

ASX Announcement (ASX: JKL)

Market Update

The directors of JustKapital Limited (JustKapital or Group) are pleased to provide an update on its businesses as at 30 June 2017.

The Board refers to the Group's Announcement on 24 May 2017 which advised that JustKapital has combined the Disbursement Division and the Short-Term Funding Division into one, known as "JustKapital Finance".

A summary of the results for JustKapital Finance for the period ending 30 June 2017 is as follows:

	FY2016 Audited ⁽¹⁾	FY2017 Unaudited	Growth ⁽²⁾
Disbursements Revenue	6,002	22,352	
Short-Term Funding Revenue	-	440	
Total Revenue	6,002	22,793	280%
Disbursements	838	5,613	
Short Term Funding Loans	-	416	
Total EBITDA	838	6,028	619%

Note 1: The Disbursements Funding Division commenced trading on 22 January 2016. Therefore FY2016 includes approximately 5 months of trading.

Note 2: If the disbursement funding division had been owned for the whole of FY2016, revenue growth would have been a 62% increase for FY2017 and EBITDA would have grown 192%.

Note 3: The above results do not include the litigation funding division or corporate overheads.

Appendix 4C Commentary – Quarter ended 30 June 2017

- Section 1.1 - Receipts from Customers – receipts (cash collections) were up 24% quarter on quarter.
- Section 1.2 - Payments – payments were in line with Board expectations. 'Payments for staff costs' included the payment of bonuses of \$0.32 million that were accrued in FY2016 but only paid in the current quarter. "Payments for administration, corporate costs, due diligence and transaction costs" includes \$0.52 million of due diligence costs in the current quarter relating to potential acquisitions and business restructuring.



- Section 8 – Financing facilities available – As announced to the ASX on 3 July 2017, the Group has successfully negotiated an increase in its finance facilities with AssetSecure Pty Limited to \$25 million (increased from \$20 million) with the facility now allowing a higher advance rate for disbursement funding.
- Section 9 – Estimated cash outflows for next quarter – “Staff costs” include the expected bonus payments of \$0.84 million that have been accrued as at 30 June 2017 but will only be paid in the next quarter. Due diligence costs, transaction costs and interest relating to loans & borrowings includes approximately \$1.0 million of due diligence costs in the next quarter relating to potential acquisitions and business restructuring.

Litigation Funding Portfolio

The Board refers to its announcement on the proposed corporate restructure of the litigation funding division on 3 July 2017. As mentioned in this announcement, the litigation funding division is to be restructured into a Trust. Shareholders of JKL will retain an economic interest in the outcome of the portfolio of cases as they move toward resolution through its investment in the Trust.

The portfolio of cases is currently being valued as part of this restructure by an independent expert who will provide a report (“IER”). The Trust will then raise external funds from investors seeking further exposure to this litigation portfolio and expanding it with other litigation funding opportunities.

Following the restructure, JustKapital will retain its economic share in litigation funding resolutions based on JustKapital's share in the Trust (as valued in the IER). JustKapital will also receive a management fee of approximately \$1m per annum for overall management of the Trust.

One case in the portfolio will not be transferred to the Trust, which is currently in the process of a court ordered mediation. The terms of this mediation remain confidential.

The Group will make further announcements on the litigation funding portfolio when the IER has been finalised.

The audited results for the year ended 30 June 2017 are expected to be released in the week beginning 21 August 2017.

Authorised by:

Philip Kapp
Executive Chairman
JustKapital Limited

For media enquiries:

Nigel Kassulke
or Jana Tsiligiannis
Cannings Corporate Communications
Tel: +61 2 8284 9908

For investor enquiries:

Diane Jones
Chief Operating Officer and Company Secretary
JustKapital Limited
Tel: +61 2 9696 0220