

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 2021

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	3,806	12,728
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(46)	(78)
(d) leased assets	-	-
(e) staff costs	(1,025)	(3,897)
(f) administration and corporate costs	(667)	(4,787)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	-	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Payments for disbursement reports and medical liens	(813)	(2,579)
1.8 Movements in Working Capital Facilities (including interest)	(1,686)	(8,962)
1.9 Net cash from / (used in) operating activities	(429)	(7,577)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(75)	(154)

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (9 months) \$USD'000
	(d) investments	-	-
	(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	-	-
	(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)	-	(200)
2.5	Other – Cash balance transfers associated with the sale of the Disbursement Funding and Litigation Case Funding businesses	-	(194)
2.6	Net cash from / (used in) investing activities	(75)	(548)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	530	13,321
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	(530)	(584)
3.5	Proceeds from borrowings - corporate	34	2,943
3.6	Repayment of borrowings - corporate	(211)	(370)
3.7	Transaction costs related to loans and borrowings (including interest)	(447)	(1,214)
3.8	Dividends paid	-	-
3.9	Other – Repayment of Lease Liabilities	(114)	(255)
3.10	Net cash from / (used in) financing activities	(738)	13,841

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (9 months) \$USD'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,741	5,351
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(429)	(7,577)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(75)	(548)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(738)	13,841
4.5	Effect of movement in exchange rates on cash held	(325)	(893)
4.6	Cash and cash equivalents at end of period	10,174	10,174

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	9,347	10,876
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other - term deposits for Bank Guarantees	827	865
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,174	11,741

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**

(141)

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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	73,104	59,235
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	73,104	59,235

7.5 **Unused financing facilities available at quarter end** 13,869

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, and the 'unused financing facilities available at quarter end'.

8. Estimated cash available for future operating activities	\$USD'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(429)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	10,174
8.3 Unused finance facilities available at quarter end (Item 7.5)	13,869
8.4 Total available funding (Item 8.2 + Item 8.3)	24,043
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	56.04

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: If unavailable/trapped cash of \$3.354m is excluded from Item 8.2, then the estimated quarters of funding available reduces to 48.25.

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: n/a

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: n/a

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: 28 October 2021

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 2021 - 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
<u>Asset-backed lending facilities</u>						
Assetsecure Pty Limited	1,197	1,197	30-Jun-2022	0.00%	Y	This facility was used to fund the Australian disbursement funding business (JKF). On 30 April 2021 an amendment and restatement to a Standstill Agreement with AssetSecure was executed whereby LAW agreed to pay \$2m to AssetSecure in full and final settlement of LawFinance Ltd's potential exposure under the agreement with AssetSecure.
EFI	24,616	24,616	4-Dec-2023	12.50%	Y	This amortising facility relates to the run-off of the back book of the US medical lien receivables. A collection fee on all receipts is payable to NHF while the balance of the receipts pays down principal and interest.
Partners for Growth	30,000	16,131	14-Apr-2024	11.75%	Y	This facility is used to fund the US medical lien funding business.
<u>Corporate debt facilities</u>						
EQT - Syndicated Acquisition Facility - Tranche 1	14,369	14,369	28-May-2026	9.50%	Y	Shareholders at the company's recent AGM approved the restructure, which reduced the debt to a A\$23.8m facility with a reduced interest rate of 9.50% and repayable on maturity in two tranches i) A\$20m in 5 years and ii) A\$3.8m in 4 years. The remainder of the facility converted to equity.
EQT - Syndicated Acquisition Facility - Tranche 2	2,748	2,748	28-May-2025	9.50%	Y	
Convertible Promissory Note	25	25	15-Sep-2022	0.00%	N	The issue of these shares is subject to shareholder approval at the next meeting of shareholders. In the event that the Company does not obtain shareholder approval, the Company must pay the outstanding amount in the form of a cash consideration. The cash settlement amount will be the number of shares issued multiplied by the Company's 7 day volume weighted average share price immediately prior to the date that the Company intends to pay the cash settlement amount.
Capitalising Converting Note	-	-	31-Dec-2022	6.00%	N	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.
Paycheck Protection Program Loan	-	-	2-Mar-2026	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. The US Small Business Administration has approved and forgiven the whole amount on 27 September 2021
EIDL	148	148	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.
	\$73,104	\$59,235				