

Investment Portfolio Report at 31 March 2023

Omni Bridgeway Limited (ASX:OBL) (**Omni Bridgeway, OBL, Group**) announces its investment performance for the three months ended 31 March 2023 (**3Q23, Quarter**) and for the nine months to 30 June 2023, the financial year to date (**FYTD**).

Andrew Saker, Managing Director and CEO, commented “Whilst the level of completions during the Quarter was modest, our conviction in the underlying business model and its inherent ability to generate sustainable cash returns for shareholders remains strong. We are focused on successfully closing out a number of near term matters, scheduled for completion in FY23, which are in advanced stages of litigation, while delivering strong outcomes for our clients.

“During April, we had positive developments on several investments, which, once complete, are likely to generate approximately \$56 million of income in 4Q23, supporting future cash collection.

“Subject to achieving appropriate return metrics, we have identified investments spread across all of our funds as potential candidates, either in whole or in part, for secondary market transactions. These have an estimated portfolio value of around \$5.3 billion, enabling the acceleration of cash returns whilst de-risking the portfolio,” added Mr Saker.

Key metrics, highlights, and developments

- Estimated portfolio value (**EPV**) of \$31.1 billion up 4.4% in the Quarter.
- Implied embedded value (**IEV**) of \$4.2 billion, up 10.3% (\$387 million) in the Quarter.
- EPV conversion rate was 13% for the Quarter, and 15% for the investments categorised as income yet to be recognised (**IYTBR**) (the latter subject to achieving the estimated income).
- 72% of FY23 commitments target achieved through \$398.1 million commitments in FYTD, representing \$7.5 billion of new EPV (for matters that are newly funded, conditionally approved or have had updated budgets).
- Indicative investment opportunities of approximately \$164.1 million across 27 agreed term sheets with clients, which if converted into funded investments is a further 30% of our FY23 commitments target.
- Investment income of \$208.4 million (recognised and IYTBR for the 10 months to 28 April 2023) with \$46.4 million provisionally attributable to OBL.
- Investments which were expected to complete in 2H23 but have been delayed to FY24 or later had an EPV of \$407 million (retained in the portfolio, albeit in a different financial period). Separate to this, updates to EPVs for investments remaining in FY23 reduced by \$167 million which had a 4.0% impact of \$25 million to total IEV.
- We have not made any new material impairments. In fact, positive developments have occurred, which may lead to the reversal of a previously impaired purchased claim included in IYTBR.

- We remain confident in completing the establishment of Fund 8 by the end of FY23. We are working on completing the debt facility, having already acquired a €270 million principal protection policy and will make a further announcement once this is concluded. In the interim, new enforcement investments are being warehoused on the Group balance sheet prior to transfer to Fund 8.

Cash reporting and financial position

The Group's (on balance sheet) cash and receivables at 31 March 2023 was \$108.2 million, reflecting:

- \$40.0 million debt drawdown for general working capital purposes. There remains up to \$60 million available in the debt facility.
- \$40.8 million collected from the Wivenhoe balance sheet investment, of which \$17.0 million was subsequently distributed to a co-investor in April 2023. The net amount after the April distribution, represents the Wivenhoe receivable of \$23.8 million included on the balance sheet at 31 December 2022. This amount therefore completes the cash collection of the \$100.8 million income recognised in prior periods (\$5.5 million in FY22 and \$95.3 million in FY21).
- There is an estimated \$9.5 million of income yet to be recognised relating to the Wivenhoe investment. This portion does not have an associated EPV in our portfolio assumptions. It is expected to be recognised as income when the loss assessment is finalised by Maurice Blackburn in June 2023 and forecast for collection in 1Q24.
- \$12.9 million deployed from OBL balance sheet for capital calls to the Funds and to balance sheet investments.

| AUD million | Cash | Receivables | Total |
|--|--------------|-------------|--------------|
| OBL balance sheet (excluding Funds) | 105.2 | 3.0 | 108.2 |
| Funds 1–4, 6 (consolidated) ¹ | 15.8 | 73.4 | 89.2 |
| Fund 5 ¹ | 6.1 | - | 6.1 |
| Total at 31-Mar-23 | 127.1 | 76.4 | 203.5 |

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

Investment updates

Income yet to be recognised (IYTBR)

A further \$107.4 million of income yet to be recognised, with a corresponding EPV of \$653 million, relates to eight matters.

Of this:

- \$83.9 million of income is anticipated to be recognised in 4Q23.
- \$23.5 million of income is anticipated to be recognised in FY24.

Three of these investments with an estimated \$55.9 million income and corresponding EPV of \$440 million, received favourable judgments in April 2023 and are anticipated to achieve an EPV conversion rate of 13% and an aggregated ROIC of 5.4x. There is also the potential to earn further income in the Fund 5 investment that will increase the EPV conversion rate.

| AUD million | IYTB | Estimated completion date | EPV | EPV conversion rate | ROIC |
|---------------|-------------|---------------------------|------------|---------------------|-------------|
| Fund 5 | 29.8 | FY25 | 226 | 13% | 12.7x |
| Funds 2&3 | 15.8 | FY23 | 140 | 11% | 3.3x |
| Balance Sheet | 10.3 | FY24 | 74 | 14% | 2.5x |
| Total | 55.9 | FY23 to FY25 | 440 | 13% | 5.4x |

The IYTB for Wivenhoe is now reflected as \$9.5 million, being the lower end of the loss assessment range of \$9.5 million to \$14.0 million. Finalisation of the loss assessment process is anticipated to occur by 30 June 2023.

Secondary market sales

Whilst we have historically incurred delays in completions, beyond the initial expected completion date, and may continue to do so, we expect the secondary market will provide an alternative to waiting for legal outcomes or settlements, which should improve liquidity and ameliorate duration extension risk.

The emerging secondary market provides supplementary access to capital through sales to third parties, that maximise our outcomes whilst preserving a material amount of upside.

We expect this market could evolve further to allow for the securitisation of portfolios of investments, that will further enhance liquidity and improve internal rates of return.

Subject to achieving appropriate return metrics, we have identified investments (spread across all of our funds) as potential candidates, either in whole or in part, for secondary market transactions. These have an estimated portfolio value of around \$5.3 billion, enabling the acceleration of cash returns whilst de-risking the portfolio.

Material matters with FY23 estimated completion dates reported in 2Q23

Four Australian matters with an aggregated EPV of \$658 million have not yet reached settlement. Three of these four material matters retain FY23 estimated completion dates (**ECD**) and have a reasonable likelihood to produce income before the end of the financial year. The other matter now has an expected completion date of FY25 because settlement was not reached following the conclusion of mediation in 3Q23. The Court has since ordered a further mediation, which is to occur no later than 3Q24.

Each of these investments are high quality with positive prospects of success and, if their completion dates extend, continue to have the potential to generate significant returns. The aggregated claim size of these investments is \$3.5 billion and weighted average estimated commission rate of 30%.

Income

The Group achieved investment income of \$208.4 million (recognised and IYTB for the 10 months to 28 April 2023) with \$46.4 million provisionally attributable to OBL, comprising:

- \$101.0 million income recognised (\$92.3 million in 1H23, \$8.7 million in 3Q23) with \$17.0 million provisionally attributable to OBL.
- \$107.4 million IYTB, with \$29.4 million provisionally attributable to OBL, and a corresponding EPV of \$653 million, relates to substantially completed investments with conditional settlements or judgments on appeal which may ultimately be recognised in the next quarter or future periods.

Income recognition

| AUD million | Balance sheet | Fund | | | | | | | Total |
|---|---------------|-------------|-------------|-------------|-------------|-------------|----------|----------|--------------|
| | | 1 | 2&3 | 4 | 5 | 6 | 7 | 8 | |
| Income recognised in 1H23 | 4.1 | 34.5 | 4.4 | 20.3 | 22.8 | 6.2 | - | - | 92.3 |
| Income recognised in 3Q23 | 0.4 | (0.2) | 0.2 | 2.5 | 3.6 | 2.2 | - | - | 8.7 |
| - investments completed in 3Q23 | 0.4 | - | - | - | 2.9 | 0.3 | - | - | 3.6 |
| - investments completed in prior periods | - | - | - | - | - | - | - | - | - |
| - ongoing investments | - | (0.2) | 0.2 | 2.5 | 0.7 | 1.9 | - | - | 5.1 |
| Income recognised FYTD to 31-Mar-23 | 4.5 | 34.3 | 4.6 | 22.8 | 26.4 | 8.4 | - | - | 101.0 |
| Income yet to be recognised at 28-Apr-23 | 19.8 | - | 15.8 | 9.8 | 8.7 | 23.5 | - | - | 107.4 |
| - binding conditional settlements | 9.5 | - | - | - | 8.7 | - | - | - | 18.2 |
| - successful judgments | - | - | 15.8 | 9.8 | - | 23.5 | - | - | 49.1 |
| - executed settlements | - | - | - | - | - | - | - | - | - |
| - agreed in-principle settlements | 10.3 | - | - | - | 29.8 | - | - | - | 40.1 |
| Total income recognised and yet to be recognised | 24.3 | 34.3 | 20.4 | 32.6 | 64.9 | 31.9 | - | - | 208.4 |

Provisional distribution of income recognised and yet to be recognised¹

| AUD million | Balance sheet | Fund | | | | | | | Total |
|---|---------------|-------------|-------------|-------------|-------------|-------------|----------|----------|--------------|
| | | 1 | 2&3 | 4 | 5 | 6 | 7 | 8 | |
| Provisional distribution attributable to OBL shareholders | 24.3 | - | - | 6.5 | 13.0 | 2.6 | - | - | 46.4 |
| Provisional distribution attributable to NCI | - | 34.3 | 20.4 | 26.1 | 51.9 | 29.3 | - | - | 162.0 |
| Distribution waterfall of income recognised FYTD and yet to be recognised at 31-Mar-23 | 24.3 | 34.3 | 20.4 | 32.6 | 64.9 | 31.9 | - | - | 208.4 |

1. 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 OBL's Consolidated Financial Statements will not necessarily match this.

EPV conversion to income

The EPV conversion rate was 13% for the Quarter, and 15% for the investments categorised as income yet to be recognised (subject to achieving the estimated income).

We continue to expect the Group's long term conversion rate (LTCR) to remain at around 15%. This is supported by a 16% EPV conversion rate across 359 investment completions in Funds 1 to 5 and on balance sheet since their inception and Fund 6 since the merger between IMF and Omni Bridgeway.

| AUD million | Balance sheet | Fund | | | | | | | | Total |
|---|------------------|------|-----|-----|-----|-----|-----|-----|---|------------------|
| | | 1 | 2&3 | 4 | 5 | 6 | 7 | 8 | | |
| 3Q23 | | | | | | | | | | |
| EPV of investments completed | 2 | 10 | 16 | - | 11 | 1 | - | - | - | 40 |
| Life to date income of fully completed investments | <1 | 1 | - | - | 3 | <1 | - | - | - | 5 |
| EPV conversion rate | 47% | 11% | 0% | n/a | 27% | 48% | n/a | n/a | - | 13% |
| FYTD | | | | | | | | | | |
| EPV of investments completed | 2 | 497 | 16 | - | 546 | 1 | - | - | - | 1,062 |
| Life to date income of fully completed investments | <1 | 32 | - | - | 13 | <1 | - | - | - | 46 |
| EPV conversion rate | 47% | 6% | 0% | 0% | 2% | 44% | n/a | n/a | - | 4% |
| Investments categorised as IYTBR¹ | | | | | | | | | | |
| EPV of investments | 74 | - | 140 | 21 | 294 | 124 | - | - | - | 653 |
| Life to date income (estimate) | 20 | - | 16 | 10 | 38 | 23 | - | - | - | 107 |
| EPV conversion rate (estimate) | 14% ¹ | n/a | 11% | 47% | 13% | 19% | n/a | n/a | - | 15% ¹ |

1. Excludes \$9.5 million IYTBR relating to Wivenhoe as this investment has been included as a fully completed investment in prior periods.

Fund summary

Fund breakdown

Fund 1 and Funds 2&3 are fully committed. Both funds are in harvest mode. Given the respective structures of these funds, the non-controlling interests continue to have priority entitlement to distributions, with recourse only to the investments within the respective fund.

At 31 March 2023, Fund 4 is 85% committed and Fund 5 is 71% committed. Investors of both Funds are undertaking due diligence on series II (potentially up to US\$500 million for each new Fund series). For any shortfall in commitments from existing investors in our funds, we intend to go to market to raise new fund capital seeking new terms that allow us to reduce our coinvestment percentage and increase management fees. Given the current state of the capital markets, we do not anticipate doing this until FY24 when the capital is needed.

Fund 6 is in harvest mode. Merits investment opportunities previously undertaken by Fund 6 are now flowing to Fund 5 and enforcement investment opportunities will flow to Fund 8 once closed.

We remain confident in completing the establishment of Fund 8 by the end of FY23.

| Portfolio | Committed | Fund size | Fund breakdown | | | | |
|------------------------|-----------|-----------|------------------|------------------|--------------------------------|---------------------|-------------|
| | | | Recycled profits | Capital deployed | Capital committed – undeployed | Capital uncommitted | Other costs |
| Fund 1 | 100% | US\$172m | - | US\$154m | US\$7m | - | US\$11m |
| Funds 2&3 ¹ | 100% | \$189m | - | \$129m | \$48m | (\$3m) | \$15m |
| Fund 4 | 85% | US\$500m | - | US\$195m | US\$209m | US\$77m | US\$19m |
| Fund 5 ² | 71% | US\$500m | - | US\$115m | US\$211m | US\$145m | US\$29m |
| Fund 6 ^{3,4} | 100% | €188m | (€48m) | €91m | €121m | (€23m) | €47m |
| Fund 7 | 4% | US\$100m | - | US\$4m | - | US\$96m | - |
| Fund 8 ⁵ | 1% | €300m | - | <€1m | €3m | €297m | - |

1. Fund 2&3 capital uncommitted represents the over commitment allowance.
2. Fund 5 is not consolidated within the Group financial statements, here Fund 5 has been presented at 100%.
3. Data for Fund 6 is current at 31 December 2022.
4. Fund size is €150m plus an over commitment allowance of 25%.
5. Investments warehoused on Balance Sheet.

Fund distribution profiles

| Portfolio | Total capital called | Total distributions (capital and returns) | Outstanding amounts yet to be attributable to NCI | | Outstanding amounts yet to be attributable to OBL | |
|---------------------|----------------------|---|---|--------------------|---|--------------|
| | | | Capital (A\$) | Returns (A\$) | Capital (A\$) | Fees (A\$) |
| Fund 1 | US\$167m | (US\$171m) | - | \$13m ¹ | \$62m | \$8m |
| Funds 2&3 | \$159m | (\$61m) | \$66m | \$53m ¹ | \$32m | \$7m |
| Fund 4 | US\$205m | (US\$74m) | \$157m | - | \$40m | - |
| Fund 5 | US\$138m | (US\$19m) | \$141m | - | \$35m | - |
| Fund 6 ² | €84m | - | \$129m | - | \$7m | - |
| Fund 7 | US\$4m | - | \$5m | - | <\$1m | - |
| Fund 8 | - | - | - | - | - | - |
| Total | | | \$498m | \$66m | \$176m | \$15m |

1. Includes accumulated preferred returns and special distributions.

2. Data for Fund 6 is current at 31 December 2022.

Completed investment duration and outcome

The data included in the table below reflects investment completions in Funds 1 to 6 and on balance sheet since their inception.

| Portfolio | # | Average duration | EPV | EPV conversion rate | Financial outcome \$ weighted average | ROIC ¹ | IRR ^{1,2} |
|------------------------|-----|------------------|----------|---------------------|---------------------------------------|-------------------|--------------------|
| Fund 1 | 35 | 3.5 yrs | \$2,023m | 11% | 69% | 38% | 12% |
| Funds 2&3 ³ | 17 | 1.8 yrs | \$469m | 17% | 39% | 67% | 87% |
| Fund 4 | 8 | 1.1 yrs | \$822m | 11% | 98% | 59% | 93% |
| Fund 5 | 11 | 1.5 yrs | \$862m | 5% | 74% | 27% | 19% |
| Fund 6 | 226 | 3.1 yrs | n/a | n/a | 76% | 303% | 177% |
| Balance sheet | 194 | 2.9 yrs | \$5,356m | 20% | 78% | 161% | 80% |

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

2. IRR information prior to FY12 is not available due to the difficulty in extracting it from legacy systems.

3. Excludes the partial investment completion of the secondary market sales.

Estimated portfolio value analysis

Total EPV of \$31.1 billion (including conditionally funded and IC approved investments) increased by net 4.4% during the Quarter.

The appeal petition to the US Supreme Court in relation to the impaired Fund 4 investment was denied in April 2023. As there are no further avenues for appeal the investment will be removed from our portfolio at the next update relating to the period ending 30 June 2023. The EPV of this investment was \$1.6 billion with an estimated completion date of FY24. The investment was fully impaired in the Fund's balance sheet, and no further impairment is required.

Westgem's EPV is \$30 million and its possible completion period moved to FY24 to reflect the ongoing appeal.

Investment and EPV quarterly movement

| AUD million | EPV | | | | | | | | | # |
|----------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|----------|-----------|---------------|------------|
| | Balance sheet | Fund | | | | | | | Total | |
| | | 1 | 2&3 | 4 | 5 | 6 | 7 | 8 | | |
| Opening 31-Dec-22 | 292 | 1,338 | 3,335 | 9,006 | 7,234 | 3,888 | - | 15 | 25,108 | 284 |
| New investments | 13 | - | - | 1,127 | 1,336 | 69 | - | - | 2,545 | 16 |
| Completions | (2) | (10) | (16) | - | (11) | (1) | - | - | (40) | (8) |
| Updates | (143) | <1 | (41) | 41 | (18) | (173) | - | - | (334) | |
| Withdrawn / terminated | - | - | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | (14) | - | - | (14) | - |
| FX adjustment | 1 | 21 | 42 | 128 | 98 | 130 | - | - | 420 | - |
| Closing 31-Mar-23 | 161 | 1,349 | 3,320 | 10,302 | 8,639 | 3,899 | - | 15 | 27,685 | 292 |
| Conditionally funded investments | | | | | | | | | 2,060 | 11 |
| IC approved investments | | | | | | | | | 1,366 | 9 |
| Total at 31-Mar-23 | | | | | | | | | 31,111 | 312 |

Funded EPV profile

| Future completions | # | Average duration at 31-Mar-23 | Possible completion of EPV ¹ | | | | | | IEV |
|---|------------|-------------------------------|---|--------------|--------------|---------------|---------------|--------------|-----|
| | | | AUD million | | | | | | |
| | | | 3 mths ² to 30-Jun-23 | FY24 | FY25 | FY26+ | Total | | |
| Balance sheet | 7 | 11.0 yrs | 25 | 109 | 18 | 19 | 161 | 24 | |
| Fund 1 | 13 | 6.3 yrs | 447 | 507 | 327 | 68 | 1,349 | 202 | |
| Funds 2&3 | 24 | 4.1 yrs | 712 | 825 | 918 | 865 | 3,320 | 498 | |
| Fund 4 | 40 | 1.3 yrs | 119 | 3,218 | 2,122 | 4,843 | 10,302 | 1,545 | |
| Fund 5 | 56 | 1.6 yrs | 258 | 2,178 | 2,757 | 3,446 | 8,639 | 1,296 | |
| Fund 6 | 150 | 7.1 yrs | 44 | 782 | 743 | 2,330 | 3,899 | 585 | |
| Fund 8 | 2 | 0.4 yrs | - | 8 | 4 | 3 | 15 | 2 | |
| Total | 292 | 5.0 yrs | 1,605 | 7,627 | 6,889 | 11,564 | 27,685 | 4,152 | |
| Completed EPV in 1H23 | | | (168) | (324) | - | (531) | (1,023) | | |
| Completed EPV in 3Q23 | | | (2) | (38) | - | - | (40) | | |
| Completed EPV FYTD | | | (170) | (362) | - | (531) | (1,063) | | |
| Change ³ from 31-Dec-22 incl. fx | | | (25.7%) | (4.7%) | 18.0% | 27.5% | 10.4% | | |
| Change ³ from 31-Dec-22 excl. fx | | | (26.3%) | (6.3%) | 16.4% | 25.5% | 8.8% | | |

- Includes current unconditional investments and excludes conditional investments and Investment Committee approved investments. It includes the investments that are substantially completed and those that are related to income yet to be recognised in the Income Recognition table.
- Excludes the EPV from completed investments FYTD.
- The change is calculated after allowing for completions in the period.

Funded EPV quarterly movement by year

| AUD million | 3 mths ² to 30-Jun-23 | FY24 | FY25 | FY26+ | Total |
|---|-------------------------------------|--------------|--------------|--------------|--------------|
| New investments in the Quarter | - | 10 | 304 | 2,231 | 2,545 |
| Completions in the Quarter | (1) | (38) | (1) | - | (40) |
| EPV updates | (167) | (114) | (83) | 30 | (334) |
| Withdrawn / terminated | - | - | - | - | - |
| Impairment | - | - | (8) | (6) | (14) |
| Estimated completion date changes from FY23 | (407) | 89 | 314 | 4 | - |
| Estimated completion date changes from FY24 | - | (492) | 431 | 61 | - |
| Estimated completion date changes from FY25 | - | - | - | - | - |
| FX adjustment | 16 | 134 | 94 | 176 | 420 |
| Total movement in 3Q23 | (559) | (411) | 1,051 | 2,496 | 2,577 |

Further information

OBL will update the market via a webcast when ongoing strategic projects are finalised, which is likely to be prior to 30 June 2023 and before FY23 results communications blackout.

Further information on terms used in this announcement is available in our Glossary and Notes:

<https://omnibridgeway.com/investors/omni-bridgeway-glossary> (**Glossary**)

<https://omnibridgeway.com/docs/default-source/investors/general/notes-to-qpr.pdf> (**Notes**)

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

Fund 5 is not consolidated within OBL's Consolidated Financial Statements. Throughout this document, consistent with all funds, Fund 5 is presented at 100% values, with the outside investor portion shown in Non-Controlling Interests (NCI). Within OBL's Consolidated Financial Statements, Fund 5 is brought in at the Group's attributable share of income, assets, and liabilities with no associated NCI.

Commitments and EPV include conditional, and Investment Committee approved investments, whereas IEV excludes them.

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

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