

Omni Bridgeway finishes FY22 in profit with a strong platform for growth

Omni Bridgeway Limited (**ASX: OBL**) has reported a net profit after tax of \$6.5 million for the year ended 30 June 2022 representing a significant improvement from the previous year by \$24.9 million. The company finished FY22 in a strong capital position to pursue its growth objectives in the coming year with over \$300 million in cash and receivables. This was strengthened further with the raising of a \$250 million debt facility that closed in May 2022. It is expected that cash inflows from the company's first-generation funds will accelerate returns for shareholders in FY23.

Highlights

- Record annual commitments of \$463.3m (+12%)
- Funds under management approaching \$3bn following the launch of a new enforcement fund
- Growth in Estimated Portfolio Value (EPV) of 35% to \$27.2bn
- Implied embedded value (IEV) increased by 28% to \$3.6bn
- Refinanced \$250m in debt through new institutional debt facilities improving capital efficiency and reducing the effective cost of debt
- Participated for the first time in the emerging secondary market for litigation assets, enabling completion risk and duration uncertainty of targeted investments to be mitigated over time
- Launched the global enforcement business and established an antitrust team in the US
- Completed the year with \$314.1m in cash and receivables which, together with \$100m of undrawn lines of credit, will support Omni Bridgeway's corporate initiatives.

Financial summary

| Consolidated Group \$m | FY22 | FY21 | Change |
|--|--------------|---------------|-------------|
| Total gross income and revenue | 221.0 | 286.4 | -23% |
| Litigation investments cost derecognised (non-cash) | (131.8) | (108.5) | 21% |
| Total income | 89.2 | 177.9 | -50% |
| Litigation investments - impairment and adverse costs | (8.1) | (136.0) | -94% |
| Amortisation of litigation investments - claims portfolio | (5.7) | (1.6) | 262% |
| Employee expenses | (59.1) | (57.5) | 3% |
| Other expenses | (25.5) | (31.5) | -19% |
| Fair value adjustments of financial assets and liabilities | 7.4 | 16.3 | -54% |
| Profit / (loss) before tax | (1.8) | (32.4) | 94% |
| Income tax benefit / (expense) | 8.3 | 14.0 | |
| Profit / (loss) after tax | 6.5 | (18.4) | 135% |

Results commentary

In FY22 Omni Bridgeway achieved a record level of investment commitments which expanded the Group's global portfolio of investments across the globe. Managing Director and CEO, Andrew Saker, noted that "the Group continued to execute on the critical pillars of its five-year business plan including through the refinancing its debt, the launch of a new enforcement focused fund, substantial growth in commitments and the expansion of its product offerings. The impact from the delayed hearing of legal cases due to COVID is well behind us and these results demonstrate that our fund management model is delivering."

The Group generated \$221.0 million in gross income and revenue during the year from a variety of sources, including 66 completions, 23 partial completions and two partial sales which were spread across various classes of litigation, investment funding structures and geographies. Income for the previous year benefited from the material completion of the Wivenhoe class action (+\$95.3 million).

Net profit after tax of \$6.5 million represents a significant turnaround from the \$18.4 million loss the previous year and was assisted by favourable movements in the following expense items:

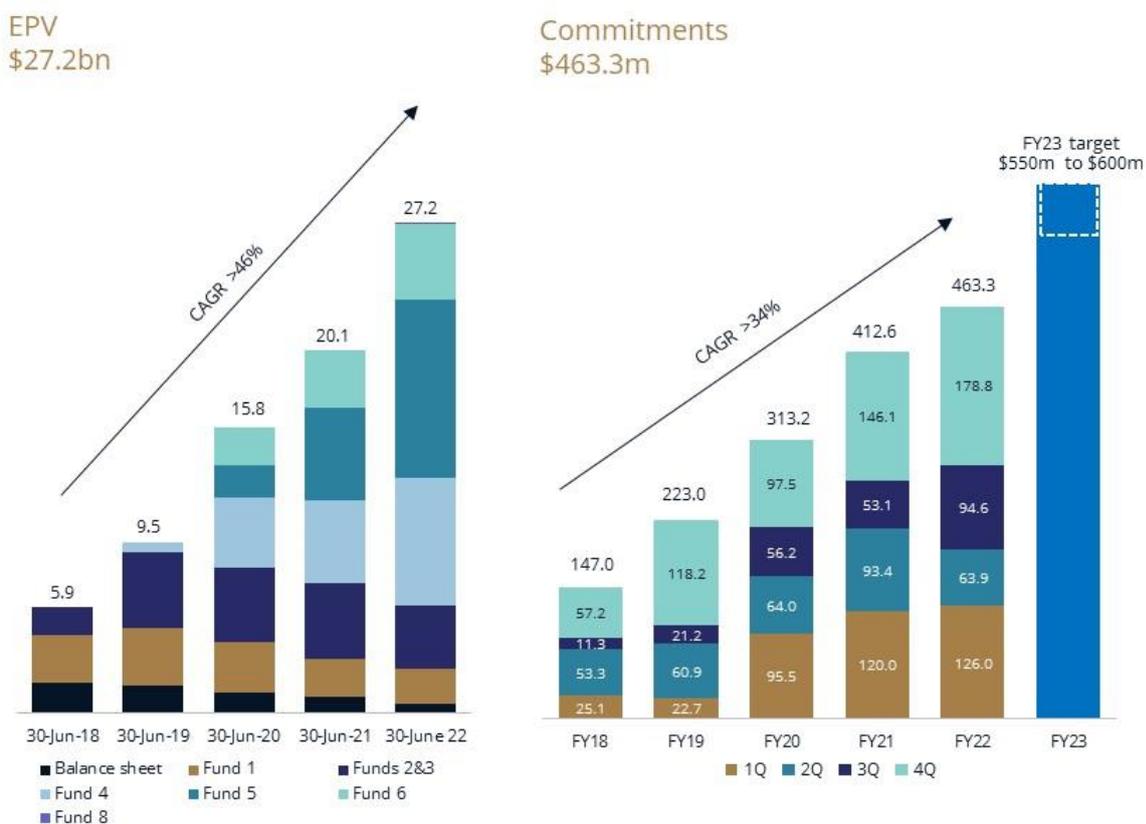
- Impairment and adverse cost charges (-94%) were materially reduced compared to the previous year due to unusually high impairments in FY21
- Employee expenses rose a modest 3% despite an 11% increase in headcount during the year from 180 to 199.

Cash and cash equivalents at year end increased \$14.6 million resulting in a cash balance of \$159.0 million (+12%). Strong cash generation enabled a record payment of distributions to NCLs of \$113.3 million during the year.

Portfolio growth drives future income generation

A key driver of future growth is Omni Bridgeway’s ability to grow funding commitments for litigation investments. Over the past five years commitments have grown by 34% per annum, with activity in the past three years weighted to the first and fourth quarters.

The Estimated Portfolio Value has grown at a CAGR of 46% over the same period, increasing 35% in FY22 to \$27.2 billion. The portfolio is evenly balanced geographically – APAC (32%), Americas (41%) and EMEA (27%) - with growth potential across all regions, particularly in the US.



Capital management

Omni Bridgeway entered a new five-year, \$250 million institutional debt facility on 5 May 2022 to replace the Group’s existing debt, to improve capital efficiency and provide flexibility for corporate and capital management initiatives. The entire debt outstanding at 30 June 2022 was repaid using the proceeds of the new facility on 8 July 2022. Given the uncertainty of the global macro-economic environment, we found that securing this debt was a prudent step whilst also providing the benefit of increasing our investment capability. It also informed the Board’s decision to keep dividends on hold for the 2022 financial year.

Finally, the Board has initiated an on-market share buy-back program of up to \$50 million. We believe that investing in Omni Bridgeway shares at opportune times will be value accretive to our shareholders and send a strong signal to the market of our confidence in the strength of our balance sheet and the outlook for the business.

Outlook

Omni Bridgeway is an alternative asset manager and investor in litigation and enforcement assets; a class that is typically uncorrelated with economic cycles and other macro events. The current global uncertainties, supply chain disruptions and macroeconomic status may create further investment opportunities.

In FY23 we have set some clear goals for the business including:

- A \$550 million to \$600 million commitment target (20% to 30% yoy growth) with continued focus on high-quality investments
- Increase FUM to between \$4 billion and \$4.5 billion via series II of Funds 4 and 5
- Executing our US growth strategy
- Optimising our capital structure for greater flexibility and capacity
- Mitigating risks through diversification across our global portfolio
- Potentially launching additional funds to accelerate our FY25 FUM target of \$5 billion
- Expanding into new markets in APAC, the Americas and EMEA
- Exploring potential merger and acquisition opportunities

We are confident that the outlook for the coming years will be one of continued growth and that shareholders can look forward to significant cash inflows as our first-generation funds mature and accelerate returns for shareholders.

Investors are invited to attend a webcast of the market briefing by Andrew Saker, Managing Director and CEO, which is being held at 10.00am (AEST) today. This can be accessed by registering [here](#). The webcast will be available for viewing on Omni Bridgeway's website at <https://omnibridgeway.com/investors/investor-presentations>

This announcement is authorised for release to the market by the Board.

Investor Contact

Victoria Geddes

FIRST Advisers
+61 2 8011 0351
vgeddes@firstadvisers.com.au

Media Contact

Giles Rafferty

FIRST Advisers
+61 408 240 885
grafferty@firstadvisers.com.au

About Omni Bridgeway

Omni Bridgeway is the global leader in financing and managing legal risks. We have significant expertise in civil and common law legal recovery systems and offer dispute finance from case inception through to post judgement enforcement and recovery. Since 1986 Omni Bridgeway has established a record of financing disputes and enforcement proceedings, with operations around the globe supported by the world's largest dispute finance team.