MARTIN FOTHERINGHAM
Chief Financial Officer

CHIEF FINANCIAL OFFICER'S REVIEW

Record revenue growth and profits

"We are delighted to report that in keeping with the past 35 years, JTC has continued to invest in the business whilst delivering growth in revenues and profits."

£200.0m
2022 Revenue

30.2%
Adjusted underlying EPS increase

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

FINANCIAL HIGHLIGHTS

	As reported			Underlying*		
	2022	2021	Change	2022	2021	Change
Revenue (£m)	200.0	147.5	+35.6%	200.0	147.5	+35.6%
EBITDA (£m)	56.1	26.6	+110.9%	66.0	48.4	+36.4%
EBITDA margin	28.0%	18.0%	+10.0pp	33.0%	32.8%	+0.2pp
Operating profit/EBIT (£m)	33.8	9.0	+275.9%	43.8	30.8	+42.1%
Profit before tax (£m)	35.9	27.8	+29.3%	34.1	24.9	+36.7%
Earnings per share (p)**	23.92	20.49	+16.7%	33.27	25.55	+30.2%
Cash conversion	91%	79%	+12pp	91%	87%	+4pp
Net debt (£m)	120.4	117.2	+3.2	104.8	113.3	-8.5
Dividend per share (p)	9.98	7.67	+30.1%	9.98	7.67	+30.1%

* For further information on our alternative performance measures (APM) see the appendix to the CFO Review.

** Average number of shares (thousands) for 2022: 145,137 (2021: 130,044).

REVENUE

In 2022, revenue was £200.0m, an increase of £52.5m (+35.6%) from 2021. Revenue growth on a constant currency basis was +32.0% (2021: +30.9%).

Net organic growth was a record high 12.0% and above our medium-term guidance range of 8% - 10%. The three year average stands at 9.8% and the outstanding performance across both these metrics provides continued evidence and assurance of our ability to deliver tangible revenue growth from our capital allocation choices.

Gross new revenue for the year was 18.4% (2021: 17.5%), driven by new business wins of £24.6m (2021: £20.9m), with £14.4m recognised in the year (2021: £9.8m). Additional revenue contributed from acquisitions in 2022 was £32.8m (2021: £24.7m). This was offset by attrition of 6.4% (2021: 7.9%), with the three year average now 7.7% (2021: 7.9%). We have seen the longevity of our client relationships increase and this is driving the reduction in attrition rates.

The retention of revenues that were not end of life increased to 98.3% (2021: 97.4%). The rolling three year average improved to 97.4%.

We have seen strong growth in the UK & Channel Islands, and particularly strong growth in the US where we continue to expand our capabilities whilst integrating numerous acquisitions.

As our business has grown, our revenues have become less concentrated by region. The table below illustrates clearly that the US is an increasingly large component of our business. Given the organic and inorganic growth opportunities in that region, we anticipate that we will see a continuance of that trend.

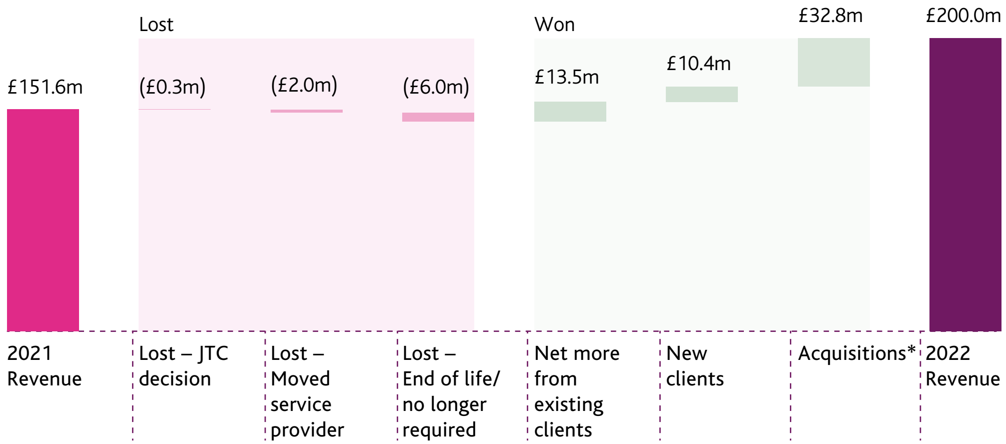
Geographical growth is summarised as follows:

	2022 Revenue	2021 Revenue	£ +/-	% +/-
UK & Channel Islands	£107.8m	£87.0m	+£20.8m	+23.8%
US	£38.0m	£15.7m	+£22.3m	+142.9%
Rest of Europe	£34.3m	£29.9m	+£4.4m	+14.9%
Rest of the World	£19.9m	£14.9m	+£5.0m	+33.2%
Total	£200.0m	£147.5m	+£52.5m	+35.6%

Off the back of a strong year for new business, we continue to report a healthy pipeline of £45.8m at 31 December 2022 (2021: £47.9m).

Revenue growth, on a constant currency basis, is summarised as follows:

REVENUE GROWTH



* When JTC acquires a business, the acquired book of clients are defined as inorganic for the first two years of JTC ownership. Acquired clients contributed an additional £32.8m in 2022 and is broken down as follows: NYPTC £1.0m, EFS £1.5m, SALI £13.3m, Ballybunion £1.7m, perfORM £0.2m, Segue £1.3m, INDOS £1.5m, and RBC cees £12.3m.

Management re-iterates its medium-term guidance range of 8% - 10% net organic growth, albeit with the expectation that short-term growth will be in excess of this guidance range.

UNDERLYING EBITDA AND MARGIN PERFORMANCE

Underlying EBITDA in 2022 was £66.0m, an increase of £17.6m (36.4%) from 2021.

The underlying EBITDA margin improved to 33.0% (2021: 32.8%) and now sits at the beginning of our medium-term guidance range. Despite a challenging global economic and political backdrop, the business delivered on the anticipated margin improvement alongside record revenue growth and the continued integration of acquisitions.

Whilst we have been pleased with achieving an underlying EBITDA margin within our guidance range, we have noted that this margin has been impacted by inflationary cost increases and the continued upfront investment in human capital that is required to deliver record levels of growth.

This investment can inherently slow margin progression. Experience tells us that it can take time and upfront costs before we are delivering optimal margins on the new business that we win. However, we believe that this initial investment is key to ensuring the continuing longevity of our client relationships.

Management re-iterates its medium-term guidance range of 33% - 38%.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

INSTITUTIONAL CLIENT SERVICES

Revenue increased by 47.4% when compared with 2021.

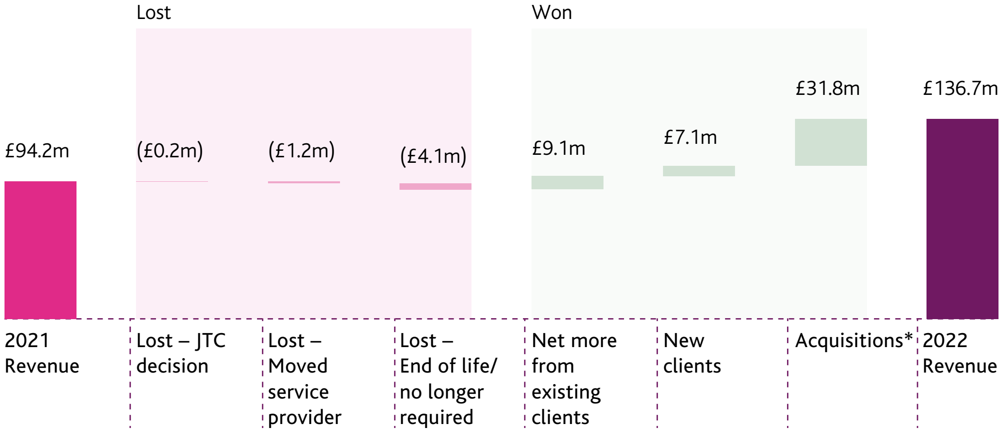
Net organic growth improved significantly to 14.6% (2021: 11.5%), with a rolling three year average of 11.0% and strong growth in the US, UK and Luxembourg. Attrition for the Division was lower at 7.5% (2021: 8.7%), 5.6% of which were end of life losses.

Revenue growth, on a constant currency basis, is summarised below.

The Division's underlying EBITDA margin increased from 30.2% in 2021 to 31.5% in 2022. This continued improvement is the result of delivering the revised operating model alongside the ongoing, and successful, integration of the businesses acquired in 2021.

The volume of acquisitions (11) in the last three years has meant that the Division has required continuous investment and we are pleased that margins have improved.

REVENUE GROWTH ICS



* Acquired clients contributed an additional £31.8m in 2022 and is broken down as follows: EFS £1.5m, SALI £13.3m, Ballybunion £1.7m, perfORM £0.2m, Segue £1.3m, INDOS £1.5m, and RBC cees £12.3m.

PRIVATE CLIENT SERVICES

Revenue increased by 15.7% from 2021.

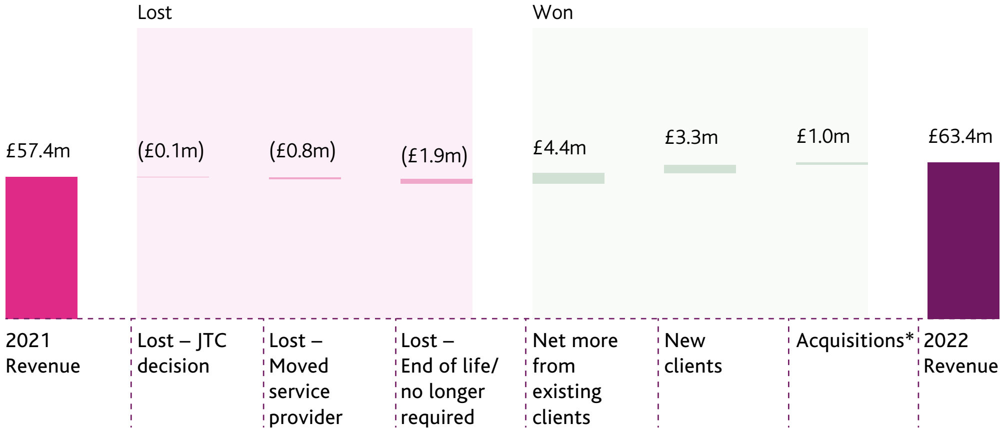
Net organic growth was 8.7% (2021: 7.1%) with a rolling three year average of 8.3% (2021: 7.8%). Attrition for the Division was also lower at 4.8% (2021: 6.9%), 3.3% of which was for end of life losses.

Organic growth for the Division had been lower than normal whilst we onboarded the Amaro mandate. This was a complex mandate to fulfil and the solution required 15 months of investment with the client before we could recognise any revenue. The solution was delivered on time and we started recognising revenues from 1 October 2022. This mandate will generate a minimum of $4m of annual revenues.

Revenue growth, on a constant currency basis, is summarised below.

The Division's underlying EBITDA margin decreased from 37.2% in 2021 to 36.3% in 2022. The Division continues to perform very well and is comfortably within our medium-term guidance range. This reduction in margin is explained in large part by the above upfront investment required to deliver the Amaro solution.

REVENUE GROWTH PCS



* Acquired clients contributed an additional £1.0m in 2022 and is broken down as follows: NYPTC £1.0m.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

PROFIT BEFORE TAX

The reported profit before tax was £35.9m (2021: £27.8m).

The depreciation and amortisation charge increased to £22.3m in 2022 from £17.6m in 2021. £3.5m of this increase was as a result of acquired intangible assets, £0.7m as a result of an increased charge for right-of-use assets reflecting the increased global footprint of the business, and £0.4m for the increased use of software reflecting the increased importance of technology in the business.

The increase in amortisation for acquired intangible assets (£3.5m) is significant but the direct result of the acquisitions we made in 2021.

Adjusting for non-underlying items, the underlying profit before tax for 2022 was £34.1m (2021: £24.9m).

NON-UNDERLYING ITEMS

Non-underlying items incurred in the period totalled a £1.9m credit (2021: £2.9m credit) and comprised the following:

	2022 £m	2021 £m
EBITDA		
Employee Incentive Plan (EIP)	**5.2**	14.5
Acquisition and integration costs	**3.4**	6.6
Revision of ICS operating model	**0.4**	0.4
Office start-up costs	**0.8**	–
Other costs	**0.2**	0.3
Total non-underlying items within EBITDA	**10.0**	21.8
Profit before tax		
Items impacting EBITDA	**10.0**	21.8
Loss/(gain) on revaluation of contingent consideration	**0.1**	(20.9)
Loss on settlement of contingent consideration	**–**	0.7
(Gain) on bargain purchase of RBC cees	**–**	(5.4)
Foreign exchange (gains)/losses	**(11.9)**	0.9
Total non-underlying items within profit before tax	**(1.9)**	(2.9)

We announced the distribution of the EIP awards in 2021 and the £5.2m charge in the current period relates to the second tranche of the awards that vested in July 2022.

Acquisition and integration costs were significantly lower (£3.4m) than the prior period and this reflects the fact that there were seven acquisitions in 2021 compared with one in 2022.

The business incurred £0.8m of non-underlying office start-up costs in relation to pre-trading expenses incurred in order to establish an additional fund administration offering in Ireland. This included significant up-front investment in personnel in order to meet regulatory requirements in advance of obtaining the licence to trade and generate revenues.

The foreign exchange gain of £11.9m relates to the year end revaluation of intercompany loans. Management considers these foreign exchange movements to be non-underlying items and not reflective of the underlying performance of the business.

TAX

The net tax charge in the year was £1.2m (2021: £1.1m). The cash tax charge was £2.8m (2021: £2.6m), but this is reduced by significant deferred tax credits of £1.5m (2021: £1.4m) as a result of movements in relation to the value of acquired intangible assets held on the balance sheet. Our effective tax rate decreased from 9.4% to 7.8% in 2022. The decrease is the result of the utilisation of US tax credits.

The Group regularly reviews its transfer pricing policy and is fully committed to responsible tax practices. Given the evolving nature and increasing complexity of the business, JTC performed a detailed review in 2022 and our policy continues to be fully compliant with OECD guidelines.

EARNINGS PER SHARE

Basic EPS increased by 16.7% to 23.92p. Adjusted underlying EPS increased by 30.2% and was 33.27p (2021: 25.55p).

Adjusted underlying basic EPS reflects the profit for the year adjusted to remove the impact of non-underlying items, amortisation of acquired intangible assets and associated deferred tax, amortisation of loan arrangement fees and unwinding of net present value discounts in relation to contingent consideration.

Every year we issue 1% of our share capital to the JTC EBT. This is equity that is allocated amongst all JTC staff and we believe this promotes better client service, a higher staff retention rate and cultivates our unique culture. Whilst this issuance dilutes EPS, we firmly believe that the benefits greatly outweigh the cost.

CASH FLOW AND DEBT

Underlying cash generated from operations was £60.3m (2021: £38.4m) and the underlying cash conversion was 91% (2021: 87%). It is extremely pleasing to deliver cash conversion better than our medium-term guidance during a period of record high organic growth. High levels of growth can come with short-term impacts to cash collection, but the business continues to effectively manage its working capital needs and management re-iterates its medium-term guidance range of 85% - 90%. We were pleased to reduce our pro-forma net investment days to 110 days at the end of the year (2021: 115 days).

Underlying net debt at the period end was £104.8m compared with £113.3m at 31 December 2021. We financed the acquisition of NYPTC in November without recourse to our debt facilities and by using cash we generated during the year. Leverage at the year end was 1.59x underlying EBITDA, a decrease of 0.75x from the level on 31 December 2021 (2.34x). Including the pro-forma EBITDA impact of the NYPTC acquisition, net leverage is 1.55x.

With no additional drawdowns in 2022, there continues to be undrawn funds of £69.3m available out of the £225m banking facilities secured in 2021.

DIVIDEND PER SHARE

We are pleased to propose a final dividend of 6.88p, resulting in a 2022 dividend per share of 9.98p (2021: 7.67p) which was a 30.1% increase on prior year. This is consistent with our dividend policy to declare at 30% of adjusted underlying EPS.

MARTIN FOTHERINGHAM
CHIEF FINANCIAL OFFICER

APPENDIX: RECONCILIATION OF REPORTED RESULTS TO ALTERNATIVE PERFORMANCE MEASURES (APMs)

In order to assist the reader's understanding of the financial performance of the Group, APMs have been included to better reflect the underlying activities of the Group excluding specific items as set out in note 7 in the financial statements. The Group appreciates that APMs are not considered to be a substitute for, or superior to, IFRS measures but believes that the selected use of these may provide stakeholders with additional information which will assist in the understanding of the business.

An explanation of our key APMs and link to equivalent statutory measure has been detailed below.

ALTERNATIVE PERFORMANCE MEASURE	CLOSEST EQUIVALENT STATUTORY MEASURE	APM DEFINITION
NET ORGANIC REVENUE GROWTH %	Revenue	**Definition:** Revenue growth from clients not acquired through business combinations and reported on a constant currency basis where the prior year results are restated using current year consolidated income statement exchange rates. Acquired clients are defined as inorganic for the first two years of JTC ownership. **Purpose and strategic link:** Enables the business to monitor growth excluding acquisitions and the impact of external exchange rate factors. The current strategy is to double the size of the business by a mix of organic and acquisition growth and the ability to monitor and set clear expectations on organic growth is vital to the successful execution of its business strategy. Management's medium-term guidance range is 8% – 10%.
UNDERLYING EBITDA %	Profit/(loss)	**Definition:** Earnings before interest, tax, depreciation and amortisation excluding non-underlying items (see note 7 of the financial statements). **Purpose and strategic link:** An industry-recognised alternative measure of performance which has been at the heart of the business since its incorporation and therefore fundamental to the performance management of all business units. The measure enables the business to measure the relative profitability of servicing clients. Management's medium-term guidance range is 33% – 38%.
UNDERLYING CASH CONVERSION %	Net cash from operating activities	**Definition:** The conversion of underlying EBITDA into cash excluding non-underlying items. **Purpose and strategic link:** Measures how effectively the business is managing its operating cash flows. It differs to net cash from operating profits as it excludes non-underlying items and tax, the latter in order to better compare operating profitability to cash from operating activities. Management's medium-term guidance range is 85% – 90%.
UNDERLYING LEVERAGE	Cash and cash equivalents	**Definition:** Leverage ratio showing the relative amount of third party debt that we have in the business in comparison to underlying EBITDA. **Purpose and strategic link:** Ensures Management can measure and control exposure to reliance on third party debt in support of its inorganic growth. Management's medium-term guidance range is 1.5x – 2.0x.
ADJUSTED UNDERLYING EPS (P)	Basic Earnings Per Share	**Definition:** Reflects the profit for the year adjusted to remove the impact of non-underlying items. Additionally, a number of other items relating to the Group's acquisition activities, including amortisation of acquired intangible assets and associated deferred tax, amortisation of loan arrangement fees and unwinding of NPV discounts in relation to contingent consideration, are removed. **Purpose and strategic link:** Presents an adjusted underlying EPS which is used more widely by external investors and analysts, and is in addition the basis upon which the dividend is calculated.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

A reconciliation of our APMs to their closest equivalent statutory measure has been provided below.

1. ORGANIC GROWTH

	2022 £m	2021 £m
Reported prior year revenue	**147.5**	115.1
Impact of exchange rate restatement	**4.1**	(2.4)
Acquisition revenues	**(21.2)**	(7.2)
a. Prior year organic growth	**130.4**	105.5
Reported revenue	**200.0**	147.5
Less: acquisition revenues	**(54.0)**	(32.0)
b. Current year organic growth	**146.0**	115.5
Net organic growth % (b / a) -1	**12.0%**	9.6%

2. UNDERLYING EBITDA

	2022 £m	2021 £m
Reported profit	**34.7**	26.6
Less:		
Income tax	**1.2**	1.1
Finance cost	**12.3**	6.0
Finance income	**(0.2)**	(0.1)
Other (gains)	**(14.2)**	(24.7)
Depreciation and amortisation	**22.3**	17.6
Non-underlying items within EBITDA*	**10.0**	21.8
Underlying EBITDA	**66.0**	48.4
Underlying EBITDA %	**33.0%**	32.8%

* As set out in note 7 in the financial statements.

3. UNDERLYING CASH CONVERSION

	2022 £m	2021 £m
Net cash generated from operating activities	**53.3**	28.9
Less:		
Non-underlying cash items*	**4.9**	7.7
Income taxes paid	**2.1**	1.8
Acquisition normalisation**	**–**	3.6
a. Underlying cash generated from operations	**60.3**	42.0
b. Underlying EBITDA	**66.0**	48.4
Underlying cash conversion (a / b)	**91%**	87%

* As set out in note 35.2 in the financial statements.

** Acquisition normalisation refers to the following: In 2021, £3.6m of RBC cees revenues were billed in advance and collected by the previous owners in advance of JTC ownership.

4. UNDERLYING LEVERAGE

	2022 £m	2021 £m
Cash and cash equivalents	**48.9**	39.3
Bank debt	**(153.6)**	(152.6)
Other debt	**–**	–
a. Net debt – underlying	**(104.8)**	(113.3)
b. Underlying EBITDA (see 2. for reconciliation to reported profit)	**66.0**	48.4
Leverage (a / b)	**1.59**	2.34

5. ADJUSTED UNDERLYING EPS

	2022 £m	2021 £m
Profit for the year as per basic EPS	**34.7**	26.7
Less:		
Non-underlying items*	**(1.9)**	(2.9)
Amortisation of customer relationships, acquired software and brands	**12.4**	8.8
Amortisation of loan arrangement fees	**1.1**	1.5
Unwinding of NPV discounts for contingent consideration	**3.5**	0.6
Temporary tax differences arising on amortisation of customer relationships, acquired software and brands	**(1.5)**	(1.4)
a. Adjusted underlying profit for the year	**48.3**	33.2
b. Weighted average number of shares	**145.1**	130.0
Adjusted underlying EPS (a / b)	**33.27**	25.55

* As set out in note 7 in the financial statements.