Annual Report 2022

OMNI BRIDGEWAY

Omni Bridgeway is a pioneer and the global leader in financing and managing legal risks. We are a specialist investor in legal assets.

Thank you clients, investors and peers for your endorsement and recognition of Omni Bridgeway's industry leadership.

CHAMBERS AND PARTNERS ranks Omni Bridgeway in more 'Band 1' categories than any other funder

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WHO'S WHO LEGAL recognises more Omni Bridgeway Thought Leaders than any other funder

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LAW DRAGON recognises more Omni Bridgeway team members than any other funder

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Omni Bridgeway acknowledges the traditional custodians of the lands on which we live, work, and operate. We pay respect to their connections to land, sea, and community and to Elders past, present, and emerging.

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About Omni Bridgeway

Omni Bridgeway provides finance and strategic support to companies, government entities, professional advisers, groups and individuals, to enable them to pursue their legal disputes without cost or risk.

Our bespoke solutions are available from case inception through to post-judgment/award enforcement and recovery. For businesses, our services offer a cost and risk mitigation strategy. For those who lack the financial resources, we also provide access to justice, levelling the playing field against powerful opponents.

Omni Bridgeway is a market-leader in investigating, financing and managing recoveries. We have been financing disputes and enforcement proceedings since 1986 and have built a world-class, global team of legal and finance professionals, with a track record of successful recoveries for clients.

Over our history, we have evolved from a balance sheet investor to a leading specialist alternative asset investment manager and investor in legal assets with significant funds under management. In the growing alternative asset investment sector, legal assets can deliver to investors:

- uncorrelated, high returns
- counter cyclical investment opportunities
- risk mitigation through portfolio diversification

Omni Bridgeway's team brings deep subject-matter expertise, an extensive global origination network, superior execution capability and operational efficiency to legal asset investing.

Value creation

Our best-in-class business delivers value for stakeholders throughout the world

Inputs

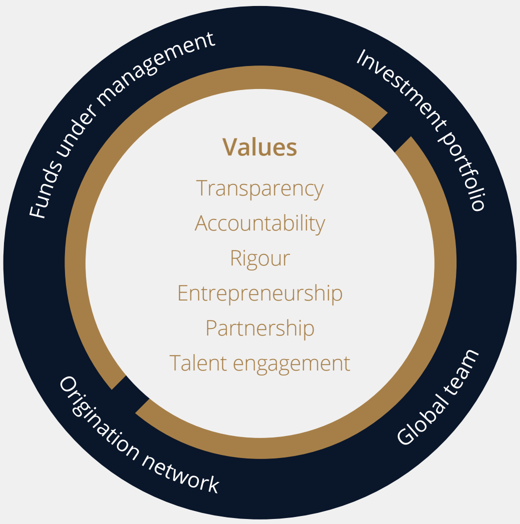
Investors
Fund and equity investors who provide capital to invest in the 'alternative asset class' of legal disputes and recoveries

Clients
Funded claimants who use our finance and know-how to pursue legal recoveries

Talent
Our dedicated professional team who source legal investments and shepherd them to resolution

Professional advisers
Lawyers and other specialists who advise clients on their claims and recoveries

Business model



Value created

Return on investor capital
Management & transaction fees, returns on direct & co-investment for Fund investors, shareholder returns

Cost and risk mitigation
Financial and strategic insights so clients can pursue legal recoveries without cost or risk (particularly in cost-shifting jurisdictions)

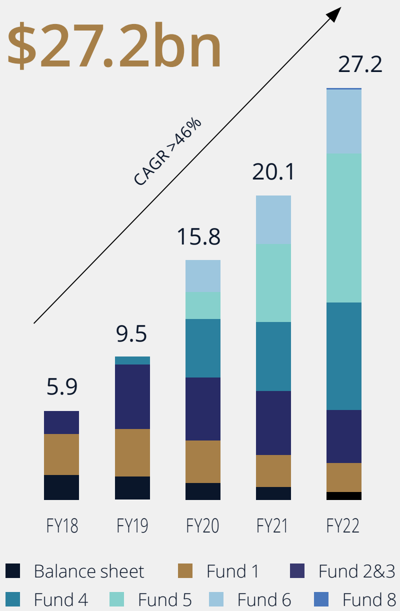
Access to justice
An ability to level the playing field for those who lack the resources or face powerful opponents

Community support
Pro bono and other support for the communities in which we live and work

Financial highlights

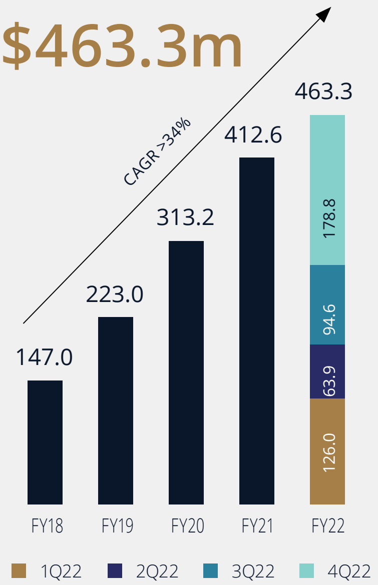
EPV[1]

$27.2bn



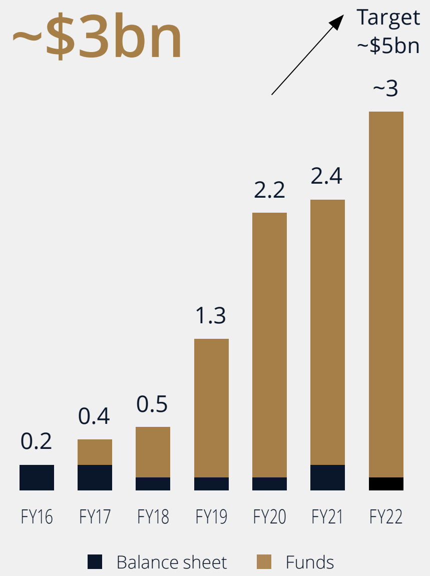
Commitments[1]

$463.3m



FUM[1,2]

~$3bn



1. Fund 5 is presented at 100%, with the outside investor portion included. Within OBL's Consolidated Financial Statements, Fund 5 is brought in at the Group's attributable share with no associated NCI.
2. After full establishment of Fund 8.

Strategic and operational highlights

New Fund

Launched a new Fund focused on investing up to **€300m** into global enforcement investment opportunities

Debt facility

Established new 5-year **$250m** facility

Commitments

Record annual commitments up **12%** to **$463.3m**

Operations

Appointed key global roles, optimised operations by geography and portfolio, enhanced Investment Committee structure and process

Growth

Grew global team to **190+**

Opened offices in Minneapolis, Washington, D.C., Montevideo and Auckland

Investments

Completed law firm portfolio investments in US and Canada

Completed largest successful resolution in OBL's US history

Chairman's report

FY22 was an important and successful year for the company in the execution of its long-term strategy to be recognised as the world's pre-eminent manager of legal assets.

We set ourselves a number of strategic goals to achieve during the year, which included the refinancing of our debt facilities on better and more flexible terms, increasing our FUM and continued innovative product development, supporting the development of secondary markets for our legal assets in order to mitigate duration risk and expanding our US operations. I am pleased to report that we have achieved all of our strategic goals for FY22 including:

- Established a new 5-year $250 million institutional debt facility with a materially lower effective cost of capital, greater operational flexibility and a covenant package that allows us to manage our capital more effectively and efficiently.
- Increased our FUM to approximately $3 billion following the full establishment of our new enforcement fund.
- Launched an innovative fund focused on investing up to €300 million in global enforcements.
- Expanded our US operations with an increase in our senior executive presence in the US, increased headcount from 26 to 39, commenced operations in Washington DC and Minneapolis, launched our anti-trust business and established our US enforcement team, culminating in a 72% increase in funded commitments in FY22 over FY21.
- Executed our first secondary-market transactions with the sale of two partial interests in investments. We anticipate that secondary-market transactions will become a more permanent feature of our income profile, which will ameliorate both completion and duration risks and improve our liquidity.

In addition, we achieved annual gross income and revenue of more than $200 million for the third consecutive year and increased our annual commitments to over $460 million, a growth of 12% over FY21. The pleasing number of completions during the year have accelerated anticipated returns for shareholders under the various Fund waterfall structures. This is a welcome development after the COVID-induced slow-downs in settlements and trials.

Our company is now the largest team for funding and management of legal risks in the world. Our portfolio approach to funding disputes, legal actions and enforcement proceedings puts Omni Bridgeway at the forefront of a growing alternative asset class globally.

Michael Kay
Chairman

Strategy

We have recently commenced operations in Montevideo, Uruguay, and over the next 12 months we expect to pursue promising new opportunities by expanding into additional locations in the Americas, APAC and EMEA. We remain committed to the view that geographic and asset diversification mitigates the risk of increased competition or regulatory intervention arising in any one region. More importantly, in an industry that is still young and relatively immature, there is an opportunity to claim market dominance as a first-mover and thereby build scale, scope and reputation across the globe.

In FY23 we are targeting an increase in funding commitments to between $550 million to $600 million, which will represent an increase in the range of 20% to 30% over actual FY22 commitments. This is consistent with our aspirational targets of having FUM of $5 billion by FY25 and $1 billion in annual commitments.

In FY23 we plan to assess the feasibility of launching two new funds, both structured in a similar manner with an emphasis on higher management fees and lower performance fees. The first fund will look to fill a gap in our suite of offerings where demand exists for funding but does not meet our financial hurdles in our existing funds. We believe we can structure such a fund whereby we can take advantage of an under-served part of the market, without impacting margins or increasing our risk appetite. The second fund may be focused on investments with a positive ESG profile.

Capital management

The Board will continue to make capital allocation decisions that are appropriate for the circumstances within which Omni Bridgeway is operating, including the availability of franking credits, merger and acquisition opportunities, capital deployment requirements to increase the asset base, and the share price relative to the implicit value of the Company. In the present circumstances the Board has decided not to pay a dividend. The Company has today initiated an on-market share buy-back program for an aggregate amount of up to $50 million. We believe that investing in the Company's 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.

Board and management

To improve our efficiencies and enhance our scalability, we have restructured our Investment Committees and restructured our operational functions into country or regional portfolios and practice areas. As well as efficiencies, we believe vetting potential investments through geographic and academic lenses, we will generate better risk-adjusted returns. We have also made important leadership appointments including: Global Chief Financial Officer, Managing Directors and Co-Chief Investment Officers in APAC and US, Global Head of Portfolio Management, Global Chief Marketing Officer, and Managing Director – Transformation.

Mr Hugh McLernon, one of the Company's founders who was an Executive Director retired in FY22 and Mr Michael Bowen who is a Non-Executive Director plans to step down at the next AGM. Both have served on the Board since the Company's listing on the ASX in 2001 and played a vital role in supporting Omni Bridgeway's quest to become a global leader in litigation funding. On behalf of the Board and all Omni Bridgeway employees I extend our gratitude and thanks for their expertise, wisdom and contributions over the past 21 years and wish them well in the future.

Following Mr Bowen's retirement at the upcoming AGM, the Board will comprise three non-executive directors and two executive directors resulting in a majority independent Board. In terms of Board diversity, women currently represent 33% of the Board and following Mr Bowen's retirement women will represent 40% of the Board and 67% of the non-executive directors. As part of Board renewal, we have commenced a search for an additional non-executive director based in the UK/Europe or the United States. Reflecting the ongoing transition of the Company to being predominantly operating in the northern hemisphere, we intend to add another northern hemisphere Director over the next 18 to 24 months.

At the 2021 Annual General Meeting, the Company received a first strike on its Remuneration Report. The issues giving rise to this development were fully canvassed in my AGM speech and that of the CEO. I will not revisit the issues here, save to say that I believe we have listened to shareholder feedback and have acted throughout FY22 to improve our investor communications, particularly around the intrinsic value of the business and its portfolio of legal assets. At the time of writing, this has been reflected in the increase in the share price since the AGM.

With the funds management model we embarked on in 2017 now maturing, we anticipate significant cashflows over the next few years as we complete the book of legal assets we have built. On behalf of the Board, I thank shareholders for their support and patience through COVID. The pandemic delayed the hearing of legal cases and therefore our cash flows. While COVID is still among us, things are largely back to normal across the globe, and we now also have the added benefit of an incipient secondary market to manage unforeseen duration risk.

On behalf of the Board I thank management for an excellent year of energy, achievement and innovation. Omni Bridgeway is now a truly global organisation and is clearly at the vanguard of the growth of the industry around the world. The future looks bright indeed.

Michael Kay
Chairman

Managing Director's report

In FY22 we achieved significant portfolio growth and successfully executed upon critical pillars of our five year business plan; refinancing our debt, launching our new enforcement focused Fund, substantially growing commitments, and expanding our product offerings.

Andrew Saker
Managing Director & Chief Executive Officer and Chief Strategy Officer – US

We achieved a record level of investment commitments which expanded our global portfolio of investments diversified across common and civil law jurisdictions, geographies, case types, clients and service providers.

During the year we increased[1]:

- Annual commitments by 12% to $463.3 million
- Investments carrying value by 14% to $635.1 million
- Estimated portfolio value (EPV) by 35% to $27.2 billion
- Implied embedded value (IEV) by 28% to $3.6 billion

Further to this, over $250 million in investment income was generated (income recognised and yet to be recognised), of which $187 million was attributable to providers of third-party capital. Most importantly, over $100 million of that income attributable to providers of third-party capital relates to our first generation funds, which in turn accelerates returns for shareholders under the relevant waterfall structures. As such, this has been a transformational year for our fund management business and for our company.

						Sensitivity analysis			
	Possible completion period (PCP)					EPV conversion rate to IEV		15% EPV conversion rate	
Existing funded investments $m	FY23	FY24	FY25	FY26+	TOTAL	10%	20%	Excl. material impaired investments	PCP delay of 12 months
Total EPV	**4,204**	**8,615**	**4,679**	**6,362**	**23,860**	**23,860**	**23,860**	**22,065**	**23,860**
IEV									
Balance sheet	55	–	23	–	78	52	104	41	78
Fund 1	161	94	23	10	288	192	383	288	288
Funds 2&3	191	141	60	116	508	339	678	508	508
Fund 4	60	484	155	365	1,064	709	1,419	832	1,064
Fund 5	105	444	337	207	1,093	728	1,457	1,093	1,093
Fund 6	58	129	105	256	548	366	731	548	548
Total IEV	**630**	**1,292**	**703**	**954**	**3,579**	**2,386**	**4,772**	**3,310**	**3,579**
IEV provisional distribution attributable to OBL									
Balance sheet	55	–	23	–	78	52	104	41	78
Fund 1	111	84	23	10	228	132	303	228	218
Funds 2&3	41	101	50	96	288	139	418	288	268
Fund 4*	10	94	35	75	214	149	279	172	204
Fund 5*	25	94	67	37	223	138	297	223	223
Fund 6**	19	29	24	66	138	96	181	138	138
Total IEV provisional distribution attributable to OBL	**261**	**402**	**222**	**284**	**1,169**	**706**	**1,582**	**1,090**	**1,129**
Management fees to OBL***	10	10	20	25	65	65	65	65	65
Performance fees to OBL	not included in analysis					not included in analysis			
Total to OBL	**271**	**412**	**242**	**309**	**1,234**	**771**	**1,647**	**1,155**	**1,194**
IEV provisional distribution attributable to NCI	369	890	481	670	2,410	1,680	3,190	2,220	2,450

1 Fund 5 is presented at 100%. This is effectively unwound in the NCI attribution to OBL such that there is no external interest included for Fund 5 (or the other Funds)
* Excluding performance fee entitlement.
** Utilises NCI's historic share of proceeds, being a blend of A,B, C, D investment specific waterfalls.
*** Sensitivity scenarios have not been applied to management fees.

$463.3m[1]

Annual commitments up 12% YOY

$27.2bn[1]

Estimated portfolio value up 35% YOY

We have continued to provide our views on the long term conversion rate (which is calculated after losses) of funded EPV into income, which remains at 15%. If you consider it realistic that the Group's future performance will be consistent with its historical performance in terms of conversion from EPV, then the implied embedded value of our portfolio is $3.6 billion.

Set out on the prior page is our view on how IEV would be allocated between the Group and external investors in our Funds. We expect to receive an IEV attribution of around $1.2 billion[1] from current funded investments and management fees but before performance fees, based upon the IEV analysis and related assumptions.

We cannot estimate performance fees for our Funds at this stage but expect to be able to do so as the Funds mature, and performance crystallises the outcome from the waterfall. This value relates to our current book and committed Funds.

The assumptions made in the preparation of the table above include key concepts which are in the Glossary and should be read in conjunction with this table.

FY22 results

Income

The Group generated $221.0 million in total gross income and revenue during the year including from 66 completions, 23 partial completions and 2 partial sales spread across various classes of litigation, investment funding structures and geographies. This was supplemented by our growing management and service fees, which is up 30% on prior year, to $5.7 million.

Our sourcing and underwriting expertise is recognised by the secondary market

The FY22 profit result has improved on last year, albeit net income continues to reflect the variability of returns from investments with binary outcomes.

Wivenhoe (Brisbane Floods class action) loss at NSW Supreme Court of Appeal and the High Court of Australia's decision to deny special leave to appeal had an impact of $20.8 million being the derecognition of Wivenhoe's carrying cost. From an overall investment perspective, Wivenhoe has resulted in a final successful settlement of $440 million to the class action members (subject to finalisation of the settlement distribution scheme pursuant to which individual losses are being assessed). Omni Bridgeway's investment has generated a ROIC of 3.3x and an IRR of 29%.

Deferred completions in Fund 1 and Funds 2&3 resulting in a shift of $1.2 billion EPV and the consequential potential income of approximately $180 million to FY23 or later were partially offset by the EPV of $0.7 billion that was accelerated from later periods to FY22 and the income of $36.0 million.

It is important to note that whilst the lost income associated with Wivenhoe occurred, this was more than compensated by the 35% growth in the portfolio to $27.2 billion and an overall increase in the implied embedded value of $800 million.

Profit

During the year, the Group realised a profit after tax (before NCI) of $6.5 million, an increase of $24.9 million over FY21 representing more than a 135% improvement. We made material NCI distributions accelerating anticipated income for shareholders in FY23.

Notwithstanding material growth in headcount in FY22 of 11% employee expenses had modest growth of 3% compared to FY21.

Impairment and adverse cost charges were materially reduced by over 90% from $136.0 million in FY21 to $8.1 million.

1 Fund 5 is presented at 100%.

Managing Director's report
continued

Cashflow

The cash generated during the year was driven by key completions and collection of receivables. We have a strong capital position to support corporate initiatives and anticipate significant potential cash inflows as our first generation funds mature and accelerate returns for shareholders.

Consolidated Group (non-IFRS presentation) $m	FY22	FY21
Proceeds from litigation investments – claims portfolio	**13.4**	11.0
Proceeds from litigation investments – purchased claims	**6.4**	–
Proceeds from litigation investments – intangible assets	**273.3**	183.5
	293.1	194.5
Management and performance fees received	**12.6**	0.4
Interest received	**0.3**	0.6
	306.0	195.5
Payments to suppliers and employees	**(74.1)**	(80.8)
Income tax paid	**(4.8)**	(7.4)
Other operating activity outflows	**(7.3)**	(7.7)
Total operational cashflows	**219.8**	99.6
Payments for litigation investments – claims portfolio	**(14.6)**	(13.9)
Payments for litigation investments – purchased claims	**–**	–
Payments for litigation investments – intangible assets	**(105.6)**	(126.8)
Payments for litigation investments – capitalised overheads and employee costs	**(6.7)**	(6.9)
Other investing activity outflows	**(4.0)**	(3.1)
Total investing cashflows	**(130.9)**	(150.7)
Contributions from NCI	**43.6**	80.5
Distributions to NCI	**(113.3)**	(65.5)
	(69.7)	15.0
Other financing activity outflows	**(4.6)**	(11.4)
Total financing cashflows	**(74.3)**	3.6
Net increase/(decrease) in cash and cash equivalents	**14.6**	(47.5)

Efficiency ratios

	FY22	FY21
EPV/investment managers	**$321.5m**	$232.2m
New investment EPV/investment managers	**$118.7m**	$92.9m
Management fees/total expenditure[1]	**7%**	7%
Total expenditure[1]/IEV	**3%**	4%
Headcount	**199**	180
Number of offices	**23**	18

1 Total expenditure excludes amortisation, impairment expense and adverse costs.

Strategic initiatives

Debt refinance

Omni Bridgeway entered a new five-year, $250 million institutional debt facility on 5 May 2022 to replace the Group's existing debt, improve capital efficiency and provide flexibility to pursue corporate and capital management initiatives.

The entire debt outstanding at 30 June 2022 was repaid on 8 July 2022 by a partial drawing under the new facility. This new facility provides enhanced agility to navigate the Group's financing and capital goals over the medium term.

The updated arrangements are consistent with our fund management model and have a lower requirement for cash at bank, thus delivering greater flexibility, a lower effective cost of debt and a reduced overall cost of capital. Given the uncertainty of the global macro-economic environment, securing this debt now was an important and pragmatic initiative.

New funds

In June 2022 we launched Fund 8, a new fund with an innovative insured, leveraged structure, focused on investing up to €300 million into global enforcement opportunities. This Fund has an eight-year structure with principal protection cover to provide funding capacity for enforcement investment opportunities that have historically generated an IRR in excess of 100% and a ROIC consistently in excess of 3x.

Our new Fund 8 structure represents the most accretive to date for Omni Bridgeway shareholders. Compared to our peer's funding models, we believe Fund 8's unique structure, scope, terms and size reinforces our innovative leadership in structuring funds to generate significant stakeholder value. After full establishment of Fund 8, the Group's funds under management will increase to approximately $3 billion.

In the future, we will be exploring the creation of new Funds including ESG and low-risk investment strategies, which together with the upsizing of Funds 4 and 5 will take our funds under management to over $5 billion. These funds are likely to be structured around a management fee based on committed capital and a lower performance fee, with a lower level of capital to be committed from our balance sheet.

Risk management strategies

Inherent to our investment class there are risks of an adverse outcome and duration extension. We have developed strategies to address these risks. During FY22, the Group sold partial interests in two of its litigation investments. These transactions reflect the ongoing evolution and maturation of our sector and investment class. Our sourcing and underwriting expertise create value that is being recognised by secondary market demand for mid-cycle, quality legal risk assets.

Sales to the secondary market provide an opportunity to monetise opportunities during a litigation's life and de-risk completion and duration uncertainty, while enabling Omni Bridgeway to retain the majority of the upside potential. They confirm the implicit value of the Group's investment portfolio following review by third parties and demonstrate that litigation assets can be monetised ahead of completion. These transactions give rise to the opportunity to recognise significant unrealised gains, reduce reliance on a binary completion outcome and provide immediate liquidity for capital deployed.

We envisage using the secondary market in future for single case and portfolio investments to accelerate realisations and improve liquidity for the Group. We will also examine potential securitisation of our investments in portfolios of cases, along with possible acquisitions on the secondary market, where Fund mandates accommodate. These exciting market developments have the potential to deliver attractive financial returns for Omni Bridgeway shareholders and Fund investors in the future. We will maintain a majority and controlling interest in those investments where we have made a partial sale, and do not expect to sell more than 40% of our interest in those investments. We are targeting to generate a material amount of our annual income from secondary market transactions.

In addition to monetisation of investments in the secondary market, we are putting in place insurance products that mitigate our risks and enable us to enhance risk adjusted returns. Most recently we have insured our potential profit in an investment in Fund 1. In this investment, whether we win or lose the matter, our profit is protected, and our principal investment is insured by up to 80%.

Managing Director's report
continued

ESG

Omni Bridgeway is committed to good stewardship of investor funds and believes that making a positive impact on the environment and the societies in which we operate is an integral part of delivering long term value for our stakeholders. As with all aspects of our business, we adopt ESG practices that support value creation and we are conscious that this requires those practices to be reflective of, and align with, the scale of our business and its operations.

We have a strong track record of financing cases that advance the public interest and provide access-to-justice. We also encourage thought leadership that advances the industry and charitable causes within our communities, including:

- Commencing our first Summer Associate Internship Program in the US, with a focus on recruiting from law schools at Historically Black Colleges and Universities
- Participating in social programs including the Walk for Justice in South Australia, supporting the Public Interest Advocacy Centre in Australia, providing resources to "Pro Bono Ontario" and providing lectures at the Osgoode Hall Law School in Canada
- Providing finance for environmental and social claims including the Combustible Cladding claims on behalf of home owners for the damage to their homes in Spring Farm, New South Wales and on behalf of consumers in Canada in an anti-competition claim in relation to bread products

Our ESG Statement, which reports on those ESG matters of most relevance to our business and stakeholders, is updated annually with the latest report available on our website from September 2022.

The year ahead

We are an investor in an asset class that is typically uncorrelated with economic cycles and other macro events. The current global uncertainties and constraints on access to capital create opportunities for us to invest in litigation risks around the world. We have a strong platform for growth and a balanced portfolio that is delivering results.

For FY23, our key goals include:

- $550 million to $600 million commitment target
- Increase FUM to approximately $4 billion to $4.5 billion via series II of Funds 4 and 5
- Executing our US growth strategy
- Ongoing optimisation of our capital structure for greater flexibility and capacity
- Continuing to mitigate our risks through diversification across our global portfolio
- Potentially launching additional funds to accelerate our FUM target of $5 billion
- Expanding into new markets in APAC, the Americas and EMEA
- Exploring potential merger and acquisition opportunities

We acknowledge the contribution of our Omni Bridgeway team that demonstrates every day their commitment to achieving business goals and maximising investment outcomes for all stakeholders.

We continue to see great opportunities ahead for the Group. It is a privilege to build a world-class business and a game-changing industry, and we are honoured to share the journey together.

Andrew Saker
Managing Director & Chief Executive Officer

Investment portfolio

Portfolio overview[1]

At 30 June 2022 our diversified portfolio comprised over 300 investments with a net carrying value of $550.9 million with an estimated portfolio value (EPV) of $27.2 billion which increased by 35% in FY22.

Our annual investments on a conditional and unconditional basis total $463.3 million in capital commitments representing a 12% increase on last year, and a CAGR of 34% since FY18. We are targeting commitments of between $550 million to $600 million for FY23.

The table below shows data on completed investments for all funds since their respective inceptions and balance sheet completions since 1 July 2011.

Funds management

The Group has access to significant Fund capital to pursue further litigation investment opportunities. Fund 4 investors have agreed to extend the series one investment period by six months to October 2023 and we anticipate a similar extension for Fund 5 to January 2024. Discussions have commenced with existing investors relating to the upsizing of Funds 4 and 5 by another US$500 million each. We are aiming to close before the end of 2022.

During the year, we launched Fund 8, a new fund with an innovative insured, leveraged structure, focused on investing up to €300 million into global enforcement investment opportunities. After full establishment of Fund 8, funds under management will increase to approximately $3 billion.

Completed investments							
	#	Average duration	EPV	Income conversion rate	Success rate $ weighted average	ROIC	IRR
Balance sheet	97	3.2 yrs	$4,165m	20%	82%	1.52x	80%
Fund 1	31	3.2 yrs	$1,526m	13%	72%	0.56x	22%
Funds 2&3	16	1.6 yrs	$453m	17%	50%	0.85x	95%
Fund 4	7	1.0 yrs	$822m	11%	100%	0.62x	96%
Fund 5[1]	6	1.2 yrs	$316m	11%	84%	0.24x	15%
Fund 6[2]	217	3.0 yrs	n/a	n/a	76%	3.05x	177%
Fund 7	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fund 8	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1 Fund 5 is presented at 100%.
2 Fund 6 date is since inception.

Global risk, compliance and governance

Regulatory landscape

There have been some positive regulatory developments over the year in the markets in which we operate.

As a funder of class actions in Australia, we hold an Australian Financial Services Licence (AFSL) for operating managed investment schemes (MIS). However, a court decision in June 2022 has determined that a typically funded class action is not an MIS and under the recently-elected federal government, Omni Bridgeway anticipates a more favourable regulatory landscape.

In New Zealand, the Aotearoa Law Commission has confirmed that it will recommend the creation of a statutory class action regime with the courts regulating funding of such actions. Omni Bridgeway believes the recommendations could produce a robust, clear class action regime that provides access to justice for New Zealand claimants.

In EMEA Omni Bridgeway has co-founded and helped launch the new European Litigation Funders Association (ELFA), which will set practice standards and serve as the European voice for the industry. We have also seen that the recent report into litigation funding in the EU has not gained traction, and we do not anticipate that it will create any material adverse outcomes for our EMEA operations.

In the US, we have seen a trend for State rules being introduced that will require the disclosure of the involvement of a litigation funder. The typical type of disclosure that has been required to date is relatively limited and has not evolved into additional interlocutory skirmishes as the industry had initially feared. To the contrary, there appears to be a growing body of jurisprudence to support the proposition Omni Bridgeway has advocated, that disclosure beyond the involvement of a funder is unnecessary for the efficient conduct of litigation.

The Company continues to play an active role in key industry associations around the world, including the International Legal Finance Association (ILFA), for which Omni Bridgeway is also a founding member and active executive committee contributor.

Our regional hub highlights

Global

As COVID conditions ease, courts and arbitral institutions are regaining momentum and we anticipate returning to a more normal cycle of investment completions. Applications increased markedly in the second half of FY22 and there is rising demand for our finance solutions across all regions. There has been particularly strong interest in patent and antitrust litigation financing in the US and enforcement across multiple regions. The rising cost of capital and uncertain economic conditions are expected to help drive demand for our products in the year ahead.

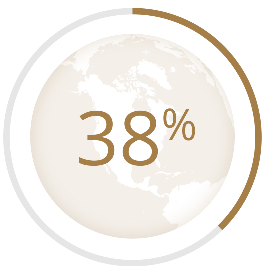
We have transitioned our business operations to a regional hub organisational structure to increase synergies in business development, sourcing and underwriting. This will also foster greater cross-border cooperation and skill-sharing across product lines – particularly enforcement, arbitration and insolvency.

Omni Bridgeway employs **190+** talented professionals globally

While the competitive landscape fluctuates around the world, with industry participants entering and withdrawing in some markets, Omni Bridgeway remains a market leader in our key jurisdictions. We anticipate industry consolidation in the future in a number of our markets as the sector continues to mature. This is likely to present attractive growth opportunities for Omni Bridgeway.

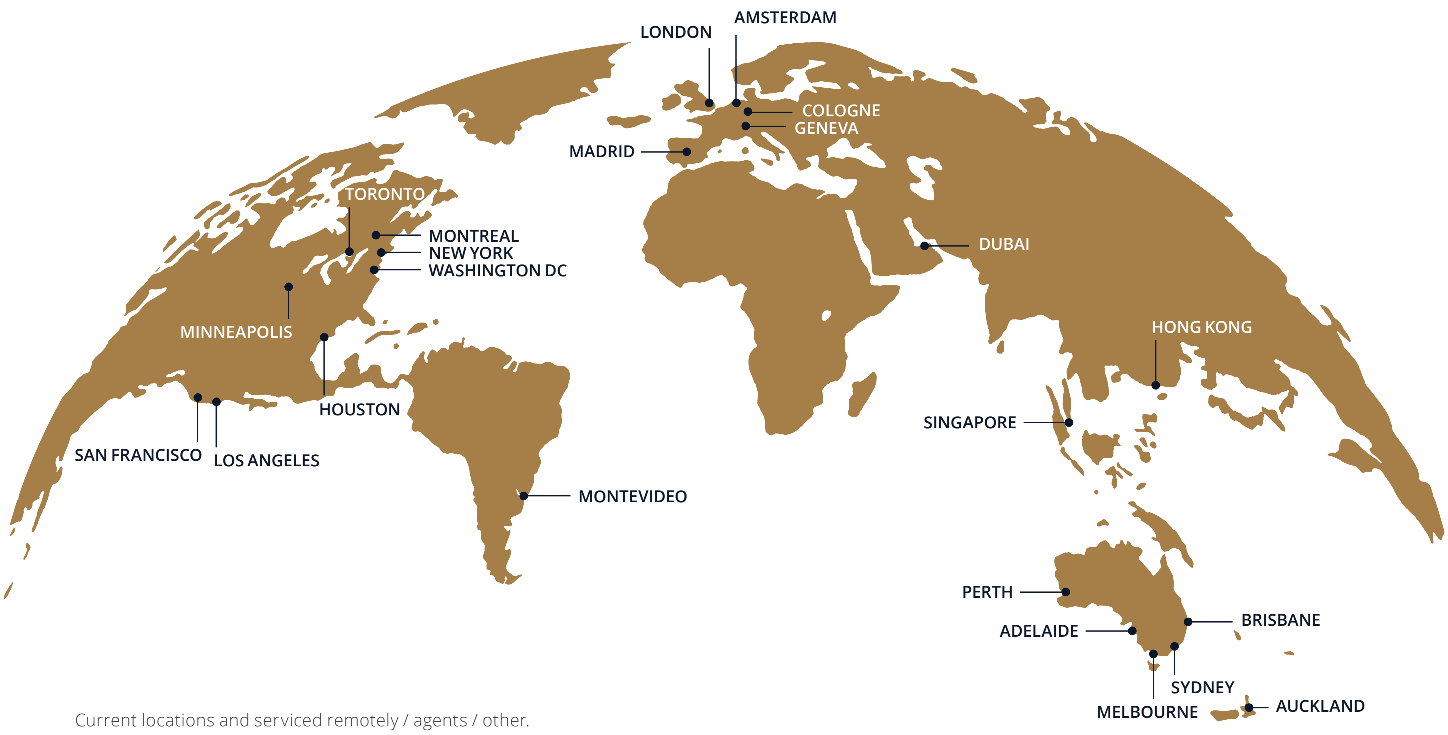
Geographic location of global Investment Management team

Americas



EMEA

APAC



Current locations and serviced remotely / agents / other.

Americas

(Canada, United States, Latin America)

Omni Bridgeway continued its strategic expansion in the Americas in FY22, with Investment Team growth, new office openings and key appointments in the People & Culture, Information Technology, Marketing and Business Development teams. We launched our judgment enforcement business and strengthened capabilities in fields such as Intellectual Property in response to market demand.

FY22 highlights

US team growth approximately 50%

Expanded US operations into Washington, D.C. and Minneapolis

Established LatAm presence in Montevideo, Uruguay

Launched the US enforcement business, with local appointments and support from an EMEA secondment

Appointed Jim Batson (New York) and Matthew Harrison (San Francisco) as Managing Directors and Co-Chief Investment Officers for the US, replacing Allison Chock who retired in December 2021

Jim Batson, Managing Director and Co-Chief Investment Officer (US) explains what differentiates Omni Bridgeway and how the market has evolved

Matthew Harrison, Managing Director and Co-Chief Investment Officer (US) observes the increasing understanding and adoption of legal finance

Paul Rand, Chief Investment Officer (Canada) describes the funding landscape in Canada, and what makes Omni Bridgeway special

Annie Lespérance, Investment Manager and Legal Counsel, Head of Latin America Group, explains the market demand, product offerings and growth opportunities in Latin America

Our regional hub highlights
continued

APAC

(Asia-Pacific including Asia, Australia, New Zealand)

We have introduced a new regional leadership structure for Asia Pacific and appointed new investment team members to enhance our specialist capabilities. Our Australian team exceeded funding targets despite regulatory changes and pandemic restrictions. The demand for secondary market investments was demonstrated by the partial sale of our CBA and Cladding class action investments. In Singapore and Hong Kong, the introduction of law firm contingency fees in international arbitration has opened up new opportunities to support law firms in the region.

FY22 highlights

Appointed Oliver Gayner (Sydney) and Tom Glasgow (Singapore) Managing Directors and Co-Chief Investment Officers (APAC) and also appointed Tom Glasgow as Head of the Global International Arbitration Portfolio

Transitioned Tania Sulan from Chief Investment Officer (ANZ) to Managing Director – Transformation, to implement strategic initiatives for the Board and leadership

Expanded enforcement capability across the APAC region with dedicated asset tracing and intelligence resources

Opened the Auckland office

Developed new lead-generation technology to supplement team sourcing activity

Tom Glasgow, Managing Director and Co-Chief Investment Officer (APAC) shares insights into funding in Asia, alongside team members

Oliver Gayner, Managing Director and Co-Chief Investment Officer (APAC) describes the Australian funding market

Tania Sulan, former Chief Investment Officer (ANZ) describes her new role as Managing Director - Transformation

EMEA

(Europe, Middle East, Africa)

To meet market demand, the EMEA team expanded during the year and remains the largest and most experienced funding team in the region, with further growth intended for FY23 including in Italy and France. We have observed a number of international funders withdrawing from EMEA in response to the pandemic and other challenges and anticipate future industry consolidation as seen in other jurisdictions. In FY22 Omni Bridgeway was instrumental in the formation of the new European Litigation Funding Association and will be an active member of this collective 'voice of the industry', addressing issues that arise in the regulatory landscape.

FY22 highlights

Expanded resources in the Netherlands, the UK, Germany and Spain

Welcomed new Global Head of Portfolio Management (London)

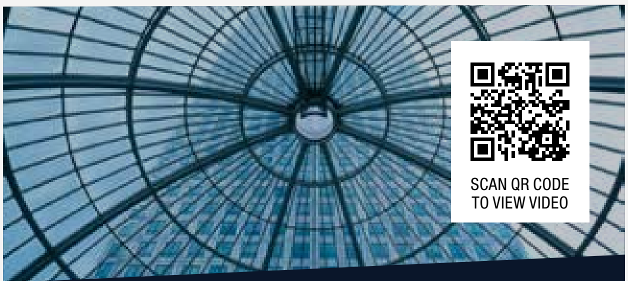
Appointed Jurriaan Braat, Managing Director Enforcement and EMEA, as Head of the global Judgment Enforcement portfolio

Launched an innovative new Fund structure for judgment enforcement investments

Co-founded European Litigation Funding Association (ELFA) with Wieger Wielinga, Managing Director Enforcement & EMEA, as inaugural Chairperson

Wieger Wielinga, Managing Director Enforcement & EMEA shares market insights and passion for his work

Raymond van Hulst, Executive Director, Managing Director and Chief Investment Officer - EMEA explains the EMEA market and Omni Bridgeway's strengths shares market insights



Members of our leadership team share their insights on our website. Scan the QR code to view videos

Directors' report

Board of Directors

Michael Kay
Non-Executive Chairman

Bachelor of Laws (University of Sydney, Australia)

A C N R

Appointed: July 2015

Michael Kay has been the Non-Executive Chairman since July 2015. He brings a wealth of commercial experience, with a sound track-record of building successful businesses. Most recently he was Chief Executive Officer and Managing Director of salary packaging company McMillan Shakespeare Limited. He was previously Chief Executive Officer of national insurer AAMI and before that spent 12 years in private legal practice.

Directorships of other listed entities within the past three years

- Chairman and Non-Executive Director of City Chic Collective Limited (ASX: CCX) (appointed October 2021)

Andrew Saker
Managing Director & CEO and Chief Strategy Officer – US

Bachelor of Commerce (Accounting & Finance) (University of Western Australia)

Associate Member, Chartered Accountants Australia and New Zealand

N

Appointed: January 2015

Andrew Saker was appointed Managing Director & Chief Executive Officer in January 2015. Since then, he has led a transformational strategy of geographic expansion, product diversification, and migrating the company's business model from capital management to fund management.

In 2019 Mr Saker led the merger, and subsequent integration, of the IMF Bentham and Omni Bridgeway legacy businesses to form the global Omni Bridgeway Group. Omni Bridgeway is now the largest funding team in the world and the global leader in financing and managing legal risks.

Mr Saker and the Board have set Omni Bridgeway's corporate strategy to 2025, prioritising further geographic expansion, product extensions and team augmentation.

Mr Saker has lived and worked in Australia, Asia and the United States.

Until his appointment as Managing Director & Chief Executive Officer, Mr Saker was a Registered Company Liquidator of the Australian Securities & Investments Commission and an Official Liquidator of the Supreme and Federal Courts.

Directorships of other listed entities within the past three years

Nil

Raymond van Hulst
Executive Director, Managing Director and Chief Investment Officer – EMEA

Masters of Business Administration (INSEAD)

Masters in Management (University of Groningen, The Netherlands)

Appointed: April 2020

Raymond van Hulst is responsible for several special projects and for the company's strategic initiatives, operations and investment activities across the EMEA region. He leads one of the largest teams of litigators, recovery, business intelligence and asset-tracing specialists in the industry.

Mr van Hulst has over 20 years' experience in structuring and managing innovative solutions for complex and high value litigation funding and legal enforcement matters.

Mr van Hulst has established two institutionally backed funds aimed at funding legal disputes and enforcement matters, including in joint venture with the International Finance Corporation, part of the World Bank for the Distressed Asset Recovery Program. He leads Omni Bridgeway's Investment Committee for these funds. Mr van Hulst also led Omni Bridgeway's acquisition of its German funding business, Roland ProzessFinanz, in 2017.

Mr van Hulst was previously with ABN AMRO Bank Structured Finance, based out of India and Europe.

Mr van Hulst has lived and worked in The Netherlands, India, France and Switzerland.

Directorships of other listed entities within the past three years

Nil

Committee Membership

A Audit and Risk Committee
C Corporate Governance Committee
N Nomination Committee
R Remuneration Committee

● Chair of Committee
● Member of Committee

Karen Phin

Non-Executive Director

Bachelor of Arts and Bachelor of Laws (Honours) (University of Sydney, Australia)

Graduate Australian Institute of Company Directors

A C N R

Appointed: August 2017

Karen Phin has over 25 years' experience advising Australian listed companies on capital management, capital raisings and mergers and acquisitions. Until 2014, Ms Phin was a Managing Director and Head of Capital Advisory at Citigroup in Australia and New Zealand. Prior to joining Citigroup, she spent 12 months at ASIC as a Senior Specialist in the Corporations group. From 1996 to 2009, Ms Phin was a Managing Director at UBS AG, where she established and led the Capital Management Group.

Directorships of other listed entities within the past three years

- Non-Executive Director of Magellan Financial Group Limited (ASX: MFG) (appointed May 2014)
- Non-Executive Director of ARB Corporation Limited (ASX: ARB) (appointed June 2019)
- Member of the Takeovers Panel

Michael Bowen

Non-Executive Director

Bachelor of Laws, Jurisprudence and Commerce (University of Western Australia)

A C N R

Appointed: December 2001

Michael Bowen was a partner of global law firm DLA Piper and joined Thomson Geer in 2020. He practises primarily corporate, commercial and securities law with an emphasis on mergers, acquisitions, capital raisings and resources. Mr Bowen assists the Managing Director on matters concerning corporations law.

He has been admitted as a barrister and solicitor of the Supreme Court of Western Australia since 1979, and is also admitted as a solicitor of the High Court of Australia.

He is a Certified Public Accountant and a member of the Australian Society of Accountants.

Directorships of other listed entities within the past three years

- Non-Executive Director of Lotus Resources Limited (ASX: LOT) (appointed February 2021)
- Non-Executive Director of Genesis Minerals Limited (ASX: GMD) (appointed October 2021)
- Non-Executive Director of Trek Metals Limited (ASX: TKM) (retired September 2020)

Christine Feldmanis

Non-Executive Director

Bachelor of Commerce (University of Wollongong, Australia)

Master of Applied Finance (Macquarie University, Australia)

Fellow of the Australian Institute of Company Directors

Trustee Fellow of the Association of Superannuation Funds of Australia

Senior Fellow of the Financial Services Institute of Australasia

Certified Practising Accountant

A C N R

Appointed: November 2018

Christine Feldmanis is a qualified accountant, investment, governance and risk management specialist with over 30 years' experience in the finance and investment industry. Ms Feldmanis was previously Managing Director of an ASX-listed boutique funds management incubator business and Chief Finance Officer of the NSW Treasury Corporation.

Directorships of other listed entities within the past three years

- Non-Executive Director of Bell Financial Group Ltd (ASX: BFG) (appointed February 2020)
- Non-Executive Director of Perpetual Equity Investment Company Limited (ASX: PIC) (retired November 2020)

Directors' report
continued

Board of Directors
continued

Hugh McLernon
Executive Director (retired)

Bachelor of Laws (University of Western Australia)

Appointed: March 1995

Retired: November 2021

Hugh McLernon was one of the founders and pioneers of the contemporary dispute finance industry and was an Executive Director and member of the company's Investment Committee from 2001.

After graduating as a lawyer, Mr McLernon worked as a Crown Prosecutor and then as a barrister at the independent bar before joining Clayton Utz as a litigation partner.

In 1988, he left legal practice and introduced the secondary life insurance market into Australia through the Capital Life Exchange. He also pioneered the funding of large-scale litigation in Australia through McLernon Group Limited in 1992. In 1997 Mr McLernon overcame the first claim of champerty in the modern era made in the Federal Court of Australia in Penale -v- McLernon Group Limited. From 1996 to 2001, he was the Managing Director of McLernon Group Limited, as well as the Hill Group of companies which operates in the finance, mining, property, insurance and general investment arenas of Australia.

In 2001, Mr McLernon promoted the listing of Insolvency Management Fund Limited (now Omni Bridgeway Limited) onto the ASX. He was the inaugural Managing Director from 2001 to 2004, and again from 2009 to 2015.

The American Lawyer included Mr McLernon in its list of the Top 50 innovators for Big Law in the US during the course of the previous half century.

Directorships of other listed entities within the past three years

Nil

Officers

Stuart Mitchell
Group Chief Financial Officer

Bachelor of Commerce (University of New South Wales, Australia)
Diploma in Law (New South Wales Legal Profession Admission Board)
Graduate Diploma in Legal Practice (University of Technology Sydney, Australia)

Appointed: November 2018

Stuart Mitchell joined the company in November 2018. He was previously Chief Financial Officer, Legal Counsel and Company Secretary for Ironbridge Capital, an Australian- based investment and private equity firm, providing funding for domestic and international businesses. His role encompassed financial management, budgeting, modelling, reporting and disclosure, governance, compliance, risk assessment, accounting, taxation, licensing and control issues of the manager, funds and associated structures across Asia Pacific, the Caribbean and Europe.

Mr Mitchell has over 20 years' commercial experience in Australia and the UK in the financial services sector, including private equity, funds management and venture capital.

He has held senior finance and legal roles, leading all aspects of corporate finance, administration, compliance, risk, accounting and tax. Mr Mitchell has worked in London in business analysis and finance, control and compliance and lending and derivatives. He has also worked in private legal practice, specialising in litigation and held accounting, audit and advisory positions in Australia.

He was admitted to practise as a solicitor in New South Wales and is a qualified Chartered Company Secretary and Chartered Accountant.

Mr Mitchell has lived in Australia, the United Kingdom and Italy.

Jeremy Sambrook
Global General Counsel and Company Secretary

Bachelor of Laws (University of Bristol, United Kingdom)

Appointed: January 2016

Jeremy Sambrook is an experienced corporate lawyer with a broad in-house legal and private practice background, having practised in the UK, Hong Kong, the Channel Islands and Australia.

Immediately before joining the company Mr Sambrook was a Special Counsel in the Corporate team at DLA Piper Australia in Perth, Australia.

Following seven years working at a leading London law firm, Mr Sambrook moved to one of Europe's largest international hedge fund managers as Corporate Legal Counsel with responsibility for a wide variety of corporate group projects. He became a partner in 2010 and went on to manage the off-shore head office before moving with his family to Australia in 2013.

Mr Sambrook was appointed as General Counsel and Company Secretary in 2016 and has built out the global legal, compliance and risk function, in line with the international growth of the business, to a team of legal and compliance specialists across APAC, North America and EMEA.

He became Global General Counsel and Company Secretary in 2020 following the expansion of the Legal and Risk team.

He leads the company's in-house legal and secretariat functions and is responsible for all Group legal, compliance and corporate governance.

Mr Sambrook has lived in the United Kingdom, Channel Islands and Australia.

Operating and financial review

Principal activities

The Group's principal activities were:

- the investment into, and management of, funds (or fund-like structures) that are focused on investing into litigation and dispute resolution and enforcement matters globally; and
- the continued holding of direct investments into similar litigation and dispute resolution, and enforcement matters.

The Group invests by entering into funding agreements with litigants, liquidators, banks, creditors, or law firms to provide funding, recovery, enforcement and associated services; or purchasing judgments, awards, claims or rights to action, civil law litigation, non-performing loans and distressed debt.

Overlaying the principal activities is the funds management aspect of the Group that:

- provides services to external third party capital;
- generates recurring management and service fees; and
- provides the opportunity for further return through performance fees depending on a Fund's performance.

Whether by direct investment or via a fund structure, the objective is to make litigation investments which ultimately result in a successful completion (e.g by settlement, court judgment, arbitral award or enforcement recovery). The successful completion of an investment and the timing of that completion is, in many respects, beyond the Group's control. It may take several years between making an initial investment and finalising a completion.

The Group is also able to sell interests in litigation investments into the secondary market rather than continuing to hold the entirety of the investment through to completion. Secondary sales improve the liquidity, mitigate completion risk and the duration uncertainty of these investments while also accelerating realisations and retaining most of the upside potential.

If the underlying litigation, arbitration, recovery or enforcement action is successful, the Group earns a return from the resolution sum obtained. Where the Group has purchased the award, claim or right to action, non performing loan or distressed debt the Group's return will be the resolution sum less any legal or professional fees and any residual success fee component to the vendor. Otherwise, the resolution sum is shared with the funded client(s) in accordance with the contracted funding terms. The share to the Group will generally be the amount invested plus a return defined as either:

- a multiple of the amount invested; or
- a percentage of the realised amount; or
- a combination of the above.

In some instances (e.g Australian class action litigation) the presiding court or tribunal of the underlying litigation may be involved to approve a settlement and that involvement can extend to consideration of the litigation funding terms.

Generally, the multiple or percentage return to the Group increases as the duration of an investment extends. If the underlying litigation, arbitration, recovery or enforcement is unsuccessful the Group generally does not generate any financial return.

In certain jurisdictions, the investment terms may require the Group to pay an amount of adverse costs to the litigation counterparty. In certain circumstances the Group can obtain insurance to protect any of deployed capital, commission and adverse costs exposure.

The Group's financial results in any reporting period typically reflects the completion of investments that were generally made a number of years prior. The strategic and operational highlights discussed in the Chairman's Report and Managing Director's Report are consistent with, and complementary to, our existing business and accordingly there has been no change to the principal activities of Group during the financial year.

Nature of operations

The Group's alternative asset class investments and funds management operations, which commenced in 2017, are non-cyclical and uncorrelated to underlying economic conditions.

Since 2017, investment activities are undertaken through its Funds (or Fund-like structures) which have developed and evolved into a mature funds management platform:

- Funds 1 and 2&3 - first generation funds – established by the Group in 2017 with a European distribution waterfall and a preferred return to external Fund investors. Distributions to OBL include a management fee and a residual super-profit share. Given the consolidated nature of these Funds, any distributions to OBL whether of capital, management fee or super-profit share will eliminate upon consolidation, whilst the NCI component will vary depending upon the status of the NCI distribution waterfall.
- Funds 4 and 5 - second generation funds – established by the Group in 2019 with an American distribution waterfall, periodic management fees and transactional performance fees. Given the partial consolidated nature of these fund structures, distributions will eliminate and investment returns will appear as though there was no Fund structure with the management and performance fees showing on the face of the accounts. There is no NCI consolidated into the Group from Fund 5 and it is not consolidated in the Financial Statements.
- Funds 6 and 7 – purchased by the Group in 2019 through the acquisition of OBE with a hybrid deal-by-deal and fund level waterfall that incorporates annual management fees.
- Fund 8 – insured leveraged structure focused on global enforcements. There is currently no NCI consolidated into the Group from Fund 8.

Operating and financial review (continued)

The waterfalls and fee structures in the various Funds in part determine the attribution of profits, net assets and distributions between the Group's equity holders and non-controlling interests.

Whilst the Group manages the Funds' investment activity, diversification and opportunities using third party capital, it remains a committed litigation investment funder in its own right, holding a meaningful capital interest (5%-25%) in each Fund. Through its indirect exposure, OBL has $267.4 million committed to litigation investments from which it expects to generate significant investment return as the investments complete and distributions flow from the Funds.

The investment period of the first generation funds and Fund 6 have expired and they are in their "harvest" phase. The second generation continue deploying capital with additional investment funding capacity available and the expectation that the size of these Funds will be increased in the coming reporting period. Fund 8 is recently established and yet to make its first investment.

The Group invests across the globe with a physical operating presence in the Americas, APAC and EMEA.

Employees

At 30 June 2022, the Group employed 199 permanent staff (2021: 180).

Operating results for the financial year

The Group made a profit after tax (before NCI) for the year of $6.5 million (2021: loss $18.4 million).

Although the profit result has improved on FY21, it continues to reflect the variability of returns from investments with binary outcomes and non-lineal periods for completions.

The total gross proceeds and investment revenue in FY22 was $197.8 million. This reflects the Group's consolidated share of Fund 5 at 20%, at 100% the value was $210.4 million[1].

In the last 12 months, the Group has achieved the following investment performance:

	# investments	ROIC	IRR
Completed investments	66	1.18x	29%
Ongoing Investments - partial completions	23	0.88x	43%
Ongoing Investments - secondary sales	2	4.62x	104%

The ongoing investment's metrics are interim calculations with the investments expected to generate further returns.

Excerpts from Consolidated Statement of Comprehensive Income for the year ended 30 June 2022

	2022 $'000	2021 $'000	Change %
Gross proceeds and investment revenue[1]	**197,770**	271,627	(27%)
Interest revenue on litigation investments - purchased claims	**6,275**	8,138	(23%)
Costs of derecognition or disposal of litigation investments	**(131,778)**	(108,537)	21%
Other revenue and income	**16,914**	6,628	155%
Total income	**89,181**	177,856	(50%)
Expenses, fair value adjustments and tax benefits	**(82,699)**	(196,287)	58%
Profit/(loss) after tax	**6,482**	(18,431)	135%

1 Gross proceeds and investment revenue is calculated as the sum of proceeds on derecognition of litigation investments – intangible assets, proceeds on derecognition of litigation investments – purchased claims and revenue from litigation investments – claims portfolio for the consolidated group, in accordance with CO 14/1276. It is categorised as non-IFRS information prepared in accordance with ASIC Regulatory Guidance 230 – Disclosing non-IFRS financial information, issued in December 2011. The $197.8 reflects the Group's 20% interest in Fund 5. If the 80% attributable to external investors of $12.6 million had been included, the total would be $210.4 million as per the Investment Portfolio Report at 30 June 2022, lodged with ASX on 28 July 2022.

Refer to Appendix for more detail on non-IFRS disclosures.

Operating and financial review (continued)

NCI attribution

The Group's strategy in recent years to generate more consistent income has proved successful with the second-generation Funds starting to provide a meaningful recurring annual management fee base.

The loss attributable to the Group's equity holders in FY22 was $45.6 million with a profit of $52.1 million attributable to NCI. This disproportionate attribution is primarily due to the status of the first-generation Funds' distribution waterfalls which prioritised the return to NCI during the period. For these Funds, the NCI portion is dependent on the status of the waterfall which progresses from initially 100% going to NCI, and then 100% to OBL and finally a super-profit share.

Consolidated Statement of Financial Position

The Group continues to maintain a solid financial position based on:

- Strong liquidity and working capital levels
- Debt refinancing which was settled post 30 June 2022 and substantially reduced the Group's cost of capital
- Limited net debt and an appropriate level of total equity
- Continued growth of litigation investments

Litigation investments

At 30 June 2022, the carrying value of litigation investments was $550.9 million (2021: $525.2 million) with more than 300 active litigation investments. This reflects the Group's consolidated share of Fund 5 at 20%. At 100%, the value was $635.1 million (2021: $558.8 million). All investments are generally carried at cost and there is a lag between investment commitment and capital deployment. The growth has been across all IFRS classifications for these litigation investments. The 689% growth of the financial assets reflects the Group's AFSL status and current competitive advantage in Australian class actions.

Liquidity and capital resources

Working capital

	2022 $'000	2021 $'000	Change %
Current assets	**293,083**	357,985	(18%)
Current liabilities (excluding debt)[1]	**128,329**	73,672	74%
Net working capital	**164,754**	284,313	(42%)
Working capital ratio	**2.3:1**	4.9:1	(53%)

1 Current liabilities excludes debt for the purposes of calculating the working capital as it was repaid shortly after 30 June 2022.

Capital structure

A strong capital position was maintained at 30 June 2022 built on the Group's cash holdings, limited net debt and total equity. This capital structure enables the business to grow its operations, meet deployment obligations and support corporate initiatives.

Operating and financial review (continued)

Profile of interest-bearing debt

The profile of the Group's interest-bearing debt finance at 30 June 2022 is summarised in the table below. The Bonds and Fixed Rate Notes are classified in the table as current due to their redemptions occurring on 8 July 2022.

	2022 $'000	2021 $'000	Change %
Omni Bridgeway Bonds	**76,000**	–	100%
Fixed Rate Notes	**72,000**	–	100%
Leases	**2,755**	2,449	12%
Current	**150,755**	2,449	6,056%
Omni Bridgeway Bonds	**–**	75,290	(100%)
Fixed Rate Notes	**–**	70,232	(100%)
Leases	**11,173**	3,394	229%
Non-current	**11,173**	148,916	(92%)
Total interest-bearing debt	**161,928**	151,365	7%

The Bonds and Fixed Rate Notes were due to mature on 22 December 2022 and 8 January 2026 respectively but were refinanced on 8 July 2022 thereby reducing current debt by $148 million with a consequent increase in non current debt of $150 million.

Debt refinance

On 6 July 2022, the Group made an initial draw down of $150 million on the new 5-year, $250 million institutional debt facility to redeem the Bonds and Fixed Rate Notes in advance of their maturity on 8 July 2022. The new facility was provided by Northleaf Capital Partners and Pacific Equity Partners and includes $100 million of undrawn debt capital to enable the Group to optimise its medium term capital management.

The terms of the new facility include a variable rate of interest based on the BBSY Bid rate plus a fixed margin of 7.00% per annum, a maturity date of 7 July 2027, a security interest over all present and after-acquired property of OBL and guarantees and security provided by certain wholly owned subsidiaries.

The new facility provides a comparative cost of capital saving due to not having the restrictive requirement to hold cash and receivables equivalent to 75% of the debt (being $111 million at 30 June 2022) as per the Bonds and Fixed Rate Notes which was an additional cost to the Group.

Subsequent to reporting date, 30 June 2022, the principal debt of $150 million debt is classified as non-current.

Consolidated Statement of Cash Flows

The consolidated Statement of Cash Flows illustrates that there was an increase in cash and cash equivalents for the year ended 30 June 2022 of $14.6 million (2021: decrease of $47.5 million).

In relation to the movements in cash:

- Operating activities - $74.5 million of net cash outflows (2021: $97.9 million),
- Investing activities - $163.5 million of net cash inflows (2021: $46.8 million)

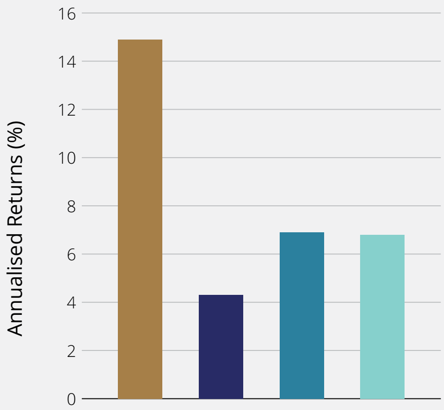
Across both operating and investing activities per IFRS classifications, the aggregate cash flows include:

  - proceeds from litigation investments - $293.2 million
  - management and performance fee proceeds - $12.6 million
  - payments for litigation investments - ($126.8 million)

- Financing activities $74.3 million net cash outflows (2021: net cash inflows $3.7 million) include:
  - Contributions from NCI - $43.6 million
  - Distributions to NCI - ($113.3 million)

Shareholders

Since 1 July 2017, OBL has outperformed the S&P/ASX indices by more than 5% on an annualised basis up to 30 June 2022 as detailed below:



Annualised Return with Dividend Reinvestment	
Omni Bridgeway Limited (Dividends Reinvested)	14.9%
S&P/ASX 300 Diversified Financials Index	4.3%
S&P/ASX 300 Accumulation Index	6.9%
S&P/ASX 200 Accumulation Index	6.8%

Dividends

The Company considers its capital management options in light of the cash position and performance of the Group at the time as well as the likely demand for cash over the ensuing 12-month period. In determining the appropriate mechanism to deliver returns to shareholders, the Board will consider both semi-annual dividends and share buy-backs. Relevant considerations include the source and nature of income and the prevailing share price relative to the intrinsic value and the franking credit balance.

Based on the FY22 profit result and expected capital requirements, the Directors have not declared an interim or final dividend for the year (2021: Nil).

Shareholder returns

The following is a summary of shareholder returns for the year ended 30 June 2022:

	2022	2021
Basic (loss)/earnings per share (cents per share)	**(17.17)**	(9.86)
Diluted (loss)/earnings per share (cents per share)	**(17.17)**	(9.86)
Return on assets (NPAT/average assets)	**0.6%**	(1.7%)
Return on equity (NPAT/average equity)	**0.9%**	(2.4%)
Net debt/equity ratio %[1]	**N/A**	N/A

1 As cash and short term deposits are greater than total debt net debt (cash and short term deposits less total debt) net debt is positive. The ongoing investment's metrics are interim calculations with the investments expected to generate further returns.

Shares issued during the year

On 23 August 2021, the Company issued 2,800,372 shares relating to the FY19 LTIP vesting.

On 22 February 2022, the Company issued 3,658,825 shares to the vendors of OBE relating to the 2019 business combination in satisfaction of the variable consideration obligation.

Share options - unissued shares

As at the date of this report there were 15,929,183 share performance rights on issue (2021: 18,528,532).

Directors' report
continued

Investment activity

Overview

Commitments and completions as the key drivers of our business continued to grow in FY22. Highlights of investment activities included:

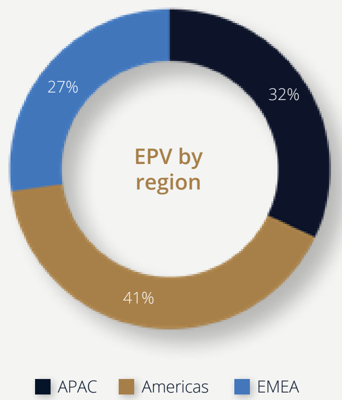
- Record annual commitments up 12% on FY21 to $463.3 million, representing $11.2 billion of EPV while there has been a compound annual growth rate for commitments of more than 34% in the last five years. These commitments continued to expand the portfolio's diversification and reduce its concentration
- EPV of $27.2 billion up 35% on 30 June 2021, comprising $23.9 billion from unconditional investments and $3.3 billion from conditionally-funded and Investment Committee-approved investments
- IEV increased 28% on 30 June 2021 to $3.6 billion for unconditional investments reflecting the underlying portfolio growth
- Investment income of $210.4 million, reflecting Fund 5 at 100%, was recognised in FY22 across the portfolio incorporating completed investments, partially completed investments and completions from previous periods. The gross proceeds and investment revenue of $197.8 million in the Consolidated Financial Statements reflects the Group's consolidated share of Fund 5 at 20%
- Launch of Fund 8, a new fund with an innovative insured, leveraged structure, focused on investing up to €300 million into global enforcement investment opportunities. After full establishment of Fund 8, funds under management will increase to approximately $3 billion

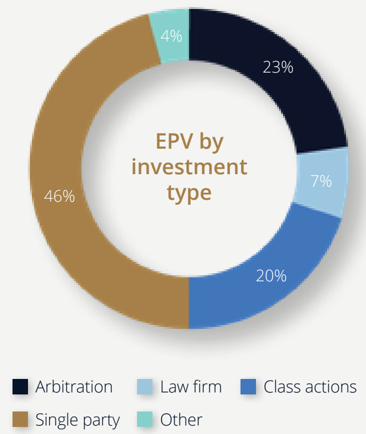
Fund diversification and concentration

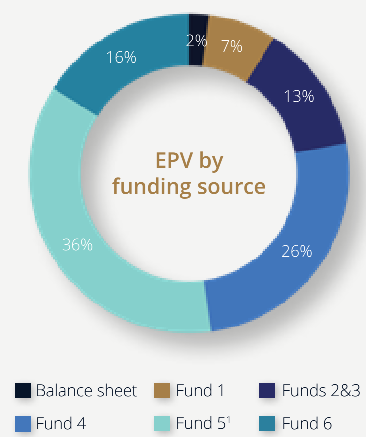
The Group has a strong platform for continued growth while maintaining a balanced portfolio with diversification by region, investment type and Fund providing mitigation to the risks of competition, regulatory intervention and portfolio concentration. Our diversification strategy has also sought to achieve a more stable income stream compared to what was possible under the direct balance-sheet strategy we employed previously.

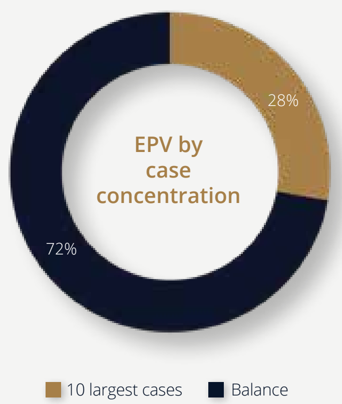
Consistent with reducing concentration risk, the average investment size across the portfolio is $1.8 million inclusive of $0.6 million for OBE investments and $3.2 million for all other investments. At 30 June 2022 there are 311 active litigation investments in the portfolio.

The ten largest investments represent 28% of the total portfolio EPV compared to 35% three years ago. These are spread across Funds 1 to 5 with no balance sheet exposure and no concentration in any single Fund. One of the investments is a law firm portfolio comprising multiple individual cases. For investments in cost shifting jurisdictions, we have after-the-event (ATE) insurance in place for adverse costs orders.









1 Fund 5 is presented at 100%

Investment activity (continued)

Funds breakdown, capital and distribution profiles

During the year the Group added to its portfolio with the launch of Fund 8, focused on investing up to €300 million in judgement enforcement opportunities. The investment activity of Fund 8 will see the Group's funds under management increase to approximately $3 billion.

We are exploring the creation of new Funds potentially dedicated to ESG and low-risk investment strategies which, together with the upsizing of Funds 4 and 5, will potentially take our funds under management to over $5 billion.

Less than 3% of the Group's total number of investments remain on balance sheet. These have a minimal carrying value of $19.6 million.

Fund breakdown

Fund 1 and Funds 2&3 are fully committed and are in harvest mode. Given the respective structures of these Funds, the non–controlling interests (NCI) continue to have priority entitlement to distribution of capital and preferred returns, with recourse only to the investments within the respective fund.

Fund 4 is 60% committed and Fund 5 is 57% committed. The series one investment periods complete four years from commencement which is later in 2022 with a run–off harvest period following this. The fund investors have agreed to extend the series one investment period by six months. Additionally, discussions with existing investors relating to the upsizing of both funds are underway.

Fund 6 is fully committed. Since January 2022, merits-based funding opportunities that were identified have been made from Fund 5. Similarly enforcement opportunities identified after 1 January 2022 were warehoused on our balance sheet and will now be moved into Fund 8.

Fund 7 is being restructured with the aim to have it funded by and included in Fund 8. For Fund 8, launched in June 2022, there are no investments in the portfolio at year end.

Fund distribution profiles

Fund 1 has an outstanding priority return of $40.4 million to our NCI investor. There is a further $25.5 million of income yet to be recognised for Fund 1. Upon receipt and distribution of these proceeds the balance of the Fund 1 NCI priority return will reduce to approximately $14.9 million. Additionally, there remains a cash balance of $8.8 million which could also be used to further reduce this amount. Following the completion of distributions to our investor, distributions will begin to flow to OBL and this is anticipated to occur in FY23.

Similarly, for Funds 2&3 there is $28.5 million comprising income yet to be recognised and proceeds from secondary market sales that are still to be distributed to the Fund NCI. The receipt and distribution will further pay down the Funds 2&3 NCI.

These first generation fund structures provide OBL shareholders with a back-end return of our capital and a substantial profit share which we will see attribute in the coming periods.

Our second generation funds demonstrate good progress however, returns and fees will be generated when the funds are more mature, further completions occur and performance crystallises the outcome from the waterfall.

			Outstanding amounts yet to be attributable to NCI							Outstanding amounts yet to be attributable to	
Fund	FUM	Phase	Committed	Capital called	Capital deployed	Capital committed - undeployed	Capital uncommitted	Other (costs and recycled profits)	Total distributions (capital and returns)	NCI	OBL
Fund 1	US$172m	Harvest	100%	US$167m	US$154m	US$10m	–	US$8m	US$(150)m	$40m	$69m
Funds 2&3	$189m	Harvest	100%	$143m	$115m	$61m	–	$13m	$(42)m	$110m	$33m
Fund 4	US$500m	Investing	60%	US$170m	US$150m	US$136m	US$200m	US$14m	US$(47)m	$143m	$36m
Fund 5[1]	US$500m	Investing	57%	US$106m	US$87m	US$175m	US$213m	US$25m	US$(12)m	$110m	$28m
Fund 6[2]	€150m	Harvest	100%	€70m	€75m	US$118m	€(5)m	€(1)m	–	$101m	$5m
Fund 7[3]	US$100m	n/a	4%	US$4m	US$4m	–	US$96m	–	–	$5m	<$1m
Fund 8[4]	€300m	Launched	–	–	–	–	–	–	–	–	–

1. Fund 5 is presented at 100%.
2. Data for Fund 6 is current at 31 March 2022.
3. To be restructured into Fund 8.
4. After full establishment of Fund 8.

Investment activity (continued)

Completions

A summary of the impact of investment completions and impairments on the profit and loss for the year is below:

Completions	Investments Full #	Investments Partial #	EPV $'000	Income/ revenue/ proceeds $'000	Cost/ expense/ amortisation incl. OH $'000	Net gain/(loss) incl. OH Total $'000	Attributed to OBL $'000	Attributed to NCI $'000	ROIC incl. OH (x)	ROIC excl. OH (x)	IRR incl. OH %	IRR excl. OH %
Direct balance sheet	6	–	341,648	15,141	(38,251)	(23,110)	(23,110)	–	1.23	1.96	18	28
Fund 1	5	3	225,029	35,843	(21,388)	14,455	7,659	6,796	0.49	0.64	12	15
Fund 2&3	3	5	55,627	40,711	(21,679)	19,032	(4,130)	23,162	0.10	0.30	6	16
Fund 4	5	1	623,170	59,404	(30,255)	29,149	5,218	23,931	0.90	0.94	72	75
Fund 5	4	2	228,239	3,153	(3,880)	(727)	(727)	–	(0.17)	(0.05)	–	–
Fund 6	39	9	64,412	20,918	(10,688)	10,230	856	9,374	2.11	2.27	84	89
TOTAL INTANGIBLES	**62**	**20**	**1,538,125**	**175,170**	**(126,141)**	**49,029**	**(14,234)**	**63,263**	**0.89**	**1.18**	**21**	**29**
Fund 6	–	2	–	6,427	(5,637)	790	66	724	n/a	**n/a**	n/a	n/a
TOTAL PURCHASED CLAIMS	–	**2**	**–**	**6,427**	**(5,637)**	**790**	**66**	**724**	**n/a**	**n/a**	**n/a**	**n/a**
Fund 6	4	3	24,560	16,173	(5,650)	10,523	881	9,642	0.87	**1.11**	61	72
TOTAL CLAIMS PORTFOLIO	**4**	**3**	**24,560**	**16,173**	**(5,650)**	**10,523**	**881**	**9,642**	**0.87**	**1.11**	**61**	**72**
	66	**25**	**1,562,685**	**197,770**	**(137,428)**	**60,342**	**(13,287)**	**73,629**	**0.89**	**1.18**	**21**	**29**
Direct balance sheet	n/a	n/a	n/a	n/a	5,762	5,762	5,762	–	n/a	n/a	n/a	n/a
Fund 1	n/a	n/a	n/a	n/a	(10,405)	(10,405)	(10,405)	–	n/a	n/a	n/a	n/a
Fund 2&3	n/a	n/a	n/a	n/a	553	553	553	–	n/a	n/a	n/a	n/a
Fund 4	n/a	n/a	n/a	n/a	(652)	(652)	(522)	(130)	n/a	n/a	n/a	n/a
Fund 5	n/a	n/a	n/a	n/a	–	–	–	–	n/a	n/a	n/a	n/a
Fund 6	n/a	n/a	n/a	n/a	(769)	(769)	(64)	(705)	n/a	n/a	n/a	n/a
TOTAL IMPAIRMENT EXPENSE	**n/a**	**n/a**	**n/a**	**n/a**	**(5,511)**	**(5,511)**	**(4,676)**	**(835)**	**n/a**	**n/a**	**n/a**	**n/a**
NET TOTAL	**66**	**25**	**1,562,685**	**197,770**	**(142,939)**	**54,831**	**(17,963)**	**72,794**	**0.89**	**1.18**	**21**	**29**

Investment activity (continued)

Fund performance

The following table demonstrates ROIC and IRR for completed investments.

	Completed Investment performance[1]							
	1 Year		3 Year		5 Year		10 Year	
	ROIC (x)	IRR (%)	ROIC (x)	IRR (%)	ROIC (x)	IRR (%)	ROIC (x)	IRR (%)
Balance Sheet	1.96	28	1.66	36	1.38	36	1.52	80
Fund 1	0.64	15	0.83	28	0.56	22	n/a	n/a
Funds 2&3	0.30	16	0.80	72	0.85	95	n/a	n/a
Fund 4	0.94	75	0.62	96	0.62	96	n/a	n/a
Fund 5	(0.05)	–	0.24	15	n/a	n/a	n/a	n/a
Fund 6	1.90	85	2.25	420	n/a	n/a	n/a	n/a
Total	**1.18**	**29**	**1.07**	**39**	**0.93**	**36**	**1.15**	**55**

1 Fund 1 to Fund 5 since their respective dates of inception and for Fund 6 since 2019 merger.

Non-controlling interest (NCI)

Throughout the year we have continued to utilise fund capital to meet our investment commitments drawing down over $150 million (2021: $100 million), the largest in our history. Whilst the amount drawn is predominantly external capital, the NCI in the group's net assets has declined by 5% to $410.6 million. This reduction reflects the substantial amount distributed in the first generation funds to NCI, combined with the fact that 80% of Fund 5 calls is external capital but does not show as NCI in the consolidated Group accounts.

During the year the funds distributed over $100 million reflecting the maturity of the first-generation funds and the average age of the underlying litigation investments. We expect the proportion of the NCI attribution to reduce as Fund 1 and Funds 2&3 mature and more investment completions occur, so that 100% of returns belong to OBL before NCI attribution has a final step-up to 20/25% in the last state of those funds' waterfalls.

Specific investments

Secondary market sales of a partial interest in two investments from Funds 2&3 occurred during FY22. This generated $24.8 million ($27 million of gross proceeds less costs to complete the investment) resulting in an interim ROIC of 4.62x and an IRR of 104%. Secondary sales enable the Group to improve liquidity, mitigate completion risk and duration uncertainty for these investments and accelerate realisations whilst retaining most of the upside potential. Going forward we expect the Group to be an active participant in the evolution of secondary market transactions.

The Group's balance sheet, remaining 50%, investment in the Brisbane Floods class action (Wivenhoe Dam) completed during the year when the High Court of Australia rejected the application for leave to appeal the decision of the Supreme Court of New South Wales Court of Appeal. The Wivenhoe investment was fully impaired by $20.8 million to a zero carrying value at that time and subsequently derecognised when the High Court decision was received with no further financial impact to OBL in FY22, with the adverse costs, payable on the appeal to be met from the prior settlement proceeds. From an overall investment perspective the settlement of $440 million in FY21 to the class action members generated a ROIC to OBL of 3.3x and an IRR of 29%.

Westgem investment remains fully impaired as the litigation continues through the Supreme Court of Western Australia's appeal process. The appeal in respect of Westgem was held in April 2022 and there is no further update at this time. The EPV of $250 million is included in the portfolio assumptions at 30 June 2022 with possible completion in FY23.

The decision in the appeal of the previously impaired Fund 4 matter has recently been handed down against our client. Our client is considering a further appeal. Whilst there is no impact on the financial results for FY22, as the investment was impaired in prior years, the EPV associated with the investment continues to be retained in our portfolio, until such time as any subsequent appeal is determined. The IEV attributable to OBL associated with this investment is less than 4% of the total attributable IEV to OBL.

Risk management

Risk management framework

Omni Bridgeway's risk management framework is overseen by the Board and includes our Risk Policy, Risk Strategy and Risk Appetite Statement setting out the arrangements for identification, assessment, monitoring, management and reporting of risks. Our Risk Policy describes our approach to risk management and as a key corporate governance policy is available on the OBL website. The Policy is supported by our Risk Appetite Statement which is set by the Board to be aligned with our business strategy.

Our Audit and Risk Committee receives at least quarterly reporting on risks measured against our risk appetite and ensures that we maintain our robust processes and systems for management of our identified current and anticipated risks. The Board requests and receives additional reporting on risk culture across the Group and in FY22 this included the results of a Risk Culture Survey.

In FY22, we have continued to evolve our risk management focus to respond to new and emerging risks whilst remaining focused on the quality of our investment management processes. The below 'Key risks and responses' table sets out some of our material risks and risk treatment responses.

Key risks and responses

Risk	Description	Risk Response
Investment governance and sourcing	Our biggest risk is our ability to maintain a high standard of investment decision making which has underpinned our historical success.	Risk management policies and procedures are designed to ensure the continued high quality of investment decisions as well as diversity and reduced concentration risk. The role of the investment committees is a key pillar of our investment risk management process.
Investment duration	The timing of the completion of our investments is uncertain and generally outside of our control. If a material number of investments are delayed this can produce a high level of earnings volatility.	Pricing structure which increases with duration, portfolio diversification and active use of the secondary market are the primary ways in which we have sought to navigate duration risk.
Competition	Increased competition results in a potential reduction in market share and an on-going challenge to convert a larger portion of the addressable market in order to maintain growth.	We manage competition through diversity of products, operating markets and the ownership of investments while relying on our sourcing and underwriting expertise. As an established market leader we will continue to maintain pricing integrity and a floor in our pricing.
Cyber security	A major systems and/or data breach may have material adverse consequences for the business and its reputation. The business holds a high level of sensitive case material surrounding its investments, a data breach could result in the loss of privilege in such material and a breach of confidentiality obligations.	The Board has oversight of our Cyber Security Risk Management Framework and receives regular reporting on cyber security matters. Our cyber security risk management framework is supported by our cyber security, electronic communications, privacy, data breach management and other cyber related policies that set out requirements for ensuring the security of the confidential and personal information maintained in our systems and mechanisms for escalating and resolving breaches. Our employees are a critical line of defense in cyber security risk detection and we employ regular cyber security training, friendly phishing exercises as well as simulated cyber threat scenario workshops to reinforce cyber awareness.

Risk management (continued)

Risk	Description	Risk Response
		We invest in security hardware, software and systems and regularly submit to external IT audits to prevent attacks and detect (and learn from) new attack tools, methodologies and targets. As part of our continuous focus on cyber security and in response to an increased focus globally on cyber security risks, we have undertaken an assessment and review of our cyber security risk management practices in 2022 to benchmark against the NIST framework and ensure that we are meeting global best practices and standards in cyber security.
Regulatory, compliance and conduct	We are subject to global regulatory requirements. A material failure in compliance may result in a liability for damages, regulatory fines and reputational damage.	The group has developed an effective compliance risk management framework to ensure that we meet our global regulatory requirements. The Global Head of Risk and Compliance leads the risk and compliance function and ensures that the compliance framework is supported by global policies as well as a robust compliance monitoring, debt reporting and training programs to instil best practice across our international network. Our global policies include internal breach reporting procedures as well as a Whistleblower Policy to enable policy violations and misconduct to be reported, escalated and managed using a transparent process.

COVID

An extraneous factor impacting our investments has been the COVID global pandemic. Whilst we closely monitored our operations and our teams, some completions were extended due to court closures, delays and associated pandemic disruptions. Whilst these factors cause a delay rather than a loss of income, it has a potentially dilutive impact on fund performance returns, particularly in Omni Bridgeway's first-generation funds due to the subordinated nature of all of the manager's returns. As Courts have reopened, we see encouraging signs for the resolution and completion of our investments, either by Court determination or settlement.

The global pandemic has led to a significant volume of commercial disputes, not least in the business interruption insurance market.

Our primary assets are our people and the restricted and remote working practices have placed a strain on our people and curtailed a number of business development opportunities. We are not alone in that regard and we have placed an emphasis in all our operating markets on maintaining the health and wellbeing of our people throughout the pandemic period. Notwithstanding the continuing pressures of COVID, we achieved strong year on year growth for commitments, EPV and funds under management.

These outcomes have been achieved in the context of a continuing uncertain environment driven by the pandemic, and reflects the robustness of our uncorrelated financial model, underpinned by the efforts of our global team to deliver diversified investments in legal risk finance and management. In assessing the carrying value and associated impairment of investments, the most up to date estimates of success and timing have been used. The Group specifically considered the impact of COVID in assessing the values of its assets (including intangibles, receivables/loans, investments, other financial assets, contract assets and deferred tax assets) and liabilities. No significant adjustments have been required and the Group does not believe that the pandemic has had a negative impact on its solvency or continuation as a going concern.

Global sanctions

The Russian Federation's invasion of Ukraine and subsequent global sanctions have resulted in an increased level of economic and political uncertainty across the world. Our business strategy does not rely upon operating in Russia or utilising Russian court proceedings. The Group has a very diverse investment portfolio with minimal exposure to Russia and the Ukraine and in addition our existing investments and pipeline of opportunities are not reliant on global supply chains that could be impacted. Consequently, the Ukraine War and related sanctions have not had, nor are they expected to have, a material impact on our business, or Funds and investments. We will continue to conduct our business in compliance with global sanctions requirements and do not foresee any negative impact on our business arising from the Russian sanctions regime.

Significant events after reporting date

The Bonds and Notes were fully repaid and redeemed on 8 July 2022 from a draw down of $150.0 million from the new debt facility.

On 6 July 2022, the underlying litigation of an investment within Fund 1, received a positive result from the appeal against the initial judgment. This investment had previously received an adverse judgment, resulting in an impairment of $4.78m. The appeal decision is an indicator to reconsider the level of impairment and may lead to an impairment reversal adjustment in FY23.

As announced to the ASX on 19 July 2022, Stuart Mitchell will be replaced by Guillaume Leger as Global Chief Financial Officer, effective 1 September 2022. Refer to Remuneration Report for further details.

Except as disclosed in this report there have been no other significant events after the reporting date.

Likely developments and expected results

The Group does not provide forecasts considering the difficulty in estimating the timing of the finalisation of its investments but provides an indication of its view of the possible completion dates and EPV in the quarterly portfolio reports.

The Group expects demand for its funding to continue in each of its markets. Competition is expected to increase in coming years with new entrants in each market. Litigation funding is considered non-cyclical or uncorrelated to underlying economic conditions.

Environmental regulation and performance

The consolidated entity's operations are not presently subject to significant environmental regulation under the laws of the Commonwealth and the States of Australia.

Indemnification and insurance of directors and officers

During the financial year the Company has paid premiums in respect of an insurance contract insuring all the directors and officers of the Group against any legal costs incurred in defending proceedings for conduct other than, amongst others:

(a) wilful breach of duty; or

(b) contravention of sections 182 or 183 of the *Corporations Act 2001*, as may be permitted by section 199B of the *Corporations Act 2001*.

The total amount of premiums paid under the insurance contract referred to above was $2.2 million during the current financial year (2021: $2.4 million).

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO during or since the financial year.

Directors' meetings

The number of meetings of directors held during the period under review, and the number of meetings attended by each director, were as follows:

	Board Meetings	Project Sub-Committee Meetings	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
Total number of meetings held:						
Meetings Attended:	16	2	6	4	1	3
M Kay	16	2	6	4	1	3
A Saker	16	2*	6*	4*	1	2*
H McLernon	9	–	–	–	–	–
R van Hulst	13	–	–	–	–	–
M Bowen	16	2	6	4	1	3
K Phin	16	–	6	4	1	3
C Feldmanis	16	–	6	4	1	3

* Attended by invitation

Letter from the Chairman of the Remuneration Committee

Dear Shareholder

I present the FY22 Remuneration Report on behalf of the Board of Directors ("Board"). The report reflects the Board's remuneration framework review foreshadowed in last year's report. As a qualitative investment business with an average three year investment cycle, it is of paramount importance that we incentivise and retain our investment and management talent via a remuneration framework which operates in lockstep with the goals of our long term business plan.

In FY21 we presented our vision for the business over the coming five years and outlined our goals encapsulated with the target of gaining recognition as the global leader in financing and managing legal risk. Over the first part of the year the Board completed its review of the group's remuneration framework in conjunction with Mercer, who provided valuable market insights and analysis. This produced a number of enhancements to the "at risk" remuneration plans without fundamental changes. The result is a remuneration framework which the Board is confident is aligned to the interests of all stakeholders in the company and provides sufficient flexibility to keep pace with, and respond to, the growth and evolution of the business and the broader industry.

Omni Bridgeway's remuneration structure for KMP, senior executives and investment managers comprises a fixed and an "at risk" component. The fixed remuneration component is market based in each of our various operating regions. The "at risk" element takes the form of:

- a Short-Term incentive plan ("STIP") which provides for an annual cash payment, subject to the achievement of key financial and non-financial performance objectives; and
- an equity based Long-Term incentive plan ("LTIP") that provides for an annual grant of performance rights with a three-year vesting cycle against a positive relative Total Shareholder Return ("TSR") and Compound Annual Growth Rate ("CAGR") of the investment asset balance

Mercer's conclusions were that the STIP and LTIP "principles and purpose is well-aligned to the peer group and the external market". The enhancements made to the LTIP, which were adopted at the annual general meeting in November 2021, included the following:

- ability for the Board to increase the TSR weighting in the performance conditions with the FY22 Performance Rights subsequently issued with an 80% weighting to TSR;
- inclusion of forfeiture and clawback provisions which maintain alignment of interests beyond vesting; and
- providing for tiered entitlements based upon role which differentiates amongst LTIP participants

This year, reflecting the alignment of all stakeholders, in accord with the remuneration structure:

- 86.04% of LTIP performance rights due for vesting assessment at the end of FY22 have based upon the relevant metrics for their three-year performance. This is only the second year that has seen less than a 100% vesting and is primarily due to our TSR performance between 1 July 2020 and 30 June 2022. In the last three financial years, the aggregate number of LTIP performance rights that have vested is 10,789,718; the aggregate issued was 15,014,292.

The Board values the feedback of shareholders and will continue to monitor and review the remuneration framework to ensure it is optimised to support the long-term business plan and strategic infinitives, whilst rewarding, motivating and retaining our great team.

Yours faithfully

Michael Bowen
Chairman of the Remuneration Committee

Remuneration Report (Audited)

This Remuneration Report outlines the director and Key Management Personnel (KMP) remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth) and its Regulations. For the purposes of this report, KMP of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of Omni Bridgeway Limited (OBL).

Key management personnel

Details of OBL's KMP for the 2022 financial year are:

(i) Directors

Michael Kay	Non-Executive Chairman
Andrew Saker	Managing Director & CEO and Chief Strategy Officer - US
Raymond van Hulst	Executive Director, Managing Director and Chief Investment Officer - EMEA
Hugh McLernon	Executive Director (retired 30 November 2021)
Michael Bowen	Non-Executive Director
Christine Feldmanis	Non-Executive Director
Karen Phin	Non-Executive Director

(ii) Executives

Stuart Mitchell	Group Chief Financial Officer (resigned effective 30 September 2022)
Jeremy Sambrook	Global General Counsel and Company Secretary

As announced to the ASX on 19 July 2022, Stuart Mitchell will be replaced by Guillaume Leger as Global Chief Financial Officer, effective 1 September 2022.

There were no other changes to OBL's KMP after the reporting date and before the financial report was authorised for issue.

Remuneration Committee

The Remuneration Committee determines and reviews the remuneration arrangements for the Board and KMP. This involves an assessment of the appropriateness of the nature and amount of the emoluments on a periodic basis by reference to relevant employment market conditions.

Mercer Consulting (Australia) Pty Ltd was engaged in 2021 to review our remuneration structure. The review led to some adjustment in the STIP and LTIP. The Board is satisfied that the review was free from undue influence by eligible participants, KMP or other LTIP participants.

Remuneration philosophy

The performance of the Group is heavily dependent upon the quality of its directors, KMP and staff generally. Accordingly, the Company must attract, motivate, and retain high calibre directors and personnel.

The Group embodies the following principles in its remuneration framework:

- determination of appropriate market rates for the fixed remuneration component recognising that the majority of investment professionals are most comparable to partners in private practice professional services businesses; and
- establishment of appropriate performance hurdles for the variable at-risk remuneration component.

Remuneration structure

The structure of non-executive director and executive or KMP remuneration structures are separate and distinct.

Non-executive director remuneration structure

All non-executive directors enter into service agreements with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the non-executive directors.

Non-executive directors' fees and payments totalled $624,896 (including superannuation), as disclosed in the following tables in this report.

At the 2015 Annual General Meeting, shareholders approved payments up to $700,000 to non-executive directors.

There are no retirement allowances for non-executive directors, nor do they have a variable at-risk remuneration component. Non-executive directors may elect to have a portion of their remuneration paid into their personal superannuation plans.

Executive and KMP remuneration structures

Objective

The Group aims to reward executives, KMP and other staff with a level and mix of compensation elements commensurate with their position and responsibilities, within the following framework:

- reward for Group and individual performance against targets set to appropriate benchmarks;
- align the interests with shareholders;
- link rewards with the internal strategic goals of the Group; and
- ensure total compensation is competitive by market standards.

Structure

All executives and KMP have employment contracts. Details of these contracts are provided below in the following Executive & KMP Employment Contracts table.

Remuneration consists of two key elements: (i) fixed component, consisting of base salary, retirement contributions, and benefits; and (ii) variable at-risk component, consisting of (i) short-term incentive plan (STIP) and (ii) long-term incentive plan (LTIP).

Remuneration Report (Audited) (continued)

Fixed remuneration component

The levels of fixed remuneration are reflective of employment conditions in respective locations and consider, skills, experience, and responsibility. Reference is generally to the private practice professional services market within which the Company competes for talent. Investment managers are invariably at or around the partner level of legal practices prior to joining the Group.

Fixed compensation is reviewed annually by the Remuneration Committee. The process consists of a review of Group and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Variable at-risk remuneration component (short and long term)

Objective

The objective of the variable compensation component is to reward executives in a manner aligned with the objectives and internal key performance indicators of the Group. The total potential incentive available is set at a level to provide sufficient incentivization to achieve the operational and strategic targets at a reasonable cost.

Structure

There is a Short Term Incentive Plan (STIP) based on one-year performance and a Long-term incentive Plan (LTIP) tied to three-year performance. The STIP & LTIP are products of and subject to external remuneration review and are reflective of industry standards.

Short Term Incentive Plan

The purpose of STIP is to provide an annual 'at-risk' incentive to participants linked to the achievement of specific financial and non-financial performance goals. The STIP performance measures reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the Group, its shareholders and other stakeholders.

Long Term Incentive Plan

The LTIP is tied to the Group's long-term performance. It encourages equity ownership and directly aligns shareholders' and participants' interests, whilst also not being a cash drain.

There are 2 tranches of LTIP. The relative proportion between each can be changed by the Remuneration Committee each year.

The LTIP hurdles and metrics were changed from previous periods with shareholder approval at the annual general meeting on 30 November 2021.

Key Features of Variable Remuneration Component	STIP	LTIP
Participants	Executive directors & KMP (participant may substitute their allocation with rights equivalent to LTIP rights)	Executive directors & KMP
Participation % of TFR	*Pre-1 July 2021 employees:* – LTIP Executive Nil % – Other max 40% *Post-1 July 2021 employees:* – Level 1 participant max 40% – Level 2 participant max 35% – Level 3 participant max 30% – Level 4 participant max 20%	*Pre-1 July 2021 employees:* – Executive max 100% – Other max 60% *Post-1 July 2021 employees:* – Executive participant max 100% – Senior participant max 60% – Junior participant max 30%

Remuneration Report (Audited) (continued)

<table>
<tr><th colspan="4">Key Features of Variable Remuneration Component</th></tr>
<tr><th></th><th>STIP</th><th colspan="2">LTIP</th></tr>
<tr><td rowspan="3">Payment frequency and type</td><td rowspan="3">Annual in cash</td><td colspan="2">Annual grant of performance rights with 3-year vesting
Each right over OBL ordinary shares is issued for no consideration or exercise price
The number of rights issued at the beginning of each service period is determined by reference to individual's TFR and the Company's VWAP at either (i) 30 June of the preceding Financial Year; or 31 December of the preceding Half Financial Year, depending on when a participant became eligible to participate in the LTIP</td></tr>
<tr><td>Tranche 1 – Total Shareholder Return (TSR) = 80%</td><td>Tranche 2 – Capital deployed = 20%</td></tr>
<tr><td>OBL's TSR compared to a peer group comprising entities from the ASX diversified financials industry group with a market capitalisation of < $1bn</td><td>The amount of capital deployed to litigation investments</td></tr>
<tr><td>Performance criteria</td><td>(i) Group's financial
Positive consolidated net profit before tax for the year, as a gating requirement.
(ii) Individual
Key performance indicators (KPIs) are targeted to the individual's role and their ability to influence the strategic and commercial objectives of the Group incorporated in the approved business plan and budget, risk and compliance policies and procedures, and cultural, leadership and behavioural expectations.</td><td>Tranche 1 – (TSR) = 80%
Vesting depends on Company's Percentile ranking over the vesting period compared to the peer group:
<table><tr><th>Percentile rank</th><th>vesting</th></tr><tr><td>less than 50th</td><td>nil</td></tr><tr><td>equal to 50th</td><td>50%</td></tr><tr><td>between 50-75%</td><td>50-100% determined on a straight line basis</td></tr><tr><td>75th or above</td><td>100%</td></tr></table></td><td>Tranche 2 - Capital deployed = 20%
Vesting depends on the CAGR of Capital deployed over the vesting period
<table><tr><th>CAGR</th><th>vesting</th></tr><tr><td>less than 5%</td><td>nil</td></tr><tr><td>equal to 5%</td><td>50%</td></tr><tr><td>between 5 -7%</td><td>50-100% determined on a straight line basis</td></tr><tr><td>7% or above</td><td>100%</td></tr></table></td></tr>
</table>

Remuneration Report (Audited) (continued)

Key Features of Variable Remuneration Component	STIP	LTIP
Other		– Good/bad leaver provisions in respect to unvested rights – Malus event provisions in respect to fraud, dishonest behaviour, or gross misconduct – 12-month clawback provisions.

Executive & KMP Employment Contracts

Andrew Saker Managing Director & CEO and Chief Strategy Officer - US

Contract commenced	5 January 2015
Gross annual salary package	$1,250,000 (excluding super) + a USA cost-of-living allowance
Salary review	By the Board from time to time
Notice period	6 months by the Group or 12 months by the employee
Termination payment arrangements	As approved at the 21 November 2018 AGM (i) notice period (ii) 12 months' salary, (iii) statutory entitlements, and (iv) If termination occurs due to the provision of notice by OBL, or due to the provision of notice by Mr Saker following a material breach by the Company of the executive services agreement or a material diminution of Mr Saker's role or due to redundancy or Mr Saker's ill health, then, in addition to the above, Mr Saker shall be entitled to receive a potential further amount calculated by reference to the number of shares Mr Saker would have received had he retained the good leaver proportion of his unvested performance rights. Any such payment is contingent on the level of satisfaction of the performance conditions associated with the referenced performance rights and shall be calculated by reference to the 5-day-VWAP calculated at the time such performance rights would have vested if they had been held for the full performance period.
STIP/LTIP Participation level	Pre-1 July 2021 employee – "Executive"

Hugh McLernon Executive Director

Contract commenced/concluded	1 July 2007 / 30 November 2021
Gross annual salary package	$1,200,000 (including super)
Salary review	Annually
Notice period	12 months by either the Group or employee
Termination payment arrangements	Statutory entitlements, notice period, and subject to good or bad leaver status unvested LTIP Was deemed a good leaver upon retirement.
STIP/LTIP Participation level	Pre-1 July 2021 employee - "Executive"

Remuneration Report (Audited) (continued)

Executive & KMP Employment Contracts	
Raymond van Hulst Executive Director, Managing Director and Chief Investment Officer – EMEA	
Contract commenced	21 April 2020
Gross annual salary package	CHF518,376
Salary review	Annually
Notice period	3 months by either the Group or employee
Termination payment arrangements	Statutory entitlements, notice period, and subject to good or bad leaver status unvested LTIP
STIP/LTIP Participation level	Pre-1 July 2021 employee - "Other"
Jeremy Sambrook Global General Counsel and Company Secretary	
Contract commenced	18 January 2016
Gross annual salary package	$435,000 (including super)
Salary review	Annually
Notice period	6 months by either the Group or employee
Termination payment arrangements	Statutory entitlements, notice period, and subject to good or bad leaver status unvested LTIP
STIP/LTIP Participation level	Pre-1 July 2021 employee – "Executive"
Stuart Mitchell Group Chief Financial Officer	(handover to G. Leger effective 1 September 2022)
Contract commenced/concluded	12 November 2018 /30 September 2022
Gross annual salary package	$450,000 (including super)
Salary review	Annually
Notice period	6 months by either the Group or employee
Termination payment arrangements	Statutory entitlements, notice period, and subject to good or bad leaver status unvested LTIP
STIP/LTIP Participation level	Pre-1 July 2021 employee – "Other"
Guillaume Leger Global Chief Financial Officer	(handover from S. Mitchell effective 1 September 2022)
Contract commencement	12 August 2022
Gross annual salary package	USD500,000 plus safe harbour
Salary review	Annually
Notice period	3 months by either the Group or employee
Termination payment arrangements	Statutory entitlements, notice period, and subject to good or bad leaver status unvested LTIP
STIP/LTIP Participation level	Post -1 July 2021 employee - Level 1 participant/Senior Participant
Appointment related performance rights	Rights with personal KPI & continuity of service hurdles: – 140,752 rights; for period 1 September 2022 – 30 June 2023 – 60,307 rights; for period 1 September 2022 – 30 June 2024

Remuneration Report (Audited) (continued)

Remuneration of Key Management Personnel

2022	Fixed Remuneration				Variable Remuneration			
	Short-term benefits		Post-employment	Long term benefits	Share based payments			
	Salary & fees $	Cash bonus accrued $	Super-annuation/ pension $	Employee entitlements $	Share performance rights $	Termination payments $	Total Remuneration $	Performance related %
Directors								
M. Kay	**204,451**	**–**	**20,445**	**–**	**–**	**–**	**224,896**	**–**
A. Saker	**1,951,827**	**–**	**23,568**	**134,937**	**1,105,319**	**–**	**3,215,651**	**34%**
H. McLernon[1]	**488,216**	**–**	**11,784**	**(873,526)**	**600,816**	**882,489**	**1,109,779**	**54%**
R. van Hulst	**792,252**	**–**	**36,429**	**18,275**	**141,033**	**–**	**987,989**	**14%**
M. Bowen	**90,909**	**–**	**9,091**	**–**	**–**	**–**	**100,000**	**–**
K. Phin	**135,273**	**–**	**14,727**	**–**	**–**	**–**	**150,000**	**–**
C. Feldmanis	**150,000**	**–**	**–**	**–**	**–**	**–**	**150,000**	**–**
Executives								
S. Mitchell	**430,707**	**–**	**23,568**	**33,712**	**245,762**	**–**	**733,749**	**33%**
J. Sambrook	**446,377**	**–**	**23,568**	**27,531**	**264,042**	**–**	**761,518**	**35%**
Total	**4,690,012**	**–**	**163,180**	**(659,071)**	**2,356,972**	**882,489**	**7,433,582**	

1 Hugh McLernon retired on 30 November 2021. The negative employee entitlements reflects the payment of his accrued entitlements and contributes to the Termination payments.

2021	Fixed Remuneration				Variable Remuneration			
	Short-term benefits		Post-employment	Long term benefits	Share based payments			
	Salary & fees $	Cash bonus accrued $	Super-annuation/ pension $	Employee entitlements $	Share performance rights $	Termination payments $	Total Remuneration $	Performance related %
Directors								
M. Kay	213,943	–	20,325	–	–	–	234,268	–
A. Saker	1,433,354	–	21,694	(14,182)	1,294,755	–	2,735,621	47%
H. McLernon	1,228,309	–	21,694	97,720	1,233,321	–	2,581,044	48%
R. van Hulst	761,974	–	33,027	17,639	106,235	–	918,875	12%
M. Bowen	95,130	–	9,037	–	–	–	104,167	–
K. Phin	106,796	–	9,037	–	–	–	115,833	–
C. Feldmanis	115,834	–	–	–	–	–	115,833	–
Executives								
S. Mitchell	447,057	–	21,694	23,569	262,141	–	754,461	35%
J. Sambrook	415,807	–	21,694	32,120	258,019	–	727,640	35%
Total	4,818,204	–	158,202	156,866	3,154,471	–	8,287,743	

Remuneration Report (Audited) (continued)

The following table outlines the proportion of maximum STIP earned by KMP in the 2022 financial year.

	Maximum STIP opportunity (% of TFR)	Maximum STIP opportunity ($)	% of maximum earned	% of STIP forfeited
A. Saker[1]	–	–	–	–
R. van Hulst	25%	193,945	–	100%
S. Mitchell	40%	180,000	–	100%
J. Sambrook[1]	–	–	–	–

Non-executives (M. Kay, M. Bowen, K. Phin, C. Feldmanis) do not participate in STIP. They have not been included in the table.

Any awards of STIP for FY22 will, in accordance with the Company's remuneration cycle, be determined in the coming months.

Share performance rights - Granted and vested during the year – Key Management Personnel

				Granted during the year							
				Tranche 1		Tranche 2		Total			
				awarded during the year	fair value per rights at grant date 1	awarded during the year	fair value per rights at grant date 1	awarded during the year	value granted during the year	Vested during the year	Value remaining to be expensed to profit & loss
2022	Grant date	Vesting date	Expiry date	Number	$	Number	$	Number	$	Number	$
Executive Directors											
A. Saker	30-Nov-2021	30-Jun-2024	1-Jul-2036	273,622	1.41	68,406	3.09	342,028	597,181	374,057	705,826
H. McLernon	–	–	–	–	–	–	–	–	–	289,634	137,355
R. van Hulst	30-Nov-2021	30-Jun-2024	1-Jul-2036	59,222	1.41	14,806	3.09	74,028	129,253	27,880	145,873
Executives											
S. Mitchell	1-Jul-2021	30-Jun-2024	1-Jul-2036	58,008	1.79	14,502	3.42	72,510	153,431	80,796	167,618
J. Sambrook	1-Jul-2021	30-Jun-2024	1-Jul-2036	93,458	1.79	23,364	3.42	116,822	247,195	75,410	225,772
Total				484,310		121,078		605,388	1,127,060	847,777	1,382,444

Note 1: The performance rights vested in current year is subject to fx adjustment, which has been estimated for the year end reporting purpose.

				Granted during the year							
				Tranche 1		Tranche 2		Total			
				awarded during the year	fair value per rights at grant date 1	awarded during the year	fair value per rights at grant date 1	awarded during the year	value granted during the year	Vested during the year	Value remaining to be expensed to profit & loss
2021	Grant date	Vesting date	Expiry date	Number	$	Number	$	Number	$	Number	$
Executive Directors											
A. Saker	1-Jul-2020	30-Jun-2023	1-Jul-2035	131,949	2.53	131,949	4.47	263,898	923,115	390,270	1,343,650
H. McLernon	1-Jul-2020	30-Jun-2023	1-Jul-2035	124,510	2.53	124,510	4.47	249,020	871,072	367,717	1,279,824
R. van Hulst	27-Nov-2020	30-Jun-2023	1-Jul-2035	46,326	2.23	46,326	4.11	92,652	293,847	–	165,940
Executives											
S. Mitchell	1-Jul-2020	30-Jun-2023	1-Jul-2035	28,015	2.53	28,015	4.47	56,030	195,993	52,816	287,962
J. Sambrook	1-Jul-2020	30-Jun-2023	1-Jul-2035	26,147	2.53	26,147	4.47	52,294	182,924	67,148	268,763
Total				356,947		356,947		713,894	2,466,951	877,951	3,346,139

Non-executives (M. Kay, M. Bowen, K. Phin, C. Feldmanis) do not participate in LTIP. They have not been included in the table.

The fair value of performance rights is determined at the time of grant as prescribed in AASB 2. For details on the valuation of performance rights, including models and assumptions used, refer to Note 32.

Remuneration Report (Audited) (continued)

Share performance right holdings of Key Management Personnel

2022	Balance 1 July 2021	Movement for the year			Balance 30 June 2022		
	Total Number	Granted as remuneration Number	Exercised Number	Lapsed Number	Total Number	Vested Number	Unvested Number
Executive Directors							
A. Saker	**2,527,171**	**342,028**	**–**	**(60,675)**	**2,808,524**	**2,202,598**	**605,926**
H. McLernon	**2,390,355**	**–**	**(1,723,993)**	**(258,927)**	**407,435**	**289,634**	**117,801**
R. van Hulst	**92,652**	**74,028**	**–**	**(4,612)**	**162,068**	**27,880**	**134,188**
Executives							
S. Mitchell	**202,748**	**72,510**	**–**	**(13,106)**	**262,152**	**133,612**	**128,540**
J. Sambrook	**207,084**	**116,822**	**–**	**(12,232)**	**311,674**	**142,558**	**169,116**
Total	**5,420,010**	**605,388**	**(1,723,993)**	**(349,552)**	**3,951,853**	**2,796,282**	**1,155,571**

2021	Balance 1 July 2020	Movement for the year			Balance 30 June 2021		
	Total Number	Granted as remuneration Number	Exercised Number	Lapsed Number	Total Number	Vested Number	Unvested Number
Executive Directors							
A. Saker	2,283,813	263,898	–	(20,540)	2,527,171	1,828,542	698,629
H. McLernon	2,160,688	249,020	–	(19,353)	2,390,355	1,723,993	666,362
R. van Hulst	–	92,652	–	–	92,652	–	92,652
Executives							
S. Mitchell	149,498	56,030	–	(2,780)	202,748	52,816	149,932
J. Sambrook	423,732	52,294	(265,408)	(3,534)	207,084	67,148	139,936
Total	5,017,731	713,894	(265,408)	(46,207)	5,420,010	3,672,499	1,747,511

Non-executives (M. Kay, M. Bowen, K. Phin, C. Feldmanis) do not participate in LTIP. They have not been included in the table.

Remuneration Report (Audited) (continued)

Interests of Key Management Personnel

2022	Shares					Bonds	Notes
	Balance 1 July 2021 Number	Received as remuneration Number	Performance rights exercised Number	Net change other[1] Number	Balance 30 June 2022 Number	Number	Number
Directors							
M. Kay	**470,000**	**–**	**–**	**100,000**	**570,000**	**–**	**–**
A. Saker	**182,068**	**–**	**–**	**–**	**182,068**	**–**	**–**
H. McLernon	**4,185,982**	**–**	**1,723,993**	**(5,909,975)**	**–**	**–**	**–**
R. van Hulst	**2,153,551**	**–**	**–**	**891,828**	**3,045,379**	**–**	**–**
M. Bowen	**1,114,620**	**–**	**–**	**–**	**1,114,620**	**1,500**	**–**
K. Phin	**27,266**	**–**	**–**	**–**	**27,266**	**–**	**–**
C. Feldmanis	**45,656**	**–**	**–**	**15,000**	**60,656**	**–**	**80**
Executives							
S. Mitchell	**134,941**	**–**	**–**	**–**	**134,941**	**–**	**–**
J. Sambrook	**8,446**	**–**	**–**	**–**	**8,446**	**–**	**–**
Total	**8,322,530**	**–**	**1,723,993**	**(4,903,147)**	**5,143,376**	**1,500**	**80**

2021	Shares					Bonds	Notes
	Balance 1 July 2021 Number	Received as remuneration Number	Performance rights exercised Number	Net change other [1] Number	Balance 30 June 2021 Number	Number	Number
Directors							
M. Kay	417,023	–	–	52,977	470,000	–	–
A. Saker	180,190	–	–	1,878	182,068	–	–
H. McLernon	5,394,990	–	–	(1,209,008)	4,185,982	7,500	–
R. van Hulst	50,000	–	–	2,103,551	2,153,551	–	–
M. Bowen	1,103,124	–	–	11,496	1,114,620	1,500	–
K. Phin	27,266	–	–	–	27,266	–	–
C. Feldmanis	45,185	–	–	471	45,656	–	80
Executives							
S. Mitchell	3,941	–	–	131,000	134,941	–	–
J. Sambrook	8,359	–	265,408	(265,321)	8,446	–	–
Total	7,230,078	–	265,408	827,044	8,322,530	9,000	80

1 Net change other relates to shares bought or sold on market.

Shares above are held nominally by the Directors or the other key management personnel.

Loans to Key Management Personnel

There have been no loans provided to KMP in 2022 (2021: nil).

Transactions with Key Management Personnel

During the period, the Group obtained legal advice from a legal firm associated with Michael Bowen, Thomson Geer Lawyers of $37,886 (2021: $151,604). Mr Bowen ceased to be an associate of DLA Piper during the year ended 30 June 2021, during which the Group obtained legal advice from DLA Piper totalling $708,710. The legal advice was obtained at arm's length. The Group engages a number of different law firms for its external legal advice and neither the relationship with Thomson Geer nor DLA Piper is exclusive. Michael Bowen does not participate in any board decisions to appoint external counsel when Thomson Geer or DLA Piper is being considered for engagement. Refer to Note 36 for details.

– End of Remuneration Report –

Auditor’s Independence Declaration

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF OMNI BRIDGEWAY LIMITED

As lead auditor of Omni Bridgeway Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Omni Bridgeway Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth

29 August 2022

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2022

	Note	Consolidated 2022 $'000	2021 $'000
Continuing Operations			
Revenue from contracts with customers	2	**21,867**	6,084
Interest revenue	3	**8,368**	9,854
Net gain on derecognition of litigation investments - intangible assets	4	**49,029**	160,112
Net gain on disposal of litigation investments - purchased claims	12	**790**	1,282
Other income	5	**9,127**	524
Total income		**89,181**	177,856
Finance costs	6(a)	**1,397**	1,472
Amortisation of litigation investments - claims portfolio	6(b)	**5,650**	1,559
Depreciation expense	6(c)	**3,455**	3,119
Employee benefits expenses	6(d)	**59,149**	57,458
Corporate and office expenses	6(e)	**17,411**	17,245
Impairment expense and adverse costs - litigation investments	6(f)	**8,120**	136,014
Other expenses	6(g)	**3,602**	9,081
Share of (profit)/loss in associates and joint ventures	35	**(387)**	664
Loss before tax and fair value adjustments		**(9,216)**	(48,756)
Profit on fair value adjustment of financial assets and liabilities		**7,424**	16,290
Loss before tax		**(1,792)**	(32,466)
Income tax benefit	7	**(8,274)**	(14,035)
Profit/(loss) for the year		**6,482**	(18,431)
Attributable to:			
Equity holders of the parent	8	**(45,645)**	(25,451)
Non-controlling interests	34	**52,127**	7,020
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve		**8,599**	(16,997)
Items that will not be subsequently reclassified to profit and loss:			
Movement in foreign currency translation reserve attributed to non-controlling interests	34	**10,465**	(20,617)
Other comprehensive income/(loss) net of tax		**19,064**	(37,614)
Total comprehensive income/(loss) for the year		**25,546**	(56,045)
Attributable to:			
Equity holders of the parent		**(37,046)**	(42,448)
Non-controlling interests		**62,592**	(13,597)
Loss per share attributable to the equity holders of the Company (cents per share)			
Basic loss per share (cents per share)	8	**(17.17)**	(9.86)
Diluted loss per share (cents per share)	8	**(17.17)**	(9.86)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	18	**158,966**	142,648
Trade and other receivables	22	**127,754**	209,389
Contract costs	23	**939**	939
Other assets	24	**5,424**	5,009
Total Current Assets		**293,083**	357,985
Non–Current Assets			
Trade and other receivables	22	**36,638**	21,916
Litigation investments - claims portfolio	11	**106,123**	95,059
Litigation investments - purchased claims	12	**47,040**	38,754
Litigation investments - intangible assets	13	**394,684**	391,034
Litigation investments - financial assets	14	**3,071**	389
Goodwill	16	**95,567**	99,645
Property, plant and equipment	25	**14,869**	5,905
Investment in associates and Joint Ventures	35	**5,031**	4,453
Contract costs	23	**2,583**	3,522
Other assets	24	**12,751**	17,380
Deferred tax assets	7	**63,809**	30,490
Total Non-Current Assets		**782,166**	708,547
TOTAL ASSETS		**1,075,249**	1,066,532
LIABILITIES			
Current Liabilities			
Trade and other payables	26	**41,953**	21,009
Income tax payable		**7,464**	6,083
Provisions	27	**25,124**	24,414
Lease liabilities	28	**2,755**	2,449
Debt securities	19	**148,000**	–
Litigation investments - deferred consideration	15	**21,872**	5,070
Other financial liabilities	29	**29,161**	14,647
Total Current Liabilities		**276,329**	73,672
Non–Current Liabilities			
Provisions	27	**1,243**	855
Lease liabilities	28	**11,173**	3,394
Debt securities	19	**–**	145,522
Litigation investments - deferred consideration	15	**–**	9,306
Other financial liabilities	29	**16,568**	51,669
Deferred tax liabilities	7	**30,282**	19,620
Other liabilities		**155**	147
Total Non-Current Liabilities		**59,421**	230,513
TOTAL LIABILITIES		**335,750**	304,185
NET ASSETS		**739,499**	762,347
EQUITY			
Contributed equity	20	**406,963**	389,501
Reserves	21(a)	**9,759**	(15,441)
Accumulated losses	21	**(87,832)**	(42,187)
Equity attributable to equity holders of the parent		**328,890**	331,873
Non-controlling interests	34	**410,609**	430,474
TOTAL EQUITY		**739,499**	762,347

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	Note	Consolidated 2022 $'000	2021 $'000
Cash flows from operating activities			
Proceeds from litigation investments - claims portfolio		**13,434**	11,008
Payments for litigation investments - claims portfolio		**(14,554)**	(13,933)
Proceeds from management and performance fees		**12,586**	383
Payments to suppliers and employees		**(74,079)**	(80,765)
Interest received		**318**	592
Interest paid		**(7,475)**	(7,367)
Income tax paid		**(4,777)**	(7,843)
Net cash flows used in operating activities	10	**(74,547)**	(97,925)
Cash flows from investing activities			
Proceeds from litigation investments - purchased claims	12	**6,427**	4,003
Proceeds from litigation investments - intangible assets		**273,294**	179,507
Payments for litigation investments - intangible assets		**(105,559)**	(126,775)
Payments for litigation investments - capitalised overheads and employee costs		**(6,734)**	(6,868)
Payments for plant and equipment		**(1,850)**	(220)
Loans to related parties		**(2,107)**	(2,848)
Net cash flows from investing activities		**163,471**	46,799
Cash flows from financing activities			
Dividends paid		**–**	(7,872)
Payments of lease liabilities		**(4,576)**	(3,508)
Contributions from non-controlling interests		**43,617**	80,540
Distributions to non-controlling interests		**(113,335)**	(65,499)
Net cash flows (used in)/from financing activities		**(74,294)**	3,661
Net increase/(decrease) in cash and cash equivalents held		**14,630**	(47,465)
Net foreign exchange difference		**1,688**	(4,271)
Cash and cash equivalents at beginning of year		**142,648**	194,384
Cash and cash equivalents at end of year	18	**158,966**	142,648

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

	Notes	Issued capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Option premium reserve $'000	Convertible note reserve $'000	Fund equity reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 July 2021		**389,501**	**28,327**	**(28,405)**	**3,404**	**3,832**	**(22,599)**	**(42,187)**	**331,873**	**430,474**	**762,347**
Profit/(loss) for the year		–	–	–	–	–	–	(45,645)	(45,645)	52,127	6,482
Other comprehensive income/(loss)		–	–	8,599	–	–	–	–	8,599	10,465	19,064
Total comprehensive income/(loss) for the year		**–**	**–**	**8,599**	**–**	**–**	**–**	**(45,645)**	**(37,046)**	**62,592**	**25,546**
Equity Transactions:											
Shares issued		6,522	(6,522)	–	–	–	–	–	–	–	–
Share based payments, net of tax		–	10,468	–	–	–	–	–	10,468	–	10,468
Shares issued to settle deferred and variable deferred consideration		10,940	–	–	–	–	–	–	10,940	–	10,940
Contributions from non-controlling interests		–	–	–	–	–	–	–	–	43,617	43,617
Distributions to non-controlling interests		–	–	–	–	–	–	–	–	(113,335)	(113,335)
Changes in the proportion of equity held by non-controlling interests		–	–	–	–	–	12,655	–	12,655	(12,739)	(84)
At 30 June 2022	20, 21, 34	**406,963**	**32,273**	**(19,806)**	**3,404**	**3,832**	**(9,944)**	**(87,832)**	**328,890**	**410,609**	**739,499**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

continued

	Notes	Issued capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Option premium reserve $'000	Convertible note reserve $'000	Fund equity reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 July 2020		**347,630**	**23,918**	**(11,408)**	**3,404**	**3,832**	**(24,778)**	**(6,597)**	**336,001**	**431,200**	**767,201**
Profit/(loss) for the year		–	–	–	–	–	–	(25,451)	(25,451)	7,020	(18,431)
Other comprehensive income/(loss)		–	–	(16,997)	–	–	–	–	(16,997)	(20,617)	(37,614)
Total comprehensive income/(loss) for the year		**–**	**–**	**(16,997)**	**–**	**–**	**–**	**(25,451)**	**(42,448)**	**(13,597)**	**(56,045)**
Equity Transactions:											
Dividend paid/ declared		–	–	–	–	–	–	(10,139)	(10,139)	–	(10,139)
Shares issued		6,064	(6,064)	–	–	–	–	–	–	–	–
Share based payments, net of tax		–	10,473	–	–	–	–	–	10,473	–	10,473
Shares issued to settle deferred and variable deferred consideration		33,537	–	–	–	–	–	–	33,537	–	33,537
Shares issued under the Dividend Reinvestment Plan		2,270	–	–	–	–	–	–	2,270	–	2,270
Contributions from non-controlling interests		–	–	–	–	–	–	–	–	80,540	80,540
Distributions to non-controlling interests		–	–	–	–	–	–	–	–	(65,499)	(65,499)
Changes in the proportion of equity held by non-controlling interests		–	–	–	–	–	2,179	–	2,179	(2,170)	9
At 30 June 2021	20, 21, 34	**389,501**	**28,327**	**(28,405)**	**3,404**	**3,832**	**(22,599)**	**(42,187)**	**331,873**	**430,474**	**762,347**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2022

About this Report

The financial report of Omni Bridgeway Limited ("OBL", "the Company" or "the Parent") and its subsidiaries ("the Group" or "consolidated entity") for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 29 August 2022. The principal activities of the entities within the consolidated group are:

i. the investment into and management of Funds (or Fund-like structures) that are focused on investing into litigation and dispute resolution matters globally; and

ii. the continued holding of direct investments into similar litigation and dispute resolution matters.

Omni Bridgeway Limited (ABN 45 067 298 088) is a for profit company incorporated and domiciled in Australia and limited by shares that are publicly traded on the Australian Securities Exchange (ASX code: OBL).

This section sets out the basis upon which the Group's Financial Statements are prepared. Specific accounting policies are described in the respective notes to the Financial Statements. This section also shows information on new or amended accounting standards and interpretations and their impact on the financial position and performance of the Group.

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for the financial assets and liabilities that have been measured at fair value.

The amounts contained within this report have been rounded to the nearest $1,000 or $100,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

b. Compliance with IFRS

The financial report also complies with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

c. Basis of consolidation

The consolidated financial statements comprise the financial statements of Omni Bridgeway Limited and its subsidiaries at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group includes Fund collective investment vehicles over which Omni Bridgeway Limited has the right to direct the relevant activities of the Fund under contractual arrangements and has exposure to variable returns from the Fund collective investment vehicles. See Note 34.

The financial results of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Foreign currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. The Group determines the functional currency of each entity in the Group. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are converted at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or conversion of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Notes to the Financial Statements
continued

About this Report (continued)

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

d. New and amended accounting standards and interpretations adopted during the year

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021. All new and amended accounting standards and interpretations effective from 1 July 2021 were adopted by the Group with no material impact.

e. New and amended accounting standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements that the Group reasonably expects will have an impact on its disclosures, financial position or performance when applied at a future date, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Of the other standards and interpretations that are issued, but not yet effective, as these are not expected to impact the Group, they have not been listed.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

About this Report (continued)

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred. Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss. The Group has limited exposure to benchmark interest rates and is finalising its assessment of the impact of these amendments.

f. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements.

Key judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Consolidation of entities in which the Group holds less than a majority voting right (de facto control)

The Group has assessed the entities in which it has an interest to determine whether or not control exists and the entity is, therefore, consolidated into the Group. These entities are listed in Note 34. For those entities consolidated with an interest less than 51%, the Group uses judgment to determine that it has power to direct the relevant activities of the investee under contractual arrangements and sufficient exposure to variable returns. In reviewing whether the Group has power and sufficient exposure to variable returns the Group considers whether it is acting as a principal or as an agent of the entity.

Taxation

The Group's accounting policy for taxation requires management's judgment in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Statement of Financial Position. Deferred tax assets, including those arising from tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows as contained in the Group's yearly budget. These depend on estimates of future income, operating costs, capital expenditure, dividends and other capital management transactions.

Judgments and assumptions are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Consolidated Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Statement of Comprehensive Income.

Litigation investments

Classification of litigation investments as either Claims Portfolio, Purchased Claims, Intangible Assets or Financial Assets requires judgment on the circumstances and contracts attached to the investment. Refer to Notes 11 - 14 for the accounting policies for litigation investments.

Significant estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

COVID-19 pandemic

The COVID-19 pandemic has interrupted dispute resolution systems to different degrees in jurisdictions where the Group has investments. Whilst this has led to some delays in completions, or the expected completion date, this has not led to significant impairments. In assessing the carrying value and associated impairment of investments, the most up to date estimates of success and timing have been used. This has not led to significant impairments. Additionally, the Group has specifically considered the impact of COVID-19 in assessing the values of its other assets (including goodwill, receivables/loans, other financial assets and deferred tax assets) and liabilities. No significant adjustments have been required.

Notes to the Financial Statements

continued

About this Report (continued)

Impairment of financial and non-financial assets

The Group assesses impairment of all required financial and non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The group primarily relies on value in use calculations based on Discounted Cash Flows (DCF) models. The cash flows are derived from either the Group's budget or from estimates made by investment managers. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles recognised by the Group. Refer to individual notes for further information around impairment of financial and non- financial assets.

Fair value measurement of financial liabilities through profit and loss

When deferred and variable deferred consideration meets the definition of a financial liability at fair value through profit and loss, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on option pricing methodology. The key inputs are detailed in Notes 15, 17 and 29.

Provision for adverse costs

The Group raises a provision for adverse costs upon an underlying litigation receiving a of a losing judgment in certain jurisdictions that require adverse costs to be paid to the litigations' counter party. If an appeal is lodged, the Group still raises a provision. The provision raised is the Group's best estimate of the amount of adverse costs it will have to remit. Typically, this estimate is between 40% to 80% of the amount spent by the plaintiff, on the basis that there is only one defendant per the litigation. Refer to Notes 27 and 30 for further details on adverse costs.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the performance rights, volatility dividend yield and risk-free rate and making assumptions about them. For the measurement of the fair value of performance rights at the grant date, the Group uses a Monte-Carlo simulation model and Black-Scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

Measurement of non-controlling interests ("NCI")

Profits and losses are attributed to non-controlling interests in line with the allocation of profit distributions under the terms of the respective agreements with non-controlling investors. Therefore, at the end of each reporting period, the non-controlling interests represent the non-controlling shareholders' share of net assets, as would be distributed under the relevant shareholders or investors agreements at the balance date.

Revenue recognition – estimating variable consideration on litigation investments – claims portfolio

The Group estimates variable consideration to be included in the transaction price for revenue from litigation investments – claims portfolio. Revenue is generated from providing services on a success basis and revenue is not recognised until it is highly probable that a significant reversal will not occur. Refer to Note 2 for further information.

Revenue recognition – estimating variable consideration on management and performance fees

The Group estimates variable consideration to be included in the transaction price for management and performance fees. Management fees are based on the level of external investors net deployed capital per quarter and any uncertainty is resolved at the end of the same quarter. Therefore, management fee revenues are recognised quarterly in arrears, corresponding with the delivery of performance obligations. The calculation of performance fees is subject to individual investment and overall portfolio returns with some uncertainties. Accordingly, performance fee revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Net gain/loss on derecognition of Litigation investments – intangible assets

The Group recognises proceeds and derecognises carrying costs on disposal in accordance with the investments' funding terms or in the event of partial sale of an investment. In some instances, the calculation requires certain estimates and assumptions to be made. Refer to Note 13 for further information.

Litigation investments – purchased claims

The Group initially recognises litigation investments – purchased claims at fair value. These are subsequently measured at amortised cost by applying the credit-adjusted effective interest rate based on estimated cash flows. Refer to Note 12 for further information.

Litigation investments – financial assets

The Group initially recognises litigation investments – financial assets at fair value. These are subsequently measured at fair value through the profit or loss. Refer to Note 14 for further information.

Expected credit losses ("ECLs") of receivables

The Group uses Investment Managers' best estimate to calculate ECLs for receivables. The provision is based on assessment customer segments that have similar loss patterns. Refer to Notes 17 and 22 for further information.

A. RESULTS FOR THE YEAR

Note 1: Segment information

The Group operates in one industry, being funding and provision of services in relation to legal dispute resolution. For management purposes, the Group is organised into operating segments comprising the OBL Group's corporate operations and the Group's fund structures.

The OBL Group's wholly owned subsidiaries own historical litigation investments and provide investment management advisory and administration services to the Group's fund structures in the following locations:

- Australia
- United States
- Canada
- Asia
- Europe, Middle East and Africa (EMEA)

The Group's Fund structures include:

- Fund 1 – This comprises Omni Bridgeway (Fund 1) LLC, Security Finance (Fund 1) LLC and HC 1 LLC. The Fund invests in litigation investments in the United States. Fund 1 is consolidated into the Group.
- Funds 2&3 – This comprises Omni Bridgeway (Fund 2) Pty Ltd, Omni Bridgeway (Fund 3) Pty Ltd, IMF Bentham ROW SPV 1 Limited and IMF Bentham ROW SPV 2. These entities jointly invest in litigation investments outside the United States. Funds 2&3 are consolidated into the Group.
- Fund 4 – This Fund invests in litigation investments in the United States. It consists of a series of parallel investing entities comprising Omni Bridgeway (Fund 4) Invt 1 LP, Omni Bridgeway (Fund 4) Invt 2 LP, Omni Bridgeway (Fund 4) Invt 3 LP, Omni Bridgeway (Fund 4) Invt 4 LP, Omni Bridgeway (Fund 4) Invt 5 LP, Omni Bridgeway (Fund 4) Invt 6 LP, Omni Bridgeway (Fund 4) Invt 7 LP, Omni Bridgeway (Fund 4) Invt 8 LP, Omni Bridgeway (Fund 4) Invt 9 LP, Security Finance (Fund 4) LLC, JPV I LP and Bentham HPCR LP. Fund 4 entities except for Bentham HPCR LP are consolidated into the Group.
- Fund 5 – Consists of a collective investment group comprising Omni Bridgeway (Fund 5) LP, Omni Bridgeway (Fund 5) Cayman Invt. Limited, Omni Bridgeway (Fund 5) Australian Invt Pty Ltd, Omni Bridgeway (Fund 5) Canada Investments Ltd, Omni Bridgeway (Fund 5) NZ Invt Limited, Omni Bridgeway (Fund 5) Cayman DDI Limited, Gold Road Limited, Oak Henge Limited, as well as parallel joint investor, Omni Bridgeway (Fund 5) GPA Pty Ltd. 2238319 Alberta Ltd was deregistered on 20 April 2022. This Fund invests in litigation investments outside the United States. Only the parallel joint investor is consolidated within the Group and is included in the segment note.
- Fund 6 – An investment structure focused in Europe, Middle East and Africa that was acquired in a business combination on 8 November 2019 and includes the entity responsible for providing the management of Fund 7. It was established to invest in litigation, arbitration and enforcement proceedings, and for the work-out and monetisation of claims. Revenue is derived from enforcement and recovery services and other income is derived from litigation investments. OBL retains control and ownership of Fund 6 via its equity interests. Legal ownership of the litigation investments are spread across the entire OBE Group. Fund 6 is consolidated into the Group.
- Fund 8 – Launched on 30 June 2022, is an investment structure focused in Europe, Middle East and Africa. Any investment vehicles that would be consolidated into the Group were yet to be established at 30 June 2022.

For Fund 1 and Funds 2&3, the non-controlling interest comprises an equity interests which carry an entitlement to receive a capped priority return on drawn capital and a further preferred return on committed but undrawn capital. OBL retains control and ownership of the Funds via its equity interests. Upon satisfaction of the non-controlling interests' priority returns, OBL is entitled to a manager return. After satisfaction of the priority return and the manager returns, the residual net cash flows are to be distributed (i) for Fund 1: 85% to OBL and 15% to the non-controlling interests: (ii) for Funds 2&3, 80% to OBL and 20% to non-controlling interests. The Funds have an infinite life and all distributions are discretionary.

For Fund 4 the non-controlling interest comprises an equity interest which, together with OBL's interest, carries an entitlement to receive return of capital plus a hurdle return on invested capital, and a pro-rata share of any residual after OBL's periodic management fee and transactional based performance fee. OBL retains control and ownership of the Funds via its equity interest. The Fund has an infinite life and all distributions are discretionary.

For Fund 5, there is no non-controlling interest as only OBL's 100% owned investment vehicle is consolidated. OBL is entitled to periodic management fees and transactional based performance fees.

For Fund 6, the non-controlling interest comprises an equity interest which, together with OBL's interest, carries a case by case entitlement to receive return of capital plus a return on invested capital after OBL's transactional based performance fee. OBL retains control and ownership of the Funds via its equity interest. The Fund has an infinite life and all distributions are discretionary during the investment period.

Notes to the Financial Statements

continued

Note 1: Segment information (continued)

Intersegment revenue comprises interest revenue on intercompany loans and advisory fees.

Intercompany interest revenue is recognised in accordance with AASB 9 using the effective interest rate method.

The intercompany advisory fee revenue earned during the year was derived from management and advisory agreements between the group entities. The consideration received is determined by reference to costs plus a percentage mark-up. The revenue is recognised over the period in which costs are incurred as it is deemed that the Group transfers control of the management services over this period and, therefore, satisfies its performance obligations and recognises revenue over time.

Adjustments and eliminations relate to certain finance and overheads costs that are not allocated to individual segments as the underlying expenses are incurred within wholly owned operations. These costs are capitalised into litigation funding contracts on consolidation of the Group. The associated tax effect accounting for these items are also managed on a Group basis and not allocated to the individual segments.

Inter-segment revenues and expenses are eliminated on consolidation and reflected in the "adjustments and eliminations" column.

Adjustments made in the balance sheet include adjustments to non-current assets to eliminate intercompany loans and investments in subsidiaries on consolidation.

	Group	Funds					Consolidation	
	Corporate $'000	1 $'000	2&3 $'000	4 $'000	5 $'000	6 $'000	Adjustments and eliminations $'000	Consolidated $'000
Segment result for the year ended 30 June 2022								
Revenue from contracts with customers	4,613	–	–	–	–	17,254	–	**21,867**
Interest revenue on cash and deposits	297	14	8	–	–	–	–	**319**
Interest revenue on receivables	–	–	1,419	–	–	355	–	**1,774**
Interest revenue on litigation investments - purchased claims	–	–	1,655	423	–	4,197	–	**6,275**
Inter-segment	18,410	–	–	–	–	(549)	(17,861)	**–**
Segment revenue	**23,320**	**14**	**3,082**	**423**	**–**	**21,257**	**(17,861)**	**30,235**
Net gain/(loss) on derecognition of litigation investments - intangible assets	(21,649)	16,502	21,670	29,911	626	10,230	–	**57,290**
Derecognition of capitalised overheads on litigation investments - intangible assets	(1,461)	(2,047)	(2,638)	(762)	(1,353)	–	–	**(8,261)**
Net gain/(loss) on disposal of litigation investments - purchased claims	–	–	–	–	–	790	–	**790**
Other income	7,668	(1)	1,063	(8)	2,217	1,507	(3,319)	**9,127**
Total income	**7,878**	**14,468**	**23,177**	**29,564**	**1,490**	**33,784**	**(21,180)**	**89,181**
Amortisation of litigation investments - claims portfolio	–	–	–	–	–	5,650	–	**5,650**
Impairment expense - litigation investments	(5,762)	10,405	(553)	652	–	769	–	**5,511**
Other expenses	109,755	75	824	1,168	274	14,027	(38,500)	**87,623**
Share of (profit) in associates and joint ventures	(387)	–	–	–	–	–	–	**(387)**
(Loss)/profit before tax and fair value adjustments	**(95,728)**	**3,988**	**22,906**	**27,744**	**1,216**	**13,338**	**17,320**	**(9,216)**
Profit/(Loss) on fair value adjustment of financial liabilities	7,424	–	(1,275)	–	–	–	1,275	**7,424**
(Loss)/profit before tax	**(88,304)**	**3,988**	**21,631**	**27,744**	**1,216**	**13,338**	**18,595**	**(1,792)**
Income tax (benefit)/expense	(24,182)	163	8,808	517	718	4,185	1,517	**(8,274)**
Segment result	**(64,122)**	**3,825**	**12,823**	**27,227**	**498**	**9,153**	**17,078**	**6,482**
Attributable to:								
Equity holders of the parent	(64,122)	(2,971)	(1,687)	4,793	498	766	17,078	**(45,645)**
Non-controlling interests	–	6,796	14,511	22,434	–	8,386	–	**52,127**

Note 1: Segment information (continued)

	Group	Funds					Consolidation	
	Corporate $'000	1 $'000	2&3 $'000	4 $'000	5 $'000	6 $'000	Adjustments and eliminations $'000	Consolidated $'000
Segment assets and liabilities at 30 June 2022								
Cash and cash equivalents[1]	107,645	8,820	24,283	17,926	1	291	–	**158,966**
Trade receivables	61,057	–	47,316	4,780	–	24,921	–	**138,074**
Other current assets	32,158	–	7,854	582	4,064	22,286	(34,263)	**32,681**
Litigation investments - claims portfolio	–	–	–	–	–	102,901	3,222	**106,123**
Litigation investments - purchased claims	–	–	17,727	9,198	–	20,115	–	**47,040**
Litigation investments - intangible assets	79,066	147,793	70,225	143,334	17,936	54,784	34,573	**547,711**
Litigation investments - financial assets	–	–	–	–	3,117	–	(46)	**3,071**
Litigation investments - provision for impairment	(60,491)	(20,206)	(4,786)	(59,812)	–	(2,067)	(5,665)	**(153,027)**
Goodwill	95,567	–	–	–	–	–	–	**95,567**
Investments in funds	280,196	–	–	–	–	–	(275,165)	**5,031**
Other non-current assets	369,818	–	5,067	–	2,953	1,827	(285,653)	**94,012**
Total segment assets	**965,016**	**136,407**	**167,686**	**116,008**	**28,071**	**225,058**	**(562,997)**	**1,075,249**
Current liabilities	239,828	1,471	27,623	5,311	27,266	24,392	(49,562)	**276,329**
Non-current liabilities	32,589	–	1,902	–	460	15,029	9,441	**59,421**
Total segment liabilities	**272,417**	**1,471**	**29,525**	**5,311**	**27,726**	**39,421**	**(40,121)**	**335,750**
Net assets	**692,599**	**134,936**	**138,161**	**110,697**	**345**	**185,637**	**(522,876)**	**739,499**
Equity attributable to:								
Equity holders of the parent	692,599	61,717	25,377	22,139	345	52,044	(525,331)	**328,890**
Contributed equity - NCI	–	33,447	93,038	127,686	–	118,201	–	**372,372**
Earnings - NCI	–	39,772	19,746	(39,128)	–	15,392	2,455	**38,237**
Total equity	**692,599**	**134,936**	**138,161**	**110,697**	**345**	**185,637**	**(522,876)**	**739,499**

1 Cash in Funds can only be used for litigation investments and expenses within the respective Funds in accordance with their mandates and constituent documents.

Notes to the Financial Statements
continued

Note 1: Segment information (continued)

	Group	Funds					Consolidation	
	Corporate $'000	1 $'000	2&3 $'000	4 $'000	5 $'000	6 $'000	Adjustments and eliminations $'000	Consolidated $'000
Segment result for year ended 30 June 2021								
Revenue from contracts with customers[2]	2,922	–	–	–	–	3,162	–	**6,084**
Interest revenue on cash and deposits	483	50	8	–	–	–	–	**541**
Interest revenue on receivables	29	–	130	9	–	1,017	(10)	**1,175**
Interest revenue on litigation investments - purchased claims	–	–	1,574	(118)	–	6,682	–	**8,138**
Inter-segment	17,470	–	–	–	–	–	(17,470)	**–**
Segment revenue	**20,904**	**50**	**1,712**	**(109)**	**–**	**10,861**	**(17,480)**	**15,938**
Net gain/(loss) on derecognition of litigation investments - intangible assets[3]	104,649	45,093	1,397	220	663	14,143	(6,053)	**160,112**
Net gain/(loss) on disposal of litigation investments - purchased claims	–	–	–	–	1,215	67	–	**1,282**
Other income	165	–	–	–	–	359	–	**524**
Total income	**125,718**	**45,143**	**3,109**	**111**	**1,878**	**25,430**	**(23,533)**	**177,856**
Amortisation of litigation investments - claims portfolio	–	–	–	–	–	1,559	–	**1,559**
Impairment expense - litigation investments	57,830	(2,502)	3,218	56,850	–	4,445	893	**120,734**
Other expenses	112,308	(17)	6,462	485	1,506	16,993	(34,082)	**103,655**
Share of loss in associates and joint ventures	–	–	–	–	–	664	–	**664**
(Loss)/profit before tax and fair value adjustments	**(44,420)**	**47,662**	**(6,571)**	**(57,224)**	**372**	**1,769**	**9,656**	**(48,756)**
Profit on fair value adjustment of financial liabilities	16,290	–	–	–	–	–	–	**16,290**
(Loss)/profit before tax	**(28,130)**	**47,662**	**(6,571)**	**(57,224)**	**372**	**1,769**	**9,656**	**(32,466)**
Income tax (benefit)/expense	(15,824)	63	(2,095)	–	134	2,006	1,681	**(14,035)**
Segment result	**(12,306)**	**47,599**	**(4,476)**	**(57,224)**	**238**	**(237)**	**7,975**	**(18,431)**
Attributable to:								
Equity holders of the parent	(12,306)	–	(4,476)	(11,419)	238	(5,463)	7,975	**(25,451)**
Non-controlling interests	–	47,599	–	(45,805)	–	5,226	–	**7,020**

2 Revenue from contracts with customers classified as Fund 5 for the year ended 30 June 2021 have been reallocated to the Corporate segment to align with the current year's allocation.

3 Includes the derecognition of capitalised overheads.

Note 1: Segment information (continued)

	Group	Funds					Consolidation	
	Corporate $'000	1 $'000	2&3 $'000	4 $'000	5 $'000	6 $'000	Adjustments and eliminations $'000	Consolidated $'000
Segment assets and liabilities at 30 June 2021								
Cash and cash equivalents[1]	99,960	10,836	3,018	19,056	300	9,478	–	**142,648**
Receivables	109,790	43,936	7,819	–	–	14,110	–	**175,655**
Other current assets	31,430	–	15,397	549	–	6,416	(14,110)	**39,682**
Litigation investments - claims portfolio	–	–	–	–	–	93,784	1,275	**95,059**
Litigation investments - purchased claims	–	–	7,414	8,214	–	23,126	–	**38,754**
Litigation investments - intangible assets	108,327	150,283	59,022	121,389	8,021	54,867	30,424	**532,333**
Litigation investments - financial assets	–	–	–	–	389	–	–	**389**
Litigation investments - provision for impairment	(65,860)	(9,671)	(5,031)	(54,346)	–	(1,548)	(4,843)	**(141,299)**
Goodwill	99,645	–	–	–	–	–	–	**99,645**
Investments in funds	267,870	–	–	–	–	4,453	(267,870)	**4,453**
Other non-current assets	157,797	–	32,633	–	3,971	11,267	(126,455)	**79,213**
Total segment assets	**808,959**	**195,384**	**120,272**	**94,862**	**12,681**	**215,953**	**(381,579)**	**1,066,532**
Current liabilities	44,095	433	22,106	599	12,522	27,317	(33,400)	**73,672**
Non-current liabilities	140,526	–	–	–	–	81,589	8,398	**230,513**
Total segment liabilities	**184,621**	**433**	**22,106**	**599**	**12,522**	**108,906**	**(25,002)**	**304,185**
Net assets	**624,338**	**194,951**	**98,166**	**94,263**	**159**	**107,047**	**(356,577)**	**762,347**
Equity attributable to:								
Equity holders of the parent	624,338	47,481	17,767	9,143	159	(10,438)	(356,577)	**331,873**
Contributed equity - NCI	–	91,339	73,439	132,427	–	110,412	–	**407,617**
Earnings - NCI	–	56,131	6,960	(47,307)	–	7,073	–	**22,857**
Total equity	**624,338**	**194,951**	**98,166**	**94,263**	**159**	**107,047**	**(356,577)**	**762,347**

Notes to the Financial Statements
continued

Note 1: Segment information (continued)

Non-current assets, excluding financial assets and deferred tax assets, can be represented geographically as follows:

	Consolidated	
	2022 $'000	**2021 $'000**
Australia	**168,236**	162,552
United States	**243,600**	234,241
Canada	**20,089**	17,374
Europe, Middle East and Africa	**169,243**	61,587
Asia	**20,044**	20,830
	621,212	496,584

Note 2: Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the service is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

(i) Litigation investments – claims portfolio

The nature of services

Revenue is generated from providing enforcement, collection, monetisation and recovery services to customers with judgments, awards or contractual debts and receivables.

Performance obligations

At investment inception, the Group assesses the services promised in its contracts with customers and identifies the performance obligation involved in each promise to transfer funds received to the customer. Performance obligations are satisfied at a point in time, upon the recovery of each dollar.

Transaction price

Almost all revenues from litigation investments – claims portfolio are based on a no success, no fee basis. The transaction price contains various components, with each component being either fixed or variable. The Group includes variable consideration (a portion or all) in the transaction price only when it is highly probable that the recognised revenue will not incur a significant revenue reversal. The revenue is based on a percentage that is recovered so the uncertainty is typically removed when the money is received or settlement agreement has been signed and where applicable, court approval obtained as, at that point, the revenue formula can be applied to the amount collected.

(ii) Management fees

The management fee revenue earned during the year was derived from Investment Management Agreements with the investors in Fund 4, Fund 5 and Fund 7. The services provided are for the administration of the investor accounts and fund structures. For Fund 4 and Fund 5 the consideration is considered to be variable consideration and is determined with reference to the net invested capital attributable to the Investor's accounts. The revenue is recognised over the period in which there is net invested capital in the Fund as the Group transfers control of the services over this period and, therefore, satisfies its performance obligations over time. Variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As the net invested capital is known at the end of each quarter the management fees are able to be calculated and recognised as it is then highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Fees for management of Fund 7 is based on the operational costs of the managing entity.

Note 2: Revenue from contracts with customers (continued)

	Corporate[1] $'000	Fund 6 $'000	Total $'000
2022			
Type of service			
Litigation investments – claims portfolio	**–**	**16,173**	**16,173**
Management and service fees	**4,613**	**1,081**	**5,694**
	4,613	**17,254**	**21,867**
2021			
Type of service			
Litigation investments – claims portfolio	–	1,696	1,696
Management and service fees	2,922	1,466	4,388
	2,922	3,162	6,084
2022			
Geographical markets			
Europe	**–**	**17,254**	**17,254**
Australia	**1,675**	**–**	**1,675**
United States	**2,223**	**–**	**2,223**
Cayman Islands	**715**	**–**	**715**
	4,613	**17,254**	**21,867**
2021			
Geographical markets			
Europe	–	3,162	3,162
Australia	360	–	360
United States	1,995	–	1,995
Cayman Islands	567	–	567
	2,922	3,162	6,084
2022			
Timing of revenue recognition			
Services transferred at a point in time	**–**	**16,173**	**16,173**
Services transferred over time	**4,613**	**1,081**	**5,694**
	4,613	**17,254**	**21,867**
2021			
Timing of revenue recognition			
Services transferred at a point in time	–	1,696	1,696
Services transferred over time	2,922	1,466	4,388
	2,922	3,162	6,084

1 Revenue classified as within the Fund 5 segment in the prior year has been reallocated to the Corporate segment to align with the current year's segment allocation.

During the year, the Group received performance fees of $3.643 million (2021: $1.144 million) relating to Fund 4 and Fund 5 that have not yet satisfied IFRS income recognition requirements and are thus not disclosed as revenue. The cumulative amount of unrecognised performance fee is held as unearned revenue in trade and other payables on the Consolidated Statement of Financial Position. Refer to Note 26.

Notes to the Financial Statements
continued

Note 3: Interest revenue

Interest revenue is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

The Group earned 96% (2021: 85%) of its interest revenue on cash and deposits in Australia. Interest revenue on receivables relates to the Europe, Middle East and Africa region. The purchased claims revenue relates to the Europe, Canada and United States geographical market.

	Consolidated	
	2022 $'000	2021 $'000
Interest revenue		
Interest revenue on cash and deposits	**319**	541
Interest revenue on receivables	**1,774**	1,175
Interest revenue on litigation investments - purchased claims	**6,275**	8,138
	8,368	9,854

Note 4: Net gain on derecognition of litigation investments - intangibles assets

Net gain on derecognition of litigation investments - intangibles assets is derived from the disposal through sale or completion (partial or full) of the underlying litigation that the Group invested in. The accounting policy for litigation investments - intangibles assets is outlined in Note 13.

	Consolidated	
	2022 $'000	2021 $'000
Net gain on derecognition of litigation investments - intangible assets		
Proceeds	**175,170**	265,928
Derecognition of carrying cost	**(126,141)**	(105,816)
	49,029	160,112

Net gain on derecognition of litigation investments - intangible assets can be represented geographically as follows:

	Consolidated	
	2022 $'000	2021 $'000
Australia	**1,668**	98,819
United States	**45,964**	40,473
Canada	**(5,687)**	7,663
Europe, Middle East and Africa	**7,136**	21,015
Asia	**(9)**	(7,858)
Latin America	**(43)**	–
	49,029	160,112

Note 5: Other income

	Consolidated	
	2022 $'000	2021 $'000
Other income		
Foreign exchange gain	**7,594**	–
Other income	**1,533**	524
	9,127	524

Note 6: Expenses

Finance costs

Borrowing costs directly attributable to the acquisition and development of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Detailed information is provided in Note 19.

Amortisation of litigation investments – claims portfolio

Amortisation of litigation investments – claims portfolio represents the amortisation of the capitalised contract costs due to completion of the underlying enforcement or recovery action. Detailed information is provided in Note 11.

Depreciation

The depreciation policy is disclosed in Note 25.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include salaries and wages, annual leave, long service leave and bonuses. Liabilities in respect of employees' services rendered that are not expected to be wholly settled within one year after the end of the periods in which the employees render the related services are recognised as long-term employee benefits. These liabilities are measured at the present value of the estimated future cash outflow to be made to the employees using the projected unit credit method. Liabilities expected to be wholly settled within one year after the end of the period in which the employees render the related services are classified as short-term benefits and are measured at the amount due to be paid. The corresponding movements are expensed together with those incurred during the year.

Share based payments

The policy for share based payments is disclosed in Note 32.

Impairment expense – litigation investments

The policy for impairment expense – litigation investments is disclosed in Notes 11 – 14 according to asset classes litigation investments – claims portfolio, litigation investments – purchased claims, litigation investments – intangible assets and litigation investments – financial assets.

Adverse costs - litigation investments

The expense raised is the Group's best estimate of the amount of adverse costs it will have to remit where the underlying litigation has received an unfavourable judgment. Refer to Notes 27 and 30 for further details on adverse costs.

Notes to the Financial Statements
continued

Note 6: Expenses (continued)

	Consolidated 2022 $'000	Consolidated 2021 $'000
(a) Finance costs		
Interest on lease liabilities (Note 28)	**808**	750
Other finance charges	**589**	722
	1,397	1,472
(b) Amortisation of litigation investments - claims portfolio		
Amortisation of litigation investments - claims portfolio	**5,650**	1,559
(c) Depreciation expense		
Depreciation (Note 25)	**3,455**	3,119
(d) Employee benefits expenses		
Wages and salaries	**43,064**	38,512
Superannuation expense	**1,865**	1,723
Directors' fees	**572**	501
Payroll tax	**2,211**	2,686
Share based payments (Note 32)	**11,724**	13,755
Long service leave (Note 27)	**(287)**	281
	59,149	57,458
(e) Corporate and office expenses		
Insurance expense	**3,513**	2,929
Network expense	**1,697**	1,414
Marketing expense	**1,581**	1,179
Occupancy expense	**719**	677
Professional fees expense	**7,675**	10,489
Recruitment expense	**1,237**	390
Travel expense	**989**	167
	17,411	17,245
(f) Impairment expense and adverse costs - litigation investments		
Adverse costs - litigation investments (Note 27)	**2,609**	15,280
Net impairment expense - litigation investments (Notes 11 – 14)	**5,511**	120,734
	8,120	136,014
(g) Other expenses		
ASX fees	**174**	206
General expenses	**644**	888
Amortisation of contract costs	**939**	939
Postage, printing and stationery	**1,435**	1,035
Repairs and maintenance	**28**	14
Share registry costs	**30**	17
Staff training, development and conferences	**352**	53
Foreign exchange loss	**–**	5,868
Loss on disposal of fixed assets	**–**	61
	3,602	9,081

Note 7: Income tax

Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided for using the full liability balance sheet method.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in other comprehensive income are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Australian tax consolidated group

The Parent Company and its Australian resident wholly owned subsidiaries have formed a tax consolidated group. The Parent Company has entered into tax funding arrangements with its Australian resident wholly owned subsidiaries, pursuant to which each subsidiary has agreed to pay or receive a tax equivalent amount based on the net taxable amount or loss of the subsidiary at the current tax rate. The tax consolidated group has applied the separate taxpayer approach in determining the appropriate amount of current taxes to allocate to each entity.

Note 7: Income tax (continued)

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except (i) when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and (ii) receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of cash flows from operating activities.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

	Consolidated	
	2022 $'000	**2021 $'000**
Consolidated Statement of Comprehensive Income		
The major components of income tax (benefit) are:		
Current income tax		
Current income tax charge	**(7,854)**	15,178
Adjustment in respect of current income tax expense of previous year	**203**	61
Refund of foreign state-based taxes	**452**	–
Current year losses moved to deferred tax asset	**18,133**	8,383
Current year utilisation of carried forward tax losses	**–**	(18,388)
Other	**587**	(944)
Deferred income tax:		
Relating to origination and reversal of temporary differences	**(5,167)**	(28,814)
Current year losses moved to deferred tax asset	**(18,133)**	(8,383)
Reduction in deferred tax asset for loss utilisation	**–**	18,388
Adjustment in respect of deferred income tax of previous year	**3,528**	173
Other	**(23)**	311
Income tax (benefit)/expense reported in the Consolidated Statement of Comprehensive Income	**(8,274)**	(14,035)
Other comprehensive income		
Deferred income tax related to items charged or credited directly to equity		
Deferred tax associated with share-based payments	**377**	1,381
Income tax expense reported in equity	**377**	1,381

Note 7: Income tax (continued)

A reconciliation between tax benefit and the product of accounting loss before income multiplied by the Group's applicable income tax rate is as follows:

	Consolidated	
	2022 $'000	**2021 $'000**
Accounting loss before income tax	**(1,792)**	(32,466)
At the Group's statutory income tax rate of 30% (2021: 30%)	**(538)**	(9,740)
Foreign tax rate adjustments	**(1,463)**	1,397
Adjustment in respect of income and deferred tax of previous years	**3,731**	128
Expenditure not allowable for income tax purposes	**2,645**	912
Amounts deductible for income tax purposes (permanent)	**–**	(3,326)
Non-assessable income	**(12,467)**	(1,138)
State income tax	**100**	(1,106)
Relating to deductible temporary differences not previously recognised	**–**	226
Other	**(282)**	(1,388)
Income tax benefit reported in the Consolidated Statement of Comprehensive Income	**(8,274)**	(14,035)

	Consolidated			
	Statement of Financial Position		Statement of Comprehensive Income	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Deferred tax at 30 June relates to the following:				
Deferred tax liabilities				
Litigation investments – intangible assets	**29,688**	37,769	**8,081**	21,451
Accrued interest & unrealised foreign exchange differences	**–**	12	**12**	10
Property plant and equipment (right-of-use assets)	**1,171**	1,250	**78**	175
Other	**(39)**	–	**39**	72
Gross deferred tax liabilities	**30,820**	39,031	**8,210**	21,708
Offsetting deferred tax assets				
Net operating losses	**355**	6,214	**(12,474)**	(13,150)
Accruals and provisions	**–**	6,856	**(6,251)**	4,709
Share based payments	**299**	4,405	**(2,666)**	(623)
Leases	**222**	71	**8**	–
Expenditure deductible for income tax over time	**(338)**	1,865	**(1,596)**	(337)
Gross deferred tax assets	**538**	19,411	**(22,979)**	(9,401)
Net deferred tax liabilities	**30,282**	19,620		

Note 7: Income tax (continued)

	Consolidated			
	Statement of Financial Position		Statement of Comprehensive Income	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Deferred tax assets				
Accruals and provisions	**8,686**	766	**7,316**	(603)
Intercompany	**780**	(23)	**725**	(78)
Expenditure deductible for income tax over time	**4,301**	971	**2,801**	(529)
Leases	**6,867**	3,474	**2,330**	(1,063)
Share based payments	**1,118**	1,359	**(97)**	144
Deferred tax assets - Foreign net operating losses	**42,057**	23,943	**24,729**	6,615
Deferred tax assets	**63,809**	30,490	**37,804**	4,486
Net deferred income tax			**23,035**	16,793
Movements in foreign exchange			**(3,240)**	1,534
Deferred tax expense			**19,795**	18,327

Unrecognised temporary differences and tax losses

At 30 June 2022, the Group had $2.287 million (2021: $2.604 million) of unrecognised deferred tax assets relating to temporary differences and tax losses in its Canadian subsidiaries.

Deferred tax assets relating to Australian operations

The deferred tax assets balance includes $17.765 million (2021: $0.320 million) of assets relating to carried forward tax losses of the Omni Bridgeway Limited tax consolidated group at 30 June 2022.

It is probable that the OBL tax consolidated group will earn sufficient taxable income to utilise the losses as the Australian business has significant investments on balance sheet and through Fund 5 participation, which have a combined EPV of $1.499 billion. In addition, OBL is expected to receive distributions from Fund 2&3 and intra group income from the wider group.

Deferred tax assets relating to USA operations

The deferred tax assets balance includes $22.750 million (2021: $23.298 million) of assets relating to carried forward tax losses of Omni Bridgeway Holdings (USA) Inc. Under existing tax regulations, the losses incurred prior to the financial year ended 30 June 2019 can be carried forward for 20 years and losses incurred thereafter can be carried forward indefinitely. The US business had a history of incurring tax losses before the year ended 30 June 2021. The losses have arisen primarily from the implementation of the expansion of the administrative base in the United States to support strategic growth initiatives that are, according to plan, yet to realise their full value. OBL has considered the utilisation of these tax losses within the expanded US business and has determined that, based on approved budgets and existing case matters, it is probable that the US tax group will earn sufficient taxable income to utilise the losses. Further, in assessing the utilisation of the tax losses, OBL considers there to be convincing other evidence to support the recoverability of these tax losses including:

(i) The US business has been in an expansion and infrastructure growth phase. Additional costs have been incurred in the business related to the expansion of activity and changes in operations to a Fund management structure. Investments in people, systems and infrastructure have been made ahead of the expected investment activity of the Funds. Fund 1 commenced in 2017 and Fund 4 in 2019. Whilst Fund 1 is fully invested. Fund 4 (with an approved portfolio size of US$500 million of which the US business has a 20% interest) is commencing its investment commitment activity. With an average investment life of circa 2.5 years, a significant portion of the expected income is in future reporting periods. This income generation will be by way of both investment returns and fee revenues.

(ii) The US business has raised substantial external capital over the past three years via its Fund structures. Fund 1 raised US$171.7 million (75% external commitments) and Fund 4 raised US$500 million (80% external commitments). The external capital raised is the foundation of the investing activity that enables the US business to grow and generate returns to realise future taxable income. OBL has access to more investment capital that at any time in its history. Fund 4 Series II which has further Fund commitments of USD 500 million is being considered by the institutional investors and may be launched in the near future.

Note 7: Income tax (continued)

(iii) There are 49 US investments with total EPV of $9.1 billion as at 30 June 2022. The US business historically has an 79% success rate, based on number of investments. The US business has historically had a return on invested capital ("ROIC") (refer to Glossary) of 0.66x, including losses and excluding overheads. The growth in the Group's investments together with the Group's historical performance provides an indication of growth in future taxable income.

Deferred tax assets relating to Funds 2&3

Omni Bridgeway (Fund 2) Pty Limited and Omni Bridgeway (Fund 3) Pty Limited carried combined total deferred tax assets balances of $1.573 million at 30 June 2022 (2021: $5.892 million), the deferred tax assets balances were predominantly related to the loss of Asian and Europe, Middle East & Africa investments during this reporting period. The Funds are 99% committed with litigation investment that are expected to generate significant taxable income in their respective tax jurisdictions in the future.

Note 8: Loss per share

Basic loss per share is calculated as net loss attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

Diluted loss per share is calculated as net loss attributable to members of the Parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of interest dividends associated with dilutive potential ordinary shares that have been recognised; and
- other non-discretionary changes in revenue or expenses during the period that would result from dilution of potential ordinary shares;
- divided by the weighted average number of shares and dilutive shares, adjusted for any bonus element.

At 30 June 2022, 15,929,183 performance rights (2021: 18,528,532) were on issue as detailed in Note 32. Upon meeting certain performance conditions over a three-year performance period, the vesting of each right will result in the issue of 1 ordinary share. The performance shares are contingently issuable and are not considered dilutive.

The following reflects the income and share data used in the basic loss per share computation:

(a) Loss used in calculating loss per share

	Consolidated	
	2022 $'000	2021 $'000
For basic and diluted loss per share		
Total net loss attributable to equity holders of the Parent	**(45,645)**	(25,451)

(b) Weighted average number of shares

	2022 $'000	2021 $'000
Weighted average number of ordinary shares outstanding	**265,850**	257,994
Effect of dilution:		
Performance rights	**–**	–
Variable deferred consideration - business combination shares	**–**	–
Weighted average number of ordinary shares	**265,850**	257,994

Variable deferred consideration – business combination and deferred consideration – business combination may be settled by the issue of fully paid ordinary shares in Omni Bridgeway Limited. Refer to Note 29 for details.

These shares have not been included for the following reasons:

- Variable deferred consideration – business combination shares have not been included as their performance milestones for future tranches have yet to be met.
- Deferred consideration – business combination shares have not been included as shareholder approval is required.
- In addition to the above, the inclusion of any of these shares would be considered anti-dilutive.

Note 8: Loss per share (continued)

The weighted average number of ordinary shares outstanding includes performance rights granted under the Long-Term Incentive Plan are only included in diluted earnings per ordinary share where the performance hurdles are met as at period end and they do not have an anti-dilutive effect.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 9: Dividends paid and proposed by Omni Bridgeway Limited (the parent entity)

(a) Cash dividends on ordinary shares declared and paid

	Consolidated	
	2022 $'000	**2021 $'000**
Final dividend for 2021: nil cents per share (2020: 4.00 cents per share)	–	10,139
Interim dividend for 2022: nil cents per share (2021: nil cents per share)	–	–
	–	10,139

The Directors have determined not to pay a final dividend for the year ended 30 June 2022. Omni Bridgeway Limited's retained earnings are disclosed in Note 21.

The Company considers its capital management options in light of the cash position and performance of the Group at the time as well as the likely demand for cash over the ensuing 12-month period. In determining the appropriate mechanism to deliver returns to shareholders, the Board will consider both semi-annual dividends and share buy-backs. Relevant considerations include the source and nature of income and the prevailing share price relative to the intrinsic value and the franking credit balance.

The Company put in place a buy-back facility on 29 August 2022 and has a dividend reinvestment plan that shareholders may elect to participate in, and, on appropriate occasions, may arrange underwriting to reduce the impact a particular dividend might otherwise have on the Group's cash resources.

(b) Franking credit balance

	2022 $'000	**2021 $'000**
The amount of franking credits for the subsequent financial year are:		
– Franking account balance at the end of previous financial year at 30%	**5,905**	10,250
– Franking debits arising from the payment of the prior year's final dividend	–	(4,345)
Balance at 30 June	**5,905**	5,905

(c) Tax rates

The tax rate at which paid dividends have been franked is 30% (2021: 30%).

Note 10: Statement of cash flows reconciliation

Reconciliation of net profit/loss after tax to net cash flows used in operations:

	Consolidated	
	2022 $'000	2021 $'000
Net (loss)/profit after tax	**6,482**	(18,431)
Adjustments for:		
Net impact of the reclassification of litigation investments – intangible assets related to cash flows from investing activities	**(115,628)**	41,743
Fair value adjustments to litigation investments – deferred consideration	**(667)**	–
Fair value adjustments to financial liabilities	**(7,424)**	(16,290)
Amortisation of litigation investments - claims portfolio	**5,650**	1,559
Amortisation of contract costs	**939**	939
Depreciation	**3,455**	3,119
Share based payments	**13,966**	16,642
Unrealised foreign exchange (gain)	**(7,594)**	5,868
Changes in assets and liabilities		
Increase/(Decrease) in receivables	**66,913**	(96,575)
Increase in other current assets	**(5,911)**	(4,406)
Decrease in other liabilities	**(20,579)**	–
Increase in lease liabilities	**8,085**	–
(Increase) in litigation investments - intangible assets	**(3,650)**	–
Increase/(Decrease) in trade creditors and accruals	**20,944**	(3,035)
Increase in provisions	**1,098**	9,669
(Increase) in deferred tax assets and liabilities	**(22,657)**	(15,613)
Increase in current income tax receivable/(payable)	**1,381**	–
Increase in litigation investments - claims portfolio	**(11,064)**	(5,423)
Increase in litigation investments - purchased claims	**(8,286)**	(17,691)
Net cash used in operating activities	**(74,547)**	(97,925)

Disclosure of financing facilities

Refer to Notes 18, 19 and 28.

Changes in liabilities arising from financing activities

Refer to Notes 19 and 28.

B. LITIGATION INVESTMENTS AND GOODWILL

Note 11: Litigation investments - claims portfolio

(a) Recognition and measurement

Litigation investments - claims portfolio assets consist of the capitalised costs incurred to purchase, obtain or fulfill a contract with a customer. These contracts with customers involve a vendor-customer relationship established in the contract. They comprise the litigation enforcement and recovery investment contracts and certain merits-based funding contracts.

Costs incurred to obtain a contract are only capitalised to the investment when it is expected that a contract will be executed, and where those costs will be recoverable. The Group recognises an asset for costs incurred to fulfill a contract if those costs relate directly to the contract, the costs generate or enhance resources of the Group to satisfy performance obligations in the future and the costs are expected to be recovered. All capitalised contract costs are amortised to the profit and loss on a systematic basis that follows delivery of performance obligations to the customer. The delivery of performance obligations to the customer on the contracts are aligned with each individual dollar of recovery to the customer.

The carrying value of the litigation investments - claims portfolio is measured at cost less amortisation and any impairment. At each reporting date an assessment is made on an individual investment by investment basis to determine if the carrying amount of a contract exceeds its recoverable amount. In order to determine the recoverable amount a cashflow model is used which includes forecast revenues and expenses, together with an estimate of directly attributable overheads to complete the contract. If the carrying value exceeds the recoverable amount the difference is recognised as an impairment expense in the profit or loss.

Reconciliation of carrying amounts

	Consolidated	
	2022 $'000	2021 $'000
Balance at 1 July[1]	**95,059**	93,680
Additions	**20,749**	9,618
Amortisation of carrying costs[2]	**(5,650)**	(1,559)
Impairment expense	**(197)**	(3,565)
Foreign currency adjustment	**(3,838)**	(3,115)
Balance at 30 June[3]	**106,123**	95,059

1 Includes $64.541 million (2021: $66.758 million) of fair value adjustments from business combination in FY20.
2 Includes $2.414 million (2021: $0.004 million) of fair value adjustments from business combination in FY20.
3 Includes $59.558 million (2021: $64.541 million) of fair value adjustments from business combination in FY20.

Note 12: Litigation investments - purchased claims

(a) Recognition and measurement

Litigation investments – purchased claims are litigation actions which have been acquired by the Group (except by business combination). They are classified as purchased credit-impaired financial assets which are initially recognised at fair value.

The credit-adjusted effective interest rate on these financial assets is calculated taking into account the initial lifetime expected credit loss in the estimated cash flows. In determining the lifetime expected credit losses for these financial assets, the Group has taken into account the financial position of the counterparties, the legal environment in which the enforcement occurs, historical default experience and considering various external sources of actual and forecast information, as appropriate.

Purchased claims are subsequently measured at amortised cost by applying the credit-adjusted effective interest rate. The Group recognises:

i. Interest income through the application of the credit-adjusted effective interest rate to the amortised cost of the purchased claims; and
ii. Impairment losses and gains, when material, due to the changes in estimated lifetime expected credit losses. At each reporting period, the Group reviews the estimated cash flows from purchased claims on an investment by investment basis, estimating the expected recovery, its timing and any other cashflows that may be attributable to the counterparties. The net present value of the cashflows are then determined using the credit-adjusted effective interest rate and the value compared to the carrying value. Where there is a material gain, this gain is recognised by adjusting the gross carrying amount of the receivable. Where there is a material loss, it is recognised as an impairment provision.

Note 12: Litigation investments - purchased claims (continued)

Reconciliation of carrying amounts

	Consolidated	
	2022 $'000	2021 $'000
Balance at 1 July[1]	**38,754**	17,019
Interest revenue	**6,275**	8,137
Increases in carrying value (Note 15)	**8,447**	20,518
Carrying value disposed[2]	**(5,637)**	(2,721)
Impairment gain/(loss)	**260**	(3,797)
Foreign currency adjustment	**(1,059)**	(402)
Balance at 30 June[3]	**47,040**	38,754

At 30 June 2022, the fair value of the litigation investments - purchased claims amounted to $47.040 million (2021: $38.754 million) and the gross contractual amount was $177.5 million (2021: $181.9 million).

	Consolidated	
	2022 $'000	2021 $'000
Net gain on disposal of litigation investments - purchased claims		
Proceeds	**6,427**	4,003
Carrying value disposed[2]	**(5,637)**	(2,721)
	790	1,282

1 Includes $2.936 million (2021: $3.037 million) of fair value adjustments from the business combination in FY20.
2 Includes $2.331 million (2021: $nil) of fair value adjustments from the business combination in FY20.
3 Includes $0.586 million (2021: $2.936 million) of fair value adjustments from the business combination in FY20.

Note 13: Litigation investments – intangible assets

(a) Recognition and measurement

Litigation investments involve funding provided to pursue an underlying litigation dispute that are not classified as purchased investments, claims portfolio or financial assets. They are recognised as intangible assets in the financial statements of the Group when they represent future economic benefits controlled by the Group. The Group is able to control the expected future economic benefit as the investment may be exchanged or sold. The litigation funding contract does not give rise to an unconditional right to receive cash. Rather, it provides the Group with a right to a share of litigation proceeds which may be in the form of cash or other non-financial assets.

These litigation contracts are not considered contracts with customers as they are collaborative arrangements and there is no vendor-customer relationship established in the contract.

Litigation investments – intangible assets are measured at cost on initial recognition. They are not amortised as the assets are not available for use until the determination of a judgment or settlement, withdrawal or sale, at which point the assets are realised through disposal.

Gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time and are recognised in the profit or loss when the asset is derecognised.

Note 13: Litigation investments – intangible assets (continued)

The following specific asset recognition and derecognition rules have been applied to litigation investments – intangible assets:

(i) Ongoing litigation

When the underlying litigation action is ongoing and pending a determination, the investments are carried at cost (subject to any provision for impairment). Initial and subsequent ongoing expenditure is capitalised when it meets all the following criteria:

(a) the Group is able to demonstrate its ability to complete the litigation so that the asset will be available for use and the benefits embodied in the asset will be realised;

(b) the Group retains control of the asset;

(c) the Group can demonstrate that it intends to complete the litigation;

(d) the Group is able demonstrate the availability of adequate technical, financial and other resources to complete the litigation; and

(e) the Group can measure reliably the expenditure attributable to the intangible asset during the life of the litigation investments – intangible assets.

Impairment is considered in line with the policy described in (b) below.

(ii) Completion

Where the underlying litigation has been finally determined or a settlement has been agreed, such that there is not considered to be a significant risk of reversal, this constitutes a disposal transaction, the carrying cost is derecognised and a gain or loss on disposal of the intangible asset is recognised in the Statement of Comprehensive income. Control of the intangible asset is considered to be transferred as follows:

- For judgments, typically after a judgment has been determined and the relevant appeal periods have expired;
- For settlements, typically when settlement agreement is reached and if relevant, court approval is obtained; and
- For sales, typically when a binding agreement is executed.

(iii) Partial completion

Where litigation investments have been subject to a partial sale transaction, consideration has been agreed, such that there is not considered to be a significant risk of reversal and it is evident the litigation investment can be assessed at the respective percentage of interest level, this constitutes a disposal transaction and a gain or loss on disposal is recognised in the statement of comprehensive income.

Control of the partial intangible asset is considered to be transferred as follows:

- When the partial sale agreement is executed. Upon this date, the purchaser is considered to be able to direct the use of the interest and assume substantially all the remaining benefits of the interest.

(iv) Appeal/enforcement

If a funded client obtains an unsuccessful decision from the court, arbitration or tribunal and appeals against the judgment, where the investment and funding was undertaken by the Group with that as a central thesis, the investment may be considered to be ongoing with deployment capitalised to the investment. Where there was not such thesis, the investment is derecognised and future costs incurred in relation to the appeal are expensed as incurred.

If a funded client obtains a successful decision from the court, arbitration or tribunal and has to subsequently undertake enforcement activities, where the investment and funding was undertaken with that as a central thesis, the investment may be considered to be ongoing with a delivery of a partial service obligation requiring partial derecognition of the investment and income recognition. Where there was not such a thesis, the investment is derecognised, with a receivable recognised and any future costs incurred in relation to the enforcement appeal are expensed as incurred.

(v) Portfolio investments

Upon completion of an underlying litigation within a portfolio, a corresponding portion of the intangibles carrying value is derecognised. The difference between the disposal proceeds received and the derecognised carrying value is recognised as a net gain or loss in the profit and loss. The remainder of the portfolio continues to be carried at cost (subject to usual impairment considerations) until the earlier of either the full return to the Group is obtained or each case within the portfolio has completed.

Note 13: Litigation investments – intangible assets (continued)

Reconciliation of carrying amounts

	Consolidated	
	2022 $'000	2021 $'000
Balance at 1 July	**391,034**	517,230
Additions - external funding costs	**91,829**	107,762
Additions - capitalised overheads	**18,085**	19,206
Derecognitions - external expenditure	**(101,622)**	(87,243)
Derecognitions - capitalised overheads	**(19,988)**	(18,374)
Net derecognition of purchase price adjustment arising from business combination	**(4,534)**	(197)
Impairment expense	**(11,726)**	(113,299)
Impairment expense – foreign currency movement	**6,152**	(74)
Effect of movement in foreign currency	**25,454**	(33,977)
Balance at 30 June	**394,684**	391,034

The carrying value includes external costs such as solicitors' fees, counsels' fees and experts' fees funded by the Group, the capitalisation of certain directly attributable internal costs of managing the litigation funding investment, such as certain direct salaries and wages, occupancy costs, other out of pocket expenses and the capitalisation of borrowing costs as described below. The capitalised salaries and wages in 2022 equated to approximately 14.6% of the Group's total salary and wages expense (2021: 16.4%). The other internal capitalised expenses equated to approximately 52.2% of related overhead costs (2021: 43.6%).

The Group has determined that litigation investments – intangible assets meet the definition of qualifying assets and that all borrowing costs are eligible for capitalisation. The weighted average cost of borrowing was 6.9% (2021: 6.3%).

The carrying value of litigation investments – intangible assets can be summarised as follows:

	Consolidated	
	2022 $'000	2021 $'000
External funding costs	**472,310**	459,371
Capitalised overheads	**75,399**	72,962
Gross carrying amount at cost	**547,709**	532,333
Accumulated impairment	**(153,025)**	(141,299)
Balance at 30 June	**394,684**	391,034

(b) Impairment testing of litigation investments – intangible assets

Except for specific litigation investments – intangible assets that are subject to an unfavourable judgment or award, the recoverable amount of each of the litigation investments – intangible assets is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management for the expected length of each investment. Litigation investments – intangible assets that are subject to an unfavourable judgment are impaired to their recoverable amount based on their estimated fair value less costs of disposal.

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of litigation investments – intangible assets:

- The estimated cost to complete is budgeted based on estimates provided by the external legal advisors handling the litigation.
- The value of the litigation is estimated based on a successful completion and the fees due to the Group under the litigation funding contract.
- The discount rate applied to the cash flow projections is based on the Group's weighted average cost of capital and other factors relevant to the particular investment including country risk. The discount rate applied ranged between 10.9% and 12.0% for this reporting period (2021: between 11.7% and 15.9%).

Note 13: Litigation investments – intangible assets (continued)

At 30 June 2022, a provision for impairment has been recognised for $153,025,000 (2021: $141,299,000). The impairment comprised:

- $59.240 million relating to the Westgem investment. A provision was raised in the prior period for the full carrying value of the investment at that time, including internal overheads. This reflected the first instance judgment in favour of the defendant. Whilst an appeal has been heard, no decision has been delivered. The investment has not been derecognised and the level of impairment will be continually assessed and may be reversed as appropriate pending developments in the future.
- $59.865 million relating to a Fund 4 investment. A provision was raised in the prior period for the full carrying value of the investment at that time, including internal overheads. This reflected the Summary Judgment against the claimant. The appeal decision against the summary judgement has been handed down against our client. Our client is considering a further appeal. The investment has not been derecognised and the level of impairment will be continually assessed and may be reversed as appropriate pending developments in the future.
- $8.853 million relating to a Fund 1 investment. A provision was raised during the year for the full carrying value of the investment, including internal overheads. This reflected an unfavourable judgment for which the claimant is assessing further course of action. The investment has not been derecognised and the level of impairment will be continually assessed and may be reversed as appropriate pending developments in the future.
- The remainder of the impairment, $25.068 million at 30 June 2022 (2021: $28.388 million) relates to 27 investments (2021: 42) across the remainder of the portfolio, the majority of which are not individually material.
- The $11.726 million net movement in the period reflects: $18.463 million of new impairments; the net impact of investment completions and the asset derecognised; and foreign exchange variance.

For new or increased impairments, during the impairment review, management have determined that either a successful outcome for the investment was no longer likely to occur or that the likely outcome would not recover the current carrying value of the investment. The discount rate used in the impairment assessment of these assets was 11.5%. After taking into account the impairment, at 30 June 2022, the 30 investments have a combined carrying value of $12.427 million. This amount reflects the net recoverable amount expected to be received from the investments.

Note 14: Litigation investments – financial assets

(a) Recognition and measurement

Litigation investments – financial assets represent the Group's investments made into Managed Investment Schemes ("MISs") relating to Australian class action litigations.

Omni Bridgeway Managed Investments Limited (AFSL 524023), which is part of the consolidated Group, is the responsible entity of each MIS.

At 30 June 2022, there were nine separate investments into MISs as follows: "The Prawn White Spot Litigation Funding Scheme" (ARSN 647 887 027); "The Certain Underwriters at Lloyds Group Litigation Funding Scheme" (ARSN 647 497 229); "Spring Farm Litigation Funding Scheme" (ARSN 649 089 912); "Freedom Foods Group Litigation Funding Scheme" (ARSN 646 754 378); "The Lloyds BII Claim Litigation Funding Scheme" (ARSN 650 744 228); "The QBE BII Claim Litigation Funding Scheme" (ARSN 650 744 415); "The Scenic tours Litigation Funding Scheme" (ARSN 649 659 094); "The Business Interruption Hollards Litigation Funding Scheme" (ARSN 653 963 369); and "The Mesoblast Shareholder Litigation Funding Scheme" (ARSN 656 647 586).

On 17 June 2022, the Full Federal Court determined that funded litigation schemes are generally not technically MISs under the Australian Corporation Law. This does not effect the carrying value, viability, prospect or accounting treatment for the Group.

These investments are within Fund 5 and accordingly the Group participates in these investments via its' 20% participation; the MISs are not consolidated within the Group.

The investments are classified as financial assets at fair value through the profit or loss. The investments are initially recognised at fair value plus any attributable transaction costs and are subsequently measured at fair value at each reporting date. The determination of the fair value is designated as level 3 in the fair value hierarchy. Management judgment is required when calculating the fair value of the investments. Level 3 inputs are used in the fair value calculation and estimation of fair value is inherently uncertain.

Typically the fair value of investments are equivalent to the Group's deployed capital on the investment, being the Group's share of funded costs of the litigation plus any associated other funded costs of the MIS, until there is some material objective positive or negative event in the underlying litigation that would cause a change in value.

Note 14: Litigation investments – financial assets (continued)

(b) Reconciliation of carrying amounts

The following table reconciles the movements in recurring fair value measurements categorised within level 3 of the fair value hierarchy:

	Consolidated	
	2022 $'000	2021 $'000
Balance at 1 July	**389**	–
Additions	**2,791**	389
Disposals	**(109)**	–
Balance at 30 June	**3,071**	389

Note 15: Litigation investments – deferred consideration

(a) Recognition and measurement

Variable consideration relating to litigation investments - purchased claims is initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. The determination of the fair value is designated as level 3 in the fair value hierarchy.

(b) Reconciliation of carrying amounts

The following table reconciles the movements in recurring fair value measurements categorised within level 3 of the fair value hierarchy:

	Consolidated	
	2022 $'000	2021 $'000
Balance at 1 July	**14,376**	–
Increase in carrying value (Note 12)	**8,447**	13,129
Interest expense	**800**	1,247
Valuation remeasurement recognised through profit and loss	**(667)**	–
Effect of movement in foreign currency	**(1,084)**	–
Balance at 30 June	**21,872**	14,376
Current	**21,872**	5,070
Non-current	**–**	9,306
	21,872	14,376

Note 16: Goodwill

(a) Recognition and measurement

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the fair value of the net identifiable assets acquired and liabilities assumed). Goodwill is subsequently measured at cost less any impairment.

Goodwill arose on the acquisition of Omni Bridgeway Holding B.V. and its subsidiaries (collectively known as the OBE Group) accounted for as a business combination. For impairment purposes, Goodwill has been solely allocated to the OBE Group and income generated by the OBE Group. The Group performs its annual impairment test on the goodwill associated with the OBE Group at 30 June each year.

Note 16: Goodwill (continued)

The impairment test performed on the OBE Group goodwill is done via a value-in-use calculation using the following inputs:

i. Cashflows generated over a 5-year period from the OBE Group's annual budget. The annual budget includes an estimation for all cashflows from operations of the OBE Group, including returns from investments and payments of overheads. The budget cashflows are sensitive to the timing and amount of investment completions. The investment completions refer to income earned from claims portfolio, purchased claims and intangible assets – litigation contracts in progress. The timing of completion and amount of investment income are based on the relevant investment manager's best estimates during the Group's annual budget process and are reviewed internally by management. The cashflows from investment completions have a compound annual growth rate of 38.3% (2021: 24.7%) over the cash flow period. This is reflective of the management's estimate of the OBE Group's expected future growth in business activity.
ii. Discount rate of 18.4% (2021: 14.2%). The discount rate represents the current assessment of the risks specific to OBE Group CGU, taking into consideration the time value of money and individual risks of the underlying OBE Group investment that have not been incorporated in the cash flow estimates. The discount rate was arrived using the OBL's weighted average cost of capital ("WACC") as a starting base.

No reasonably possible change in key assumption would result in the carrying amount of the CGU exceeding its recoverable amount.

Reconciliation of carrying amounts

	Consolidated	
	2022 $'000	**2021 $'000**
Balance at 1 July	**99,645**	103,072
Effect of movement in foreign currency	**(4,078)**	(3,427)
Balance at 30 June	**95,567**	99,645

C. CAPITAL STRUCTURE

Note 17: Financial risk management

The Group's principal financial instruments comprise cash and short-term deposits, purchased claims, receivables, payables, debt securities (bonds and fixed rate notes), lease liabilities, deferred consideration and variable deferred consideration.

The Group manages its exposure to key financial risks, including interest rate risk and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting its future financial security. Subsequent to year end, on 8 July 2022, Group fully repaid and redeemed all of its debt securities (bonds and fixed rate notes) from the proceeds of debt drawn down from a debt facility in the form of a Senior Facility Agreement, entered into on 5 May 2022. Refer to Note 38.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and currencies and assessments of market forecasts for interest rates and foreign currencies. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Risk exposures and responses

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to:

- the Group's cash holdings with a floating interest rate; and
- the Group has a $76.000 million variable rate bond debt outstanding as at 30 June 2022. These Omni Bridgeway Bonds require that the Group make a quarterly coupon payment based on the Bank Bill Rate plus a fixed margin of 5.20% per annum.

Note 17: Financial risk management (continued)

At reporting date the Group had the following financial instruments exposed mainly to Australian variable interest rate risk:

	Consolidated	
	2022 $'000	2021 $'000
Financial instruments		
Cash and cash equivalents	**158,966**	142,648
Omni Bridgeway Bonds	**(76,000)**	(75,290)
Net exposure	**82,966**	67,358

The Group regularly analyses its interest rate exposure. Within this analysis, consideration is given to expected interest rate movements and the Group's future cash requirements, potential renewals of existing positions, alternative financing available, and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June 2022, if interest rates had moved with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
+1.00% (100 basis points) (2021: +0.10%)	**581**	47	**581**	47
-1.00% (100 basis points) (2021: -0.10%)	**(581)**	(47)	**(581)**	(47)

Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, purchased claims and receivables from litigation contracts and other. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note. Apart from ratings on cash held and litigation contract receivables, as detailed below, the remainder of the Group's receivables typically do not carry a credit risk rating from a ratings agency.

To mitigate credit risk on litigation contract receivables the Group assesses the defendants in the investments funded by the Group prior to entering into any agreement to provide funding and continues this assessment during the course of funding. Wherever possible, the Group ensures that security for settlement sums is provided, usually with the settlement funds placed into solicitors' trust accounts. As at 30 June 2022, there are $52.6m worth of funds within solicitor's trust accounts and $7.3m worth of assets that are currently controlled by liquidators relating to receivables. The Group's continual monitoring of the defendants' financial capacity mitigates this risk. At 30 June 2022, there were no litigation contract receivables that were due to be paid by the AAA rated government (2021: $nil).

To mitigate credit risk on purchased claims, the Group assesses the defendants in the investments funded by the Group prior to purchasing the claim. The Group's continual monitoring of the defendants' financial capacity mitigates this risk.

To mitigate credit risk on cash and cash equivalents, the Group holds over 92% (2021: 91%) of its cash with Australian and American AA rated banks.

Refer to each financial asset's respective note for information on how impairment and credit loss is determined.

Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's expected financial commitments in a timely and cost-effective manner.

Management continually reviews the Group's liquidity position, including the preparation of cash flow forecasts, to determine the forecast liquidity position and to maintain appropriate liquidity levels. All financial liabilities of the Group, except the Omni Bridgeway Bonds, Fixed Rate Notes, consideration liabilities and non-current lease liabilities, are current and payable within 30 days.

Note 17: Financial risk management (continued)

The maturity profile of the Group's financial liabilities based on contractual maturity on an undiscounted basis are set out below. In accordance with the announcement of 3 June 2022, subsequent to year end, on 8 July 2022, the Group fully repaid and redeemed all of the debt securities (bonds and fixed rate notes) that existed at year-end, from the proceeds of debt drawn down from a new debt facility in the form of a Senior Facility Agreement that was entered into on 5 May 2022. This repayment included an early redemption fee. Refer to Note 38.

	Consolidated	
	2022 $'000	2021 $'000
Current		
Omni Bridgeway Bonds	**76,000**	–
Fixed Rate Notes	**72,000**	–
	148,000	–
Non-Current		
Omni Bridgeway Bonds	**–**	75,290
Fixed Rate Notes	**–**	70,232
	–	145,522

	< 6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000
2022					
Financial Liabilities					
Trade and other payables	**41,953**	**–**	**–**	**–**	**41,953**
Bonds and Notes - principal	**148,000**	**–**	**–**	**–**	**148,000**
Bonds and Notes - interest	**1,519**	**–**	**–**	**–**	**1,519**
Lease liabilities	**1,377**	**1,377**	**6,932**	**4,241**	**13,928**
Litigation investments - deferred consideration	**12,406**	**9,466**	**–**	**–**	**21,872**
Deferred and variable deferred consideration - business combinations	**29,161**	**–**	**16,568**	**–**	**45,729**
	234,416	**10,844**	**23,500**	**4,241**	**273,001**
2021					
Financial Liabilities					
Trade and other payables	21,009	–	–	–	21,009
Bonds and Notes - principal	–	–	148,000	–	148,000
Bonds and Notes - interest	3,645	2,118	14,355	–	20,118
Lease liabilities	1,437	1,437	6,339	–	9,213
Litigation investments - deferred consideration	–	5,070	9,306	–	14,376
Deferred and variable deferred consideration - business combinations	14,647	–	51,669	–	66,316
	40,738	8,625	229,669	–	279,032

Equity price risk

The fair value of the deferred and variable deferred consideration – business combination for the acquisition of the OBE Group (refer to Note 20 and 29) is exposed to changes in the Company's share price. There is no hedging or policies in place to mitigate the changes in share price. Refer to Fair Value section below for sensitivity analysis of this risk.

Note 17: Financial risk management (continued)

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The carrying amounts of financial assets and liabilities of the Group carried at amortised cost approximate their fair values, except for the Omni Bridgeway Bonds and Fixed Rate Notes. The Omni Bridgeway Bonds fair value has been determined using the quoted market price at 30 June 2022, and the Fixed Rate Notes fair value has been determined using the price from FIIG, a privately-owned corporate bonds and government bonds specialist.

For the purposes of disclosure, the fair value measurements used for the Bonds are level 1 on the fair value hierarchy and the Notes level 3. Level 3 inputs were used for all other assets and liabilities below to determine that the carrying value approximates fair value.

	Carrying Value		Fair Value	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Financial assets				
Trade and other receivables	**164,392**	231,305	**164,392**	231,305
Litigation investments - purchased claims	**47,040**	38,754	**47,040**	38,754
Litigation investments - financial assets	**3,071**	389	**3,071**	389
Security deposits	**2,848**	10,238	**2,848**	10,238
	217,351	280,686	**217,351**	280,686
Financial liabilities				
Trade and other payables	**41,953**	21,009	**41,953**	21,009
Omni Bridgeway bonds	**76,000**	75,290	**76,494**	76,760
Fixed rate notes	**72,000**	70,232	**73,146**	73,690
Deferred consideration - business combination	**15,491**	17,783	**15,491**	17,783
Variable deferred consideration - business combination	**30,238**	48,533	**30,238**	48,533
Variable consideration - litigation investments - purchased claims	**21,872**	14,376	**21,872**	14,376
	257,554	247,223	**259,194**	252,151

Notes to the Financial Statements
continued

Note 17: Financial risk management (continued)

Description of significant inputs to valuation of deferred and variable deferred consideration – business combination
The significant inputs and assumptions used in the fair value measurements of deferred and variable deferred consideration – business combination, categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis at 30 June 2022 are shown below:

Item	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Variable deferred consideration - business combination	Black Scholes Option Pricing Model	Exercise price	**Theoretical exercise price based on the floor price of $3.407**	
		Volatility	**40% at 30 June 2022** and 40% at 30 June 2021	**At 30 June 2022: An absolute 5% increase in the volatility would result in a $487,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a $487,000 decrease in the value of the liability.** At 30 June 2021: An absolute 5% increase in the volatility would result in a $879,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a $885,000 decrease in the value of the liability.
		Underlying share price	**$3.55 at 30 June 2022** and $3.75 at 30 June 2021	**At 30 June 2022: A relative 5% increase in the share price would result in a $875,000 increase in the value of the liability. A relative 5% decrease in the share price would result in a $803,000 decrease in the value of the liability.** At 30 June 2021: A relative 5% increase in the share price would result in a $1,462,000 increase in the value of the liability. A relative 5% decrease in the share price would result in a $1,359,000 decrease in the value of the liability.
		Dividend yield	**At 30 June 2022: 0% for 8-Nov-22 payment 2% for 8-Nov-23 payment 2% for 8-Nov-24 payment** At 30 June 2021: 0% for 8-Nov-21 payment 2% for 8-Nov-22 payment 2% for 8-Nov-23 payment 2% for 8-Nov-24 payment	**At 30 June 2022: An absolute 1% increase in dividend yield would result in a $160,000 decrease in the value of the liability. An absolute 1% decrease in dividend yield would result in a $164,000 increase in the value of the liability.** At 30 June 2021: An absolute 1% increase in dividend yield would result in a $312,000 decrease in the value of the liability. An absolute 1% decrease in dividend yield would result in a $332,000 increase in the value of the liability.

Note 17: Financial risk management (continued)

Item	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
		Risk free rate	**At 30 June 2022: 1.94% for 8-Nov-22 payment 2.95% for 8-Nov-23 payment 3.02% for 8-Nov-24 payment** At 30 June 2021: 0.01% for 8-Nov-21 payment 0.02% for 8-Nov-22 payment 0.09% for 8-Nov-23 payment 0.34% for 8-Nov-24 payment	**At 30 June 2022: An absolute 0.5% increase in risk free rate would result in a $77,000 decrease in the value of the liability. An absolute 0.5% decrease in risk free rate would result in a $79,000 increase in the value of the liability.**
		FX forward rate (AUD/EUR)	**At 30 June 2022: 8-Nov-22: 1.53 8-Nov-23: 1.58 8-Nov-24: 1.62** At 30 June 2021: 8-Nov-21: 1.58 8-Nov-22: 1.59 8-Nov-23: 1.60 8-Nov-24: 1.63	**30 June 2022: A relative 5% increase in the forward exchange rates would result in a $1,489,000 increase the value of the liability. A relative 5% decrease in the forward exchange rate would result in a $1,489,000 decrease in the value of the liability.** 30 June 2021: A relative 5% increase in the forward exchange rates would result in a $2,403,000 increase the value of the liability. A relative 5% decrease in the forward exchange rate would result in a $2,403,000 decrease in the value of the liability.
Deferred consideration - business combination	Black Scholes Option Pricing Model	Exercise price	**Theoretical exercise price based on the floor price of $3.407**	
		Volatility	**40% at 30 June 2022** and 40% at 30 June 2021	**At 30 June 2022: An absolute 5% increase in the volatility would result in a $167,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a $163,000 decrease in the value of the liability.** At 30 June 2021: An absolute 5% increase in the volatility would result in a $334,000 increase in the value of the liability. An absolute 5% decrease in the volatility would result in a $334,000 decrease in the value of the liability.

Notes to the Financial Statements

continued

Note 17: Financial risk management (continued)

Item	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
		Underlying share price	**$3.55 at 30 June 2022** and $3.75 at 30 June 2021	**At 30 June 2022: An absolute 5% increase in the share price would result in a $480,000 increase in the value of the liability. An absolute 5% decrease in the share price would result in a $419,000 decrease in the value of the liability.** At 30 June 2021: An absolute 5% increase in the share price would result in a $525,000 increase in the value of the liability. An absolute 5% decrease in the share price would result in a $491,000 decrease in the value of the liability.
		Dividend yield	**0% at 30 June 2022** and 2% at 30 June 2021	**At 30 June 2022: An absolute 1% increase in dividend yield would result in a $nil decrease in the value of the liability. An absolute 1% decrease in dividend yield would result in a $nil increase in the value of the liability.** At 30 June 2021: An absolute 1% increase in dividend yield would result in a $97,000 decrease in the value of the liability. An absolute 1% decrease in dividend yield would result in a $102,000 increase in the value of the liability.
		Risk free rate	**1.94% at 30 June 2022** and 0.02% at 30 June 2021	**At 30 June 2022: An absolute 0.5% increase inrisk free rate would result in a $12,000 decrease in the value of the liability. An absolute 0.5% decrease in risk free rate would result in a $12,000 increase in the value of the liability.**
		FX forward rate (AUD/EUR)	**1.53 at 30 June 2022** and 1.59 at 30 June 2021	**At 30 June 2022: relative 5% increase in the forward exchange rates would result in a $775,000 increase the value of the liability. A relative 5% decrease in the forward exchange rate would result in a $775,000 decrease in the value of the liability.** At 30 June 2021: relative 5% increase in the forward exchange rates would result in a $889,000 increase the value of the liability. A relative 5% decrease in the forward exchange rate would result in a $889,000 decrease in the value of the liability.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency in which they are measured. The risk is monitored using sensitivity analysis and cash flow forecasting. The Group is also exposed to foreign exchange translation risk arising from its foreign operations. The Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature. In addition, the parent entity has intercompany receivables from its subsidiaries denominated in Australian Dollars which are eliminated on consolidation. The gains or losses on re-measurement of these intercompany receivables from foreign currencies to Australian Dollars are not eliminated on consolidation as the loans are not considered to be part of the net investment in the subsidiary.

Note 17: Financial risk management (continued)

The Group's exposure to foreign currency risk at 30 June were as follows:

2022	AUD $'000	USD $'000	GBP $'000	EUR $'000	SGD $'000	CAD $'000	HKD $'000	CHF $'000	AED $'000	JPY $'000	NZD $'000	NOK $'000	ZAR $'000
Financial Assets													
Cash and cash equivalents	–	9,963	306	996	303	–	9,820	27	102	41	–	–	–
Trade receivables	–	6,516	6,000	5,052	–	14,725	–	–	–	–	–	–	–
Intercompany loan receivable	–	43,141	(705)	–	(2,956)	–	–	–	–	–	4	–	–
Total assets	–	59,620	5,601	6,048	(2,653)	14,725	9,820	27	102	41	4	–	–
Financial Liabilities													
Trade Payables	2,897	279	15	301	2	207	88	–	34	(34)	35	31	557
Deferred and variable deferred consideration - business combination	45,729	–	–	–	–	–	–	–	–	–	–	–	–
Total liabilities	48,626	279	15	301	2	207	88	24	34	(34)	35	31	557

2021	AUD $'000	USD $'000	GBP $'000	EUR $'000	SGD $'000	CAD $'000	HKD $'000	CHF $'000	AED $'000	JPY $'000	NZD $'000	NOK $'000	ZAR $'000
Financial Assets													
Cash and cash equivalents	–	14,676	270	1,196	63	76	9,257	53	38	55	–	–	–
Trade receivables	–	10,071	–	108	–	16,533	–	–	–	–	–	–	–
Intercompany loan receivable	–	30,194	(644)	–	(1,661)	–	–	–	–	–	–	–	–
Total assets	–	54,941	(374)	1,304	(1,598)	16,609	9,257	53	38	55	–	–	–
Financial Liabilities													
Trade Payables	80	919	167	319	1	48	97	3	4	(34)	–	–	–
Deferred and variable deferred consideration - business combination	66,315	–	–	–	–	–	–	–	–	–	–	–	–
Total liabilities	66,395	919	167	319	1	48	97	3	4	(34)	–	–	–

1 Receivables includes the intercompany loan receivable that Omni Bridgeway Limited has with Omni Bridgeway Holdings (USA) Inc (USD), Omni Bridgeway Capital (Canada) Limited (CAD) and Omni Bridgeway (Singapore) Pte Limited (SGD).

Note 17: Financial risk management (continued)

The Group's exposure to foreign currency risk on cash and cash equivalents primarily relates to foreign cash holdings within the parent entity. The USD foreign currency risk for receivables is predominately due to the Group's Euro denominated subsidiaries which have USD receivables. The AUD foreign currency risk for deferred and variable deferred consideration is due to Omni Bridgeway (Storm) Holdings BV's acquisition of the OBE Group and its requirement to deliver AUD denominated shares in the Company.

Sensitivity

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the subsidiary's functional currency to the listed currencies, with all other variables held constant. The sensitivity is based on management's estimate of reasonably possible changes over the financial year.

		Impact on profit or loss before tax ($'000)												
		AUD	USD	GBP	EUR	SGD	CAD	HKD	CHF	AED	JPY	NZD	NOK	ZAR
30 June 2022	**+10%**	**4,528**	**(8,632)**	**(985)**	**(873)**	**277**	**(1,638)**	**(180)**	**(4)**	**(3)**	**–**	**3**	**–**	**5**
	-10%	**(4,528)**	**8,632**	**985**	**873**	**(277)**	**1,638**	**180**	**4**	**3**	**–**	**(3)**	**–**	**(5)**
30 June 2021	+10%	6,584	(7,191)	100	(156)	158	(1,779)	(157)	(7)	(1)	–	–	–	–
	-10%	(6,584)	7,191	(100)	156	(158)	1,779	157	7	1	–	–	–	–

Note 18: Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position and Statement of Cash Flows comprise cash at bank and on hand, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash on hand and which are subject to an insignificant risk of changes in value.

	Consolidated	
	2022 $'000	2021 $'000
Cash at bank	**124,755**	88,107
Short-term deposits	**34,211**	54,541
	158,966	142,648

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value. Of the cash at bank, $1,686,000 (2021: $1,313,000) is restricted as it is cash received for unearned revenue or is held within Stichting vehicles on behalf of customers. The Stichting vehicles were founded as a separate, independent foundation to ensure the cash flows related to the claims were secured.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group. At 30 June 2022, all short-term deposits are due to mature in less than 90 days from inception and earn interest at the respective short-term deposit rates.

Bank Guarantees

Bank guarantees have been issued by the Group's bankers as security for leases over premises. At 30 June 2022, guarantees of $2,355,000 were outstanding (2021: $1,163,000). The Group has a total guarantee facility limit of $2,472,000 (2021: $1,432,000) that is secured by an offset arrangement with deposits of $1,672,000 (2021: $1,632,000).

Note 19: Debt securities

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

The borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date. In accordance with the announcement of 3 June 2022, subsequent to year end, on 8 July 2022, the Group fully repaid and redeemed all of the debt securities (bonds and fixed rate notes) that existed at year-end, from the proceeds of debt drawn down from a new debt facility in the form of a Senior Facility Agreement that was entered on 5 May 2022. Refer to Note 38.

	Consolidated	
	2022 $'000	**2021 $'000**
Current		
Omni Bridgeway Bonds	**76,000**	–
Fixed Rate Notes	**72,000**	–
	148,000	–
Non-Current		
Omni Bridgeway Bonds	**–**	75,290
Fixed Rate Notes	**–**	70,232
	–	145,522

Cash and non-cash movements in debt securities are shown below:

	Consolidated	
	2022 $'000	**2021 $'000**
Balance at 1 July	**145,522**	143,784
Amortisation of costs of issuing debt	**2,478**	1,738
Balance at 30 June	**148,000**	145,522

At 30 June 2022, there were 760,000 Bonds on issue with a face value of $100 each. The Omni Bridgeway Bonds have a variable rate of interest based on the Bank Bill rate plus a fixed margin of 4.20% per annum, paid quarterly. The maturity date is 22 December 2022, with a first issuer call date of 8 January 2022. An increase in the margin of 1.0% applied from 1 January 2022 to the maturity date.

Note 19: Debt securities (continued)

On 20 December 2019, the Company refinanced its Fixed Rate Notes by early redemption of the existing notes by payment of 101% of the outstanding principal and accrued interest to the date of redemption. Of the notes on issue, 34,284 notes were redeemed and new notes issued to new noteholders and 37,716 notes were exchanged for new notes. The interest rate payable to new Noteholders is 5.65% per annum payable quarterly. The Fixed Rate Notes are due to mature on 8 January 2026 and are secured by a security interest over all present and after-acquired property of the Group.

The application of AASB 123 Borrowing Costs (revised 2007) has resulted in the capitalisation of $10.182 million (2021: $8.961 million) during the current financial year as part of the litigation investments which are deemed to be qualifying assets post the application date of AASB 123 (revised) on 1 July 2009 (refer to Note 13). Borrowing costs relating to Bonds and Notes have been fully amortised at 30 June 2022 to reflect the early redemption of Bonds and Notes.

In relation to the debt securities held by the Group, there were no breaches in covenants. The following ratios are applicable to the Group for the financial year:

	Consolidated	
	2022	**2021**
Gearing ratio[1]	**45%**	40%
Working capital ratio[2]	**1.06**	4.86
Interest cover[3]	**N/A**	N/A

1 The gearing ratio is calculated as total liabilities over total equity in accordance with CO 14/1276. It is categorised as non-IFRS information prepared in accordance with ASIC Regulatory Guidance 230 – Disclosing non-IFRS financial information, issued in December 2011.

2 The working capital ratio is calculated as current assets over current liabilities in accordance with CO 14/1276. It is categorised as non-IFRS information prepared in accordance with ASIC Regulatory Guidance 230 – Disclosing non-IFRS financial information, issued in December 2011.

3 The interest cover ratio is calculated as EBITDA over net interest expense in accordance with CO 14/1276. It is not applicable as interest is capitalised on qualifying assets.

In accordance with the financial covenants required per OBL Bonds Trust Deed and OBL Note Trust Deed, the current resources of the Issuer Group at 30 June 2022 was $165.364 million (2021: $233.002 million) which comprised:

	2022 $'000	**2021 $'000**
Cash at bank	**92,141**	98,664
Receivables	**73,223**	134,338
	165,364	233,002

In accordance with clause 4.3(a)(ii)(C) of Schedule 2 of the OBL Bond Trust Deed and in accordance with clause 5.2(a)(iii) of the OBL OTC Notes, no wholly owned subsidiary held cash on its balance sheet in an amount which at any time exceeds the subsidiary cash limit at that time for a period of more than 30 consecutive calendar days, unless the relevant wholly owned subsidiary has provided an unconditional guarantee of all amounts owing on the bonds then outstanding in favour of the Trustee.

Note 20: Contributed equity

(a) Ordinary shares

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Fully paid ordinary shares carry one vote per share and the right to dividends.

	Consolidated	
	2022 $'000	2021 $'000
Contributed equity		
Issued and fully paid ordinary shares	**406,963**	389,501

	Number '000	$'000
Movement in ordinary shares		
At 1 July 2020	249,865	347,630
Shares issued during the year (deferred and variable deferred consideration - business combination) (Note 29)	8,120	33,537
Shares issued upon exercise of performance rights (Note 32)	3,604	6,064
Shares issued under the Dividend Reinvestment Plan	591	2,270
At 30 June 2021	**262,180**	**389,501**
Shares issued during the year (deferred and variable deferred consideration - business combination) (Note 29)	**3,659**	**10,940**
Shares issued upon exercise of performance rights (Note 32)	**2,800**	**6,522**
At 30 June 2022	**268,639**	**406,963**

(b) Performance rights

At 30 June 2022, there were 15,929,183 unissued ordinary shares in respect of which share performance rights were outstanding (2021: 18,528,532). Refer to Note 32.

(c) Variable deferred consideration shares

ASX has granted the Company a waiver from Listing Rule 7.3.4 on 31 December 2019, to permit the Company to seek Shareholder approval for the issue of the Variable Deferred Consideration Shares in respect of the Variable Deferred Consideration later than 3 months from the date of the Meeting but no later than 60 months after the date of Completion (ASX Waiver). The ASX Waiver was granted subject to the following conditions:

(i) the Annual Targets not being varied;

(ii) the maximum number of Variable Deferred Consideration Shares to be issued is calculated based upon the Minimum Deemed Issue Price and is stated in the Notice, along with adequate details regarding potential dilution;

(iii) for any annual reporting during which any of the Variable Deferred Consideration Shares have been issued or any of them remain to be issued, the Company's annual report sets out in detail the number of Variable Deferred Consideration Shares issued in that annual reporting period, the number of Variable Deferred Consideration Shares that remain to be issued and the basis on which the Variable Deferred Consideration Shares may be issued;

(iv) in any half year or quarterly report for a period during which any of the Variable Deferred Consideration Shares have been issued or remain to be issued, the Company must include a summary statement of the number of Variable Deferred Consideration Shares issued during the reporting period, the number of Variable Deferred Consideration Shares that remain to be issued and the basis on which the Variable Deferred Consideration Shares may be issued; and

(v) the notice of shareholder meeting contains the full terms and conditions of the Variable Deferred Consideration Shares and the conditions of the Waiver.

Note 20: Contributed equity (continued)

During the year, the following number of shares were issued in settlement of this obligation:

	2022 $'000	2021 $'000
Maximum approved as permissible to issue	**17,329**	17,329
Previously issued	**(8,120)**	–
Issued during the year	**(3,659)**	(8,120)
Total issued	**(11,779)**	(8,120)
Remaining shares to be issued	**5,550**	9,209

(d) Capital management

Capital includes bonds, notes, lease liabilities and equity attributable to the equity holders of the Parent. When managing capital, management's objective is to ensure the Group continues as a going concern while maintaining optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Group's earnings often vary dramatically, and this is expected to continue in future. Management's policy is to pay dividends to shareholders from earnings where there is capital surplus to the needs of the business.

The Group is not subject to any externally imposed capital requirements. Omni Bridgeway Limited's accumulated losses/retained earnings are disclosed in Note 33.

Note 21: Retained earnings/(accumulated losses) and reserves

Movements in retained earnings/(accumulated losses) were as follows:

	Consolidated	
	2022 $'000	2021 $'000
Balance at 1 July	**(42,187)**	(6,597)
Net loss for the year	**(45,645)**	(25,451)
Dividend paid	**–**	(10,139)
Balance at 30 June	**(87,832)**	(42,187)

(a) Movements in reserves were as follows:

	Share based payment reserve $'000	Foreign currency translation reserve $'000	Option premium reserve $'000	Convertible note reserve $'000	Fund equity reserve $'000	Total reserves $'000
Balance at 1 July 2020	23,918	(11,408)	3,404	3,832	(24,778)	(5,032)
Movements in reserves during the year	4,409	(16,997)	–	–	2,179	(10,409)
Balance at 30 June 2021	28,327	(28,405)	3,404	3,832	(22,599)	(15,441)
Movements in reserves during the year	**3,946**	**8,599**	**–**	**–**	**12,655**	**25,200**
Balance at 30 June 2022	**32,273**	**(19,806)**	**3,404**	**3,832**	**(9,944)**	**9,759**

Note 21: Retained earnings/(accumulated losses) and reserves (continued)

(b) Nature and purpose of reserves

i. *Share-based payment reserve*

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel as part of their remuneration. Refer to Note 32 for further details of this plan.

ii. *Foreign currency translation reserve*

This reserve is used to record differences on the translation of the assets and liabilities of foreign operations.

iii. *Option premium reserve*

This reserve is used to record the value of equity benefits provided to employees and directors, including Key Management Personnel, as part of their remuneration. This reserve relates to the previous plan for options already vested.

iv. *Convertible note reserve*

This reserve was used to record the equity portion on the convertible notes (issued on 13 December 2010), which were fully redeemed by the Company during December 2013.

v. *Fund equity reserve*

This reserve is used to record changes in the proportion of equity held by non-controlling interests within the Group.

D. WORKING CAPITAL, OTHER ASSETS AND OTHER LIABILITIES

Note 22: Trade and other receivables

Receivables are recognised initially at fair value and subsequently remeasured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Receivables due from the completion of litigation investments are recognised upon various stages of completion of the underlying litigation in conjunction with the income recognition criteria of each investment. Collectability is reviewed on an ongoing basis.

The Group recognises an allowance for expected credit losses (ECLs) for all receivables based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For investments that involve an award or judgment there may be a risk of collectability. The Group recognises this as part of its usual investment process and whilst obtaining the award or judgment is considered delivery of a performance obligation entitling the group to a contractual return, the Group only recognises an amount reflecting the discounted expected receipts rather than the contractual entitlement at that time. At 30 June 2022, the value of the ECL allowance is $nil (2021: $nil).

Other receivables comprise interest receivable upon the maturity of the Group's short-term deposits (between 30 and 90 days), receivables from co-funders of litigation contracts in progress, short term loans and deposits receivable.

	Consolidated	
	2022 $'000	2021 $'000
Current		
Receivables due from the completion of litigation investments	**101,448**	175,655
Other receivables	**26,306**	33,734
	127,754	209,389
Non-current		
Receivables due from the completion of litigation investments	**36,638**	21,916
	36,638	21,916

(a) Fair value and credit risk

Due to the nature of these receivables, the carrying value of the current receivables approximates its fair value. The maximum exposure to credit risk is the carrying value of receivables. It is not the Group's policy to transfer (on-sell) receivables.

Notes to the Financial Statements
continued

Note 23: Contract costs

The Group holds management and advisory contracts in respect of Fund 4 and Fund 5. Incremental costs incurred in obtaining a contract are capitalised when the Group expects to recover the costs and are amortised on a systemic basis that is consistent with the Group's transfer of related services to the customer.

The amounts have been capitalised as shown below. The amounts are being amortised on a straight line basis over a period of seven years, being in reference to the initial four-year commitment period of the fund plus the estimated litigation funding contract life of three years.

	Consolidated	
	2022 $'000	2021 $'000
Balance at 1 July	**4,461**	5,400
Amortisation of contract costs	**(939)**	(939)
Balance at 30 June	**3,522**	4,461
Current	**939**	939
Non-current	**2,583**	3,522
	3,522	4,461

Note 24: Other assets

	Consolidated	
	2022 $'000	2021 $'000
Current		
Prepayments	**2,576**	2,216
Security deposits	**2,848**	2,793
	5,424	5,009
Non-current		
Prepayments	**12,037**	8,735
Security deposits	**–**	7,445
Other	**714**	1,200
	12,751	17,380

Note 25: Property, plant and equipment

Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing parts is incurred. All other repairs and maintenance are recognised in the profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The major categories of property, plant and equipment are depreciated as follows:

- Equipment 2 to 5 years;
- Furniture 2 to 6 years;
- Leasehold 2 to 11 years; and
- Right-of-use 3 to 10 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Note 25: Property, plant and equipment (continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (ie. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised (Refer to Note 28), initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment indicator assessments.

	Consolidated	
	2022 $'000	2021 $'000
Gross carrying amount - at cost	**26,942**	14,181
Accumulated depreciation	**(12,073)**	(8,276)
Net carrying amount	**14,869**	5,905

Reconciliation of carrying amounts at the beginning and end of the year

	Equipment $'000	Furniture, Fixtures and Fittings $'000	Leasehold Improvements $'000	Right-of-use assets $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2020	2,041	1,037	1,938	7,817	12,833
Additions	266	42	5	1,778	2,091
Disposals	(154)	–	–	–	(154)
Effect of movement in foreign currency	(73)	(111)	(12)	(393)	(589)
Balance at 30 June 2021	2,080	968	1,931	9,202	14,181
Additions	**357**	**242**	**1,065**	**15,084**	**16,748**
Disposals	**(2)**	**–**	**–**	**(4,446)**	**(4,448)**
Effect of movement in foreign currency	**(2)**	**10**	**12**	**441**	**461**
Balance at 30 June 2022	**2,433**	**1,220**	**3,008**	**20,281**	**26,942**
Accumulated depreciation					
Balance at 1 July 2020	1,341	808	1,568	2,194	5,911
Adjustment on adoption of AASB 16	–	–	–	(363)	(363)
Depreciation charge for the year	414	3	249	2,453	3,119
Disposals/terminations	(91)	–	–	–	(91)
Effect of movement in foreign currency	(70)	(35)	(3)	(192)	(300)
Balance at 30 June 2021	1,594	776	1,814	4,092	8,276
Depreciation charge for the year	**339**	**106**	**255**	**2,757**	**3,457**
Disposals	**(2)**	**–**	**–**	**–**	**(2)**
Adjustments	**–**	**–**	**–**	**197**	**197**
Effect of movement in foreign currency	**(2)**	**10**	**8**	**129**	**145**
Balance at 30 June 2022	**1,929**	**892**	**2,077**	**7,175**	**12,073**

Property, plant and equipment of the Company is subject to a fixed charge to secure the Company's debt due to Bondholders. See Note 19 for further details. Refer to Note 28 for further information on Right-of-use assets and their associated leases.

Note 26: Trade and other payables

Trade payables, other payables and accruals are carried at amortised cost. Due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group or liabilities to provide funding in relation to a litigation investment to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services or deployment against investment commitments. The amounts are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

	Consolidated	
	2022 $'000	2021 $'000
Trade payables	**30,842**	17,544
Unearned revenue (Refer to Note 2)	**8,594**	1,144
Wage accruals	**468**	501
Interest accruals	**2,049**	1,820
	41,953	21,009

Fair Value

Due to the nature of trade and other payables, their carrying value approximates their fair value.

Note 27: Provisions

General provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

The increase in the provision resulting from the passage of time is recognised in finance costs.

Refer to Notes 11 - 14 in respect to litigation investment impairment provisions.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include wages, salaries, annual leave, long service leave and bonuses.

Liabilities in respect of employees' services rendered that are not expected to be wholly settled within one year after the end of the periods in which the employees render the related services are recognised as long-term employee benefits. These liabilities are measured at the present value of the estimated future cash outflow to be made to the employees using the projected unit credit method.

Liabilities expected to be wholly settled within one year after the end of the period in which the employees render the related services are classified as short-term benefits and are measured at the amount due to be paid.

	Consolidated	
	2022 $'000	2021 $'000
Current		
Annual leave and vested long service leave	**3,941**	4,637
Litigation investments - adverse costs	**20,877**	19,100
Bonus	**306**	677
	25,124	24,414
Non-Current		
Premises lease make good	**601**	278
Long service leave	**642**	577
	1,243	855

Note 27: Provisions (continued)

(a) Movement in provisions

	Litigation investments - adverse costs $'000	Annual leave $'000	Long service leave $'000	Premises lease make good $'000	Bonus $'000	Total $'000
Balance at 1 July 2020	672	2,693	1,200	282	10,753	15,600
Arising during the year	18,428	2,001	281	–	999	21,709
Utilised	–	(892)	–	–	(11,077)	(11,969)
Effect of movement in foreign currency	–	(69)	–	(4)	2	(71)
Balance at 30 June 2021	19,100	3,733	1,481	278	677	25,269
Arising during the year	**1,777**	**3,060**	**160**	**323**	**725**	**7,331**
Utilised	**–**	**(3,469)**	**(447)**	**–**	**(1,085)**	**(6,287)**
Effect of movement in foreign currency	**–**	**65**	**–**	**–**	**(11)**	**54**
Balance at 30 June 2022	**20,877**	**3,389**	**1,194**	**601**	**306**	**26,367**
Current 2022	**20,877**	**3,389**	**552**	**–**	**306**	**25,124**
Non-current 2022	**–**	**–**	**642**	**601**	**–**	**1,243**
	20,877	**3,389**	**1,194**	**601**	**306**	**26,367**
Current 2021	19,100	3,733	904	–	677	24,414
Non-current 2021	–	–	577	278	–	855
	19,100	3,733	1,481	278	677	25,269

(b) Nature and timing of provisions

Litigation investments - adverse costs

The Group raises a provision for adverse costs upon receipt of a losing judgment in jurisdiction jurisdictions that require adverse costs to be paid to the litigation's counter party. Refer to Notes 1, 6 and 30 for further details on adverse costs.

At 30 June 2022, an adverse costs provision of $20.9 million (2021: $19.1 million) exists in relation to two non-fund investments. Of that amount, $9.4 million will be recovered from (i) ATE insurance proceeds ($8.6 million); and (ii) as part of a co-funding agreement ($0.8 million) recognised as a receivable. As a result, $2.6 million has been expensed and is included in other expenses. $1.37 million had been recognised for fund investments with $1.1 million recoverable from insurance proceeds.

Premises lease make good

The make good provision relates to amounts recognised for make good requirements on leases of office space.

Bonus

The bonus provision relates to amounts accrued based on management's best estimate to be paid to employees.

Note 28: Lease liabilities

The Group has lease contracts for rental property and motor vehicles. These leases generally have lease terms between 3 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Note 28: Lease liabilities (continued)

Group as lessee

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (ie those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Consolidated	
	2022 $'000	2021 $'000
Balance at 1 July	**5,843**	5,684
Additions	**13,602**	2,657
Terminations	**(2,738)**	–
Accretion of interest	**808**	750
Payments	**(3,955)**	(2,947)
Effects of movement in foreign currency	**368**	(301)
Balance at 30 June	**13,928**	5,843
Current	**2,755**	2,449
Non-current	**11,173**	3,394
	13,928	5,843

The following are the amounts recognised in profit or loss:

	Consolidated	
	2022 $'000	2021 $'000
Depreciation expense on right-of-use assets	**2,757**	2,453
Interest expense on lease liabilities (included in finance costs)	**808**	750
Expense relating to short-term leases	**99**	352
Expenses relating to leases of low-value assets (included in corporate and office expense)	**522**	209
Total amount recognised in profit and loss	**4,186**	3,764

The Group had total cash outflows for leases of $4,576,000 in 2022 (2021: $3,508,000). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 30.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

Note 29: Other financial liabilities

Deferred and variable deferred consideration is valued at fair value at the acquisition date as part of a fair value through profit and loss business combination. It is subsequently remeasured at fair value at each reporting date.

	Consolidated	
	2022 $'000	2021 $'000
Current		
Deferred consideration - business combination	**15,491**	–
Variable deferred consideration - business combination	**13,670**	14,647
	29,161	14,647
Non-current		
Deferred consideration - business combination	**–**	17,783
Variable deferred consideration - business combination	**16,568**	33,886
	16,568	51,669

Deferred and variable deferred consideration – business combination

Relates to the acquisition of OBE Group. The determination of the fair value is designated as level 3 in the fair value hierarchy. Refer to Note 17 for further information.

Note 29: Other financial liabilities (continued)

The following table reconciles the movements in recurring fair value measurements categorised within level 3 of the fair value hierarchy:

	Deferred consideration - business combination $'000	Variable deferred consideration - business combination $'000	Total $'000
Current			
Balance at 1 July 2020	20,681	17,655	38,336
Fair value remeasurement recognised through profit and loss	(2,793)	(3,403)	(6,196)
Issue of shares to satisfy the liability	(17,808)	(15,729)	(33,537)
Reclassification from Non-current	–	16,194	16,194
Effect of movement in foreign currency	(80)	(70)	(150)
Balance at 30 June 2021	–	14,647	14,647
Fair value remeasurement recognised through profit and loss	**(1,564)**	**(4,971)**	**(6,535)**
Issue of shares to satisfy the liability	**–**	**(10,940)**	**(10,940)**
Reclassification from Non-current	**17,055**	**15,050**	**32,105**
Effect of movement in foreign currency	**–**	**(116)**	**(116)**
Balance at 30 June 2022	**15,491**	**13,670**	**29,161**
Non-Current			
Balance at 1 July 2020	22,105	58,375	80,480
Fair value remeasurement recognised through profit and loss	(3,628)	(6,465)	(10,093)
Reclassification to Current	–	(16,194)	(16,194)
Effect of movement in foreign currency	(694)	(1,830)	(2,524)
Balance at 30 June 2021	17,783	33,886	51,669
Fair value remeasurement recognised through profit and loss	**–**	**(880)**	**(880)**
Reclassification to Current	**(17,055)**	**(15,050)**	**(32,105)**
Effect of movement in foreign currency	**(728)**	**(1,388)**	**(2,116)**
Balance at 30 June 2022	**–**	**16,568**	**16,568**

Note 30: Commitments and contingencies

Capital commitments

Omni Bridgeway Limited has $402.532 million (2021: $373.038 million) in aggregate Investor Capital commitments to its Funds 1, 2&3, 4, 5, 6, 7 and 8 collectively, of which $227.703 million is undrawn at 30 June 2022 (2021: $240.880 million).

The Funds have made aggregate funding commitments to Investments totalling $1,574.017 million (2021: $1,096.550 million), of which $799.979 million is yet to be deployed at 30 June 2022 (2021: $523.554 million).

Remuneration commitments

	Consolidated	
	2022 $'000	2021 $'000
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:		
Within one year	**4,295**	5,461
After one year but no more than five years	**–**	–
	4,295	5,461

Amounts disclosed as remuneration commitments also include commitments arising from the service contracts of, and bonuses payable to, directors and executives referred to in the Remuneration Report of the Directors' Report that are not recognised as liabilities and are not included in the compensation of Key Management Personnel.

Contingencies

In certain jurisdictions litigation funding agreements contain an undertaking from the Group to the client that the Group will pay adverse costs awarded to the successful party in respect of costs incurred during the period of funding, should the client's litigation be unsuccessful. It is not possible to predict in which cases such an award might be made.

The Group has insurance arrangements which, in some circumstances, will lessen the impact of such awards. The entire Funds 2 & 3 portfolio has an after the event (ATE) insurance policy that will respond to claims for adverse costs in aggregate in excess of $7.5 million. The entire Fund 5 portfolio has an ATE insurance policy that will respond to claims for adverse costs in aggregate in excess of USD20 million. Additionally, the Group may obtain insurance cover over a specific investment. Based on past experience, an award of adverse costs to a defendant will approximate 40% to 80% (depending on jurisdiction) of the amount paid by the plaintiff to pursue the litigation (although in some cases there may be more than one defendant).

An indicative pre-insurance cover estimate of the total gross potential adverse costs exposure of the Group may be made by assuming all cases are lost, that adverse costs equal 40% to 80% of the amount spent by the plaintiff and that there is only one defendant per case.

At 30 June 2022, the total amount of capital deployed on currently funded investments by the Group where undertakings to pay adverse costs have been provided was $141.127 million (2021: $107.476 million). This excludes specifically identified investments where adverse costs provisions have already been recognised in liabilities (refer to Note 27). The potential adverse costs exposure using the above methodology would amount to $53.363 million (2021: $45.315 million), of which the estimated net exposure attributable to equity holders of the parent is $23.066 million and $30.299 million is attributable to non-controlling interests. Notwithstanding the historic performance, subject to specific investment impairment considerations, the Group does not currently expect that any of the investments will be unsuccessful. The Group maintains a large cash holding in the event that one or more investments are unsuccessful and an adverse costs order is made which is not covered by its insurance arrangements.

Further to the contingent comment above, in respect to a number of investments where the Group has a potential exposure to adverse cost exposure OBL has provided a security deed poll. The group has invested $32.872 million to these investments collectively. Where such investment is within a Fund, OBL is indemnified by the respective Fund.

A portion of the consideration relating to the acquisition of OBE Group is contingent upon the OBE Group meeting performance targets. This is outlined in Notes 20 and 29.

E. THE GROUP, MANAGEMENT AND RELATED PARTIES

Note 31: Key management personnel

Details of Key Management Personnel

As announced to the ASX on 19 July 2022, Stuart Mitchell will be replaced by Guillaume Leger as Global Chief Financial Officer, effective 1 September 2022.

There were no further changes to Key Management Personnel after the reporting date and before the date the financial report was authorised for issue.

Compensation of Key Management Personnel

	Consolidated	
	2022 $'000	2021 $'000
Short-term employee benefits	**4,690**	4,818
Post-employment benefits	**163**	158
Long term employee benefits	**(659)**	157
Termination payments	**882**	–
Share based payments	**2,357**	3,154
	7,433	8,287

Note 32: Share-based payment plan

Share-based payment transactions

(i) Equity-settled transactions

The Company's LTIP awards share performance rights to key senior employees. The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Monte Carlo or Black Scholes Model depending on the type of LTIP.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of OBL (i.e. market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the share-based payment reserve, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Equity-settled awards granted by OBL to employees of subsidiaries are recognised in the Parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. These amounts are eliminated through consolidation. As a result, the expenses recognised by the Company in relation to equity-settled awards only represents the expense associated with grants to employees of the Parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and an expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Where outstanding rights do not have an anti-dilutive effect and are currently meeting the performance criteria, the dilutive effect, if any, is added to share dilution in the computation of diluted earnings per share.

Note 32: Share-based payment plan (continued)

(ii) Cash-settled transactions

The Group does not provide cash-settled share-based benefits to employees or senior executives.

Long Term Incentive Plan

LTIP awards are delivered in the form of performance rights over shares which vest after a period of three years subject to meeting performance measures. The Group uses relative TSR and CAGR of Funds Deployed as the performance measures.

For the portion of the LTIP subject to the relative TSR performance measure, the fair value of share performance rights granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the share performance rights were granted. For the portion of the LTIP based on the achievement of CAGR of Funds Deployed, the Black-Scholes model is used.

5,053,932 share performance rights were issued during 2022 (2021: 4,528,546). Specific assessment for performance rights issued in the period is below:

Grant Date	1 July 2021	30 November 2021
Share price at grant date	$3.590	$3.250
Exercise price	Nil	Nil
Expected Volatility (%)	40%	40%
Dividend yield (%)	2.00%	2.00%
Risk-free rate (%)	0.27%	0.75%
Performance period	3 years ending 30 June 2024	2.6 years ending 30 June 2024
Models used	Monte Carlo & Black Scholes	Monte Carlo & Black Scholes
Tranche1 - relative TSR (value per right $)	$1.790	$1.410
Tranche 2 - CAGR (value per right $)	$3.420	$3.090

The expense recognised for share based payments during the year is shown below:

	Consolidated	
	2022 $'000	2021 $'000
Share based payments expense	**11,724**	13,755

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share performance rights during the year:

	2022 Number	2022 WAEP	2021 Number	2021 WAEP
Movements during the year				
Outstanding at 1 July	**18,528,532**	**–**	17,302,007	–
Granted	**5,053,932**	**–**	4,528,546	–
Exercised	**(4,599,380)**	**–**	(2,297,814)	–
Forfeited	**(3,053,901)**	**–**	(1,004,207)	–
Outstanding at 30 June	**15,929,183**	**–**	18,528,532	–
Exercisable at 30 June	**4,247,861**	**–**	4,829,705	–

Notes to the Financial Statements
continued

Note 33: Parent entity information

	2022 $'000	2021 $'000
Information relating to Omni Bridgeway Limited:		
Current assets	**154,401**	217,248
Total assets	**547,672**	593,376
Current liabilities	**(201,847)**	(38,991)
Total liabilities	**(172,845)**	(178,524)
Net assets	**374,827**	414,852
Issued capital	**402,686**	385,940
Retained earnings/Accumulated losses	**(67,037)**	(5,603)
Reserves	**39,178**	34,515
Total shareholders' equity	**374,827**	414,852
Loss of the Parent	**(61,435)**	(20,867)
Total comprehensive loss of the Parent	**(61,435)**	(20,867)

Details of the contractual commitments and contingent liabilities of the Parent are contained in Note 30.

The consolidated financial statements include the financial statements of OBL and the subsidiaries listed in the following table:

		Percentage owned	
Name	Country of Incorporation	2022 %	2021 %
Fund 1			
Omni Bridgeway (Fund 1) LLC	USA	**100**	50
HC 1 LLC	USA	**25**	12
Security Finance (Fund 1) LLC	USA	**100**	50
Funds 2&3			
Omni Bridgeway (Fund 2) Pty Ltd	Australia	**23**	24
Omni Bridgeway (Fund 3) Pty Ltd	Australia	**23**	24
IMF Bentham ROW SPV 1 Limited	United Kingdom	**23**	24
IMF Bentham ROW SPV 2 Pty Ltd	Australia	**23**	24
Fund 4			
Omni Bridgeway (Fund 4) Invt 1 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 2 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 3 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 4 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 5 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 6 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 7 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 8 LP	USA	**20**	20
Omni Bridgeway (Fund 4) Invt 9 LP	USA	**20**	20
JPV I LP	USA	**20**	20

Note 33: Parent entity information (continued)

Name	Country of Incorporation	Percentage owned 2022 %	2021 %
Fund 5			
Omni Bridgeway (Fund 5) GPA Pty Ltd	Australia	**100**	100
Fund 6			
Omni Bridgeway BV	Netherlands	**81**	81
Omni Bridgeway LegalTech BV	Netherlands	**41**	41
Omni Bridgeway Emerging Markets BV	Netherlands	**81**	81
Omni Bridgeway Collective Redress BV	Netherlands	**81**	81
Omni Bridgeway Asia Pte Ltd	Singapore	**81**	81
Omni Bridgeway Holding (Switzerland) SA	Switzerland	**81**	81
Omni Bridgeway SA	Switzerland	**81**	81
Omni Bridgeway GmbH (formerly Omni Bridgeway AG)	Germany	**81**	81
Minories Capital Ltd[1]	Guernsey	**–**	81
Omni Bridgeway Finance BV	Netherlands	**81**	81
Stichting Client Accounts Omni Bridgeway[2]	Netherlands	**N/A**	N/A
Stichting Cartel Compensation[2]	Netherlands	**N/A**	N/A
Stichting Trucks Cartel Compensation[2]	Netherlands	**N/A**	N/A
Fund 7			
Omni Bridgeway Advisory Ltd	United Arab Emirates	**65**	65
Group Subsidiaries			
Omni Bridgeway Holdings (Fund 1) LLC	USA	**100**	100
Omni Bridgeway Capital GP (Fund 4) LLC	USA	**100**	100
Omni Bridgeway (USA) LLC	USA	**100**	100
Omni Bridgeway Management (USA) LLC	USA	**100**	100
Omni Bridgeway Holdings (USA) Inc	USA	**100**	100
Security Finance LLC	USA	**100**	100
Omni Bridgeway Capital (Canada) Limited	Canada	**100**	100
Lien Finance Canada Limited	Canada	**100**	100
Omni Bridgeway (Singapore) Pte Limited	Singapore	**100**	100
Omni Bridgeway (UK) Limited	United Kingdom	**100**	100
Omni Bridgeway (Cayman) Limited	Cayman Islands	**100**	100
Omni Bridgeway (Storm) Holdings Pty Ltd	Australia	**100**	100
Omni Bridgeway (Storm) Holdings BV	Netherlands	**100**	100
Omni Bridgeway Investment Management Ltd	Australia	**100**	100
Omni Bridgeway Holding BV	Netherlands	**100**	100
Omni Bridgeway Investment BV[3]	Netherlands	**100**	100
Omni Bridgeway (NZ) Limited[4]	New Zealand	**100**	N/A
Crestwood I LLC[5]	USA	**100**	N/A

1 Liquidated and deregistered on 4 January 2022.

2 The Stichting vehicles were founded as separate, independent foundations to ensure the cash flows related to the claims were secured.

3 This holding this represents 100% of type A shares and voting rights. Type B shares, with no voting rights, represent 90% of share capital and receive 10% of yearly profits. Type A shares receive the remaining yearly profits.

4 The entity was incorporated 27 July 2021.

5 The entity was incorporated 9 September 2021.

Notes to the Financial Statements
continued

Note 34: Material partly-owned subsidiaries

For all subsidiaries where there is less than 51% ownership interest, the Group has power to direct the relevant activities of the investee under contractual arrangements and exposure to variable returns the Group is considered to be acting as principal and thus has control.

Financial information of subsidiaries that have material non-controlling interests is provided below:

		Percentage owned	
	Country of Incorporation	2022 %	2021 %
Proportion of equity interest held by non-controlling interests:			
Fund 1			
Omni Bridgeway (Fund 1) LLC[1]	USA	–	50
HC 1 LLC[1]	USA	**75**	88
Security Finance (Fund 1) LLC[1]	USA	–	50
Funds 2&3			
Omni Bridgeway (Fund 2) Pty Ltd[2]	Australia	**77**	76
Omni Bridgeway (Fund 3) Pty Ltd[2]	Australia	**77**	76
IMF Bentham ROW SPV 1 Limited[2]	United Kingdom	**77**	76
IMF Bentham ROW SPV 2 Pty Ltd[2]	Australia	**77**	76
Fund 4			
Omni Bridgeway (Fund 4) Invt 1 LP[3]	USA	**80**	80
Omni Bridgeway (Fund 4) Invt 2 LP[3]	USA	**80**	80
Omni Bridgeway (Fund 4) Invt 3 LP[3]	USA	**80**	80
Omni Bridgeway (Fund 4) Invt 4 LP[3]	USA	**80**	80
Omni Bridgeway (Fund 4) Invt 5 LP[3]	USA	**80**	80
Omni Bridgeway (Fund 4) Invt 6 LP[3]	USA	**80**	80
Omni Bridgeway (Fund 4) Invt 7 LP[3]	USA	**80**	80
Omni Bridgeway (Fund 4) Invt 8 LP[3]	USA	**80**	80
Omni Bridgeway (Fund 4) Invt 9 LP[3]	USA	**80**	80
JPV I LP	USA	**80**	80
Security Finance (Fund 4) LLC[3]	USA	**100**	100
Fund 6			
Omni Bridgeway BV[4]	Netherlands	**19**	19
Omni Bridgeway LegalTech BV[4]	Netherlands	**59**	59
Omni Bridgeway Emerging Markets BV[4]	Netherlands	**19**	19
Omni Bridgeway Collective Redress BV[4]	Netherlands	**19**	19
Omni Bridgeway Asia Pte Ltd[4]	Singapore	**19**	19
Omni Bridgeway Holding (Switzerland) SA[4]	Switzerland	**19**	19
Omni Bridgeway SA[4]	Switzerland	**19**	19
Omni Bridgeway GmbH (formerly Omni Bridgeway AG[4]	Germany	**19**	19
Minories Capital Ltd[4]	Guernsey	–	19
Omni Bridgeway Finance BV[4]	Netherlands	**19**	19

Note 34: Material partly-owned subsidiaries (continued)

	2022 $'000	2021 $'000
Accumulated balances of material non-controlling interest:		
Omni Bridgeway (Fund 1) LLC[1]	**32,005**	106,266
HC 1 LLC[1]	**47,148**	47,138
Omni Bridgeway (Fund 2) Pty Ltd[2]	**86,738**	62,481
Omni Bridgeway (Fund 3) Pty Ltd[2]	**28,912**	20,827
Fund 4[3]	**91,013**	85,120
Fund 6[4]	**133,593**	117,485
Transaction costs, net of tax - disposal of non-controlling interest (Fund 1)	**(5,934)**	(5,934)
Transaction costs, net of tax - disposal of non-controlling interest (Funds 2&3)	**(2,866)**	(2,909)
	410,609	430,474
Profit/(loss) allocated to material non-controlling interest:		
Omni Bridgeway (Fund 1) LLC[1]	**6,796**	47,599
Omni Bridgeway (Fund 2) Pty Ltd[2]	**10,883**	–
Omni Bridgeway (Fund 3) Pty Ltd[2]	**3,628**	–
Fund 4	**22,434**	(45,805)
Fund 6	**8,386**	5,226
	52,127	7,020

1 The results and non-controlling interests of these entities comprise the results of Fund 1, included in Note 1 Segment Information.
2 The results and non-controlling interests of these entities comprise the results of Funds 2&3, included in Note 1 Segment Information.
3 The results and non-controlling interests of these entities comprise the results of Fund 4, included in Note 1 Segment Information.
4 The results and non-controlling interests of these entities comprise the results of Fund 6, included in Note 1 Segment Information.

Movements in NCI's during the year were as follows:

	Consolidated				
	Fund 1 $'000	Funds 2&3 $'000	Fund 4 $'000	Fund 6 $'000	Total $'000
Balance at 1 July 2020	168,157	68,350	94,053	100,640	431,200
Contributions	43	30,080	38,614	11,803	80,540
Distributions	(36,213)	(27,036)	(2,250)	–	(65,499)
Change in share of net assets attributable to NCI	73,630	9,005	(81,840)	(2,965)	(2,170)
Profit/(loss)	(47,599)	–	45,805	8,814	7,020
Other comprehensive income	(10,548)	–	(9,262)	(807)	(20,617)
Balance at 30 June 2021	147,470	80,399	85,120	117,485	430,474
Contributions	**20**	**19,600**	**16,211**	**7,786**	**43,617**
Distributions	**(80,593)**	**–**	**(32,742)**	**–**	**(113,335)**
Change in share of net assets attributable to NCI	**(4,778)**	**(1,635)**	**(7,265)**	**939**	**(12,739)**
Profit	**6,796**	**14,511**	**22,434**	**8,386**	**52,127**
Other comprehensive loss	**4,304**	**(91)**	**7,255**	**(1,003)**	**10,465**
Balance at 30 June 2022	**73,219**	**112,784**	**91,013**	**133,593**	**410,609**

Notes to the Financial Statements

continued

Note 34: Material partly-owned subsidiaries (continued)

Funds 2&3

On 13 September 2017, the Group established Omni Bridgeway (Fund 2) Pty Ltd and Omni Bridgeway (Fund 3) Pty Ltd. On 26 July 2019, the Group established IMF Bentham ROW SPV 1 Limited. On 15 March 2021, the Group established IMF Bentham ROW SPV 2 Pty Ltd. These entities are collectively "Funds 2&3".

Fund 4

On 26 October 2018, the Group established Omni Bridgeway Capital GP (Fund 4) LLC. On 29 November 2018, the Group established Security Finance (Fund 4) LLC. On 4 December 2018, the Group established Omni Bridgeway (Fund 4) Invt 1 – 9 LP. On 7 July 2020, the Group established JPV I LP. These entities are collectively "Fund 4".

Fund 6

Fund 6 was created in 2016 and was acquired by the Group as part of the November 2019 acquisition of OBE. This is an Europe, Middle East and Africa focused investment structure.

The summarised financial information of controlled entities with material non-controlling interests is provided below is based on amounts prior to intercompany eliminations:

	Consolidated							
	Fund 1		Funds 2&3		Fund 4		Fund 6	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Summarised statement of cash flows								
Operating	**(265)**	12	**2,941**	(7,510)	**(2,231)**	(3,255)	**(18,458)**	(17,047)
Investing	**77,816**	(5,060)	**(6,176)**	(6,707)	**17,960**	(50,517)	**9,970**	7,182
Financing	**(80,573)**	41	**24,500**	10,564	**(20,155)**	45,825	**(17)**	11,803
Net increase in cash and cash equivalents	**(3,022)**	(5,007)	**21,265**	(3,653)	**(4,426)**	(7,947)	**(8,505)**	1,938
Cash and cash equivalents at the beginning of the period	**10,836**	17,365	**3,018**	6,671	**20,402**	31,246	**9,478**	8,556
Foreign exchange	**1,006**	(1,521)	**–**	–	**1,950**	(2,897)	**(682)**	(1,016)
Cash and cash equivalents at the end of the period	**8,820**	10,837	**24,283**	3,018	**17,926**	20,402	**291**	9,478

Note 35: Interest in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

Note 35: Interest in associates and joint ventures (continued)

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the prior year, TCF a joint venture to the Group was wound down and deregistered. Also, during the prior year, Flight Refund Company GmbH an associate to the Group was disposed-of. Both entities had had immaterial balances to the Group at the time of disposal.

The Group acquired 5% of OB Capital Coop U.A through the acquisition of Omni Bridgeway Holding B.V. in November 2019. OB Capital Coop U.A is an associate accounted for using the equity method.

Interest in OB Capital Coop U.A for the relevant financial year is provided below:

	2022 $'000	2021 $'000
Income	**(5)**	–
Total expenses	**2,075**	121
Operating loss	**2,070**	121
Equity accounted investment result	**(9,904)**	(7,390)
Net (profit)/loss	**(7,834)**	(7,269)
Share of (profit)/loss in associates and joint ventures	**(392)**	(363)
Effect of movement in foreign currency	**5**	1,027
Net share of (profit)/loss in associates and joint ventures	**(387)**	664
Current assets	**455**	322
Non-current assets	**99,413**	86,942
Current liabilities	**750**	309
Equity	**99,118**	86,955
Group's share in equity - 5% (2021: 5%)	**5,031**	4,453
Group's carrying amount of the investment	**5,031**	4,453

Note 36: Related party disclosure

Transactions with director related entities

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

	Consolidated	
	2022 $'000	**2021 $'000**
Transactions with DLA Piper[1]	**N/A**	709
Transactions with Thomson Geer[1]	**38**	152
Transactions with OB DARP Cooperatief UA[2]	**1,838**	1,923
	1,876	2,784

1 During the year, the Group obtained legal advice from a legal firm associated with Michael Bowen, Thomson Geer Lawyers of $38,000. The legal advice was obtained at arm's length. The Group engages a number of different law firms for its external legal advice and the relationship with Thomson Geer is not exclusive. Michael Bowen does not participate in any board decisions to appoint external counsel when Thomson Geer is being considered for engagement. Mr Bowen was not an associate of DLA Piper during the year ended 30 June 2022 but was an associate during the prior financial year.

2 During the year, the Group received management fees from OB DARP Cooperatief UA, an associate of the Group.

Loans with a related entity

The following table provides the total amount of loans with related parties for the relevant financial year.

	Consolidated	
	2022 $'000	**2021 $'000**
Loans with Omni Bridgeway DARP Cooperatief UA[2]	**5,167**	3,060
	5,167	3,060

Note 37: Auditor's remuneration

Ernst & Young resigned as Auditors during the prior financial year and BDO was appointed on 17 May 2021.

The auditor of Omni Bridgeway Limited is BDO Audit (WA) Pty Ltd.

	Consolidated	
	2022 $'000	**2021 $'000**
Fees to BDO and Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities		
BDO	**984**	728
Ernst & Young	**–**	502
Fees for other assurance and agreed-upon procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm		
BDO	**–**	85
Fees for other services		
Taxation - BDO	**632**	536
	1,616	1,851

Note 38: Events after the reporting date

In accordance with the announcement of 3 June 2022, subsequent to year end, on 8 July 2022, the Group fully repaid and redeemed all of the debt securities (bonds and fixed rate notes) that existed at year-end, from the proceeds of debt drawn down from a new debt facility in the form of a Senior Facility Agreement that was entered on 5 May 2022.

The Notes were repaid at $1,020.000 per Note and the Bonds were repaid at $100.1042 per Bond with the total paid being:

	8 July 2022 $'000
Fixed rate Notes	**73,440**
Omni Bridgeway Bonds	**76,079**
	149,519

On 6 July 2022, the underlying litigation of an investment within Fund 1, received a positive result from the appeal against the initial judgment. This investment had previously received an adverse judgment, resulting in an impairment of $4.78m. The appeal decision is an indicator to reconsider the level of impairment and may lead to an impairment reversal adjustment in FY23.

Apart from that disclosed in this report, no other circumstances have arisen since 30 June 2022 that have significantly affected, or may significantly affect the consolidated entities' operations, the results of those operations, or the consolidated entities state of affairs in the future financial years.

Directors' Declaration

We state that, in the Directors' opinion:

(a) the financial statements and notes of Omni Bridgeway Limited for the financial year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of its financial position at 30 June 2022 and performance for the year ended on that date; and

ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in the notes to the financial statements; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors of Omni Bridgeway Limited pursuant to section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022, on behalf of the directors.

Michael Kay
Non-Executive Chairman

Andrew Saker
Managing Director & CEO and Chief Strategy Officer – US

Sydney, 29 August 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Omni Bridgeway Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Omni Bridgeway Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of litigation related assets

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Notes 11, 12 and 13 to the Financial Report, the Group recognises three different types of litigation investments, including: • Claims portfolio; • Purchased claims; and • Intangibles. Whilst the assets are different from an accounting perspective, they are considered for impairment by the Group on a similar basis, using discounted cash flow models. As a result, the carrying values are contingent on future cash flows and there is a risk that if these cash flows do not meet the Group's expectations, or if significant estimates and judgements such as the estimated completion dates and/or discount rates change, the assets may be impaired. This was a key audit matter because it requires a high level of estimate and judgement and changes in these assumptions might lead to a significant change in the carrying values of the litigation related assets.	Our procedures included, but were not limited to: • on a sample basis, assessing the effectiveness of the Group's controls in relation to the review of carrying values for litigation related assets, including controls over the discounted cash flow models and assumptions applied; • discussing significant investments with respective Case Investment Managers, in order to understand investment status and assess estimates and judgements made by the Group that impact the discounted cash flow models including litigation completion dates, litigation proceeds, budgeted costs to complete and intention to continue the litigation matter; • assessing the reasonableness of key assumptions including cash flow forecasts and considering the reliability of previous forecasts; • using our internal valuation specialists to assess the appropriateness of the discounts rates applied; • testing the mathematical accuracy of the discounted cash flow models; • performing sensitivity analysis on key assumptions including cash flow forecasts and discount rates; • reviewing Board minutes, ASX announcements and other publicly available information to ensure the Group has not decided to discontinue or has been unsuccessful in investments; and • assessing the adequacy of the related disclosures in Notes 11, 12 and 13 to the Financial Report.

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Carrying value of goodwill

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 16 to the Financial Report, the Group recognises goodwill in respect to the Fund 6 (OBE Group, EMEA) cash generating unit (CGU). The Group is required under Australian Accounting Standard AASB 136 *Impairment of Assets* ("AASB 136"), to perform an annual impairment test of the carrying value of goodwill. As a result, the Group's impairment assessment is undertaken using a value-in-use model. This was a key audit matter because it requires a high level of estimate and judgement, in particular in estimating future growth rates, discount rates and the expected cash flows of the CGU to which the goodwill and other assets have been allocated.	Our procedures included, but were not limited to: • evaluating the Group's CGU identification and the allocation of goodwill and other assets to the carrying value of the CGU based on our understanding of the CGU's business; • assessing the reasonableness of key assumptions including cash flow forecasts, considering the reliability of previous forecasts and consistency with discounted cash flow models for the CGU's litigation related assets; • comparing the CGU's forecast cash flows to the board approved budget; • using our internal valuation specialists to assess the appropriateness of the discount rate applied; • performing sensitivity analysis on key assumptions including cash flow forecasts, growth and discount rates; • testing the mathematical accuracy of the value-in-use model; and • assessing the adequacy of the related disclosures in Note 16 to the Financial Report.

Independent Auditor's Report

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 40 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Omni Bridgeway Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth

29 August 2022

Shareholder information

The information set out below is current as at 31 July 2022.

(a) Distribution of shareholders

Ordinary share capital

268,639,670 fully paid ordinary shares are held by 4,826 individual shareholders. All issued ordinary shares carry one vote per share and carry the right to dividends.

Omni Bridgeway Bonds

The Omni Bridgeway Bonds were fully redeemed on 8 July 2022 and the Bonds were ceased on this date.

Options

There are no options issued over ordinary shares.

Share Performance Rights

16,667,878 share performance rights were on issue to 133 rights holders.

Fixed Rate Notes

The Fixed Rate Notes were fully redeemed on 8 July 2022 and the Notes were ceased on this date.

Distribution of securities

The number of shareholders by size of holding, in each class at 31 July 2022 are:

	Number	Fully paid ordinary shares	% of issued capital
1 – 1,000	1,356	586,127	0.22
1,001 – 5,000	1,822	4,904,232	1.83
5,001 – 10,000	733	5,443,403	2.03
10,001 – 100,000	852	22,295,456	8.30
100,001 and over	63	235,410,452	87.62
	4,826	**268,639,670**	**100.00**

Non-marketable Parcels

There were 309 holders of less than a marketable parcel of ordinary shares.

(b) Substantial shareholders

The names of the substantial shareholders listed in the Company's register as at 31 July 2022 are:

Shareholder	Number of ordinary Shares	% of issued capital
Greencape Capital Pty Ltd.	24,302,371	9.05%
Perpetual Investment Management Ltd.	16,834,467	6.27%
Amitell Holdings Pte. Ltd.	16,066,449	5.98%

Highlights

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Directors' Report

Financial Report

Shareholder & Other Information

(c) 20 largest holders of quoted equity securities as at 31 July 2022

		Number of ordinary Shares '000	% of issued capital
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	64,216	23.90
2.	CITICORP NOMINEES PTY LIMITED	48,740	18.14
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	43,275	16.11
4.	NATIONAL NOMINEES LIMITED	19,176	7.14
5.	BNP PARIBAS NOMS PTY LTD <DRP>	14,552	5.42
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	9,177	3.42
7.	UBS NOMINEES PTY LTD	4,741	1.76
8.	CPU SHARE PLANS PTY LTD <OBL LTI UNALLOCATED A/C>	3,177	1.18
9.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,950	1.10
10.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,558	0.95
11.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,534	0.94
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,463	0.92
13.	MR PETER FREDERICK PHILLIPS + MRS ALICE SAU HAN PHILLIPS <PHILLIPS INVESTMENT ACCOUNT>	1,474	0.55
14.	MR MATTHEW BRENDAN RYLAND	1,443	0.54
15.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,030	0.38
16.	MR DENNIS JOHN BANKS <BANKS FAMILY A/C>	985	0.37
17.	MR ALEXANDER PAUL CHANG	790	0.29
18.	BOUCHI PTY LTD	729	0.27
19.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <MLPRO A/C>	700	0.26
20.	B F A PTY LTD	687	0.26
		225,397	**83.90**

(d) Options as at 31 July 2022 – unquoted

There are no options issued.

(e) Securities subject to escrow

There are no securities subject to escrow.

Shareholder information
continued

US OWNERSHIP RESTRICTION

The ordinary shares of Omni Bridgeway are subject to ownership restrictions applying to residents of the United States.

The Shares have not been registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. In addition, OBL has not been registered under the US Investment Company Act of 1940 in reliance on an exemption from registration.

Accordingly, the Shares may not be offered or sold in the United States or to, or for the account or benefit of US Persons except in accordance with an available exemption from, or a transaction not subject to, the registration requirements of the US Securities Act, the US Investment Company Act and applicable US state securities laws.

In order to qualify for an exemption under the US Investment Company Act, the constitution of OBL provides that where a holder is an Excluded US Person:

- OBL may refuse to register a transfer of Shares to that Excluded US Person; and
- the Excluded US Person may be requested to sell such person's Shares and, if the Excluded US Person fails to do so within 30 business days, to be divested of such Shares and to receive the proceeds of sale (net of transaction costs, including any applicable brokerage) as soon as practicable after the sale.

In addition, OBL's constitution provides that a holder may be required to complete a statutory declaration in relation to whether they (or any person on whose account or benefit it holds Shares) are an Excluded US Person. Any holder who does not comply with such a request will be deemed to be an Excluded US Person.

The Shares are issued on terms under which each holder who is or becomes an Excluded US Person agrees to the above terms and irrevocably appoints OBL as that holder's agent and attorney to do all acts and things and execute all documents which OBL considers necessary, desirable or reasonably incidental to effect the above actions.

Corporate information

This annual report covers both Omni Bridgeway Limited as an individual entity and the consolidated entity comprising Omni Bridgeway Limited and its subsidiaries. The Group's functional and presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report. The Directors' Report is not part of the financial report.

Directors

Michael Kay	Non-Executive Chairman
Andrew Saker	Managing Director & CEO and Chief Strategy Officer – US
Hugh McLernon	Executive Director (retired 30 November 2021)
Raymond van Hulst	Executive Director, Managing Director and Chief Investment Officer – EMEA
Michael Bowen	Non-Executive Director
Karen Phin	Non-Executive Director
Christine Feldmanis	Non-Executive Director

Company Secretary

Jeremy Sambrook

Registered office and principal place of business in Australia

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Solicitors

DLA PIPER

Level 9, 480 Queen Street
Brisbane QLD 4000

THOMSON GEER

Level 27, Exchange Tower
2 The Esplanade
Perth WA 6000

Share registry

COMPUTERSHARE

Level 11, 172 St Georges Terrace
Perth WA 6000

Auditors

BDO AUDIT (WA) PTY LTD

Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

Bankers

NATIONAL AUSTRALIA BANK LIMITED

2 Carrington Street
Sydney NSW 2000

Internet address

www.omnibridgeway.com

The Company is listed on the Australian Securities Exchange with Sydney, Australia as its home exchange.
Its ASX code is "OBL" and its shares were trading as at the date of report.

Glossary

Throughout Omni Bridgeway Limited's (Omni Bridgeway, OBL, Group) publicly available information, the following terms have the meanings detailed in this glossary which shall be updated from time to time:

AASB	Australian Accounting Standards Board.
Addressable Market	OBL's estimate of the annual amount spent by claimants on external costs of dispute resolution (excluding enforcement) that could be addressed by OBL's litigation funding service offering.
Adverse cost	The cost that a losing party to litigation (in certain jurisdictions only) is required to pay to the winning party as compensation for the legal costs they have incurred in the process.
After the event (AET) Insurance	Insurance cover to protect against adverse cost exposure.
AFSL	Australian Financial Services Licence.
ALFA	Association of Litigation Funders of Australia.
American waterfall	The waterfall refers to the order in which investment proceeds in a fund are distributed between Fund participants. Under an American-style distribution performance fees are calculated by reference to completed investments only.
Americas	The geographic region of North and South America.
APAC	The geographic region incorporating Asia and the Pacific Region including Australia and New Zealand.
ASX	Australian Securities Exchange.
CAGR	Compound annual growth rate.
Committed capital/ Commitments	The amount of funding that has been contracted to be provided by the Group to a litigation investment under a signed funding arrangement. It is equal to the total amount of capital to be provided to external parties that is either (i) committed to investments where there is a capped amount; or (ii) the estimated budgeted amount to run the investment to completion where the investment is open ended. It does not include co-funder contributions, possible overheads to be capitalised. Unless part of the budgeted amount includes possible adverse costs that may become payable if the underlying litigation loses. For ongoing Fund 6 investments it includes possible adverse costs that may become payable (where applicable). Levels are reviewed and updated where necessary.
Capital deployed	Is equal to the total external expenditure on investments (less any co-funded contribution). For completed investments it includes any net adverse costs.
Capitalised overheads	Internal costs (including borrowing costs and direct staff costs) that are incurred in relation to Investments that are not expensed in the period they were incurred but added to the investment carrying value and recognised through the profit and loss in line with the completion of each respective investment. Capitalisation occurs at the OBL and consolidation level, not within each Fund and does not affect portfolio or Fund performance, waterfall, or fees.
Completed investments/ Completion	Refers to merits investments where the underlying litigation has progressed to a state where either is no further risk to the legal result as the litigation has finalisation by either settlement, judgment, or arbitrator determination, for or against the funded claimant, notwithstanding that such finalisation may be conditional upon certain matters such as court approval. For enforcement investments completion is that the point where there is no further recovery action planned.
Direct balance sheet	Relates to investments of the Group that are not held via a Fund.
Distressed Asset Recovery Program (DARP)	A strategic program of the World Bank's International Finance Corporation to reduce the effects of poverty in emerging markets by preventing the loss of assets and allowing access to formal credit, while helping to preserve jobs. Refer to Fund 7.
DRP	Dividend Reinvestment Plan.
ELFA	European Litigation Funders Association.
EMEA	The geographic region incorporating Europe, Middle East and Africa.
Enforcement investment	Refers to investments where the primary component is to recover a debt, whether a judgment debt or otherwise, against a defaulting counterparty.

ESG	Environmental, social and governance.
EPS	Earnings per share.
Estimated Portfolio Value (EPV)	For an investment where the funding entity earns: i. a percentage of the resolution proceeds arising from the underlying litigation or enforcement as a funding commission, EPV is the estimate of the investment's recoverable amount after considering the perceived capacity of the defendant to meet the claim and any other pertinent factors. Such amount is not necessarily the amount being claimed, nor is it an estimate of the return to the Group if the investment is successful. It includes the amount to the funded client and to the Group. It does not include any co-funder portion ii. a funding commission calculated as a multiple of the capital deployed; EPV is arrived at by taking the estimated potential income from the investment to the funding entity and grossing this up to an EPV using the Long–Term Conversion Rate at the time estimation. It does not include co-funder portion, or iii. a funding commission calculated on a combination of the above bases or on an alternative basis, arriving at the EPV may utilise one of the above methodologies, or a hybrid construct, or an alternative methodology depending upon the components of the funding commission. OBE Group's EPV has been estimated on a conceptually consistent basis noting that, enforcement case investments may have a multi–layered approach from a timing and value perspective. Regardless of how calculated, an EPV is an estimate and is subject to change over time for a number of reasons, including, but not limited to, changes in circumstances and knowledge relating to an investment or the defendant(s) perceived capacity to meet the claim, partial recovery and, where applicable, ability to enforce or recover. Possible EPVs are reviewed and updated where necessary.
EPV conversion rate	Refer to income conversion rate.
European waterfall	The waterfall refers to the order in which investment proceeds in a fund are distributed between participants. Under an European-style distribution, performance fees are calculated by reference to all fund investments and not just completed investments. The manager will not participate in a portion of profits/performance fee/carry until the full amount of investor's capital and preferred return have been fully satisfied.
Excluded US Person	Means a holder of Shares (or a person who seeks to be registered as a holder of Shares) whom the directors of OBL have determined (i) is a US Person who is not a Qualified Purchaser or a Knowledgeable Employee or (ii) holds or will hold Shares for the account or benefit of any US Person who is not a Qualified Purchaser or a Knowledgeable Employee.
First generation fund (s)	OBL's Fund 1, and Funds 2&3 established by the Group in 2017 with generally consistent terms to each other.
Fourth generation fund	OBL's Fund 8 as raised in 2022.
Fund commitments	The amount of capital agreed to be provided to an OBL Fund from OBL and external investors.
Funds	Means funds, or fund like structures, that OBL manages, advises and invests into. It includes Fund 1, Fund 2&3, Fund 4, Fund 5, Fund 6, Fund 7 and Fund 8.
Funded investments	Refers to investments where the Group has entered an unconditional binding contract.
FUM/funds under management	The aggregate amount of Fund commitments (whether called or uncalled) for all the OBL funds that are in operation at any point in time.
Funds deployed	Refer to capital deployed.
Fund 1	Funding structure for investments in the US established in 2017 with Fund commitments of USD 172 million.
Funds 2&3	Funding structure for investments in the RoW established in 2017 with Fund commitments of AUD 189 million.
Fund 4	Funding structure for investments in the US established in 2019 with Fund commitments of USD 500 million.
Fund 4 (series II)	Potential funding structure to follow-on from Fund 4 with same mandate, investors and terms and further Fund commitments of USD 500 million.

Glossary
continued

Fund 5	Funding structure for Litigation investments in the RoW established in 2019 with Fund commitments of USD 500 million. The Fund commitments from external investors are in structures that are not consolidated within the Group. OBL's 20% interest is via a parallel investing vehicle that is consolidated. In certain disclosures we specifically include 100% of Fund 5; this approach aggregates the external investors' interests with those of OBL to facilitate direct comparison between all Funds (as the other Funds are consolidated & hence disclosed at 100%).
Fund 6	Funding structure for investments focused on EMEA purchased as part of OBE Group in 2019. Established in 2017 with Fund commitments of EUR 150 million.
Fund 7	A joint venture with the IFC/World Bank to facilitate DARP. Fund 7 is designed to invest in non-performing loans in the MENA region. Established in 2019 with Fund commitments of USD 100 million (including USD 50 million from Fund 6).
Fund 8	Funding structure established in 2022 focused on investing up to EUR 300 million in global enforcement investments.
IC approved/ Conditionally funded	Refers to investment opportunities that are approved for investment subject to internally set conditions which are currently not satisfied. The conditions may relate to the state of the funding contract, or bookbuild, loss quantification, discovery, or other evidence or procedural requirements.
ICC	International Chamber of Commerce.
IFRS	International Financial Reporting Standards.
ILFA	International Legal Finance Association.
IMF	IMF Holdings Limited and its Group, now known as OBL following a name change in 2020.
Implied Embedded Value (IEV)	IEV is the product of multiplying the EPV by the LTCR. The LTCR is used for all IEV calculations notwithstanding that the EPV conversion rate of a particular Fund may vary, sometimes materially from the LTCR. The smaller data set of a fund level EPV conversion rate makes that measure inherently more volatile than the global LTCR. It is important to note that IEV is not a forecast or estimate of future income by Omni Bridgeway itself as this does not account for the structure and return arrangements of Omni Bridgeway for each fund. IEV is instead a statement of the amount of gross proceeds which would be generated if each investment in the portfolio were to complete for an amount equal to the LTCR of the present EPV. Future performance, including the actual conversion rate realised, may exceed, or fall below historic performance of the LTCR.
Income conversion rate	Is the rate that EPV of completed investments converts to income for any period. It includes investments that fully completed in the period and the total income recognised over those investments' life compared to the associated EPV. It excludes partial completions in the period. This rate includes consideration of lost investments.
Investment Committee (IC) (s)	OBL's internal decision-making body for making investment recommendations and decisions. It's members comprise both OBL executives and external appointees.
Investment commitment	Refer to committed capital/commitments.
Income v. revenue v. proceeds terminology	Income, revenue and proceeds are generally used interchangeably for realised sums on litigation investments regardless of how IFRS may classify the assets and its consequential P&L disclosure.
Income yet to be recognised	Is the estimated value of income that may be generated from investments that are substantially complete from a litigation perspective at that point in time but have not fully satisfied revenue recognition accounting standards and our policies. It is subject to change and relates to substantially completed investments with conditional settlements or judgments on appeal which may result in income being recognised in future periods.
Internal rate of return (IRR)	Is a discount rate that makes the net present value of actual historical investment flows equal to zero in a discounted flow analysis. It is calculated based upon the aggregated underlying individua journal entries for each investment. Calculation includes losses and adverse costs but excludes consideration of capitalised overheads, PPA and withdrawals. The IRR from completed investments may vary materially over time. By providing this historical information, OBL has not been and is not now in any way providing earnings guidance for future periods.
Invested capital	Refer to capital deployed.

Knowledgeable Employee	Has the meaning given in Rule 3c-5 under the US Investment Company act of 1940.
LatAm (Latin America)	The geographic region spanning Central and South America.
Long Term Conversion Rate (LTCR)	Is the rate of income conversion that the Group has experienced on all completed investments over its life. Whilst noting that past performance is not necessarily an indication of future performance, past performance indicates that the group's litigation funding investments (excluding OBE Group investments) have generated average gross income of approximately 15% of EPV at the at the time of completion.
LTIP	Long Term Incentive Program.
Malus and clawback event provisions	These are provisions whereby participants in the LTIP may in the event of certain specified conduct such as fraud, forfeit all or a portion of their performance rights or the resulting shares or be required to repay all or a portion of their sale proceeds from such securities.
Managed Investment Scheme (MIS)	An investment structure regulated under Australian Corporation Law regulations. Where required by regulation the Group utilizes MIS for Australian class action investments.
MENA	Middle East and North America.
Merits investment	Refers to investments where the underlying dispute involves ongoing questions about facts, damages or legal outcome and there is a risk around a judicial decision.
MOIC	Multiple on invested capital.
NCI	Non-controlling interest. This represents the interests of external Fund investors in funds that are consolidated within the Group. It is calculated in accordance with each of the respective Funds' return waterfall.
OBE Group	Omni Bridgeway Holdings BV and subsidiary; it includes Fund 6 and Fund 7.
OBL	Omni Bridgeway Limited (ABN 45 067 298 088).
OCA	OBL On-line Client Administration Proprietary Database.
Possible completion periods (PCP)	The possible completion period is the current estimate of the period in which an investment may finalised. It is not a projection or forecast. An investment may finalise earlier or later than the identified period for various reasons. For enforcement investments and portfolio investments, it may be split across multiple possible completion periods. There are a variety of reasons for this which are all reflective of the nature of enforcement investments, for example there may be multiple underlying actions with a commensurate number of completions, or a single completion with a tranched settlement payment structure. PCP is a dynamic concept and is subject to regular review and updating to take account of the circumstances of the underlying investment. It is to be expected that the PCP for some investments within the portfolio will be adjusted at each reporting date. PCP is not necessarily the same as the anticipated income recognition period which is determined in accordance with IFRS and Group accounting policies. It may not follow that the financial result will be accounted for, nor that cash will be collected, in the year of finalisation.
PPA	Purchase price adjustment is the adjustment in value ascribed to the investments purchased with OBE compared to their carrying cost at the time of the business combination in 2019. The adjustment occurs at the OBL and consolidation level, not within OBE Group and does not affect portfolio or Fund performance, waterfall or fees.
Principle protection cover	Insurance cover to protect against risk of losing the Capital deployed to an investment.
Qualified Purchaser	Has the meaning given in Section 2(a)(51) of the US Investment Company Act of 1940 and the rules and regulations of the US Securities and Exchange Commission.
Resolution Sum	Means the total amount of any money, services, benefits and/or any in-kind assets that becomes due or is collected in accord with the underlying litigation or enforcement. It is before allowing for any amounts due to the funder, lawyers or other advisers or participants. The funder earns a share of this Resolution sum in accord with the funding arrangements.
Rest of world (RoW)/ non–USA	Includes all regions, excluding the United States of America.

Glossary

continued

Return on invested capital (ROIC)	Is the ratio of profit compared to capital deployed. It is calculated on investments across their entire life (not on an annualised basis). Unless expressly stated to the contrary, it excludes capitalised overheads, PPA and withdrawals. It is calculated as gross investment income less all total expenditure (including any adverse costs), divided by total investment expenditure (excluding any adverse costs).
Second generation fund (s)	OBL's Fund 4 and Fund 5 -established by the Group in 2019 with generally consistent terms to each other.
Secondary market sale	A sale, or partial sale, of an existing litigation investment to another litigation investor at a point during the life of the investment before completion.
SPV	Special purpose vehicle.
STIP	Short Term Incentive Program.
Success rate	Refers to % of investments where the underlying litigation has completed in a manner that causes the funder to have received more that it deployed.
TFR	Total Fixed Remuneration.
Third generation fund/purchased fund (s)	OBL's Fund 6 and Fund 7 which were established by OBE Group and acquired as part of the 2019 acquisition of that group by IMF.
TSR	Total shareholder return.
US Person	Has the meaning given in Rule 902(k) of Regulation S under the US Securities Act of 1933.
Withdrawal	Refers to investments where the funder has ceased funding before the underlying litigation has completed.
$ weighted average	Is the average of results allowing for the respective relative AUD values of the sample inputs.

Non-IFRS financial information and disclosure

Non-IFRS financial information *included in Omni Bridgeway's Annual (and Half-year) Report, associated result presentations, quarterly investment portfolio announcement and other materials has been prepared in accordance with ASIC Regulatory Guidance 230 – Disclosing Non-IFRS financial information, issued December 2011.*

Such information has not been audited or reviewed.

Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards. The Group believes that given the unique nature of its business the inclusion of non-IFRS information is useful for investors and other users. In our disclosures it includes, EPV, IEV, LTCR, commitment, deployed, completion, PCP, preferred return, income yet to be recognised, investment income and other terms be-spoke to Omni Bridgeway. In certain instances, it is simply redisplaying IFRS information differently (e.g. "cash table" or completion table and is readily reconcilable to the IFRS disclosures.)

Whilst our statutory financial reports provide historical financial information that are prepared in accordance with accounting standards and other financial reporting requirements of the Corporations Act and have the objective of ensuring consistent and comparable reporting of historical financial performance, position and cash flows over and between entities; our Non-IFRS material contains information aimed to assist in informed assessment of the Group's operations, financial position, business strategies and prospects. It is provided to more fully explain the performance and financial position of the Group so as to provide an understanding of the underlying business and the drivers of profit.

The Group's non-IFRS financial information is calculated consistently from period to period; is unbiased and does not remove 'bad news'. Definitions and assumptions around calculations, are provided as appropriate. Where such information is a re-presentation, re-classification or a subset of IFRS material, the identifiable IFRS components are provided in order to prove a link to the statutory financial reports.

The primary rationale for the majority of our non-IFRS information is to provide an indicative view of the size, value and diversification of the Group's litigation investments (however accounted for); our past economic performance regarding litigation investments and the interplay between OBL and NCI attribution. We feel that this is necessary due to the complex (& not readily understood or comparable) nature of our accounting and structural treatment. This is amplified by the overriding requirement of most of our litigation investments being required to be carried at cost (less any impairment).

Additionally, in certain disclosures we include 100% of Fund 5; this approach aggregates the external investors' interests with those of OBL to facilitate direct comparison between all Funds (as the other Funds are consolidated & hence disclosed at 100%).

IEV attribution assumptions

The attribution of implied embedded value (**IEV**) between OBL equity and non controlling interests (NCI) has been prepared based upon the following underlying assumptions:

- All unconditionally funded investments in the Group's investment portfolio at the date stated (**Portfolio Investment(s)**) complete in the selected Possible Completion Period (**PCP**).
- All Portfolio Investments are completed at their full estimated portfolio value (EPV).
- The income received by the Omni Bridgeway funding entity upon the completion of a Portfolio Investment reflects the LTCR (which includes losses) and hence equals the full IEV of an investment.
- The residual capital to be deployed in Funds 2&3 is deployed in equal portions during FY23 and FY24.
- For Funds 4 and 5 the attribution is split solely in proportion to capital commitments.
- For Fund 6 the attribution to OBL equity reflects the historic blended average proportion of proceeds received by OBL equity (excluding performance fees).
- FX rates are assumed to remain constant across the periods.
- Performance fees in Funds 4,5 and 6 have been excluded from the attribution and hence any performance fees earned will see an IEV attribution shift from NCI to OBL equity.

The sensitivity analysis provided uses the following assumptions:

- IEV is adjusted to reflect variations in the income conversion rate from the LTCR of 15%. The selected sensitivity rates are 10% and 20%.
- EPV of material impaired investments excluded from EPV with commensurate flow-on to IEV and attribution.
- PCP on all Portfolio Investments is delayed by 12 months. Duration risk has traditionally been addressed through a time based pricing escalator. Historically these capped out at a certain level, leaving the Group exposed to further delays. We have sought to address the risk by incorporating some additional IRR protection provisions. The 12 month delay sensitivity does not incorporate the effects of these duration protections and assumes the income is the IEV at whatever time it is received.

Management fee assumptions:

The estimated management fees are based upon aggregated anticipated budgeted capital deployed for Funds 4,5,6 and 8.

Estimated portfolio value (EPV) assumptions:

- EPV includes all Portfolio Investments, which includes, irrespective of impairment, investments which have had a negative award or judgment but nonetheless the Group believes have positive prospects of success on appeal.
- At 30 June 2022 such investments included Westgem investment (EPV of $250m with PCP in FY23) and a Fund 4 investment with PCP in FY24.
- Conditionally funded and IC approved investments are not included in the EPV.

Possible completion period (**PCP**):

- PCP is a dynamic concept and is subject to regular review and updating to take account of the circumstances of the underlying investment.
- It is to be expected that the PCP for some investments within the portfolio will be adjusted at each reporting date.
- PCP is not necessarily the same as anticipated IFRS income recognition period.

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