

ASX Announcement 23 FEBRUARY 2023

Omni Bridgeway continues to build a strong platform for growth

Omni Bridgeway Limited (ASX: OBL) (**Omni Bridgeway, OBL, Group**) has today released its results for the half year ended 31 December 2022 (**1H23, Half**).

The Group reported a net loss after tax of \$30.1 million, down \$21.4 million from the previous corresponding period.

During 1H23, we:

- Increased potential future income by delivering more than half of our FY23 commitments target of \$550 million; \$304.2 million commitments, adding \$5.1 billion of estimated portfolio value (EPV).
- Increased EPV by 9.6% to \$29.8 billion and grew implied embedded value (IEV) by 5.2% to \$3.8 billion.
- Achieved a CAGR of 38% for commitments and 41% for EPV (four years to 31 December 2022).
- Recognised \$92.3 million litigation proceeds and completed 13 investments.
- Accelerated future potential returns from the completion of a secondary market sale with ~US\$20 million proceeds into Fund 1.
- Maintained strong track record with a high success rate of 76%, a key performance indicator.
- Commenced the second generation funds series II upsizing process that will create US\$1bn additional FUM.
- Achieved geographic expansion in the northern hemisphere with offices opened in Miami, Chicago, Paris, Milan maintaining both our competitive advantage and industry leadership.
- Enhanced portfolio diversification through both investment type and area of law.
- Made executive leadership appointments including a new Global Chief Financial Officer and a Co-Chief Investment Officer of EMEA.

Financial summary

\$m	1H23	1H22	Change from 1H22
Consolidated Group grossed up to include all Funds at 100%			
Litigation investments proceeds	92.3	115.5	(20)%
Third party income from sale of investment vehicle	86.6	-	
Less third party interest of Fund 5	(18.2)	-	
Litigation investments proceeds	160.7	115.5	39%
Management fees	3.5	3.2	9%
Interest revenue and other	6.0	8.4	(29)%
Total gross income and revenue	170.2	127.1	34%
Litigation investments costs derecognised (non-cash)	(61.5)	(70.6)	(13)%
Reclassification to share of income from associates	(2.5)	-	
Third party share of sale of investment vehicle	(86.6)	-	
Total income	19.6	56.5	(65)%
Litigation investments – impairment and adverse costs	(3.7)	(31.0)	(88)%
Amortisation of litigation investments – claims portfolio	(2.7)	(2.4)	13%
Employee expenses	(39.0)	(30.3)	29%
Other expenses	(17.5)	(13.5)	29%
Fair value adjustments of financial assets and liabilities		2.4	
Profit / (loss) before tax	(43.4)	(18.3)	136%
Income tax benefit / (expense)	13.3	9.6	39%
Profit / (loss) after tax	(30.1)	(8.7)	242%

Results commentary

In 1H23, Omni Bridgeway achieved a record level of investment commitments which expanded the Group's global portfolio of investments.

Managing Director and CEO, Andrew Saker, noted that "The Group continued to execute on its strategic and operational objectives through substantial growth in commitments, accelerating future potential returns from a secondary market transaction, geographic expansion in the northern hemisphere, enhanced portfolio diversification across both investment type and area of law, and various leadership appointments."

The Group generated \$170.2 million in total gross income and revenue (including third party income from the sale of an investment vehicle) during the Half from a variety of sources, including litigation completions, a secondary market sale, management fees, and interest revenue.

Costs in 1H23 were consistent with growth targets. Employee expenses increased 29% compared to the prior corresponding period with almost \$7 million of the \$9 million change relating to headcount growth. This expansion in our productive capacity delivered significant efficiency gains, demonstrated through the 60% improvement in commitment levels to \$304.2 million.

Corporate overheads reflect resumed levels of pre-COVID expenditure for certain categories, new operating locations, and investment in marketing efforts.

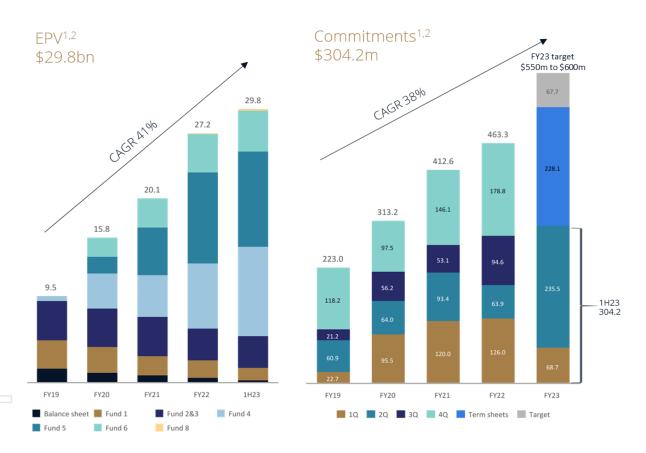
A net loss after tax of \$30.1 million, reflects the variability of returns from investments with binary outcomes and non-linear periods for completions and NCI attribution for the Half.

Portfolio growth drives future income generation

Heightened activity in the Americas and APAC portfolio during the Half underpinned a 9.6% increase in the EPV of all investments to \$29.8 billion. The \$5.1 billion in new EPV, related to matters that are newly funded, conditionally approved or have had updated budgets.

On 31 December 2022, there were 315 investments in the Group's total portfolio, including 31 conditionally funded and investment committee approved investments.

Commitments of \$304.2 million made in the Half represents 55% of our FY23 commitment target and are diverse in both investment type and areas of law.



- Fund 5 is not consolidated within OBL's Consolidated Financial Statements. Here, Fund 5 is presented at 100%.
- Includes conditional and Investment Committee approved investments.

Secondary market

The Group has utilised the emerging secondary market as a risk management strategy to reduce duration and completion risks, while enhancing liquidity and internal rates of return.

In 2022, three transactions were completed in the secondary market achieving total proceeds of approximately \$60 million, including one transaction which completed in the Half. As such, Fund 1 is transitioning into OBL waterfall returns through the disposal of 100% of one investment for total proceeds of up to US\$20 million. The balance of preferred return to the external Fund 1

investor is approximately US\$8 million (~\$12 million). Upon payment of this balance, the vast majority of Fund 1's future proceeds will accrue to OBL.

A strong platform for growth

Heading into 2H23, in terms of the near-term future cash generation, most of the anticipated income is likely to be generated from completions in first-generation funds as they progress through harvest phase.

Since launching our fund model, the business has been able to scale rapidly to successfully execute on its growth strategy and transition to an alternative asset manager. The Group will continue to target asset and geographic expansion in the northern hemisphere to pursue opportunities in this region, while reallocating resources to growth markets. Furthermore, it is anticipated future increases in headcount will now be at more modest levels as the Group continues to optimise its structure and capability and support medium term commitments targets.

The Group remains on track to achieve the FY23 commitments target of \$550 million, given the strong activity in 1H23 and a significant pipeline of indicative investment opportunities. We are committed to achieving our target of delivering \$5 billion in funds under management and annual commitments of \$1 billion by FY25 through the disciplined management and financing of high-quality legal asset investments, the launch of new Funds and the continued focus on creating significant shareholder value through the achievement of key objectives.

1H23 results disclosures and market briefing

This announcement should be read in conjunction with Omni Bridgeway's 1H23 results disclosures available at https://omnibridgeway.com/investor-presentations

A market briefing will be held at 10.00am (AEDT) today. For access to the event, please register at https://webcast.openbriefing.com/obl-1h23-230223/

ENDS

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

ENQUIRIES:

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About Omni Bridgeway (ASX:OBL)

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