RBG Holdings plc (AIM:RBGP)

Nicola Foulston, Group Chief Executive

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Executive Team

Chief Executive Officer

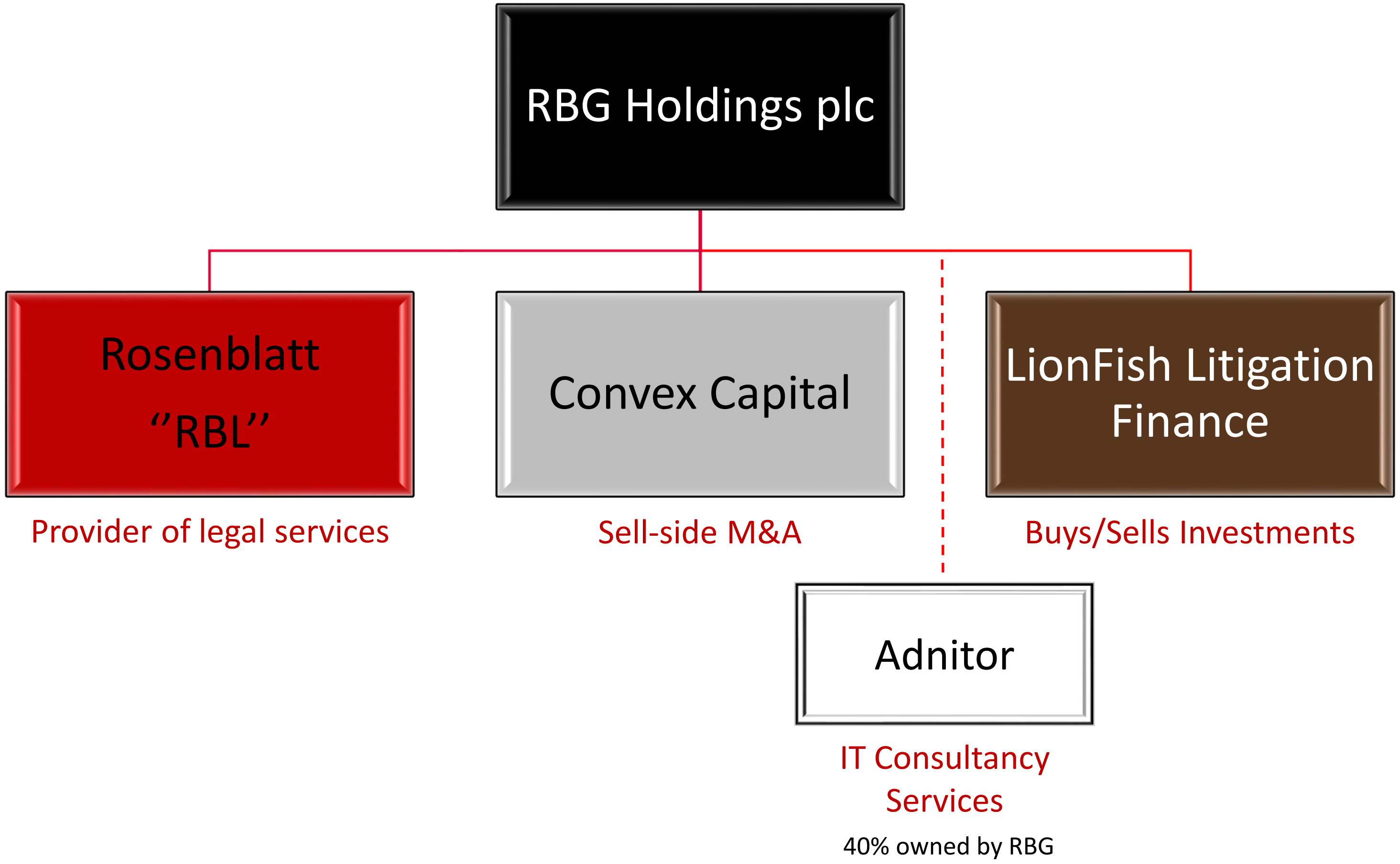
Nicky Foulston took over the commercial management of Rosenblatt in September 2016. She had been a client of the Firm for nearly 30 years. Nicky's background was the acquisition, in 1992, of the Brands Hatch Circuit Group and the subsequent stock market listing in 1996.

Brands Hatch was acquired three years later by Interpublic, returning IPO investors a 6-7x return on their money.

Chief Financial Officer

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

Summary of RBG Holdings plc



Our Strategy

Grow the legal business

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

Use our expertise to move into Litigation Finance

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

Selective M&A to build and diversify business

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

Strategy being delivered

Legal business has grown & diversified

- 2020 was a record year for RBL; Strategy adapted – RBL has increased capacity in its Employment, and Insolvency & Restructuring practices for 2021.
- New client services momentum, despite pandemic, including in competition law.
- New MD, Barry Roche appointed to focus on maintaining commercial excellence, and growth through business development.
- Negotiated with Ian Rosenblatt an extension and broadening of the restrictive covenants put in place at IPO.

Successfully moved into Litigation Finance

- The Group has two types of litigation investments – RBL's own client matters, and litigation matters run by third-party solicitors (LionFish).
- In May 2020, launched a separately branded business for third-party litigation finance – LionFish Litigation Finance (UK) Limited. Appointed an experienced MD.
- 7 Investments to date with the first realisation anticipated in H1 2021. Average investment duration is 22 months.
- Conservative accounting policy – Fair value as close to cash cost, no large unrealised gains.

Begun diversification of Group beyond legal services

- In September 2019, acquired Convex Capital Limited , a specialist sell-side corporate finance boutique, for a total consideration of £15.8 million.
- Strong pipeline of deals across a variety of sectors which have shown resilience during the crisis.
- Pandemic meant deals were difficult to complete; However, built a strong pipeline which is being converted. Change to remuneration structure.
- Expect to see an increase in M&A activity in 2021; Completed four transactions so far with YTD fee income totaling £2.6 million (only two deals in whole of 2020)

RBG
Holdings plc

rosenblatt

LionFish

Litigation Finance – Our Approach

<u>RBG has two types of litigation investments</u>

- RBL invests time at cost and advances cash for disbursements and court fees on it's own Client DBA's when commercially advantageous to do so
- LionFish invests cash in third party litigation matters introduced by law firms other than RBL.

<u>Our Approach to Litigation Investments will always be conservative in nature – Limit exposure and risk</u>

- No more than 25% of our revenues can be committed to contingent work in progress within RBL.
- A maximum of 25% of the net assets of the Group can be invested in external funding.
- A maximum of 50% of the external funding can be invested in any one case over £0.5m within RBL is targeted.

<u>Our Accounting approach will follow our same conservative commercial approach</u>

- Under IFRS 9 Accounting for Financial Instruments.
  - We fair value our investments as close to cash as possible.
  - Where possible we want to avoid unrealized gains in the P&L and Balance sheet.
- Our Litigation Investments are Damages Based Agreements (DBA) whether through Rosenblatt Limited and or LionFish to third party law firms.
- RBL DBA are a hybrid - providing services and capital.
  - All Services (WIP) are contingent and not recognized in the P&L or Balance Sheet until (IFRS 15).
  - All capital elements are fair valued (IFRS 9).

RBL Litigation Investments – Potential Returns

Project Name	Total potential recovery	WIP Commitment anticipated	Total Cash Investment Anticipated	%Anticipated return*
Neptune (CFA - £80m claim)	£4.2m	£2.3m	£0m	457%
Shango (DBA - £6bn claim)	£75m	£5m	£15m	441%
Mercury (DBA - £1bn claim)	£65m	£5m	£10m	542%

- These investments provide a potential return that is **not** provided in our market forecasts **nor** marked up in our annual accounts;
- The anticipated cash outlay is on the basis of the likely timeline to obtain the return and actual cash invested at 31st Dec 2020 will be in the annual accounts;
- This is in line with RBG's approach to account as close to cash as possible.

**Calculated based on basis of WIP at Cost (being 40%) and cash invested against total expected return*

LionFish

Exploiting Unrecognised Simplicities

Litigation Market Activity – Commercial Litigation

The deployable capital in the market has grown exponentially in the last decade

- 2011 – very little capital across a few funders chasing ultra-high value deals.
- 2021 – more funders chasing high-value deals, but the number of high-value deals has not increased at the same rate.

With over 5,000 commercial litigation solicitors* in the UK alone, most litigation cases are not ultra-high value cases

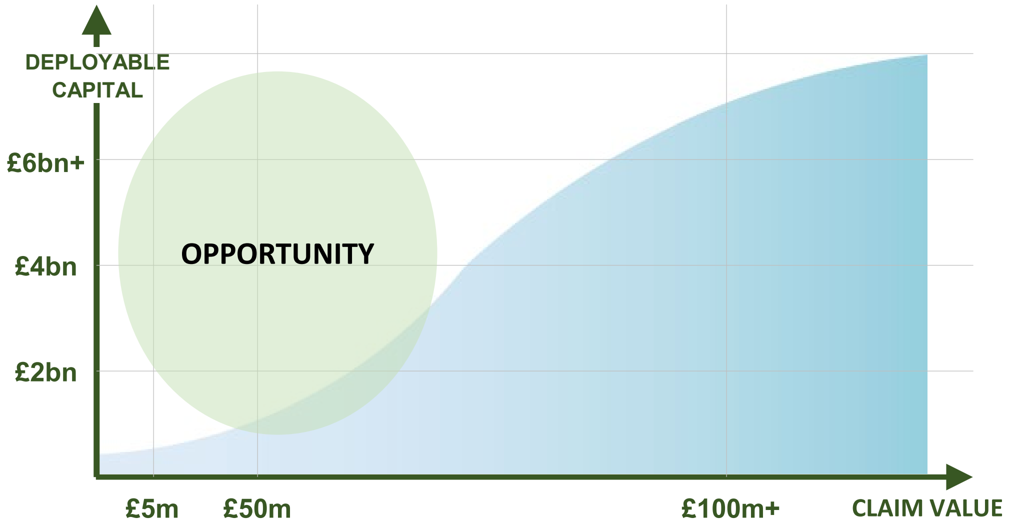
- As litigation funding becomes more mainstream, more claims in the £3m to £50m cases are seeking litigation funding.
- Most litigation funders cannot make their business models adapt to smaller value claims.

As a result, market growth to date has centered on ultra-high value claims where investments are more risky

- Not in control of the litigation (in comparison to RBL DBAs, where RBL controls the litigation as the instructed solicitor);
- Longer duration and binary outcomes;
- Portfolio returns are more akin to Series A investment portfolios.

£3m to £50m claim values are better risk-adjusted returns:

- Greater choice of cases and market supply;
- Less complex "high stakes" litigation that carry significant "soft" risks;
- More likely to settle = shorter durations;
- Easier to achieve a more granular and diverse portfolio of returns.



LionFish are focused away from where most other litigation funders play

*Source: Law Society

Aligning Pricing with the Risk Profile of the Litigation

Pricing aligns better with the actual risk profile of a case throughout the deal life

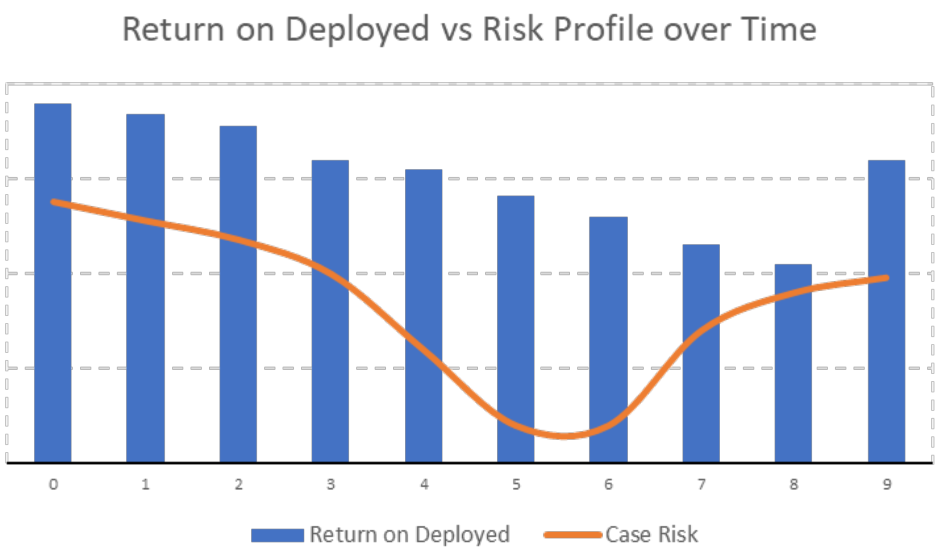
- The table (right) illustrates that the risk of litigation dips during litigation, post disclosure but pre-trial

The risk is lowest at this point

- No trial risk
- No recovery risk
- No enforceability
- No judge risk
- Lower duration risk

However, the returns are also lower

- For the defendant, the settlement is a chance to minimise losses
- This is un-attractive for funders with share of award models who therefore push cases to trial
- For LionFish, the optimum part of the risk reward profile is at this lowest point
- Where higher value cases go to trial, LionFish will take a share of the award if higher than the multiple to reflect the greater risk it assumes



This mis-alignment of interest between the funder's pricing and the litigation risk creates a risk for funders pricing a share of the award

- c. 90% of cases are believed to settle before trial, so they often miss out on a viable "exit" point
- Share of award models is expensive for the risk at settlement but not enough for the risk at trial
- LFLF still charge a share of the award IF it goes to trial which encourages settlement but also ensures a greater return IF the award turns out to be greater

Operating Objectives – 2021-2023

Key Operating Objectives

Market position – strong reputation and brand recognition to drive deal flow:

- Strong origination channels of brokers and direct enquiries (240 enquires to Dec 2020).

Robust underwriting process leveraging the group's expertise and track record

- a strong underwriting process with a 96.1% rejection rate on completed enquiries.

Maintain strong operating margins

- Small team focused on operational efficiencies through technology and systems.
- Minimum back-office costs and effective leverage of resources within the group.

Illustrative Transaction Parameters & Returns

Illustrative Transaction Parameters:

- New Cases per year: 10 / 11
- Avg Commitment: £400,000
- Avg Duration: c. 2 years
- Avg Tgt Return: 200% on invested money
- Tgt Success Rate: 85%

Illustrative Return Profiles

- Assume invested capital of £5m across 10 cases
- Assume success rate of 85%
- LionFish would expect a return of c. £8.75m within an average of two years from those 10 cases.

Convex Capital

convex.

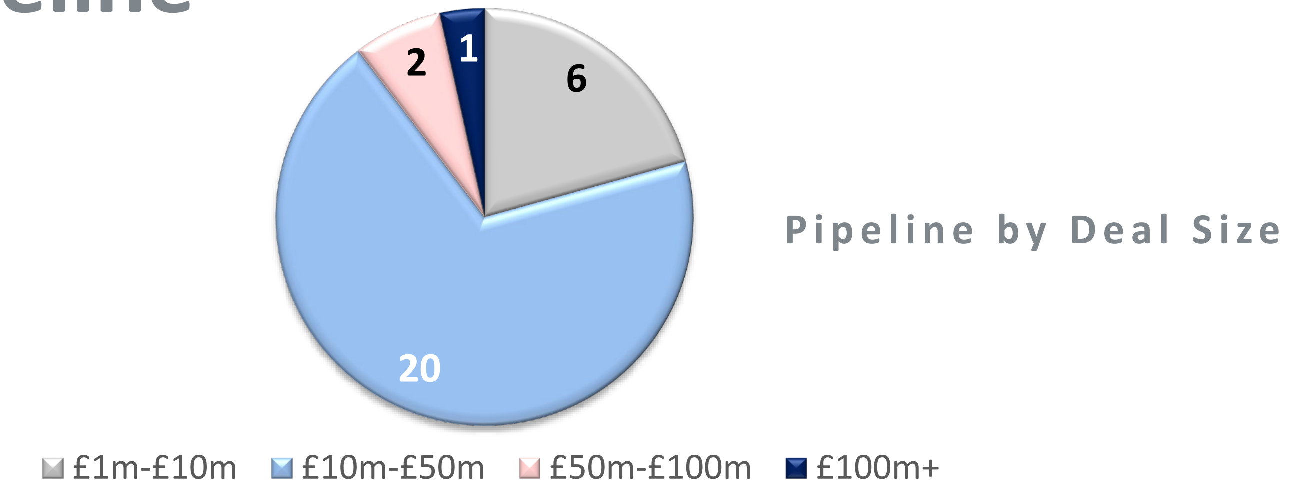
Convex Capital

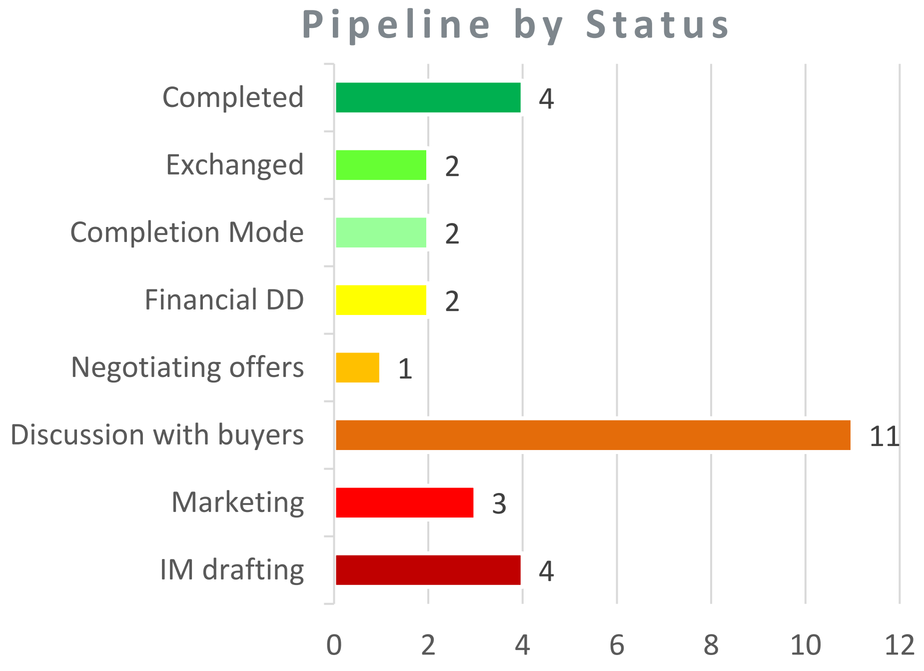
convex.

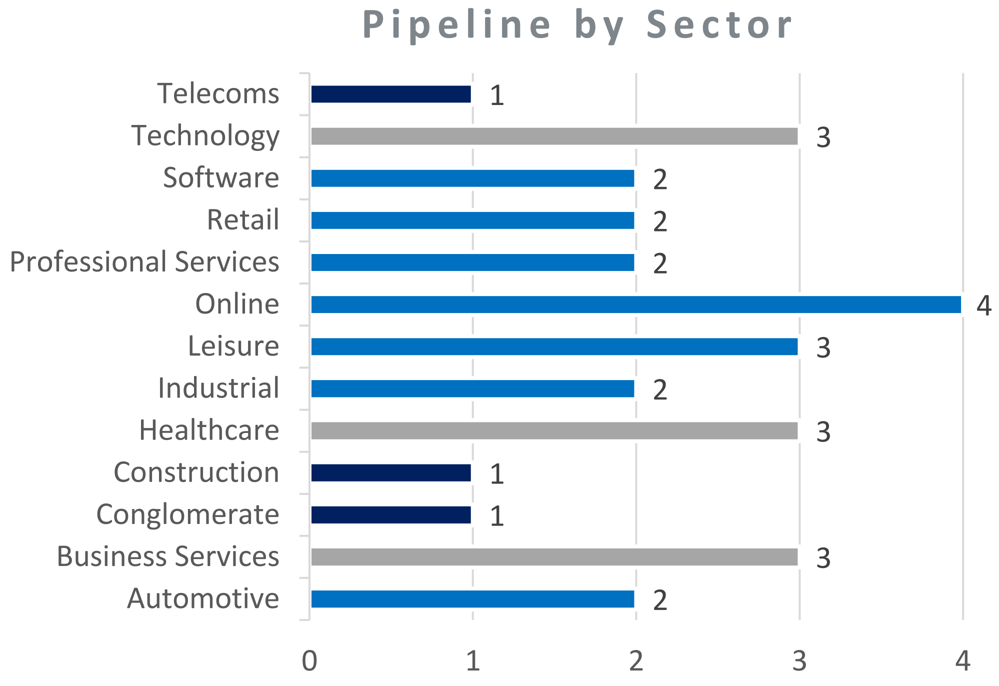
- Specialist provider of sell-side only M&A advice to UK, US, and European entrepreneurs – have advised and are advising clients throughout Europe (provides Brexit hedge).
- Focused on helping businesses to maximise their value through sales to large corporates, private equity or family offices.
- Excellent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

2021 Deals & Pipeline

(29 projects as at 5 March 2021)







Outlook – Resilient 2020; 2021 set for real progress

Group is in strong position

- Expected revenue (and realised gains) and EBITDA set to exceed original analysts' expectations; Now been upgraded.
- Strong Balance Sheet Net cash of £3.5 million as of 31 December 2020 (2019: £1.9 million) – 3p dividend to be paid on 26 February 2021.
- Based on current outlook expect to pay out up to 60 per cent of retained earnings in the financial year by way of dividend. Special Dividend opportunities through litigation returns over time.

Legal business

- RBL had its most successful year in 2020 in terms of revenue, EBITDA and gross margin, which exceeded the target of 35 per cent.
- New MD focused on capturing growth opportunities; Contentious law thrives in difficult times.
- Benefit from life post-Brexit and post-Covid as business return to normality.

Litigation Finance

- RBL Investments – High potential returns from cases.
- LionFish – Business now established. First realisation expected this HY.

Convex Capital

- Delivered four deal completions so far with total fee income of £2.6 million as of today.
- Increase in M&A activity expected in 2021 driven by the economic conditions.
- Strong pipeline - working on a further eight transactions which have the potential to complete in the short to medium term.

M&A

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