



ASX Announcement (ASX: LAW)

30 April 2021

## Update on Conditions and JustKapital Financing

LawFinance Limited ("LAW" or the "Company") today announced that it has satisfied two conditions that were set out in the 'Successful Restructure and Capital Raising' announcement on 19 April 2021 ("RCR Announcement").

### JustKapital Financing

As disclosed in the RCR Announcement, LAW's subsidiary JustKapital Financing Pty Ltd ("JKF") was undergoing a strategic review as it was determined to be non-core to the Company. As at 31 December 2020, the JKF Receivables had a book value of c.US\$1 million less than the outstanding debt secured against the receivables. Recently, a large debtor of JKF, who owes JKF approximately US\$3 million, appointed Administrators and subsequently entered into liquidation.

Today, LAW and AssetSecure Pty Limited ("AssetSecure") executed an amendment and restatement to the existing standstill agreement ("AS Agreement") whereby LAW will pay AssetSecure c.US\$64k per month for 12 months (starting 30 June 2021) and c.US\$780k on 30 June 2022 in full satisfaction of its potential guarantee exposure relating to the AssetSecure receivables purchase agreement with JKF (subject to compliance with the terms of the AS Agreement).

As part of the AS Agreement, LAW will transfer control and collection responsibilities for the JKF receivables book to an external collections agent appointed by AssetSecure. As part of facilitating these arrangements, the directors of JKF have earlier today appointed Martin Walsh as voluntary administrator to JKF.

The Company had received a number of non-binding proposals from credible potential buyers of JKF but the AS Agreement provides the best outcome for LAW.

The Company expects to book a one-off write-down of c.US\$0.7 million in the 30 June 2021 half year financial accounts which will be partially offset against expected ongoing operational savings of c.US\$200k per annum from 2022 onwards, related to reduced employee and property rental expenses.

CEO and Managing Director, Daniel Kleijn said: "With the sale of our litigation funding business (subject to shareholder approval) and transfer of JKF to an external collections agent, LAW can now focus its resources on growing the U.S. medical receivables funding business."

### Update on Conditions

The below two conditions included in the RCR Announcement have now been satisfied:

- Agreeing and executing documents with AssetSecure to cap claims under the corporate guarantee granted by the Company over the debt owed by JKF and increase the current standstill period each to levels acceptable to the Company; and
- Executing amending agreements to the original finance documentation in respect of the Company's facility with Efficient Frontier Investing ("EFI") to waive a default and review event together with related facility amendments, which remains subject to the satisfaction of customary conditions precedent to such amending agreement.

**Authorised by:**



Daniel Kleijn  
Chief Executive Officer and Managing Director

Note: Assumed AUDUSD exchange rate of 0.78

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