

## NHF Acquisition Completion

The Board of JustKapital Limited ("the Group" or "the Company") is delighted to report that, following strong support from its shareholders at the recent Extraordinary General Meeting, it has successfully closed the acquisition of National Health Finance HoldCo, LLC ("NHF") for US\$53m ("Transaction"). All conditions precedent to the Transaction were satisfied or waived and the Transaction was completed in the US on 28 September 2018.

*"We would like to recognise the support of our key shareholders and the new investors that participated in the Syndicated Acquisition Facility, who have worked with us over recent months and without whose support we would not have been able to undertake this transformative transaction"* said Diane Jones, Chief Executive Officer.

NHF's operation will now form the largest part of the Group's operations and the outlook looks more exciting than ever. We understand we have asked a lot from our shareholders over the last year, as we have worked hard to transform the Company into a business that has a sustainable and scalable future.

Issues relating to accounting changes and acquisition accounting make forecasting profitability difficult at this time and, in all likelihood, for the year ahead. However, this is not the only measure of value creation and the three other key valuation metrics: Net Receivables, Cash Collections and Unrecognised Day 1 Margin, for the combined Group are expected to improve and will be reported to shareholders.

Post Transaction, the market capitalisation of the combined business (A\$40.2m<sup>1</sup>) is expected to be below 1x run-rate<sup>2</sup> cashflow, with an Enterprise Value<sup>3</sup> multiple of just 1.2x book value<sup>4</sup>. This compares favourably to both the overall market and comparable businesses.

NHF has significant capability across the US and we believe that despite the total market for its services already being more than 5x that of our Australian disbursement business, it is still nascent and undeveloped.

We are excited to be working with David Wattel ("Wattel") and Dr Mark Seigel ("Seigel") who are industry veterans, and post Transaction will become our largest shareholders. They bring a wealth of experience and we are pleased to report that in recent months NHF has launched several expansion initiatives that we look forward to sharing with you in due course.

This is a very exciting time for the Company and our shareholders and we will be providing more information in the coming weeks, but in the meantime encourage investors to read our recently released Prospectus for the forthcoming 1:1 Rights Issue.

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<sup>1</sup> Assumes that i) 56,250,000 new Shares will be issued under the Rights Issue at an issue price of A\$0.08 and ii) 93,750,000 new Shares will be issued under the Placement at an issue price of A\$0.08 and 215,097,403 new Shares will be issued to Wattel and Siegel.

<sup>2</sup> Annualised gross operating cashflow over the trailing three months.

<sup>3</sup> Enterprise Value – Market Capitalisation plus Net Debt.

<sup>4</sup> Australian Litigation Funding book (A\$20m approx.) + Australian Net Receivables (A\$37m) + US Net Receivables (A\$129m using a AUD: USD exchange rate of 0.72).

## Re-compliance with ASX Listing Rules Chapters 1 and 2

Since the Transaction will result in a significant change to the nature and scale of the Company's activities, the Company will be expected to re-comply with Chapters 1 and 2 of the Listing Rules ("ASX Requirements") in accordance with ASX Listing Rule 11.1.3 ("Re-compliance"). In addition, the Transaction required the Company's shareholders' approval under ASX Listing Rule 11.1.2 which was received at the Extraordinary General Meeting held on 26 September 2018.

It was initially intended by the parties that the Company would issue to Wattel and Siegel on completion of the Transaction:

- an aggregate of 215,097,403 ordinary shares in the Company; and
- warrants to purchase an aggregate of 122,863,636 ordinary shares in the Company,

("Purchase Consideration Shares and Warrants").

The Company's securities are suspended from trading and no new securities can be issued until ASX is satisfied that the ASX Requirements have been met. Accordingly, the Company, Wattel and Siegel agreed that the issue of the Purchase Consideration Shares and Warrants are deferred until Re-compliance.

The Company expects to be re-listed by 23 October 2018.

### Authorised by:



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