



ASX Announcement (ASX: LAW)

31 January 2025

Quarterly Activities Report - December 2023 Quarter

The Board of LawFinance Limited (“LawFinance”, “LAW” or “the Company”) provides the following update for its December quarter ending 31 December 2023. The Company notes that it is providing this Quarterly Activities report and Appendix 4C in order to comply with ASX Listing Rule 17.5 in relation to suspended entities.

December 2023 quarter KPI and commentary:

- **Conditional Funding Transaction**

Pursuant to the Conditional Funding transaction announced on 31 March 2023 (**Funding Transaction**), the Funder Lucerne LCF Pty Ltd (the **Funder**) provided the LAW Group with three instalments, comprising Tranche 1 funding totalling approximately US\$750,000, in 2Q23. This funding was utilised by the LAW group for general operating expenses and was provided by way of a junior participation in the Partners For Growth (**PFG**) loan facility.

As announced on 14 July 2023, the Funder acquired the debt of the only Secured Term Syndicated Facility Agreement (**SAF**) Lender who had indicated that it was not supportive of the SAF restructuring condition to the Funding Transaction (**Debt Trade**). LAW has now received indications of support, for the SAF restructuring condition, from all SAF Lenders.

On 28 December 2023, the Company announced the successful implementation of the Funding and Restructure transaction following approval by shareholders at the Extraordinary General Meeting on 22 December 2023. This results in all debt facilities of the Company and certain of its subsidiaries being restructured.

This restructure has resulted in the following;

- i) the release and discharge of the SAF Facility;
- ii) the release of the Company from its obligations under the EFI Facility Agreement and the sale of its subsidiary, NHF SPV III; and
- iii) amending the PFG Loan Agreement to facilitate the managed run-off of the PFG Book in order to maximise value and repay the PFG Loan in full.
- iv) NHF reducing costs and staff to minimize expenditure
- v) PFG and secured book lenders continue to collect on the PFG book, with further updates on this to be provided in due course.

- **Cash Collections - US\$5.53 million**

The NHF portfolio is managed as two separate sub-portfolios funded by different funders. The legacy portfolio is funded by Efficient Frontier Investing (EFI) and is comprised of receivables that are in various stages of litigation to mature receivables in their final stages of their settlement cycle (EFI book). The growth portfolio now funded by PFG is the focus of growth initiatives currently being undertaken by the team at NHF (PFG book).

Cash collected from the PFG and EFI books of receivables was US\$2.8 million. While there were higher collections this quarter compared to previous, collections in general across all categories are on a downward trend, reflecting a contracting book.

- **Originations - US\$0 million**

The Company's operating business, National Health Finance, has also not originated any claims since September 2022, when the PFG Book was put into runoff in line with the Company's strategic priorities

The focus continued to remain on the Funding Transaction above and progressing the Trident Health Group ("Trident HG") initiative.

- **Trident HG Update**

As announced previously, the Supplier Service Agreement between Trident HG and the US's largest hospital management company was executed in March 2023. The LAW Group confirms it is in discussions with several hospitals and medical suppliers in the Southwestern United States and Texas. While the Trident HG Joint Venture growth strategy is still actively being pursued, it is taking significantly longer than expected for Trident HG Joint Venture to execute its first hospital funding agreement.

Should these discussions progress, the Company will give an update to shareholders, however currently the timing of commencement of Trident HG operations still remains uncertain.

- **Operating Expenditure (OPEX)**

Average monthly OPEX during the quarter was US\$0.20 million, down slightly from US\$0.22 million in the previous quarter (3Q23). It is expected that OPEX will decrease by a proportionally greater amount in the coming months



Payments to related parties of the entity and their associates

Following the cessation of Daniel Kleijn's employment in 2Q23, there was no payments to related parties during the December quarter. This has been disclosed in Section 6.1 of the attached Appendix 4C.

Authorised by:

The Board of Directors

For enquiries:

Anthony Murphy

Director

LawFinance Limited

Tel: + 61 2 9696 0220

Email:

Anthony.Murphy@lawfinance.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

LawFinance Limited

ABN

72 088 749 008

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (6 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,845	4,727
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(181)	(422)
(f) administration and corporate costs	(407)	(817)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(1,282)	(2,765)
1.9 Net cash from / (used in) operating activities	975	723
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (6 months) \$USD'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(2)	(4)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(9)	(18)
3.10 Net cash from / (used in) financing activities	(11)	(22)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	486	751
4.2 Net cash from / (used in) operating activities (item 1.9 above)	975	723
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(22)
4.5	Effect of movement in exchange rates on cash held	2	-
4.6	Cash and cash equivalents at end of period	1,452	1,452

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	1,101	83
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	351	403
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,452	486

6.	Payments to related parties of the entity and their associates	Current quarter \$USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
TBD		

8. Estimated cash available for future operating activities	\$USD'000
8.1 Net cash from / (used in) operating activities (item 1.9)	975
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,452
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,452
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025

Anthony Murphy - Director

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.