

20 April 2021

RBG Holdings plc
("RBG" or the "Group")

Acquisition of Memery Crystal

RBG Holdings plc (AIM: RBGP), the professional services group, is pleased to announce the acquisition of the business of Memery Crystal LLP ("Memery Crystal"), a leading legal services provider, for a total consideration of £30.0 million (the "Acquisition").

The Acquisition is in line with the Group's M&A strategy set out in its Admission Document. This strategy aims to focus on high-margin professional services companies, like Memery Crystal, which also create opportunities for the cross-referral of business.

Highlights:

- Based in London, Memery Crystal is a specialist international law firm with 146 employees, including 29 partners, and an additional 66 fee earners
- Strong focus on transactions which makes it a complementary fit with the Group's law firm Rosenblatt Limited ("RBL"), which has a majority of its revenue derived from contentious law
- The Acquisition is in line with RBG's strategy to diversify the Group's revenue streams to create opportunities for business expansion and integration
- The total consideration for the Acquisition is £30.0 million comprising (upon completion) £12 million in cash, £11.2 million in RBG shares and a further £6.8 million in cash deferred across 12 months
- The Board expects the transaction to be immediately, and materially, earnings and value-enhancing to the Group
- Key management and employees of Memery Crystal have agreed to a long-term lock-in for shares and lengthy non-compete clauses within the sale and purchase agreement
- Both businesses will retain their own management, brand identities and separate offices, and together will form the Group's Legal Services Division
- The Group has extended its revolving credit facility ("RCF") to £15 million and taken out acquisition finance totalling £10 million

Nicola Foulston, CEO of RBG Holdings, commented: "Today's acquisition of Memery Crystal is another significant step in the Group's development. Memery Crystal is a complementary fit with our existing law firm, RBL. We believe the acquisition will be transformative in terms of the scale of our business. Memery Crystal is a very successful firm, which combined with our commercial focus on margin and cash, can be even more profitable."

Nick Davis, CEO, Memery Crystal, added: "As a firm, we are excited to be joining RBG. For Memery Crystal, it is very much business as usual. We will be retaining our own management and brand identity along with our distinctive partner-led culture. Memery Crystal and RBL will naturally complement each other as part of the Group's Legal Services Division. The strength of the combined Group will mean we can offer enhanced services to clients and provide a stronger entity for staff to develop their careers."

Acquisition Rationale

RBG aims to grow its service offering to clients and diversify its revenue through the acquisition of complementary businesses in the professional services space. Its ambition is to create a broad, high-quality, high margin professional services group with a focus on specialist companies which can also create opportunities for cross-referrals. The Board will only consider acquisitions which it feels represent an appropriate price and deal structure. Memery Crystal is a very exciting acquisition which will be immediately earnings enhancing, which RBG believes has the potential to generate significant value for shareholders over the long term.

The Group will remain disciplined in its approach to M&A and continue to review potential opportunities according to its selective criteria.

About Memery Crystal

Memery Crystal was founded in 1978 by John Memery and Peter Crystal. At the date of exchange, the Firm has 146 employees, including 29 partners, and an additional 66 fee earners.

Based in London, Memery Crystal 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. Memery Crystal is one of the leading firms in the UK to advise the emerging cannabis sector on a wide range of business issues.

The Firm offers a partner-led service to a broad range of clients, from multinational companies, financial institutions, owner-managed businesses to individual entrepreneurs. The Firm has transacted in over 100 jurisdictions and has been recognised in numerous categories in the latest Chambers UK and Legal 500 UK rankings.

In the year ended 30 April 2020, Memery Crystal had unaudited revenue of £23.2 million and profit for the year (before members remuneration and profit share) of £8.0 million.

Terms of the Acquisition

RBG has conditionally agreed to acquire Memery Crystal for total consideration of £30.0 million comprising (upon completion) £12 million in cash, £11.2 million in RBG shares and a further £6.8 million in cash deferred over two payments on the sixth and 12-month anniversary of completion.

Part of the purchase price (£11.2 million) is payable by the issue of 9,739,130 RBG ordinary shares of 0.2 pence each ("Consideration Shares"), representing a deemed price per Consideration Share of £1.15 pence (being the volume weighted average mid-market price of RBG shares in the five business days prior to exchange of contracts). The Cash Consideration element of the acquisition is being funded in part through a new £10 million Term Facility (the "Loan"), repayable within three years at Libor plus margin (2.4%-3.15% dependent on leverage), under four covenants being adjusted leverage, cashflow cover, partner numbers and litigation net cash. Under the terms of the RCF, partial pay down must occur once every financial year for five days. The Group has also extended its RCF to £15 million to assist with liquidity.

RBG is acquiring the net assets of Memery Crystal of £7.1 million. The existing business of Memery Crystal will be transferred into a limited company in exchange for shares issued to the partners. This limited company will be sold to RBG.

Completion of the Acquisition is conditional upon, *inter alia*, regulatory approval.

The Consideration Shares are subject to a lock-in agreement including a prohibition on transfer spanning an initial period from completion of the acquisition to the second anniversary of completion, followed by a further one-year period to the third anniversary of completion, whereby any shares being transferred are subject to certain restrictions.

Issue of Equity

Application will be made to the London Stock Exchange for the admission of the 9,739,130 Consideration Shares to AIM ("Admission"). It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on the completion date, at which time a further announcement will be made. The Consideration Shares will rank *pari passu* with the existing ordinary shares in the Company.

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About RBG Holdings plc

RBG Holdings plc is a professional services group, which includes one of the UK's pioneering law firms, Rosenblatt Limited ("RBL"), which is a leader in dispute resolution.

RBL provides a range of legal services to its diversified client base, which includes companies, banks, entrepreneurs, and individuals. Complementing this is RBL's increasingly international footprint, advising on complex cross-jurisdictional matters. RBL's practice areas include banking & finance, competition & regulatory, corporate, dispute resolution, employment, financial crime, financial services, insolvency & financial restructuring IP/technology/media, real estate, serious & general crime, tax resolution, and white-collar crime.

The Group also provides litigation finance in selected cases through a separate arm, LionFish Litigation Finance (UK) Limited ("LionFish"). LionFish finances litigation matters being run by other solicitors in return for a significant return on the outcome of those cases. As such, the Group has two types of litigation investments - RBL's own client matters, and litigation matters run by third-party solicitors. LionFish is positioned to be a unique, alternative provider to the traditional litigation funders.

The Group also owns Convex Capital Limited ("Convex Capital"), 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.

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