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H1 FY2021 Results

Investor Presentation

31 August 2021



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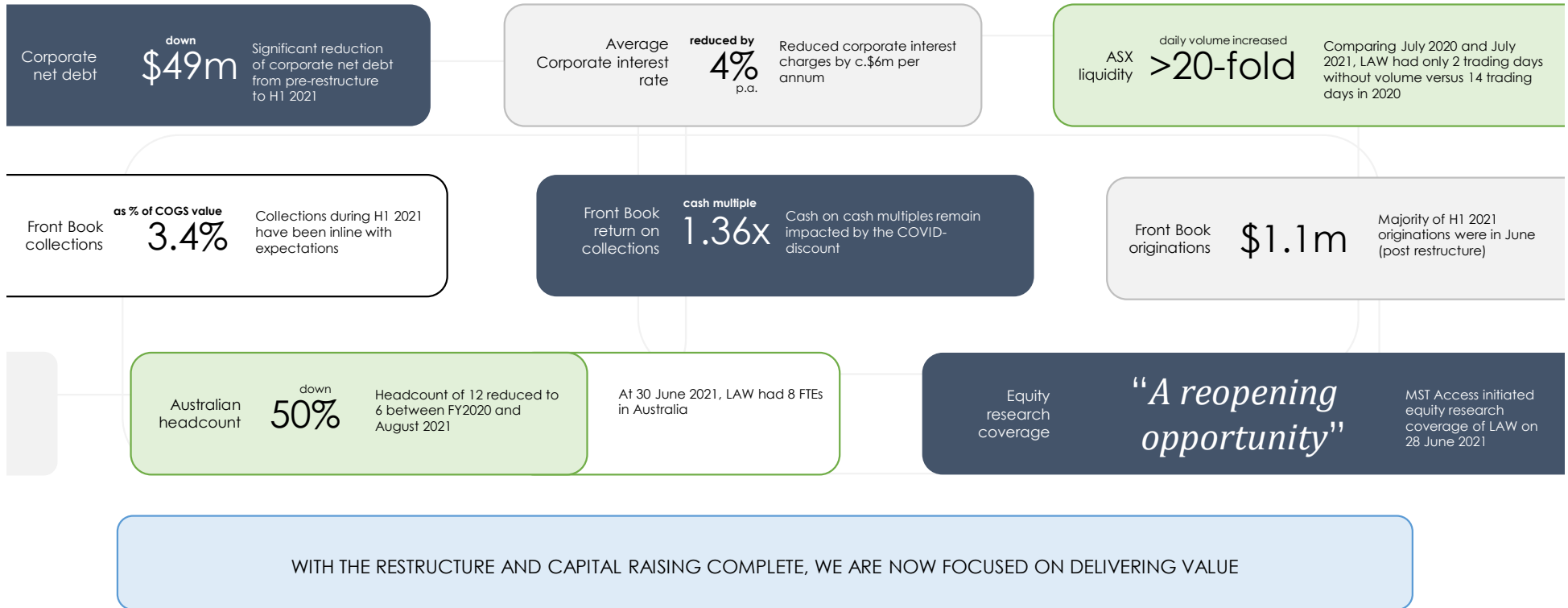
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H1 FY2021 Highlights



Successful Restructure and Capital Raising provides the opportunity to execute upon our strategic priorities



Note: "\$" denotes USD, "A\$" denotes AUD throughout this presentation

Update Post Completion of the Restructure and Capital Raising



Moving at significant pace in the execution phase

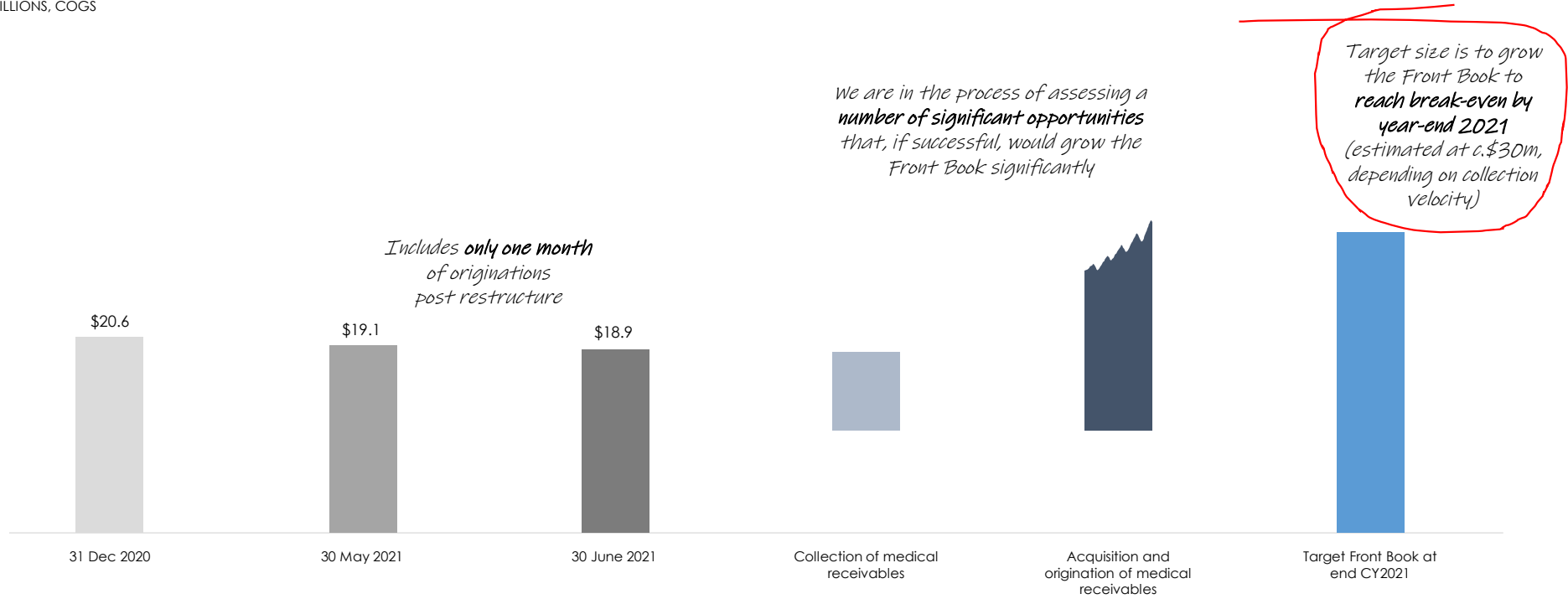
- Reorganisation of our core business in the US, National Health Finance (NHF)
 - Restructured organisation from functional to relationship focused teams
 - Rationalised middle management and hired in key areas
 - Implemented an outcome-based incentive structure
 - Established a formal Executive Leadership Team with NHF President, Richard Cruz and the Chief Revenue Officer, Marialena Ziska (in addition to Australia-based C-level execs)
 - Redesigned settlement negotiation process to improve visibility and returns
- Cost reduction programme in Australia
 - Reduced headcount by 50% (c.\$500k p.a.)
 - Relocated from CBD office space to Five Dock, reducing lease expenses by c.90% (c.\$150k p.a.)
 - Further cost reductions opportunities have been identified and are expected to be implemented before year-end
- Board renewal process and board compensation
 - Pleased that Jane Lamming has agreed to join the LAW board as an independent non-executive director on 1 September 2021. Ms Lamming is a senior executive and has a wealth of experience across governance, risk assessment and operational excellence
 - Each board member has agreed to align compensation with shareholders by reducing their annual fee by \$25,000 in return for 100,000 options at an exercise price of \$2.50 (the issue of the options is subject to shareholder approval at the next meeting)
 - Non-executive director, David Wattel, has agreed to provide significant support to NHF's origination activities and will be compensated by the issue of an additional 100,000 options (subject to shareholder approval)
- CEO and Managing Director, Daniel Kleijn, has agreed to relocate to the US in September until Q1 2022 to drive key business development opportunities

Front Book Progression

Targeting reaching critical scale before the end of 2021, and continue profitable growth thereafter

TARGET FRONT BOOK PROFILE FOR 2021

IN \$ MILLIONS, COGS

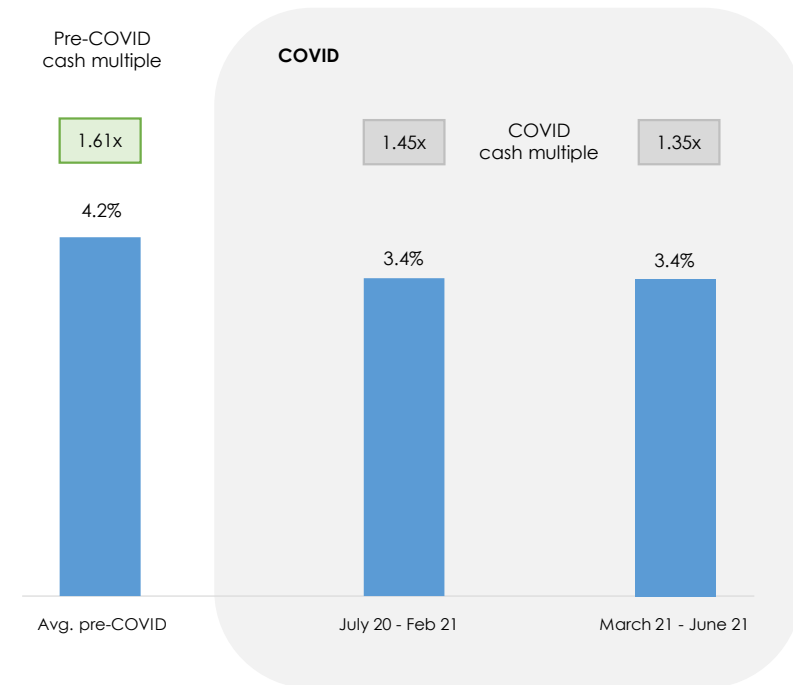


The Impact of COVID

Motor vehicle insurance companies have taken advantage of COVID at the expense of victims

IMPACT OF COVID ON COLLECTIONS

Collections as a percentage of the Front Book (COGS value)



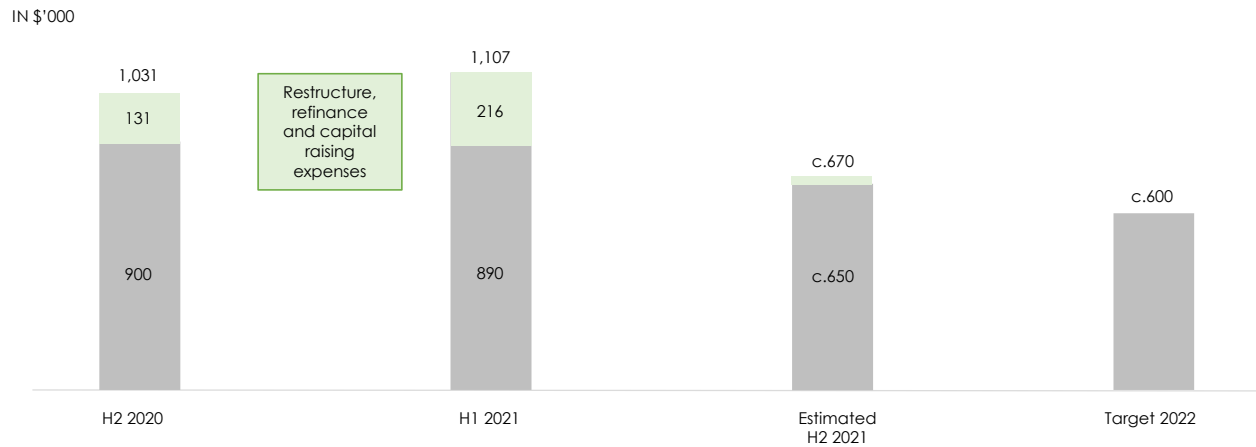
- Collections since March 2021 continued to be impacted by COVID as settlements were either delayed or agreed at lower payment amounts (COVID discount) as victims were under pressure to obtain cash
- The impacts of COVID on the US Court system eased through H1 2021, however the pace of this improvement varied from state to state. While Jury Trials in key states such as Michigan recommenced, there is still a back log of cases to work through
- Lower cash on cash multiples (1.35x) were also attributable to
 - Settlement of some older paper that was bought with limited vetting (the vetting process has been tightened to reduce the risk of recurrence)
 - Poor settlement of some larger cases (\$20k+)
- June and July collections reflected stronger settlement activity in April and May 2021 (cash collections typically follow the agreement of settlements by 2-3 months), however we are seeing signs of this reducing again as the Delta Variant takes hold
- NHF implemented a new settlement negotiation approach designed to improve returns particularly on cases that have settled well, with results expected to come through during H2 2021

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Managing the Cost Base

Strict management of corporate and operating expenses should result in further savings

MONTHLY GROUP AND OPERATING EXPENSES



- Costs related to the several processes that occurred during H2 2020 and H1 2021 were significant
- Following the sale of JKL and separation of JFK, a substantial cost saving programme was initiated, which included management redundancies and the relocation of office premises in Australia
- A portion of the cost savings in Australia are expected to be reinvested in NHF, particularly in marketing and business development activities

RESTRUCTURE, REFINANCE AND CAPITAL RAISING EXPENSE COMPONENTS

Back Book refinance process	Corporate debt restructure
Deloitte and Grant Thornton independent reviews	Front Book refinance process
Sale of JustKapital Litigation	Equity capital raise
Separation of JustKapital Finance and payment to lender	

Management Financial Overview



Management has developed a new template that is used to analyse performance

CASH FLOW OVERVIEW (based on management reporting)

	1HY21
Collections	5,994
Repayment of debt funding (principal)	(4,584)
Interest paid on debt funding	(1,736)
Operating Cash Flow	(326)
Corporate & Operating Expenses	
Payroll	(1,881)
Consultants - Recurring	(655)
Travel	(49)
Other Opex	(490)
Total Corporate & Operating Expenses	(3,075)
Corporate Interest	(154)
Group Operating Cash Flow	(3,555)
Acquisition of Medical Receivables	(1,131)
Funding of Medical Receivables	370
Net Group Operating Cash Flow	(4,316)
Capital Expenditures	(79)
Dec/(inc) in NWC	
Corporate & Operating Expenses	(896)
Catch up of Medical Receivables	(1,209)
Total Dec/(inc) in NWC	(2,105)
Inc/(dec) in Debts	3,001
Equity Capital Raising	13,423
Other CF Items - nonrecurring	(3,609)
Movement in Cash	6,315
Cash at Beginning of Period	4,665
Cash Balance at End of Period	10,980
Available Cash	8,716
Restricted Cash	2,264
Cash Balance at End of Period	10,980

- We are managing the business through cash, and are aligning internal reporting and stakeholder reports to this cash view of performance, which allows for better decision making as it excludes the impacts of complex accounting treatments
- This report only includes the NHF business and the LAW corporate office and excludes the business performance of JustKapital Financing and Litigation Funding (as such the Corporate and Operating expenses do not tie to page 7, which include the deconsolidated businesses)
- Accounts payable reduced by \$2.1 million, reflecting the clearing out of overdue accounts following the recapitalisation. As stated on page 7, significant costs were incurred in respect to the various restructuring transactions. These payments totalling \$3.6 million are considered non-recurring and as such captured below operating cash flow
- Restricted cash at 30 June 2021 of \$2.3 million represents funds held relating to the PFG and EFI funding facilities

Update on Strategic Priorities

Significant progress is being made on our strategic priorities



ORGANISATIONAL REDESIGN

- Reorganised Business Development to focus on medical providers and deepen relationships
- Increased funding product offering to include back-end profit splits and joint venture structures
- Ongoing investment in brand re-emergence and awareness
- Increased focus on the most profitable areas, such as hospital/ER paper and increasing the proportion of sub-\$20k cases
- Substantially reduced the turnaround time of vetting and funding of new paper

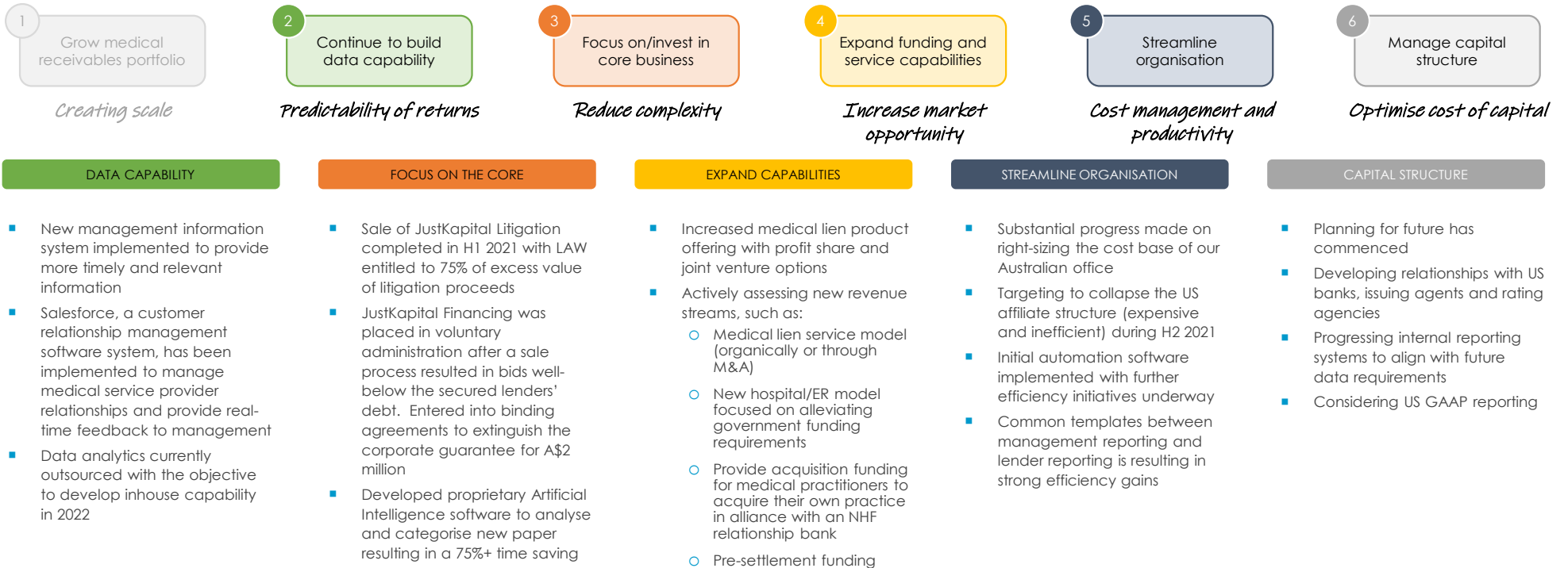
Building the origination pipeline of smaller, bigger and Elephant opportunities

SELECTION OF ELEPHANT OPPORTUNITIES IN THE PIPELINE

TYPE	DESCRIPTION	SIZE	STATUS	ESTIMATED TIMELINE
Bulk	Assessing a bulk opportunity being a pure-play medical lien imaging portfolio (largely MRI). This opportunity would increase exposure to attractive target markets	Estimated size of the opportunity is more than \$5 million (COGS)	NDA in place and indicative offer submitted	Q4 2021
M&A	A profitable medical lien servicing and acquisition business. Majority of income is derived from managing and collections	To be determined	NDA in place and received initial round of due diligence materials	H1 2022
Joint Venture	Establishment of a joint venture with two (non-lien) partners that would acquire Hospital/ER paper that would otherwise be funded by public healthcare insurance. Strong support for the initiative from Medicaid/Medicare	Trial in with one hospital in Arizona. Potential for 50+ if successful	Negotiating joint venture agreements	Target trial start in Q4 2021
ER Concierge	Implementation of our ER Concierge services for two hospital groups. One has two hospitals in Indiana and the other has five (CA, IL and TX)	Estimated to contribute more than \$4 million of COGS p.a.	Negotiating agreements	Indiana: Q3 2021 and the second in Q4 2021

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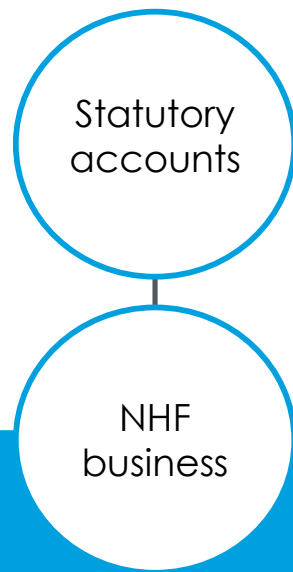


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Appendix



Statutory Profit & Loss Statement



STATUTORY PROFIT & LOSS STATEMENT

Half Year to June 2021 (US\$'000)	JustCapital Finance and Litigation Funding*	NHF	Other	Total
Income				
Net Income from disbursement funding/medical lien funding	2,033	(1,850)	-	183
Other Revenue	7	653	32	692
Net Income	2,040	(1,197)	32	875
Earnings before Interest tax and depreciation	1,435	(3,926)	(2,146)	(4,637)
Depreciation and Amortisation	(52)	(107)	(56)	(215)
Finance Costs	(2,171)	(4,418)	(3,097)	(9,686)
Profit/(loss before) before income tax benefit	(788)	(8,451)	(5,299)	(14,538)
Income tax benefit				1,528
Loss after Income tax benefit				(13,010)

- The total group loss(after-tax) amounted to (\$13m). With the exit of JKF and the Litigation funding business of (\$0.8m), total group loss(after-tax) improved to (\$12m)
- The recognition of revenue through P&L for NHF was reported at (\$1.8m)
- This is driven by the impairment of (\$6.4m) in receivables (using the amortised cost accounting method). This is based on actual recoveries for the previous 6 months which was depressed due to the effects of COVID-19
- Total finance cost of \$9.7m before accounting for the restructuring included the conversion of corporate debt interest to equity and the exit of JKF and Litigation funding businesses
- The Atalaya front book facility was refinanced at the end of May with the new Partners For Growth facility reducing ongoing interest

*Discontinued Operations

Balance Sheet



BALANCE SHEET

Consolidated Financial Position (US\$'000)	1HY21	FY2020
Cash	10,980	4,746
Accounts Receivable	46,563	69,376
Goodwill	-	-
Intangibles	9	10
Other	2,173	12,367
Total Assets	59,725	86,499
Liabilities		
Accounts Payable	2,374	6,789
Borrowings	60,153	113,930
Other	612	13,339
Total Liabilities	63,139	134,058
Net Assets	(3,414)	(47,559)

- As at 30 June 2021, the net asset deficiency was (\$3.4m) which represents a reduction of \$44m from the position as at 30 December 2020
- Liquidity of the group strengthened significantly as represented by an increase by the current ratio (Current Asset/Current Liability) of 2.7 as at 30 June 2021, which increased from 0.29 as at 31 December 2020
- As at 30 June 2021, \$10.9m cash was recorded on the Balance sheet but \$8.7m was available to fund operations and investment
- In accordance with the accounting standard, NHF Accounts Receivable are recorded using the amortised cost which requires valuation of the receivables
- In order to value the receivables, management applied the previous 6 months of recovery data to estimate future collections. This reference period was significantly impacted by COVID-19
- As part of the restructuring completed in May, corporate debt of \$43m was converted to equity
- A 65% reduction in Accounts payable from 31 December to 30 June is driven partially from payments of old debt and the conversion of advisor costs to equity relating to 2020 and earlier periods

Cash Flow Statement



CASH FLOW STATEMENT

Cashflow From Operations	
Receipts from Customers	8,922
Payment to Suppliers and employees	(7,025)
Payments for disbursements reports/medical lien funding	(1,766)
Drawdown/Repayment from financing facilities	(5,288)
Interest related to facilities	(1,992)
Interest Received	1
Net Operating Cashflow	(7,148)
Cashflow From Investing	
Payments for Property, Plant and Equipment	(79)
Payments for Litigation Portfolio	(394)
Net Investment Cashflow	(473)
Cashflow from Financing	
Proceeds from issue of shares (net of issue costs)	12,737
Proceeds from Borrowings	2,910
Repayments of Borrowings	(910)
Interest related to Borrowings	(767)
Repayment of lease liabilities	(142)
Net Financing Cashflow	13,828
Movement in cash	6,207
Opening Balance	5,197
Effect on exchange rate changes	(424)
Closing Balance	10,980

The US Medical Receivables Market

In the US, hundreds of thousands of accident victims are left without access to appropriate healthcare every year

HEALTHCARE INSURANCE

At fault driver's insurance

- The at fault driver's insurance company is motivated to minimise and delay claims pursued by the victim
- Generally, they will not begin the assessment of the claim until a complete case file has been submitted
- This means that (all) medical costs have been incurred before the victim can be reimbursed

Medicare/Medicaid

- Approximately 34% of the US population has public healthcare insurance
- Public healthcare insurance wasn't designed motor vehicle accident ("MVA") victims (i.e. insurer of last resort and victim needs to claim against at fault driver's insurer)
- If a treatment is covered, reimbursement rates tend to be below actual cost, leaving the victim out-of-pocket

Uninsured victims

- Approximately 8% of the US population has no healthcare insurance
- Uninsured victims tend to be in a lower socio-economic demographic and unlikely to be able to cover the cost of the required medical treatment without financing

THE BENEFIT FOR INVOLVED PARTIES



VICTIM

- NHF enables the patient to access premium care without the need for personal insurance
- Without financing, victims often delay seeking medical care, potentially intensifying the injury and reducing the probability of recovery in a settlement
- In addition to medical treatment, NHF financing provides the victim with the opportunity to achieve improved compensation under their claim



MEDICAL PROVIDER

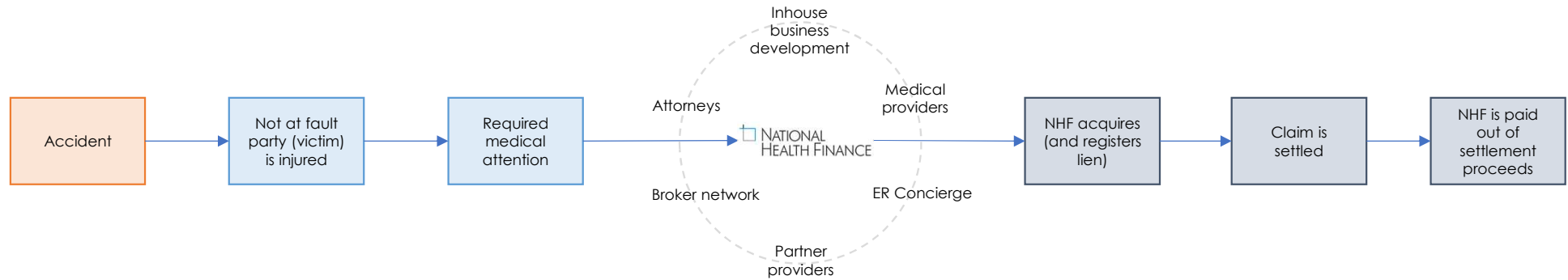
- Ensures timely payment to medical providers (<30 days versus 4+ months via public health insurance, if it responds or if it is covered)
- Recovery rate from NHF tends to be better than that from public health insurance
- Eliminates the time and cost involved in managing the claim and collection
- A physician's testimony during legal examination can be called into question if payment for services is directly linked to case outcome
- Hesitation to provide care due to perceived risk on recoverability, particularly for insured victims



ATTORNEY

- Assists attorneys to obtain medical care for clients and to access expert witnesses
- The counterparty attorney can use a "gap in care" from delayed financing as leverage to minimise payment under the victim's claim.
- Lowers attorney's overhead costs as NHF takes care of the medical case management
- Without NHF, attorneys may be required to take the cost of medical care onto their balance sheet in order to pursue the case

NHF Business Overview

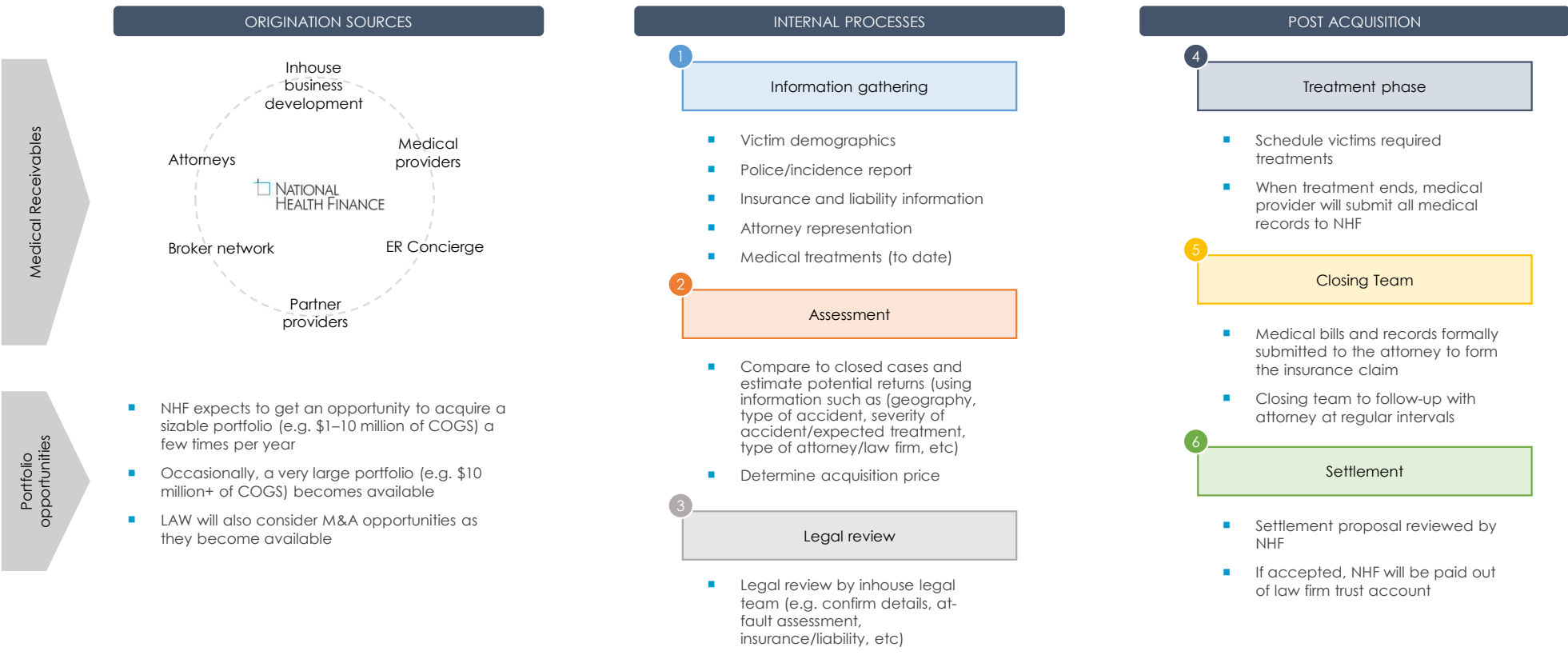


- In the US, hundreds of thousands of accident victims are left without access to appropriate medical treatment as a result of public healthcare insurance (e.g. Medicaid/Medicare) not (fully) covering the required treatments or being uninsured
- Where the victim is unable to cover the cost of treatment, medical providers are left with outstanding invoices
 - Creates a significant working capital gap
 - Medical provider not set up to manage burdensome collection process
 - Physician's testimony during legal examination will be questioned if payment for services is directly linked to case outcome
- In our focus markets, NHF acquires the outstanding invoices from the medical provider (medical receivable), at an average discount to face value of c.67%, and registers lien
- If further care is needed, NHF becomes the central point of contact liaising with the medical facility to schedule care and obtain medical documents for the lawyer to substantiate a successful court settlement
- NHF works with the personal injury attorney to manage the victim's medical treatments. The attorney benefits from
 - NHF managing victim through the time-consuming treatment phase
 - A reduction of overhead costs
- Attorney lodges claim with Insurer. Successful claim settlement sees NHF, attorney and victim share in proceeds (generally divided 1/3, 1/3, 1/3)

NHF Medical Receivable Origination and Collection Model



NHF's large and active referral network benefits from NHF's transparent decision-making process and strong case management skills



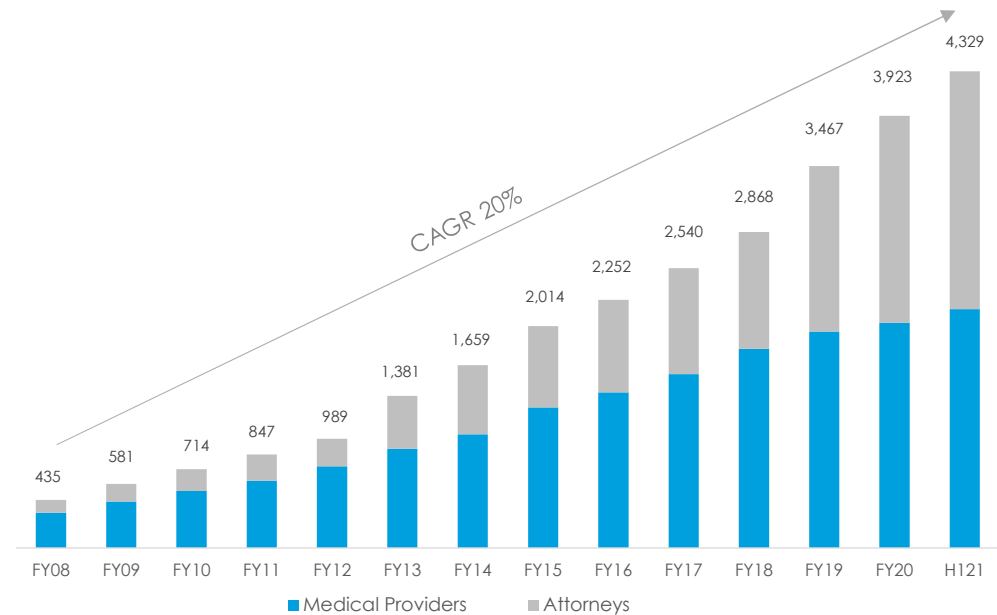
Continued Growth in Origination Network



A referral network of more than 4,000 medical service providers and attorneys

NHF REFERRAL NETWORK

- NHF has been operating more than 20 years and is one of the top five largest personal injury financiers in the United States
- NHF operates in a large addressable market created by an underfunded and complex US healthcare system
- The deployment of technology platform Netsuite has allowed management to harness its referral network of 4,300+ medical service providers and attorneys and more effectively manage its Front Book
- Active network with track record of previous acquisitions of medical receivables supports a network of future acquisition opportunities
- Substantial opportunities in medical receivables have been offered for funding following the Restructure
- The depth of NHF's referral network is a significant advantage versus any competitors



Long Term Strategy

The long term strategy to support sustainable growth going forward

