

## **RBG Holdings plc**

Report and Financial Statements

Year ended

31 December 2022

Company Number 11189598

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## Company information

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**SEDOL Symbol: AIM: RBGP**

**Websites:**

[www.rbgholdings.co.uk](http://www.rbgholdings.co.uk)

[www.rosenblatt-law.co.uk](http://www.rosenblatt-law.co.uk)

[www.memerycrystal.com](http://www.memerycrystal.com)

[www.convexcap.com](http://www.convexcap.com)

### **Directors**

Keith Hamill OBE – Non-Executive Chairman

Marianne Ismail – Non-Executive Director

Patsy Baker – Non-Executive Director

David Wilkinson – Non-Executive Director

Jon Divers – Group Chief Executive Officer (appointed 3 March 2023)

Tania MacLeod – Director (appointed 3 March 2023)

Nick Davis – Director (appointed 3 March 2023)

Suzanne Drakeford-Lewis – Group Finance Director (appointed 31 December 2022)

R Parker (resigned 31 December 2022)

N Foulston (terminated 31 January 2023)

### **Secretary and registered office**

J Lovitt (appointed 27 March 2023)

9-13 St Andrew Street, London, EC4A 3AF

### **Company number**

11189598

### **Country of incorporation of parent company**

United Kingdom

### **Auditor**

Moore Kingston Smith LLP

6<sup>th</sup> Floor, 9 Appold Street, London, EC2A 2AP

### **Principal bankers**

HSBC UK Bank plc

60 Queen Victoria Street, London, EC4N 4TR

Lloyds Bank

25 Gresham Street, London, EC2V 7HN

### **Nominated advisers and brokers**

Singer Capital Markets

1 Bartholomew Lane, London, EC2N 2AX

### **Registrars**

Computershare

The Pavilions, Bridgwater Road, Bristol, BS13 8AE

### **Financial communications consultants**

SEC Newgate

14 Greville Street, London, EC1N 8SB

## Year at a glance

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### Highlights<sup>1</sup>

- Group revenue (including gains on litigation assets) up 25.6% to £54.1m (2021: £43.1m)
- Adjusted EBITDA up 54.2% to £15.8m (2021: £10.3m)
- Adjusted profit before tax up 66.3% to £10.9m (2021: £6.6m)
- Non-recurring costs of £1.2m (2021: £0.9m)
- EBITDA up 55.5% to £14.6m (2021: £9.4m)
- Profit before tax up 70.4% to £9.7m (2021: £5.7m)
- Profit from continuing operations up 76.8% to £7.8m (2021: £4.4m)
- Loss on discontinued operations, net of tax £(4.0)m (2021: Profit £2.8m)
- Profit for the year (including discontinued operations) of £3.8m (2021: £7.3m)
- Adjusted free cashflow generation £4.0m (2021: £6.4m)
- Net debt of £19.2m (2021: £14.4m)
- Second interim dividend of 0.5p confirmed. Total dividend for 2022 of 2.5p per share (2021: 5p per share)
- Legal services average revenue per fee earner improved 25.6% to £436,000 (2021: £347,000)

### Post period events:

- Board changes: Jon Divers, Group COO, appointed Group CEO; Tania MacLeod (Senior Partner, Rosenblatt) and Nick Davis (Senior Partner, Memery Crystal) appointed to the Board as Executive Directors
- Strategic Review: Proposed disposal of LionFish Litigation Finance Ltd

### Keith Hamill, Chairman, RBG Holdings plc:

*"Through their successful integration, our leading law firm brands, Rosenblatt and Memery Crystal have strengthened performance capability within the Group. Deal origination in Convex Capital remains positive in 2023, with a growing pipeline of potential opportunities".*

*"Since its IPO in 2018, RBG has grown Group revenues by more than three times whilst doubling<sup>3</sup> statutory EBITDA. Our second interim dividend of 0.5p per share has been confirmed today, and we look forward to the coming year with renewed optimism about the prospects for our Group."*

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<sup>1</sup> All measures apart from net debt and including prior year comparatives are shown on a continuing operations basis unless otherwise stated

<sup>2</sup> Figures for 2021 include seven months of contribution from Memery Crystal following the completion of the acquisition at the end of May 2021

<sup>3</sup> Comparison shown on a pre-IFRS 16 basis

## The Group at a glance

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### Our purpose

The Group aims to build an organisation that delivers long-term value to its shareholders, successful outcomes for its clients, and is a responsible employer that supports its employees and has a positive impact in the communities in which it operates.

Recent examples of this include:

- Working with Sutton Trust, a Social Mobility Charity that designs programmes to support students at university to gain an insight into working life as well as a chance to gain the experience and skills needed to apply for internships and graduate roles. RBG Legal Services runs annual work experience and mentoring programmes for students who have an interest in becoming a lawyer
- For the year ended 31 December 2022, RBG Legal Services' 'Charity of the Year' was The Matthew Elvidge Trust. The main objective of the Trust is to increase awareness and understanding of the importance of wellbeing and good mental health
- For the year of 2023, following an employee nomination process the Group is partnering with Keen, a London based charity who run engaging and accessible activities for children with additional needs and disabilities

While the nature of the business means the Group does not have a significant environmental impact, the Board believes that good environmental practices, such as the recycling of paper waste and conservation of energy usage, will support its strategy by enhancing the reputation of the Group.

Recent examples of this include:

- Our Fleet Street address has 100% renewable power supply; and
- Our Fleet Street address's waste is 100% recycled or waste to energy (no landfill)

### The Group

RBG Holdings plc is a legal and professional services group, which comprises:

#### RBG Legal Services

Through our leading law firm brands, Rosenblatt and Memery Crystal, the Group offers clients the full spectrum of legal services including employment, corporate transactions, IP, and dispute resolution.

#### **Rosenblatt**

Rosenblatt is one of the UK's pioneering legal practices and a leader in dispute resolution (litigation). Rosenblatt provides a range of legal services to its diversified client base, which includes companies, banks, entrepreneurs, and individuals. Complementing this is Rosenblatt's increasingly international footprint, advising on complex cross-jurisdictional disputes.

#### **Memery Crystal**

Memery Crystal is a specialist in non-contentious, corporate legal services. Its specialist areas include corporate (including a market-leading corporate finance offering), real estate, commercial, IP & technology (CIPT), banking & finance, tax & wealth structuring, and employment law. Memery Crystal is one of the leading legal practices in the UK to advise the emerging cannabis sector on a wide range of business issues. Memery Crystal offers a partner-led service to a broad range of clients, from multinational companies, financial institutions, and owner-managed businesses to entrepreneurs.

## The Group at a glance (*continued*)

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### Professional Services

Convex Capital is a specialist sell-side corporate finance boutique based in Manchester. Convex Capital is entirely focused on helping companies, particularly owner-managed and entrepreneurial businesses, realise their value through sales to large corporates. Convex Capital identifies and proactively targets firms that it believes represent attractive acquisition opportunities.

### Discontinued Operation

#### **LionFish Litigation Finance**

LionFish was a start-up founded in 2019 by the previous management as a unique, alternative provider to the traditional litigation funders. It finances litigation matters being run by other solicitors in return for a significant return on the outcome of those cases. Following a strategic review of the business in 2022, the Board made the decision to divest the business, having concluded that as the Group did not have the Balance Sheet to support the growth of the business required to deliver a more stable return for shareholders, LionFish would be better placed in a dedicated asset management business.

#### **Investment Case**

RBG Holdings plc is a leading legal and professional services group with a diversified revenue base, and commercially driven management team. RBG enjoys high margins, strong cash generation, and industry leading KPIs. The Group's businesses have a proven track record of delivering growth through many economic cycles.

The interests of management and senior staff are aligned with those of shareholders as many hold substantial equity stakes. The Group is run by experienced directors and senior managers with considerable expertise in the legal and professional services sectors, and in UK listed companies.

#### **Our Strategy**

The Board has a clear vision and proven track record of delivery over many decades. Following the decision to divest LionFish, the Board's strategy is to concentrate all the resources of the Group on building a high margin, cash-generative, legal and professional services group with diversified revenue and profit streams. At the heart of the Group, is a focus on strong commercial management; as a result, the Group's KPIs, such as EBITDA margin, lock-up, and revenue per fee earner, tend to outperform its peers.

This strategy has successfully served the Group since its admission to AIM in 2018, with RBG achieving profitable top line growth each year.

#### **Dividend Policy**

The Group's long-term progressive dividend policy is to pay up to 60 per cent of distributable retained earnings from the core business in any financial year by way of dividend, subject to cash requirements.

#### **Key 2023 Deliverables**

- Restore shareholder value and improve confidence starting with a strengthened Board and Management team
- Drive organic growth across Rosenblatt, Memery Crystal and Convex Capital where we see considerable opportunity
- Assess M&A opportunities to support ambition in these focused areas. Each of the Group's acquisitions so far have been earnings enhancing. First, Convex Capital in September 2019, and, in May 2021, Memery Crystal
- Divest LionFish - Reduce the Group's exposure to third-party litigation funding commitments. Use funds for working capital purposes and to reduce debt

## Chairman's statement

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### Overview

Since its IPO in 2018, RBG has grown Group revenues by more than three times whilst doubling<sup>4</sup> statutory EBITDA. Our second interim dividend of 0.5p per share has been confirmed today. The Group's legal services and professional services businesses have gone from strength to strength, delivering excellent results with significant growth. Group revenue was up 25.6% to £54.1m (2021: £43.1m), resulting in adjusted EBITDA of £15.8m at a margin of 29.2% (2021: £10.3m, 23.8%). The legal services business also delivered a 26 percent increase in average revenue per fee earner to £436,000 (2021: £347,000). Litigation losses in LionFish did however impact the overall Group results which was disappointing and as previously stated, this division is under strategic review.

### Financials<sup>5</sup>

- Group revenue (including gains on litigation assets) up 25.6% to £54.1m (2021: £43.1m)
- Adjusted EBITDA up 54.2% to £15.8m (2021: £10.3m)
- Profit before tax up 70.4% to £9.7m (2021: £5.7m)
- Profit from continuing operations up 76.8% to £7.8m (2021: £4.4m)
- Loss on discontinued operations, net of tax £(4.0)m (2021: Profit £2.8m)

Our net debt position was £19.2m (2021: £14.4m). The Group has a £15.0m revolving credit facility and a £10.0m five-year term loan taken to fund the Memery Crystal acquisition which has already been paid down to £7.0m. We are committed to reducing debt as a core part of our strategy.

Our balance sheet together with our continued cash generation from our core businesses will support our long-term growth plans, and future dividends.

### Dividend

The Board is committed to its published long-term progressive dividend policy. In line with that policy, the Board expects to pay up to 60 per cent of distributable retained earnings from the core business in any financial year by way of dividend, subject to cash requirements and is proposing a total payment of 2.5 pence per share for 2022 (2 pence paid at the half year and 0.5 pence at the full year) to shareholders on the register as at 5 May 2023.

Based on the current outlook, we expect to continue to pay up to 60 per cent of retained earnings in the 2023 financial year by way of dividend.

### Strategy

The Group's strategy is to build a high margin, cash-generative, legal and professional services group with diversified revenue and profit streams to deliver sustained shareholder value.

Acquiring the professional services business Convex Capital in 2019 created a new revenue stream. In legal services, the successful acquisition of Memery Crystal in 2021 diversified our revenue, which is now evenly split across three main practice areas, Dispute Resolution, Corporate and Real Estate. We see considerable opportunity in these core business areas. Our emphasis will be on driving organic growth by recruiting and developing new fee earners and, where appropriate, assessing M&A opportunities that will supplement our strategy. However, we will only do deals at the right price and with the right deal structure. Each of the acquisitions we have made so far – Convex Capital and Memery Crystal – has met these criteria. They were immediately earnings enhancing with the potential to generate significant value for shareholders over the medium and long term.

To ensure the Business remains absolutely focused on its goal, the Board has taken the decision to divest LionFish where litigation matters are run by third-party solicitors and reduce the Group's exposure to third-party litigation funding commitments. The proceeds from any sale will be used for working capital purposes and to reduce net debt.

The Board believes that following the completion of the divestment of LionFish, and with a new highly experienced executive team in place, the Group is well placed to deliver its goal of sustained shareholder value.

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<sup>4</sup> Comparison shown on a pre-IFRS 16 basis

<sup>5</sup> All measures apart from net debt and including prior year comparatives are shown on a continuing operations basis unless otherwise stated

## Chairman's statement (continued)

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### Board Changes

On 31 December 2022, Suzanne Drakeford-Lewis was appointed to the Board as Group Finance Director following the departure of CFO, Robert Parker.

On 31 January 2023, the employment contract of Nicola Foulston, CEO, was terminated. Jon Divers, the Group COO, was appointed to the Board as CEO. The Board was further strengthened with the appointments of Tania MacLeod (Senior Partner, Rosenblatt) and Nick Davis (Senior Partner, Memery Crystal) as Executive Directors.

The Board now consists of four executive directors and four non-executive directors, providing a blend of different experiences and backgrounds. All non-executives are considered independent.

### People

The strength of the Group is in our ability to retain and attract high-quality people. This is evidenced by our performance, and I want to thank everyone for their hard work. I would also like to thank shareholders for their continued support.

### Sustainability

We aim to build an organisation that delivers long-term value to our shareholders, successful outcomes for our clients, and is a responsible employer that supports its employees and has a positive impact in the communities in which it operates. For example, this year we have partnered with the Sutton Trust to run work experience and mentoring programmes for university students. We also elected The Matthew Elvidge Trust as our Charity of the Year for 2022.

While the nature of the business means the Group does not have a significant environmental impact, the Board believes that good environmental practices, such as the recycling of paper waste and conservation of energy usage, will support its strategy by enhancing the reputation of the Group. For example, our Fleet Street address has 100% renewable power supply, and the waste is 100% recycled or waste to energy (no landfill).

We want to go further and we are looking at ways we can improve as an employer, and a member of the business community to address the challenges society is facing.

### Outlook

Through their successful integration, our leading law firm brands, Rosenblatt and Memery Crystal have strengthened performance capability within the Group. Deal origination in Convex Capital remains positive in 2023, with a growing pipeline of potential opportunities. We look forward to the year ahead with optimism and a renewed focus on the core businesses and driving organic growth.

**Keith Hamill**  
Chairman  
25 April 2023



## Chief Executive Officer's statement

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### Overview

Overall, the Group has benefitted from diversification and delivered profitability and cash generation in a challenging year.

### RBG Legal Services ("RBGLS"): *Rosenblatt and Memery Crystal*

- Revenue up 37.8% to £44.9m (2021: £32.6m) due to the strong demand for its services
- Average revenue per fee earner of £436,000 (2021: £347,000)
- Utilisation of 76% (2021: 84%) and realisation of 90% (2021: 86%)
- At 31 December 2022, RBGLS employed 179 people, including 120 fee earners

Our legal services business trades under two leading mid-tier law firm brands – Rosenblatt and Memery Crystal, both of which retain their own brand identities and continue to operate as two separately branded law firms. The two brands are aligned to contentious (Rosenblatt) and non-contentious (Memery Crystal) legal services to reflect their distinct position within the legal services market.

To realise operational synergies, the two businesses are now fully integrated and based at one office on Fleet Street in London. The integration has delivered a business which has a more balanced offering across the three main legal areas - Dispute Resolution (via Rosenblatt), and Corporate and Real Estate (through Memery Crystal). This gives a natural hedge to the changing economic environment and has increased the Group's scale and enhanced the ability to win non-contentious mandates as well as improving the new business pipeline.

### Convex Capital Limited ("Convex")

- Completed six deals during 2022 delivering £5.3m of revenue (2021: 14 deals, £9.4m)
- At 14 April 2023, Convex had a strong pipeline of 24 deals, with a number of deals in advanced stages of negotiation
- Convex has a motivated, dynamic team of 13 people, of whom 12 are fee earners

Convex Capital, the specialist sell-side corporate finance advisory business based in Manchester, was acquired by the Group in September 2019. Convex Capital is entirely focused on helping companies, particularly owner-managed and entrepreneurial businesses, realise their value through sales to large corporates or private equity companies. Convex Capital identifies and proactively targets businesses that it believes represent attractive acquisition opportunities.

The acquisition of Convex Capital was part of the Board's strategy to diversify the Group beyond legal services, focusing on other high-margin professional service areas. Convex Capital is an entrepreneurial, cash-generative business operating across the UK and Europe and provides the Group with further funds for reinvestment into other high-margin areas.

The business is actively building its target pipeline with a data-driven approach to generate deals rather than the traditional passive model where the target company waits to be approached and then appoints a corporate finance partner.

The strength of its pipeline has grown and despite the economic headwinds, the business is in a good position to perform well during 2023.

Convex has been working on a succession plan over the last two years and in January 2023, Isaac Asamoah, James Edge and Tom Campbell were appointed Directors of the business to drive its next phase. Mike Driver, the former managing director, is now a consultant to the business. The three new Directors have been with the business for a number of years and have been responsible for delivering a significant element of the revenue and profits.

## Chief Executive Officer's statement (*continued*)

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### Discontinued Operation - LionFish Litigation Finance Limited ("LionFish")

- Losses on third-party litigation assets during the year of £4.3m (2021: £4.1m gains on litigation assets)
- At 31 December 2022, LionFish had 9 investments with £8.3m committed (with £5.0m drawn down) over the life of the cases, which is circa three years

A strategic review undertaken during the year has resulted in us looking to divest LionFish, our third-party litigation finance business. The review looked at the scale of investment business required to ensure the risk of each individual investment was minimised and the Board concluded that the Group did not have the Balance Sheet to support the growth required and that LionFish would be better placed in a dedicated asset management business.

With this in mind, we have sought buyers for the business and have received four offers. Due diligence is currently underway in respect of an offer that will both deliver cash back to the Group and a share of the upside in successful cases.

### Outlook

Overall, the Group had a good 2022 and, despite the losses in LionFish, we delivered solid profits. Following the previously announced decision to sell LionFish, we continue to focus on adapting the Group to changing client needs and to growing our portfolio of services. We look forward to the year ahead with optimism and a renewed focus on the core businesses and driving organic growth.

**Jon Divers**  
Group Chief Executive Officer  
25 April 2023

## Strategic report

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The Directors present their Strategic Report for the year ended 31 December 2022.

### Principal activities, strategy and outlook

The principal activity of RBG Holdings plc, "the Group", during the year was the provision of legal and professional services and the funding of litigation assets.

The Group's legal services business, RBG Legal Services ("RBGLS"), trades under two leading mid-tier law firm brands, Rosenblatt ("RB") for contentious work and Memery Crystal ("MC") for non-contentious work. The Group provides professional services through Convex Capital ("Convex"), a specialist sell-side corporate finance boutique based in Manchester.

The Group finances litigation matters in return for significant returns on the outcome of the cases, both through RBGLS for cases run by Rosenblatt or through LionFish Litigation Finance ("LionFish") for cases being run by third-party solicitors. During the year, the Board took the decision to divest LionFish and reduce the Group's exposure to third-party litigation funding commitments.

The Group's strategy is to continue to build a high margin, cash-generative, legal services and professional services business with diversified revenue streams, with more emphasis on driving organic growth and when appropriate making selective acquisitions. Moving forward we will only invest in litigation cases run by Rosenblatt, where we have control of the legal service delivered.

### Financial Review

#### Key Performance Indicators (KPIs)<sup>6</sup>

- Group revenue (including gains on litigation assets) up 25.6% to £54.1m (2021: £43.1m)
- Adjusted EBITDA up 54.2% to £15.8m (2021: £10.3m)
- Adjusted Profit before tax up 66.3% to £10.9m (2021: £6.6m)
- Non-recurring costs of £1.2 million (2021: £0.9m)
- EBITDA up 55.5% to £14.6m (2021: £9.4m)
- Profit before tax up 70.4% to £9.7m (2021: £5.7m)
- Profit from continuing operations up 76.8% to £7.8m (2021: £4.4m)
- Loss on discontinued operations, net of tax £(4.0)m (2021: profit £2.8m)
- Profit for the year (including discontinued operations) of £3.8m (2021: £7.3m)
- Adjusted free cashflow generation £4.0m (2021: £6.4m)
- Net debt of £19.2m (2021: £14.4m)
- Second interim dividend of 0.5p confirmed. Total dividend for 2022 of 2.5p per share (2021: 5p per share)
- Legal services average revenue per fee earner improved 25.6% to £436,000 (2021: £347,000)

The Group has continued to deliver increased revenue and strong profitability in its legal services and professional services businesses and is well positioned to deliver its growth strategy through organic growth, carefully selected acquisitions and high-quality litigation investments in cases run by Rosenblatt.

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<sup>6</sup> All measures apart from net debt are shown on a continuing operations basis unless otherwise stated. Prior year comparatives are also shown on a continuing operations basis. Further details on discontinued operations can be found in Note 10.

## Strategic report (*continued*)

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### Revenue and gains on litigation assets

Group revenue including gains on litigation assets for the period was £54.1m compared to £43.1m in 2021, representing a 25.6% increase.

Legal services revenue was up 37.8% to £44.9m from £32.6m in 2021, with the integration of Rosenblatt and Memery Crystal complete and the practice performing to the Board's expectations. Revenue was more evenly split across the three main practice areas, Dispute Resolution (40%), Corporate (37%) and Real Estate (23%). Dispute Resolution continued to perform well and in addition took on contingent work with associated unrecognised time worked of £2.5m (2021: £3.4m). Average revenue per fee earner increased to £436,000 (2021: £347,000), reflecting better resource management in the integrated practice.

Convex had a solid year, in spite of challenging economic conditions in the second half which resulted in the deferral of anticipated deal completions into 2023. Six deals were completed with revenue of £5.3m compared with 14 deal completions in 2021 with £9.4m of revenue.

Gains on litigation assets on litigation cases run by Rosenblatt were up to £3.8m from £1.1m in 2021. These gains included successfully realised litigation asset sales with proceeds totalling £2.7m (2021: £1.8m).

### Staff costs

Total staff costs in 2022 were £30.7m (2021: £26.8m), which includes £25.1m for legal services and £3.5m for Convex. The average number of employees for the Group was 211 (2021: 175).

### Overhead costs

During 2022, the Group incurred overheads of £39.5m (before depreciation and amortisation) (2021: £33.7m), of which staff costs were £30.7m (2021: £26.8m).

Other operating costs were £8.8m (2021: £6.9m), of which non-recurring costs, including restructuring costs, represented £1.2m (2021: £0.9m). Other costs included insurances of £1.8m (2021: £1.5m), rates £0.9m (2021: £0.7m), and training and recruitment £0.6m (2021: £0.6m).

Operationally, there remains a significant focus on IT and we have invested sensibly over recent years and further enhanced both our internal and client facing experiences of IT usage.

### EBITDA and Adjusted EBITDA

In assessing performance, the Group uses EBITDA as a KPI. EBITDA was £14.6m, including £1.2m of non-underlying items (2021: £9.4m including non-underlying items of £0.9m). Adjusted EBITDA for 2022 was £15.8m (29.2% of revenue and gains on litigation assets) (2021: £10.3m, 23.8%). The integration of Rosenblatt and Memery Crystal resulted in a sustained improvement in legal services EBITDA margin to 30.6% (2021: 24.4%), in line with Board expectations. Convex delivered an EBITDA of £1.2m despite the deferral of anticipated deals in the second half of the year (2021: EBITDA £4.2m).

### Profit before tax

Profit before tax for 2022 was £9.7m, representing 18.0% of revenue and gains on litigation assets (2021: £5.7m, 13.3%); this includes £1.2m of non-underlying items (2021: £0.9m).

Adjusted profit before tax was £10.9m, representing 20.2% of revenue and gains on litigation assets (2021: £6.6m, 15.3%).

### Corporation tax

The Group's tax charge for the year is £1.9m with an effective tax rate of 19.9% (2021: £1.3m, 22.8%).

## Strategic report (continued)

### Discontinued operations

LionFish has been classified as a discontinued operation and has been excluded from our headline performance measures. Operating losses before non-underlying items for discontinued operations were £4.8m (2021: £3.5m operating profit). Total losses after tax for the business for 2022 totalled £4.0m (2021: £2.8m profit after tax).

Details on discontinued operations are shown in Note 10.

### Earnings Per Share (EPS)

The weighted average number of shares in 2022 was 95.3 million which gives a basic earnings per share (EPS) on continuing operations for the year of 8.18p (2021: 4.83p) and diluted earnings per share (EPS) on continuing operations for the year of 8.17p (2021: 4.82p).

### Balance Sheet

	2022	2021 <sup>7</sup>
	£'m	£'m
Goodwill, intangible and tangible assets	82.9	81.1
Current Assets	26.9	19.3
Current Liabilities	(13.6)	(11.3)
Assets held for sale	5.3	4.9
Liabilities held for sale	(6.5)	(2.1)
	<b>95.0</b>	<b>91.9</b>
Net debt	(19.2)	(14.4)
Non-Current Liabilities	(14.4)	(14.5)
Deferred consideration	-	(2.2)
<b>Net assets</b>	<b>61.4</b>	<b>60.8</b>

The Group's net assets as at 31 December 2022 increased by £0.6m on the prior year due to profitable trading during the year.

### Goodwill, Tangible and Intangible Assets

Included within tangible assets is £15.1m (2021: £15.9m) which relates to IFRS 16 right of use assets for the Group's property leases. Total intangible assets of £55.0m (2021: £55.9m) incorporate the goodwill and intangible assets acquired on the acquisitions of the Rosenblatt, Convex, and Memery Crystal businesses. The Group has considered the amounts at which goodwill and intangible assets are stated on the basis of forecast future cash flows and concluded that that these assets have not been materially impaired.

### Working capital

Management of lock up and cash generation has continued to be a key focus of the Group over the year. For the Legal Services business, lock up days is a measure of the length of time it takes to convert work done into cash. It is calculated as the combined debtor and WIP days. In Convex and LionFish, invoices are raised, and cash is received at the point of deal completion. Lock up days at 31 December 2022 were 137 (2021: 109), with debtor days being 58 (2021: 59 days) and WIP days being 79 days (2021: 50 days). As the business has become more balanced across departments, lock up has increased driven by non-contentious transactions, which have longer payment terms. This is an area of significant focus for management. Trade debtors less provision for impairment at the end of the year were £9.9m (2021: £9.6m) and contract assets at the year-end were £9.7m (2021: £6.0m).

<sup>7</sup> Comparatives have been restated to present LionFish as a discontinued operation. Refer to Notes 1 and 10 for further details.

## Strategic report (continued)

### Net debt

We have a revolving credit facility (RCF) of £15.0m and an acquisition term loan of £10.0m repayable over five years (£3m repaid at 31 December 2022). Our net debt position at the year end was £19.2 million (2021: £14.4 million), providing sufficient liquidity entering the new financial year.

### Cash Conversion

	2022 £m	2021 £m
Cash flows from operating activities	13.2	12.6
Movements in working capital	0.1	(0.7)
Increase in litigation assets	(7.8)	(4.7)
<b>Net cash generated from operations</b>	<b>5.5</b>	<b>7.2</b>
Interest	(1.3)	(0.7)
Capital expenditure	(0.2)	(0.1)
<b>Free cash flow</b>	<b>4.0</b>	<b>6.4</b>
Underlying profit after tax	3.8	7.3
<b>Cash conversion</b>	<b>103%</b>	<b>88%</b>

The cash conversion percentage measures the Group's conversion of its underlying profit after tax into free cash flows. Movements in working capital have been adjusted for deferred consideration payments made to Memery Crystal in the current and prior year. Cash conversion has increased from 88% in 2021 to 103% in 2022.

### Summary

We are pleased with the profitability and performance of the continuing operations of the Group during the year. The legal and professional services businesses are performing well despite the continuing impact of the situation in Ukraine, current inflationary pressures and the uncertain economic climate. However, it is important to acknowledge the impact of these events, as they will continue to pose a significant challenge moving forward.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the financial review pages 10 to 13, together with the financial position of the Group, its cash flows, liquidity position and borrowing facilities.

Financial projections have been prepared to April 2024, the going concern review period, and form part of a three-year plan which show positive earnings and cash flow generation and projected compliance with banking covenants at each testing date. The Group has been profitable and cash generative throughout its trading history. Over the last four years the Group has shown resilience and robustness, including during the recent global pandemic and during the ongoing period of economic uncertainty.

The Board confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements.

This confirmation is made after reviewing assumptions about the future trading performance. This process included a reverse 'stress test' used to inform downside testing which identified the break point in the Group's liquidity. Whilst the sensitivities applied do show an expected downside impact on the Group's financial performance in future periods, for all scenarios modelled the Board have identified the appropriate mitigating actions to ensure that the Group maintain a robust balance sheet and liquidity position. Possible mitigating actions considered include reducing dividend payments, lowering capital expenditure, reducing the amount of funding allocated to litigation investments, reductions in personnel and overhead expenditure and other short-term cash management activities within the Group's control as part of their assessment of going concern.

The Group expects to be able to operate within the Group's financing facilities and in accordance with the covenants set out in all available facility agreements. Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis of accounting in preparing the annual Group financial statements.

## Strategic report (continued)

### Principal risks and uncertainties

The Board monitors both existing and emerging risks, recording these in a risk register and regularly assesses their status. Due to the nature of the business and the markets in which it operates, many of the risks it faces are ongoing over longer than any single year. The principal risks and uncertainties identified by the Board are detailed below.

Risk description and impact	Mitigating factors
<p><b>Our people</b></p> <p>Well trained and experienced people are essential for the delivery of excellent professional services and is fundamental to our success. The market for such people remains competitive and the loss of or failure to recruit and retain such people could impact on the Group's ability to deliver professional services and financial performance. A failure to implement effective succession planning throughout the business could also adversely affect financial performance.</p>	<p>Recruitment is led by our HR team and the talent management team within that. Over the last 12 months, our recruitment process has been developed to include a strong value proposition for candidates. Remuneration arrangements include a range of benefits and are highly competitive. A comprehensive training programme is in place for all staff providing management, leadership, technical and skills training. The Board is responsible for the implementation of succession plans for each of the businesses and investment continues to be made in the recruitment of appropriate staff where required.</p>
<p><b>Reputation</b></p> <p>The success of the Group's business depends on the maintenance of good client relationships and its reputation for providing high-quality, highly valued professional services. If a client's expectations are not met, or if the Business is involved in litigation or claims relating to its performance in a matter, the reputation of the Group could be significantly damaged. The Group's reputation could also be damaged through Rosenblatt's involvement (as an adviser or as a litigant) in high-profile or unpopular legal proceedings. Rosenblatt may be required to incur legal expenses in defending itself against any litigation arising in, or out of, such cases and may also incur significant reputational and financial harm if such litigation is successful or if there is negative press coverage.</p> <p>The Group regards its brand names, domain names, trade secrets and similar intellectual property as important to its success. Its businesses have been developed with a strong emphasis on branding. Should the brand name of Rosenblatt, Convex, LionFish or Memery Crystal be damaged in any way or lose market appeal, the Group's businesses could be adversely impacted.</p>	<p>The Group constantly endeavours to maintain its reputation as a provider of client focused commercial advice and has adopted internal management processes and training programmes to support this. While the Group will use all reasonable endeavours to protect its intellectual property rights, should this be required, it may not be able to prevent any unauthorised use or disclosure of its intellectual property having an adverse effect on the operating, marketing, and financial performance of the Group.</p>

## Strategic report (continued)

<p><b>Operational risk and IT systems</b></p> <p>The Group places significant reliance on its IT systems, any loss of these facilities would have a serious impact on the Group's operations. The Group can give no assurance that all such risks will be adequately covered by its existing systems or its insurance policies to prevent an adverse effect on the Group's financial performance. The Group is in the process of transitioning to a new practice management system ("PMS"). With any transition of this nature there is a risk to data retention and integrity as well as business continuity.</p> <p>The Group is also susceptible to cyber risks which continue to increase within the legal and other professional services sectors. The risk relates primarily to the malicious hacking of the Group's and/or client data, or ransom attacks.</p>	<p>The Group monitors the resilience of IT information systems and other facilities on an ongoing basis. The Group, and external partners assisting in the development and implementation of the new system have undertaken risk assessment procedures and believe that adequate safeguards are in place to minimise the risk of loss or disruption to the business.</p> <p>The Group has an ongoing programme to implement procedures and controls to mitigate this risk and external advice is sought as appropriate. The Group monitors the resilience of its information systems and other facilities on an ongoing basis, introducing updates and upgrades as appropriate. The Group regularly reviews its security arrangements, to identify and subsequently address weaknesses within the current systems. The Group has a cyber insurance policy in place to help to mitigate this risk.</p>
<p><b>Professional liability and uninsured risks</b></p> <p>The Group provides professional services, predominantly legal and corporate finance advice. Like all providers of professional services, it is susceptible to potential liability from negligence, breach of client contract and other claims by clients. As well as the risk of financial damage, such claims also carry a risk of damage to the Group's reputation. The professional indemnity insurance held by the Group may not cover all potential claims or may not be adequate to indemnify the Group for all liability that may be incurred (or loss which may be suffered). Any liability or legal defense expenses that are not covered by insurance or are in excess of the insurance coverage could have a material adverse effect on the Group's business and financial condition.</p>	<p>The Group is advised by market leading insurance brokers and the Directors believe that it holds comprehensive professional liability insurance. Any claims are defended strongly with senior members of the business involved at all stages and external advice is sought where appropriate. The Group works hard to ensure its employees provide excellent advice and service to its clients underpinned by quality processes and bespoke training programmes.</p>



## Strategic report (continued)

<p><b>Regulatory and compliance risks</b></p> <p>The Group is subject to a range of regulations. Failure to comply with these could have significant implications for the business ranging from reputational damage to criminal prosecution and sentencing. The Group seeks advice from both internal and external experts to support it in its adherence to applicable regulations and guidelines.</p> <p>Through duty of confidentiality and non-disclosure, the SRA regulates the use and disclosure of client information. The Group is exposed to the risk of employees engaging in misconduct, including the improper use or disclosure of confidential client information. Employee misconduct could result in considerable harm to the Group's reputation, as well as regulatory sanctions and financial damage.</p>	<p>The Directors of RBGLS are in dialogue with the SRA to minimise such risk as far as they are able, and to ensure that this regulation is made known to shareholders. The SRA also has power to force the divestment of any shareholding which breaches this rule via the courts and/or to suspend or revoke the Licensed Body status of RBGLS, which would have a serious effect on the Group.</p> <p>We have invested in RBGLS' compliance team to ensure that the business manages risks and complies with the Solicitors Accounts Regulations. Remedial action necessary for any breaches identified during the year or as part of the annual review is communicated to RBGLS by the Compliance Officer for Legal Practice ('COLP') and/or Compliance Officer for Finance and Administration ('COFA').</p> <p>Staff are trained and reminded of these duties and although management processes are in place to mitigate this risk, it cannot be removed in full.</p>
<p><b>Litigation Investments</b></p> <p>The business invests in Litigation Assets, the funding of litigation cases for third parties. By their nature these are high risk investments, the cases are complex and challenging.</p>	<p>The business has employed experienced professionals and put in process a series of reviews from both legal and commercial areas of the Group, within the process all cases are fully vetted and taken through stages of investment committees to ensure there is full due process with each investment decision.</p>

## Strategic report (*continued*)

### Streamlined energy and carbon reporting

Greenhouse gas emissions ('GHG') statement.

The Group has reported scope 2 and 3 greenhouse gas ('GHG') emissions in accordance with the requirements of Streamlined Energy and Carbon Reporting ('SECR').

Energy and GHG sources included in the process:

- Scope 2: Purchased electricity
- Scope 3: Fuel used for business travel in employee-owned or hired vehicles

The table below details the regulated SECR energy and GHG emission sources for the current reporting period 1 January 2022 to 31 December 2022. As this is the first year of SECR reporting for the Group, there is no requirement for performance comparison with the previous reporting period. Going forward there will be a year-on-year comparison.

The figures were calculated using UK government conversion factors, expressed as tonnes of carbon dioxide equivalent.

	31 December 2022
<b>Energy (kWh)</b>	
Gas	22,968
Electricity	361,488
Transport	13,833
<b>Total energy (kWh)</b>	<b>398,289</b>
<b>Emissions (tCO<sub>2</sub>e)</b>	
Gas	4.2
Electricity	69.9
Transport	1.6
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>75.7</b>
<b>Intensity (tCO<sub>2</sub>e/£m revenue)</b>	
Revenue (£m)	54.1
tCO <sub>2</sub> e per £m of revenue	<b>1.4</b>
<b>Intensity (tCO<sub>2</sub>e/FTE)</b>	
Full time equivalent employees	211
tCO <sub>2</sub> e per FTE	<b>0.4</b>

The Board believes that good environmental practices, such as the recycling of paper waste and conservation of energy usage, will support its strategy by enhancing the reputation of the Group. The number one consumable in the legal and professional services sector is paper, which has traditionally been used heavily in law firms. Hybrid and flexible working have significantly reduced paper consumption and accelerated habit changes and our focus is to sustain and expand these good habits and skills. Due to the nature of its business, the Group does not have a significant environmental impact.

## Strategic report (*continued*)

### Section 172 Statement

This section serves as our Section 172 ("s172") statement and should be read in conjunction with the Strategic report and the Corporate Governance statement.

The Directors are aware of and comply with their duty under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to continue to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct and
- the need to act fairly between members of the Company

In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

- The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and by direct engagement with stakeholders themselves
- Relations with key stakeholders such as employees, shareholders and customers are considered in the running of the business on an everyday basis
- We aim to work responsibly with our stakeholders. The Board regularly reviews policies and procedures, including those around anti-corruption and anti-bribery, equal opportunities and whistleblowing
- The Board engages and interacts with our teams through the use of intranets, monthly email updates and news flash emails

The key Board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Decision to divest the third-party litigation finance business LionFish	Shareholders, employees, clients	<ul style="list-style-type: none"> <li>• The Board believes that to be successful, the LionFish business needs to be part of a bigger asset environment. Divesting of LionFish will reduce the Group's exposure to ongoing third-party litigation funding commitments, freeing up capital and management resource to focus on significant opportunities to grow the core business. The Board has been in discussions with a number of interested parties and evaluated a number of potential offers, having regard to the interests of all stakeholders, including clients and employees.</li> </ul>

## Strategic report (*continued*)

Dividend	Shareholders, employees	<ul style="list-style-type: none"> <li>The Board has declared two interim dividends for the year 2022 of 2.5p per share in total. In reaching this decision the Board considered its shareholders' requirements and the cash position of the business, ensuring that the cash management of the business is key. The board determined our cash reserves to be sufficient to ensure continued ability to meet all obligations and the investment in the growth of the business.</li> </ul>
Approval of 2023 budget	Employees, shareholders and clients	<ul style="list-style-type: none"> <li>The Group's business plan is to drive sustainable growth in the long term, which is in the interest of all stakeholders. The Board has paid close consideration to this objective in establishing and approving the 2023 budget. In the current economic climate this has involved close monitoring of the impact of the current economic uncertainty on each sector in which the Group operates, ensuring no over reliance on a single market or client; ensuring the Group is best placed to continue delivering a high standard of client service and increasing focus on minimising our environmental impact.</li> </ul>

The Directors consider that they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole.

### **Social responsibility**

We believe that running a profitable and growing business, which creates jobs and contributes to the economic success of the areas in which it operates, is a platform for good corporate social responsibility. We have a long-standing commitment to support our staff in engaging with their local communities and charities. This social awareness is present throughout the business, from our employees to our clients, our professional connections and the suppliers we use.

### **Sustainability**

To deliver strong, sustainable shareholder returns over the long-term, the operation of a profitable business is a priority and that means investing for growth. To achieve this, the Group recognises that it needs to operate in a sustainable manner and therefore has adopted core principles to its business operations which provide a framework for both managing risk and maintaining its position as a good 'corporate citizen'.

### **Charities and communities**

Our employees vote annually to choose charities to support throughout the year with fund raising activities engaging staff, clients and communities in a number of enjoyable events.

### **Employee consultation**

The Group places considerable value on the involvement of its employees and has continued to keep them informed regularly on matters directly affecting them and Group wide developments. This is achieved through the use of intranets, regular email updates, quarterly face to face Business Update meetings, together with an active social events calendar. The Group further encourages employee involvement in the performance of the business through participation in share ownership.

### **Developing our people**

The Group continues to create opportunities for staff at all levels of the Group.

We have a strong track record as an employer of choice in the provision of legal graduate traineeships and apprenticeship schemes highlighting the Group's motivation to 'grow our own'. Trainees work alongside qualified professionals in completing a period of recognised training (often known as a training contract) giving individuals supervised experience in legal practice. This is the final stage of the process of qualification as a solicitor where they refine and develop their professional skills.

## Strategic report (*continued*)

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As a Group and employer of non-lawyer professional and operational staff, we offer both internal and external routes to qualifications within chosen vocations.

### ***Diversity and inclusion***

We are an equal opportunities employer, and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of race, sex, marital/civil partnership status, age, disability, religious belief, pregnancy, maternity, gender reassignment or sexual orientation. We have an established Equality, Diversity and Inclusion committee, which having surveyed employees, develops an annual programme of training and events to address any operational and training needs identified. During the year the committee delivered a number of events for staff including talks, events and seminars covering areas such as Black History Month, Pride Month, and International Women's Day. During the year we also worked alongside the Sutton Trust, providing work experience to inform and encourage those from less advantaged backgrounds to pursue varied careers in legal and professional services firms.

### ***Modern slavery***

We are committed to preventing acts of modern slavery and human trafficking from occurring within our business and supply chain and expect our suppliers to adopt the same high standards. As part of our commitment to combating modern slavery, the Directors have approved the adoption and implementation of a specific modern slavery policy. We expect all of our suppliers to adhere to our Anti-Slavery Policy and will not tolerate slavery and human trafficking within our supply chains.

Our slavery and human trafficking statement, made in accordance with section 54(1) of the Modern Slavery Act 2015 can be found on our website, [www.rbgholdings.co.uk](http://www.rbgholdings.co.uk).

### ***Anti-bribery policy***

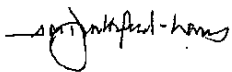
We value our reputation for ethical behaviour and upholding the utmost integrity and we comply with the FCA's clients' best interests rule. We understand that in addition to the criminality of bribery and corruption, any such crime would also have an adverse effect on our reputation and integrity. The Group does not tolerate bribery and corruption and we ensure all our employees and suppliers are aware of our approach as to limit our exposure to bribery by:

- Setting out clear anti-bribery and corruption policies
- Providing mandatory training to all employees
- Encouraging our employees to be vigilant and report any suspected cases of bribery in accordance with the specified procedures

### ***Political donations***

The Group made no political donations in the year (2021: £nil).

Pages 10 to 20 constitute the strategic report, which has been approved by the Board of Directors and signed on its behalf by:



**Suzanne Drakeford-Lewis**  
Group Finance Director  
25 April 2023

## Board of Directors

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### **Keith Hamill OBE - Non-Executive Chairman**

Keith Hamill is currently a Non-Executive director of Samsonite International SA and Chairman of Horsforth Holdings Limited, a privately held holding company for a number of leisure businesses. He is an experienced Chairman and Non-Executive and his previous roles include Chairman of Tullett Prebon plc, Moss Bros Group plc, Travelodge, Collins Stewart plc, Premier Foods plc and Heath Lambert and Non-Executive director of EasyJet plc, Electrocomponents plc and Max Property Group PLC. He has also been appointed to act as Chairman leading a number of businesses through financial and operational reconstruction. He was Pro Chancellor and President of Council of the University of Nottingham. Earlier in his career he was a partner in PWC and CFO of Forte plc and WH Smith Group plc.

### **Marianne Ismail - Non-Executive Director**

Marianne Ismail has worked in financial services for over 30 years in a variety of small and large regulated entities. She was a Managing Director of Morgan Stanley for 10 years working in New York and internationally and has held senior positions in Citigroup and Standard Chartered Bank. She has a strong understanding of the management of growing companies and of corporate risk and is committed to ensuring compliance with appropriate regulations as well as the implementation of suitable organisational and management structures to meet these regulations. Marianne has held FCA significant influence functions throughout her career. Until July 2020, she was Pro Chancellor and Chair of the governing body of the University of Greenwich and is currently CEO of Microbira Ltd and a NED of Qatar Islamic Bank -UK, Town and Country Housing Group and Quilter Financial Planning.

### **David Wilkinson - Non-Executive Director**

David Wilkinson is an experienced Non-Executive Chairman and Director, with a history of advising fast-growth, entrepreneurial businesses and professional practices in his former role as audit partner at EY. He is Deputy Chairman and Audit Committee Chair at Saietta Group plc, an electric motor business which floated on AIM in July 2021 and is Audit Committee Chair at Marks Electrical Group plc, an online domestic appliance retailer, which also floated on AIM in 2021. He chairs CH Bailey, a formerly AIM-listed business in overseas commercial and hospitality property. He is also a Non- Executive Director of Verso Biosense, a medical technology spinout from Southampton University.

### **Patsy Baker - Non-Executive Director**

Patsy Baker stepped down as Chairman of Citigate Dewe Rogerson (as of 1 January 2023) but continues as Senior Group Advisor to the Accordience Group (including Citigate Dewe Rogerson and Grayling). She provides board counsel to the Group's international clients and oversees the delivery and coordination of integrated communication campaigns. Patsy is now able to pursue a more plural approach as a leading communications professional with a number of other strategic consultancies and financial services.

She joined Lord Bell as a director at Bell Pottinger Communications in 1994, has provided Senior Board Counsel to CEOs in the UK FTSE 250, and has promoted and protected the reputations of many well-known brands. Patsy also sits on the external affairs committee of the Design Museum.

### **Jon Divers - Chief Executive Officer**

Jon joined RBG Legal Services in February 2022 as Chief Operating Officer. Prior to this role in Professional Services, Jon held a variety of senior management and Managing Director roles in the transport and logistics sector. He has a strong focus on organic revenue growth and margin through cost control and believes all businesses have an opportunity for improved efficiency. Jon's background in industry has given him a broad range of experience working with international and time sensitive supply chains, union wage negotiations and demanding clients. Jon has already demonstrated that these commercial skills transfer well into Professional Services as a sector that is transforming and changing rapidly.

## Board of Directors (*continued*)

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### **Suzanne Drakeford-Lewis - Group Finance Director**

Suzanne joined RBG in 2019 and became Group Finance Director with effect from 31 December 2022. Suzanne has worked in both finance and business support roles in a variety of industries. She has spent the last fifteen years in the legal services sector and prior to this worked extensively for multinational corporations in the FMCG and technology sectors. Her recent roles include Financial Controller at BDB Pitmans LLP, Interim Finance Director of the Personal Systems Division of Hewlett Packard UK and Financial Planning and Analysis Manager Roles at Xansa plc and Black & Decker UK.

### **Nick Davis - Executive Director**

Nick is a qualified lawyer with over 20 years' experience in practice. Nick was CEO of Memery Crystal LLP (trading as MC Partners LLP or "Memery Crystal") at the time of its acquisition by the Group in May 2021. Nick was previously a Non-Executive Director of AIM Listed Shanta Gold Limited between 2012 and 2014, and a Director of a subsidiary of The Supreme Cannabis Company listed on the TSX. Nick is a Senior Partner of Memery Crystal, alongside his role on the Group Board.

### **Tania MacLeod - Executive Director**

Tania is a qualified lawyer who trained at, and in 1997 became a partner in, Rosenblatt Solicitors. In 2018, the business of Rosenblatt Solicitors was acquired by Rosenblatt Limited, which was subsequently acquired by Rosenblatt Group plc (now RBG Holdings plc) as part of its IPO and admission to AIM. Tania is a Senior Partner of Rosenblatt and Head of Dispute Resolution, alongside her role on the Group Board.

## Corporate Governance statement

### Overview

The Board recognises its responsibility towards good and competent corporate governance.

The Board is aligned in promoting long-term growth for the benefit of all of the Group's stakeholders and as such has adopted the Quoted Companies' Alliance Corporate Governance Code ("QCA Code"). The Board believes that the QCA Code is appropriate to allow the Group to fulfil its obligations to stakeholders

### The composition of the Board

Following the Board changes described in the Chairman's Statement on pages 6 to 7, the Board comprises eight directors, four Executives and four Non-Executives, reflecting a blend of different experience and background. All of the Non-Executives are considered independent.

### Roles and responsibilities

Keith Hamill, as Group Non-Executive Chairman, assumes responsibility for leading the Board and ensuring that the Group's corporate governance is appropriate and effective. As Non-Executive Chairman, he is also responsible for ensuring the Board agenda recognises financial and operational matters to allow for effective delivery of the Group strategy.

Jon Divers, as CEO is responsible for the day-to-day operations of the Group and the Executive Directors have the responsibility of delivering the Board strategy on a day-to-day basis and reporting back on their progress.

### Board meetings

The Board is scheduled to meet on a regular basis throughout the year, with additional meetings called if required. As a minimum the Board will meet six times a year. A comprehensive board pack is distributed to all Directors prior to each scheduled Board meeting, so that all Directors can give due consideration to the matters in hand. The Board's main responsibilities are to agree and review Group strategy, approve annual budgets, review management performance, financial results, Board appointments and dividend policy.

Attendance at scheduled board and committee meetings during the year and since appointment is shown in the table below.

	<b>Board</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nomination Committee</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
N Foulston	16/17	4/5	4/4	n/a
K Hamill	16/17	5/5	4/4	1/1
M Ismail	17/17	5/5	4/4	1/1
P Baker	17/17	5/5	4/4	1/1
R Parker	17/17	5/5	3/4	n/a
D Wilkinson	17/17	5/5	3/4	1/1

Jon Divers, Suzanne Drakeford-Lewis, Nick Davis and Tania MacLeod were not appointed at the time of the board and committee meetings held during 2022.

On pages 18 to 19, the s172 Statement sets out the key decisions that the Board has made in the year.



## Corporate Governance statement (*continued*)

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### Board committees

The Board has delegated specific responsibilities to the Audit and Remuneration and Nomination Committees. Each Committee has terms of reference setting out its duties, authority and reporting responsibilities. The terms of reference of each Committee were put in place at the time of the Company's admission to AIM and are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. Each committee comprises the Non-Executive Directors and the Executive Directors attend by invitation.

Each Committee has unrestricted access to employees of the business or external advisors to meetings, to the extent that they consider it necessary in relation to any specific matter under consideration. During the year the Committees have utilised external advice with the Remuneration Committee liaising with Evelyn Partners for the purposes of advising on the terms of the performance share awards and benchmarking executive pay, and the Audit Committee meeting with the Group's external auditors, both with and without the presence of Executive Directors and members of the finance team.

### Relations with stakeholders

The Board is aware that the long-term success of the Group is reliant upon its employees, clients, shareholders, suppliers and regulators and as such the Group maintains consistent communication with these stakeholders to ensure that its continued growth in accordance with its strategy reflects their needs and expectations as well as those of the Group.

The Group endeavours to ensure that clients are met regularly to canvas their opinion on the service levels received and provide any feedback as to how these relationships and/or services can be improved. The Group has a strong track-record of retaining deep client relationships with some of these relationships being in excess of 25 years across a number of service lines provided within the Group's business.

The Executive Directors meet with the institutional shareholders both on an ad hoc basis and on a more structured basis around the publication of the Group's interim and end of year results. General information about the Group is available on the website at [www.rbg Holdings.co.uk](http://www.rbg Holdings.co.uk).

### Board effectiveness

The skills and experience of the Board are set out in their biographical details on pages 21 to 22. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and scrutinise performance. On joining the Board, new directors undergo an induction programme tailored to the existing knowledge and experience of the director concerned.

### Time commitments

All Directors have been advised of the time required to fulfil the role prior to appointment and were asked to confirm that they could make the required commitment before they were appointed, and this minimum requirement is included in their letters of appointment.

### Development

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's advisers where appropriate. Executive Directors are subject to the Group's performance review process through which their performance against objectives is reviewed and their personal and professional development needs considered.

### Conflicts of interest

At each meeting, the Board considers Directors' conflicts of interest. The Company's Articles of Association (Articles) provide for the Board to authorise any actual or potential conflicts of interest.

## Corporate Governance statement (*continued*)

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### Directors' and Officers' liability insurance

The Company has purchased Directors' and Officers' liability insurance as allowed by the Company's Articles.

### Risk management and internal controls

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. *The Board has considered the need for an internal audit function but has concluded that the internal control system in place is appropriate for the size and complexity of the Group. The Board is also responsible for the identification and evaluation of major risks faced by the Group and for determining the appropriate course of action to manage those risks.*

### Audit Committee report

#### Members of the Audit Committee

The Audit Committee is chaired by Marianne Ismail, and its other members are Keith Hamill, David Wilkinson and Patsy Baker. The Group Finance Director, other Executive Directors and external auditors are permitted to attend meetings of the committee by invitation.

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and auditors relating to the interim and annual accounts and accounting and internal control systems in use throughout the Group.

*The Audit Committee meets at least three times a year and has unrestricted access to the Group's Auditors. The committee meets annually with the external auditors, without Executive Directors being present, to discuss any issues arising from their audit work. Neither the Group nor the Directors have any relationships that impair the external auditor's independence.*

#### Duties

During the year the Audit Committee discharged its responsibilities by:

- approving the external auditor's plan for the audit of the Group's annual financial statements, including key audit matters, key risks, confirmation of auditor independence, terms of engagement and audit fees
- reviewing the Group's draft annual report and accounts and the external auditor's detailed audit completion report including consideration of key audit matters and risks
- reviewing the Group's half year and full year results announcements
- considered the appropriateness of disclosures in the annual financial statements regarding Alternative Performance Measures ("APMs")
- appointing Moore Kingston Smith LLP ("MKS") as the new external auditor

#### Role of the external auditor

During the year, after a tender process involving three audit firms, the Committee approved the appointment of Moore Kingston Smith LLP as the new external auditor.

The Committee monitors the relationship with the external auditor, considering their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity and remuneration. Any instruction for the external auditor to provide non-audit services to the Group must be approved in advance by the committee. A breakdown of the fees charged by MKS analysed between audit and non-audit services is provided in Note 6 to the accounts.

## Corporate Governance statement (*continued*)

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The committee has confirmed that it is satisfied with the independence, objectivity and effectiveness of MKS and has recommended to the Board that the auditors be reappointed. There will be a resolution to reappoint the auditors at the forthcoming AGM.

### **Audit process**

The auditor prepares an annual planning report for consideration by the committee, which details areas of audit focus and anticipated key audit risks, together with the anticipated level of materiality. The auditor presents this to the committee, and it is reviewed and approved by the committee. Following the external audit process, the auditor presented its findings to the Committee for discussion. A number of areas were reviewed around revenue recognition, going concern, impairment assessment of goodwill, discontinuing operations, valuation of contract assets and fair value of litigation assets in the group accounts and the impairment assessment of investments and the disclosure of intercompany balances in the parent company accounts. These areas were identified by the external auditors during the year and it was agreed that management's treatment and representation were in compliance with accounting standards.

### **Risk management and internal controls**

The Board has established a framework of risk management and internal control systems, policies and procedures. The committee is responsible for reviewing the risk management and internal control framework, ensuring that it operates effectively. The committee is satisfied that the internal controls currently in place are sufficient and operating effectively for a business of this size.

At present the Group does not have an internal audit function and the committee believes that in view of the current size and nature of the Group's business, management is able to derive sufficient assurance as to the adequacy and effectiveness of the internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business evolves.

**Marianne Ismail**  
**Chair of the Audit Committee**  
**25 April 2023**

## Corporate Governance statement (continued)

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### Remuneration Committee report

This report sets out how the Committee operates and summarises the remuneration policy. Details of the remuneration paid to the Directors for the year is set out in the Directors' report on pages 29 to 32.

### Members of the Remuneration Committee

The Remuneration Committee is appointed by the Board and is formed entirely of Non-Executive Directors. The Committee is chaired by David Wilkinson, its other members are Keith Hamill, Marianne Ismail and Patsy Baker. Executive Directors attend meetings by invitation, but no Director is present when his or her remuneration is discussed.

The Remuneration Committee is responsible for setting the Group's general policy on remuneration and approving matters relating to the remuneration and terms of employment of the Executive Directors and key senior employees. The Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The Committee is responsible for recommending the structure for Non-Executive Director pay, which is subject to approval of the Board.

The Committee meets formally at least three times a year and receives internal advice from Executive Directors and external advice from remuneration consultants where necessary. In exercising its role, the Committee has regard to the QCA Remuneration Committee Guide and associated guidance.

### Policy

The remuneration policy of the Group is driven by our approach to align the best interests of shareholders and management. The committee looks to set remuneration for Executive Directors and key senior employees at appropriate market levels, with reference to their roles and responsibilities. Incentive arrangements which provide appropriate reward are implemented and measured against key performance criteria designed to deliver the Group's objectives and strategy and are reviewed annually.

### Duties

During the year, the Remuneration Committee undertook the following activities:

- determining salary increases and incentive outcomes for the Executive Directors and key senior employees
- approving overall salary increases and incentive outcomes for the Group
- reviewing and approving harmonised bonus and long-term incentive plans across the Group

### Directors' remuneration

The remuneration arrangements for Executive Directors consist of a basic salary together with a performance bonus. In addition, they receive private medical insurance. Performance related pay is not guaranteed or contractual and is based on performance targets surrounding the Group, with criteria set on an annual basis by the Remuneration Committee. The bonus payable in the year is disclosed in the table of Directors' emoluments in the Directors' report on pages 29 to 32.

Long-term incentive plans are in place to seek to incentivise the Executive Directors to enhance shareholder value through growing the Group's share price. Details of awards issued under the plans are disclosed in the Directors' report on pages 29 to 32.

Executive Directors enter into service agreements, which may be terminated by either party by giving written notice of not less than twelve months. The service agreements contain provisions for early termination in the event of a breach of a material term of the service agreement by the Executive Director or where the Executive Director ceases to be a Director of the Company for any reason.

## Corporate Governance statement (*continued*)

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### Non-Executive Directors

Non-Executive Directors' remuneration is determined by the Board. The Chairman of the Board and the other Non-Executive Directors receive an annual fee for their services, reflective of their level of responsibility, relevant experience and specialist knowledge and are reimbursed for appropriate travel expenses to and from Board meetings. The Non-Executive Directors serve under letters of appointment, which may be terminated by either party giving three months' written notice. The Non-Executive Directors serve are typically expected to serve two-year terms but may be invited by the Board to serve for an additional period.

**David Wilkinson**  
**Chair of the Remuneration Committee**  
**25 April 2023**

Our Corporate Governance page can be found at <https://www.rbgholdings.co.uk/about/corporate-governance/>. All enquiries sent via "Contact Us" on the website or via email [info@rbgholdings.co.uk](mailto:info@rbgholdings.co.uk) will be forwarded to an appropriate member of our team and will be dealt with promptly.

## Directors' report

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2022.

### Principal activities and business review

The principal activities of the Group during the year were the provision of professional services, including management and financing of litigation projects. The results for the year and the financial position of the Group are as shown in the annexed financial statements. A review of the business and its future development is given in the Chairman's and Chief Executive Officer's statements.

### Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 41. An interim dividend of 2 pence per share was declared on 13 September 2022 and paid on 30 November 2022. A further interim dividend for the year ended 31 December 2022 of 0.5 pence per share will be paid on 2 June 2023.

### Future developments

Our priorities for the following financial year are disclosed in the Chief Executive Officer's statement on pages 8 to 9.

### Substantial shareholdings

The Company was notified that the following were interested in 3% or more of the issued ordinary share capital at 31 December 2022:

	0.2p Ordinary Shares	
	Number	% of issued share capital
Ian Rosenblatt	16,911,214	17.7%
Premier Miton Investors	11,922,021	12.5%
N Foulston (as analysed below)	11,900,264	12.5%
Hargreaves Lansdown Asset Mgmt.	4,974,493	5.2%
Interactive Investor	4,493,661	4.7%
Jarvis Investment Mgmt.	3,785,725	4.0%
GAM London	3,107,200	3.3%

### Directors and their interests

The directors who served throughout the year, except where otherwise stated and in place at the date of this report are as follows:

Keith Hamill – Non-Executive Chairman  
Marianne Ismail – Non-Executive Director  
Patsy Baker – Non-Executive Director  
David Wilkinson – Non-Executive Director

Jon Divers – Chief Executive Officer (appointed 3 March 2023)  
Tania MacLeod – Executive Director (appointed 3 March 2023)  
Nick Davis – Executive Director (appointed 3 March 2023)  
Suzanne Drakeford-Lewis – Group Finance Director (appointed 31 December 2022)

R Parker (resigned 31 December 2022)  
N Foulston (terminated 31 January 2023)

## Directors' report (continued)

The Directors' interests in the shares of the Company as at 31 December 2022 are set out below:

	0.2p Ordinary Shares 2022		0.2p Ordinary Shares 2021	
	Number	% of issued share capital	Number	% of issued share capital
Cascades Ltd*	11,410,000	12.0%	11,410,000	12.0%
N Foulston	490,264	0.5%	105,264	0.1%
S Drakeford-Lewis <sup>8</sup>	4,112	0.0%	-	-
	<u>11,904,376</u>	<u>12.5%</u>	<u>11,515,264</u>	<u>12.1%</u>

\*A company wholly owned by the Foulston Family Trust of which Nicola Foulston is a beneficiary.

Interim dividends of £575,763 were paid on these shares during the year (2021: £575,763).

### Directors' remuneration

Directors' remuneration payable in the year is set out below:

	Basic Salary and/or Directors Fees £	Employer Pension Contributions £	Total £
<b>31 December 2022</b>			
S Drakeford-Lewis <sup>9</sup>	-	-	-
N Foulston (terminated 31 Jan 2023)	445,820	(333)	445,487
K Hamill	90,000	-	90,000
M Ismail	40,000	-	40,000
R Parker (resigned 31 Dec 2022)	611,000	24,000	635,000 <sup>10</sup>
P Baker	37,737	-	37,737
D Wilkinson	37,737	-	37,737
	<u>1,262,294</u>	<u>23,667</u>	<u>1,285,961</u>
<b>31 December 2021</b>			
N Foulston	797,213	3,000	800,213
K Hamill	90,000	-	90,000
V Hull (resigned 17 Jun 2021)	18,667	-	18,667
M Ismail	39,679	-	39,679
R Parker	568,667	12,000	580,667
P Baker (appointed 17 Jun 2021)	18,846	-	18,846
D Wilkinson (appointed 17 June 2021)	18,846	-	18,846
	<u>1,551,918</u>	<u>15,000</u>	<u>1,566,918</u>

Directors who have an interest in the shares of the Company will benefit through dividend payments. During the year, R Parker and N Foulston received bonus payments totalling £50,000 and £nil, respectively (2021: £290,000 and £360,000, respectively), included within Basic Salary and/or Directors' Fees.

On 1 April 2022, the Group announced the introduction of a new Executive Incentive Plan ("EIP") and Growth Share Schemes for RBGLS and Convex. No awards were granted in the year under these schemes. The Group also announced that it had granted 1,000,000 nil-cost options over ordinary shares of 0.2 pence each in the Company to R Parker. These options were surrendered when R Parker resigned from the Board on 31 December 2022. The

<sup>8</sup> No dividends disclosed as S Drakeford-Lewis was appointed on 31 December 2022

<sup>9</sup> No remuneration disclosed as S Drakeford-Lewis was appointed on 31 December 2022

<sup>10</sup> £292,500 of the total related to termination payment

## Directors' report (*continued*)

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Directors have not been granted any other share options or benefitted from other long-term incentive arrangements during the year.

### **Engagement with employees and stakeholders**

The Group operates an equal opportunities employment policy. The Group's policy on recruitment, development, training and promotion includes provision to give full and fair consideration to disabled persons, having particular regard to their aptitudes and abilities. The Group appreciates and values the input of all its employees and encourages development and training to enhance employee skills. The Group ensures that employees are aware of any important matters that may impact on the performance of the Group. Details of how the Directors have engaged with and had regard to employees is addressed in the s172 report on pages 18 to 19.

The directors have regard to the need to foster the company's business relationships with suppliers, customers and others and the impact on principal decisions in the year is also addressed in the s172 report.

### **Going concern**

As described in the Strategic Report on pages 10 to 20 the Group expects to be able to operate within the Group's financing facilities and in accordance with the covenants set out in all available facility agreements. Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis of accounting in preparing the annual Group financial statements.

### **Financial risk management**

Financial risk is managed by the Board on an ongoing basis. The key financial risks relating to the Group are outlined in more detail in Note 4 to the consolidated financial statements. The Group's principal risks and uncertainties are outlined in the Strategic report.

### **Post balance sheet events**

There were no material post balance sheet events to report.

### **Annual General Meeting**

The provisional date for the Company's AGM is 22 June 2023.

### **Political donations**

No political donations were made during either 2022 or 2021.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

Under that law the directors have elected to prepare the Group and Company financial statements in accordance with UK adopted International Accounting Standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that year.

The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.



## Directors' report (*continued*)

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In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Auditor**

A resolution to reappoint Moore Kingston Smith LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

### **Disclosure of information to auditor**

The Directors confirm that, as far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

On behalf of the Board



**Jon Divers**  
**Chief Executive Officer**  
25 April 2023

## Independent Auditor's Report to the members of RBG Holdings plc

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### Opinion

We have audited the financial statements of RBG Holdings Plc (the 'Parent Company' and its subsidiaries (the 'Group')) for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Cash Flows, the Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and UK adopted International Accounting Standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The components of the Group were evaluated by the Group audit team based on a measure of materiality, considering each component as a percentage of the Group's net assets, gross revenue, earnings before interest, tax, depreciation and amortisation (EBITDA) and results before tax, which allowed the Group audit team to assess the significance of each component and determine the planned audit response. The Group is made up of the Parent Company and five subsidiaries, RBG Legal Services Limited, Convex Capital Limited, Lionfish Litigation Finance Limited, RBL Law Limited and Convex Group (Holdings) Limited. We considered the Parent Company, RBG Legal Services Limited, RBL Law Limited and Convex Capital Limited to represent the four significant components of the group which were subject to full scope audits by the group audit engagement team. As Lionfish Litigation Finance Limited was not considered to be a significant component we performed limited audit procedures on key balances and classes of transactions to cover specific identified risks.

For significant components requiring a full scope audit approach, we evaluated controls by performing walkthroughs and test of controls over the financial reporting systems identified as part of our risk assessment, reviewed the accounts production process, and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances.

## Independent Auditor's Report to the members of RBG Holdings plc (continued)

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

We have determined the matters described below to be the key audit matters to be communicated in our audit report.

Key Audit Matters	How our scope addressed this matter
<p><b>Revenue recognition, specifically valuation of contract assets</b></p> <p>Refer to the accounting policies in Note 2 on page 51 in the Group financial statements</p> <p>Revenue from legal services and other professional services are recognised based on reference to time charged at agreed rates.</p> <p>As at the reporting date, there can be instances when the Company has provided services to customers for which not all the performance obligations have been satisfied as at year-end.</p> <p>Estimation and recognition of the amount of performance obligations which have been met at the reporting date and recoverability of the amounts involved is a matter of judgment and we therefore considered it a significant area of focus for the audit and a key audit matter.</p>	<p>Our audit work included, but was not restricted to, the following procedures:</p> <p>We evaluated the operating effectiveness of certain key controls identified in relation to revenue.</p> <p>We evaluated the Group's accounting policy in respect of revenue recognition to ensure it is compliant with IFRS 15.</p> <p>We selected a sample of contracts and the substantive testing procedures performed in respect of these contracts included the following:</p> <ul style="list-style-type: none"> <li>• Confirming revenue was recognised in accordance with the contract entered into with customers</li> <li>• Agreeing a sample of invoices recorded in the accounting system to the supporting contract, the physical sales invoice raised, and the cash received.</li> <li>• Performing cut-off testing on either side of the period end.</li> <li>• Analytically reviewing fee income to assess whether there are any unusual trends.</li> <li>• Reviewing material journals posted to revenue, near to the reporting date.</li> <li>• Reviewing material credit notes, invoices and receipts post year end.</li> <li>• Agreeing the chargeable time costs incurred to date for the selected jobs to a report generated from the Envision and Civica, time recording systems. A sample of individual costs from the reports were agreed through to supporting timecards and charge rates agreed to group's charge rates to test the accuracy of the recorded time.</li> <li>• Selecting samples from contract assets and agreeing them to the invoices raised subsequent to the year end and remittance. Critically assessing management's assumptions used in arriving at the</li> </ul>

## Independent Auditor's Report to the members of RBG Holdings plc (continued)

	<p>final valuation for contract assets to gain assurance of no management bias.</p> <p><b>Key observations:</b> Based on the procedures performed we consider that the assumptions made by management in recognising revenue on part completed contracts with customers at the reporting date to be appropriate and in accordance with the requirements of IFRS 15. We did not identify any material misstatements in revenue recognition.</p>
<p><b>Valuation of litigation assets</b></p> <p>The Group enters into contracts under which it provides funding to litigants. Litigation assets are measured at fair value as described in the accounting policy on page 53.</p> <p>The Group is entitled to a fixed return that is contingent on the successful outcome of the case which in turn is dependent upon the timing of the settlement of the case. It has also entered into contracts under which a share in any damages to which the Group is entitled are disposed of to a third-party.</p> <p>The calculation of the results on disposal and the fair value of the remaining investments requires significant estimation and judgement and we therefore considered it a significant area of focus for the audit and a key audit matter. Specifically:</p> <ul style="list-style-type: none"> <li>• Estimation of the likely date of settlement impacts the expected returns to be receivable and the fair value of the remaining investments; and</li> <li>• Estimation of the total funding that will be drawn down under each contract impacts the cost of sales for the gain on sale of investments</li> </ul>	<p>Our audit work included, but was not restricted to, the following procedures</p> <p>We evaluated the Group's accounting policy in respect of revenue recognition to ensure it is compliant with IFRS 9.</p> <ul style="list-style-type: none"> <li>• We agreed the contracted funds and the expected returns based on the probable settlement date to the litigation funding arrangements.</li> <li>• We critically assessed and challenged management's assumptions regarding the estimated settlement date by reviewing the underlying documentation.</li> <li>• We agreed the sale proceeds on the disposal of the contract to the bank statements and recalculated the resulting gain/loss on such disposals.</li> <li>• We critically assessed the reasonableness of the expected drawdown by reviewing the budget provided by the litigant lawyers.</li> <li>• We tested the arithmetical accuracy of the calculations through recalculation of the costs, fair value, and profit on disposal.</li> </ul> <p><b>Key observations:</b> Based on the above procedures performed, litigation assets are appropriately recognised in the Statement of Financial position in accordance with the requirements of IFRS 9.</p>

## Independent Auditor's Report to the members of RBG Holdings plc (continued)

<p><b>Treatment of damages-based agreements, including the provision of legal services</b></p> <p>As described in the accounting policy on page 51, the Group enters into composite contracts of providing both legal services and funding to its litigation customers. In return for these services the Group receives a share in any damages awarded, a portion of which it then sells to customers.</p> <p>Based on the judgemental nature, we identified the treatment of damages-based agreements as a key audit matter.</p>	<p>Our audit work included, but was not restricted to, the following procedures.</p> <ul style="list-style-type: none"> <li>• We tested the fair value calculation of the damages-based assets by: <ul style="list-style-type: none"> <li>○ Agreeing the disbursements during the year to the underlying documentation, such as invoices and bank statements.</li> <li>○ Assessing the reasonableness of key assumptions, such as estimated damages-based awards, by corroborating the underlying documents through discussion with the Partner for each matter and considering the outcomes of similar historic cases.</li> <li>○ Challenging the key assumptions used by management in the discounted cash flows for the disbursements such as timing, expected total disbursements and success rates through discussions with the Partner for each matter and comparing the success rate used against past trends.</li> </ul> </li> <li>• We tested that the calculation of costs attributable to assets disposed is consistent with the estimate of costs used for the purpose of fair valuing the asset.</li> </ul> <p><b>Key observations:</b></p> <p>Based on the procedures performed, we found the judgements made in accounting for the damage-based agreements to be appropriate and in accordance with the relevant IFRS requirements.</p>
<p><b>Annual impairment review of goodwill</b></p> <p>Refer to the accounting policies in Note 2 on page 52 and Note 3 on page 60 for key judgements in the Group financial statements.</p> <p>As at the reporting date the group had intangible assets of £55.02m (2021: £ 55.86 m) including goodwill of £51.86m (2021: £51.86m).</p> <p>The process for assessing whether an impairment exists under International Accounting Standard IAS 36 'Impairment of Assets' is complex. The process of determining the value in use, through forecasting cash flows (primarily revenue less costs) and the determination of the appropriate discount rate and other assumptions to be applied, is highly judgemental and can significantly impact the results of the impairment review.</p>	<p>Our audit work included, but was not restricted to, the following procedures.</p> <ul style="list-style-type: none"> <li>• Obtaining management's assessment of the Group cash generating units (CGUs) and critically assessing the Value In Use (VIU) model for each CGU to test compliance with the requirements of the applicable accounting standards, specifically IAS 36, and the mathematical accuracy of the model.</li> <li>• Critically assessing and challenging the impairment model prepared by management in terms of the inputs including recalculating the weighted average cost of capital (WACC).</li> <li>• Performing sensitivity analysis on the impairment model and assessing the accuracy of the forecasts used based on historical trading performance for each CGU.</li> <li>• Evaluating the accounting policy and detailed disclosures in the notes to the financial</li> </ul>

## Independent Auditor's Report to the members of RBG Holdings plc (continued)

Based on the judgemental nature of an impairment review, we therefore identified valuation of goodwill as a key audit matter.	<p>statements to determine whether information provided in the financial statements is compliant with the requirements of IAS 36 and consistent with the results of the impairment review.</p> <ul style="list-style-type: none"> <li>• Reviewing the amortisation accounting policy for intangible fixed assets to ensure it was appropriate.</li> </ul> <p><b>Key observations:</b></p> <p>Based on our audit work, we concluded that intangible assets and goodwill are not materially misstated at the reporting date and that management's assessment that no impairment was required was appropriate.</p>
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### Our application of materiality

The scope and focus of our audit were influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the economic decisions of the users of financial statements. We use materiality to determine the scope of our audit and the nature, timing, and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements.

Based on our professional judgment we determined materiality for the 2022 financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
<b>Materiality</b>	£786,620	£223,270
<b>Basis for determining materiality</b>	5% of EBITDA	Based on an allocated proportion of Group materiality
<b>Rationale for the benchmark applied</b>	As dividends are based on KPIs including EBITDA, this benchmark was considered an appropriate benchmark for materiality as it is considered to be the key financial metric on which the users of the financial statements are likely to focus.	
<b>Performance materiality</b>	£393,310	£111,635
<b>Basis for determining performance materiality</b>	50% of Group financial statement materiality. This was considered an appropriate percentage based on our risk assessment and our assessment of the overall control environment of the group.	50% of Parent company financial statement materiality

## **Independent Auditor's Report to the members of RBG Holdings plc (continued)**

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We set materiality for each component of the Group based on a percentage of Group materiality dependent on the size of each component and our assessment of the risk of material misstatement relevant to that component. Component materiality, other than that of the Parent Company, ranged from £84,310 to £786,520. In the audit of each component, we further applied performance materiality levels of 50% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £39,330 for the Group and £11,160 for the Parent Company. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### **Conclusions related to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- Critically assessing the going concern assessment prepared by management covering at least twelve months from the date of the audit report;
- Performing sensitivity analysis on the forecasts to ensure there is sufficient cash flow headroom for the group to continue as a going concern for at least that period;
- Reviewing the trading performance of the group post year end and comparing it to the forecasts to assess their accuracy; and
- Assessing the adequacy of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

*In our opinion, based on the work undertaken in the course of the audit:*

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## **Independent Auditor's Report to the members of RBG Holdings plc (continued)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 31, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at <https://www.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for>

This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.



## Independent Auditor's Report to the members of RBG Holdings plc (continued)

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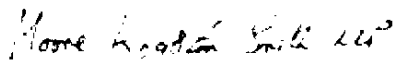
Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK adopted international accounting standards, the rules of the Solicitors Regulation Authority, the rules of the Alternative Investment Market, and UK taxation legislation.
- We obtained an understanding of how the Group and Parent Company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the Parent Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Parent Company and the Parent Company's members as a body, for our work, for this report, or for the opinions we have formed.



John Staniforth (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP

Chartered Accountants  
Statutory Auditor  
6th Floor  
9 Appold Street  
London  
EC2A 2AP

25 April 2023

## Consolidated statement of comprehensive income For the year ended 31 December 2022

	Note	1 January to 31 December 2022 £	1 January to 31 December 2021 <sup>11</sup> £
<b>Revenue</b>	5	50,307,263	41,985,338
<b>Gains on litigation assets</b>	5	3,821,700	1,095,000
Personnel costs	7	(30,713,284)	(26,773,146)
Depreciation and amortisation expense		(3,543,302)	(2,936,240)
Other expenses		(8,787,105)	(6,901,019)
<b>Profit from operations</b>	6	<b>11,085,272</b>	<b>6,469,933</b>
<b>EBITDA</b>		<b>14,628,574</b>	<b>9,406,173</b>
<i>Non-underlying items</i>			
Costs of acquiring subsidiary		367,303	863,435
Restructuring costs		834,808	-
<b>Adjusted EBITDA</b>		<b>15,830,685</b>	<b>10,269,608</b>
Finance expense	8	(1,361,514)	(801,659)
Finance income	8	32,739	22,676
Share of post-tax profits of equity accounted associate		-	21,643
Loss on sale of associate	18	(21,643)	-
<b>Profit before tax</b>		<b>9,734,854</b>	<b>5,712,593</b>
Tax expense	9, 10	(1,932,586)	(1,300,577)
<b>Profit from continuing operations</b>		<b>7,802,268</b>	<b>4,412,016</b>
(Loss)/Profit on discontinued operations, net of tax	10	(3,984,887)	2,845,397
<b>Profit for the year</b>		<b>3,817,381</b>	<b>7,257,413</b>
<b>Total (loss)/profit and comprehensive income attributable to:</b>			
Owners of the parent		4,202,943	6,972,873
Non-controlling interest		(385,562)	284,540
		<b>3,817,381</b>	<b>7,257,413</b>
<b>Earnings per share attributable to the ordinary equity holders of the parent</b>	11		
<b>Profit</b>			
Basic (pence) from continuing operations		8.18	4.83
Diluted (pence) from continuing operations		8.17	4.82
Basic (pence) from total operations		4.41	7.63
Diluted (pence) from total operations		4.40	7.62

There were no elements of other comprehensive income for the financial year other than those included in the income statement.

The attached notes form part of these financial statements.

<sup>11</sup> Comparatives have been restated to present LionFish as a discontinued operation. Refer to Note 10 for further details.

## Consolidated statement of financial position As at 31 December 2022

Company registered number: 11189598

	Note	31 December 2022 £	31 December 2021 <sup>12</sup> £
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	20	26,937,181	19,330,914
Cash and cash equivalents		3,000,678	4,736,546
		<b>29,937,859</b>	<b>24,067,460</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	2,229,958	2,582,911
Right-of-use assets	14	15,074,132	15,913,008
Intangible assets	15	55,021,817	55,859,230
Litigation assets	19	10,603,024	6,675,538
Investments in associate	18	-	101,643
		<b>82,928,931</b>	<b>81,132,330</b>
Assets held for sale – discontinued operations	10	5,347,117	4,922,385
<b>Total assets</b>		<b>118,213,907</b>	<b>110,122,175</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	9,465,968	10,099,544
Leases	14	2,238,052	2,150,440
Current tax liabilities	21	1,601,655	1,002,637
Provisions	23	211,536	164,291
Loans and borrowings	22	2,205,640	2,129,592
		<b>15,722,851</b>	<b>15,546,504</b>
<b>Non-current liabilities</b>			
Loans and borrowings	22	20,000,000	17,000,000
Deferred tax liabilities	24	744,328	850,042
Provisions	23	150,000	150,000
Leases	14	13,713,932	13,698,661
		<b>34,608,260</b>	<b>31,698,703</b>
Liabilities held for sale – discontinued operations	10	6,463,058	2,053,440
<b>Total liabilities</b>		<b>56,794,169</b>	<b>49,298,647</b>
<b>NET ASSETS</b>		<b>61,419,738</b>	<b>60,823,528</b>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	26	190,662	190,662
Share premium reserve	27	49,232,606	49,232,606
Retained earnings	27	11,996,470	11,113,365
		<b>61,419,738</b>	<b>60,536,633</b>
<b>Non-controlling interest</b>		-	286,895
<b>TOTAL EQUITY</b>		<b>61,419,738</b>	<b>60,823,528</b>

The financial statements on pages 41 to 92 were approved and authorised for issue by the Board of Directors on 25 April 2023 and were signed on its behalf by:

Jon Divers, Director

The attached notes form part of these financial statements

<sup>12</sup> Comparatives have been restated to present LionFish as a discontinued operation. Refer to Note 10 for further details.

## Consolidated statement of cash flows For the year ended 31 December 2022

Note	2022 £	2021 <sup>13</sup> £
<b>Cash flows from operating activities</b>		
Profit/(Loss) for the year before tax from:		
Continuing operations	9,734,855	5,712,593
Discontinued operations	(4,899,522)	3,513,641
Adjustments for:		
Depreciation of property, plant and equipment	556,403	525,606
Amortisation of right-of-use assets	2,153,585	1,781,058
Amortisation of intangible fixed assets	837,413	633,414
Fair value movement of litigation assets net of realisations	3,418,176	(318,814)
Finance income	(32,739)	(22,676)
Finance expense	1,361,514	801,659
Share of post-tax profits of equity accounted associate	-	(21,643)
Loss on sale of equity accounted associate	21,643	-
	<b>13,151,328</b>	<b>12,604,838</b>
(Increase) in trade and other receivables	(3,600,176)	(2,220,725)
Increase in trade and other payables	3,609,645	1,428,920
(Increase) in litigation assets	(7,781,846)	(4,683,128)
Increase in provisions	47,245	47,416
<b>Cash generated from operations</b>	<b>5,426,196</b>	<b>7,177,321</b>
Tax paid	(601,569)	(1,077,855)
<b>Net cash flows from operating activities</b>	<b>4,824,627</b>	<b>6,099,466</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(199,741)	(130,179)
Sale of associate	80,000	-
Acquisition of associate	-	(80,000)
Acquisition of subsidiary, net of cash	-	(12,000,000)
Payment of deferred consideration	(2,248,319)	(4,518,585)
Interest received	32,739	22,676
<b>Net cash (used in) investing activities</b>	<b>(2,335,321)</b>	<b>(16,706,088)</b>
<b>Financing activities</b>		
Dividends paid to holders of the parent	(4,736,071)	(4,430,414)
Dividend paid to non-controlling interest	-	(200,000)
Proceeds from loans and borrowings	5,000,000	20,000,000
Repayment of loans and borrowings	(2,000,000)	(11,000,000)
Repayments of lease liabilities	(1,211,829)	(1,856,938)
Interest paid on loans and borrowings	(756,768)	(279,497)
Interest paid on lease liabilities	(528,698)	(392,570)
<b>Net cash (used in)/from financing activities</b>	<b>(4,233,366)</b>	<b>1,840,581</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,744,060)</b>	<b>(8,766,041)</b>
Cash and cash equivalents at beginning of year	4,756,143	13,522,184
<b>Cash and cash equivalents at end of year</b>	<b>3,012,083</b>	<b>4,756,143</b>
Cash and cash equivalents – continuing operations	3,000,678	4,736,546
Cash and cash equivalents – discontinued operations	11,405	19,597
<b>Cash and cash equivalents per consolidated balance sheet</b>	<b>3,012,083</b>	<b>4,756,143</b>

The attached notes form part of these financial statements.

<sup>13</sup> Comparatives have been restated to present LionFish as a discontinued operation. Refer to Note 10 for further details.

## Consolidated statement of changes in equity For the year ended 31 December 2022

Current year	Share Capital £	Share Premium £	Retained Earnings £	Total attributable to equity holders of parent £	Non-controlling interest £	Total equity £
Balance at 1 January 2022	190,662	49,232,606	11,113,365	60,536,633	286,895	60,823,528
Comprehensive income for the year						
Profit for the year	-	-	4,202,943	4,202,943	(385,562)	3,817,381
Total comprehensive Income for the year	-	-	4,202,943	4,202,943	(385,562)	3,817,381
Contributions by and distributions to owners						
Dividends	-	-	(4,736,071)	(4,736,071)	-	(4,736,071)
Purchase of NCI share capital	-	-	(98,767)	(98,767)	98,667	(100)
Reversal of call option over shares of associate	-	-	500,000	500,000	-	500,000
Reversal of put option over shares of subsidiary	-	-	1,015,000	1,015,000	-	1,015,000
Total contributions by and distributions to owners	-	-	(3,319,838)	(3,319,838)	98,667	(3,221,171)
Balance at 31 December 2022	190,662	49,232,606	11,996,470	61,419,738	-	61,419,738

The attached notes form part of these financial statements.

## Consolidated statement of changes in equity For the year ended 31 December 2022 (continued)

Prior year	Share Capital	Share Premium	Retained Earnings	Total attributable to equity holders of parent	Non- controlling interest	Total equity
	£	£	£	£	£	£
Balance at 1 January 2021 (restated <sup>14</sup> )	171,184	37,565,129	9,070,906	46,807,219	202,355	47,009,574
Comprehensive income for the year						
Profit for the year	-	-	6,972,873	6,972,873	284,540	7,257,413
Total comprehensive Income for the year	-	-	6,972,873	6,972,873	284,540	7,257,413
Contributions by and distributions to owners						
Dividends			(4,430,414)	(4,430,414)	(200,000)	(4,630,414)
Issue of share capital	19,478	11,667,477	-	11,686,955	-	11,686,955
Grant of put option over shares in subsidiary	-	-	(500,000)	(500,000)	-	(500,000)
Total contributions by and distributions to owners	19,478	11,667,477	(4,930,414)	6,756,541	(200,000)	6,556,541
Balance at 31 December 2021	190,662	49,232,606	11,113,365	60,536,633	286,895	60,823,528

The attached notes form part of these financial statements.

<sup>14</sup> Comparatives have been restated to present LionFish as a discontinued operation. Refer to Note 10 for further details.

## Company statement of financial position As at 31 December 2022

Company registered number: 11189598	Note	31 December 2022	31 December 2021 restated <sup>15</sup>
		£	£
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	20	14,204,102	11,405,341
Cash and cash equivalents		413,635	2,460,489
		<b>14,617,737</b>	<b>13,865,830</b>
<b>Non-current assets</b>			
Trade and other receivables	20	39,554,433	35,343,534
Property, plant and equipment	13	45	1,083
Investments in subsidiaries	17	27,501,378	27,501,278
Investments in associate	18	-	80,000
		<b>67,055,856</b>	<b>62,925,895</b>
<b>Total assets</b>		<b>81,673,593</b>	<b>76,791,725</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	4,290,801	2,143,456
Loans and borrowings	22	2,205,640	2,129,592
		<b>6,496,441</b>	<b>4,273,048</b>
<b>Non-current liabilities</b>			
Loans and borrowings	22	20,000,000	17,000,000
Deferred tax liabilities	24	635,334	660,270
		<b>20,635,334</b>	<b>17,660,270</b>
<b>Total liabilities</b>		<b>27,131,775</b>	<b>21,933,318</b>
<b>NET ASSETS</b>		<b>54,541,818</b>	<b>54,858,407</b>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	26	190,662	190,662
Share premium reserve	27	49,232,606	49,232,606
Retained earnings	27	5,118,550	5,435,139
		<b>54,541,818</b>	<b>54,858,407</b>

The Company has taken advantage of the exemption contained in S408 Companies Act 2006 and has not presented a separate income statement for the Company. The Company recorded a profit after tax of £4,419,482 for the year ended 31 December 2022 (2021: £7,105,524).

The financial statements on pages 41 to 92 were approved and authorised for issue by the Board of Directors on 25 April 2023 and were signed on its behalf by:

**Jon Divers**  
Director

The attached notes form part of these financial statements.

<sup>15</sup> Comparatives have been restated to present intercompany balances between current and non-current per Note 31

## Company statement of cash flows

### For the year ended 31 December 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit for the year before tax		3,491,188	6,550,348
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	13	1,038	4,764
Finance income		(14,164)	(11,386)
Finance expense		811,352	397,916
		<b>4,289,414</b>	<b>6,941,642</b>
Decrease in trade and other receivables		1,329,641	526,485
Increase/(decrease) in trade and other payables		379,823	(412,658)
<b>Cash generated from operations</b>		<b>5,998,878</b>	<b>7,055,469</b>
Tax paid		-	-
<b>Net cash flows from operating activities</b>		<b>5,998,878</b>	<b>7,055,469</b>
<b>Investing activities</b>			
Acquisition of associate		-	(80,000)
Sale of associate	18	80,000	-
Purchase of NCI share capital		(100)	-
Amounts (loaned to) subsidiaries		(7,435,942)	(21,661,696)
Interest received		14,164	11,386
<b>Net cash flows (used in) investing activities</b>		<b>(7,341,879)</b>	<b>(21,730,310)</b>
<b>Financing activities</b>			
Dividends paid to holders of the parent	12	(4,736,071)	(4,430,414)
Amounts borrowed from subsidiaries		1,767,522	520,683
Proceeds from loans and borrowings		5,000,000	20,000,000
Repayment of loans and borrowings		(2,000,000)	(11,000,000)
Interest paid on loans and borrowings		(735,304)	(268,324)
<b>Net cash flows (used in)/from financing activities</b>		<b>(703,853)</b>	<b>4,821,945</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(2,046,854)</b>	<b>(9,852,896)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>2,460,489</b>	<b>12,313,385</b>
<b>Cash and cash equivalents at end of year</b>		<b>413,635</b>	<b>2,460,489</b>

The attached notes form part of these financial statements.



## Company statement of changes in equity For the year ended 31 December 2022

Current year	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 1 January 2022	190,662	49,232,606	5,435,139	54,858,407
<b>Comprehensive profit for the year</b>				
Profit for the year	-	-	4,419,582	4,419,582
<b>Total comprehensive profit for the year</b>	-	-	<b>4,419,582</b>	<b>4,419,582</b>
<b>Contributions by and distributions to owners</b>				
Dividends	-	-	(4,736,071)	(4,736,071)
<b>Total contributions by and distributions to owners</b>	-	-	<b>(4,736,071)</b>	<b>(4,736,071)</b>
Balance at 31 December 2022	<b>190,662</b>	<b>49,232,606</b>	<b>5,118,650</b>	<b>54,541,918</b>

The attached notes form part of these financial statements.

## Company statement of changes in equity

### For the year ended 31 December 2022 (continued)

Prior year	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 1 January 2021	171,184	37,565,129	2,760,029	40,496,342
<b>Comprehensive profit for the year</b>				
Profit for the year	-	-	7,105,524	7,105,524
<b>Total comprehensive profit for the year</b>	-	-	<b>7,105,524</b>	<b>7,105,524</b>
<b>Contributions by and distributions to owners</b>				
Dividends	-	-	(4,430,414)	(4,430,414)
Issue of share capital	19,478	11,667,477	-	11,686,955
<b>Total contributions by and distributions to owners</b>	<b>19,478</b>	<b>11,667,477</b>	<b>(4,430,414)</b>	<b>7,256,541</b>
Balance at 31 December 2021	<u>190,662</u>	<u>49,232,606</u>	<u>5,435,139</u>	<u>54,858,407</u>

The attached notes form part of these financial statements.

## Notes to the consolidated and company financial statements

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### 1. Basis of preparation

RBG Holdings plc is a public limited company, incorporated in the United Kingdom. The principal activity of the Group is the provision of legal and professional services, including management and financing of litigation projects.

The Group and Company financial statements have been prepared in accordance with UK adopted international accounting standards and those parts of the Companies Act 2006 applicable to companies reporting under UK adopted international accounting standards. These financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Company has taken advantage of the exemption contained in S408 Companies Act 2006 and has not presented a separate income statement for the Company.

The financial statements have been prepared for year ended 31 December 2022, with a comparative year to 31 December 2021 (restated), and are presented in Sterling, which is also the Group's functional currency.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in Note 2. The policies have been consistently applied to the year presented, unless otherwise stated.

The preparation of financial statements in compliance with UK adopted international accounting standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

### Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Litigation assets – fair value through profit or loss

### Discontinued operations

During the year, the Board approved plans to dispose of the Group's interests in LionFish. LionFish is classified as held for sale at the balance sheet date. The net results of LionFish have been presented as discontinued operations in the Group statement of comprehensive income (for which the comparatives have been restated). See Note 10 for further details.

### Going concern

As described in the Strategic Report on pages 10 to 20 the Group expects to be able to operate within the Group's financing facilities and in accordance with the covenants set out in all available facility agreements. Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis of accounting in preparing the annual Group financial statements.

### Changes in accounting policies

#### a. New standards, interpretations and amendments effective from 1 January 2022

New standards that have been adopted in the annual financial statements for the year ended 31 December 2022 but have not had a significant effect on the Group are:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

## Notes (continued)

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### *b. New standards, interpretations and amendments not yet effective*

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- IFRS 17 Insurance Contracts;
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The Group is currently assessing the impact of these new accounting standards and amendments and does not expect that they will have a material impact on the Group.

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

## **2. Accounting policies**

### **Revenue**

Revenue comprises the fair value of consideration receivable in respect of services provided during the year, inclusive of recoverable expenses incurred but excluding value added tax.

#### *Legal services revenues*

Where fees are contractually able to be rendered by reference to time charged at agreed rates, the revenue is recognised over time, based on time worked charged at agreed rates, to the extent that it is considered recoverable.

Where revenue is subject to contingent fee arrangements, including where services are provided under Damages Based Agreements (DBAs), the Group estimates the amount of variable consideration to which it will be entitled and constrains the revenue recognised to the amount for which it is considered highly probable that there will be no significant reversal. Due to the nature of the work being performed, this typically means that contingent revenues are not recognised until such time as the outcome of the matter being worked on is certain.

Bills raised are payable on delivery and until paid form part of trade receivables. The Group has taken advantage of the practical exemption in IFRS 15 not to account for significant financing components where the Group expects the time difference between receiving consideration and the provision of the service to a client will be one year or less. Where revenue has not been billed at the balance sheet date, it is included as contract assets and forms part of trade and other receivables.

#### *Professional services revenues*

Professional services revenue is contingent on the completion of a deal and is recognised when the deal has completed. Bills raised are payable on deal completion and are generally paid at that time.

## Notes (continued)

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### **Adjusted EBITDA and exceptionals**

The Group presents adjusted EBITDA as an operating KPI utilised by management to monitor performance.

EBITDA is adjusted for one off costs that are considered to be exceptional, being:

- Restructuring costs
- One off costs connected to acquisitions

These costs are considered to be exceptional because they do not relate to the ongoing trade and performance of the business. Without presenting adjusted EBITDA, the EBITDA would not be consistent as it would be subject to fluctuations that do not reflect underlying performance of the Group.

### **Basis of consolidation**

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

### **Non-Controlling interests**

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

### **Goodwill**

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

## Notes (continued)

### ***Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)***

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial period end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

### ***Foreign currency***

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

### ***Financial assets***

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

#### ***Fair value through profit or loss***

Litigation assets relate to the provision of funding to litigation matters in return for a participation share in the settlement of that case. Investments are initially measured at the sum invested and are subsequently held at fair value through the profit or loss.

When the Group disposes of a proportion of its participation share in the settlement of the case to a third-party under an uninsured ("naked") contract, where the percentage of the litigation asset being disposed of and the percentage return remain proportionate irrespective of the final outcome of the litigation, the difference between the disposal proceeds and the cost of investment disposed gives rise to a profit on disposal which is recognised through the profit and loss when the sale is agreed. These sales are non-recourse and, if the case is successful, the relevant % of the settlement received is paid to the third-party. For uninsured cases, the Group uses the value of third-party disposals to calculate the gross value of the proportion of the investment retained by the Group and deducts the expected cost of investment to be borne by the Group to give the fair value of the Group's investment. The proportion of each investment retained is calculated using the expected total return on the investment, the expected return payable to the onward investor and the expected total return retained by the Group.

For insured cases, when the Group disposes of a proportion of its participation share in the settlement of the case to a third-party, where the third-party return is calculated as a fixed percentage daily rate irrespective of the settlement value of a successful litigation outcome, the derecognition requirements under IFRS 9 para 3.2.2 are not met and no sale or profit on disposal arise. The Group retains the full litigation asset and the proceeds of disposal under the third-party contract are included as litigation liabilities. The fair value of the litigation asset is calculated using the expected total return retained by the Group in the different possible outcomes factored by Management's expectation of the likelihood of each outcome.

Litigation assets are reviewed for impairment where events or circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the litigation assets exceeds its recoverable amount, the asset is written down accordingly.

## Notes (continued)

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### *Amortised cost*

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

Impairment provisions for receivables from related parties and loans to related parties, including those from subsidiary companies, are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. This annual assessment considers forward-looking information on the general economic and specific market conditions together with a review of the operating performance and cash flow generation of the entity relative to that at initial recognition. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

### **Financial liabilities**

The Group classifies its financial liabilities depending on the purpose for which the liability was acquired.

#### *Other financial liabilities*

All the Group's financial liabilities are classified as other financial liabilities, which include the following items:

Bank borrowings are initially recognised at fair value net of any transactions costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

## Notes (continued)

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### **Defined contribution schemes**

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

### **Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **Share-based payments**

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

### **Leased assets**

#### *Identifying leases*

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Group obtains substantially all the economic benefits from use of the asset; and
- (c) The Group has the right to direct use of the asset

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of the contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less



## Notes (continued)

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Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before the commencement of the lease
- initial direct costs incurred and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor for a variable amount, the Group has elected to account for the right-of-use payments as a lease and expense the service charge payments in the period to which they relate.

## Notes (continued)

### Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group, their useful economic lives and the methods used for amortisation and to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Remaining useful economic life	Amortisation method	Valuation method
Brand	20 years	15 – 19 years	Straight line	Estimated discounted cash flow
Customer contracts	1 – 2 years	1 year	In line with contract revenues	Estimated discounted cash flow
Restrictive covenant extension	2 years	1 year	Straight line	Cost

### Non-current investments

Investments in subsidiary undertakings are stated at cost less amounts written off for impairment. Investments are reviewed for impairment where events or circumstances indicate that their carrying amount may not be recoverable.

### Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

### Income tax

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

## Notes (continued)

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### Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled /recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

### Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Leasehold improvements	-	Straight line over the life of the lease
Plant and equipment	-	33% per annum straight line
Fixtures and fittings	-	25% per annum straight line
Computer equipment	-	33% per annum straight line

### Investments in associates

Investments in associates are accounted for under the equity method, initially recorded at cost, and then subsequently stated at cost, adjusted for attributable share of profit or loss after the date of acquisition.

### Share Capital

Ordinary shares are recorded at nominal value and proceeds received in excess of nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

## Notes (continued)

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### Provisions

#### *Professional indemnity provision*

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where material, the impact of the time value of money is taken into account by discounting the expected future cash flow at a pre-tax rate, which reflects risks specific to the liability.

Insurance cover is maintained in respect of professional negligence claims. This cover is principally written through insurance companies. Premiums are expensed as they fall due with prepayments or accruals being recognised accordingly. Expected reimbursements are recognised once they become receivable. The liability and associated reimbursement asset are shown separately in the financial statements. Where outflow of resources is considered probable and reliable estimates can be made, provision is made for the cost (including related legal costs) of settling professional negligence claims brought against the Group by third parties and disciplinary proceedings brought by regulatory authorities. Amounts provided for are based on Management's assessment of the specific circumstances in each case. No separate disclosure is made of the detail of such claims and proceedings, as to do so could seriously prejudice the position of the Group. In the event the insurance companies cannot settle the full liability, the liability will revert to the Group.

#### *Dilapidations provision*

The Group recognises a provision for the future costs of dilapidations on leased office space. The provision is an estimate of the total cost to return applicable office space to its original condition at the end of the lease term.

### Restatements

The 2021 comparative numbers have been restated for the following correction which is described fully in Note 31:

- Reclassification of amounts due from Group companies between current and non-current assets to reflect expectations of the timing of repayment

The Company statement of financial position adjustment decreased current trade and other receivables by £35,343,534 and increased non-current trade and other receivables by £35,343,534.

The 2021 comparative numbers have been restated to reflect LionFish being disclosed as a discontinued operation in the current year, refer to Note 10.

## Notes (continued)

### 3. Critical accounting estimates and judgments

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on actual experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

*Judgements, estimates and assumptions*

#### **Estimated impairment of intangible assets including goodwill**

Determining whether an intangible asset is impaired requires an estimation of the value in use of the cash generating units to which the intangible has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each cash generating unit and determine a suitable discount rate. A difference in the estimated future cash flows or the use of a different discount rate may result in a different estimated impairment of intangible assets.

#### **Revenue recognition**

Where the group performs work that is chargeable based on hours worked at agreed rates, assessment must be made of the recoverability of the unbilled time at the period end. This is on a matter by matter basis, with reference to historic and post year-end recoveries. Different views on recoverability would give rise to a different value being determined for revenue and a different carrying value for unbilled revenue.

Where revenue is subject to contingent fee arrangements, the Group estimates the amount of variable consideration to which it will be entitled and constrains the revenue recognised to the amount for which it is considered highly probable that there will be no significant reversal. Due to the nature of the work being performed, this typically means that contingent revenues are not recognised until such time as the outcome of the matter being worked on is certain. Factors the Group considers when determining whether revenue should be constrained are whether: -

- a) The amount of consideration receivable is highly susceptible to factors outside the Group's influence
- b) The uncertainty is not expected to be resolved for a long time
- c) The Group has limited previous experience (or limited other evidence) with similar contracts
- d) The range of possible consideration amounts is broad with a large number of possible outcomes

Different views being determined for the amount of revenue to be constrained in relation to each contingent fee arrangement may result in a different value being determined for revenue and also a different carrying value being determined for unbilled amounts for client work.

Where the group enters into contingent fee arrangements, including where services are provided under Damages Based Agreements ("DBAs"), the Group estimates the total amount of variable consideration to which it will be entitled and constrains the revenue recognition to the amount for which it is considered highly probable that there will be no significant reversal. Due to the nature of the work being performed, this typically means that contingent revenues are not recognised until such time as the outcome of the matter being worked on is certain.

Where non-contingent fees as well as contingent revenue are earned on DBAs, the group must make a judgement as to whether non-contingent amounts represent revenue or a reduction in funding, with reference to the terms of the agreement and timing and substance of time worked and payments made. Where non-contingent revenue arises, the Group must match it against the services to which it relates. This requires Management to estimate work done as a proportion of total expected work to which the fee relates. Different views could impact the level of non-contingent revenue recognised.

## Notes (continued)

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### 3. Critical accounting estimates and judgements (continued)

#### *Impairment of trade receivables*

Receivables are held at cost less provisions for impairment. Impairment provisions are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. A different assessment of the impairment provision with reference to the probability of the non-payment of trade debtors or the expected loss arising from default, may result in different values being determined.

#### *Litigation assets and fair value*

##### *LionFish*

For each of LionFish's uninsured ("naked") investments, a third-party disposal has been made. To calculate the profit on disposal, the Group allocates the corresponding proportion of the total expected cost of the investment against the proportion of the investment sold. The total expected cost of each investment involves an assumption regarding the total expected drawdown on that investment, which may be less than the total value of funds committed. To calculate the proportion of each investment retained, the Group has estimated the expected total return on the investment and the expected return payable to the onward investor. As returns are dependent on the timing of the settlement, these estimates are driven by assumptions over the most likely timing of settlement. The sales prices of the part disposal are used to value the gross value of the proportion of the litigation asset retained by the Group and the estimated remaining capital to invest is deducted to give the fair value of the Group's investment. The estimates used in these calculations are based on semi-annual individual case by case reviews by Management.

The fair value of LionFish's insured investments is calculated using the expected total return retained by the Group in the different possible outcomes factored by Management's expectation of the likelihood of each outcome. As returns are dependent on the timing of the settlement, these estimates are driven by assumptions over the most likely timing of settlement. The total expected cost of each investment involves an assumption regarding the total expected drawdown on that investment, which may be less than the total value of funds committed. The expected total returns retained by the Group in the different possible outcomes are then factored by Management's expectation of the likelihood of each outcome. The estimates used in these calculations, are based on semi-annual individual case by case reviews by Management.

The recorded profits on disposal and carrying values are relatively insensitive to assumptions made, with the exception that matters for which capital invested is insured are sensitive to the estimated settlement date and the success likelihood factor applied. In general, the later the anticipated settlement date, the greater the carrying value of the investment. Management has exercised caution in its assessment of settlement dates. Management have used historic success rates on contingent contentious cases to factor the returns for the different possible outcomes.

## Notes (continued)

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### 3. Critical accounting estimates and judgements (continued)

#### **Rosenblatt**

Unlike LionFish's investments, the total return on Rosenblatt's litigation assets is a proportion of damages awarded, rather than being dependent on timing of settlement. As this figure is potentially large and uncertain, and has a strong impact on fair value calculations, where possible the Group avoids using it as an input to its fair value calculations.

Where a recent disposal of an interest in a DBA has been made, the sales price of the disposal has been used to value the gross value of the interest in damages retained by the Group. The sales price is adjusted downwards for the cost of the Group's ongoing funding of the matter, which is not borne by the onward investor. This involves an estimate of the likely amount and timing of disbursements over the course of the matter, the minimum being funds already disbursed at the balance sheet date. As management believes the sales price of disposals to represent the floor level, having been used to create a market and de-risk the original investment, the minimum level of disbursements has also been used in valuing the investment. If the present value of the maximum level of disbursements were applied against the value of damages based on disposal price, this would reduce the fair value of the investment to zero. Conversely, if a discounted cash flow method of valuation were used, including an estimate of the likely amount of damages on settlement, the value of the investment would be significantly increased.

It is presumed that fair value and cost approximate to each other on initial recognition and where a damages based agreement is at an early stage, such that the level of time worked is de minimis, the financial asset has been valued at cost, subject to assessment for overstatement.

Where there has been minimal activity on a damages based agreement from period to period, the prior year valuation is taken as the initial indication of fair value, subject to assessment for overstatement.

Litigation assets are reviewed for impairment where events or circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the litigation asset exceeds its recoverable amount, the asset is written down accordingly

#### **Claims and regulatory matters**

The Group from time to time receives claims in respect of professional service matters. The Group defends such claims where appropriate but makes provision for the possible amounts considered likely to be payable, having regard to any relevant insurance cover held by the Group. A different assessment of the likely outcome of each case or of the possible cost involved may result in a different provision or cost.

In the prior year, the Company was informed that HMRC had started an inquiry into the valuation of employee related securities issued by the Company in April 2018 prior to the IPO, this inquiry is on-going. For full details, refer to Note 32.

## Notes (continued)

### 4. Financial instruments – Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk and
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period unless otherwise stated in this note.

#### (i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Litigation assets and liabilities
- Trade and other payables
- Derivative financial liabilities
- Floating-rate bank loans

#### (ii) Financial instruments by category

Financial assets - Group	Fair value through profit or loss		Amortised cost	
	31 December 2022	31 December 2021 restated	31 December 2022	31 December 2021 restated
	£	£	£	£
Cash and cash equivalents	-	-	3,000,678	4,736,546
Trade and other receivables	-	-	25,047,445	17,367,064
Litigation assets	10,603,024	6,675,538	-	-
<b>Total financial assets</b>	<b>10,603,024</b>	<b>6,675,538</b>	<b>28,048,123</b>	<b>22,103,610</b>

On 31 December 2022, financial assets held at fair value through profit or loss of £5,331,698 were transferred to assets held for sale (2021: £4,895,514). Financial assets held at amortised cost of £4,755,219 were transferred to assets held for sale (2021: £779,678). Refer to note 10 for further details.



## Notes (continued)

### 4. Financial instruments - Risk Management (continued)

Financial assets - Company	Fair value through profit or loss		Amortised cost	
	31 December 2022	31 December 2021 restated	31 December 2022	31 December 2021 restated
	£	£	£	£
Cash and cash equivalents	-	-	413,635	2,460,489
Trade and other receivables	-	-	53,758,535	46,748,875
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>54,172,170</b>	<b>49,209,364</b>

Financial Liabilities - Group	Fair value through profit or loss		Amortised cost	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021 restated
	£	£	£	£
Trade payables and accruals	-	-	6,845,356	4,564,874
Loans and borrowings	-	-	22,205,640	19,129,592
Derivative financial liabilities	-	-	-	1,515,000
Other payables	-	-	100	2,308,328
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>29,051,096</b>	<b>27,517,794</b>

On 31 December 2022, financial liabilities carried at amortised cost of £1,283,385 were transferred to liabilities held for sale (2021: £803,881), refer to note 10.

Financial Liabilities - Company	Fair value through profit or loss		Amortised cost	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021 restated
	£	£	£	£
Trade payables and accruals	-	-	4,290,801	2,143,546
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>4,290,801</b>	<b>2,143,546</b>

Trade and other payables are due within twelve months.

## Notes (continued)

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### 4. Financial instruments - Risk Management (continued)

#### *(iii) Financial instruments not measured at fair value*

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, loans and borrowings, litigation liabilities and derivative financial liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

#### *(iv) Financial instruments measured at fair value*

Litigation assets are classified as level 3 in the fair value hierarchy of financial instruments.

The methods and procedures to fair value litigation assets may include, but are not limited to: (i) obtaining information provided by third parties when available; (ii) performing comparisons of comparable or similar investment matters; (iii) calculating the present value of future cash flows; (iv) assessing other analytical data and information relating to the investment that is an indication of value; (v) reviewing the amounts invested in these investments; (vii) entering into a market transaction with an arm's length party.

The material estimates and assumptions used in the analysis of fair value include the status and risk profile of the risks underlying the investment, the timing and expected amount of cash flows based on the investment structure and agreement, the appropriateness of discount rates used, if any, and in some cases, the timing of, and estimated minimum proceeds from, a favourable outcome. Significant judgement and estimation goes into the assumptions which underlie the analyses, and the actual values realised with respect to investments could be materially different from values obtained based on the use of the estimates.

The reconciliation of the opening and closing fair value balance of the level 3 financial instruments is provided in Note 19 together with a sensitivity analysis.

#### **General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Finance Director through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

#### **Credit risk**

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new and irregular clients before entering contracts and to require money on account of work for these clients. The Group reviews, on a regular basis, whether to perform further work where clients have unpaid bills. The Group works with a broad spread of long-standing reputable clients to ensure there are no significant concentrations of credit risk.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Cash and cash equivalents are invested with banks with an A+ credit rating.

## Notes (continued)

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### 4. Financial instruments - Risk Management (continued)

#### **Interest rate risk**

The Group is exposed to cash flow interest rate risk from borrowings under the Term Facility and Revolving Credit Facility at variable rate. The Board reviews the interest rate exposure on a regular basis.

During 2022 and 2021, the Group's borrowings at variable rate were denominated in sterling. At 31 December 2022, if interest rates on sterling denominated borrowings had been 150 basis points higher/lower with all other variables held constant, profit after tax for the year would have been £267,000 lower/higher, mainly as a result of higher/lower interest expense on floating-rate borrowings. The directors consider that 150 basis points is the maximum likely change in sterling interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

#### **Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash (or agreed facilities) to allow it to meet its liabilities when they become due and to take advantage of business opportunities.

The Board reviews the projected financing requirements annually when agreeing the Group's budget and receives rolling 12-month cash flow projections for the Group on a regular basis as well as information regarding cash balances.

On 19 April 2021, the Group signed an amendment and restatement agreement for a £15,000,000 three-year Revolving Credit Facility and £10,000,000 three-year Term Facility Commitment with HSBC UK Bank plc. The Group may utilise any proportion of the facilities, paying an interest margin of 2.4% – 3.15% over SONIA on utilisations and a commitment fee on the unutilised facility. The facility is secured by the debenture which grants first ranking fixed and floating security of the property and assets of the Group as referenced in Notes 13 and 15. During 2022, the Group drew down the remaining £5 million of the Revolving Credit Facility and £2 million of the Term Facility Commitment was repaid during the year. At the year end the Group had £3.0 million in cash, and so a net debt position of £19.2 million (2021: £14.4 million).

At the end of the financial year, cash flow projections indicated that the Group expected to have sufficient liquid resources to meet its obligations, including scheduled lease payments (Note 14), under all reasonably expected circumstances.

#### **Capital Management**

The Group monitors "adjusted capital" which comprises all components of equity (i.e., share capital, share premium, non-controlling interest and retained earnings).

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The Group expects to pursue a progressive dividend policy over time, driven primarily by the level of cash retained within the business as well as investment opportunities available to the Group and from time to time review the continued appropriateness of such policy.

## Notes (continued)

### 5. Segment information

The Group's reportable segments are strategic business groups that offer different products and services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which has been identified as the Board of Directors of RBG Holdings plc.

The following summary describes the operations of each reportable segment:

- *Legal services* – Provision of legal advice, by RBGLS (trading under two brands, Rosenblatt and Memery Crystal)
- *Litigation finance* – Sale of litigation assets, by Rosenblatt (litigation financing activities operated by LionFish are included in discontinued operations, Note 10)
- *Professional Services* – Provision of sell-side M&A corporate finance services, provided by Convex

2022	Legal services £	Litigation finance £	Professional services £	Total £
<b>Segment revenue</b>	<u>44,873,908</u>	<u>-</u>	<u>5,433,355</u>	<u>50,307,263</u>
<b>Segment gains on litigation assets comprising:</b>				
Proceeds on disposal of litigation assets	-	2,741,700	-	2,741,700
Realisation of litigation assets	<u>-</u>	<u>(720,000)</u>	<u>-</u>	<u>(720,000)</u>
Profit on disposal of litigation assets	-	2,021,700	-	2,021,700
Fair value movement on litigation assets	<u>-</u>	<u>1,800,000</u>	<u>-</u>	<u>1,800,000</u>
	<u>-</u>	<u>3,821,700</u>	<u>-</u>	<u>3,821,700</u>
<b>Segment contribution</b>	<u>22,699,777</u>	<u>-</u>	<u>1,944,104</u>	<u>24,643,881</u>
<b>Segment gains on litigation assets</b>	<u>-</u>	<u>3,821,700</u>	<u>-</u>	<u>3,821,700</u>
<i>Costs not allocated to segments</i>				
Personnel costs				(5,074,989)
Depreciation and amortisation				(3,543,302)
Other operating expense				(8,762,018)
Net financial expenses				(1,328,775)
Loss on sale of equity accounted associate				(21,643)
<b>Group profit for the year before tax on continuing operations</b>				<u>9,734,854</u>

## Notes (continued)

### 5. Segment information (continued)

2021 (restated)	Legal services £	Litigation finance £	Professional services £	Total £
<b>Segment revenue</b>	<u>32,570,661</u>	<u>-</u>	<u>9,414,677</u>	<u>41,985,338</u>
<b>Segment gains on litigation assets comprising:</b>				
Proceeds on disposal of litigation assets	-	1,825,000	-	1,825,000
Realisation of litigation assets	<u>-</u>	<u>(730,000)</u>	<u>-</u>	<u>(730,000)</u>
Profit on disposal of litigation assets	-	1,095,000	-	1,095,000
Fair value movement on litigation assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1,095,000</u>	<u>-</u>	<u>1,095,000</u>
<b>Segment contribution</b>	<u>15,007,758</u>	<u>-</u>	<u>4,631,515</u>	<u>19,639,273</u>
<b>Segment gains on litigation assets</b>	<u>-</u>	<u>1,095,000</u>	<u>-</u>	<u>1,095,000</u>
<i>Costs not allocated to segments</i>				
Personnel costs				(4,430,718)
Depreciation and amortisation				(2,936,240)
Other operating expense				(6,897,382)
Net financial expenses				(778,983)
Share of post-tax profits on equity accounted associate				21,643
<b>Group profit for the year before tax on continuing operations</b>				<u>5,712,593</u>

Total assets and liabilities by operating segment are not reviewed by the chief operating decision makers and are therefore not disclosed.

A geographical analysis of revenue is given below:

	Revenue by location of clients	
	2022 £	2021 £
United Kingdom	43,393,963	36,893,981
Europe	1,528,152	549,860
North America	567,170	760,208
Other	4,817,978	3,781,289
	<u>50,307,263</u>	<u>41,985,338</u>

Revenues from Legal Services clients that account for more than 10% of Group revenue was £6,632,334 (2021: £nil).

## Notes (continued)

### 5. Segment information (continued)

#### Contract assets

Group	2022 £	2021 £
<b>At 1 January</b>	5,976,258	2,996,925
Acquired through business combinations	-	3,560,480
Transfers in the period from contract assets to trade receivables	(3,039,106)	(2,464,783)
Impairment of contract assets	(412,125)	-
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	7,178,785	1,883,636
<b>At 31 December</b>	<b>9,703,812</b>	<b>5,976,258</b>

Contract assets are included within "trade and other receivables" on the face of the statement of financial position. They arise when the Group has performed services in accordance with the agreement with the relevant client and has obtained right to consideration for those services, but such income has not been billed at the balance sheet date.

### 6. Profit from operations and auditor's remuneration

	2022 £	2021 restated £
Profit from operations is stated after charging:		
Fees payable to the company's auditors:		
Audit fees	290,000	246,350
Other services – pursuant to legislation/regulation	36,684	41,150
Depreciation of property, plant and equipment	552,305	525,607
Amortisation of right-of-use assets	2,153,585	1,781,058
Amortisation/impairment of intangible assets	837,413	633,415
Lease expense:		
Short-term	-	-
Low value	-	3,874

For the year ended 31 December 2022, depreciation of property, plant and equipment of £4,098 (2021: £3,838) was transferred to discontinued operations.

## Notes (continued)

### 6. Profit from operations and auditor's remuneration (continued)

The Alternative Performance Measures used by Management are shown below:

	2022 £	2021 restated £
Operating profit	11,085,272	6,469,933
Depreciation and amortisation expense	3,543,302	2,936,240
Non-underlying items	1,202,111	863,435
<b>Adjusted EBITDA</b>	<b>15,830,685</b>	<b>10,269,608</b>
	2022 £	2021 restated £
Profit before tax	9,734,854	5,712,593
Non-underlying items	1,202,111	863,435
<b>Adjusted PBT</b>	<b>10,936,965</b>	<b>6,576,028</b>

### 7. Employees

#### Group

	2022 £	2021 restated £
<i>Staff costs (including directors) consist of:</i>		
Wages and salaries	22,804,330	20,483,009
Short-term non-monetary benefits	294,501	214,208
Cost of defined contribution scheme	711,529	664,240
Share-based payment expense	6,244	72,000
Social security costs	2,999,841	2,485,004
	<b>26,816,445</b>	<b>23,918,461</b>

Personnel costs stated in the consolidated statement of comprehensive income includes the costs of contractors of £3,896,839 (2021: £2,854,685).

Staff costs transferred to discontinued operations during the year of £474,361 (2021: £436,194)

Contractors' costs transferred to discontinued operations during the year of £7,655 (2021: £144,437)

The average number of employees (including directors) during the year was as follows:

	2022 Number	2021 Number
Legal and professional staff	138	113
Administrative staff	73	62
	<b>211</b>	<b>175</b>

## Notes (continued)

### 7. Employees (continued)

Defined contribution pension schemes are operated on behalf of the employees of the Group. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group for continuing operations to the funds and amounted to £711,529 (2021: £664,240).

Contributions amounting to £260,548 (2021: £127,296) were payable to the funds at year end and are included in Trade and other payables

#### Company

The average number of employees (excluding directors) during the period was nine (2021: six); all other personnel are employed by subsidiary undertakings.

Details of the Directors' remuneration, share interests and transactions with directors are included in the Directors' Report on pages 29 to 32 and in Note 29. The directors are considered to be the key management personnel.

### 8. Finance income and expense

	2022 £	2021 £
<b>Recognised in profit or loss</b>		
<b>Finance income</b>		
Interest received on bank deposits	32,739	22,676
<b>Net finance income recognised in profit or loss</b>	<b>32,739</b>	<b>22,676</b>
<b>Finance expense</b>		
Interest expense on financial liabilities measured at amortised cost	(832,816)	(409,089)
Interest expense on lease liabilities	(528,698)	(392,570)
	<b>(1,361,514)</b>	<b>(801,659)</b>
<b>Net finance (expense) recognised on profit or loss</b>	<b>(1,328,775)</b>	<b>(778,983)</b>

The above financial income and expense include the following in respect of assets/(liabilities) not at fair value through profit or loss:

	2022 £	2021 £
Total interest income on financial assets	32,739	22,676
Total interest expense on financial liabilities	(832,816)	(409,089)
	<b>(800,077)</b>	<b>(386,413)</b>



## Notes (continued)

### 9. Tax expense

	2022 £	2021 restated £
<b>Current tax expense</b>		
Current tax on profits for the year	1,116,247	1,960,545
Adjustment for under provision in prior years	8,341	7,487
<b>Total current tax</b>	<b>1,124,588</b>	<b>1,968,032</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences in current period (Note 24)	(130,212)	789
Origination and reversal of temporary differences in prior period (Note 24)	23,575	-
<b>Total tax expense</b>	<b>1,017,951</b>	<b>1,968,821</b>
Tax charge attributable to:		
Profit from continuing operations	1,932,586	1,300,577
Profit/(loss) from discontinued operations	(914,635)	668,244
Tax expense excluding share of tax of equity accounted associate	1,017,951	1,968,821
Share of tax expense of equity accounted associate	-	5,175
	<b>1,017,951</b>	<b>1,973,996</b>

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2022 £	2021 restated £
Profit/(loss) for the year from:		
Continuing operations	7,802,268	4,412,016
Discontinued operations	(3,984,887)	2,845,397
	<b>3,817,381</b>	<b>7,257,413</b>
Income tax expense (including income tax on associate) attributable to:	1,017,951	1,973,996
Continuing operations	1,932,586	1,305,752
Discontinued operations	(914,635)	668,244
Profit before income taxes	<b>4,835,332</b>	<b>9,231,409</b>
Tax using the Company's domestic tax rate of 19%	918,713	1,753,968
Expenses not deductible for tax purposes	91,370	117,317
Fixed asset differences	(675)	(3,276)
Adjustments in respect of prior periods	8,341	7,487
Adjustments in respect of prior periods (deferred tax)	23,575	-
Remeasurement of deferred tax for changes in tax rates	(23,373)	98,500
<b>Total tax expense</b>	<b>1,017,951</b>	<b>1,973,996</b>

## Notes (continued)

### 9. Tax expense (continued)

#### *Changes in tax rates and factors affecting the future tax charge*

Following the Finance Bill 2021, enacted on 24 May 2021, the UK corporate tax rate increased from 19% to 25% on 1 April 2023. As IFRS requires deferred tax to be measured at tax rates that have been substantively enacted at the reporting date, the Group's deferred tax balances have been re-measured accordingly and the impact has been reflected within the consolidated financial statements.

### 10. Discontinued operations

In December 2022, the Board announced its intention to dispose of LionFish Litigation Finance Limited ("LionFish").

On 12 August 2020, the Company agreed put options over the shares of LionFish held by the non-controlling interest. Under this agreement, the holder of the shares could require the Company to buy the shares in LionFish, with consideration based on a multiple of LionFish profits, settled by the issue of ordinary shares in the Company. On 8 December 2022, the minority shares were transferred to the Group for £nil and this agreement was terminated. The present value of the put option was released through the Statement of Changes in Equity (2021: £1,015,000).

#### Financial performance and cash flow information

The financial performance and cash flow information presented are for the 12 months ending 31 December 2022 and 31 December 2021

	2022 £	2021 £
<b>Discontinued operations - LionFish</b>		
(Loss)/Gain on litigation assets	(4,318,025)	4,112,524
Expenses other than finance costs	(500,608)	(598,883)
Non-underlying items	(80,889)	-
Tax credit/(expense)	914,635	(668,244)
(Loss)/Profit for the year	<u>(3,984,887)</u>	<u>2,845,397</u>
<i>Attributable to:</i>		
Equity holders of the parent	(3,599,325)	2,560,857
Non-controlling interests	<u>(385,562)</u>	<u>284,540</u>
	<u>(3,984,887)</u>	<u>2,845,397</u>
<b>Cash flow</b>		
Net cash (outflow)/inflow from operating activities	(845,511)	2,166,222
Net cash outflow from investing activities	(389)	(549)
Net cash outflow from financing activities	-	(2,000,000)
Net (decrease)/increase in cash generated	<u>(845,900)</u>	<u>165,673</u>

## Notes (continued)

### 10. Discontinued operations (continued)

#### Assets and liabilities of disposal group held for sale

The following major classes of assets and liabilities in relation to LionFish have been classified as held for sale in the consolidated statement of financial position.

	2022 £	2021 £
Property, plant and equipment	2,770	6,479
Litigation investments	5,331,698	4,895,514
Trade and other receivables	1,244	795
Cash and cash equivalents	11,405	19,597
<b>Assets held for sale</b>	<b>5,347,117</b>	<b>4,922,385</b>
Trade and other payables	1,283,883	803,881
Amounts due to parent company	4,766,624	760,081
Tax liabilities	412,551	489,478
<b>Liabilities held for sale</b>	<b>6,463,058</b>	<b>2,053,440</b>

### 11. Earnings per share

	Total 2022 £	Total 2021 Restated £
<i>Numerator</i>		
Profit for the year and earnings used in basic and diluted EPS:		
From continuing operations	7,802,268	4,412,016
From discontinued operations	(3,599,325)	2,560,857
<i>Non-Underlying items</i>		
Costs of acquiring subsidiary	367,303	863,435
Restructuring costs	834,808	-
Less: tax effect of above items	(209,647)	(69,242)
Profit for the year adjusted for non-underlying items from continuing operations	<b>8,794,732</b>	<b>5,206,209</b>
<i>Denominator</i>	<b>Number</b>	<b>Number</b>
Weighted average number of shares used in basic EPS	95,331,236	91,408,901
Impact of share options	188,392	153,437
Weighted average number of shares used in diluted EPS	<b>95,519,628</b>	<b>91,562,338</b>

## Notes (continued)

### 11. Earnings per share (continued)

	2022 Pence	2021 Pence Restated
Basic earnings per ordinary share from continuing operations	8.18	4.83
Diluted earnings per ordinary share from continuing operations	8.17	4.82
Basic earnings per ordinary share from discontinued operations	(3.78)	2.80
Diluted earnings per ordinary share from discontinued operations	(3.78)	2.80
Basic earnings per ordinary share from total operations	4.41	7.63
Diluted earnings per ordinary share from total operations	4.40	7.62
Basic earnings per ordinary share adjusted for non-underlying items from continuing operations	9.23	5.70
Diluted earnings per ordinary share adjusted for non-underlying items from continuing operations	9.21	5.69

### 12. Dividends

	2022 £	2021 £
Interim dividend of 3p (2021: 3p) per ordinary share proposed and paid during the year relating to the previous year's results	2,832,898	2,541,412
Interim dividend of 2p (2021: 2p) per ordinary share paid during the year	1,903,173	1,889,002
	<b>4,736,071</b>	<b>4,430,414</b>

## Notes (continued)

### 13. Property, plant and equipment

#### Group

	Leasehold improvements	Fixtures and fittings	Computer Equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2022 (restated)	2,710,279	251,294	779,546	3,741,119
Additions	7,471	87,883	103,998	199,352
At 31 December 2022	<u>2,717,750</u>	<u>339,177</u>	<u>883,544</u>	<u>3,940,471</u>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2022 (restated)	487,148	116,989	554,071	1,158,208
Charge for the year	285,370	109,399	157,536	552,305
At 31 December 2022	<u>772,518</u>	<u>226,388</u>	<u>711,607</u>	<u>1,710,513</u>
<b>Net book value</b>				
At 1 January 2022 (restated)	2,223,131	134,305	225,475	2,582,911
At 31 December 2022	<u>1,945,232</u>	<u>112,789</u>	<u>171,937</u>	<u>2,229,958</u>

Property, plant and equipment transferred to held for sale at 31 December 2022 of £2,770 (2021: £6,479).

#### Company

	Computer Equipment	Total
	£	£
<b>Cost</b>		
At 1 January 2022	18,750	18,750
Additions	-	-
At 31 December 2022	<u>18,750</u>	<u>18,750</u>
<b>Accumulated depreciation and impairment</b>		
At 1 January 2022	17,667	17,667
Charge for the year	1,038	1,038
At 31 December 2022	<u>18,705</u>	<u>18,705</u>
<b>Net book value</b>		
At 1 January 2022	1,083	1,083
At 31 December 2022	<u>45</u>	<u>45</u>

Under a debenture signed and registered on 19 April 2021, HSBC UK Bank plc have a fixed charge over the property, plant and equipment of the Group.

## Notes (continued)

### 14. Leases

The Group leases its business premises in the United Kingdom. The lease contracts either provide for annual increases in the periodic rent payments linked to inflation or for payments to be reset periodically to market rental rates.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

#### At 31 December 2022

	Lease Contract Number	Variable Payments %	Sensitivity £000
Property leases with payments linked to inflation	1	56.1%	+/- 218
Property leases with periodic uplifts to market rentals	2	43.9%	+/- 584
	<b>3</b>	<b>100.0%</b>	<b>+/- 802</b>

The percentages in the table below reflect the proportions of lease payments that are either fixed or variable for the comparative period.

#### At 31 December 2021

	Lease Contract Number	Variable Payments %	Sensitivity £000
Property leases with payments linked to inflation	1	46.7%	+/- 253
Property leases with periodic uplifts to market rentals	2	53.3%	+/- 539
	<b>3</b>	<b>100.0%</b>	<b>+/- 792</b>

### Right-of-use Assets

	Land and buildings £	Computer equipment £	Total £
<b>At 1 January 2021</b>	5,822,408	3,304	5,825,712
Acquired through business combinations	11,798,710	-	11,798,710
Amortisation	(1,777,754)	(3,304)	(1,781,058)
Variable lease payment adjustment	69,644	-	69,644
<b>At 31 December 2021</b>	<b>15,913,008</b>	<b>-</b>	<b>15,913,008</b>
<b>At 1 January 2022</b>	15,913,008	-	15,913,008
Amortisation	(2,153,585)	-	(2,153,585)
Variable lease payment adjustment	1,314,709	-	1,314,709
<b>At 31 December 2022</b>	<b>15,074,132</b>	<b>-</b>	<b>15,074,132</b>

## Notes (continued)

### 14. Leases (continued)

#### Lease liabilities

	Land and buildings £	Computer equipment £	Total £
At 1 January 2021	5,947,655	3,407	5,951,062
Acquired through business combinations	11,685,333	-	11,685,333
Interest expense	392,523	47	392,570
Variable lease payment adjustment	69,644	-	69,644
Lease payments	(2,246,054)	(3,454)	(2,249,508)
<b>At 31 December 2021</b>	<b>15,849,101</b>	<b>-</b>	<b>15,849,101</b>
<b>At 1 January 2022</b>	<b>15,849,101</b>	<b>-</b>	<b>15,849,101</b>
Interest expense	528,698	-	528,698
Variable lease payment adjustment	1,314,709	-	1,314,709
Lease payments	(1,740,524)	-	(1,740,524)
<b>At 31 December 2022</b>	<b>15,951,984</b>	<b>-</b>	<b>15,951,984</b>

At 31 December 2022, lease liabilities were falling due as follows:

Group	Up to 3 months £	Between 3 and 12 months £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £	Total £
Lease liabilities	549,028	1,689,023	2,342,088	5,421,661	5,950,183	<b>15,951,984</b>

The aggregate undiscounted commitments for low-value leases as at 31 December 2022 was £nil (2021: £nil).

## Notes (continued)

### 15. Intangible assets

Group

	Goodwill	Customer Contracts	Brand	Other	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2021	33,035,260	1,367,784	1,411,596	1,000,000	36,814,640
Additions	18,826,908	338,794	1,948,878	-	21,114,580
<b>At 31 December 2021</b>	<b>51,862,168</b>	<b>1,706,578</b>	<b>3,360,474</b>	<b>1,000,000</b>	<b>57,929,220</b>
At 1 January 2022	51,862,168	1,706,578	3,360,474	1,000,000	57,929,220
Additions	-	-	-	-	-
<b>At 31 December 2022</b>	<b>51,862,168</b>	<b>1,706,578</b>	<b>3,360,474</b>	<b>1,000,000</b>	<b>57,929,220</b>
<b>Accumulated amortisation and impairment</b>					
At 1 January 2021	-	1,293,939	142,636	-	1,436,575
Amortisation charge	-	172,660	127,422	333,333	633,415
<b>At 31 December 2021</b>	<b>-</b>	<b>1,466,599</b>	<b>270,058</b>	<b>333,333</b>	<b>2,069,990</b>
At 1 January 2022	-	1,466,599	270,058	333,333	2,069,990
Amortisation charge	-	169,389	168,024	500,000	837,413
<b>At 31 December 2022</b>	<b>-</b>	<b>1,635,988</b>	<b>438,082</b>	<b>833,333</b>	<b>2,907,403</b>
<b>Net book value</b>					
At 31 December 2021	51,862,168	239,979	3,090,416	666,667	55,859,230
At 31 December 2022	<b>51,862,168</b>	<b>70,590</b>	<b>2,922,392</b>	<b>166,667</b>	<b>55,021,817</b>

Under a debenture signed and registered on 19 April 2021, HSBC UK Bank plc have a fixed charge over the intangible assets of the Group.



## Notes (continued)

### 16. Impairment of goodwill and other intangible assets

The Group is required to test, on an annual basis, whether goodwill and other intangible assets have suffered any impairment. The recoverable amounts are determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The recoverable amounts were determined to be higher than the carrying amounts and so no impairment losses were recognised.

The recoverable amounts have been determined from value in use calculations based on an extrapolation of the cash flow projections from the formally approved budget. Values assigned to the key assumptions represent management's estimate of expected future trends and are as follows:

- A pre-tax discount rate of 18% was applied in determining the recoverable amount. The discount rate is based on the average weighted cost of capital
- Growth rates over the longer term of between 0-3% are based on management's understanding of the market opportunities for services provided
- Increases in costs are based on current inflation rates and expected levels of recruitment needed to generate predicted revenue growth
- Cash flows have been assessed over ten years with the assumption that the business will be ongoing at the end of that period

The review demonstrated sufficient headroom such that the estimated carrying values are not sensitive to changes in assumptions. Having reviewed the key assumptions used, the Directors do not believe that there is a reasonably possible change in any of the key assumptions that require further disclosure.

### 17. Subsidiaries

The principal subsidiaries of RBG Holdings plc, which are incorporated in England and Wales and have been included in these consolidated financial statements, are as follows:

Name	Principal Activity	Registered Number	Proportion of ownership interest		Non-controlling interests' ownership	
			2022	2021	2022	2021
RBL Law Limited	Legal Services	09986118	100%	100%	-	-
RBG Legal Services Limited	Legal Services	13287062	100%	100%	-	-
Convex Group (Holdings) Limited	Holding Company	11490871	100%	100%	-	-
Convex Capital Limited	Professional Services	11491052	100%	100%	-	-
LionFish Litigation Finance Limited	Litigation Finance	12165991	100%	90%	-	10%
Islero Assignments Limited	Dormant	12754244	100%	90%	-	10%
Memery Crystal Limited	Dormant	13600674	100%	100%	-	-
Rosenblatt Limited	Dormant	13601148	100%	100%	-	-

The principal place of business of Convex Group (Holdings) Limited and Convex Capital Limited is Bass Warehouse, 4 Castle Street, Manchester, M3 4LZ. The principal place of business and registered office of RBG Legal Services Limited is 165 Fleet Street, London, England, EC4A 2DY. The principal place of business of the other subsidiaries and the registered address of each subsidiary is 9-13 St. Andrew Street, London, England EC4A 3AF.

## Notes (continued)

### 17. Subsidiaries (continued)

For the year ending 31 December 2022, the principal subsidiary companies, set out above, were exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006. RBG Holdings plc, has given a statement of guarantee under the Companies Act 2006 section 479C, whereby RBG Holdings plc will guarantee all outstanding liabilities to which the respective subsidiary companies are subject as at 31 December 2022.

#### Company

	2022 £	2021 £
<i>Cost and net book value</i>		
At 1 January	27,501,278	15,814,321
Investments in subsidiaries	100	11,686,957
Impairment	-	-
<b>At 31 December</b>	<b>27,501,378</b>	<b>27,501,278</b>

### 18. Investments in associate

In June 2022, the Group sold its 40% interest in Adnitor Limited. The post-tax loss on disposal of investment in associate was determined as follows:

	2022 £
Cash consideration received	80,000
<b>Total consideration received</b>	<b>80,000</b>
<i>Net assets disposed (other than cash):</i>	
Investment in associate	101,643
Loss on disposal of discontinued operation, net of tax	(21,643)

On 1 February 2021, the Company agreed a call option over the shares of Adnitor Limited held by the majority shareholder. Under this agreement, the Company was required to purchase the remaining shares in Adnitor Limited by the fifth anniversary of the agreement, with consideration based on a multiple of Adnitor's profits, settled by the issue of ordinary shares in the Company. On the disposal of the Group's interest in Adnitor Limited this agreement was terminated and the present value of the option released through the Statement of Changes in Equity (2021: £500,000).

## Notes (continued)

### 19. Litigation assets

The table below provides analysis of the movements in the Level 3 financial assets.

	2022 Level 3 £	2021 Level 3 restated £
At 1 January	6,675,538	6,569,110
Additions	2,847,486	836,428
Realisations	(720,000)	(730,000)
Fair value movement	1,800,000	-
At 31 December	<b>10,603,024</b>	<b>6,675,538</b>

At 31 December, litigation assets of £5,331,698 (2021: £4,895,514) were transferred to assets held for sale - discontinued operations.

#### Sensitivity of Level 3 valuations

Following investment, the Group engages in a semi-annual review of each investment's fair value. At 31 December 2022, should the value of investments have been 10% higher or lower than provided for in the Group's fair value estimation, while all other variables remained constant, the Group's income and net assets would have increased and decreased respectively by £1,060,302 (2021: £667,554).

### 20. Trade and other receivables

	Group 2022 £	Company 2022 £	Group 2021 Restated £	Company 2021 Restated £
Trade receivables	10,660,265	-	10,183,246	-
Less: provision for impairment of trade receivables	(745,523)	-	(555,600)	-
<b>Trade receivables – net</b>	<b>9,914,742</b>	<b>-</b>	<b>9,627,646</b>	<b>-</b>
Contract assets	9,703,812	-	5,976,258	-
Amounts due from group companies	-	53,167,678	-	45,731,735
Amounts due from discontinued operations	4,766,624	-	760,081	-
Other receivables	662,267	403,633	1,003,079	775,085
Total financial assets other than cash and cash equivalents classified as amortised cost	<b>25,047,445</b>	<b>53,571,311</b>	<b>17,367,064</b>	<b>46,506,820</b>
Prepayments	1,889,736	187,224	1,963,850	242,055
<b>Total trade and other receivables</b>	<b>26,937,181</b>	<b>53,758,535</b>	<b>19,330,914</b>	<b>46,748,875</b>
Due within one year or less	26,937,181	14,204,102	19,330,914	11,405,341
Due after more than one year	-	39,554,433	-	35,343,534
	<b>26,937,181</b>	<b>53,758,535</b>	<b>19,330,914</b>	<b>46,748,875</b>

At 31 December, trade and other receivables of £1,244 (2021: £795) were transferred to assets held for sale – discontinued operations.

## Notes (continued)

### 20. Trade and other receivables (continued)

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's credit losses experienced over the period since incorporation, adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

The lifetime expected loss provision for trade receivables and contract assets is as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total £
<b>31 December 2022</b>					
<i>Expected loss rate</i>	0%	3%	4%	19%	
Gross carrying amount	14,437,136	1,832,694	820,647	3,273,600	20,364,077
Loss provision	57,161	49,528	30,947	607,887	745,523
<b>31 December 2021</b>					
<i>Expected loss rate</i>	1%	5%	12%	10%	
Gross carrying amount	11,576,904	1,653,063	1,217,482	1,712,055	16,159,504
Loss provision	152,889	77,204	148,553	176,954	555,600

None of the trade receivables and contract assets have been subject to a significant increase in credit risk since initial recognition.

Movements in the impairment allowance for trade receivables are as follows:

	2022 £	2021 £
At 1 January	555,600	219,643
Increase during the year	248,427	524,647
Receivable written off during the year as uncollectible	(24,247)	(173,050)
Unused amounts reversed	(34,257)	(15,640)
At 31 December	<u>745,523</u>	<u>555,600</u>

Included in other receivables is £12,475 (2021: £518,944) which is owed by the Employee Benefit Trust.

## Notes (continued)

### 20. Trade and other receivables (continued)

#### Company

The loans due from RBG Legal Services and LionFish Litigation Finance are on demand and interest free.

Management considers that there is no increase in credit risk on the related party loans. Given that the loans are on demand, lifetime credit losses and 12-month credit losses will be the same. Having considered different recoverability scenarios which incorporated macroeconomic information (such as market interest rates and growth rates), current and forward-looking information, management consider the expected credit losses to be close to nil.

### 21. Trade and other payables

	Group 2022	Company 2022	Group 2021 restated	Company 2021
	£	£	£	£
Trade payables	3,969,311	-	1,874,413	-
Corporation tax payable	1,601,655	-	1,002,637	-
Other taxes and social security	2,620,512	-	1,711,342	-
Amounts due to group companies	-	2,873,359	-	1,105,837
Derivative financial liabilities	-	-	1,515,000	-
Other payables	100	100	2,308,328	-
Accruals	2,876,045	1,417,342	2,690,461	1,037,619
<b>At 31 December</b>	<b>11,067,623</b>	<b>4,290,801</b>	<b>11,102,181</b>	<b>2,143,456</b>
Due within one year or less	11,067,623	4,290,801	11,102,181	2,143,456
Due after more than one year	-	-	-	-
	<b>11,067,623</b>	<b>4,290,801</b>	<b>11,102,181</b>	<b>2,143,456</b>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Other payables for 2021 contains £2,248,319 of deferred consideration (refer to note 25).

At 31 December, trade and other payables of £1,696,434 (2021: £1,293,359) were transferred to liabilities held for sale – discontinued operations (refer to note 10).

## Notes (continued)

### 22. Loans and borrowings

The book value and fair value of loans and borrowings which all denominated in sterling are as follows:

	Book value 31 Dec 22 £	Fair value 31 Dec 22 £	Book value 31 Dec 21 £	Fair value 31 Dec 21 £
<b>Non-current</b>				
Bank loans				
Secured	20,000,000	20,000,000	17,000,000	17,000,000
<b>Current</b>				
Bank loans				
Secured	2,205,640	2,205,640	2,129,592	2,129,592
<b>At 31 December</b>	<b>22,205,640</b>	<b>22,205,640</b>	<b>19,129,592</b>	<b>19,129,592</b>

The rate at which Sterling denominated loans and borrowings are payable is 2.90% above SONIA (2021: 2.40%).

The bank loans are secured by fixed and floating charges over the assets of the Group. The bank loans are repayable over three years. The Group has £nil undrawn committed borrowing facilities available at 31 December 2022 (2021: £5,000,000).

### 23. Provisions

Group

	Leasehold dilapidations £	Legal disputes	Total £
<b>At 1 January 2021</b>	-	116,875	116,875
Charged to profit or loss	-	47,416	47,416
Acquired through business combinations	150,000	-	150,000
<b>At 31 December 2021</b>	<b>150,000</b>	<b>164,291</b>	<b>314,291</b>
<b>At 1 January 2022</b>	150,000	164,291	314,291
Charged to profit or loss	-	47,245	47,245
<b>At 31 December 2022</b>	<b>150,000</b>	<b>211,536</b>	<b>361,536</b>
Due within one year or less	-	211,536	211,536
Due after more than one year	150,000	-	150,000
	<b>150,000</b>	<b>211,536</b>	<b>361,536</b>

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

The Group is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action. Because of the nature of the disputes, the directors have not disclosed future information on the basis that they believe that this would be seriously prejudicial to the Group's position in defending the cases brought against it.

## Notes (continued)

### 24. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 25%).

Following the Finance Bill 2021, enacted on 24 May 2021, the UK corporate tax rate increased from 19% to 25% on 1 April 2023. As IFRS requires deferred tax to be measured at tax rates that have been substantively enacted at the reporting date, the Group's deferred tax balances have been re-measured accordingly and the impact has been reflected within the consolidated financial statements.

The movement on the deferred tax account is as shown below:

	Group 2022	Company 2022	Group 2021 restated	Company 2021
	£	£	£	£
At 1 January	850,042	660,270	304,853	502,711
<i>Recognised in profit or loss</i>				
Tax expense	(106,637)	(24,936)	1,025	157,559
Transferred to held for sale – discontinued operations	923	-	(1,856)	-
	<b>744,328</b>	<b>635,334</b>	<b>304,022</b>	<b>660,270</b>
<i>Arising on business combination</i>	-	-	546,020	-
<b>At 31 December</b>	<b>744,328</b>	<b>635,334</b>	<b>850,042</b>	<b>660,270</b>

Details of the deferred tax liability and amounts recognised in the profit or loss are as follows:

Group	Accelerated capital allowances	Business combinations	Other temporary and deductible differences	Total
	£	£	£	£
Balance 1 January 2021	58,005	255,133	(8,285)	304,853
Charges/(credited) to profit or loss	(919)	31,446	(29,502)	1,025
Arising on business combination	-	546,020	-	546,020
Transferred to held for sale – discontinued operations	(1,856)	-	-	(1,856)
<b>Balance 31 December 2021</b>	<b>55,230</b>	<b>832,599</b>	<b>(37,787)</b>	<b>850,042</b>
Balance 1 January 2022	55,230	832,599	(37,787)	850,042
Charges/(credited) to profit or loss	1,651	(84,353)	(23,941)	(106,643)
Transferred to held for sale – discontinued operations	929	-	-	929
<b>Balance 31 December 2022</b>	<b>57,810</b>	<b>748,246</b>	<b>(61,728)</b>	<b>744,328</b>

## Notes (continued)

### 24. Deferred tax (continued)

Company	Accelerated capital allowances	Reversal of deferred consideration	Other temporary and deductible differences	Total
	£	£	£	£
Balance 1 January 2021	1,111	501,600	-	502,711
Charges/(credited) to profit or loss	(841)	158,400	-	157,559
Arising on business combination	-	-	-	-
<b>Balance 31 December 2021</b>	<b>270</b>	<b>660,000</b>	<b>-</b>	<b>660,270</b>
Balance 1 January 2022	270	660,000	-	660,270
Charges/(credited) to profit or loss	(260)	-	(24,677)	(24,937)
<b>Balance 31 December 2022</b>	<b>10</b>	<b>660,000</b>	<b>(24,677)</b>	<b>635,333</b>

### 25. Acquisition

During the year ended 31 December 2021, RBG Holdings plc acquired Memery Crystal Limited (subsequently renamed RBG Legal Services Limited). Memery Crystal is a specialist international law firm that offers legal services in a range of areas such as corporate (including a market-leading corporate finance offering), real estate, commercial, IP & technology (CIPT), banking & finance, tax & wealth structuring, employment and dispute resolution.

	Book value £	Adjustment £	Fair value £
Property, plant and equipment	2,509,589	-	2,509,589
Right-of-use assets	-	11,798,710	11,798,710
Trade receivables	4,327,167	-	4,327,167
Other receivables	4,440,189	(113,377)	4,326,812
Brand value	-	1,948,878	1,948,878
Client Contracts	-	338,794	338,794
Trade and other payables	(5,328,635)	2,818,396	(2,510,239)
Lease liabilities	-	(11,685,333)	(11,685,333)
Deferred tax liability	-	(546,020)	(546,020)
<b>Net assets</b>	<b>5,948,310</b>	<b>4,560,048</b>	<b>10,508,358</b>

#### Fair value of consideration paid

	£
Cash	12,000,000
Shares	11,686,956
Deferred cash consideration	5,648,310
	<b>29,335,266</b>
<b>Goodwill</b>	<b>18,826,908</b>

During the year ended 31 December 2022, the Group paid deferred consideration of £2,248,319 (2021: £3,400,000).



## Notes (continued)

### 26. Share capital

	Authorised			
	2022 Number	2022 £	2021 Number	2021 £
Ordinary shares of 0.2p each	95,331,236	190,662	95,331,236	190,662
Allotted, issued and fully paid				
	2022 Number	2022 £	2021 Number	2021 £
Ordinary shares of 0.2p each				
At 1 January	95,331,236	190,662	85,592,106	171,184
Other issues for cash during the year	-	-	9,739,130	19,478
<b>At 31 December</b>	<b>95,331,236</b>	<b>190,662</b>	<b>95,331,236</b>	<b>190,662</b>

Ordinary shares rank equally as regards to dividends, other distributions and return on capital. Each ordinary share carries the right to one vote.

### 27. Reserves

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value less transaction costs.
Retained earnings	All other net gains and losses and transactions with owners (e.g., dividends) not recognised elsewhere.

## Notes (continued)

### 28. Share-based payment

The Group operates two equity settled share-based remuneration schemes: a United Kingdom tax authority approved scheme and an unapproved scheme. Under the schemes the only vesting condition is that the individual remains an employee of the Group over the vesting period.

	2022 Weighted average exercise price £	2022 Number	2021 Weighted average exercise price £	2021 Number
Outstanding 1 January	-	153,437	-	-
Granted during the year	0.11	1,264,977	-	153,437
Forfeited during the year	0.04	(1,132,461)	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 December	0.35	285,953	-	153,437

The exercise price of options outstanding at 31 December 2022 ranged between £nil and £1.03 (2021: £nil) and their weighted contractual life was 9 years (2021: 8 years). Of the total number of options outstanding at 31 December 2022, 20,000 had vested and were exercisable (2021: 70,000). No options were exercised in the year. The weighted average fair value of each option granted during the year was £0.92 (2021: £1.08).

The following information is relevant in the determination of the fair value of options granted during the year under the equity settled share-based remuneration schemes operated by the Group.

Option pricing model used	2022 Black-Scholes	2021 Black-Scholes
Weighted average share price at date of grant	£1.18	£1.11
Contractual life (in days)	3,653	3,653
Expected volatility	24%	24%
Expected dividend yield	5%	5%
Risk-free interest rate	1%	1%

The share-based remuneration expense disclosed in Note 7 relates entirely to equity settled schemes. The Group did not enter into any share-based payment transactions with parties other than employees during the year.

## Notes (continued)

### 29. Related party transactions

#### Group

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

Related party	Supply of services 2022 £	Purchase of services 2022 £	Supply of services 2021 £	Purchase of services 2021 £
Velocity Venture Capital Ltd*	(713)	222,733	-	387,245
Motorsport Circuit Management Ltd*	11,250	-	7,750	-
N Foulston	-	-	-	-
Winros**	-	794,458	-	848,999

Note: \*A company controlled by Nicola Foulston, \*\* A partnership in which Ian Rosenblatt is a partner.

In addition, during the year, £19,480 of contingent work was performed by the Group in relation to a Conditional Fee Agreement with Winros (2021: £26,842). At 31 December 2022, there were no amounts due to any related party (2021: £nil). At 31 December 2022, £16,500 was due from Motorsport Circuit Management Ltd (2021: £7,750).

Sales and purchase of services to related parties were conducted on an arm's length basis on normal trading terms. The Group has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2022 for related party transactions.

There are various other companies controlled by Nicola Foulston, which use the Group's office as their registered address, with which there have been no transactions during the year.

Ian Rosenblatt is not a director of any company in the Group, nor a member of key management personnel, nor does he have a significant influence over the Group. He is a substantial shareholder, as disclosed in the Directors' Report on pages 29 to 32 and under the AIM Rules for Companies is classified as a related party.

Total remuneration of Key Management Personnel during the year was £1,285,961 (2021: £1,566,918). Further details of directors' remuneration are given in the Directors' Report on pages 29 to 32.

#### Company

In addition to the amounts disclosed in the Directors' Report on pages 29 to 32, the Company has entered into the following transactions with related parties.

During 2022, the Company reimbursed fees and expenses paid on its behalf by RBGLS totalling £2,571,884 (2021: £935,335). At 31 December 2022, the company was owed £48,401,054 by RBGLS (2021: £42,970,594) and owed £2,226,035 to RBL Law (2021: £2,001,060).

During 2022, Convex Capital Limited reimbursed fees and expenses paid on its behalf by the Company totalling £571,264 (2021: £9,089). At 31 December 2022, the company owed £647,324 to Convex Capital Limited (2021: £1,398,347 owed to Convex Capital Limited).

During 2022, LionFish Litigation Finance Limited reimbursed fees and expenses paid on its behalf by the Company totalling £1,067,602 (2021: £376,133). At 31 December 2022, the company was owed £4,766,624 by LionFish Litigation Finance Limited (2021: £636,581 owed by LionFish Litigation Finance Limited).

## Notes (continued)

### 30. Notes supporting statement of cash flows

Significant non-cash transactions from investing activities are as follows:

	2022 £	2021 £
Equity consideration for business combination	-	11,686,956

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below:

	Non-current loans and borrowings £	Current loans and borrowings £	Total £
<b>At 1 January 2022</b>	17,000,000	2,129,592	19,129,592
Cash flows (net)	3,000,000	-	3,000,000
<i>Non-cash flows</i>			
Interest accruing in year	-	76,048	76,048
<b>At 31 December 2022</b>	<b>20,000,000</b>	<b>2,205,640</b>	<b>22,205,640</b>
<b>At 1 January 2021</b>	10,000,000	-	10,000,000
Cash flows (net)	7,000,000	2,000,000	9,000,000
<i>Non-cash flows</i>			
Interest accruing in year	-	129,592	129,592
<b>At 31 December 2021</b>	<b>17,000,000</b>	<b>2,129,592</b>	<b>19,129,592</b>

### 31. Restatement of prior year

2021 comparatives in the Company statement of financial position and Note 20 have been restated in these financial statements to include the effect of the adjustments as stated in Note 2. The following table presents the impact of these restatements.

	31 December 2021 As originally presented £	Adjustment £	1 January 2022 Restated £
<b>Current assets</b>			
Trade and other receivables	46,748,875	(35,343,534)	11,405,341
<b>Non-current assets</b>			
Trade and other receivables	-	35,343,534	35,343,534

(i) Reclassification of amounts due from Group companies between current and non-current assets.

## Notes (*continued*)

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### 32. Contingent liabilities

The Company has been informed that HMRC has started an inquiry into the valuation of employee related securities issued by the Company in April 2018 prior to the IPO. HMRC have queried the issue of shares between 4 April 2018 and 16 April 2018 at a par value. A valuation of the shares at above the issue price could result in a liability to the recipient of the issued shares which would be required to be collected by the Company and paid to HMRC. Any liability would be re-imbursed in full by the recipient. The directors' belief is that the investigation is without merit.