RNS Release: 23 March 2021

MJ Hudson Group plc

(the ´´Company``, ´´Group`` or ´´MJ Hudson``)

Interim results for the six months ended 31 December 2020

MJ Hudson Group plc (AIM: MJH) the international asset management consultancy, today announces its unaudited interim results for the six months ended 31 December 2020 ("H1 FY21").

Highlights

- The Group's markets remained resilient and are now showing signs of strengthening
- Recent acquisitions of PERACS and Bridge consolidated from end of period and integrating well, each with early client collaboration successes
- Group underlying revenue growth from continuing operations of 14.4% to £11.3m. Statutory revenue increased by 45% to £15.9m*and 3.6% organic growth** achieved, continuing recovery trend
- Underlying EBITDA from continuing operations maintained at £1.8m (H1 FY20: £1.8m)
- Underlying pre-tax profit £0.4m (H1 FY20: £0.4m) (reconciled to statutory results in table below)
- Underlying fully diluted EPS of 0.2p***
- Process to secure senior debt facility for Group is now well advanced
- Significant client wins - ESG and Luxembourg detailed below
- Trading in early 2021 on track with expectations. Activity levels in legal services recovering well

** This number includes pass through revenues which are not considered part of underlying results – see notes below, **Organic revenue growth adjusts for the impact of acquisitions*
**** Prior period distorted as IPO shares in issue for less than one month*

Financial summary and key performance indicators

In order to assist shareholders' understanding of the underlying performance of the Group, the underlying performance of the business has been presented on an adjusted basis for the 6 months to 31 December 2020 and for the comparative period to 31 December 2019. The Group includes non-GAAP measures where it is deemed useful and necessary. A reconciliation from adjusted to statutory results is presented within this statement. In addition, segment and division are used interchangeably in this release.

	Notes	Six months ended 31 Dec 2020 £m	Six months ended 31 Dec 2019[6] £m	Growth
Adjusted results	*1*			
Revenue	*2*	11.3	9.8	14.4%
EBITDA	*3*	1.8	1.8	(1.1)%
EBITDA margin		15.8%	18.2%	
Profit before tax	*4*	0.4	0.4	
Basic and Diluted EPS (p)	*5*	0.2p	0.5p	
Statutory results				
Revenues		15.9	11.1	44.6%
EBITDA		(0.9)	(0.7)	(21.0)%
Profit before tax		(2.1)	(3.1)	32.2%
Basic and Diluted EPS (p)		(1.6)p	(3.5)p	
Net cash/ (debt) excluding IFRS16 leases		1.6	20.1	

1. *Adjusted results exclude discontinued businesses*
2. *Revenue under IFRS includes all revenues received by the Group. Within the Group's Business Outsourcing division and Organic Investments, a material proportion of revenue is typically passed through to clients as a specific payment linked to the performance of the clients' funds. This is reflected in direct costs of sales. In managing the business and looking at underlying trends for the Group as a whole, Management*

consider that these payments can have a distorting effect. Underlying revenue is a measure defined to specifically excludes these items. It provides a more representative metric, especially in relation to the value created by the Group, its underlying growth and the operating efficiency of its activities. These pass-through revenues have increased in the period due to a significant new Luxembourg AIFM client's first billing.

3. *Adjusted EBITDA is segment profit/(loss) before share based payments and LTIP expense and excludes fundraising and acquisition costs, non-recurring costs, unallocated group expenses and discontinued business losses. Adjusting items are explained in more detail below.*
4. *Adjusted profit before tax is calculated by taking underlying operating profit less finance expenses. Finance expenses are adjusted to exclude the unwinding of discounting of deferred consideration related to acquisitions*
5. *Adjusted EPS takes the underlying profit after taxes divided by the weighted average shares outstanding at the period end. In the case of the period to 31 Dec 2019, adjusted EPS assumes the shares issued at the Company´s AIM listing were in issue for part of the period.*
6. *The results for 6 months to 31 December 2019 have been restated for comparability. This includes the transfer of IR business from Business Outsourcing to Data & Analytics; and the removal of discontinued operations form Advisory. Refer to segment note for additional details.*

Commenting on the results, CEO of MJ Hudson, Matthew Hudson said:

"We made real progress in the Covid-impacted six months to end December 2020, including a return to organic revenue growth, against what was a tough comparison period. We extended the recovery in group organic revenues since the start of the Covid pandemic. We announced two acquisitions, adding a key jurisdiction (Republic of Ireland) to our Business Outsourcing division and strengthening our Data & Analytics offering in Europe and America. Both additions to the Group are integrating well with early successes in terms of new clients and business pipeline additions which will benefit our second half. In Advisory, where the impact of Covid has been most keenly felt, activity levels in legal services improved and new funds began to launch again. This is beginning to positively impact revenues with good momentum in the final three months of the period and a good start to our H2 2021. Outside of Advisory, we continue make progress led by strong secular demand for our ESG offer and regulatory driven services.

Risk factors remain in relation to the global economy caused by the Covid pandemic, but in the alternatives sector which we serve, this is increasingly a question of the speed as opposed to the prospect of a recovery. This translates directly into our own business. With the benefit now of a solid first half, signs of recovery in current trading in the early months of calendar 2021 and growth prospects for the second half, our confidence levels have improved. We confirm we are trading in line with market full year expectations which require a step up in profitability in our second half. Linked to this, we also confirm the payment of a maiden dividend payment to shareholders in respect of the current period to June."

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This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation

Chief Executive's Statement

MJ Hudson, the international asset management consultancy, is pleased to report its interim results for the six months ended 31 December 2020. The Group has made two key acquisitions in the period, in line with our strategy, and whilst first half results have been impacted by the economic environment, we are seeing strong signs of increased activity across most business units in the past two months to February. The Advisory division´s share of Group underlying revenue has now fallen to 45% (H1 FY2020 – 57%) largely due to prior acquisitions in Business Outsourcing and Data & Analytics and this downward proportionate trend is expected to continue.

During the reporting period we announced the acquisition of Bridge Consulting ("Bridge"), the Dublin based funds platform, and PERACS Group (PERACS) the fund performance analytics business. Following regulatory approval, Bridge was consolidated into the Group´s results from mid-February 2021. As a result, the first meaningful contribution from both these businesses will come in the second half of FY 2021. They are both integrating well and, in both cases, we have been able to quickly extend their marketing reach within and without our existing client base.

Net cash was £1.6m at the end of the period (excluding lease liabilities) compared with net cash of £20.1m in December 2019. With the acquisitions of PERACS in December and Bridge Consulting in February, MJ Hudson has announced four acquisitions since IPO and six since the purchase of Amaces in FY 2019. In aggregate, the Group has invested £15m on these acquisitions since IPO. Looking forward, we are now at an advanced stage in our efforts to source debt funding for the Group to support M&A and will be making an announcement to the market in due course. Revenues on an underlying basis grew by 14.4% compared with the same period to H1 FY20 and underlying EBITDA was maintained at £1.8m. In terms of profitability, adjusted pre-tax profits reduced marginally to £0.4m, and EPS was 0.2p (from 0.5p in H1 2020 which was not representative due to our IPO taking place in December 2019). This is a creditable result given the half year to December 2019 represented a challenging comparison period for two separate reasons: the interims to December 2019 saw strong growth of 26% (of which 13% was organic, driven by legal services); and, it was the last complete period in our financial calendar before the start of the Covid lockdowns. On an organic basis, underlying revenue grew by 3.6% in the period which continues the improving trend from the second half of FY20.

Underlying EBITDA margins fell from 18.2% to 15.8% and Covid related cost saving measures in April to June 2020 were discontinued in H1 2021. We have taken measures to further reduce costs on a precautionary basis in the second half and expect margin to improve during the rest of the financial year. More detailed segmental analysis is included in the table below.

These results show the resilience of our business model: the well-reported market weakness in new fund launches during lockdown impacted our Advisory division whilst counter cyclical growth in ESG and regulation continues to lift Data & Analytics and Business Outsourcing. The growth in recent years – both by acquisition and incubation - of the divisions outside of MJ Hudson´s origins as a law firm has made this possible.

Adjusted performance by segment

£000s	Advisory	Business Outsourcing	Data & Analytics	Organic Investments	Total
6m to 31st December 2020					
Underlying Revenue	5,077	2,522	2,749	905	11,253
Growth	*(9.3)%*	*57.6%*	*22.2%*	*130%*	*14.4%*
Underlying EBITDA	830	815	612	(483)	1,774
Underlying EBITDA margin	16.4%	32.3%	22.3%	n/a	15.8%
6m to 31st December 2019*					
Underlying revenue	5,595	1,600	2,250	394	9,839
Underlying EBITDA	1,135	589	466	(380)	1,793
Underlying EBITDA margin	20.3%	36.8%	20.7%	n/a	18.2%

* *These figures restated for comparability, refer to note 6 above.*

At the Group level, underlying EBITDA margin for the period reduced from 18.2% to 15.8% as at December 2020. This is largely due to additional cost of Organic Investments. Removing organic investments from the above totals, the underlying EBIDTA for the period reduced from 23.2% to 21.8%. This change has been driven by a reduction in the Advisory margins caused largely by certain fixed cost in a period of continued reductions in revenue. This was due to a combination of delayed new fund launches from the ongoing Covid related lockdowns which continued to suppress legal revenues and reduced project income in Investment Advisory. I have commented previously that we consider reduced Advisory revenues to represent postponed rather than lost revenue, and I am pleased to report that we have seen a return to strong year on year growth in activity levels in the law firm in 2021 with activity levels in January and February tracking consistently ahead of pre lockdown levels in 2020 and 2019 for the same period.

Performance for the individual segments is as follows:

- Advisory – (9.3)% reduction in revenue. As above legal revenues continued to be suppressed by postponements in new fund launches in 2020. A series of cost saving measures were put in place in the law business unit from October which have stabilised results and margin. In fact, the period ended on a high with good momentum building in terms of revenues in the last three months of the year and December modestly ahead of the comparison period. Investment Advisory was loss making in the period, which has suppressed margin. This accounts for the reduction at the divisional level from 20.3% to 16.4%.
- Business Outsourcing – 57.6% growth, of which 4% was organic. Underlying EBITDA margin reduced from 36.8% to 32.3% because integration of the Anglo Saxon Trust Jersey fiduciaries business has been slower than hoped due to local lockdown restrictions, which , in turn, impacted revenue. We also invested, with the help of consultants, in strengthening the management team in the Appointed Representative function to increase our capacity going forward. This temporarily suppressed margins which should improve as the business expands in the second half of the financial year.
- Data & Analytics – 22.2% revenue growth, of which 22% was organic. Underlying EBITDA margin increased slightly to 22.3% from 20.7%. The MJ Hudson ESG & Sustainability business saw 83% organic sales growth compared to FY2020 in response to sustained customer demand. The Meyler IR and Marketing analytics acquisition has now been fully combined with the UK IR & Marketing business unit. Previously included in Business Outsourcing – FY2020 half year revenue for UK IR business was £0.2 million (2019 - £0.2 million).
- Organic Investments – Revenue increased by 130% to £0.9m which was primarily driven by expansion in the Luxembourg AIFM operation. Losses at the underlying EBITDA level rose slightly to £0.48m which was largely due to the Fund Administration business unit. The third organic investment, Regulatory Consulting, has shown good growth after its launch in the prior period. It is expected that Luxembourg and Regulatory Consulting will form part of Business Outsourcing from FY22.

New business activity

As announced in our trading update in February, we have secured two new clients in ESG & Sustainability (Data & Analytics) and Luxembourg (Organic Investments) which are significant for different reasons. We are working with a global financial services group, following a rigorous international pitch process, to develop a new training and reporting service for their platform. This is a new product structure for us in ESG & Sustainability, creating recurring revenues and follow on opportunities. We will update investors on further new product opportunities within Data & Analytics at the preliminary results stage. Elsewhere, a new material client in Luxembourg underpins its route to profitability for what was an incubation start up for the Group.

In terms of our new business KPIs, clients taking services from more than one division represented 17.2% of underlying revenue in the six months to December an increase on the 12.3% reported for the prior period. We expect this percentage to improve again over the full year with the impact of renewed activity in new fund launches (an historic impetus for cross sales activity) and the addition of acquired clients of scale from recent M&A. In addition, we are introducing Salesforce across the organisation in the final quarter of FY 2021.

Whereas the top 10 client list as recently as 2019 was dominated by clients from the law firm (Advisory division), it is noteworthy that half of the clients in the six months to December 2020 came from outside that division, with a higher degree of recurring revenue. This follows naturally as our three divisions add scale. Recent acquisitions, Bridge Consulting in particular, are likely to extend this trend.

Acquisitions and integration

Including PERACS and Bridge we have now made six acquisitions since Amaces in FY 2019, with four announced as a public company.

Following investment in 2020, we are improving our processes to integrate new businesses in the Group. Naturally it helps that the whole Group has a similar focus on alternative assets and recent integrations of Bridge and PERACS have led to early successes with clients. In the case of Bridge, the business acquired a significant new client for its Super Manco services in the immediate aftermath of completion with the help of the Group and, in addition, its new business pipeline has improved since our original due diligence. In the case of PERACS, a collaborative marketing campaign in the first 8 weeks of integration has yielded a new business pipeline which is already comparable in terms of potential revenue with its full-year revenues in 2020.

Our strategic focus remains on the alternatives sector at all points in its investment lifecycle. We look to add value through technology across all our divisions and build scale where it makes economic sense to do so. In terms of geography, our starting point is Northern Europe but increasingly we are accelerating our presence in North America. Recent deals fit this pattern and we continue to see further opportunities, particularly within Data & Analytics which has the ability to satisfy a number of our criteria at once. In terms of the genesis for our deals to date, the Group´s multi-division structure and common client focus makes us an attractive candidate for business vendors looking to accelerate growth as opposed to a pure liquidity event.

Net debt

Together with our debt adviser, we are now at an advanced stage in a process to secure senior debt facility for the Group. This process has generated a number of credit-approved offers. The facility is to support our M&A activities as well as to provide both general working capital and regulatory capital for the Group. We expect to complete this process in the weeks ahead.

Reconciliation of adjusted financial measures

	Six months ended 31Dec 2020 £m	Six months ended 31 Dec 2019 £m
Loss before taxation	**(2.1)**	**(3.1)**
Fundraising and acquisition costs	1.3	2.0
Non-recurring costs	0.7	0.4
Unallocated group costs	0.1	0.0
Share based payment and LTIP charge	0.5	0.1
Amortisation of acquired intangibles	0.3	0.1
Unwind of discount on deferred and contingent consideration	0.4	0.3
Fair value movements – gain on investments (2019 – CLN revaluation)	(0.8)	0.6
Adjusted profit before taxation	**0.4**	**0.4**

Adjusted financial measures are presented to provide additional information to best represent the underlying performance of the business.

Acquisitions added a further £1m of costs in respect of the transactions completed in the period and £0.3m in respect of the 2016 Tower Gate Capital acquisition related to the fair value investment gain indicated above. The fair value adjustment gain in respect of a former Tower Gate Capital investment included in the H1 2021 numbers is £0.8m.

The non-recurring costs are one-off in nature and in H1 2021 include consultancy costs in respect of the UK regulated entities totalling £0.3m; reorganisation costs in UK law, investment advisory and fund management solutions business units which saw 5 people leave the Group as part of a cost-cutting review; and continued low US launch costs (suspended due to Covid-19)

Discontinued business losses relate to the closure of the Guernsey law office and comprise trading results to September 2020, when the business was wound up, settlement costs in respect of the partner and staff, closure costs and associated fees in respect of local professional guidance in respect of the employee and closure costs.

Unallocated group costs – reduced considerably from H2 2020 level which was one-off in nature, connected to improvement in integration processes and IT infrastructure.

Cashflow

	6 months ended 31 Dec. 2020 £m	6 months ended 31 Dec. 2019 £m
Statutory cash expended from operations	**(1.2)**	**(1.3)**
Underlying adjustments		
Share based payments and LTIP	0.5	0.1
Fundraising & acquisition costs	1.3	2.0
Non-recurring costs	0.7	0.4
Discontinued losses	0.4	0.1
Group expenses	0.1	0.0
Net cash generated from underlying operating activities	**1.8**	**1.3**

Net cash generated from operating activities has increased to £1.8m from £1.3m. Working capital balances were largely neutral in the period with an increase in creditors (£0.6m H1 2021) from acquisitions being offset by increase in receivables (£0.5m H1 2021). The increase in receivables is expected to reverse in H2 2021 as it primarily relates to increases in accrued income balances relating to deferred client projects but also a trend in lockdown that projects that are ongoing are taking longer to conclude, which delays final billing.

Dividend

As set out in our report and accounts for the year to June 2020, it is the Group´s intention to introduce a progressive dividend policy in line with reported profitability and future prospects. On the strength of these results, we expect to pay our maiden dividend in respect of the current period i.e. the six months to June 2021. The quantum of this dividend will be set in our preliminary results for the year to June 2021. Dividend payments in earnest will commence from FY 2022. This is in line with market expectations.

Current trading & outlook

Despite the impact of the global economic decline caused by the Covid pandemic and the various lockdowns on the business environment, the Group performed in line with management´s expectations in the first half of FY2021. In particular, profitability was maintained at the underlying EBITDA and adjusted pre-tax levels compared with a strong comparison period in FY20.

With regards to progress in the second half and with the benefit of two months of trading, a number of visible factors combine to provide further encouragement. The recovery trend since the start of the Covid pandemic in terms of Group organic revenue growth continued in January and February. Recent acquisitions PERACS and Bridge, consolidated after December, have seen material early integration successes in terms of client wins and new business pipelines. There has been a measurable recovery in new funds activity and activity levels in the law firm generally. In particular, the revenue gap in law has begun to reverse with current activity ahead of the prior two years for the equivalent time period. Elsewhere, new client wins for ESG & Sustainability in Data & Analytics and Luxembourg within Organic Investments add to an improving picture generally for the new business pipeline across the Group.

Whilst the conversion rate of increased activity levels to revenue growth remains a risk factor, the Board is confident that trading is in line with management expectations for the full financial year to June 2021.

23rd March 2021

Consolidated statements of comprehensive income

Continuing operations	Note	Unaudited six months to 31 December 2020 £'000	Unaudited six months to 31 December 2019 £'000
Revenue	3	**15,900**	**10,997**
Direct cost of sales		(4,647)	(1,158)
Other cost of sales		(345)	(685)
Gross profit		**10,908**	**9,154**
Administrative and other expenses		(13,336)	(10,766)
Other operating income		192	4
Operating loss		**(2,236)**	**(1,608)**
Finance expense		(721)	(973)
Fair value movements		842	(544)
Loss before taxation from continuing operations		**(2,115)**	**(3,125)**
Tax (expense)/benefit		(43)	7
Loss after tax from continuing operations		**(2,158)**	**(3,118)**
Discontinued operations			
Loss after tax from discontinued operations		(426)	(119)
Loss for the period		**(2,584)**	**(3,237)**
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(32)	(201)
Total comprehensive loss for the period		**(2,616)**	**(3,438)**
Earnings per share attributable to the ordinary equity holders of the parent			
Basic and diluted EPS	4	(0.02)	(0.03)

MJ HUDSON GROUP PLC

Consolidated statements of financial position

	Note	Unaudited at 31 December 2020 £'000	Audited at 30 June 2020 £'000
ASSETS			
Non-current assets			
Intangible assets		36,847	32,689
Tangible assets		2,174	2,196
Right-of-use asset		7,508	7,578
Investments		2,172	1,308
Other receivables		408	398
Total non-current assets		49,109	44,169
Current assets			
Trade and other receivables		12,403	11,322
Cash and cash equivalents		4,919	13,388
Total current assets		17,322	24,710
Total assets		66,431	68,879
LIABILITIES AND EQUITY			
Non-current liabilities			
Borrowings		789	873
Deferred consideration		6,319	5,719
Lease liabilities		6,688	6,497
Other payables		1,360	497
Total non-current liabilities		15,156	13,586
Current liabilities			
Trade and other payables		6,665	6,148
Borrowings		2,507	2,538
Deferred consideration		3,259	4,758
Lease liabilities		769	798
Total current liabilities		13,200	14,242
Equity			
Issued share capital		-	-
Share premium account	5	56,089	55,527
Treasury shares		(991)	-
Other reserves	6	546	509
Retained loss		(17,569)	(14,985)
Total equity		38,075	41,051
Total liabilities and equity		66,431	68,879

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Consolidated statements of changes in equity

	Share Capital £'000	Share Premium £'000	Treasury Shares £'000	Other Reserves £'000	Retained loss £'000	Total equity £'000
Balance as at1 July 2019	**20**	**15,344**	**-**	**1,443**	**(9,027)**	**7,780**
Share based payments	-	-	-	437	-	**437**
Exercise of options	1	1,506	-	(565)	565	**1,507**
Convertible options exercised	-	11,826	-	(883)	883	**11,826**
Loss for the period	-	-	-	-	(7,202)	**(7,202)**
Other comprehensive income	-	-	-	77	-	**77**
Shares issued	-	28,861	-	-	-	**28,861**
Cost of IPO shares issued	-	(2,232)	-	-	-	**(2,232)**
B shares issued	-	201	-	-	-	**201**
Group restructure	(21)	21	-	-	(204)	**(204)**
Balance as at 30 June 2020	**-**	**55,527**	**-**	**509**	**(14,985)**	**41,051**
Share based payments	-	-	-	69	-	**69**
Loss for the period	-	-	-	-	(2,584)	**(2,584)**
Other comprehensive income	-	-	-	(32)	-	**(32)**
Shares issued	-	562	-	-	-	**562**
Shares repurchased	-	-	(991)	-	-	**(991)**
Balance as at 31 December 2020	**-**	**56,089**	**(991)**	**546**	**(17,569)**	**38,075**

MJ HUDSON GROUP PLC

Consolidated statements of cash flows

	Uraudited six months to 31 December 2020 £'000	Unaudited six months to 31 December 2019 £'000
Cash flows from operating activities:		
Loss for the financial period before taxes (including discontinued)	(2,541)	(3,244)
Adjustments for:		
Depreciation and impairment of fixed assets and right-of-use assets	721	343
Amortisation and impairment of intangible assets	618	523
Revaluation of investments	(842)	-
Fair value movements	-	544
Share based payment	69	373
Amortisation of interest on convertible loans	-	90
Unwind of discount on deferred consideration	211	-
Net interest payable/(receivable)	510	573
Decrease/(increase) in trade and other receivables	(527)	(818)
Increase/(decrease) in trade and other payables	560	268
Foreign exchange	12	98
Cash from operations	(1,209)	(1,250)
Taxation paid	-	-
Net cash used from operating activities	**(1,209)**	**(1,250)**
Cash flows from investing activities:		
Purchases of tangible assets	(164)	(804)
Purchase of intangible assets	(205)	(102)
Purchase of subsidiary undertaking	(1,195)	(895)
Purchase of investments	(22)	-
Payment of deferred consideration related to acquisitions	(4,159)	(2,500)
Net cash used in investing activities	**(5,745)**	**(4,301)**
Cash flows from financing activities		
Interest paid	(694)	(284)
Equity subscription less associated costs	562	27,287
Treasury shares acquired	(991)	-
Proceeds from issue of bank loan	184	223
Repayment of bank loan	(299)	(478)
Directors loan repayments in the period	(18)	(246)
Payment of lease liabilities	(259)	(245)
Net cash (used in) / generated from financing activities	**(1,515)**	**26,257**
Net increase in cash and cash equivalents	(8,469)	20,706
Cash and cash equivalents at beginning of period	13,388	3,099
Cash and cash equivalents at end of period	**4,919**	**23,805**
Cash and cash equivalents comprise:		
Cash at bank and in hand	4,919	23,805
Bank overdrafts	-	-
	4,919	**23,805**

Notes to the interim report

1. GENERAL INFORMATION

MJ Hudson Group plc (the “Company”) is a public limited company incorporated in Jersey, Channel Islands and its shares are quoted on the AIM Market of the London Stock Exchange under the Companies (Jersey) Law1991. The address of the registered office is PO Box 264, Forum 4, Grenville Street, St Helier, JE4 8TQ. The financial information consolidates the financial statements of the Company and its subsidiary undertakings (together the “Group”).

The principal activity of the Group is acting as an independent advisory and infrastructure business, servingfund managers, investors and advisers active in private equity, venture capital, hedge, credit, real estate and infrastructure. The group owns three full scope AIFM management platforms to fund managers, in the UK, Luxembourg and Ireland.

2. BASIS OF PREPARATION

The financial information presented in this Interim Report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") that are expected to beapplicable to the financial statements for the year ending 30 June 2021 and on the basis of the accounting policies expected to be used in those financial statements.

The financial information is prepared on a going concern basis, under the historical cost convention, except for certain financial assets and liabilities, which are revalued and measured at fair value through profit or loss.The financial information is presented in pounds sterling and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

The Interim Report covers the six months ended 31 December 2020 and was approved by the Board of Directors on 22 March 2021. The Interim Report is unaudited. The interim condensed set of consolidated financial statements in the Interim Report are not statutory accounts as defined by Companies (Jersey) Law 1991. Comparative figures for the year ended 30 June 2020 have been extracted from the prior year financial statements for that period.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments as follows:

- **Advisory:** the provision of legal and consulting services across all areas of the investment industry. This includes services to alternative asset managers, corporate entities and institutional investors to advise on M&A and investment funds along with support for primary fund investments, co-investments and secondaries. This segment also includes the provision of individual independent investment advisers and professional trustees to corporate pension schemes, local government pension schemes and charitable organisations.

- **Business Outsourcing:** a multi-service platform providing regulatory advice, regulatory cover and a variety of management, operations and related support services to asset managers and advisers. This includes the provision of all key front, middle and back-office functions, including investor relations, portfolio management, risk management, fund and corporate administration, accounting and fiduciary services.

- **Data & Analytics:** research, consulting, benchmarking services and tools to support ESG and sustainability, investment and investment fund performance analysis, and developing stronger and more productive relationships with investors, custodian banks and others. This includes providing assistance to clients to make strategic choices, improve investment performance and obtain better value from their service providers.

No operating segments have been aggregated to form the above reportable operating segments. Key management are the Chief Operating Decision Makers (CODM) and monitor the operating results of each business unit separately for the purpose of making decisions about resource allocation and for performance assessment. Segment performance is evaluated based on adjusted operating profit or loss. The adjustments include unallocated central costs, organic investments, fundraising and acquisition costs, non-recurring items, and depreciation and amortisation. Unallocated central costs (Group expenses) are items incurred centrally which are neither directly attributable nor can be reasonably allocated to individual segments but are considered recurring in nature. The organic investments are revenues and costs related to newly formedbusinesses which are still considered to be in their start-up phase. Fundraising and acquisition costs are professional fees incurred relating to new debt or equity issuances and acquisition of new entities. Non- recurring costs are one off in nature such as relocation costs, dilapidation provisions and other one-off costs.

Business unit performance is not driven from assets given the nature of business being primarily the provisionof services. For this reason, the CODM does not regularly obtain the split of asset and liabilities by reporting segment, which are monitored on a Group basis. The Group's financing costs (including finance costs, finance income and other income), fair value movements and income taxes are also managed on a Group basis and are not allocated to operating segments.

Period ended 31 December 2020	Advisory £'000	Business outsourcing £'000	Data & Analytics £'000	Segment total £'000	Organic investments £'000	Consolidated £'000
Revenue	5,077	3,263	2,749	**11,089**	4,811	**15,900**
Direct cost of sales	-	(741)	-	**(741)**	(3,906)	**(4,647)**
Revenue less direct cost of sales	5,077	2,522	2,749	**10,348**	905	**11,253**
Other cost of sales	(285)	-	(60)	**(345)**	-	**(345)**
Gross profit	4,792	2,522	2,689	**10,003**	905	**10,908**
Administrative and other expenses	(4,328)	(1,859)	(2,191)	**(8,378)**	(1,458)	**(9,836)**
Other operating income	155	20	5	**180**	3	**183**
Segment profit/(loss)	619	683	503	**1,805**	(550)	**1,255**
Group expenses						(95)
Fundraising and Acquisition costs						(1,337)
Non-recurring costs						(721)
Depreciation and amortisation						(1,338)
Operating loss						(2,236)
Finance expenses						(721)
Fair value movements						842
Tax						(43)
Loss for the period from continuing operations						(2,158)

Restated Period ended 31 December 2019	Advisory £'000	Business outsourcing £'000	Data & Analytics £'000	Segment total £'000	Organic investments £'000	Consolidated £'000
Revenue	5,595	2,758	2,250	10,603	394	10,997
Direct cost of sales	-	(1,158)	-	(1,158)	-	(1,158)
Revenue less direct cost of sales	5,595	1,600	2,250	9,445	394	9,839
Other cost of sales	(606)	-	(79)	(685)	-	(685)
Gross profit	4,989	1,600	2,171	8,760	394	9,154
Administrative and other expenses	(3,941)	(1,043)	(1,711)	(6,695)	(791)	(7,486)
Other operating income	3	-	-	3	1	4
Segment profit/(loss)	1,051	557	460	2,068	(396)	1,672
Group expenses						-
Fundraising and Acquisition costs						(1,974)
Non-recurring costs						(440)
Depreciation and amortisation						(866)
Operating loss						(1,608)
Finance expenses						(973)
Fair value movements						(544)
Tax						7
Loss for the period from continuing operations						(3,118)

The segment note for the period ended 31 December 2019 has been restated for comparability. The IR business was transferred from Business outsourcing to Data & Analytics (Revenue of £197,00 and Administrative expenses of £187,000). The discontinued operations were also removed from Advisory (Revenue of £135,00 and Administrative expenses of £254,000).

Geographic information (revenue)

	Unaudited sixmonths to 31 December 2020 £'000	Unaudited six months to 31 December 2019 £'000
United Kingdom	5,165	5,903
Luxembourg	4,613	268
Channel Islands	1,984	1,199
North America	1,353	1,162
Netherlands	939	408
Rest of Europe	546	803
Rest of World	692	384
Switzerland	353	732
Cayman Islands	255	138
	15,900	**10,997**

UK revenue has reduced with the change in mix of business in the Business Outsourcing division where a material proportion of revenue is typically passed through to clients as a specific payment linked to the performance of the clients' funds, there was also a new client of this type in Luxembourg. The direct cost of sales associated with this revenue is £4.6m in this period (£1.2m in prior period).

4. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of theparent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares intoordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	Unaudited six months to 31 December 2020 £'000	Unaudited six months to 31 December 2019 £'000
Loss for the period attributable to equity holders of the Group	(2,616)	(3,438)
	Thousands	Thousands
Weighted average number of ordinary shares for basic EPS	169,766	97,905
Basic and diluted loss per share	(0.02)	(0.03)

The following instruments are not included in the diluted EPS calculation due as they would have an antidilutive effect on EPS.

	Unaudited six months to 31 December 2020 Number '000	Unaudited six months to 31 December 2019 Number '000
Share options	14,197	9,088
Convertible loan notes	-	1,053
Total of antidilutive instruments not included	**14,197**	**10,141**

5. SHARE CAPITAL AND SHARE PREMIUM

	Unaudited at 31 December 2020 £'000	Audited at 30 June 2020 £'000
Share capital		
Allotted, called up and fully paid		
172,537,765 Ordinary shares in MJ Hudson Group plc at £nil each (June 2020 - 171,320,220)	-	-
20,000 B Shares in MJH Group Holdings Limited at £0.01 each (June 2020 -20,000)	-	-
Share premium	56,089	55,527
Treasury shares		
2,047,365 Ordinary shares in MJ Hudson Group plc at £nil each (June 2020 - nil)	(991)	-

During the period ended 31 December 2020 the Group established of The MJ Hudson Group Plc Employee Benefit Trust ("The Trust"). The trust has acquired shares in MJ Hudson Group Plc. These shares are listed above as treasury shares.

6. OTHER RESERVES

	Share based payment reserve	Convertible debt option reserve	Foreign currency translation reserve	Total other reserves
Balance as at 1 July 2019	**584**	**883**	**(24)**	**1,443**
Share based payments	437	-	-	437
Exercise of options	(565)	-	-	(565)
Exercise of convertible debt	-	(883)	-	(883)
Currency translation adjustment	-	-	77	77
Balance as at 30 June 2020	**456**	**-**	**53**	**509**
Share based payments	69	-	-	69
Currency translation adjustment	-	-	(32)	(32)
Balance as at 31 December 2020	525	**-**	**21**	**546**

7. BUSINESS COMBINATIONS

Acquisition of Prof. Gottschalg UG

On 29 December 2020, the Group acquired 100% of Prof. Gottschalg UG a fund and portfolio performance specialist company trading under the name of PERACS for £4,226,000 paid in cash, shares and deferred consideration. The acquisition of PERACS extends the services provided by MJ Hudson's Data & Analytics division. The business was subsequently renamed to MJ Hudson Performance Analytics (German) UG.

The goodwill represents the experience and expertise of the staff of MJ Hudson Performance Analytics (German) UG. and non-contractual relationships. In calculating the goodwill arising on acquisition, the fair values of net assets of Prof. Gottschalg UG have been assessed and adjustments from book value have been made where necessary. The goodwill values recorded upon acquisition are not deductible for tax purposes. The acquisition accounting and associated fair value adjustments are still being finalised at the time these interim results have being released. The amounts noted below are indicative only and may change upon finalisation of the purchase price accounting.

	Fair value £'000
Intangible assets	362
Trade and other receivables	638
Total assets	1,000
Trade and other payables due within one year	(935)
Net assets	65
Goodwill	4,161
Total purchase consideration	**4,226**

Of the total consideration £1,195,000 has been settled in the period and the remaining £3,031,000 is located within current and non-current liabilities depending on timing of payment. Included within the amount of total consideration above are amounts that are contingent upon certain performance thresholds being achieved by the acquired business discounted to their present value as at the date of exchange. The contingent consideration recognised is based on the estimated fair value where the consideration is probable and can be measured reliably. If these performance thresholds are not met the total consideration will decrease, or if the thresholds initially considered to not be probable are met the total consideration may increase.

8. POST BALANCE SHEET EVENT

On 13 October 2020, the Group entered into a share purchase agreement relating to the purchase of the entire issued share capital of Bridge Consulting Limited and its subsidiaries (‘Bridge Group’). Based in the Republic of Ireland, Bridge Group provides governance, compliance and risk services to the fund management industry and owns Bridge Fund Management Limited which is an Irish domiciled super management company which provides fund management services. Approval by the local regulator, Central Bank of Ireland, was received on 11 February 2021 and completion occurred on 13 February 2021. A full purchase price allocation will be completed as part of the finalisation of results for the financial year ending 30 June 2021.

No other transactions occurred in the period after the consolidated statement of financial position date up to the date of the authorisation of these financial statements which would affect the figures stated within these financial statements.