1H24 results

29 February 2024

Contents

Further information on the terms used in this presentation is available on slide 23.

Highlights

For the 6 months ended 31 December 2023

Investment income and fee revenue

$155.5m +53% on 1H23

Plus $28.6m of income recognised post 31-Dec, and $60.4m total IYTBR

Commitments

$259.8m

42% of our FY24 target and 58% of the full year value generation goal

Funds under management[2]

~$3.2bn

Growth driven by first close of Fund 4 and Fund 5 series II capital raise

Net profit after tax before NCI

$33.4m +211% on 1H23

Fair Value[3]

$2.5bn

NPV of loss-adjusted probability-weighted investment cashflows of total portfolio

OBL-only cash operating expenses

$49.2m

Based on current monthly run-rate, on track to achieve <$95m cash opex

Cash and receivables[1]

$294.5m

$122.5m for OBL-only plus access to a further $60m in debt

Improved pricing

+38% on FY23

Based on Fair Value per dollar of new commitments

MOIC	IRR[4]	
2.2x	75%	LTD
2.4x	55%	1H24[5]

Investment highlights

		#	MOIC (x)[6]	IRR (%)[6]	Income ($m)	OBL-only($m)
1H24	**Completed/ Partially completed**[7]	12 Full completions/ 6 Partial completions/ 1 secondary market transaction	2.4x	55%	$146.7m	$29.1m
	Income yet to be recognised (IYTBR)[8]	5	3.6x	66%	$39.1m	$2.3m
Post 31-Dec-23	**Completed/ Partially completed**	3	2.0x	130%	$28.6m	$5.7m
	IYTBR[8]	3	4.1x	48%	$21.3m	$13.0m
Total	**Completed/ Partially completed**	22	2.3x	58%	$175.3m	$34.8m
	IYTBR[8]	8	3.8x	59%	$60.4m	$15.3m

- Strong performance metrics on investments completed FYTD.
- OBL-only income excludes performance fees from Funds 4 and 5, which are received on completions, subject to hurdle.
- Completion activity and momentum expected to continue in next 12 months, based on investments which are subject to anticipated or current settlement discussions, or for which an award or a judgment is expected. All or only part of these may actually complete during the 12 month period.

Strategic priorities

Investor day

- Scheduled for 27 March in Sydney.
- Further background and explanation of Fair Value methodology.
- Update on strategic initiatives.

Review and simplification of communications and disclosures

- Working towards fully replacing EPV with a Fair Value measure, either prior to or at the end of FY24.
- Fair Value better captures the duration, pricing and other value and risk drivers of legal finance investments, and aligns with disclosures of our peers.
- We do not currently intend to change the current basis of presentation for our statutory accounts.

FY24 goals

- Finalising the establishment of Fund 8, our €300 million global enforcement fund – *completed.*
- Achieving $625m in new commitments or equivalent value through improved pricing and attribution terms – *on track.*
- Accelerating realisations and mitigating risk through secondary market transactions – *on track.*
- Increasing FUM via series II of Fund 4 and Fund 5 – *first close completed on improved cost coverage terms through transaction fees.*
- Expanding our presence in the UK, the second largest litigation finance market – *completed.*
- Potential launch of new funds- *ongoing.*
- Exploring transition to or adding fair value disclosures- *on track.*
- Continued focus on cost management and cost coverage initiatives – *on track.*

Medium term target

- $1bn annual new commitments or equivalent value through improved pricing and attribution terms.

Key business performance drivers

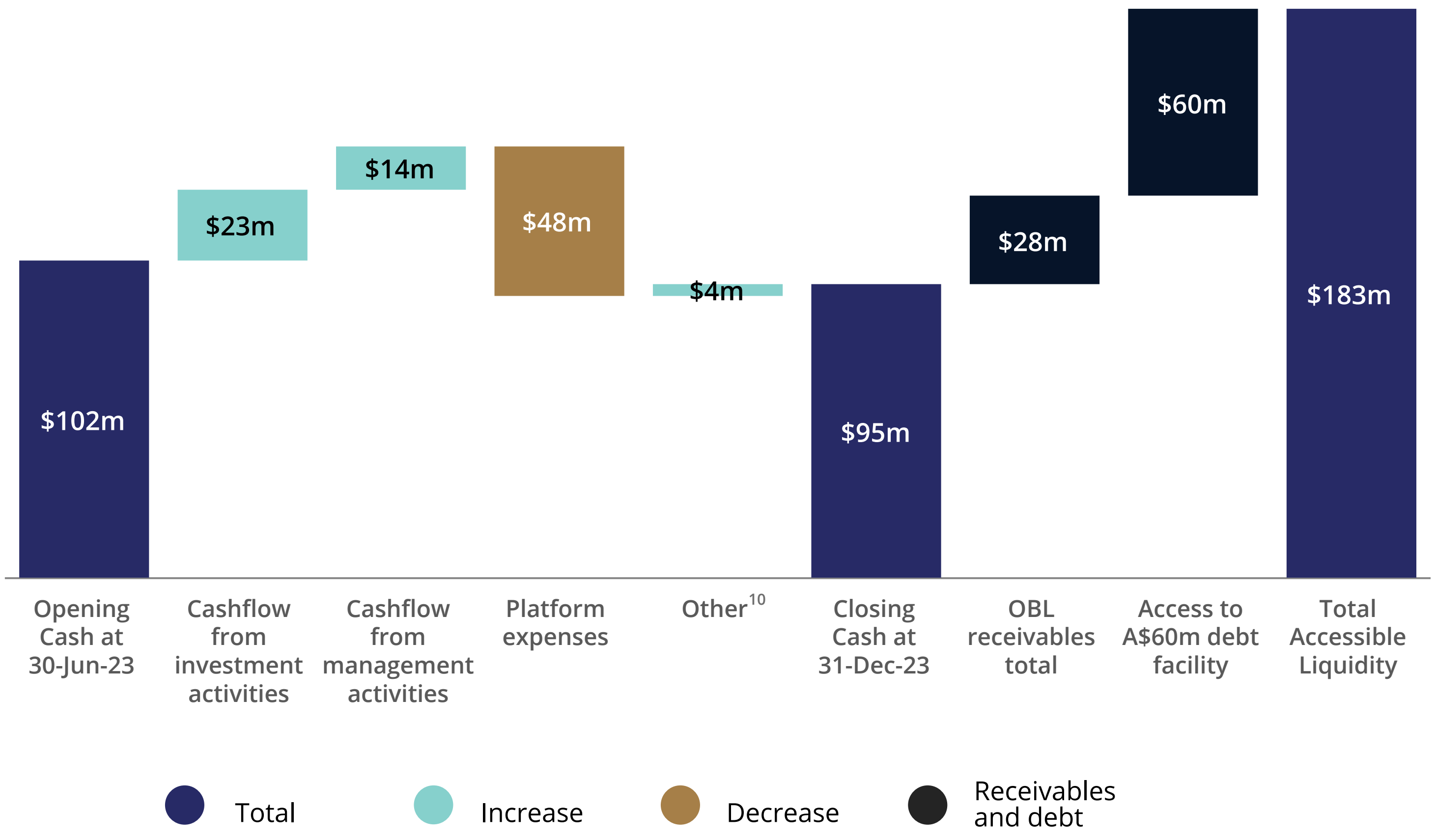
- Optimising volume vs. pricing trade-off.
- Sustained improvement in operational efficiencies and cost coverage.
- Diversification of investor base.

Non-IFRS OBL-only cash P&L

	$m	1H24
Investments	Litigation investments proceeds	60.1
	Proceeds from secondary market transactions	6.3
	Deployments – completed matters	(1.7)
	Deployments – ongoing matters	(30.8)
	Interest payments	(11.0)
		22.9
Management	Management and other fee income	7.6
	Performance fees	6.2
		13.8
Platform	Employee expenses	(33.9)
	Other expenses	(13.9)
		(47.8)
	Normalised cash profit/(loss)	**(11.1)**
	Non-recurring cash items[10]	3.8
	Cash profit/(loss)	**(7.3)**

- Positive net cashflows from investments.
- Majority of deployments relate to ongoing investments expected to generate litigation investment proceeds in future periods.
- Management fees of $7.6m was received in cash during the half. A further $3.2m was accrued during 1H24 to be collected thereafter.
- Management fee entitlements continue to increase with deployments and other fee generating activities. With the introduction of Fund 8 and other fee initiatives, our target for the year is ~$24m.
- Performance fees received on completions in Fund 4 and Fund 5 are subject to exceeding the hurdle rate. These are not yet recognised as income.
- Cost management initiatives have reduced platform expenses.
- OBL cash operating costs of $49.2m, with actual cash outflow of $47.8m due to positive changes in working capital.

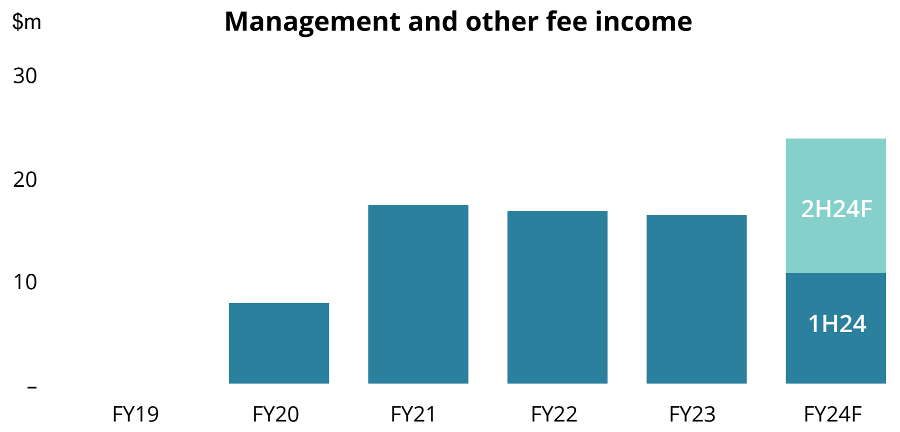
OBL-only cashflows and liquidity[9]



- In aggregate, we have ~$183m to meet operational needs, interest payments, and fund investments before cash proceeds from any investment completions, secondary market sales, management and performance fees.
- Excludes cash proceeds from completions post 31-Dec, and projected cash proceeds from IYTBR.

Improving cost coverage ratio

Fund	FY19	FY20	FY21	FY22	FY23	1H24	FY24F
Fund 1	–	–	–	–	–	$0.2m	
Funds 2&3	–	–	–	$1.8m	$0.4m	$0.2m	
Fund 4	$0.1m	$1.2m	$2.0m	$2.7m	$3.3m	$2.3m	
Fund 5	–	$0.2m	$0.9m	$2.0m	$2.7m	$3.3m	
Fund 6[11]	–	$6.5m	$14.6m	$10.5m	$10.1m	$4.3m	
Fund 8	–	–	–	–	–	$0.5m	
Management and other fee income	**$0.1m**	**$7.9m**	**$17.5m**	**$17.0m**	**$16.5m**	**$10.8m**	**$23.9m**
Total management and other fee income / Cash OPEX						**22 %**	**25 %**



Cost coverage ratio improved to 22% in 1H24 and includes:

- Management fees from funds[12, 13, 14].
- Cost recoveries.
- Case specific transaction fees.

Does not include management fees accrued as part of Funds 2&3 waterfall entitlement ($6.6 million to date).

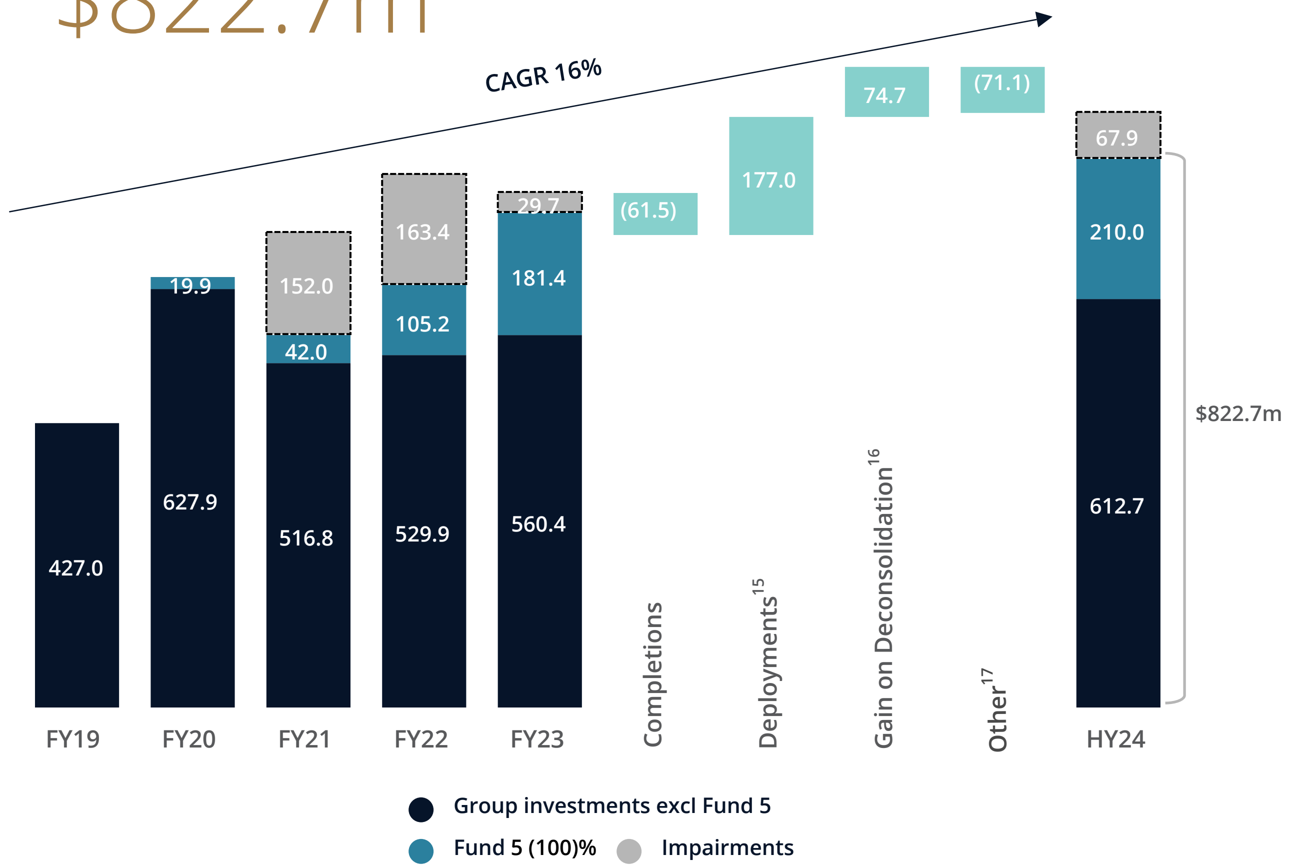
Continuous focus on cost management

- Cost management initiatives were undertaken, lowering the cost base despite our expansion into the UK.
- The impact of these actions began to flow through towards the end of 2023 and additional optimisation will take effect in 2H24.
- Current cash opex run rate is improving, indicating a full year figure in line with our target of approximately $95m for FY24.

Continued portfolio growth to generate future income

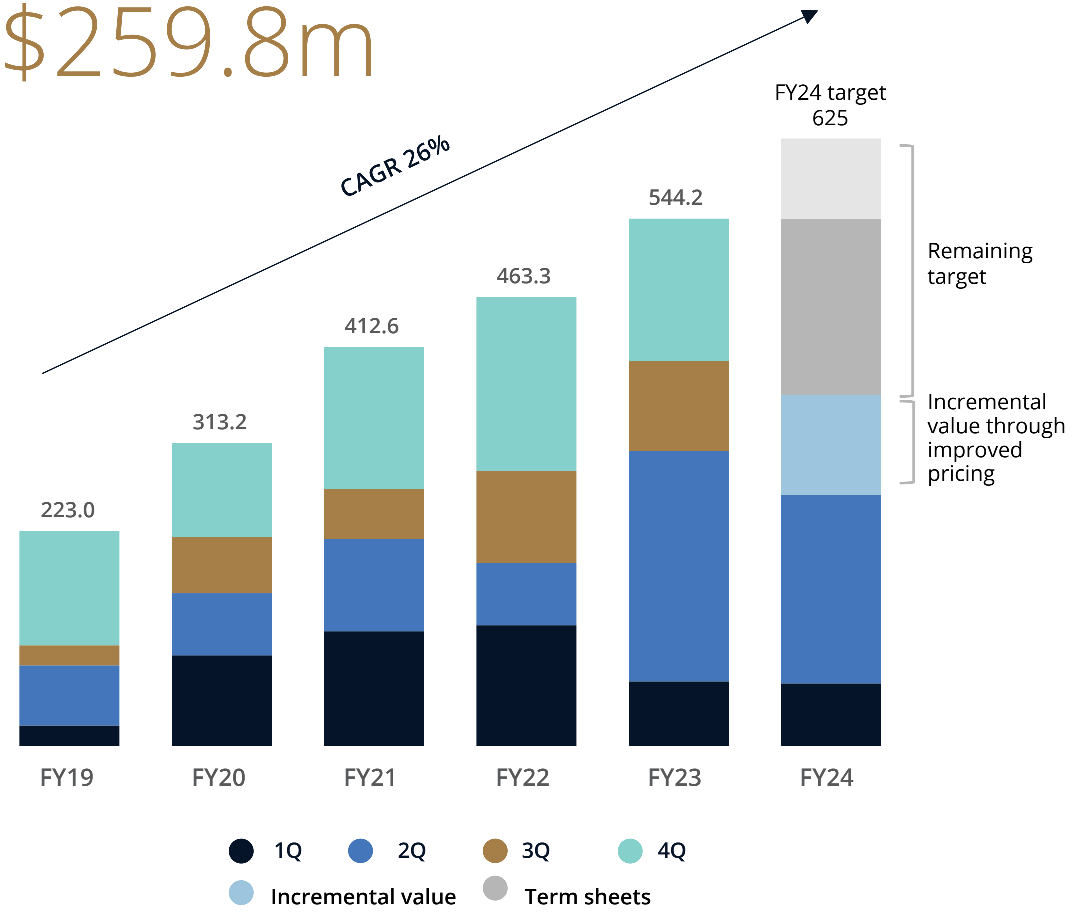
Investments carrying value[1]

$822.7m



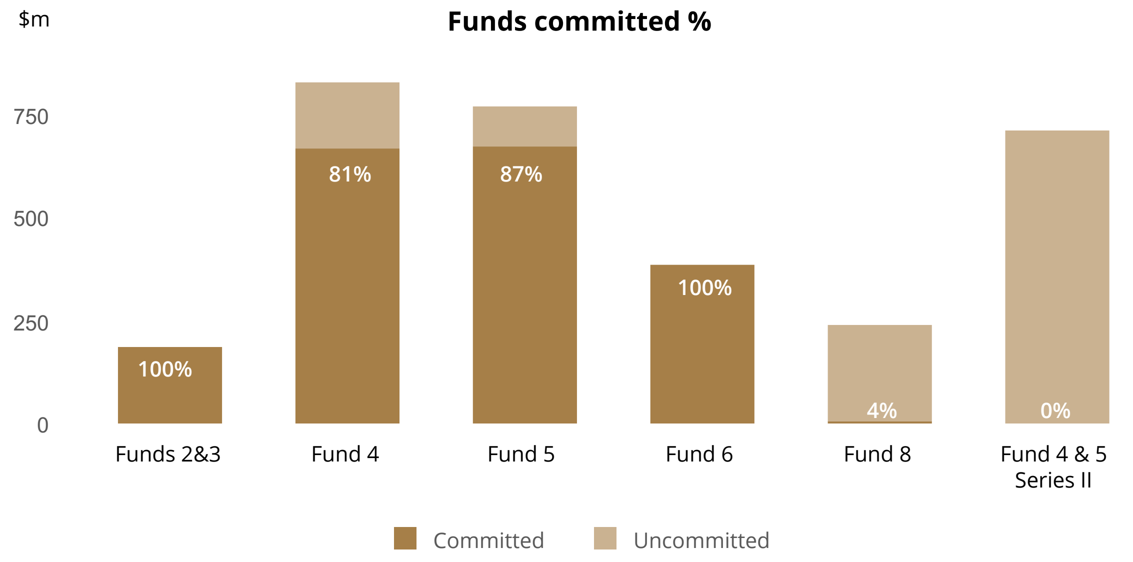
Commitments[1]

$259.8m



Funds summary

At 31-Dec-23	Committed	Fund size	Fund Breakdown					Total capital called	Total distributions (capital and returns)	Amounts attributable to NCI		Amounts attributable to Omni Bridgeway	
			Recycling	Capital Deployed	Capital Committed - Undeployed	Capital uncommitted	Other Costs			Capital	Returns	Capital	Fees
Funds 2&3[18]	100%	A$189m	–	A$147m	A$30m	(A$11m)	A$23m	A$176m	A$(88)m	A$52m	A$58m	A$35m	A$7m
Fund 4	81%	US$500m	US$66m	US$259m	US$183m	US$109m	US$15m	US$270m	US$(104)m	A$195m	–	A$49m	–
Fund 5[1]	87%	US$500m	US$25m	US$164m	US$262m	US$67m	US$32m	US$189m	US$(32)m	A$187m	–	A$44m	–
Fund 4 & 5 series II[19]	–	US$485m	–	–	–	–	–	–	–	–	–	–	–
Fund 6[20,21]	100%	€188m	€52m	€101m	€109m	(€22m)	€52m	€91m	–	A$140m	–	A$7m	–
Fund 8[22]	4%	€150m	–	<€1m	€7m	€143m	–	€8m	–	A$13m	<$1m	–	<$1m
Funds total										A$587m	A$58m	A$135m	A$7m



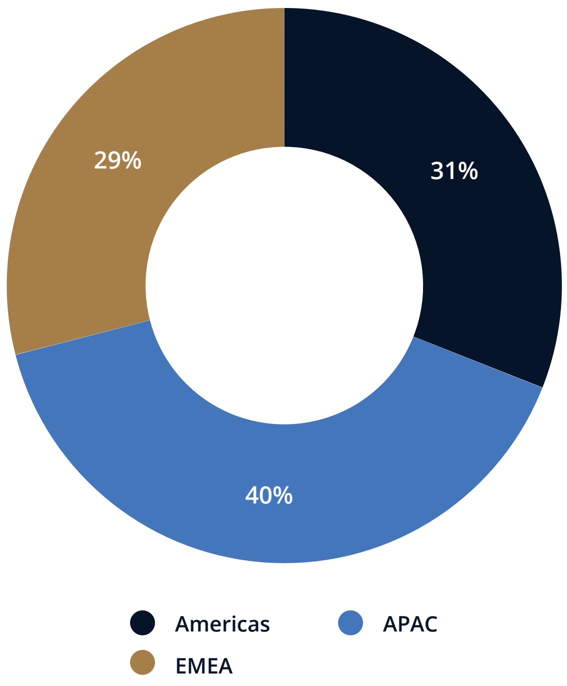
Funds update:

- **Funds 2&3 –** fully committed and in harvest mode with external fund investors continuing to have priority.
- **Fund 4** and **Fund 5 –** US$485m[19] first close of series II capital raise completed in 2Q24 on improved cost coverage terms.
- **Fund 6 –** in harvest mode with merits and enforcement investment opportunities being undertaken by Fund 5 and Fund 8, respectively.
- **Fund 8 –** €135 million first tranche of debt capital raising completed in Sept-23.
- Fund 1 was deconsolidated in May-23 and the Fund 4 IP portfolio was deconsolidated in Dec-23. OBL's residual interest in these investments is recognised as an 'investment in associates' within the Group Consolidated Financial Statements.

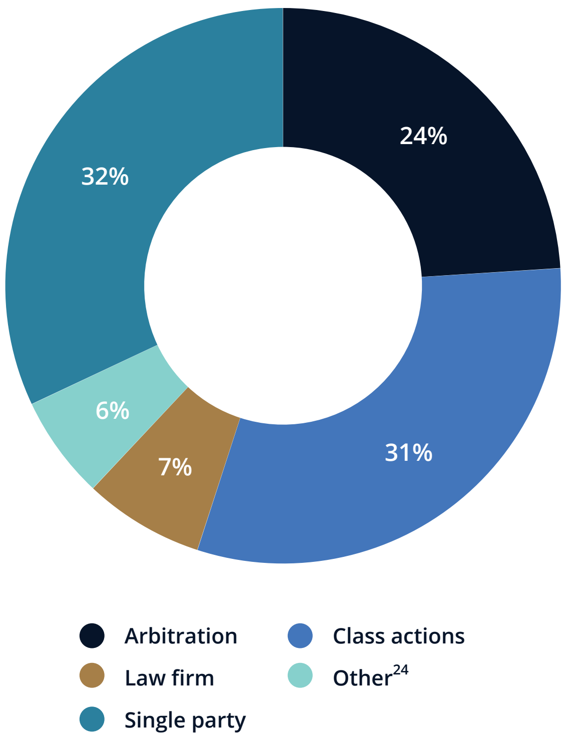
Diversified portfolio Fair Value

- $2.5bn[23] Fair Value of the balance sheet and funds[1] investment portfolio at 31-Dec-23, based on NPV of loss-adjusted probability-weighted future investment cash flows discounted at 12%.
- New commitments in 1H24 have added $363 million of Fair Value, representing 58% of the FY24 target.
- Fair Value per dollar of new commitments is 1.40x in 1H24, compared to 1.02x in FY23.

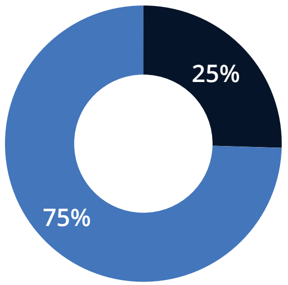
Fair Value by region



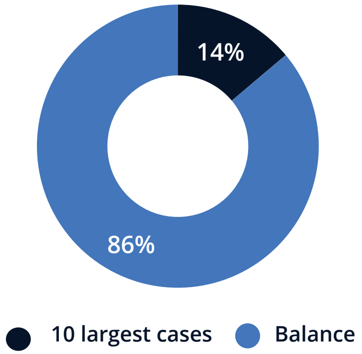
Fair Value by investment type



Fair Value by case concentration



Commitment by case concentration



Fair Value methodology

Scenario analysis
Identify likely outcome scenarios.

Probabilities

Based on legal opinions, statistical legal databases and leveraging internal and historical expertise, assigning probabilities to each scenario.

Duration

Based on legal opinions, statistical legal databases and leveraging internal and historical expertise, estimate the duration for each scenario.

Budget

Determine expected cash investment outflows per scenario in accordance with the funded budgets of various parties involved.

Quantum projections

Estimate the expected judgment or settlement amounts across scenarios, based on investment information and quantum experts, adjusted for recoverability considerations.

Return calculation

Based on fee agreements between the claimant and OBL, and taking into account the duration, budget and quantum projections, calculate the expected cash investment inflows.

Material litigation developments

Based on objectively observable and verifiable events, adjusting the scenarios, key assumptions and inputs.

Cashflows Inflows & outflows for each scenario **+** **Weighted cumulative probabilities** Aggregate probabilities to derive total weighted cashflow **+** **Discount rate** 12% discount rate, based on WACC calculation **= FV**

Additional concepts

- **Monte Carlo Analysis** – Deployed for investments with complexities such as cross-collateralized portfolio investments, and investments with multiple defendants or proceedings.

Assumptions

- **Outcome scenarios –** the points during the life of an investment when it may complete in whole or in part
- **Cash flows –** the amount and timing of outgoing and incoming cash flows over the life of the investment
- **Probabilities –** the probability of each cash flow arising

Data inputs

Observable data inputs are used In addition to management assessment:

- Investment fact base
- External legal advice
- External expert advice
- Third party investment budgets
- Fee arrangements
- (Financial) market data
- Statistical legal databases
- Internal and historical expertise

There remains a significant amount of judgment which is inherently subjective when assessing probabilistic future cash flows from a legal risk investment.

Annexure

Fair Value framework

Omni Bridgeway's fair value approach is based on probabilistic scenario analysis.

At inception the Fair Value of an investment is determined:

- As the net present value of the future loss-adjusted probability-weighted investment cash flows for the likely outcome scenarios (including loss) for the investment.
- Using informed assumptions for outcome scenarios, probabilities, cash inflows and cash outflows, which rely on inputs around the key risk factors for legal investments: loss risk, duration risk, budget risk, quantum risk and recoverability risk (credit risk).

In subsequent periods the fair value of an investment is adjusted, positively or negatively, based on the combination of:

- Deployments made for the investment during the period.
- The unwinding of the discount due to the passage of time.
- Changes in the discount rate.
- Material litigation developments, which are objectively verifiable events leading to changes in assumptions or inputs.

Discount rate

- A discount rate of 12% is used, based on the weighted average cost of capital (WACC) for the legal finance asset class, which closely aligns with the WACC for OBL and with the hurdle rates for our third-party fund capital.
- All main investment risks associated with legal investments, including loss risk, duration risk, budget risk, quantum risk and credit risk are reflected in the probabilistic scenarios, and therefore fall outside the scope of risks determining the required discount rate.

Material litigation developments

There are many possible material litigation developments, with some generally applicable to most litigation investments and others more investment specific. A material litigation development is always objectively verifiable and not just based on a subjective reassessment of an investment.

Typical material litigation developments include:

- Judgments, arbitral decisions, new relevant case law, mediations, partial settlements or recoveries, new legal opinions (eg. as a result of changes to fact base or legal discovery), new expert opinions (eg. on damages)
- Changes to expected duration (eg. following case management hearings, court timetables or observed delays), book-building results, budget changes, asset freezes, new recoverability intelligence, etc.

Context

- The valuation process is embedded in a governance framework, including a valuation policy, implemented by the Pricing & Structuring team, with Valuation Committee oversight, and quarterly reporting to Audit & Risk Committee.
- Omni Bridgeway has been using the described valuation framework in EMEA from the inception of fund 6 in 2016-2017.
- In evaluating our framework, we also benchmarked with industry peers, to align where possible in methodology.
- Key similarities in methodology include the use of probabilistic modelling, discounted cash flow analysis, material litigation developments (also called litigation milestones or litigation events) and making informed assumptions around inputs such as discount rates, timing and risk factors.

Review

The framework and discount rate was reviewed by BDO who concluded that using a probabilistic cash flow approach is an appropriate methodology to employ for determining cash flows for the purposes of calculating the fair value of litigation assets.

Simplified Fair Value case study

Background information

The case study investment consists of a merits dispute, with an estimated claim value of up to $60 million. The anticipated timeline for receiving a judgment is approximately two years in the relevant jurisdiction, with an additional two years potentially required for the appeal process. The total budget indicated for the proceedings up to judgment is $3 million, with an additional budget requirement of $1 million for potential appeal proceedings. In this simplified example, no enforcement proceedings are anticipated, no adverse costs apply, and there is only one assumed quantum outcome. The fee arrangement is a simple 30% of proceeds.

Probabilistic scenario analysis

Based on the available investment information, legal and expert opinions, the budgets and fee arrangement provided and the relevant statistics for the jurisdiction involved, the Pricing & Structuring team together with the IM team developed the probabilistic scenario analysis as described on the following slide. In this simplified example, there are only 7 outcome scenarios. In practice, most investments will include additional scenarios based on different possible quantum theories and outcomes, interest accruing on claim amounts, different durations, as well as possible enforcement requirements.

EPV reporting

- In this example, the EPV would be set at $60m being the estimated claim size, assuming there were no recoverability concerns.
- IEV would be calculated as $9m, being 15% (our LTCR) of $60m.
- The EPV would not typically change as a result of most material developments such as delays, changes in prospects or intermediate decisions.
- The PCP would be 4 years from the case start date

Fair Value reporting

- In this example, Fair Value would be set at $4.38m, reflecting discounted gross cash investment profit (whereas EPV is undiscounted gross income)
- The Fair Value would change as a result of any material development
- Absent any material developments, Fair Value would gradually increase due to the unwinding of the discount with the passage of time
- Completion timing is assessed as a probability weighted range rather than a single point in time

Simplified Fair Value case study – continued

Probabilistic scenario analysis

Case start	
Investment commitment: $4m	

First instance win for $60m	
Probability: 50%	Duration: 2 years
Deployment: $3m	Fee: N/A

Appeal win for $60m	
Probability: 40%	Duration: 2 years
Deployment: $1m	Fee: $18m

Appeal loss	
Probability: 10%	Duration: 2 years
Deployment: $1m	Fee: $0m

Settlement for $50m	
Probability: 50%	Duration: 1 year
Deployment: $0.5m	Fee: $15m

Pre-trial settlement at $40m	
Probability: 20%	Duration: 2 years
Deployment: $2.5m	Fee: $12m

First instance loss	
Probability: 30%	Duration: 2 years
Deployment: $3m	Fee: N/A

Appeal win for $60m	
Probability: 10%	Duration: 2 years
Deployment: $1m	Fee: $18m

Appeal loss	
Probability: 50%	Duration: 2 years
Deployment: $1m	Fee: $0m

Withdrawal after first instance Loss	
Probability: 40%	Duration: 0 years
Deployment: $0m	Fee: $0m

Outcome scenarios

Appeal win after first instance win	
Probability: 20%	Duration: 4 years
Deployment: $4m	Fee: $18m

Appeal loss after first instance win	
Probability: 5%	Duration: 4 years
Deployment: $4m	Fee: $0m

Settlement after first instance win	
Probability: 25%	Duration: 3 years
Deployment: $3.5m	Fee: $15m

Pre-trial settlement	
Probability: 20%	Duration: 2 years
Deployment: $2.5m	Fee: $12m

Appeal win after first instance loss	
Probability: 3%	Duration: 4 years
Deployment: $4m	Fee: $18m

Appeal loss after first instance loss	
Probability: 15%	Duration: 4 years
Deployment: $4m	Fee: $0m

Withdrawal after first instance loss	
Probability: 12%	Duration: 2 years
Deployment: $3m	Fee: $0m

Scenario cashflows

Year 1	Year 2	Year 3	Year 4
-1.50	-1.50	-0.50	-0.50
			18.00

Year 1	Year 2	Year 3	Year 4
-1.50	-1.50	-0.50	-0.50
			0.00

Year 1	Year 2	Year 3	Year 4
-1.50	-1.50	-0.50	
		15.00	

Year 1	Year 2	Year 3	Year 4
-1.50	-1.00		
	12.00		

Year 1	Year 2	Year 3	Year 4
-1.50	-1.50	-0.50	-0.50
			18.00

Year 1	Year 2	Year 3	Year 4
-1.50	-1.50	-0.50	-0.50
			0.00

Year 1	Year 2	Year 3	Year 4
-1.50	-1.50	0.00	
	0.00		

Loss adjusted probabilistic cashflows			
Year 1	Year 2	Year 3	Year 4
-1.50	1.00	3.41	3.93
Fair value (NPV@12%)			**$4.38**

1H24 Financial results

$m	1H24	1H23	Change from 1H23
Consolidated Group			
Litigation investments proceeds	115.2	96.1	20%
Proceeds from secondary market transaction	31.5	–	
Litigation income proceeds (grossed up to include all Funds at 100%)	**146.7**	**96.1**	**53%**
Third party income from sale of investment vehicle	–	86.6	
Less third party interest of Fund 5	(8.3)	(18.2)	54%
Litigation investments proceeds	**138.4**	**164.5**	**(16%)**
Management fees	5.7	3.5	64%
Interest revenue and other	3.1	2.2	42%
Total gross income and revenue	**147.2**	**170.2**	**(14%)**
Litigation investments costs derecognised (non-cash)	(53.0)	(61.5)	14%
Derecognition of subsidiary and recognition of residual interest	41.6	–	
Reclassification to share of income from associates	–	(2.5)	
Third party share of sale of investment vehicle	–	(86.6)	
Total income (reflecting Consolidated Group)	**135.8**	**19.6**	**594%**
Litigation investments – impairment and adverse costs	(38.4)	(3.7)	(932%)
Amortisation of litigation investments – claims portfolio	(4.0)	(2.7)	(48%)
Employee expenses	(34.4)	(39.0)	12%
Other expenses	(28.5)	(17.6)	(62%)
Fair value adjustments of financial assets and liabilities	1.0	–	4767%
Profit / (loss) before tax	**31.5**	**(43.4)**	**173%**
Income tax benefit / (expense)	1.9	13.3	(86%)
Profit / (loss) after tax	**33.4**	**(30.1)**	**211%**

Investment income

$m	Balance sheet	Funds 1	2&3	4	5[1]	6	8	Total
Investment income								
Investment income								
Investments completed in 1H24	–	–	4.6	44.7	8.7	9.2	3.5	70.7
Investments completed in prior periods	0.1	–	–	–	1.4	0.1	–	1.6
Secondary market transactions	–	–	–	31.5	–	–	–	31.5
Ongoing investments	–	–	1.8	37.0	0.3	3.8	–	42.9
Total income recognised in 1H24	**0.1**	**–**	**6.4**	**113.2**	**10.4**	**13.1**	**3.5**	**146.7**
Binding conditional settlements	–	–	–	–	–	–	–	–
Successful judgments	–	–	–	–	1.3	23.7	–	25.0
Executed settlements	–	–	–	–	–	–	–	–
Agreed in-principle settlements	–	–	11.1	7.7	23.9	21.3	–	64.0
Income yet to be recognised (IYTBR)[25]	**–**	**–**	**11.1**	**7.7**	**25.2**	**45.0**	**–**	**89.0**
Total income recognised in 1H24 and IYTBR	**0.1**	**–**	**17.5**	**120.9**	**35.6**	**58.1**	**3.5**	**235.7**
Provisional distribution of income recognised and IYTBR[26]								
- Provisional attribution to OBL shareholders	0.1	–	–	24.1	7.1	15.3	3.5	50.1
- Provisional attribution to NCI	–	–	17.5	96.8	28.5	42.8	–	185.6
Distribution waterfall of 1H24 income recognised and IYTBR	**0.1**	**–**	**17.5**	**120.9**	**35.6**	**58.1**	**3.5**	**235.7**

- $146.7m income recognised in 1H24 comprises:
  - $70.7m from 12 fully completed investments.
  - $42.9m from ongoing investments.
  - $1.6m from investments completed in previous periods.
  - $31.5m proceeds from the sale of a 25% interest in a portfolio of 15 intellectual property (IP) investments in Fund 4.
- Following the publication of the 2Q24 Investment Portfolio Report on 25-Jan-24, there were further developments relating to two investments which resulted in revision of the income to $146.7m.
- $89.0m income yet to be recognised (IYTBR) includes $28.6m income recognised post 31-Dec and $60.4m IYTBR. This relates to 11 substantially completed investments with conditional settlements or judgments on appeal which may be recognised in future periods.

Structure of Funds[27]

- If an investment is successful, the defendant will pay an agreed amount to the claimant's lawyers trust account.
- The lawyer will deduct the fees owing to the Group and pay the balance of funds to the client.
- If the claim fails, the Group is responsible for paying the counterparty's costs on the terms agreed with the client, if it is not covered by After The Event or Adverse Cost insurance.
- In addition, damages are not always awarded in cash. Investment Managers require the ability to appraise non-cash collateral when pricing the risks of an investment prior to the funding decision, and require the ability to collect varying forms of collateral for monetisation.
- The Group has an established track record of identifying, appraising and collecting non-cash collateral in a variety of jurisdictions.

	Funds 2&3	Fund 4	Fund 5	Fund 6	Fund 8
Type	**European whole of fund**	**American deal by deal**	**American deal by deal**	**Hybrid whole of fund**	**European whole of fund**
Waterfall	1. Investor capital 2. Investor preferred return 3. Investor undrawn fee 4. Group management fee 5. Group capital 6. Profit distribution: Group 80% Investor 20%	1. Investor capital (including the Group) 2. Hurdle IRR 8% 3. Catch-up 4. Up to 20% IRR, 80% to investors (incl the Group) 20% performance fee 5. Above 20% IRR, 70% to investors (incl the Group) 30% performance fee	1. Investor capital (including the Group) 2. Hurdle IRR 8% 3. Catch-up 4. Up to 20% IRR, 80% to investors (incl the Group) 20% performance fee 5. Above 20% IRR, 70% to investors (incl the Group) 30% performance fee	1. Investor capital (including the Group) 2. Hurdle IRR 10% 3. Catch-up 4. Up to 20% IRR, 80% to investors (incl the Group) 20% performance fee 5. Above 20% IRR, 70% to investors (incl the Group) 30% performance fee **Enforcement investments** 1. Investor capital 2. Hurdle IRR 20% 3. Profit distribution (Group 100%)	1. First tranche of PIK interest 2. Remaining investment proceeds offset against borrower investments and expenses 3. Repayment of outstanding principal 4. Repayment of remaining PIK interest accrued 5. Cash equity if any to OB 6. Distribute profits to debt and equity (12.5% / 87.5% proportion) until MOIC of 3x is reached 7. 95% to the equity until the proportion of the Total Upside received by the equity is equal to 90% 8. Profit distribution, 90% to equity and 10% to debt
Management fee	Part of waterfall return	Paid quarterly; Series II includes transaction fees	Paid quarterly; Series II includes transaction fees	As called	Paid Monthly
Capital recycling	Not permitted	Permitted	Permitted	Permitted	Investment

Current portfolio and track record

	Current funded investments [28]				Completed investments [29,30]				
At 31-Dec-23	#	Average duration	Possible EPV completions in the next 12 month	EPV	#	Average duration	Success rate $ weighted average	MOIC	IRR
Fund 1					35	3.5 yrs	69%	1.35x	9%
Funds 2&3	21	4.6 yrs	$1,533m	$3,097m	19	2.0 yrs	55%	2.28x	92%
Fund 4[31]	45	1.6 yrs	$1,183m	$7,588m	14	1.4 yrs	66%	1.30x	14%
Fund 5[1]	70	1.7 yrs	$1,631m	$9,976m	14	1.8 yrs	82%	2.12x	50%
Fund 6	141	7.9 yrs	$736m	$3,600m	236	3.5 yrs	80%	3.35x	189%
Fund 8[32]	3	0.6 yrs	–	$81m	1	0.9 yrs	100%	72.50x	>500%
Funds total	280	5.0 yrs	$5,083m	$24,342m					
Balance sheet [4]	5	8.8 yrs	$5m	$106m	196	3.0 yrs	78%	2.70x	80%
Total	285	5.1 yrs	$5,088m	$24,448m					

Regulatory landscape

US

- Some US courts have set rules requiring disclosure of litigation funding arrangements. Omni Bridgeway continues to review and consider the implications of those rules.
- The US Chamber of Commerce's Institute for Legal Reform continues to lobby for litigation finance regulation. Draft legislation has been proposed in Florida, Arizona, Georgia, Indiana and Oklahoma which ILFA is actively monitoring and managing to maintain a level playing field.

Europe

- In June 2023, ILFA published a report criticising proposed reforms to the regulation of litigation funding in the EU. The reforms, proposed by the Committee on Legal Affairs, included a duty on claimants to disclose third-party funding and a fee cap on funders. In response, the European Commission announced a study on the existing European litigation funding landscape before implementing any new rules.
- In July 2023, Germany passed legislation implementing the EU Collective Redress Directive with certain disclosure requirements and a restriction of 10% on the amount that a litigation funder may receive from the proceeds of a successful claim. Although these changes will have little direct impact on Omni Bridgeway's business, this will be monitored.
- In 2023, Ireland passed legislation to permit third-party funding of international commercial arbitration. In late 2023, the Law Reform Commission of Ireland published a Consultation Paper seeking views on different legislative approaches to legalising third-party funding of litigation, including whether to abolish the torts and offences of maintenance and champerty.

Australia

- In December 2022, the Australian government enacted regulations that exempt litigation funders from holding an Australian Financial Services Licence (AFSL) and other financial services regulatory requirements for funded class actions that had been implemented by the previous government.

UK

- In July 2023, in PACCAR Inc v Competition Appeal Tribunal, the UK Supreme Court held that the litigation funding agreements (LFAs) at issue were damages-based agreements (DBAs) within the meaning of the relevant legislation in England. As a result, they were subject to the DBA Regulations 2013 which set out certain requirements for an agreement to be lawful and enforceable.
- The effect of PACCAR is that a LFA could be considered to be a DBA and may be noncompliant with the DBA Regulations and therefore unenforceable.
- The UK government has stated its intention to remedy the impact of PACCAR. Legislation is before the UK Parliament to address its impact on proceedings in the Competition Appeal Tribunal (largely class or group actions). It is possible that similar remedial legislation to address the impact of PACCAR on other types of litigation funding will be approved by Parliament prior to the Autumn election. We are confident that the UK will remain a key market for legal finance.

Footnotes

1 Fund 5 is not consolidated within the Group Consolidated Financial Statements, here it is presented at 100%.

2 Funds and third party capital in investments managed by OBL.

3 Includes unconditional, conditional and IC approved investments. See slides 12 for details of the Fair Value methodology.

4 IRR information prior to FY12 is not available due to the limitation of the legacy systems.

5 Includes 33 investments, out of which, 15 investments were part of one single secondary market transaction.

6 Excludes non-cash partial completions and withdrawals.

7 Excludes withdrawals from investments.

8 All metrics are based on projections.

9 Includes OBL share of cash in the Funds.

10 Including Fund 8 insurance reimbursement, FX, variable deferred consideration (VDC) and tax.

11 Includes Fund 7.

12 Funds 4 and 5 earn management fees of up to 2.15% of external capital deployed as well as additional service fees.

13 Includes Fund 6 management and servicing contribution which is recognised as a equity contribution and anticipated service fees from Fund 8.

14 This approximation of management fees assumes that the net deployed capital grows in 2H24 at approximately 34%. In practice, net deployed capital may vary over a given period, including delays or accelerations of investment completions or expenditure of investment budgets.

15 Investment deployments include capitalised overheads and investment updates.

16 Following the sale of a participation in Fund 4 investments which completed in December 2023, the Fund 4 IP portfolio has been derecognised within the Group Consolidated Financial Statements.

17 Other includes foreign currency adjustments and impairments (that were primarily recorded in prior years and completed in 1H24).

18 Fund 2&3 capital uncommitted represents the residual amount of the over commitment allowance.

19 Inclusive of OBL's co-funding. OBL's commitment of US$100 million to each Series II fund is capped at 20% of the ultimate fund size (i.e. after further closings).

20 Data for Fund 6 is current at 30 September 2023.

21 Fund size is €150m plus an over commitment allowance of 25%.

22 The principal protection insurance includes an extention option to increase the indemnity to €270 million which facilitates a second series or an upsize of series one.

23 Includes $0.2 billion of conditional and IC approved investments.

24 Includes appeal, commercial and corporate funding.

25 Subject to change and may be recognised in FY24 or later.

26 Represents indicative cashflows (excluding performance fees) anticipated to flow out of the Funds due to the income generation included in the table above. It represents the aggregate estimate of the cash distributed and yet to be distributed under the various distribution waterfalls of the Funds assuming the income is equivalent to gross cash proceeds. The Fund's capital status and waterfalls operate on a cash collection and distribution basis and do not align with the accounting treatment. Accordingly, the NCI attribution disclosed in the Group Consolidated Financial Statements will not necessarily match this.

27 Fund 1 was deconsolidated on 31 May 2023. The residual interest in Fund 1 is recognised as an investment in associate within the Group Consolidated Financial Statements.

28 Includes current unconditional investments and those disclosed as income yet to be recognised.

29 Reflects completions in Funds 1 to 6 and OBL balance sheet since inception. Fund 1 includes metrics up to 31 May 2023, the date of its deconsolidation.

30 Includes partially completed investments and secondary market sales.

31 The IP portfolio in Fund 4 was deconsolidated on 8 December 2023 following the sale of a 25% interest in these investments. The EPV relating to the 75% retained interest of the IP portfolio is included. The residual interest of the IP portfolio in Fund 4 is recognised as an investment in associate in the Group Consolidated Financial Statements.

32 Including investments transferred from the warehouse and investments currently anticipated being transferred.

Notes

- The investments of Funds 2&3, Fund 4, Fund 6 and Fund 8 are consolidated within the Group Consolidated Financial Statements, along with the interest of the respective external Fund investors if applicable.
- Fund 1 was deconsolidated on 31 May 2023. The associated EPV, effective from that date, is excluded from this document.
- The Fund 4 IP portfolio was deconsolidated on 8 December 2023 following the sale of a 25% interest in these investments. The EPV relating to the 75% retained interest is proportionally reflected in the Fund 4 EPV profile.
- Fund 1 and Fund 5 are not consolidated within the Group Consolidated Financial Statements; the residual interest in Fund 1 and in the Fund 4 IP portfolio is recognised as an investment in associate, whereas Fund 5 is brought in at the Group's attributable 20% share of income, assets, and liabilities.
- Throughout this document, Fund 5 is presented at 100% values (except where otherwise stated) for consistency of presentation across OBL's funds. Where investments are co–funded with an entity which is not affiliated with Omni Bridgeway, the co–funded proportion of the applicable investment is excluded from this document (except where otherwise stated).
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