LawFinance Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	LawFinance Limited
ABN:	72 088 749 008
Reporting period:	For the year ended 31 December 2023
Previous period:	For the year ended 31 December 2022

2. Results for announcement to the market

				US$'000
Revenues from ordinary activities	down	98%	to	(373)
(Loss) from ordinary activities after tax attributable to the owners of LawFinance Limited	down	69%	to	(9,626)
(Loss) for the year attributable to the owners of LawFinance Limited	down	69%	to	(9,626)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The (loss) for LawFinance Limited after providing for income tax and non-controlling interest amounted to US$9,626,000 (31 December 2022: US$ 31,277,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.96)	(55.15)

The net tangible assets excludes right-of-use assets but includes the corresponding lease liabilities.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

All foreign entities are presented in compliance with International Financial Reporting Standards (IFRS).

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited.

11. Attachments

Details of attachments (if any):

The Preliminary Annual report of LawFinance Limited for the year ended 31 December 2023 is attached.

12. Signed

Signed ______________________________ Date: 28 February 2024

Anthony Murphy
Director
Sydney

LawFinance Limited

ABN 72 088 749 008

Preliminary Annual report - 31 December 2023

Contents

LawFinance Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	Consolidated 2023 US$'000	2022 US$'000
Revenue from continuing operations			
Net (loss) from medical lien funding	3	(1,524)	(17,017)
Interest income - letter of credit		258	444
Other revenue		893	143
Total revenue		(373)	(16,430)
Non-supplier related cost of sales		81	(8)
Gross (loss)		(292)	(16,438)
Interest income		-	8
Expenses			
Employee benefits expense		(1,178)	(3,909)
Depreciation and amortisation expense		(90)	(144)
Administration and other expenses		(1,803)	(1,952)
Finance costs		(6,334)	(8,642)
(Loss) before income tax expense		(9,697)	(31,077)
Income tax expense		-	-
(Loss) after income tax expense for the year		(9,697)	(31,077)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		732	1,204
Other comprehensive income for the year, net of tax		732	1,204
Total comprehensive (loss) for the year		(8,965)	(29,873)
(Loss) for the year is attributable to:			
Non-controlling interest		(71)	200
Owners of LawFinance Limited		(9,626)	(31,277)
		(9,697)	(31,077)
Total comprehensive (loss) for the year is attributable to:			
Non-controlling interest		-	200
Owners of LawFinance Limited		(8,965)	(30,073)
		(8,965)	(29,873)

	Note	2023 Cents	2022 Cents
Basic loss per share	8	(14.60)	(55.56)
Diluted loss per share	8	(14.60)	(55.56)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

LawFinance Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	Consolidated 31 Dec 2023 US$'000	Consolidated 31 Dec 2022 US$'000
Assets			
Current assets			
Cash and cash equivalents		1,445	1,460
Financial assets at amortised cost - USA	4	3,183	8,794
Other receivables		56	133
Prepayments		47	217
Total current assets		4,731	10,604
Non-current assets			
Financial assets at amortised cost - USA	4	1,957	9,072
Other receivables		9	9
Property, plant and equipment		24	64
Right-of-use assets		88	138
Total non-current assets		2,078	9,283
Total assets		6,809	19,887
Liabilities			
Current liabilities			
Trade and other payables		547	1,484
Borrowings	5	9,164	53,249
Lease liabilities		45	41
Employee benefits		43	102
Total current liabilities		9,799	54,876
Non-current liabilities			
Borrowings	5	-	141
Lease liabilities		79	124
Total non-current liabilities		79	265
Total liabilities		9,878	55,141
Net liabilities		(3,069)	(35,254)
Equity			
Issued capital	6	104,396	102,671
Capitalising converting notes		14,460	14,460
Reserves		68,295	28,025
Accumulated losses		(189,719)	(180,093)
Deficiency attributable to the owners of LawFinance Limited		(2,568)	(34,937)
Non-controlling interest		(501)	(317)
Total deficiency		(3,069)	(35,254)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

LawFinance Limited
Consolidated statement of changes in equity
For the year ended 31 December 2023

Consolidated	Issued capital US$'000	Capitalising converting notes US$'000	Reserves US$'000	Accumulated losses US$'000	Non-controlling interest US$'000	Total deficiency US$'000
Balance at 1 January 2022	97,626	14,832	26,344	(148,816)	(465)	(10,479)
Profit/(loss) after income tax expense for the year	-	-	-	(31,277)	200	(31,077)
Other comprehensive income for the year, net of tax	-	-	1,204	-	-	1,204
Total comprehensive (loss)/income for the year	-	-	1,204	(31,277)	200	(29,873)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 6)	5,045	-	-	-	-	5,045
Share-based payments	-	-	477	-	-	477
Distribution to non-controlling interest	-	-	-	-	(52)	(52)
Capitalising converting notes	-	(372)	-	-	-	(372)
Balance at 31 December 2022	102,671	14,460	28,025	(180,093)	(317)	(35,254)

Consolidated	Issued capital US$'000	Capitalising converting notes US$'000	Reserves US$'000	Accumulated losses US$'000	Non-controlling interest US$'000	Total deficiency US$'000
Balance at 1 January 2023	102,671	14,460	28,025	(180,093)	(317)	(35,254)
(Loss) after income tax expense for the year	-	-	-	(9,626)	(71)	(9,697)
Other comprehensive income for the year, net of tax	-	-	732	-	-	732
Total comprehensive (loss)/income for the year	-	-	732	(9,626)	(71)	(8,965)
Transactions with owners in their capacity as owners:						
Restructuring	1,725	-	39,538	-	-	41,263
Distribution to non-controlling interest	-	-	-	-	(113)	(113)
Balance at 31 December 2023	104,396	14,460	68,295	(189,719)	(501)	(3,069)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

LawFinance Limited
Consolidated statement of cash flows
For the year ended 31 December 2023

	Consolidated 2023 US$'000	Consolidated 2022 US$'000
Cash flows from operating activities		
Cash collections from customers (inclusive of GST)	8,201	16,521
Payments for disbursement reports and medical liens	-	(9,583)
Payments to suppliers and employees	(2,986)	(6,164)
Net repayment of working capital facilities - medical lien funding division	(4,288)	(3,224)
Interest and fees related to working capital facilities	(875)	(5,152)
Interest received	-	227
Net cash inflow/(outflow) from operating activities	52	(7,375)
Cash flows from investing activities		
Payments for property, plant and equipment	(1)	(5)
Net proceeds from term deposits	-	693
Other - insurance commission	-	82
Net cash inflow/(outflow) from investing activities	(1)	770
Cash flows from financing activities		
Proceeds from issue of shares	-	4,502
Share issue transaction costs	-	(523)
Proceeds from borrowings - corporate	-	71
Repayment of borrowings - other	(7)	(1,002)
Repayment of lease liabilities	(37)	(36)
Interest and fees related to loans and borrowings	(6)	(17)
Net cash (outflow)/inflow from financing activities	(50)	2,995
Net (decrease)/increase in cash and cash equivalents	1	(3,610)
Cash and cash equivalents at the beginning of the financial year	1,460	5,101
Effects of exchange rate changes on cash and cash equivalents	(16)	(31)
Cash and cash equivalents at the end of the financial year	1,445	1,460

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

Note 1. General information

The financial statements cover LawFinance Limited (ASX: LAW) as a Group consisting of LawFinance Limited ('Company' or 'parent entity') and the entities it controlled ('the Group') at the end of, or during, the period.

The financial statements are presented in United States dollars ('US$' or '$'), which is LawFinance Limited's presentation currency. The functional currency of the Group's Australian operations is Australian dollars ('A$') and that of its United States operations is United States dollars.

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

Suite 335
49-51 Queens Road
Five Dock NSW 2046

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 28 February 2024.

Going concern

The consolidated financial statements of the Group have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business. In making their assessment the Directors have considered factors including those detailed below.

Per these Preliminary Accounts, the Group made a loss after tax of $9,697,000 for the 2023 year (2022: $31,077,000). In addition, the Group had a net asset deficiency of $3,069,000 (31 December 2022: net asset deficiency of $35,254,000).

As at 31 December 2023, the Group held $1,445,000 (31 December 2022: $1,460,000) in cash. Of this amount $1,099,000 (31 December 2022: $1,506,000) was unrestricted and available to fund operations and investment in the business.

Restructuring

As noted in the 31 December 2022 financial statements, the Group had a net asset deficiency of $35,254,000 at that time and was in need of a restructuring and strengthening of its balance sheet. A conditional Funding Transaction was announced on 31 March 2023 and $750,000 of Tranche 1 funding was received by the Group in the first half of the year to fund group operations. In the first half of 2023, significant focus was on restructuring the Group’s balance sheet and obtaining the funding required to run-off the PFG Book over time, in order to maximise its realizable value to repay debt and release capital.

Progress of receiving Tranche 2 of this Funding Transaction was slower was expected but on 28 December 2023, following approval at Extraordinary General Meeting, the company announced it had implemented the restructure of the Group’s debt facilities and recapitalisation. This restructure has resulted in the following;

- the release and discharge of the SAF Facility;
- the release of the Company from its obligations under the EFI Facility Agreement and the sale of its subsidiary, NHF SPV III; and
- amending the PFG Loan Agreement to facilitate the managed run-off of the PFG Book in order to maximise value and repay the PFG Loan in full.
- NHF reducing costs and staff to minimize expenditure
- PFG and secured book lenders continue to collect on the PFG book, with further updates on this to be provided in due course.

The Directors are pleased to report that, with the conditions for Tranche 2 of the Funding Transaction now satisfied and the funding successfully provided, alongside the conversion of the SAF and EFI debt into equity, the company has reduced its net asset deficiency to $3,066,000. As a result, the balance sheet is approaching a position of net asset surplus. This positive development is expected to enhance the company's capacity to raise new capital moving forward.

Note 1. General information (continued)

At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the preliminary financial report at 31 December 2023. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classifications of liabilities that might be necessary should the Group not continue as a going concern.

There is however material uncertainty related to events or conditions that may cast doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in this Financial Report.

Note 2. Operating segments

Identification of reportable operating segments
The Group is organised into two operating segments: (i) National Health Finance, comprising the US medical lien funding business and (ii) all other operations and head office costs.

These operating segments are based on the internal reports that are reviewed and used by the Board (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources.

Operating segment information

Consolidated - 2023	National Health Finance US$'000	Corporate US$'000	Total US$'000
Revenue			
Net (loss) from disbursement funding/medical lien funding	(1,524)	-	(1,524)
Other revenue	401	750	1,151
	(1,123)	750	(373)
Other income	-	-	-
Total revenue	(1,123)	750	(373)
Segment result	(3,038)	750	(2,288)
Depreciation and amortisation	(90)	-	(90)
Finance costs	(6,181)	(1,138)	(7,319)
(Loss) before income tax expense	(9,309)	(388)	(9,697)
Income tax expense			-
(Loss) after income tax expense			(9,697)
Assets			
Segment assets	6,302	507	6,809
Total assets			6,809
Liabilities			
Segment liabilities	720	9,158	9,878
Total liabilities			9,878

Note 2. Operating segments (continued)

Consolidated - 2022	National Health Finance US$'000	Other US$'000	Total US$'000
Revenue			
Net (loss) from disbursement funding/medical lien funding	(17,017)	-	(17,017)
Other revenue	508	79	587
	(16,509)	79	(16,430)
Other income	-	-	-
Total revenue	(16,509)	79	(16,430)
Segment result	(20,637)	(1,654)	(22,291)
Depreciation and amortisation	(144)	-	(144)
Finance costs	(6,043)	(2,599)	(8,642)
(Loss) before income tax expense	(26,824)	(4,253)	(31,077)
Income tax expense			-
(Loss) after income tax expense			(31,077)
Assets			
Segment assets	19,698	189	19,887
Total assets			19,887
Liabilities			
Segment liabilities	36,641	18,500	55,141
Total liabilities			55,141

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Accordingly, all liabilities are allocated based on the operations of the segment.

Note 3. Net loss from disbursement funding/medical lien funding

	Consolidated 2023 US$'000	Consolidated 2022 US$'000
From continuing operations		
Medical lien funding - USA:		
Interest income at amortised cost	5,187	6,043
Net impairment losses on financial assets at amortised cost (refer to note 4)	(6,711)	(23,097)
Net settlement gains on financial assets at amortised cost	-	37
	(1,524)	(17,017)

Note 4. Financial assets at amortised cost - USA

	Consolidated	
	31 Dec 2023 US$'000	31 Dec 2022 US$'000
Current assets		
Loan receivables - medical lien funding - USA (gross)	46,650	62,656
Allowance for expected credit losses	(44,732)	(54,518)
Loan receivables - letter of credit	1,265	656
	3,183	8,794
Non-current assets		
Loan receivables - medical lien funding - USA (gross)	66,674	64,194
Allowance for expected credit losses	(64,717)	(55,856)
Loan receivables - letter of credit	-	734
	1,957	9,072
	5,140	17,866

The loan receivables - letter of credit are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognised in profit or loss. Changes in fair value are recognised in profit or loss when the asset is derecognised or reclassified.

Medical lien funding receivables are considered purchased credit impaired assets under Australian Accounting Standards. They are initially recognised with an allowance for expected credit losses reflecting estimated lifetime credit losses. This reflects an estimate of both the probability that a settlement will not recover the entire face value of the underlying receivable and the probability that no settlement is obtained and is based on historical loss rates and realisation rates specific to the state of origination.

As part of the Group’s year end asset review of claim within the portfolio, the Group identified receivables considered to be of ‘higher risk’ of non-collection. Claims were identified as identified as higher risk due to a number of factors including age and lack of reliable information to support recoverability of claims and also where the credit risk has effectively shifted from underlying medical lien claims to being against the US medical provider that originated the claims which NHF acquired or funded. These higher risk claims were assessed by management based on a number of factors including available information regarding the debtors’ financial positions, nature of claim and progress of legal and enforcement actions (where applicable). Based on these estimates, management raised specific allowances for expected credit losses reflecting the uncertainties relating to the realisable value of claims and the broad range of potential outcomes.

Note 5. Borrowings

	Consolidated 31 Dec 2023 US$'000	Consolidated 31 Dec 2022 US$'000
Current liabilities		
Efficient Frontier Investing (i)	-	24,072
Syndicated acquisition facility (ii)	-	18,308
Partners for Growth ('PFG') (iii)	9,158	10,796
Convertible Promissory Note (v)	3	3
Economic Injury Disaster Relief loan (vi)	-	4
Insurance financing - Australia (vii)	-	62
Credit cards	3	4
	9,164	53,249
Non-current liabilities		
Economic Injury Disaster Relief loan (vi)	-	141
	9,164	53,390

(i) Efficient Frontier Investing
On 4 December 2020, a subsidiary of the Company (NHF SPV III, LLC) ('SPV III') entered into a facility agreement for $25,550,000 with (amongst others) EFI Cayman SPC for and on behalf of NHF SPV III Segregated Portfolio ('EFI'), acting as agent for a syndicate of financiers. The facility was used to (amongst other things) refinance amounts owing to Atalaya Special Opportunities Fund VI LP and Paradise Diversified Holdings Limited Partnership and has a three-year term expiring on 4 December 2023, with interest (including management fee) on the facility accruing at 12.50% per annum (31 December 2021: 12.50%).

On 28 December 2023 the company announced it had implemented the restructure of the Group’s debt facilities and recapitalisation. As part of this restructure, the Company sold its US based subsidiary, NHF SPV III, and in turn it was released from its obligations under the EFI Facility Agreement. Accordingly the amount owing has been converted into equity in LawFinance as at this date.

(ii) Syndicated acquisition facility ('SAF')
The Syndicated acquisition facility was provided by various leading Australian institutions and family offices. The facility was restructured as part of the Company’s debt restructure approved by shareholders at the Company’s Annual General Meeting on 25 May 2021 ('2021 Debt Restructure'). As part of the 2021 Debt Restructure a portion of the SAF debt was converted to equity in the Company and two remaining tranches of debt were formed. The remaining SAF facility debt was $13,750,000 (A$20,000,000), which is now referred to as Tranche 1. A new loan amount of $2,630,000 (A$3,825,000) was also made, which is referred to as Tranche 2.

This facility was also subject to the restructure of the Group’s debt facilities and recapitalisation, implemented on 28 December 2023. In line with this restructure, all indebtedness outstanding under the SAF Facility Agreement was converted into equity in LawFinance on this date. These Shares will represent approximately 62.5% of the Shares on issue immediately following the Funding and Restructure Transaction.

(iii) Partners for Growth ('PFG')
This loan facility was established on 14 April 2021 to fund the US medical lien funding business. The Borrowers are NHF SPV IV, LLC ('SPV IV') and National Health Finance DM, LLC ('DM') (SPV IV and DM are together, 'NHF'). By agreement in November 2022 (discussed below), the undrawn portion of the facility was cancelled and all collections from the PFG Book since that agreement are being applied to reduce the PFG loan (facility is in amortisation).

The loan is secured by a first ranking priority lien over all the assets of SPV IV and DM, including also share security over SPV IV and DM, lockbox agreements and deposit account control agreements.

The facility is subject to several covenants. A breach of a covenant may require the Group to (amongst other things) repay the loan earlier.

Note 5. Borrowings (continued)

As of 30 September 2022, the Company was in breach of the PFG Liquidity Covenant which requires NHF (book servicer entity) to maintain US$1 million of unrestricted cash in its operating bank account at all times. Following this breach, in addition to earlier breaches, a facility modification agreement was executed with PFG as announced on 16 November 2022 ("Facility Modification"). The Facility Modification represented a collaborative approach between PFG and the Company, whereby PFG provided the Company support to create a stable platform to focus on advancing strategic priorities including the refinance of the PFG loan.

As part of the Facility Modification, the Company and PFG agreed:
- The release of US$1,000,000 from the facility to the Company.
- A waiver of existing defaults and reduced triggers for certain financial covenants until 1 March 2023.
- Ability to refinance early without penalty.
- The issuance of warrants to PFG on a successful refinancing of the PFG facility.
- Cancellation of the undrawn facility amount.
- All collections will go towards a reduction of the PFG facility and a reduction of interest in line with the drawn amount.

On 28 December 2023 the company announced it had implemented the restructure of the Group's debt facilities and recapitalisation. As part of this restructure, the PFG Loan Agreement was once again amended to provide the following:

(a) that the medical receivable proceeds collected in connection with the PFG Loan Agreement are to be applied as follows:

(A) 40% of the Michigan Contractual Claims are to be retained by the PFG Borrowers and the balance of the Michigan Contractual Claims are to be disbursed to PFG in repayment of principal and interest owing to PFG under the PFG Loan Agreement until PFG is repaid in full and following that date to PURE and Law Finance MIS in accordance with their interests until they have been repaid the balance of all outstanding principal and interest to which they are entitled under the PFG Loan Agreement; and

(B) the lessor of:
(1) 15% of the PFG Receivables; and (2) an amount equal to 100% of the proceeds of collections of the PFG Receivables minus the sum of (i) 90% of the "Net CoGs" (as defined in the PFG Loan Agreement) of such PFG Receivables collected and (ii) the interest payable on the PFG Loan during that month calculated at 11.50% per annum,
are to be retained by the PFG Borrowers and the balance of such PFG Receivables are to be disbursed to PFG in repayment of principal and interest owing to PFG under the PFG Loan Agreement until PFG is repaid in full and following that date to PURE and Law Finance MIS in accordance with their interests until they have been repaid the balance of all outstanding principal and interest to which they are entitled under the PFG Loan Agreement; and

(b) the "Maturity Date" for the loans which have been participated in by Law Finance MIS to be extended to 31 December 2025; and

(c) the obligation on the PFG Borrowers to pay the US$750,000 "Make Good Fee" will be deleted.

As at this date, there was a reset of the financial covenants and undertakings in line with expected performance of the receivables owned by the Borrowers. Pursuant to the Facility Modification, covenant breaches that are not cured or waived by PFG within 5 business days of their occurrence shall constitute and event of default, which would allow PFG to exercise its rights and remedies under the facility.

The Facility Modification dated November 2023 extended the loan's maturity date to 31 December 2025. However, as the covenant waivers granted by PFG are set to expire in March 2024, the loan may become immediately repayable at that time. As a result, the loan has been classified as a current liability.

(v) Convertible Promissory Note
Given that the Convertible Promissory Note was not converted to equity in the Company by 10 September 2022 the cash settlement amount calculated pursuant to the formula prescribed in Note terms became payable in the amount of A$4,775.

(vi) Economic Injury Disaster Relief loan ('EIDL Loan')
The EIDL Loan of $150,000 was made available to the Company by the U.S. Small Business Administration on 16 June 2020 as a way for the entity to counter the effects of Covid-19. During the year the company wrote off this loan on the understanding that the entity the money was lent to is no longer operational.

Note 5. Borrowings (continued)

(vii) Insurance financing - Australia
On 17 August 2022, the Company entered into a loan premium funding arrangement for a loan amount of A$182,000. A monthly interest of 6.49% is payable under the arrangement. Repayments including principal and interest commenced on 17 August 2022. As at 31 December 2023 the facility has been repaid.

Financing arrangements
At the reporting date, the following lines of credit were available:

	Consolidated	
	31 Dec 2023 US$'000	31 Dec 2022 US$'000
Total facilities		
Efficient Frontier Investing (a)	-	24,072
Syndicated acquisition facility (b)	-	18,308
Partners for Growth (c)	9,158	10,796
	9,158	53,176
Used at the reporting date		
Efficient Frontier Investing (a)	-	24,072
Syndicated acquisition facility (b)	-	18,308
Partners for Growth (c)	9,158	10,796
	9,158	53,176
Unused at the reporting date		
Efficient Frontier Investing (a)	-	-
Syndicated acquisition facility (b)	-	-
Partners for Growth (c)	-	-
	-	-

(a) This facility does not have a redraw option.
(b) This facility includes capitalised interest.
(c) By agreement in November 2022, the undrawn portion of the facility was cancelled.

Note 6. Issued capital

	Consolidated			
	31 Dec 2023 Shares	31 Dec 2022 Shares	31 Dec 2023 US$'000	31 Dec 2022 US$'000
Ordinary shares - fully paid	315,797,822	63,867,656	104,396	102,671

Note 6. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	US$'000
Balance	1 January 2022	40,770,740	97,626
Issue of shares - placement (i)	11 April 2022	6,109,091	1,200
Issue of shares - entitlement offer (i)	5 May 2022	7,213,579	1,418
Issue of shares - entitlement offer (i)	6 May 2022	9,487,509	1,864
Issue of shares - entitlement offer (ii)	10 May 2022	100,000	20
Issue of shares - conversion of CCN (ii)	18 November 2022	186,737	1,232
Share issue costs		-	(689)
Balance	31 December 2022	63,867,656	102,671
Debt for Equity Conversion on restructuring (iii)	28 December 2023	251,930,166	1,725
Balance	31 December 2023	315,797,822	104,396

(i) Issue price A$0.275 (US$0.1965) per share
(ii) Conversion of capitalising converting notes ('CCN') at A$10 (US$6.7) per share.
(iii) These shares were issued in consideration for the conversion of all outstanding indebtedness owed by the Company under the SAF and EFI Facility Agreements into equity in the Company. Please refer to note 5 for further details of this restructuring.

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. 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.

Convertible bonds
Convertible bonds do not entitle the holder to participate in dividends or to vote at a meeting of the Company.

Capital risk management
The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 7. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 8. Earnings per share

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	65,944,004	56,294,576
Weighted average number of ordinary shares used in calculating diluted earnings per share	65,944,004	56,294,576

Note 8. Earnings per share (continued)

	Consolidated 2023 US$'000	2022 US$'000
(Loss) after income tax	(9,697)	(31,077)
Non-controlling interest	71	(200)
(Loss) after income tax attributable to the owners of LawFinance Limited	(9,626)	(31,277)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	65,944,004	56,294,576
Weighted average number of ordinary shares used in calculating diluted earnings per share	65,944,004	56,294,576
	Cents	**Cents**
Basic loss per share	(14.60)	(55.56)
Diluted loss per share	(14.60)	(55.56)