knowledge, experience and diversity (including gender)) of the Board and make recommendations to the Board with regard to any changes;
- b. give full consideration to succession planning for Directors and other senior managers in the course of its work, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future;
- c. be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- d. be responsible for the induction of new appointments to the Board;
- e. make recommendations to the Board regarding membership of the Audit and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chairmen of those committees; and

- f. make recommendations to the Board on the re-appointment of any Non-Executive Director at the conclusion of their specified term of office (in particular, for any term beyond six years) having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.

The Nomination Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within the Nomination Committee's duties and responsibilities and shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

LCM's Remuneration Committee ensures alignment between achieving the Group's objectives and incentivising high performance and maintaining staff retention through a balanced incentive scheme.

#### **REMUNERATION COMMITTEE**

The Board seeks to ensure that LCM adopts remuneration practices which will enable it to attract and retain high calibre and suitably qualified employees, Executives and Directors whose interests are aligned with those of shareholders.

The Company has established a Remuneration Committee which is delegated the responsibility of advising the Board on developing an overall remuneration policy that is aligned with business strategy and objectives, risk appetite, values and long-term interests of the Company, recognising the interests of all stakeholders.

The Remuneration Committee comprises two members who during the year were Jonathan Moulds and Gerhard Seebacher who chaired the Remuneration Committee. The Remuneration Committee aims to meet at least two times a year.

In the 2024 reporting year the Remuneration Committee met once, which was held virtually. Committee members are in regular contact to discuss any remuneration matters.

The Remuneration Committee has adopted formal terms of reference under which the Remuneration Committee shall, amongst other matters:

- a. have responsibility for setting remuneration policy for all Executive Directors, the Chairman and such other members of the executive management as it is designated to consider, including pension rights and any compensation payments;
- b. recommend and monitor the level and structure of remuneration for senior management;
- c. review the on-going appropriateness and relevance of the remuneration policy;
- d. within the terms of the remuneration policy and in consultation with the Chairman of the Board and/or Chief Executive, as appropriate, determine the total individual remuneration package of each Executive Director of the Company, the Chairman of the Board and the designated members of executive management, including bonuses, incentive payments and share options or other share awards and in determining such packages and arrangements, give due regard to any relevant legal requirements;
- e. review the design of all share incentive plans for approval by the Board and shareholders;
- f. ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- g. oversee any major changes in employee benefits structures throughout the Group; and
- h. agree the policy for authorising claims for expenses from the Company's Chief Executive and Chairman of the Board.

The Remuneration Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall ensure appropriate disclosure of information, ensuring pensions are fulfilled, and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report.



## REMUNERATION REPORT

The Directors present this Remuneration Report (Report) for Litigation Capital Management Limited (LCM and together with its controlled entities, the LCM Group) for the 12 months ended 30 June 2024, of which certain tables have been audited<sup>1</sup> (as noted below), and outlines key aspects of our remuneration framework. It contains the following sections:

1. Remuneration framework
2. Remuneration details
3. Service agreement
4. Remuneration table (audited)
5. Directors' interests (audited)
6. Other disclosures

### REMUNERATION FRAMEWORK

#### OVERVIEW OF REMUNERATION FRAMEWORK

The Board recognises that the performance of LCM depends on the quality and motivation of its people. The objective of LCM's remuneration policy is to attract, motivate and retain the best available management and employees to operate and manage LCM.

Non-Executive Director remuneration is designed in a way that supports the retention of their independence.

Employee remuneration and incentive policies and practice are performance-based and aligned with LCM Group's vision, values and overall business objectives, with five guiding principles in mind:

- alignment of employee pay with shareholder interests and wealth outcomes;
- alignment of employee pay with fund interests and wealth outcomes;
- motivation of employee behaviour to execute LCM's strategy through an appropriate mix of fixed and variable pay elements;
- delivery of a competitive remuneration framework that assists with attracting and retaining high calibre Non-Executive and employee talent to ensure business success; and
- provision of a simple and transparent framework that is clear to participants and external stakeholders.

#### ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee ensures that the remuneration of Directors and senior employees is consistent with market practice and sufficient to ensure that the LCM Group can attract, develop and retain the best individuals and is designed to:

- attract, develop and retain Board and executive talent;
- create a high-performance culture by driving and rewarding employees for achieving the Group's strategy and business objectives; and
- link incentives to the creation of shareholder and fund value.

The Remuneration Committee shall meet formally at such frequency as circumstances demands for the purposes referred to above.

#### PRINCIPAL TERMS OF THE SHARE PLANS

In prior years, the committee decided it was appropriate to move away from the legacy Loan Share Plan (LSP) and Company Share Option Plan (CSOP) to the current Deferred Bonus Share Plan (DBSP) and Executive Long Term Incentive Plan ('LTIP'), in line with other listed peers. This ensures LCM remain competitive in retaining and attracting new talent. The principal terms of the current Share Plans, determined by the Remuneration Committee, are set out below.

#### ELIGIBILITY

##### *Deferred Share Bonus Plan (DSBP)*

Awards may be made to Directors and employees of the Group and its subsidiaries, at the discretion of the Remuneration Committee.

##### *Executive Long Term Incentive Plan (LTIP)*

Awards may be made only to Senior Executives of the Group and its subsidiaries, at the discretion of the Remuneration Committee.

#### TIMING

Awards will normally only be granted after the end of a closed period (typically following the announcement of the Group's results for any period). In exceptional circumstances, awards may be granted at other times provided that no awards may be granted during a closed period.

1. Audited where referenced in this report means that the relevant tables have been extracted directly from the audited 2024 financial statements and notes.

### PERFORMANCE CONDITIONS

The Group attaches considerable importance to the role of appropriate performance-based incentives to drive sustainable long-term growth and align Directors' and employees' interests with the interests of shareholders and Fund investors. Accordingly, awards to Directors and senior management will ordinarily be subject to the achievement of performance conditions set by the Remuneration Committee at the date of grant.

### PLAN LIMITS

In any 10 year period, not more than 10% of the issued ordinary share capital of the Group may be issued or be issuable under the Share Plans.

These limits do not include awards which have lapsed, which are satisfied by shares purchased in the market, or include shares which are used to pay dividend equivalents.

As disclosed in the AIM Admission Document, shares granted under the existing Australian Loan Share Plan prior to listing on AIM will not form part of the limits for the Share Plans nor the shares granted under the Joint Share Ownership Plan post Admission.

### SATISFACTION OF AWARDS

Options will be subject to the satisfaction of performance conditions. The Executive LTIP plan for senior executives are awarded with vesting conditions linked to fund performance over a three to five year period.

### HOLDING PERIOD

Awards may be granted on the basis that some or all of the shares in respect of which the award vests will be held for a further period post-vesting. Awards granted under the Executive LTIP plan have a holding period up to the fifth anniversary of grant.

### MALUS AND CLAWBACK

The Remuneration Committee will have the ability to reduce the number of shares subject to an unvested award (including to zero) in certain circumstances or impose additional conditions on the awards and/or require that the participant has to either return some or all of the shares acquired under the award or make a cash payment to the Company in respect of any shares delivered.

The circumstances which may lead to a clawback are where the award is determined to have been granted or vested on the basis of materially inaccurate information or where the Remuneration Committee determines that the participant has committed a material breach of their contract of employment which would include, without limitation: where the participant has contributed to a material loss or reputational damage to the Group; the participant has materially breached any compromise agreement entered into in relation to their cessation of employment; or, where applicable, the participant has materially breached any of their fiduciary duties.

### LEAVING EMPLOYMENT

If a participant leaves employment, unvested awards will normally lapse. If the participant leaves for one of the following reasons: disability, ill-health, injury, redundancy, or in other circumstances if the Remuneration Committee allows, their award will normally continue in effect and vest on the original vesting date or, if applicable, will be released at the end of the holding period.

### TAKEOVERS, REORGANISATIONS, ETC.

Awards will generally vest early on a takeover, or other change of control event, or on a voluntary winding up of the Group.

The applicable rules of the Share Plans may also contain provisions to allow for awards to be made to participants based in jurisdictions outside of Australia and the UK and to allow for the Remuneration Committee to agree special terms to allow for awards to be granted in those jurisdictions in order to comply with local practice or to avoid adverse tax, legal or regulatory consequences.

Any shares issued following the vesting of awards will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

### REMUNERATION DETAILS

#### REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS

Non-Executive Directors enter into service agreements through a letter of appointment which are not subject to a fixed term. Non-Executive Directors receive a fee for their contribution as Directors.

Fees payable to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, Directors. Directors' fees are reviewed regularly by the Board.

## GOVERNANCE

LCM's Constitution provides that LCM may remunerate each Director as the Directors decide, provided that the total amount paid to Non-Executive Directors' may not exceed:

- i. the amount fixed by LCM in general meeting for that purpose; or
- ii. if no amount has been fixed by LCM in general meeting for that purpose, A\$700,000 per annum.

An amount has been fixed by LCM in the Annual General Meeting of 21 November 2019 for the aggregate fee pool limit to be A\$700,000 per annum.

The objective of LCM's remuneration policies with regard to Non-Executive Directors is to ensure the Group is able to attract and retain Non-Executive Directors with the skills and experience to ensure the Board is able to discharge its oversight and governance responsibilities in an effective and diligent manner and supports the retention of their independence.

LCM do not pay bonus payments or lump sum retirement benefits to Non-Executive Directors.

Details of fees paid during the financial year to each Non-Executive Director are detailed below.

### REMUNERATION DETAILS FOR EMPLOYEES

Employees of LCM are contracted under an employment agreement which incorporates a probation period generally of six months, a salary as well as an ability after 12 months of service for the employee to be eligible for a performance award discretionary bonus and participate in an incentive scheme (Eligible Employees).

Each Eligible Employee will be entitled to participate in the LCM incentive scheme, the rules of which may be subject to change by LCM at any time.

The award of an incentive will be discretionary and will be determined based on:

1. the financial performance of LCM as a whole;
2. the performance review of the Eligible Employee in each full financial year the Eligible Employee is employed by LCM; and
3. the financial performance of any fund managed by LCM.

The performance review of each Eligible Employee will be undertaken at the end of each financial year and during that performance review each Eligible Employee will be assessed in accordance with the Eligible Employee's Role Description (the Performance Conditions).

The maximum amount of the incentive able to be earned by an Eligible Employee in any year is as follows:

1. a cash payment of up to 35% of the base salary of the Eligible Employee (Cash Incentive); and
2. an invitation to participate in the Share Plan up to a value of 65% of the base salary of the Eligible Employee.

During periods of exceptional performance and at the discretion of the Remuneration Committee and Board, Eligible Employees can earn an additional award under the Share Plan.

### SERVICE AGREEMENT

All Executive Directors have contracts of employment. Remuneration and other terms of employment are formalised in that agreement, including components of remuneration and base salary to which they are entitled, eligibility for incentives and other benefits including superannuation and pensions.

Key terms of Patrick Moloney's employment agreement is as follows:

- term of five years (commencing December 2018) with an automatic extension for a further five years unless notice is given at least one year before the expiry of the initial term that the agreement will not be extended;
- a fixed salary per annum plus superannuation and is entitled to six weeks paid annual leave per year, details of which are set out in the remuneration tables below; and
- LCM can terminate the agreement at any time without cause by making payment of the total remuneration and benefits for the unexpired period of the term, unless the remaining term is less than 12 months, in which case the agreement may be terminated by 12 months' notice in writing or payment in lieu of notice.

On appointment, all Non-Executive Directors enter into an agreement which outlines obligations and minimum terms and conditions.

## GOVERNANCE

### REMUNERATION TABLE

#### REMUNERATION TABLE FOR YEAR ENDED 30 JUNE 2024 (AUDITED)

The table below provides remuneration for KMPs for the 12 months ended 30 June 2024 and comparatives for the year ended 30 June 2023 (audited).

	Cash salaries and fees \$		Bonus \$		Benefits \$	
	2024	2023	2024	2023	2024	2023
<b>Non-Executive Directors</b>						
Dr David King	111,458	100,000	-	-	-	-
Jonathan Moulds	214,255	178,586	-	-	-	-
Gerhard Seebacher	127,377	111,356	-	-	-	-
	<b>453,091</b>	<b>389,943</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Executive directors and other executives</b>						
Patrick Moloney	1,316,062	1,071,517	183,783	118,249	114,754	5,709
David Collins <sup>1</sup>	22,921	-	-	-	-	-
Mary Gangemi <sup>2</sup>	552,818	491,112	163,814	140,637	-	-
	<b>1,891,800</b>	<b>1,562,629</b>	<b>347,597</b>	<b>258,886</b>	<b>114,754</b>	<b>5,709</b>
<b>Total</b>	<b>2,344,891</b>	<b>1,952,572</b>	<b>347,597</b>	<b>258,886</b>	<b>114,754</b>	<b>5,709</b>

- David Collins appointed as Chief Financial Officer on 18 June 2024 on a base salary of £350,000 (AUD equivalent \$672,000). Refer note 25 for details on amounts paid to Greatham Advisors Limited, a related entity of David Collins, for Investor Relation services prior to David becoming an employee.
- Stepped down as Chief Financial Officer 18 June 2024 and resigned as Director 5 September 2024..

#### FULLY PAID ORDINARY SHARES AND UNLISTED PARTLY PAID SHARES

The table below provides the number of fully paid ordinary shares and unlisted partly paid shares in the company held by each Non-Executive Director and Executive KMP during the period ended 30 June 2024 and the previous period ended 30 June 2023:

Name of the Director	Description of shares	30 June 2024 Number	30 June 2023 Number
Jonathan Moulds	Fully paid ordinary shares	5,250,000	5,250,000
Dr David King	Fully paid ordinary shares	1,951,484	1,951,484
Patrick Moloney	Fully paid ordinary shares	4,204,813	4,204,813
Patrick Moloney	Unlisted partly paid shares <sup>1</sup>	1,433,022	1,433,022
Mary Gangemi	Fully paid ordinary shares	64,348	27,500
Gerhard Seebacher	N/A	-	-

- Unlisted partly paid shares in the Company were issued at a price of \$0.17 per share, wholly unpaid and will convert to a share upon payment to the Company of \$0.17 per share. Further details provided in note 15 to the financial statements.

No changes took place in the interest of the Directors between 30 June 2024 and 17 September 2024.

GOVERNANCE

Accrued leave \$		Superannuation -pension \$		Long service leave \$		Share-based payments \$		Total \$	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
-	-	12,302	10,500	-	-	-	-	123,760	110,500
-	-	-	-	-	-	-	-	214,255	178,586
-	-	-	-	-	-	-	-	127,377	111,356
-	-	12,302	10,500	-	-	-	-	465,393	400,443
36,864	(29,023)	-	-	28,975	13,145	199,145	252,293	1,879,583	1,431,891
-	-	-	-	-	-	-	-	22,921	-
-	-	55,282	49,111	-	-	209,438	122,721	981,352	803,581
36,864	(29,023)	55,282	49,111	28,975	13,145	408,583	375,014	2,883,856	2,235,472
36,864	(29,023)	67,587	59,611	28,975	13,145	408,583	375,014	3,349,249	2,635,914

## GOVERNANCE

### SHARE OPTIONS

The table below provides the number of options over ordinary shares in the Company held by each Non-Executive Director and Executive KMP during the financial year:

Name of the Director	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Patrick Moloney	19/11/2018	25/11/2028	\$0.47	1,595,058	-	-	-	1,595,058
Patrick Moloney	04/12/2017	04/12/2027	\$0.60	1,000,000	-	-	-	1,000,000
Patrick Moloney	04/12/2017	04/12/2027	\$0.60	1,000,000	-	-	-	1,000,000
Patrick Moloney	01/11/2019	01/11/2029	£0.7394	1,166,400	-	-	(388,800)	777,600
Patrick Moloney	13/10/2020	13/10/2030	£0.6655	291,597	-	-	-	291,597
Patrick Moloney	27/10/2021	27/10/2031	£1.06	279,232	-	-	-	279,232
Patrick Moloney <sup>1</sup>	27/10/2021	27/10/2031	£1.06	900,000	-	-	-	900,000
Mary Gangemi	27/10/2021	27/10/2031	£1.06	93,585	-	-	-	93,585
Mary Gangemi	27/10/2021	27/10/2031	£1.14	26,315	-	-	-	26,315
Patrick Moloney	07/10/2022	07/10/2032	-	3,303,796	-	-	-	3,303,796
Patrick Moloney	07/10/2022	07/10/2032	-	169,276	-	-	-	169,276
Mary Gangemi	07/10/2022	07/10/2032	-	1,266,455	-	-	-	(1,266,455)
Mary Gangemi	07/10/2022	07/10/2032	-	201,325	-	(67,108)	-	134,217
Patrick Moloney	04/10/2023	04/10/2033	-	-	167,043	-	-	167,043
Mary Gangemi	04/10/2023	04/10/2033	-	-	148,893	-	-	148,893
				<b>11,293,039</b>	<b>315,936</b>	<b>(67,108)</b>	<b>(388,800)</b>	<b>11,153,067</b>

1. On 27 October 2021 Patrick Moloney, Chief Executive Officer of the Company exercised 900,000 options (the "Executive Options") at an exercise price of A\$1.00. The Company has agreed to issue and allot in total 900,000 new Ordinary Shares ("Ordinary Shares") in the capital of the Company to Patrick Moloney which were granted under the Loan Share Plan for the sole purpose to fund the Aggregate Exercise Price of the 900,000 unlisted options.

### SHARE DEALING CODE

The Share Dealing Code adopted by the Company from admission to AIM applies to any person discharging management responsibility, which will apply to all the Directors, any closely associated persons and applicable employees (as each is defined in the Code). The Share Dealing Code sets out their responsibilities under the AIM Rules, FSMA and MAR and other relevant legislation. The Share Dealing Code addresses the share dealing restrictions as required by the AIM Rules and where applicable MAR. The Share Dealing Code's purpose is to ensure that Directors and other relevant persons do not abuse, or place themselves under suspicion of abusing, inside information that they may have or be thought to have, especially in periods leading up to an announcement of results. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the company's securities.

### ANTI-BRIBERY AND CORRUPTION POLICY

The Directors have zero tolerance towards bribery and corruption and the Board has adopted an anti-bribery and corruption policy. The policy applies to all personnel of the Group including Directors, officers and employees. The policy prohibits both 'active bribery' (such as offering or promising to a third party benefits such gifts, donations or awards) and 'passive bribery' (such as requesting, soliciting or agreeing to receive a bribe from a third party).

As part of implementing the policy, the Company has a system for recording hospitality and gifts (both received and made to others) and sets out in detail guidelines for providing and accepting hospitality. The policy condemns tax evasion, whether it involves evading UK taxes or foreign taxes and expressly prohibits the Group's employees, consultants and agents from facilitating tax evasion by any third party.

## DIRECTORS' REPORT

The Directors of Litigation Capital Management Limited (LCM) present their report together with the annual financial report of the consolidated entity consisting of LCM and its subsidiaries (collectively LCM Group or the Group) for the period ended 30 June 2024 and the auditors' report thereon.

### 1. DIRECTORS

The Directors of LCM at any time during or since the end of the financial period are set out below:

Jonathan Moulds

Patrick Moloney

Dr David King

Gerhard Seebacher

Mary Gangemi<sup>1</sup>

Further information on the current Directors in office are disclosed on pages 46 to 47 of the corporate governance section within the annual report.

### 2. COMPANY SECRETARY

Anna Sandham was appointed Company Secretary of LCM in September 2016. Anna is an experienced company secretary and governance professional with over 20 years' experience in various large and small, public and private, listed and unlisted companies. Anna has previously worked for companies including AMP Financial Services, Westpac Banking Corporation, BT Financial Group and NRMA Limited. Anna holds a Bachelor of Economics (University of Sydney), Graduate Diploma of Applied Corporate Governance (Governance Institute of Australia) and is a Chartered Secretary.

### 3. OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

There were no officers of the Group during the financial year which were previously partners of the current audit firm, BDO Audit Pty Ltd.

### 4. MEETINGS OF DIRECTORS

During the 2024 financial year, five Board meetings were held (not counting circular resolutions passed outside regular meetings). The following table sets out the number of Board and Committee meetings each Director attended and the number they were eligible to attend.

Director	Meetings Attended/Meetings Eligible to Attend			
	Board	Audit & Risk Committee	Remuneration	Nominations
David King	5/5	3/3	*	-
Patrick Moloney	5/5	*	*	*
Jonathan Moulds	5/5	*	1/1	-
Gerhard Seebacher	5/5	3/3	1/1	-
Mary Gangemi	5/5	*	*	*

\* Not a member of the committee.

1. Resigned 5 September 2024.

## 5. PRINCIPAL ACTIVITIES

LCM is a global provider of legal finance which operates two business models. The first is direct investments made from LCM's permanent balance sheet capital and the second is fund and/or asset management. Under those two business models, LCM currently pursues three investment strategies: Single-case funding, Corporate portfolio funding and Acquisitions of claims. LCM generates its revenue from both its direct investments and also performance fees through asset management.

LCM has a strong track record, driven by effective project selection, active project management and robust risk management. Currently headquartered in Sydney, with offices in London, Singapore, Brisbane and Melbourne, LCM listed on AIM in December 2018, trading under the ticker LIT.

## 6. OPERATING AND FINANCIAL REVIEW

### OVERVIEW OF THE LCM GROUP

LCM is a company limited by shares and was incorporated on 9 October 2015. LCM was admitted to trade on the Alternative Investment Market (AIM) of the London Stock Exchange on 19 December 2018 under the ticker LIT. LCM was formerly listed on the Australian Securities Exchange (ASX) between 13 December 2016 and 21 December 2018.

Its registered office and principal place of business is Level 12, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia.

### OPERATIONS

LCM operates its business through a series of wholly owned subsidiaries. The principal activity of those subsidiaries is the provision of litigation finance and risk management associated with individual and portfolios of litigation projects.

Information on the Group's operations are disclosed on pages 6 to 25 in the strategic report within the annual report.

### REVIEW OF FINANCIAL PERFORMANCE

The statutory profit for the Group after providing for income tax amounted to \$10,649,000 (30 June 2023: \$31,485,000).

Further commentary on the financial results are disclosed in the financial review by the chief financial officer on pages 29 to 43 in the strategic report within the annual report.

### CHANGE IN STATE OF AFFAIRS

Mary Gangemi stepped down from her position as Chief Financial Officer ('CFO') on 18 June 2024 and resigned from her position as Director on 5 September 2024. David Collins joined LCM as the new CFO on the same date, 18 June 2024. David is not initially a member of the Board, however is considered a Person Discharging Managerial Responsibilities ('PDMR'). David is expected to join the Board in due course.

Other than the changes outlined above, there have been no other significant changes in the state of affairs during the financial year.

## 7. DIVIDENDS

The Directors declare a dividend for the year ended 30 June 2024 of 1.25 pence per ordinary share, to be paid on 25 October 2024 to eligible shareholders on the register as at 4 October 2024. The ordinary shares will be marked ex-dividend on 3 October 2024. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2024 financial statements and will be recognised in subsequent financial reports.



## 8. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 17 July 2024, LCM announced the resolution of a single case investment which forms part of LCM's managed Global Alternative Returns Fund ('Fund I') and was funded directly from LCM's balance sheet (25%) and Fund I Investors (75%). As announced, the investment generated realisations for LCM of at least AUD\$12.5 million, including performance fees, compared to LCM's invested capital of AUD\$1.5 million, representing a MOIC of 8.3x.

Of the resolutions which concluded close to period end which were disclosed as outstanding receivables as at 30 June 2024, AUD\$11.6 million was received throughout July 2024.

## 9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group is close to finalising a new debt facility that aims to increase the size and lower the cost compared to our existing facility.

The Group does not issue forecasts due to the challenges in predicting the timing of its investment finalisations. However, it anticipates ongoing demand for its funding across all markets. Litigation funding is viewed as non-cyclical and largely unaffected by broader economic conditions.

## 10. ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## 11. DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The relevant interests of each director in the shares and rights or options over shares issued by LCM at the date of this report is as follows:

Director <sup>1</sup>	Ordinary shares <sup>1</sup>	Unlisted partly paid shares <sup>2</sup>	Loan Plan Shares <sup>3</sup> & Loans	Long Term Executive Plan <sup>3</sup>	Deferred Bonus Share Plan <sup>3</sup>
Dr. David King	1,951,484	-	-	-	-
Patrick Moloney	4,204,813	1,433,022	5,843,487	3,303,796	336,319
Jonathan Moulds	5,250,000	-	-	-	-
Gerhard Seebacher	-	-	-	-	-
Mary Gangemi	64,348	-	119,900	1,266,455	283,110

1. Directors, including associated parties, interests held directly and indirectly.
2. Unlisted partly paid shares in the Group were issued at a price of \$0.17 per share, wholly unpaid and will convert to a share upon payment to the Group of \$0.17 per share.
3. Plans exercisable at various prices and subject to vesting conditions.

## 12. SHARE OPTIONS

### LOAN FUNDED SHARE PLAN ('LSP')

During the year the Group granted nil (2023: nil) shares under the LSP. As at the date of this report there were 7,501,608 LSP's outstanding subject to various vesting and performance conditions.

There were 7,201,260 LSP's vested and exercisable as at 30 June 2024 (2023: 6,869,211).

### DEFERRED BONUS SHARE PLAN ('DBSP')

During the year the Group granted 771,911 (2023: 1,132,692) options under the DBSP. As at the date of this report there were 1,649,346 DBSP's outstanding subject to various vesting and performance conditions.

There were 377,564 DBSP's vested and of these 255,257 exercised as at 30 June 2024 (2023: nil).

## GOVERNANCE

### EXECUTIVE LONG TERM INCENTIVE PLAN ('LTIP')

During the year the Group granted nil (2023: 5,671,516) options under the LTIP. As at the date of this report there were 5,671,516 LTIP's outstanding subject to various vesting and performance conditions.

There were nil LTIP's vested and exercisable as at 30 June 2024 (2023: nil).

Further details on each Plan is provided in note 29 to the financial statements.

### 13. INDEMNITY AND INSURANCE OF OFFICERS AND AUDITORS

#### INDEMNIFICATION

Under the LCM Constitution, to the maximum extent permitted by the Corporations Act 2001 ('the Act'), LCM must indemnify each person who is or has been an Officer against any liability incurred as an Officer and may pay a premium for a contract insuring an Officer against that liability. During the financial period, LCM has paid premiums in respect of contracts insuring the directors and officers of LCM against any liability of this nature.

LCM has not, during or since the end of the financial period, indemnified or agreed to indemnify an officer or auditor of LCM or any related entity against a liability as such by an officer or auditor except to the extent permitted by law.

#### INSURANCE PREMIUMS

In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of liabilities insured against and the amount of the premiums paid are confidential.

### 14. NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Act.

The Directors are of the opinion that the services disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Act for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in the APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the company or jointly sharing economic risks and rewards.

### 15. PROCEEDINGS ON BEHALF OF LCM GROUP

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

**16. LEAD AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's independence declaration as required under section 307C of the Act is set out on page 66.

**17. AUDITOR**

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Act.

**18. ROUNDING OF AMOUNTS**

LCM is of a kind referred to the Australian Securities and Investments Commission Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**19. CORPORATE GOVERNANCE**

The corporate governance statement can be found here: [www.lcmfinance.com/shareholders/corporate-governance/](http://www.lcmfinance.com/shareholders/corporate-governance/)

**20. REMUNERATION REPORT**

The remuneration report can be found in the corporate governance section within the annual report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Act.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Jonathan Moulds', with a long horizontal line extending to the right from the end of the signature.

**Mr Jonathan Moulds**  
Chairman

17 September 2024

# AUDITOR'S INDEPENDENCE DECLARATION



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Australia

## DECLARATION OF INDEPENDENCE BY GEOFF ROONEY TO THE DIRECTORS OF LITIGATION CAPITAL MANAGEMENT LIMITED

As lead auditor of Litigation Capital Management Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Litigation Capital Management Limited and the entities it controlled during the period.

**Geoff Rooney**  
Director

**BDO Audit Pty Ltd**  
Sydney  
17 September 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



FINANCIAL  
STATEMENTS

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FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

for the period ended 30 June 2024

	Note	Consolidated	
		2024 \$'000	2023 \$'000
<b>Income</b>			
Gain on financial assets at fair value through profit or loss	5	86,926	184,735
Movement in financial liabilities related to third-party interests in consolidated entities	5	(48,382)	(111,953)
Litigation service revenue	5	12,443	-
<b>Total income</b>		<b>50,987</b>	<b>72,782</b>
Litigation service expense		(3,236)	-
<b>Gross profit</b>		<b>47,752</b>	<b>72,782</b>
<b>Expenses</b>			
Employee benefits expense	6	(11,471)	(9,474)
Depreciation expense	6	(145)	(166)
Corporate expenses		(5,171)	(4,220)
Fund administration expense	6	(3,400)	(3,010)
Foreign currency gains/(losses)		(1,432)	(5,081)
Total operating expenses		(21,619)	(21,951)
<b>Operating profit</b>		<b>26,133</b>	<b>50,831</b>
Net finance costs	6	(10,083)	(8,090)
<b>Profit before income tax expense</b>		<b>16,050</b>	<b>42,741</b>
Income tax expense	7	(3,335)	(11,256)
<b>Profit after income tax expense</b>		<b>12,715</b>	<b>31,485</b>
<b>Other comprehensive income</b>			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve		2,013	2,187
<b>Total comprehensive income for the period</b>		<b>14,728</b>	<b>33,672</b>
Profit for the period is attributable to:			
Owners of Litigation Capital Management Limited		12,715	31,485
		<b>12,715</b>	<b>31,485</b>
Total comprehensive income for the period is attributable to:			
Owners of Litigation Capital Management Limited		14,728	33,672
		<b>14,728</b>	<b>33,672</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	12.01	29.53
Diluted earnings per share	8	11.33	28.33

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with accompanying Notes to the Financial Statements.

FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2024

	Note	Consolidated	
		2024 \$'000	2023 \$'000
<b>Assets</b>			
Cash and cash equivalents	10	68,113	104,457
Trade receivables	11	10,986	2,063
Due from resolution of financial assets	12	3,980	11,873
Contract costs	13	42,072	37,277
Financial assets at fair value through profit or loss	14	465,213	391,410
Property, plant and equipment		157	211
Intangible assets		305	356
Other assets		977	1,256
<b>Total assets</b>		<b>591,803</b>	<b>548,903</b>
<b>Liabilities</b>			
Trade and other payables	15	30,376	7,535
Tax payable		883	7,769
Employee benefits		1,112	906
Borrowings	16	61,917	68,976
Financial liabilities related to third-party interests in consolidated entities	17	264,950	243,990
Deferred tax liability	7	43,624	36,259
<b>Total liabilities</b>		<b>402,862</b>	<b>365,435</b>
<b>Net assets</b>		<b>188,941</b>	<b>183,468</b>
<b>Equity</b>			
Issued capital	18	69,674	69,674
Treasury shares	18	(5,396)	-
Reserves		4,171	1,042
Retained earnings		120,492	112,753
Parent interest		188,941	183,468
<b>Total equity</b>		<b>188,941</b>	<b>183,468</b>

The above Consolidated Statement of Financial Position should be read in conjunction with accompanying Notes to the Financial Statements.



FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period ended 30 June 2024

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Treasury shares \$'000</b>	<b>Retained earnings \$'000</b>	<b>Share-based payments reserve \$'000</b>	<b>Foreign currency translation \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 July 2022 (restated)</b>	69,674	-	81,268	1,573	(3,585)	148,930
Profit after income tax expense for the period	-	-	31,485	-	-	31,485
Other comprehensive income for the period	-	-	-	-	2,187	2,187
<b>Total comprehensive income for the period</b>	-	-	<b>31,485</b>	-	<b>2,187</b>	<b>33,672</b>
<b>Equity Transactions:</b>						
Share-based payments (note 29)	-	-	-	867	-	867
	-	-	-	<b>867</b>	-	<b>867</b>
<b>Balance at 30 June 2023</b>	<b>69,674</b>	-	<b>112,753</b>	<b>2,440</b>	<b>(1,398)</b>	<b>183,468</b>

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Treasury shares \$'000</b>	<b>Retained earnings \$'000</b>	<b>Share-based payments reserve \$'000</b>	<b>Foreign currency translation \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 July 2023</b>	69,674	-	112,753	2,440	(1,398)	183,469
Profit after income tax expense for the period	-	-	12,715	-	-	12,715
Other comprehensive income for the period	-	-	-	-	2,013	2,013
<b>Total comprehensive income for the period</b>	-	-	<b>12,715</b>	-	<b>2,013</b>	<b>14,728</b>
<b>Equity Transactions:</b>						
Share-based payments (note 29)	-	-	-	1,116	-	1,116
Dividends paid (note 20)	-	-	(4,976)	-	-	(4,976)
Treasury shares acquired (note 18)	-	(5,396)	-	-	-	(5,396)
	-	<b>(5,396)</b>	<b>(4,976)</b>	<b>1,116</b>	-	<b>(9,256)</b>
<b>Balance at 30 June 2024</b>	<b>69,674</b>	<b>(5,396)</b>	<b>120,492</b>	<b>3,556</b>	<b>615</b>	<b>188,941</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with accompanying Notes to the Financial Statements.

FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the period ended 30 June 2024

	Note	Consolidated	
		2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from litigation contracts		116,636	192,563
Payments for litigation contracts		(78,265)	(94,543)
Payments to suppliers and employees		(16,337)	(13,434)
Income tax paid		(2,830)	-
<b>Net cash from operating activities</b>	9	<b>19,203</b>	<b>84,587</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(31)	(90)
Payments for intangibles		(9)	(57)
Refund/(payment) of security deposits		8	(51)
<b>Net cash used in investing activities</b>		<b>(31)</b>	<b>(198)</b>
<b>Cash flows from financing activities</b>			
Payments for treasury shares	18	(5,396)	-
Dividends paid	20	(4,976)	-
Proceeds from borrowings	16	-	9,636
Repayments of borrowings	16	(8,139)	(14,848)
Payments of finance costs		(8,960)	(6,171)
Payments of placement fees related to third-party interests		(2,206)	(1,832)
Contributions from third-party interests in consolidated entities	17	30,505	74,980
Distributions to third-party interests in consolidated entities	17	(56,407)	(94,373)
<b>Net cash (used in) financing activities</b>		<b>(55,578)</b>	<b>(32,608)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(36,405)</b>	<b>51,781</b>
Cash and cash equivalents at the beginning of the period		104,457	49,964
Effects of exchange rate changes on cash and cash equivalents		61	2,712
<b>Cash and cash equivalents at the end of the period</b>	10	<b>68,113</b>	<b>104,457</b>

1. The Group changed its cash flow presentation from indirect method to direct method to be in line with market practice and in accordance with how management from the Group reviews the cashflows of operations. The comparative information for the year ended 30 June 2023 has been restated to reflect the change in the cash flow presentation.

The above Consolidated Statement of Cash Flows should be read in conjunction with accompanying Notes to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

## NOTE 1. GENERAL INFORMATION

The financial statements cover Litigation Capital Management Limited (the 'Company') as a Group consisting of Litigation Capital Management Limited and the entities it controlled at the end of, or during, the year (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Litigation Capital Management Limited's functional and presentation currency.

Litigation Capital Management Limited was admitted onto the Alternative Investment Market ('AIM') on 19 December 2018.

Litigation Capital Management Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 12, The Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 17 September 2024. The Directors have the power to amend and reissue the financial statements.

## BASIS OF PREPARATION

The Financial Report:

- has been prepared in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth);
- is presented in Australian dollars, which is the Group's functional and presentation currency, with all values rounded to the nearest thousand dollars, or in certain cases to the nearest dollar, in accordance with ASIC Corporations Instrument 2016/191 unless otherwise indicated;
- includes foreign currency transactions that are translated into the functional currency, using the exchange rates prevailing at the date of the Financial Report;
- has been prepared on a going concern basis using a historical cost basis, except for certain assets and liabilities measured at fair value;
- presents assets and liabilities on the face of the Balance Sheets in decreasing order of liquidity;
- where required, presents restated comparative information for consistency with the current year's presentation in the Financial Report; and
- contains accounting policies that have been consistently applied to all periods presented, unless otherwise stated.

## PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Litigation Capital Management Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Litigation Capital Management Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

## FINANCIAL STATEMENTS

The Group includes fund investment vehicles over which the Group has the right to direct the relevant activities of the fund under contractual arrangements and has exposure to variable returns from the fund investment vehicles. See note 4.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### NOTE 2. MATERIAL ACCOUNTING POLICIES

#### NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED DURING THE YEAR

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023.

The Group has applied the Amendments to IAS 1, IFRS Practice Statement 2 – Disclosure of Accounting Policies for the first time for its annual reporting period commencing 1 July 2023. The amendment did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements that the Group reasonably expects will have an impact on its disclosures, financial position or performance when applied at a future date, are disclosed below.

- Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments.
- IFRS 18 Presentation and Disclosure in Financial Statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.
- IFRS S1, 'General requirements for disclosure of sustainability-related financial information.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Group has not listed other standards and interpretations which are issued but not yet effective, as they are not expected to impact the Group.

#### OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

#### FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is Litigation Capital Management Limited's functional and presentation currency.

##### *Foreign currency transactions*

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## FINANCIAL STATEMENTS

### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### FAIR VALUE MEASUREMENT

The Group measures its financial instruments such as litigation funding agreements and financial liabilities related to third-party interests at fair value at each balance sheet date.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Executive Leadership Committee determines the policies and procedures for fair value measurement, including the litigation funding agreements. The Committee is comprised of the Chief Executive Officer, Chief Financial Officer and Head of Investments or equivalent.

The level of involvement of external valuers or specialist valuation experts is determined annually by the Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Committee also compares the change in the fair value of each asset and liability with any relevant external sources to determine whether the change is reasonable.

## FINANCIAL STATEMENTS

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions note 22
- Quantitative disclosures of fair value measurement hierarchy note 22
- Financial instruments note 21

### REVENUE RECOGNITION

The Group recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

Variable consideration within the transaction price, if any, reflects the variability of potential outcomes in awards or settlements of the litigation and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

#### *Litigation service revenue*

The performance of a litigation service contract by the Group entails the management and progression of the litigation project during which costs are incurred by the Group over the life of the litigation project.

As consideration for providing litigation management services and financing of litigation projects, the Group receives either a percentage of the gross proceeds of any award or settlement of the litigation, or a multiple of capital deployed, and is reimbursed for all invested capital.

Revenue, which includes amounts in excess of costs incurred and the reimbursement for all invested capital, is not recognised as revenue until the successful completion of the litigation project ie, complete satisfaction of the performance obligation, which is generally at the point in time when a judgment has been awarded or on an agreed settlement between the parties to the litigation, and therefore when the outcome is considered highly probable. On this basis, revenue is not recognised over time and instead recognised at the point in time when the Group satisfies the performance obligation. Costs include only external costs of funding the litigation, such as solicitors' fees, counsels' fees and experts' fees.

The terms and duration of each settlement or judgment varies by litigation project. Payment terms are not defined by the Group's litigation contracts however upon successful completion of a litigation project, being the satisfaction of the single performance obligation, funds are generally paid into trust within 28 days. The funds will remain in trust until the distribution amounts have been determined and agreed by the relevant parties, after which payment will be received by the Group.

### INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

## FINANCIAL STATEMENTS

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Litigation Capital Management Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not have a specifically defined time frame for settlement, additionally, when the receivable is due from part of the portfolio of litigation projects, the settlement of the receivable is generally made upon an additional resolution of another litigation project within the portfolio which also may not be within a specifically defined time frame.

The Group has applied the simplified approach to measuring expected credit losses for trade receivables and contract assets, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

### DUE FROM RESOLUTION OF FINANCIAL ASSETS

Amounts due from the settlement of financial assets relate to the realisation of litigation funding assets that have been successfully concluded and where there is no longer any litigation risk remaining and represent the expected cash flow to be received by the Group. The settlement terms and timing of realisations vary by litigation funding asset. The majority of settlement balances are received shortly after the period end in which the litigation funding asset has concluded, and all settlement balances are generally expected to be received within 12 months after completion.

## FINANCIAL STATEMENTS

### CONTRACT COSTS

Contract costs are recognised as an asset when the Group incurs costs in fulfilling a contract and when all the following are met: (i) the costs relate directly to the contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Contract costs are financial assets for impairment purposes. Refer to the Group's revenue recognition policy for further information.

#### *Financial assets at fair value through profit or loss*

Financial assets are recognised at fair value through profit or loss and are fair valued using an income approach. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes the Group's litigation funding assets. The litigation funding assets are primarily derecognised when the underlying litigation resolves and transfers to Due from resolution of financial assets.

Financial assets are derecognised when the contractual rights to the cash flows expire or when the asset, along with the associated risks and rewards of ownership, are substantially transferred to another entity.

#### *Financial liabilities related to third-party interests in consolidated entities*

Non-controlling interests where the Group does not own 100% of a consolidated entity are recorded as financial liabilities related to third-party interests in consolidated entities. Financial liabilities related to third-party interests in consolidated entities are initially recognised at the fair value. Gains or losses on liabilities held at fair value through profit or loss are recognised in the statement of profit or loss as 'Movement in financial liabilities related to third-party interests in consolidated entities'. They are subsequently measured at fair value using an income approach. Amounts included in the consolidated statement of financial position represent the net asset value of the third-parties' interests. These amounts have been elected to be measured at fair value to reduce the accounting mismatch between the related financial asset measured at fair value through profit or loss.

Financial liabilities are derecognised when the obligation to settle through cash flows has expired or been transferred.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### BORROWINGS

Borrowings are initially recognised at fair value net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost.

### NET FINANCE COSTS

Net finance costs comprise interest income from the investment of excess funds in short-term, highly liquid investments, and interest expense and borrowing costs related to the borrowing of funds.



EMPLOYEE BENEFITS

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

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

*Defined contribution superannuation expense*

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

*Share-based payments*

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

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

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

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

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

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

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

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

## FINANCIAL STATEMENTS

### ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### TREASURY SHARES

Where Group purchase shares in the listed Company, the consideration paid is deducted from issued capital and the shares are treated as treasury shares until they are subsequently sold, reissued or cancelled. Where such shares are sold or reissued, any consideration received is included in shareholders' equity.

### DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

### EARNINGS PER SHARE

#### *Basic earnings per share*

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

#### *Diluted earnings per share*

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

### **NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

### KEY JUDGEMENTS

#### *Consolidation of entities in which the Group holds less than 100% of interests*

The Group has assessed the entities in which it has an interest to determine whether or not control exists and the entity is, therefore, consolidated into the Group (refer note 4). Where the Group does not own 100% of interests, the Group makes judgements to determine whether to consolidate the entity in question by applying the factors set forth in AASB 10, including but not limited to the Group's equity and economic ownership interest, the economic structures in use in the entity, the level of control the Group has over the entity through the entity's structure or any relevant contractual agreements, and the rights of other investors.

## FINANCIAL STATEMENTS

### SIGNIFICANT ESTIMATES AND ASSUMPTIONS

#### *Net gains/(losses) on financial assets & liabilities at fair value through profit or loss*

The Group carries its financial assets and liabilities at fair value, with changes in fair value being recognised in the statement of profit or loss. A valuation methodology based on an income approach.

The fair values of these financial assets and liabilities cannot be measured based on quoted prices in active markets, and as a result a fair value methodology is utilised. The measurement valuation technique includes a discounted cash flow (DCF) model based on the Group's estimated, risk adjusted future cash flows. The adopted discount rate reflects the funding cost of deploying capital, and is intended to capture the time value of money and market factors such as interest rates and foreign exchange rates.

The fair value framework incorporates assumptions, including the discount rate, the timing and amount of expected cash inflows and additional funding, and a risk-adjustment factor reflecting the inherent uncertainty in the cash flows due to litigation risk, which is dependent on observable case progression and milestones.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as case progress, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The key assumptions used to determine the fair value of the litigation funding agreements, financial liabilities related to third-party interests in consolidated entities and sensitivity analyses are provided in note 22.

### NOTE 4. SEGMENT INFORMATION

For management purposes, the Group is organised into two operating segments comprising the operations of Litigation Capital Management Limited and its wholly owned subsidiaries ("LCM") and the Group's fund structures ("Fund").

#### LCM

The LCM column includes the 25% co-investment in the Funds, Balance Sheet investments (ie, 100% investment by LCM) and corporate operations.

#### FUND I & II

This comprises LCM Global Alternative Returns Fund and LCM Global Alternative Returns Fund II and their entities as disclosed in note 25. AASB 10 Consolidated Financial Statements requires the Group to consolidate fund investment vehicles over which it has exposure to variable returns from the fund investment vehicles. As a result, third party interests in relation to the Funds have been consolidated in the financial statements. The Fund column includes the 75% co-investment in the litigation funding assets and costs of administering the funds.

### INTERSEGMENT REVENUE

The third-party interests in the Funds carry an entitlement to receive an 8% soft return hurdle. Upon satisfaction of the third-party interests soft return hurdle, LCM is entitled to performance fees as fund manager on the basis of a deal by deal waterfall. The net residual cash flows are to be distributed 25% to LCM and 75% to the third-party interests until a IRR of 20% is achieved by the third-party interests, thereafter the net residual cash flows are distributed 35% to LCM and 65% to the third-party interests.

The following tables reflect the impact of consolidating the results of the Funds with the results for LCM to arrive at the totals reported in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

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Effective from 1 July 2023, the Group has revised its internal segment reporting structure, resulting in a change from one reportable segment to two reportable segments. This change aims to provide more relevant and transparent information to stakeholders. This change aligns with the way the Group's chief operating decision maker reviews financial performance. The comparative information for the year ended 30 June 2023 has been restated to reflect the new segment reporting structure however was also presented in note 26 of the FY23 Annual Report.

Consolidated Statement of Comprehensive Income	2024			2023		
	Consolidated \$'000	Fund \$'000	LCM \$'000	Consolidated \$'000	Fund \$'000	LCM \$'000
<b>Income</b>						
Gain on financial assets at fair value through profit or loss	86,926	51,416	35,511	184,735	117,051	67,684
Movement in financial liabilities related to third-party interests in consolidated entities	(48,382)	(48,382)	-	(111,953)	(111,953)	-
Litigation service revenue	12,443	-	12,443	-	-	-
<b>Total income from litigation assets</b>	<b>50,987</b>	<b>3,033</b>	<b>47,954</b>	<b>72,782</b>	<b>5,098</b>	<b>67,684</b>
Litigation service expense	(3,236)	-	(3,236)	-	-	-
<b>Gross profit</b>	<b>47,752</b>	<b>3,033</b>	<b>44,718</b>	<b>72,782</b>	<b>5,098</b>	<b>67,684</b>
<b>Expenses</b>						
Employee benefits expense	(11,471)	-	(11,471)	(9,474)	-	(9,474)
Depreciation expense	(145)	-	(145)	(166)	-	(166)
Corporate expenses	(5,171)	-	(5,171)	(4,220)	-	(4,220)
Fund administration expense	(3,400)	(1,220)	(2,180)	(3,010)	(1,178)	(1,832)
Foreign currency gains/(losses)	(1,432)	(1,968)	537	(5,081)	(3,905)	(1,176)
<b>Total operating expenses</b>	<b>(21,619)</b>	<b>(3,189)</b>	<b>(18,430)</b>	<b>(21,951)</b>	<b>(5,083)</b>	<b>(16,868)</b>
<b>Operating profit</b>	<b>26,133</b>	<b>(155)</b>	<b>26,288</b>	<b>50,831</b>	<b>15</b>	<b>50,816</b>
Net finance costs	(10,083)	155	(10,238)	(8,090)	(15)	(8,075)
<b>Profit before income tax expense</b>	<b>16,050</b>	<b>(0)</b>	<b>16,050</b>	<b>42,741</b>	<b>-</b>	<b>42,741</b>
Income tax expense	(3,335)	-	(3,335)	(11,256)	-	(11,256)
<b>Profit after income tax expense</b>	<b>12,715</b>	<b>(0)</b>	<b>12,715</b>	<b>31,485</b>	<b>-</b>	<b>31,485</b>
Other comprehensive income for the period, net of tax	2,013	-	2,013	2,187	-	2,187
<b>Total comprehensive income for the period</b>	<b>14,728</b>	<b>(0)</b>	<b>14,728</b>	<b>33,672</b>	<b>-</b>	<b>33,672</b>

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Consolidated statement of financial position	2024			2023		
	Consolidated \$'000	Fund \$'000	LCM \$'000	Consolidated \$'000	Fund \$'000	LCM \$'000
<b>Assets</b>						
Cash and cash equivalents	68,113	15,089	53,024	104,457	21,484	82,973
Trade and other receivables	10,986	-	10,986	2,063	-	2,063
Due from resolution of financial assets	3,980	-	3,980	11,873	-	11,873
Contract costs	42,072	-	42,072	37,277	-	37,277
Financial assets at fair value through profit or loss	465,213	262,300	202,913	391,410	225,642	165,768
Property, plant and equipment	157	-	157	211	-	211
Intangible assets	305	-	305	356	-	356
Other assets	977	(22)	999	1,256	78	1,178
<b>Total assets</b>	<b>591,803</b>	<b>277,367</b>	<b>314,436</b>	<b>548,903</b>	<b>247,204</b>	<b>301,699</b>
<b>Liabilities</b>						
Trade and other payables	30,376	12,417	17,959	7,535	3,214	4,321
Tax payable	883	-	883	7,769	-	7,769
Employee benefits	1,112	-	1,112	906	-	906
Borrowings	61,917	-	61,917	68,976	-	68,976
Third-party interests in consolidated entities	264,950	264,950	-	243,990	243,990	-
Deferred tax liability	43,624	-	43,624	36,259	-	36,259
<b>Total liabilities</b>	<b>402,862</b>	<b>277,367</b>	<b>125,494</b>	<b>365,435</b>	<b>247,204</b>	<b>118,231</b>
<b>Net assets</b>	<b>188,941</b>	<b>-</b>	<b>188,941</b>	<b>183,468</b>	<b>-</b>	<b>183,468</b>

A financial liability at fair value through the income statement is recognised in the parent entity in relation to the transactions entered into with certain Fund structures to support the financing of LFAs. These arrangements fail the derecognition principles in IFRS 9 and represents the net share of the overall LFA at fair value apportioned to the Funds.

FINANCIAL STATEMENTS

Consolidated statement of Cash Flows	2024			2023		
	Consolidated \$'000	Fund \$'000	LCM \$'000	Consolidated \$'000	Fund \$'000	LCM \$'000
Proceeds from litigation contracts	116,636	59,864	56,771	192,563	95,807	96,756
Payments for litigation contracts	(78,265)	(38,572)	(39,693)	(94,543)	(58,293)	(36,251)
Payments to suppliers and employees	(16,337)	(1,572)	(14,765)	(13,434)	(3,049)	(10,385)
Income tax paid	(2,830)	-	(2,830)	-	-	-
<b>Net cash from/(used in) operating activities</b>	<b>19,203</b>	<b>19,720</b>	<b>(517)</b>	<b>84,587</b>	<b>34,465</b>	<b>50,121</b>
<b>Cash flows from investing activities</b>						
Payments for property, plant and equipment	(31)	-	(31)	(90)	-	(90)
Payments for intangibles	(9)	-	(9)	(57)	-	(57)
Refund/(payment) of security deposits	8	-	8	(51)	-	(51)
<b>Net cash used in investing activities</b>	<b>(31)</b>	<b>-</b>	<b>(31)</b>	<b>(198)</b>	<b>-</b>	<b>(198)</b>
<b>Cash flows from financing activities</b>						
Payments for treasury shares	(5,396)	-	(5,396)	-	-	-
Dividends paid	(4,976)	-	(4,976)	-	-	-
Proceeds from borrowings	-	-	-	9,636	-	9,636
Repayments of borrowings	(8,139)	-	(8,139)	(14,848)	(14,848)	-
Payments of finance costs	(8,960)	-	(8,960)	(6,171)	(132)	(6,039)
Payments of placement fees related to third-party interests	(2,206)	-	(2,206)	(1,832)	-	(1,832)
Contributions from third-party interests in consolidated entities	30,505	30,505	-	74,980	74,980	-
Distributions to third-party interests in consolidated entities	(56,407)	(56,407)	-	(94,373)	(94,373)	-
<b>Net cash (used in)/from financing activities</b>	<b>(55,578)</b>	<b>(25,901)</b>	<b>(29,677)</b>	<b>(32,608)</b>	<b>(34,372)</b>	<b>1,766</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(36,405)</b>	<b>(6,181)</b>	<b>(30,224)</b>	<b>51,781</b>	<b>92</b>	<b>51,689</b>
Cash and cash equivalents at the beginning of the period	104,457	21,484	82,973	49,964	20,711	29,253
Effects of exchange rate changes on cash and cash equivalents	61	(214)	275	2,712	681	2,031
<b>Cash and cash equivalents at the end of the period</b>	<b>68,113</b>	<b>15,089</b>	<b>53,024</b>	<b>104,457</b>	<b>21,484</b>	<b>82,973</b>

FINANCIAL STATEMENTS

**NOTE 5. INCOME**

	Consolidated	
	2024 \$'000	2023 \$'000
<b>Fair value through profit and loss</b>		
Realised gains on litigation assets	10,299	26,879
Realised performance fees	12,735	24,598
Fair value adjustment during the period, net of previously recognised unrealised gains transferred to realised gains	11,600	11,134
Foreign exchange gains	877	5,073
Total income from litigation assets attributable to LCM	35,511	67,684
Gain on financial assets related to third-party interests in consolidated entities	51,416	117,051
	86,928	184,735
Loss on financial liabilities related to third-party interests in consolidated entities	(48,382)	(111,953)
<b>Total income from litigation assets</b>	<b>38,544</b>	<b>72,782</b>

Total income from litigation assets attributable to LCM represents realised and unrealised gains that relate to LCM's funded proportion of litigation contracts. The gain and loss related to third party interests in consolidated entities represents realised and unrealised gains and losses that relate to third party funded proportions from LCM controlled entities. Realised gains relate to amounts where litigation risk has concluded and amounts are expected to be received by LCM. Unrealised gains or losses relate to the fair value movement of assets and liabilities associated with litigation contracts.

	Consolidated	
	2024 \$'000	2023 \$'000
<b>Litigation service revenue</b>		
<b>Major service lines</b>		
Revenue attributable to LCM	12,443	-
Attributable to third party interests	-	-
	12,443	-
<b>Geographical regions</b>		
Australia	12,443	-
	12,443	-

Litigation service revenue relates to an individual litigation asset which resolved during the period and had a contract duration of more than 4 years.

FINANCIAL STATEMENTS

**NOTE 6. PROFIT BEFORE TAX**

	Consolidated	
	2024 \$'000	2023 \$'000
Profit before income tax expense includes the following specific expenses:		
<i>Employee benefits expense</i>		
Salaries and wages	8,513	7,337
Non-Executive directors' fees	457	393
Superannuation and pension	311	287
Share based payments expense	1,116	867
Other employee benefits and costs	1,074	590
	<b>11,471</b>	<b>9,474</b>
<i>Depreciation</i>		
Plant and equipment	84	63
Intangible assets	60	103
	<b>145</b>	<b>166</b>
<i>Net finance costs</i>		
Net interest on borrowings	9,017	7,511
Net finance costs of third-party interests	(155)	144
Other finance costs	1,221	435
	<b>10,083</b>	<b>8,090</b>
<i>Fund administration expense</i>		
General administration expenses	1,220	970
Set-up expenses	-	209
Placement fees	2,180	1,831
	<b>3,400</b>	<b>3,010</b>
<i>Leases</i>		
Short-term lease payments	906	777



FINANCIAL STATEMENTS

**NOTE 7. INCOME TAX EXPENSE**

	Consolidated	
	2024 \$'000	2023 \$'000
<b>Numerical reconciliation of income tax expense and tax at the statutory rate</b>		
Profit before income tax expense	16,050	42,741
At the Group's statutory income tax rate of 30% (2023: 25%)	4,815	10,685
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Foreign tax rate adjustments	(2,385)	(1,718)
Share-based payments	335	217
Other assessable income	139	143
Other non-deductible expenses	215	-
Change in tax rate	-	1,929
Adjustment in respect of income and deferred tax of previous years	217	-
Income tax expense/(benefit)	3,335	11,256

	Consolidated	
	2024 \$'000	2023 \$'000
Current tax	(4,030)	7,701
Deferred tax	7,365	3,555
Income tax expense/(benefit)	3,335	11,256

	Consolidated	
	2024 \$'000	2023 \$'000
<b>Deferred tax asset/(liability)</b>		
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Tax losses	-	14,197
Employee benefits	302	273
Accrued expenses	172	929
Expenditure deductible for income tax over time	1,706	-
Share based payments	464	-
Deductible funding on contract costs and financial assets	(16,634)	(23,374)
Fair value adjustments to financial assets	(29,634)	(28,284)
Deferred tax asset/(liability)	(43,624)	(36,259)
Movements:		
Opening balance	(36,259)	(32,704)
Charged to profit or loss	(7,365)	(3,555)
Closing balance	(43,624)	(36,259)

FINANCIAL STATEMENTS

**NOTE 8. EARNINGS PER SHARE**

	Consolidated	
	2024 \$'000	2023 \$'000
Profit after income tax	12,715	31,485
Profit after income tax attributable to the owners of Litigation Capital Management Limited	12,715	31,485
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share <sup>1</sup>	105,849,093	106,613,927
Adjustments for calculation of diluted earnings per share:		
Amounts uncalled on partly paid shares	1,301,770	1,252,018
Options over ordinary shares	5,103,344	3,257,392
Weighted average number of ordinary shares used in calculating diluted earnings per share	112,254,207	111,123,337

1. Weighted average number of ordinary shares on issue during the year, excludes treasury shares held.

	Cents	Cents
Basic earnings per share	12.01	29.53
Diluted earnings per share	11.33	28.33

Dilutive potential shares which are contingently issuable are only included in the calculation of diluted earnings per share where the conditions are met.

**NOTE 9. RECONCILIATION OF CASH FLOWS**

Reconciliation of profit after income tax to net cash from operating activities:

	Consolidated	
	2024 \$'000	2023 \$'000
Profit after income tax expense for the period	12,715	31,485
Adjustments for:		
Fair value adjustments to financial liabilities related to third party interests	48,382	111,953
Finance costs reclassified to financing activities	10,083	8,090
Fund costs reclassified to financing activities	2,180	1,851
Depreciation and amortisation of intangibles	145	166
Share-based payments	1,116	867
Other, including foreign exchange rate movements	407	11,527
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(8,923)	89
Decrease/(increase) in due from resolution of financial assets	7,893	12,468
Decrease/(increase) in financial assets	(73,803)	(94,430)
Decrease/(increase) in contract costs	(4,795)	(5,495)
(Increase) in other assets	279	84
(Decrease)/Increase in trade and other payables	22,841	(5,307)
(Decrease)/Increase in employee benefits	206	(21)
Increase in deferred tax assets and liabilities	7,365	3,555
Increase in income tax payable	(6,886)	7,704
<b>Net cash from operating activities</b>	<b>19,203</b>	<b>84,587</b>

## FINANCIAL STATEMENTS

### DISCLOSURE OF BORROWINGS

Refer to note 16.

### CHANGES IN LIABILITIES RELATED TO THIRD PARTY INTERESTS IN CONSOLIDATED ENTITIES

Refer to note 17.

### NOTE 10. CASH AND CASH EQUIVALENTS

	Consolidated	
	2024 \$'000	2023 \$'000
Cash at Bank	22,963	82,973
Investment securities held for liquidity purposes	30,061	-
Cash of third-party interests in consolidated entities	15,089	21,484
	<b>68,113</b>	104,457

Cash of third-party interests in consolidated entities is restricted as it is held within the fund investment vehicles on behalf of the third-party investors in these vehicles. The cash is restricted to use cashflows in the litigation funding assets made on their behalf and costs of administering the fund.

### NOTE 11. TRADE RECEIVABLES

	Consolidated	
	2024 \$'000	2023 \$'000
Due from litigation service	10,986	2,063
	<b>10,986</b>	2,063

The significant increase in trade receivables in the period was mainly due to the resolution of one litigation asset which was received immediately after the period on 1 July 2024.

As at 30 June 2024, trade receivables are expected to be settled within 12 months after the Balance Sheet date.

### ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Group has recognised a loss of \$nil (2023: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

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**NOTE 12. DUE FROM RESOLUTION OF FINANCIAL ASSETS**

	Consolidated	
	2024 \$'000	2023 \$'000
At start of period (as restated as at 1 July 2022)	11,873	24,340
Transfer from realisation of litigation funding assets (including Foreign Exchange gain)	104,400	180,155
Proceeds from litigation funding assets	(112,990)	(192,623)
Other income	697	-
<b>Balance as at end of period</b>	<b>3,980</b>	<b>11,873</b>

From 1 July 2023, management has changed their analysis of the transfer from the realisation of litigation funding assets to account for realisation including foreign currency gains. This change has been reflected in the 30 June 2024 disclosure, and the 30 June 2023 comparative has been updated for consistency. This change is a disclosure change only and has not changed the total balance at the end of the period.

As at 30 June 2024, amounts due from resolution of financial assets are expected to be settled within 12 months after the Balance Sheet date.

**NOTE 13. CONTRACT COSTS – LITIGATION CONTRACTS**

	Consolidated	
	2024 \$'000	2023 \$'000
Contract costs – litigation contracts	42,072	37,277

There are a small number of legacy investments which are still being recorded under AASB 15 *Revenue from Contracts* with Customers due to the timing the contracts were entered into. These are expected to resolve in the short to medium term.

**RECONCILIATION OF LITIGATION CONTRACT COSTS**

Reconciliation of the contract costs at the beginning and end of the current period and previous financial year are set out below:

	Consolidated	
	2024 \$'000	2023 \$'000
Balance at 1 July	37,277	31,783
Additions during the period	8,030	5,495
Realisations of contract assets	(3,236)	-
<b>Balance as at end of period</b>	<b>42,072</b>	<b>37,277</b>

The Group has recognised impairment losses of \$nil (2023: \$nil) in profit or loss on contract costs for the period ended 30 June 2024.

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**NOTE 14. LITIGATION FUNDING ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Consolidated	
	2024 \$'000	2023 \$'000
<b>At start of period (as restated as at 1 July 2022)</b>	391,410	296,980
Deployments	45,301	30,756
Deployments – third-party interests	45,975	59,094
Realisations of litigation funding assets (including foreign exchange (losses)/gains)	(104,400)	(180,155)
Income for the period	86,926	184,735
<b>Balance as at end of period</b>	<b>465,213</b>	391,410
Litigation funding assets at fair value through income statement	202,913	165,768
Litigation funding assets at fair value through income statement – third-party interests	262,300	225,642
<b>Total litigation funding assets</b>	<b>465,213</b>	391,410

Effective from 1 July 2023, management has adopted a new approach to the realisation of litigation funding assets and the recognition of foreign exchange gains. Consequently, the comparative note disclosure for the period ended 30 June 2023 has been restated to rectify the allocated amounts to certain line items. This restatement has affected the disclosure of certain line items from the prior year's note, including income for the period. It is important to note that the overall balance at the end of the prior period remains unchanged.

Litigation funding assets are financial instruments that relate to the provision of capital in connection with legal finance. The Group fund through both direct investments as well as using third party capital via a fund management model. The table above sets forth the changes in litigation funding assets at the beginning and end of the relevant reporting periods.

**NOTE 15. TRADE AND OTHER PAYABLES**

	Consolidated	
	2024 \$'000	2023 \$'000
Trade payables	29,789	7,001
Other payables	587	534
	<b>30,376</b>	7,535

Refer to note 21 for further information on financial instruments.

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**NOTE 16. BORROWINGS**

	Consolidated	
	2024 \$'000	2023 \$'000
Borrowings	61,917	68,976
	<b>61,917</b>	<b>68,976</b>

Reconciliation of borrowings of third-party interests in consolidated entities:

	Consolidated	
	2024 \$'000	2023 \$'000
Balance 1 July	-	14,494
Repayment of borrowings	-	(14,848)
Net accrued interest	-	(17)
Amortisation of borrowing costs	-	34
Other non-cash items	-	336
Balance as at end of period	-	-

Reconciliation of borrowings of LCM:

	Consolidated	
	2024 \$'000	2023 \$'000
Balance 1 July	68,976	54,915
Proceeds from borrowings	-	9,636
Repayment of borrowings	(8,139)	-
Payments for borrowing costs	(819)	(256)
Net accrued interest	648	1,943
Amortisation	1,221	399
Other non-cash items	29	2,339
Balance as at end of period	<b>61,917</b>	<b>68,976</b>

On 22 February 2021, LCM entered into a credit facility with Northleaf Capital Partners for an aggregate amount of US\$50,000,000, AUD equivalent of \$74,704,916<sup>1</sup> (the "Facility"). The Facility carries interest together with a profit participation, capped at 13% per annum. The Facility has an overall term of four years and is secured against LCM's assets. As at 30 June 2024, LCM has nil outstanding utilisation. Borrowings have a maturity date of February 2025.

LCM agreed to various debt covenants including a minimum effective net tangible worth, borrowings as a percentage of effective net tangible worth, minimum liquidity, a minimum consolidated EBIT and a minimum multiple of invested capital on concluded contract assets over a specified period. There have been no defaults or breaches related to the Facility during the year ended 30 June 2024. Should LCM not satisfy any of these covenants, the outstanding balance of the Facility may become due and payable.

LCM incurred costs in relation to arranging the Facility of \$1,649,000 which were reflected transactions costs and will be amortised over the 4 year term of the borrowings. As at 30 June 2024, \$422,000 of these loan arrangement fees remained outstanding.

1. Converted at the functional currency spot rates of exchange at the reporting date.

FINANCIAL STATEMENTS

**NOTE 17. FINANCIAL LIABILITIES RELATED TO THIRD-PARTY INTERESTS IN CONSOLIDATED ENTITIES**

	Consolidated	
	2024 \$'000	2023 \$'000
Balance 1 July	243,990	142,180
Proceeds – capital contributions from Limited Partners	30,505	74,980
Payments – distributions to Limited Partners	(56,407)	(94,373)
Movement on financial liabilities related to third-party interests in consolidated entities (note 5)	48,382	111,953
Other non-cash items, including foreign exchange gain/loss	(1,521)	9,250
Balance as at end of period	264,950	243,990

**NOTE 18. EQUITY – ISSUED CAPITAL**

	2024 Shares	2023 Shares	2024 \$'000	2023 \$'000
Ordinary shares – fully paid	104,118,534	106,613,927	69,674	69,674
Ordinary shares – loan share plan and Employee Benefit Trust	12,331,148	12,586,405	–	–
	116,449,682	119,200,332	69,674	69,674

**MOVEMENTS IN ORDINARY SHARE CAPITAL**

	Date	Shares	\$'000
Balance	30 June 2022	106,613,927	69,674
Balance	30 June 2023	106,613,927	69,674
Options exercised	31 October 2023	87,993	–
Options exercised	23 November 2023	167,264	–
Shares bought back during the period (treasury shares)	Various	(2,750,650)	–
	30 June 2024	104,118,534	69,674

As announced on 5 October 2023, the Group commenced a share buyback programme in respect of its ordinary shares up to a maximum consideration of A\$10.0 million from the date of this announcement.

*Movements in ordinary shares issued under loan share plan ('LSP') and held by Employee Benefit Trust:*

	Date	Shares	\$'000
Balance	30 June 2022	12,586,405	–
Balance	30 June 2023	12,586,405	–
Options exercised	31 October 2023	(87,993)	–
Options exercised	23 November 2023	(167,264)	–
LSP expired	30 June 2024	(388,800)	–
LSP shares allocated to LCM	30 June 2024	388,800	–
	30 June 2024	12,331,148	–

## FINANCIAL STATEMENTS

*Reconciliation of ordinary shares issued under LSP:*

	Consolidated	
	2024	2023
Total shares allocated under existing LSP arrangements with underlying LSP shares (note 29)	7,501,608	7,890,408
Less shares allocated under existing LSP arrangements without underlying LSP shares (note 29)	(221,467)	(221,467)
Shares held by LCM Employee Benefit Trust for future allocation under employee share and option plans	4,917,464	4,917,464
Exercise of options during the period held by the LCM Employee Benefit Trust	(255,257)	-
Shares held by LCM for future allocation under employee share and option plans	388,800	-
	<b>12,331,148</b>	12,586,405

### ORDINARY SHARES

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

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

### ORDINARY SHARES - UNDER LOAN SHARE PLAN ('LSP')

The Company has an equity scheme pursuant to which certain employees may access a LSP. The acquisition of shares under this LSP is fully funded by the Company through the granting of a limited recourse loan. The shares under LSP are restricted until the loan is repaid. The underlying options within the LSP have been accounted for as a share-based payment. Refer to note 29 for further details. When the loans are settled the shares are reclassified as fully paid ordinary shares and the equity will increase by the amount of the loan repaid.

### ORDINARY SHARES - HELD BY EMPLOYEE BENEFIT TRUST

The Employee Benefit Trust ('EBT') holds performance related shareholdings awarded to former executive which did not vest. That benefit comprised 4,917,464 shares of which 4,662,207 remain unallocated as at 30 June 2024 (2023: 4,917,464).

### ORDINARY SHARES - PARTLY PAID

As at 30 June 2024, there are currently 1,433,022 partly paid shares issued at an issue price of \$0.17 per share. No amount has been paid up and the shares will become fully paid upon payment to the Company of \$0.17 per share. As per the terms of issue, the partly paid shares have no maturity date and the amount is payable at the option of the holder.

Partly paid shares entitle the holder to participate in dividends and the proceeds of the Company in proportion to the number of and amounts paid on the shares held. The partly paid shares do not carry the right to participate in new issues of securities. Partly paid shareholders are entitled to receive notice of any meetings of shareholders. The partly paid shareholders are entitled to vote in the same proportion as the amounts paid on the partly paid shares bears to the total amount paid and payable.

### TREASURY SHARES

As at 30 June 2024, there were 2,750,650 treasury shares (2023: nil) which has resulted in \$5,396,000 being deducted from equity (2023: nil). Treasury shares comprises shares bought back from shareholders which are held by Canaccord on behalf of LCM and classified as treasury shares.



## FINANCIAL STATEMENTS

### CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity as recognised in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

### NOTE 19. EQUITY – RESERVES

#### MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Share-based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Total reserves \$'000</b>
Balance at 1 July 2022	1,573	(3,585)	(2,012)
Movements in reserves during the period	867	2,187	3,054
Balance at 30 June 2023	2,440	(1,398)	1,042
Movements in reserves during the period	1,116	2,013	3,129
Balance at 30 June 2024	3,556	615	4,171

#### SHARE-BASED PAYMENTS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

#### FOREIGN CURRENCY TRANSLATION RESERVE

This reserve is used to record differences on the translation of the assets and liabilities of foreign operations.

### NOTE 20. EQUITY – DIVIDENDS

	<b>Consolidated</b>	
	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Final unfranked ordinary dividend paid (2024: 2.25 cents, 2023: nil)	4,976	-

The Directors declare a dividend for the year ended 30 June 2024 of 1.25 pence per ordinary share, to be paid on 25 October 2024 to eligible shareholders on the register as at 4 October 2024. The ordinary shares will be marked ex-dividend on 3 October 2024. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2024 financial statements and will be recognised in subsequent financial reports.

#### FRANKING CREDITS

The franking credits available to the Group as at 30 June 2024 are \$338,000 (2023: \$338,000).

**NOTE 21. FINANCIAL INSTRUMENTS**

**FINANCIAL RISK MANAGEMENT OBJECTIVES**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Financial instruments of the Group is comprised of litigation funding assets classified as financial assets at FVTPL and financial liabilities at FVTPL related to third party interests with the remaining financial instruments held at amortised cost.

**MARKET RISK**

*Foreign currency risk*

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

<b>Consolidated</b>	<b>Assets 2024 \$'000</b>	<b>Liabilities 2024 \$'000</b>	<b>Assets 2023 \$'000</b>	<b>Liabilities 2023 \$'000</b>
US dollars	178,625	(314,768)	203,912	(314,923)
Pound Sterling	267,971	(16,500)	173,064	(2,542)
Singapore Dollars	2,346	(16)	-	-
United Arab Emirates Dirham	2	(4)	5,614	(744)
Hong Kong dollars	-	-	28,087	-
Other	4	-	490	(1)
	<b>448,947</b>	<b>(331,288)</b>	411,167	(318,210)

The Group had net assets denominated in foreign currencies of \$117,659,000 (assets of \$448,947,000 less liabilities of \$331,288,000) as at 30 June 2024 (2023: net assets \$92,956,000). Based on this exposure, had the Australian dollars weakened or strengthened by 10% against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have increased and decreased respectively by \$11,766,000 (2023: \$9,296,000). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months. The actual realised foreign exchange loss for the year ended 30 June 2024 was \$2,934,000 (2023: loss of 2,892,000). The movement in the foreign currency translation reserve for the year ended 30 June 2024 was a gain of \$2,013,000 (2023: gain \$2,187,000).

Foreign exchange risk arises mainly from litigation funding assets and borrowings which are denominated in a currency that is not the functional currency in which they are measured. The risk is monitored using sensitivity analysis and cash flow forecasting. The Group's contract cost assets are not hedged as those currency positions are considered to be long term in nature.

*Interest rate risk*

Aside from the litigation funding agreements at fair value, the Group's main interest rate risk arises from interest on cash at bank.

An official increase/decrease in interest rates of 50 (2023: 50) basis points would have a favourable/adverse effect on profit before tax of \$341,000 (2023: \$522,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

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### CREDIT RISK

Credit risk refers to the risk that on becoming contractually entitled to a settlement or award a defendant will default on its contractual obligation to pay resulting in financial loss to the Group. The Group assesses the defendants in the matters funded by the Group prior to entering into any agreement to provide funding and continues this assessment during the course of funding. Whenever possible the Group ensures that security for settlements sums is provided, or the settlements funds are placed into solicitors' trust accounts. However, the Group's continual monitoring of the defendants' financial capacity mitigates this risk.

The maximum credit risk exposure represented by cash, cash equivalents, trade and other receivables, due from resolution of financial assets and financial assets at fair value through profit or loss is specified in the consolidated statements of financial position. The exposure for financial assets held at amortised cost is the carrying amount, net of any provisions for impairment of those assets, which includes cash, cash equivalents and trade and other receivables. The Group does not hold any collateral.

To mitigate credit risk on cash and cash equivalents, the Group holds cash with Australian and American financial institutions with at least an AA- credit rating.

The Group applies the simplified approach to recognise impairment on settlement and receivable balances based on the lifetime expected credit loss at each reporting date. The Group reviews the lifetime expected credit loss rate based on historical collection performance, the specific provisions of any settlement agreement, assessments of recoverability during the due diligence process and a forward-looking assessment of macro-economic factors however note that the Group's operations are generally uncorrelated to market conditions and therefore has little to no impact on the recoverability of the Group's financial assets.

For trade receivables and due from resolution of financial assets, at every reporting date, the Group evaluates whether the trade receivables and due from resolution of financial assets is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses indicators of changes in credit quality of their counterparties. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due or if sufficient indicators exist that the debtor is unlikely to pay. Refer to note 11 and 12 for the respective notes on these items. Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

In addition, the fair value of Litigation Funding Assets (LFA's) is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments, including credit risk, refer to note 22.

### LIQUIDITY RISK

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

#### *Remaining contractual maturities*

The maturity profile of the Group's financial liabilities based on contractual maturity on an undiscounted basis are:

<b>Consolidated – 2024</b>	<b>Less than 1 year \$'000</b>	<b>Between 1 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>No contractual maturity date \$'000</b>	<b>Total \$'000</b>
Trade payables	29,752	-	-	-	29,752
Other payables	624	-	-	-	624
Borrowings	68,200	-	-	-	68,200
Third-party interest in consolidated entities	-	-	-	264,950	264,950
<b>Total non-derivatives</b>	<b>98,576</b>	<b>-</b>	<b>-</b>	<b>264,950</b>	<b>363,526</b>

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<b>Consolidated – 2023</b>	<b>Less than 1 year \$'000</b>	<b>Between 1 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>No contractual maturity date \$'000</b>	<b>Total \$'000</b>
Trade payables	7,001	–	–	–	7,001
Other payables	241	–	–	–	241
Borrowings	9,320	75,988	–	–	85,309
Third-party interest in consolidated entities	–	–	–	243,990	243,990
<b>Total non-derivatives</b>	<b>16,562</b>	<b>75,988</b>	<b>–</b>	<b>243,990</b>	<b>336,541</b>

### NOTE 22. FAIR VALUE MEASUREMENT

The fair value measurements used for all assets and liabilities held by the Group listed below are level 3:

	<b>Consolidated</b>	
	<b>2024 \$'000</b>	<b>2023 \$'000</b>
<b>Assets</b>		
Litigation funding assets		
APAC	<b>111,662</b>	158,836
EMEA	<b>353,551</b>	232,574
<b>Total Level 3 assets</b>	<b>465,213</b>	391,410
<b>Liabilities</b>		
Financial liabilities related to third-party interests in consolidated entities	<b>264,950</b>	243,990
<b>Total Level 3 liabilities</b>	<b>264,950</b>	243,990

Refer note 14 for movements in level 3 assets and note 17 for movements in level 3 liabilities. There were no transfers into or out of level 3 during the period ended 30 June 2024.

As at 30 June 2024, the financial liability due to third-party interests is \$264,950,000 (2023: \$243,990,000), recorded at fair value as represented in note 17. Amounts included in the consolidated statement of financial position represent the fair value of the third-party interests in the related financial assets and the amounts included in the consolidated statement of profit or loss and other comprehensive income represent the third-party share of any gain or loss during the period, see note 4.

### SENSITIVITY OF LEVEL 3 VALUATIONS

The Group's fair value policy provides for ranges of percentages to be applied against the risk adjustment factor to more than 159 discrete objective litigation events. The tables below set forth each of the key unobservable inputs used to value the Group's LFA assets and the applicable ranges and weighted average by relative fair value for such inputs.

The Group implemented a new valuation methodology for LFA assets during the year ended 30 June 2023. LFA assets are fair valued using an income approach which is the technique adopted for LFA Assets. Under the income approach, future cash flows associated with; cash out flows, including investments and deployments, and cash inflows such as settlements or resolutions, are converted to a single current (discounted) amount, reflecting current market expectations about those future amounts. That is, the amount that could reasonably be expected to be paid to acquire the asset at that point in time. In developing our framework we also looked to Industry peers for alignment in methodology, the benefit being that adopting a similar methodology provides a level of comparability. Similar to industry peers, the framework developed applied probabilities based on observable milestones for each investment within the portfolio as well as making informed assumptions around inputs such as discount rates, timing and risk factors, all of which are considered Level 3 inputs. In cases where cash flows are denominated in a foreign currency, forecasts are developed in the applicable foreign currency and translated to AUD dollars.

A Discounted Cash Flow approach is then applied to each underlying investment on an individual basis to arrive at a net present value of the future expected cash flows.

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The cash flow forecast is updated each reporting period, based on the best available information on progress of the underlying matter at the time. These objective events could include, among others:

- Stage of the investment
- ongoing developments
- progress
- recovery or sovereign risk
- legal team expertise
- other factors impacting the expected outcome

Each reporting period, the updated risk-adjusted cash flow forecast is then discounted at the then current discount rate to measure fair value. The discount rate includes an applicable risk-free rate and credit spread to incorporate both market and idiosyncratic asset-class risk.

The Group's fair value policy provides for ranges of percentages to be applied against the risk adjustment factor to more than 159 discrete objective litigation events. The tables below set forth each of the key unobservable inputs used to value the Group's LFA assets and the applicable ranges and weighted average by relative fair value for such inputs.

### 30 June 2024

Item	Valuation technique	Unobservable Input	Min	Max	Weighted average	
Litigation funding asset	Discounted cash flow	Discount rate	12.80%	12.80%	12.80%	
		Duration	0.75	7.08	4.57	
		Adjusted risk premium	0%	85%	17%	
			Min <sup>1</sup>	Max <sup>1</sup>	Weighted average	% of portfolio <sup>2</sup>
<b>Adjusted risk premium – case milestone:</b>						
Pre-commencement & commenced			0%	20%	29%	48%
Pleadings			5%	35%	20%	12%
Discovery & evidence			20%	40%	25%	9%
Significant ruling or other objective event prior to trial court judgment			25%	80%	47%	7%
Settlement			70%	85%	80%	1%
Trial court judgment or tribunal award			0%	85%	63%	9%
Appeal judgment			0%	85%	3%	12%
Enforcement			75%	85%	83%	3%

1. Minimum and maximum within each cohort represent the actual adjusted risk premiums applied in the period.

2. Percentage of portfolio represents the percentage of the book within the cohort.

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30 June 2023

Item	Valuation technique	Unobservable Input	Min	Max	Weighted average	
Litigation funding asset	Discounted cash flow	Discount rate	12.80%	12.80%	12.80%	
		Duration	0.67	5.83	4.10	
		Adjusted risk premium	0%	85%	18%	
<b>Adjusted risk premium – case milestone:</b>			<b>Min<sup>1</sup></b>	<b>Max<sup>1</sup></b>	<b>Weighted average</b>	<b>% of portfolio<sup>2</sup></b>
Pre-commencement & commenced			0%	20%	0%	46%
Pleadings			5%	35%	10%	3%
Discovery & evidence			20%	40%	21%	15%
Significant ruling or other objective event prior to trial court judgment			25%	80%	48%	21%
Settlement			70%	85%	70%	3%
Trial court judgment or tribunal award			0%	85%	80%	1%
Appeal judgment			0%	85%	7%	9%
Enforcement			75%	85%	76%	1%

1. Minimum and maximum within each cohort represent the actual adjusted risk premiums applied in the period

2. Percentage of portfolio represents the percentage of the book within the cohort.

At each reporting period, the Group reviews the fair value of each litigation funding asset in connection with the preparation of the consolidated financial statements. A fair value of 10% higher or lower, while all other variables remain constant, in financial assets at fair value through profit or loss would have increased or decreased the Group's income and net assets by \$46,521,000 as at 30 June 2024 (30 June 2023: \$39,141,000). Similarly, a fair value of 10% higher or lower, while all other variables remain constant, in financial liabilities at fair value through profit or loss would have increased or decreased the Group's income and net assets by \$26,495,000 as at 30 June 2024 (30 June 2023: \$24,399,000).

At 30 June 2024, should interest rates have been 50 bps or 100 bps higher or lower than the actual interest rates used in the fair value estimation, while all other variables remained constant, consolidated income and net assets would have increased and decreased by the following amounts:

	Consolidated	
	2024 \$'000	2023 \$'000
Hypothetical Change		
100bps lower interest rates	5,441	2,182
50bps lower interest rates	2,743	1,084
100bps higher interest rates	(5,440)	(2,126)
50bps higher interest rates	(2,736)	(1,070)

### REASONABLY POSSIBLE ALTERNATIVE ASSUMPTIONS

The determination of fair value for litigation funding assets involves significant judgements and estimates. While the potential range of outcomes for the assets is wide, the Group's fair value estimation is its best assessment of the current fair value of each asset, as applicable. Such estimate is inherently subjective, being based largely on an assessment of how individual events have changed the possible outcomes of the asset, as applicable, and their relative probabilities and hence the extent to which the fair value has altered. The aggregate of the fair values selected falls within a wide range of reasonably possible estimates. In the Group's opinion, there is no useful alternative valuation that would better quantify the market risk inherent in the portfolio and there are no inputs or variables to which the values of the assets are correlated other than interest rates which impact the discount rates applied.

FINANCIAL STATEMENTS

**NOTE 23. KEY MANAGEMENT PERSONNEL DISCLOSURES**

COMPENSATION

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2024 \$	2023 \$
Short-term employee benefits	2,844,106	2,188,144
Post-employment benefits	67,584	59,611
Long-term benefits	28,975	13,145
Share-based payments	408,583	375,014
	<b>3,349,249</b>	<b>2,635,914</b>

Details of the remuneration of key management personnel of the Group are set out in the following tables.

2024	Cash salaries and fees \$	Bonus \$	Benefits \$	Accrued leave \$	Super-annuation-Pension \$	Long service leave \$	Share-based payments \$	Total \$
<b>Non-executive Directors</b>								
Dr David King	111,458	-	-	-	12,302	-	-	123,760
Jonathan Moulds	214,255	-	-	-	-	-	-	214,255
Gerhard Seebacher	127,377	-	-	-	-	-	-	127,377
	<b>453,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,302</b>	<b>-</b>	<b>-</b>	<b>465,393</b>
<b>Executive directors and other executives</b>								
Patrick Moloney	1,316,062	183,783	114,754	36,864	-	28,975	199,145	1,879,583
David Collins <sup>1</sup>	22,921	-	-	-	-	-	-	22,921
Mary Gangemi <sup>2</sup>	552,818	163,814	-	-	55,282	-	209,438	981,352
	<b>1,891,800</b>	<b>347,597</b>	<b>114,754</b>	<b>36,864</b>	<b>55,282</b>	<b>28,975</b>	<b>408,583</b>	<b>2,883,856</b>
	<b>2,344,891</b>	<b>347,597</b>	<b>114,754</b>	<b>36,864</b>	<b>67,584</b>	<b>28,975</b>	<b>408,583</b>	<b>3,349,249</b>

- David Collins appointed as Chief Financial Officer on 18 June 2024 on a base salary of £350,000 (AUD equivalent \$672,000). Refer note 26 for details on amounts paid to Greatham Advisors Limited, a related entity of David Collins, for Investor Relation services prior to David becoming an employee. David Collins has not been appointed as a Director as at 30 June 2024.
- Stepped down as Chief Financial Officer 18 June 2024 and resigned as Director 5 September 2024

FINANCIAL STATEMENTS

2023	Cash salaries and fees \$	Bonus \$	Benefits \$	Accrued leave \$	Super-annuation /Pension \$	Long service leave \$	Share-based payments \$	Total \$
<b>Non-executive Directors</b>								
Dr David King	100,000	-	-	-	10,500	-	-	110,500
Jonathan Moulds	178,586	-	-	-	-	-	-	178,586
Gerhard Seebacher	111,356	-	-	-	-	-	-	111,356
	389,943	-	-	-	10,500	-	-	400,443
<b>Executive Directors</b>								
Patrick Moloney	1,071,517	118,249	5,709	(29,023)	-	13,145	252,293	1,431,891
Mary Gangemi	491,112	140,637	-	-	49,111	-	122,721	803,581
	1,562,629	258,886	5,709	(29,023)	49,111	13,145	375,014	2,235,472
	1,952,572	258,886	5,709	(29,023)	59,611	13,145	375,014	2,635,914

**DIRECTORS' SHARE OPTIONS**

The details of options over ordinary shares in the Company held during the financial year by each Director is set out below:

Name of the Director	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
Patrick Moloney <sup>2</sup>	19/11/2018	25/11/2028	\$0.47	1,595,058	-	-	-	1,595,058
Patrick Moloney <sup>2</sup>	4/12/2017	4/12/2027	\$0.60	1,000,000	-	-	-	1,000,000
Patrick Moloney <sup>2</sup>	4/12/2017	4/12/2027	\$0.60	1,000,000	-	-	-	1,000,000
Patrick Moloney <sup>2</sup>	1/11/2019	1/11/2029	£0.7394	1,166,400	-	-	(388,800)	777,600
Patrick Moloney <sup>2</sup>	13/10/2020	13/10/2030	£0.6655	291,597	-	-	-	291,597
Patrick Moloney <sup>2</sup>	27/10/2021	27/10/2031	£1.06	279,232	-	-	-	279,232
Patrick Moloney <sup>1,2</sup>	27/10/2021	27/10/2031	£1.06	900,000	-	-	-	900,000
Mary Gangemi <sup>2</sup>	27/10/2021	27/10/2031	£1.06	93,585	-	-	-	93,585
Mary Gangemi <sup>2</sup>	27/10/2021	27/10/2031	£1.14	26,315	-	-	-	26,315
Patrick Moloney <sup>2</sup>	7/10/2022	7/10/2032	£0.00	169,276	-	-	-	169,276
Patrick Moloney <sup>2</sup>	7/10/2022	7/10/2032	£0.00	3,303,796	-	-	-	3,303,796
Mary Gangemi <sup>2</sup>	7/10/2022	7/10/2032	£0.00	201,325	-	(67,108)	-	134,217
Mary Gangemi <sup>2</sup>	7/10/2022	7/10/2032	£0.00	1,266,455	-	-	-	1,266,455
Patrick Moloney <sup>2</sup>	4/10/2023	4/10/2033	£0.00	-	167,043	-	-	167,043
Mary Gangemi <sup>2</sup>	4/10/2023	4/10/2033	£0.00	-	148,893	-	-	148,893
				11,293,039	315,936	(67,108)	(388,800)	11,153,067

- On 27 October 2021, Patrick Moloney exercised 900,000 unlisted options at an exercise price of A\$1.00 which were granted under the Employee share option scheme. Upon exercise, the Group issued 900,000 new ordinary shares in the capital of the Group to Patrick Moloney which have been granted under the Loan Share Plan with the sole purpose to fund the exercise price of the 900,000 unlisted options.
- Outstanding share options as disclosed in note 29.



## FINANCIAL STATEMENTS

### DIRECTORS' INTERESTS

The number of shares in the Company held at the end of the financial year by each Director is set out below:

Name of the Director	Description of shares	Consolidated	
		30 June 2024 Number	30 June 2023 Number
Jonathan Moulds	Fully paid ordinary shares	5,250,000	5,250,000
Dr David King	Fully paid ordinary shares	1,951,484	1,951,484
Patrick Moloney	Fully paid ordinary shares	4,204,813	4,204,813
Patrick Moloney	Unlisted partly paid shares	1,433,022	1,433,022
Gerhard Seebacher	N/A	-	-
Mary Gangemi	Fully paid ordinary shares	64,348	27,500

1. Unlisted partly paid shares in the Company were issued at a price of \$0.17 per share, wholly unpaid and will convert to a share upon payment to the Company of \$0.17 per share. Further details provided in note 18 to the financial statements.

No changes took place in the interest of the directors between 30 June 2024 and 17 September 2024.

### NOTE 24. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2024 \$	2023 \$
<b>Audit Services – BDO Audit Pty Ltd</b>		
Audit or review of financial report	253,727	149,700
	<b>253,727</b>	<b>149,700</b>
<b>Audit Services – Firms related to BDO Audit Pty Ltd</b>		
Audit of statutory report of controlled entities	186,721	124,113
	<b>186,721</b>	<b>124,113</b>
<b>Audit Services – Unrelated Firms</b>		
Audit of statutory report of controlled entities	64,625	27,904
	<b>64,625</b>	<b>27,904</b>

### NOTE 25. CONTINGENT LIABILITIES

The majority of the Group's funding agreements contain a contractual indemnity from the Group to the funded party that the Group will pay adverse costs awarded to the successful party in respect of costs incurred during the period of funding, should the client's litigation be unsuccessful. The Group's position is that for the majority of litigation projects which are subject to funding, the Group enters into insurance arrangements which lessen or eliminate the impact of such awards and therefore any adverse costs order exposure.

## FINANCIAL STATEMENTS

### NOTE 26. RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties:

	Consolidated	
	2024 \$'000	2023 \$'000
Consulting fees paid to Greatham Advisors Limited – a related entity of David Collins	47,957	-
	47,957	-

David Collins is a shareholder and director of Greatham Advisors Limited, which carries out Investor Relation services. The services provided by Greatham Advisors Limited ceased once David Collins became an employee of the Group on 18 June 2024. As at 30 June 2024 there were no amounts owing to Greatham Advisors Limited (2023: \$nil).

### NOTE 27. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity, Litigation Capital Management Limited.

	Consolidated	
	2024 \$'000	2023 \$'000
<i>Statement of profit or loss and other comprehensive income</i>		
Profit/(loss) after income tax	50,491	943
Total comprehensive income	50,491	943
<i>Statement of financial position</i>		
Total assets	103,055	70,274
Total liabilities	(20,390)	-
<b>Equity</b>		
Issued capital	64,278	69,674
Share-based payments reserve	3,556	2,440
Retained earnings	14,831	(1,840)
Total equity	82,665	70,274

### GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

Litigation Capital Management Limited (as holding entity), LCM Operations Pty Ltd, LCM Litigation Fund Pty Ltd, LCM Corporate Services Pty Ltd, LCM Recoveries Pty Ltd, LCM Funding Pty Ltd, LCM Singapore Pty Ltd, LCM Funding SG Pty Ltd and LCM Group Holdings Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. The specified subsidiaries represent a 'closed group' for the purposes of the guarantee, and as there are no other parties to the Deed that are controlled by the Group, they also represent the 'extended closed group'.

### CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

### CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

## FINANCIAL STATEMENTS

### MATERIAL ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity;
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

### NOTE 28. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business/ Country of incorporation	Ownership Interest	
		2024 %	2023 %
LCM Litigation Fund Pty Ltd	Australia	100%	100%
LCM Operations Pty Ltd	Australia	100%	100%
LCM Corporate Services Pty Ltd	Australia	100%	100%
LCM Singapore Pty Ltd	Australia	100%	100%
LCM Recoveries Pty Ltd	Australia	100%	100%
LCM Advisory Limited	Australia	100%	100%
LCM Funding Pty Ltd	Australia	100%	100%
LCM Funding SG Pty Ltd	Australia	100%	100%
LCM Corporate Services Pte. Ltd.	Singapore	100%	100%
LCM Operations UK Limited	United Kingdom	100%	100%
LCM Corporate Services UK Limited	United Kingdom	100%	100%
LCM Recoveries UK Limited	United Kingdom	100%	100%
LCM Funding UK Limited	United Kingdom	100%	100%
LCM Group Holdings Pty Ltd	Australia	100%	100%
<b>LCM Global Alternative Returns Fund</b>			
LCM Global Alternative Returns Fund GP Limited	Jersey	100%	100%
LCM Global Alternative Returns Fund (Special Partner) LP	Jersey	100%	100%
<b>LCM Global Alternative Returns Fund II</b>			
LCM Global Alternative Returns Fund II GP Limited	Jersey	100%	100%
LCM Global Alternative Returns Fund II (Special Partner) LP	Jersey	100%	100%

### NOTE 29. SHARE-BASED PAYMENTS

The share-based payment expense for the period was \$1,116,000 (2023: \$867,000).

### LOAN FUNDED SHARE PLANS ('LSP')

As detailed in note 18, the Group has an equity scheme pursuant to which certain employees may access a LSP. The shares under LSP are issued at the exercise price by granting a limited recourse loan. The LSP shares are restricted until the loan is repaid. Options under this scheme can be granted without an underlying LSP share until they have been exercised and on this basis, do not form part of the Group's issued share capital. The underlying options have been accounted for as a share-based payments. The options are issued over a 1-3 year vesting period. Vesting conditions include satisfaction of customary continuous employment with the Group and may include a share price hurdle.

During the period the Group granted nil (2023: nil) shares under the LSP.

FINANCIAL STATEMENTS

Set out below are summaries of shares/options granted under the LSP:

2024

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
4/12/2017	4/12/2027	\$0.60	2,000,000				2,000,000
31/8/2018	31/8/2028	\$0.77	411,972				411,972
19/11/2018	25/11/2028	\$0.47	1,595,058				1,595,058
3/12/2018	3/12/2028	\$0.89	100,000				100,000
1/11/2019	1/11/2029	£0.7394	1,432,753			(388,800)	1,043,953
13/10/2020	13/10/2030	£0.6655	616,520				616,520
27/10/2021	27/10/2031	£1.06	1,512,638				1,512,638
27/10/2021	27/10/2031	£1.06	99,037				99,037 <sup>1</sup>
27/10/2021	27/10/2031	£1.14	122,430				122,430 <sup>1</sup>
			7,890,408	-	-	(388,800)	7,501,608
Weighted average exercise price			\$1.049	\$0.000	\$0.000	\$1.420	\$1.089

1. Options granted without an underlying LSP share until exercised ie, do not form part of the Group's issued share capital.

2023

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
4/12/2017	4/12/2027	\$0.60	2,000,000				2,000,000
31/8/2018	31/8/2028	\$0.77	411,972				411,972
19/11/2018	25/11/2028	\$0.47	1,595,058				1,595,058
3/12/2018	3/12/2028	\$0.89	100,000				100,000
1/11/2019	1/11/2029	£0.7394	1,432,753				1,432,753
1/11/2019	1/11/2029	£0.7730	66,137			(66,137)	-
13/10/2020	13/10/2030	£0.6655	616,520				616,520
27/10/2021	27/10/2031	£1.06	1,512,638				1,512,638
27/10/2021	27/10/2031	£1.06	269,044			(170,007)	99,037 <sup>1</sup>
27/10/2021	27/10/2031	£1.14	130,807			(8,377)	122,430 <sup>1</sup>
			8,134,929	-	-	(244,521)	7,890,408
Weighted average exercise price			\$1.059	\$0.000	\$0.000	\$1.386	\$1.049

1. Options granted without an underlying LSP share until exercised ie, do not form part of the Group's issued share capital.

There were 7,201,260 options vested and exercisable as at 30 June 2024 (2023: 6,869,211).

The weighted average remaining contractual life of options under LSP outstanding at the end of the financial year was 0.892 years (2023: 1.01 years).

## FINANCIAL STATEMENTS

### DEFERRED BONUS SHARE PLAN ('DBSP')

The Company has in place a DBSP. Options granted under the DBSP reflect past performance and are in the form of nil cost options and will vest in three equal tranches from the date of issue and are subject to continued employment over the three year period.

In addition, the Options granted under the DBSP are subject to malus and clawback provisions. In the event of a change of control of the Company, unvested awards will vest to the extent determined by the Board, taking into account the proportion of the period of time between grant and the normal vesting date that has elapsed at the date of the relevant event.

During the period the Group granted 771,911 (2023: 1,132,692) options under the DBSP.

Set out below are summaries of options granted under the DBSP:

#### 2024

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
7/10/2022	7/10/2032	\$0.00	1,132,692	-	(255,257)	-	877,435
4/10/2023	4/10/2033	\$0.00	-	771,911	-	-	771,911
			1,132,692	771,911	(255,257)	-	1,649,346
Weighted average exercise price			\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

#### 2023

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
7/10/2022	7/10/2032	\$1.1816	-	1,132,692	-	-	1,132,692
			-	1,132,692	-	-	1,132,692
Weighted average exercise price			\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

There were 377,564 options vested and of these 255,257 exercised as at 30 June 2024 (2023: nil).

The weighted average remaining contractual life of options under DBSP outstanding at the end of the financial year was 0.814 years (2023: 1.265 years).

### EXECUTIVE LONG TERM INCENTIVE PLAN ('LTIP')

The Company has in place an Executive LTIP. Options over ordinary shares in the capital of the Company ("Ordinary Shares") are issued to recipients under the LTIP plan. The options set out above have been granted under the LTIP in the form of nil cost options and are subject to performance conditions which require the growth of Funds under Management ("FuM") over a five year performance period. The performance conditions associated with the options are set out below:

1. 50% vesting on reaching a minimum of FuM of US\$750 million; and
2. 100% vesting on reaching FuM of US\$1 billion.

The vesting date of options granted is the later of:

1. the third anniversary of the Grant Date;
2. the satisfaction of the Performance Condition; or
3. the date of any adjustment under the Plan rules of the Plan at the Boards discretion.

## FINANCIAL STATEMENTS

Any awards made to the participants are subject to a five year holding period from the grant date. In the event of a change of control of the Company, unvested awards will vest to the extent determined by the Board, taking into account the proportion of the period of time between grant and the normal vesting date that has elapsed at the date of the relevant event and the extent to which any performance condition has been satisfied at the date of the relevant event.

During the period the Group granted nil (2023: 5,671,516) options under the LTIP.

Set out below are summaries of shares/options granted under the LTIP:

### 2024

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
7/10/2022	7/10/2032	\$0.0000	5,671,516	-	-	-	5,671,516
			5,671,516	-	-	-	5,671,516
Weighted average exercise price			\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

### 2023

Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
7/10/2022	7/10/2032	\$0.0000	-	5,671,516	-	-	5,671,516
			-	5,671,516	-	-	5,671,516
Weighted average exercise price			\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

There were nil LTIP's vested and exercisable as at 30 June 2024 (2023: nil).

The weighted average remaining contractual life of options under DBSP outstanding at the end of the financial year was 1.263 years (2023: 2.266 years).

For the options under LSP granted during the current period, the valuation model inputs used in the Black-Scholes pricing model to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date <sup>1</sup>
4/10/2023	4/10/2033	£0.98	£0.00	35.00%	1.10%	3.79%	\$1.820

1. AUD amount. GBP equivalent £0.952.

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### NOTE 30. EVENTS AFTER THE REPORTING PERIOD

On 17 July 2024, LCM announced the resolution of a single case investment which forms part of LCM's managed Global Alternative Returns Fund ('Fund I') and was funded directly from LCM's balance sheet (25%) and Fund I Investors (75%). As announced, the investment generated realisations for LCM of at least AUD\$12.5 million, including performance fees, compared to LCM's invested capital of AUD\$1.5 million, representing a MOIC of 8.3x.

Of the resolutions which concluded close to period end which were disclosed as outstanding receivables as at 30 June 2024, AUD\$11.6 million was received throughout July 2024.

## CONSOLIDATED ENTITY DISCLOSURE STATEMENT

For the year ended 30 June 2024

Name	Type of entity	Trustee, partner, or participant in joint venture	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction of foreign residents
Litigation Capital Management Limited	Body corporate	n/a	n/a	Australia	Australia	n/a
LCM Litigation Fund Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Operations Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Corporate Services Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Singapore Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Recoveries Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Advisory Limited	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Funding Pty Ltd	Body corporate	Trustee <sup>1</sup>	100%	Australia	Australia	n/a
LCM Funding SG Pty Ltd	Body corporate	Trustee <sup>1</sup>	100%	Australia	Australia	n/a
LCM Corporate Services Pte. Ltd.	Body corporate	n/a	100%	Singapore	Australia	n/a
LCM Group Holdings Pty Ltd	Body corporate	n/a	100%	Australia	Australia	n/a
LCM Operations UK Limited	Body corporate	n/a	100%	United Kingdom	Foreign	United Kingdom
LCM Corporate Services UK Limited	Body corporate	n/a	100%	United Kingdom	Foreign	United Kingdom
LCM Recoveries UK Limited	Body corporate	n/a	100%	United Kingdom	Foreign	United Kingdom
LCM Funding UK Limited	Body corporate	Trustee <sup>1</sup>	100%	United Kingdom	Foreign	United Kingdom
LCM Global Alternative Returns Fund LP	Partnership	n/a	n/a	Jersey	Foreign	n/a <sup>2</sup>
LCM Global Alternative Returns Feeder Fund LP	Partnership	n/a	n/a	Jersey	Foreign	n/a <sup>2</sup>
LCM Global Alternative Returns Fund GP Limited	Body corporate	Partner	100%	Jersey	Foreign	Jersey
LCM Global Alternative Returns Fund (Special Partner) LP	Partnership	Partner	n/a	Jersey	Foreign	Jersey
LCM Global Alternative Returns Fund II LP	Partnership	n/a	n/a	Jersey	Foreign	n/a <sup>2</sup>
LCM Global Alternative Returns Feeder Fund II LP	Partnership	n/a	n/a	Jersey	Foreign	n/a <sup>2</sup>
LCM Global Alternative Returns Fund II Holding 1 LP	Partnership	n/a	n/a	Jersey	Foreign	n/a <sup>2</sup>
LCM Global Alternative Returns Fund II Holding 2 LP	Partnership	n/a	n/a	Jersey	Foreign	n/a <sup>2</sup>
LCM Global Alternative Returns Fund II GP Limited	Body corporate	Partner	100%	Jersey	Foreign	Jersey
LCM Global Alternative Returns Fund II (Special Partner) LP	Partnership	Partner	n/a	Jersey	Foreign	Jersey

1. A trustee relationship is established through a Nominee Agreement, where the entity (the nominee) and the relevant Fund agree that the nominee will hold the Fund's investment on its behalf.
2. Limited Partners in the Funds are tax transparent and, as a result, are not considered tax residents of any particular jurisdiction.

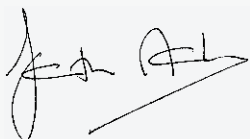
## DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standards 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 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the period ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of directors.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Jonathan Moulds', with a long horizontal stroke extending to the right.

**Mr Jonathan Moulds**  
Chairman

Dated this 17 day of September 2024



## INDEPENDENT AUDITOR'S REPORT



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## INDEPENDENT AUDITOR'S REPORT

To the members of Litigation Capital Management Limited

## Report on the Audit of the Financial Report

## Opinion

We have audited the financial report of Litigation Capital Management Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of Litigation Capital Management Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of

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our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Fair value measurement**

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in the Statement of Financial position, the Group has reported financial assets at fair value through profit or loss of \$465.2m (2023: \$391.4m) comprising of litigation funding assets which relates to financial instruments that relate to the provision of capital in connection with legal finance.</p> <p>The Group treats the litigation funding assets as financial instruments and classifies them as financial assets under fair value through profit or loss.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtaining and evaluating the valuation model including reperformance of the calculations;</li> <li>• Analysing and challenging the key assumptions applied within the valuation model for a sample of litigation funding assets;</li> <li>• Recalculating the fair value allocated for a sample of active cases; and</li> <li>• Evaluating the adequacy of disclosures in relation to fair value.</li> </ul>

**Other information**

The directors are responsible for the other information. The other information comprises the information contained in director’s report for the year ended 30 June 2024, but does not include the financial report and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the Strategic report and Governance report, which is expected to be made available to us after that date.

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

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

If, based on the work we have performed 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:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and



- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

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

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

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

**Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.



**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.

**BDO Audit Pty Ltd**

Geoff Rooney  
Director

Sydney  
17 September 2024

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