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RBG Holdings PLC
30 April 2024

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RBG Holdings plc

("RBG", the "Group", or the "Company")

Audited results for the year ended 31 December 2023

RBG Holdings plc (AIM: RBGP), the legal services group, today announces its audited results for the year ended 31 December 2023.

Highlights:[1]

- Revenue down 12.6% to £39.2m (2022: £44.9m, excluding proceeds on disposal of damages based assets)
    - Revenue (including discontinued operations) down 13.4% to £41.4m (2022: £47.9m)
- Adjusted[2] EBITDA down 62.5% to £4.6m[3] (2022: £12.4m)
    - Adjusted EBITDA (including discontinued operations) down 54.3% to £4.0m (2022: £8.7m)
- Adjusted[2] loss before tax of £0.7m (2022: £7.6m)
- Non-recurring costs of £10.6m (2022: £9.7m)
- Loss before tax £11.4m (2022: £2.1m)
- Loss from continuing operations of £11.0m (2022: £1.6m)
- Loss on discontinued operations (including goodwill impairment), net of tax £12.9m (2022: loss £3.1m)
- Loss for the year (including discontinued operations) of £23.9m (2022: £4.7m)
- Free cashflow outflow £3.1m (2022: inflow £4.0m)
- Net debt of £22.9m (2022: £19.2m). Cash at Bank on 26 April 2024 was £1.4m
- RBG Legal Services fee earner utilisation of 70% (2022: 76%)
  RBG Legal Services fee earner realisation of 87% (2022: 90%)

Strategic highlights:

- Appointment of a new Chief Executive Officer, Jon Divers, and a new Chief Financial Officer, Kevin McNair
- Disposal of LionFish, the Group's litigation finance operation
- Renewing the Group's banking facilities totalling £24.0m on terms deemed favourable by the Board
- Implementation of a new Enterprise Resource Planning 'ERP' management information system
- Scaling back from unfunded Damages Based Agreements
- A full comprehensive review of all aspects of the accounting treatment of work in progress and debtors

Events after reporting date:

- On 22 February 2024, the Group raised £0.9 million before expenses through the issue of new ordinary shares. A further £2.1 million before expenses was raised through the issue of new ordinary shares on 12 March 2024. The fundraising, which took place at a tight discount to the prevailing share price, was strongly supported by existing institutional shareholders, including certain directors who subscribed for £1.0 million of shares as part of the fundraise. The purpose of the raise was to provide additional working capital to the Group and to reduce the use of the Group's banking facilities
- On 28 March 2024, the Group completed the disposal of Convex Capital to a joint venture led by its management team for an initial consideration of £2.0 million, with up to £600,000 of contingent consideration payable on completion of certain subsequent transactions. Following the disposal, the Group is focused purely on legal services, its core business
- Following the completion of the disposal of Convex Capital, Ian Rosenblatt stepped down from the Board. Ian remains the Group's largest shareholder and largest generator of revenue.

Outlook:

- Trading during the first quarter of 2024 has been in line with expectations. Ignoring the impact of the unusually large piece of work that ran during mid and late 2022 into January 2023, Legal Services has traded slightly ahead in Q1 2024 compared to Q1 2023 on a like for like basis;
- Management is focused on specific areas of legal services which they believe offer the best opportunities for organic growth. Some of these are existing practices within the Group, others are complementary where the Group has recently recruited new partners and is looking to add additional resource;
- The seven new partners that have joined in the past nine months have made an encouraging start. They are closely aligned to the areas which management believe offer the best growth and margin opportunities;
- There is, and there always will be, a heavy focus on cost reduction wherever possible across the Group although management are conscious of the need to maintain scalability within the support functions of the business;
- The Board is optimistic that 2023 marked the end of the pivot from the Group's previous strategy and that there are opportunities for the Group to grow.

Marianne Ismail, Chair, RBG Holdings plc, said: "We recognise that 2023 was a very challenging year for the Group. However, the significant progress in realigning the business gives the Board confidence that the Group is on a much stronger footing than it has been for some time. The new Executive team, led by CEO Jon Divers, has made difficult decisions to reduce the Group's risk profile, its cost base, and to refocus RBG on its core legal activities, similar to the business that floated in 2018, where the Board believes profits will be maximised."

Jon Divers, Chief Executive Officer, RBG Holdings plc, added: "We have made significant improvements to the business in 2023 and we are now in a better position to deliver the Board's strategy of building a high margin, cash-generative, legal services group delivering sustained shareholder value. We have enhanced our operations which will lead to sustained margin improvements and have also added more fee earners. This, along with our actions to derisk the business, drive organic growth, and to simplify and strengthen the Group's balance sheet, give us a greater confidence about the performance of the Company as the market improves."

Enquiries:

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About RBG Holdings plc

- Further information about RBG Holdings plc is available at: www.rbgholdings.co.uk
- Further information about Rosenblatt (founded in 1989) is available at: www.rosenblatt.co.uk
- Further information about Memery Crystal (founded in 1979) is available at: www.memerycrystal.com

Chair's statement

Overview

We recognise that 2023 was a challenging year, but it was also a year of inflexion for the Group and the significant progress in realigning the business gives the Board confidence that the Group is on a much stronger footing than it has been for some time. The new Executive team, led by CEO Jon Divers, has made difficult decisions to reduce the Group's risk profile, its cost base and to refocus RBG on its core legal activities, similar to the business that floated in 2018, where the Board believes profits can be maximised.

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It was clear that the strategy and approach adopted by the previous management which deviated from the original strategy presented at IPO, was no longer appropriate. The required resources to reorient to a new strategy drained the business of profit and working capital, at a time when there have been significant macro-economic challenges impacting the Group. Two significant changes to derisk and strengthen the balance sheet were the 2023 disposal of LionFish Litigation Finance Limited ("LionFish"), and the post-period end disposal of Convex Capital Limited ("Convex Capital").

Today, the business is much closer to the one that floated in 2018 and in the view of the Board is stronger. At IPO, we floated the law firm, Rosenblatt, to which in 2021 we added Memery Crystal to form RBG Legal Services Limited ("RBGLS"). Rosenblatt and Memery Crystal are aligned to contentious and non-contentious services to reflect their brand position within the market, resulting in London's premier mid-tier law firm providing quality advice to corporates, entrepreneurs and high net worth individuals.

Rosenblatt was ranked in Tier 1 in The Legal 500 (Legalease) in 2024 for commercial litigation. Memery Crystal was ranked in 12 categories in The Legal 500 (Legalease) directory in 2024.

Both brands have over 30 years' proven trading history and the ability to deliver solid revenues and profits. Driving the organic growth of these businesses is at the heart of our strategy, and we believe that by focusing on our core strengths, with a simpler balance sheet, and reduced levels of debt, the market will be able to recognise the underlying value of the Group.

Financials[4]

- Revenue of £39.2m (2022: £44.9m, excluding gains on litigation assets)
- Adjusted EBITDA of £4.6m (2022: £12.4m)
- Loss before tax £11.4m (2022: £2.1m)
- Loss from continuing operations £11.0m (2022: £1.6m)
- Loss on discontinued operations (including goodwill impairment), net of tax £12.9m (2022: loss £3.1m)

The numbers we have reported for the 12-months to 31 December 2023 highlight the headwinds the business has faced. Revenue and profit from our continuing operations has reduced, largely due to lower corporate spend on legal services, in particular relating to transactions such as IPOs and M&A. We also had to make provisions in relation to the legacy the previous management left in terms of unfunded Damaged Bases Agreements (DBAs) and historic debtors.

As we progress through 2024, we do so with noticeably improved operating processes that will begin feeding through in terms of improved margins. We have taken steps to reduce our cost base, including the consolidation of our property portfolio, and we have a much simpler balance sheet that will give greater clarity to investors.

Our new agreement with HSBC and recent successful fundraise gives the management team the operational headroom to deleverage the business more quickly as it brings operational performance back up to acceptable levels. At 31 December 2023, our net debt position was £22.9m (2022: £19.2m). The Group has a £17.5m 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 £6.5m. In addition to this, the Group has two short term facilities that were obtained in the current year of £0.3m and £0.5m. These respective facilities have been paid down to £0.2m and £0.4m at year end. We are committed to reducing debt as a core part of our strategy.

Strategy

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

The successful acquisition of Memery Crystal in 2021 diversified our legal services revenue, which remains evenly split across three main practice areas; Dispute Resolution, Corporate and Real Estate. While the prevailing economic environment has been challenging, we see considerable opportunity in these core business areas, as the economic outlook improves, and operational improvements take hold.

These improvements include the recruitment of seven new partners, the implementation of a new ERP management information system to enhance workflow across the different practices and focusing on improving the performance of all fee earners through providing more timely and robust key performance indicators (KPIs) pertaining to fee earner performance, such as utilisation rates, recovery rates, and fee cost ratios.

Our emphasis will be on driving organic growth by recruiting and developing new fee earners. In 2023, we added seven new partners, and as at 31 December 2023, RBG Legal Services had 128 fee earners overall.

To ensure the Business remains absolutely focused on its goal, the Board took 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 the sale were used for working capital purposes. The Group will not participate in unfunded Alternative Billing Arrangements due to their unpredictability.

After the period-end in March 2024, we also sold Convex Capital to its management for a total consideration of up to £2.6 million, comprising an initial cash consideration of £2.0 million paid on completion and an earn out contingent on the completion of certain subsequent transactions. Convex Capital is an excellent business, but the unpredictable nature of the M&A market meant it was hard to forecast revenue flows in any one year. Convex Capital also required working capital from the Group, which we believe can be better deployed to support the core legal services business and to help reduce debt.

Following the disposals, the Group is focused purely on legal services, and we expect to go from strength to strength as a result.

Board Changes

On 31 January 2023, the employment contract of Nicola Foulston, CEO, was terminated. The Group subsequently settled a claim from her and her management company, Velocity Venture Capital Limited, which settles all outstanding matters between the parties.

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), Nick Davis (Senior Partner, Memery Crystal) and Ian Rosenblatt OBE (largest shareholder and individual revenue generator) as Executive Directors. In November, Kevin McNair, Interim Finance Director, was appointed to the Board as Chief Financial Officer. Kevin replaced Suzanne Drakeford-Lewis, who resigned from her role in June 2023, to take a six-month sabbatical for personal reasons, and subsequently confirmed to the Board of her decision not to return in 2024. Following the disposal of Convex Capital, Ian Rosenblatt resigned from the Board. He joined the Board to support the restructuring and refocusing of the business to legal services. Ian remains fully committed to the Group and has circa four years remaining on his restrictive covenants.

The Board now consists of four executive directors and three non-executive directors, providing a blend of different experiences and backgrounds. All non-executives are considered independent. We are in the process of recruiting another independent non-executive director to strengthen the independence of the Board and to ensure strong corporate governance. I Board hopes to complete this process prior to the Company's 2024 Annual General Meeting expected to be held in (or around) June 2024.

People

The strength of the Group is in our ability to retain and attract high-quality people. Despite the challenging year, we have retained and added to our key staff. I would like to sincerely thank everyone for their hard work and thanks are also due to our shareholders for their continued support.

Sustainability, Equality, Diversity and Inclusion

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 programs for university students. We also elected KEEN London as our Charity of the Year for 2023.

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 converted to energy (no landfill).

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

Outlook

We have made significant improvements to the business in 2023 and we are now in a better position to deliver the Board's strategy of building a high margin, cash-generative, legal services group delivering sustained shareholder value. With much of the restructuring completed, and a better economic outlook, the Group is in a much-improved position. The business has returned to its roots, and is built around two highly successful law firms, with proven track records across the whole economic cycle. We are continuing to reduce our cost base and are making significant operational improvements to increase revenue and improve margin. We look forward to the coming years with renewed confidence.

Marianne Ismail
Chair
30 April 2024

Chief Executive Officer's statement

Overview

2023 has been a year of significant change in the business as we work to deliver the Board's strategy of building a high margin, cash-generative, legal services group delivering sustained shareholder value.

We have focused on reducing the risk profile of the Group by disposing of non-core assets such as LionFish and Convex Capital and scaling back from unfunded DBAs. We have also strengthened the balance sheet through a successful fundraise and renewed banking facilities and there has been a comprehensive review of all aspects of the accounting treatments of work in progress and debtors.

Additionally, we are implementing significant operational improvements in our core legal services business, RBGLS, to meet the goal of being a high margin, cash-generative group. These changes will leave the Group in a far stronger position than at the start of 2023, especially as the macro-economic environment improves.

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

- Revenue down 12.6% to £39.2m (2022: £44.9m) reflecting reduced corporate spend relating to transactions such as IPOs and M&A
- RBG Legal Services fee earner utilisation of 70% (2022: 76%)
- RBG Legal Services fee earner realisation of 87% (2022: 90%)
- At 31 December 2023, RBGLS employed 183 people, including 128 fee earners

Our legal services business trades under two leading mid-tier law firm brands - Rosenblatt and Memery Crystal, which have their own brand identities and 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. RBGLS has a balanced offering across the reflect their distinct position within the legal services market. RBGLS has a balanced offering across the three main legal areas - Dispute Resolution (via Rosenblatt), and Corporate and Real Estate (through Memery Crystal).

The organic growth of the two firms, primarily through accretive hires, is key to our future success. We are focused on strengthening and growing in all areas we work in, by improving the performance of all fee earners, and adding seven new partners during 2023. Some strengthen our existing practices, and others add new areas of expertise as we look to build a full-service law firm. The recruitment has added two new areas so far, insolvency, and international arbitration. The partners in these areas are already gaining traction in their specific markets and are generating new revenue streams.

One of the keys to sustained operational improvement has been the implementation of a new ERP management information system in May, and we are already seeing the benefits. Ensuring all partners have access to the same document and time management systems, not only enhances the workflow across the different practices, but it also provides more timely and robust key performance indicators (KPIs) pertaining to fee earner performance, such as utilisation rates, recovery rates, and fee cost ratios. This consolidated approach eliminates the inefficiencies associated with managing separate systems, allowing for a more seamless flow of information, and enabling the Group to make data-driven decisions that optimise resource allocation and drive operational excellence.

As we enter 2024, the two businesses are fully integrated and based at one office on Fleet Street in London, with work ongoing to rationalise our property portfolio to reduce cost.

Discontinued Operations

LionFish Litigation Finance Limited ("LionFish")

On 12 July 2023, the Group completed the disposal of the non-core business, LionFish, to Blackmead Infrastructure Limited ("Blackmead") which reduced the Group's exposure to litigation funding commitments.

Convex Capital Limited ("Convex Capital")

- Completed three deals during 2023 delivering £2.2m of revenue (2022: 6 deals, £5.3m)

Convex Capital, the specialist sell-side corporate finance advisory business based in Manchester, was acquired by the Group in September 2019, to broaden the Group's exposure to the wider professional services sector and was sold in March 2024 via a management buyout (MBO) of the business.

As with the sale of LionFish, the disposal was in line with the Group's strategy to reduce its risk profile and to refocus on and invest in 'BG's established legal services business-s - Rosenblatt and Memery Crystal - where the Board believes it can best maximise profits.

The management of Convex Capital acquired the business from the Group for a total consideration of up to £2.6 million, comprising an initial cash consideration of £2.0 million paid on completion and an earn out. Under the terms of the earn out, post completion of the disposal, the Company will receive 38% of any gross fees received upon completion of four existing and named Convex projects up to a maximum of £0.6 million in cash. The disposal will result in a non-cash loss of £13.3 million.

While Convex Capital is an excellent business, its future is better served in the hands of its management team. As with LionFish, its sale will mean concentrating the resources of the Group on its core legal services businesses to maximise profits, using the released cash to reduce RBG's net debt and to invest in organic growth.

The disposal will reduce the demands on the Company's working capital, through a reduction of circa £2.2million per annum in ongoing costs in relation to Convex.

In the 12-months to 31 December 2023, Convex Capital generated revenues of £2.2 million (FY22: £5.3 million) and losses after tax of £0.2 million (FY22: profit of £0.9 million).

Jon Divers
Group Chief Executive Officer
30 April 2024

Financial Review

Key Performance Indicators (KPIs)[5]

- Revenue down 12.6% to £39.2m (2022: £44.9m, excluding proceeds on disposal of damages based assets)
    - Revenue (including discontinued operations) down 13.4% to £41.4m (2022: £47.9m)
- Adjusted EBITDA down 62.5% to £4.6m (2022: £12.4m)
    - Adjusted EBITDA (including discontinued operations) down 54.3% to £4.0m (2022 restated: £8.7m)
- Adjusted loss before tax of £0.7m (2022: profit £7.6m)
- Non-recurring costs of £10.6m (2022: £9.7m)
- Loss before tax £11.4m (2022: £2.1m)
- Loss from continuing operations of £11.0m (2022: £1.6m)
- Loss on discontinued operations (including goodwill impairment), net of tax £12.9m (2022: loss £3.1m)
- Loss for the year (including discontinued operations) of £23.9m (2022: £4.7m)
- Free cashflow outflow £3.1m (2022: inflow £4.0m)
- Net debt of £22.9m (2022: £19.2m)
- RBG Legal Services fee earner utilisation of 70% (2022: 76%)
- RBG Legal Services fee earner realisation of 87% (2022: 90%)

2023 was a challenging year for the Group. However, the significant progress in realigning the business gives the Board confidence that the Group is on a much stronger footing than it has been for some time.

The Group has now noticeably improved operating processes that have begun feeding through in terms of improved margins in 2024. Our new agreement with HSBC alongside the recent successful fundraise gives the Group operational headroom to de-leverage the business while Group performance begins to improve.

There are early signs of recovery in some of the key areas of legal services that were badly impacted in 2023. We expect revenue and profit to improve in 2024. Continuing to focus on the Group's operational efficiency, expanding margins and generating cash are the key priorities for the Board.

Revenue

Group revenue for the period was £39.2m compared to £44.9m in 2022, representing a 12.6% decrease. As Convex is treated as an asset held for sale, the Group revenue reflects the performance of Legal Services.

Revenue across the Legal Services departments was impacted by different factors. Dispute Resolution (42% of total revenue) was down 9.5%. This department benefited from an unusually large case in H2 2022 so its performance in 2023 was broadly in line with expectations.

Corporate revenue (38% of total revenue) was down 12.1%, reflecting the depressed state of the equity capital markets and lower M&A activity. M&A activity began to pick up in Q4 of 2023 and this continued in Q1 2024. There are early signs of improvement in the equity capital markets in 2024 but this is unlikely to turn into revenue growth until H2.

Real Estate (20% of total revenue) was down 22.2%. This reflects the historically low levels of activity across all parts of the commercial real estate sector. Although there are early signs of recovery in parts of the sector, management expectations for revenue growth in 2023 are cautious.

Other operating income

Other operating income of £0.9m (2022: £0.2m) relates to net interest earned on client monies held.

Disbursement asset revenue and expenditure

Disbursement asset revenue and expenditure relates to funds invested in disbursements on RBGLS' Damages based agreement ('DBA') cases. Due to an error identified in accounting policies, these cases are now accounted for under IFRS 15. Refer to notes 2 and 8 for further explanation.

Staff costs[6]

Total staff costs in 2023 were £26.9m (2022: £27.2m), which includes £25.7m for legal services. The average number of employees for the Group was 200 (2022: 211).

Overhead costs[6]

During 2022, the Group incurred overheads of £46.5m (before depreciation and amortisation) (2022: £44.0m), of which staff costs were £26.9m (2022: £27.2m).

Other overhead costs were £19.6m (2022 restated: £15.0m), of which non-recurring costs, represented £10.6m (2022: £9.7m). Other costs included insurances of £1.4m (2022: £1.8m), rates £0.7m (2022: £0.9m), and training and recruitment £0.7m (2022 £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[6]

In assessing performance, the Group uses EBITDA and adjusted EBITDA as important KPIs. EBITDA loss was a loss of £5.1m, including £10.6m of non-underlying items (2022: EBITDA £2.7m including non-underlying items of £9.7m).

Adjusted EBITDA for 2023 was £4.6m (11.8% of revenue) (2022 restated: £12.4m, 27.5%). Legal Services adjusted EBITDA margin of 17.0% (2022: 33.2%) was impacted by a decline in revenue, due to lower corporate spend on legal services, in particular relating to transactions such as IPOs and M&A.

In the trading update announced on 18 December 2023, the Group indicated that Adjusted EBITDA would be approximately £4.0m for the year. As part of the audit process, it was concluded that certain assets relating to Damages Based Agreements should be treated under IFRS 15, rather than IFRS 9. While a number of factors impacted the final Adjusted EBITDA, the principal one was the change in accounting treatment. The impact of this change in treatment is one off in nature.

Profit before tax

Loss before tax for 2023 was £11.4m, (2022: £2.1m); this includes £10.6m of non-underlying items (2022: £9.7m).

Adjusted loss before tax was £0.7m, (2022: profit £7.6m).

Corporation tax

The Group's tax benefit for the year is £0.3m with an effective tax rate of 2.8% (2022 restated: £0.5m, 22.2%).

Discontinued operations

On 12 July 2023, the Group completed the disposal of the non-core business, LionFish to Blackmead Infrastructure Limited ("Blackmead") which reduced the Group's exposure to litigation funding commitments.

Convex has been classified as held for sale and has been excluded from our headline performance measures. Operating losses before non-underlying items for Convex were £0.2m (2022: operating profit £1.2m). Total losses after tax for the business for 2023 totalled £0.2m (2022: profit after tax £0.9m)

Details on discontinued operations are shown in Note 13.

Earnings Per Share (EPS)[7]

The weighted average number of shares in 2023 was 95.3 million which gives a basic earnings per share (EPS) on continuing operations for the year of (11.58p) (2022: restated (1.73p)) and diluted earnings per share (EPS) on continuing operations for the year of (11.56p) (2022: (1.72p)).

Balance Sheet

	2023	**2022[8]**
	£'m	**£'m**
Goodwill, intangible and tangible assets	55.1	55.3
Current Assets	19.1	27.9
Current Liabilities	(13.8)	(12.2)
Assets held for sale[7]	3.3	22.5
Liabilities held for sale	(1.0)	(7.5)
	62.7	**86.0**
Net debt[7]	(22.9)	(19.2)
Non-Current Liabilities	(11.4)	(14.1)
Net assets	**28.4**	**52.7**

The Group's net assets as at 31 December 2023 decreased by £24.3m on the prior year as a result of the losses recognised in 2023 as well as impairment in Convex intangible assets.

Goodwill, Tangible and Intangible Assets[8]

During the year, the management team took the decision to write off all remaining litigation assets from the balance sheet. This was tied to the Board's decision to step back from significant Damages based agreement (DBA) cases similar to those the Group had undertaken in the past.

Previously, disbursements incurred on these DBAs were held on the balance sheet as litigation assets and measured under IFRS 9 at fair value through profit or loss.

Based on the substances of the underlying agreements for the two damages based agreements, the recovery from the client of disbursements represents a revenue stream arising from costs to fulfil a contract with a customer and therefore falls within the scope of IFRS 15, not IFRS 9. This is because IFRS 9 states that it does not apply to "rights and obligations within the scope of IFRS 15 that are financial instruments, except for those that IFRS 15 specifies are accounted for in accordance with IFRS 9".

Refer to notes 2, 3, 22 and 32 for further information on this prior period adjustment.

Included within tangible assets is £12.4m (2022: £14.4m) which relates to IFRS 16 right of use assets for the Group's property leases.

Total intangible assets of £40.5m (2022: £38.7m) incorporate the goodwill and intangible assets acquired on the acquisitions of the Rosenblatt, and Memery Crystal businesses. During the year, the Group extended Ian Rosenblatt's restrictive covenant, refer to note 18 for further information. 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[10]

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.

Lock up days at 31 December 2023 were 127 (2022 restated: 137), with debtor days being 49 (2022: 58 days) and WIP days being 77 days (2022: 79 days). Lock up has decreased from the previous year due to the increase in provision made against trade receivables. This is an area of significant focus for management.

Trade debtors less provision for impairment at the end of the year were £8.0m (2022: £9.9m) and contract assets (work in progress) at the year-end were £8.2m (2022: £9.7m).

Net debt[9]

We have a revolving credit facility (RCF) of £17.5m and an acquisition term loan of £10.0m, of which, a total of £3.5m had been repaid at 31 December 2023. Our net debt position at the year end was £22.9 million (2022: £19.2 million).

Cash Conversion

	2023	**2022[10]**
	£m	**£m**
Cash flows from operating activities	(5.1)	12.8
Movements in working capital	4.3	0.5
Increase in litigation assets	(0.3)	(7.8)
Net cash (used in)/generated from operations	**(1.1)**	**5.4**
Interest	(1.7)	(1.3)
Capital expenditure	(0.3)	(0.2)
Free cash flow	**(3.1)**	**4.0**
Underlying loss after tax	(10.2)	(4.7)
Cash conversion	**30%**	**(84%)**

The cash conversion percentage measures the Group's conversion of its underlying profit after tax into free cash flows. Cash conversion was 30% in 2023 (2022: (84%)).

Summary

We have made significant changes to the business in 2023 and we are now in a better position to deliver the Board's strategy of building a high margin, cash-generative, legal services group delivering sustained shareholder value.

Kevin McNair
Chief Financial Officer
30 April 2024

Consolidated statement of comprehensive income
For the year ended 31 December 2023

	Note	**1 January to 31 December 2023** **£**	**1 January to 31 December 2022[11] Restated** **£**
Revenue	5	39,209,854	44,873,908
Proceeds on disposal of damages based agreements	5	-	2,021,700
Other operating income	7	885,422	156,046
Disbursement asset revenue	8	1,221,854	2,847,487

Disbursement asset expenditure	8	(827,834)	(3,241,507)
Personnel costs	10	(26,878,460)	(27,184,117)
Depreciation and amortisation expense		(3,251,607)	(3,432,764)
Other expenses		(19,606,276)	(16,816,487)
(Loss) from operations	9	**(9,247,048)**	**(775,734)**
EBITDA		**(5,995,440)**	**2,657,030**
Non-underlying items	6		
Costs of acquiring subsidiary		25,000	367,303
Contract assets - damages based agreement asset impairment		-	6,670,481
Release of onerous contract provision		301,727	562,979
Trade receivables - provision against damages based agreement receivable		920,127	1,296,470
Costs associated with disposal of LionFish		5,648,109	-
Costs associated with re-financing project		787,193	-
Other one-off costs		2,081,890	-
Trade receivables provision change		1,038,163	-
Restructuring (release)/costs		(168,167)	803,631
Adjusted EBITDA		**4,638,602**	**12,357,894**
Finance expense	11	(2,170,109)	(1,333,663)
Finance income	11	51,318	14,509
Loss on sale of associate	21	-	(21,643)
(Loss) before tax		**(11,365,839)**	**(2,116,531)**
Tax income/(expense)	12,13	322,721	469,118
(Loss) from continuing operations		**(11,043,839)**	**(1,647,413)**
Profit/(Loss) on discontinued operations, net of tax	13	818,932	(3,073,351)
Impairment associated with discontinued operation	20	(13,694,754)	-
(Loss) for the year		**(23,918,940)**	**(4,720,763)**
Total (loss) and comprehensive income attributable to:			
Owners of the parent		(23,918,940)	(4,335,201)
Non-controlling interest		-	(385,562)
		(23,918,940)	**(4,720,763)**
Earnings per share attributable to the ordinary equity holders of the parent	14		
Basic (pence) from continuing operations		(11.58)	(1.73)
Diluted (pence) from continuing operations		(11.58)	(1.73)
Basic (pence) from total operations		(25.09)	(4.55)
Diluted (pence) from total operations		(25.09)	(4.55)

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.

Consolidated statement of financial position
As at 31 December 2023

Company registered number: 11189598	**Note**	**31 December 2023**	**31 December 2022[12] Restated**	**1 January 2022 Restated**
		£	**£**	**£**
Assets				
Current assets				
Trade and other receivables	22	18,374,752	27,214,577	19,330,914
Current tax asset	22	725,723	656,982	-
Cash and cash equivalents		2,262,750	2,588,240	4,736,546

		21,363,225	30,459,799	24,067,460
Non-current assets				
Property, plant and equipment	16	2,047,706	2,208,091	2,582,911
Right-of-use assets	17	12,390,892	14,419,414	15,913,008
Intangible assets	18	40,488,453	38,693,983	55,859,230
Deferred tax	26	216,445	-	-
Litigation assets	32	-	-	-
Trade and other receivables	22	-	-	6,402,444
Investments in associates	21	-	-	101,643
		55,143,496	**55,321,488**	**80,859,236**
Assets held for sale	13	3,369,134	22,882,556	4,922,385
Total assets		**79,875,854**	**108,663,843**	**109,849,081**
Liabilities				
Current liabilities				
Trade and other payables	23	11,593,485	9,642,454	10,099,544
Leases	17	2,224,373	1,979,578	2,150,440
Current tax liabilities	23	-	-	1,002,637
Provisions	25	75,000	605,556	164,291
Loans and borrowings	24	2,624,407	2,205,640	2,129,592
		16,517,264	**14,433,228**	**15,546,504**
Non-current liabilities				
Loans and borrowings	24	22,687,488	20,000,000	17,000,000
Deferred tax liabilities	26	-	229,361	850,042
Provisions	25	150,000	150,000	150,000
Leases	17	11,344,768	13,713,932	13,698,661
		34,182,255	**34,093,293**	**31,698,703**
Liabilities held for sale	13	958,476	7,528,822	2,053,440
Total liabilities		**51,657,996**	**56,055,344**	**49,298,647**
NET ASSETS		**28,217,858**	**52,608,500**	**60,550,434**
Issued capital and reserves attributable to owners of the parent				
Share capital	27	190,662	190,662	190,662
Share premium reserve	28	49,232,606	49,232,606	49,232,606
Retained (losses)/earnings	28	(21,205,410)	3,185,232	10,840,271
		28,217,858	**52,608,500**	**60,263,539**
Non-controlling interest		-	-	286,895
TOTAL EQUITY		**28,217,858**	**52,608,500**	**60,550,434**

The attached notes form part of these financial statements

Consolidated statement of cash flows
For the year ended 31 December 2023

	Note	2023	2022[13] restated
		£	£
Cash flows from operating activities			
(Loss) for the year before tax from:			
Continuing operations		(11,365,839)	(2,116,531)
Discontinued operations		673,594	(3,772,086)
Adjustments for:			
Depreciation of property, plant and equipment		500,559	556,403
Amortisation of right-of-use assets		2,138,917	2,153,585
Amortisation of intangible fixed assets		738,611	837,413
Fair value movement of litigation assets net of realisations		(1,168,566)	5,218,176
Impairment of contract assets (damages based agreement asset)		-	6,670,481
Release of onerous contract provision		301,727	562,979

Trade receivables - provision against damages based agreement receivable	920,127	1,296,470
Finance income	(51,646)	(32,739)
Finance expense	2,213,795	1,361,514
Loss on sale of equity accounted associate	-	21,643
	(5,098,721)	**12,757,308**
Decrease/(increase) in trade and other receivables	3,788,638	(3,600,176)
Increase in trade and other payables	1,083,815	3,609,645
(Increase) in litigation assets	(325,488)	(7,781,846)
(Decrease)/increase in provisions	(530,556)	441,265
Cash generated from operations	**(1,082,312)**	**5,426,196**
Tax paid	(899,649)	(601,569)
Net cash flows (used in)generated from operating activities	**(1,981,961)**	**4,824,627**
Investing activities		
Purchase of property, plant and equipment	(326,941)	(199,741)
Sale of associate	-	80,000
Purchase of other intangibles	(2,500,000)	-
Disposal of discontinued operations litigation assets	1,821,800	
Consideration received (litigation assets)	3,782,098	-
Payment of deferred consideration	-	(2,248,319)
Interest received	51,646	32,739
Net cash generated from/(used in) investing activities	**2,828,604**	**(2,335,321)**
Financing activities		
Dividends paid to holders of the parent	(471,702)	(4,736,071)
Proceeds from loans and borrowings	3,249,950	5,000,000
Repayment of loans and borrowings	(718,888)	(2,000,000)
Repayments of lease liabilities	(1,841,233)	(1,211,829)
Interest paid on loans and borrowings	(1,197,725)	(756,768)
Interest paid on lease liabilities	(509,019)	(528,698)
Net cash (used in) financing activities	**(1,488,617)**	**(4,233,366)**
Net (decrease) in cash and cash equivalents	**(641,974)**	**(1,744,060)**
Cash and cash equivalents at beginning of year	3,012,083	4,756,143
Cash and cash equivalents at end of year	**2,370,109**	**3,012,083**
Cash and cash equivalents - continuing operations	2,262,750	2,588,240
Cash and cash equivalents - discontinued operations	107,359	423,843
Cash and cash equivalents per consolidated balance sheet	**2,370,109**	**3,012,083**

The attached notes form part of these financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2023

Current year	**Share Capital**	**Share Premium**	**Retained Earnings**	**Total attributable to equity holders of parent**
	£	£	£	**£**
Balance at 1 January 2023 as originally presented	190,662	49,232,606	11,996,470	**61,419,738**
Correction of error (refer to note 32)	-	-	(8,811,238)	**(8,811,238)**
Balance at 1 January 2023	**190,662**	**49,232,606**	**3,185,232**	**52,608,500**

Comprehensive income for the year				
Loss for the year	-	-	(23,918,940)	**(23,918,940)**
Total comprehensive loss for the year	-	-	(23,918,940)	**(23,918,940)**
Contributions by and distributions to owners				
Dividends	-	-	(471,702)	**(471,702)**
Total contributions by and distributions to owners	-	-	(471,702)	**(471,702)**
Balance at 31 December 2023	**190,662**	**49,232,606**	**(21,205,410)**	**28,217,858**

Prior year	Share Capital	Share Premium	Retained Earnings	Total attributable to equity holders of parent
	£	£	£	**£**
Balance at 1 January 2022 as originally presented	190,662	49,232,606	11,113,365	**60,536,633**
Correction of error (refer to note 32)	-	-	(273,094)	**(273,094)**
Balance at 1 January 2022 (restated, refer to note 32)	190,662	49,232,606	10,840,271	**60,263,539**
Comprehensive income for the year				
(Loss) for the year (restated, refer to note 32)	-	-	(4,335,201)	**(4,335,201)**
Total comprehensive Income for the year	**-**	**-**	**(4,335,201)**	**(4,335,201)**
Contributions by and distributions to owners				
Dividends	-	-	(4,736,071)	**(4,736,071)**
Purchase of NCI share capital	-	-	(98,767)	**(98,767)**
Reversal of call option over shares of associate	-	-	500,000	**500,000**
Reversal of put option over shares of subsidiary	-	-	1,015,000	**1,015,000**
Total contributions by and distributions to owners	**-**	**-**	**(3,319,838)**	**(3,319,838)**
Balance at 31 December 2022	**190,662**	**49,232,606**	**3,185,232**	**52,608,500**

The attached notes form part of these financial statements.

Company statement of financial position
As at 31 December 2023

Company registered number: 11189598	**Note**	**31 December 2023**	**31 December 2022**
		£	**£**
Assets			
Current assets			
Trade and other receivables	22	4,394,018	14,204,102
Cash and cash equivalents		340,549	413,635
Current tax assets	22	145,364	-
		4,879,931	**14,617,737**
Non-current assets			
Trade and other receivables	22	40,412,117	39,554,433
Property, plant and equipment	16	-	45
Investments in subsidiaries	20	13,806,624	27,501,378
		54,218,741	**67,055,856**
Total assets		**59,098,672**	**81,673,593**
Liabilities			
Current liabilities			
Trade and other payables	23	4,219,262	4,290,801
Loans and borrowings	24	2,624,407	2,205,640
		6,843,669	**6,496,441**
Non-current liabilities			
Loans and borrowings	24	22,687,488	20,000,000
Deferred tax liabilities	26	199,505	635,334
		22,886,993	**20,635,334**
Total liabilities		**29,730,661**	**27,131,775**
NET ASSETS		**29,368,011**	**54,541,818**
Issued capital and reserves attributable to owners of the parent			
Share capital	27	190,662	190,662
Share premium reserve	28	49,232,606	49,232,606
Retained earnings	28	(20,055,257)	5,118,550
		29,368,011	**54,541,818**

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 loss after tax of £24,702,105 for the year ended 31 December 2022 (2022: profit £4,419,482).

The attached notes form part of these financial statements.

Company statement of cash flows
For the year ended 31 December 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
(Loss)/Profit for the year before tax		**(25,137,934)**	**3,491,188**
Adjustments for:			
Depreciation of property, plant and equipment	16	45	1,038
Impairment of investment in discontinued operation		13,694,754	-
Finance income		(10,648)	(14,164)
Finance expense		1,666,894	811,352
		(9,786,889)	**4,289,414**
(Increase)/decrease in trade and other receivables		(445,778)	1,329,641
Increase in trade and other payables		575,785	379,823
Cash (used in)/generated from operations		**(9,656,882)**	**5,998,878**
Tax paid		(145,362)	-
Net cash flows (used in)/ generated from operating activities		**(9,802,244)**	**5,998,878**
Investing activities			
Sale of associate		-	80,000
Purchase of NCI share capital		-	(100)
Amounts repaid by/ (loaned to) subsidiaries		9,398,176	(7,435,942)
Interest received		10,648	14,164
Net cash flows generated from/(used in) investing activities		**9,408,824**	**(7,341,879)**
Financing activities			
Dividends paid to holders of the parent	15	(471,702)	(4,736,071)
Amounts (repaid to)/borrowed from subsidiaries		(647,324)	1,767,522
Proceeds from loans and borrowings		3,249,950	5,000,000
Repayment of loans and borrowings		(718,888)	(2,000,000)
Interest paid on loans and borrowings		(1,091,703)	(735,304)
Net cash flows generated from/(used in) financing activities		**320,334**	**(703,853)**
Net (decrease) in cash and cash equivalents		**(73,086)**	**(2,046,854)**
Cash and cash equivalents at beginning of year		413,635	2,460,489
Cash and cash equivalents at end of year		**340,549**	**413,635**

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 2023	**190,662**	**49,232,606**	**5,118,550**	**54,541,818**
Comprehensive profit for the year				

Loss for the year	-	-	(24,702,105)	**(24,702,105)**
Total comprehensive profit for the year	-	-	(24,702,105)	**(24,702,105)**
Contributions by and distributions to owners				
Dividends	-	-	(471,702)	(471,702)
Total contributions by and distributions to owners	**-**	**-**	**(471,702)**	**(471,702)**
Balance at 31 December 2023	**190,662**	**49,232,606**	(20,055,257)	29,368,011

Prior year	**Share Capital £**	**Share Premium £**	**Retained Earnings £**	**Total £**
Balance at 1 January 2022	**190,662**	**49,232,606**	**5,435,139**	**54,858,407**
Comprehensive profit for the year				
Profit for the year	-	-	4,419,482	**4,419,482**
Total comprehensive profit for the year	-	-	**4,419,482**	**4,419,482**
Contributions by and distributions to owners				
Dividends	-	-	(4,736,071)	**(4,736,071)**
Total contributions by and distributions to owners	**-**	**-**	**(4,736,071)**	**(4,736,071)**
Balance at 31 December 2022	**190,662**	**49,232,606**	**5,118,550**	**54,541,818**

The attached notes form part of these financial statements.

Notes to the consolidated and company financial statements

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 2023, with a comparative year to 31 December 2022 (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.

Discontinued operations

During the year, the Board approved plans to dispose of the Group's interests in Convex. Convex is classified as held for sale at the balance sheet date. The net results of Convex have been presented as discontinued operations in the Group statement of comprehensive income (for which the comparatives have been restated). See Note 13 for further details.

Going concern

The Group has prepared financial projections to April 2025, the going concern review period. The Board recognises that the Groups' financial performance in 2023 included a decline in revenue and a total reported loss (including discontinued operations) after tax of £23,918,941. This loss included an impairment of Convex Capital intangible assets of £13,694,754 and one-off costs that are considered to be exceptional totalling £10,634,042. After the reporting date, the Group raised a total of £3.0 million before expenses through the issue of new ordinary shares and completed the disposal of Convex Capital for an initial consideration of £2.0 million.
The Directors are confident that much of these losses were attributable to factors that will not impact the Group going forward.

The financial projections performed form part of a three-year plan which shows positive earnings and cash flow generation and projected compliance with banking covenants at each testing date.

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 the 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 appropriate mitigating actions, including lowering capital expenditure, 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.

Changes in accounting policies

a. *New standards, interpretations and amendments effective from 1 January 2023*

New standards that have been adopted in the annual financial statements for the year ended 31 December 2023 but have not had a significant effect on the Group are:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments

to IAS 12 Income Taxes); and

- International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively)

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 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

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 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

c. Prior year restatement

During the current financial year, it was identified that previous accounting policy to capitalise Rosenblatt disbursements (including counsel fees) associated with its Damages Based Agreement ("DBA") matters as litigation assets and measure the assets under IFRS 9 at fair value through profit and loss was incorrect.

These disbursements constitute payments of costs to fulfil a contract under IFRS 15 that could be reimbursed in the future depending on the outcome of the case. They should be capitalised to the extent that they are expected to be recovered.

There are two specific cases that this error impacts and each is treated differently based on the terms of the agreement.

For the first case, the disbursements are payable to the Group, only if the case wins or where the client or the Group terminates the engagement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15. During the year ended 31 December 2022, the probability of success was reduced from 90% to 50%, at this point, the contract asset was written off and the case became an onerous contract and costs to fulfil the contract were provided for.

For the second case, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed at year end.

Refer to Note 32 Restatement of prior year for further information.

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.
The Group has two cases under Damages Based Agreements.
For the first case, the disbursements are recoverable either in the case of a win, or where the client or the Group terminates the engagement. The recovery of the disbursements are recognised as revenue under IFRS 15 to the extent it is highly probable that a significant reversal in the amount will not occur in the future. Under IFRS 15, this case is treated as a contract asset, and an impairment assessment is performed in line with the standard.

For the second case, disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group, when a disbursement is incurred, the Group recognises the expense incurred in the profit or loss and the associated revenue in relation to the recovery of the disbursement. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets. At each reporting date, the Group performs an expected credit loss (ECL) assessment on the receivable line with IFRS 9, and where applicable, an impairment is recognised.

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.

Corporate finance revenues

Corporate finance 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.

Interest received on client monies

Interest is recognised on client monies held, this is recognised in the profit or loss based on the effective interest rate during the period. This forms part of other income as this is driven by the ongoing operations of the business,

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:

- One-off costs connected to acquisitions

- Contract assets - damages based agreement asset impairment
- Release of onerous contract provision
- Trade receivables - provision against damages based agreement receivable
- Group costs associated with discontinued operations
- Costs associated with re-financing project
- Release of restructuring costs
- Trade receivables provision change

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.

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.

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 under the amortised cost category, the Group's accounting policy is as follows:

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 liabilitie*s

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.

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 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

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.

The lease calculations have been prepared up to the end of the lease term as defined in the lease agreements. Where there has been a remeasurement or rent-free-period, the lease calculations are adjusted accordingly.

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.

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	14 - 19 years	Straight line	Estimated discounted cash flow
Customer contracts	1 - 2 years	Nil	In line with contract revenues	Estimated discounted cash flow
Restrictive covenant extension	5 years	4 years	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.

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

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.

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. 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.

Onerous contracts
The Group recognises a provision for the unavoidable costs of meeting a contract where the obligations of the contract exceed the economic benefits to be received under it.

Restatements

The 2022 comparative numbers have been restated for the following corrections which is described fully in Note 32:

A prior period adjustment has been made for incorrect accounting policies that were previously adopted in relation to disbursements incurred on two damages based agreements. The disbursements were previously held on the balance sheet as Litigation Assets and measured the assets under IFRS 9 at fair value through profit and loss.

Based on the substances of the underlying agreements for the two damages based agreements, the recovery from the client of disbursements represents a revenue stream arising from a costs to fulfil a contract with a customer and therefore falls within the scope of IFRS 15, not IFRS 9. This is because IFRS 9 states that it does not apply to "rights and obligations within the scope of IFRS 15 that are financial instruments, except for those that IFRS 15 specifies are accounted for in accordance with IFRS 9".

For the first case, the disbursements are payable to the Group, only if the case wins or where the client or the Group terminates the engagement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15. Management has reassessed the probability of success during the year ended 31 December 2022and has reduced this from 90% to 50%, at this point, the contract asset was written off the case became an onerous contract and costs to fulfil the contract were provided for.

The reassessment made for probability of success was based on management's assessment of the

The reassessment made for probability of success was based on management's assessment of the information available at the time and hindsight has not been applied in assessing the impact of the prior period adjustment. The write off of the contract asset at the point of probability of success reducing was £6,670,481. At that point, a provision for the onerous contract of £956,999 was recognised. £562,979 of this provision was released during the remaining months of the year ended 31 December 2022.

For the second case, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed at year end. The Group performed an ECL assessment at each year end for this case and determined that the disbursements are not recoverable if the case were to lose and therefore have been provided for.

The assessment on the ECL has been made based on management's knowledge of the case and the parties involved, hindsight has not been applied for the of assessing the impact of the prior period adjustment. The impact of this ECL assessment was that opening reserves were reduced by £273,094 for the provision recognised against the receivable. The provision for receivables was increased at 31 December 2022 for £1,296,470, and an additional £920,127 recognised against the receivable at 31 December 2023.

The 2022 comparative numbers have been restated to reflect Convex being disclosed as a discontinued operation in the current year, refer to Note 13.

3. Critical accounting estimates and judgements

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

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.

Disbursements incurred in association with DBAs are recognised initially under IFRS 15 as they constitute payments for costs incurred as part of the provision of legal services to the Group's client that could be reimbursed in the future depending on the outcome of the case.

The Group has two DBA cases which are recognised as follows:

For the first case, the disbursements are payable to the Group, only if the case wins or where the client or Group terminates the engagement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15 regarding the probability of success of the case, when it becomes probable that the case will not be successful, an impairment is required, and the contract becomes onerous. Different views on the probability of success could impact whether an impairment is recognised. This change in accounting estimate has resulted in an impairment of nil in the current year (2022: £6,670,481).

For the second case, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed by management at year end. Different views on the ability to recover the receivable could impact the amount of provision required. This change in accounting estimate has resulted in an increase in the provision of receivables for disbursements on this case of £920,127 (2022: £1,296,470).

The change in accounting estimate as a result of the above prior period adjustment has resulted in a material change from the amounts published in the 2023 interim results. The interim results recorded a write off of £11.0m associated with these DBA cases within 2023. The prior period adjustment identified above, has resulted in the first disbursement asset case being recorded as a contract asset and impaired within the year ending 31 December 2022, the second case is recorded as a trade receivable and has been assessed for expected credit loss impairment at each year end. Refer to notes 22 and 32 for further information.

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.

Impairment of trade receivables

Receivables are held at cost less provisions for impairment. During the year ended 31 December 2023, the Group changes it's accounting for impairment provisions, they are now recognised based on the ageing of invoices with invoices over 270 days being fully provided for, management also make an assessment for invoices under 270 days old to determine their collectability.
This change in accounting estimate has resulted in an impairment provision against trade receivables for legal services of £3,787,379 (2022: £745,523).

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 year ending 31 December 2021, 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 33.

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
- Trade and other payables
- Floating-rate bank loans

(ii) Financial instruments by category

Financial assets - Group	**Fair value through profit or loss**		**Amortised cost**	
	31 December 2023	**31 December 2022 restated**	**31 December 2023**	**31 December 2022 restated**
	£	**£**	**£**	**£**
Cash and cash equivalents	-	-	2,262,750	2,588,242
Trade and other receivables	-	-	17,354,918	25,701,508
Total financial assets	**-**	**-**	**19,617,668**	**28,289,750**

On 31 December 2023, financial assets held at fair value through profit or loss of £nil were transferred to assets held for sale (2022: £4,895,514). Financial assets held at amortised cost of £103,173 were transferred to assets held for sale (2022: £5,167,655). Refer to note 13 for further details.

Financial assets - Company	**Fair value through profit or loss**		**Amortised cost**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**

	£	£	£	£
Cash and cash equivalents	-	-	340,549	413,635
Trade and other receivables	-	-	44,806,135	53,758,535
Total financial assets	**-**	**-**	**45,146,684**	**54,172,170**

Financial Liabilities - Group	**Fair value through profit or loss**		**Amortised cost**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022 Restated**
	£	**£**	**£**	**£**
Trade payables and accruals	-	-	9,291,151	7,381,930
Loans and borrowings	-	-	25,311,894	22,205,640
Other payables	-	-	108,261	100
Total financial liabilities	**-**	**-**	**34,711,306**	**29,587,670**

On 31 December 2023, financial liabilities carried at amortised cost of £103,972 were transferred to liabilities held for sale (2022: £1,340,455), refer to note 13.

Financial Liabilities - Company	**Fair value through profit or loss**		**Amortised cost**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
	£	**£**	**£**	**£**
Trade payables and accruals	-	-	4,219,262	4,290,801
Total financial liabilities	**-**	**-**	**4,219,262**	**4,290,801**

Trade and other payables are due within twelve months.

(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.

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.

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.

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 2023 and 2022, the Group's borrowings at variable rate were denominated in sterling. At 31 December 2023, 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 £291,600 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.

In December 2023, the Group renewed and extended its existing borrowing facilities with HSBC.
The renewed facility which runs until 31 December 2025, total £24.0 million and consists of a £17.5 million revolving credit facility and a £6.5 million term loan. The renewed facility replaces the facilities which were due for renewal in April 2024. The interest rate on the renewed facility will remain the same as for the previous facilities, paying a margin of 2.4% - 3.15% over the Sterling Overnight Index Average (SONIA), resulting in a current effective rate of 8.3%.
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 16 and 18.

Additionally, the Group drew down £0.8m from two short term loans that are repayable over two years.
At the year end the Group had £2.3 million in cash, and so a net debt position of £22.9 million (2022: £19.2 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 17), 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

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)
- *Professional Services* - Provision of sell-side M&A corporate finance services, (professional services are provided by Convex and have been reclassified to discontinued operations, Note 13)

2023	**Legal services**	**Total**
	£	**£**
Segment revenue	39,209,854	**39,209,854**
Disbursement asset revenue	1,221,854	**1,221,854**
Disbursement asset expenditure	(827,834)	**(827,834)**
Segment contribution	17,180,771	17,180,771
Costs not allocated to segments		
Personnel costs		(3,569,936)
Depreciation and amortisation		(3,251,607)
Other operating expense		(19,606,277)
Net financial expenses		(2,118,791)
Group loss for the year before tax on continuing operations		**(11,365,839)**

2022 (restated)	**Legal services**	**Third party participation rights**	**Total**
	£	**£**	**£**
Segment revenue	44,873,908	-	**44,873,908**
Segment gains on litigation assets comprising:			
Proceeds on disposal of damages based assets	-	2,021,700	**2,021,700**
	-	**2,021,700**	**2,021,700**
Disbursement asset revenue	2,847,487		**2,847,487**
Disbursement asset expenditure	(3,241,507)		**(3,241,507)**
Segment contribution	22,461,803	-	**22,461,803**

Segment gains on litigation assets	-	2,021,700	**2,021,700**
Costs not allocated to segments			
Personnel costs			(5,035,073)
Depreciation and amortisation			(3,432,764)
Other operating expense			(16,791,399)
Net financial expenses			(1,319,155)
Loss on sale of equity accounted associate			(21,643)
Group profit for the year before tax on continuing operations			**(2,116,531)**

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	
	2023	**2022**
	£	**£**
		restated
United Kingdom	28,976,058	37,960,608
Europe	1,838,158	1,528,152
North America	2,514,385	567,170
Other	5,881,253	4,817,978
	39,209,854	**44,873,908**

Revenues from Legal Services clients that account for more than 10% of Group revenue was £5,326,686 (2022: £6,632,334).

Contract assets - work in progress

Group	**2023** **£**	**2022** **£**
At 1 January	9,703,812	5,976,258
Transfers in the period from contract assets to trade receivables	(5,059,785)	(3,039,106)
Impairment of contract assets	(733,191)	(412,125)
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	4,332,502	7,178,785
At 31 December	**8,243,338**	**9,703,812**

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. Material profit or loss items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

The below items have been identified as non-underlying and therefore are adjusted for in the calculation of adjusted EBITDA.

	Notes	2023 £	2022 £
Non-underlying items			
Costs of acquiring subsidiary	a	25,000	367,303
Contract assets - damages based agreement asset impairment	b	-	6,670,481
Release of onerous contract provision	b	301,727	562,979
Trade receivables - provision against damages based agreement receivable	c	920,127	1,296,470
Costs associated with discontinued operations	d	5,648,109	-
Costs associated with re-financing project	e	787,193	-
Other one-off costs	f	2,081,890	-
Trade receivable provision	g	1,038,163	-
Restructuring (release)/costs	h	(168,167)	803,631

6a Cost of acquiring subsidiary

Costs associated with the failed acquisition of a subsidiary within 2022. The cost incurred within 2023 relates to additional invoice received within the year, relating to the project from 2022.

6b Contract assets - damages based agreement impairment

Damages based agreement assets are initially recognised as revenue under IFRS 15 to the extent it is highly probable that a significant reversal in the amount will not occur in the future and a disbursement asset will be recognised in the balance sheet. The Group has two cases under damaged based agreements.
For the first case, disbursements are recoverable either in the case of a win or where the client or the Group terminate the agreement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15.

During the year ended 31 December 2022, the probability of success of this case was reduced from 90% to 50% and the value of the contract asset at this point in time (£6,670,481) was written off. At this point in time, the contract became onerous and the Group recognised a provision for costs to fulfil the contract.

6c Trade receivables - provision against damages based agreement

For the second damages based agreement asset that the Group has, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed at year end.
As a result of the ECL assessment, the Group has fully provided against the receivable for this damages based agreement.

6d Costs associated with disposal of LionFish

During the year ended 31 December 2023, the Group disposed of its subsidiary LionFish Litigation. As a result of this disposal, the Group wrote off a portion of the intercompany balance owed by LionFish.
Additionally, as part of the consideration received for the sale of LionFish, the Group retained Litigation Assets relating to previous cases which LionFish had invested in and had lost at point of sale, so the remaining balance sheet value associated with these cases was written off.

6e Costs associated with re-financing project

During the year ended 31 December 2023, the Group carried out and completed a re-financing project which result in the extension of its existing facilities. The Group engaged with a third-party consultancy Group to assist with the management of this project.

6f Other one-off costs

During the year ended 31 December 2023, the Group has incurred a number of one-off or non-recurring costs, they have been classified as non-underlying as they do not represent costs incurred in the normal course of business. These costs include legal fees for settlement claims, costs associated with settlements and public relation costs associated with these settlements.

6g Trade receivables provision - estimate change

During the year ended 31 December 2023, the Group reviewed the accounting estimate for expected credit losses on trade receivables and determined there was not sufficient coverage. As a result, an amount has been recognised as non-underlying items that represents the change in provision as at 31 December 2023.

6h Restructuring (release)/costs

During the year ended 31 December 2022, there were restructuring costs incurred by the Group, the release within the year ended 31 December 2023 represents the portion of the 2022 cost that was not incurred/paid out and therefore required the accrual to be released.

7. Other operating income

	2023 £	2022 £
Other income	-	159,280
Bank interest on client monies	885,422	(3,234)
	885,422	**156,046**

8. Disbursement asset revenue/expenditure

	2023 £	2022 £
Disbursement asset revenue	1,221,854	2,847,487
Disbursement asset expenditure		
Costs incurred	1,221,854	2,847,487
Provision (released)/recognised	(394,020)	394,020
	(827,834)	**(3,241,507)**

The costs relate directly to the contract, the first case met the definition of an onerous contract at the end of 2022, therefore a provision was made within 2022 for costs to meet the obligations of the contract. During the year ended 31 December 2023, the provision was released against the costs incurred. This case lost during the current year and therefore no asset was recognised for these costs. The costs associated with the second case were recognised as an asset from costs to fulfil a contract, this asset was reviewed for ECL and was impaired based on the Group's assessment that the costs would not be recoverable from the client.

9. Profit from operations and auditor's remuneration

	2023 £	2022 restated £
Profit from operations is stated after charging:		
Fees payable to the company's auditors:		
Audit fees	351,765	290,000
Other services - pursuant to legislation/regulation	3,035	36,684
Depreciation of property, plant and equipment	484,412	530,529
Amortisation of right-of-use assets	2,028,585	2,064,823

Amortisation of right of use assets	[illegible]	[illegible]
Amortisation/impairment of intangible assets	738,610	837,412

For the year ended 31 December 2023, depreciation of property, plant and equipment of £12,091 (2022 restated: £25,874) was transferred to discontinued operations. Amortisation of right of use assets of £110,332 (2022: £88,762) was transferred to discontinued operations.

The Alternative Performance Measures used by Management are shown below:

	2023 £	2022 restated £
Operating (loss)/profit	(9,247,048)	(775,734)
Depreciation and amortisation expense	3,251,607	3,432,764
Non-underlying items	10,634,043	9,700,864
Adjusted EBITDA	**4,638,601**	**12,357,894**

	2023 £	2022 Restated £
(Loss)/Profit before tax	(11,635,839)	(2,116,531)
Non-underlying items	10,634,043	9,700,864
Adjusted Profit before tax	**(731,797)**	**7,584,333**

10. Employees

Group

	2023 £	2022 restated £
Staff costs (including directors) consist of:		
Wages and salaries	19,639,680	20,060,891
Short-term non-monetary benefits	265,217	254,585
Cost of defined contribution scheme	762,278	695,206
Share-based payment expense	-	6,244
Social security costs	2,394,358	2,619,683
	23,061,533	**23,636,609**

Personnel costs stated in the consolidated statement of comprehensive income includes the costs of contractors of £3,816,927 (2022 restated: £3,547,508).

Staff costs transferred to discontinued operations during the year of £324,474 (2022 restated: £3,654,197)

Contractors' costs transferred to discontinued operations during the year of £866 (2022 restated: £356,986)

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

	2023 Number	2022 Number
Legal and professional staff	136	138
Administrative staff	64	73
	200	**211**

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 £762,278 (2022 restated: £693,157).
Contributions amounting to £189,132 (2022: £256,340) were payable to the funds at year end and are included in Trade and other payables.

included in Trade and other payables.

Company

The average number of employees (excluding directors) during the period was four (2022: nine); all other personnel are employed by subsidiary undertakings.

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

	Basic Salary and/or Directors Fees	Employer Pension Contributions	Total
	£	£	£
31 December 2023			
M Ismail	85,000	-	85,000
P Baker	40,000	-	40,000
D Wilkinson	40,000	-	40,000
N Davis (appointed 3 Mar 2023)	288,845	13,083	301,928
T MacLeod (appointed 3 Mar 2023)	298,254	8,648	306,902
I Rosenblatt (appointed 27 Jul 2023)	2,258,834**	-	2,258,834
J Divers (appointed 3 Mar 2023)	372,593	12,500	385,093
K McNair (appointed 28 Nov 23)	20,833	938	21,771
K Hamill (resigned 22 Jun 2023)	45,000	-	45,000
S Drakeford-Lewis (resigned 30 Jun 2023)	127,500	3,825	131,325
N Foulston (terminated 31 Jan 2023)	37,152	-	37,152
	3,614,011	**38,994**	**3,653,005**

** Of this amount, £637,500 remained payable as at 31 December. Ian Rosenblatt subsequently agreed to receive this amount in shares as part of the equity that was announced in February 2024.

	Basic Salary and/or Directors Fees	Employer Pension Contributions	Total
	£	£	£
31 December 2022			
S Drakeford-Lewis[14]	-	-	**-**
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**[15]
P Baker	37,737	-	**37,737**
D Wilkinson	37,737	-	**37,737**
	1,262,294	**23,667**	**1,285,961**

Directors who have an interest in the shares of the Company will benefit through dividend payments.

During the year the following bonuses were received by directors and are included within Basic Salary and/or Directors' Fees.	31 December 2023 [16]	31 December 2022
	£	£
J Divers	122,593	-
N Davis	17,178	-
S Drakeford-Lewis	25,000	-
R Parker	-	50,000

Details of the transactions with Directors are included in Note 30. The directors are considered to be the key management personnel.

11. Finance income and expense

	2023 £	2022 £
Recognised in profit or loss		
Finance income		
Interest received on bank deposits	51,318	14,509
Net finance income recognised in profit or loss	**51,318**	**14,509**
Finance expense		
Interest expense on financial liabilities measured at amortised cost	(1,687,122)	(811,352)
Interest expense on lease liabilities	(482,987)	(522,311)
	(2,170,109)	**(1,333,663)**
Net finance (expense) recognised on profit or loss	**(2,118,791)**	**(1,319,154)**

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

	2023 £	2022 £
Total interest income on financial assets	51,318	14,509
Total interest expense on financial liabilities	(1,687,122)	(811,352)
	(1,635,804)	**(796,843)**

12. Tax expense

	2023 £	2022 restated £
Current tax expense		
Current tax on profits for the year	-	-
Adjustment for under provision in prior years	-	(443,490)
Total current tax	**-**	(443,492)
Deferred tax expense		
Origination and reversal of temporary differences in current period (Note 26)	(445,317)	(747,939)
Origination and reversal of temporary differences in prior period (Note 26)	-	23,575
Total tax expense	**(445,317)**	(1,167,854)
Tax charge attributable to:		
Profit from continuing operations	(322,720)	(469,118)
Profit/(loss) from discontinued operations	(122,597)	(698,736)
Tax expense excluding share of tax of equity accounted associate	(455,317)	(1,167,854)
	(455,317)	**(1,167,854)**

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:

	2023 £	2022 restated £

(Loss) for the year from:		
Continuing operations	(11,043,119)	(1,647,413)
Discontinued operations	(12,875,822)	(3,073,350)
	(23,918,941)	**(4,720,763)**
Income tax expense (including income tax on associate) attributable to:	(445,317)	(1,167,854)
Continuing operations	(322,720)	(469,118)
Discontinued operations	(122,597)	(698,737)
Profit before income taxes	**(24,364,258)**	**(5,888,617)**
Tax using the Company's domestic tax rate of 23.5% (2022: 19%)	(5,725,601)	(1,118,837)
Fixed asset differences	91,463	(675)
Expenses not deductible for tax purposes	3,480,519	91,370
Income not taxable for tax purposes	(350,666)	-
Timing differences not recognised in the computation	(42,036)	-
Adjustments in respect of prior periods	-	8,341
Adjustments in respect of prior periods (deferred tax)	-	23,575
Remeasurement of deferred tax for changes in tax rates	(32,552)	(171,627)
Movement in deferred tax not recognised	2,133,556	-
Total tax expense	**(445,317)**	(1,167,854)

Changes in tax rates and factors affecting the future tax charge

On 1 April 2023, the UK corporation tax rate increased from 19% to 25%. The effect of the new rate on the Group's tax charge has been applied to the financial statements.

13. Discontinued operations

Convex Capital Limited

During the year ended 31 December 2023, the Board made the decision to dispose of Convex Capital Limited ("Convex").

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 12 months ending 31 December 2023 and 31 December 2022

Summary of discontinued operations - reconciliation to profit or loss

	2023 **£**	**2022** **£**
Revenue	2,221,674	956,050
Expenses other than finance costs	(2,871,945)	(4,609,684)
Finance costs	(43,358)	(6,387)
Non-underlying items	1,490,928	(112,066)
Impairment of intangible assets	(13,694,754)	-
Tax credit/(expense)	122,597	698,737
Loss from selling discontinued operations after tax	(90,964)	-
Profit/(Loss) for the year	**(12,875,822)**	**(3,073,350)**

Reconciliation to statement of cash flows

	2023 **£**	**2022** **£**

Net cash (outflow)/inflow from operating activities	(796,422)	1,388,283
Net cash (outflow) from investing activities	(2,586)	(12,964)
Net cash inflow/(outflow) from financing activities	482,524	(1,139,753)
Net (decrease)/increase in cash generated	(316,484)	235,566
Cash and cash equivalents at beginning of period	423,843	188,277
Cash and cash equivalents at end of period	**107,359**	**423,843**

Breakdown of discontinued operations by entity:

Discontinued operations - Convex	**2023 £**	**2022 £**
Revenue	2,234,800	5,274,075
Expenses other than finance costs	(2,539,273)	(4,109,076)
Finance costs	(26,220)	(6,387)
Non-underlying items	-	(31,177)
Tax credit/(expense)	122,597	(215,899)
(Loss)/Profit for the year	(208,096)	911,536
Attributable to:		
Equity holders of the parent	(208,096)	911,536

Cash flow	**2023 £**	**2022 £**
Net cash (outflow)/inflow from operating activities	(893,119)	1,396,086
Net cash (outflow) from investing activities	(2,586)	(12,575)
Net cash inflow/(outflow) from financing activities	590,626	(1,139,753)
Net (decrease)/increase in cash generated	**(305,079)**	**243,758**

Assets and liabilities of disposal group held for sale

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

	2023 £	**2022 £**
Property, plant and equipment	10,661	21,867
Right-of-use assets	544,386	654,718
Intangible assets	2,600,000	16,327,834
Trade and other receivables	106,728	118,582
Cash and cash equivalents	107,359	412,438
Assets held for sale	**3,369,134**	**17,535,439**
Trade and other payables	240,181	(176,486)
Leases	541,610	654,452
Amounts due to parent company	82,692	-
Tax liabilities	93,944	587,799
Liabilities held for sale	**958,476**	**1,065,765**

Lionfish Litigation Finance Limited

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, during the year ended 31 December 2022 the present value of the put option was released through the Statement of Changes in Equity.

In July 2023 the Group completed its disposal of LionFish to Blackmead Infrastructure Limited. The post-tax loss on disposal of discontinued operation was determined as follows:

	31-Dec-23 £
Cash consideration received	1,074,734
Other consideration received	3,782,098
Total consideration received	**4,856,832**
Cash disposed of	4,000
Net cash inflow of disposal of discontinued operation	**4,852,832**
Net assets disposed (other than cash):	
Property, plant and equipment	(742)
Trade and other receivables	(1,136)
Litigation assets	(5,603,898)
Trade and other payables	661,980
	(4,943,796)
Pre-tax loss on disposal of discontinued operation	(90,964)
Related tax benefit	22,741
Loss on disposal of discontinued operation	**(68,223)**

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 12 months ending 31 December 2023 and 31 December 2022

Discontinued operations - LionFish	**2023 £**	**2022 £**
(Loss) on litigation assets	(23,126)	(4,318,025)
Expenses other than finance costs	(332,672)	(500,608)
Finance costs	(17,138)	-
Non-underlying items	1,490,928	(80,889)
Tax credit/(expense)	-	914,635
Loss from selling discontinued operation after tax	(90,964)	-
Profit/(Loss) for the year	1,027,028	(3,984,887)
Attributable to:		
Equity holders of the parent	1,027,028	(3,599,325)
Non-controlling interests	-	(385,562)
	1,028,028	**(3,984,887)**

Cash flow	**2023 £**	**2022 £**
Net cash inflow/(outflow) from operating activities	96,697	(7,803)
Net cash outflow from investing activities	-	(389)
Net cash outflow from financing activities	(108,102)	-
Net (decrease) in cash generated	**(11,405)**	**(8,192)**

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.

	2023 £	2022 £
Property, plant and equipment	-	2,770
Litigation investments	-	5,331,698
Trade and other receivables	-	1,244
Cash and cash equivalents	-	11,405
Assets held for sale	**-**	**5,347,117**
Trade and other payables	-	1,283,883
Amounts due to parent company	-	4,766,624
Tax liabilities	-	412,551
Liabilities held for sale	**-**	**6,463,058**

14. Earnings per share

Numerator	**Total 2023 £**	**Total 2022 Restated £**
Profit for the year and earnings used in basic and diluted EPS:		
From continuing operations	(11,043,118)	(1,647,413)
From discontinued operations	818,932	(2,687,789)
Non-Underlying items		
Costs of acquiring subsidiary	25,000	367,303
Contract assets - damage based agreement asset impairment		6,670,481
Release of onerous contract provision	301,727	562,979
Trade receivables - provision against damages based agreement receivable	920,127	1,296,470
Group costs associated with discontinued operations	5,648,109	-
Costs associated with re-financing project	787,193	-
Other one-off costs	2,081,890	-
(Release)/accrual of restructuring costs	(168,167)	803,631
Trade receivable provision change	1,038,163	-
Less: tax effect of above items	(2,658,511)	(1,824,410)
Profit for the year adjusted for non-underlying items from continuing operations	**(3,067,586)**	**6,229,042**

Denominator	**Number**	**Number**
Weighted average number of shares used in basic EPS	95,331,236	95,331,236
Impact of share options	188,392	188,392
Weighted average number of shares used in diluted EPS	**95,519,628**	**95,519,628**

	2023 Pence	**2022 Pence Restated**
Basic earnings per ordinary share from continuing operations	(11.58)	(1.73)
Diluted earnings per ordinary share from continuing operations	(11.58) *	(1.73) *

operations		
Basic earnings per ordinary share from discontinued operations	0.86	(2.82)
Diluted earnings per ordinary share from discontinued operations	0.86	(2.82) *
Basic earnings per ordinary share from total operations	(25.09)	(4.55)
Diluted earnings per ordinary share from total operations	(25.09) *	(4.55) *
Basic earnings per ordinary share adjusted for non-underlying items from continuing operations	(3.22)	6.53
Diluted earnings per ordinary share adjusted for non-underlying items from continuing operations	(3.22) *	6.52

* The potentially dilutive instruments were anti-dilutive during 2022 and 2023.

On 22 February and 12 March 2024, the Group issued shares of 9,533,125 and 23,814,521 respectively. Following the Second Admission (12 March 2024), it issued share capital comprised 128,678,882 shares.

Earnings per share have been recalculated based on a weighted average of the number of shares at 31 December 2023 and following the Second Admission on 12 March 2024.

Denominator	**Number**
Weighted average number of shares used in basic EPS	112,005,059
Impact of share options	188,392
Weighted average number of shares used in diluted EPS	**112,193,451**

	2023 Pence
Basic earnings per ordinary share from continuing operations	(9.86)
Diluted earnings per ordinary share from continuing operations	(9.86) *
Basic earnings per ordinary share from discontinued operations	0.73
Diluted earnings per ordinary share from discontinued operations	0.73
Basic earnings per ordinary share from total operations	(21.36)
Diluted earnings per ordinary share from total operations	(21.36) *
Basic earnings per ordinary share adjusted for non-underlying items from continuing operations	(2.74)
Diluted earnings per ordinary share adjusted for non-underlying items from continuing operations	(2.76) *

* The potentially dilutive instruments were anti-dilutive during 2023.

15. Dividends

	2023 £	**2022 £**
Interim dividend of 0.5p (2022: 3p) per ordinary share proposed and paid during the year relating to the previous year's results	471,702	2,832,898
Interim dividend of nil (2022: 2p) per ordinary share paid during the year	-	1,903,173
	471,702	**4,736,071**

16. Property, plant and equipment

Group

	Leasehold improvements	Fixtures and fittings	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 January 2022	2,710,279	251,294	779,546	3,741,119
Additions	7,471	87,883	103,998	199,352
Transferred to assets held for sale	(20,197)	(10,602)	(56,552)	(87,351)
At 31 December 2022 (restated)	**2,697,553**	**328,575**	**826,992**	**3,853,120**
At 1 January 2023 (restated)	**2,697,553**	**328,575**	**826,992**	**3,853,120**
Additions	-	3,713	320,314	324,027
At 31 December 2023	**2,697,553**	**332,288**	**1,147,306**	**4,177,147**
Accumulated depreciation and impairment				
At 1 January 2022	487,148	116,989	554,071	1,158,208
Charge for the period	285,370	109,399	157,536	552,305
Transferred to assets held for sale	(17,216)	(7,847)	(40,421)	(65,484)
At 31 December 2022 (restated)	**755,302**	**218,541**	**671,186**	**1,645,029**
At 1 January 2023 (restated)	**755,303**	**218,540**	**671,186**	**1,645,029**
Charge for the year	246,723	89,439	148,250	484,412
At 31 December 2023	**1,002,026**	**307,979**	**819,436**	**2,129,441**
Net book value				
At 1 January 2022	2,223,131	134,305	225,475	2,582,911
At 31 December (restated)	**1,942,250**	**110,035**	**155,806**	**2,208,091**
At 31 December 2023	**1,695,527**	**24,309**	**327,870**	**2,047,706**

Property, plant and equipment transferred to held for sale at 31 December 2023 of £10,661 (2022: £24,637).

The Group has no contractual commitments for the acquisition of property, plant and equipment.

Company

	Computer Equipment	Total
	£	£
Cost		
At 1 January 2022	18,750	18,750
Additions	-	-
At 31 December 2022	**18,750**	**18,750**
At 1 January 2023	18,750	18,750
Additions	-	-
At 31 December 2023	**18,750**	**18,750**
Accumulated depreciation and impairment		
At 1 January 2022	17,667	17,667
Charge for the year	1,038	1,038
At 31 December 2022	**18,705**	**18,705**
At 1 January 2023	18,705	18,705
Charge for the year	45	45
At 31 December 2023	**18,750**	**18,750**

Net book value

At 1 January 2023	45	45
At 31 December 2023	**-**	**-**

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.

The Company has no contractual commitments for the acquisition of property, plant and equipment.

17. 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 2023	**Lease Contract Number**	**Variable Payments %**	**Sensitivity £000**
Property leases with payments linked to inflation	1	38.7%	+/- 174
Property leases with periodic uplifts to market rentals	1	61.3%	+/- 574
	2	**100.0%**	**+/- 748**

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

At 31 December 2022	**Lease Contract Number**	**Variable Payments %**	**Sensitivity £000**
Property leases with payments linked to inflation	1	78.3%	+/- 218
Property leases with periodic uplifts to market rentals	1	21.7%	+/- 653
	2	**100.0%**	**+/- 872**

Right-of-use Assets

	Land and buildings £	**Total £**
At 1 January 2022	15,913,008	15,913,008
Amortisation	(2,153,585)	(2,153,585)
Variable lease payment adjustment	1,314,709	1,314,709
Transferred to assets held for sale	(654,718)	(654,718)
At 31 December 2022 (restated)	**14,419,414**	**14,419,414**
At 1 January 2023	14,419,414	14,419,414
Amortisation	(2,028,522)	(2,028,522)
At 31 December 2023	**12,390,892**	**12,390,892**

Lease liabilities

	Land and buildings £	**Total £**

At 1 January 2022	15,849,101	15,849,101
Interest expense	528,698	528,698
Variable lease payment adjustment	1,314,709	1,314,709
Lease payments	(1,740,524)	(1,740,524)
Transferred to assets held for sale	(258,474)	(258,474)
At 31 December 2022 (restated)	**15,693,510**	**15,693,510**
At 1 January 2023	15,693,510	15,693,510
Interest expense	472,410	472,410
Lease payments	(2,596,779)	(2,596,779)
At 31 December 2023	**13,569,141**	**13,569,141**

At 31 December 2023, 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	546,845	1,677,528	2,318,301	4,183,776	4,842,691	**13,569,141**

The aggregate undiscounted commitments for low-value leases as at 31 December 2023 was £nil (2022: £nil).

18. Intangible assets

Group

	Goodwill	**Customer Contracts**	**Brand**	**Other**	**Total**
	£	**£**	**£**	**£**	**£**
Cost					
At 1 January 2022	51,862,168	1,706,578	3,360,474	1,000,000	57,929,220
Additions	-	-	-	-	-
Transferred to assets held for sale	(15,775,039)	(1,167,673)	(661,596)	-	(17,604,308)
At 31 December 2022 (restated)	**36,087,129**	**538,905**	**2,698,878**	**1,000,000**	**40,324,912**
At 1 January 2023	**36,087,129**	538,905	**2,698,878**	1,000,000	40,324,912
Additions	-	-	-	2,500,000	2,500,000
At 31 December 2023	**36,087,129**	**538,905**	**2,698,878**	**3,500,000**	**42,824,912**
Accumulated amortisation and impairment					
At 1 January 2022	-	1,466,599	270,058	333,333	2,069,990
Amortisation charge	-	169,389	168,024	500,000	837,413
Transferred to assets held for sale	-	(1,167,673)	(108,801)	-	(1,276,474)
At 31 December 2022	**-**	**468,315**	**329,281**	**833,333**	**1,630,929**
At 1 January 2023	-	468,315	329,281	833,333	1,630,929
Amortisation charge	-	70,590	134,940	500,000	705,530
At 31 December 2023	**-**	**538,905**	**464,221**	**1,333,333**	**2,336,459**

Net book value

At 1 January 2022	51,862,168	239,979	3,090,416	666,667	55,859,230
At 31 December 2022 (restated)	36,087,129	70,590	2,369,597	166,667	38,693,983
At 31 December 2023	36,087,129	-	**2,234,657**	**2,166,667**	**40,488,453**

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.

During the year, intangible assets with an opening net book value of £16,327,834 relating to Convex Capital were transferred to assets held for sale. Further amortisation of £33,080 was charged to these intangible assets during the year ended 31 December 2023. An impairment assessment was performed on these intangible assets where it was determined that an impairment of £13,694,754 was required.

19. 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 25% 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 from continuing operations 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.

An impairment in relation to Convex Capital goodwill and intangible assets was made during the financial year.

20. 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 2023	2022
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	11491052	100%	100%

Convex Capital Limited	Professional Services	11491082	100%	100%
LionFish Litigation Finance Limited[17]	Litigation Finance	12165991	-	100%
Islero Assignments Limited	Dormant	12754244	-	100%
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 165 Fleet Street, London, England, EC4A 2DY.

For the year ending 31 December 2023, 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 2023.

Company

	2023	**2022**
	£	**£**
Cost and net book value		
At 1 January	27,501,378	27,501,278
Investments in subsidiaries	-	100
Impairment in subsidiary held for sale	(13,694,754)	-
At 31 December	**13,806,624**	**27,501,378**

Impairment in subsidiary held for sale relates to Convex Capital Limited which was classified as a discontinued operation at 31 December 2023 and subsequently sold in March 2024.
This impairment has been arrived at by reviewing intangible assets held in Convex, less consideration received.

21. 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:

	2023	**2022**
	£	**£**
Cash consideration received	-	80,000
Total consideration received	-	**80,000**
Net assets disposed (other than cash):		
Investment in associate	-	101,643
Loss on disposal of discontinued operation, net of tax	-	**(21,643)**

22. Trade and other receivables

Group

	Group	**Group**	**Group**

	31 Dec 2023 £	31 Dec 2022 Restated £	1 Jan 2022 Restated £
Trade receivables	14,131,346	12,229,829	10,456,340
Less: provision for impairment of trade receivables	(6,170,819)	(2,315,087)	(828,694)
Trade receivables - net	**7,960,527**	**9,914,742**	**9,627,646**
Contract assets	8,243,338	9,703,812	12,378,702
Amounts due from discontinued operations	82,692	4,766,624	760,081
Corporation tax receivable	725,723	656,982	-
Other taxes and social security	-	-	-
Other receivables	1,068,361	659,347	1,003,079
Total financial assets other than cash and cash equivalents classified as amortised cost	**18,080,641**	**25,701,508**	**23,769,508**
Prepayments	1,019,834	2,170,051	1,963,850
Total trade and other receivables	**19,100,475**	**27,871,559**	**25,733,358**
Due within one year or less	19,100,475	27,871,559	19,330,914
Due after more than one year		-	6,402,444
	19,100,475	**27,871,559**	**25,733,358**

At 31 December 2023, trade and other receivables of £106,728 (2022: £119,806) were transferred to assets held for sale - discontinued operations.

Trade receivables are made up of the following:

	Group 31 Dec 2023 £	Group 31 Dec 2022 £	Group 1 Jan 2022 £
Trade receivables for legal services revenue [a]	11,641,655	10,660,265	10,183,246
Trade receivables for damages based agreement [b]	2,489,691	1,569,564	273,094
	14,131,346	12,229,829	10,456,340

[a] Trade receivables from legal services revenue relates to balances due on work invoiced for the supply of legal services.

[b] Trade receivables for damaged based agreement relates to a case the Group has entered into and the disbursements are recoverable from the client whether the case wins or loses. At each reporting date, an ECL assessment is performed on the asset in line with IFRS 9 and an impairment is recognised as appropriate.

The Group have performed an ECL assessment at each year end and have determined that in the event of a loss, the disbursements are not recoverable and have therefore impaired the asset.

Contract assets are made up of the following:

	Group 31 Dec 2023 £	Group 31 Dec 2022 £	Group 1 Jan 2022 £

Work in progress [a]	8,243,338	9,703,812	5,976,258
Damages based agreement assets [b]	-	-	6,402,444
	8,243,338	**9,703,812**	**12,378,702**

[a] Work in progress relates to time recorded by fee earners that has not been billed at balance sheet date.

[b] Where revenue is subject to contingent fee arrangements, including services provided under Damages based agreements (DBAs) the Group recognises an asset for the disbursements on these cases. The Group has two cases that fall under damages based agreements.

For the first case, disbursements are recoverable either in the case of a win or where the client or the Group terminate the agreement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15. During the year ended 31 December 2022, the probability of success was reduced from 90% to 50%, at this point, the case became an onerous contract and costs to fulfil the contract were provided for.

The table below provides analysis of the movements in damages based agreement assets:

	2023 £	2022 restated £
At 1 January	-	6,402,444
Additions	-	988,037
Realisations	-	(720,000)
Write off of damages based agreement asset	-	(6,670,481)
At 31 December	**-**	**-**

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 credit loss provision for trade receivables and contract assets is as follows:

31 December 2023	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total £**
Expected loss rate	*18.0%*	*3.9%*	*7.9%*	*52.4%*	
Gross carrying amount - trade receivables	2,536,027	1,247,100	1,664,689	6,193,839	**11,641,655**
Gross carrying amount - contract assets (Work in Progress)	8,243,338	-	-	-	**8,243,338**
Gross carrying amount - [illegible]	2,489,691	-	-	-	**2,489,691**

trade receivables - DBA assets					
Loss provision	2,507,392	48,029	131,270	3,484,129	**6,170,819**

31 December 2022

Expected loss rate	*10.2%*	*2.7%*	*3.8%*	*18.6%*	
Gross carrying amount - trade receivables	4,733,325	1,832,694	820,647	3,273,600	**10,660,265**
Gross carrying amount - contract assets (Work in Progress)	9,703,812	-	-	-	**9,703,812**
Gross carrying amount - trade receivables - DBA assets	1,569,564	-	-	-	**1,569,564**
Loss provision	1,626,725	49,528	30,947	607,887	**2,315,087**

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:

	2023 **£**	**2022** **£**
At 1 January	2,315,087	828,694
Increase during the year	4,008,754	1,544,896
Receivable written off during the year as uncollectible	(62,595)	(24,247)
Unused amounts reversed	(90,427)	(34,257)
At 31 December	**6,170,820**	**2,315,087**

Included in other receivables is £17,872 (2022: £12,475) which is owed by the Employee Benefit Trust.

Company

	2023 **£**	**2022** **£**
Amounts due from group companies	43,934,885	53,167,678
Corporation tax receivable	145,364	-
Other taxes and social security	347,822	-
Other receivables	361,110	403,633
Total financial assets other than cash and cash equivalents classified as amortised cost	**44,789,181**	**53,571,311**
Prepayments	162,318	187,224
Total trade and other receivables	**44,951,499**	**53,758,535**
Due within one year or less	4,539,382	14,204,102
Due after more than one year	40,412,117	39,554,433
	44,951,499	**53,758,535**

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.

23. Trade and other payables

	Group 2023 £	Company 2023 £	Group 2022 restated £	Company 2022 £
Trade payables	4,911,641	547,550	3,927,448	-
Corporation tax payable	-	-	-	-
Other taxes and social security	2,194,073	-	2,260,424	-
Amounts due to discontinued operations	-	-	647,324	
Amounts due to group companies	-	2,318,419	-	2,873,359
Derivative financial liabilities	-	-	-	-
Other payables	108,261	100	100	100
Accruals	4,379,510	1,353,193	2,807,158	1,417,342
At 31 December	**11,593,485**	**4,219,262**	**9,642,454**	**4,290,801**
Due within one year or less	11,593,485	4,219,262	9,642,454	4,290,801
Due after more than one year	-	-	-	-
	11,593,485	**4,219,262**	**9,642,454**	**4,290,801**

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

At 31 December, trade and other payables of £334,175 (2022 restated: £2,107,747) were transferred to liabilities held for sale - discontinued operations (refer to note 13).

24. Loans and borrowings

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

	Book value 31 Dec 23 £	Fair value 31 Dec 23 £	Book value 31 Dec 22 £	Fair value 31 Dec 22 £
Non-current				
Bank loans				
Secured	22,687,488	22,687,488	20,000,000	20,000,000
Current				
Bank loans				
Secured	2,624,407	2,624,407	2,205,640	2,205,640
At 31 December	**25,311,894**	**25,311,894**	**22,205,640**	**22,205,640**

The rate at which Sterling denominated loans and borrowings are payable is 3.15% above SONIA (2022: 2.90%).

The bank loans are secured by fixed and floating charges over the assets of the Group. The bank loans are repayable over four years, during the year ending 31 December 2023, the Group signed an amendment and restatement deed which postponed the termination date. The Group has £nil undrawn committed borrowing facilities available at 31 December 2023 (2022: £nil).

25. Provisions

Group

	Leasehold	Legal	Onerous	Total

	dilapidations	disputes	contracts	
	£	£	£	£
At 1 January 2022	**150,000**	**164,291**	-	314,291
Charged to profit or loss	-	47,245	956,999	1,004,244
(Released) through profit or loss	-	-	(562,979)	(562,979)
At 31 December 2022	**150,000**	**211,536**	**394,020**	**755,556**
At 1 January 2023	150,000	211,536	394,020	755,556
(Release) through profit or loss	-	(136,536)	(394,020)	(530,556)
At 31 December 2023	**150,000**	**75,000**	**-**	**225,000**
Due within one year or less	-	75,000	-	75,000
Due after more than one year	150,000	-	-	150,000
	150,000	**75,000**	**-**	**225,000**

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 further 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.

The Group recognises a contract asset in line with IFRS 15 for one of its damages based agreement cases. Management re-assessed the probability of success of the case based on the information available at the time and the probability of success was reduced from 90% to 50% during the year ended 31 December 2022 and the contract asset associated with this was impaired. At this point in time, the case became an onerous contract and as such, a provision was made for costs to fulfil the contract.

26. Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2022: 25%).

On 1 April 2023, 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	Company	Group	Company
			restated	
	£	£	£	£
At 1 January	229,361	635,333	729,985	660,270
Recognised in profit or loss				
Tax expense	(323,209)	(435,828)	(682,668)	(24,937)
Transferred to held for sale - discontinued operations	(122,597)	-	182,044	-
At 31 December (asset)/liability	**(216,445)**	**199,505**	**229,361**	**635,333**

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

Group	**Accelerated capital**	**Business combinations**	**Other temporary**	**Total**

	allowances		and deductible differences	
	£	£	£	£
Balance 1 January 2022	55,230	832,599	(37,787)	850,042
Charges/(credited) to profit or loss	1,657	(84,353)	(641,668)	(724,364)
Transferred to held for sale - discontinued operations	103,683	-	-	103,683
Balance 31 December 2022	**160,570**	**748,246**	**(679,455)**	**229,361**
Balance 1 January 2023	160,570	748,246	(679,455)	229,361
Charges/(credited) to profit or loss	52,003	(322,993)	(174,327)	(445,317)
Transferred to held for sale - discontinued operations	(489)	-	-	(489)
Balance 31 December 2023	**212,084**	**425,253**	**(853,782)**	**(216,445)**

Company	**Accelerated capital allowances**	**Reversal of deferred consideration**	**Other temporary and deductible differences**	**Total**
	£	£	£	£
Balance 1 January 2022	270	660,000	-	660,270
Charges/(credited) to profit or loss	(260)	-	(24,677)	(24,677)
Balance 31 December 2022	**10**	**660,000**	**(24,677)**	**635,333**
Balance 1 January 2023	10	660,000	(24,677)	635,333
Charges/(credited) to profit or loss	-	-	(435,828)	(435,828)
Balance 31 December 2023	**10**	**660,000**	**(460,505)**	**199,505**

27. Share capital

	Authorised			
	2023 Number	**2023 £**	**2022 Number**	**2022 £**
Ordinary shares of 0.2p each	95,331,236	190,662	95,331,236	190,662

	Allotted, issued and fully paid			
	2023 Number	**2023 £**	**2022 Number**	**2022 £**
Ordinary shares of 0.2p each				
At 1 January	95,331,236	190,662	95,331,236	190,662
Other issues for cash during the year	-	-	-	-
At 31 December	**95,331,236**	**190,662**	**95,331,236**	**190,662**

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

28. 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.

29. 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.

	2023 Weighted average exercise price £	**2023 Number**	**2022 Weighted average exercise price £**	**2022 Number**
Outstanding 1 January	-	285,953	-	153,437
Granted during the year	-	-	0.11	1,264,977
Forfeited during the year	-	-	0.04	(1,132,461)
Exercised during the year	-	-	-	-
Outstanding at 31 December	0.36	**285,953**	0.35	**285,953**

The exercise price of options outstanding at 31 December 2023 ranged between £nil and £1.05 (2022: £nil and £1.03) and their weighted contractual life was 8 years (2022: 9 years). Of the total number of options outstanding at 31 December 2023, 23,437 had vested and were exercisable (2022: 20,000). No options were exercised in the year. No options were granted during the year (2022: fair value of each option granted was £0.92).

No options were granted during the year ended 31 December 2023, The following information is relevant in the determination of the fair value of options granted during the year ended 31 December 2022 under the equity settled share-based remuneration schemes operated by the Group.

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

The share-based remuneration expense disclosed in Note 10 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.

30. 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 2023 £	Purchase of services 2023 £	Supply of services 2022 £	Purchase of services 2022 £
Velocity Venture Capital Ltd[18]	-	-	(713)	222,733
Motorsport Circuit Management Ltd[14]	-	-	11,250	-
N Davis[19]	654	-	-	-
SEC Newgate[20]	13,323	315,920	-	-
Oliver Rosenblatt	1,534	-	-	-
Senbla Limited	668	-	-	-
Winros[21] [22]	-	3,229,543	-	794,458

In addition, at 31 December 2023, the Group owed £375,000 to Nicola Foulston as part of the settlement agreement (total settlement was £500,000, £125,000 was paid before year end).

In addition, during the year, £8,687 of contingent work was performed by the Group in relation to a Conditional Fee Agreement with Winros (2022: £19,480).

At 31 December, amounts due to related parties were as follows:

	2023 £	2022 £
SEC Newgate	150,620	-
Winros	102,412	-

At 31 December, amounts due from related parties were as follows:

	2023 £	2022 £
SEC Newgate	5,285	-
N Davis[19]	163	-
Senbla Limited	668	

Sales and purchase of services to related parties were conducted on an arm's length basis on normal trading terms.

Total remuneration of Key Management Personnel during the year was £3,653,005 (2022: £1,285,916). Further details of directors' remuneration are given in the Directors' Report.

30. Related party transactions *(continued)*

Company

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

During 2023, the Company reimbursed fees and expenses paid on its behalf by RBGLS totalling £642,109 (2022: £2,571,884). At 31 December 2023, the company was owed £43,532,103 by RBGLS (2021: £48,401,054) and owed £2,318,419 to RBL Law (2022: £2,226,035).

During 2023, Convex Capital Limited reimbursed fees and expenses paid on its behalf by the Company totalling £887,016 (2022: £571,264). At 31 December 2023, the company was owed £82,692 by Convex

Capital Limited (2022: £647,324 owed to Convex Capital Limited).

During 2023, LionFish Litigation Finance Limited reimbursed fees and expenses paid on its behalf by the Company totalling £564,203 (2022: £1,067,602). At 31 December 2023, there were no amounts owing to or from LionFish Litigation Finance Limited (2022: £4,766,624 owed by LionFish Litigation Finance Limited).

31. Notes supporting statement of cash flows

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 £
At 1 January 2022	17,000,000	2,129,592	19,129,592
Cash flows (net)	3,000,000	-	3,000,000
Non-cash flows			
Interest accruing in year	-	76,048	76,048
At 31 December 2022	**20,000,000**	**2,205,640**	**22,205,640**
At 1 January 2023	20,000,000	2,205,640	22,205,640
Cash flows (net)	2,687,488	(156,425)	2,531,063
Non-cash flows			
Interest accruing in year	-	575,191	575,191
At 31 December 2023	**22,687,488**	**2,624,406**	**25,311,894**

32. Restatement of prior year

The 2022 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 these restatements.

Restatement to 2022 opening balances

	31 December 2021 As originally presented £	Adjustment (i) £	1 January 2022 Restated £
Non-current assets			
Trade and other receivables[23]	6,675,538	(273,094)	6,402,444
Equity			
Retained earnings	11,113,365	(273,094)	10,840,271

Restatement to 2022 statement of comprehensive income:

	31 December 2022 As originally presented £	Adjustment (i) £	31 December 2022 Restated £
Gains on litigation assets	3,821,700	(1,800,000)	2,021,700

Disbursement asset revenue	-	2,847,487	2,847,487
Disbursement asset expenditure	-	(3,241,507)	(3,241,507)
Non-underlying items:			
Contract assets - damage based agreement asset impairment	-	(6,670,481)	(6,670,481)
Release of onerous contract provision	-	(562,979)	(562,979)
Trade receivables - provision against damages based agreement receivable	-	(1,296,470)	(1,296,470)
Tax expense	1,932,586	(2,401,704)	(469,118)
Breakdown of tax adjustment			
Transferred to assets held for sale (Note 13)		(215,898)	
Restatement (i)		(2,185,806)	
		(2,401,704)	

	31 December 2022 As originally presented £	**Adjustment (i) £**	**31 December 2022 Restated £**
Earnings per share attributable to the ordinary equity holders of the parent			
Basic (pence) from continuing operations	8.18	(9.91)	(1.73)
Diluted (pence) from continuing operations	8.17	(9.89)	(1.72)
Basic (pence) from total operations	4.41	(8.96)	(4.55)
Diluted (pence) from total operations	4.40	(8.94)	(4.54)

Restatement to 2022 statement of financial position:

	31 December 2022 As originally presented £	**Adjustment (i) £**	**1 January 2023 Restated £**
Non-current assets			
Trade and other receivables[24]	10,603,024	(10,603,024)	-
Current liabilities			
Provisions	(211,536)	(394,020)	(605,556)
Tax liabilities	(1,601,655)	2,258,637	656,983
Non-current liabilities			
Deferred tax	(744,328)	514,967	(229,361)
Equity			
Retained earnings	11,996,470	(8,811,238)	999,426

Breakdown of tax adjustments

Tax liabilities:	
Transferred to assets held for sale (Note 13)	690,559
Restatement (i)	1,568,079
	2,258,637
Deferred tax:	
Transferred to assets held for sale (Note 13)	(102,760)

Restatement (i)	617,727
	514,967

(i) A prior period adjustment has been made for incorrect accounting policies that were previously adopted in relation to disbursements incurred on two damages based agreements.
The disbursements were previously held on the balance sheet as Litigation Assets and measured the assets under IFRS 9 at fair value through profit and loss.

Based on the substances of the underlying agreements for the two damages based agreements, the recovery from the client of disbursements represents a revenue stream arising from a costs to fulfil a contract with a customer and therefore falls within the scope of IFRS 15.

For the first case, the disbursements are payable to the Group, only if the case wins or where the client or the Group terminates the engagement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15. Management have reassessed the probability of success in this case and determined that during the year ended 31 December 2022, the probability of success reduced from 90% to 50%, this reassessment is based on the information available at that point in time, hindsight was not applied when making this reassessment. The reduction in the probability of success resulted in a write off of the contract asset at that time.
Additionally, the reduction in probability of success from 90% to 50% resulted in this case becoming an onerous contract and as such, the costs to fulfil the contract were provided for.

For the second case, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed at each year end.
The Group has performed an ECL assessment as each period end and based on management's knowledge of the case and parties involved at each period end, hindsight has not been applied in making this assessment. The receivable associated with this damages based agreement has been fully provided for at each year end.

33. 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.

The Group is involved in two claims from current or previous employees. The claim related to a previous employee has gone to a tribunal and the Group is awaiting the outcome of that tribunal. The claim related to a current employee has not yet reached a tribunal. Based on legal advice taken, management is confident that both claims are without merit and await a successful outcome to both. As such, no contingent liability has been recognised during the period in relation to them.

34. Events after the reporting date

On 22 February 2024, the Group raised £0.9 million before expenses through the issue of new ordinary shares. A further £2.1 million before expenses was raised through the issue of new ordinary shares on 12 March 2024. The fundraising was strongly supported by existing institutional shareholders. Additionally, certain directors subscribed for £1.0 million of shares as part of the fundraise. The purpose of the raise was to provide additional working capital to the Group.

On 28 March 2024, the Group completed the disposal of Convex Capital to a joint venture led by its management team. Under the terms of the agreement, the Group received initial consideration of £2.0 million with up to another £600,000 payable on completion of certain subsequent transactions.

Following the completion of the disposal of Convex, Ian Rosenblatt stepped down from the Board. Ian remains the Group's largest shareholder and largest revenue earner.

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[1] All measures apart from net debt and including prior year comparatives are shown on a continuing operations basis unless otherwise stated (Convex Capital and LionFish Litigation Finance are treated as discontinued operations)

[2] The Group presents adjusted EBITDA and loss before tax as an operating KPI, they are adjusted for one off costs that are considered to be exceptional, refer to Note 1 for further information

[3] In the trading update announced on 18 December 2023, the Group indicated that Adjusted EBITDA would be approximately £4.0m for the year. As part of the audit process, it was concluded that certain assets relating to Damages Based Agreements should be treated under IFRS 15, rather than IFRS 9. While a number of factors impacted the final Adjusted EBITDA, the principal one was the change in accounting treatment. The impact of this change in treatment is one off in nature.

[4] All measures apart from net debt and including prior year comparatives are shown on a continuing operations basis unless otherwise stated (Convex Capital and LionFish Litigation Finance are treated as discontinued operations)

[5] 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 13.

[6] 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 12.

[7] 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 13.

[8] Comparatives have been restated to present Convex as a discontinued operation. Refer to Notes 1 and 13 for further details.

[9] 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 13.

[10] Comparatives have been restated to present Convex as a discontinued operation. Refer to Notes 1 and 13 for further details.

[11] Comparatives have been restated to present Convex Capital as a discontinued operation. Refer to Note 13 for further details.

[12] Comparatives have been restated to present Convex as a discontinued operation. Refer to Note 13 for further details.

[13] Comparatives have been restated to present Convex as a discontinued operation. Refer to Note 13 for further details.

[14] No remuneration disclosed as S Drakeford-Lewis was appointed on 31 December 2022

[15] £292,500 of the total related to termination payment

[16] Bonuses paid during the year ended 31 December 2023 relate to 31 December 2022 results.

[17] LionFish Litigation Finance Limited was sold in July 2023.

[18] A company controlled by Nicola Foulston

[19] Invoice raised during 2023, relating to services supplied during 2022, invoice paid post year end

[20] Included within purchase of services is £103,920 relating to non-underlying items

[21] A partnership in which Ian Rosenblatt is a partner

[22] Included within purchase of services is £209,456 relating to disbursements

[23] Damages based agreements originally presented as "litigation assets"

[24] Damages based agreements originally presented as "litigation assets"

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