



RBG Holdings plc

(AIM:RBGP)

Unaudited results for the period ended 30 June 2023

*Executing a clear strategy to restore
value and reduce risk profile*



Overview...

Executive Summary

New executive management team took action to:

RETURN THE GROUP'S FOCUS TO ITS CORE LEGAL SERVICES BUSINESS WHERE BOTH OF ITS CORE BRANDS HAVE OVER 30 YEARS' PROVEN TRACK RECORD OF TRADING THROUGH:

- Targeting organic growth in the highly cash generative Legal Services business and increasing average revenue per fee earner which is now among the highest in the industry.
- Hiring seven additional partners since April 2023
- From May, the two law firms started sharing a Practice Management System allowing them to work seamlessly on the same cases, and improving cross-selling opportunities

REDUCE THE GROUP'S RISK PROFILE THROUGH:

- Ceasing to carry any investment in Conditional Fee Arrangements ("CFAs") and Damages Based Agreements ("DBAs") as assets on its balance sheet in contrast to the treatment by the previous management; any fees from wins on such cases will simply be recorded as revenue when paid
- Writing down the retained value of all remaining CFAs, DBAs and the retained LionFish cases on the balance sheet to zero, leading to a non-cash write off of £12.8m

PRIORITISE THE REDUCTION OF THE GROUP'S DEBT BY:

- Disposing of LionFish Litigation Finance Limited in July for a consideration of up to £3.07m, of which £1.07m was used for immediate repayment of an intercompany loan
- Suspending the dividend policy

FY2023 Financial highlights

Continuing Operations	H1 2023	H1 2022
RBGLS revenue	£19.8m	£20.7m
RBGLS gains on litigation assets	-	£1.6m
Convex Revenue	£0.7m	£4.2m
Group Revenue	£20.5m	£26.5m
RBGLS adjusted EBITDA	£4.4m	£6.8m
Convex adjusted EBITDA	(£0.5)m	£1.9m
Central overhead costs	(£1.0)m	(£1.7)m
Group adjusted EBITDA	£2.9m	£7.0m

All measures, including prior year comparatives are shown on a continuing operations basis unless otherwise stated



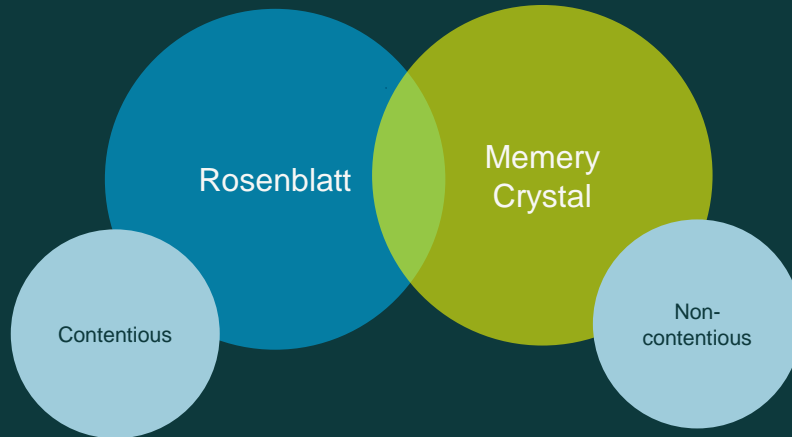
Our businesses...

RBG Holdings plc

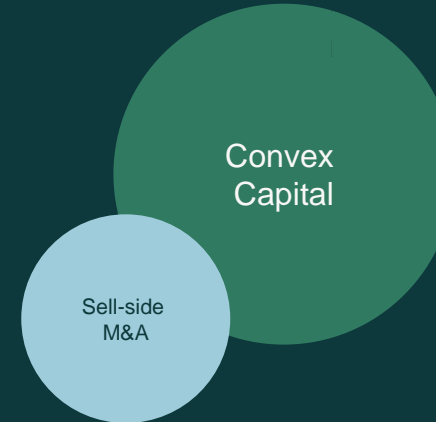
The legal and professional services group

RBG Legal Services

Integration Completed



Professional Services



Divested

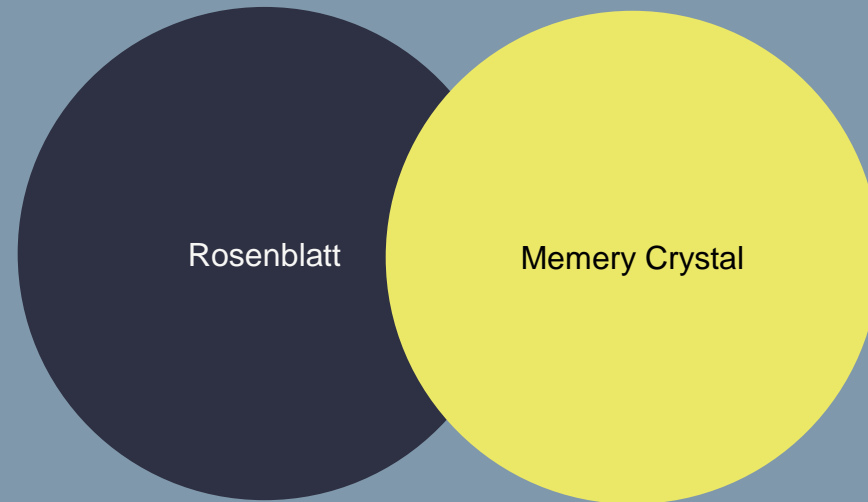


Leading Mid Tier Legal Services business

RBG Legal Services

Contentious
Dispute Resolution.

Rosenblatt was ranked in Tier 1 in The Legal 500 (Legalease) in 2022 for commercial litigation



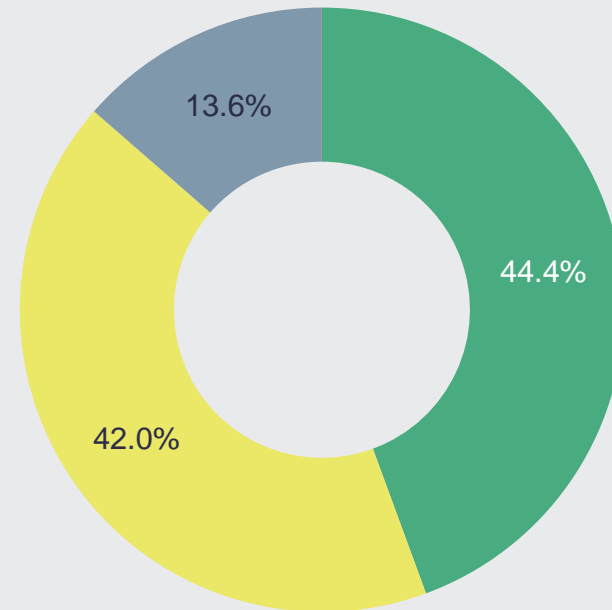
Employs 174 people, including 120 fee earners (as at 30/06/23)

Non Contentious
Transactions. Advice. Regulation.

Memery Crystal was ranked in 15 categories in The Legal 500 (Legalease) directory in 2022

Legal Services - Divisional Split of Business

- One of London's premier mid-tier law firms providing quality advice to corporates, entrepreneurs and high net worth individuals.
- Has 174 people, including 120 fee earners. Since April, hired seven additional partners
- Trading within the Group's Legal Services division was robust in the first half, and the Group has good visibility on revenue and profitability in this division for the second half
- Average revenue per fee earner was £406,000 (H1 2022: £363,000), and is in the top 20 of all UK law firms driven by improved allocation of resources
- Corporate performed strongly during the first half of 2023
- Dispute Resolution had a strong performance in the first half of 2023
- Real Estate's performance reflects the subdued market impacted by interest rates, but improving outlook for Q4
- The two law firms started sharing a Practice Management System allowing them to work seamlessly on the same cases and improving cross-selling opportunities



■ Dispute Resolution ■ Corporate ■ Real Estate

Revenue per fee earner data taken from The Lawyer UK 200: Top 100 latest data. UK firms are ranked 1-100 by firm-wide revenue (year end 2021/22)

Convex Capital

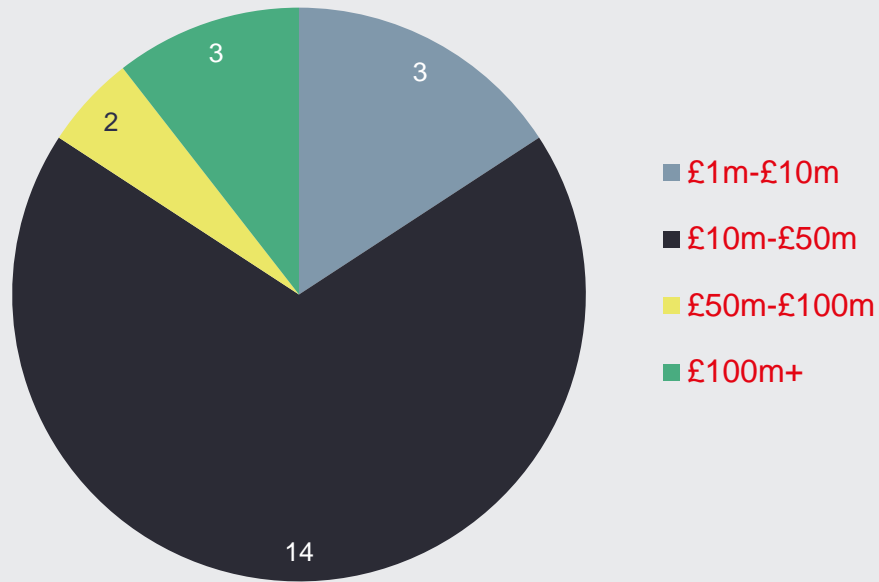
- Specialist provider of sell-side-only M&A advice to UK, US, and European entrepreneurs
- Excellent track record – over £2bn of M&A transactions completed since 2012 to purchasers around the world
- Consistently delivering valuations and multiples (average 9.2x) which outperform market averages
- Fees are 100% contingent on success, so objectives are completely aligned with the client
- As at 30 June 2023, Convex Capital had completed one deal and delivered £0.7m of revenue reflecting the subdued M&A market across the UK.
- As at 27 September 2023, Convex Capital had 22 active deals, seven of which are in the latter stages of completion.
- Expecting several deals to be completed before the end of the year
- Convex has a motivated, dynamic team of 14 people, of whom 13 are fee earners

A large, stylized graphic of the word 'convex' in a light grey, sans-serif font. The letters are interconnected and have a 3D effect, with the 'v' and 'e' being particularly prominent. The graphic is positioned on the right side of the slide, partially overlapping the text 'convex.'

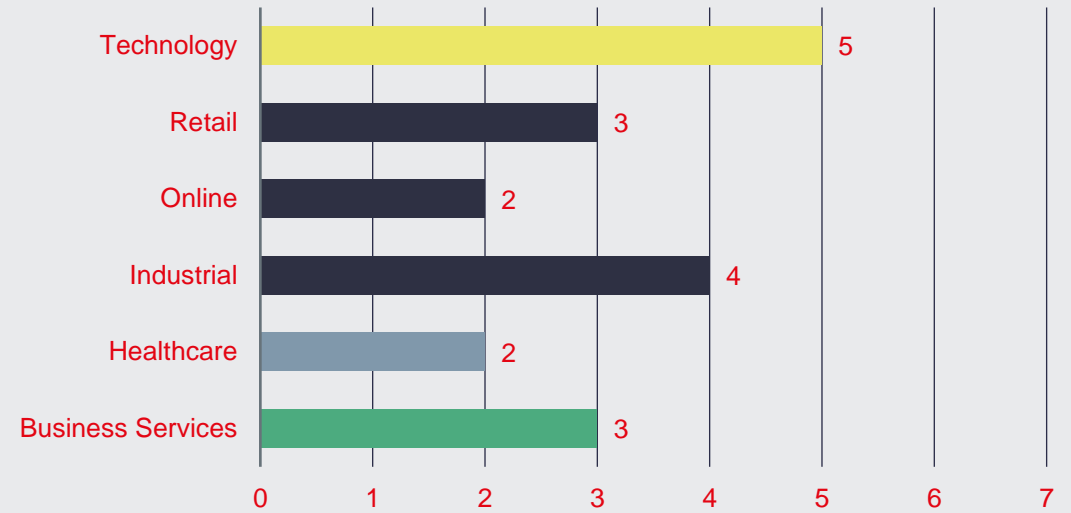
convex.

Pipeline (as at 27 September 2023)

22 active deals, with seven at later stage of completion



Pipeline by deal size



Pipeline by sector

Financials...



FY2023 Financial highlights

- **Revenue of £20.5m** (H1 2022: £24.9m excluding gains on litigation assets, £26.5m including) reflecting reduced deal flow at Convex Capital due to market conditions
- **Adjusted EBITDA of £2.9m** (H1 2022: £7.0m)
- **Adjusted profit before tax of £0.4m** (H1 2022: £4.6m)
- Non-recurring non-cash costs of £13.7m (H1 2022: £nil) of which the majority relates to the decision to write off the Group's litigation assets
- **Statutory EBITDA loss of £10.8m** (H1 2022: profit of £7.0m)
- **Loss before tax of £13.3m** (H1 2022: profit of £4.6m)
- Loss per share of 9.08 pence (H1 2022: 3.62 pence profit)
- Loss from continuing operations of **£10.2m** (H1 2022: profit £3.6m)
- **Adjusted free cash flow** generation in the period **was £0.4m** (H1 2022: £3.1m)
- Pre IFRS 16 **net debt of £21.0m** (H1 2022: net debt of £17.5m)

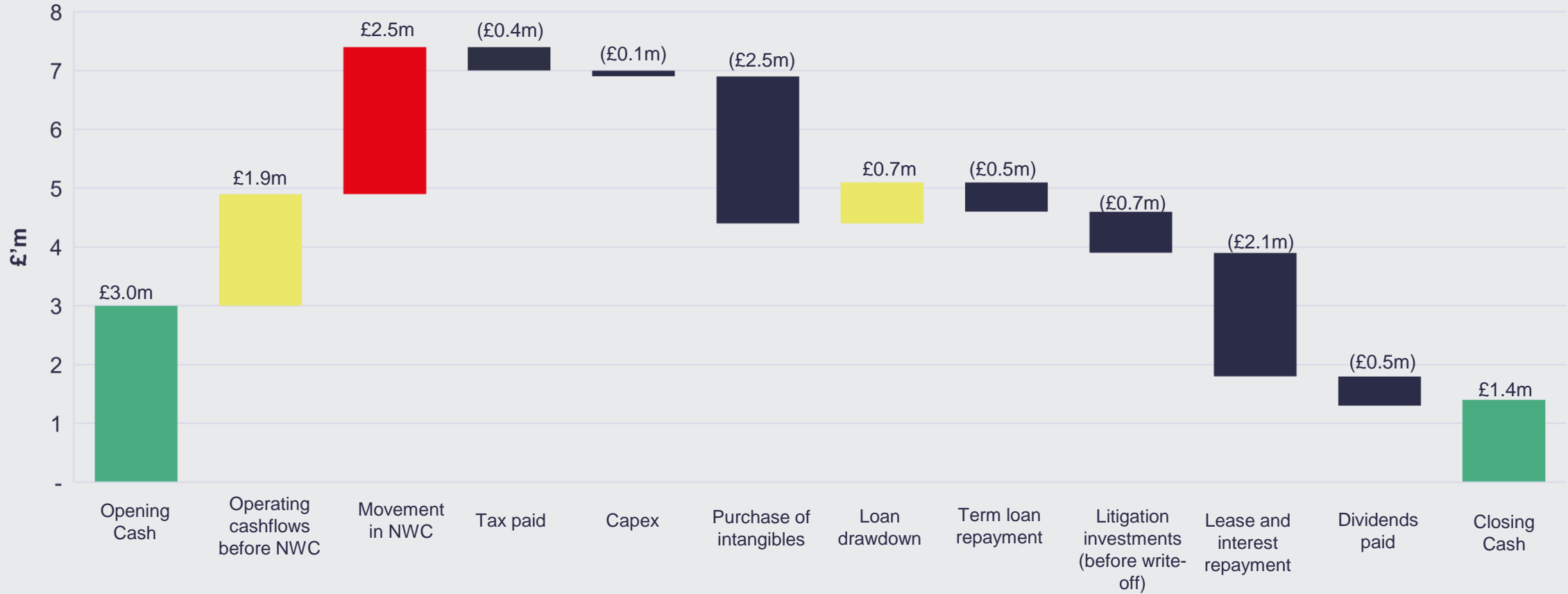
Income Statement – Period Ended 30 June 2023

	1 January to 30 June 2023	1 January to 30 June 2022 ¹	1 January to 31 December 2022
	£	£	£
Revenue	20,511,679	24,890,833	50,307,263
Gains on litigation assets	-	1,619,950	3,821,700
Total revenue including gains on litigation assets	20,511,679	26,510,783	54,128,963
Personnel costs	(13,567,521)	(15,628,776)	(30,713,284)
Depreciation and amortisation expense	(1,725,825)	(1,808,368)	(3,543,302)
Other expenses	(17,714,260)	(3,876,955)	(8,787,105)
Profit from operations	(12,495,926)	5,196,684	11,085,272
EBITDA	(10,770,101)	7,005,052	14,628,574
<i>Non-underlying items</i>			
Costs of acquiring subsidiary	25,000	-	367,303
Litigation asset write off	11,035,326	-	-
Group costs associated with discontinued operations	2,155,000	-	-
Other one-off costs	738,210	-	-
Restructuring (release)/costs	(256,288)	-	834,808
Adjusted EBITDA	2,927,147	7,005,052	15,830,685
Finance expense	(1,043,497)	(619,598)	(1,361,514)
Finance income	218,130	8,666	32,739
Loss on sale of associate	-	(21,643)	(21,643)
Profit before tax	(13,321,293)	4,564,109	9,734,854
Tax benefit/(expense)	3,106,118	(952,736)	(1,932,586)
Profit from continuing operations	(10,215,175)	3,611,373	7,802,268
Profit/(loss) on discontinued operations, net of tax	1,554,761	(174,203)	(3,984,887)
Profit for the year	(8,660,414)	3,437,170	3,817,381

¹ All measures including prior year comparatives are shown on a continuing operations basis unless otherwise stated

Balance Sheet – As at 30 June 2023

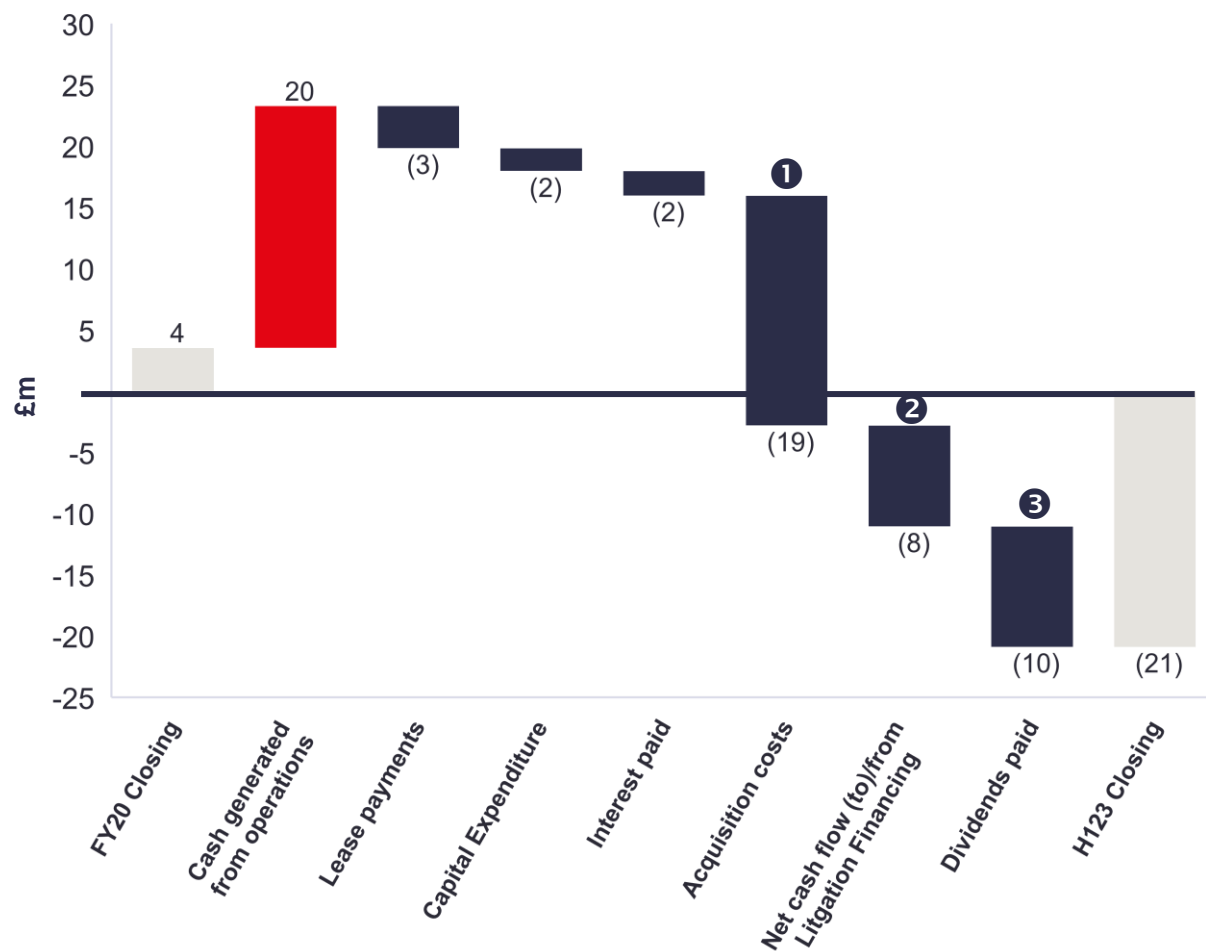
	30 June 2023	30 June 2022	31 December 2022
	£	£	£
Assets			
Current Assets			
Trade and other receivables	26,351,858	21,874,871	26,937,181
Current tax assets	1,719,020	-	-
Cash and cash equivalents	1,359,375	4,691,574	3,000,678
		26,566,445	29,937,859
Non-current assets			
Property, plant and equipment	2,125,349	2,446,548	2,229,958
Right-of-use assets	14,004,673	15,369,432	15,074,132
Intangible assets	57,117,222	55,440,526	55,021,818
Litigation assets	-	7,537,479	10,603,024
		80,793,985	82,928,931
Assets held for sale – discontinued operations	5,609,777	8,315,251	5,347,117
Total assets	108,287,274	115,675,681	118,213,907
Liabilities			
Current liabilities			
Trade and other payables	12,489,537	7,333,719	9,465,968
Leases	2,291,833	1,891,890	2,238,052
Current tax liabilities	-	1,126,480	1,601,655
Provisions	420,001	340,061	361,536
Loans and borrowings	2,488,192	2,182,163	2,205,640
	17,689,563	12,874,313	15,872,851
Non-current liabilities			
Loans and borrowings	19,874,975	20,000,000	20,000,000
Deferred tax liabilities	706,592	1,077,367	744,328
Leases	12,557,566	14,175,692	13,713,932
	33,139,133	35,253,059	34,458,260
Liabilities held for sale – discontinued operations	5,170,957	5,620,509	6,463,058
Total liabilities	55,999,652	53,747,881	56,794,169
NET ASSETS	52,287,622	61,928,800	61,419,738



Cash Flow Bridge – Year Ended 30th June 2023

Evolution of Net (Debt) / Cash: FY21 to H123

Net debt has increased from a £3.5 million net cash position as at December 2020 to a Pre IFRS 16 £21 million net debt position at the end of June 2023.



❶ Acquisition Costs

In the historic period, RBG completed the acquisition of Memery Crystal at a purchase consideration of £30 million which was funded through cash and bank debt in addition to the issuance of new equity. In addition, deferred consideration was payable on both the Memery Crystal and Convex Capital acquisitions.

❷ Litigation Funding Investments

As part of the Group's decision to grow its litigation finance offering by establishing LionFish, significant amounts of cash was invested into third party legal cases during the historic period. LionFish was divested in the current financial year and the Group has no obligation to provide further funding to its cases.

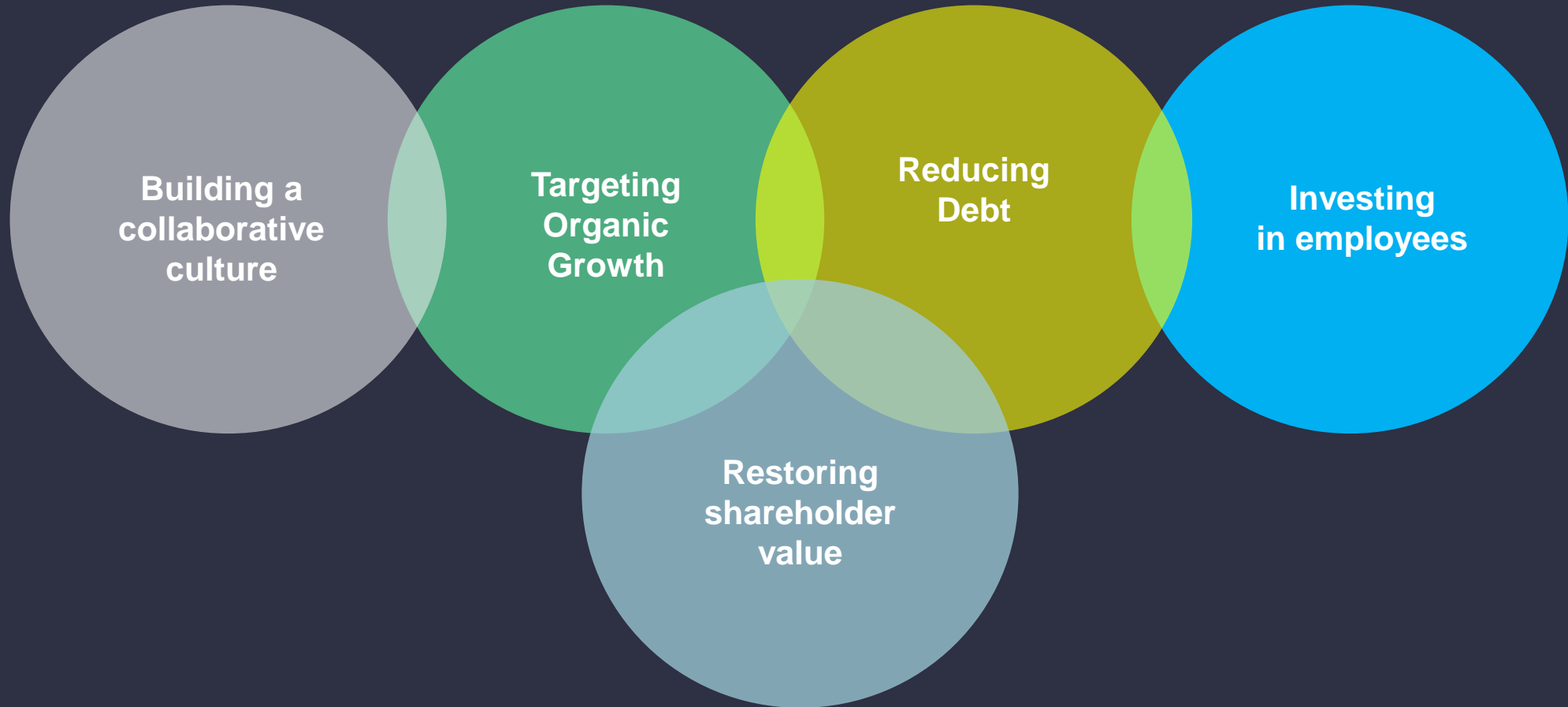
❸ Dividends Paid

Whilst the Group has been consistently cash generative, the previous management team prioritised the payment of shareholder dividends over the repayment of bank debt - paying a total of £9.8 million in the three-year period. In July 2023, the Company announced that it was suspending its dividend policy to prioritise deleveraging.



Outlook...

2024 Deliverables



Outlook

- The first half of the Company's financial year has historically been the slower of the two halves, and the Board can already see this trend continuing, with a strong start to H2 2023
- Trading within the Group's Legal Services division was robust in the first half, and the Group has good visibility on revenue and profitability in this division for the second half
- As a result, the Board is confident that the core Legal Services business will meet full year market expectations
- Convex Capital has grown its pipeline to 22 deals, seven of which are in the latter stages of completion. The Board is confident that several of these deals will complete before the end of the year
- The Board therefore expects to meet its current market forecasts for FY23
- Positive discussions with lenders are underway regarding the Group's debt facilities due for refinancing in April 2024



RBG understands that consensus market expectations for the year ended 31 December 2023 are for revenues of £44.7 million and Adj. EBITDA of £10.2 million (Source: FactSet)

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