

31 October 2017

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 September 2017.

**JustKapital Trading Update**

As part of the restructure of JustKapital, with the Litigation Funding division now under the Trust structure, Management views the Finance division and the Corporate division as one reporting entity, under the name of JustKapital. As such, the previously reported FY18 forecast EBITDA of \$6.25m, for the Finance division only, will be updated once the restructure and proposed NHF acquisition costs are finalised. This is expected in December 2017.

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

|                               | FY2018<br>Q1   | FY2017<br>Q1   | Growth      |
|-------------------------------|----------------|----------------|-------------|
| Disbursements Funding Revenue | 5,669          | 4,257          |             |
| Short-Term Lending Revenue    | 205            | 34             |             |
| <b>Total Revenue</b>          | <b>5,874</b>   | <b>4,291</b>   | <b>37%</b>  |
| <b>Gross Margin</b>           | <b>1,632</b>   | <b>1,804</b>   | <b>-10%</b> |
| <b>Operating Expenses</b>     | <b>(1,272)</b> | <b>(1,455)</b> | <b>-13%</b> |
| <b>Total EBITDA</b>           | <b>360</b>     | <b>349</b>     | <b>3%</b>   |

Note 1: The above results do not include the litigation funding division.

|                            | 30/09/2017    | 30/06/2017    | Growth    |
|----------------------------|---------------|---------------|-----------|
| Disbursements Funding      | 34,692        | 31,999        |           |
| Short-Term Lending         | 2,239         | 2,336         |           |
| <b>Accounts Receivable</b> | <b>36,932</b> | <b>34,335</b> | <b>8%</b> |



- In order to remain competitive in an evolving landscape, Management made a decision, effective 1 January 2017, to refine its pricing to its legal firm clients thus reducing the Gross Margin. The new pricing and resultant impact on Gross Margin has been incorporated in the FY18 forecast.
- Operating Expenses have reduced due to continued improvement in operations as a result of further system enhancements and back office functionality.
- In relation to the FY18 trading to 30 September 2017:
  - Management are pleased to advise that the disbursement funding business of JustKapital is tracking ahead of plan in respect of the seasonality of the earnings contribution for the financial year to date.
  - Management will update the market once the restructure and proposed NHF acquisition costs are finalised. This is expected in December 2017.

#### **Appendix 4C Commentary – Quarter ended 30 September 2017**

- Section 1.1 - Receipts from Customers – receipts (cash collections) were up 26.6% quarter on quarter.
- Section 1.2 - Payments – payments were in line with Board expectations. “Payments for administration, corporate costs, due diligence and transaction costs” includes \$0.68 million of due diligence costs in the current quarter relating to NHF acquisition and business restructuring.
- Section 8 – Financing facilities available – As announced to the ASX on 27 September 2017, the Group has successfully negotiated an increase in its finance facilities with AssetSecure Pty Limited to \$35 million (increased from the original \$20 million)
- Section 9 – Estimated cash outflows for next quarter – Due diligence costs relating to the NHF acquisition, transaction costs and interest relating to loans & borrowings includes approximately \$1.1 million of due diligence costs in the next quarter relating to the NHF acquisition and business restructuring. Other (case investments) of \$586k relates to the final contribution of costs before the restructuring is completed.

**Authorised by:**

Diane Jones  
Chief Executive Officer  
JustKapital Limited

**For media enquiries:**

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

**For investor enquiries:**

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