

RBG Holdings **plc**
(AIM:RBGP)

**Audited results for the
12 months to 31 December 2021**

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Executive Team



GROUP CEO

- Nicky Foulston took over the commercial management of Rosenblatt in September 2016, having been a client of the Firm for nearly 30 years. Nicky's background was the acquisition, in 1992, of the Brands Hatch Circuit Group and the subsequent stock market listing in 1996.
- Brands Hatch was acquired three years later by Interpublic, returning IPO investors a 6-7x return on their money.

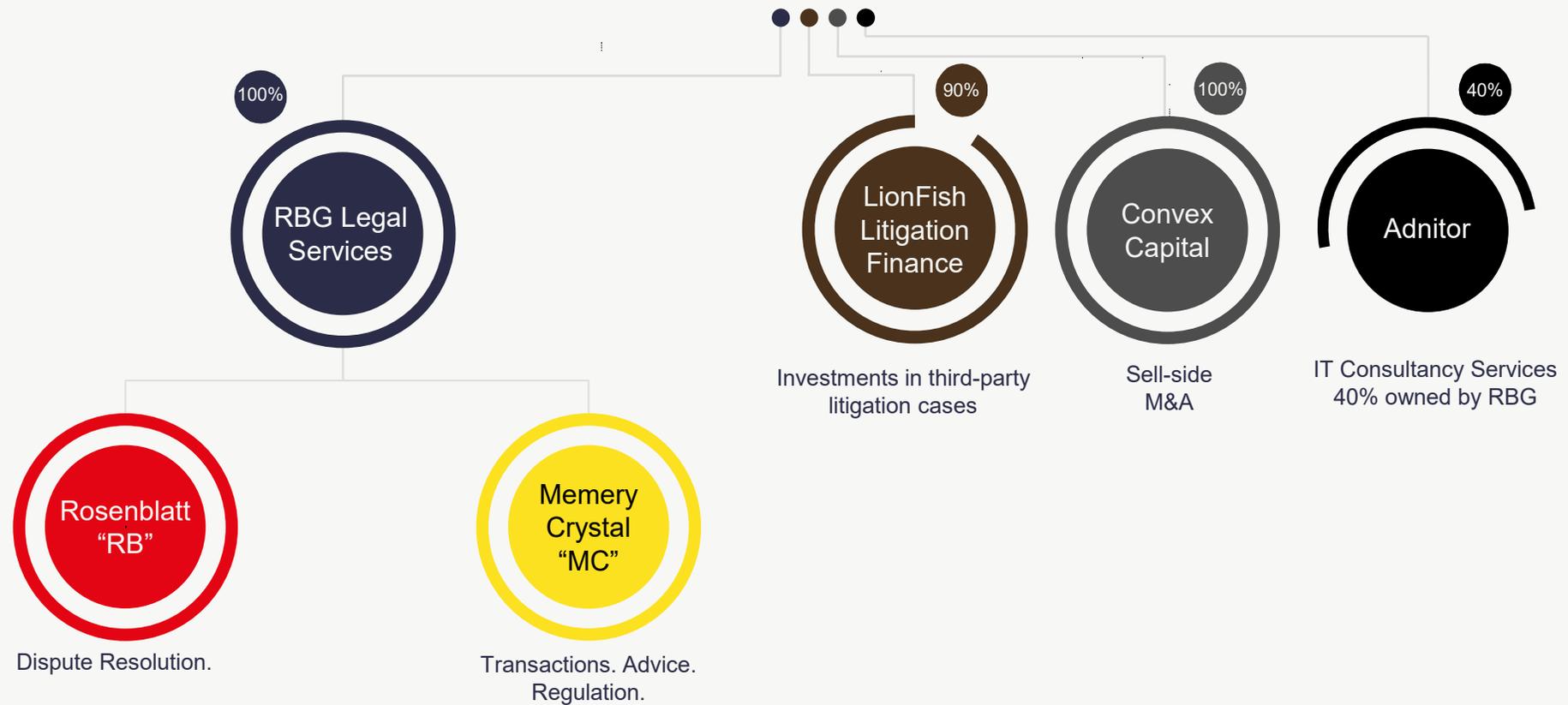


GROUP CFO

- Robert Parker has more than two decades of experience in scaling high-growth, multi-cultural, international companies in a variety of industries. These include business services, technology, digital media and telecoms. His recent roles include interim CFO at Tantalum Corp and CLA Limited, as well as permanent positions at Ubisense plc, and Immedia Broadcasting plc.
 - During his career, Robert has worked extensively with public funds, private equity, and venture capital investors to build businesses.
-

Summary of RBG Holdings plc

RBG
Holdings plc



Our Strategy



GROW THE LEGAL BUSINESS

- Focus on maintaining high margins on the work we do while ensuring the core business is cash generative and efficient (KPIs: debtor days, lock-up, and revenue per fee earner).
- Increase the services we can provide to clients.
- Align remuneration with shareholder interests – Use equity participation to attract and retain talent.



SELECTIVE M&A TO BUILD AND DIVERSIFY BUSINESS

- Use acquisitions to diversify the business away from a reliance on any one income driver to create a broad, professional services group.
- Focus on high-margin potential businesses, **specialist** companies that can also create cross-referral opportunities.
- Take advantage of a highly fragmented legal market to engage in consolidation **BUT** only at the right value and with the right deal structure.



USE OUR EXPERTISE TO MOVE INTO LITIGATION FINANCE

- Allows us to monetise our case flow and to diversify our income – Proven track record in picking the right cases (**86% success rate**).
- This means we can:
 - retain the margin that would otherwise be paid to a third-party funder.
 - increase the number of cases we can take on.
 - create a revenue opportunity in terms of our ability to sell participation rights in the cases we invest in (which also de-risks investment).

Progress Against Strategy

Legal services business has grown & diversified

TEAM

Staff has grown to 193 (2020: 73), of which 137 are fee earners (2020: 43)

GROWTH

Legal Services business has grown revenue from £20.9 million in 2020 to £33.7 million by the year end.

OFFER

Business has strong revenues from contentious law – Dispute Resolution, and Non Contentious - Corporate and Real Estate

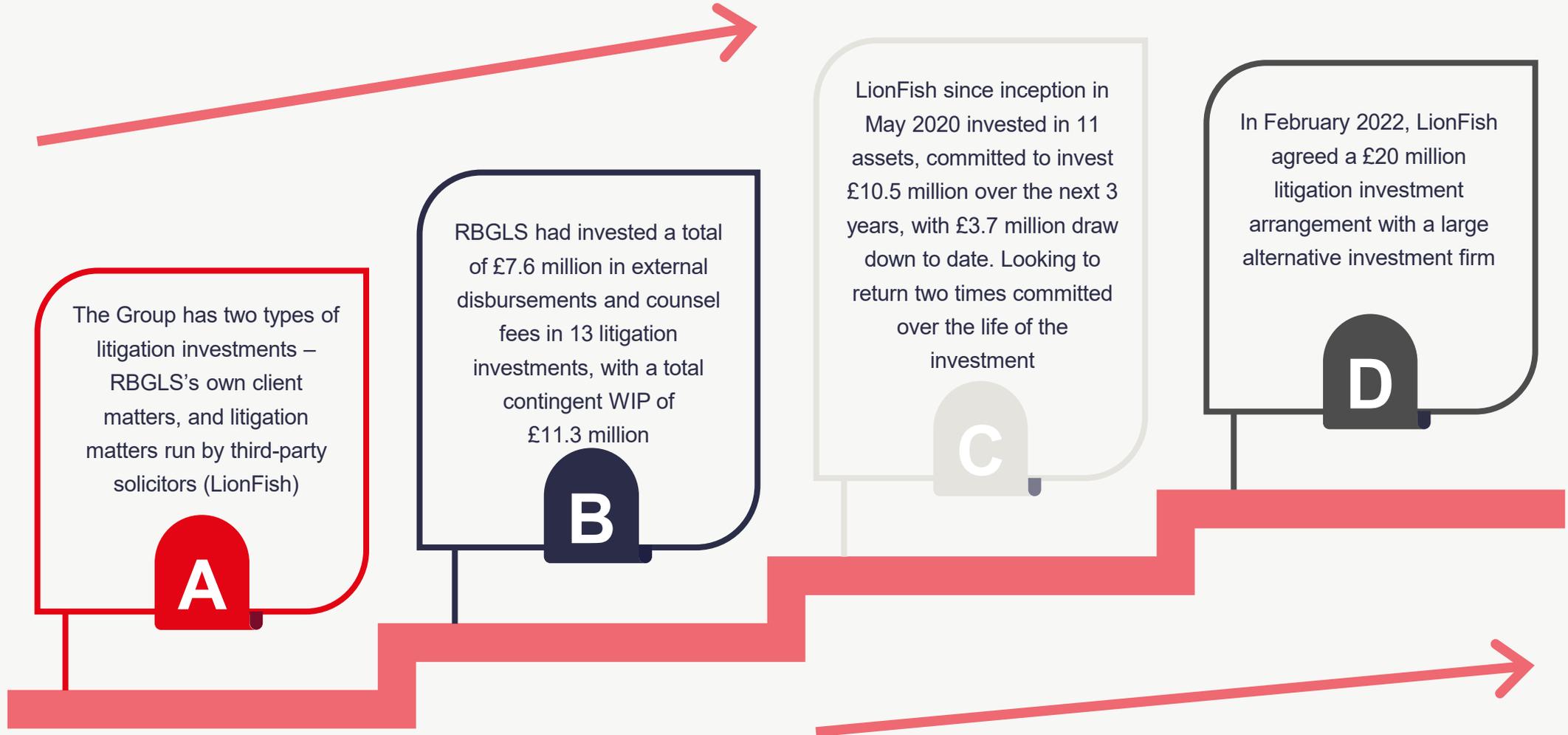
BRAND EQUITY

Legal Services has a strong offering trading through its two brands RB – Contentious and MC for Non Contentious



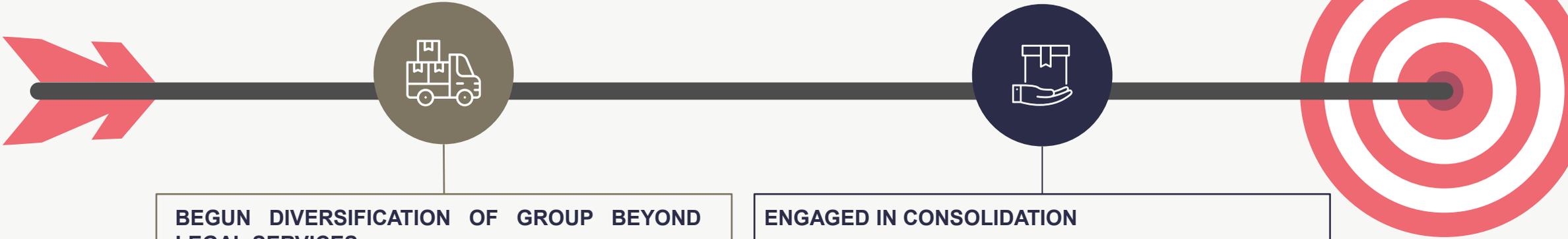
Progress Against Strategy

Successfully moved into Litigation Finance



Progress Against Strategy

A considered M&A strategy



BEGUN DIVERSIFICATION OF GROUP BEYOND LEGAL SERVICES

- Moved from a single business at IPO to now 3 separate businesses, RBG Legal Services (Includes RB & MC), Convex Capital and LionFish with 148 fee earners at the end of the year
- In September 2019, acquired Convex Capital Limited, a specialist sell-side corporate finance boutique
 - Strong M&A activity in 2021; Completed fourteen deals during the year generating fee income totalling £9.4 million
- LionFish has generated £6.9 million (2020 restated: £2.8 million) of disposal proceeds since its inception

ENGAGED IN CONSOLIDATION

- Acquisition of Memery Crystal (MC) – is in line with the Group's M&A strategy, which aims to focus on high-margin professional services companies and reduce reliance on any one income driver
- MC's focus on transactions services makes it complementary fit with RB and has added another 89 fee earners to enhance the diversification
- Business transfer into one legal entity RBGLS completed 1 September 2021, and integration almost complete with migrating both businesses on a single practice management system expected to be complete quarter 4 2022

Track Record of Profitable, cash generative Growth

Revenue year on year (£m)



EBITDA & PBT



Financials

Full Year Overview – Key Financial Highlights

Group revenue

+86.7%

To

£47.2m

(2020 restated: £25.3m)

Gains on litigation assets

+84.5%

To

£5.2m

(2020 restated: £2.8m)

Adjusted profit before tax

+111.7%

To

£10.1m

(2020 restated: £4.8m)

Net debt

£14.2m

Reflecting new £10m term facility to fund the acquisition of Memery Crystal of which £1m has already been repaid.

(2020: net cash £3.5m)

Group organic revenue*

+19.6%

To

£26.8m

**excluding Memery Crystal*
(2020: £22.4m)

Adjusted EBITDA

+91.0%

To

£13.8m

(2020 restated: £7.2m)

Adjusted free cash flow generation

£6.4m

(2020 restated: £8.1m)

Total dividend paid to shareholders

5 pence per share

Reflecting the Board's confidence in Group future prospects.

(2020: 3 pence per share)

Full Year Overview – Key Financial Highlights

Revenue

+86.7%

To

£47.2m

(2020 restated: £25.3m)

EBITDA

£12.9m 27.4%

of revenue, and
gains on litigation assets

(2020 restated: £9.9m, 39.0% of revenue, and
gains on litigation assets)

Profit Before Tax

£9.2m 19.6%

of revenue, and
realised fair value gains

(2020 restated: £7.4m, included £2.6m of the
deferred consideration release)

Revenue per fee earner

£347,000

(2020: £425,800)

Cash Conversion

88%

(2020 restated: 125%)

Lockup

109 days

Debtor days WIP days

59 50

(2020: 99 days - 62 debtor days, 37 WIP days)

Prior Year Adjustment– 2020

The 2020 comparatives have been restated in these financial statements to include the effect of the adjustments as noted in Note 2. The following table presents the impact of the restatements:

	31 December 2020	Adjustment (i)	1 January 2021
	As originally presented		Restated
	£	£	£
Non-current assets			
Litigation assets	6,294,754	274,356	6,569,110
Current liabilities			
Current tax liabilities	(657,437)	57,122	(600,315)
Non-current liabilities			
Trade and other payables	(1,015,000)	(575,000)	(1,590,000)
Equity			
Retained earnings	9,290,076	(219,170)	9,070,906
Non-controlling interest	226,707	(24,352)	202,355

The financial results contain a restatement of the prior year figures.

- *Reclassification of contracts for insured litigation assets, which were previously treated as sales, which do not meet the derecognition requirements of IFRS 9 para 3.2.2.*
- *Restatement of the fair value of the uninsured contracts to correct a mismatch of gross and net basis accounting treatment.*
- *The adjustments increased litigation assets by £274,356, increased trade and other payables by £575,000, reduced current tax liabilities by £57,122 and reduced equity by £243,522.*

(i) Reclassification of contracts for insured litigation assets which were previously treated as sales, which do not meet the derecognition requirements of IFRS 9 para 3.2.2. and a restatement of the fair value of the uninsured contracts to correct an error in the previous valuation. The Consolidated statement of financial position adjustments increased litigation assets by £274,356, increased trade and other payables by £575,000, reduced current tax liabilities by £57,122 and reduced equity by £243,522. The Consolidated statement of comprehensive income adjustments decreased gains on litigation assets by £300,644 and reduced tax expenses by £57,122.

Income Statement – Year Ended 31st December 2021

		31 Dec 2021	31 Dec 2020 restated
		£	£
Revenue		41,985,338	22,449,332
		87.0%	
Realised fair value gains		5,207,524	2,822,083
		84.5%	
Total Revenue & Realised fair value gains		47,192,862	25,271,415
		86.7%	
Personnel Costs	58.0%	(27,353,777)	(14,780,204)
Depreciation and amortisation expense		(2,940,078)	(2,081,501)
Other expenses		(6,915,433)	(633,999)
Profit from operations		9,983,574	7,775,711
EBITDA		12,923,652	9,857,212
<i>Non-underlying items</i>		27.4%	39.0%
Costs of acquiring subsidiary		863,435	-
Deferred consideration release		-	(2,640,000)
Adjusted EBITDA		13,787,087	7,217,212
		29.2%	28.6%
Finance expense		(801,659)	(394,534)
Finance income		22,676	24,460
Share of post-tax profits of equity accounted associates		21,643	-
Profit before tax		9,226,234	7,405,637
		19.6%	29.3%
Tax expense		(1,968,821)	(967,814)
		21.3%	13.1%
Profit for the year		7,257,413	6,437,823
		15.4%	25.5%



- Group revenue (including gains from litigation assets) up 86.7% to £47.2 million (2020 restated: £25.3 million)
- Group organic revenue including gains from litigation assets, excluding Memery Crystal, up 26.8% to £32.0 million (2020 restated: £25.3 million)
- Gains on litigation assets up 84.5% to £5.2 million (2020 restated: £2.8 million)
- Personnel Costs £27.4 million, 58.0% of revenue and gains on litigation assets (2020: £14.8 million, 58.5% of revenue and gains on litigation assets)
- Other expenses £6.9 million (2020: £0.6 million) includes £0.9 million costs of acquisition transaction costs
- Adjusted EBITDA £13.8 million, 29.2% of revenue and gains on litigation assets (2020 restated: £7.2 million, 28.6% of revenue and gains on litigation assets)
- Profit before tax £9.2 million 19.6% of revenue and realised fair value gains (2020 restated: £7.4 million, included £2.6 million of the deferred consideration release)

Summary Balance Sheet – as at 31 December 2021

	31 Dec 2021 £	31 Dec 2020 restated £
Property, plant and equipment	2,589,390	475,229
Right-of-use assets	15,913,008	5,825,712
Intangible assets	55,859,230	35,378,065
Litigation investments	11,571,052	6,569,110
Investments in associates	101,643	-
Non-current assets	86,034,323	48,248,116
Trade and Other receivables	18,571,628	7,696,925
Trade And Other Payables	11,347,308	5,601,421
Working Capital	7,224,320	2,095,504
Net Debt / (Net Cash)	14,243,857	(3,522,184)
Tax Liabilities	2,342,157	905,168
Finance Leases	15,849,101	5,951,062
Other Liabilities	32,435,115	3,334,046
Net Assets	60,823,528	47,009,574

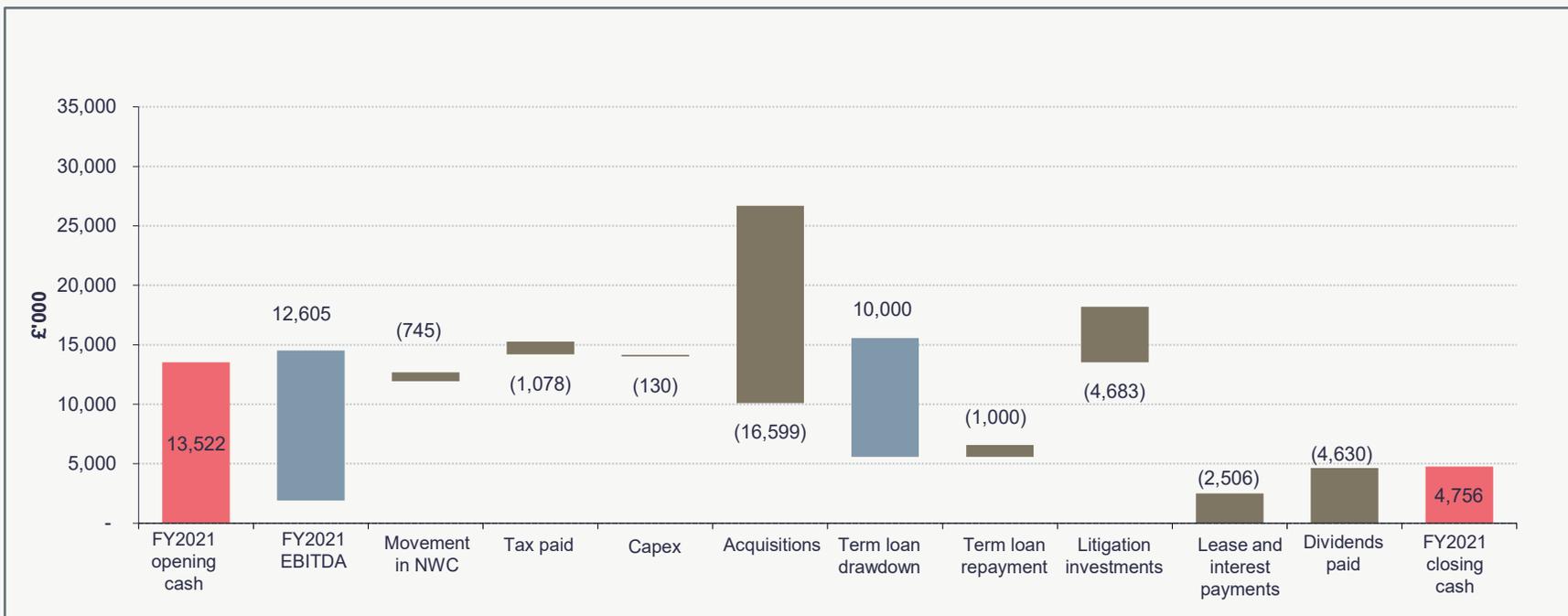


- Intangible assets £55.9 million (2020: £35.4 million) includes £51.9 million of goodwill, Rosenblatt £17.3 million and Convex £15.8 million, Memery Crystal £18.8 million
- Net Litigation Investments £11.6 million (2020 restated: £6.6 million) fair valued at close to cash
 - £11.4 million of cash invested (£7.7 million Rosenblatt, £3.7 million LionFish)
 - £4.2 million of cost of sales release (£1.1 million Rosenblatt, £3.1 million LionFish)



- Working capital £7.2 million (2020 restated: £2.1 million)
 - Trade debtors and other receivables £18.6 million (2020: £7.7 million)
 - Contract Assets (WIP) £6.0 million (2020: £3.0 million)
 - Legal services lock up 109 days (2020: 99 days), trade debtors days 59 (2020: 47 days)
 - Trade and other payables £11.3 million (2020 restated: £5.6 million)
 - Includes £2.2 million deferred consideration on Memery Crystal deal
- Net debt £14.2 million (2020 net cash: £3.5 million), cash and cash equivalents £4.8 million, Acquisition loan £9.0 million with £10.0 million RCF drawn
- Finance Leases £15.8 million up from £6.0 million as a result of Memery Crystal premises

Cash Flow Bridge – Year Ended 31st December 2021



- Net cash flows from operations £6.1 million (2020: £7.8 million)
 - EBITDA £12.6 million
 - Working Capital movement £745k
 - Advance tax paid of £1.1 million
- Cash used in investing activities
 - Litigation investments of £4.7 million
 - Acquisitions and capex £16.6 million
- Cash generated from financing activities
 - Term Loan £9.0 million
 - Lease payments £2.5 million & dividends £4.6 million
- Net debt of £14.2 million (2020: net cash of £3.5 million)

RBG Legal Services

RBG

LEGAL
SERVICES

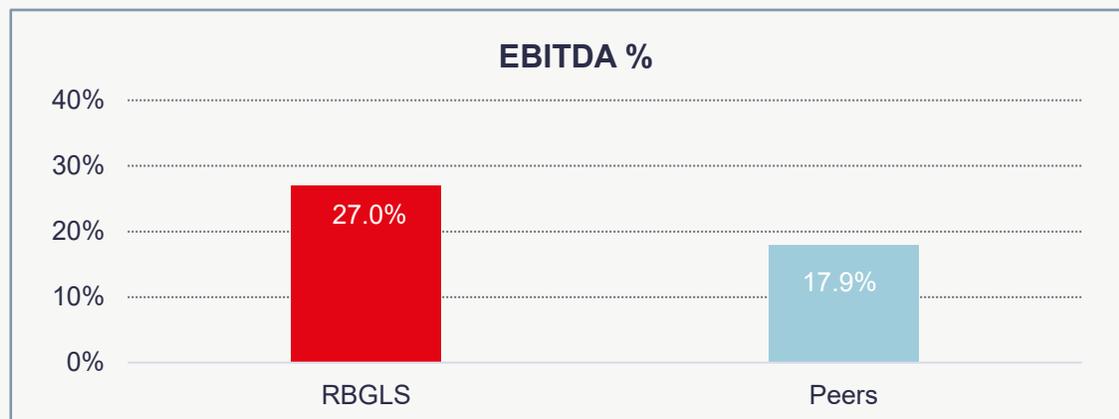
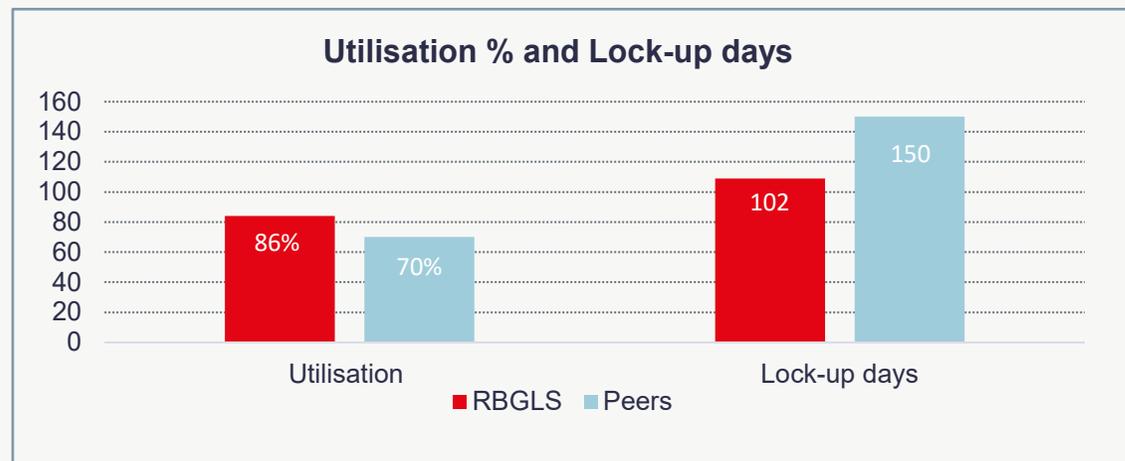
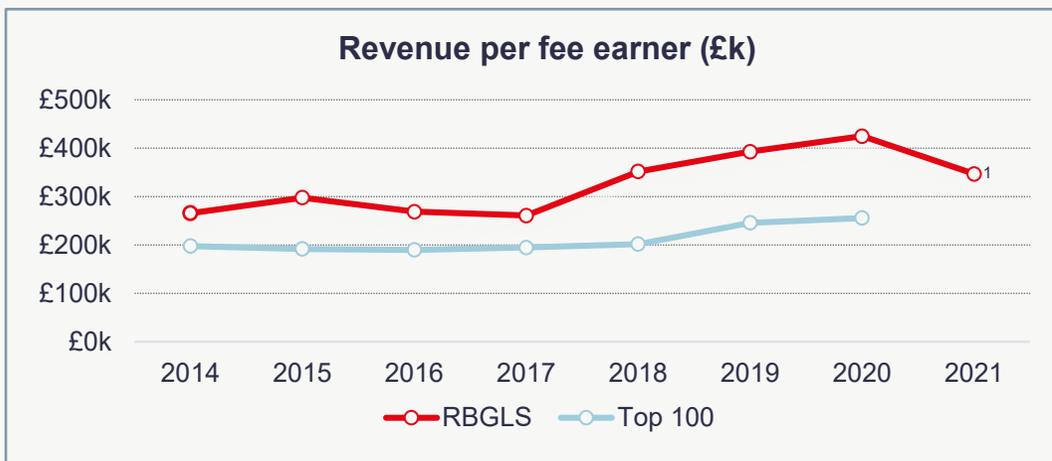
rosenblatt

Contentious
Dispute Resolution.

MemeryCrystal

Non Contentious
Transactions. Advice. Regulation.

Legal Services Financial Performance – Industry Comparator



¹ Revenue per fee earner has been diluted by the acquisition of Memery Crystal as the business has more non-contentious work
 RPFEE data taken from The Lawyer UK 200: Top 100 latest data. UK firms are ranked 1-100 by firm-wide revenue (year end 2020/21).
 Peers EBITDA % and Utilisation taken from latest published year end accounts. Peers Lock-up days taken from MHA Legal Benchmarking Report 2020.

Legal Services Divisional Split of Business

Sector expertise spans financial services, partnerships, natural resources, retail & leisure, media & entertainment, private wealth, and international trade.

MemeryCrystal

Non Contentious

Transactions. Advice. Regulation.

CORPORATE

- M&A, Equity Capital Markets, Insolvency and Restructuring, Banking & Finance, Commercial, IP & Technology (CIPT), Wealth Structuring, Tax and Employment.
- The credible choice for entrepreneurs and large privately owned businesses.

REAL ESTATE

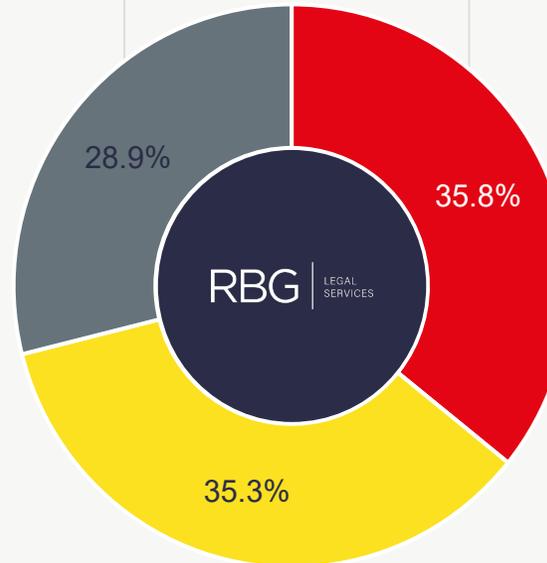
- Real estate finance, investment, acquisitions and disposals, development, landlord & tenant, construction, and real estate litigation.
- Acting for investors (including high net worth individuals and family offices), developers, banks, retailers, property owners and asset managers.
- Sectors, including commercial, residential, and mixed use (student accommodation, PRS and built to rent).

rosenblatt

Contentious

Dispute Resolution.

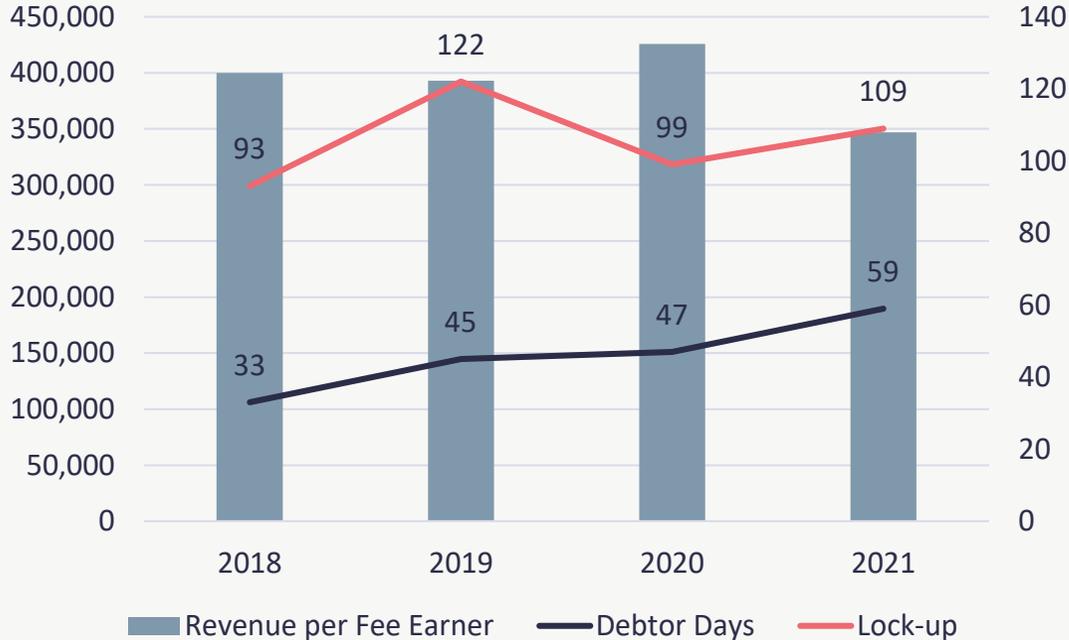
- Best known for being aggressive, outcome-driven litigators; in high-profile, high-value and complex cases. Often with an international element.
- The team also has extensive experience in cross jurisdictional actions, as well as acting for multiple Claimants as well as HNW individuals, organisational leaders, and entrepreneurs.
- Commercial disputes including claims for breach of contract, negligence, commercial fraud, shareholder and company disputes and cross-border insolvency.



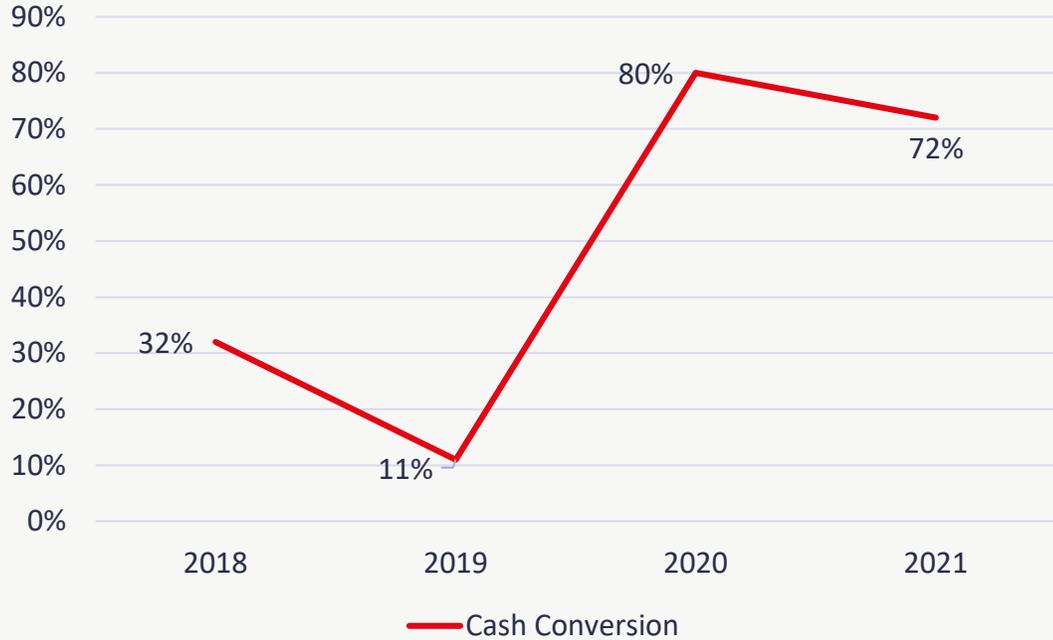
- Dispute Resolution
- Corporate
- Real Estate

Key Performance Indicators

Alternative Performance Measures



Cash Conversion



Summary

- Acquisition of Memery Crystal end of May 2021
- RBG Legal Services - single legal and corporate entity from 1 September 2021
- Trading under two Brands - Memery Crystal for Non Contentious & Rosenblatt for Contentious
- Legal Services division is 193 people, with 137 fee earners
- Leading Mid Tier Legal Services business £33.7 million in revenue and £9.1 million in EBITDA

INVESTING IN GROWTH

Integration of business services teams to support the enhanced business

Now have the London based leading Dispute Resolution, Corporate and Real Estate teams to be based in Fleet Street Offices

Skill Development – Ensuring all Partners are developing their capabilities

Marrying the best of both businesses to drive growth

PERFORMANCE FOCUS

Resource Allocation

Utilisation focus and with key metrics established

Skill Development

Ensuring all Partners are developing their capabilities

Team Development

Building a strong team dynamic incorporating cross-selling and referrals to include close working alliance with LionFish (RB Dispute Resolution team assess all potential investments), and MC Corporate team works with Convex Capital on its transactions, already handling 2/3 current transactions



Convex Capital

convex.

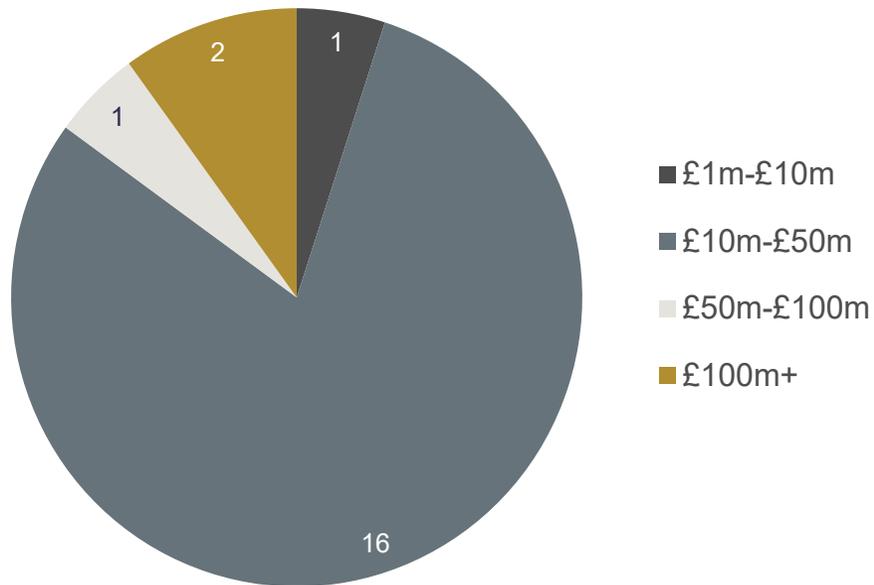
About Convex Capital

- Specialist provider of sell-side only M&A advice to UK, US, and European entrepreneurs – have advised and are advising clients throughout Europe (provides Brexit hedge)
- Focused on helping businesses to maximise their value through sales to large corporates, private equity or family offices
- Excellent track record – over £2bn of M&A transactions completed since 2012 to purchasers around the world
- Consistently delivering valuations and multiples (average 9.2x) which outperform market averages
- Graduated to next level deal size with larger clients; Deal sizes range from £10m to £500m with an average of £40m
- Originate off-market deals to preserve fees - On average, fees are £750,000+ (3.3% of deal value) – significantly above the industry norms
- Fees are 100% contingent on success, so objectives are completely aligned with the client

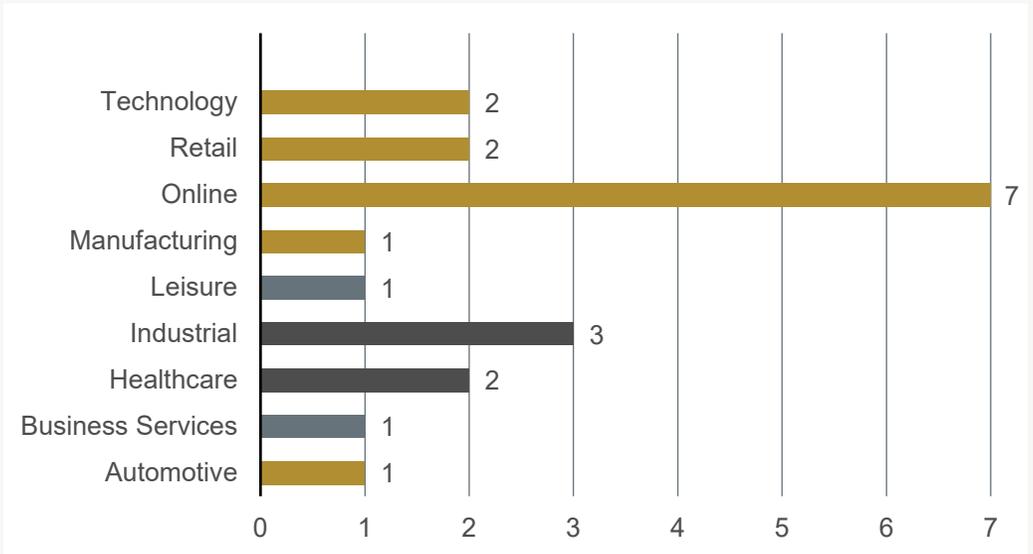
2022 Deals (as at 28th March 2022)

20 active deals

PIPELINE BY DEAL SIZE



PIPELINE BY SECTOR





Litigation Finance

Litigation Finance

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Investment in own client matters

Investment in Third-Party litigation cases

Both types of litigation investments have significant return potential and represent an opportunity to extract further value from the Group's legal and commercial expertise and diversify its sources of income.

RBG

LEGAL
SERVICES



RBG Legal Services (RBGLS)

Investment in own client matters

- RBGLS has delivered a managed increase in the amount of contingent work it has taken on, enabled by the Group's strong balance sheet.
- These investments are always taken in consideration of delivering a balanced investment strategy within the limits set by the Board to ensure the business is not overly exposed to contingent cases.
- As RBGLS revenue and profit grows, we can enter into more Alternative Billing Arrangements (ABAs)
- ABAs generate incremental margins on a successful case outcome. No revenue is recognised by the Company until the result of the case has occurred. Such revenue is considered contingent.
- As at 31 December 2021, RBGLS had invested a total of £7.6 million in external disbursements and counsel fees in 13 litigation investments, with a total contingent WIP of £11.3 million.

Summary - LionFish



Enquiries for finance since launch in May 2020
to 31 December 2021:

517

Cases invested in (from May 2020 to 31
December 2021):

11

Total Capital Commitment:

£10.5m

Total cash
deployed:

£3.7m

Expected average investment
duration:

c. 2 years

One successful completion

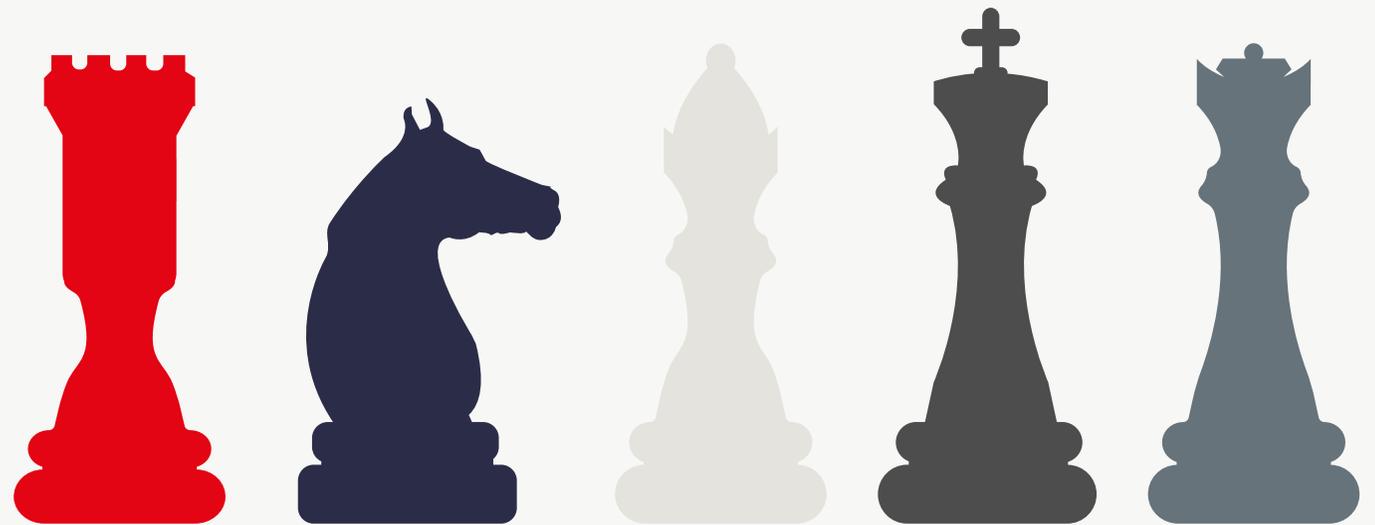
Outlook – 2022 more progress

GROUP IS IN STRONG POSITION

- Strong Balance Sheet – business is generating cash profits – Based on current outlook strategy is to pay out up to 60 per cent of retained earnings in the financial year by way of dividend

LEGAL BUSINESS

- New Consolidated Legal Services business trading under two brands
- 193 staff with 137 Fee earners
- Leading Mid Tier law offering
- Trading well
- Positioned to continued profitable growth.



Outlook – 2022 set for real progress

LITIGATION FINANCE

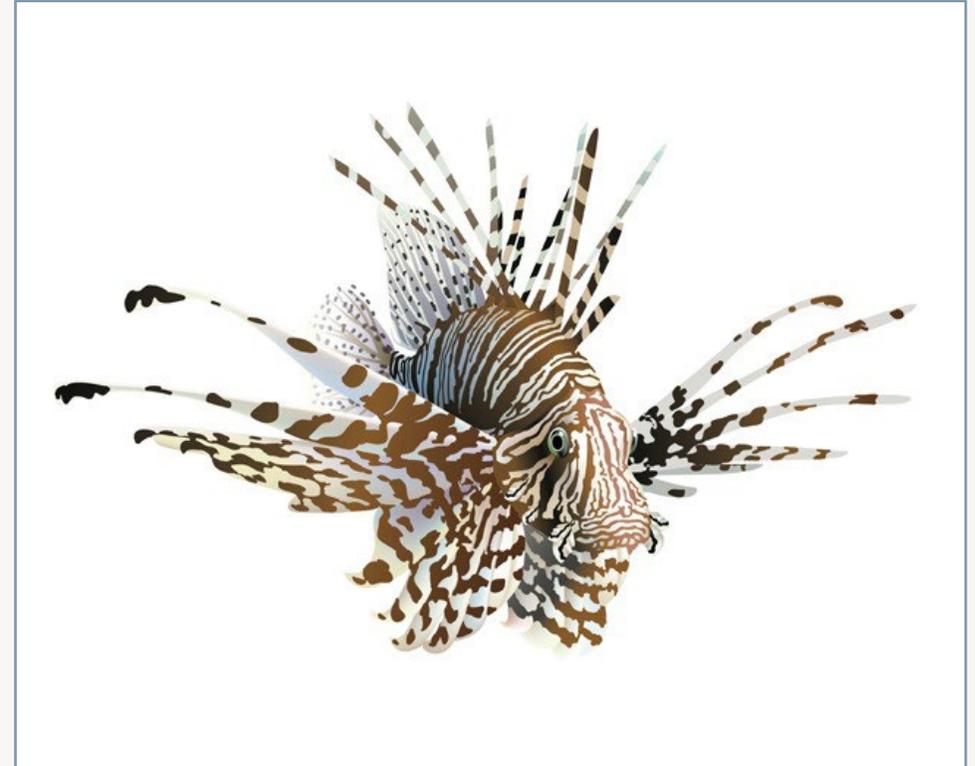
- RBGLS Investments – High potential returns from cases
- LionFish – Business now established. First realisation announced H1 2021
- Co Funding Deal with Private Equity Fund who will fund 75% of all Investments and we receive 80% of the return

CONVEX CAPITAL

- Delivered fourteen deal completions with total fee income of £9.4 million back to normal
- Increase in M&A activity expected in 2022 driven by the economic conditions – already completed 2 deals delivering £1.7 million of revenue
- Strong pipeline – 20 active deals, potentially £17.0 million of fees, with six deals going through due diligence

M&A

- Strategy remains the same; Constantly evaluating opportunities but strict adherence to criteria. We will not overpay!



Questions?

