

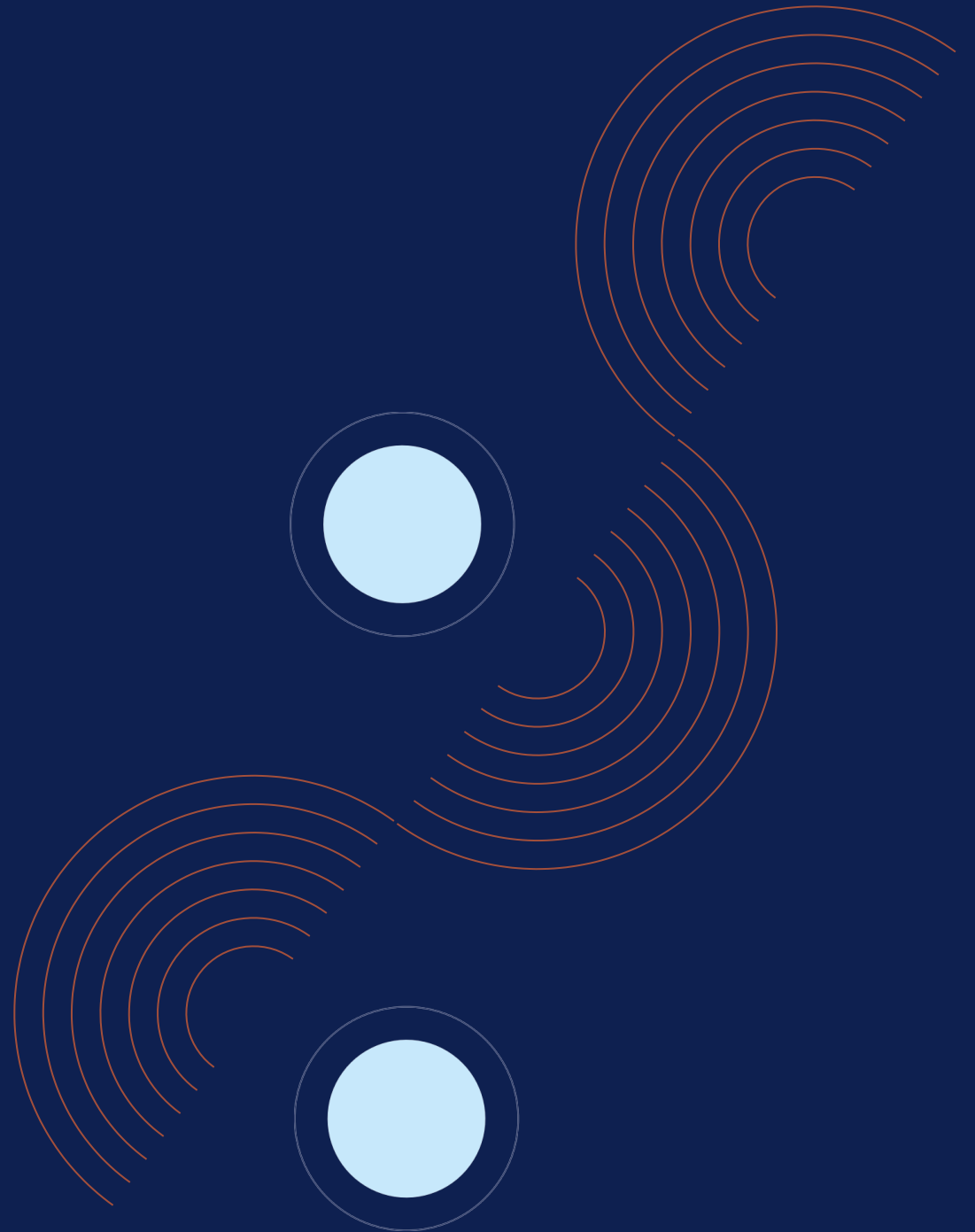


EXPERIENCE COUNTS

# Half-year results Presentation

six months ended 31 December 2022

Litigation Capital Management Limited  
ACN 608 667 509



# Highlights

## Funds under Management

Fund II commitments [A\\$79m](#) at 31 December 22 and [A\\$114m](#) at 28 February 23. Fund I fully committed.

## Assets under management

Assets under management increased to [A\\$506m](#) by 31 December 2022 with further commitments in Fund II bringing our AuM to [A\\$537m](#) at 28 February 2023

## Commitments<sup>1</sup>

Overall commitments were up significantly at [A\\$107m](#) compared to A\$24.8m for the same prior year period

## Capital invested<sup>2</sup>

Total capital invested increased from A\$31.5m to [A\\$56.9m](#)

## Adjusted loss before tax<sup>3</sup>

Adjusted loss for the period [A\\$5.5m](#) reflecting timing of revenue recognition. Post period end resolutions would have increased LCM performance with adjusted operating profit improving to approximately [A\\$6.3m](#)

## Consistent performance

Maintaining our strong track record with 11.5 year cumulative ROIC of [154%](#), and cumulative IRR of [79%](#) inclusive of losses

## Team hires

Recently welcomed a number of highly experienced investment managers building out the strength of our team globally. Our UK team now represents one of the most experienced in the market.

## Post H1 events

Two resolutions post 31 December 2022; Fund 1 investment in Carillion contributing approximately [A\\$6.3m](#) to gross profit in H2 and 100% direct balance sheet investment, Australian class action contributing approximately [A\\$5.8m](#) to gross profit in H2

1 Including budget increases but excluding any concluded project write-offs

2 HY ended 31 December 2022 inclusive of third-party funds. Excluding third-party funds, capital invested A\$21.3m

3 HY ended 31 December 2022 inclusive of third-party funds. Excluding third-party funds, adjusted loss before tax was A\$5.8m

# INTRODUCTION

# Who we are

- Litigation Capital Management (LCM) is an alternative asset manager specialising in disputes financing solutions internationally
- Through our two business models, direct balance sheet investments and funds management, we create value through our three primary investment strategies
- Our business model enables both equity investors and Fund investors to benefit from the returns made on our portfolio of dispute investments
- Our strong and innovative origination of investments enables us to build scale in a disciplined manner and deliver sustainable long-term growth for the future
- Our funds management business model generates superior returns for our investor



**Patrick Moloney**  
Chief Executive Officer



**Mary Gangemi**  
Chief Financial Officer

# Why invest



## Uncorrelated returns

Disputes as an investment opportunity, and the performance of those investments, is unaffected by external factors such as; economic cycles, political risk and wider market movements. Each and every investment whether the subject of a direct investment or as part of the fund portfolio is uncorrelated to each other



## Countercyclical business

Global financial markets are experiencing high volatility. Historically dispute levels rise during periods of instability and the level of insolvency events increase. Corporates tend to look for alternative ways of financing their disputes spend



## Low market penetration

Despite demand for litigation finance steadily increasing, the levels of market penetration in the various markets in which LCM operates is very low



## Growing market/demand globally

Not only is there a steady increase in established markets but also new geographies and jurisdictions are opening to litigation finance. Given LCM's experience and growing capital base we are well positioned to take advantage of that trend



## Shift to Asset management model

Shift to Asset management model allows us to scale the business in line with industry growth while leveraging third party capital to enhance returns for underlying shareholders



## Shifting legal market dynamics

The expectations of corporates are changing. Clients increasingly expect law firms to be flexible and offer alternate solutions to disputes fees, creating an opportunity for LCM

# Business model



# Our investment proposition

The Funds management model provides equity investors with the benefit of exposure to superior Fund returns in the form of performance and **outperformance** fees payable to LCM as manager.

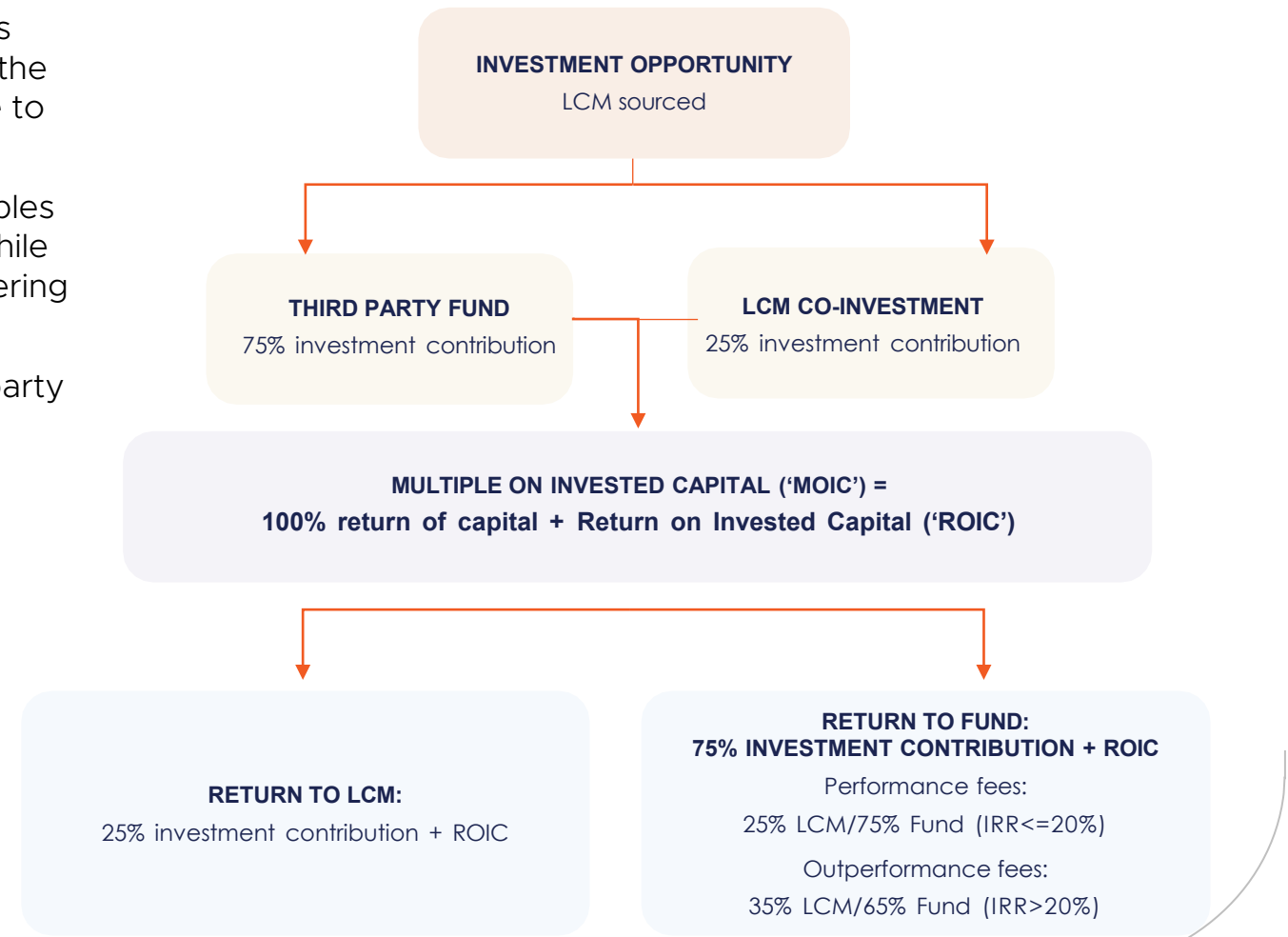
The growth of our funds under management model enables LCM to scale its business and portfolio of investments while enhancing returns for underlying shareholders and delivering long-term sustainable growth.

This also enables us to **leverage** returns by using third-party funds and our operational scale.

Our third-party Funds comprise sophisticated and institutional investors including:

- Large US university endowments;
- UK and European Pension Funds;
- Large Global Investment bank;
- Family offices; and
- Disruptive finance fund of funds

Our experience in selecting **high returning investments** ensures we maintain competitive return metrics.



# Market dynamics



A combination of Covid disruption, high inflation, increasing interest rates, geo-political disruption, supply and logistics disruption and economic risks are both increasing the number of global disputes and placing pressure upon capital allocation for those disputes.



Economic uncertainty generally increase pressure on internal legal spend. Internal legal counsel are exploring alternative ways to achieve their funding requirements



Increase in insolvency and restructuring observed with online and high street retailers being amongst the first to suffer (Paperchase, Cineworld, Joules, Bulb, Made.com)



Increasing number of cases related to shareholder mis-selling and fraud claims



Market conditions driving demand for LCM's capital



# OPERATIONAL REVIEW

# Building scale

## Measures of growth(A\$)

Number of applications

**162**

Capital committed in H1<sup>1</sup>

**\$107m**

Capital invested<sup>2</sup>

**\$57m**

## Maintenance of investment standards

11.5 year cumulative ROIC

**154%**

11.5 year cumulative IRR

**79%**

## Increase in AUM (A\$)

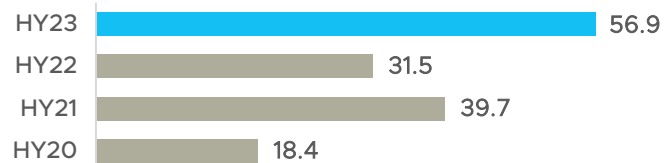
Total assets under management – 31 Dec

**\$0.5bn**

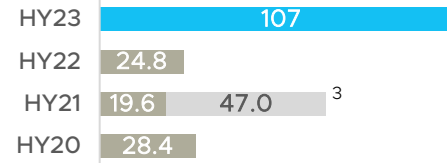
Total assets under management – 28 Feb<sup>4</sup>

**\$0.54bn**

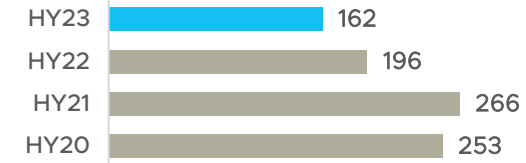
Capital invested (A\$)



Capital committed (A\$)



Applications (A\$)



<sup>1</sup> Capital committed in year represents new commitments signed up. Exclusive of any commitments concluded, written off or adjusted

<sup>2</sup> Capital invested into litigation projects during the year inclusive of third party funds

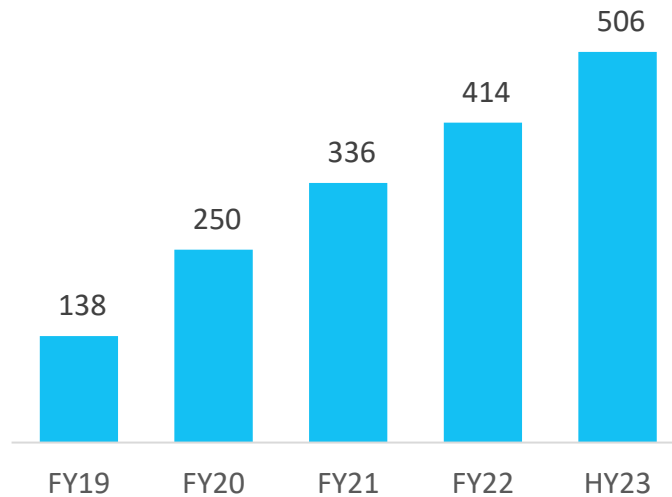
<sup>3</sup> Capital committed in the prior period includes a large construction portfolio investment which was significantly scaled down due to increased risks associated with the matter and region

<sup>4</sup> Excludes Fund I completed matters

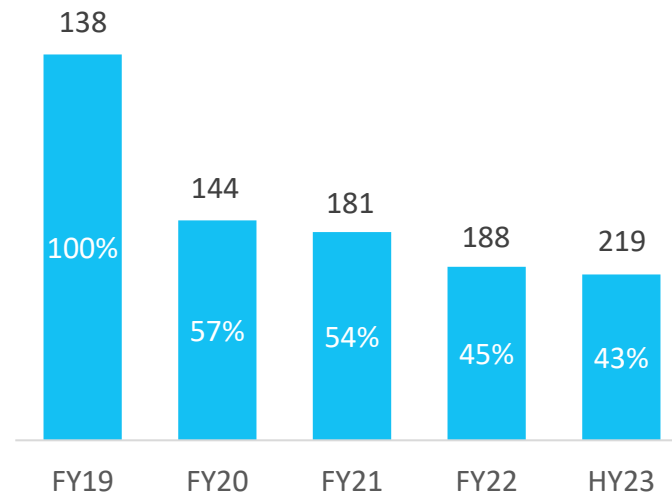
# Transition to diversified risk and enhanced returns

- Scaling the business by leveraging third party funds through our Funds management structure
- Maximising balance sheet capital and diversifying risk by co-funding through our asset management model
- Diversification of balance sheet capital across our portfolio

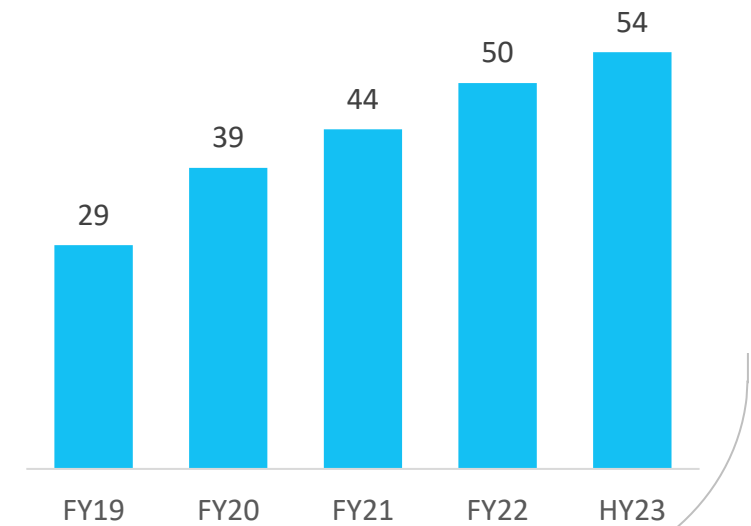
Total AuM<sup>1</sup> (\$m)



AuM LCM<sup>1</sup> only (\$m)



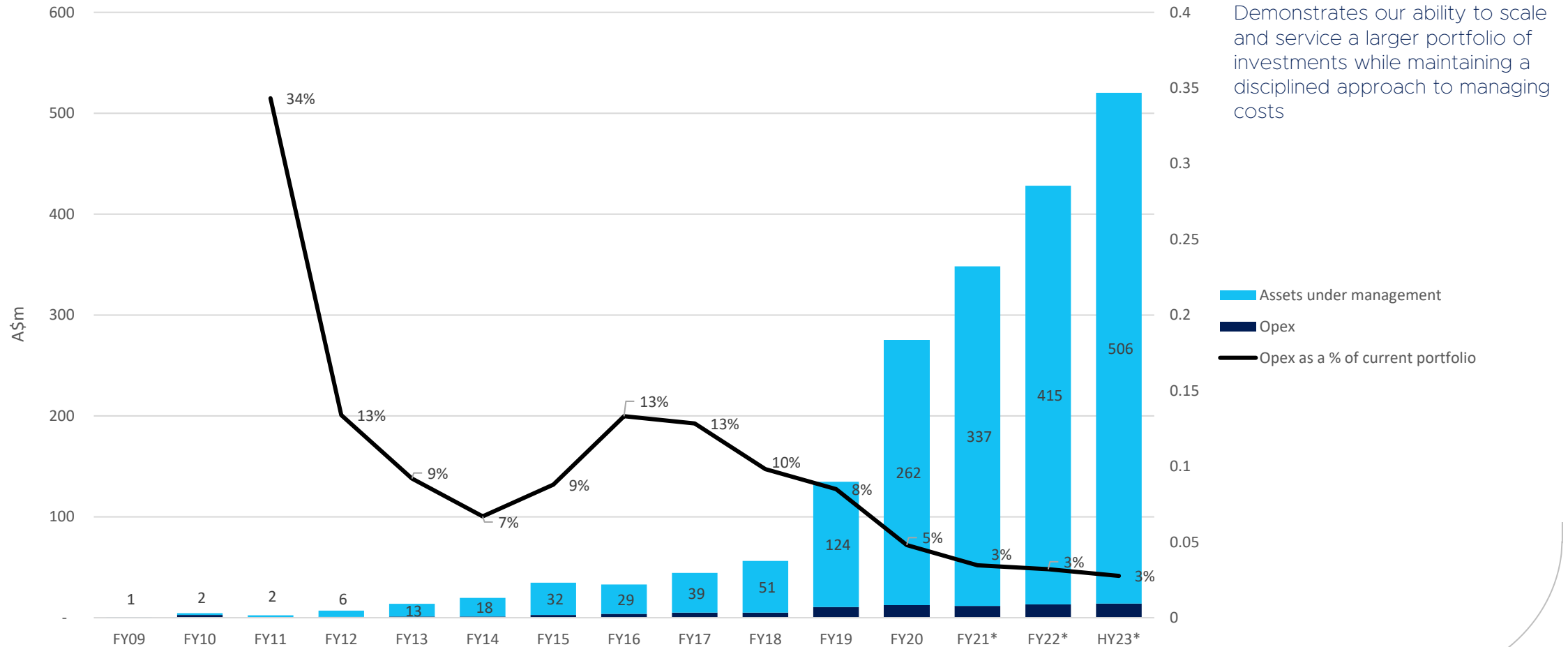
Number of investments<sup>2</sup>



<sup>1</sup> Total AuM represents total capital committed by both LCM and the Fund, AuM LCM only is the portion to be funded either 100% direct from LCM or on a 25% basis alongside third party fund investors.

<sup>2</sup> Number of live matters excluding resolutions as at December 2022

# Disciplined growth



\* Exclusive of interest expense

# Current portfolio of direct investments

Balances as at  
28 February 2023  
(A\$ millions)

**\$110 million**

Direct 100% investment<sup>2</sup>  
portfolio

**\$122 million<sup>3</sup>**

LCM direct co-investment<sup>4</sup>

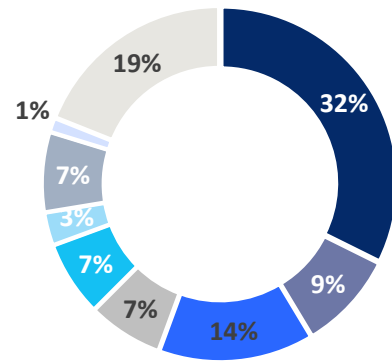
**\$133 million<sup>5</sup>**

Deployed/invested

**\$99 million<sup>5</sup>**

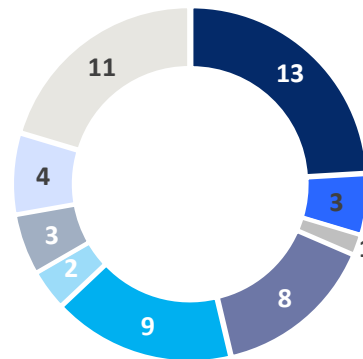
to be invested

**Portfolio by industry sector**  
(estimated A\$ capital commitment)<sup>1</sup>



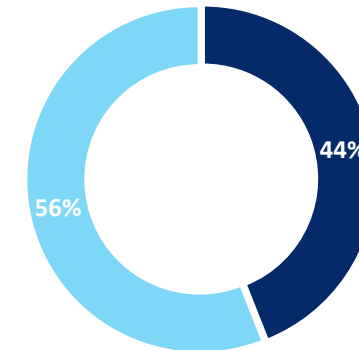
- Class action - \$75m
- Commercial disputes - \$21m
- Competition claims - \$33m
- Follow on damages - \$16m
- Insolvency - \$16m
- Intellectual Property - \$7m
- Portfolio - \$17m
- Recoveries - \$3m
- Arbitration - \$44m

**Portfolio by industry sector**  
(number of projects)



- Class action - 24%
- Competition Claims - 5%
- Follow on damages - 2%
- Commercial disputes - 15%
- Insolvency - 17%
- Intellectual Property - 4%
- Portfolio - 6%
- Recoveries - 7%
- Arbitration - 20%

**Portfolio by region**  
(estimated A\$ capital commitment)<sup>1</sup>



- APAC - \$102m
- EMEA - \$130m

**Portfolio by individual capital commitment<sup>1</sup>**  
(estimated A\$)



Diversified portfolio  
with no single  
investment creating  
concentration risk

<sup>1</sup> Capital commitment denotes the total estimated budget of the portfolio of investments as at 28 February 2023 converted to AUD as at the date of litigation funding agreement

<sup>2</sup> Direct investment denotes the Group's investments made 100% on-balance sheet

<sup>3</sup> US\$85 million

<sup>4</sup> Co-investment denotes the Group's direct investment committed into the matters funded together with the LCM Global Alternative Returns Funds I and II, exclusive of any investments concluded and written off

<sup>5</sup> This is the 28 February 2023 position which reflects the best preliminary estimate and is not final

# LCM Global Alternative Returns Fund I

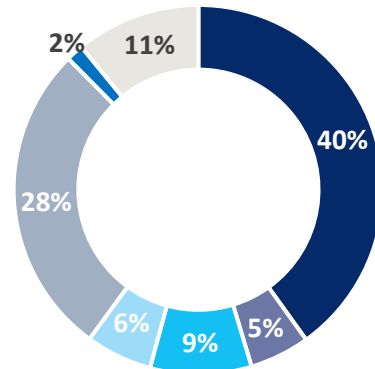
Balances as at  
28 February 2023  
(A\$ millions)

Fully  
committed

\$213 million<sup>3</sup>  
Committed<sup>1</sup>

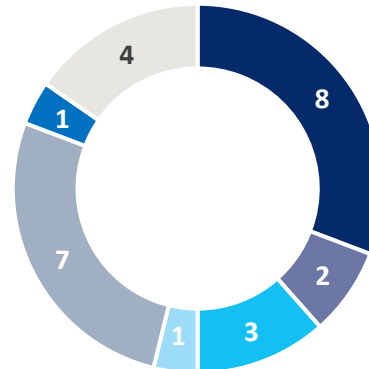
\$123 million  
Deployed/invested

**Portfolio by industry sector**  
(estimated A\$ capital commitment)<sup>2</sup>



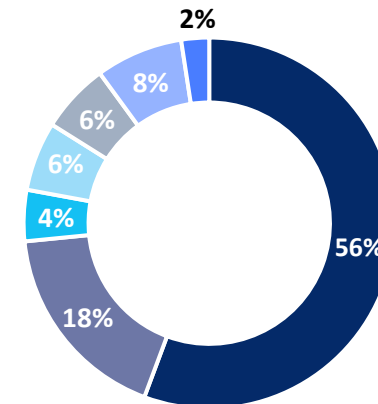
- Class Action - \$86m
- Commercial Claim - \$11m
- Insolvency - \$19m
- Intellectual Property - \$12m
- Arbitration - \$59m
- Portfolio - \$3m
- Resolved - \$23m

**Portfolio by industry sector**  
(number of investments)



- Class Action - 31%
- Commercial disputes - 8%
- Insolvency - 12%
- Intellectual Property - 4%
- Arbitration - 27%
- Portfolio - 4%
- Resolved - 14%

**Portfolio by geography**  
(estimated A\$ capital commitment)<sup>2</sup>



- UK - \$119m
- Australia - \$38m
- UAE - \$9m
- USA - \$13m
- EU - \$13m
- Asia - \$16m
- Africa - \$5m

**Portfolio by individual capital commitment<sup>1</sup>**  
(estimated A\$)



Diversified portfolio  
with no single  
investment creating  
concentration risk

<sup>1</sup> Including operational expenses and commitment of resolved matters

<sup>2</sup> Capital commitment denotes the total estimated budget of the portfolio of investments as at 28 February 2023 converted to AUD as at the date of litigation funding agreement

<sup>3</sup> US\$150 million

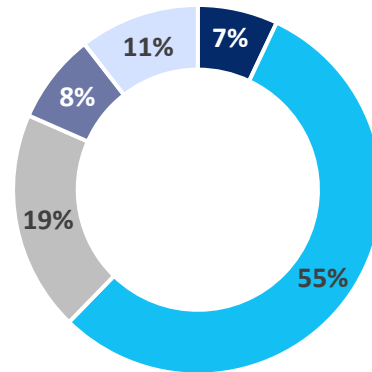
# LCM Global Alternative Returns Fund II

Balances as at  
28 February 2023  
(A\$ millions)

**\$114 million<sup>3</sup>**  
Committed<sup>1</sup>

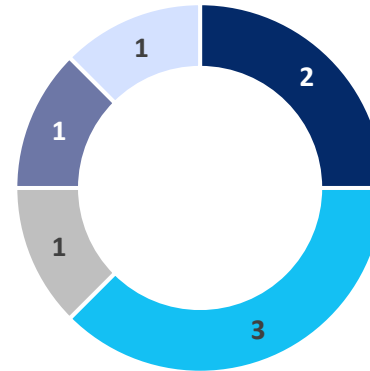
**\$9 million**  
Deployed/invested

**Portfolio by industry sector**  
(estimated A\$ capital commitment)<sup>2</sup>



- Class action - \$8m
- Competition Claims - \$63m
- Follow on damages - \$22m
- Insolvency - \$9m
- Arbitration - \$12m

**Portfolio by industry sector**  
(number of investments)



- Class Action - 25%
- Competition Claims - 38%
- Follow on damages - 13%
- Insolvency - 13%
- Arbitration - 13%

- In line with the structure of Fund I, we strive to build an overall portfolio which is diversified through industry sector, claim type and jurisdiction as well as avoiding concentration risk
- The second fund is in the early stages of construction and we expect it to exhibit similar diversification as our current portfolio as commitments increase

<sup>1</sup> excluding operational expenses

<sup>2</sup> Capital commitment denotes the total estimated budget of the portfolio of investments as at 28 February 2023 converted to AUD as at the date of litigation funding agreement

<sup>3</sup> US\$80 million

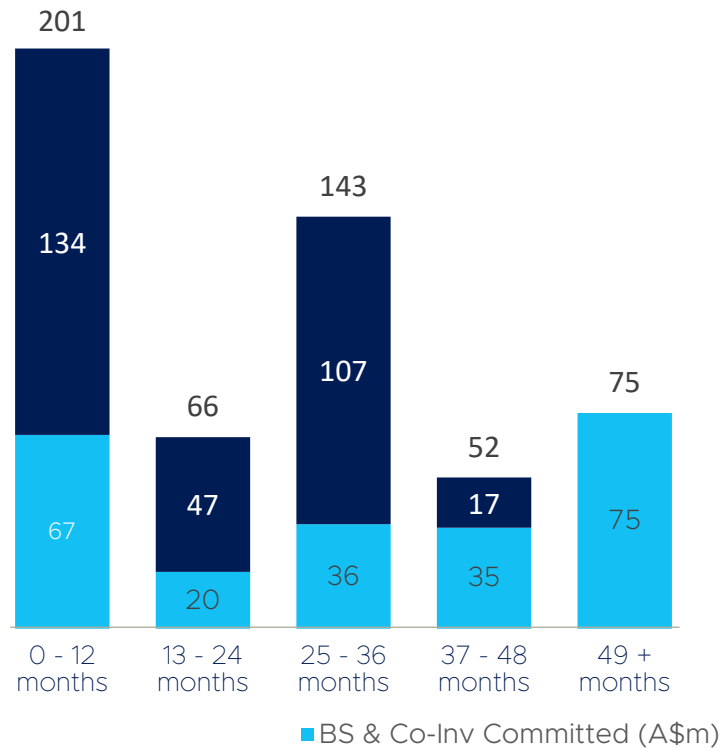
# Investment case study (Carillion matter)

A\$m*	Investment performance metrics	LCM performance metrics	Fund I performance metrics
Invested capital (A)	9.1	2.3	6.8
Investment return (B)	12.6	3.1	9.5
Total Revenue (A+B)	21.7	5.4	16.3
ROIC (before allocation of performance fees)– (B/A)	140%	140%	140%
Performance fee (C)	-	3.2	(3.2)
Gross profit (D)	12.6	6.3	6.3
ROIC - (D/A)	140%	278%	90%
IRR	79%	109%	61%

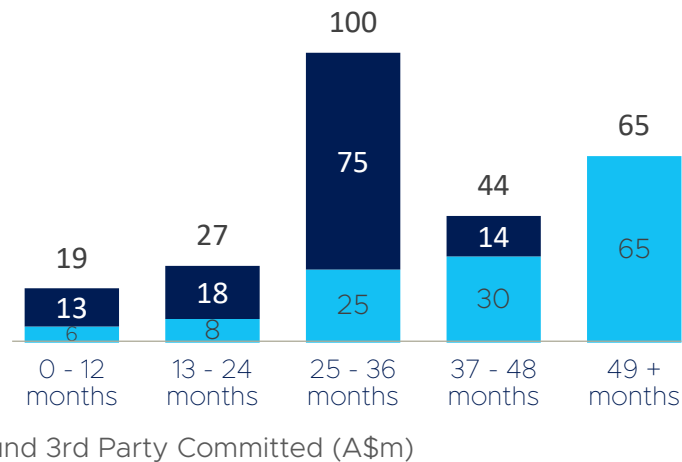


# Portfolio maturity profile (A\$m)

Portfolio by Capital Committed & maturity<sup>1</sup>  
(A\$m)



Portfolio by Capital Deployed & maturity<sup>1</sup>  
(A\$m)



- Notwithstanding the running average, LCM expects the duration of investments to increase
- The expectation is that future investments will have an investment period of between 36 and 42 months
- The main factors influencing that change are the delays to the resolution of disputes due to covid disruption and the general size of the dispute investments which form part of LCM's growing portfolio
- Larger disputes tend to be more complex and parties tend to fight longer and harder over larger sums of money. These disputes also tend to produce enhanced returns
- The underlying contractual funding agreements are typically structured as a rising multiple over time so returns are often enhanced as a result of delays

# Progress of Investment portfolio

## Direct investments

- One direct investment (an Australian class action) concluded following the period end contributing A\$5.8m to gross profit in H2
- Two investments have been successful at first instance, one of which is subject to an appeal which was heard in February 2023 and the other is subject to a challenge as announced on 23 February.
- One arbitration investment was unsuccessful at first instance but is subject to a challenge
- Awaiting a judgment or award in three further investments
- Final hearings scheduled for 3 further investments in 2023 calendar year.

## Fund I

- Fund I fully committed across 26 investments (2 terminated after due diligence and 2 resolved), 1 of which resolved in FY22.
- Successful conclusion in the Carillion investment contributing approximately A\$6.3m to gross profit in H2.
- 2 Fund I investments successful at final hearing (awaiting outcomes of appeal/additional issues)
- One Fund I class action investment has had a partial resolution through settlement
- 6 further Fund I investments have had final hearings and are awaiting an award/judgment
- Two further Fund I investments have final hearing dates scheduled in 2023

## Fund II

- As at March 2023 there are 10 investments in Fund II with 2 terminated after further due diligence
- A number of further potential investments are close to being finalised

# Building our most experienced team



Fiona Heyes joined LCM's London office in February 2023 as an Investment Manager and Head of Underwriting for EMEA. Fiona is responsible for managing the due diligence and underwriting process for funding investments. She participates as a member of the Investment Committee for both the EMEA and APAC regions. Fiona has worked on a wide variety of cases including investor state arbitrations, breach of contract disputes, professional negligence claims and large multi-party claims. Fiona brings to LCM more than 30 years experience in legal disputes practice and litigation finance.



Timothy Mayer joined LCM's London office in March 2023 as a Senior Investment Manager for EMEA. Timothy joins from Therium where he worked for the past seven years. Timothy is one of the most experienced litigation finance professionals in the London market. He is a former member of the International Council for Commercial Arbitration (Queen Mary) Task Force on Third Party Funding in International Arbitration, sits on the International Litigation Financing Association working party on UNCITRAL WG III, and was formerly Company Secretary and a director of the Association of Litigation Funders of England & Wales. He was a member of the Third Party Funding Working Party that drafted the Code of Conduct for Litigation Funders in England and Wales following the Jackson Review. Timothy has been in the funding market since 2008 and formerly practised at the Chancery & Commercial Bar.



Alice Pailthorpe joined LCM's Sydney office as an Investment Manager in November 2022. Prior to joining LCM, Alice specialised in Disputes & Regulatory Investigations at a Senior Associate level at Allens Linklaters and as a Solicitor at Gilbert and Tobin.

Alice was admitted to the Supreme Court of NSW and High Court of Australia in 2016 and holds a Juris Doctor in Law from the University of New South Wales. Alice is currently undertaking a PhD in Climate Change Law at the University of New South Wales.



Carolina Carlstedt joins LCM as an Investment Manager based in LCM's Singapore office. Carolina is a Hong Kong and English law qualified international arbitration lawyer with significant experience of handling a broad range of commercial disputes and a particular specialisation in construction and engineering matters.

With over 10 years of experience across a number of sectors including energy, infrastructure, transport and commercial property, Carolina has a deep understanding of the complexities of disputes resolved via commercial litigation and arbitration.



Daniel Kinnear joined LCM's London office in November 2022 and brings more than 20 years of experience across various areas of risk management and finance gained within Investment Banking. Most recently, he was European Head of Structured FX Sales for Deutsche Bank and before that Head of EMEA Corporate FX Sales for Nomura.

Prior to joining LCM, Carolina was a Senior Associate at Bryan Cave Leighton Paisner LLP in Hong Kong and London where she successfully represented several clients in large and complex construction disputes. Her extensive experience has enabled her to develop innovative strategies which she deploys in cases she manages for LCM's clients.

# FINANCIAL REVIEW

# Interim results highlights

– exclusive of third-party fund (A\$)

	HY 2023	HY 2022	Change %
Investments at cost as at end of financial period <sup>3</sup>	\$119.5m	\$97.2m	23%
Total capital invested <sup>4</sup>	\$21.3m	\$13.9m	53%
Gross revenue	\$3.0m	\$19.2m	(84%)
Gross profit	-	\$13.8m	
Adjusted profit/(loss) before tax <sup>1</sup>	(\$5.8m)	\$7.4m	
Statutory profit/(loss) before tax <sup>1</sup>	(\$10.7m)	\$4.3m	
Cash <sup>2</sup>	\$16.6m	\$30.3m	(45%)

Gross Revenue

**\$3.0m**

Post period Revenue

**\$22.5m<sup>5</sup>**

Invested capital<sup>3</sup>

**\$119.5m**

1 HY ended 31 December 2022 exclusive of third-party funds

2 At balance sheet date and exclusive of third party funds and gross of borrowings A\$56m - HY ending 31 December 2022

3 At balance sheet date and represented as Contract Cost in the Statement of Financial Position exclusive of third-party interests

4 Capital invested into litigation projects during the period exclusive of third party funds

5 inclusive of expected performance fees

Note: Accounts prepared on historical cost basis

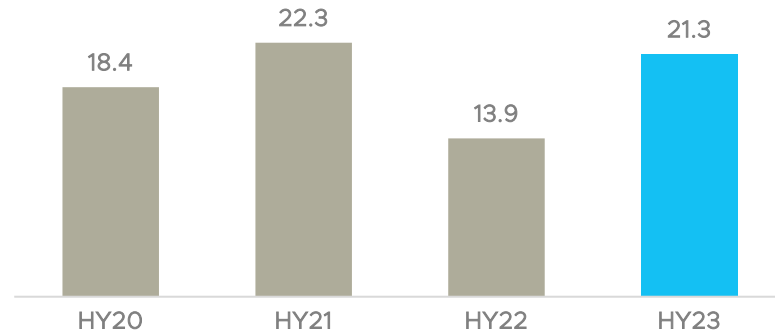
# HY23 Balance sheet overview

– exclusive of third-party fund (A\$)

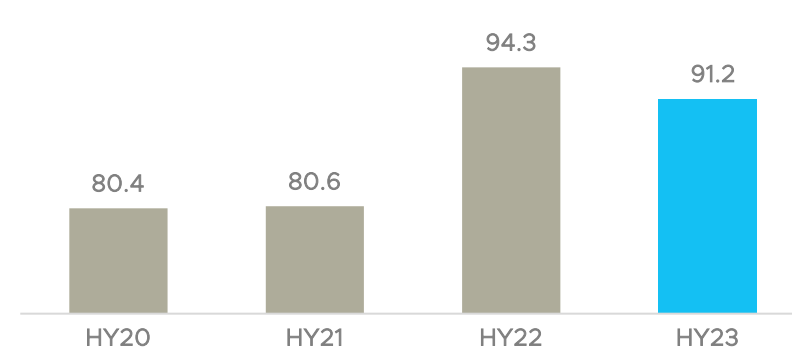


Post period end  
cash receipts

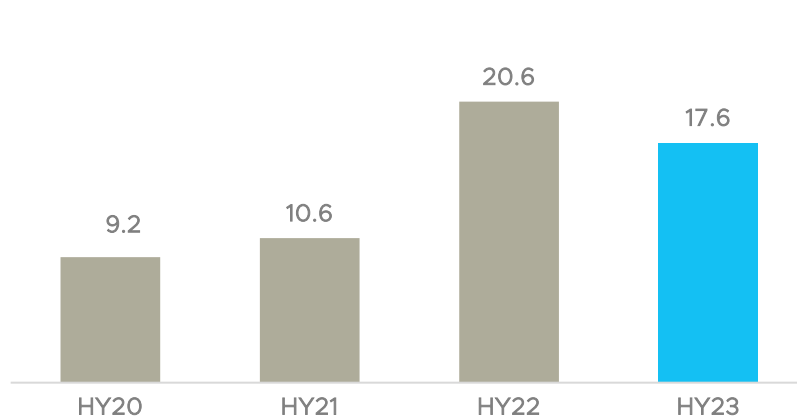
Capital invested (\$m)



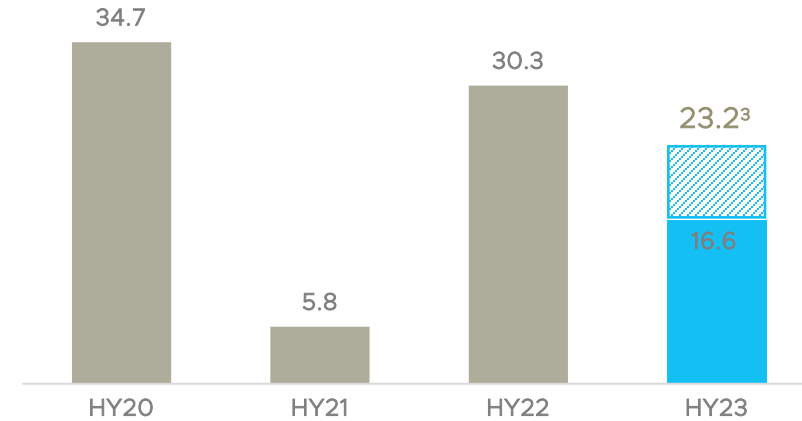
Total equity (\$m)



Cash generation (\$m)<sup>2</sup>



Cash as at period end (\$m)<sup>1</sup>



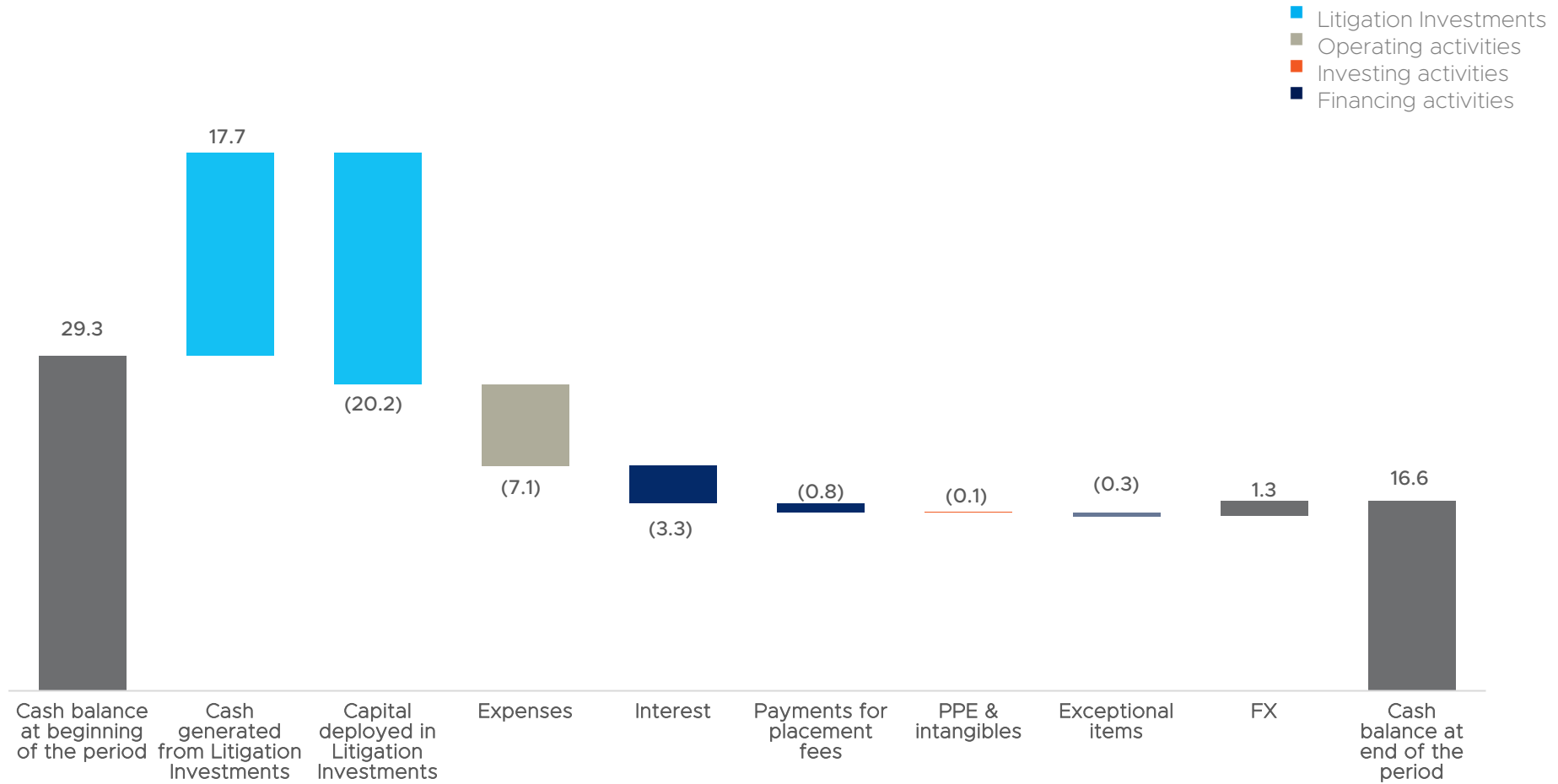
<sup>1</sup> Cash balance gross of A\$56m borrowings

<sup>2</sup> Cash generation denotes cash received from the successful resolution of litigation projects during the period

<sup>3</sup> Balance at 28 February 2023 following receipt of Carillion resolution but excluding performance fees due from Fund

# HY23 cash movements<sup>1</sup>

- exclusive of third-party fund (A\$)



# OUTLOOK



# Outlook



LCM is building the scale of its business through expansion of global origination platform



Growing asset management model producing enhanced returns



Expected increase in demand for LCM's capital from corporate clients as instability and uncertainty continue in global economies



Expected increase in applications for insolvency and restructuring disputes as moratorium against corporate wind-ups are relaxed in global jurisdictions and global markets experience instability.



Expected increase in resolution of investments as LCM's portfolio matures



CEO now relocated to London and built out a highly experienced and motivated team to address the UK and European markets.



Q&A



# Appendices

# Consolidated income statement

For the period ended 31 December 2022

	LCM only A\$m	Fund A\$m	Consolidated HY23 A\$m	LCM only A\$m	Fund A\$m	Consolidated HY22 A\$m
<b>Revenue from contracts with customers</b>						
Litigation service revenue	3.0	1.7	4.7	19.1	0.2	19.3
Portfolio revenue	-	-	-	-	-	-
Performance fees	-	-	-	-	-	-
	3.0	1.7	4.7	19.1	0.2	19.3
Litigation service expense	(3.0)	(0.5)	(3.5)	(5.3)	(0.1)	(5.4)
<b>Gross profit</b>	-	1.2	1.1	13.8	0.1	13.9
<b>Expenses</b>						
Employee benefits expense	(4.7)	-	(4.7)	(5.1)	-	(5.1)
Depreciation expense	(0.1)	-	(0.1)	(0.03)	-	(0.03)
Corporate expenses	(1.6)	(0.8)	(2.4)	(1.7)	-	(1.7)
Fund administration expense	(0.5)	(0.5)	(1.0)	(0.4)	(0.4)	(0.8)
Finance costs	(3.7)	-	(3.7)	(2.2)	-	(2.2)
<b>Total expenses</b>	(10.7)	(1.3)	(12.1)	(9.5)	(0.4)	(9.8)
<b>(Loss)/Profit before income tax:</b>	<b>(10.7)</b>	<b>(0.2)</b>	<b>(10.9)</b>	<b>4.3</b>	<b>(0.3)</b>	<b>4.0</b>
<b>Analysed as:</b>						
<b>(Loss)/profit before income tax expense and non-operating costs</b>	(5.8)	0.3	(5.5)	7.4	0.1	7.5
Non-operating costs	(1.2)	(0.5)	(1.7)	(0.9)	(0.4)	(1.3)
Finance costs	(3.7)	-	(3.7)	(2.2)	-	(2.2)
<b>(Loss)/Profit before income tax expense</b>	<b>(10.7)</b>	<b>(0.2)</b>	<b>(10.9)</b>	<b>4.3</b>	<b>(0.3)</b>	<b>4.0</b>
<b>(Loss)/Profit before income tax expense</b>	<b>(10.7)</b>	<b>(0.2)</b>	<b>(10.9)</b>	<b>4.3</b>	<b>(0.3)</b>	<b>4.0</b>
Income tax expense	3.4	-	3.4	(1.4)	-	(1.4)
<b>(Loss)/Profit after income tax expense for the period</b>	<b>(7.3)</b>	<b>(0.2)</b>	<b>(7.5)</b>	<b>2.9</b>	<b>(0.3)</b>	<b>2.6</b>

- Fund administration costs relate to the first close of Fund II
- Interest costs are those related to the credit facility
- Resolutions subsequent to the half year end would have resulted in an adjusted operating profit of A\$6.3m

# Adjusted profit & EBITDA reconciliation

For the period ended 31 December 2022

	LCM only A\$m	Fund A\$m	Consolidated HY23 A\$m	LCM only A\$m	Fund A\$m	Consolidated HY22 A\$m
<b>Statutory (loss)/profit after tax</b>	(7.3)	(0.2)	(7.5)	2.9	(0.3)	2.6
Add:						
Depreciation & interest	3.7	-	3.7	2.2	-	2.2
Tax expense	(3.4)	-	(3.4)	1.4	-	1.4
<b>EBITDA</b>	(7.0)	-	(7.2)	6.5	(0.3)	6.2
Add:						
Share based payments	0.3	-	0.3	0.1	-	0.1
Litigation costs	0.2	-	0.2	-	-	-
Non-recurring consultancy	-	-	-	0.2	-	0.2
Unrealised foreign exchange gain	-	-	-	-	-	-
Other expenses	0.1	-	0.1	0.2	-	0.2
Third party fund costs	0.5	0.5	1.0	0.4	0.4	0.8
<b>EBITDAe</b>	<b>(5.8)</b>	<b>0.3</b>	<b>(5.5)</b>	<b>7.4</b>	<b>0.1</b>	<b>7.5</b>

# Consolidated statement of financial position

## As at 31 December 2022

	LCM only A\$m	Fund A\$m	Consolidated HY23 A\$m	LCM only A\$m	Fund A\$m	Consolidated HY22 A\$m
<b>Current assets</b>						
Cash and cash equivalents	16.6	16.8	33.4	30.3	13.2	43.4
Trade and other receivables	20.4	-	20.4	12.5	-	12.5
Contract costs	31.5	-	31.5	15.9	-	15.9
Portfolio costs	-	-	-	-	-	-
Other assets	0.6	(0.1)	0.5	0.7	-	0.7
<b>Total current assets</b>	<b>69.1</b>	<b>16.7</b>	<b>85.8</b>	<b>59.4</b>	<b>13.2</b>	<b>72.6</b>
<b>Non-current assets</b>						
Contract costs	88.0	118.3	206.3	81.2	63.4	144.6
Property, plant and equipment	0.2	-	0.2	0.2	-	0.2
Intangible assets	0.4	-	0.4	0.5	-	0.5
Other assets	0.5	-	0.5	0.4	-	0.4
<b>Total non-current assets</b>	<b>89.1</b>	<b>118.3</b>	<b>207.4</b>	<b>82.3</b>	<b>63.4</b>	<b>145.7</b>
<b>Total assets</b>	<b>158.2</b>	<b>135.0</b>	<b>293.2</b>	<b>141.7</b>	<b>76.6</b>	<b>218.3</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	7.9	5.2	13.2	3.5	1.9	5.3
Borrowings	-	-	-	-	13.7	13.7
Employee benefits	0.6	-	0.6	0.7	-	0.7
<b>Total current liabilities</b>	<b>8.6</b>	<b>5.2</b>	<b>13.8</b>	<b>4.2</b>	<b>15.6</b>	<b>19.8</b>
<b>Non-current liabilities</b>						
Deferred tax liability	7.3	-	7.3	8.9	-	8.9
Borrowings	56.1	-	56.1	38.7	-	38.7
Employee Benefits	0.3	-	0.3	0.2	-	0.2
Third-party interests in consolidated entities	(5.2)	135.3	130.1	(4.6)	62.6	57.9
<b>Total non-current liabilities</b>	<b>58.4</b>	<b>135.3</b>	<b>193.8</b>	<b>43.2</b>	<b>62.6</b>	<b>105.7</b>
<b>Total liabilities</b>	<b>67.0</b>	<b>140.6</b>	<b>207.6</b>	<b>47.4</b>	<b>78.2</b>	<b>125.5</b>
<b>Net assets</b>	<b>91.2</b>	<b>(5.6)</b>	<b>85.6</b>	<b>94.3</b>	<b>(1.5)</b>	<b>92.8</b>

Growth in our portfolio of investments is building scale which will provide sustainable long term growth, allowing the recycling of organic capital into new investments

# Consolidated statement of cash flows

## For the period ended 31 December 2022

	LCM only A\$m	Fund A\$m	Consolidated HY23 A\$m	LCM only A\$m	Fund A\$m	Consolidated HY22 A\$m
(Loss)/profit after income tax expense for the period	(7.3)	(0.2)	(7.5)	3.3	(0.3)	3.0
<b>Adjustments for:</b>						
Depreciation and amortisation of intangibles	0.1	-	0.1	0.0	-	0.0
Amortisation of finance costs	0.2	0.0	0.2	0.2	0.1	0.3
Share-based payments	0.3	-	0.3	0.1	-	0.1
Interest reclassified to financing activities	3.5	0.1	3.7	2.1	0.1	2.2
Exceptional items	0.5	-	0.5	0.2	-	0.2
Other non-cash including exchange rate movements	0.2	(1.9)	(0.7)	(0.4)	(0.2)	(0.6)
Increase in contract costs - litigation contracts	(18.2)	(36.0)	(54.5)	(12.5)	(17.5)	(30.0)
Decrease in trade and other receivables	14.1	-	14.0	1.4	-	1.4
(Decrease)/increase in trade and other payables	1.5	(0.1)	1.4	(0.7)	(2.0)	(2.7)
(Decrease)/increase in deferred tax liabilities	(4.2)	-	(4.2)	1.4	-	1.4
Increase in prepayments	(0.0)	-	(0.0)	(0.1)	-	(0.1)
Increase in employee benefits	(0.0)	-	(0.0)	0.3	-	0.3
Increase/(decrease) in third party consolidated interests	-	3.2	3.2	-	(0.2)	(0.2)
<b>Net cash used in operating activities</b>	<b>(9.4)</b>	<b>(34.8)</b>	<b>(44.2)</b>	<b>(4.7)</b>	<b>(19.9)</b>	<b>(24.7)</b>
<b>Cash flows from investing activities</b>						
Payments for property, plant and equipment	(0.0)	-	(0.0)	(0.0)	-	(0.0)
Payments for intangibles	(0.0)	-	(0.0)	(0.1)	-	(0.1)
Payments of security deposits	(0.0)	-	(0.0)	(0.0)	-	(0.0)
<b>Net cash used in investing activities</b>	<b>(0.1)</b>	<b>-</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>-</b>	<b>(0.1)</b>
<b>Cash flows from financing activities</b>						
Proceeds from issue of shares	-	-	-	0.8	-	0.8
Repayments of borrowings	-	(14.5)	(14.5)	-	-	-
Finance costs	(3.3)	(0.1)	(3.5)	(2.0)	(0.3)	(2.3)
Transaction costs related to third-party interests	(0.8)	-	(0.8)	(0.6)	-	(0.6)
Net contributions from third-party interests in consolidated entities	-	45.3	45.3	-	19.1	19.1
Payments for fund establishment & administration costs	-	-	-	-	(0.2)	(0.2)
<b>Net cash from financing activities</b>	<b>(4.1)</b>	<b>30.7</b>	<b>26.5</b>	<b>(1.9)</b>	<b>18.6</b>	<b>16.8</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(13.6)</b>	<b>(4.1)</b>	<b>(17.8)</b>	<b>(6.7)</b>	<b>(1.3)</b>	<b>(8.0)</b>
Cash and cash equivalents at the beginning of the period	29.3	20.7	50.0	35.5	14.2	49.7
Effects of exchange rate changes on cash and cash equivalents	0.9	0.2	1.1	1.4	0.3	1.7
<b>Cash and cash equivalents at the end of the period</b>	<b>16.6</b>	<b>16.8</b>	<b>33.4</b>	<b>30.3</b>	<b>13.2</b>	<b>43.5</b>

# Glossary

<b>Return on Invested Capital (ROIC)</b>	means the Net Capital Returned from a settlement or judgment that LCM receives in respect of a LCM managed Litigation Project less Peak Invested Capital, divided by the Peak Invested Capital Invested on a LCM managed Litigation Project.
<b>Internal Rate of Return (IRR)</b>	means the internal rate of return for LCM's portfolio of Litigation Projects that are managed to Completion. LCM calculates its Cumulative IRR by treating our entire investment portfolio as one undifferentiated pool of capital and measuring inflows and outflows from that pool. Cumulative IRR only includes completed investments and does not include unrealised gains or losses.
<b>Settlement</b>	means the resolution of a dispute or Court proceeding through agreement of the parties opposed to an adjudication by a Court or Tribunal.



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