

Investor Presentation

Equity Capital Raising
December 2019

Executive Summary

- The Company is undertaking a capital reorganisation to simplify and grow the balance sheet, in order to facilitate growth for its US subsidiary National Health Finance (NHF).
- Since the acquisition of NHF in September 2018, LAW management has been focused on corporatising the business, investing in people and processes, and identifying the most attractive areas for expansion. Management has a strong track record, having achieved the same outcome with the Australian business.
- Company growth has been constrained by a stretched balance sheet and the reorganisation will resolve this and provide funding to execute the US expansion plans.
- NHF's receivables command an unlevered return on assets of 23%.
- Indications from the last 12 months are that under the stewardship of the LAW management team, returns are improving considerably.
- The Company has successfully raised US\$3.4m (A\$5.0m) through a Placement to existing and new institutional investors and is raising up to an additional US\$24.4m (A\$36.0m) via a 1 for 1 Entitlement Offer.
- Both the Placement and Entitlement Offer are being made at A\$0.064 per share
- The Entitlement Issue has been partially underwritten by Lucerne Australia Pty Ltd ("Lucerne") for US\$13.6m (A\$20.0m), which will be the "Minimum Raising" under this Offer.
- Proceeds will be used to repay US\$8.5m (A\$12.5m) of subordinated debt, with the balance applied to loan book growth and working capital.
- In addition, other debts within the business totalling US\$25.6m (A\$37.7m) will be converted into equity and out of the money options, with a further US\$17.3m (A\$25.5m) of subordinated debt being restructured into a Capitalising Converting Note.
- This will significantly expand the equity base of the Company and result in a US\$5.4m (A\$8.0m) saving in the annual cash interest expense.

FX: AUDUSD: 0.68

Company Snapshot (LAW.ASX)

Capital structure (post Minimum Raising)

Share Price (20/12/2019)	\$0.072
Fully paid ordinary shares	874.3m
Warrants	452.7m
Market Capitalisation (at last traded price)	A\$62.9m
Cash (proforma)	A\$13.5m
Drawn Debt (proforma)	A\$184.0m
Enterprise Value (proforma)	A\$233.4m

Existing Shareholders (pre transactions)

David Wattel – NHF founder	107.6m	22.2%
Mark Siegel – NHF founder	107.6m	22.2%
Washington H. Soul Pattinson	43.8m	9.1%
Lucerne Asset Mgt and associates	42.3m	8.7%
EGP Capital Pty Ltd	40.5m	8.4%

Asset Backing by Division

Asset value

National Health Finance (USA) - Medical Lien Funding	US\$85.0m
JustKapital Finance (Australia) – Disbursement Funding	US\$29.0m
Litigation Funding - Lawsuit Financing (in run-off)	US\$14.0m
Total Group	US\$128.0m
Total Group (AUD)	A\$188.2m

Board & Management

Tim Storey	Non-Executive Chairman
Diane Jones	CEO, Executive Director
Anthony Murphy	Non-Executive Director
David Wattel	Executive Director
Anthony Hersch	Chief Operating Officer
Craig Beatton	Chief Financial Officer
Richard Cruz	Chief Operating Officer - NHF
Sarika Merchant	Chief Financial Officer - NHF

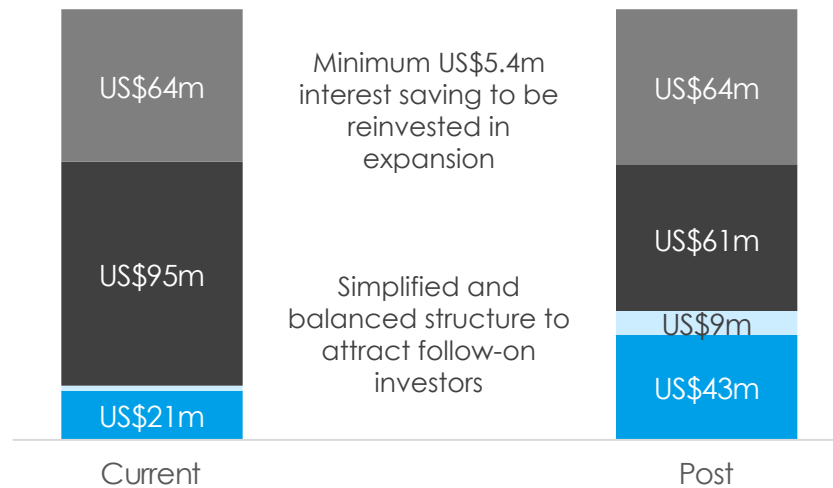
FX assumed in this presentation: AUD/USD: 0.68

Reorganisation plan



Enterprise Value

■ Market Cap ■ Cash
■ Corporate Debt ■ Book Financing

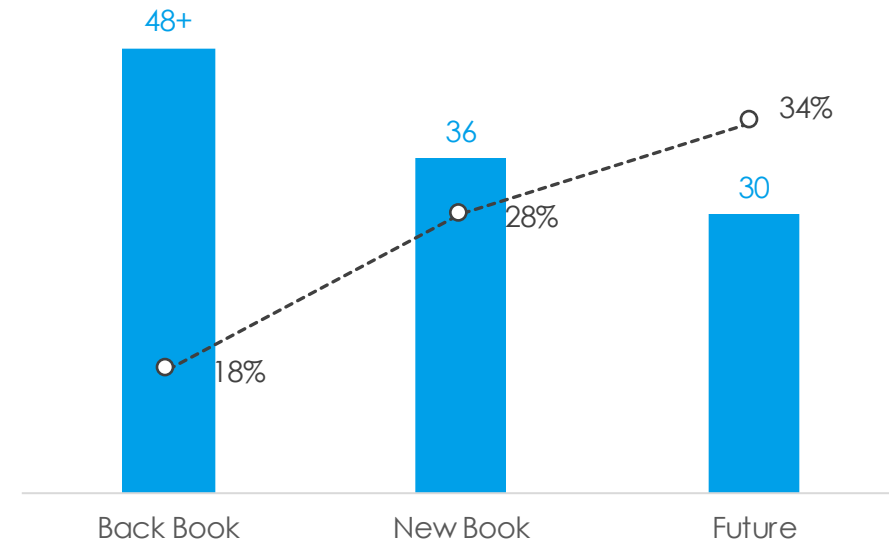


Total: US\$168m

US\$159m

Rising Returns

■ Average Months to collect --○-- Effective Interest Rate



Operating Divisions

A US market leader in the personal injury medical receivables financing industry. Funding medical bills, where the not-at-fault accident victim's insurance claim has not been settled and is subject to litigation.

National Health Finance (NHF)

☐ Funding medical bills through liens

☐ Remove burdensome administration for medical practitioners

☐ Expected Realisation¹: US\$85.0m

An Australian market leader in funding of out-of-pocket expenses (disbursements) for law firms. Repayment for the disbursements funded is not contingent on the outcome of the case.

JustKapital Finance (JKF)

☐ Funding expert reports

☐ Funding other out of pocket expenses

☐ Expected Realisation¹: US\$29.0m

In run-off - Funding of all fees and disbursements associated with large scale litigation. Funding agreements signed with plaintiff to share success of outcome.

Litigation Funding (Australia)

☐ Cases externally financed

☐ Cases expected to complete in FY2020

☐ Expected Proceeds: US\$14.0m

1. As at 31 October 2019.

Proven management team to repeat past success

JustCapital Finance

- ✓ Deployed fully integrated end to end Netsuite system
- ✓ Corporatised target business post acquisition
- ✓ Introduced robust processes and procedures
- ✓ Developed targeted marketing plan for go-market strategy
- ✓ Rollout of business across the country
- ✓ Reduced cost of capital from 13.5% to 8.7%
- ✓ 300% growth in book of receivables post acquisition

National Health Finance

- ✓ Deployed fully integrated end to end Netsuite system
- ✓ Corporatised target business post acquisition
- ✓ Introduced robust processes and procedures
- ✓ Developed targeted marketing plan for go-market strategy
- 🕒 Currently operates in 21 states
- 🕒 Cost of capital is currently 13% plus a 1% undrawn line fee
- 🕒 Targeted growth plan underway



NHF - the US expansion opportunity

Established
1999

Cases
funded
60,000+

Operations
21 states

Executive Summary – The NHF Business

LawFinance (LAW) is a diversified financing business that specialises in personal injury funding in both Australia and the US.

THE BUSINESS

A subsidiary of LAW, National Health Finance (NHF) has been pre-funding the medical expenses of insured motor vehicle accident victims since 1999

NHF recoups its investment from the at fault driver's insurance company at a multiple of the amount originally funded

NHF's funding product provides a positive solution to the victim, the attorney and the medical professional

THE ISSUE

The United States does not have the Australian equivalent of "Medicare"

As a result, many US citizens cannot afford the upfront cost of medical treatment required following an accident whilst waiting for the insurance pay-out

Substantial market opportunity: estimated market size of approx. US\$15.8 billion*

NHF SOLUTION

NHF connects injured parties (who otherwise may not receive treatment) with attorneys and medical professionals

NHF has an extensive network of more than 3,500 attorneys and medical providers

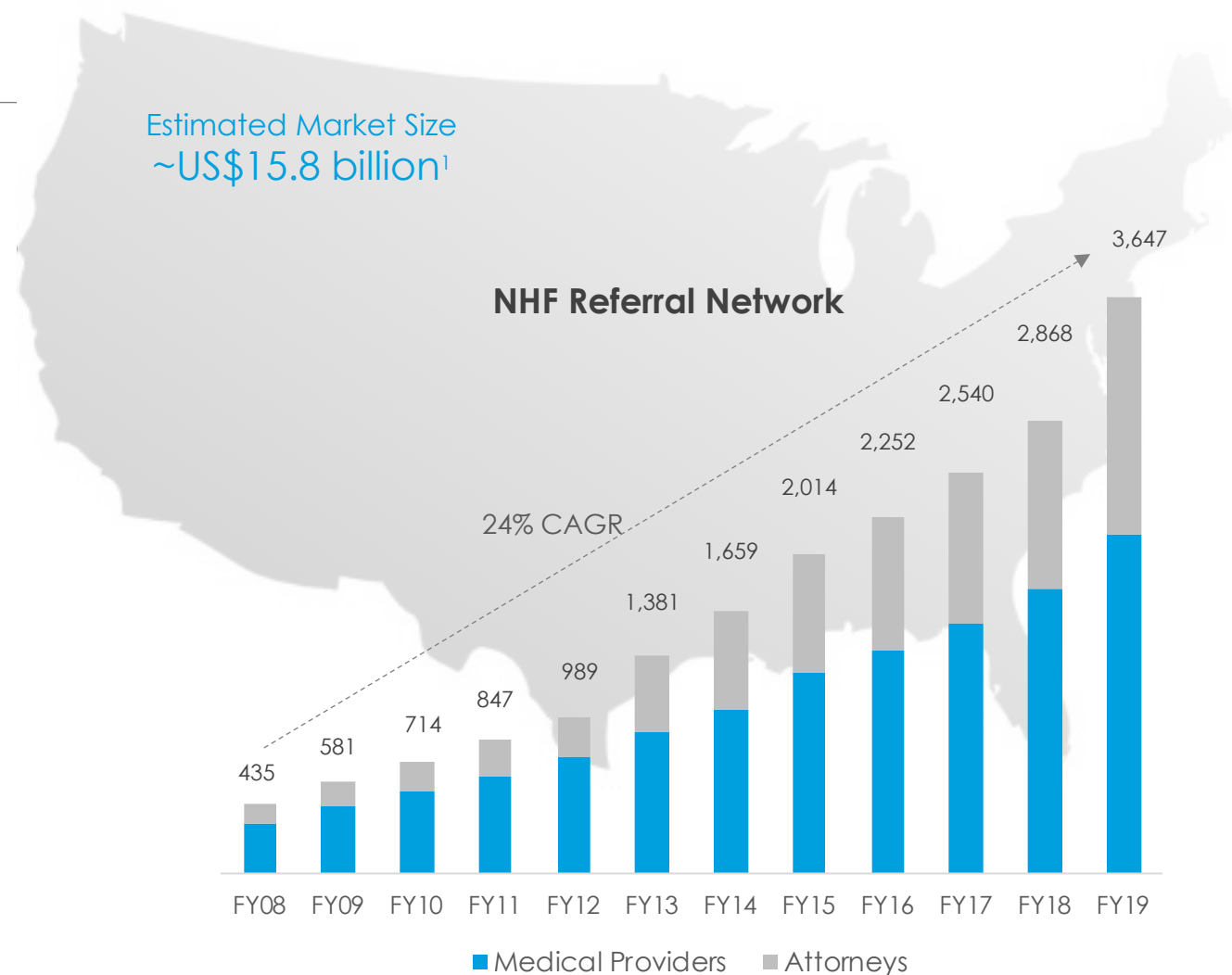
Win-Win-Win: The victim gets treated sooner, whilst the attorney and medical provider get paid sooner

**Source: Adidem Law*

NHF opportunity

NHF currently funds less than 1% of the total addressable market and has the internal infrastructure and a relationship network to grow to +5% in the years ahead.

- NHF has been operating for 20 years and is one of the top five largest personal injury financiers in the United States.
- NHF operates in a large addressable market created by an underfunded and complex US healthcare system.
- The deployment of technology platform Netsuite has allowed management to harness its referral network of 3,600+ medical specialists & attorneys and more effectively manage its receivables book.
- After a year of investment, access to further capital allows NHF to better capture the funding opportunity.



¹Estimated market size calculation: 2.35 million people injured in car accidents per year (50% at fault) + 8,000,000 "slip and fall" accidents per year which we assume that 5% of accidents are worth funding multiplied by an average claim size of \$10,000; $((2.35m * 50\%) + (8m * 5\%)) * \$10,000$. Source: Adidem Law.

NHF's business model is beneficial to each entity that is party to the claim



Medical Providers Benefit

- Allows the physician to focus on patients
- Ensures timely payment to medical providers
- A physician's testimony during legal examination can be called into question if payment for services is directly linked to case outcome.



Attorneys Benefit

- Assists attorneys to obtain medical care for clients
- Removes "gap in care" from delayed treatment which can be used to minimise payout of the victim's claim.
- Assists with maximising the victim's claim.
- Strong referral network with medical providers



Patients Benefit

- Provides the victim with a level of medical care they would likely not otherwise receive.
- Avoids delays in obtaining medical care.
- Provides the victim with the opportunity to achieve improved compensation under their claim.
- NHF enables the patient to access premium care without the need for personal insurance coverage.

Network (attorneys & medical providers) identify insured accident victims who are not at fault

NHF approves the case and funds medical cost until insurance claim is processed and paid

NHF funds up to 30% of insured value, with 90% of this funding provided by its financier

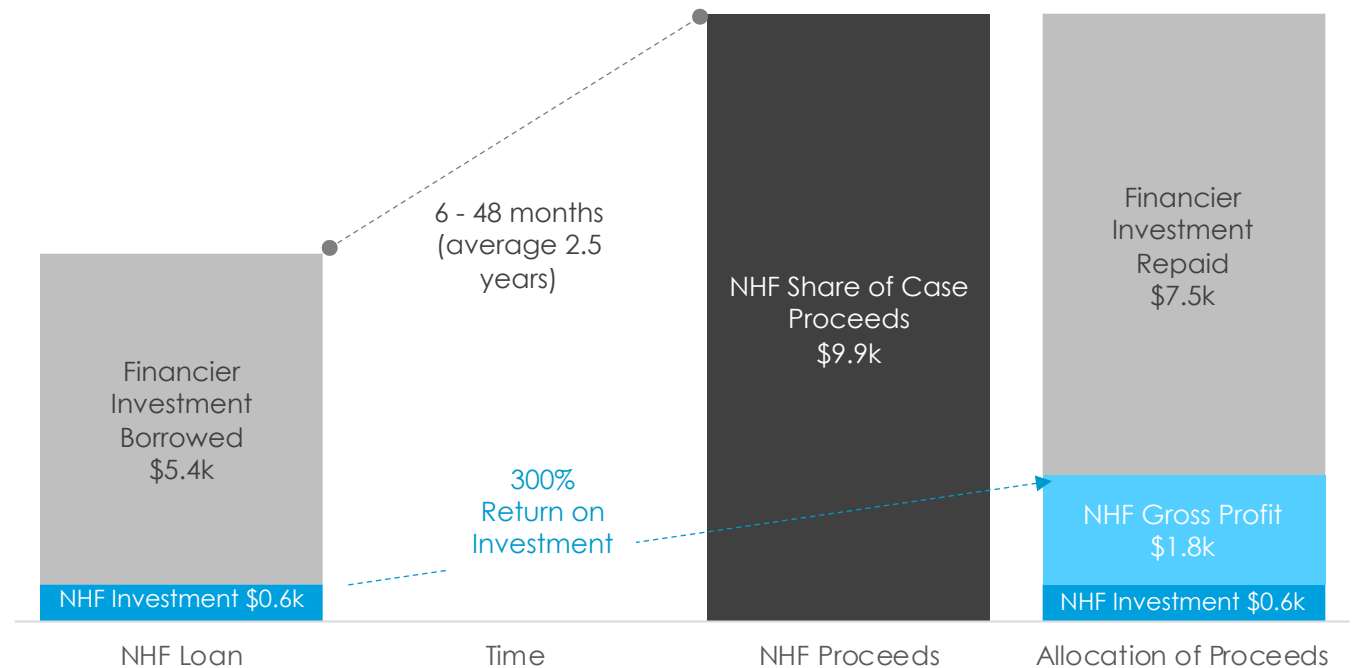
96% of cases are successful with proceeds distributed to victim, attorney and NHF

The NHF proceeds are used to repay financier (plus interest) with the balance retained as profit

NHF – exceptional returns with low risk

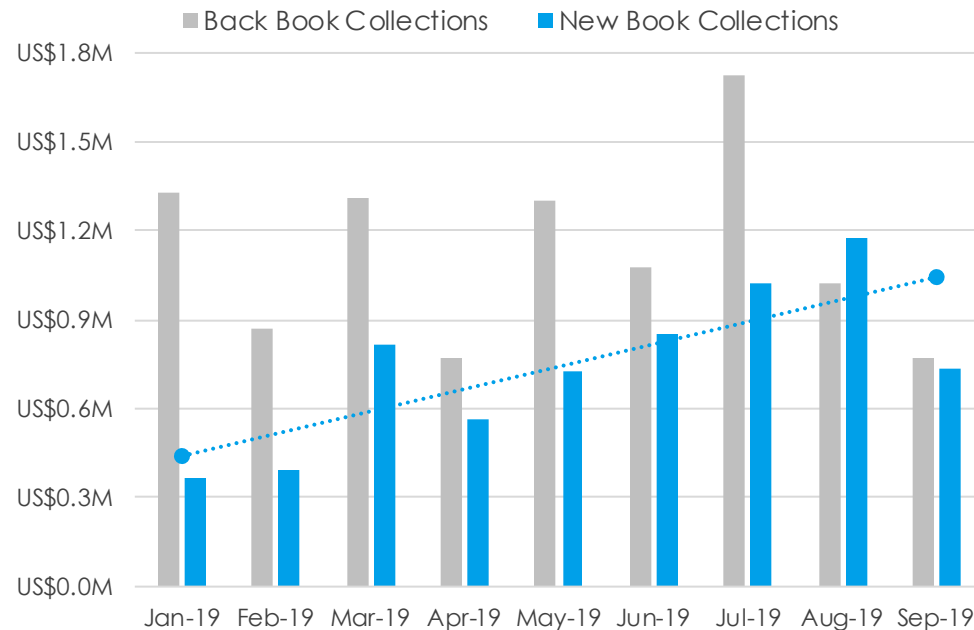
- The model is well established and, for victims with less comprehensive healthcare and insurance coverage, forms an integral part in the US healthcare system.
- Due to the significant financing available on these funding opportunities, the return on NHF's investment is extremely high.
- The existing receivables book is earning 23% annual interest rate equivalent after losses (~1.65x money loaned).
- The payback on the 1.65x money loaned can range between less than 12 months and up to 4 years (equity IRR 30%+). This depends on which US-jurisdiction (state) the funding takes place.
- After this reorganisation, NHF will have access to US\$35m in available headroom under its US facility.

Example Receivable Funding of \$6.0k to pay medical costs of victim

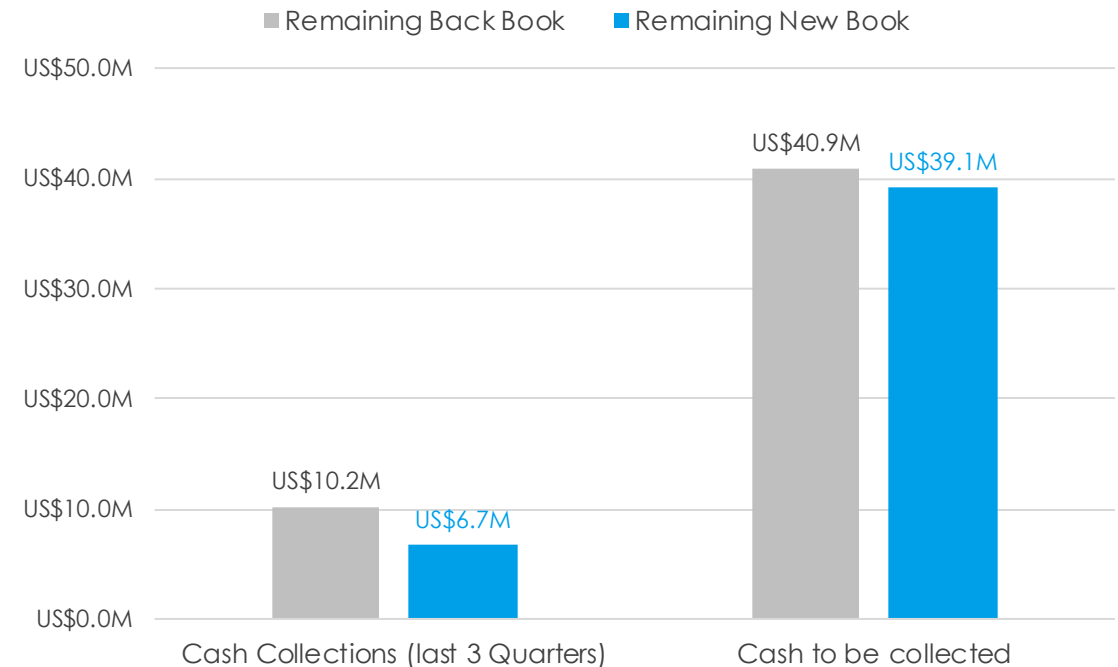


Existing Loan Book

Cash Collections Monthly



Expected Cash to be Collected



- NHF enjoys a regular inflow of cash from its existing books of receivables – these are broken down in the Back Book (receivables that predate the purchase of the business by LawFinance) and New Book (receivables that have been originated in the last 18 months).
- There is a steady uptrend in the New Book collections, which will improve further as it matures.
- Most of the Expected Cash to be Collected will be received in the next 30 months.

Improving Returns

CASH Generation - Annualised Last 3 Qtrs. Target Run Rate

NHF (US)

Cash Collections	22.5	32.0
US Financing Expenses	-6.0	-6.0
NHF Gross Cashflow	16.5	26.0

JKL (Aus.)

Cash Collections	5.5	5.5
Aus. Financing Expenses	-1.9	-1.9
JKL Gross Cashflow	3.6	3.6

LAW Group

Group Gross Cashflow	20.1	29.7
Operating Expense	-10.6	-10.6
Cash Interest	-11.2	-5.8
Tax	0.0	0.0
CASH GENERATED	-1.7	13.3

- The Target Run Rate demonstrates the expected improvement in the business based on:
 - The lower interest cost derived from this reorganisation.
 - The cash to be collected from the Existing Book (US\$85m over 30 months - see previous slide), which will be reinvested into new receivables.
- We expect to further enhance this return through four initiatives:
 1. Receivable funding growth – post transaction the group will have US\$35M of headroom in the US and ~US\$6M in Australia to fund further growth.
 2. The NHF New Book is performing better, generating 50%+ higher returns for each dollar deployed.
 3. Post Reorganisation, management will explore various methods to reduce the cost of funding in the US.
 4. These figures exclude an expected US\$14M to be received from the successful run-off of the Litigation Funding division.



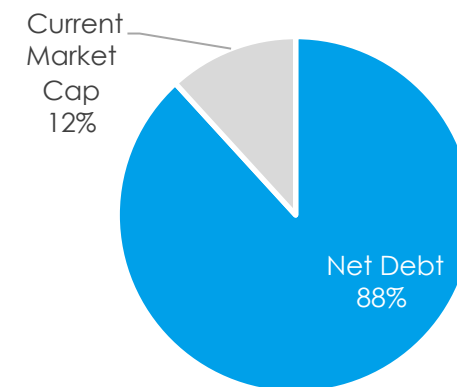
Reorganisation & Offer

The increased equity platform will allow for rapid US expansion

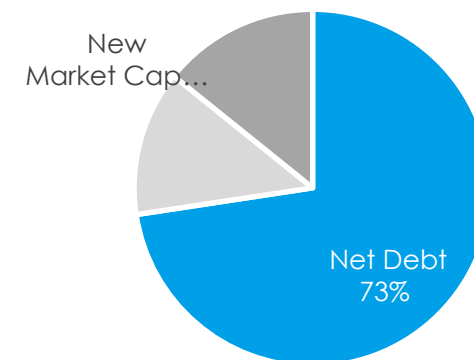
- The capital structure of LAW will be simplified and improved by a US\$42.0m (A\$61.2m) reduction in Net Debt.
- The post transaction Market Capitalisation of LAW will increase by 81% to US\$42.8m (A\$62.9m).
- Subordinated debts of US\$17.3m (A\$25.5m) will be swapping into a Capitalised Converting Notes resulting in a significant cash interest saving.
- The US\$42.0m reduction in Net Debt consists of:
 - US\$22.1m - NHF Vendor Loan and Promissory Note exchanged for options
 - US\$8.5m – Corporate Debt being Repaid
 - US\$3.4m – Convertible Notes converting to Equity
 - US\$7.7m – Increase in Cash to US\$9.2m

The increase in the equity of the business will allow management to draw down on existing debt facilities and rapidly scale the NHF operation where there is a very significant opportunity for exceptionally high returns on investment.

Current Enterprise Value



Post Reorganisation EV



Offer & Timetable

Placement and Entitlement Offer

- LawFinance is raising a minimum of US\$17.0m (A\$25.0m) via a Placement (completed) and Entitlement offer.
- The Entitlement Offer to shareholders is based on a 1 for 1 ratio with Placement Participants entitled to apply for shares under the offer.
- Both offers will be priced at 6.4cps in line with the Convertible Notes that will also be converting into equity.
- The offer will be conducted as an Non-Renounceable Entitlement Offer partially underwritten by Lucerne Investment Partners
- This equates to:
 - 11.1% discount to the last close (7.2cps)
 - 12.4% discount to the 7 day VWAP (7.3cps)
 - 15.8% discount to the 30 day VWAP (7.6cps)

Timetable (indicative - subject to change)

Institutional Placement Open	Monday, 23 December 2019
Institutional Placement Close	Tuesday, 24 December 2019
Institutional Placement Settlement	Tuesday, 31 December 2019
Entitlement Offer Record Date/ Ex Date	Monday 13 January 2020
Entitlement Offer Open	Thursday 16 January 2020
EGM to seek shareholder approval	Friday, 14 February 2020
Entitlement Offer Close	Friday 14 February 2020

Sources & Uses

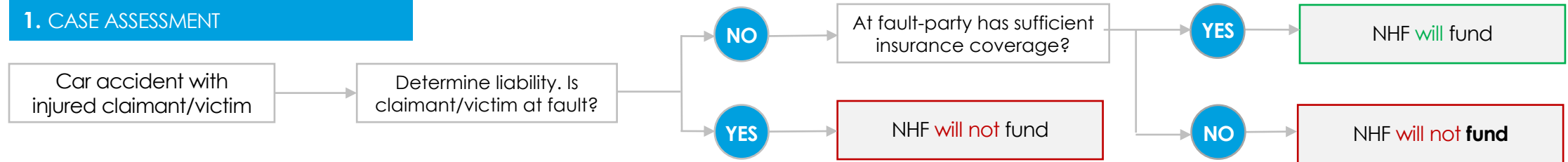
Sources of Cash	US\$M	Uses of Cash	US\$M
Entitlement Underwriting	13.60	Repay Subordinated Debts	8.50
Placement (closed)	3.40	Capital for new funding	8.16
-	-	Costs of Offer	0.34
Total	17.00	Total	17.00



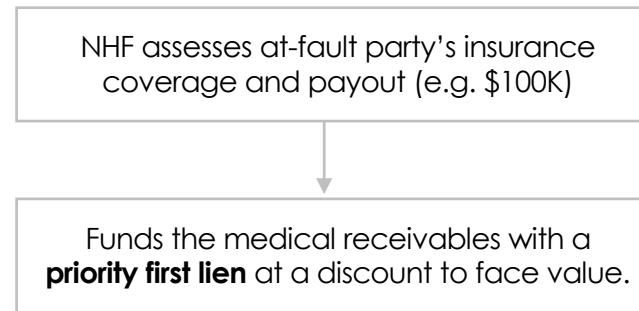
Appendix

NHF Case Assessment

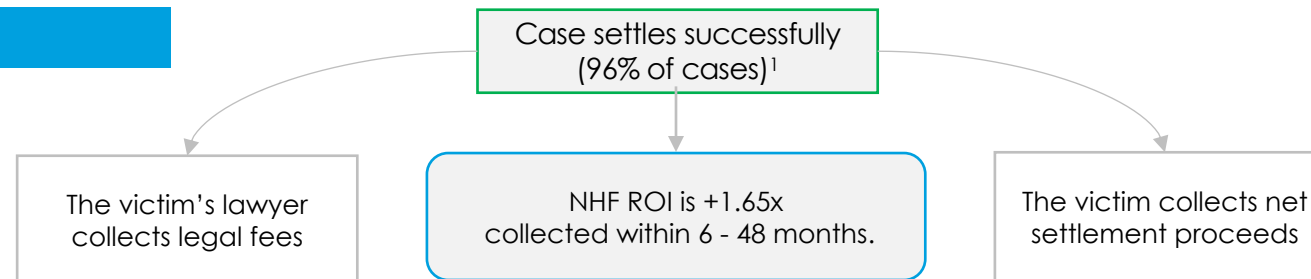
1. CASE ASSESSMENT



2. DETERMINE INSURANCE COVERAGE



3. CASE SETTLEMENT



We expect the average collection time to reduce to 24 months as the New Book replaces the Back Book. This will significantly increase investment returns

Key Performance Indicators

(US\$m); Dec Y/E	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020
Cash Collections							
USA	5.7	5.1	5.3	6.5			
Australia	2.5	2.0	2.4	2.8			
Total	8.2	7.1	7.7	9.3	0.0	0.0	0.0
Originations							
USA	4.7	7.1	5.8	6.0			
Australia	2.4	1.8	1.9	2.1			
Total	7.1	8.9	7.7	8.2	0.0	0.0	0.0
Net Receivables							
USA	96.0	105.3	102.1	98.6			
Australia	27.1	27.9	28.0	27.5			
Total	123.1	133.2	130.1	126.1	0.0	0.0	0.0
Deferred profit including Fair Value (reported half yearly)							
USA	20.4		23.2				
Australia	5.8		5.3				
Total	26.2		28.4		0.0		0.0
FX (AUD/USD)	0.7058	0.7087	0.7020	0.6754	0.0000	0.0000	0.0000

- Due to the challenges of providing a P&L that accurately reflects the economics of the business while we await the profit recognition under AASB 9 to *catch-up*, management will be providing updates on the key performance indicators of the operations.
- Deferred Profit** is an internal measure and reflects the profit that has been earned but not yet recognised through the P&L. This figure will include Fair Value adjustments, which removes the reduction in the profit from the time value of money to give the actual profit which will flow through the P&L in future years.
- Net Receivable** is equal to the gross receivable/claim amount less discounts, time value of money, write offs and credit risk. The net amount receivable is the amount we expect to collect over time

NHF Business Model

Illustrative model

Origination cost	1,000	...our contribution
Receivable funding	9,000	...debt financing
Cash invested to fund medical costs	10,000	...cash to be invested
Expected Return multiple	1.65x	...return on investment net of provision for losses
Expected Return	16,500	

Cashflow	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Cash collection profile	-	5%	25%	35%	30%	5%
Cash invested	-10,000					
Cash collected		825	4,125	5,775	4,950	825
Operating costs		-990	-165	-165	-165	-165
Interest		-1,193	-1,372	-1,029	-422	0
Cashflow	-10,000	-1,357	2,588	4,581	4,363	660

SUMMARY

Gross Cash Received	16,500
Costs & Interest	-5,667
Net Cash Received	10,833
Debt Repaid	-9,000
Net Cash return	1,833
Our contribution	1,000
Return on cash invested	83%

- We invest US\$1,000 and finance US\$9,000, which is used to purchase the medical lien (for the medical expenses) of the accident victim.
- The victim's law firm initiates legal action against the at-fault driver's insurance company for compensation to cover medical costs, other expenses and pain & suffering.
- In most cases the parties settle the claim and on average NHF has enjoyed a 1.77x return on the Cash Invested (we assume 1.65x in future).
- Cash Collection profile – sometimes cases complete in year 1, sometimes not until year 5 - the sooner the better for the victim and NHF.
- Overall, using these conservative inputs, NHF makes US\$1,833 return on each US\$1000 invested after costs.
- By improving the speed of collection and reducing the cost of financing, we expect to be able to increase this return.

In this example we have used a Cash collection profile that reflects the various maturities across a typical book.

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THANK YOU

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