



Prospectus

For a partially underwritten, non-renounceable pro-rata entitlement offer of 7 New Shares for every 10 Shares held by Eligible Shareholders, and 1 free attaching option for every 2 New Shares issued (**Entitlement Options**), at an offer price of \$0.275 per New Share, to raise up to a maximum of \$7.85m (**Entitlement Offer**) and any New Securities not taken up pursuant to the Entitlement Offer will form the Shortfall which will be offered to Entitlement Offer participants and may be placed by the directors at their discretion at an offer price of \$0.275 per New Share with 1 free attaching option for every 2 New Shares subscribed for (**Shortfall Offer**).

This Prospectus also contains an offer of up to 3,057,806 Placement Options to Placement Subscribers at the ratio of 1 free attaching option for every 2 Placement Shares (**Placement Options**) subscribed for by investors under the Placement (**Placement Option Offer**). The offer of Placement Shares under the Placement is not being made under this Prospectus.

This Prospectus also contains an offer of 3,000,000 options to Peloton Capital Pty Ltd as lead manager of the Entitlement Offer (**Lead Manager Options**) (**Lead Manager Option Offer**).

Entitlement Options, Placement Options and Lead Manager Options (together, the **Options**) are exercisable at \$0.55 per Option at any time during the period commencing on the Issue Date and ending on the Expiry Date (**Option Exercise Period**).

The Record Date for participating in the Entitlement Offer is 7:00pm, 11 April 2022.

The Entitlement Offer closes at 5:00pm (Sydney time) on 28 April 2022 (unless extended). Valid Application Payments must be received by that time.

Application Payments must be submitted by BPAY® or EFT per the instructions in the Application Forms.

No application monies are payable for the grant of Options.

Not for release to US wire services or distribution in the United States

IMPORTANT
This Prospectus provides important information about the Company, the New Shares and the Options being issued by the Company under the Entitlement Offer. You should read the entire document, including your personalised Application Form. This Prospectus is a transaction-specific document issued in accordance with section 713 of the <i>Corporations Act 2001</i> (Cth). If you have any questions as to its contents or the course of action you should follow, you should consult your professional adviser.

Legal adviser – Arnold Bloch Leibler

Arnold Bloch Leibler
Lawyers and Advisers

Lead Manager and Partial Underwriter – Peloton


PELTON
CAPITAL

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Important Notice

About this Prospectus

This Prospectus is issued by LawFinance Limited ABN 72 088 749 008 (**LAW** or the **Company**) in relation to:

- an offer of up to 3,057,806 unlisted options to Placement Subscribers at the ratio of 1 free attaching option for every 2 Placement Shares issued to investors under the Placement (**Placement Option Offer**) (for the avoidance of doubt, the offer of Placement Shares under the Placement is not being made under this Prospectus);
- an offer of 7 new Shares for every 10 Shares held by an Eligible Shareholder as at the Record Date (**New Shares**), and 1 free attaching option for every 3 New Shares issued (**Entitlement Options**) (together, the **New Securities**), to raise up to a maximum of \$7.85 million (**Entitlement Offer**);
- an offer of 3,000,000 options issued on the same terms as the Entitlement Options in consideration for services provided to the Company by Peloton Capital Pty Ltd (**Peloton**) pursuant to the Underwriting Agreement (**Lead Manager Options**) (**Lead Manager Options Offer**); and
- an offer under this Prospectus of New Securities not taken up under the Entitlement Offer to Eligible Shareholders and other investors determined by the Company (**Shortfall Offer**),

(together, the **Offers**).

The Company will not apply for quotation of the Options on the ASX or any other market. The Entitlement Offer is non-renounceable and accordingly there is no rights trading.

The Entitlement Offer is partially underwritten by Peloton.

This Prospectus does not provide financial product or investment advice – you should seek your own professional investment advice.

Eligible Shareholders who wish to participate in the Entitlement Offer and Shortfall Offer are encouraged to submit an Application Payment

by the Closing Date in accordance with the instructions set out on the Application Form in paper form or by logging onto the Automic registry platform. Information in relation to how Eligible Shareholders may apply for New Shares and Entitlement Options under the Entitlement Offer and Shortfall Offer is set out in Section 3.

The information given in this Prospectus does not constitute investment advice or financial product advice. This Prospectus is of a general nature and has been prepared without taking into account your individual investment objectives, financial situation, tax position or particular investment needs. You should seek your own investment and/or financial advice.

You should read the entire Prospectus and consider all of the risk factors that could affect the performance of the Options or underlying Shares, or the Company in light of your own objectives, financial situation and needs before deciding whether to participate in the Entitlement Offer. Some of the risks that should be considered are set out in Sections 1 and 5. There may also be risks in addition to those set out in Sections 1 and 5 that should be considered in light of your personal circumstances.

Defined words and expressions

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Section 7 defines these words and expressions.

The definitions specific to the Options in the Option Terms are not contained in the Glossary but are extracted with the Option Terms which are annexed to this Prospectus. If there is any inconsistency in definitions between the Glossary and the Option Terms, the definitions in the Option Terms prevail.

Financial amounts and times

A reference to time in this Prospectus is to Sydney time unless otherwise stated. A reference to \$, A\$, dollars and cents is to Australian currency unless otherwise stated. Some numbers in this Prospectus have been rounded.

Date of this Prospectus

This Prospectus is dated 6 April 2022. A copy of this Prospectus has been lodged with the Australian Securities and Investments Commission (**ASIC**).

Neither ASIC nor ASX nor any of their respective officers or employees takes any responsibility for the content of this Prospectus. The fact that ASX has admitted the Company to the official list of ASX is not to be taken in any way as an indication of the merits of the Company, or the Entitlement Offer.

The expiry date of this Prospectus is 5 May 2023, being 13 months after the date of issue of this Prospectus. No securities (other than Shares to be issued on exercise of the Options) will be issued on the basis of this Prospectus later than the expiry date.

Transaction-specific prospectus

This Prospectus is a transaction-specific prospectus for an issue of New Shares and the issue of Options to acquire continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act. As such it does not contain the same level of disclosure as a prospectus prepared in accordance with section 710 of the Corporations Act.

This Prospectus is therefore intended to be read in conjunction with the information publicly available in relation to the Company which has been notified to ASX. In providing information in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers with whom potential investors may consult.

No exposure period

The Entitlement Offer is made pursuant to *ASIC Corporations (Exposure Period) Instrument 2016/74* which exempts the Company from complying with section 727(3) of the Corporations Act to the extent that that section prohibits the Company from issuing Options in the seven calendar day period after the date of lodgement of this Prospectus with ASIC.

On-sale of Shares

This Prospectus has been prepared in respect of the offer of the Options such that the relief provided under *ASIC Corporations (Sale Offers*

That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available. Specifically, if the Options are issued with disclosure under this Prospectus then any Shares issued upon the exercise of the Options can be on-sold within 12 months of their issue (even if the Shares were issued without disclosure or lodgement of a cleansing statement). This is because the Options are issued with disclosure and the exercise of the Option does not involve any further offer.

Obtaining Prospectus and Application Form

This Prospectus will generally be made available in electronic form at www.asx.com.au and will be posted on the Company's website at www.lawfinance.com.au.

You can obtain a hard copy of this Prospectus and the relevant Application Form free of charge by contacting the Company during the Offer Period as detailed in the Corporate Directory.

Any person accessing the electronic version of this Prospectus must be an Eligible Shareholder. Eligible Shareholders who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The electronic version of this Prospectus is not available to persons in the United States or elsewhere outside Australia and New Zealand. New Shares and the attached Options will only be issued on the basis of an electronic version of this Prospectus if the Company or Automatic has received a valid Application Payment.

The Entitlement Offer detailed in this Prospectus is only available to persons receiving this Prospectus that are Eligible Shareholders.

Applications will only be accepted on payment by BPAY® or EFT for the amount payable (being the Offer Price multiplied by the number of New Shares comprising an Eligible Shareholder's Entitlement) so that it is received by the Closing Date. Application Forms will be personalised and will set out the maximum Entitlement for each Eligible Shareholder.

The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, a paper version of this Prospectus or a complete and unaltered electronic version of this Prospectus.

An Application for New Shares and attached Options by Eligible Shareholders will only be accepted by following the instructions on the Application Form as described in Section 3 of this Prospectus.

The Company reserves the right not to accept an Application Payment from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided with the electronic Prospectus and any relevant supplementary or replacement prospectus, or any of those documents were incomplete or altered.

Disclaimer and no representations other than as set out in this Prospectus

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied upon as having been authorised by the Company, its Directors or any other person in connection with the Entitlement Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

Except as required by law and then only to the extent so required, none of the Company, its Directors or associates warrants or guarantees the future performance of the Company, the New Shares, the Options or any Shares issued on exercise of the Options or any return on any investment made pursuant to this Prospectus.

Future performance and forward-looking statements

This Prospectus contains certain "forward-looking statements". Forward-looking statements can generally be identified by the use of forward-looking words such as 'may', 'could', 'believe', 'estimate', 'expect', 'intend', 'anticipate', 'project', 'foresee', 'likely', 'should', 'target', 'plan', 'consider', 'aim', 'will', 'predict', 'outlook', 'guidance' and other similar words or expressions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of the Company, the outcome and effects of the Entitlement Offer and the use of proceeds. To the extent that certain statements contained in this Prospectus may constitute "forward-looking statements" or statements about "future matters", the information reflects only the Company's intent, belief or expectations (and

no other person's intent, belief or expectations) as at the date of this Prospectus. Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Prospectus in light of those disclosures and not place reliance on such statements. Any forward-looking statements, opinions and estimates in this Prospectus are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Neither the Company nor its related bodies corporate or affiliates nor its Directors, officers, partners, employees and agents give any warranty, representation, assurance or guarantee that the occurrence of the events expressed or implied in any of the forward-looking statements in this Prospectus will actually occur or not occur (as the case may be). In addition, please note that past performance should not be relied upon as (and is not) an indication or guarantee of future performance.

Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Past performance

The Company released its Full Year December 2021 Report on 31 March 2022 and its Preliminary Financial Report for the period ended 31 December 2021 on 28 February 2022. The Company also made disclosures as to past performance in its Quarterly Activities Report dated 28 January 2022. These documents (among others) can be read and/or downloaded from the Company's website:

www.lawfinance.com.au. See Section 6.3 for further details.

Eligible Shareholders should note that past performance, including past Share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance.

Financial information

Non-IFRS financial measures

Certain financial data included in, or incorporated by reference into, the Prospectus are non-IFRS financial information under ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) or non-GAAP financial measures under Regulation G issued by the US Securities and Exchange Commission. These non-IFRS/non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although the Company believes any non-IFRS/non-GAAP financial measures included in this Prospectus provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS/non-GAAP financial measures included in this Prospectus.

Pro forma financial information

The Prospectus contains pro forma financial information showing the proposed application of the proceeds of the Entitlement Offer. The pro forma financial information provided is for illustrative purposes only and should not be relied upon as it is not represented as being indicative of the Company's future financial condition and/or performance.

Offering restrictions

This Prospectus and an Application Form do not constitute an offer in any place or country in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the New Shares or Options in any jurisdiction other than Australia and New Zealand. The Prospectus and Application Form will only be available to

Eligible Shareholders with a registered address in Australia and New Zealand, or as otherwise determined by the Company. The Entitlement Offer is not being extended to any Shareholder outside of Australia or New Zealand, unless otherwise determined by the Company.

For Shareholders in New Zealand, you are being offered New Shares and Options in the Company. New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision. The usual rules do not apply to this offer because it is a small offer. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. Shareholders in New Zealand are encouraged to ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

The distribution of this Prospectus and an Application Form (including an electronic copy) in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Prospectus does not, and is not intended to, constitute an offer of securities in the United States or any other jurisdiction where, or to any person to whom, it would be unlawful to make such an offer. The Options and the underlying Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Options and the underlying Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

See Section 6.10 on foreign selling restrictions.

Privacy Disclosure

Refer to the information in the privacy statement in Section 6.16. It is important that you understand that, by submitting an Application Payment and applying for the New Shares and attached Options, you consent to the matters outlined in that statement.

Company's website

Any references to documents included on the Company's website are provided for convenience only and none of the documents or other information on the website is incorporated by reference as content of this Prospectus.

Diagrams

Diagrams used in this Prospectus are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date shown.

Where can I obtain further information about the Company, the New Shares and the Options?

The Company is a disclosing entity for the purposes of the Corporations Act and as a result is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. The Company must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about it that a reasonable person would expect to have a material effect on the price or value of its securities. Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from www.lawfinance.com.au.

The Company will provide to you free of charge during the application period under the Prospectus with a copy of the following documents:

- the Company's most recently lodged annual financial reports; and
- any continuous disclosure notices lodged by the Company with ASX after the date of the latest annual financial report and before the lodgement of the prospectus with ASIC.

In addition, the following information can be obtained from www.lawfinance.com.au:

- the Company's quarterly, half-yearly and annual financial reports;
- all continuous disclosure notices lodged by the Company with ASX; and
- all other general information provided by the Company to its Shareholders and investors.

Enquiries

If you have any questions in relation to the Entitlement Offer, the Options or the Application Form, please call the Entitlement Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am to 5:00pm Monday to Friday during the Offer Period.

Action required by Eligible Shareholders

Before deciding whether to participate in the Offers, you should read the Prospectus in full and also read the announcements made by LAW to the ASX, including the Investor Presentation dated 6 April 2022 which contains important information about the Company, the Placement and the Offers.

If you are an Eligible Shareholder (as defined in Section 2.3(b)) and you have received this Prospectus you may take one of the following actions:

1. Submit the Application Payment to participate in the Entitlement Offer.

Eligible Shareholders will be able to apply for, 7 New Shares for every 10 Shares as held at 7:00pm (Sydney time) on 11 April 2022, and 1 free attaching Entitlement Option for every 3 New Shares issued.

Fractional entitlements will be rounded to the nearest whole Share.

The Options are options to acquire Shares in the Company exercisable at \$0.55 per Option. The Company will not apply for quotation of the Options. Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date. Each Option will, upon exercise, entitle the Option Holder to subscribe for, and be issued with, one Share.

You should read the entire Prospectus and consider all of the risk factors that could affect the performance of the Entitlement Options or underlying Shares or the Company in light of your own objectives, financial situation and needs before deciding whether to exercise the Entitlement Options. Some of the risks that should be considered are set out in Sections 1 and 5. There may also be risks in addition to those set out in Sections 1 and 5 that should be considered in light of your personal circumstances.

If you wish to participate in the Entitlement Offer, you must submit an Application Payment by no later than the Closing Date (which is 5:00pm on 28 April 2022) in accordance with the instructions set out on the Application Form in paper form or by logging onto the Automic registry platform. Application Forms will be personalised and will set out the maximum Entitlement for each Eligible Shareholder. By submitting an Application Payment, you are taken to make the statements on the Application Form, including certain representations to the Company, further details of which are set out in Section 6.9. You are encouraged to submit your Application Payments as early as possible. Please see Section 3 for further information.

2. Submit the Application Payment to participate in the Shortfall Offer in addition to the Entitlement Offer.

Eligible Shareholders who submit an Application Payment under the Entitlement Offer will be able to apply to participate in the Shortfall Offer in excess of their Entitlement.

If you wish to participate in the Shortfall Offer, you must submit an Application Payment at the same time as you submit your Application Payment under the Entitlement Offer in accordance with the instructions set out on the Application Form in paper form or by logging onto the Automic registry platform. Application Forms will be personalised and will set out the maximum entitlement to Shortfall Securities for each Eligible Shareholder. Participation in the Shortfall Offer is capped at a maximum amount equal to 100% of your Entitlement and in the event of excess applications allocations will be made as set out in section 2.7.

By submitting an Application Payment under the Shortfall Offer, you are taken to make the statements on the Application Form, including certain representations to the Company, further details of which are set out in Section 6.9. You are encouraged to submit your Application Payments as early as possible. Please see Section 3 for further information.

Your application for Shortfall Securities may not be successful (wholly or partially). The decision of the Company in relation to the number of Shortfall Securities in excess of your Entitlement to be allocated to you will be final. No interest will be paid on any application monies received and returned.

3. Do nothing, in which case you will not participate in the Entitlement Offer.

If you do not wish to participate in the Entitlement Offer, you will not be issued any New Shares or attaching Entitlement Options and, upon exercise of the Options, your shareholding in the Company may be diluted.

Key Details and Important Dates

Key Share and Option details

Entitlement Ratio	7 New Shares for every 10 Shares held in the Company as at the Record Date
Issue Price for New Shares	\$0.275 per Share
Issue Price for Options	Nil. No monies are payable for the issue of the Options.
Exercise Price for Options	\$0.55 per Option*
Maximum number of Placement Shares issued under the Placement (not being offered under this Prospectus)	up to 6,115,611
Maximum number of attaching Placement Options issued under the Prospectus	up to 3,057,806
Maximum number of New Shares issued under the Prospectus	up to 28,539,518
Maximum number of attaching Entitlement Options issued under the Prospectus	up to 14,269,759
Maximum number of Lead Manager Options issued under the Prospectus	3,000,000
Number of Shares on issue as at the date of this Prospectus	40,770,740
Maximum proceeds to be raised assuming all 28,539,518 New Shares and attaching Entitlement Options are issued	Maximum of \$7.848 million

*Subject to adjustments in accordance with the Option Terms.

Indicative timetable of important dates

Placement	
Trading halt for Placement	Friday, 1 April 2022 to Tuesday, 5 April 2022
Settlement of Placement	Friday, 8 April 2022
Issue of Placement Shares under the Placement and lodgement of Appendix 2A	Monday, 11 April 2022
Trading of Placement Shares issued under the Placement	Tuesday, 12 April 2022
Entitlement Offer	
Entitlement Offer announced and Prospectus lodged with ASIC and ASX Appendix 3B lodged with ASX	Wednesday, 6 April 2022
Ex Date for Entitlement Offer	Friday, 8 April 2022
Record Date for Entitlement Offer	Monday, 11 April 2022
Despatch of Prospectus to Eligible Shareholders and announcement that despatch has occurred	Thursday, 14 April 2022

Entitlement Offer opens	
Last day to extend the Entitlement Offer closing date	12:00pm, Friday 22 April 2022
Entitlement Offer close	5:00pm, Thursday 28 April 2022
Announcement of results of Entitlement Offer Issue of New Shares and Entitlement Options under the Entitlement Offer Despatch of holding statements, and lodgement of Appendix 2A (for New Shares under Entitlement Offer)	Thursday, 5 May 2022
Expected date of quotation of New Shares issued under the Entitlement Offer on ASX	Friday, 6 May 2022
Annual General Meeting	May 2022
Issue of Placement Options and Lead Manager Options (subject to shareholder approval at the AGM)	Within 5 Business Days of the AGM
Despatch of holding statements for Placement Options and Lead Manager Options (subject to shareholder approval at the AGM)	1 Business Day after issue
Last day to issue Shortfall Securities under the Shortfall Offer	Thursday, 28 July 2022
Expiry Date of Options	30 April 2024

Dates may change

The key dates for the Options and the Entitlement Offer are indicative only and may change without notice. The Company reserves the right to vary the dates set out above, including by extending the Closing Date of the Entitlement Offer, accepting late Applications or withdrawing the offer made under the Entitlement Offer at any time before the New Shares and attached Options are issued, subject to the Corporations Act and other applicable laws.

Cooling off rights do not apply to an Application for New Shares and Entitlement Options. You cannot withdraw your Application once it has been accepted. Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to submit their Application Payments as soon as possible after the Entitlement Offer opens.

1 Overview

The information set out in this Section 1 is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to take up your Entitlement or to deal in or exercise any New Shares or Options that are issued to you, you should read this Prospectus carefully and in its entirety and obtain professional advice which takes into account your particular investment objectives, financial situation and needs from a professional adviser who is licensed by ASIC to give such advice.

Topic	Summary	Where to find more information
1.1 Overview of the Entitlement Offer		
What is the Entitlement Offer?	The Entitlement Offer is an offer of 7 New Shares for every 10 Shares held by an Eligible Shareholder as at the Record Date, and 1 free attaching Entitlement Option for every 2 New Shares issued, to raise up to a maximum of \$7.85 million.	Section 2.3(e)
What are the New Shares?	The New Shares are ordinary shares in the Company.	Section 2.1
What are the Entitlement Options?	The Entitlement Options are options to acquire Shares in the Company exercisable at \$0.55 per Entitlement Option. The Company will not apply for quotation of the Options. The Entitlement Options may be exercised at any time during the Option Exercise Period. Each Entitlement Option will, upon exercise, entitle the Option Holder to subscribe for, and be issued with, one Share. A copy of the Option Terms is annexed to this Prospectus.	Section 2.1 and Option Terms
Who is an Eligible Shareholder?	An Eligible Shareholder is a Shareholder in the Company with a registered address in Australia and New Zealand, or as otherwise determined by the Company, as at the Record Date.	Section 2.3(b)
Why is the Company issuing New Shares and Entitlement Options to Eligible Shareholders?	The Entitlement Offer is being made to raise funds to allow the Company to partially fund the Portfolio Transaction, strengthen the Company's balance sheet (including paying down its debt obligations), meeting the costs of the Entitlement Offer, and general working capital.	Sections 2.2
How much does the Company seek to raise from the Entitlement Offer?	If the maximum number of 28,539,518 New Shares and 14,269,759 of Entitlement Options are issued, the Company will raise approximately \$7.85 million.	Section 2.1
Will the Entitlement Options be quoted on the ASX?	No. The Company will not apply for quotation of the Entitlement Options. As a result, there may be no ready market for the Options and you may not be able to sell or transfer them for a fair price or at all.	Section 2.3(f)
How can I apply?	Applications can be made by Eligible Shareholders by making an Application Payment in accordance with the instructions set out on the Application Form in paper form or online by logging onto the Automic registry platform. Application Forms will be personalised and will set out the maximum Entitlement for each Eligible Shareholder. Application Payments must be received by no later than 5.00 pm (Sydney time) on 28 April 2022. Applicants are encouraged to submit their Application Payments as early as possible. Any Eligible Shareholder who submits an Application Payment will be taken to have made the representations and warranties set out in Section 6.9.	Section 3

Topic	Summary	Where to find more information
When do I apply?	If you are an Eligible Shareholder, you must submit the Application Payment by the Closing Date.	Key Dates
How many New Shares can I apply for?	If you are an Eligible Shareholder, you may apply for 7 New Shares for every 10 Shares you hold as at the Record Date, and you will receive 1 free attaching Entitlement Option for every 2 New Shares issued. Fractional entitlements will be rounded to the nearest whole Share.	Section 2.3(e)
What happens if I am not an Eligible Shareholder?	If you are an Ineligible Shareholder, you are not entitled to apply for New Shares. If you receive this Prospectus but you are an Ineligible Shareholder, please disregard.	Section 2.3(c)
When will the New Shares and Options be issued?	The Company expects that the New Shares and Options will be issued on 5 May 2022.	Section 2.3(e)
When will the holding statements be despatched?	The Company expects that the holding statements for the New Shares and Options will be issued on 5 May 2022.	Section 2.3(e)
Is brokerage, commission or stamp duty payable?	No brokerage, commission or stamp duty is payable on your Application.	-
What is the Shortfall Offer?	Any New Securities not taken up pursuant to the Entitlement Offer will form the Shortfall Offer. A summary of how the Shortfall will be allocated is set out in Section 2.7.	Section 2.7
1.2 Overview of the Placement and Placement Option Offer and Lead Manager Option Offer		
What is the Placement and Placement Option Offer?	The Company has offered 6,115,611 Placement Shares at the Offer Price of \$0.275 per Placement Share (Placement) and 1 free attaching Placement Option for every 2 Placement Shares issued (Placement Option Offer), to Institutional Investors to raise up to a maximum of \$1.68 million. The Placement is not being made under this Prospectus. The Placement Option Offer is being made under this Prospectus. The issue of Placement Shares utilises the Company's existing placement capacity under ASX Listing Rules 7.1. The issue of the Placement Options is conditional on the following: - shareholder approval; and - on the relevant Placement Subscriber continuing to hold their Placement Shares on the date prior to the date that the Placement Options are to be issued.	Sections 2.1(d) - 2.1(h), 2.4 and 2.6
What is the Lead Manager Option Offer?	The Company is offering 3,000,000 Lead Manager Options to Peloton as lead manager of the Entitlement Offer under this Prospectus. The Lead Manager Option Offer is conditional on Shareholder approval for the purposes of ASX Listing Rule 7.1.	Sections 2.1 and 2.6
1.3 Effect of the Entitlement Offer		
Effect on capital structure	The capital structure of the Company as at the date of this Prospectus, and assuming completion of the Entitlement Offer, is set out in Section 4.3.	Section 4.3
Effect on financial position	A summary of the effect of the Entitlement Offer on the financial position of the Company is set out in section 4.5.	Section 4.5
1.4 Key features of the Options		

Topic	Summary	Where to find more information
<i>This Section does not contain an exhaustive summary of the Option Terms – a copy of the Option Terms is annexed to this Prospectus. It is important that you read the information in the Prospectus (including the Option Terms) in full. If you are unclear in relation to any aspect of the Placement Option Offer, Entitlement Offer, Shortfall Offer, Lead Manager Option Offer or the Options Terms, you should consult your professional adviser. For the avoidance of doubt, the Entitlement Options and Lead Manager Options will be issued on the same terms and conditions set out in the Option Terms.</i>		
Issuer	LawFinance Limited ABN 72 088 749 008 (Company), being a company listed on the ASX.	Option Terms
Issue Date	• (Entitlement Options) 5 May 2022. • (Placement Options & Lead Manager Options) Within 5 Business Days of the AGM. • (Options under the Shortfall Offer) On or before 28 July 2022.	
Issue price	Nil. No monies are payable for the grant of Options.	
Exercise Price	\$0.55 (subject to certain adjustments described in the Option Terms). Each Option will, upon exercise, entitle the Option Holder to subscribe for, and be issued with, one Share.	
Option Exercise Period	Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.	
Expiry Date	30 April 2024, unless the Options are exercised earlier.	
Ranking	Subject to the Constitution, Shares issued on exercise of the Options will rank equally with all other issued Shares. A summary of the rights attaching to Shares is set out in Section 6.7.	Section 2.3(f)
Voting entitlements	The Options confer no rights on an Option Holder to receive notice of a general meeting of Shareholders (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.	
Options will not be quoted	The Company will not apply for quotation of the Options on ASX. As a result, there may be no ready market for the Options and you may not be able to sell or transfer them for a fair price or at all.	
1.5 Key risks associated with acquiring New Shares and dealing in and exercising Options		
<i>Eligible Shareholders should be aware that acquiring the New Shares, dealing in or exercising Options, or dealing in any Shares issued on exercise of the Options involves various risks. These risks are addressed in more detail in Section 5.2. If you are unclear in relation to any aspect of the Placement Option Offer, Entitlement Offer, Shortfall Offer, Lead Manager Option Offer or the Options Terms, you should consult your professional adviser.</i>		
Nature of Investment	Any potential investor should be aware that subscribing for Shares and Options involves risks. The New Shares and Entitlement Options to be issued pursuant to the Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of the New Shares. An investor may not be able to recoup their initial investment.	Section 5.2
Control	Refer to Section 4.3 for control implications of the Entitlement Offer.	Section 5.2 and 4.3
Inflation rate risk	An increase in the inflation rate may negatively impact the profitability of the Company or the market value of the New Shares or Options including as a result of the increase in the Company's expenses.	Section 5.2
Change in Australian tax system	Any future change in Australian tax law may affect the taxation treatment of the holding, disposal and exercise of Options and the market price of the Options and New Shares.	Section 5.2
Shareholder limits	Various laws, including Chapter 6 of the Corporations Act and the Foreign Acquisition and Takeovers Act 1975 (Cth) may restrict the number of Shares that any person may hold. Shareholders should take care to ensure that their holding of the New Shares and Options (and any Shares that will be issued on exercise of those Options) does not breach any applicable restrictions on ownership.	Section 5.2

Topic	Summary	Where to find more information
No Quotation	The Company will not apply for quotation of the Options.	Section 5.2
Dilution	If you are an Eligible Shareholder and you do not apply for New Shares plus attaching Options under this Entitlement Offer, you will be diluted when the New Shares are issued. If the Options are exercised, the Company will issue Shares to the Option Holders as set out in this Prospectus and you may be diluted again at that time. It is not possible to predict what the value of the Company's Shares will be following completion of the Entitlement Offer, or at the time the Options are exercised, and the Directors do not make any representation to such matters.	Section 5.2
Market price and liquidity of New Shares and Options	There is no guarantee the Options will trade on ASX or that there will be a liquid market for the Options, or that there will be a liquid market for the Shares. The market price of the Shares may be volatile and this may cause volatility in the price of the Options and affect your ability to sell your Options at all, or at an acceptable price. Additionally, the issue of the Options may result in downward pressure on the market price of Shares. In addition, any Shares held by Option Holders following the exercise of those Options will have the same rights as other existing Shares, which are different from the rights attached to the Options. The market price of the Shares may fluctuate over time as a result of a number of factors.	Section 5.2
The Options are subject to changes of law	The Option Terms are governed by the laws of New South Wales. No assurance can be given as to the impact of any possible judicial decision or change to New South Wales law or administrative practice after the date of issue of the Options. Should any of those laws change over time, the legal requirements to which the Company may be subject could differ materially from current requirements.	Section 5.2
1.6 Key risks associated with the Company		
<i>There are a number of risks associated with an investment in the Company. Some key risks are included in this Section 1.5. These and other risks are addressed in more detail in Section 5.3 and elsewhere in this Prospectus and should be considered by prospective investors before deciding whether to invest in the Company.</i>		
Completion of Portfolio Transaction	The Company has executed two contracts to fund up to a US\$10 million portfolio of receivables via a collateralised credit and security agreements. The Company intends to use the proceeds raised under the Entitlement Offer, in part, to fund the National Health Finance DM, LLC (NHF) payment of consideration pursuant to the Portfolio Transaction. The Company currently proposed to utilise approximately US\$2 million from the Entitlement Offer to fund the Portfolio Transaction. The loan that the Company will provide under the Portfolio Transaction (up to an aggregate US\$10 million) are to be used to fund by way of separate advances the collateral pool of the Portfolio Transaction. The Company's ability to provide these loans are subject to completing its underwriting process including "vetting" the collateral and obtaining debt funding under SPV IV and NHF's finance facility with PFG. PFG have confirmed that they will fund the Portfolio Transaction at an 80% advance rate, subject to the Company raising sufficient capital to fund the remaining 20% and funding for more than 6 months of operating costs and expected originations. Completion of the Portfolio Transaction is not conditional on completion of the Entitlement Offer, but if the Entitlement Offer does not proceed then there is a risk that the Portfolio Transaction will not complete. If the Portfolio Transaction fails to complete or completion is delayed, the expected financial performance of the Company could be adversely affected, and the benefits of the Portfolio Transaction would not be realised. If the Portfolio Transaction does not complete in full or at all and the Company has raised proceeds under the Entitlement Offer, the Company will need to consider alternative uses for those proceeds, or ways to return such proceeds to shareholders. Under the loans there is an ongoing obligation on each of the two borrowers to ensure that the collateral pool remains at 2.85x of the loan amount, which will require each borrower to provide additional receivables to be added to the collateral pool to ensure compliance with this. There is a risk that the borrowers	Section 5.3

Topic	Summary	Where to find more information
	fail to provide appropriate collateral to replace claims that fall out of the collateral pool when they collect or for another reason.	
Compliance with PFG conditional waiver	SPV IV and NHF breached certain financial covenants of the PFG Facility Agreement as at 31 December 2021 which triggered a 'review event'. This review event was waived subject to the satisfaction of various conditions, which include completion of the capital raise. A failure to satisfy these conditions could lead to an amortisation event, which would restrict new funding of originations and require repayment of the loan within 12 months (ultimately requiring a refinancing).	Section 5.3
Reliance on new debt funding (PFG or new financiers)	The Company is reliant on new debt financing for the purchase / funding of medical receivables (including PFG). The ability of the Company to continue to have access to funding for future activities is dependent on a number of factors including compliance with the covenants contained in its existing debt financing arrangements, general economic, political, capital and credit market conditions. Any breaches of existing covenants or changes in the conditions noted could adversely affect the Company's ability to operate its business or refinance its debt. The PFG Facility Agreement is subject to a number of covenants, a breach of which would provide PFG with the right to call on the loan and consequently may trigger a cross default under the SAF Facility Agreement. From time to time the Company expects to breach operational covenants and would therefore be reliant on the relationship with Partners for Growth to waive these breaches. The Company is assuming it has the ability to refinance this facility with a US bank in 2023 at a lower cost of funding. There is a risk that if this is not achieved, it will affect the profitability expectations of the Group.	Section 5.3
Reliance on equity funding	The medical receivable funding business operated by the Company relies on cash collections and access to funding to grow. Until such time as the Group's medical receivables book is at sufficient scale to generate sufficient collections, which on the current models the Company expects will occur at a book size of US\$30 million to US\$35 million, the Company's business activities is reliant upon access to equity and debt markets to finance its day-to-day working capital and to invest in the origination of further medical receivables. Access to these markets can change from time to time based on economic and financial market conditions, geopolitical issues in the markets in which the Company operates in, the risk appetite of banks and other credit providers, the investment appetite of equity investors and the view of whether the Company is a suitable party to extend credit to or invest in.	Section 5.3
EFI facility	There is currently a subsisting 'review event' under the EFI Facility Agreement that occurred on 31 January 2022 due to SPV III breaching a collections hurdle financial undertaking. This provides EFI with the right to seek to negotiate and agree within 30 days of notification revised facility terms. If EFI and SPV III (acting reasonably) cannot agree on such revised terms EFI may give notice to SPV III that it requires repayment of the loan within 90 days. Refer to for further details in relation to the Company's potential liability under the EFI Facility Agreement and the EFI Facility Agreement's loan to value ratio financial covenant (which the Company is currently compliant with but there is a risk it may be breached in the short term).	Section 5.3
Michigan collections	In July 2021, Michigan implemented a law change in relation to motor vehicle accident (MVA) healthcare costs which has negatively impacted the financial viability of medical service providers to continue to treat victims of MVAs on a medical lien basis. This placed financial stress on the medical service providers which NHF has purchased claims from in the past, leading to certain medical providers breaching terms of their funding arrangements with NHF. In addition, insurance companies have been challenging, in Court, the standing of medical service providers to represent medical lien claims that have been funded/acquired by funders including NHF, and while NHF has been successful in defending many of these challenges, it is becoming more difficult, particularly relating to claims acquired from one large medical service provider. The Company is currently actively engaged with the relevant medical providers and is optimistic that consensual agreements will be reached with them over the coming months, to preserve value recoverable by NHF in respect of the claims. However, there is a risk that the Company's assumptions proves to be incorrect.	Section 5.3

Topic	Summary	Where to find more information
	The Company is also working closely with its debt funders (PFG and EFI) who have financed the Michigan claims. While the EFI facility with SPV III is largely ringfenced, the PFG facility is not. PFG agreed to continue to fund the Michigan claims however, the Company has reduced the debt funding against these claims to 70% of the original funding cost of these claims. For accounting purposes as at 31 December 2021, the Company has valued the claims at approximately 115% of the original funding cost value.	
SAF facility	The loans outstanding under the SAF Facility Agreement are due to be repaid in 28 May 2025, and 28 May 2026 (subject to any future amendment). Repayment of the loans at maturity and / or the willingness of the SAF Lenders to extend maturity dates, will primarily be dependent on the performance of NHF business. While interest can be capitalised until 28 May 2024, after that date interest needs to be paid in cash. A failure to do so will amount to an event of default under the SAF Facility Agreement and provide the SAF Lenders with usual acceleration rights, including the right to demand repayment of the loans against the Company. The SAF Facility Agreement is subject to a number of covenants (including financial covenants which are tested from 31 December 2022), a breach of which would trigger an event of default and provide the SAF Lenders with the right to demand repayment of the loans. Notably, a default under the PFG Facility Agreement may trigger a cross default under the SAF Facility Agreement, which would provide the SAF Lenders with the right to call on the loans.	Section 5.3
Going Concern	Whilst the Company considers that completion of the Entitlement Offer will address the current uncertainty regarding its ability to continue as a going concern, the Company refers Eligible Shareholders to other risks set out in this Prospectus which may impact the Company's ability to continue as a going concern (as well as the audit opinion for the Full Year December 2021 Report that includes going concern disclosures, which are consistent with Half Year June 2021 Report). If the Entitlement Offer does not complete, the Company would need to explore alternative funding sources in order for the Company continue as a going concern. If such alternative funding sources are not available at a reasonable price or in any case, this will establish greater complications for the Company to continue as a going concern, as well as a general risk that the Company will not be able to meet assumptions around growth and value creation. As stated above PFG also require the Company to raise capital to satisfy the conditions of their conditional waiver. Failure to satisfy these conditions could result in an "amortisation event" event being triggered which would jeopardise the Company's ability to fund new originations required to achieve its value creation plans.	Section 5.3
Recoverability of debts and returns on collections	Recovery rates have been increasing over the last 7 months from COVID-19 impacted lows. The Company currently expect these improved recovery rates to be maintained improved however there is no guarantee that this will occur. Recovery rates are a key driver of the Company's financial performance and position. Declines in recovery rates from their current levels would adversely impact the Company's financial position in the future. Additionally, while the Company currently has safeguards in place, there is the possibility that the Company could be exposed to potential personal injury or other fraud, which may further affect the recoverability of debts.	Section 5.3
Changes in laws, regulations and policies	Changes to laws, regulations and accounting standards which apply to the Company from time to time could materially and adversely impact upon the operating and financial performance and cash flows of the Company. Specifically, it is possible that the law, regulations or government policies may change at any time, which may adversely impact the Company's business model and the industry in which it operates. As the industry of purchasing medical receivables grows, there is the possibility that regulators will increase their level of scrutiny of the business and impose regulatory changes that may impact on the Company's business. There is no guarantee as to how existing laws and regulations will be applied in the future. The key laws and regulations governing the Company's business (in particular, the NHF business), if they were to change, are summarised in Section 5.3.	Section 5.3

Topic	Summary	Where to find more information
Reliance on partner network	The Company relies on its partner provider network to facilitate relationships between it and local personal injury attorneys, medical practitioners, hospitals and patients, allowing the Company to scale rapidly. There is the risk that these relationships could deteriorate over time. There is also a risk that over-reliance on key individuals may result in a lack of proactive engagement with potential new medical service providers or funding opportunities.	Section 5.3
Company's growth strategies may not achieve their objectives	The Company has identified a number of growth strategies, which may evolve over time due to, among other things, market developments and trends, technical challenges, the emergence of new or enhanced technology, changing regulation and/or industry practice, and otherwise in the Company's sole discretion. As a result, the strategy, approaches, markets and products described in this document may not reflect the strategies, approaches, markets and products relevant to, or pursued by, the Company at a later date. Any change in strategy may involve a risk of delay to revenue generation or on collections by the Company. Any delay in implementation, failure to successfully implement, or unintended consequences of implementing any or all of the Company's growth strategies may have an adverse effect on the Company's future financial and operating performance.	Section 5.3
Management actions	The Directors will, to the best of their knowledge, experience and ability (in conjunction with the management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of reducing, avoiding and mitigating the impact of risks on the performance of the Company and its securities. Despite the Directors' best efforts, it may not be possible for the Directors to identify or mitigate all risks.	Section 5.3
Disputes	The activities of the Company may result in disputes with third parties, including, without limitation, the Company's investors, financiers, competitors, regulators, partners, distributors, customers, directors, officers and employees, and service providers. Any litigation may, depending on its nature, have a material adverse impact on the financial and operational performance and financial position of the Company.	Section 5.3
Foreign exchange	Adverse movements in the exchange rate between the Australian dollar and foreign currencies, mainly the US dollar, may have a detrimental impact on the financial position of the Company for the following reasons: • as an Australian based entity, the Company raises capital on the ASX in the Australian dollar, but all capital costs incurred by the Company in its operations are directed to US-based books in US dollars; • the revenue of the Company is derived from US-based collections through its receivables books, which are denominated in US dollars; and • general fluctuation of exchange rates provides risk for investors in the Company given the value attributed to securities in the Company is in Australian dollars, yet the fundamental value of the Company is based on US dollars.	Section 5.3
Costs of being a multinational firm	The Company's operations may be subject to a number of risks inherent in global operations, including political and economic instability in foreign markets, inconsistent product regulation by foreign agencies or governments, imposition of product tariffs and burdens, cost of complying with a wide variety of international regulatory requirements, risks stemming from the Company's lack of local business experience in specific foreign countries, foreign currency fluctuations, difficulty in enforcing intellectual property rights, foreign taxes, and language and other cultural barriers.	Section 5.3
Regulatory investigation and reviews	The Company may be the subject of regulatory investigations that may result in an adverse impact on the Company and stakeholders. The outcomes of any such investigations can be litigation, civil or criminal prosecution and/or lead to material fines, compensation, remediation expense and/or restrictions on the Company's ability to operate its business.	Section 5.3
Competition	The Company and its Subsidiaries operate in a competitive market environment. There can be no guarantees that the competitive environment in which it and its Subsidiaries currently operate will remain the same. New entrants, a material adverse change to the competitive environment (including as a result of regulatory changes) or new initiatives implemented by competitors may have a material impact on the operating and financial performance of the Company and its Subsidiaries, including on its relationships with its partners, which may in turn reduce the funding opportunities available to the Company.	Section 5.3

Topic	Summary	Where to find more information
Pandemic risks	The Company's operations and Share price may be adversely affected in the short to medium term by the uncertainty caused by COVID-19. Any further virus outbreaks in Australia or overseas may adversely affect the Company's business operations and financial performance beyond the control of the Company.	Section 5.3
Key personnel	There is a risk that certain employees in key roles will leave the Company, the loss of whom could have a material adverse effect on the Company.	Section 5.3
Culture and talent	While the Company has procedures in place to foster a positive corporate culture, poor culture can lead to a lack of trust, poor decision making, increased employee turnover and reduced motivation. These outcomes may have a material adverse impact on the Company's operations and financial performance..	Section 5.3
Failure of internal risk controls	The Company has been in the process of developing and implementing improved risk management and governance frameworks. Failure to adequately design, implement and abide by these risk management policies and practices may lead to an inability of the Company to mitigate future risk exposures and/or breaches of regulatory obligations.	Section 5.3
Credit risks	Credit market conditions and the operating performance of the Company will affect borrowing costs as well as the Company's capacity to repay, refinance and increase its debt.	Section 5.3
Insurance	The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims. If the Company and its Subsidiaries incur uninsured losses or liabilities, this may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries. There is a further risk that the Group's insurers may not insure every material risk, requiring the Company and its Subsidiaries to consider alternative hedging models.	Section 5.3
Cyber risk, data loss, theft or corruption	The Company holds personal medical and financial information of patients/victims in the US which it stores on its own systems and networks and also with a variety of third party service providers, and the Company's information, technology and communication systems are vulnerable to certain threats such as hacking, data breaches, human error, severe weather, and electrical, hardware or software failure.	Section 5.3
Taxation implications	Future changes in taxation law in Australia and the United States in which the Company and its Subsidiaries operate, may affect taxation treatment of an investment in the Company's securities, or the holding or disposal of those securities.	Section 5.3
Other general risks	The Company is exposed to other further specific risks relating to its business and operations including: • economic conditions in Australia, the United States and internationally; • major structural issues affecting many developed economies, particularly those countries with high sovereign debt levels; • market volatility, especially given the present uncertainties in international trade, financial and political conditions; • any force majeure events, including the ongoing volatility posed by the COVID-19 worldwide pandemic noted above; • changes in the earnings of companies in Australia (whether as a result of general weakness in economic conditions or otherwise); • changes in investor sentiment and perceptions in local and international stock markets; • changes in commodity prices; and • geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities, in particular the ongoing invasion of Ukraine by Russia.	Section 5.4
1.7 More information		
If, after you read this Prospectus, you have any questions regarding the Entitlement Offer or the Application Form, please contact your financial adviser or other professional adviser. You can also call the Entitlement Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am to 5:00pm Monday to Friday during the Offer Period.		

2 Details of Offers

2.1 Overview of the Offers

On 6 April 2022, the Company announced the Offers and completion of the Placement, as set out below:

Entitlement Offer

- (a) A non-renounceable pro rata entitlement offer of 7 New Shares for every 10 Shares held by an Eligible Shareholder at the Offer Price of \$0.275 per New Share, being an ordinary share in the Company, to raise up to a maximum \$7.85 million through the issue of approximately 28,539,518 New Shares.
- (b) New Shares are being offered under the Entitlement Offer with 1 free attaching Entitlement Option for every 2 New Shares issued comprising up to a maximum of 14,269,759 Entitlement Options (subject to rounding).
- (c) The Entitlement Offer is partially underwritten by Peloton up to a maximum of \$4.32 million (**Maximum Entitlement Offer Underwritten Amount**). Any valid applications received from Eligible Securityholders will reduce the obligations of the Underwriter.

Placement Option Offer

- (d) The Company has offered 6,115,611 Placement Shares at the Offer Price of \$0.275 per Placement Share (**Placement**) to Institutional Investors to raise up to a maximum of \$1.68 million in addition to the amounts sought to be raised under this Prospectus. The Placement is not being made under this Prospectus.
- (e) In addition, under this Prospectus, participants in the Placement are being offered 1 free Placement Option for every 2 Placement Shares issued (**Placement Option Offer**). The Placement Option Offer is being made under this Prospectus.
- (f) The issue of the Placement Options is conditional on shareholder approval, which is proposed to be sought at the Company's Annual General Meeting in May 2022, and on the relevant Placement Subscriber continuing to hold their Placement Shares on the date prior to the date the Placement Options are to be issued.
- (g) The issue of Placement Shares utilises the Company's existing placement capacity under ASX Listing Rule 7.1 and will occur on 11 April 2022.
- (h) The Placement is being lead managed by Peloton.

Offer of Lead Manager Options

- (i) The Company is offering 3,000,000 Lead Manager Options to Peloton as lead manager of the Entitlement Offer pursuant to the terms of the Underwriting Agreement (**Lead Manager Option Offer**).

- (j) The issue of the Placement Options is conditional on shareholder approval which is proposed to be sought at the Company's Annual General Meeting in May 2022.

Shortfall Offer

- (k) The Offers being made under this Prospectus also include the Shortfall Offer, which is the offer of New Securities not taken up under the Entitlement Offer. The directors reserve the right to issue any shortfall within 3 months of the closing date of the Entitlement Offer. The allocation policy is set out in section 2.7 of this Prospectus.

For the avoidance of doubt, the Entitlement Options, Placement Options and Lead Manager Options will be issued on the same terms and conditions set out in the Option Terms.

2.2 Use of proceeds

The funds raised from the Placement and Entitlement Offer will be applied towards the following:

- (a) fund the Portfolio Transaction;
- (b) strengthen the Company's balance sheet (including paying down its debt obligations);
- (c) meeting the costs of the Entitlement Offer; and
- (d) general working capital.

The Company intends to use the proceeds of the Entitlement Offer, together the proceeds of the Placement as follows (assuming full subscription):

Sources of funds	Amount		Use	Amount
Placement at \$0.275 per Placement Share	\$1.682m		Portfolio Transaction	\$2.660m
Entitlement Offer at \$0.275 per New Share	\$7.848m		Offer costs	\$0.763m
SAF Tranche 3 Loan	\$0.100m		General working capital	\$6.207
Total	\$9.630		Total	\$9.630

The Board reserves the right to vary the uses of funds raised from the Offers at its discretion and in the interests of Shareholders.

2.3 Entitlement Offer details

(a) Overview

This Prospectus provides details of the New Shares and attaching Entitlement Options being offered to Eligible Shareholders in the Company.

The maximum number of New Shares that can be issued is 28,539,518. The maximum number of attaching Entitlement Options that can be issued is 14,269,759. If the maximum number of New Shares and attaching Entitlement Options are issued, this will raise up to \$7.85 million.

References to “you” in this Section 2 are references to Eligible Shareholders.

If you wish to participate in the Entitlement Offer, you must submit an Application Payment by the Closing Date in accordance with the instructions set out on the Application Form in paper form or by logging onto the Automic registry platform.

You should read this Prospectus carefully before making any decisions in relation to the Entitlement Offer, the Options or the New Shares.

(b) **Who is an Eligible Shareholder?**

Any person who is an Eligible Shareholder may apply for the issue of New Shares and Entitlement Options pursuant to this Prospectus. An Eligible Shareholder is a Shareholder in the Company with a registered address in Australia and New Zealand, or as otherwise determined by the Company, as at the Record Date, being 7:00pm on 11 April 2022.

(c) **Who is an Ineligible Shareholder?**

Any Shareholder that is not an Eligible Shareholder is an Ineligible Shareholder and is not entitled to be issued New Shares or Entitlement Options. If you receive this Prospectus but you are an Ineligible Shareholder, please disregard.

(d) **Offer Period**

The Entitlement Offer opens at 9:00am (Sydney time) on 14 April 2022 and will close at 5:00pm (Sydney time) on 28 April 2022 (**Offer Period**).

(e) **Issue of New Shares and Entitlement Options**

If you are an Eligible Shareholder, you may apply for 7 New Shares for every 10 Shares you hold as at the Record Date, and 1 free attaching Entitlement Option for every 2 New Shares issued.

The New Shares and the Entitlement Options will be issued to Eligible Shareholders on 5 May 2022 and holding statements will be despatched on that same date.

Eligible Shareholders may contact Automic after 6 April 2022 on the Entitlement Offer Information Line on 1300 288 664 (within Australia) or +61 +61 2 9698 5414 (outside Australia) between 8:30am to 5:00pm Monday to Friday during the Offer Period to seek confirmation of their Entitlement allocation.

Prior to allotment, all application monies shall be held by the Company on trust as required by the Corporations Act. The Company, irrespective of whether an allotment of New Shares and Entitlement Options takes place, will retain any interest earned on the application monies.

(f) **Quotation**

The Company will apply for quotation of the New Shares on ASX within seven days from the date of this Prospectus.

If ASX does not grant official quotation of the New Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of this Prospectus, (or such period as varied by the ASIC), any New Shares and Options issued under this Prospectus will be void, any pending Applications received cancelled and all Application Monies received pursuant to this Prospectus will be returned, without interest, in accordance with section 723(3) of the Corporations Act.

The Company will not apply for quotation of the Options on ASX. As a result, there may be no ready market for the Options and you may not be able to sell or transfer them for a fair price or at all.

(g) **Foreign Shareholders**

The distribution of this Prospectus and Application Form in jurisdictions outside of Australia may be restricted by law. In particular, this Prospectus may not be distributed in the United States. If you are an Eligible Shareholder and you come into possession of this Prospectus, then you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares or the Entitlement Options in any jurisdiction outside of Australia and New Zealand.

The Company reserves the right to reject any Application which it believes comes from a person who is not an Eligible Shareholder.

2.4 Placement details

The Placement has been offered to Institutional Investors (**Placement Subscribers**), being 6,115,611 Placement Shares, and 1 free attaching Placement Option for every 2 Placement Shares issued, to raise up to a maximum of \$1.68 million. Fractional entitlements to Placement Options will be rounded up to the nearest whole number.

The Placement Shares will be issued under the Company's existing placement capacity under ASX Listing Rule 7.1. The Placement is not being offered under this Prospectus.

The Placement Option Offer will result in the issue of up to 3,057,806 Placement Options to Placement Subscribers. The Placement Option Offer is conditional on Shareholder approval for the purposes of ASX Listing Rule 7.1 and on the relevant Placement Subscriber continuing to hold their Placement Shares as at the issue date for the Placement Option Offer. Only Placement Subscribers are eligible to participate in the Placement Option Offer.

The Company will not apply for quotation of the Placement Options.

2.5 Lead Manager Option Offer details

Peloton will be issued 3,000,000 Lead Manager Options in accordance with the terms of the Underwriting Agreement (see Section 6.4 for further information). Only Peloton or its nominees are eligible to participate in the Lead Manager Option Offer.

The Lead Manager Option Offer is conditional on Shareholder approval for the purposes of ASX Listing Rule 7.1.

The Company will not apply for quotation of the Lead Manager Options.

2.6 Terms of Options and use of funds realised from exercise of Options

The Entitlement Options, Placement Options and Lead Manager Options (together, the **Options**) are being offered on identical terms, being:

- (a) each Option is an unlisted option;
- (b) each Option is exercisable for one Share at an exercise price of \$0.55; and
- (c) each Option has an expiry date of 30 April 2024.

The offer and issue of Placement Options is conditional on the following:

- (a) shareholder approval, which is proposed to be sought at the Company's Annual General Meeting in May 2022; and
- (b) the relevant Placement Subscriber continuing to hold their Placement Shares on the date prior to the date the Placement Options are to be issued.

The offer of the Lead Manager Options is also subject to Shareholder approval. The offer and issue of Entitlement Options is not subject to Shareholder approval.

The Options offered under this Prospectus will be issued for nil cash consideration. Accordingly, the Company will not raise any proceeds by the issue of Options under this Prospectus.

Any proceeds raised by the exercise of Options will be directed towards working capital.

2.7 Shortfall Offer details

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

If you are an Eligible Shareholder and you wish to apply for New Securities in excess of your Entitlement under the Entitlement Offer by applying for Shortfall, you may do so by completing the relevant section of the Entitlement and Acceptance Form relating to the Shortfall Offer and which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on that form.

If you wish to subscribe for New Securities in addition to your Entitlement, then you should nominate the maximum number of Securities you wish to subscribe for on the Application Form (capped at a maximum representing up to 100% of your Entitlement) and make corresponding payment for your full Entitlement plus the additional New Securities.

The issue price for each New Share to be issued under the Shortfall Offer is \$0.275, being the same price at which New Shares have been offered under the Entitlement Offer. Entitlement Options will also be issued to successful applicants under the Shortfall Offer on the same basis as the Entitlement Offer.

In the event of excess applications under the Shortfall Offer, the Board presently intends to allocate Shortfall Securities under the Shortfall Offer as follows:

- (a) Firstly, each Eligible Shareholder who has validly applied for their full Entitlement and has also validly applied for Shortfall in excess of their

Entitlement before the Closing Date will be allocated their proportionate share of the Shortfall in proportion to their shareholding as at the Record Date. If an Eligible Shareholder has made a valid application for Shortfall but has applied for a lower number of Shortfall than the amount of Shortfall which that Eligible Shareholder would otherwise be allocated under this process, that Eligible Shareholder will be allocated the lower amount.

- (b) Secondly, if, following the allocation of Shortfall in accordance with Section 2.7(a) above there remains Shortfall, the above allocation process will be repeated until either all the Shortfall has been allocated or all valid applications for Shortfall by Eligible Shareholders before the Closing Date have been satisfied in full.
- (c) Thirdly, if following the allocation of Shortfall in accordance with Sections 2.7(a) and 2.7(b) above there remains Shortfall, the allocation of any Shortfall will be determined by the Company and the Lead Manager, and the Company and the Lead Manager may invite Institutional Investors to participate in the Shortfall Offer; and
- (d) Fourthly, if following the allocation of Shortfall in accordance with the above there remains Shortfall, the allocation of all remaining Shortfall will be to Peloton.

The Company notes that no New Shares will be issued to an Applicant under this Prospectus or via the Shortfall Offer if the issue of New Shares would contravene the takeover prohibition in section 606 of the Corporations Act (i.e. an Eligible Shareholder cannot increase their voting power in excess of 19.99%). Similarly, no New Shares and Entitlement Options will be issued via the Shortfall Offer to any related parties of the Company or other persons to whom ASX Listing Rule 10.11 would apply.

Notwithstanding the above allocation intentions, the Company reserves the right to issue an Eligible Shareholder a lesser number of Shortfall Securities than applied for or no Shortfall Securities at all. All decisions regarding the allocation of Shortfall Securities will be made by the Directors in consultation with Peloton. The Company has sole discretion with respect to allocating Shortfall Securities, and such allocations will be final and binding on all applicants under the Shortfall Offer. There is no guarantee that any Shortfall applied for will be issued to Eligible Shareholders.

Without limitation, the Company reserves the right to not issue Shortfall Securities to an Eligible Shareholder where it reasonably believes that doing so may infringe on Australia's foreign investment or other laws.

The last day by which the Shortfall Securities (if any) under the Shortfall Offer may be issued is 28 July 2022 (being 3 months after the Closing Date).

2.8 Underwriting

The Entitlement Offer is partially underwritten up to the Maximum Entitlement Offer Underwritten Amount (being \$4.32 million) by Peloton. Pursuant to the Underwriting Agreement with the Company, Peloton will be required to subscribe or procure subscriptions for New Securities up to the Underwritten Amount less any New Securities taken up by Eligible Shareholders under the Entitlement Offer.

The Underwriter has entered into sub-underwriting agreements with two existing shareholders and the Managing Director, Daniel Kleijn.

Peloton does not currently have a relevant interest in the capital of the Company. If Peloton is called upon to meet its full underwriting commitment in respect of the

Entitlement Offer (i.e. if no Shareholder applies for New Securities under the Entitlement Offer and the sub-underwriters default on their sub-underwriting obligations), Peloton will hold a relevant interest in approximately 21% of the Company's voting securities following completion of the Entitlement Offer. A summary of the Underwriting Agreement (including the circumstances in which it may be terminated) is set out in Section 6.4.

2.9 Disclaimer

The Company reserves the right to determine whether a person is an Eligible Shareholder. Please see Section 2.3(b) of this Prospectus for more information.

Please also refer to Section 6.9 of this Prospectus which sets out the representations and warranties which accepting Eligible Shareholders will be deemed to have given (including confirming that they are an Eligible Shareholder) by submitting their Application Payment.

The Company, its respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees and agents disclaim all liability (to the maximum extent permitted by law) in respect of the determination as to whether a person is an Eligible Shareholder or an Ineligible Shareholder.

2.10 Tax implications

The taxation consequences of being granted the New Shares and the Entitlement Options will depend on an Eligible Shareholder's particular circumstances. It is each Eligible Shareholder's responsibility to make their own enquiries concerning the taxation consequences of acquiring the New Shares, dealing in or exercising any Entitlement Options, or dealing in any Shares issued on exercise of the Entitlement Options.

The Directors do not consider that it is appropriate to give Eligible Shareholders advice regarding the taxation consequences of being issued New Shares or granted Entitlement Options under this Prospectus or exercising Entitlement Options as it is not possible to provide a comprehensive summary of the possible taxation positions of all Eligible Shareholders. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to Eligible Shareholders in respect of the Entitlement Offer or any subsequent dealing or exercise of the New Shares, the Entitlement Options, or Shares issued on exercise of the Entitlement Options.

Before deciding whether to exercise your Entitlement Options, you should consider whether the Shares to be issued and allotted on exercise of the Entitlement Options are a suitable investment for you. Please refer to the risks set out in Sections 1 and 5. If you are in doubt as to the course you should follow, you should seek professional advice.

3 Action required by Eligible Shareholders

3.1 Review Application Form and arrange Application Payment

(a) Taking up all of your Entitlement

Eligible Shareholders who wish to participate in the Entitlement Offer should make an Application Payment (being the Offer Price multiplied by the number of New Shares comprising their Entitlement) by BPAY® or EFT for the amount payable so that it is received by the Closing Date.

Eligible Shareholders are not required to submit or return the personalised Application Form if they have submitted an Application Payment via BPAY® or EFT, but are taken to make the statements on that Application Form. Eligible Shareholders will be provided a BPAY® reference number or unique reference number (**Payment Reference**) to process their Application Payment electronically.

It is the responsibility of Eligible Shareholders to ensure their CRN or unique Payment Reference is quoted in their payment reference or description, as per the instructions in Section 2 of the Application Form. If an Eligible Shareholders fails to quote their CRN or unique Payment Reference correctly, Automic may be unable to allocate or refund their payment.

Application Forms will be personalised and will set out the maximum Entitlement for each Eligible Shareholder.

Application Payments must be received by no later than 5.00 pm (Sydney time) on 28 April 2022. Applicants are encouraged to submit their Application Payments as early as possible.

No brokerage, stamp duty or other costs are payable by Applicants.

New Shares and the attaching Entitlement Options will be issued to Eligible Shareholders on 5 May 2022 and holding statements will be despatched on that same date.

(b) Taking up all of your Entitlement and applying for additional New Securities under the Shortfall Offer

Should you wish to accept all of your Entitlement and apply for New Securities under the Shortfall Offer, applications must be made by submitting an Application Payment via BPAY® or EFT in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

3.2 Ineligible Shareholders

Ineligible Shareholders are not entitled to participate in the Entitlement Offer. If you receive this Prospectus and a personalised Application Form but you are an Ineligible Shareholder, please disregard.

3.3 Enquiries

If you have any questions about the Entitlement Offer, the New Shares, the Entitlement Options or the Lead Manager Options, please call the Entitlement Offer Information Line on 1300 288 664 (within Australia) or +61 +61 2 9698 5414 (outside Australia) between 8:30am to 5:00pm Monday to Friday during the Offer Period. If you are unclear in relation to any matter relating to the Entitlement Offer, the Shortfall Offer, the New Shares, the Entitlement Options or the Lead Manager Options, you should seek advice from your stockbroker, accountant or other professional adviser.

4 The Company and the Offers

4.1 Board of Directors

The Directors of the Company bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience.

The Company's Board currently comprises:

Name	Role
Tim Storey	Non-Executive Chairman
Daniel Kleijn	Executive Director, Managing Director
Anthony Murphy	Non-Executive Director
David Wattel	Non-Executive Director

4.2 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed director holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before the lodgement of this Prospectus with ASIC, an interest in:

- (a) the formation or promotion of the Company;
- (b) the Entitlement Offer; or
- (c) any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Entitlement Offer.

Other than as set out below or elsewhere in this Prospectus, no Director or proposed director has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given, either to induce him or her to become, or to qualify him or her as, a director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Entitlement Offer.

Interests of Directors – existing security interests

As at the date of this Prospectus, relevant interests held by Directors are set out in the table below:

Director	Shares	Other securities the Director has a relevant interest in	Voting power in the Company's Shares	Remuneration ¹
Tim Storey	148,634	N/A	0.36%	US\$34,859
Daniel Kleijn	52,000	916,997 unquoted options (exercise price \$2.50, expiry date 19 November 2025)	0.13%	US\$410,843 (salary and fees)
Anthony Murphy	150,113	N/A	0.37%	US\$20,231
David Wattel	1,075,488	112,500 unquoted options (exercise price	2.64%	US\$20,231

¹ Refer to the Remuneration report, which is contained in the Full Year December 2021 Annual Report for full details of the remuneration of Directors.

		\$40.00, expiry date 28 September 2022) 125,000 unquoted options (exercise price \$60,000, expiry date 28 September 2023) 614,319 warrants (exercise price \$13.50, expiry date 8 November 2022)		
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Indemnities

Subject to stated exceptions in the Constitution and to the extent permitted by law, the Company must indemnify every current or former officer of the Company and/or its related parties against any liability incurred by that person in that capacity, including negligence and legal costs.

The Company, to the extent permitted by law, may pay a premium for a contract insuring a person who is or has been a Director against liability incurred by that person as a Director.

The Company has entered into a policy of D&O liability insurance. It is intended that the policy would insure the Company and all of its officers in respect of any claims that this document contains untrue or misleading statements or information or omissions and in respect of official investigations in relation to the Entitlement Offer.

4.3 Purpose and effect of the Offers on the Company

Effect of the Offers on the Company

Placement Option Offer

The Company expects to issue up to 6,115,611 Placement Shares under the Placement to raise gross proceeds of \$1,681,793. The offer of Placement Shares is not being made under this Prospectus.

If all Placement Options are subscribed for under the Placement Option Offer, the Company will issue up to 3,057,806 Placement Options under the Placement Option Offer (subject to rounding).

If all Placement Options issued under the Placement Option Offer are exercised, approximately 3,057,806 Shares will be issued for total consideration of approximately \$1,681,793.

Entitlement Offer

The Company expects to issue up to 28,539,518 New Shares and 14,269,759 Entitlement Options under the Entitlement Offer (subject to rounding). This includes the Shortfall Securities which may be issued under the Shortfall Offer.

If all Entitlement Options issued under the Entitlement Offer are exercised, an additional 14,269,759 Shares will be issued for total consideration of approximately \$7,848,367.

Accordingly, up to 42,809,277 Shares may be issued under, or in connection with, the Entitlement Offer.

Lead Manager Offer

The Company will issue 3,000,000 Lead Manager Options under the Lead Manager Option Offer.

If all Lead Manager Options issued under the Lead Manager Option Offer are exercised, 3,000,000 Shares will be issued for total consideration of \$1,650,000.

Effect of the Offers on the capital structure

The maximum effect of the Entitlement Offer on the capital structure of the Company is set out in the table below.

As at the date of this Prospectus	
Shares	40,770,740
Unlisted options (with varying exercise dates and exercise prices)	2,691,667
Unlisted warrants (with varying exercise dates and exercise prices)	4,527,440
Converting note (conversion at maturity on 31 December 2022)	1,889,733
Placement and Placement Option Offer	
Number of Placement Shares to be issued under the Placement	6,115,611
Number of Placement Options to be issued under the Placement Option Offer	3,057,806
Entitlement Offer	
Number of New Shares to be issued under the Entitlement Offer	28,539,518
Number of Entitlement Options to be issued under the Entitlement Offer	14,269,759
Lead Manager Option Offer	
Number of Lead Manager Options to be issued under the Lead Manager Option Offer	3,000,000
Share capital on completion of the Offers and Placement (assuming full subscription)	
Shares	75,425,869
Options issued under this Prospectus	20,327,565
Unlisted options (with varying exercise dates and exercise prices)	2,691,667
Unlisted warrants (with varying exercise dates and exercise prices)	4,527,440
Converting note (conversion at maturity on 31 December 2022)	1,889,733

Effect on Shareholdings

Generally, Eligible Shareholders who take up the Entitlement Offer in full should not have their interest in the Company diluted by the Entitlement Offer (subject to immaterial movements as a result of the rounding of Entitlements).

The potential effect of the Entitlement Offer on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, then they will maintain their percentage shareholding under the Entitlement Offer but will be diluted as a result of the Placement;
- (a) if some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted following the issue of New Shares under the Entitlement Offer and Placement Shares under the Placement;
- (b) Eligible Shareholders who take up their full pro rata entitlement under the Entitlement Offer and receive Shortfall Securities under the Shortfall Offer will increase their percentage Shareholding in the Company under the Entitlement Offer to the extent they receive additional Shortfall Securities under the Shortfall Offer but will be diluted as a result of the Placement;
- (c) the proportional interests of Ineligible Shareholders will be diluted by the Entitlement Offer and the Placement; and
- (d) there is no Shareholder or sub-underwriter who would on the completion of the Entitlement Offer and Placement have an interest which would exceed 19.9%.

The summary above does not take into account the exercise of any other Options issued under the Entitlement Offer, Placement Option Offer or Lead Manager Option Offer (see below for further information). This will dilute the interests of Eligible Shareholders, particularly if any Options are exercised.

The Underwriter has entered into sub underwriting agreements with two existing shareholders in the amount of to \$2 million and \$1.5 million respectively. The relevant interests of the sub-underwriters would increase by a maximum of 9.21% and 5.98% respectively (assuming they are required to take up their full sub-underwritten commitment for New Shares and the amount raised under the Entitlement Offer does not exceed the underwritten amount) and a further 2.22% and 1.36% respectively (if all Options were exercised). Based on the information available to them, the Directors do not believe either sub-underwriter would increase their respective relevant interest above 17.5% (assuming they do not acquire any relevant interest other than pursuant to their sub underwriting commitments).

The Underwriter has entered into a sub underwriting agreement with Daniel Kleijn, the Managing Director of the Company in the amount of \$135,000. The relevant interest of Daniel Kleijn would increase by a maximum of 0.71% (assuming he is required to take up a full sub-underwritten commitment for New Shares prior to exercise of the Entitlement Options) and a further 0.17% (if all Options were exercised).

Dilutive effect of the issue of Options under this Prospectus

Assuming all of the New Shares under the Entitlement Offer and Placement Shares under the Placement are issued, the Company will have on issue 75,425,869 Shares.

In the event that:

- (a) all of the Placement Options (only) are exercised, there would be a total of 3,057,806 Shares on issue and the dilution would be 3.9%; or

- (b) all of the Entitlement Options (only) are exercised, there would be a total of 14,269,759 Shares on issue and the dilution would be 15.9%; or
- (c) all of the Lead Manager Options (only) are exercised, there would be a total of 3,000,000 Shares on issue and the dilution would be 3.8%; and
- (d) all of the Placement Options, Entitlement Options and Lead Manager Options are exercised, there would be a total of 95,753,434 Shares on issue and the dilution would be 21.2%.

Effect of the Offers and Placement on the control of the Company

The Company has managed the Placement and Offers such that it does not anticipate that the acquisition of any Shares or Options by any Shareholder will result in any Shareholder obtaining a relevant interest in 20% or more of the Company's Shares. The Company therefore does not expect that the Offers and Placement will have any material effect on the control of the Company.

4.4 Share price

The highest, lowest and last recorded market sale prices of the Company's Shares in the last 3 months prior to the date of this Prospectus are

	Price	Date
Highest	\$0.79	19 January 2022
Lowest	\$0.38	8 March 2022
Last	\$0.40	1 April 2022

4.5 Financial information

The unaudited pro forma statement of financial position reflects the reported results of LAW as shown in the financial statements contained in the Full Year December 2021 Report for the financial year ended 31 December 2021, adjusted to reflect various pro forma adjustments detailed below, including the completion of the Placement, the Entitlement Offer and the exercise of all Options (assuming the full amount of 14,269,759 Entitlement Options, 3,057,806 Placement Options and 3,000,000 Lead Manager Options are issued).

The unaudited pro forma statement of financial position is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor the conclusion of the Entitlement Offer. Unless specified in the notes below, no account has been made in the pro forma tables for the impact of trading since 31 December 2021.

References to "pro forma" information are non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information). Non-IFRS financial information has not been subject to audit or review.

Pro Forma Statement of Financial Position

Scenario 1: Equity funding raised to the level of the partial underwrite

Scenario 1 - Pro Forma Balance Sheet as at 31 December 2021								
USD in '000s [1]	31-12-2021 (Audited)	Entitlement Offer - Rights Placement - A\$1.68m [2]	Issue - A\$4.32m [3]	Share Issue Costs [4]	Attached Options to Offer [5]	SAF Tranche 3 A\$0.1m [6]	Portfolio Transaction [7]	Pro Forma
Assets								
Current assets								
Cash and cash equivalents	5,101	1,219	3,131	(406)		72	(2,000)	7,118
Financial assets at fair value through profit or loss - Australia	-							-
Financial assets at amortised cost - USA	12,372							12,372
Other receivables	979							979
Prepayments	293							293
	18,745	1,219	3,131	(406)	-	72	(2,000)	20,762
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	18,745	1,219	3,131	(406)	-	72	(2,000)	20,762
Non-current assets								
Financial assets at fair value through profit or loss - Australia	-							-
Financial assets at amortised cost - USA	29,070							29,070
Loans and Receivables							10,000	10,000
Other receivables	15							15
Property, plant and equipment	106							106
Right-of-use assets	235							235
Intangibles	-							-
Total non-current assets	29,426	-	-	-	-	-	10,000	39,426
Total assets	48,171	1,219	3,131	(406)	-	72	8,000	60,188
Liabilities								
Current liabilities								
Trade and other payables	2,068							2,068
Borrowings	38,323							38,323
Lease liabilities	100							100
Employee benefits	177							177
	40,668	-	-	-	-	-	-	40,668
Liabilities directly associated with assets classified as held for sale	-							-
Total current liabilities	40,668	-	-	-	-	-	-	40,668
Non-current liabilities								
Borrowings	17,818						8,000	25,818
SAF						72		72
Lease liabilities	164							164
Employee benefits								-
Provision for withholding tax	-							-
Total non-current liabilities	17,982	-	-	-	-	72	8,000	26,054
Total liabilities	58,650	-	-	-	-	72	8,000	66,722
Net liabilities	(10,479)	1,219	3,131	(406)	-	-	-	(6,535)
Equity								
Issued capital	97,626	1,219	3,131	(575)				101,401
Capitalising converting notes	14,832							14,832
Reserves	26,344			169	-			26,513
Accumulated losses	(148,816)	-	-					(148,816)
(Deficiency) attributable to the owners of LawFinance Limited	(10,014)	1,219	3,131	(406)	-	-	-	(6,070)
Non-controlling interest	(465)							(465)
Total (deficiency)	(10,479)	1,219	3,131	(406)	-	-	-	(6,535)

1. Balances denominated in A\$ have been converted to US\$ (reporting currency) at the exchange rate of 0.72478 being the exchange rate applied in LAW's Annual Report as at 31 December 2021.

2. Placement would raise A\$1,681,793 (US\$1,218,930).

3. While the Entitlement Offer set out in this Prospectus would raise A\$7,848,367 (equivalent to approximately US\$5,688,340) if fully subscribed however Scenario 1 assumes that rights are only taken up to the extent of the partially underwritten portion of A\$4,320,000 (equivalent to approximately US\$3,31,050). T

4. Costs of undertaking the Offer including those of the corporate advisor and lead managers, legal, accounting and registry costs. These are comprised of cash costs estimated at A\$559,572 (equivalent to approximately US\$405,567) and 3 million Lead Manager Options with an estimated Black Scholes valuation of A\$233,359 (equivalent to approximately \$169,134), assuming a volatility of LAW shares of 65%. If these Lead Manager Options are exercised in full during the period up to their Expiry Date, the proceeds received by LAW would total A\$1,650,000

5. Under the Placement and the Offers, free attaching options which may be issued to participating shareholders are not valued in accordance with accounting standards. However, if they are fully exercised during the period up to their Expiry Date, then the proceeds received by LAW would total A\$6,001,793. We note that the free attaching options applicable to the Placement are subject to obtaining Shareholder approval.

6. One of the SAF Lenders has committed to provide a new debt tranche (Tranche 3 of the SAF) of A\$100,000 with interest of 9.5% and a maturity date of 28 May 2027. The Company has the option to extend this maturity date to 28 May 2029, however interest payable will increase to 10.5% in these final 2 years if the option is exercised. Funding of this loan is conditional upon completion of the Offer.

7. Under the Portfolio Transaction referenced in this Prospectus, the Company will fund up to US\$2m of the loan funding from cash raised through the Offers. The remaining up to US\$8m will be funded through the PFG debt facility.

Scenario 2: Fully subscribed Offers and Placement

Scenario 2 - Pro Forma Balance Sheet as at 31 December 2021								
USD in '000s [1]	31-12-2021 (Audited)	Placement - A\$1.68m [2]	Entitlement Offer - Rights Issue - A\$7.85m [3]	Share Issue Costs [4]	Attached Options to Offer [5]	SAF Tranche 3 A\$0.1m [6]	Portfolio Transaction [7]	Pro Forma
Assets								
Current assets								
Cash and cash equivalents	5,101	1,219	5,688	(553)		72	(2,000)	9,528
Financial assets at fair value through profit or loss - Australia	-							-
Financial assets at amortised cost - USA	12,372							12,372
Other receivables	979							979
Prepayments	293							293
	18,745	1,219	5,688	(553)	-	72	(2,000)	23,172
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	18,745	1,219	5,688	(553)	-	72	(2,000)	23,172
Non-current assets								
Financial assets at fair value through profit or loss - Australia	-							-
Financial assets at amortised cost - USA	29,070							29,070
Loans and Receivables							10,000	10,000
Other receivables	15							15
Property, plant and equipment	106							106
Right-of-use assets	235							235
Intangibles	-							-
Total non-current assets	29,426	-	-	-	-	-	10,000	39,426
Total assets	48,171	1,219	5,688	(553)	-	72	8,000	62,598
Liabilities								
Current liabilities								
Trade and other payables	2,068							2,068
Borrowings	38,323							38,323
Lease liabilities	100							100
Employee benefits	177							177
	40,668	-	-	-	-	-	-	40,668
Liabilities directly associated with assets classified as held for sale	-							-
Total current liabilities	40,668	-	-	-	-	-	-	40,668
Non-current liabilities								
Borrowings	17,818						8,000	25,818
SAF						72		72
Lease liabilities	164							164
Employee benefits	-							-
Provision for withholding tax	-							-
Total non-current liabilities	17,982	-	-	-	-	72	8,000	26,054
Total liabilities	58,650	-	-	-	-	72	8,000	66,722
Net liabilities	(10,479)	1,219	5,688	(553)	-	-	-	(4,124)
Equity								
Issued capital	97,626	1,219	5,688	(722)				103,811
Capitalising converting notes	14,832							14,832
Reserves	26,344			169	-			26,513
Accumulated losses	(148,816)	-						(148,816)
(Deficiency) attributable to the owners of LawFinance Limited	(10,014)	1,219	5,688	(553)	-	-	-	(3,659)
Non-controlling interest	(465)							(465)
Total (deficiency)	(10,479)	1,219	5,688	(553)	-	-	-	(4,124)

1. Balances denominated in A\$ have been converted to US\$ (reporting currency) at the exchange rate of 0.72478 being the exchange rate applied in LAW's Annual Report as at 31 December 2021.

2. Placement would raise A\$1,681,793 (US\$1,218,930).

3. The Offer set out in this Prospectus would raise A\$7,848,367 (equivalent to approximately US\$5,688,340) if fully subscribed and includes a bid from the Executives to acquire new shares in the Offer of approximately A\$351,474

(equivalent to approximately US\$ 254,742) which will be paid from the proceeds of their STI (after tax). In March 2022, the Board approved to pay up to equivalent of US\$456,950 (including tax), being 50% of the potential STI payable to Daniel Kleijn, Phil Smith, Richard Cruz and Marielena Ziska and no LTI. These executives have elected to subscribe for new shares in the Offer, in the amount equivalent to the post tax value of their STI being approximately A\$351,474 (equivalent to approximately US\$254,742).

4. Costs of undertaking the Offer including those of the corporate advisor and lead managers, legal, accounting and registry costs. These are comprised of cash costs estimated at A\$762,615 (equivalent to approximately US\$552,728) and 3 million Lead Manager Options with an estimated Black Scholes valuation of A\$233,359 (equivalent to approximately US\$169,134), assuming a volatility of LAW shares of 65%. If these Lead Manager Options are exercised in full during the period up to their Expiry Date, the proceeds received by LAW would total A\$1,650,000

5. Under the Placement and the Offers, free attaching options which may be issued to participating shareholders are not valued in accordance with accounting standards. However, if they are fully exercised during the period up to their Expiry Date then the proceeds received by LAW would total A\$9,530,160. We note that the free attaching options applicable to the Placement are subject to obtaining Shareholder approval.

6. One of the SAF Lenders has committed to provide a new debt tranche (Tranche 3 of the SAF) of A\$100,000 with interest of 9.5% and a maturity date of 28 May 2027. LAW has the option to extend this maturity date to 28 May 2029, however interest payable will increase to 10.5% in these final 2 years if the option is exercised. Funding of this loan is conditional upon completion of the Offers.

7. Under the Portfolio Transaction referenced in this prospectus, LAW will fund up to US\$2m of the loan funding from cash raised through the offer. The remaining up to US\$8m will be funded through the PFG debt facility.

5 Key risks

5.1 Introduction

By dealing in the New Shares or exercising the Entitlement Options, you will be exposed to a number of risks which can be broadly classified as risks associated with the Entitlement Options and the New Shares, and with the Company's business, which may affect recovery in respect of the Entitlement Options and New Shares.

This Section describes the potential risks associated with the Company's business and the risks associated with the Entitlement Options and the New Shares. It does not list every risk associated with the Entitlement Options or the New Shares now or in the future. Shareholders will already be exposed to many of the risks associated with the Company's business through their shareholding in the Company. Some risks can be mitigated by appropriate commercial action, but many risks described in this Section of the Prospectus are partially or completely outside the control of the Company and its Directors.

The selection of risks is based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this Prospectus. There is no guarantee or assurance the importance of different risks will not change or other risks will not emerge. Additional risks and uncertainties the Company is unaware of, or it currently considers to be immaterial, may also become important factors that adversely affect the Company's operating and financial performance.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees any specific objectives of the Company will be achieved or any particular performance of the Company, the Entitlement Options or the New Shares will be achieved.

Before dealing in or exercising the Entitlement Options, Eligible Shareholders must be satisfied that you have a sufficient understanding of the risks noted in this Section and have fully considered whether dealing in or exercising the Entitlement Options is right for you, having regard to your own investment objectives, financial circumstances and taxation position. You should read this Prospectus in full and seek professional advice before dealing in or exercising the Entitlement Options.

5.2 Risks associated with acquiring New Shares and dealing in and exercising Options

Nature of Investment

Any potential investor should be aware that subscribing for Shares and Options involves risks. The New Shares and Entitlement Options to be issued pursuant to the Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of the New Shares. An investor may not be able to recoup their initial investment. Specifically, the risks include:

- (a) the price at which the investor is able to sell the New Shares is less than the price paid due to changes in market conditions;
- (b) the investor is unable to sell the New Shares or Entitlement Options; and

- (c) the Company is placed in receivership or liquidation, making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment.

Control

Refer to Section 4.3 for control implications of the Entitlement Offer.

Inflation rate risk

An increase in the inflation rate may negatively impact the profitability of the Company or the market value of the New Shares or Options including as a result of the increase in the Company's expenses.

Change in Australian tax system

Any future change in Australian tax law may affect the taxation treatment of the holding, disposal and exercise of Options and the market price of the Options and New Shares.

Shareholder limits

Various laws, including Chapter 6 of the Corporations Act and the *Foreign Acquisition and Takeovers Act 1975* (Cth) may restrict the number of Shares that any person may hold. Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as the Company) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX.

Shareholders should take care to ensure that their holding of the New Shares and Options (and any Shares that will be issued on exercise of those Options) does not breach any applicable restrictions on ownership.

Where, on exercising Options, the issue of any Shares to any particular Option Holder (either directly or indirectly) is prevented by law, the Company may be unable accept the exercise of those Options.

No Quotation of Options

The Company will not apply for quotation of the Options on ASX. As a result, there may be no ready market for the Options and you may not be able to sell or transfer them for a fair price or at all.

Dilution

If you are an Eligible Shareholder and you do not apply for New Shares plus attaching Options under this Entitlement Offer, you will be diluted when the New Shares are issued. If the Options are exercised, the Company will issue Shares to the Option Holders as set out in this Prospectus and you may be diluted again at that time.

It is not possible to predict what the value of the Company's Shares will be following completion of the Entitlement Offer, or at the time the Options are exercised, and the Directors do not make any representation to such matters. The last trading price of Shares on ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after completion of the Entitlement Offer. In addition, in the future, the Company may elect to issue Shares or other securities. While the Company will be subject to the constraints of the ASX Listing Rules regarding the issue of

Shares or other securities, Shareholders may be diluted as a result of issues of Shares or other securities.

Market price and liquidity of New Shares and Options

There is no guarantee the Options will trade on ASX or that there will be a liquid market for the Options. The market price of the Shares may be volatile and this may cause volatility in the price of the Options and affect your ability to sell your Options at all, or at an acceptable price. Additionally, the issue of the Options may result in downward pressure on the market price of Shares.

In addition, any Shares held by Option Holders following the exercise of those Options will have the same rights as other existing Shares, which are different from the rights attached to the Options. The market price of the Shares may fluctuate over time as a result of a number of factors.

At the time Shares are issued to Option Holders, the market price of the Shares will likely vary from the Exercise Price of the Options and there is no guarantee that the New Shares will trade above the Offer Price. The historic share price performance of the Shares provides no guidance as to the future market price of the Shares or the likely trading price of the Options.

There is also no guarantee that there will be a liquid market for Shares at that time, or the market may be less liquid than that for comparable securities issued by other entities at that time. As a consequence, Option Holders who wish to sell the Shares they may receive on exercising their Options may be unable to do so at an acceptable price, or at all, if the market for Shares is illiquid.

In addition, there is no guarantee that Shares will remain continuously quoted on ASX. Trading of ASX listed securities may be suspended in certain circumstances.

Shareholders should be aware that there are risks associated with any securities investment. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

The Options are subject to changes of law

The Option Terms are governed by the laws of New South Wales. No assurance can be given as to the impact of any possible judicial decision or change to New South Wales law or administrative practice after the date of issue of the Options. Should any of those laws change over time, the legal requirements to which the Company may be subject could differ materially from current requirements.

5.3 Risks associated with the Company

Key risks relating to the Company and the Group are set out below. It is not, however, possible to describe all of the risks which may adversely affect the Company's prospects and performance. The following list of risks is not intended to be exhaustive. Specific risk factors which may have a significant impact on the future performance of the Company include the following:

Completion of bulk funding transaction (US\$10m funding) (Portfolio Transaction)

The Company has executed two contracts to fund up to a US\$10 million portfolio of receivables via two collateralised credit and security agreements. The Company intends to use the proceeds raised under the Entitlement Offer, in part, to fund the National Health Finance DM, LLC (**NHF**) payment of consideration pursuant to the Portfolio

Transaction. The Company currently proposes to utilise approximately US\$2 million from the Entitlement Offer to fund the Portfolio Transaction.

The loans that the Company will provide under the Portfolio Transaction (up to an aggregate US\$10 million) are to be used to fund by way of separate advances the collateral pool of the Portfolio Transaction. The Company's ability to provide these loans are subject to completing its underwriting process including "vetting" the collateral and obtaining debt funding under SPV IV and NHF's finance facility with Partners for Growth (PFG). PFG have confirmed that they will fund the Portfolio Transaction at an 80% advance rate, subject to the Company raising sufficient capital to fund the remaining 20% and funding for more than 6 months of operating costs and expected originations.

Completion of the Portfolio Transaction is not conditional on completion of the Entitlement Offer, but if the Entitlement Offer does not proceed then there is a risk that the Portfolio Transaction will not complete.

If the Portfolio Transaction fails to complete or completion is delayed, the expected financial performance of the Company could be adversely affected, and the benefits of the Portfolio Transaction would not be realised.

If the Portfolio Transaction does not complete in full or at all and the Company has raised proceeds under the Entitlement Offer, the Company will need to consider alternative uses for those proceeds, or ways to return such proceeds to shareholders.

Under the loans there is an ongoing obligation on each of the two borrowers to ensure that the collateral pool remains at 2.85x of the loan amount, which will require each borrower to provide additional receivables to be added to the collateral pool to ensure compliance with this. There is a risk that each borrower fails to provide appropriate collateral to replace claims that fall out of the collateral pool when they collect or for another reason.

Compliance with PFG conditional waiver

SPV IV and NHF breached certain financial covenants of the PFG Facility Agreement as at 31 December 2021 which triggered a 'review event'. This review event was waived subject to the satisfaction of various conditions, which include completion of the capital raise. A failure to satisfy these conditions could lead to an amortisation event, which would restrict new funding of originations and require repayment of the loan within 12 months (ultimately requiring a refinance).

Reliance on new debt funding (PFG or new financiers)

The Company is reliant on new debt financing for the purchase / funding of medical receivables. PFG provides debt funding at an advance rate of 85% (80% in certain cases) when eligible receivables are acquired / funded. The ability of the Company to continue to have access to funding for future activities is dependent on a number of factors including compliance with the covenants contained in its existing debt financing arrangements, general economic, political, capital and credit market conditions. Any breaches of existing covenants or changes in the conditions noted could adversely affect the Company's ability to operate its business or refinance its debt.

The PFG Facility Agreement is subject to a number of covenants, a breach of which would provide Partners for Growth with the right to call on the loan and consequently may trigger a cross default under the SAF Facility Agreement. From time to time the Company expects to breach operational covenants and would therefore be reliant on the relationship with Partners for Growth to waive these breaches.

The Company is assuming it has the ability to refinance this facility with a US bank in 2023 at a lower cost of funding. There is a risk that if this is not achieved, it will affect the profitability expectations of the Group.

Reliance on equity funding

The medical receivable funding business operated by the Company relies on cash collections and access to funding to grow. The Company has extended average collection periods (average 30 months) which results in a greater reliance on access to capital in order to facilitate growth of its business. Until such time as the Group's medical receivables book is at sufficient scale to generate sufficient collections, which on the current models the Company expects will occur at a book size of US\$30 million to US\$35 million, the Company's business activities is reliant upon access to equity and debt markets to finance its day-to-day working capital and to invest in the origination of further medical receivables.

Access to these markets can change from time to time based on economic and financial market conditions, geopolitical issues in the markets in which the Company operates in, the risk appetite of banks and other credit providers, the investment appetite of equity investors and the view of whether the Company is a suitable party to extend credit to or invest in.

EFI facility

Review Event:

There is currently a subsisting 'review event' under the EFI Facility Agreement that occurred on 31 January 2022 due to SPV III breaching a collections hurdle financial undertaking. This provides EFI with the right to seek to negotiate and agree within 30 days of notification revised facility terms. If EFI and SPV III (acting reasonably) cannot agree on such revised terms EFI may give notice to SPV III that it requires repayment of the loan within 90 days.

Potential liability of the Company:

Under the EFI Facility Agreement, the Company provided a guarantee in respect of amounts outstanding under the EFI finance documents, effective from the earlier of 4 November 2023 and the date that a liquidator is appointed to the Company (**Guarantee Effective Date**). However, despite this EFI is precluded from demanding payment from the Company whilst the subordination arrangement between lenders under the SAF Facility Agreement (**SAF Lenders**) and EFI remains in place. This subordination arrangement ends on the earlier of the date the SAF Lenders are fully repaid and the date the Company notifies the SAF security trustee (not before the date that is 10 business days prior to 4 November 2023) that it is to end (**Subordination Period**). Given the Company is not due to repay the loans under the SAF Facility Agreement until 28 May 2026 (subject to any additional amendment, including for the additional advance proposed to be provided in connection with the current Offer), the Company's view is that no demand for payment can be made by EFI on the Company until at least this date.

In connection with the proposed Entitlement Offer a SAF Lender has committed to provide additional debt funding under the SAF Facility Agreement due for repayment on 28 May 2027 (subject to the Company's option to extend such repayment date by a further 2 years).

During 2021 EFI raised various concerns about compliance with the EFI Facility Agreement. The Company believes these matters have been addressed by the Company. One concern related to whether the Company complied with a condition subsequent to use reasonable endeavours to obtain all consents required to grant a

second ranking security by 31 August 2021 in favour of EFI. The Company considers it has complied with its obligation despite such security not ultimately being granted. Failure to comply with this obligation results in an increase to the interest rate noting SPV III has received no notification from EFI regarding this.

There is a risk that EFI may seek to dispute matters relating to the above including when the Company's guarantee becomes callable. If EFI is successful with such a dispute, then the Company could be liable to pay the balance amounts then owing to EFI.

Loan to Value:

The EFI Facility Agreement also has a loan to value ratio financial covenant which is currently compliant but there is a risk it will be breached in the short term.

A breach of this LVR covenant would (if not cured or waived) trigger an event of default and provide EFI with usual acceleration rights, including the right to demand repayment of the loan against SPV III and charge default interest. Further to the above, during the Subordination Period, the Company considers such rights will be limited to SPV III.

Claims valuations for covenant purposes are currently based on management's assumptions which include estimates of realisable value based on advice of our lawyers and available information which is in some cases is incomplete. Actual outcomes may differ materially to the valuation assumptions applied for LVR purposes. The assumptions include expectations that the impact of COVID-19 on recovery rates was temporary and that recovery rates are returning to pre-COVID levels. There is a risk that this does not occur so management's valuations may be subject to challenge.

Michigan collections

In July 2021, Michigan implemented a law change in relation to motor vehicle accident (**MVA**) healthcare costs which has negatively impacted the financial viability of medical service providers to continue to treat victims of MVAs on a medical lien basis. This placed financial stress on the medical service providers which NHF has purchased claims from in the past, leading to certain medical providers breaching terms of their funding arrangements with NHF.

In addition, insurance companies have been challenging, in Court, the standing of medical service providers to represent medical lien claims that have been funded/acquired by funders including NHF. While NHF has been successful in defending many of these challenges it is becoming more difficult, particularly relating to claims acquired from one large medical service provider. Certain Courts are effectively finding against NHF in some cases and the Company is working closely with its lawyers and the main medical service provider to formulate strategies to mitigate against the risk of this issue eroding the value of NHF's medical lien claims. However, until a suitable solution is reached with the medical service providers there is a risk that further claims are lost as a result of the particular Courts' stance.

As at the end of February 2022, the original funding value of NHF's total receivables – both the Michigan lien claims and contractual claims against medical providers that sold claims to NHF - was c.US\$11.7m. These claims are contained within both the PFG and EFI Books of receivables with approximately 50% held in each book.

Historically Michigan claims have collected on average at c.38% of the face value of the invoices acquired/funded. As at 31 December 2021 the Company valued the estimated realisable value of these claims at c.30% (representing a 27% discount to historical recovery rates achieved). This reduction in expectation was applied to reflect the challenges being faced and uncertainty in realising value from Michigan claims. While

the Company considers that this value appropriately reflects the estimated realisable value of the claims, actual outcomes may prove to be materially different.

Of the total Michigan receivables, c.US\$6m relates to contractual claims against the medical service providers that sold claims. These claims relate to contractual obligations of the medical service providers to provide replacement claims in respect of dismissed claims and damages where medical service providers have not complied with their obligations to support the pursuit and recovery of medical lien claims. The Company is currently pursuing medical providers to provide replacement paper/refunds and/or for damages relating to breaches of their funding arrangements with NHF. These claims, in some cases are being contested, will take time to resolve and their outcomes remain uncertain.

The Company is currently actively engaged with the relevant medical providers and is optimistic that consensual agreements will be reached with them over the coming months, to preserve value recoverable by NHF in respect of the claims. However, there is a risk that the Company's assumptions proves to be incorrect.

The Company is working closely with its debt funders (PFG and EFI) who have financed the Michigan claims. While the EFI facility with SPV III is largely ringfenced (refer above) the PFG facility is not. PFG agreed to continue to fund the Michigan claims however, the Company has reduced the debt funding against these claims to 70% of the original funding cost of these claims. For accounting purposes as at 31 December 2021, the Company has valued the claims at approximately 115% of the original funding cost value.

SAF facility

The loans outstanding under the SAF Facility Agreement are due to be repaid in 28 May 2025, and 28 May 2026 (subject to any future amendment). Repayment of the loans at maturity and / or the willingness of the SAF Lenders to extend maturity dates, will primarily be dependent on the performance of NHF business.

While interest can be capitalised until 28 May 2024, after that date interest needs to be paid in cash. A failure to do so will amount to an event of default under the SAF Facility Agreement and provide the SAF Lenders with usual acceleration rights, including the right to demand repayment of the loans against the Company.

The SAF Facility Agreement is subject to a number of covenants (including financial covenants which are tested from 31 December 2022), a breach of which would trigger an event of default and provide the SAF Lenders with the right to demand repayment of the loans. Notably, a default under the PFG Facility Agreement may trigger a cross default under the SAF Facility Agreement, which would provide the SAF Lenders with the right to call on the loans.

Going Concern

Whilst the Company considers that completion of the Entitlement Offer will address the current uncertainty regarding its ability to continue as a going concern, the Company refers Eligible Shareholders to other risks set out in this Prospectus which may impact the Company's ability to continue as a going concern.

The audit opinion for the Full Year December 2021 Report includes going concern disclosures, with an emphasis on the impacts on financial assets being recorded at amortised costs, impacts of COVID-19 and available funding facilities (amongst other matters), which are consistent with Half Year June 2021 Report.

If the Entitlement Offer does not complete, the Company would need to explore alternative funding sources in order for the Company continue as a going concern. If such

alternative funding sources are not available at a reasonable price or in any case, this will establish greater complications for the Company to continue as a going concern, as well as a general risk that the Company will not be able to meet assumptions around growth and value creation.

As stated above PFG also require the Company to raise capital to satisfy the conditions of their conditional waiver. Failure to satisfy these conditions could result in an “amortisation event” event being triggered which would jeopardise the Company’s ability to fund new originations required to achieve its value creation plans.

Recoverability of debts and returns on collections

Recovery rates have been increasing over the last 7 months from COVID-19 impacted lows. The Company currently expect these improved recovery rates to be maintained improved however there is no guarantee that this will occur.

Recovery rates are a key driver of the Company’s financial performance and position. Declines in recovery rates from their current levels would adversely impact the Company’s financial position in the future.

Additionally, while the Company currently has safeguards in place, there is the possibility that the Company could be exposed to potential personal injury or other fraud, which may further affect the recoverability of debts.

Changes in laws, regulations and policies

Changes to laws, regulations and accounting standards which apply to the Company from time to time could materially and adversely impact upon the operating and financial performance and cash flows of the Company. Specifically, it is possible that the law, regulations or government policies may change at any time, which may adversely impact the Company’s business model and the industry in which it operates. As the industry of purchasing medical receivables grows, there is the possibility that regulators will increase their level of scrutiny of the business and impose regulatory changes that may impact on the Company’s business. There is no guarantee as to how existing laws and regulations will be applied in the future. In particular, the key laws and regulations governing the Company’s business (in particular, the NHF business), if they were to change, are summarised as follows:

- (a) the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b) (and similar applicable US state laws) makes it a felony offence for anyone to knowingly and wilfully offer, pay, solicit or receive remuneration if one purpose of the act is to induce patient referrals or the purchase, order or the arranging for or recommending the purchase or order of items or services, for which payment may be made in whole or in part by any federal or state healthcare program. Payments or inducements offered directly to patients, such as coupons, discounts, fee waivers and giveaways are also prohibited;
- (b) the Federal Stark Law (42 U.S.C. § 1395nn) prohibits physicians from referring Medicare patients for designated health services to any entity with which the physicians or an immediate family member of the physician has an interest or financial relationship, unless an exception applies. Federal Stark Law also prohibits the designated health services entity from submitting claims to Medicare for those services resulting from a prohibited referral;
- (c) the Health Insurance Portability and Accountability Act of 1996 (Pub. L. No. 104-191), the Health Information Technology for Economic and Clinical Health Act (Pub. L. No. 111-5), and their implementing regulations set forth at 45 C.F.R. Part 160, 162 and 164 as amended are the mandated federal privacy regulation for

medical information. As a general rule, protected health information must be kept confidential and cannot be used or disclosed without a person's authorisation;
and

- (d) other laws and regulations including consumer protection and usury laws, insurance laws and laws regulating security interests.

Reliance on partner network

The Company relies on its partner provider network to facilitate relationships between it and local personal injury attorneys, medical practitioners, hospitals and patients, allowing the Company to scale rapidly. There is the risk that these relationships could deteriorate over time. There is also a risk that over-reliance on key individuals may result in a lack of proactive engagement with potential new medical service providers or funding opportunities.

Company's growth strategies may not achieve their objectives

The Company has identified a number of growth strategies. There are no limits on the strategies the Company may pursue. The strategies may evolve over time due to, among other things, market developments and trends, technical challenges, the emergence of new or enhanced technology, changing regulation and/or industry practice, and otherwise in the Company's sole discretion. As a result, the strategy, approaches, markets and products described in this document may not reflect the strategies, approaches, markets and products relevant to, or pursued by, the Company at a later date. Any change in strategy may involve a risk of delay to revenue generation or on collections by the Company. Any delay in implementation, failure to successfully implement, or unintended consequences of implementing any or all of the Company's growth strategies may have an adverse effect on the Company's future financial and operating performance.

Management actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with the management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of reducing, avoiding and mitigating the impact of risks on the performance of the Company and its securities. Despite the Directors' best efforts, it may not be possible for the Directors to identify or mitigate all risks.

Disputes

The activities of the Company may result in disputes with third parties, including, without limitation, the Company's investors, financiers, competitors, regulators, partners, distributors, customers, directors, officers and employees, and service providers. The Company may incur substantial costs in connection with such disputes. Litigation is costly and consumes board and management time and resources. It creates reputational risk, brand damage and potential liabilities for the Company, its Directors, officers and employees. Some of this litigation may, depending on its nature, have a material adverse impact on the financial and operational performance and financial position of the Company. Further, a change in litigation strategy may involve material and as yet unanticipated risks, as well as a high degree of risk, including a higher degree of risk than the Company's strategy in place as of the date of this Prospectus.

Foreign exchange

Adverse movements in the exchange rate between the Australian dollar and foreign currencies, mainly the US dollar, may have a detrimental impact on the financial position of the Company for the following reasons:

- (a) as an Australian based entity, the Company raises capital on the ASX in the Australian dollar, but all capital costs incurred by the Company in its operations are directed to US-based books in US dollars;
- (b) the revenue of the Company is derived from US-based collections through its receivables books, which are denominated in US dollars; and
- (c) general fluctuation of exchange rates provides risk for investors in the Company given the value attributed to securities in the Company is in Australian dollars, yet the fundamental value of the Company is based on US dollars.

Costs of being a multinational firm

Following the acquisition of NHF in 2018, the Company incurs costs associated with complying with the reporting and compliance requirements of multiple jurisdictions, which is inherent to multinational companies such as the Company.

The Company's operations could also be subject to a number of risks inherent in global operations, including political and economic instability in foreign markets, inconsistent product regulation by foreign agencies or governments, imposition of product tariffs and burdens, cost of complying with a wide variety of international regulatory requirements, risks stemming from the Company's lack of local business experience in specific foreign countries, foreign currency fluctuations, difficulty in enforcing intellectual property rights, foreign taxes, and language and other cultural barriers.

Regulatory investigations and reviews

The Company may be the subject of regulatory investigations that may result in an adverse impact on the Company and stakeholders. The outcomes of any such investigations can be litigation, civil or criminal prosecution and/or lead to material fines, compensation, remediation expense and/or restrictions on the Company's ability to operate its business.

Competition

The Company and its Subsidiaries operate in a competitive market environment. There can be no guarantees that the competitive environment in which it and its Subsidiaries currently operate will remain the same. New entrants, a material adverse change to the competitive environment (including as a result of regulatory changes) or new initiatives implemented by competitors may have a material impact on the operating and financial performance of the Company and its Subsidiaries, including on its relationships with its partners, which may in turn reduce the funding opportunities available to the Company. There is a risk that the innovation strategies adopted by the Company are not as effective as its competitors or that its ability to anticipate and respond to changing opportunities, technology, standards or customer requirements is not as quick as its competitors.

Pandemic risks

The COVID-19 pandemic that emerged in March 2020 in Australia has impacted all businesses. The Company has been impacted by the COVID-19 pandemic through significant market volatility. The Company's operations (including recoveries arising from court judgements) and Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19, and the uncertainty of ongoing and future responses of governments and authorities globally. The length and duration of the current pandemic and the economic impact remain uncertain. The pandemic will continue to have an ongoing and unknown impact on the Company. Any further virus outbreaks in Australia or the United States may adversely affect the Company's business operations and financial performance and are beyond the control of the Company. In

compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to any material impact of COVID-19 on the Company's business.

Key personnel

Shareholders will be dependent on the Company's management to assess financing opportunities as they arise. In common with many businesses, the success of the Company, will, to a significant extent, be dependent on the expertise and experience of its directors and senior management. There is a risk that certain employees in key roles will leave the Company, the loss of one or more of whom could have a material adverse effect on the Company. The continued success of the Company may be at risk if certain of these key personnel cease to be involved in the management of the Company. Whilst the Company has entered into service agreements with the chief executive officer and other senior management, the retention of their services cannot be guaranteed.

Culture and talent

The Company has employee training, policies, procedures and other initiatives in place to foster a positive corporate culture that reflects the behaviours needed for future success. However, poor corporate culture can lead to, amongst other things, unethical practices, lack of trust, poor decision-making, increased employee turnover and reduced motivation. Any of these outcomes may have a material adverse impact on the Company's operations and financial performance.

Moreover, as with the Company's key personnel, the future success of the Company will depend substantially on its ability to attract and retain high quality staff and consultants. The Company relies on its highly capable staff to manage the operational, sales, compliance and other functions of its business. There is a risk that, if the Company is understaffed (or the workload of existing staff is unsustainable), the Company's operational and financial performance will suffer.

Failure of internal risk controls

The Company has risk management and governance frameworks designed to capture, assess and report on management of risks within the business, and to identify, manage and mitigate identified risks in the business (for example in the areas of financial reporting, separation of duties and the diligence and approval processes associated with funding new medical receivables).

Failure to adequately design, implement and abide by these risk management policies and practices may lead to an inability of the Company to mitigate future risk exposures and/or breaches of regulatory obligations. A failure to successfully do any of these things could result in losses, liabilities, reputational damage, fines, penalties, remediation costs, regulatory scrutiny and dissatisfaction among partners.

Credit risks

Credit market conditions and the operating performance of the Company and its subsidiaries will affect borrowing costs as well as the Company's capacity to obtain new debts as well as to repay, refinance and increase its debt.

Deterioration of the credit conditions of key customers (including as a consequence of COVID-19 and other geopolitical events internationally and locally) may also affect the operating performance of the Company and its subsidiaries.

Insurance

The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims. If the Company and its Subsidiaries incur uninsured losses or liabilities, this may have a material adverse impact on the operating and financial performance of the Company and its Subsidiaries. There is a further risk that the Group's insurers may not insure every material risk, requiring the Company and its Subsidiaries to consider alternative hedging models.

Cyber risk, data loss, theft or corruption

The Company holds personal medical and financial information of patients/victims in the US which it stores on its own systems and networks and also with a variety of third party service providers.

The Company's information, technology and communication systems are vulnerable to certain threats such as hacking, data breaches, human error, severe weather, and electrical, hardware or software failure. Exploitation or hacking of any of the Company's systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as unsecure which may lead to a decrease in the number of customers. As far as the Company is aware, its technology systems have not been hacked, but it is possible that the Company may experience negative publicity or potential breaches of U.S. privacy law or HIPPA compliance issues if their systems are able to be hacked at some point in the future.

The Company does not currently hold cyber insurance.

Taxation implications

Future changes in taxation law in Australia and the United States and the states in the US in which the Company and its Subsidiaries operate, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in the Company's securities, or the holding or disposal of those securities. Further, changes in taxation law, or to the way taxation law is interpreted in the various jurisdictions in which the Company operates, may impact the Company's future tax liabilities.

5.4 General risks

General risk factors outside the Company's control which may have a significant impact on the future performance of the Company include, but are not limited to the following:

- (a) economic conditions in Australia, the United States and internationally;
- (b) major structural issues affecting many developed economies, particularly those countries with high sovereign debt levels;
- (c) market volatility, especially given the present uncertainties in international trade, financial and political conditions;
- (d) any force majeure events, including the ongoing volatility posed by the COVID-19 worldwide pandemic noted above;
- (e) changes in the earnings of companies in Australia (whether as a result of general weakness in economic conditions or otherwise);

- (f) changes in investor sentiment and perceptions in local and international stock markets;
- (g) changes in commodity prices; and
- (h) geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities, in particular the ongoing invasion of Ukraine by Russia.

This summary of the risks associated with the Options, the New Shares and the risks associated with the Company's business is not exhaustive and you should read the whole of this Prospectus carefully. If you are uncertain about which course of action to take, you should seek professional advice.

6 Additional Information

This Section 6 sets out a number of matters of which you should be aware that have not been addressed in detail elsewhere in this Prospectus. It gives details of the availability of certain other important documents and a summary of some of these documents that are relevant for your investment decision.

6.1 Nature of this Prospectus

This Prospectus is a transaction-specific prospectus issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities. It has been prepared in accordance with section 713 of the Corporations Act and *ASIC Corporations (Exposure Period) Instrument 2016/74*.

This Prospectus does not contain the same level of disclosure as an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require, subject to certain exceptions, immediate disclosure to the market of any information of which the Company is aware which a reasonable person might expect to have a material impact on the price or value of the New Shares and following issuance of the Options.

In summary, the content rules for prospectuses involving the issue of continuously quoted securities require such prospectuses to contain information only in relation to the effect of the Entitlement Offer on the Company, the rights and liabilities attaching to the Options and the rights and liabilities attaching to Shares (as the underlying securities). It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the Company. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

For the purposes of satisfying section 713(5) of the Corporations Act, a prospectus must also incorporate such information if such information:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
 - (ii) the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisers to expect to find such information in the prospectus.

The Company will make further announcements in respect of any matters in accordance with its disclosure obligations as and when material developments occur.

6.2 Company announcements

Investors may view a record of the Company's ASX announcements at the Company's website (www.lawfinance.com.au) or via the ASX website (www.asx.com.au). ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at the office of ASIC. This Prospectus is intended to be read in conjunction with all information previously publicly disclosed by the Company.

The following announcements (continuous disclosure notices) have been made by the Company to ASX since the lodgement of the cleansing notice and Appendix 2A issued in relation to the issue of 5,200,000 Shares on 2 June 2021:

Date	Headline
2 June 2021	Change of Director's Interest Notice (1)
2 June 2021	Change of Director's Interest Notice (2)
3 June 2021	Consolidation/Split – LAW
3 June 2021	Ceasing to be a substantial holder
4 June 2021	Ceasing to be a substantial holder
18 June 2021	Share Purchase Plan Results
22 June 2021	Change in substantial holding
24 June 2021	Appendix 2A – SPP
24 June 2021	Completion of Sale of JustKapital Litigation
28 June 2021	Change in substantial holding
30 July 2021	Appendix 4C – quarterly
30 July 2021	Quarterly Activities Report – June Quarter 2021
31 August 2021	Board Renewal and Management Changes
31 August 2021	Appendix 4D and Half-Year Report
31 August 2021	Investor Presentation
2 September 2021	1H FY21 Investor Briefing Notification
7 September 2021	Change of Director Interest Notices
7 September 2021	Initial Director's Interest Notice
29 September 2021	Notice under ASX Listing Rule 3.10A
30 September 2021	Notification of cessation of securities - LAW
20 October 2021	Notice under ASX Listing Rule 3.10A

27 October 2021	JobKeeper s323DB Notice
28 October 2021	Quarterly Activities Report
28 October 2021	Appendix 4C
19 November 2021	Notice under ASX Listing Rule 3.10A
24 November 2021	Change of Director's Interest Notice
24 November 2021	Notification regarding unquoted securities - LAW
24 November 2021	Notification regarding unquoted securities - LAW
29 November 2021	Change in substantial holding
15 December 2021	Trading Update
17 December 2021	Notice under ASX Listing Rule 3.10A
22 December 2021	Two Hospital Added to ER Concierge Programme
4 January 2022	Change in substantial holding
19 January 2022	Notice under ASX Listing Rule 3.10A
28 January 2021	Quarterly Activities Report
28 January 2021	Appendix 4C
4 February 2022	Change in substantial holding
23 February 2022	Notice under ASX Listing Rule 3.10A
28 February 2022	Preliminary Final Report
28 February 2022	Investor Presentation
1 March 2022	Board Update
18 March 2022	Notice under ASX Listing Rule 3.10A
29 March 2022	Change in substantial holding
31 March 2022	Full Year December 2021 Annual Report
31 March 2022	Appendix 4G and Corporate Governance Statement
1 April 2022	LawFinance Enters Into \$10 Million Portfolio Transaction
1 April 2022	LawFinance Progresses Trident Health Group joint venture
1 April 2022	Pause in Trading
1 April 2022	Trading Halt

6.3 Availability of other documents

The Company will provide a copy of any of the following documents, free of charge, to any Shareholder who so requests them during the Offer Period under this Prospectus:

- (a) Company Constitution;
- (b) the Company's Full Year 2021 Annual Report; and
- (c) any other document used to notify ASX of information relating to the Company under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act after the date of the annual financial report referred to above and before lodgement of this Prospectus with ASIC.

All requests for copies of the above documents should be addressed to:

LawFinance Limited
Suite 335
49-51 Queens Road
Five Dock NSW 2046

All documents are also available on the ASX website (www.asx.com.au).

6.4 Underwriting Agreement

In accordance with the Underwriting Agreement, Peloton has agreed to act as lead manager and arranger of the underwriting for the Entitlement Offer. Under the Underwriting Agreement between the Company and Peloton dated 6 April 2022, Peloton must lodge applications with the Company (or procure applications from sub-underwriters) for the difference between the amount raised under the Entitlement Offer and the Maximum Entitlement Offer Underwritten Amount (\$4.32 million).

In consideration for its services to the Company, Peloton will receive:

- (a) a management fee of 2.0% of the total gross amount raised under the Entitlement Offer;
- (b) a selling fee of 4.0% of the total gross amount raised under the Entitlement Offer (excluding any proceeds raised from the directors or employees of the Company, whether via applications under the Entitlement Offer, applications for Shortfall or sub-underwriting);
- (c) in the event that sub-underwriting is required, the fees payable to the sub-underwriter(s) up to a maximum of \$45,000; and
- (d) an issue of 3 million Lead Manager Options on the same terms as the Options.

The obligations of Peloton to underwrite the Entitlement Offer pursuant to the Underwriting Agreement are not subject to any conditions precedent.

The obligations of Peloton to underwrite the Entitlement Offer are also subject to certain events of termination. Peloton may terminate its obligations under the Underwriting Agreement by notice to the Company, at any time before the Settlement Date, where:

- (e) **(Indices fall)** either of the All Ordinaries Index as published by ASX is at any time after the date of this Agreement, is at a level that is 15% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (f) **(No official quotation)** quotation of the New Shares on ASX is not granted in accordance with the Timetable;
- (g) **(Supplementary Prospectus)** Peloton forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as Peloton may reasonably require, or the Company lodges a supplementary or replacement prospectus without the prior written agreement of Peloton not to be unreasonably withheld or delayed;
- (h) **(Non-compliance with disclosure requirements)** this Prospectus does not contain all the information required by the Corporations Act;
- (a) **(Misleading Prospectus)** a statement contained in the Capital Raising materials is false, misleading or deceptive (including by omission);
- (b) **(Restriction on allotment)** the Company is prevented from allotting the New Securities within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (c) **(Withdrawal of consent to Prospectus)** any person (other than Peloton) who has previously consented to the inclusion of its, his or her name in this Prospectus or to be named in this Prospectus, withdraws that consent;
- (d) **(ASIC application)** an application is made by ASIC for an order under section 1324B of the Corporations Act or any other provision of the Corporations Act in relation to this Prospectus and that application has not been dismissed or withdrawn within 2 Business Days after the Closing Date or such other date as determined by Peloton;
- (e) **(ASIC hearing)** ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act or any other provision of the Corporations Act in relation to this Prospectus to determine if it should make a stop order in relation to this Prospectus or ASIC makes an interim or final stop order in relation to this Prospectus under section 739 of the Corporations Act or any other provision of the Corporations Act;
- (f) **(Takeovers Panel)** the Takeovers Panel makes a declaration of unacceptable circumstances in relation to the affairs of the Company under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (g) **(Hostilities)** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Japan, the United Kingdom, the United States of America, North Korea, the People's Republic of China or any member of the European Union;
- (h) **(Authorisation)** any authorisation which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to Peloton;

- (i) **(Indictable offence)** a Director or member of the executive leadership team of the Company is charged with an indictable offence;
- (j) **(Default)** the Company in the performance of any terms, condition, covenant or undertaking under the Underwriting Agreement;
- (k) **(Incorrect or untrue representation)** any representation, warranty or undertaking given by the Company under the Underwriting Agreement is or becomes untrue or incorrect;
- (l) **(Contravention of constitution or Corporations Act)** a contravention by the Company or its Subsidiaries of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (m) **(Adverse change)** an adverse effect, change or development in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Group including, without limitation, if any forecast in this Prospectus becomes incapable of being met or in Peloton's reasonable opinion, unlikely to be met in the projected time;
- (n) **(Error in Due Diligence Results)** any due diligence results undertaken by the Company were false, misleading or deceptive in a material respect or that there was a material omission from them;
- (o) **(Significant change)** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (p) **(Public statements)** a public statement is made by the Company in relation to the Offers or this Prospectus without the prior approval of Peloton;
- (q) **(Misleading information)** any information supplied at any time by the Company or any person on its behalf to Peloton in respect of any aspect of the Offers or the affairs of the Group is or becomes misleading or deceptive or likely to mislead or deceive;
- (r) **(Official Quotation qualified)** the quotation of the New Shares is qualified or conditional, other than on the allotment of the New Shares;
- (s) **(Change in Act or policy)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any legislation or budget, or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (t) **(Suspension of debt payments)** the Company suspends payment of its debts generally;
- (u) **(Event of Insolvency)** an event of insolvency occurs in respect of a Group Company;
- (v) **(Judgment against a Group Company)** a judgment in an amount exceeding \$25,000 is obtained against a Group Company and is not set aside or satisfied within seven days;

- (w) **(Litigation)** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Group Company, other than any claims disclosed to Peloton in writing prior to the date of the Underwriting Agreement;
- (x) **(Board and senior management composition)** there is a change in the composition of the Board or a change in the executive leadership team of the Company before completion of the Entitlement Offer without the prior written consent of Peloton;
- (y) **(Change in shareholdings)** there is a material change in the major or controlling Shareholdings of a Group Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Group Company;
- (z) **(Timetable)** any event specified in the Timetable is delayed for more than four Business Days, without the written consent of Peloton;
- (aa) **(Force Majeure)** a force majeure event affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven days occurs;
- (bb) **(Certain resolutions passed)** a Group Company passes or takes any steps to pass a resolution under sections 254N, 257A or 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of Peloton;
- (cc) **(Capital structure)** any Group Company alters its capital structure in any manner not contemplated by this Prospectus;
- (dd) **(Investigation)** any person is appointed under any legislation in respect of companies to investigate the affairs of a Group Company;
- (ee) **(Market Conditions)** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets;
- (ff) **(Financial, economic or political adverse change)** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, China, the United Kingdom, the United States of America, or any member of the European Union, or the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, it is impracticable to market the new issue or to enforce any contract to issue and allot the new securities or that the success of the new issue is likely to be adversely affected;
- (gg) **(government agency action)** any government agency commences any public action, hearing or investigation against the Company or any of its Directors in their capacity as a director of the Company or announces that it intends to take such action;
- (hh) **(Suspension)** the Company is removed from the Official List or the Shares become suspended from quotation and that suspension is not lifted within 24 hours following such suspension; or
- (ii) **(Terrorist Acts)** a terrorist act is perpetrated on any of Australia, New Zealand, Japan, the United Kingdom, the United States of America, North Korea, the

People's Republic of China or any member of the European Union or on any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world.

The events set out in paragraphs 6.4(j) to (ii) above (inclusive) do not entitle Peloton to exercise its termination right unless it believes, on reasonable grounds, that the event is likely to have a materially adverse effect on:

- (a) the outcome of the Entitlement Offer or the subsequent market for the New Shares;
- (b) the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Group taken as a whole;
- (c) Peloton's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of either the Group taken as a whole, or a class of Australian resident Shareholders in respect of their Shares in the Company.

The Company agrees to indemnify and hold harmless Peloton, its related bodies corporate and their officers, employees, agents and advisers (each an **Indemnified Party**), against any loss arising directly or indirectly from a breach by the Company of the Underwriting Agreement or applicable law. These indemnities do not apply to any loss suffered by an Indemnified Party to the extent that the loss results from the wilful default, misconduct, fraud, negligence or breach of the Underwriting Agreement by Peloton or its Indemnified Parties.

The Company and Peloton have also given certain representations, warranties and undertakings.

The Underwriting Agreement is governed by the laws of New South Wales.

6.5 Sub-underwriting agreements

The sub-underwriters and Daniel Kleijn have providing sub-underwriting commitments to the Underwriter of \$2,000,000, \$1,500,000 and \$135,000, respectively to fund the subscription of the New Securities. The effect of the offer on the voting power of the sub-underwriters is described in section 4.3 of this Prospectus.

6.6 Rights attaching to Options

The rights attaching to the Options are set out in the Option Terms, which are annexed to this Prospectus.

6.7 Rights attaching to Shares

The Shares issued on exercising the Options will be ordinary shares and will rank equally with all existing Shares. The rights attaching to the Shares are set out in the Constitution which is available free of charge from the Company (a copy is also accessible on the Company's website (www.lawfinance.com.au)).

The following is a broad summary of the rights which attach to the Shares. It is not intended to be an exhaustive or definitive summary of the rights attaching to the Shares.

(a) *Voting rights*

Each holder of ordinary shares in the Company has the right to attend, and vote at general meetings of the Company. Subject to any restrictions imposed by the Constitution and Corporations Act, at a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Share held by the Shareholder.

Where two or more persons are registered as the holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, attorney or representative, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of Shareholders.

(b) *General meetings*

Subject to any restrictions imposed by the Constitution and the Corporations Act, each Shareholder is entitled to receive notice of, attend, and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution and the Corporations Act. Two or more members entitled to vote must be present to constitute a quorum.

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. A decision made in this way is deemed to be a decision of the members for all purposes.

In the event of an equality of votes cast for and against a proposed resolution, the chairman of the meeting is entitled to a casting vote in addition to any other votes s/he is entitled to cast as a member of the Company.

Except as permitted by the Corporations Act, general meetings must be called on at least the minimum number of days' notice required by the Corporations Act (which at the date of this Prospectus is 28 days) and otherwise in accordance with the procedures set out in the Corporations Act.

(c) *Dividends*

Subject to the Corporations Act and the terms of issue of a Share, the Directors may resolve to pay any interim, special or final dividend as, in the Directors' judgment, the financial position of the Company justifies. No interest is payable by the Company on any dividend.

Subject to the ASX Listing Rules and the rights or restrictions attached to any Shares, the Directors may capitalise and distribute to members any amount:

- (i) forming part of the undivided profits of the Company;
- (ii) representing profits arising from an ascertained accretion or capital or from a revaluation of the assets of the Company;
- (iii) arising from the realisation of any assets of the Company; or
- (iv) otherwise available for distribution as a dividend.

(d) *Transfer of Shares*

Shares may be transferred by a proper transfer effected in accordance with the Constitution or as otherwise permitted by ASX Settlement Operating Rules. Subject to compliance with the Constitution, Shares may be transferred by a written instrument of transfer in any usual or common form or by any other form approved by the Directors. No fee is payable to the Company for the transfer of any Share.

If ASX classifies any of the Company's Shares as restricted securities (as that term is defined in the ASX Listing Rules), then those shares cannot be disposed of during the applicable escrow period and rights attaching to those shares may be limited if the holder does not comply with the escrow requirements.

Provided that the procedures set out in the Constitution are followed, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares. A marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of Shares with a market value of less than \$500.

(e) *Rights on a winding up*

Subject to the rights or restrictions attached to Shares, on winding up, the surplus assets of the Company remaining after payment of its debts, liabilities and costs will be distributed to Shareholders in proportion to the number of Shares held by them at the commencement of the winding up.

(f) *Issue of further Shares*

Subject to the Constitution and the Corporations Act, the Directors may allot, issue or otherwise dispose of Shares to any persons on the terms, at the issue price and at the times the Directors think fit. This includes the power to issue Shares with any preferential, deferred or special rights, privileges or conditions or with any restrictions in regard to dividend, voting, return of share capital or otherwise.

(g) *Variation of rights*

At present, the Company has one class of shares on issue, being the Shares. The rights attached to any class may be varied with the written consent of the holders of not less than 75% of the issued shares of that class or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

(h) *Amending the Constitution*

In accordance with section 136(2) of the Corporations Act, Shareholders may, by special resolution, amend the Company's Constitution.

6.8 Related party arrangements

Details of the Company's related party transactions are disclosed in the following ASX announcements:

- (a) Full Year December 2021 Report lodged on 31 March 2022;
- (b) quarterly activities report and Appendix 4C for the following quarters:
 - (i) quarter ended 31 December 2021, as lodged on 28 January 2022;

- (ii) quarter ended 30 September 2021, as lodged on 28 October 2021;
 - (iii) quarter ended 30 June 2021, as lodged on 30 July 2021; and
 - (iv) quarter ended 31 March 2021, as lodged on 30 April 2021; and
- (c) H1 FY21 financial results lodged on 31 August 2021.

6.9 Representations by acceptance in respect of Entitlement Offer

By submitting an Application Payment as outlined in Section 3, you will be deemed to have represented to the Company that you (and any person for whom you are acting):

- (a) are an Eligible Shareholder;
- (b) have read and understand this Prospectus and the Application Form in their entirety;
- (c) agree to be bound by the terms of the Entitlement Offer, the provisions of this Prospectus and the Constitution;
- (d) authorise the Company to register you as the holder(s) of New Shares and Options allotted to you;
- (e) declare that all details and statements in your Application Form are complete and accurate;
- (f) declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Application Form;
- (g) acknowledge that once the Company receives your Application Payment, you may not withdraw your Application except as allowed by law;
- (h) agree to apply for and be issued up to the number of New Shares and Options specified in the Application Form;
- (i) authorise the Company, Automic and their respective officers or agents to do anything on your behalf necessary for the New Shares and Options to be issued to you, including to act on instructions of Automic upon using the contact details set out in your Application Form;
- (j) acknowledge that the information contained in this Prospectus and your Application Form is not investment advice nor a recommendation that the New Shares and Options are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledge the statement of risks included in Section 5 of this Prospectus, and that investments in the Options and Shares are subject to risk;
- (l) acknowledge that none of the Company, its related bodies corporate and affiliates and its Directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, the Options or the Shares;
- (m) agree to provide any requested substantiation of your eligibility to participate in the Entitlement Offer;

- (n) authorise the Company to correct any errors in your Application Form or other form provided by you;
- (o) represent and warrant (for the benefit of the Company and its related bodies corporate and affiliates) that you did not receive an invitation to participate in the Entitlement Offer either directly or through a nominee, are not an Ineligible Shareholder and are otherwise eligible to participate in the Entitlement Offer;
- (p) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Application Form, nor does it prohibit you from making an Application for New Shares and Options and that you are otherwise eligible to participate in the Entitlement Offer;
- (q) you are not in the United States and are not acting for the account or benefit of a person in the United States;
- (r) you understand and acknowledge that the Options and the underlying Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the Options and the underlying Shares may not be offered or sold to persons in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;
- (s) represent and warrant that you have not, and will not, send this Prospectus, the Application Form or any other materials relating to the Entitlement Offer to any person in the United States or any other country outside Australia;
- (t) if in the future you decide to sell or otherwise transfer the New Shares or Options or the underlying Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States; and
- (u) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application Payment is:
 - (i) resident in Australia and New Zealand; and
 - (ii) is not in the United States.

6.10 Foreign selling restrictions

The New Shares and Options are not offered in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. The Entitlement Offer is not being extended, and does not qualify for distribution or sale, and the New Shares and Options may not be issued to an Eligible Shareholder with a registered address outside Australia and New Zealand.

New Zealand

The Options and the underlying Shares are not being offered to retail investors within New Zealand other than to existing shareholders of the Company with an address recorded in the Company's share register that is in New Zealand to whom the offer of these securities is being made in reliance on clause 12 of Schedule 1 of the Financial Markets Conduct Act 2013. The Company is not advertising the offer of the Options or the underlying Shares to other retail investors in New Zealand and accordingly this document and any other document or materials prepared in connection with the offer of the Options and the underlying Shares may not be distributed to other retail investors in New Zealand.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a prospectus or product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a prospectus or product disclosure statement under New Zealand law is required to contain.

6.11 Notice to nominees and custodians

The Entitlement Offer is only being made to Eligible Shareholders. Nominees and custodians who hold Shares as nominees or custodians should note that the Entitlement Offer is not available to:

- beneficiaries on whose behalf they hold Shares who would not satisfy the criteria for an Eligible Shareholder; and
- Shareholders who are not eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

The Company is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owner of Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. The Company is not able to advise on foreign laws. Custodians and nominees should be aware that, in submitting an Application Payment, you are deemed to have made certain representations to the Company, further details of which are set out in Section 6.9.

6.12 Interests of experts and advisers

Except as disclosed in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
- (b) promotor of the Company; or
- (c) broker or underwriter to the Entitlement Offer,

(each a “**relevant person**”) holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Entitlement Offer; and
- (f) the Entitlement Offer.

Except as set out in this Prospectus, no one has paid or agreed to pay any amount or given or agreed to give any benefit for services provided by a relevant person in connection with the formation or promotion of the Company or the Entitlement Offer. The amounts below are exclusive of GST.

Peloton has acted as underwriter to the Company in respect of the Entitlement Offer. Peloton will be entitled to receive the fees set out in Section 6.4.

Arnold Bloch Leibler has acted as Australian legal adviser to the Company in connection with the Entitlement Offer. The Company has agreed to pay approximately \$180,000 (excluding GST and disbursements) for legal services in connection with the Entitlement Offer to the date of this Prospectus. Further amounts may be paid to Arnold Bloch Leibler in accordance with its usual time-based charges.

6.13 Consents to be named and to the inclusion of information

Each of the parties referred to below (each a “**Consenting Party**”) and each of their respective affiliates, officers, employees and advisers, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each Consenting Party:

- (a) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- (b) has not (other than as specified below), and its affiliates, officers and employees have not, made any statement in this Prospectus or any statement on which a statement made in the Prospectus is based; and
- (c) does not cause, permit or authorise the issue or lodgement, submission, dispatch or provision of this Prospectus.

Description	Consenting party	Consent
Underwriter and Partial Underwriter	Peloton Capital Pty Ltd	Consent to be named
Australian legal adviser	Arnold Bloch Leibler	Consent to be named
Automic	Automic Pty Ltd	Consent to be named

6.14 Transaction costs of the Entitlement Offer

The total transaction costs of the Entitlement Offer including advisory, legal, accounting, tax and administrative fees as well as printing, advertising and other expenses relating to this Prospectus are expected to be approximately \$762,615.

6.15 Withdrawal of Entitlement Offer

The Company and the Directors reserve the right to withdraw or vary all or part of the Entitlement Offer and this Prospectus at any time prior to the issue of the Options.

6.16 Privacy Disclosure Statement

The Company may collect, hold and use additional personal information about you.

Such information (including information provided by you in an Application Form) may be used to service your needs as a Shareholder and/or Option Holder, facilitate distribution payments and corporate communications, provide facilities and services that you request and carry out appropriate administration.

To do that, the Company and Automic may disclose your personal information, for purposes related to your shareholding or Option holding, to their agents, contractors or third party service providers to whom they outsource services for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of information and for handling of mail, or as otherwise authorised under the *Privacy Act 1988* (Cth).

Company and tax laws require some personal information to be collected. If you do not provide us with your personal information we may not be able to process your Application.

In most cases you can gain access to your personal information held by (or on behalf of) the Company or Automic. The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Company Secretary if any of your details have changed. If you have concerns about the completeness or accuracy of the information the Company or Automic have about you, they will take steps to correct it. You can request access to your personal information by contacting the Company Secretary using the Company's details in the Corporate Directory.

6.17 Other information

Further information regarding the Company's performance, financial position, risks and other material disclosures are available for download via www.asx.com.au.

6.18 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC, and the issue of securities in response to an electronic Application Form, subject to compliance with certain provisions. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. If you have not, please email the Company using the details in the Corporate Directory and the Company will send you either a hard copy or a further electronic copy of this Prospectus, or both.

The Company reserves the right not to accept an Application Payment from a person if it has reason to believe that when that person was given access to the relevant electronic Application Form, it was not provided with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

6.19 Governing law

This Prospectus and the contracts that arise on acceptance of an Application Payment and the exercise of the Options in accordance with the Option Terms are governed by the law applicable in New South Wales, and each applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

6.20 Consent to lodgement

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Each Director of the Company has given and has not, before the lodgement of this Prospectus, withdrawn their consent to the lodgement of this Prospectus with ASIC.

Dated: 6 April 2022

7 Glossary

The following definitions apply throughout this Prospectus unless the context requires otherwise. In addition, the definitions specific to the Options are included in the Option Terms annexed to this Prospectus.

ABN / ACN	means Australian Business Number / Australian Company Number.
Annual General Meeting or AGM	means an annual general meeting of Shareholders.
Applicant	means an Eligible Shareholder who submits an Application pursuant to the Entitlement Offer and if applicable, the Shortfall Offer.
Application	means a valid application for New Shares and Options under this Prospectus.
Application Form	means a personalised application form which is attached to a paper copy of this Prospectus or available online by logging onto the Automic registry platform and relating to the Entitlement Offer.
Application Payment	means a payment as consideration for an Applicant made in accordance with section 2 of the Application Form.
ASIC	means Australian Securities and Investments Commission.
Asset Secure	means Recfin Nominees Pty Ltd ACN 114 538 439 in its capacity as trustee for the Recfin Series 2016-1 Trust.
ASX	means ASX Limited ABN 98 008 624 691 or the securities market it operates, as the context requires.
ASX Listing Rules	means the official listing rules of ASX.
ASX Settlement	means ASX Settlement Pty Limited ABN 49 008 504 532.
ASX Settlement Operating Rules	means the operating rules of ASX Settlement.
AUD or \$ or A\$	means Australian dollars.
Australian Accounting Standards	means accounting standards set by the Australian Accounting Standards Board for the purposes of section 334 of the Corporations Act.
Automic	means Automic Pty Ltd ACN 152 260 814.
Board	means the board of Directors of the Company.
Business Day	has the meaning given to that term in the ASX Listing Rules.
Chairman	means a chairman of the Company.
Closing Date	means 5:00pm (Sydney time) on 28 April 2022, being the latest time and day by which Application Payments will be accepted (subject to variation).
Company	means LawFinance Limited ABN 72 088 749 008
Consenting Party	means a party who consents to be named in this Prospectus as set out in Section 6.13.
Constitution	means the constitution of the Company (as amended from time to time).
Corporate Directory	means the corporate directory at the back of this Prospectus.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
CRN	means a customer reference number.
Director	means a director of the Company.

EFI	EFI Cayman SPC for and on behalf of NHF SPV III Segregated Portfolio.
EFI Facility Agreement	means the facility agreement between (among others) NHF SPV III, the Company and EFI dated 4 December 2020 (as amended from time to time).
Eligible Shareholder	means a Shareholder in the Company with a registered address in Australia and New Zealand, or as otherwise determined by the Company, as at the Record Date.
Entitlement	means an Eligible Shareholder's entitlement to participate in the Entitlement Offer as it appears on the Application Form. .
Entitlement Offer	means the offer of 7 New Shares for every 10 Shares held by Eligible Shareholders at the Record Date, and 1 free attaching Option for every 2 New Shares issued, the details of which are set out in this Prospectus.
Entitlement Offer Information Line	means 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia), open from 8:30am to 5:00pm(Sydney time), Monday to Friday.
Entitlement Options	means the Options offered to Eligible Shareholders under the Entitlement Offer.
Expiry Date	means the expiry date of the Options, being 30 April 2024.
GAAP	means Generally Accepted Accounting Principles.
Group	means the Company and its Subsidiaries.
Group Company	means a company within the Group.
GST	means goods and services tax.
IFRS	means International Financial Reporting Standards.
Indemnified Party	has the meaning given to that term in Section 6.4.
Institutional Investor	means an investor who, if located in Australia, is a professional or sophisticated investor as defined in sections 708(8) and (11) of the Corporations Act and if located in any other jurisdiction, is entitled to participate in the relevant Offer pursuant to the laws of the jurisdiction in which they are located and to whom Shares and Options can lawfully be offered and issued without registration, lodgement or other formality.
Lead Manager Options	means the Options offered to Peloton under the Lead Manager Option Offer.
Lead Manager Option Offer	has the meaning given to that term in Section 2.1.
Maximum Entitlement Offer Underwritten Amount	has the meaning given to that term in Section 2.1(c).
New Securities	means collectively, New Shares and Options offered under this Prospectus.
New Shares	means a Share issued under the Entitlement Offer.
NHF	means National Health Finance DM, LLC.
Non-Executive Chairman	means a non-executive Chairman of the Company.
Non-Executive Director	means a non-executive Director of the Company.
Offer Period	means 9:00am (Sydney time) on 14 April 2022 to 5:00pm (Sydney time) on 28 April 2022.
Offer Price	means \$0.275 per New Share or Placement Share (as applicable).
Official List	means the Official List of ASX.
Options	means options to acquire one Share in the Company pursuant to the Option Terms proposed to be issued by the Company as

	detailed in this Prospectus, including the Entitlement Options, Placement Options and Lead Manager Options.
Option Holder	means the holder of an Option.
Option Terms	means, in relation to an Option, the terms and conditions of issue of that Option, a copy of which is annexed to this Prospectus.
Payment Reference	has the meaning given to that term in Section 3.1.
Partners for Growth or PFG	means Partners for Growth VI, LP.
Peloton	means Peloton Capital Pty Ltd ACN 149 540 018.
PFG Facility Agreement	means the “loan and security agreement” between (among others) SPV IV and Partners for Growth dated 14 April 2021.
Placement	means the placement of Placement Shares to Institutional Investors announced to the market on the date of this Prospectus, which has not been made under this Prospectus.
Placement Option Offer	means the offer of 1 free attaching option for every 2 Placement Shares subscribed for under the Placement
Placement Option	means an Option issued under the Placement.
Placement Securities	means collectively, Placement Shares and Placement Options.
Placement Share	means a Share issued under the Placement.
Placement Subscribers	means Institutional Investors who have been issued Placement Shares in the Placement.
Portfolio Transaction	means the transaction under a contract entered into on or around the date of this Prospectus pursuant to which the Company, via NHF, may fund up to \$10 million of a portfolio of receivables via a collateralised loan.
Prospectus	means this prospectus dated 6 April 2022 and any replacement or supplementary prospectus.
Record Date	means 7:00pm (Sydney time) on 11 April 2022.
SAF Lenders	means each “Lender” as defined in the SAF Facility Agreement.
SAF Facility Agreement	means the secured term syndicated facility agreement between (among others) the Company, EQT Australia Pty Ltd and the SAF Lenders dated 27 September 2018 as amended from time to time (including as amended and restated on 28 May 2021).
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of one or more Shares in the Company.
Shareholding	means a Shareholder’s holding of Shares.
Shortfall	means the New Securities not applied for under the Entitlement Offer (if any).
Shortfall Offer	means the offer of the Shortfall on the terms and conditions set out in Section 2.7.
Shortfall Securities	means those New Securities issued pursuant to the Shortfall Offer.
SPV III	means NHF SPV III, LLC.
SPV IV	means NHF SPV IV, LLC.
Subsidiaries	means a subsidiary of the Company.
Timetable	means the timetable set out on page 10.
Underwriting Agreement	means the underwriting agreement between the Company and Peloton dated 6 April 2022.
US Securities Act	means the US Securities Act of 1933.
USD or US\$	means United States dollars.

Corporate Directory

Directors

Tim Storey
Daniel Kleijn
Anthony Murphy
David Wattel

Registered Office

Suite 335
49-51 Queens Road
Five Dock NSW 2046
www.lawfinance.com.au

Australian Legal Adviser

Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne, Victoria 3000

Lead Manager and Partial Underwriter

Peloton Capital Pty Ltd
Level 8, 2 Bligh Street
Sydney NSW 2000

Registry

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

Entitlement Offer Information Line

1300 288 664 (within Australia)
+61 2 9698 5414 (outside Australia)
Open between 8:30am to 5:00pm (Sydney time) Monday to Friday during the Offer Period

Option Terms

Each option (**Option**) entitles its holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions.

1 General terms of issue

- (a) **Initial payment to acquire Options** Eligible Shareholders are not required to pay any funds to acquire the Options.
- (b) **Exercise** Each Option is exercisable at an exercise price of \$0.55 (**Exercise Price**) and will entitle the Option Holder to subscribe for, and be issued with, one Share.
- Options may be exercised on any Business Day during the Option Exercise Period upon payment of the Exercise Price to the Company. The Option Exercise Period will not be extended. Each Option will automatically lapse if not exercised prior to expiry of the Option Exercise Period.
- If an Option Holder elects to exercise its Options, the Option Holder must pay the Exercise Price for those Options in the manner directed by the Company and give the Company (or its share register) a notice of exercise of options (in a form approved by the Company) (**Option Exercise Notice**). Options will be deemed to be exercised on the date that the Option Exercise Notice and payment of the Exercise Price is received by the Company.
- The Company must within 5 Business Days after the receipt of an Option Exercise Notice and cleared funds for payment of the Exercise Price, issue Shares in respect of the Options exercised.
- (c) **Minimum exercise** Option Holders are entitled to deliver an Option Exercise Notice to the Company to exercise part of their Option Holding so long as the number of Options exercised is a minimum of the lower of 5,000 Options and all the Options held by the Option Holder.
- If an Option Holder exercises less than the total number of its Options, the Company must issue, or cause to be issued to the Option Holder a new holding statement for the remaining number of Options held by the Option Holder.
- (d) **Holding statement** The Company must give or cause to be given to each Option Holder a certificate or holding statement stating:
- (a) the number of Options issued to the Option Holder;
 - (b) the Exercise Price of the Options; and
 - (c) the date of issue of the Options and the Options Exercise Period.
- (e) **Duty to maintain Option register** The Company is responsible for maintaining a register of Option holders in accordance with section 168(1)(b) of the Corporations Act.
- (f) **Dividend** Options do not carry any dividend entitlement until they are exercised and the Option Holder becomes the registered holder of Shares and those Shares have been issued on or prior to the applicable record date for determining entitlements for a future dividend.

- (g) **Ranking** Subject to the Constitution, Shares issued on exercise of the Options will rank equally with all other issued Shares.
- (h) **Voting entitlements** The Options confer no rights on an Option Holder to receive notice of a general meeting of the Company's Shareholders (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.
- (i) **Participation in a new Share issue** An Option Holder may not participate in new issues of securities without exercising the Option.
- If the Company is listed on ASX, the Company must give the Option Holder, if required to do so by the ASX Listing Rules, notice of:
- (a) the proposed terms of the issue or offer; and
 - (b) any right of the Option Holder to exercise its Options.
- (j) **Adjustments to Exercise Price** If between the Issue Date and the Exercise Date the Company makes one or more rights issues (being a pro-rata issue of Shares in the capital of the Company that is not a bonus issue), the Exercise Price of Options on issue will be reduced in respect of each rights issue according to the formula set out in ASX Listing Rule 6.22.2.
- No change will be made to the number of Shares to which the Option Holder is entitled upon exercise of the Option as a result of an adjustment for a rights issue.
- (k) **Bonus issues** If the Company makes a bonus issue of Shares to Shareholders (except an issue in lieu or in satisfaction of dividends or by way of a dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the ASX Listing Rules.
- (l) **Capital reorganisations** If there is a reorganisation (including consolidation, sub-division, reduction, cancellation or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which each Option Holder is entitled and the Exercise Price) are changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (m) **Calculations** Any calculations or adjustments which are required to be made under these Option Terms will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
- The Company must within a reasonable period give to each Option Holder notice of any change to the Exercise Price of the Options held by an Option Holder under the Option Terms.
- (n) **No Quotation** The Company will not apply for quotation of the Options.
- (o) **Transferability** The Options are freely transferable, subject to registration of the transfer by the Company.

- (p) **Amendment** These Option Terms may only be amended if Shareholders approve the amendment at a general meeting, except where such amendment is required to comply with the ASX Listing Rules in which case the amendment can be made by the Company without obtaining the Shareholder approval.
- Subject to the ASX Listing Rules, no amendment can be made to reduce the Exercise Price, extend the Option Exercise Period or increase the number of Shares received on exercising the Options.
- (q) **ASX Listing Rules** For such time as the Company is listed on the ASX, the ASX Listing Rules will apply to the Options.
- (r) **Governing law** These Option Terms and the rights and obligations of Option Holders are governed by the laws of New South Wales. Each Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection with these Options.
- (s) **US Securities Act** The Options and the underlying Shares have not been, and will not be, registered under the US Securities Act of 1933 or applicable US state securities laws. As a result, the Options may not be exercised by, and the underlying Shares may not be offered or sold to, persons in the United States except in transactions exempt from, or not subject to, such registration requirements of the US Securities Act and applicable US state securities laws.

2 Defined terms

In these Option Terms, unless expressly provided otherwise:

ASX	means ASX Limited ABN 98 008 624 691 or the securities market it operates, as the context requires.
ASX Listing Rules	means the official listing rules of ASX.
Business Day	has the meaning given to that term in the ASX Listing Rules.
Company	means LawFinance Limited ABN 72 088 749 008.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Eligible Shareholder	means a Shareholder with a registered address in: (a) Australia; or (b) New Zealand, as at the Record Date.
Exercise Price	means \$0.55, subject to adjustments in accordance with the Option Terms and the ASX Listing Rules.
Expiry Date	means 30 April 2024.

Issue Date	means, in respect of an Option, the date on which that Option is issued.
Option	means an option issued by the Company pursuant to the Option Terms.
Option Exercise Notice	means the notice given by an Option Holder to the Company upon exercising an Option.
Option Exercise Period	means the period commencing on the Issue Date and ending on the Expiry Date.
Option Holder	means the holder of an Option.
Option Terms	means, in relation to an Option, the terms and conditions of issue of that Option.
Portfolio Transaction	means the transaction announced to ASX on 1 April 2022 pursuant to which the Company, via National Health Finance DM, LLC, may fund up to \$10 million of a portfolio of receivables via a collateralised loan.
Record Date	means 7:00pm (Sydney time) on 11 April 2022.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of one or more Shares in the Company.