

30 September 2024

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 as retained as part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended). Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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

Unaudited Interim Results for the six months ended 30 June 2024

Executing a clear strategy to restore value and reduce risk profile

RBG Holdings plc (AIM: RBGP), the legal services group, today announces its unaudited results for the six months ended 30 June 2024 ("H1 2024").

Strategic Highlights:

During the first six months of the financial year, the Group's leadership team continued the transformation of the Group into a focussed legal services business, while strengthening the Company's balance sheet.

This has included:

- Disposing of Convex Capital Limited ("Convex Capital") through a management led buyout for a total consideration of up to £2.6 million.
- Reducing the Company's cost base by approximately £4.5 million on an annualised basis by:
 - Surrendering the lease on the St. Andrew Street property which accounted for c.40% of the Group's annual property costs.
 - A targeted headcount reduction in all areas of the business.
 - Re-tendering various outsourced business processes to ensure better value for money.
- Improving the Group's working capital cycle, known as lockup.
 - Completing a £2.1 million gross fundraise in March 2024.
- The Group was during the period and remains in full compliance with its banking covenants.

Financial Results [\[1\]](#):

Trading within the Group's Legal Services businesses was robust and in line with management expectations in the first four months, but there was a marked decline in activity in May and June because of a number of factors including the General Election, with several key areas of the business affected by this decline in trading.

- Revenue of £18.4m (H1 2023: £19.8m)
- Adjusted EBITDA of £0.03m (H1 2023 restated: £4.0m)
- Adjusted loss before tax from continuing operations of £2.8m (H1 2023 restated: £1.3m)
- Non-recurring costs of £2.9m (H1 2023 restated: £3.1m)
- Statutory EBITDA loss of £2.9m (H1 2023 restated: profit of £0.9m)
- Loss before tax of £5.7m (H1 2023 restated: £1.8m)
- Loss per share of 4.13 pence (H1 2023 restated: 2.45 pence profit)
- Loss from continuing operations of £4.4m (H1 2023 restated: profit £1.2m)
- Adjusted free cash outflow in the period was £4.4m (H1 2023 restated: free cash inflow £2.6m)
- Pre IFRS 16 net debt of £24.3m (H1 2023: net debt of £21.0m, FY 2023: net debt £22.9m)
- The Group was during the period and remains in full compliance with its banking covenants.

Discontinued operations:

- Loss from discontinued operations of £0.4m (H1 2023 restated: profit £1.1m)

Current Trading & Outlook

- The Company announced on 30 July 2024 that trading in July was robust and that the Company had a significant number of opportunities within its pipeline. While new business pipelines are improving across the board, there is a natural time lag before translating into material improved revenue.
- The focus on cost reduction means the Company is within budget on costs and whilst trading in September has shown encouraging signs of improvement, trading conditions for the rest of the financial year remain difficult to predict. Accordingly, the Board now expects that the Group performance for FY 2024 will be significantly below market expectations.

Jon Divers, CEO, RBG Holdings plc, commented: "There have been some challenging times during the first six months of 2024. Trading from January to April was robust and in-line with our expectations, however, the announcement of a General Election had a marked impact on all areas of the business. The summer is traditionally a quieter period, but I am pleased with the activity levels in September.

"The Board and management have been focused on delivering the Group's strategy to refocus the business on its core legal services offer, and to reduce costs and debt. This resulted in the disposal of Convex Capital, and since late 2023, we have reduced the Company's cost base by approximately £4.5 million on an annualised basis. We have not yet seen the benefits of these reduced costs which will filter through to EBITDA and profit before tax in H1 2025.

"As well as reducing cost, driving the organic growth in our legal services businesses - Rosenblatt and Memery Crystal - is at the heart of our plans. In 2023, we recruited seven new Partners with another two joined in the first half of 2024. Each partner creates more revenue opportunities for the Group.

"The Group is now a much leaner, and more efficient business with opportunities for organic growth through our new Partners. We look forward to returning the business to profit and restoring shareholder value."

The person responsible for the release of this announcement is Kevin McNair, Chief Financial Officer.

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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

Chief Executive's Statement

Group revenue was £18.4m (H1 2023: £19.8m). The first four months were in line with management expectations, however the Group subsequently experienced a quieter May and June due to a number of

factors including the General Election. Loss before tax of £5.7m (H1 2023 restated: £1.8m), was in part due to non-recurring costs of £2.9m (H1 2023 restated: £3.1m) related to the restructuring of the business to lower costs and refocus on legal services.

As a result of this restructuring, we have reduced the Company's cost base by approximately £4.5 million on an annualised basis: by surrendering the lease on the St. Andrew Street property; a targeted headcount reduction in all areas of the business; and, re-tendering various outsourced business processes to ensure better value for money.

Reducing property costs has been a key focus. The St. Andrew Street property in London accounted for c.40% of the Group's annual property costs. The savings amount to c.£3.5m over three years with no dilapidation's liability. We continue to look at additional ways to reduce our property footprint and associated costs and are making good progress in this regard.

We have improved the Group's working capital cycle, known as lockup, through disciplined chasing of outstanding receivables and prudent measurement of our WIP.

We expect the benefits of this cost-cutting to filter through to EBITDA and profit before tax in H1 2025 and allow us to reduce debt. Our pre IFRS 16 net debt position as at 30 June 2024 was £24.3m (H1 2023: £21.0m, FY 2023: net debt £22.9m).

RBG Legal Services Limited ("RBGLS")

RBGLS combines our two legal brands - Rosenblatt and Memery Crystal - which are aligned to contentious and non-contentious services to reflect their brand position within the market. We remain committed to organic growth, and to remain one of London's premier mid-tier law firms providing quality advice to corporates, entrepreneurs and high net worth individuals.

As at 30 June 2024, the combined businesses had 181 people (H1 2023: 174), including 127 fee earners (H1 2023: 120). In H1 2024 we have recruited two new Partners and have internally promoted five fee earners to Partners. Internal development and promotion are central to our strategy and all promoted Partners have high levels of experience and knowledge in their respective fields, creating greater revenue opportunities.

While we have added new Partners, we have reduced the number of employees overall to better reflect client demands of Partner led service and reduced the overall cost base to a more appropriate level to improve efficiency across the Group.

Across RBGLS, we are winning a broad range of new instructions, including corporate transactions, international arbitration cases, employment advisory work and financial restructuring mandates. The scale of the enlarged law firm has enabled us to win these mandates as well as improve the opportunity pipeline. Other accretive areas of legal services are being discussed constantly, and we are keen to add to the client offering by broadening the range of services we can offer.

Convex Capital Limited ("Convex Capital")

On 28 March 2024, the Group completed the disposal of the business and certain assets of Convex Capital to the management team. The consideration for the disposal is up to £2.6m, comprising an immediate payment of £2.0m paid on completion and an earn out. Under the terms of the earn out, post completion of the disposal the Group will receive 38% of any gross fees received upon completion of four existing and named Convex projects up to a maximum of £0.6m in cash. To date, three of these four projects have completed with one being delayed until an expected close in 2025.

Board

The Nomination committee is well advanced in terms of the recruitment of an additional non-executive director to strengthen the Board.

Dividend Policy

The Board recognises the importance of dividends to shareholders and will reinstate its dividend policy once it has made further headway in reducing the Group's debt to a more prudent level.

Outlook

Activity levels across RBGLS in September are an improvement on the previous months, and the pipelines of new business are improving, but these have not yet translated into material revenue. While we are optimistic, volatile trading conditions mean that there is a significant uncertainty as to whether the Group will meet the market's expectations for FY 2024. However, the business is in a much better position than previous years.

The focus on cost reduction means the Company is within its costs budget, and the benefits of the difficult decisions we have taken to achieve this, will feed through to the bottom line in the second half of 2025.

RBG is a business that is firmly focused on growing its legal services offering, and ensuring its cost base is appropriate, with a view to improving the underlying profitability of the Group and return value to shareholders.

We remain positive about the Group's long-term prospects following the actions taken.

Jon Divers

Group Chief Executive Officer

30 September 2024

Chief Financial Officer's Review

Financial Review

During the first half of 2024, the management team continued with the refocussing of the Group on its core legal services activities and the strengthening of the balance sheet. While the key financial indicators for H1 2024 were down from the previous year, they represent a solid basis from which to grow the business in H2 2024 and beyond.

Key Performance Indicators^[2]:

- Revenue down 6.8% to £18.4m (H1 2023: £19.8m)
- Adjusted EBITDA £0.03m (H1 2023 restated: £4.0m)
- Adjusted loss before tax from continuing operations of £2.8m (H1 2023 restated: £1.3m)
- Non-recurring costs £2.9m (H1 2023 restated: £3.1m)
- Statutory EBITDA loss of £2.9m (H1 2023 restated: profit of £0.9m)
- Loss before tax of £5.7m (H1 2023 restated: £1.8m)
- Loss from continuing operations £4.4m (H1 2023 restated: profit of £1.2m)
- Loss from discontinued operations £0.4m (H1 2023 restated: profit of £1.1m)
- Adjusted free cash outflow in the period was £4.4m (H1 2023 restated: free cash inflow £2.6m)
- Pre IFRS 16 net debt of £24.3m (H1 2023: net debt of £21.0m, FY 2023: net debt £22.9m))
- The Group was during the period and remains in full compliance with its banking covenants.

Revenue

Reported Group revenue for the period is £18.4m compared to £19.8m in FY 2023, representing a 6.8% decrease.

The first four months of 2024 were in line with management's expectations, however the Group subsequently experienced a quieter May and June due to a number of factors including the General Election.

Staff costs

Total staff costs for H1 2024 were £15.7m (H1 2023 restated: £12.6 m). Included in the £15.6m for H1 2024 is £0.6m of restructuring costs and £1.1m of remuneration paid in relation to prior periods which have been classified as non-underlying. Therefore, on a like for like basis, staff costs have increased

from £12.6m in H1 2023, to £13.8m in H1 2024, which represents a 9% increase. This increase is due primarily to salary increases made in Q4 2023. Additionally, the staff reductions in H1 2024 will only flow through as lower costs in Q4 2024.

The average number of employees across the Group was 192 (H1 2023: 201). The reduction is primarily attributable to the redundancy exercise undertaken by the firm in H1 2024. During previous periods of strong revenue growth and high business activity, the Group increased its headcount to meet demand. However, as business levels normalised, it became apparent that the form was carrying more staff than necessary for the available workload. Consequently, the Group made the difficult decision to reduce headcount to better align with its operational needs.

Other expenses

During H1 2024, the Group incurred other expenses of £6.1m (H1 2023 restated: £6.9m).

Included within these amounts were £1.2m of non-underlying items (H1 2023 restated: £3.1m).

Therefore, excluding non-underlying items, other costs have increased by £1.2m, or 31.5%. This increase was driven principally by a £445k increase in bad debts driven by the change in accounting estimate at 31 December 2023, recruitment fees increased by £106k, building rates increased by £102k and disbursements written off increased by £121k.

The non-underlying items of £1.2m are made up of £0.4m for provision against damages based agreement receivable, £0.7m of other one-off costs and £0.1m associated with refinancing.

EBITDA

EBITDA loss for the half year to 30 June 2024 was £2.9m (H1 2023 restated: EBITDA £1.0m).

Loss Before Tax

The loss before tax for the period was £5.7m (H1 2023 restated: £1.8m).

Earnings Per Share (EPS)

The weighted average number of shares in 2024 was 116.8m which gives a basic earnings per share (Basic EPS) from total operations for the period of (4.13)p (H1 2023 restated: 2.45p).

Balance Sheet

	30 Jun 2024 £m	30 Jun 2023 ^[3] £m	31 Dec 2023 £m
Goodwill, intangible and tangible assets	53.6	68.2	55.1
Current Assets	21.6	25.8	19.1
Current Liabilities	(13.8)	(10.9)	(13.9)
Assets held for sale	0.8	10.8	3.3
Liabilities held for sale	(1.3)	(6.4)	(1.0)
	60.8	87.6	62.6
Net debt	(24.3)	(21.0)	(22.9)
Non-Current Liabilities	(10.4)	(12.2)	(11.5)
Net assets	26.2	54.5	28.2

The Group's net assets as at 30 June 2024 decreased by £28.3m on H1 2023. Of this decrease, £13.7m relates to the impairment of Convex goodwill as at 31 December 2023, discontinued operations net assets have decreased by £5.0m due predominantly to the sale of LionFish in July 2023, net debt has increased by £3.3m due to drawdowns in back half of 2023. Net current assets have decreased by £7.2m, driven by the write off of the intercompany balance owed to the Group by LionFish of £4.0m, and the increase in the provision for impairment of trade receivables by £3.0m.

Goodwill, Tangible and Intangible Assets

Included within tangible assets is £11.4m, which relates to IFRS 16 right of use assets for the Group's leases. Within total intangible assets of £40.2m, £36.1m relates to goodwill, £2.2m relates to Brand of

acquisitions and £1.9m to other intangible assets. The Company has considered the amounts at which goodwill and intangible assets are stated on the basis of forecast future cash flows and have concluded that these assets have not been materially impaired.

Working Capital

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 30 June 2024 were 125 compared to 152 for the previous year, with debtor days being 52 (H1 2023: 61 days) and WIP days being 73 (H1 2023: 91 days). This is an area of intense focus for management as the business grows. At 30 June 2024, trade debtors less provision for impairment were £8.4m (H1 2023: £10.5m) and contract assets were £7.4m (H1 2023: £9.8m).

Borrowings

The Group's net debt position was £24.3m at the end of the period (H1 2023: £21.0m, FY 2023: net debt £22.9m). In December 2023, the facility was extended until 31 December 2025. The Group was during the period and remains in full compliance with its banking covenants.

Cash Conversion

	2024 £m	2023 restated £m
Cash flows from operating activities	(3.0)	2.0
Movements in working capital	(0.2)	2.5
Increase in litigation assets	-	(0.7)
Net cash (used in) / generated from operations	(3.2)	3.8
Interest	(1.3)	(1.1)
Capital expenditure	(0.0)	(0.1)
Free cash (outflow)/inflow	(4.4)	2.6
Underlying (loss)/profit after tax	(4.8)	2.3
Cash conversion	91%	110%

The cash conversion percentage measures the Group's conversion of its underlying profit after tax into free cash flows. Net cash used in operations includes £0.4 m (H1 2023: £0.1 m) for provision against damages based agreement receivable.

Free cash outflow of £4.4m is driven largely by the loss before tax for H1 2024 of £5.7m for continuing operations.

Summary

While we are clearly not satisfied with trading during H1 2024, we are pleased to have made significant progress on cost reduction and lockup. The simplification of the Group's operations following the disposals of all non-core activities means we are now a pure legal services business and our focus going forward will be to optimise the performance of these activities. The subdued market conditions of the past 18 months have held back topline growth in legal services but there are encouraging signs that these will improve in Q4 2024 and going into 2025.

Kevin McNair

Chief Financial Officer

30 September 2024

Unaudited consolidated statement of comprehensive income

For the period ended 30 June 2024

Note	Unaudited 1 Jan to 30 Jun 2024	Unaudited 1 Jan to 30 Jun 2023	Audited 1 Jan to 31 Dec 2023
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		£	2023 ⁽⁴⁾ Restated £	£
Revenue	4	18,448,929	19,825,042	39,209,854
Other operating income		370,600	194,159	885,442
Disbursement asset revenue		417,425	432,301	1,221,854
Disbursement asset expenditure		(417,425)	(38,281)	(827,834)
Personnel costs	5	(15,568,822)	(12,618,370)	(26,878,460)
Depreciation and amortisation expense		(1,590,719)	(1,662,929)	(3,251,607)
Other expenses		(6,146,415)	(6,881,860)	(19,606,276)
(Loss) from operations		(4,486,427)	(749,938)	(9,247,048)
EBITDA Loss / EBITDA		(2,895,708)	912,992	(5,995,440)
<i>Non-underlying items</i>				
Cost of acquiring subsidiary		-	25,000	25,000
Litigation asset write off		-	-	-
Release of onerous contract provision		-	301,727	301,727
Trade receivables - provision against damages based agreement receivable		417,425	130,574	920,127
Costs associated with discontinued operations		11,711	2,155,000	5,648,109
Costs associated with re-financing project		66,418	-	787,193
Other one-off costs		628,689	738,210	2,081,890
Trade receivables provision change		-	-	1,038,163
Remuneration paid in respect of prior periods		1,110,427	-	-
Restructuring (release)/costs		649,125	(256,288)	(168,167)
Costs associated with equity raise		5,809	-	-
Adjusted EBITDA		30,791	4,007,215	4,638,602
Finance expense		(1,285,598)	(1,029,368)	(2,170,109)
Finance income		36,420	23,971	51,318
(Loss) before tax		(5,735,605)	(1,755,335)	(11,365,839)
Tax benefit/(expense)		1,319,469	2,995,263	322,721
(Loss)/profit from continuing operations		(4,416,136)	1,239,929	(11,043,118)
(Loss)/Profit on discontinued operations, net of tax	6	(408,309)	1,096,700	818,932
Impairment associated with discontinued operation		-	-	(13,694,754)
(Loss)/profit and total comprehensive income		(4,824,444)	2,336,629	(23,918,940)
Earnings per share attributable to the ordinary equity holders of the parent	7			
Profit				
Basic (pence) from continuing operations		(3.78)	1.30	(11.58)
Diluted (pence) from continuing operations		(3.77)	1.30	(11.56)
Basic (pence) from total operations		(4.13)	2.45	(25.09)
Diluted (pence) from total operations		(4.12)	2.45	(25.04)

Unaudited consolidated statement of financial position
As at 30 June 2024

Company registered number: 11189598

	Note	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023 restated	Audited 31 Dec 2023
		£	£	£
Assets				

Current assets				
Trade and other receivables		19,369,124	26,181,939	18,374,752
Cash and cash equivalents		1,512,671	1,317,775	2,262,750
Current tax assets		2,215,557	3,629,899	725,723
		23,097,351	31,129,613	21,363,225
Non-current assets				
Property, plant and equipment	8	1,811,468	2,108,298	2,047,706
Right-of-use assets	9	11,376,599	13,405,121	12,390,892
Intangible assets	10	40,154,442	52,705,782	40,488,453
Deferred tax		216,388	-	216,445
		53,558,897	68,219,201	55,143,496
Assets held for sale - discontinued operations	6	756,521	10,855,980	3,369,134
Total assets		77,412,769	110,204,794	79,875,854
Liabilities				
Current liabilities				
Trade and other payables		11,372,891	12,256,347	11,593,485
Leases	9	2,270,856	2,176,581	2,224,373
Current tax liabilities		-	-	-
Provisions		145,158	420,001	75,000
Loans and borrowings	11	4,100,826	21,988,192	2,624,407
		17,889,731	36,841,120	16,517,264
Non-current liabilities				
Deferred tax liability		-	86,926	-
Provisions		150,000	-	150,000
Leases	9	10,202,163	12,074,195	11,344,768
Loans and borrowings	11	21,750,000	374,975	22,687,488
		32,102,163	12,536,096	34,182,255
Liabilities held for sale - discontinued operations	6	1,266,727	6,354,151	958,476
Total liabilities		51,258,621	55,731,367	51,657,996
NET ASSETS		26,154,149	54,473,427	28,217,858
Issued capital and reserves attributable to owners of the parent				
Share capital	12	257,358	190,662	190,662
Share premium reserve	12	51,926,645	49,232,606	49,232,606
Retained earnings		(26,029,854)	5,050,159	(21,205,410)
TOTAL EQUITY		26,154,149	54,473,427	28,217,858

The interim statements were approved by the Board of Directors and authorised for issue on 30 September 2024.

Unaudited consolidated statement of cash flows
For the period ended 30 June 2024

	Note	Unaudited 30 Jun 2024 £	Unaudited 30 Jun 2023 £	Audited 31 Dec 2023 £
Cash flows from operating activities				
Profit/(Loss) for the year before tax from:				
Continuing operations		(5,735,605)	(1,755,335)	(11,365,839)
Discontinued operations		(551,695)	985,845	673,594
Adjustments for:				
Depreciation of property, plant and equipment	8	244,743	253,799	500,559
Amortisation of right-of-use assets	9	1,069,459	1,069,459	2,138,917
Amortisation of intangible fixed assets	10	334,011	404,596	738,611
Fair value movement of litigation assets net of realisations		-	(379,013)	(1,168,566)
Release of onerous contract provision		-	301,727	301,727
Trade receivables - provision against damages		417,425	420,574	620,427

trade receivables - provision against damages based agreement receivable	417,425	130,374	920,127
Finance income	(37,329)	(23,971)	(51,646)
Finance expense	1,298,021	1,043,497	2,213,795
	(2,960,970)	2,031,178	(5,098,721)
Decrease/(increase) in trade and other receivables	100,185	(192,174)	3,788,638
(Decrease)/ Increase in trade and other payables	(356,759)	2,612,316	1,083,815
(Increase) in litigation assets	-	(704,503)	(325,488)
Increase/(decrease) in provisions	70,158	58,465	(530,556)
Cash generated from operations	(3,147,386)	3,805,282	(1,082,312)
Tax paid	(99,998)	(394,512)	(899,649)
Net cash flows from operating activities	(3,247,384)	3,410,770	(1,981,961)
Investing activities			
Purchase of property, plant and equipment	(6,178)	(147,162)	(326,941)
Disposal of property, plant and equipment	7,296	-	-
Purchase of other intangibles	-	(2,500,000)	(2,500,000)
Disposal of discontinued operations litigation assets	-	-	1,821,800
Consideration received (litigation assets)	-	-	3,782,098
Consideration received for sale of Convex	2,480,580	-	-
Interest received	37,329	23,971	51,646
Net cash (used in) investing activities	2,519,027	(2,623,191)	2,828,604
Financing activities			
Dividends paid to holders of the parent	-	(471,702)	(471,702)
Equity raise	2,760,735	-	-
Proceeds from loans and borrowings	-	749,950	3,249,950
Repayment of loans and borrowings	(437,548)	(500,000)	(718,888)
Repayments of lease liabilities	(1,154,054)	(1,102,585)	(1,841,233)
Interest paid on loans and borrowings	(1,070,738)	(853,987)	(1,197,725)
Interest paid on lease liabilities	(227,383)	(257,963)	(509,019)
Net cash (used in)/from financing activities	(128,888)	(2,436,287)	(1,488,617)
Net increase/(decrease) in cash and cash equivalents	(857,245)	(1,648,708)	(641,974)
Cash and cash equivalents at beginning of year	2,370,109	3,012,083	3,012,083
Cash and cash equivalents at end of year	1,512,864	1,363,375	2,370,109
Cash and cash equivalents - continuing operations	1,512,671	1,317,775	2,262,750
Cash and cash equivalents - discontinued operations	193	45,600	107,359
Cash and cash equivalents per consolidated balance sheet	1,512,864	1,363,375	2,370,109

Consolidated statement of changes in equity
For the period ended 30 June 2024

	Share Capital £	Share Premium £	Retained Earnings £	Total equity
Balance at 1 January 2023	190,662	49,232,606	3,185,232	52,608,5
Comprehensive profit for the period				
Profit for the period	-	-	2,336,629	2,336,6
Total comprehensive profit for the period	-	-	2,336,629	2,336,6
Contributions by and distributions to owners				

Dividends	-	-	(471,702)	(471,702)
Total contributions by and distributions to owners	-	-	(471,702)	(471,702)
Balance at 30 June 2023 (unaudited)	190,662	49,232,606	5,050,159	54,473,4

Consolidated statement of changes in equity
For the period ended 30 June 2024 (continued)

	Share Capital £	Share Premium £	Retained Earnings £	Total equity
Balance at 1 July 2023	190,662	49,232,606	5,050,159	54,473,4
Comprehensive profit for the period				
(Loss) for the period	-	-	(26,255,568)	(26,255,568)
Total comprehensive profit for the period	-	-	(26,255,568)	(26,255,568)
Contributions by and distributions to owners				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2023	190,662	49,232,606	(21,205,410)	28,217,856

Consolidated statement of changes in equity
For the period ended 30 June 2024 (continued)

	Share Capital £	Share Premium £	Retained Earnings £	Total equity
Balance at 1 January 2024	190,662	49,232,606	(21,205,410)	28,217,856
Comprehensive profit for the period				
(Loss) for the period	-	-	(4,824,444)	(4,824,444)
Total comprehensive profit for the period	-	-	(4,824,444)	(4,824,444)
Contributions by and distributions to owners				
Equity raise	66,696	2,694,039	-	2,760,735
Total contributions by and distributions to owners	66,696	2,694,039	-	2,760,735
Balance at 30 June 2024 (unaudited)	257,358	51,926,645	(26,029,854)	26,154,149

Unaudited notes to the financial statements for the period ended 30 June 2024

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

of the Group is the provision of legal and professional services, including management and financing of litigation projects.

Status of Interim Report

The Interim Report covers the six months ended 30 June 2024, with comparative figures for the six months ended 30 June 2023 and the year ended 31 December 2023 and was approved by the Board of Directors on 30 September 2024. The Interim Report is unaudited.

The interim condensed set of consolidated financial statements in the Interim Report are not statutory accounts as defined by Section 434 of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2023 have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report thereon was unqualified, did not include references to matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain a statement under Section 498 of the Companies Act 2006.

The principal accounting policies adopted in the preparation of the unaudited consolidated financial statements are set out in Note 2. The policies have been consistently applied to the periods presented, unless otherwise stated.

The unaudited consolidated financial statements of the Group have been prepared in accordance with IFRS as adopted by the UK and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement 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.

Going concern

The Group financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

Notes (continued)

2. Significant 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 revenue

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.

Notes (continued)

2. Significant accounting policies (continued)

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.

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.

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.

Notes (continued)

2. Significant accounting policies (continued)

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 liabilities

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.

Notes (continued)

2. Significant accounting policies (continued)

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	13-19 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

Notes (continued)

2. Significant accounting policies (continued)

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.

Restatements

The 2023 comparative numbers have been restated for the following corrections which is described fully in Note 13:

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 2022 and 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 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 2023 comparative numbers have been restated to reflect Convex being disclosed as a discontinued operation in the current year.

Notes (continued)

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 alternative billing 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

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.

Notes (continued)

3. Critical accounting estimates and judgements (continued)

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

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.

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.

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 13 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 its 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.

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.

Notes (continued)

4. 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)

Unaudited 6 months ended 30 June 2024	Legal services £	Total £
Segment revenue	18,448,929	18,448,929
Disbursement asset revenue	417,425	417,425
Disbursement asset expenditure	(417,425)	(417,425)
Segment contribution	<u>7,318,917</u>	<u>7,318,917</u>
<i>Costs not allocated to segments</i>		
Personnel costs		(2,308,657)
Depreciation and amortisation		(1,590,719)
Other operating expense		(7,905,967)
Net financial expenses		(1,249,178)
Group profit for the period before tax from continuing operations		<u>(5,735,605)</u>

Notes (continued)

4. Segment information (continued)

Unaudited 6 months ended 30 June 2023 (restated)	Legal services £	Total £
Segment revenue	19,825,042	19,825,042
Disbursement asset revenue	432,301	432,301
Disbursement asset expenditure	(38,281)	(38,281)
Segment contribution	<u>9,742,788</u>	<u>9,742,788</u>
<i>Costs not allocated to segments</i>		
Personnel costs		(1,947,933)
Depreciation and amortisation		(1,662,929)
Other operating expense		(6,881,863)
Net financial expenses		(1,005,397)
Group profit for the period before tax from continuing operations		<u>(1,755,335)</u>

Audited 12 months ended 31 December 2023	Legal services £	Total £
Segment revenue	39,209,854	39,209,854
Segment gains on litigation assets comprising:		
Disbursement asset revenue	1,221,854	1,221,854
Disbursement asset expenditure	(827,834)	(827,834)
Segment contribution	<u>17,180,771</u>	<u>17,180,771</u>

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 profit for the period before tax on continuing operations

(11,365,839)**Notes (continued)****5. Employees**

	Unaudited 6 mos ended 30 Jun 2024	Unaudited 6 mos ended 30 Jun 2023 restated	Audited Year ended 31 Dec 2023
Group	£	£	£
Staff costs (including directors) consist of:			
Wages and salaries	12,399,635	9,643,806	19,639,680
Short-term non-monetary benefits	142,609	141,596	265,217
Cost of defined contribution scheme	439,800	350,144	762,278
Share-based payment expense	-	-	-
Social security costs	1,413,153	1,178,721	2,394,358
	<u>14,395,197</u>	<u>11,314,267</u>	<u>23,061,533</u>

Personnel costs stated in the consolidated statement of comprehensive income includes the costs of contractors of £1,173,625 (HY2023: £1,304,103 FY2023: £3,816,927).

Staff costs transferred to discontinued operations during the year of £339,503 (HY2023 restated: £1,187,552 FY2023: £324,474).

Contractors' costs transferred to discontinued operations during the year of £nil (HY2023: £866 FY2023: £866)

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

	Unaudited 6 mos ended 30 June 2024 Number	Unaudited 6 mos ended 30 Jun 2023 Number	Audited Year ended 31 Dec 2023 Number
Legal and professional staff	130	142	136
Administrative staff	62	74	64
	<u>192</u>	<u>216</u>	<u>200</u>

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 to the funds and amounted to £439,800 (HY2023 restated: £350,144, FY2023: £762,278).

Contributions amounting to £194,313 (HY2023 restated: £177,006, FY2023: £189,132) were payable to the funds at period end and are included in trade and other payables.

Notes (continued)

6. Discontinued operations

Summary of discontinued operations

Reconciliation to profit or loss

	30 Jun 2024 £	30 Jun 2023 £	31 Dec 2023 £
Revenue	2,500	435,634	2,211,674
Expenses other than finance costs	(542,680)	(1,519,133)	(2,871,945)
Finance costs	(11,514)	(14,129)	(43,358)
Non-underlying	-	2,146,360	1,490,928
Impairment of intangible assets	-	-	(13,694,754)
Tax credit/(expense)	143,386	47,968	122,597
Loss from selling discontinued operations	-	-	(90,964)
(Loss)/Profit for the year	(408,309)	1,096,700	(12,875,822)

Reconciliation to statement of cash flows

	30 Jun 2024 £	30 Jun 2023 £	31 Dec 2023 £
Net cash (outflow) from operating activities	(580,498)	(946,060)	(796,423)
Net cash inflow/(outflow) from investing activities	2,448	(2,914)	(2,585)
Net cash inflow from financing activities	470,885	570,731	482,524
Net (decrease) in cash generated	(107,166)	(378,243)	(316,484)
Cash and cash equivalents at beginning of period	107,359	423,843	843,843
Cash and cash equivalents at end of period	193	45,600	107,359

Breakdown of discontinued operations by entity

Convex Capital Limited

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

On 28 March 2024 the management of Convex Capital acquired the business from the Group for a total consideration of up to £2.6m, comprising an initial cash consideration of £2.0m paid on completion and an earn out. Under the terms of the Earn Out, post completion of the disposal, the Company received 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.

Notes (continued)

6. Discontinued operations (continued)

The post-tax loss on disposal of discontinued operation was determined as follows:

	30-Jun-24 £
Cash consideration received	2,000,000
Other consideration received	490,580
Total consideration received	2,490,580

Cash disposed of	-
Net cash inflow of disposal of discontinued operation	2,490,580
<i>Net assets disposed (other than cash):</i>	
Property, plant and equipment	(9,147)
Intangible assets	(4,411,440)
Trade and other receivables	(88,351)
Right of use assets	(525,997)
Trade and other payables	638,198
Lease liabilities	522,604
	(3,874,132)
Pre-tax loss on disposal of discontinued operation	(1,383,552)
Related tax benefit	345,888
Loss on disposal of discontinued operation	(1,037,664)

Financial performance and cash flow information

	Unaudited 30 Jun 2024 £	Unaudited 30 Jun 2023 £	Audited 31 Dec 2023 £
Discontinued operations - Convex			
Revenue	2,500	717,751	2,234,800
Expenses other than finance costs	(542,680)	(1,272,538)	(2,539,273)
Finance costs	(11,514)	(14,129)	(26,220)
Tax credit/(expense)	143,386	110,855	122,597
Loss from selling discontinued operation after tax	-	-	-
(Loss)/Profit for the year	(408,309)	(458,061)	(208,096)
<i>Attributable to:</i>			
Equity holders of the parent	(409,309)	(458,061)	(208,096)
	Unaudited 30 Jun 2024 £	Unaudited 30 Jun 2023 £	Audited 31 Dec 2023 £
Cash flow			
Net cash (outflow) from operating activities	(580,498)	(938,660)	(893,119)
Net cash inflow/(outflow) from investing activities	2,448	(2,914)	(2,586)
Net cash inflow from financing activities	470,885	570,731	590,626
Net (decrease) in cash generated	(107,166)	(370,843)	(305,079)

Notes (continued)

6. Discontinued operations (continued)

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.

	Unaudited 30 Jun 2024 £	Unaudited 30 Jun 2023 £	Audited 31 Dec 2023 £
Property, plant and equipment	1,153	17,051	10,661
Right-of-use assets	489,220	599,552	544,386
Intangible assets	119,420	4,411,440	2,600,000
Amounts due from parent company	-	6,641	-
Trade and other receivables	146,535	169,919	106,728
Cash and cash equivalents	193	41,600	107,359
Assets held for sale	756,521	5,246,203	3,369,134
Trade and other payables	104,016	239,825	240,181
Leases	483,678	598,629	541,610

Amounts due to parent company	621,116	-	82,692
Tax liabilities	57,867	344,740	93,944
Liabilities held for sale	1,266,727	1,183,194	958,476

Notes (continued)

6. Discontinued operations (continued)

Lionfish Litigation Finance Limited

In December 2022, the Board announced its intention to dispose of Lionfish Litigation Finance Limited ("Lionfish").

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
<i>Net assets disposed (other than cash):</i>	
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)

Notes (continued)

6. Discontinued operations (continued)

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 6 months ending 30 June 2024 and 30 June 2023 and 12 months ending 31 December 2023.

	Unaudited 30 Jun 2024 £	Unaudited 30 Jun 2023 £	Audited 31 Dec 2023 £
Discontinued operations - LionFish			
(Loss)/Gain on litigation assets	-	(282,117)	(23,126)
Expenses other than finance costs	-	(246,595)	(332,672)
Finance costs	-	-	(17,138)
Non-underlying items	-	2,146,360	1,490,928
Tax credit/(expense)	-	(62,887)	-
Loss from selling discontinued operation after tax	-	-	(90,964)
(Loss)/Profit for the year	-	1,554,761	1,027,028

Attributable to:

Equity holders of the parent	-	1,554,761	1,027,028
	-	1,554,761	1,027,028

	Unaudited 30 Jun 2024 £	Unaudited 30 Jun 2023 £	Audited 31 Dec 2023 £
Cash flow			
Net cash (outflow)/inflow from operating activities	-	131,230	96,697
Net cash outflow from investing activities	-	(389)	-
Net cash outflow from financing activities	-	-	(108,102)
Net (decrease)/increase in cash generated	-	130,841	(11,405)

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.

	Unaudited 30 Jun 2024 £	Unaudited 30 Jun 2023 £	Audited 31 Dec 2023 £
Property, plant and equipment	-	742	-
Litigation investments	-	5,603,898	-
Trade and other receivables	-	1,137	-
Cash and cash equivalents	-	4,000	-
Assets held for sale	-	5,609,777	-
Trade and other payables	-	848,720	-
Amounts due to parent company	-	3,989,013	-
Tax liabilities	-	333,218	-
Liabilities held for sale	-	5,170,957	-

Notes (continued)

7. Earnings per share

	Unaudited 6 mos ended 30 Jun 2024 £	Unaudited 6 mos ended restated 30 Jun 2023 £	Audited Year ended 31 Dec 2023 £
<i>Numerator</i>			
Profit for the period and earnings used in basic and diluted EPS:			
From continuing operations	(4,416,136)	1,239,929	(11,043,118)
From discontinued operations	(408,309)	1,096,700	818,932
<i>Non-Underlying items</i>			
Costs of acquiring subsidiary	-	25,000	25,000
Contract assets - damage based agreement asset impairment	-	-	-
Release of onerous contract provision	-	301,727	301,727
Trade receivables - provision against damages based agreement receivable	417,425	130,574	920,127
Group costs associated with discontinued operations	11,711	2,155,000	5,648,109
Costs associated with re-financing project	66,418	-	787,193
Other one-off costs	628,689	738,210	2,081,890
Restructuring costs/(release)	599,125	(256,288)	(168,167)
Trade receivable provision change	-	-	1,038,163
Less: tax effect of above items	(430,842)	(773,556)	(2,658,511)

(Loss)/profit for the period from continuing operations adjusted for non-underlying items	<u>(3,123,609)</u>	<u>3,560,596</u>	<u>(3,067,586)</u>
<i>Denominator</i>	Number	Number	Number
Weighted average number of shares used in basic EPS	116,795,701	95,331,236	95,331,236
Impact of share options	<u>188,392</u>	<u>188,392</u>	<u>188,392</u>
Weighted average number of shares used in diluted EPS	<u>116,984,093</u>	<u>95,519,628</u>	<u>95,519,628</u>

Notes (continued)

7. Earnings per share (continued)

	Unaudited 30 Jun 2024	Unaudited 30 Jun 2023 restated	Audited 31 Dec 2023
	Pence	Pence	Pence
Basic earnings per ordinary share from continuing operations	(3.78)	1.30	(11.58)
Diluted earnings per ordinary share from continuing operations	(3.78)*	1.30	(11.58)*
Basic earnings per ordinary share from discontinued operations	(0.35)	1.15	0.86
Diluted earnings per ordinary share from discontinued operations	(0.35)	1.15	0.86
Basic earnings per ordinary share from total operations	(4.13)	2.45	(25.09)
Diluted earnings per ordinary share from total operations	(4.13)*	2.45	(25.09)*
Basic earnings per ordinary share adjusted for non-underlying items from continuing operations	(2.67)	3.73	(3.22)
Diluted earnings per ordinary share adjusted for non-underlying items from continuing operations	(2.67)	3.73	(3.22)*

* The potentially dilutive instruments were anti-dilutive during 2023 and 2024.

Notes (continued)

8. Property, plant and equipment

Group	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2024	2,697,553	332,288	1,147,306	4,177,147
Additions	-	-	6,178	6,178
At 30 June 2024	<u>2,697,553</u>	<u>332,288</u>	<u>1,153,484</u>	<u>4,183,325</u>

Accumulated Depreciation and Impairment

At 1 January 2024	1,002,026	307,979	819,436	2,129,441
Charge for the period	139,170	21,100	82,146	242,416
At 30 June 2024	1,141,196	329,079	901,582	2,371,857

Net book value

At 1 January 2024	1,695,527	24,309	327,870	2,047,706
At 30 June 2024	1,556,357	3,209	251,902	1,811,468

Under debentures signed and registered on 19 April 2021, HSBC UK Bank plc have fixed and floating charges over the property, plant and equipment of the Group.

Notes (continued)

9. 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.

Right-of-Use Assets

	Land and buildings £	Total £
At 1 January 2024	12,390,892	12,390,892
Amortisation	(1,014,293)	(1,014,293)
At 30 June 2024	11,376,599	11,376,599

Lease liabilities

	Land and buildings £	Total £
At 1 January 2024	13,569,141	13,569,141
Interest expense	216,082	216,082
Lease payments	(1,312,203)	(1,312,203)
At 30 June 2024	12,473,019	12,473,019

At 30 June 2024, 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	560,842	1,710,014	2,366,520	3,721,967	4,113,677	12,473,019

Notes (continued)

10. Intangible assets

Group	Goodwill	Customer Contracts	Brand	Other	Total
	£	£	£	£	£
Cost					
At 1 January 2024	36,087,129	538,905	2,698,878	3,500,000	42,824,912
Additions	-	-	-	-	-
At 30 June 2024	<u>36,087,129</u>	<u>538,905</u>	<u>2,698,878</u>	<u>3,500,000</u>	<u>42,824,912</u>
Accumulated amortisation and impairment					
At 1 January 2024	-	538,905	464,221	1,333,333	2,336,459
Amortisation charge	-	-	84,010	250,000	334,010
At 30 June 2024	<u>-</u>	<u>538,905</u>	<u>548,231</u>	<u>1,583,333</u>	<u>2,670,469</u>
Net book value					
At 1 January 2024	<u>36,087,129</u>	<u>-</u>	<u>2,234,657</u>	<u>2,1667,667</u>	<u>40,488,453</u>
At 30 June 2024	<u>36,087,129</u>	<u>-</u>	<u>2,150,647</u>	<u>1,916,667</u>	<u>40,154,443</u>

Under debentures signed and registered on 19 April 2021, HSBC UK Bank plc have fixed and floating charges over the intangible assets of the Group.

Notes (continued)

11. Loans and borrowings

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

Loans and borrowings - Book Value

	Unaudited 30 Jun 24 £	Unaudited 30 Jun 2023 £	Audited 31 Dec 2023 £
Non-current			
Bank loans - Secured	21,750,000	374,975	22,687,448
Current			
Bank loans - Secured	4,100,826	21,988,192	2,624,407
Total	<u>25,850,826</u>	<u>22,363,167</u>	<u>25,311,894</u>

Loans and borrowings - Fair Value

	Unaudited 30 Jun 24 £	Unaudited 30 Jun 2023 £	Audited 31 Dec 2023 £
Non-current			
Bank loans - Secured	21,750,000	374,975	22,687,448
Current			
Bank loans - Secured	4,100,826	21,988,192	2,624,407
Total	<u>25,850,826</u>	<u>22,363,167</u>	<u>25,311,894</u>

The rate at which Sterling denominated loans and borrowings are payable is 3.15% above SONIA (H1 2023: 2.90% above SONIA).

The bank loans are secured by fixed and floating charges over the assets of the Group. The Group has £nil undrawn committed borrowing facilities available at 30 June 2024 (HY2023: £nil, FY2023: £nil).

12. Share capital

	Authorised					
	30 Jun 24	30 Jun 24	30 Jun 23	30 Jun 23	31 Dec 23	31 Dec 23
	Number	£	Number	£	Number	£
Ordinary shares of 0.2p each	128,678,881	257,358	95,331,235	190,662	95,331,235	190,662

Notes (continued)

12. Share capital (continued)

	Allotted, issued and fully paid					
	30 Jun 24	30 Jun 24	30 Jun 23	30 Jun 23	31 Dec 23	31 Dec 23
	Number	£	Number	£	Number	£
At 1 Jan	95,331,235	190,662	95,331,235	190,662	95,331,235	190,662
Issued for cash during the period	33,347,646	66,695	-	-	-	-
At 30 Jun / 31 Dec	128,678,881	257,358	95,331,235	190,662	95,331,235	190,662

13. Restatement of prior year

The 2023 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 2023 opening balances

	31 Dec 2022 As originally presented £	Adjustment (i) £	1 Jan 2023 Restated £
Equity			
Retained Earnings	11,996,470	(8,811,238)	3,185,232

Restatement to 2023 statement of financial position

	30 Jun 2023 As originally presented £	Adjustment (i) £	Restated £
Current Assets			
Current tax assets	1,719,020	1,910,879	3,629,899
Non-current liabilities			
Deferred tax	706,592	(619,666)	86,926
Equity			
Retained earnings	2,864,354	2,185,805	5,050,159

Breakdown of tax adjustments

Tax assets:

Transferred to assets held for sale (Note 6)	(1,939)
Restatement (i)	<u>(617,727)</u>
	(619,666)
Deferred tax:	
Transferred to assets held for sale (Note 6)	342,801
Restatement (i)	<u>1,568,078</u>
	1,910,879

Notes (continued)

13. Restatement of prior year (continued)

(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.

14. Events after the reporting date

In August 2024 the Group came to an agreement with the landlord of one of their buildings to exit the St. Andrew Street lease early.

[1] All measures, including prior year comparatives are shown on a continuing operations basis unless otherwise stated

[2] All measures, including prior year comparatives are shown on a continuing operations basis unless otherwise stated

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

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

[4] Comparatives have been restated to present Convex as a discontinued operation. Refer to Note 6 for further details



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