



Annexure A

FEDERAL COURT OF AUSTRALIA
NOTICE OF PROPOSED SETTLEMENT AGAINST EYUK
Matthew Hall v Pitcher Partners & Anor (VID 918 of 2018) (Pitchers Class Action)

PLEASE READ THIS NOTICE CAREFULLY

NOTICE OF PROPOSED SETTLEMENT WITH ERNST & YOUNG LLP (ONLY)

This notice is provided pursuant to orders made by the Federal Court of Australia to inform you about (a) the proposed settlement of a claim against one of the respondents in the above class action and (b) the right to object to the proposed settlement.

You should read this notice carefully, as your legal rights may be affected by the proposed settlement.

What is the class action about?

1. The "Pitchers Class Action" was commenced in the Federal Court of Australia against Slater & Gordon Limited's (SGH) former auditor Pitcher Partners. The Applicant alleged that Pitcher Partners, in SGH's FY2015 audit, failed to identify or communicate risks around the likely impairment of the \$1.1 billion goodwill asset (associated with the acquisition of the UK-based PSD division from Quindell plc). The result of this is alleged to be that SGH's FY15 Financial Report and/or FY15 Appendix 4E were materially misstated. This impairment ultimately occurred six months later in SGH's half-yearly report for FY2016.
2. The Applicant brought the case as a class action on behalf of all persons who (save for some limited exceptions):
 - a. acquired an interest in fully paid ordinary shares in SGH during the period between 30 March 2015 and 24 February 2016; and
 - b. suffered loss or damage by, or which resulted from, the alleged conduct of Pitcher Partners.
3. Subsequently, Pitcher Partners alleged that the UK-based component auditor who performed the UK component of SGH's FY2015 audit, Ernst & Young LLP (EYUK), was also responsible for any failure by Pitcher Partners to identify the impairment of the PSD goodwill asset. EYUK performed the component audit under the supervision of Pitcher Partners, but it was alleged, similarly failed to identify or communicate the risks outlined above and so was partly responsible for any loss caused by the performance of the audit. Given Pitcher Partners' allegations against EYUK, the Applicant also joined EYUK and substantially replicated the allegations against EYUK that Pitcher Partners had made.
4. The Pitchers Class Action proceeded to trial in the Federal Court in November 2021 and concluded in late December 2021. The parties are currently awaiting a judgment to be handed down by the Court.

The proposed settlement

5. This notice is to inform you that following the trial, Pitcher Partners agreed to settle its cross-claim against EYUK, and in the same way the Applicant and EYUK have agreed to settle the claims of the Applicant and group members against EYUK on a "walk away" basis. That is, no compensation is payable by EYUK to the Applicant or group members,



and both parties will bear their own legal costs. Group members are not required to pay any "out of pocket" costs if the proposed settlement is approved.

6. Two important points to note about the proposed settlement:
 - a. **This settlement does not affect the primary claim against Pitcher Partners, which remains on foot.**
 - b. The settlement must now be approved by the Federal Court as being fair and reasonable, and in the interests of group members.
7. SGH's acquisition of the PSD has also been the subject matter of two previous class actions we have run against SGH directly and against SGH's Australian legal advisor, Arnold Bloch Leibler, which have settled:
 - a. *Hall v Slater & Gordon Ltd* VID1213 of 2016 (**SGH Class Action**), which was settled in December 2017 for \$36.5 million alongside SGH's restructuring and the transfer to SGH's lenders of all of SGH's UK assets and 95% of the share capital of the remaining company, which was necessitated by SGH's financial position; and which amount has already been distributed to eligible group members.
 - b. *Hall v Arnold Bloch Leibler (a firm)* VID1010 of 2019 (**ABL Class Action**), which was settled in March 2022 for a total of \$28 million (inclusive of interest and costs). We are currently in the process of settlement administration and distribution for the ABL Class Action and eligible group members, the first distribution from which is expected in about September 2022.
8. Group members should be aware that if the settlement is approved, they will not be able to bring any claim against EYUK in respect of the claims the subject of the class action. As noted above, however, the settlement does not affect group members' primary claims against Pitcher Partners.
9. In agreeing to the proposed settlement with EYUK, the Applicant took into account among other things, the reduced likelihood of a material financial recovery from EYUK in light of Pitchers' settlement of its cross-claim against EYUK and the potential for additional costs to be ultimately borne by the Applicant and group members in the event that the claim against EYUK was unsuccessful and the litigation funder in these proceedings sought to recover any adverse costs payable to EYUK from any judgment in favour of group members in respect of their claims against Pitcher Partners.

Court approval

10. The purpose of this notice is to advise group members of the proposed settlement with EYUK and how it may affect their rights.
11. No further action is required for group members who do not wish to object to the proposed settlement of the claims against EYUK. If you wish to object you may submit a 'Notice of Objection to Proposed Settlement' which is attached to this Notice and is displayed on Maurice Blackburn's website (<https://www.mauriceblackburn.com.au/class-actions/join-a-class-action/pitcher-partners-class-action>), which includes instructions on how to object to the proposed settlement of the claims against EYUK.
12. Group members who submitted an opt out notice prior to the Court-imposed deadline of 8 September 2021 do not need to do anything in response to this notice. Those group members will not be affected by the class action or the proposed settlement with EYUK.



13. **The Court will consider whether to approve the proposed settlement on 5 August 2022 at 9.30am.** Group members wishing to object to the settlement may seek to appear at this hearing (and should indicate their intention to do so on the Notice of Objection to Proposed Settlement form attached).

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