

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

LawFinance Limited

ABN

72 088 749 008

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (9 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,754	21,413
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(11)	(82)
(d) leased assets	-	-
(e) staff costs	(964)	(3,385)
(f) administration and corporate costs	(472)	(2,085)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(5)	(14)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Payments for disbursement reports and medical liens	(2,150)	(10,675)
1.8 Movements in Working Capital Facilities (including interest)	(4,478)	(15,105)
1.9 Net cash from / (used in) operating activities	(1,325)	(9,931)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(5)	(7)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (9 months) \$USD'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	495
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Payments for Litigation Case Funding (net of co-funders contribution)	(270)	159
2.6	Net cash from / (used in) investing activities	(275)	647

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,345
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(43)	(400)
3.5	Proceeds from borrowings - corporate	814	2,884
3.6	Repayment of borrowings - corporate	(35)	(1,541)
3.7	Transaction costs related to loans and borrowings (including interest)	(245)	(973)
3.8	Dividends paid	-	-
3.9	Other – Repayment of Lease Liabilities	(118)	(187)
3.10	Net cash from / (used in) financing activities	373	5,128

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,714	5,777
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,325)	(9,931)

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (9 months) \$USD'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(275)	647
4.4	Net cash from / (used in) financing activities (item 3.10 above)	373	5,128
4.5	Effect of movement in exchange rates on cash held	11	(123)
4.6	Cash and cash equivalents at end of period	1,498	1,498

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	1,391	2,611
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other - term deposits for Bank Guarantees	107	103
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,498	2,714

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$USD'000**

(94)

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
7.1 Loan facilities	166,091	114,442
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	166,091	114,442

7.5 **Unused financing facilities available at quarter end** 51,649

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Refer to Attachment 'A' at the end of this Appendix 4C for details of the above financing facilities.

8. Estimated cash available for future operating activities	\$USD'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,325)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,498
8.3 Unused finance facilities available at quarter end (Item 7.5)	51,649
8.4 Total available funding (Item 8.2 + Item 8.3)	53,147
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	40.11

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2020

Authorised by: "By the Board"

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Attachment 'A' - LawFinance Limited
Appendix 4C - 30 September 2020 - Section 8 - Financing facilities available

Provider	Total facility amount at quarter end USD\$'000	Amount drawn at quarter end USD\$'000	Date of Repayment	Interest and fees payable (per annum)	Secured (Y/N)	Description of Financing Facility
Assetsecure Pty Limited	28,528	17,681	30/Sep/2022	8.45%	Y	This facility is used to fund the Australian disbursement funding business.
Atalaya Capital Management	80,000	32,958	25/Apr/2022	14.50%	Y	This facility is used to fund the US medical lien funding business.
Paradise Diversified Holdings Limited Partnership	7,066	8,462	30/Sep/2020	30.00%	Y	This facility was used to fund the US medical lien funding business in Michigan. The Group is presently working on refinancing this facility.
Convertible Bonds issue	998	1,113	31/Dec/2021	11.50%	N	These bonds were issued on 15 July 2016 - the funds were used to fund working capital and the litigation portfolio. After the company undertook a capital raising in November 2018 at A\$0.08 per ordinary share, the resulting conversion price of these Convertible Bonds is now A\$0.064 per ordinary share.
Various clients (arranged by Lucerne Group)	2,742	3,263	31/Dec/2021	13.50%	N	This facility was used to fund the litigation portfolio. It is expected to be repaid with receipts from the litigation portfolio.
FCCD (Australia) Pty Limited/Principis Master Fund SPC	4,992	5,165	17/Jul/2021	N/A	Y	This facility is used to fund certain cases within the litigation portfolio. A portion of the facility is repayable upon the completion of the cases funded or 17 July 2021 (whichever is the earliest) with the financier entitled to a share of the proceeds of the net profit from the cases funded.
Syndicated Acquisition Facility	29,954	32,974	28/Sep/2022	13.00%	Y	The facility was used to purchase NHF in September 2018, and for working capital.
WH Soul Pattinson Limited	1,341	1,919	30/Jun/2020	15.00%	Y	This facility was established to allow the deferral of costs associated with the purchase of NHF. The Group is in discussions with the lender concerning this facility.
WH Soul Pattinson Limited	2,000	2,194	30/Jun/2020	13.00%	Y	This facility was established to assist the company with working capital capital requirements. The Group is in discussions with the lender concerning this facility.
Capitalising Converting Note	-	-	31/Dec/2022	6.00%		This facility has now been classified as equity, as it is only payable as ordinary shares, not as cash. The quarterly capitalised interest is also converted to equity on a quarterly basis, and is also only payable as ordinary shares. This was voted on and agreed to by shareholders at the Company's Extraordinary General Meeting on 10 March 2020, and reflected in the Appendix 3G released to the market on 9 June 2020.
Galloway & Galloway	1,150	1,364	31/Jan/2021	24.00%	Y	This facility was established to assist the company with working capital capital requirements.
Other NHF Subordinated Debt	1,000	1,000	Repayable on Demand	12.00%	N	This facility was used to fund working capital of NHF prior to its purchase in September 2018.
Other NHF Promissory Notes	3,000	3,000	31/Dec/2020	13.50%	Y	This facility has been used to fund working capital.
Other NHF Promissory Notes	250	250	30/Jun/2021	13.00%	Y	This facility has been used to fund working capital.
Other NHF Promissory Notes	1,500	1,500	31/Jul/2021	13.50%	Y	This facility has been used to fund working capital.
Loan - Kupang Investments Pty Ltd	464	491	17/Jan/2021	24.00%	Y	This facility provided some short term liquidity to the group and will be repaid from proceeds from one of the litigation cases that are due to be received in November 2020.
Lucerne Short Term NHF	350	353	31/Oct/2020	13.50%	N	This facility provided some short term liquidity to the group and will be repaid following the refinancing of part of the USA facilities, which the Group is presently working on.
Paycheck Protection Program Loan	595	595	13/May/2022	1.00%	N	This Paycheck Protection Program Loan (PPP Loan) was made available by the US Small Business Administration to assist companies financially during the COVID-19 pandemic.
EIDL	160	160	26/Jul/2051	3.75%	N	This Economic Injury Disaster Relief Loan (EIDL) was made available by the US Small Business Administration to assist companies financially during the COVID-19 pandemic.
	\$ 166,091	\$ 114,442				