



ASX Announcement (ASX: LAW)

1 April 2022

LawFinance Enters Into \$10 Million Portfolio Transaction

LawFinance Limited ("LawFinance") today announced that it has executed a binding agreement to fund up to US\$10 million of medical receivables in our strategic target state Texas with two US medical service providers that are owned by a US personal injury medical group, with which LawFinance has an existing relationship. The size of the funding and acceptance of the collateral is conditional on LawFinance completing its vetting and underwriting process in relation to the collateral to its satisfaction.

Highlights:

- Up to US\$10 million funding of medical receivables based on collateral of US\$28.5 million¹
- Collateral consists of Letters of Protection in our strategic target state Texas and is subject to vetting and underwriting
- First large funding using a new product
- Repayment in 3 years
- Expected equity IRR of more than 40%

The funding is the first large funding with our newly introduced product, the LOC Advance product. The LOC Advance product is structured as a collateralized loan with a fixed term. The LOC Advance is particularly attractive to large medical service providers and LawFinance is aiming to introduce this across its network.

CEO Daniel Kleijn said: "This portfolio transaction will bring our book size to c.US\$28 million² which, together with improving returns on investment and the cost savings achieved to date, completes Phase 1 of our turnaround."

"This portfolio purchase and the execution of the Trident Health Group ("Trident") joint venture agreements continue the momentum and demonstrates the potential of the business. We are now focusing on Phase 2, which will comprise growing the book to more than US\$45 million, execute the plan for Trident, roll-out the LOC Advance product in our network and reduce our US secured facility interest costs."

LawFinance intends to fund the portfolio purchase by undertaking a capital raise³.

Authorised by:

Daniel Kleijn
CEO and Managing Director

¹ A summary of key terms is included in the Appendix

² Based on book size at End February pro forma for US\$10 million funding

³ The US\$10 million portfolio purchase is proposed to be funded with US\$8 million of PFG debt and US\$2 million LawFinance cash

For investor enquiries:

Phil Smith

CFO

LawFinance

Tel: + 61 2 9696 0220

Appendix

Summary of key terms of the portfolio transaction

Item	Description
Borrower	Two US medical service providers that are owned by a US personal injury medical group with which LawFinance has an existing relationship
Lender	LawFinance (through NHF DM)
Loan	Up to approximately \$10 million based on 35% of the Collateral Pool provided based on approval of collateral provided. First ranking security to be granted over the Collateral Pool in favor of the Lender
Collateral Pool	Eligible receivables that pass LawFinance's vetting and underwriting process. Collateral Pool must remain at 2.85x of the outstanding principal and interest loan balance
Interest rate	16% per annum, paid monthly. Interest will be capitalized in the first three months
Tenor	36 months, Loan amount can be repaid at any time after month three
Loan repayments	No principal repayment or interest payments for the first three months. From month four to month 18, the Borrower shall pay monthly interest only. From month 19 to month 36, the Borrower shall pay monthly interest and principal until the Loan is repaid