



LEADER IN ALTERNATIVES

Investor presentation, interims – 6 months to December 2019

18th March 2020

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Who we are

MJ Hudson is a financial services support provider, capitalising on the investment management industry's shift to investing in Alternatives and the outsourcing of non-core services.

Senior Management



Matthew Hudson
CEO
LEADERSHIP

Built and managed 4 of the major Alternative Investment law firms:

- Founder of MJ Hudson
- Co-founded the Private Equity Group of SJ Berwin – became market leader in Europe
- Re-established the O’Melveny & Myers London office – largest West Coast law firm in US
- Established the Proskauer (major NY firm), London office

Worked in 4 Investment Groups in asset management:

- Funds incubator within CSFB
- Founded Far Blue Ventures, IP spin-outs
- Co-founded Tower Gate Capital, small cap investments
- Coller Capital, the global Secondaries firm



Peter Connell
CFO
LEADERSHIP

Worked in Financial and Professional Services for 30 years. KPMG qualified accountant. Co-founder Hastings Direct, where he became CEO and led firm to a successful exit. While there was also board member of Managing Agency at Lloyds. After that turned around a regional multi-office law firm



Odi Lahav
COO
LEADERSHIP

Formed and ran Allenbridge Investment Solutions prior to acquisition by MJ Hudson. Trained actuary, was Head of Alternative Investment Group at Moody’s London. Prior to that he worked in supervisions for the Canadian financial regulator OSFI and acted as investment and pension consultant at Mercer and Alexander Forbes.

Interims overview - Financials

- Underlying revenue up 25.8% to £10.0m for H1 2020 vs H1 2019
- Organic^o revenue growth of 12.5%
- EBITDA more than doubled to £1.7m from £0.8m
- EBITDA margins 16.8%, was 10.0%
- Adjust pre tax profits £0.3m
- Adjusted EPS 0.3p
- Dividend payments to commence in respect of 6 month period to Dec 2020
- Net cash of £20.1m post IPO and immediate acquisition payments

^o *organic growth adjusts for the impact of acquisitions*

Interims overview - Operations

- New centralised business development team
- Technology team formed following hiring of new Director
- 4 new larger and multi-divisional clients
- More traction with bigger clients generally - average size^o of top 10 clients up 7% by revenue
- Launch of regulatory consultancy
- Strong client response to marketing of MJ Hudson Spring ESG offering
- 2 acquisitions in the period - MJ Hudson Spring, Anglo Saxon Trust - and Meyler announced today
- Business Outsourcing and Data & Analytics now 39% of underlying revenues (up from 31%) – higher revenue visibility
- Good pipeline for the rest of the year across all divisions

^o average size of top 10 client in H1 2020 is revenue £ 0.23m

MJ Hudson in US and Meyler deal

To date

- MJ Hudson Amaces acquisition in 2018 brought 6 people across US and Canada with 40 plus clients
- MJ Hudson US presence now consists 200 plus North American clients and New York office
- Developing crossover between US clients and our activities in Continental Europe
- 2 of 4 new large and multi- divisional clients are based in US (see slide 9 below)

Going forward with Meyler

- ✓ Additional clients with alternatives focus and extensive database on further names (more GP than LP)
- ✓ Established marketing and sales funnel including newsletters

Meyler acquisition

- Marketing services and analytics business based in New York and Vancouver
- Analytics offers continuing revenue stream and is scalable in UK/ Europe
- Team of 4 full time including the two founders/ vendors plus consultants
- Circa 50 PE/ hedge fund clients - alternatives focus
- \$0.9m payment over 2 years plus EO over 4 years
- Measured next step in our US strategy via unregulated platform with alternative client focus

Historic M&A activity – where are we creating synergy ?

model

value add

division

AMACES

- ✓ Benchmarking business with high quality clients and US exposure (World Bank, BMO Asset Mgt)
- ✓ New fee verification product being developed and marketed
- ✓ Technology platform upgrade

DATA & ANALYTICS DIVISION

SPRING

- ✓ High growth ESG reporting and data business based in Amsterdam with attractive northern Euro PE client base
- ✓ Active marketing campaign in new geographies UK and US well received with 3 new clients converted thus far
- ✓ Becoming new point of entry for new clients to the group

DATA & ANALYTICS DIVISION

AST

- ✓ Jersey CI based fiduciary business with high visibility revenue stream and cashflow
- ✓ Consolidated in January 2020
- ✓ Joint marketing initiatives (eg restructuring/ PE focus) underway - already converted MJH client
- ✓ Property cost solution in Jersey

BUSINESS OUTSOURCING DIV

New business highlights – large and multi-divisional clients

Client	Type	Origination	Impact from	Key task
1	Global bank group	CEO/ Bus Out	Q4 2019 recurring	<ul style="list-style-type: none"> Advise on/ design and operate fin tech incubator (Advisory/ Bus Out)
2	Middle Eastern bank	COO/ Advisory	Q4 2019 recurring	<ul style="list-style-type: none"> Advise on new investment strategy and help execute as well as structuring and admin (Advisory/ Bus Out)
3	Large US alts fund manager	CEO/ Bus Out	Q4 2019 Recurring	<ul style="list-style-type: none"> Advise on and administer Brexit move of funds from UK to Lux (Advisory/ Bus Out)
4	Large US tech /admin platform	New business development team	Q2 2020 recurring	<ul style="list-style-type: none"> Advise on and help execute new Euro markets strategy (Advisory / Bus Out)

- Good momentum in new business activity in period
- All started with Advisory division helping to define the key task at senior level
- Each task has recurring elements - £ 0.7m revenue from these contracts in H1 results
- There has been an extension of scope post engagement in each case
- New business development team responsibility going forward

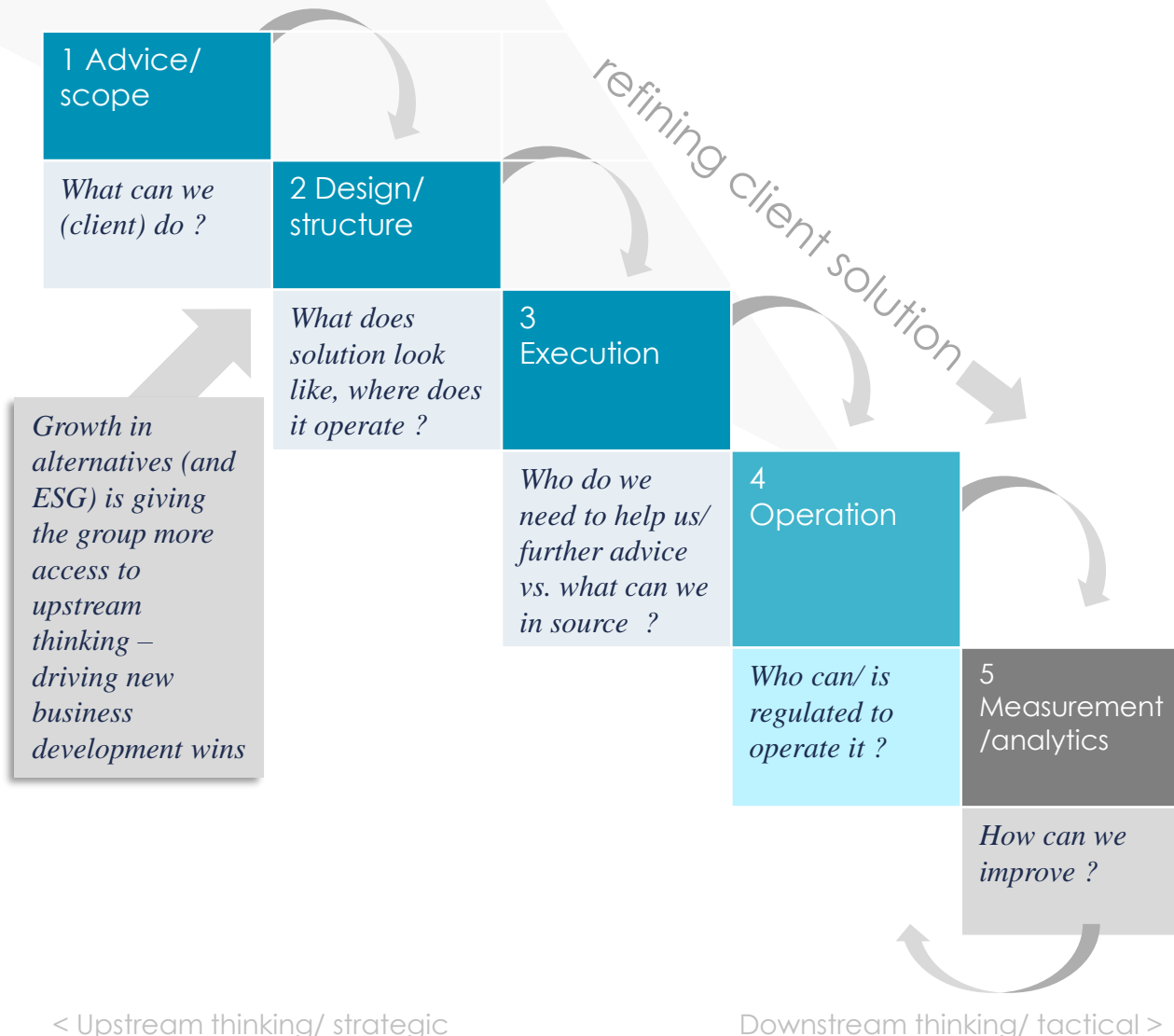
✓ All expected to be top 20 clients

✓ Led by business heads

✓ Key impact FY 2020

✓ We help define the task and then present all divisions on a combined basis as a client solution

Developing client needs – why are we winning bigger clients ?



Growth in alternatives (and ESG) is giving the group more access to upstream thinking – driving new business development wins

- Questions like alternatives exposure (and ESG) and expansion (eg US/ Euro) – are giving us high level and early access to strategy of larger clients
- Participation in a client’s upstream thinking in this way (advice, design) puts the group in a preferred position when it comes to other services (execution, operation and measurement/ analytics)
- MJ Hudson has competition in each of its divisions but rarely do we find a peer with our breadth of upstream and downstream services

MJ Hudson today / tomorrow

Operations

TODAY

- ✓ 3 key divisions in advisory, business outsourcing, data & analytics
- ✓ Balanced EBITDA contribution on pro forma basis
- ✓ Advisory is 'shopfront' for group cross sell with higher margins and revenue visibility



TOMORROW

- ✓ Increasingly platform-style sell across all divisions for larger clients
- ✓ Led by centralised business development function
- ✓ Attracting larger/ more international clients with likely US bias and higher multi service element
- ✓ More 'machine-driven' services supported by IT across the group
- ✓ More product-led approach to packaging and selling data & analytics

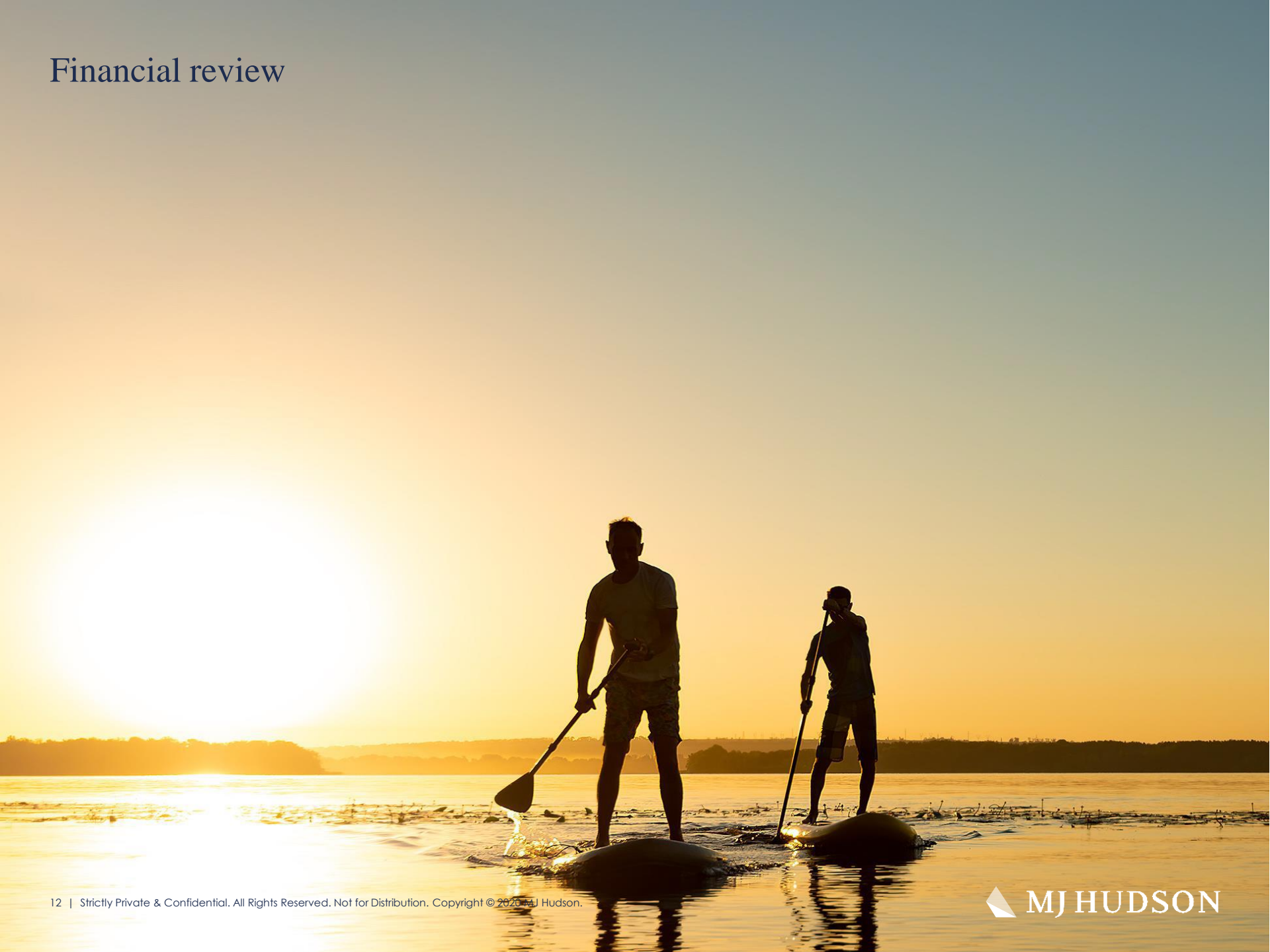
UK and Europe with franchise infills in law and exposure to US with new NY office and certain clients

Geography

Mid-Atlantic positioning with existing office plus North America serving local clients as well as bridgehead for rest of the group

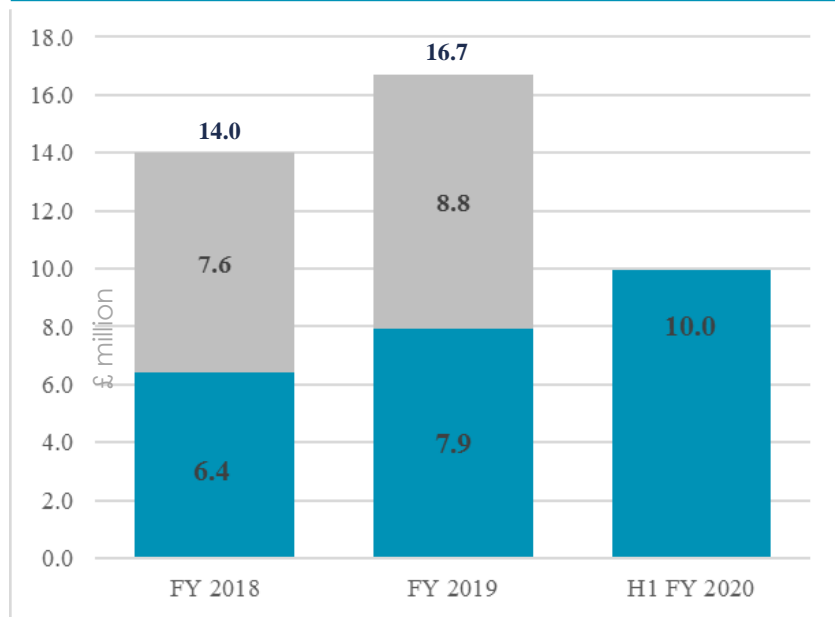
- Concentrated on developing "go-to brand" in legal / advisory practices
- Added complementary businesses and began to approach larger AUM clients with more involved solutions
- Next step is to formalise business development function with larger clients in their home markets ...
- ...adding data and analytics products and services when it makes strategic sense
- ...through acquisition and incubation

Financial review



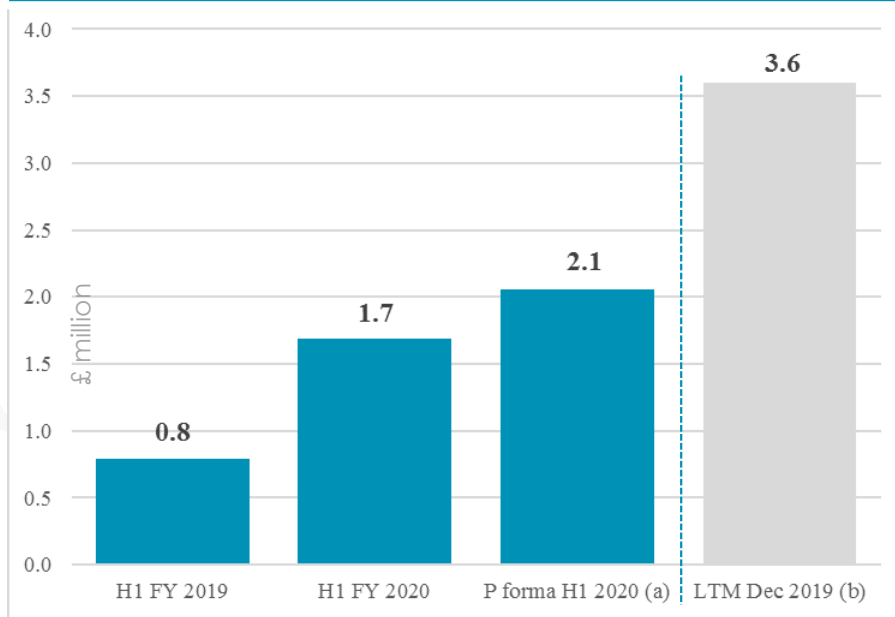
Financial performance overview

Underlying revenue : FY 2018 – H1 2020



- Underlying revenue of £10.0m in H1 2020 compares with £7.9m in H1 2019 and £16.7m in the full year to June 2019
- History suggests moderately H2 weighting before impact of acquisitions

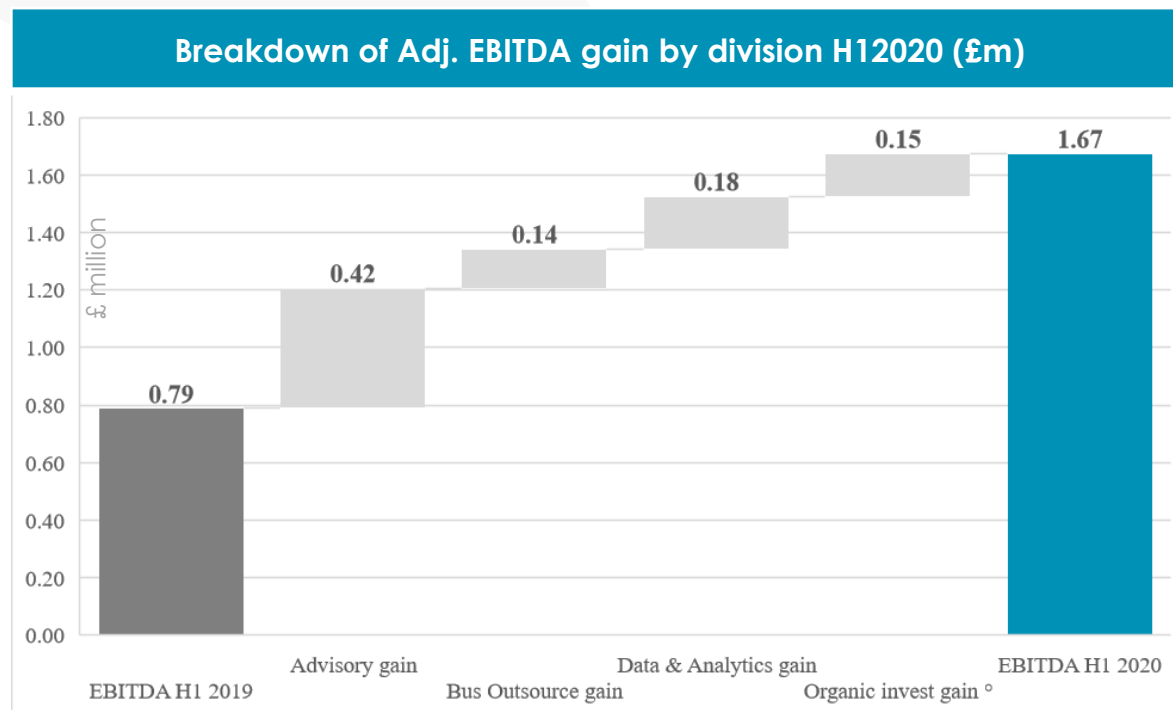
Adj EBITDA: H1 2019 – H1 2020 and LTM* Dec 2019



- Adjusted EBITDA of £1.7m compares with £0.8m in H1 FY 2019
- (a) On a pro forma basis (ie assuming acquisition AST had been consolidated at the start of the period), adjusted EBITDA is £2.1m
- (b) LTM * adjusted EBITDA is £3.6m

** last twelve months adjusted EBITDA includes a period when the company was not quoted and thus did not factor PLC costs*

EBITDA bridge: H1 2019 – H1 2020



- Gains across all divisions underpinned by organic improvements in underlying revenue and to a lesser extent acquisitions
- Strong performance in Advisory which saw margins gains in Law and Investment Advisory – former despite IPO distraction
- Data & Analytics includes maiden contribution from MJ Hudson Spring and full contribution from MJ Hudson Amaces
- Lux investment led on turn around in Organic Investments ^o This was effectively therefore also a Bus Outsource gain

^o change in EBITDA loss from organic investments

Summary MJ Hudson Group adjusted profit and loss

Amount £m	H1 2019 hist	H1 2020 hist
Underlying revenue	7.9	10.0
Operating costs	(7.1)	(8.3)
EBITDA	0.8	1.7
<i>EBITDA margin</i>	<i>10.0%</i>	<i>16.8%</i>
Dep and amort	(0.5)	(0.8)
Net interest	(0.4)	(0.6)
Adjusted Pre tax profits	(0.1)	0.3
WAV shares o/s (million)	78	98
EPS	(0.2)p	0.3p

- Strong growth in underlying revenue and EBITDA in all segments compared with H1 2019
- Reconciliation of Adjusted Financial Measures in interim statement shows bridge between loss before taxation in interim financial statements and adjusted pre tax profit in this table. Main item is £2.0m fundraising and acquisition costs in period (H1 2019 £0.3m)
- Minimal tax charge in both periods, should stay low for full year

Included in the above

EBITDA from Organic investments	(0.6)	(0.4)
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Summary MJ Hudson Group cashflow

Amount £m	H1 2019 hist	H1 2020 hist
Adj EBITDA	0.8	1.7
Working capital	0.3	(0.4)
Adj. Op cashflow pre exceptionals	1.1	1.3
Adjustments to pre tax income	(0.8)	(2.5)
Op cashflow	0.3	(1.2)
Net interest	(0.3)	(0.3)
Net op cashflow	0.0	(1.5)
Capex	(0.4)	(0.9)
Free cashflow	(0.4)	(2.4)
M&A	(1.7)	(3.4)
Equity issuance	1.3	27.3
Net debt issuance	0.9	(0.8)
Net cashflow	1.7	20.7
Cash balances	2.0	23.8

- Cashflow IPO costs £2.4m
- Working capital – law firm debtor days improved (43 days from 45 days at June 19). Debtor increase driven by Investment Advisory large contract project work on which payments have commenced in 2020. Trade creditor reduction due to accelerated supplier payments post IPO in December 2019.
- Capex relates primarily to new London office fit out project and this will be replicated in second half. Move scheduled for April 2020
- M&A payments relate to MJ Hudson Spring and MJ Hudson Amaces

Summary MJ Hudson Group balance sheet

Amount £m	FY 2019 hist	H1 2020 hist
Non current assets	24.4	35.1
Cash	3.1	23.8
Trade & other receivables	9.3	10.7
Total current assets	12.4	34.5
S/term debt & leases	1.1	1.1
Def'd consideration	2.1	4.6
Trade & other payables	6.7	7.7
Total current liabilities	9.9	13.4
L/term debt	14.4	3.0
Other & lease	0.4	6.7
Def'd consideration	4.3	2.1
Total non current liabilities	19.1	11.8
Net assets	7.8	44.4

- New London lease has added approximately £6.5m to non-current assets and long-term liabilities
- Convertible loans at June 19 of £11.8m converted at IPO apart from £0.6m from Somers in an arrangement to keep their ownership below 10%
- Increase in trade receivables and creditors driven by acquisition. Debtor days continue to improve as per cashflow comments
- Borrowing now comprises primarily loan from Bermuda Commercial Bank (£2.0m) and Metro (£0.3m) plus assorted amortising tax, insurance and capex loans
- Deferred consideration payments, set out in separate schedule, relate to MJ Hudson Amaces and Spring. AST acquired after balance sheet date at point regulatory approval received in January

Conclusion



Outlook

POSITIVE

- ✓ Trend towards alternatives continues and may escalate in current market environment
- ✓ Regulation and law have bell-weather characteristics
- ✓ ESG is a developing theme with everyone and is already bringing new clients to the group
- ✓ For certain MJ Hudson clients, market volatility is a 'once in a business cycle' opportunity and majority of revenues from closed ended funds and uncorrelated private assets
- ✓ Good new client momentum and progress with larger clients
- ✓ Cheaper asset prices and moderated vendor expectations helps acquisition strategy

NEGATIVE

- Coronavirus is having unprecedented effect on working patterns for clients and ourselves
- Market volatility likely to delay client funding plans and M&A

- Negative risks are subject to change
- We remain confident in our business given what has been achieved in these interim results, the momentum in our business, the full year impact of recent M&A and the natural resilience in the markets we serve

Summary

- ✓ Double digit organic revenue growth of 12.5% in six months to end December 2019
- ✓ Strong margin performance across the group see adjusted EBITDA more than double to £1.7m
- ✓ Balance sheet transformed with cash balances of £23.8m at the end of December
- ✓ Cautious on impact of sustained market volatility but confident on market expectations
- ✓ Small acquisition adding to expansion in North America
- ✓ Strong secular trends in Alternatives, business outsourcing and regulation/governance driving revenues and are bell weathers in current market volatility

Appendices



We have come a long way since our early years

750+

Total clients

...including

500+

Fund managers

200+

Institutional investors



182

Staff
(incl consultants)



\$1 trn+

Assets managed
and advised by
our clients



33%

CAGR organic
underlying revenues
2016 - 2019



9

Locations



Our market and key drivers

WHAT

- ✓ Traditional asset management and particularly Alternative investments, ie largely PE, Real Estate, Hedge funds, Infrastructure and Alt lending/ private credit
- ✓ The market expects* that Alternative investments globally will reach USD 21.1Tr in 2025, a 109% increase on 2016

WHY

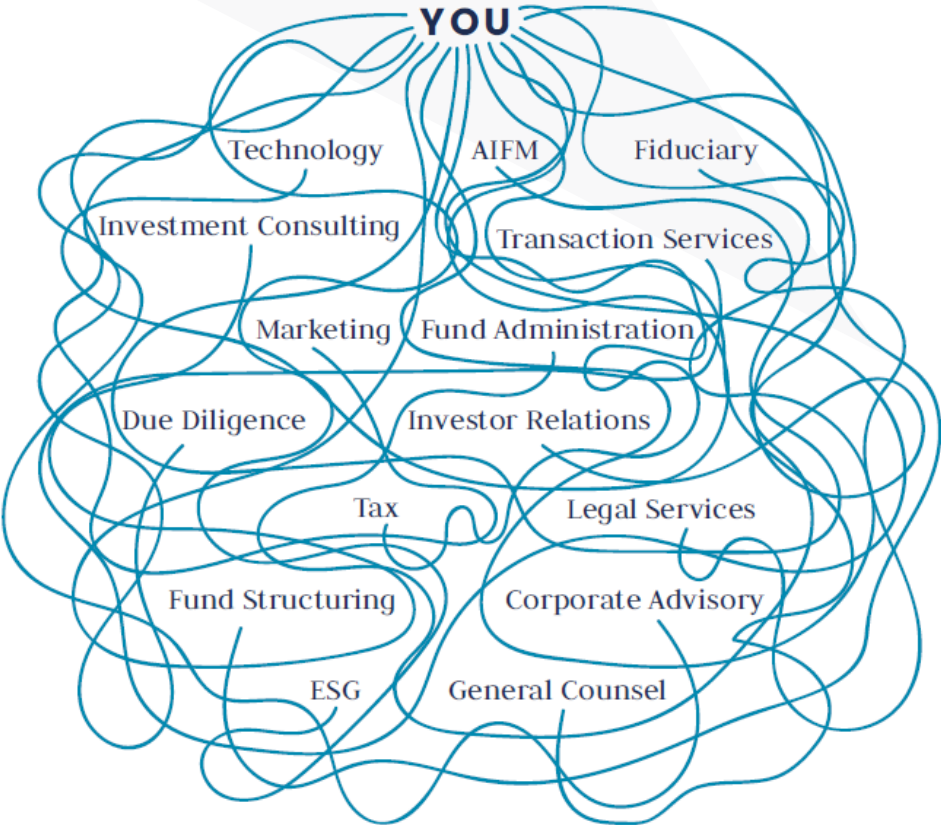
- ✓ Increasing regulatory and compliance burden on market entrants and existing clients, expertise required and risk of costly failure make for an ideal outsourcing opportunity

• Source: PWC Report, *Asset and Wealth Management Revolution : Embracing Exponential Change*

As the sector grows, so does the infrastructure needed to support it

By reducing the number of relationships they have to manage, we make it easier for our clients to grow

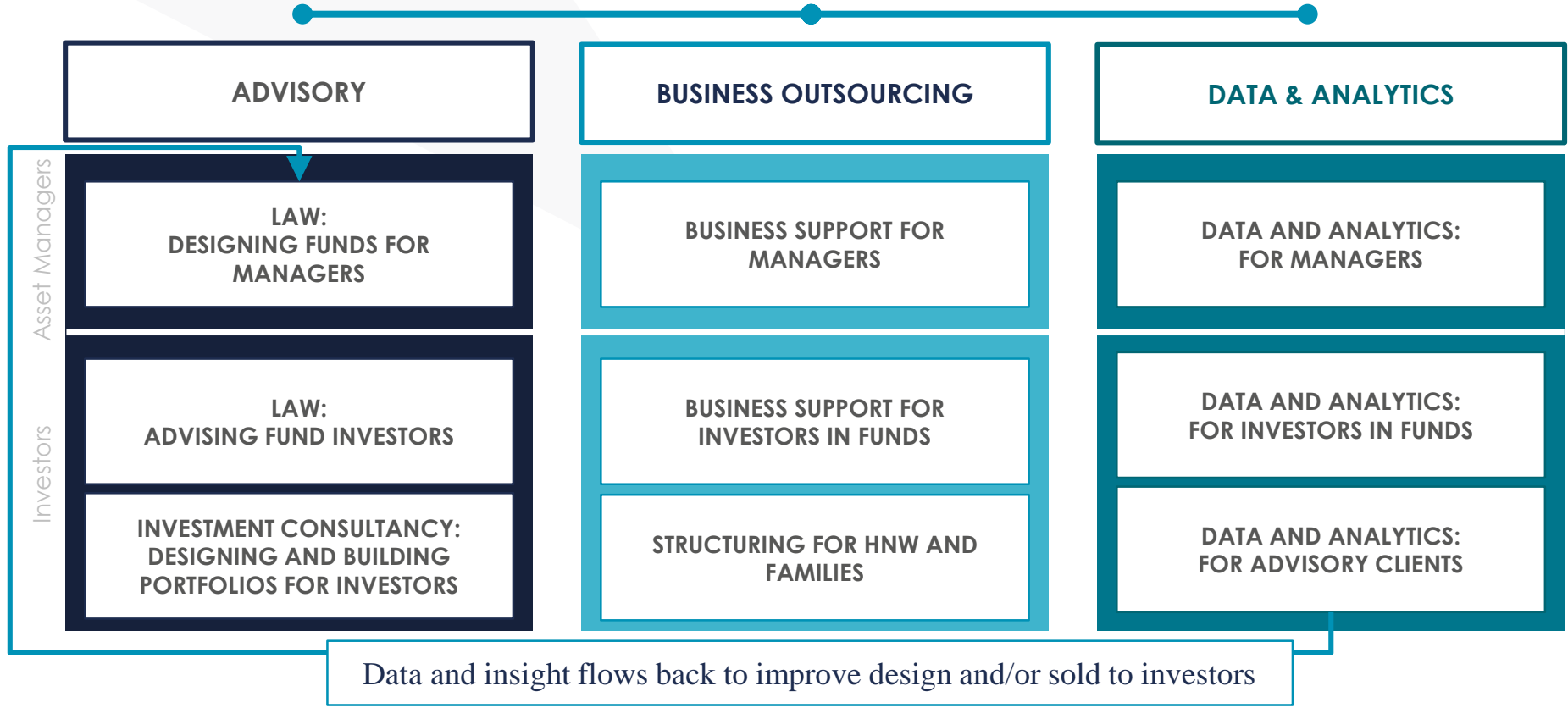
Relationship spaghetti



One reliable, effective relationship



The group comprises 3 interconnected divisions with a common focus

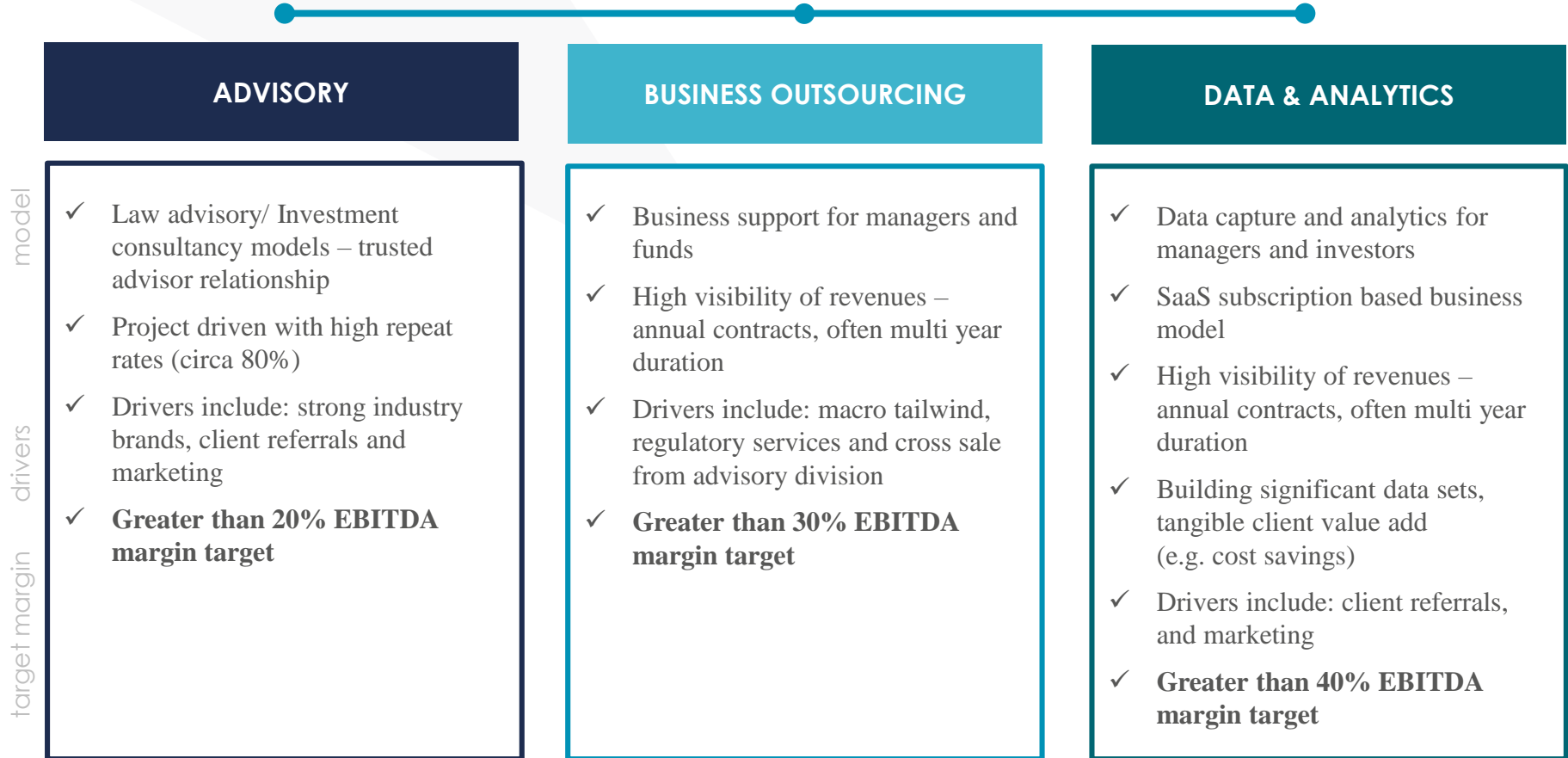


Advise me

Do it for me

Help me to do it for myself

...and with 3 different but complementary business models



Key clients



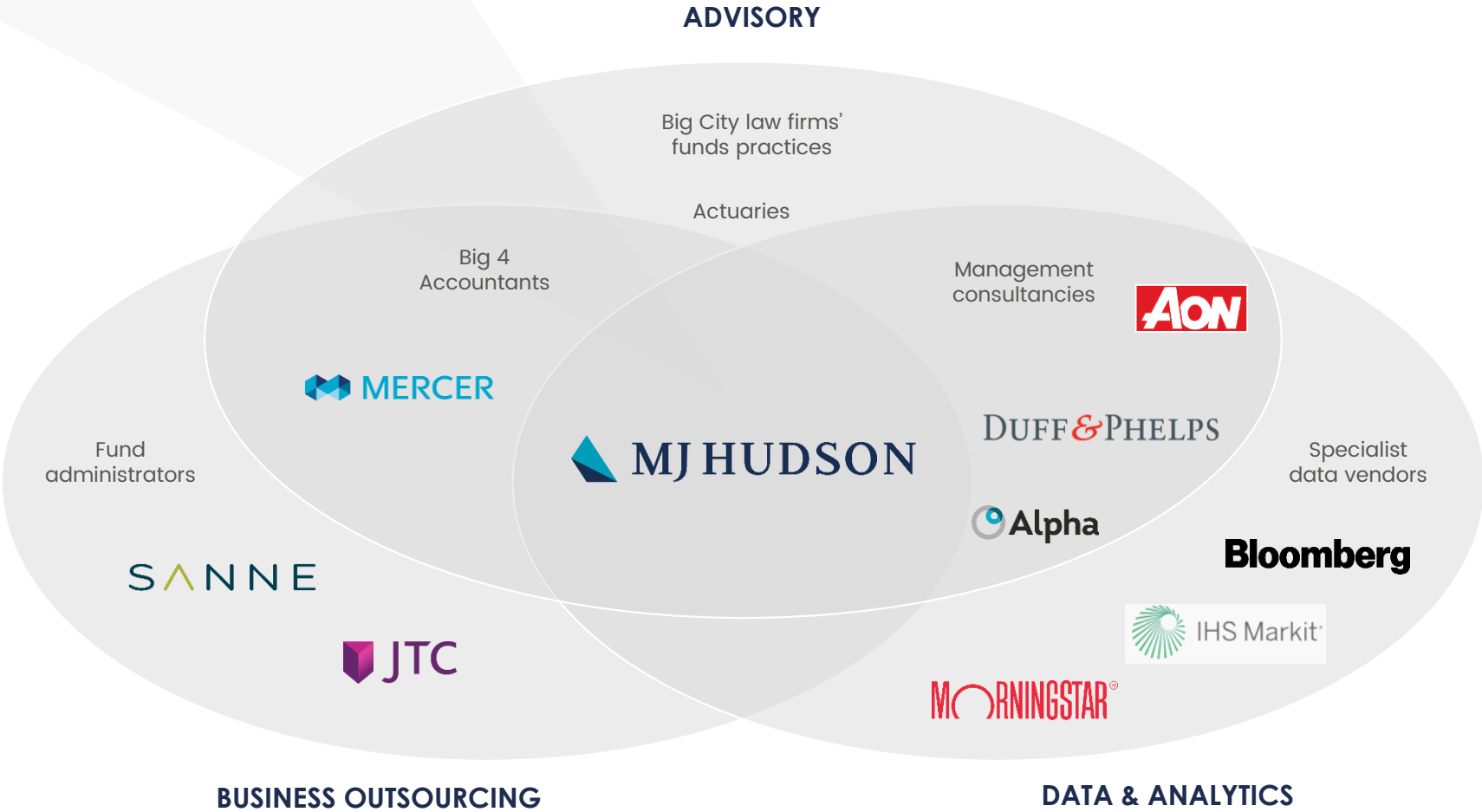
Largest client 5% group underlying revenues FY 2019

Starting to win larger AuM clients and offer more cross group solutions, eg

- ✓ Global bank where we are designing and running fin tech incubator
- ✓ Middle Eastern bank where we are helping with their new alts strategy
- ✓ Large NASDAQ fund manager where we are helping a Brexit move from London to Lux
- ✓ Large US tech-enabled admin platform where we are helping them to access European markets

Multi service client a key focus for new business development team

Competitive landscape – *our service mix combined with alt focus is exceptional*



Divisional summary H1 2020

Division £'000s	Underlying Revs H1 20	EBITDA H1 20	Margin H1 20	Margin H1 19	Growth Revs	H1 Split FY 19
Advisory	5.731	1.016	17.7%	11.3%	7.8%	49.2%
Bus Outsource	1.797	0.599	33.3%	30.0%	16.8%	48.1%
Data & Analytics	2.053	0.456	22.2%	29.4%	120.5%	38.8%
Organic Invest	0.394	-0.397	n/a	n/a	177.5%	47.3%
Total	9.975	1.674	16.8%	10.0%	25.8%	47.5%
Total ex Organic	9.581	2.071	21.6%	17.1%		

- Group margin improved from 10.0% to 16.9% on gains across all divisions and solid revenue progress
- Excluding Organic Investments, margins grew from 17.1% to 21.6% led by Advisory
- Data & Analytics saw a margin fall as the more established MJ Hudson Amaces blended with the earlier stage MJ Hudson Spring
- EBITDA in H1 2019 was 47.5% of the full year. H2 FY 2020 will include a contribution in earnest from AST

Net debt Dec 2019

Item £m	FY 2019	H1 2020
Total debt June	15.7	3.0
Cash	(3.1)	(23.8)
Net cash/ (debt)	(12.6)	20.8

Outstanding M&A cash payments

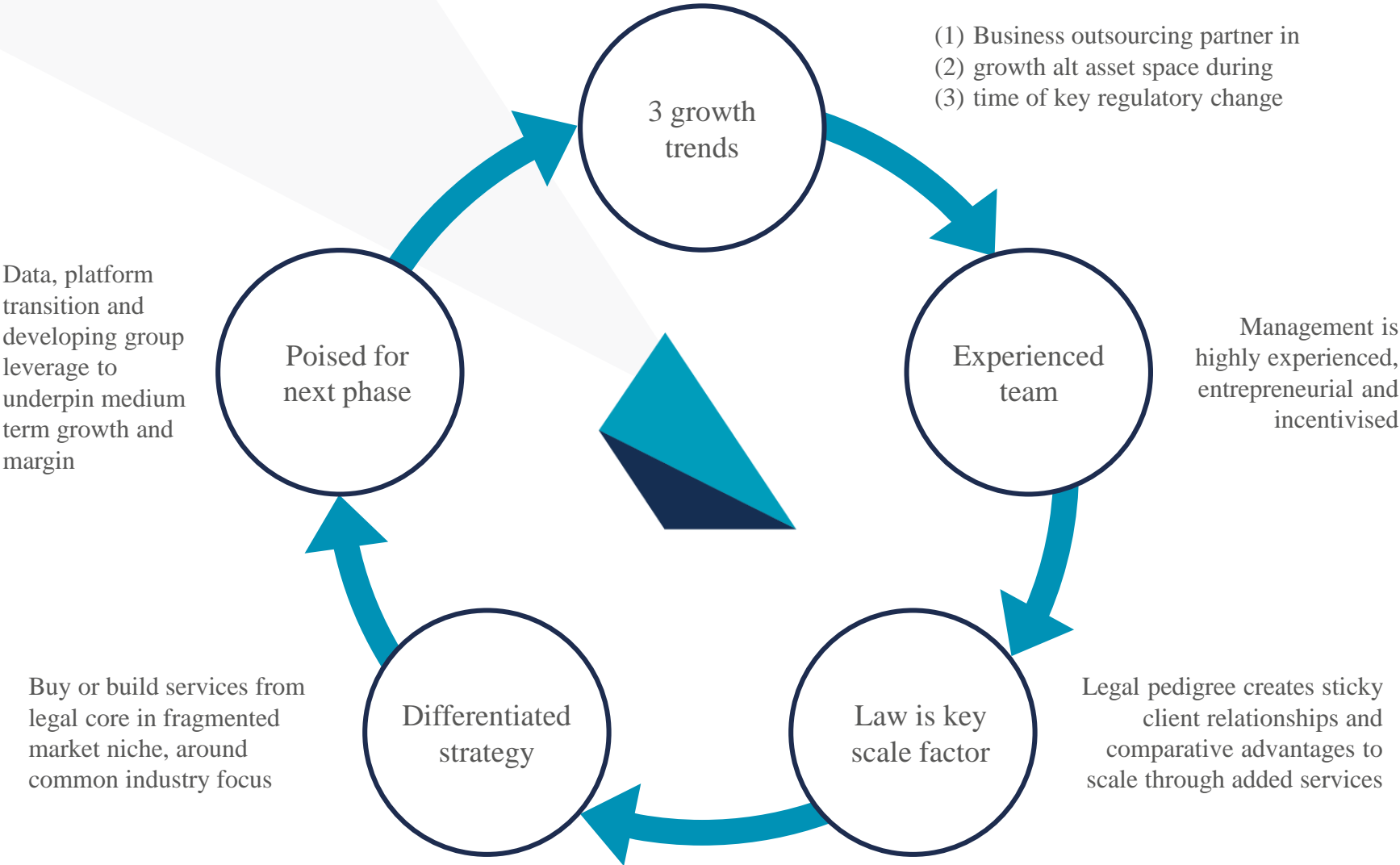
MJH financial year /£m	2020 June est	2021 June est	2022 June est	2023 and beyond
Fixed consideration due	5.4	1.0	-	1.6
Conditional consideration	-	2.5	3.7	0.5
Total	5.4	3.5	3.7	2.1

- Table includes agreed considerations for MJ Hudson Amaces, Spring and AST
- June 2020 includes £3.6m already paid ie completion monies for AST paid in January 2020 and Euro 1m for MJ Hudson Spring at IPO
- Total outstanding fixed consideration payments of £8m
- Total outstanding payments plus £6.7m conditional on performance

Top MJ Hudson significant shareholdings post IPO

Top shareholder	Role/ status	%	Comments
Matthew Hudson & family	CEO	27.9%	Business founder and investor in subsequent rounds
Canaccord Genuity	Investor	16.7%	UK Multi Cap, UK Micro Cap Growth & Wealth funds
Somers Limited	Investor	9.9%	Strategic investor, invested 2016
Danske	Investor	5.1%	
Capital Research	Investor	4.8%	
Eamon Devlin	Partner Law	4.6%	Early stage funder and senior manager
Polygon	Investor	4.1%	Invested 2014
Gresham House	Investor	2.9%	Invested 2016
Others <2.9%	Mix	24.0%	Includes other management and institutional holdings
Total		100%	
<i>Management total</i>		<i>37.9%</i>	

MJ Hudson business highlights



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