

21 February 2022

# MELLO EVENTS

MelloMonday  
MJ Hudson

# Agenda and presenters

- Investment case
- Ambition
- Our business model
- Conclusions
- Appendix of financial information

Matthew Hudson  
CEO



Peter Connell  
CFO



Odi Lahav  
COO



MJ Hudson is a growth company with unique positioning in a growth market, that is otherwise difficult to access

# Investment case

1

## **EXPERIENCED, PROVEN MANAGEMENT**

The management is deeply experienced in the client industry and has successfully grown the business from scratch in 2010, both organically, and through acquisition

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2

## **EXPOSURE TO PRIVATE MARKETS**

Recognised as the picks and shovels play for private markets: private equity, venture capital, credit, infrastructure, and real estate

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3

## **PROPRIETARY DATA AND TECHNOLOGY**

Leveraging its technical knowledge and trusted adviser status to develop recurring “annuity-style” revenues and benefitting from access to data no one else has to build cutting edge digital tools and SaaS products

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4

## **STRONG BRAND**

Supported by a brand, built on a reputation for being “different and better”



Most of our clients are in *private* markets, but you probably know some of them:



# Where we are now

**12**

years old in 2022

**AIM**

since 2019

**18**

FTSE 100 clients

**0.125p**

maiden dividend  
(progressive dividend  
policy)

**12**

completed acquisitions  
*plus* double-digit organic  
growth

**300+**

staff (incl. consultants)

**10**

office locations

Servicing a

**\$100<sub>tn</sub>**

market



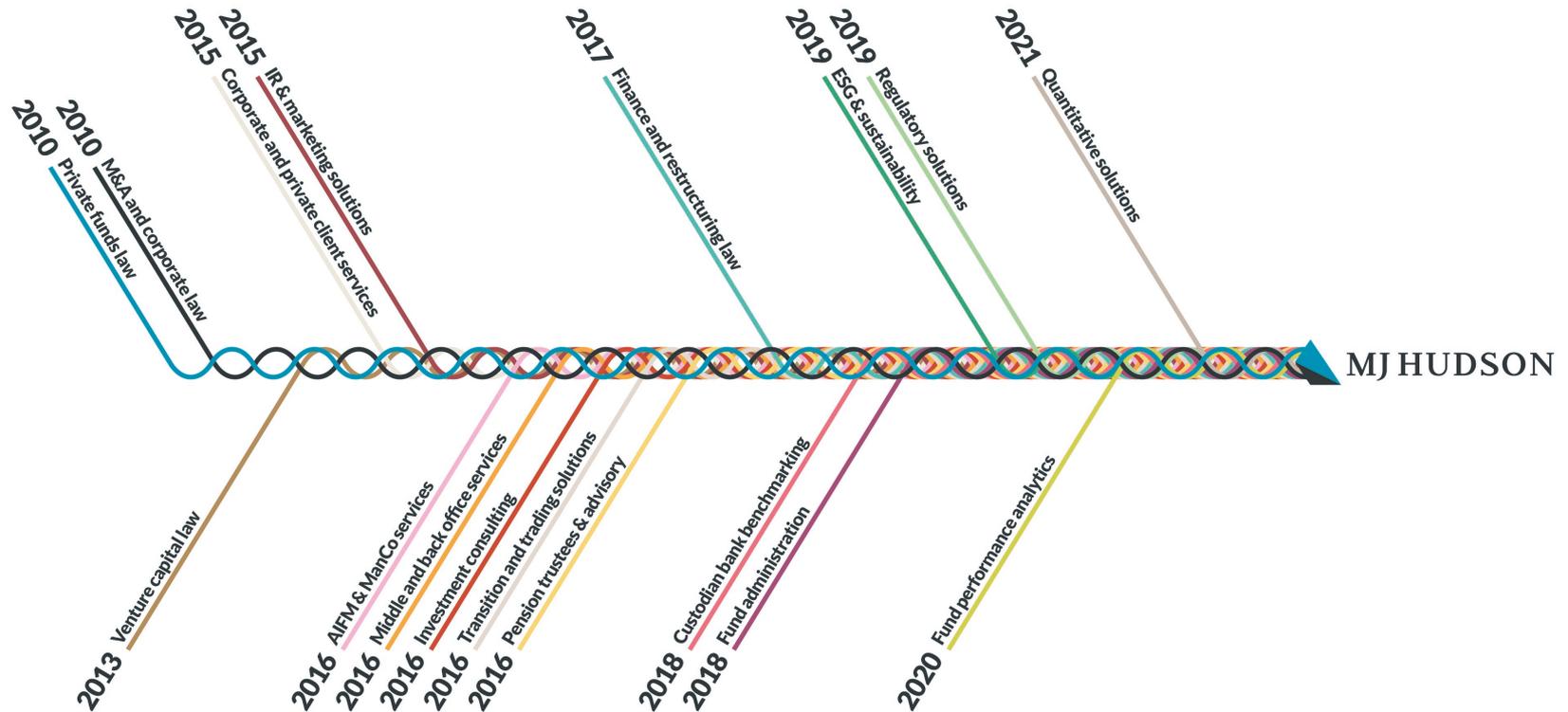
SECTION 1

# Ambition

We are just over half of the way through our first 20-year growth plan, aiming to achieve, by the end of 2030:



I founded the firm in 2010, to support talented managers spinning out of banks, after the global financial crisis



We have continuously added services beyond legal advice to support them and quickly extended our services to support institutional investors, too.



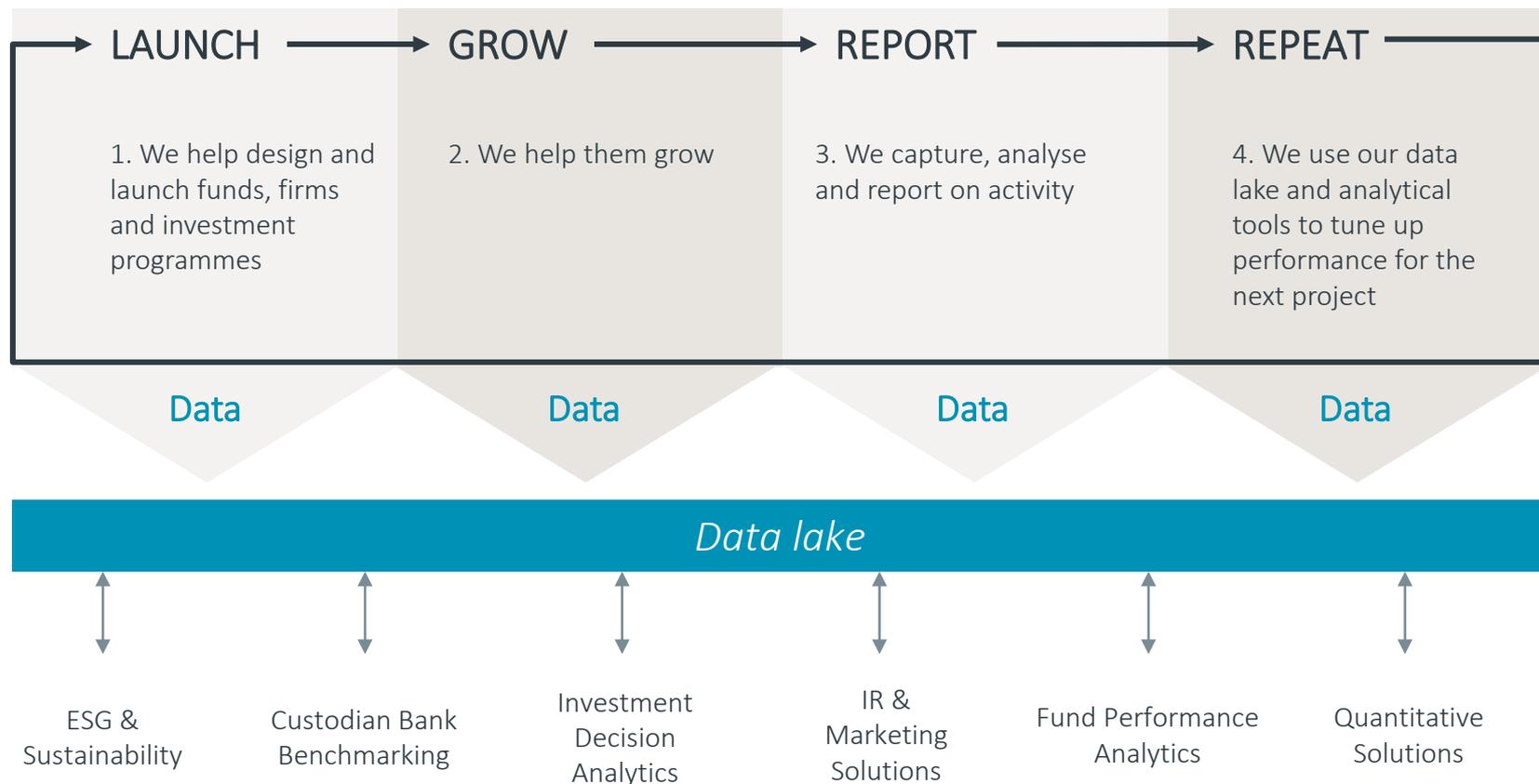


SECTION 2

# Our business model

# We gather our data through our extended client and market contact

We stay with our clients across the entire lifetime of their funds, firms and investment programmes



# Our services follow the life journey of our clients' funds

	Advisory Fund creation	Outsourcing Fund operation	Data & Analytics Reporting, performance, tuning
SERVICES	Legal services; investment advisory	Mid-Office regulatory; risk and fund distribution; back-office accounting	Analysis of fund and portfolio company data (ESG, risk, performance, costs etc.)
REVENUE STYLE	Trusted adviser status supports high repeat rates, limited churn; improved cross-sell environment	Fixed recurring revenues throughout lifetime of a fund; upsell into more funds	Subscriptions and recurring revenues; upsell to additional services and bespoke advice
TARGET EBITDA MARGINS	20%	30%	40%+

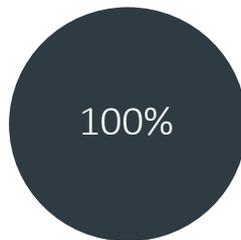
Our service areas are becoming even more tightly integrated, as one platform, making it easier to cross-sell. Revenue from clients taking more than one service was 29% (up from 14%, last year).



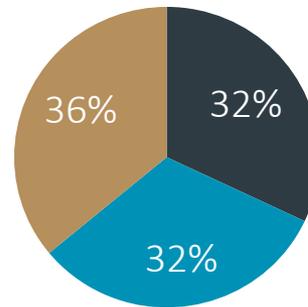
# Revenues splits

## Revenue by reporting segment

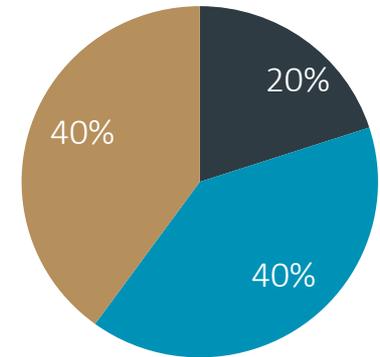
Then (Year-end Jun 2015)  
4m revenue



Recently (2021 Full Year)  
25.5m revenue



Soon



Advisory



Outsourcing



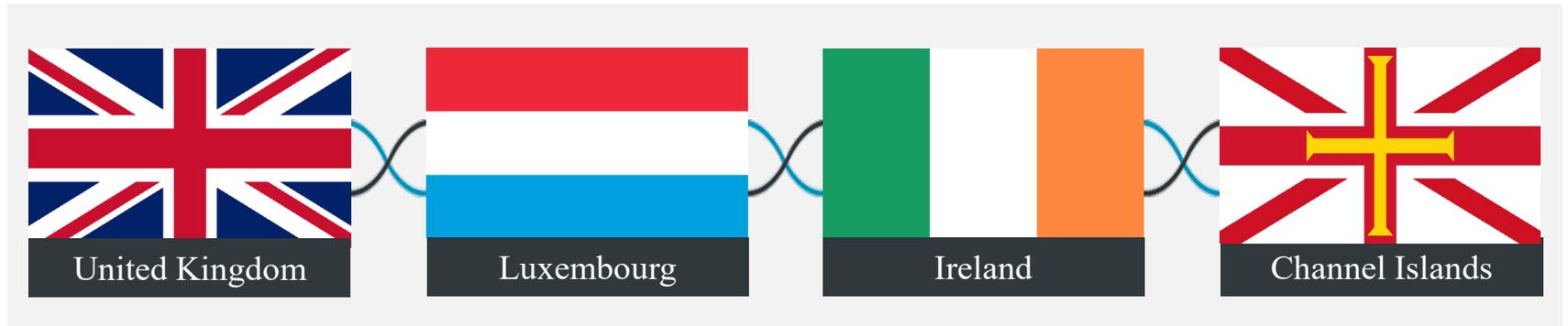
Data & Analytics

Building smart tools takes brains, but lots of people have brains. Where we are different is our access to the data. Nobody else has that.



# Our Outsourcing division ensures that MJ Hudson is “Brexit-hedged”

MJ Hudson provides a complete European fund distribution regulatory platform, across the following jurisdictions:



# In private markets, data and transparency are at a premium

## Public markets

Performance analysis in **public markets** is **readily available, real time,** and **transparent.**

There are recognised sources of data which provide standardised analysis and benchmarking.

VS

## Private markets

**Private markets** participants have the same questions in relation to performance.

But, by their nature, it is often **harder to find the data** and **harder to find the answer.**



# Our clients come to us with mission-critical questions; we have the answers

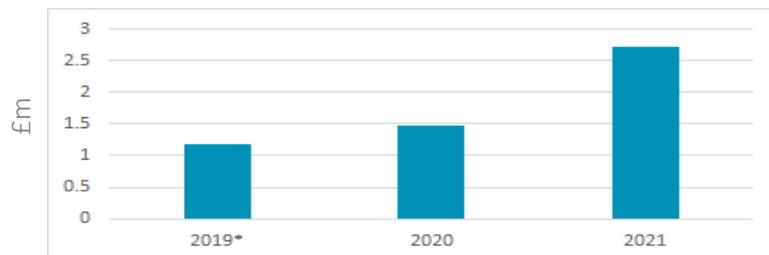


- Our offering currently consists of five acquisitions and an incubated JV
- Clients can access data capture and analytical services through a combination of MJ Hudson's self-service digital tools and bespoke advisory services
- We are now using our in-house capabilities to build out more customer-facing products and integrating the services through a single platform



# ESG & Sustainability

## Accelerating growth in ESG & Sustainability revenues



## Key developments in 2021

- Extremely hot market environment driven by cultural shift and regulatory change (including SFDR, EU Taxonomy, and TCFD)
- ESG & Sustainability sales and margins very strong
- The business nearly doubled in size. Near 100% client retention, near 100% of clients increased services, added several significant new client relationships...  
... and still accelerating in 2022.
- Team grew to over 40. New in 2021 London-based ESG team, with 8 staff. New York presence in 2022.
- Expansion of product offering across alternatives
- Adding ESG services across the group

\*Pre acquisition

## ESG Advantage

Official Launch of *ESG Advantage* (<https://esg-advantage.com/>), post year-end:

- Our new and improved alternatives ESG app:
  - ESG data, frameworks and process
  - ESG reporting and regulatory solution

... designed specifically for private market funds

- SaaS business model
- Top bank (distribution) partner in MUFG, a top 3 largest Japanese Bank
- Expanded and enhanced product offering to cover private equity, infrastructure, real estate, and credit funds
- Current sales pipeline exceeding projections
- Built on the *AdvantageIQ* platform



# We are also investing in our R&D capabilities

## Key developments in 2021

- Increased focus on bringing technology-based solutions to the forefront for our business and our clients
- Upgraded infrastructure to improve efficiencies as we scale globally
- Significantly expanded R&D capabilities in 2021, through hiring and acquiring talent and IP
- Team of 23 across infrastructure (excl. quant engineers and developers within the business units)
- Opened office in Colombo, Sri Lanka to source talent and provide more efficient avenue to scale the team (team of 8 in tech, *plus* 4 open data acquisition positions)

## Application development

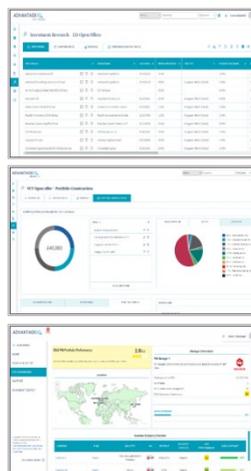
### Talent acquisition

11 developers (excl. engineers and developers within the business units)  
NLP, machine learning and UX specialists

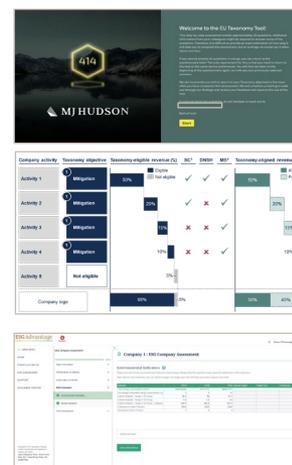
### Platforms and integration

*AdvantageIQ* apps (*ESGAdvantage*, *RegIQ* and *FidesIQ*)  
Integrating expanded proprietary technology suite

### ADVANTAGEIQ



### ESGAdvantage



### Fid-ēsIQ



SECTION 4

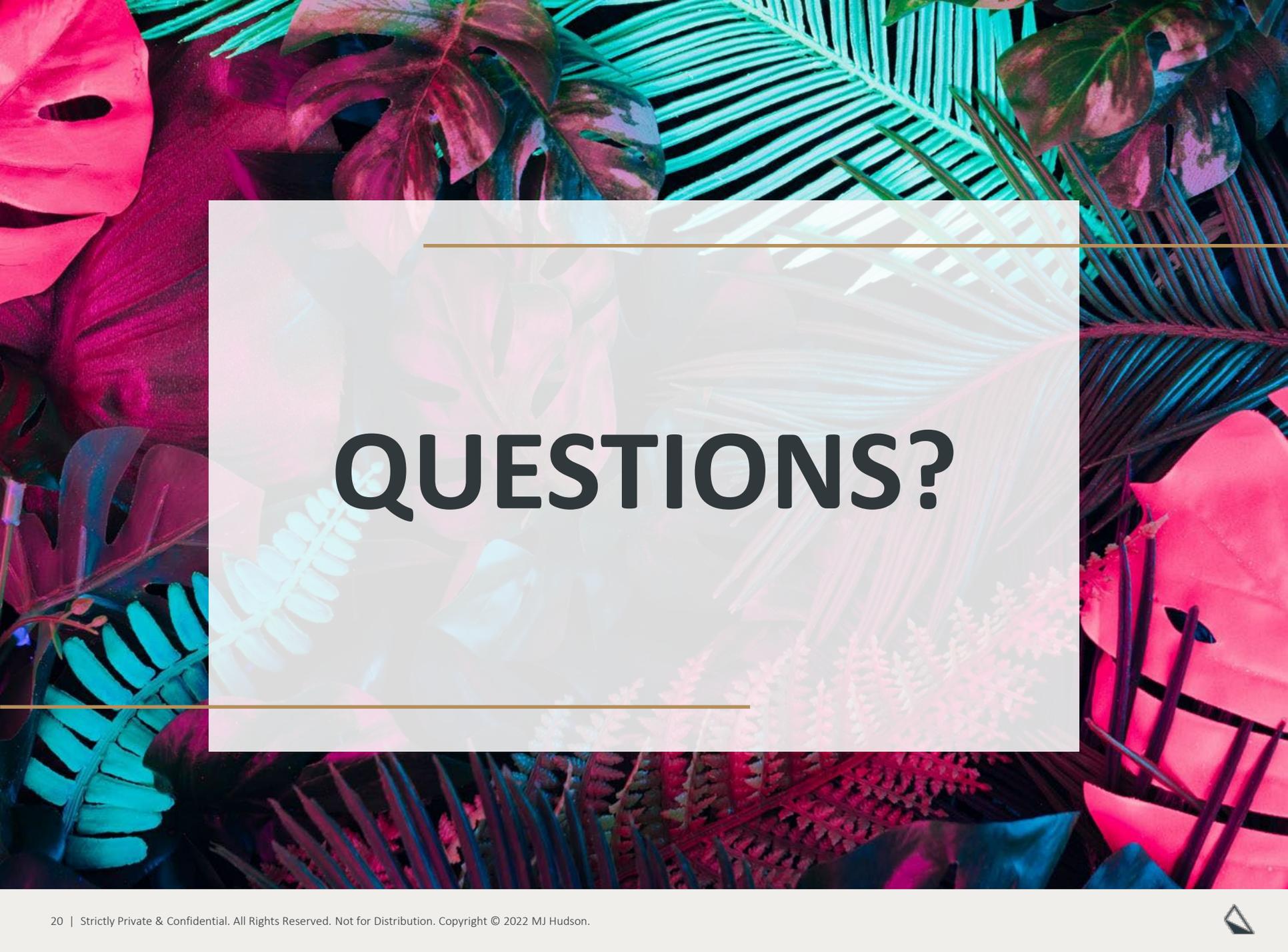
# Conclusions



# Conclusions

- ✓ We are a growth business in a growth sector
- ✓ Founder management with deep industry experience and heavily invested (over 30% of the shares)
- ✓ Our sector is private markets that are otherwise hard to access as its dominated by institutional investors
- ✓ 11 years into a 20-year plan to be the market-leading picks and shovels play in private markets
- ✓ And with significant data and software-led analytical tools
- ✓ The market leader in ESG for our market – we are already at the front of that trend
- ✓ We are scaling business organically at double-digit rates and through acquisition
- ✓ We aim to become a large company
- ✓ Maiden dividend paid



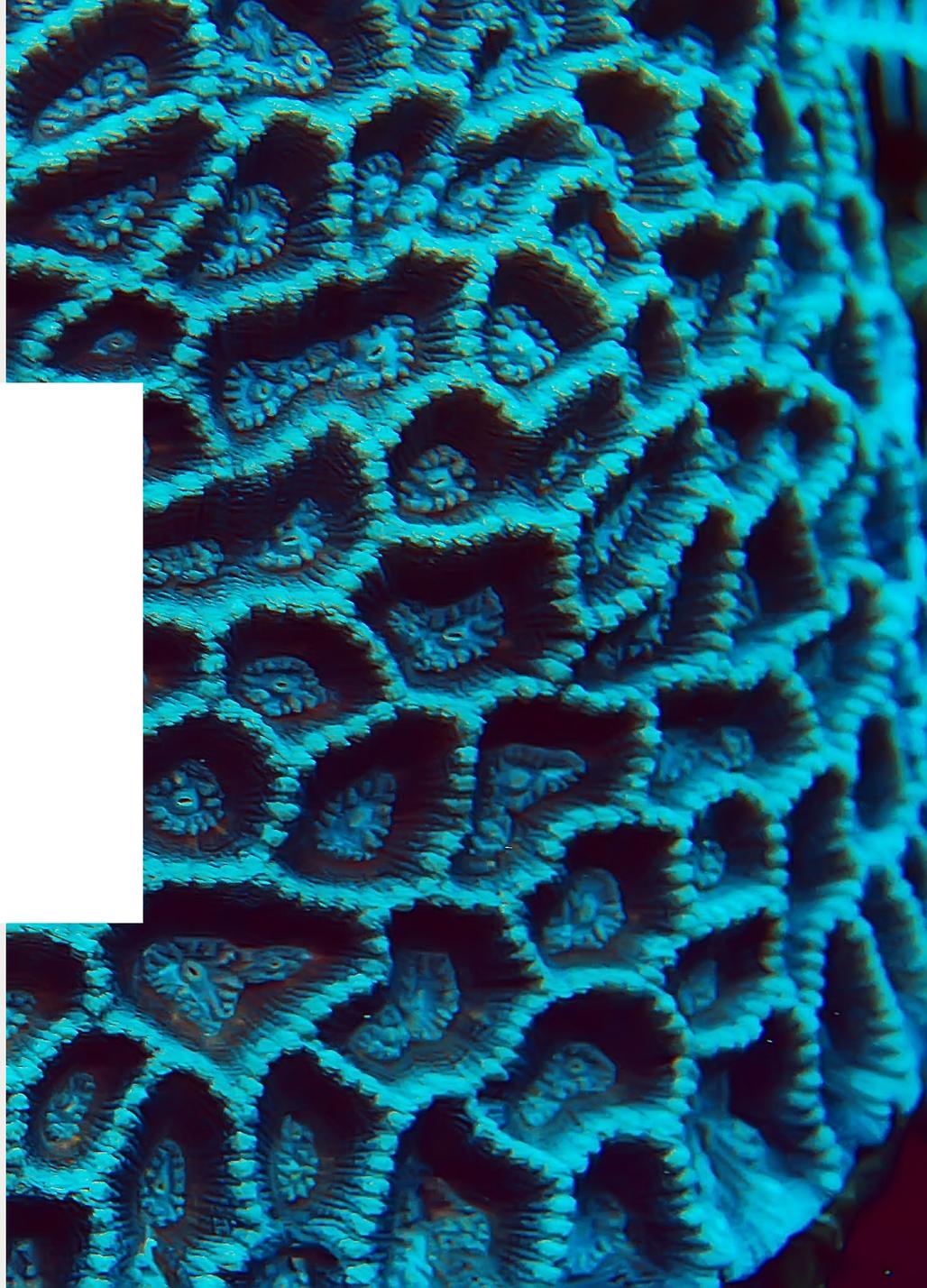
A vibrant background of tropical foliage, including large monstera leaves and ferns, illuminated with a mix of red and blue light. A semi-transparent white rectangular box is centered on the page, containing the word "QUESTIONS?".

**QUESTIONS?**



APPENDIX

# Financial review



# Summary financials since IPO

Amount £m	FY19	FY20	FY21
Revenue	16.7	20.3	25.5
EBITDA	2.7	3.8	5.6
Pre tax profits	(0.2)	0.9	2.4
EPS norm (p)	nm	0.5	1.3
Divs (p)	-	-	0.125
<i>EBITDA margin</i>	<i>16%</i>	<i>19%</i>	<i>22%</i>
<i>Staff incl consultants</i>	<i>158</i>	<i>206</i>	<i>288</i>
<i>M&amp;A in period</i>	<i>1</i>	<i>3</i>	<i>3</i>

- Sought an AIM listing to invest in the business and make acquisitions
- Raised £26m for the company in the IPO in December 2019 and have completed 6 acquisitions thus far, whilst listed
- Solid revenue growth track record driven both by double-digit organic growth rate and acquisitions
- Improving margins at the same time driven by scale efficiencies and growth/ re balancing in favour of higher margin divisions
- EBITDA more than doubled in two years
- New, senior £27.5m debt facility with Santander announced April 2021
- Maiden dividend planned for six month period to end June 2021



# M&A activity – good progress since IPO

## What we said we would do

### *Make acquisitions which are/ bring*

- Growth-oriented
- Profitable
- Meaningful in terms of impact on group
- High quality client portfolio and people
- Proprietary data and IP

### *Via deals which have*

- Vendors looking for growth partner not immediate exit
- Consideration structures which are consistently applied and incentivise growth

*`We had been looking for a partner rather than an investor. ....joining MJ Hudson hits a number of sweet spots.`*

*David Dillon, Bridge Consulting – Oct 2020*

- Discussed terms with 35 potential acquisitions from and including Amaces, rejected 19 in due diligence, 8 completed
- Mix of direct approach, inbound from Vendors and brokers, bilateral discussions for the most part
- Of the deals we have completed, 5 were self-originated. Our conversion rate of terms sheets to deals is highest amongst deals we originate ourselves
- On average, consideration ex earnout (ie fixed upfront plus deferred) was single digit multiple of historic EBITDA plus 3 year earnout
- Including Amaces, sum of acquisitions contributed GBP 10.4m to revenues in FY21 (40% of Group)
- On average, acquisitions have grown revenue by +31% on annualised basis (2021 outturn compared with last period as private company)
- 3 of top 10 clients FY21 came from acquisitions
- Key MJ Hudson value add – Brand/marketing, IT, cross sell



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