

RBG Holdings plc (AIM:RBGP)

Unaudited Results for the six months to 30 June 2020

A long-exposure photograph of a road at night, showing light trails from vehicles. The road curves to the right, and the light trails are primarily white and red, indicating headlights and taillights respectively. The background is dark, and the overall scene conveys a sense of motion and direction.

RBG
Holdings plc

Disclaimer

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA, NEW ZEALAND, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR THE REPUBLIC OF IRELAND OR ANY JURISDICTION WHERE SUCH DISTRIBUTION IS UNLAWFUL.

The following presentation, including any printed or electronic copy of these slides, information communicated during any delivery of the presentation and any question and answer session or any document or material distributed at or in connection with the presentation (together, the "**Presentation**"), has been prepared by RBG Holdings plc (the "**Company**"). By attending (whether in person or by telephone) or reading the Presentation, you agree to the conditions set out below.

The Presentation is confidential and its distribution in certain jurisdictions is restricted by law. Therefore, it must not be distributed, published or reproduced (in whole or in part) or disclosed by its recipients to any other person for any purpose. Investors should not purchase or subscribe for any securities in the Company on the basis of the information referred to in the Presentation.

The Presentation is provided for general information only and does not purport to contain all the information that may be required to evaluate the Company. The information in the Presentation is subject to updating, completion, revision and verification. The Presentation is not intended to, and does not, constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities of the Company, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract whatsoever relating to any securities. Neither the Presentation nor any copy of it nor the information contained herein is being issued or may be distributed or redistributed directly or indirectly to or into any jurisdiction where such distribution would be unlawful, including but not limited to Australia, Canada, New Zealand, Japan, the Republic of South Africa, the Republic of Ireland or the United States of America, its territories or possessions.

The securities of the Company have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") or with any securities regulatory authority of any state or jurisdiction of the United States and may not be taken up, offered, sold, resold, pledged, transferred, delivered or distributed, directly or indirectly, within, into or from the United States, or to, or for the account or benefit of, any person with a registered address in, or who is a resident or ordinary resident in, or a citizen of the United States. Any securities will only be offered or sold outside the United States in "offshore transactions" within the meaning of and in reliance on the safe harbour from the registration requirements under the Securities Act provided by Regulation S promulgated thereunder.

The securities of the Company have not been, and will not be, registered under the securities laws of Australia, Canada, New Zealand, Japan, the Republic of South Africa, the Republic of Ireland or any state, province or territory thereof and may not be taken up, offered, sold, resold, pledged, transferred, delivered or distributed, directly or indirectly, within, into or from Australia, Canada, New Zealand, Japan, the Republic of South Africa, the Republic of Ireland, or to, or for the account or benefit of, any person with a registered address in, or who is a resident or ordinary resident in, or a citizen of such jurisdictions or to any person in any country or territory where to do so would or might contravene applicable securities laws or regulations except pursuant to an applicable exemption.

In the European Economic Area (the "**EEA**"), the Presentation is being made, supplied and directed only to and at persons in member states of the EEA who are qualified investors within the meaning of Article 2(1)(e) of Directive 2003/71/EC (as amended) (the "**Prospectus Directive**") and, additionally in the United Kingdom, to qualified investors who (i) fall within the definition of "investment professionals" contained in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "**Order**"), (ii) are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order, or (iii) fall within another exemption to the Order (all such persons referred to in (i) to (iii) above together being referred to as "Relevant Persons"). Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

To the extent permitted by law and regulation, no undertaking, representation or warranty or other assurance, express or implied, is made or given by or on behalf of the Company or N+1 Singer Advisory LLP, as the Company's nominated advisor and broker (the "**Nomad**"), or any of their respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings or any of their respective directors, officers, partners, employees, agents, affiliates, representatives or advisers, or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in the Presentation.

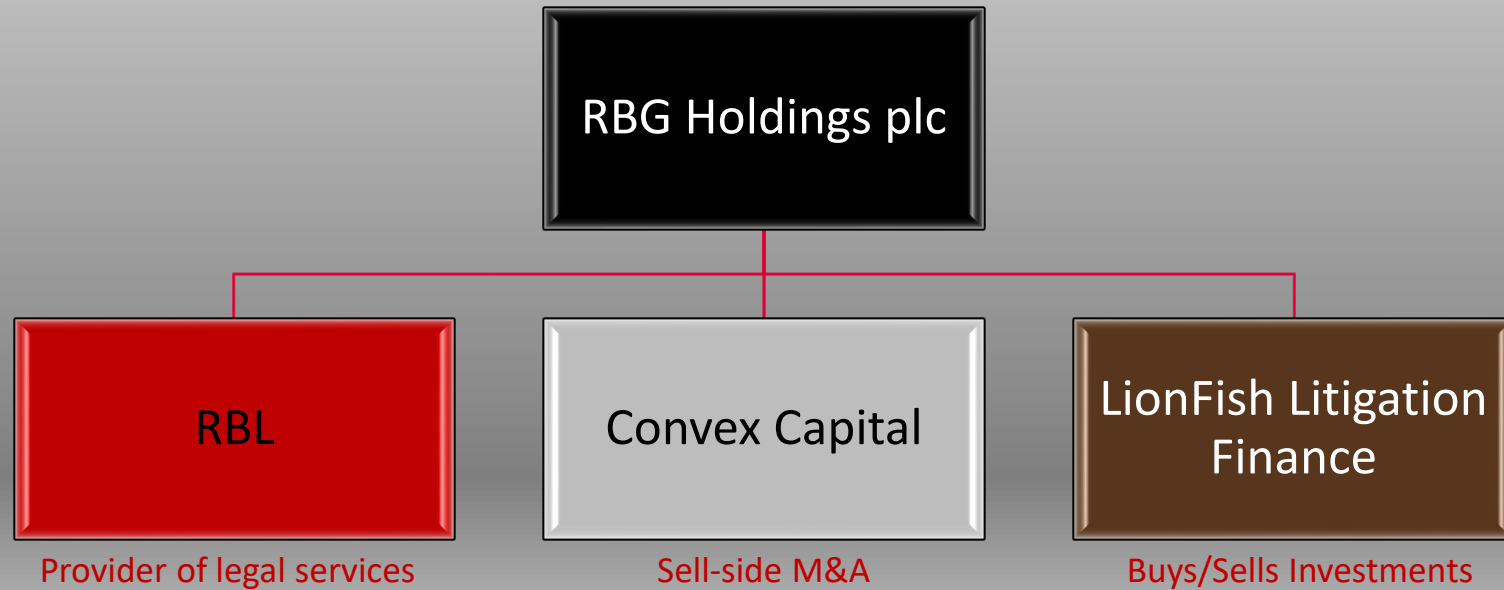
Neither of the Company or the Nomad, their respective affiliates and advisers, agents and/or any other party undertakes or is under any duty to update the Presentation or to correct any inaccuracies in any such information which may become apparent or to provide you with any additional information. Save in the case of fraud, no responsibility or liability is accepted by any such person for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred, however arising, directly or indirectly, from any use of, as a result of the reliance on, or otherwise in connection with, the Presentation.

The contents of the Presentation have not been verified by the Company or its advisers. No liability is accepted by the Company or its advisers for any information or opinions contained in the Presentation.

The Presentation includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements include certain statements, estimates, opinions and projections provided by the Company in relation to strategies, plans, intentions, expectations, objectives and anticipated future performance of the Company and its subsidiaries. By their nature, such forward-looking statements, estimates, opinions and projections involve risk and uncertainty since they are based on various assumptions made by the Company concerning anticipated results which may or may not prove to be correct and because they may relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. No representations or warranties of any kind are made by any person that any of the events expressed or implied in any such forward-looking statements, estimates, opinions or projections will actually occur. No person is under any obligation, or has any intention, to update or revise any such forward-looking statements, estimates, opinions or projections following the date of the Presentation. No forward-looking statement in the Presentation is intended as a profit forecast or a profit estimate.

The Nomad is acting exclusively for the Company and no one else in the matters and arrangements contained or referred to in the Presentation. The Nomad will not regard anyone other than the Company as a client in relation to any such matters or be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing advice in relation to any such matters.

Summary of RBG Holdings plc



Overview of first six months

- ❑ All of the Group's 96 staff and directors were able to work from home during lockdown; all offices reopened in the Summer months with staff attending offices for client meetings as required.
- ❑ The Group has traded profitably during the period led by RBL. Received new instructions as a result of client need for financial restructuring and employment-related issues
- ❑ Group's profitability in the first six months impacted by:
 - ❑ No litigation investment sales during the period while the Group created and launched LionFish
 - ❑ Convex Capital saw deals delayed and some cancelled. M&A beginning to return
- ❑ Expecting both litigation investment sales and M&A deals to be completed in the second half.



Continuing to deliver our strategy

Grow the legal business: Profitable performance at Rosenblatt Limited (“RBL”)

- ❑ Revenue from legal services was **up 42%** to £11.7 million
- ❑ **Dispute Resolution division** performed well with revenue up 13%.
- ❑ **Unrecognised contingent WIP** was £0.9 million in addition to £11.7 million of actual revenue
- ❑ Revenue from the **Corporate division** up 335% to £3.3 million, greater than the whole of 2019
- ❑ Average revenue per fee earner £497,000 (2019: £350,000) – **target £500,000**
- ❑ Total Lockup was 114 days (2019: 118 days) of which debtor days were 49 (2019: 47)
- ❑ RBL utilisation / Realisation - 95%/114% (2019: 77%/96%)
- ❑ As at 15 September 2020, RBL has invested in 8 litigation cases with an associated contingent WIP of £3.8 million, and total cash investments of £4 million.

Continued progress in Litigation Finance – Launch of Lionfish

- ❑ The Group created a separately branded business for its third-party litigation finance business which it launched in May 2020 – LionFish Litigation Finance (UK) Limited
- ❑ The Group now has two types of litigation investments – RBL’s own client matters, and litigation matters run by third- party solicitors.

Diversification of Group beyond legal services – Acquisition of Convex Capital

- ❑ In September 2019, **acquired Convex Capital Limited (“Convex”)** a specialist sell-side corporate finance boutique, for a total consideration of £15.8 million
- ❑ **Strong pipeline of deals** across technology, pharmaceuticals and healthcare which have shown resilience during the crisis.



Exploiting Unrecognised Simplicities

- ❑ The Group created a separately branded business for its litigation finance division which it launched in May 2020 – LionFish Litigation Finance (UK) Limited.
- ❑ Industry expert Tets Ishikawa appointed as Managing Director.
- ❑ LionFish received 112 enquiries for funding by 15 September 2020.
- ❑ Beyond the 23 cases in active review at that time, LionFish had approved six cases and executed three transactions with a total commitment of £2.4 million with £0.7 million advanced.
- ❑ LionFish also launched ISLERO - a new generation of financing solutions for insolvency claims.

**LionFish Litigation Finance
(UK) Limited**

Financial Highlights - Six months ended 30 June 2020

- ❑ Revenue (including no realised gains) of £12.0 million, up 17% (2019: £10.2 million including £2 million of realised gains).
- ❑ EBITDA of £2.6 million, 22% of revenue (2019: £3.8 million including realised gains of £2 million).
- ❑ Profit before tax of £1.4 million, 12% of revenue (2019: £3.2 million).
- ❑ Profit after tax of £1.2 million (2019: £2.6 million)
- ❑ Strong Performance in RBL but overall Profitability reduced by limited fees from Convex Capital (£0.3 million) & no litigation investment sales.
- ❑ Net debt of (£1.6) million (2019: £8.7 million) reflecting increased investment in contingent legal work. The Group has a £10 million revolving credit facility available.
- ❑ Earnings per share: 1.35 pence (2019: 3.19 pence)
- ❑ Decision on exact amount of dividend to be held until the end of the year.



Income Statement

	1 Jan to 30 Jun 2020 £	1 Jan to 30 Jun 2019 £
Revenue	11,973,119	8,235,314
Realised fair value gains	-	2,000,000
Personnel costs	(7,538,307)	(5,167,352)
Depreciation and amortisation expense	(1,024,787)	(545,785)
Other expenses	(1,797,370)	(1,226,737)
Profit from operations	1,612,655	3,295,440
EBITDA	2,637,442	3,841,225
Finance expense	(184,458)	(113,886)
Finance income	18,081	15,312
Profit before tax	1,446,278	3,196,866
Tax expense	(288,457)	(642,394)
Profit and total comprehensive income attributable to the ordinary equity holders of the parent	1,157,821	2,554,472
Earnings per share attributable to the ordinary equity holders of the parent Profit		
Basic (pence)	1.35	3.19
Diluted (pence)	1.35	3.19

- ❑ Revenue and realised gains was up 17% to £12.0m on the comparative period (2019: £10.2m, which included £2m realised gains). RBL contributing £11.7m (All professional Services revenue up 42% on last year £8.2m). £0.3m from 1 completed deal in Convex.
- ❑ Personnel costs £7.5m as a percentage of revenue was 63% (2019: 50.5%). The acquisition of Convex has added 16 staff to Group's headcount, which at the half year cost £1.1m. Totals 88 (2019:70) average for the period 92 (75).
- ❑ Contractors costs being £1.4m (2019 £0.8m), we have had increased activity on the use of contractors on revenue generating cases.
- ❑ Other operating costs were £1.7 million, which Convex represented £0.2 million, other costs include Insurances £0.3 million, Rates £0.2 million, one off professional services £0.29m.
- ❑ Like of like overheads are down on the same period last year.
- ❑ Adjusted EBITDA for the period was £2.6m (2019: £3.8 million, which included £2m for Litigation Sales), representing an EBITDA margin of 22% and 38% respectively, this year is carrying £1.2m of extra cost from Convex and LionFish and no Litigation Sales profits.
- ❑ Like for Like EBITDA is £3.8m (2019 £3.8m) excluding Convex and LionFish costs, this represents 32% of revenues.
- ❑ Depreciation and amortization £1.02m reflects the write off of acquisition assets.
- ❑ Profit before tax for the Period of £1.4m (2019: £3.2m). This has been achieved through continuing tight control of Group operating expenses as the business continues to expand and manages the timing differences within the Convex and LionFish business.

Cash Flow – For the Six Months Ended 30 June 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the period before tax	1,446,278	3,196,866
Adjustments for:		
Depreciation of property, plant and equipment	162,598	94,661
Amortisation of right-of-use assets	482,286	432,374
Amortisation of intangible fixed assets	379,903	18,750
Finance income	(18,081)	(15,312)
Finance expense	184,458	113,886
	2,637,442	3,841,225
(Increase) in trade and other receivables	(4,056,237)	(3,285,227)
(Decrease)/increase in trade and other payables	2,064,235	(514,726)
Increase in provisions	20,375	21,640
Cash generated from operations	665,815	62,912
Tax paid	(1,067,832)	-
Net cash flows from operating activities	(402,017)	62,912
Investing activities		
Purchases of property, plant and equipment	(104,042)	(347,379)
Interest received	18,081	15,312
Litigation investments	(1,572,937)	(1,735,822)
Net cash used in investing activities	(1,658,898)	(2,067,889)
Financing activities		
Dividends paid to holders of the parent	(823,284)	(2,228,300)
Proceeds from loans and borrowings	11,000,000	-
Repayment of loans and borrowings	(1,000,000)	-
Repayments of lease liabilities	(397,751)	(330,199)
Interest paid on loans and borrowings	(76,678)	-
Interest paid on lease liabilities	(107,780)	(113,882)
Net cash from financing activities	8,594,507	(2,672,381)
Net (decrease)/increase in cash and cash equivalents	6,533,592	(4,677,358)
Cash and cash equivalents at beginning of period	1,910,156	13,350,467
Cash and cash equivalents at end of period	8,443,748	8,673,109

- ❑ Increase in trade and other receivables includes £3.0m on invoicing in June for RBL and Prepayments of £1m
- ❑ Collection of debts and the lock up of WIP remains a key focus for the Group, with total lock up (Debtor and WIP days) being 114 days at the end of the period (2019: 118), this will be a continued focus as we head into the second half of the year.
- ❑ Debtor Days were 49 (2019: 45), impacted slightly by the increase in Corporate Billings that are billed at the end of the project.
- ❑ Increase in trade and other payables £1.1m is increase in VAT payable and increase in accruals and deferred revenue of £0.8m
- ❑ Tax paid £1.1m is 2019
- ❑ Investment in Litigation assets £1.6m
- ❑ Dividends £0.8m
- ❑ Lease payments £0.45m
- ❑ We have drawn the £10m RCF and effectively are using £1.6m of that facility.

Balance Sheet – As at 30 June 2020

ASSETS	30 Jun 2020 £	30 Jun 2019 £
Current Assets		
Trade and other receivables	15,145,049	9,239,787
Cash and cash equivalents	8,443,749	8,673,109
	23,588,797	17,912,896
Non-current assets		
Property, plant and equipment	579,826	557,850
Right-of-use assets	6,277,912	6,878,338
Intangible assets	34,757,968	17,966,471
Litigation investments	3,782,823	1,735,822
Total Assets	68,987,326	45,051,377

LIABILITIES	30 Jun 2020 £	30 Jun 2019 £
Current Liabilities		
Trade and other payables	8,775,171	1,383,437
Loans and borrowings	10,000,000	-
Leases	833,450	887,683
Current tax liabilities	689,817	1,399,202
Provisions	95,375	56,904
Non-current liabilities		
Leases	5,500,602	5,872,520
Deferred tax liability	348,440	140,781
Total Liabilities	26,242,855	9,740,527

- ❑ Trade and other receivables £15.1m includes Trade Debtors £6.7m, WIP £3.7m, other receivables £2.9m, Prepayments £1.8m.
- ❑ Net Debt £1.6m (£10m of RCF less £8.4m in Cash).
- ❑ £34.7m intangibles includes £33m goodwill was generated by the acquisition of the Rosenblatt Partnership £17.2m and Convex Capital £15.8m, plus £1.7m Customer contracts and Brand.
- ❑ Litigation Investments £3.8m to date, 8 cases.
- ❑ Trade and other payables £8.8m, includes Trade payables of £1.2m, other taxes £2.3m and other payables £4m re earn out.
- ❑ Balance Sheet with Net Assets of £42.7m.

EQUITY	30 Jun 2020 £	30 Jun 2019 £
NET ASSETS	42,744,471	35,310,850
Issued capital and reserves attributable to owners of the parent		
Share capital	171,184	160,184
Share premium reserve	37,565,129	32,516,129
Retained earnings	5,008,158	2,634,537
Total Equity	42,744,471	35,310,850



Summary

- Increased productivity during this crisis which is tempered with caution around debtors and ongoing cash collections
- There remains a strong pipeline of business across the Group
- The Group has a solid balance sheet with a partly used £10m RCF which remains fully drawn down
- RBL has specialist services that will be in demand – Crises increase the need for legal advice; Increase in white collar crime & fraud likely in forthcoming downturn
- Cautiously optimistic that the Group will continue its positive progress over the coming months
- Many moving parts within our litigation investments could see results unaffected by Covid-19

Questions?

A long-exposure photograph of a highway at night, showing light trails from cars. The trails are primarily white and red, curving into the distance. The background is dark, and the overall scene conveys a sense of motion and speed.

RBG
Holdings plc

Appendix



RBG
Holdings plc

Executive Team

Chief Executive Officer

Nicky took over the commercial management of Rosenblatt in September 2016, having 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 3 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, as well as permanent positions at Ubisense plc and Immedia Broadcasting plc. During his career, Robert has worked extensively with public funds, private equity, and venture capital investors to build businesses.

With an extensive experience of demanding business environments, Robert has considerable knowledge of fundraising, cash and working capital management, business analysis and improvement, cost reduction, M&A and strategic planning, budgeting, forecasting and management reporting.



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 – crisis management for clients being a key strong point for this business.
- ❑ 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

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

Peer Group Metrics

	Year End	Share Price ⁽³⁾	Mkt Cap ⁽³⁾	EV ⁽³⁾
RBG	31-Dec-19	£0.73	£62m	£67m
DWF ⁽¹⁾	30-Apr-20	£0.66	£213m	£344m
Ince ⁽¹⁾	31-Mar-20	£0.23	£15m	£43m
Gateley ⁽²⁾	30-Apr-20	£1.25	£146m	£174m
Keystone ⁽¹⁾	31-Jan-20	£4.43	£136m	£134m
Knights ⁽¹⁾	30-Apr-20	£4.85	£398m	£438m
Average			£162m	£200m

Fee Earners	Revenue / Fee Earner	Fee Earner / Admin Staff
2020	Actuals	Actuals
46	£393k	2.1x
1,980	£150k	1.5x
342	£288k	0.9x
610	£170k	2.1x
393	£126k	8.9x
664	£112k	4.0x
Average	£207k	3.2x

Revenue	EBITDA	EBITDA Margin
Actuals	Actuals	Actuals
£23.7m	£9.4m	39.7%
£297.2m	£36.9m	12.4%
£98.5m	£17.7m	17.7%
£103.5m	£19.1m	18.5%
£49.6m	£6.0m	12.0%
£74.3m	£18.0m	24.2%
Average	£17.8m	20.8%

Litigation Finance Peer Group

	Year End	Share Price ⁽³⁾	Mkt Cap ⁽³⁾	EV ⁽³⁾
RBG	31-Dec-19	£0.73	£62m	£67m
Manolete Partners Plc ⁽¹⁾	31-Mar-20	£3.40	£148m	£122m
Litigation Capital Management Ltd ⁽²⁾	30-Jun-20	£0.72	£82m	£58m
Burford Capital Limited ⁽¹⁾	31-Dec-19	£5.64	£1236m	£1553m
Average			£489m	£578m

Revenue	EBITDA	EBITDA Margin
Actuals	Actuals	Actuals
£23.7m	£9.4m	39.7%
£18.7m	£9.9m	53.1%
£34.7m	£11.2m	32.2%
£286.6m ⁽⁴⁾	£215.6m	75.2%
Average	£61.5m	50.1%

U/R gain	U/R gain % revenue
Actuals	Actuals
-	-
£10.9m	58.3%
-	-
£139.1m ⁽⁴⁾	48.5%
£50.0m	


(1) Fee earners, revenue and EBITDA numbers are taken from the most recent published annual results

(2) Gateley and Litigation Capital Management Fee earners, revenue and EBITDA numbers are taken from FY19 accounts and are on a pre-IFRS 16 basis (impacting comparability of EBITDA and margin)

(3) As at 11 Sep 2020; EV includes IFRS 16 operating lease liabilities

(4) Total revenue of USD 366.0m, translated at 1.277 USD/GBP, FV movement on investments of USD 177.7m translated at 1.277 USD/GBP

Rosenblatt Limited

A detailed illustration of a mechanical watch movement, featuring numerous interlocking gears and components. The central focus is a large, vibrant red gear, which stands out against the monochromatic grey and white tones of the rest of the mechanism. The gears are arranged in a complex, overlapping pattern, creating a sense of depth and intricate craftsmanship. The background is dark, making the metallic parts of the watch stand out.

DARING TO BE DIFFERENT

About Rosenblatt

- ❑ Rosenblatt was founded 30 years ago by Ian Rosenblatt, and includes **one of the UK's leading dispute resolution practices.**
- ❑ **Other practice areas** include corporate, banking and finance, insolvency and financial restructuring, construction and projects, employment, financial services, IP/technology/media, real estate, regulatory and tax resolution.
- ❑ Recently added **White Collar & Financial Crime division.**
- ❑ Rosenblatt is a **protagonist-led firm** – taking on the big corporates and the magic circle; not a panel firm so few conflicts.
- ❑ **Increasingly international footprint** advising on complex cross-jurisdictional matters in China, Israel, America and India.
- ❑ Diversified client base - strong relationships with **entrepreneurs** and business founders.
- ❑ Reputation for handling complex cases – **helped Stobart Group plc win a case against a dissident director.**
- ❑ Flexible business model, delivering **margins and revenue per lawyer significantly ahead of peers.**
- ❑ Proven ability to attract, manage and retain talent – **low staff turnover.**



Remuneration

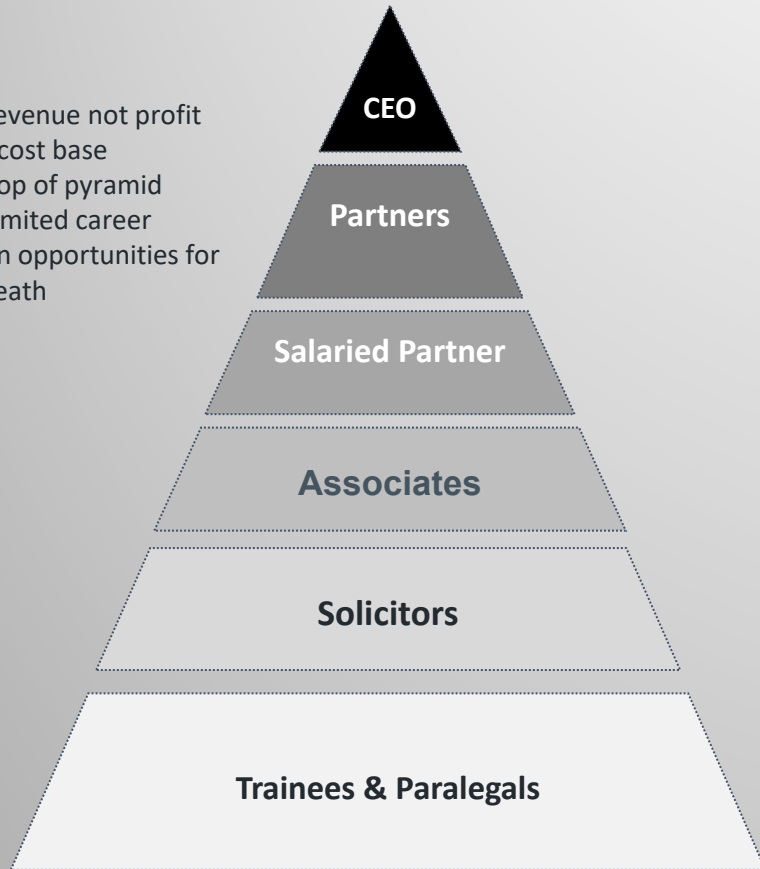
- ❑ Remuneration for fee earners closely aligned with the interests of shareholders
- ❑ Currently we have 46 fee-earners in total at Rosenblatt; remuneration linked to profitable performance rather than billings
- ❑ Fee earners receive a basic salary with bonuses arising from dividends paid on equity owned, rather than a percentage of billing
- ❑ Creates a culture of collaborative working and a commitment to controlling costs; more focus on profitable work
- ❑ Means senior partners can retire with dividends providing a future income, rather than 'blocking' the rise of junior lawyers
- ❑ Supports a more flexible business model – reduces fixed cost base



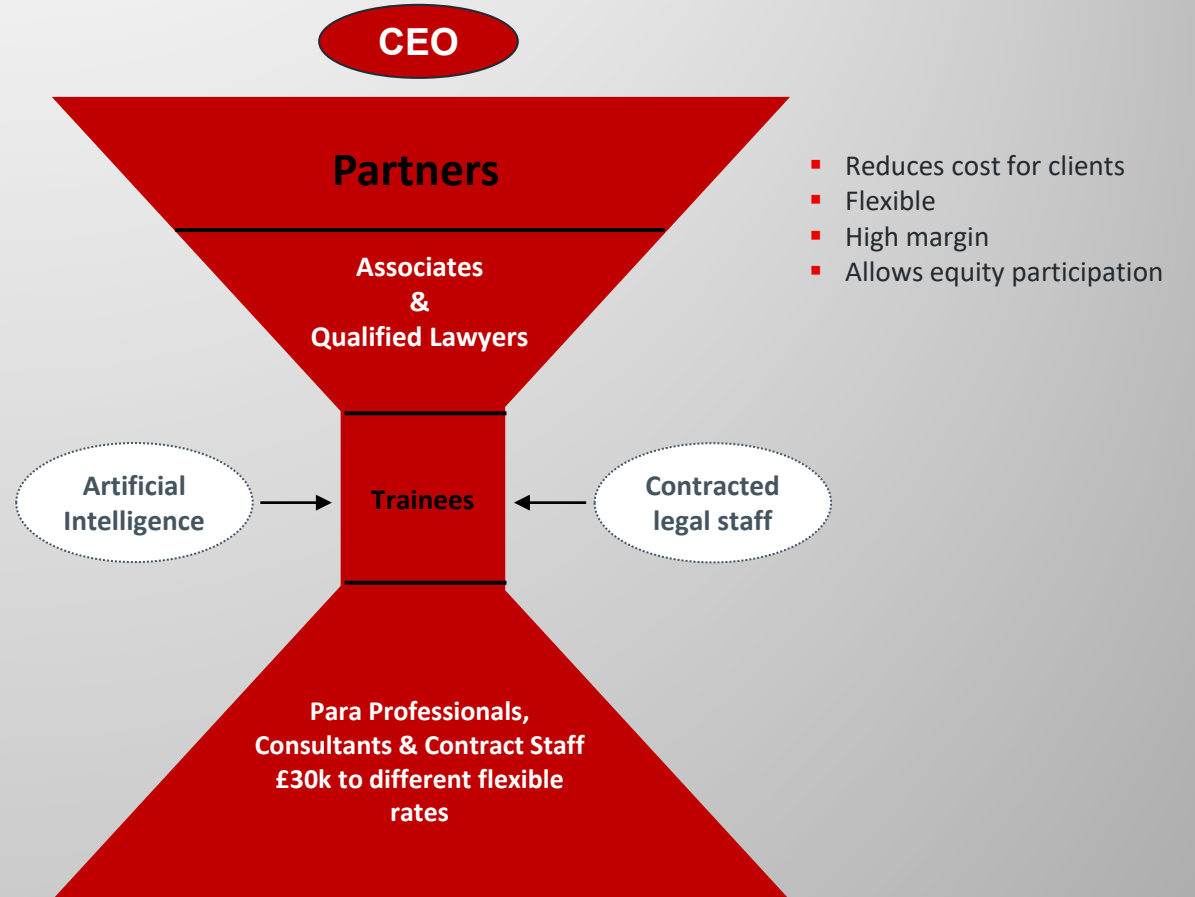
Fee Earner Structure

Traditional Law Firm Structure

- Focus on revenue not profit
- High fixed cost base
- Inertia at top of pyramid results in limited career progression opportunities for layers beneath



Rosenblatt Hourglass Structure



Litigation Finance



Alternative Billing Arrangement (“ABA”)

Litigation funding

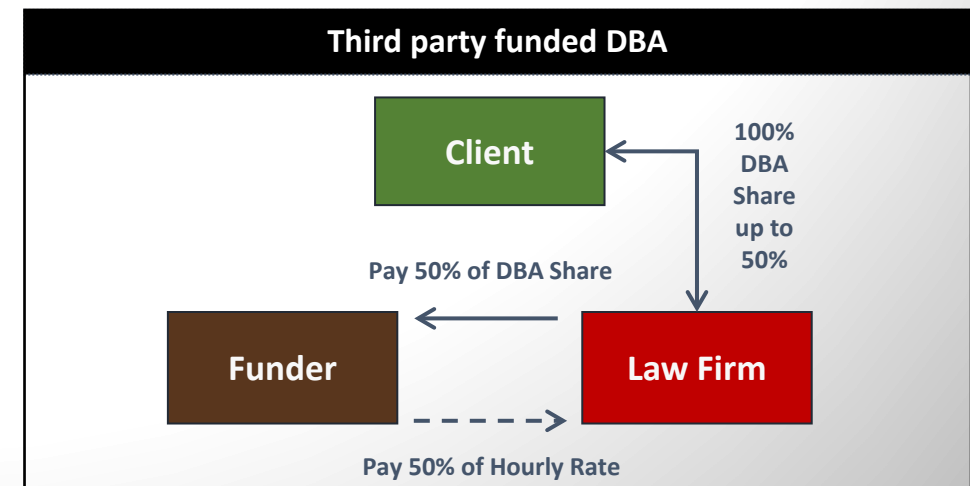
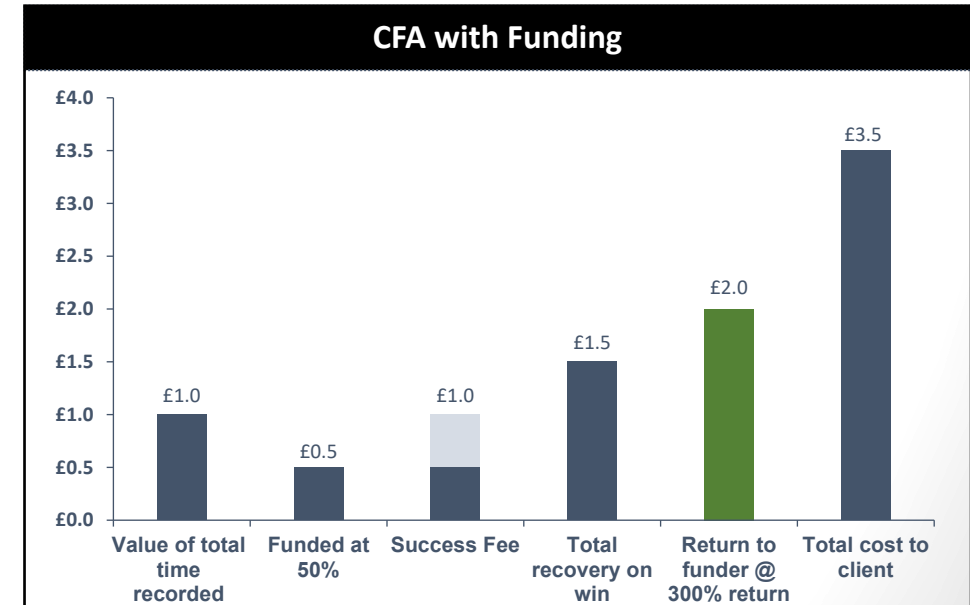
- ❑ Provided by third party funder who otherwise has no interest in the claim.
- ❑ On success, typically a funder will seek money back plus circa 300%.
- ❑ Combined with the solicitor entering into a partial CFA or DBA.

Conditional Fee Arrangement (“CFA”)

- ❑ On a win solicitor will get normal time costs plus success fee by way of an uplift on time costs up to maximum of 100%.
- ❑ Combined with partial litigation funding – 50% pay as you go, with success fee on risk element.

Damages Based Agreement (“DBA”)

- ❑ Solicitor can share directly in the damages received by a client up to 50% threshold includes solicitors’ fees, counsel fees and VAT from monies recovered from the opponent.
- ❑ Combined with litigation funding direct to solicitor to assist cash flow.



Litigation Finance – Accounting approach (Cash Accounting)

Our Approach to Litigation Investments will always be conservative in nature

- ❑ No more than 25% of our revenues can be committed to contingent work in progress
- ❑ 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

Our Accounting approach will follow our same conservative commercial approach

- ❑ Currently our Litigation Investments are Damages Based Agreements (DBA) through Rosenblatt Limited
- ❑ We are a hybrid - providing services and capital
- ❑ Each DBA is made up of three distinct parts and follow both IFRS 15 and IFRS 9 Financial Instruments:
 - ❑ Part 1: provision of legal services, this is contingent on success and as such uncertain. Therefore under IFRS 15 Accounting for revenue is not recognised. There is no recognition of this in our P&L or balance sheet.
 - ❑ Part 2: Investment in third party costs for the client. These are held in the balance sheet until crystallised. We propose to hold these at fair value, which we believe to be the cash cost under IFRS9. They are inherently uncertain and believe cash is the only true measure.
 - ❑ Part 3: Sale of our share of the DBA. These have been crystallised, sold with no recourse and under IFRS 15&9 are therefore recognised through the P&L as other income/realised gain.

Convex Capital



The word "convex" is written in a white, lowercase, sans-serif font. The letters are spaced out and positioned on the left side of the slide, partially overlapping a large, light gray curved shape that sweeps across the top and left edges of the frame.

About Convex Capital

- ❑ Convex is a specialist sell-side M&A corporate finance boutique, based in Manchester, UK.
- ❑ Convex proactively targets firms across Europe that it believes represent attractive acquisition opportunities for large corporates.
- ❑ Invested in data analytics – dedicated team focused on identifying opportunities. Active not reactive.
- ❑ Average fee value over £750,000 - way above industry norm.
- ❑ Real depth of talented proven dealmakers; Completed 13 transactions in the 2019.
- ❑ Completed two transactions in the three months to the year-ended 2019, generating revenue of £1.9 million, EBITDA margin of 42% and profit before tax margin of 41%.
- ❑ Has generated more than £8 million of revenue in three of the last four years.

Dividend Policy

The Board has a progressive dividend policy. Expect to pay out at least 60 per cent of retained earnings in any financial year by way of dividend.

Furthermore, as a result of opportunities in Litigation Finance, if successful, the Board may pay special dividends in addition to the interim and final dividends.

Due to the unpredictable nature of this type of work, it is not possible to forecast when cash from a successful case will be received.

If appropriate, special dividends will be announced at the time of the Group's half year and final results.