

Investment Portfolio at 31 December 2021 - CORRECTION

Omni Bridgeway Limited (ASX:OBL) (**Omni Bridgeway**) refers to its Investment Portfolio Report at 31 December 2021, released on 31 January 2022 (**Report**). The provisional attribution of 1H22 income (recognised and yet to be recognised) to Omni Bridgeway was misstated in the Report and is correctly detailed below:

Key metrics

- \$176.0 million income (recognised and yet to be recognised) in 1H22, with \$49 million provisionally attributable to OBL, plus \$99.1 million in income yet to be recognised from matters after the cut-off date of 31 December 2021

The correct information is included in an updated version of the Report, attached to this release, with the corrected information highlighted for each of reference.

This announcement is authorised for release to the market by the Disclosure Committee.

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Investment Portfolio at 31 December 2021

Omni Bridgeway Limited (ASX:OBL) (**Omni Bridgeway, OBL**) announces its investment performance for the three months ended 31 December 2021 (**2Q22, Quarter**) and for the half year period (**1H22**).

We are pleased to report materially positive developments in the two key drivers of our business: completions and the generation of new investments. These outcomes have been achieved in the context of a continuing uncertain environment driven by the pandemic, and reflects the robustness of the uncorrelated financial model, underpinned by the efforts of our global team to deliver diversified investments in legal risk finance and management.

We have largely delivered on our expectations, and in some instances exceeded them, with a record amount of income generated in our first half, with several material potential completions occurring after the cut-off date, which will drive income for the second half. We are on track to achieve our target for new commitments in the financial year and deliver on our continued growth in EPV and investments. We set ourselves a number of strategic goals, including the refinancing of our debt which also is on track for completion in the next few months. Overall, we have set our goals for this year, and are delivering on those goals.

Key metrics

- \$176.0 million income (recognised and yet to be recognised) in 1H22, with \$49 million provisionally attributable to OBL, plus \$99.1 million in income yet to be recognised from matters after the cut-off date of 31 December 2021
- Estimated portfolio value (**EPV**) of \$23.2 billion, comprises \$20.5 billion from unconditional investments and \$2.7 billion from conditionally funded and IC approved investments
- Implied embedded value (**IEV**) was maintained at \$3.1 billion notwithstanding the acceleration of completions
- External funds under management remains unchanged with 40% yet to be committed
- Strong financial position maintained with cash and receivables of \$199.7 million on OBL balance sheet, sufficient to support corporate initiatives
- New commitments of \$190 million, representing \$4.8 billion EPV and approximately 37% of our FY22 commitment target of \$520 million, were made across 31 new investments and 16 conditionally funded investments in 1H22, with 13 new investments and 10 conditionally funded investments made in the Quarter
- We have 29 exclusive term sheets with clients, representing \$151 million of new investment opportunities, which if converted into funded investments will represent a further 29% of our FY22 commitment target

Further information on terms used in this announcement is available at <https://omnibridgeway.com/investors/omni-bridgeway-glossary> ("Notes" and "Glossary").

The Notes and the Glossary contain important information, including definitions of key concepts, and should be read in conjunction with this announcement.

Updates

- With most of the commercial terms agreed, the refinancing of our debt facilities remains on track to occur in early 2022
- A Fund 6 run off period through to 30 June 2022 has been agreed with the fund investor whereby all investment opportunities identified prior to 31 December 2021 will flow into Fund 6. Merits Investment opportunities identified after 1 January 2022 will flow into Fund 5 and enforcement opportunities identified after 1 January 2022 will be warehoused by OBL until Fund 8 is established, which is expected before 30 June 2022
- OBL anticipates receiving material cash distributions from Fund 1 and Funds 2&3 in FY23 or potentially earlier
- A new presence is to be established in Washington DC and key appointments were made in the US to enhance our capability and also expand our global enforcements business
- The prevalence of the Omicron COVID variant has led to a resumption of work from home for our New York, European and Sydney offices, and a general delay in returning to the office for numerous services providers we have not seen an impact on Court activity in the US or elsewhere

Income

Income of \$83.8 million was recognised in 2Q22 across the portfolio and comprises:

- \$66.7 million income recognised from 18 fully completed investments which had an EPV of \$735.2 million
- \$16.8 million income recognised from partial completions and \$0.3 million from completions in previous periods

A further \$62.8 million of income yet to be recognised at 31 December 2021, and \$99.1 million income yet to be recognised arising post period end, relates to substantially completed investments with conditional settlements or judgments on appeal which will be recognised in future periods.

A portfolio income conversion rate of 10%, achieved in both 2Q22 and 1H22, is lower than the long-term conversion rate of 15% due to some early investment completions in Fund 4 and an adverse financial result in two settlements in Funds 2&3.

AUD million	Balance sheet	Funds						Total
		1	2&3	4	5	6	7	
Total income recognised in 1Q22	1.0	1.1	3.7	17.0	-	6.6	-	29.4
Investments completed in 2Q22	7.9	26.4	4.0	20.0	-	8.4	-	66.7
Investments completed in prior periods	-	-	-	-	-	0.3	-	0.3
Ongoing investments	-	7.9	3.2	3.1	-	2.6	-	16.8
Total income recognised in 2Q22	7.9	34.3	7.2	23.1	-	11.3	-	83.8
Total income recognised in 1H22	8.9	35.4	10.9	40.1	-	17.9	-	113.2
Binding conditional settlements	18.0	-	2.8	2.1	-	-	-	22.9
Successful judgments	-	18.6	9.8	-	2.5	-	-	30.9
Executed settlements	-	-	-	-	-	-	-	-
Agreed in-principle settlements	-	9.0	-	-	-	-	-	9.0
Total income yet to be recognised at 31-Dec-2021	18.0	27.6	12.6	2.1	2.5	-	-	62.8

Total income (recognised and yet to be recognised) in 1H22	26.9	63.0	23.5	42.2	2.5	17.9	-	176.0
- provisionally attributable to OBL shareholders	27	-	-	11	<1	11	-	49
- provisionally attributable to NCI	-	63	24	31	2	7	-	127
Further income yet to be recognised (arising post 31-Dec-21)	-	-	30.0	11.7	54.5	2.9	-	99.1
EPV of investments completed in 2Q22	58	225	39	325	60	28	-	735
Income conversion rate for 2Q22	14%	14%	10%	6%	-	29%	n/a	10%
EPV of investments completed in 1H22	58	225	41	515	60	33	-	932
Income conversion rate for 1H22	14%	14%	10%	7%	-	38%	n/a	10%

Cash reporting and financial position at 31 December 2021

AUD million	Cash	Receivables	Total
OBL balance sheet (excluding Funds)	126.8	72.9	199.7
Funds 1-4, 6 (consolidated)	38.9	46.9	85.8
Fund 5 ¹	10.6	-	10.6
Fund 7 ¹	-	-	-
Total	176.3	119.8	296.1

1. Includes 100% of respective Fund's holding including amount attributable to both OBL and external investors.

Fund summary

Our funding strategy has evolved over time to diversify investment risk, from initially investing on our own balance sheet to now bringing in third party capital while maintaining a meaningful minority stake in each of our Funds.

Portfolio	Committed	Fund size	Fund breakdown				
			Recycled profits	Capital deployed	Capital committed - undeployed	Capital uncommitted	Other costs
Fund 1	100%	US\$172m	-	US\$153m	US\$11m	US\$0m	US\$8m
Funds 2&3	100%	\$189m	-	\$110m	\$63m	\$0m	\$16m
Fund 4	46%	US\$500m	-	US\$134m	US\$87m	US\$268m	US\$11m
Fund 5	46%	US\$500m	US\$(3)m	US\$64m	US\$148m	US\$269m	US\$22m
Fund 6 ²	99%	€150m	€(39)m	€67m	€117m	€1m	€42m
Fund 7	-	US\$100m	-	US\$4m	-	US\$96m	-

Portfolio	Total capital called	Total distributions (capital and returns)	Outstanding amounts yet to be attributable to external investors (A\$)		Outstanding amounts yet to be attributable to OBL (A\$)	
			Capital	Returns ¹	Capital	Fees
Fund 1	US\$167m	US\$(149)m	-	\$37m	\$58m	\$8m
Funds 2&3	\$139m	\$(42)m	\$69m	\$35m	\$28m	\$4m
Fund 4	US\$208m	US\$(42)m	\$183m	-	\$46m	-
Fund 5	US\$94m	US\$(12)m	\$91m	-	\$23m	-
Fund 6 ²	€70m	-	\$104m	-	\$5m	-
Fund 7	US\$4m	-	\$5m	-	<\$1m	-
Fund total			\$452m	\$72m	\$160m	\$12m

1. Returns for Funds 1 – 3 include accumulated preferred returns and special distributions.

2. All data for Fund 6 is current at 30 September 2021.

We continue to make good progress on investment completions in Fund 1, with \$37 million remaining outstanding to our Fund 1 investor at 31 December 2021. As noted above there is a further \$27.6 million of income yet to be recognised which upon receipt and distribution will reduce the balance to approximately \$9 million.

Portfolio	Completed investments at 31-Dec-21							
	#	Average duration	EPV	EPV conversion rate	Success rate		ROIC ¹	IRR ¹
					Legal outcome # investments	Financial outcome \$ weighted average		
Fund 1	29	3.0 yrs	\$1,526m	13%	90%	76%	65%	25%
Funds 2&3	15	1.5 yrs	\$438m	17%	80%	49%	83%	108%
Fund 4	5	0.7 yrs	\$713m	9%	100%	100%	35%	145%
Fund 5	4	0.9 yrs	\$131m	20%	75%	96%	40%	29%
Fund 6	190	3.1 yrs	n/a	n/a	n/a	77%	331%	160%
Fund 7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Balance sheet	94	3.1 yrs	\$3,628m	21%	85%	76%	135%	82%

1. Return on invested capital (ROIC) and internal rate of return (IRR) is measured before capitalised overheads and operating overheads.

Estimated portfolio value analysis

At 31 December 2021, funded EPV of \$20.5 billion increased by 0.3% during 2Q22. The net EPV of all investments (including 25 conditionally funded and IC approved investments of \$2.7 billion) was \$23.2 billion.

Investments with an EPV of \$235 million relating to 4 of the 18 completed investments were accelerated from FY23 to 1H22.

After adjusting for 1H22 completions, the EPV for the remaining six months of FY22 has reduced by \$0.6 billion due to the shift in the completion of eight investments to FY23 and FY24, of which \$0.4 billion relates to one investment in Fund 5 where our client has obtained an award, but the defendant is now seeking to appeal the decision. As such, we now estimate that this matter will not complete until FY24.

A settlement was reached in January 2022 for the Novo Nordisk case, an investment in Funds 2&3 with an EPV of \$702 million included in our EPV assumptions at 31 December 2021. The settlement was on the basis that each party bears their own costs which will result in an impairment of \$1.8 million in 1H22, and a return of our \$9.8 million security for costs. The investment was conditional on the outcome of a disclosure application in the US which has been delayed for a number of years. Following a review of the preliminary information obtained, and taking into account the ongoing delays, material ongoing costs and adverse cost risks, the

probability of an ultimately successful outcome had to be adjusted downwards. This has resulted in accepting the settlement offer.

Portfolio at 31-Dec-2021 AUD million	Possible completion of funded EPV ^{1,2}							
	#	Average duration	6 mths ³ to 30-Jun-22	FY23	FY24	FY25+	Total EPV	IEV
Balance sheet	11	7.0 yrs	-	636	-	151	787	118
Fund 1	19	5.1 yrs	164	1,111	258	289	1,821	273
Funds 2&3	27	2.6 yrs	280	2,520	636	753	4,188	628
Fund 4	20	1.0 yrs	37	417	2,832	1,997	5,283	792
Fund 5	40	1.0 yrs	339	1,329	2,002	1,364	5,033	755
Fund 6	180	5.6 yrs	144	837	695	1,695	3,370	506
Total	297	4.3 yrs	963	6,848	6,422	6,249	20,482	3,072
Completed EPV in 1Q22	13		(196)	-	-	-	(196)	
Completed EPV in 2Q22	18		(500)	(231)	-	(4)	(735)	
Completed EPV in 1H22	31		(696)	(231)	-	(4)	(932)	
Change ² from 30-Sept-21 incl. fx			(38.1)%	(9.3)%	17.5%	22.0%	4.0%	
Change ² from 30-Sept-21 excl. fx			(37.9)%	(8.7)%	18.4%	22.6%	4.7%	

1. The substantially completed investments that are yet to result in recognised income have an aggregate EPV of \$2.2 billion which are included above as possible completions in FY22 and FY23.
2. Excludes conditional investments and Investment Committee approved investments.
3. Excludes the EPV from completed investments during 1H22.

EPV movement in 2Q22 AUD million	Balance sheet	Funds						Total	# investments
		1	2&3	4	5	6	7		
Opening at 30-Sept-21	844	1,974	4,268	5,229	4,746	3,370	-	20,431	303
New investments	3	-	-	422	186	166	-	777	13
Completions	(58)	(225)	(39)	(325)	(60)	(28)	-	(735)	(18)
Updates	-	86	10	-	183	(93)	-	186	-
Withdrawn / terminated	-	-	-	-	-	(0)	-	(0)	(1)
Impairment	-	-	-	-	-	-	-	-	-
FX adjustment	(1)	(14)	(51)	(44)	(22)	(45)	-	(177)	-
Closing at 31-Dec-21	788	1,821	4,188	5,282	5,033	3,370	-	20,482	297
Conditionally funded investments								491	8
IC approved investments								2,177	17
Total at 31-Dec-21								23,150	322

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