

# Fiscal Year 2021 First Quarter Results

Earnings Presentation - August 4, 2020



## Business Performance

- Assets under management and fee-earning assets under management were approximately \$68 billion and \$39 billion, respectively, as of June 30, 2020, increases of 6% and 12%, respectively, compared to June 30, 2019
- Management and advisory fees increased 11% compared to the three months ended June 30, 2019

## Financial Results

*USD in millions except per share amounts*

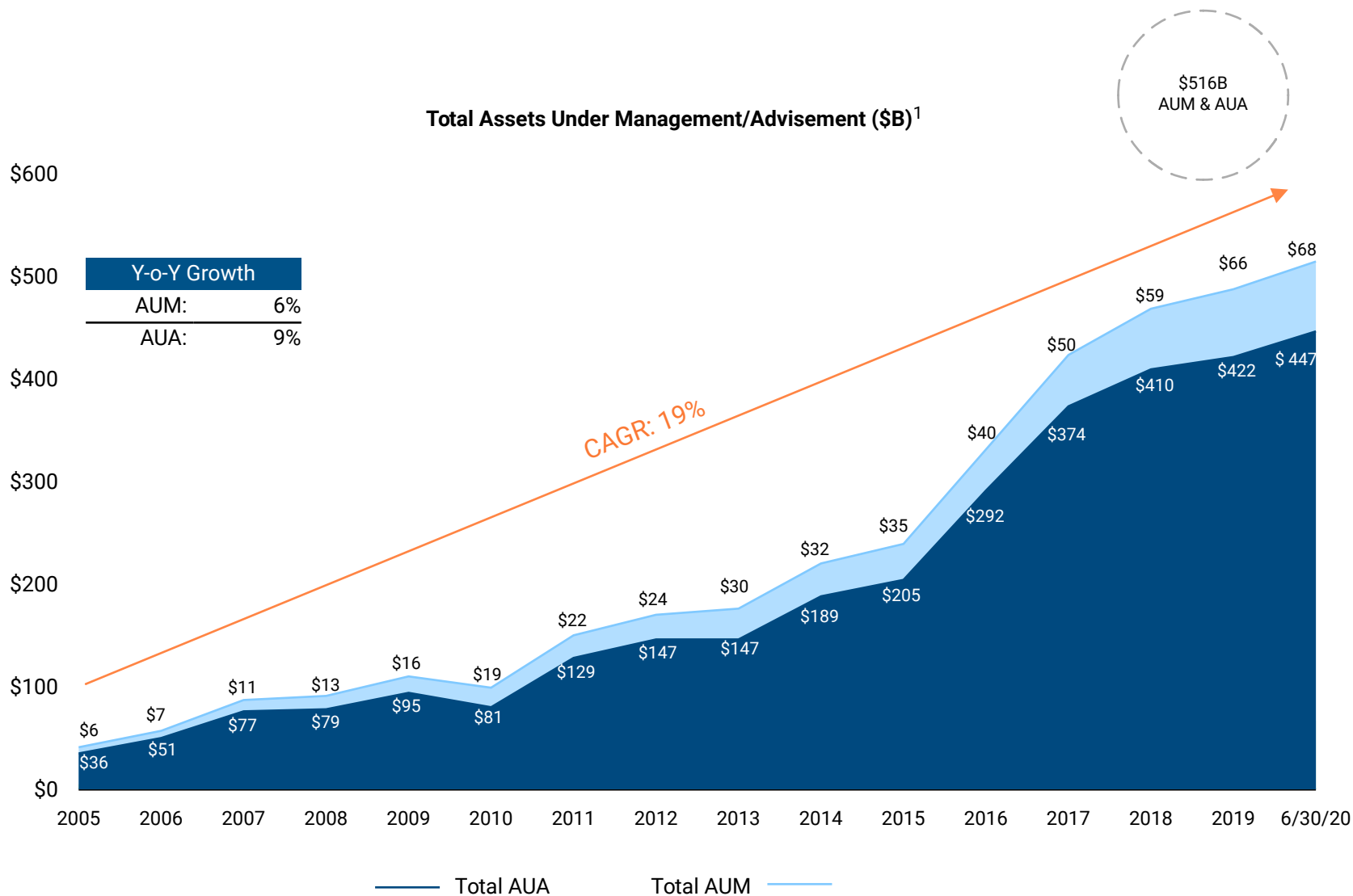
	Q1 FY21	vs. Q1 FY20	vs. Q4 FY20
Management and advisory fees	\$67.3	11 %	3 %
GAAP net income	\$3.2	(71)%	(84)%
GAAP EPS	\$0.11	(74)%	(84)%
Non-GAAP EPS <sup>1</sup>	\$0.13	(71)%	(78)%
Fee Related Earnings <sup>1</sup>	\$27.5	11 %	0 %
Adjusted EBITDA <sup>1</sup>	\$31.6	6 %	(13)%

## Dividend

- Declared a quarterly dividend of \$0.3125 per share of Class A common stock to record holders at the close of business on September 15, 2020

<sup>1</sup>Non-GAAP earnings per share, Fee Related Earnings and Adjusted EBITDA are non-GAAP financial measures. For the reconciliations of our non-GAAP financial measures to the most directly comparable GAAP financial measures and for the reasons we believe the non-GAAP measures provide useful information, see pages 21 and 22 of this presentation.

# Growing Asset Footprint & Influence

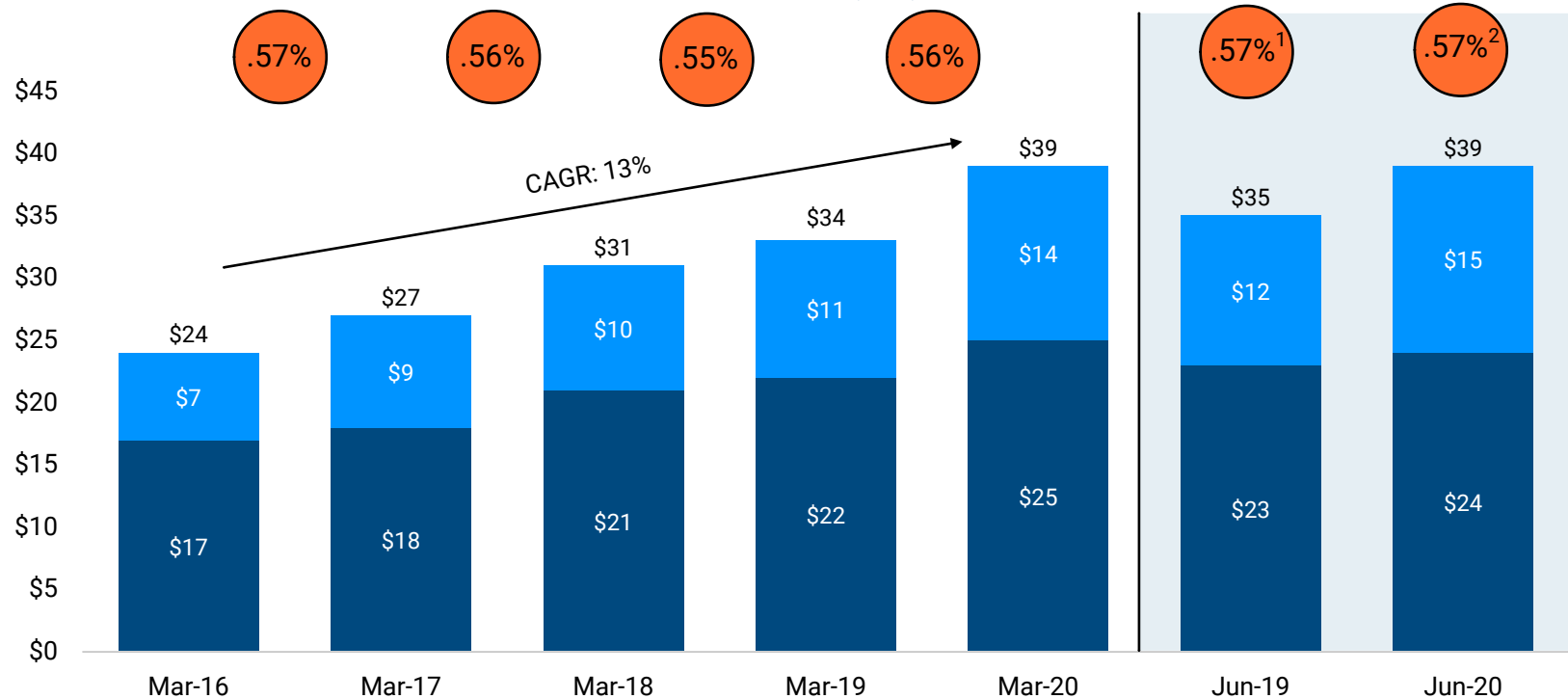


<sup>1</sup>Data as of calendar year end 12/31 unless otherwise noted. Numbers may not tie due to rounding.

# Fee-Earning AUM Driving Revenues

Fee-Earning AUM growth continues and annual fee rates are stable

## Total Fee-Earning Assets Under Management (\$B)



\*Numbers may not tie due to rounding  
<sup>1</sup>Reflects retroactive fees of \$2.8M from latest co-investment fund  
<sup>2</sup>Reflects retroactive fees of \$3.8M from latest secondary fund

■ Customized Separate Accounts   
 ■ Specialized Funds  
● Total Management Fee Revenues as a % of Average FEAUM

### Y-o-Y Drivers of Growth

#### Customized Separate Accounts:

- New client wins
- Client re-ups

#### Specialized Funds:

- Closed impact fund
- Fundraising 5th secondary fund, credit-oriented (2020 series) fund and evergreen fund

AUM

## Customized Separate Accounts



Diverse mix of existing and prospective clients seeking to further or establish relationships with Hamilton Lane

- \$1.8B year-over-year increase in FEAUM
- +80% of our gross contributions during the last 12 months came from existing clients

## Specialized Funds



Select funds in market:

- Secondary fund
  - Credit-oriented fund
  - Evergreen fund
- \$2.4B year-over-year increase in FEAUM
  - FEAUM closed during Q1 FY21:
    - Secondary fund: \$486M

AUA

## Advisory Services



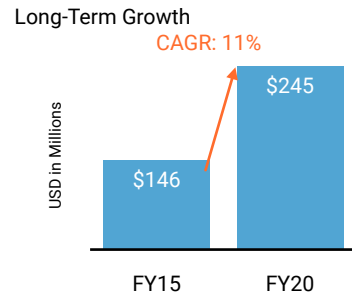
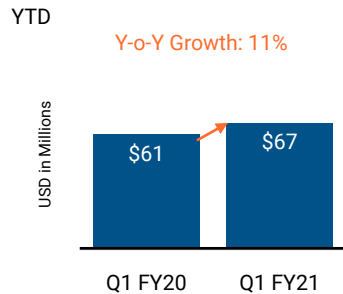
Typically larger clients with wide-ranging mandates which include technology-driven reporting, monitoring and analytics services and consulting services; opportunity set continues to be robust

- \$38B year-over-year increase in AUA

# Financial Highlights

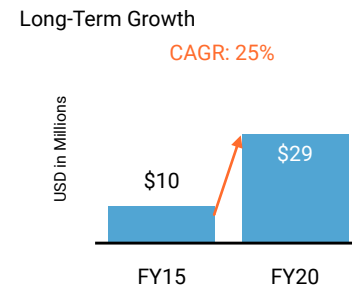
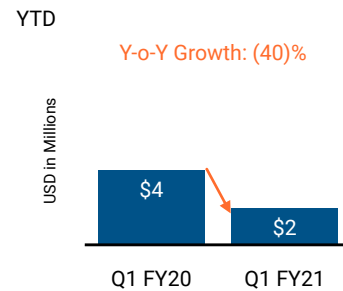
## Strong revenue growth across management and advisory fees

### Management and Advisory Fees



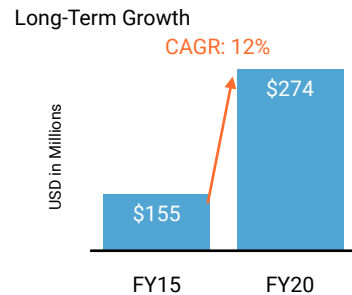
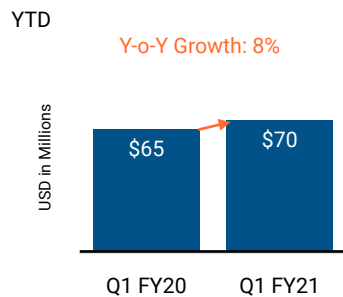
- Recurring management and advisory fees represented an average of just under 90% of total revenues over the past five fiscal years
- \$3.8M in retroactive fees from our latest secondary fund in the quarter

### Incentive Fees



- Incentive fees derived from a highly diversified pool of assets and funds
- Unrealized carried interest of \$311M as of 6/30/20 diversified across 3,000+ assets and over 50 funds
- Timing of realizations unpredictable

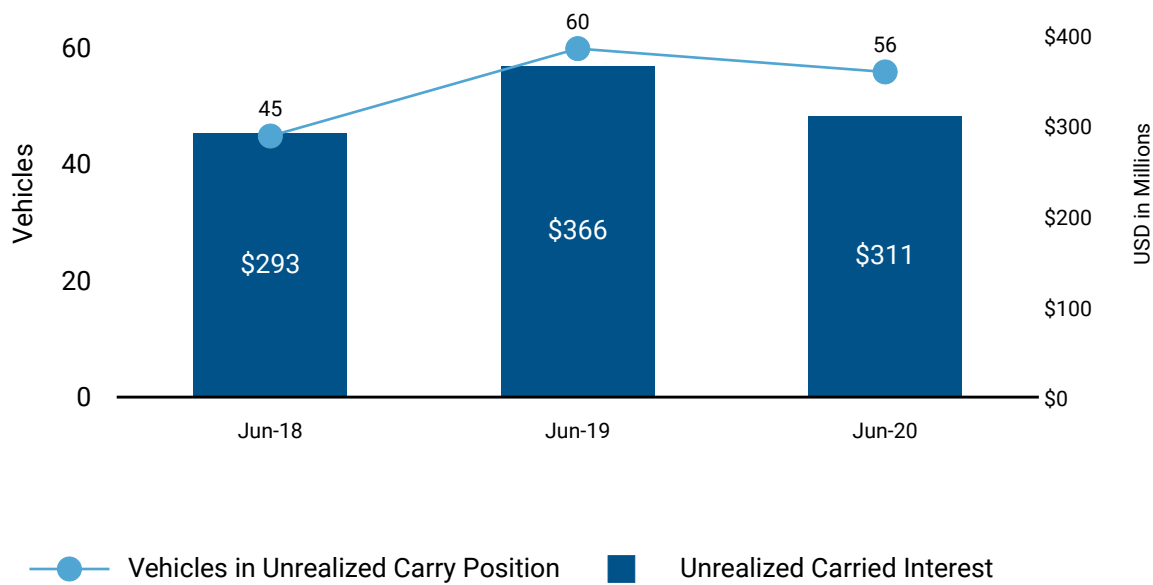
### Total Revenues



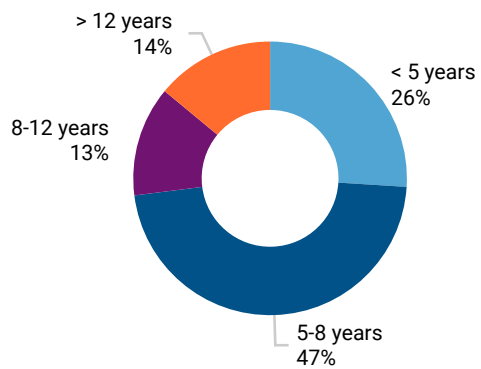
- Total revenues increased by 8%, driven by recurring management and advisory fee growth across core offerings



## Unrealized Carried Interest

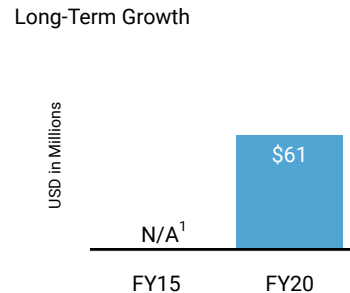
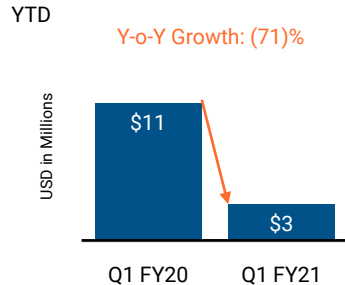


## Unrealized Carry by Age



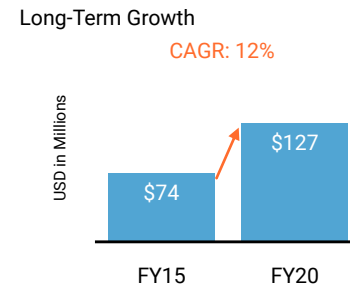
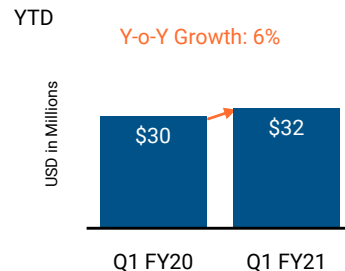
## Profitability stable and growing

### Net Income Attributable to HLI



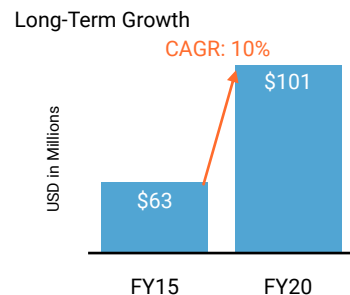
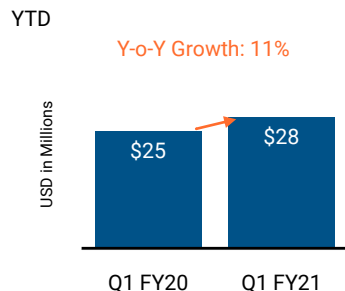
- \$3M in net income attributable to HLI for the quarter
- Y-o-Y decrease of 71% driven by the decline in equity in income of investees

### Adjusted EBITDA<sup>2</sup>



- Y-o-Y increase of 6% driven by 11% growth in management and advisory fees, partially offset by decline in realized incentive fees

### Fee Related Earnings<sup>2</sup>



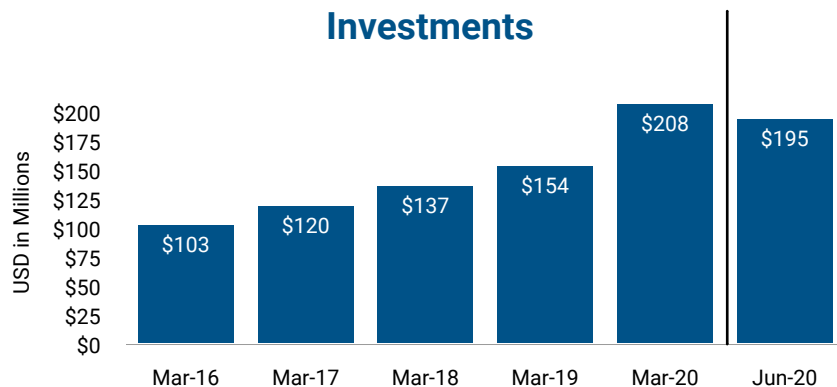
- Y-o-Y growth of 11%
- Long-term double digit growth in Fee Related Earnings

<sup>1</sup>Prior to our IPO, HLI was a wholly-owned subsidiary of HLA with no operations or assets.

<sup>2</sup>Adjusted EBITDA and Fee Related Earnings are non-GAAP financial measures. For the reconciliations of our non-GAAP financial measures to the most directly comparable GAAP financial measures and for the reasons we believe the non-GAAP measures provide useful information, see pages 21 and 22 of this presentation.

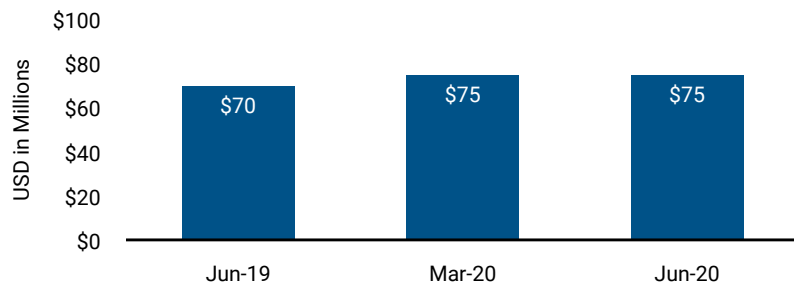
Strong balance sheet with investments in our own products and a modest amount of leverage...

## Investments



- For 6/30/20, the total investment balance consisted of:
  - ~\$160M in equity method investments in our funds
  - ~\$35M in technology related and other investments

## Leverage



- Modest leverage
- \$75M of debt as of 6/30/20



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# Appendix

# Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended				
	June 30, 2019	March 31, 2020	June 30, 2020	YoY Change %	QoQ Change %
<i>(Dollars in thousands except share and per share amounts)</i>					
Management and advisory fees	\$60,551	\$65,336	\$67,267	11 %	3 %
Incentive fees	4,135	11,596	2,477	(40)%	(79)%
<b>Total revenues</b>	<b>64,686</b>	<b>76,932</b>	<b>69,744</b>	<b>8 %</b>	<b>(9)%</b>
Compensation and benefits	24,104	28,151	30,351	26 %	8 %
General, administrative and other	13,589	15,162	10,560	(22)%	(30)%
<b>Total expenses</b>	<b>37,693</b>	<b>43,313</b>	<b>40,911</b>	<b>9 %</b>	<b>(6)%</b>
Equity in income (loss) of investees	6,213	5,919	(21,203)	(441)%	(458)%
Interest expense	(817)	(603)	(487)	(40)%	(19)%
Interest income	280	85	24	(91)%	(72)%
Non-operating income	(879)	1,997	(275)	(69)%	(114)%
<b>Total other income (expense)</b>	<b>4,797</b>	<b>7,398</b>	<b>(21,941)</b>	<b>(557)%</b>	<b>(397)%</b>
<b>Income before income taxes</b>	<b>31,790</b>	<b>41,017</b>	<b>6,892</b>	<b>(78)%</b>	<b>(83)%</b>
Income tax expense	4,337	2,404	1,924	(56)%	(20)%
<b>Net income</b>	<b>27,453</b>	<b>38,613</b>	<b>4,968</b>	<b>(82)%</b>	<b>(87)%</b>
Less: Income (loss) attributable to non-controlling interests in general partnerships	504	(508)	(2,010)	(499)%	296 %
Less: Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	15,568	18,473	3,732	(76)%	(80)%
<b>Net income attributable to Hamilton Lane Incorporated</b>	<b>\$11,381</b>	<b>\$20,648</b>	<b>\$3,246</b>	<b>(71)%</b>	<b>(84)%</b>
Basic earnings per share of Class A common stock	\$0.43	\$0.71	\$0.11	(74)%	(85)%
Diluted earnings per share of Class A Common stock	\$0.42	\$0.70	\$0.11	(74)%	(84)%
Weighted-average shares of Class A common stock outstanding - basic	26,706,719	29,230,799	30,237,450		
Weighted-average shares of Class A common stock outstanding - diluted	27,041,981	29,613,377	30,440,152		

# Non-GAAP Financial Measures

	Three Months Ended				
	June 30, 2019	March 31, 2020	June 30, 2020	YoY Change %	QoQ Change %
<i>(Dollars in thousands except share and per share amounts)</i>					
<b>Adjusted EBITDA<sup>1</sup></b>					
Management and advisory fees	\$60,551	\$65,336	\$67,267	11%	3%
Total expenses	37,693	43,313	40,911	9%	(6)%
Less:					
Incentive fee related compensation <sup>2</sup>	(1,917)	(5,473)	(1,173)	(39)%	(79)%
Management fee related expenses	35,776	37,840	39,738	11%	5%
<b>Fee Related Earnings</b>	<b>\$24,775</b>	<b>\$27,496</b>	<b>\$27,529</b>	<b>11%</b>	<b>0%</b>
Incentive fees	4,135	11,596	2,477	(40)%	(79)%
Incentive fees attributable to non-controlling interests	(99)	(58)	(8)	(92)%	(86)%
Incentive fee related compensation <sup>2</sup>	(1,917)	(5,473)	(1,173)	(39)%	(79)%
Interest income	280	85	24	(91)%	(72)%
Equity-based compensation	1,727	1,939	1,748	1%	(10)%
Depreciation and amortization	802	912	1,004	25%	10%
<b>Adjusted EBITDA</b>	<b>\$29,703</b>	<b>\$36,497</b>	<b>\$31,601</b>	<b>6%</b>	<b>(13)%</b>
<b>Adjusted EBITDA margin</b>	<b>46%</b>	<b>47%</b>	<b>45%</b>		
<b>Non-GAAP earnings per share<sup>1</sup></b>					
<b>Net income attributable to Hamilton Lane Incorporated</b>	<b>\$11,381</b>	<b>\$20,648</b>	<b>\$3,246</b>	<b>(71)%</b>	<b>(84)%</b>
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	15,568	18,473	3,732	(76)%	(80)%
Income tax expense	4,337	2,404	1,924	(56)%	(20)%
<b>Adjusted pre-tax net income</b>	<b>31,286</b>	<b>41,525</b>	<b>8,902</b>	<b>(72)%</b>	<b>(79)%</b>
Adjusted income taxes <sup>3</sup>	(7,446)	(9,742)	(2,110)	(72)%	(78)%
<b>Adjusted net income</b>	<b>\$23,840</b>	<b>\$31,783</b>	<b>\$6,792</b>	<b>(72)%</b>	<b>(79)%</b>
<b>Adjusted shares outstanding<sup>4</sup></b>	<b>53,462,608</b>	<b>53,582,371</b>	<b>53,573,570</b>		
<b>Non-GAAP earnings per share</b>	<b>\$ 0.45</b>	<b>\$ 0.59</b>	<b>\$ 0.13</b>	<b>(71)%</b>	<b>(78)%</b>

<sup>1</sup> Adjusted EBITDA and Non-GAAP earnings per share are non-GAAP financial measures. For the reconciliations of our non-GAAP financial measures to the most directly comparable GAAP financial measures, see page 21.

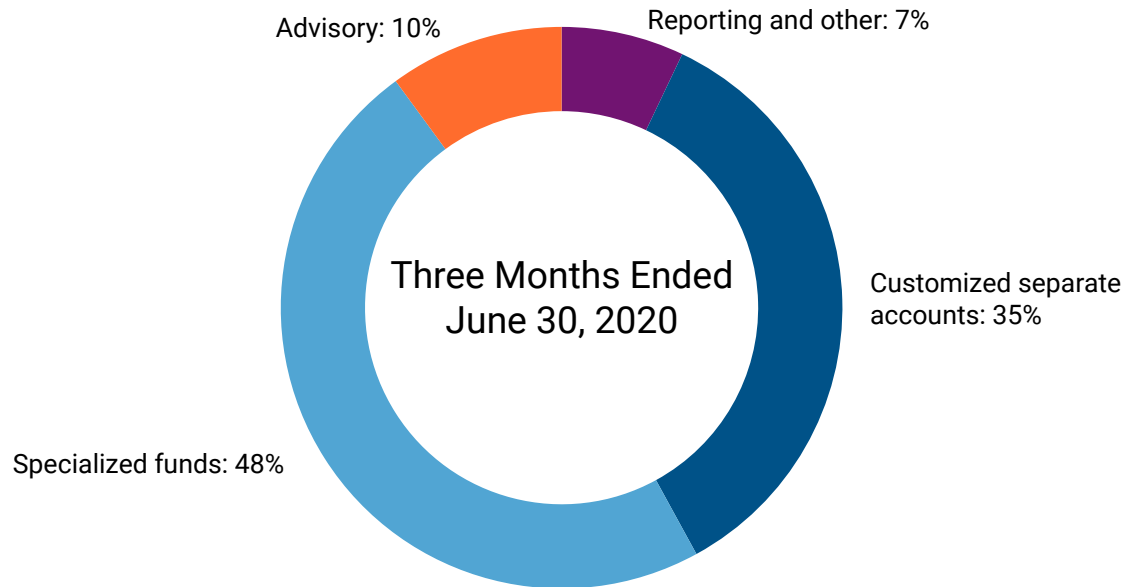
<sup>2</sup> Incentive fee related compensation includes incentive fee compensation expense and bonus related to carried interest that is classified as base compensation.

<sup>3</sup> Represents corporate income taxes at our estimated statutory tax rate of 23.7% and 23.8% for the three month periods ended June 30, 2020 and 2019, respectively, applied to adjusted pre-tax net income. The 23.7% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.7%. The 23.8% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.8%.

<sup>4</sup> Assumes the full exchange of Class B and Class C units in HLA for Class A common stock of HLI pursuant to the exchange agreement.

# Management and Advisory Fees

(Dollars in thousands)	Three Months Ended			YoY Change %	QoQ Change %
	June 30, 2019	March 31, 2020	June 30, 2020		
<b>Management and advisory fees</b>					
Specialized funds	\$26,959	\$30,070	\$32,231	20 %	7 %
Customized separate accounts	21,963	23,703	23,515	7 %	(1)%
Advisory	6,252	6,069	6,765	8 %	11 %
Reporting and other	2,163	2,610	2,836	31 %	9 %
Distribution management	1,359	1,751	1,727	27 %	(1)%
Fund reimbursement revenue	1,855	1,133	193	(90)%	(83)%
<b>Total management and advisory fees</b>	<b>\$60,551</b>	<b>\$65,336</b>	<b>\$67,267</b>	<b>11 %</b>	<b>3 %</b>





# Incentive Fees

<i>(Dollars in thousands)</i>	Three Months Ended				
	June 30, 2019	March 31, 2020	June 30, 2020	YoY Change %	QoQ Change %
<b>Incentive fees</b>					
Secondary Fund II	\$166	\$120	\$159	(4)%	33 %
Co-investment Fund II	2,324	1,438	233	(90)%	(84)%
Other specialized funds	149	1,555	1,826	1,122 %	17 %
Customized separate accounts	1,496	8,483	259	(83)%	(97)%
<b>Incentive fees</b>	<b>\$4,135</b>	<b>\$11,596</b>	<b>\$2,477</b>	<b>(40)%</b>	<b>(79)%</b>

	As of				
	June 30, 2019	March 31, 2020	June 30, 2020	YoY Change %	QoQ Change %
<b>Allocated carried interest</b>					
Secondary Fund II	\$4,314	\$3,818	\$2,832	(34)%	(26)%
Secondary Fund III	38,430	33,993	27,468	(29)%	(19)%
Secondary Fund IV	34,770	54,431	40,304	16 %	(26)%
Secondary Fund V	–	3,237	–	N/A	(100)%
Co-investment Fund II	57,505	46,980	27,338	(52)%	(42)%
Co-investment Fund III	50,314	55,429	37,806	(25)%	(32)%
Co-investment Fund IV	1,573	14,401	–	(100)%	(100)%
Other specialized funds	50,762	82,792	60,236	19 %	(27)%
Customized separate accounts	128,231	146,069	114,931	(10)%	(21)%
<b>Total allocated carried interest</b>	<b>\$365,899</b>	<b>\$441,150</b>	<b>\$310,915</b>	<b>(15)%</b>	<b>(30)%</b>

# Assets Under Management

<i>(Dollars in millions)</i>	June 30, 2019	March 31, 2020	June 30, 2020	YoY Change %	QoQ Change %
<b>Assets under management / advisement</b>					
Assets under management	\$64,304	\$68,571	\$68,269	6 %	0 %
Assets under advisement	408,957	434,258	447,312	9 %	3 %
<b>Total assets under management / advisement</b>	<b>\$473,261</b>	<b>\$502,829</b>	<b>\$515,581</b>	<b>9 %</b>	<b>3 %</b>
<b>Fee-earning assets under management</b>					
<b>Customized separate accounts</b>					
<b>Balance, beginning of period</b>	\$22,160	\$23,287	\$24,545	11 %	5 %
Contributions	829	2,331	1,009	22 %	(57)%
Distributions	(499)	(1,235)	(1,110)	122 %	(10)%
Foreign exchange, market value and other	21	162	(158)	(852)%	(198)%
<b>Balance, end of period</b>	<b>\$22,511</b>	<b>\$24,545</b>	<b>\$24,286</b>	<b>8 %</b>	<b>(1)%</b>
<b>Specialized funds</b>					
<b>Balance, beginning of period</b>	\$11,434	\$13,518	\$14,118	23 %	4 %
Contributions	968	717	791	(18)%	10 %
Distributions	(117)	(100)	(195)	67 %	95 %
Foreign exchange, market value and other	—	(17)	6	N/A	N/A
<b>Balance, end of period</b>	<b>\$12,285</b>	<b>\$14,118</b>	<b>\$14,720</b>	<b>20 %</b>	<b>4 %</b>
<b>Total</b>					
<b>Balance, beginning of period</b>	\$33,594	\$36,805	\$38,663	15 %	5 %
Contributions	1,797	3,048	1,800	0 %	(41)%
Distributions	(616)	(1,335)	(1,305)	112 %	(2)%
Foreign exchange, market value and other	21	145	(152)	(824)%	(205)%
<b>Balance, end of period</b>	<b>\$34,796</b>	<b>\$38,663</b>	<b>\$39,006</b>	<b>12 %</b>	<b>1 %</b>

# Condensed Consolidated Balance Sheets (Unaudited)

(Dollars in thousands except share and per share amounts)

	March 31, 2020	June 30, 2020
<b>Assets</b>		
Cash and cash equivalents	\$50,124	\$71,091
Restricted cash	3,086	3,147
Fees receivable	30,384	23,679
Prepaid expenses	6,988	5,917
Due from related parties	2,605	2,153
Furniture, fixtures and equipment, net	7,402	7,666
Lease right-of-use assets, net	9,577	9,697
Investments	207,747	194,864
Deferred income taxes	137,941	191,375
Other assets	17,675	16,918
<b>Total assets</b>	<b>\$473,529</b>	<b>\$526,507</b>
<b>Liabilities and Equity</b>		
Accounts payable	\$1,968	\$1,148
Accrued compensation and benefits	10,804	23,443
Deferred incentive fee revenue	3,704	3,704
Debt	74,524	74,538
Accrued members' distributions	5,829	3,367
Payable to related parties pursuant to tax receivable agreement	98,956	143,370
Dividends payable	8,027	10,102
Lease liabilities	10,184	10,243
Other liabilities (includes \$13,394 and \$16,785 at fair value)	22,132	23,981
<b>Total liabilities</b>	<b>236,128</b>	<b>293,896</b>
Class A common stock, \$0.001 par value, 300,000,000 authorized; 29,842,784 and 32,772,936 issued and outstanding as of March 31, 2020 and June 30, 2020 respectively	30	33
Class B common stock, \$0.001 par value, 50,000,000 authorized; 22,049,727 and 19,778,091 issued and outstanding as of March 31, 2020 and June 30, 2020, respectively	22	20
Additional paid-in-capital	107,727	126,585
Accumulated other comprehensive loss	(78)	(84)
Retained earnings	47,090	40,234
<b>Total Hamilton Lane Incorporated stockholders' equity</b>	<b>154,791</b>	<b>166,788</b>
Non-controlling interests in general partnerships	4,853	2,655
Non-controlling interests in Hamilton Lane Advisors, L.L.C.	77,757	63,168
<b>Total equity</b>	<b>237,401</b>	<b>232,611</b>
<b>Total liabilities and equity</b>	<b>\$473,529</b>	<b>\$526,507</b>

# Condensed Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended	
	June 30, 2019	June 30, 2020
<i>(Dollars in thousands)</i>		
<b>Operating activities</b>		
Net income	\$27,453	\$4,968
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	802	1,004
Change in deferred income taxes	2,904	(638)
Change in payable to related parties pursuant to tax receivable agreement	136	—
Equity-based compensation	1,727	1,748
Equity in (income) loss of investees	(6,213)	21,203
Proceeds received from investments	2,194	157
Other	667	82
Changes in operating assets and liabilities	3,732	18,931
<b>Net cash provided by operating activities</b>	<b>33,402</b>	<b>47,455</b>
<b>Investing activities</b>		
Purchase of furniture, fixtures and equipment	(737)	(998)
Purchase of other investments	(3,967)	—
Distributions received from investments	1,861	4,162
Contributions to investments	(7,645)	(9,238)
<b>Net cash used in investing activities</b>	<b>(10,488)</b>	<b>(6,074)</b>
<b>Financing activities</b>		
Proceeds from offering	—	204,979
Purchase of membership interests	—	(204,979)
Repayments of debt	(938)	—
Draw-down on revolver	15,000	—
Repayment of revolver	(15,000)	—
Secured financing	15,750	—
Contributions from non-controlling interest in general partnerships	9	32
Distributions to non-controlling interest in general partnerships	(297)	(220)
Repurchase of Class B common stock	—	(2)
Repurchase of Class A shares for employee tax withholding	(17)	—
Proceeds received from issuance of shares under Employee Share Purchase Plan	276	339
Payments to related parties, pursuant to tax receivable agreement	—	(36)
Dividends paid	(5,673)	(8,027)
Members' distributions paid	(22,245)	(12,429)
<b>Net cash used in financing activities</b>	<b>(13,135)</b>	<b>(20,343)</b>
Effect of exchange rate changes on cash and cash equivalents	4	(10)
<b>Increase in cash, cash equivalents, and restricted cash</b>	<b>9,783</b>	<b>21,028</b>
Cash, cash equivalents, and restricted cash at beginning of the period	51,590	53,210
<b>Cash, cash equivalents, and restricted cash at end of the period</b>	<b>\$61,373</b>	<b>\$74,238</b>

# Non-GAAP Reconciliation

## Reconciliation from Net Income

(Dollars in thousands)

	Year Ended March 31,		Three Months Ended		
	2015	2020	June 30, 2019	March 31, 2020	June 30, 2020
<b>Net income attributable to Hamilton Lane Incorporated</b>	<b>\$0</b>	<b>\$60,825</b>	<b>\$11,381</b>	<b>\$20,648</b>	<b>\$3,246</b>
Income (loss) attributable to non-controlling interests in general partnerships	2,242	85	504	(508)	(2,010)
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	69,260	65,866	15,568	18,473	3,732
Incentive fees	(9,509)	(29,128)	(4,135)	(11,596)	(2,477)
Incentive fee related compensation <sup>1</sup>	4,542	13,677	1,917	5,473	1,173
Interest income	(87)	(709)	(280)	(85)	(24)
Interest expense	5,883	2,816	817	603	487
Income tax expense	483	13,968	4,337	2,404	1,924
Equity in (income) loss of investees	(10,474)	(20,250)	(6,213)	(5,919)	21,203
Non-operating loss (income)	1,056	(6,172)	879	(1,997)	275
<b>Fee Related Earnings</b>	<b>\$63,396</b>	<b>\$100,978</b>	<b>\$24,775</b>	<b>\$27,496</b>	<b>\$27,529</b>
Depreciation and amortization	1,867	3,291	802	912	1,004
Equity-based compensation	3,390	7,183	1,727	1,939	1,748
Incentive fees	9,509	29,128	4,135	11,596	2,477
Incentive fees attributable to non-controlling interests	—	(320)	(99)	(58)	(8)
Incentive fee related compensation <sup>1</sup>	(4,542)	(13,677)	(1,917)	(5,473)	(1,173)
Interest income	87	709	280	85	24
<b>Adjusted EBITDA</b>	<b>\$73,707</b>	<b>\$127,292</b>	<b>\$29,703</b>	<b>\$36,497</b>	<b>\$31,601</b>
<b>Non-GAAP earnings per share reconciliation</b>					
<b>Net income attributable to Hamilton Lane Incorporated</b>			<b>\$11,381</b>	<b>\$20,648</b>	<b>\$3,246</b>
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.			15,568	18,473	3,732
Income tax expense			4,337	2,404	1,924
<b>Adjusted pre-tax net income</b>			<b>31,286</b>	<b>41,525</b>	<b>8,902</b>
Adjusted income taxes <sup>2</sup>			(7,446)	(9,742)	(2,110)
<b>Adjusted net income</b>			<b>\$23,840</b>	<b>\$31,783</b>	<b>\$6,792</b>
<b>Weighted-average shares of Class A common stock outstanding - diluted</b>			27,041,981	29,613,377	30,440,152
Exchange of Class B and Class C units in HLA <sup>3</sup>			26,420,627	23,968,994	23,133,418
<b>Adjusted shares outstanding</b>			<b>53,462,608</b>	<b>53,582,371</b>	<b>53,573,570</b>
<b>Non-GAAP earnings per share</b>			<b>\$0.45</b>	<b>\$0.59</b>	<b>\$0.13</b>

<sup>1</sup> Incentive fee related compensation includes incentive fee compensation expense and bonus related to carried interest that is classified as base compensation.

<sup>2</sup> Represents corporate income taxes at our estimated statutory tax rate of 23.7% and 23.8% for the three month periods ended June 30, 2020 and 2019, respectively, applied to adjusted pre-tax net income. The 23.7% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.7%. The 23.8% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.8%.

<sup>3</sup> Assumes the full exchange of Class B and Class C units in HLA for Class A common stock of HLI pursuant to the exchange agreement.

**Adjusted EBITDA** is our primary internal measure of profitability. We believe Adjusted EBITDA is useful to investors because it enables them to better evaluate the performance of our core business across reporting periods. Adjusted EBITDA represents net income excluding (a) interest expense on our outstanding debt, (b) income tax expense, (c) depreciation and amortization expense, (d) equity-based compensation expense, (e) other non-operating income and (f) certain other significant items that we believe are not indicative of our core performance.

**Fee Related Earnings ("FRE")** is used to highlight earnings from recurring management fees. FRE represents net income excluding (a) incentive fees and related compensation, (b) interest income and expense, (c) income tax expense, (d) equity in income of investees, (e) other non-operating income and (f) certain other significant items that we believe are not indicative of our core performance. We believe FRE is useful to investors because it provides additional insight into the operating profitability of our business. FRE is presented before income taxes.

**Non-GAAP earnings per share** measures our per-share earnings excluding certain significant items that we believe are not indicative of our core performance and assuming all Class B and Class C units in HLA were exchanged for Class A common stock in HLI. Non-GAAP earnings per share is calculated as adjusted net income divided by adjusted shares outstanding. **Adjusted net income** is income before taxes fully taxed at our estimated statutory tax rate. We believe Non-GAAP earnings per share is useful to investors because it enables them to better evaluate per-share operating performance across reporting periods.

Our **assets under management ("AUM")** comprise primarily the assets associated with our customized separate accounts and specialized funds. We classify assets as AUM if we have full discretion over the investment decisions in an account. We calculate our AUM as the sum of:

- (1) the net asset value of our clients' and funds' underlying investments;
- (2) the unfunded commitments to our clients' and funds' underlying investments, and;
- (3) the amounts authorized for us to invest on behalf of our clients and fund investors but not committed to an underlying investment.

Management fee revenue is based on a variety of factors and is not linearly correlated with AUM. However, we believe AUM is a useful metric for assessing the relative size and scope of our asset management business.

Our **assets under advisement ("AUA")** comprise assets from clients for which we do not have full discretion to make investments in their account. We generally earn revenue on a fixed fee basis on our AUA client accounts for services including asset allocation, strategic planning, development of investment policies and guidelines, screening and recommending investments, legal negotiations, monitoring and reporting on investments and investment manager review and due diligence. Advisory fees vary by client based on the amount of annual commitments, services provided and other factors. Since we earn annual fixed fees from the majority of our AUA clients, the growth in AUA from existing accounts does not have a material impact on our revenues. However, we view AUA growth as a meaningful benefit in terms of the amount of data we are able to collect and the degree of influence we have with fund managers.

**Fee-earning assets under management (Fee-earning "AUM" or "FEAUM")** is a metric we use to measure the assets from which we earn management fees. Our fee-earning AUM comprise assets in our customized separate accounts and specialized funds from which we derive management fees. We classify customized separate account revenue as management fees if the client is charged an asset-based fee, which includes the majority of our discretionary AUM accounts but also includes certain non-discretionary AUA accounts. Our fee-earning AUM is equal to the amount of capital commitments, net invested capital and net asset value of our customized separate accounts and specialized funds depending on the fee terms. Substantially all of our customized separate accounts and specialized funds earn fees based on commitments or net invested capital, which are not affected by market appreciation or depreciation. Therefore, revenues and fee-earning AUM are not significantly affected by changes in market value. Our calculations of fee-earning AUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers. Our definition of fee-earning AUM is not based on any definition that is set forth in the agreements governing the customized separate accounts or specialized funds that we manage.

**Hamilton Lane Incorporated** (or "**HLI**"), a Delaware corporation, was formed for the purpose of completing an initial public offering ("**IPO**") and related transactions ("**Reorganization**") in order to carry on the business of Hamilton Lane Advisors, L.L.C. ("**HLA**") as a publicly-traded entity. As of the closing of our IPO on March 6, 2017, HLI became the sole managing member of HLA.

Some of the statements in this presentation may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Words such as "will", "expect", "believe", "estimate", "continue", "anticipate", "intend", "plan", and similar expressions are intended to identify these forward-looking statements. Forward-looking statements discuss management's current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business. All forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different, including risks relating to: our ability to manage growth, fund performance, changes in our regulatory environment and tax status; market conditions generally; our ability to access suitable investment opportunities for our clients; our ability to maintain our fee structure; our ability to attract and retain key employees; our ability to manage our obligations under our debt agreements; defaults by clients and third-party investors on their obligations to fund commitments; our ability to comply with investment guidelines set by our clients; our ability to manage the effects of events outside of our control; and our ability to receive distributions from Hamilton Lane Advisors, L.L.C. to fund our payment of dividends, taxes and other expenses.

The foregoing list of factors is not exhaustive. For more information regarding these risks and uncertainties as well as additional risks we face, you should refer to the "Risk Factors" detailed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, and in our subsequent reports filed from time to time with the Securities and Exchange Commission. The forward-looking statements included in this presentation are made only as of the date presented. We undertake no obligation to update or revise any forward-looking statement as a result of new information or future events, except as otherwise required by law.

Values appearing in this presentation that are whole numbers are rounded approximations.

**As of August 4, 2020**