

Registered number: 12165991

**LIONFISH LITIGATION FINANCE LIMITED
(FORMERLY LIONFISH LITIGATION FINANCE (UK) LIMITED)**

**UNAUDITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR**

FOR THE YEAR ENDED 31 DECEMBER 2021

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		31 December 2021	31 December 2020 Restated
	Note	£	£
Non-current assets			
Property, plant and equipment	6	6,479	9,768
Investments	7	1	1
Litigation investments	9	4,895,513	2,014,189
		<u>4,901,993</u>	<u>2,023,958</u>
Current assets			
Trade and other receivables	8	795	585,948
Cash and cash equivalents	10	19,597	366,924
		<u>20,392</u>	<u>952,872</u>
Current liabilities			
Trade and other payables	11	(1,801,822)	(376,428)
Net current (liabilities)/ assets		(1,781,430)	576,444
Total assets less current liabilities		<u>3,120,563</u>	<u>2,600,402</u>
Non-current liabilities			
Trade and other payables	11	(250,000)	(575,000)
Deferred tax	12	(1,620)	(1,856)
		<u>(251,620)</u>	<u>(576,856)</u>
Net assets		<u>2,868,943</u>	<u>2,023,546</u>
Capital and reserves			
Share capital		1,000	1,000
Retained earnings		2,867,943	2,022,546
		<u>2,868,943</u>	<u>2,023,546</u>

The directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

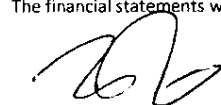
The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 May 2022



T Ishikawa
Director

The notes on pages 2 to 8 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

LionFish Litigation Finance Limited is a private company limited by shares, incorporated in England and Wales, registration number 12165991. The address of its principal place of business is 9-13 St. Andrew Street, London, EC4A 3AF.

The financial statements have been prepared for the year ended 31 December 2021, with a comparative period from incorporation on 20 August 2019 to 31 December 2020. These financial statements are presented in Sterling.

The principal activity of the Company is financing litigation projects.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a historical costs basis unless otherwise specified in these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

Comparative information

The comparative information presented in these financial statements are for the 16 months of existence from incorporation in August 2019.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- a Statement of Cash Flows
- a statement of compliance with IFRS
- disclosure of the effect of future accounting standards not yet adopted
- the remuneration of key management personnel.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of RBG Holdings plc. These financial statements do not include certain disclosures in respect of:

- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures
- Fair value measurements ~ details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*.

Judgements and areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgement in applying the company'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.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 Going concern

At 31 December 2021, the Company has net current liabilities of £1,781,430 (2020: net current assets £576,444). The directors believe that the assumption of going concern is appropriate due to the profitable trading of the Company, as evidenced by the result for the year, and the continued support of RBG Holdings plc.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of consideration receivable, inclusive of recoverable expenses incurred but excluding value added tax.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies (continued)

2.5 Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company'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 Company 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 Company uses the value of third party disposals to calculate the gross value of the proportion of the investment retained by the Company and deducts the expected cost of investment to be borne by the Company to give the fair value of the Company'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 Company.

For insured cases, when the Company 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 Company 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 Company in the different possible outcomes factored by Management's expectation of the likelihood of each outcome.

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.

The Company's financial assets measured at amortised cost comprise other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.6 Financial liabilities

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

Other financial liabilities

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

- 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.

2.7 Defined contribution pension plan

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

2. Accounting Policies (continued)

2.8 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 recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of the deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

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.

2.9 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.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. 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:

Computer equipment	-	3 years straight line
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2.12 Restatements

The 2020 comparative numbers have been restated for the following corrections which are described fully in Note 16:

- Reclassification of contracts for insured litigation assets, which were previously treated as sales, which do not meet the derecognition requirements of IFRS 9 para 3.2.2.
- Restatement of the fair value of the uninsured contracts to correct an error in the previous valuation

The Statement of financial position adjustments increased litigation assets by £274,356, increased trade and other payables by £575,000, reduced current tax liabilities by £57,122 and reduced retained earnings by £243,522. The Statement of comprehensive income adjustments decreased gains on litigation assets by £300,644 and reduced tax expenses by £57,122.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Critical accounting estimates and judgements

The Company 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.

Litigation investments and fair value

For each of LionFish's uninsured ("naked") investments, a third party disposal has been made. To calculate the profit on disposal, the Company 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 Company 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 Company and the estimated remaining capital to invest is deducted to give the fair value of the Company'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 Company 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 Company 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Employees

The average monthly number of employees, including directors, during the year was 3 (2020: 2).

5. Dividends

	2021 £	2020 £
Interim paid	2,000,000	-

6. Property, plant and equipment

	Computer equipment £	Total £
Cost		
At 1 January 2021	11,421	11,421
Additions	549	549
Disposals	-	-
At 31 December 2021	11,970	11,970
Accumulated depreciation		
At 1 January 2021	1,653	1,653
Charge for the year	3,838	3,838
At 31 December 2021	5,491	5,491
Net book value		
At 31 December 2021	6,479	6,479
At 31 December 2020	9,768	9,768

7. Fixed asset investments

	Investments in subsidiary companies £ 2021
Cost or valuation	
At 1 January 2021	1
Additions	-
At 31 December 2021	1

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office address	Class of shares	Holding
Islero Assignments Limited	9-13 St. Andrew Street, London, EC4A 3AF.	Ordinary	100%

LIONFISH LITIGATION FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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8. Trade and other receivables

	2021	2020
	£	£
Amounts owed by group undertakings	-	585,153
Prepayments and accrued income	795	795
At 31 December	795	585,948

9. Litigation investments

	2021	2020
	£	£
At 1 January	2,014,189	-
Additions	1,832,509	1,842,107
Realisations	(1,432,031)	(1,698,719)
Fair value movement	2,480,846	1,870,801
At 31 December	4,895,513	2,014,189

10. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	19,597	366,924

11. Trade and other payables

	2021	2020
	£	Restated £
Trade payables	16	200
Litigation liability	750,000	575,000
Corporation tax	487,857	332,378
Amounts owed to group undertakings	760,082	-
Accruals and deferred income	53,867	43,850
At 31 December	2,051,822	951,428
Due within one year or less	1,801,822	376,428
Due after more than one year	250,000	575,000
	2,051,822	951,428

12. Deferred taxation

	2021	2020
	£	£
At 1 January	1,856	-
Charged to profit or loss	(236)	1,856
At 31 December	1,620	1,856

The deferred taxation balance is made up as follows:

	2021	2020
	£	£
Accelerated capital allowances	1,620	1,856

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**
13. Contingent liabilities

HSBC UK Bank Plc has a fixed and floating charge, including a negative pledge, over the property and undertakings of the Company.

14. Pension commitments

The Company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £9,577 (2020: £2,125). Contributions totalling £Nil (2020: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

15. Ultimate parent company and controlling party

The ultimate parent undertaking is RBG Holdings plc. The address of its registered office is 9-13 St. Andrew Street, London, EC4A 3AF. Copies of consolidated accounts can be obtained from Companies House.

16. Restatement of prior year

The 2020 comparatives 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 the restatements:

	31 December 2020 As originally presented £	Adjustment £	1 January 2021 Restated £
Non- current assets			
Litigation assets	1,739,834	274,355	2,014,189
Current liabilities			
Current tax liabilities	(389,500)	57,122	(332,378)
Non- Current liabilities			
Trade and other payables	-	(575,000)	(575,000)
Equity			
Retained earnings	2,266,069	(243,523)	2,022,546

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

17. Events after reporting date

On 15 February 2022, the Company announced that LionFish had agreed a £20 million litigation investment arrangement (the "Arrangement") with a large alternative investment firm (the "Firm"). Under the terms of the Arrangement, the Firm will participate in all of LionFish's litigation investments, investing up to 75% in each of LionFish's investments across the portfolio over a two-year period. LionFish will be entitled to receive a significant share of the returns of the Arrangement after a high single-digit return hurdle has been met, therefore providing significant additional potential returns to LionFish beyond its own investment. It means that the Company will now look to generate income from LionFish's settlements and new investments, and we will not look to sell participation rights.