

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

**Unaudited results for the
6 months to 30 June 2022**

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Executive Team



GROUP CEO

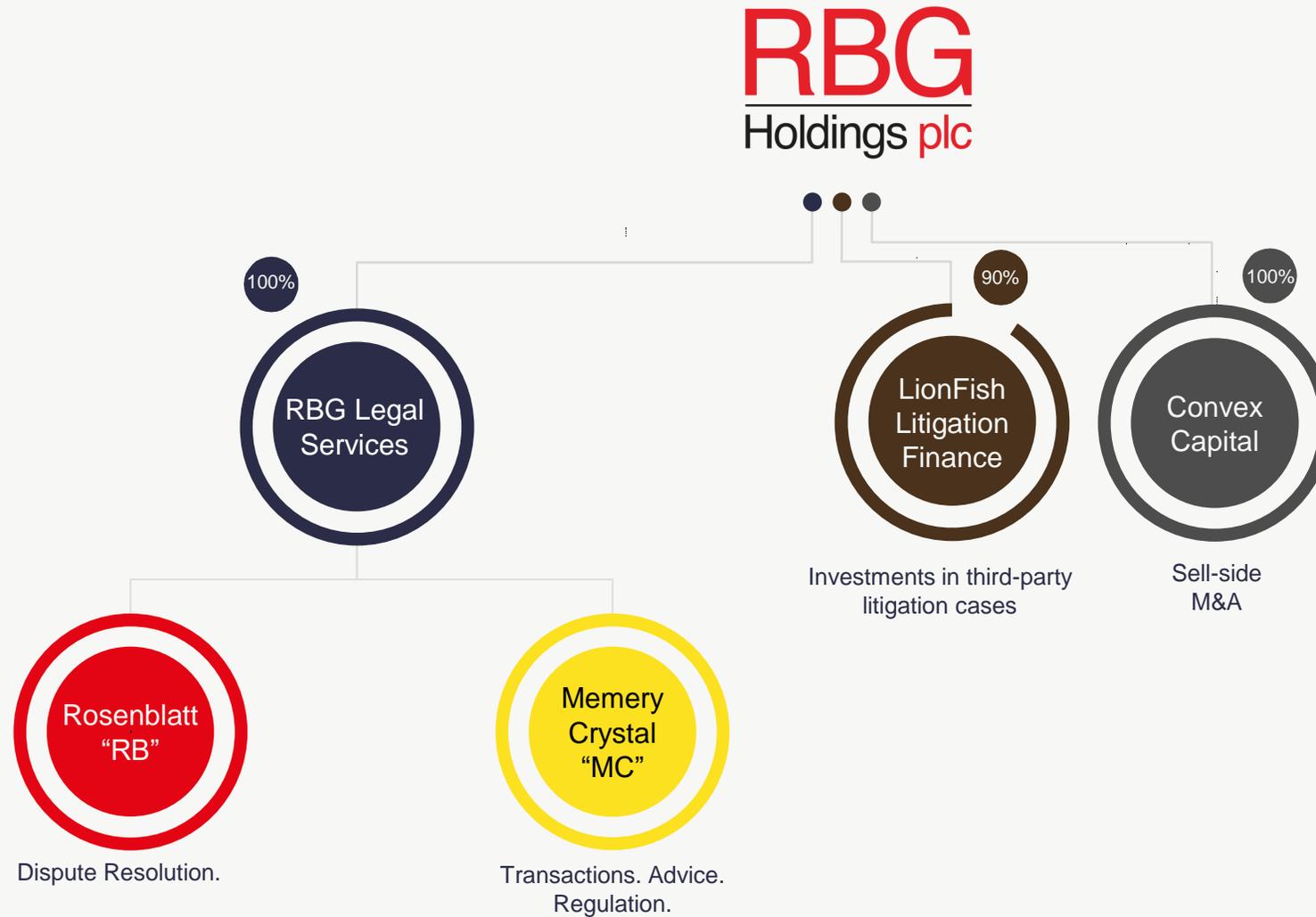
- Nicky Foulston took over the commercial management of Rosenblatt in September 2016, having been a client of the Firm for nearly 30 years. Nicky's background was the acquisition, in 1992, of the Brands Hatch Circuit Group and the subsequent stock market listing in 1996.
- Brands Hatch was acquired three 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



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 (**82.6% 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

As at 30 June 2022, RBGLS had 182 staff, of which 126 are fee earners

GROWTH

Legal Services business has grown revenue from £12.8 million for HY2021 to £22.3 million for HY2022.

OFFER

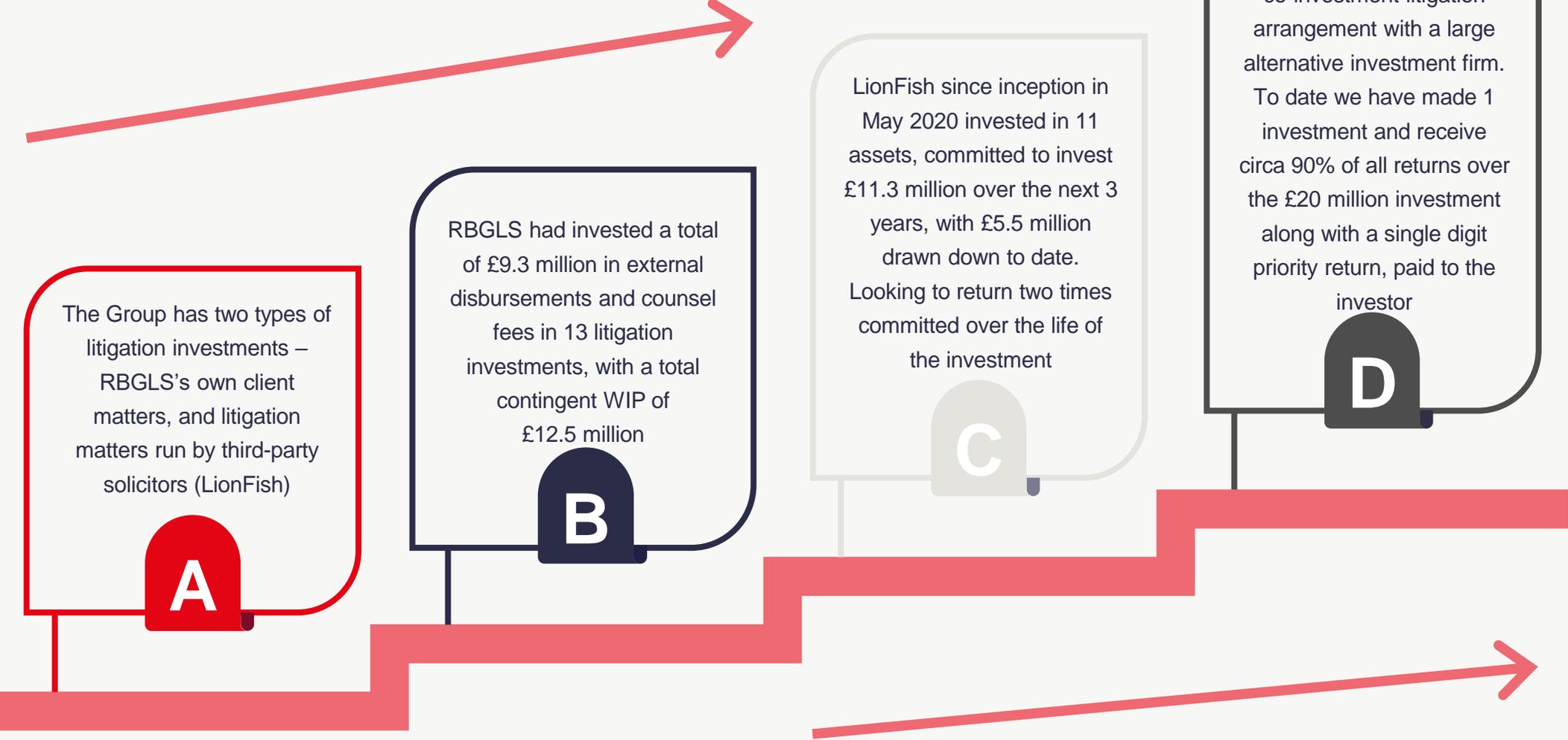
Business has growing revenues from Contentious law – Dispute Resolution, and Non Contentious - Corporate and Real Estate

BRAND EQUITY

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

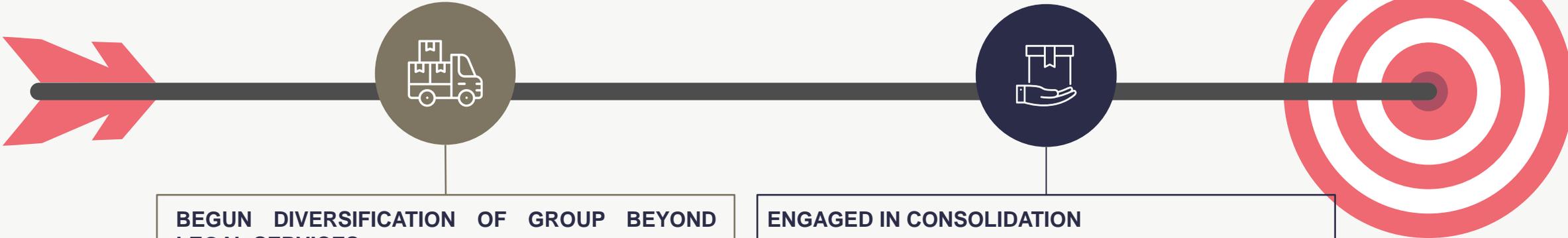
Progress Against Strategy

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 126 fee earners in RBGLS and 13 in Convex at the end of June 2022
- In September 2019, acquired Convex Capital Limited, a specialist sell-side corporate finance boutique
 - Strong M&A activity in the first half of 2022; completed five deals generating fee income totalling £4.2 million
- LionFish has generated £5.9 million of disposal proceeds since its inception to June 2022

ENGAGED IN CONSOLIDATION

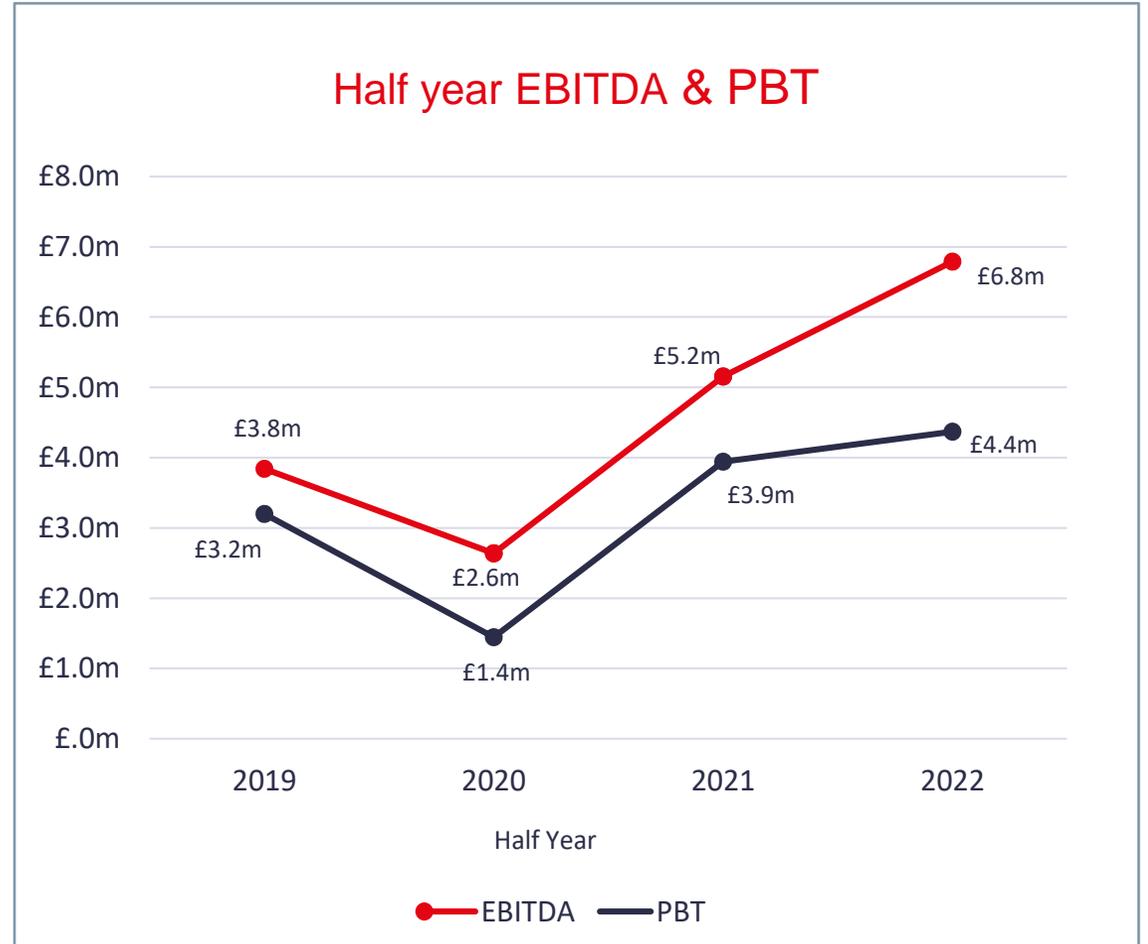
- Acquisition of Memery Crystal (MC) – is in line with the Group's M&A strategy, which aims to focus on high-margin professional services companies and reduce reliance on any one income driver
- MC's focus on transactions services makes it a complementary fit with RB and increased the number of fee earners, therefore diluting any one fee earners impact
- 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

Half year revenue year on year



Half year EBITDA & PBT



Financials

Half Year Overview – Key Financial Highlights

Revenue (including gains on litigation assets)

+44.8%

To

£26.6m

(HY2021: £18.3m)

EBITDA

£6.8m **25.6%**

of revenue, and
gains on litigation assets

(HY2021: £5.2m, 28.1% of revenue, and gains
on litigation assets)

Profit before tax

£4.4m **16.4%**

of revenue, and
realised fair value gains

(HY2021: £3.9m, 21.5% of revenue, and gains
on litigation assets)

Revenue per fee earner

£363,000

(HY2021: £375,000)

Cash conversion

90%

(HY2021: 71%)

Lockup

120 days

Debtor days WIP days

51 **69**

(HY2021: 102 days - 46 debtor days, 56 WIP
days)

Half Year Overview – Key Financial Highlights

Gains on litigation assets

+12.3%

To

£1.7m

(HY2021: £1.5m)

Profit After tax

+12.6%

To

£3.4m

(HY2021: £3.1m)

Adjusted free cash flow generation

£3.1m

(HY2021: £2.2m)

Net debt

£17.3m

(HY2021: net debt £9.8m)

Earnings per share

+4.4%

To

3.62 pence

(HY2021: 3.47 pence)

Total dividend paid to shareholders

2 pence per share

(HY2021: 2 pence per share)

Income Statement – six months ended 30th June 2022

		30 June 2022	30 June 2021	
		£	£	
Revenue		24,890,833	16,852,571	 <ul style="list-style-type: none"> Group revenue (including gains from litigation assets) up 44.8% to £26.6 million (2021: £18.3 million) Gains on litigation assets up 12.3% to £1.7 million (2021: £1.5 million)
Realised fair value gains		1,678,569	1,494,425	
Total Revenue & Realised fair value gains		26,569,402	18,346,996	
		47.7%	12.3%	
Personnel Costs	59.8%	(15,893,713)	(10,628,767)	 <ul style="list-style-type: none"> Personnel Costs £15.9 million, 59.8% of revenue and gains on litigation assets (2021: £10.6 million, 57.9% of revenue and gains on litigation assets)
Depreciation and amortisation expense		(1,810,406)	(975,333)	
Other expenses		(3,884,264)	(2,565,144)	
Profit from operations		4,981,019	4,177,751	
EBITDA		6,791,425	5,153,085	 <ul style="list-style-type: none"> Adjusted EBITDA £6.8 million, 25.6% of revenue and gains on litigation assets (2021: £5.7 million, 30.9% of revenue and gains on litigation assets)
Non-underlying items		25.6%	28.1%	
Costs of acquiring subsidiary		-	524,905	
Adjusted EBITDA		6,791,425	5,677,990	
		25.6%	30.9%	
Finance expense		(619,598)	(249,259)	
Finance income		8,666	16,178	
Profit before tax		4,370,087	3,944,670	 <ul style="list-style-type: none"> Profit before tax £4.4 million 16.4% of revenue and realised fair value gains (2021: £3.9 million, 21.5%)
		16.4%	21.5%	
Tax expense		(911,274)	(891,448)	
		20.9%	22.6%	
Profit from continuing operations		3,458,814	3,053,222	
		13.0%	16.6%	
(Loss) on discontinued operations, net of tax		(21,643)	-	
Profit and total comprehensive income		3,437,171	3,053,222	

Summary Balance Sheet – as at 30 June 2022

	30 June 2022	30 June 2021 restated
	£	£
Property, plant and equipment	2,451,377	2,831,745
Right-of-use assets	15,369,432	17,035,042
Intangible assets	55,440,526	56,128,413
Litigation investments	15,696,605	7,981,999
Investments in associates	-	80,000
Non-current assets	88,957,940	84,057,199
Trade and Other receivables	17,541,249	17,126,750
Trade And Other Payables	8,511,793	13,596,488
Working Capital	9,028,456	3,530,262
Net Debt / (Net Cash)	17,340,151	9,805,812
Tax Liabilities	2,651,863	2,038,400
Finance Leases	16,067,582	17,234,910
Other Liabilities	36,059,596	29,079,122
Net Assets	61,927,800	58,508,339



- Intangible assets £55.4 million (HY2021: £56.1 million) includes £51.9 million of goodwill, £3.0 million of brand value, £0.2m of customer contracts
- Net Litigation Investments £15.7 million (HY2021 restated: £7.9 million) fair valued at close to cash, made up of the following life to date totals:
 - £16.4 million invested at cost (£9.3 million Rosenblatt, £7.0 million LionFish)
 - £5.0 million of cost of sales release (£1.8 million Rosenblatt, £3.2 million LionFish)
 - £4.4 million fair value uplift (£4.4 million LionFish)



- Working capital £9.0 million (HY2021 restated: £3.5 million)
 - Trade debtors and other receivables £17.5 million (HY2021: £17.1 million)
 - Contract Assets (WIP) £8.0 million (HY2021: £6.9 million)
 - Legal services lock up 120 days (HY2021: 102 days), debtor days 52 (HY2021: 46 days)
 - Trade and other payables £8.5 million (HY2021 restated: £13.6 million)
- Net debt £17.3 million (HY2021 net debt: £9.8 million), cash and cash equivalents £4.8 million, Acquisition loan £8.0 million with £14.0 million RCF drawn
- Finance Leases £16.1 million

Prior Year Adjustment

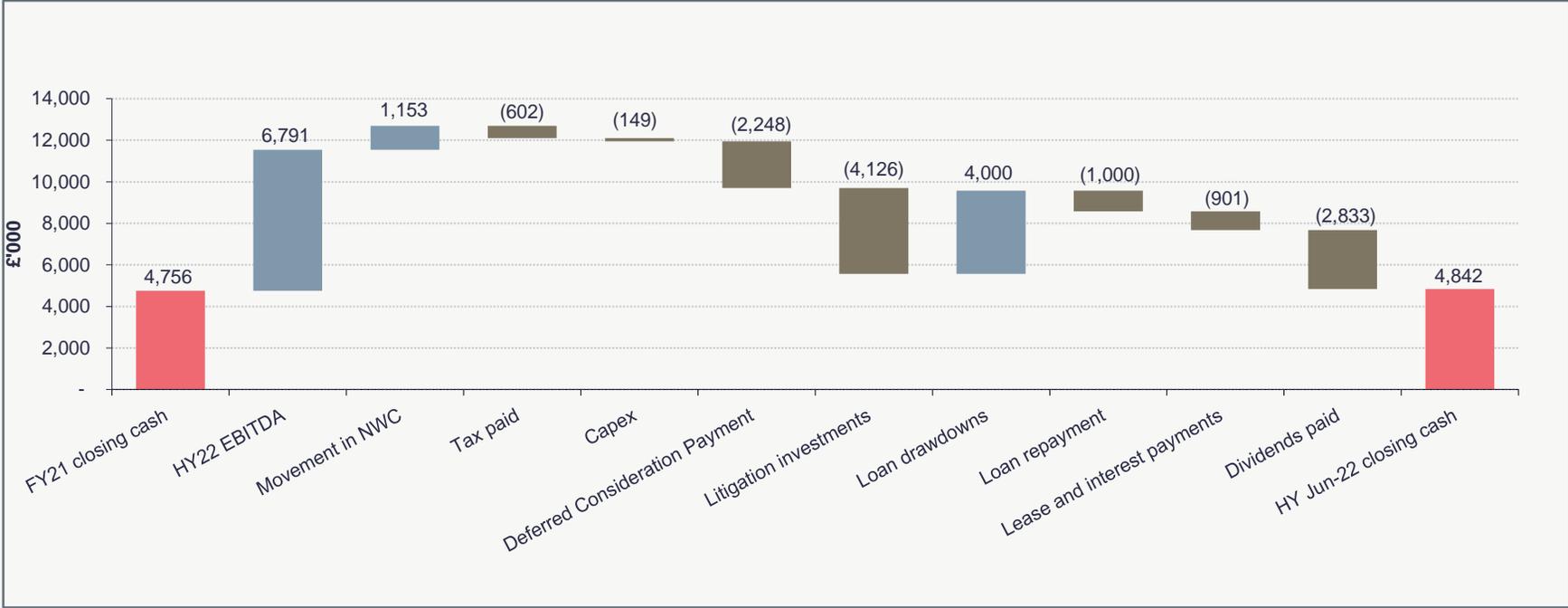
The 2021 comparatives have been restated in these financial statements the following table presents the impact of the restatements:

	30 June 2021	Adjustment (i)	30 June 2021
	As originally presented		Restated
	£	£	£
Non-current assets			
Litigation assets	7,707,643	274,356	7,981,999
Current liabilities			
Current tax liabilities	(1,292,299)	57,122	(1,235,177)
Non-current liabilities			
Trade and other payables	(1,515,000)	(575,000)	(2,090,000)
Equity			
Retained earnings	9,283,114	(219,170)	9,063,944
Non-controlling interest	45,479	(24,352)	21,127

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 an error in the previous valuation*
- *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.*

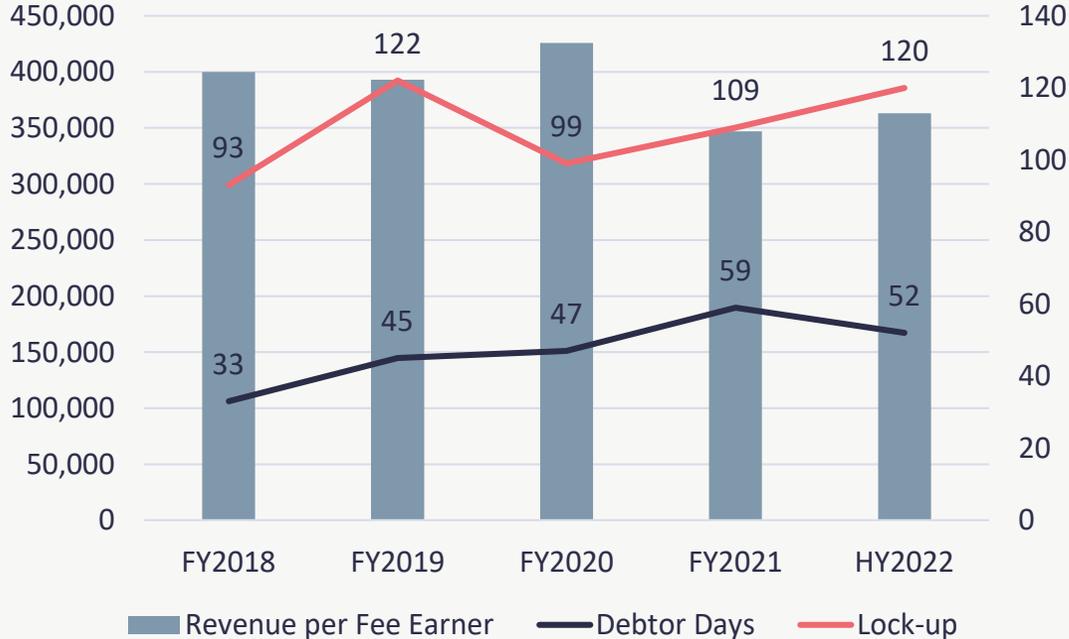
Cash Flow Bridge – Six months ended 30 June 2022



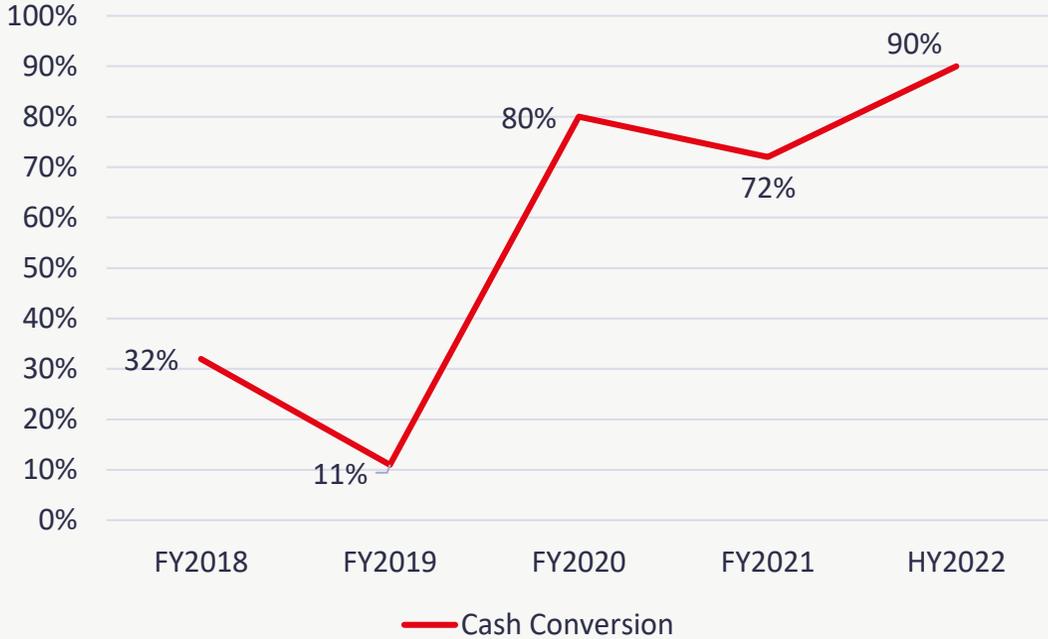
- Net cash flows from operations £3.2 million (HY2021: £2.2million)
 - EBITDA £6.8 million
 - Working Capital increase £1.2m
 - Tax paid of £0.6 million
 - Litigation investments of £4.1 million
- Cash used in investing activities
 - Capex £0.1 million
 - Payment of deferred consideration £2.2 million
- Cash generated from financing activities
 - Net term loan drawdown £3.0 million
 - Dividend paid £2.8 million
 - Lease and interest payments £0.9 million
- Net debt of £17.3 million (HY2021: £9.8 million)

Key Performance Indicators

Alternative Performance Measures



Cash Conversion



RBG Legal Services

RBG

LEGAL
SERVICES

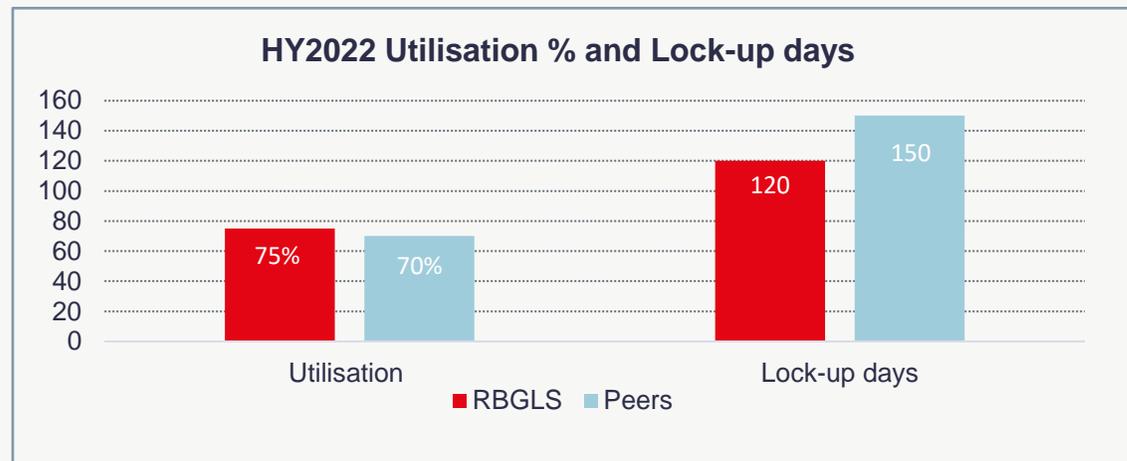
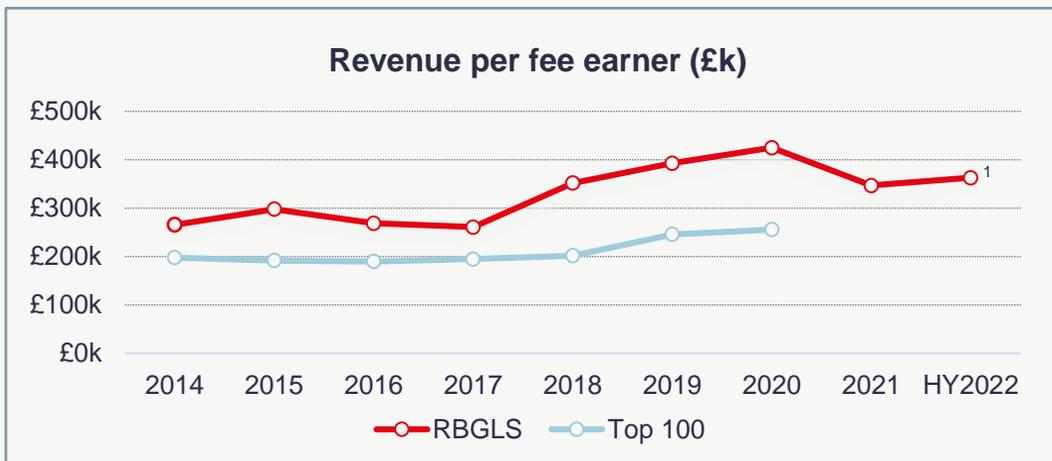
rosenblatt

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

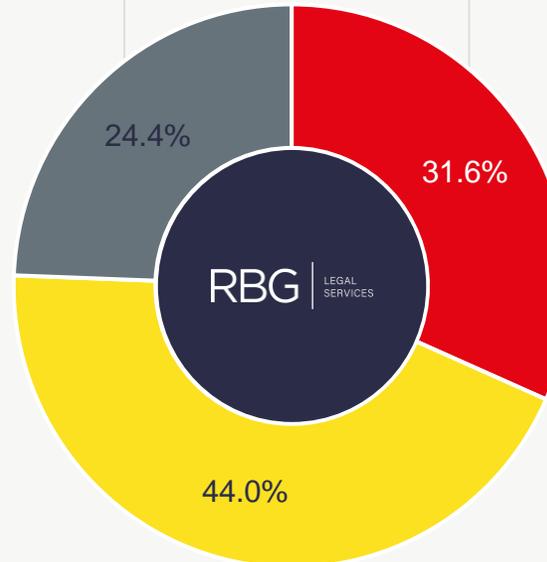
- Real estate finance, investment, acquisitions and disposals, development, landlord & tenant, construction, and real estate litigation.
- Acting for investors (including high net worth individuals and family offices), developers, banks, retailers, property owners and asset managers.
- Sectors, including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

rosenblatt

Contentious

Dispute Resolution.

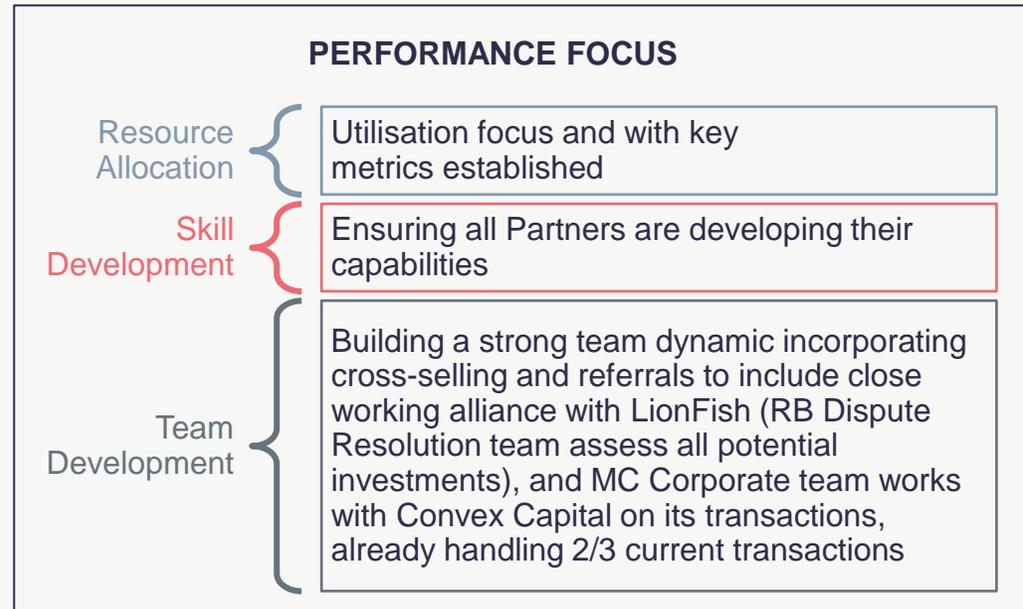
- Best known for being aggressive, outcome-driven litigators; in high-profile, high-value and complex cases. Often with an international element.
- The team also has extensive experience in cross jurisdictional actions, as well as acting for multiple Claimants as well as HNW individuals, organisational 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

Summary

- Trading under two Brands - Memery Crystal for Non Contentious & Rosenblatt for Contentious
- Legal Services division is 182 people, with 126 fee earners
- Leading Mid Tier Legal Services business £22.3 million in revenue (including litigation assets) and £6.8 million in EBITDA for six months ending 30 June 2022





Convex Capital

convex.

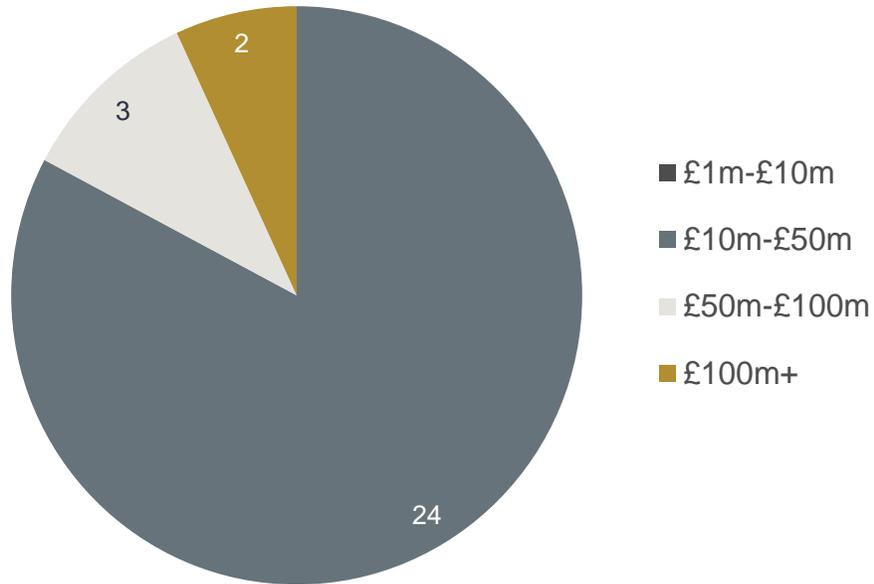
About Convex Capital

- 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

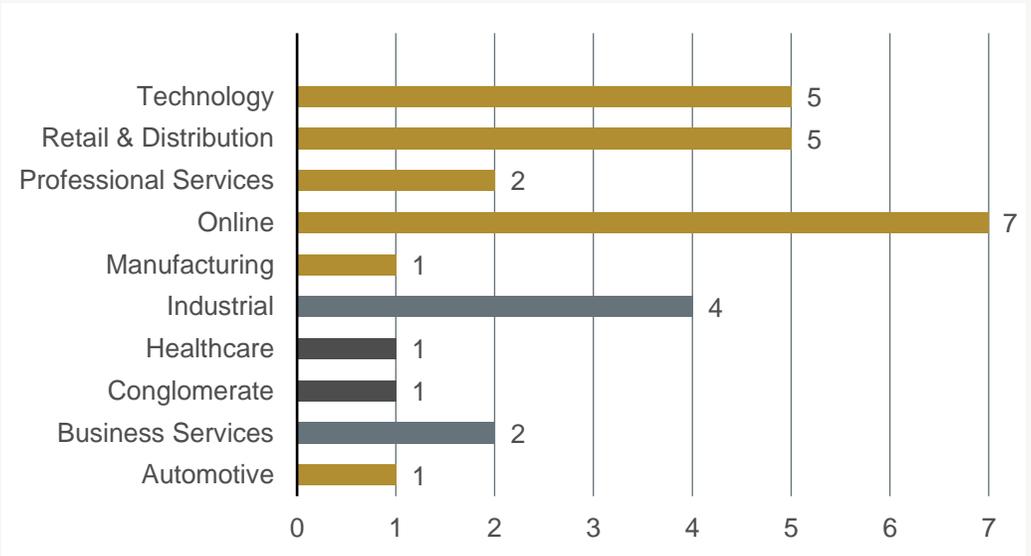
2022 Deals (as at 8th September 2022)

29 active deals

PIPELINE BY DEAL SIZE



PIPELINE BY SECTOR





Litigation Finance

Litigation Finance



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 30 June 2022, RBGLS had invested a total of £9.3 million in external disbursements and counsel fees in 13 litigation investments, with a total contingent WIP of £12.5 million.

Summary - LionFish



Enquiries for finance since launch in May 2020
to 30 June 2022:

659

Live cases as at 30 June 2022

11

Total Capital Commitment:

£11.3m

Total cash
deployed:

£5.5m

Expected average investment
duration:

c. 2-3 years

One successful completion

£20m Co-Investment Arrangement Explained



- Key Headlines – Co Investment Structure**

 - In every case LionFish identifies as a viable litigation investment:
 - LionFish invests in 25% off its own balance sheet; and
 - The Co-investor, via an SPV, invests in 75%
- Arrangement suits co-investor’s conservative investment strategy**

 - An insurance policy de-risks the Co-Investor by protecting their investment
 - As a result, the investor receives a lower return (single digit %age return)
- Co-Investor and LionFish both benefit from kicker returns**

 - After costs and other expenses, LionFish and Co-Investor share returns, with LionFish receiving c. 90% and Co-Investor receiving c.10%
- LionFish retains sole discretion in respect of investments within parameters**

 - The parameters are in line with LionFish’s current investment parameters
 - Allows LionFish to maintain its highly selective, quality-focused investment standard
 - No deployment pressure
- RBG’s balance sheet remains unchanged as a result of this Arrangement**

 - It is not a debt or credit facility and has been approved by RBG’s banking partners

Co-Investment Arrangement Explained

- Co-Investor, via an SPV, invests in 75% of all LionFish deals.
- If a case loses, the investor is protected
- If a case wins, the investor receives a single digit % return first and a small share thereafter

RETURN DISTRIBUTION IN CASE OF WIN

(1) Investor single digit % return	(2) SPV receives 10%
	(2) LionFish receives c. 90%

NET EFFECT FOR LIONFISH PER INVESTMENT

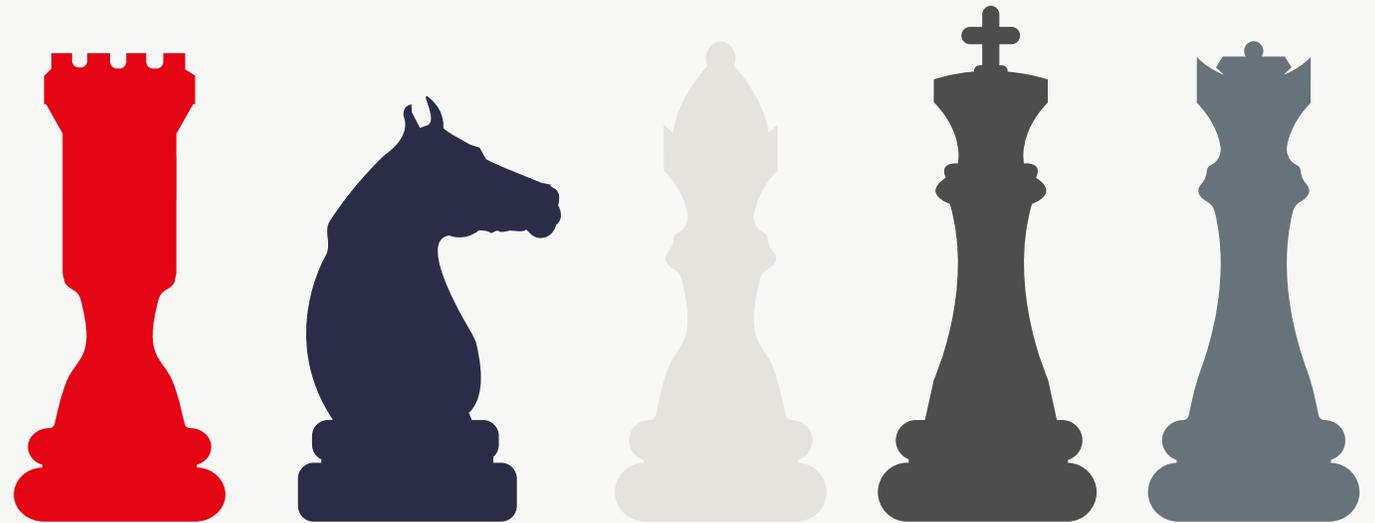
Outlook – 2022 more progress

GROUP IS IN STRONG POSITION

- Solid 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

- Consolidated Legal Services business trading under two brands
- 182 staff with 126 Fee earners
- Leading Mid Tier law offering
- Trading well
- Positioned to continued profitable growth



Outlook – 2022 set for real progress

LITIGATION FINANCE

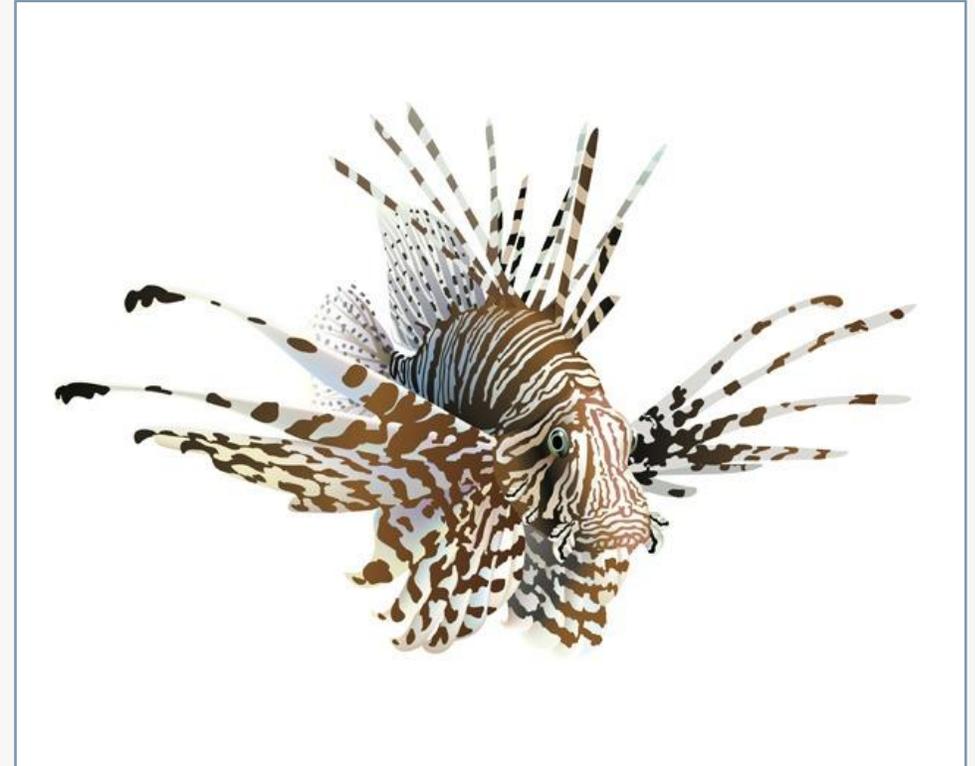
- RBGLS Investments – High potential returns from cases
- LionFish – Business now established. First realisation announced H1 2021
- Co Funding Deal with Private Equity Fund who will fund 75% of all Investments and we receive 80% of the return

CONVEX CAPITAL

- Delivered five deal completions with total fee income of £4.2 million
- M&A activity remains well-positioned to benefit in the current macro-economic environment
- Strong pipeline – 29 active deals, with three that are in various stages of the process towards completion

M&A

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



Questions?

