

The logo for Litigium Capital features the words "LITIGIUM" and "CAPITAL" stacked vertically in a dark green, serif font. The text is centered between two vertical bars of the same color and font style.

LITIGIUM
CAPITAL

Legal Financing – your dispute is an asset

Guild of Law and Ethics

Helsinki, 20 June 2022

INTRODUCTION TO LEGAL FINANCING

Third Party Funding

Third party without prior interest in a dispute, funds the costs of one party in consideration of a share of the proceeds, thereby acquiring an interest in the outcome of the dispute

>25 year history

Established form of financing in primarily Anglo-Saxon countries

Growing global market

USD ~17bn invested capital across the world, with Europe as one of the fastest growing regions

Multiple use cases

- Single case financing
- Portfolio financing
- Risk and working capital management
- In combination with specialized insurance solutions

INTRODUCTION TO LITIGIUM CAPITAL

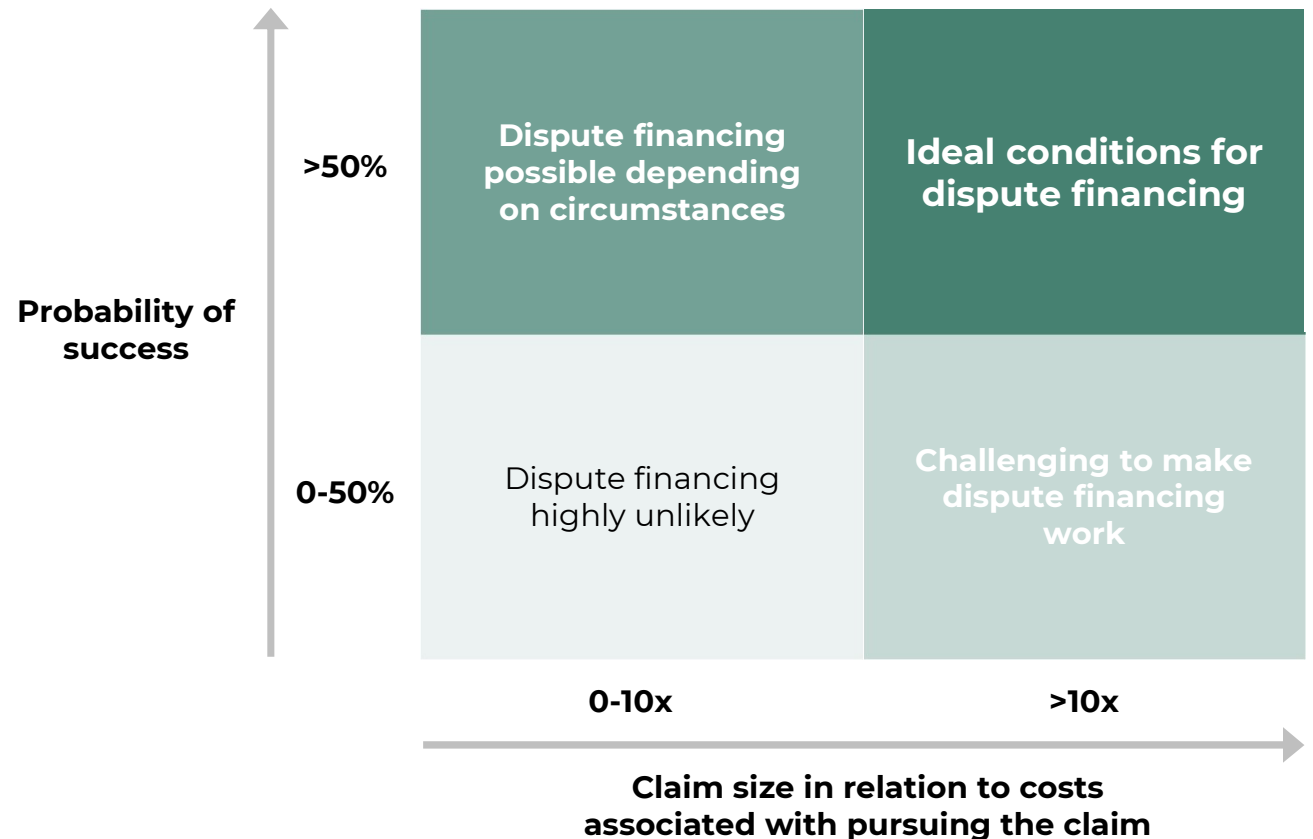
- Investment company dedicated to legal financing
- Focus
 - Commercial disputes
 - Litigation and arbitration in the Nordics
 - Nordic clients elsewhere (together with partners)
 - Disputed amount exceeding 1 MEUR
- Head office in Gothenburg, Sweden
- Founded 2020 by Thony Lindström Härdin and Oscar Holm
- Owned by the founders together with family offices Brofund Equity and Feldthusen Invest
- Strategic partner of Nivalion AG

HOW CAN LEGAL FINANCING CREATE VALUE?

Share risk	The client chooses how much risk it is willing to take in a dispute, instead of shouldering the usual 100% of legal, financial and transactional risk
Release working capital	The funder pays the running costs for lawyers, experts, court fees, arbitration panel and other expenses. By not having to allocate resources to a dispute, companies can instead focus on their core operations
Better outcome	With financial backing, the counterparty of the funded party may be more likely to settle the case at an attractive level
Easier budgeting	A dispute can run for a long time with major swings in when costs occur, but with dispute financing this uncertainty can be eliminated
Improved KPI's	Funding is non-recourse, meaning an improved EBITDA, equity ratio and market cap

WHICH DISPUTES CAN BE FINANCED?

- Even if dispute financing suits most companies, it cannot be applied to all disputes
- The probability of success normally needs to be >50% and the cost to pursue the claim no more than 10% of the claim
- Small disputes with low probability of success thus becomes very difficult to finance

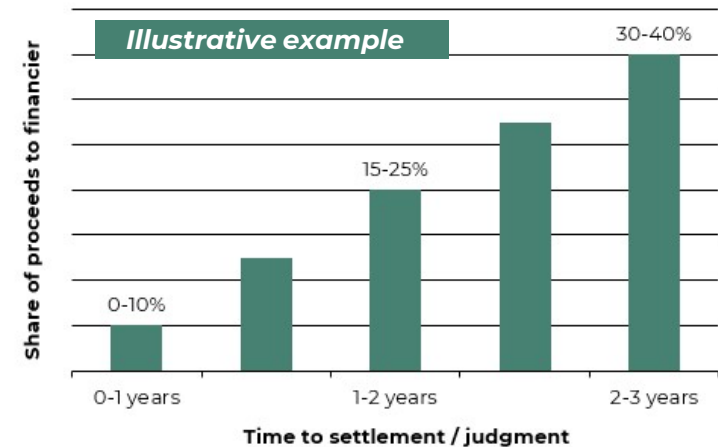
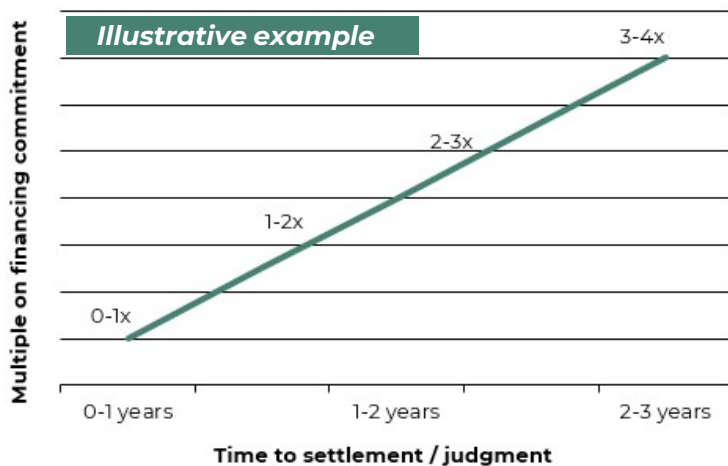


INVESTMENT CRITERIA OF LITIGIUM CAPITAL

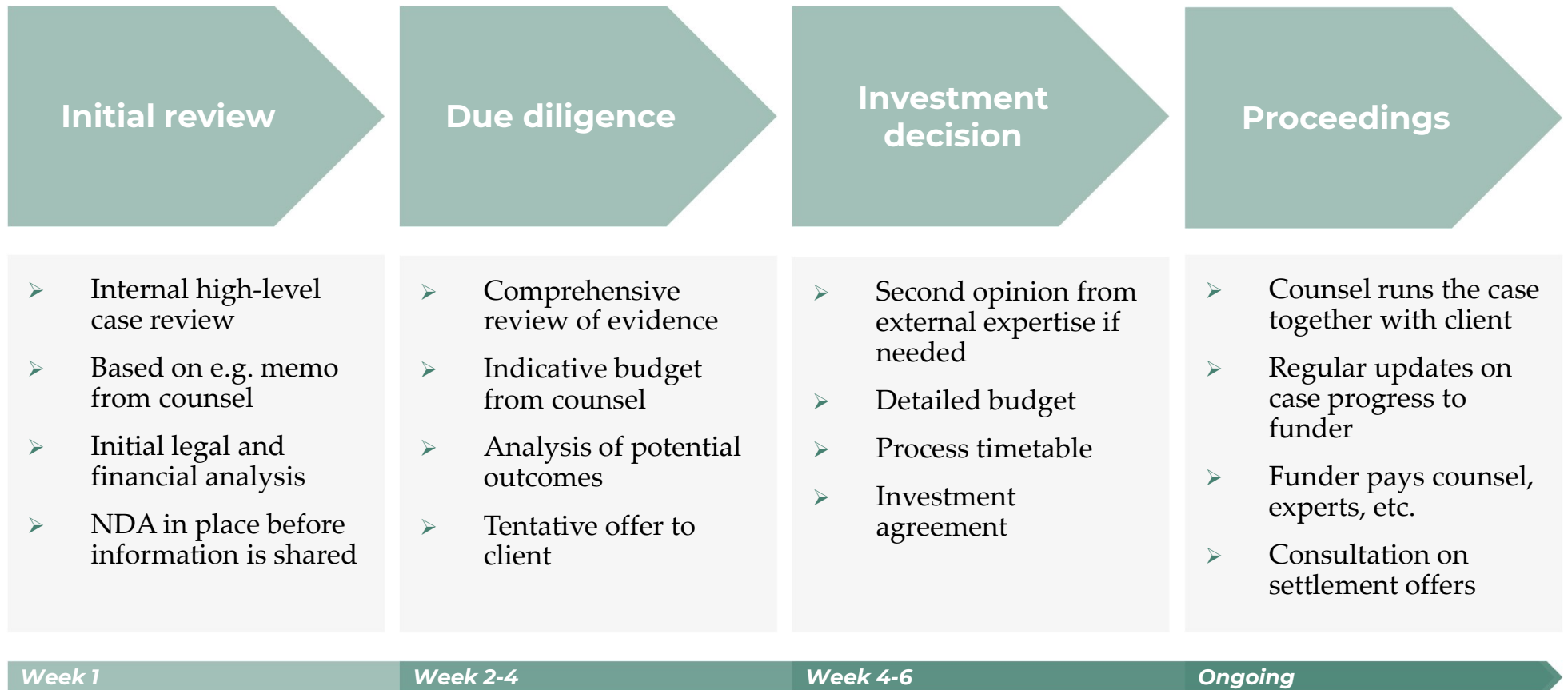
- Strong legal merits (> 50 %)
- Budget vs. claim value typically 1:10
- Counterparty expected to have payment capacity
- Client represented by a qualified counsel
- Claim value > EUR 1 million

PRICING

- Funding is non-recourse (no cure, no pay)
- Pricing depends on (i) merits and quantum of the case, (ii) investment size, (iii) estimated duration of the case and (iv) enforcement risks
- Multiple of investment or percentage of proceeds
- Ultimately, we seek 2-4 x return on the investment or 20-40 % of the claim (but starting from lower multiples / percentages, increasing over time)



THE INVESTMENT PROCESS





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