



ASX Announcement (ASX: **LAW**)

5 May 2023

MARKET UPDATE

LawFinance Limited (**LAW / the Company**) (ASX:**LAW**) would like to provide the following market update following its request for voluntary suspension on 27 April 2023.

The Company confirms that it is still in the process of negotiating with certain lenders under its Secured Term Syndicated Facility Agreement (**SAF**) in relation to a conditional funding transaction and debt restructure announced to the market on 31 March 2023 (**Funding Transaction**). Terms of the Funding Transaction, including the LAW Restructure conditions to funding, are detailed in that announcement.

Lucerne LCF Pty Ltd (**the Funder**) entered into a conditional back-to-back agreement with Kenanga Investment Berhad (**Kenanga**), a Malaysian investment house, in order to provide it with sufficient funds to satisfy certain obligations to LAW under the Funding Transaction. LAW understands that the Funder is fully reliant on receiving the investment funds from Kenanga to have sufficient funds to satisfy its ongoing obligations to provide funding under the Funding Transaction agreement.

The remaining funding to be provided under the Funding Transaction is subject to a number of conditions, some of which are outside the control of LAW and there is no guarantee that those conditions will be satisfied or that any of this further funding will be obtained. If the conditions are not satisfied and the Funding Transaction does not proceed, LAW may no longer be able to continue as a going concern.

The Initial Funding of US\$250,000 was received in early April 2023, however payment of the second instalment of US\$250,000 due by 25 April 2023 (**Second Instalment**) has been delayed and has not yet been received. The Funder advised that the Second Instalment was delayed while the Company continued to work to procure unanimous support for the Funding Transaction (including the LAW Restructure) from all SAF Lenders. The Funder has subsequently advised that they have agreed in principle terms to acquire the debt of the only SAF Lender, who had indicated they were not supportive of the Funding Transaction (**Debt Trade**). The Company continues to negotiate terms for a legally binding agreement for the Debt Trade with the SAF Lender. The Funder has therefore advised that they will transfer the Second Instalment by no later than Wednesday, 10 May 2023.

The Company anticipates that the voluntary suspension of the Company will be lifted on or before pre-market open on Thursday, 11 May 2023.

In the Directors' opinion, securing certainty that the Funding Transaction will proceed, and the Second Instalment will be paid, is critical to the Company's continued financial viability, and continued trading of its securities between now and Thursday, 11 May 2023 is likely to be materially prejudicial to its ability to complete that transaction.

Further updates will be provided in line with the Company's continuous disclosure obligations.

Authorised by:

The Board of Directors

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