Wilmington plc

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# H1 FY22

## Wilmington plc

Interim Report

for the six months ended 31 December 2021

Registered office as above
Registered in England & Wales, No. 03015847

Wilmington plc

**Financial performance**

| | H1 FY22 | H1 FY21 | Change |
|---|---|---|---|
| Revenue | £58.9m | £55.1m | 7% |
| Adjusted PBT[1] | £9.5m | £7.0m | 35% |
| Adjusted basic EPS[2] | 8.60p | 6.44p | 34% |
| Interim dividend | 2.4p | 2.1p | 14% |

| | | |
|---|---|---|
| Statutory PBT incl. AMT sale | £24.6m | £5.5m |
| Statutory basic EPS | 26.14p | 5.05p |

**Highlights**

- Organic[3] revenue growth 12% driven by the acceleration of digitalisation programme and return of face-to-face events to pre-pandemic levels
  - Information & Data delivered 10% organic growth; Training & Education delivered 15% organic growth
  - Excluding face-to-face events, organic revenue growth of 6%
- H1 FY22 revenue exceeded pre-Covid H1 FY20 and H1 FY19 for retained businesses with profits materially ahead
- H1 FY22 Group adjusted profit margins improved to 16% (H1 FY21: 13%)
- Strategic sale of AMT in December 21 for £23.4m
- Robust balance sheet position with Group net cash[4] at 31 Dec 21 of £11.0m (31 Dec 20: net debt: £23.2m; 30 Jun 21: net debt: £17.2m)
- Significant progress made in establishing single technology platforms for each division
- Increasingly strong outlook

**Mark Milner, Chief Executive Officer, commented:**

***"We continue to deliver on our strategy and are now seeing the results of the Group's repositioning and redirection, the acceleration of our digitalisation programme and investment in new products over the last two years.***

***"This has led to double-digit organic revenue growth, significant profitability improvement and strong cash conversion. Both divisions and our teams are performing strongly. Revenues and profits are now ahead of the pre-Covid periods.***

***"As we stated on 27 January 2022, trading in the current financial year is ahead of our earlier expectations. If the major face-to-face events happen in March as expected, we anticipate our profitability to improve still further."***

[1] Adjusted profit before tax – see note 4
[2] Adjusted basic earnings per share – see note 6
[3] Organic – eliminating the effects of exchange rate fluctuations and the impact of acquisitions and disposals
[4] Net cash includes cash and cash equivalents, bank loans (excluding capitalised loan arrangement fees) and bank overdrafts but excludes lease liabilities

**Results and dividend**

Our strong performance in H1 FY22 demonstrates the value of our diversified portfolio and focus on the GRC and Regulatory Compliance markets, with growth driven by our agile teams and the resilience that this diversity and business model has brought over the past two years. Demand for our products remains strong with our customers continuing to rely on us to help them operate successfully.

Revenue of £58.9m was up 7%. Organic revenue growth was 12%, adjusted for the closure and disposal of discontinued businesses and the minor impact of currency movements. Excluding face-to-face events, we saw organic revenue growth of 6%.

This growth was driven by the acceleration of our digitalisation programme, the investment in new products over the last two years and the return to face-to-face events.

The Information & Data division achieved 10% organic revenue growth (5% total revenue growth) with the Training & Education division achieving organic revenue growth of 15% (10% total revenue growth). All our businesses grew organically in the first half.

14% of our ongoing revenues are in US dollars, 12% in Euros and 3% in Singapore Dollars, no other currency other than Sterling is material.

H1 FY22 revenue exceeded both pre-Covid periods H1 FY20 and H1 FY19 on a like-for-like basis with profits being materially ahead.

Adjusted profit before tax of £9.5m (H1 FY21: £7.0m) was up 35% and up 42% organically. Costs have increased due to the anticipated increase in staff costs and the return of some face-to-face delivery costs, mainly venue hire and some increased travel. Despite the expected cost increases, adjusted pre-tax profit margins improved to 16% (H1 FY21: 13%).

Operating cash conversion remained strong at 113%, with net cash of £11.0m (30 June 2021: net debt £17.2m) following proceeds from the sale of the AMT financial training business in December for £23.4m. Net cash including lease liabilities was £1.0m. Remaining debt was repaid in early January 2022.

The interim dividend is being increased by 14% to 2.4p (H1 FY21: 2.1p) and will be paid on 6 April 2022 to shareholders on the share register as at 4 March 2022, with an associated ex-dividend date of 3 March 2022.

**Strategic and operational progress**

Our strategy is to grow revenues and profits organically in the large, growing and rapidly evolving GRC and Regulatory Compliance markets by investing in our business and actively managing our portfolio of businesses.

Our investment focus is on establishing single technology platforms for each division. This supports our digital-first approach and will enable the Group to grow organically and by acquisition more efficiently which will ensure we continue to maintain high margin levels.

In the Training & Education division we have established the Digital Hub in ICA, rolled out the solution to Bond Solon and are now moving the Accountancy training business onto the platform over the next 12 months. In the Information & Data division, we have begun to establish a single data platform for all our lines of business based around Snowflake® technology and expect this project to roll out over the next two years.

Our first virtual classroom went live in March 2021 and is helping us continue to achieve high levels of innovative digital delivery in training and education products.

Further investments in sales and product management academy roll outs have started to deliver returns in revenue growth as has an increased focus on pricing and packaging. We have successfully increased the number of multi-year subscription contracts in the first half as a result of this.

We remain focussed on actively managing our portfolio by assessing the potential of each business to exhibit the six common Wilmington characteristics that we recognise as key drivers of organic revenue growth and profitability improvement.

In December 2021, we sold AMT Training to Train The Street, LLC for an enterprise value of £23.4m, subject to customary working capital adjustments. The cash received leaves us with a net cash position. As previously announced, we continue to seek a buyer for our Spanish insurance business, Inese.

We intend to use our cash resources and our £65m bank facility to acquire suitable GRC businesses to add further growth and profitability to the Group. We will continue to apply high levels of scrutiny in respect of target identification and multiples paid. We are clear in our ambition but also clear in the characteristics we will seek in any business we look to acquire. The ability to drive value and growth for Wilmington shareholders will always be a key priority.

**Current trading and outlook**

We continue to derive considerable benefits from our diversified portfolio as well as the investment we have made in product development and digitalisation over the past two years. In addition to driving organic growth, we have continued to improve margins.

Provided we can continue to run events face-to-face, we expect an additional boost to profitability in H2 FY22. If not, we still expect profits and revenues to be higher than last year despite the sale of AMT.

**ESG**

The delivery of our strategy is supported by our ongoing commitment to responsible business practice, which echoes our commitment to help customers to do the right business in the right way.

A core component of our ESG strategy is to promote an open and inclusive culture in which employee feedback guides our decisions. During the period we responded to key issues raised by our colleagues and had a 91% participation rate in the recently completed annual engagement survey.

We continued to enhance our well-established employee wellbeing programmes and formalised our Diversity & Inclusion strategy with a clear roadmap for action. We also used our latest engagement survey to capture richer data that will help us to demonstrate progress against our diversity, wellbeing and employee development ambitions.

In September 2021, we committed to becoming carbon neutral in FY22. We have achieved this goal already. We have supported high quality certified carbon reduction and storage programmes to offset almost double the scope 1, 2 and 3 emissions reported in respect of FY21.

In H1 FY22, we have completed a more detailed scope 3 emissions inventory, which will facilitate our work in the second half to set net zero targets in line with a 1.5-degree trajectory. We are currently implementing the strategic element of the TCFD recommendations as an integral component of our annual business planning process.

**Divisional and Financial Review**

**Information & Data**

| | H1 FY22 | H1 FY21 | Absolute Variance | Organic Variance |
|---|---|---|---|---|
| **Revenue** | £'m | £'m | | |
| Healthcare | 15.9 | 13.9 | 14% | 16% |
| Financial Services & other | 10.5 | 10.3 | 1% | 4% |
| Identity & Charities | 2.4 | 2.4 | 3% | 3% |
| Discontinued | 0.3 | 1.2 | (78%) | |
| **Total** | **29.1** | **27.8** | **5%** | **10%** |
| **Operating profit** | **5.6** | **4.4** | **28%** | **32%** |
| Margin | 19% | 16% | | |

Revenues in the Information & Data division were up 10% on an organic basis.

This strong performance was driven by Healthcare which benefitted from the return to face-to-face events and good growth in HSJ subscriptions. Financial Services achieved solid organic growth, again from subscriptions. Identity & Charities achieved growth despite restructuring initiatives impacting the first half.

Profitability in the division materially improved, particularly in Healthcare where revenue growth and cost reductions will combine in H2 to drive towards a margin target in excess of 20%.

**Training & Education**

| Revenue | H1 FY22 £'m | H1 FY21 £'m | Absolute Variance | Organic Variance |
|---|---|---|---|---|
| Global | 11.4 | 11.2 | 2% | 3% |
| UK & Ireland | 11.7 | 9.9 | 17% | 18% |
| North America | 2.6 | 1.5 | 74% | 81% |
| Discontinued | 4.1 | 4.7 | (11%) | |
| **Total** | **29.8** | **27.3** | **10%** | **15%** |
| **Operating profit** | **7.1** | **5.9** | **20%** | **27%** |
| Margin | 24% | 22% | | |

Revenues grew 15% organically, led by a strong performance in North America where the return to face-to-face events has boosted revenues by 81%.

UK and Ireland also had a strong six months with both Accountancy and Legal seeing double-digit growth due to increased customer demand. Accountancy revenues are still recovering to pre-pandemic levels and so the comparative was weak but Legal is now a much bigger business than it was pre-pandemic.

Global is now mostly ICA following the sale of AMT. UK growth offsets a decline in Singapore following a very strong FY21.

The increase in the division's revenue was accompanied by an increase in costs as face-to-face events brought a return of venue hire and travel costs. However, we have maintained a much higher proportion of digital training delivery volumes compared to the pre-pandemic period, resulting in higher margins.

**Amortisation excluding computer software, impairment charge and other income**
Amortisation of intangible assets (excluding computer software) was £1.2m (H1 FY21: £1.7m), the fall driven by some historic assets becoming fully amortised. The impairment charge of £0.6m relates to a long leasehold building in Sutton Coldfield we have been unable to sell since vacating it two years ago. Other income represents the net gain of £16.1m from the sale of AMT Training and £0.8m from the sale of buildings in Basildon linked to our office consolidation programme.

**Finance costs**
Net finance costs fell to £0.6m (H1 FY21: £0.8m) driven primarily by lower net debt levels. Non-utilisation fees on the banking facility will mean smaller finance costs will persist in the second half of the financial year.

**Profit before taxation and Earnings per Share**
The increase in revenue, improved profit margins and the large gain on the sale of AMT have resulted in a profit before tax of £24.6m (H1 FY21: £5.5m). Earnings per share measures improved for the same reasons.

**Taxation**
The tax charge is £1.7m (H1 FY21: £1.1m) with an overall effective tax rate[1] of 7% compared to 20% in the prior period. The fall in effective tax rate was due to the gain on sale of AMT not being subject to corporation tax. The underlying tax rate[2] which ignores the tax effects of adjusting items remained flat at 20% (H1 FY21: 20%).

**Balance sheet and cashflow**
Balance sheet movements are explained by the sale of AMT and trading in the period, as well as the sale of buildings in Basildon and the impairment of a long leasehold property in Sutton Coldfield. Cash generation improved on the prior period due to the improved trading performance despite the return of dividend payments.

[1] The effective tax rate is calculated as the total tax charge divided by profit before tax
[2] The underlying tax rate is calculated as one minus the adjusted profit after tax divided by the adjusted profit before tax – the tax rate excluding the tax impact of adjusting items

# Consolidated Income Statement

| | Notes | **Six months ended 31 December 2021 (unaudited) £'000** | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| **Revenue** | 5 | **58,945** | 55,071 | 113,027 |
| Operating expenses before amortisation of intangibles excluding computer software, impairment and adjusting items | | **(48,921)** | (47,282) | (96,378) |
| Impairment of goodwill, intangible assets and property, plant and equipment | 4 | **(597)** | — | (14,834) |
| Adjusting items | 4 | **22** | (580) | (2,970) |
| Amortisation of intangible assets excluding computer software | 4 | **(1,183)** | (1,700) | (3,400) |
| **Operating expenses** | | **(50,679)** | (49,562) | (117,582) |
| Other income – net gain on office consolidation | 4 | **758** | — | — |
| Other income – gain on disposal of business operations | 4 | — | — | 3,394 |
| Other income – gain on disposal of subsidiary | 7 | **16,115** | 770 | 770 |
| **Operating profit/(loss)** | | **25,139** | 6,279 | (391) |
| Net finance costs | | **(551)** | (783) | (1,634) |
| **Profit/(loss) before tax** | 4 | **24,588** | 5,496 | (2,025) |
| Taxation | | **(1,687)** | (1,073) | (2,522) |
| **Profit/(loss) for the period attributable to owners of the parent** | | **22,901** | 4,423 | (4,547) |
| **Earnings/(loss) per share:** | | | | |
| Basic (p) | 6 | **26.14** | 5.05 | (5.18) |
| Diluted (p) | 6 | **25.92** | 5.03 | (5.18) |

The notes on pages 10 to 14 are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

| | **Six months ended 31 December 2021 (unaudited) £'000** | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|
| **Profit/(loss) for the period** | **22,901** | 4,423 | (4,547) |
| Other comprehensive income/(expense): | | | |
| Items that may be reclassified subsequently to the Income Statement | | | |
| Fair value movements on interest rate swap, net of tax | **389** | (113) | 93 |
| Currency translation differences | **341** | (1,460) | (1,732) |
| Net investment hedges, net of tax | **(164)** | 683 | 762 |
| **Other comprehensive income/(expense) for the period, net of tax** | **566** | (890) | (877) |
| **Total comprehensive income/(expense) for the period attributable to owners of the parent** | **23,467** | 3,533 | (5,424) |

Items in the statement above are disclosed net of tax. The notes on pages 10 to 14 are an integral part of these financial statements.

# Consolidated Balance Sheet

| | **31 December 2021 (unaudited) £'000** | 31 December 2020 (unaudited) £'000 | 30 June 2021 (audited) £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | **59,912** | 76,705 | 65,833 |
| Intangible assets | **12,986** | 17,711 | 14,000 |
| Property, plant and equipment | **7,909** | 15,826 | 9,277 |
| Deferred consideration receivable | **1,516** | 1,750 | 1,585 |
| Derivative financial instruments | **537** | — | 57 |
| Deferred tax assets | **1,233** | 1,244 | 1,364 |
| | **84,093** | 113,236 | 92,116 |
| **Current assets** | | | |
| Trade and other receivables | **25,904** | 23,640 | 28,698 |
| Deferred consideration receivable | **250** | 483 | 250 |
| Current tax asset | **238** | 1,072 | 312 |
| Derivative financial instruments | — | 367 | — |
| Cash and cash equivalents | **24,160** | 7,905 | 7,374 |
| Assets held for sale | — | — | 1,588 |
| | **50,552** | 33,467 | 38,222 |
| **Total assets** | **134,645** | 146,703 | 130,338 |
| **Current liabilities** | | | |
| Trade and other payables | **(51,561)** | (54,476) | (54,959) |
| Lease liabilities | **(2,243)** | (2,571) | (2,356) |
| Derivative financial instruments | **(125)** | (198) | — |
| Borrowings | — | — | (3,644) |
| Provisions | **(307)** | — | (461) |
| | **(54,236)** | (57,245) | (61,420) |
| **Non-current liabilities** | | | |
| Borrowings | **(12,734)** | (30,400) | (20,430) |
| Lease liabilities | **(7,750)** | (9,288) | (8,386) |
| Deferred tax liabilities | **(1,762)** | (2,346) | (2,054) |
| Provisions | **(1,381)** | — | (1,381) |
| | **(23,627)** | (42,034) | (32,251) |
| **Total liabilities** | **(77,863)** | (99,279) | (93,671) |
| **Net assets** | **56,782** | 47,424 | 36,667 |
| **Equity** | | | |
| Share capital | **4,380** | 4,380 | 4,380 |
| Share premium | **45,225** | 45,225 | 45,225 |
| Treasury and ESOT reserves | **(960)** | (453) | (701) |
| Share based payments reserve | **1,736** | 1,419 | 1,390 |
| Translation reserve | **2,410** | 2,341 | 2,069 |
| Retained earnings/(accumulated losses) | **3,991** | (5,488) | (15,696) |
| **Total equity** | **56,782** | 47,424 | 36,667 |

The notes on pages 10 to 14 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

| | Share capital, share premium, treasury shares and ESOT shares £'000 | Share based payments reserve £'000 | Translation reserve £'000 | Retained earnings/ (accumulated losses) £'000 | Total equity £'000 |
|---|---|---|---|---|---|
| **At 30 June 2020 (audited)** | **49,015** | **1,195** | **3,801** | **(10,605)** | **43,406** |
| Profit for the period | — | — | — | 4,423 | 4,423 |
| Other comprehensive (expense)/income for the period | — | — | (1,460) | 570 | (890) |
| | 49,015 | 1,195 | 2,341 | (5,612) | 46,939 |
| Performance share plan awards vesting settled via ESOT | 137 | (241) | — | 104 | — |
| Share based payments | — | 465 | — | — | 465 |
| Tax on share based payments | — | — | — | 20 | 20 |
| **At 31 December 2020 (unaudited)** | **49,152** | **1,419** | **2,341** | **(5,488)** | **47,424** |
| Loss for the period | — | — | — | (8,970) | (8,970) |
| Other comprehensive income/(expense) for the period | — | — | (272) | 285 | 13 |
| | 49,152 | 1,419 | 2,069 | (14,173) | 38,467 |
| Dividends paid | — | — | — | (1,829) | (1,829) |
| ESOT share purchases | (263) | — | — | — | (263) |
| Sale of treasury shares | 15 | — | — | — | 15 |
| Share based payments | — | (29) | — | — | (29) |
| Tax on share based payments | — | — | — | 306 | 306 |
| **At 30 June 2021 (audited)** | **48,904** | **1,390** | **2,069** | **(15,696)** | **36,667** |
| Profit for the period | — | — | — | 22,901 | 22,901 |
| Other comprehensive income for the period | — | — | 341 | 225 | 566 |
| | 48,904 | 1,390 | 2,410 | 7,430 | 60,134 |
| Dividends paid | — | — | — | (3,399) | (3,399) |
| Performance share plan awards vesting settled via ESOT | 84 | (105) | — | 21 | — |
| ESOT share purchases | (371) | — | — | — | (371) |
| Sale of treasury shares | 28 | — | — | — | 28 |
| Share based payments | — | 451 | — | — | 451 |
| Tax on share based payments | — | — | — | (61) | (61) |
| **At 31 December 2021 (unaudited)** | **48,645** | **1,736** | **2,410** | **3,991** | **56,782** |

The notes on pages 10 to 14 are an integral part of these consolidated financial statements.

# Consolidated Cash Flow Statement

| | Notes | Six months ended 31 December 2021 (unaudited) £'000 | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash generated from operations before adjusting items | 9 | **11,374** | 9,203 | 17,290 |
| Cash flows for adjusting items – operating activities | | **(31)** | (302) | (339) |
| Cash flows from tax on share based payments | | **(4)** | (5) | 9 |
| **Cash generated from operations** | | **11,339** | 8,896 | 16,960 |
| Interest paid | | **(302)** | (763) | (1,196) |
| Tax paid | | **(1,805)** | (1,169) | (2,697) |
| **Net cash generated from operating activities** | | **9,232** | 6,964 | 13,067 |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Disposal of a subsidiary | | **21,875** | 400 | 400 |
| Disposal of business operations | | — | — | 4,144 |
| Deferred consideration received | | **125** | — | 250 |
| Cash flows for adjusting items – investing activities | | **(92)** | (43) | (151) |
| Purchase of property, plant and equipment | | **(275)** | (455) | (1,047) |
| Proceeds from disposal of property, plant and equipment | | **3,439** | 7 | 103 |
| Purchase of intangible assets | | **(988)** | (1,422) | (1,969) |
| **Net cash generated from/(used in) investing activities** | | **24,084** | (1,513) | 1,730 |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Dividends paid to owners of the parent | | **(3,399)** | — | (1,829) |
| Payment of lease liabilities | | **(1,095)** | (1,285) | (2,530) |
| Purchase of shares by ESOT | | **(371)** | — | (263) |
| Fees paid relating to new and extended loan facility | | **(5)** | (215) | (191) |
| Increase in bank loans | | — | 1,000 | 2,000 |
| Decrease in bank loans | | **(8,000)** | (18,181) | (29,181) |
| **Net cash used in financing activities** | | **(12,870)** | (18,681) | (31,994) |
| | | | | |
| **Net increase/(decrease) in cash and cash equivalents, net of bank overdrafts** | | **20,446** | (13,230) | (17,197) |
| Cash and cash equivalents, net of bank overdrafts, at beginning of the period | | **3,730** | 21,426 | 21,426 |
| Exchange losses on cash and cash equivalents | | **(16)** | (291) | (499) |
| **Cash and cash equivalents, net of bank overdrafts at end of the period** | | **24,160** | 7,905 | 3,730 |
| | | | | |
| **Reconciliation of net cash/(debt)** | | | | |
| Cash and cash equivalents at beginning of the period | | **7,374** | 21,426 | 21,426 |
| Bank overdrafts at beginning of the period | | **(3,644)** | — | — |
| Bank loans at beginning of the period | | **(20,960)** | (49,082) | (49,082) |
| Lease liabilities at beginning of the period | | **(10,742)** | (13,121) | (13,121) |
| **Net debt at beginning of the period** | | **(27,972)** | (40,777) | (40,777) |
| Net increase/(decrease) in cash and cash equivalents (net of bank overdrafts) | | **20,430** | (13,521) | (17,696) |
| Net repayment in bank loans | | **8,000** | 17,181 | 27,181 |
| Exchange (loss)/gain on bank loans | | **(202)** | 842 | 941 |
| Movement in lease liabilities | | **749** | 1,262 | 2,379 |
| Cash and cash equivalents at end of the period | | **24,160** | 7,905 | 7,374 |
| Bank overdrafts at end of the period | | **—** | — | (3,644) |
| Bank loans at end of the period | | **(13,162)** | (31,059) | (20,960) |
| Lease liabilities at end of the period | | **(9,993)** | (11,859) | (10,742) |
| **Net cash/(debt) at end of the period** | | **1,005** | (35,013) | (27,972) |

The notes on pages 10 to 14 are an integral part of these consolidated financial statements.

# Notes to the Financial Results

**General information**
The Company is a public limited company incorporated and domiciled in the UK. The address of the Company's registered office is 10 Whitechapel High Street, London, E1 8QS.

The Company is listed on the Main Market on the London Stock Exchange. The Company is a provider of data information, training and education to the professional markets.

This condensed consolidated interim financial information ('Interim Information') was approved for issue by the Board of Directors on 18 February 2022.

The Interim Information is neither reviewed nor audited and does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2021 were approved by the Board of Directors on 17 September 2021 and subsequently filed with the Registrar. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

**1. Basis of preparation**
This Interim Information for the six months ended 31 December 2021 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 'Interim Financial Reporting'. The Interim Information should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2021 which have been prepared in accordance with IFRSs applicable to companies reporting under IFRS, adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and international accounting standards in conformity with the requirements of the Companies Act 2006, and are available on the Group's website: wilmingtonplc.com.

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate well within the level of its current banking facilities, further supported by the net cash position. The Directors have therefore adopted a going concern basis in preparing the Interim Information.

**2. Accounting policies**
The accounting policies, significant judgements and key sources of estimation adopted in the preparation of this Interim Report are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 June 2021.

There has been no material impact on the financial statements of adopting new standards or amendments.

Amended standards and interpretations not yet effective are not expected to have a significant impact on the Group's consolidated financial statements.

**3. Principal risks and uncertainties**
The principal risks and uncertainties that affect the Group remain unchanged from those stated on pages 31 to 37 of the strategic report in the Annual Report and Financial Statements for the year ended 30 June 2021.

**4. Measures of profit**
Reconciliation to profit on continuing activities before tax.

To provide shareholders with additional understanding of the trading performance of the Group, adjusted EBITA has been calculated as profit before tax after adding back:

- impairment of goodwill, intangible assets and property, plant and equipment;
- amortisation of intangible assets excluding computer software;
- adjusting items;
- other income – net gain on office consolidation;
- other income – gain on disposal of business operations;
- other income – gain on disposal of subsidiary; and
- net finance costs.

# Notes to the Financial Results

**4. Measures of profit (continued)**

Adjusted profit before tax, adjusted EBITA and adjusted EBITDA reconcile to profit on continuing activities before tax as follows:

| | **Six months ended 31 December 2021 (unaudited) £'000** | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|
| **Profit/(loss) before tax** | **24,588** | 5,496 | (2,025) |
| Impairment of goodwill, intangible assets and property, plant and equipment | **597** | — | 14,834 |
| Amortisation of intangible assets excluding computer software | **1,183** | 1,700 | 3,400 |
| Adjusting items | **(22)** | 580 | 2,970 |
| Other income – net gain on office consolidation | **(758)** | — | — |
| Other income – gain on disposal of business operations | — | — | (3,394) |
| Other income – gain on disposal of a subsidiary | **(16,115)** | (770) | (770) |
| **Adjusted profit before tax** | **9,473** | 7,006 | 15,015 |
| Net finance costs | **551** | 783 | 1,634 |
| **Adjusted operating profit ('adjusted EBITA')** | **10,024** | 7,789 | 16,649 |
| Depreciation of property, plant and equipment included in operating expenses | **1,217** | 1,700 | 3,399 |
| Amortisation of intangible assets - computer software | **784** | 1,064 | 2,416 |
| **Adjusted EBITA before depreciation ('adjusted EBITDA')** | **12,025** | 10,553 | 22,464 |

The net gain on office consolidation included in adjusting items is in respect of the exercise performed to consolidate the Group's office space. Included in this amount is the gain on disposal of two buildings and their associated assets on 31 August 2021.

The following adjusting items have been charged to the Income Statement during the period but are considered to be adjusting so are shown separately:

| | **Six months ended 31 December 2021 (unaudited) £'000** | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|
| Costs relating to the consolidation of office space | — | — | 1,842 |
| (Gain)/expense relating to strategic activities | **(22)** | 580 | 1,128 |
| **Adjusting items** | **(22)** | 580 | 2,970 |
| Impairment of goodwill, intangible assets and property, plant and equipment | **597** | — | 14,834 |
| Amortisation of intangible assets excluding computer software | **1,183** | 1,700 | 3,400 |
| **Total adjusting items (classified in profit before tax)** | **1,758** | 2,280 | 21,204 |

The impairment of goodwill, intangible assets and property, plant and equipment relates to:

| | **Six months ended 31 December 2021 (unaudited) £'000** | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|
| Goodwill | — | — | 9,873 |
| Intangible assets | — | — | 1,516 |
| Property, plant and equipment | **597** | — | 3,445 |
| | **597** | — | 14,834 |

The impairment in the period relates to the impairment of assets associated with an office property, recognised as a result of an exercise performed to consolidate the Group's office space.

# Notes to the Financial Results

## 5. Segmental information

In accordance with IFRS 8 the Group's operating segments are based on the operating results reviewed by the Board, which represents the chief operating decision maker.

The Group's dynamic portfolio provides customers with a range of information, data, training and education solutions. The two divisions (Training & Education and Information & Data) are the Group's segments and generate all of the Group's revenue. The Board considers the business from both a geographic and product perspective. Geographically, management considers the performance of the Group between the UK, Europe (excluding the UK), North America and the Rest of the World.

### (a) Business segments

| | **Six months ended 31 December 2021 (unaudited)** | | Six months ended 31 December 2020 (unaudited) | | Year ended 30 June 2021 (audited) | |
|---|---|---|---|---|---|---|
| | **Revenue £'000** | **Contribution £'000** | Revenue £'000 | Contribution £'000 | Revenue £'000 | Contribution £'000 |
| Training & Education | **29,867** | **7,096** | 27,271 | 5,927 | 56,211 | 12,197 |
| Information & Data | **29,078** | **5,616** | 27,800 | 4,372 | 56,816 | 9,320 |
| Group contribution | **58,945** | **12,712** | 55,071 | 10,299 | 113,027 | 21,517 |
| Unallocated central overheads | — | **(2,152)** | — | (1,981) | — | (4,302) |
| Share based payments | — | **(536)** | — | (529) | — | (566) |
| | **58,945** | **10,024** | 55,071 | 7,789 | 113,027 | 16,649 |
| Impairment of goodwill, intangible assets and property, plant and equipment | | **(597)** | | — | | (14,834) |
| Amortisation of intangible assets excluding computer software | | **(1,183)** | | (1,700) | | (3,400) |
| Adjusting items | | **22** | | (580) | | (2,970) |
| Other income – net gain on office consolidation | | **758** | | — | | — |
| Other income – gain on disposal of business operations | | — | | — | | 3,394 |
| Other income – gain on disposal of a subsidiary | | **16,115** | | 770 | | 770 |
| Net finance costs | | **(551)** | | (783) | | (1,634) |
| **Profit/(loss) before tax** | | **24,588** | | 5,496 | | (2,025) |
| Taxation | | **(1,687)** | | (1,073) | | (2,522) |
| **Profit/(loss) for the financial period** | | **22,901** | | 4,423 | | (4,547) |

There are no intra-segmental revenues which are material for disclosure. Unallocated central overheads represent head office costs that are not specifically allocated to segments. Total assets and liabilities for each reportable segment are not presented, as such information is not provided to the Board.

### (b) Segmental information by geography

The UK is the Group's country of domicile and the Group generates the majority of its revenue from external customers in the UK. The geographical analysis of revenue is on the basis of the country of origin in which the customer is invoiced:

| | **Six months ended 31 December 2021 (unaudited) £'000** | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|
| UK | **30,874** | 30,815 | 61,999 |
| North America | **10,431** | 6,208 | 15,042 |
| Europe (excluding the UK) | **11,922** | 11,444 | 23,304 |
| Rest of the world | **5,718** | 6,604 | 12,682 |
| **Total revenue** | **58,945** | 55,071 | 113,027 |

# Notes to the Financial Results

## 6. Earnings/(loss) per share

Adjusted earnings/(loss) per share has been calculated using adjusted earnings calculated as profit/(loss) after taxation but before:

- impairment of goodwill, intangible assets and property, plant and equipment;
- amortisation of intangible assets excluding computer software;
- adjusting items;
- other income – net gain on office consolidation;
- other income – gain on disposal of business operations; and
- other income – gain on disposal of subsidiary.

The calculation of the basic and diluted earnings per share is based on the following data:

| | **Six months ended 31 December 2021 (unaudited) £'000** | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|
| Earnings/(loss) from continuing operations for the purpose of basic earnings per share | **22,901** | 4,423 | (4,547) |
| Add/(remove): | | | |
| Impairment of goodwill, intangible assets and property, plant and equipment | **597** | — | 14,834 |
| Amortisation of intangible assets excluding computer software | **1,183** | 1,700 | 3,400 |
| Adjusting items | **(22)** | 580 | 2,970 |
| Other income – net gain on office consolidation | **(758)** | — | — |
| Other income – gain on disposal of business operations | **—** | — | (3,394) |
| Other income – gain on disposal of subsidiary | **(16,115)** | (770) | (770) |
| Tax effect of adjustments above | **(253)** | (293) | (558) |
| Adjusted earnings for the purposes of adjusted earnings per share | **7,533** | 5,640 | 11,935 |
| | **Number** | Number | Number |
| Weighted average number of ordinary shares for the purpose of basic and adjusted earnings per share | **87,603,917** | 87,603,917 | 87,603,917 |
| Effect of dilutive potential ordinary shares: | | | |
| Future exercise of share awards and options | **745,931** | 293,090 | 410,301 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | **88,349,848** | 87,897,007 | 88,014,218 |
| Basic earnings/(loss) per share | **26.14p** | 5.05p | (5.18p) |
| Diluted earnings/(loss) per share | **25.92p** | 5.03p | (5.18p) |
| Adjusted basic earnings per share ('adjusted earnings per share') | **8.60p** | 6.44p | 13.62p |
| Adjusted diluted earnings per share | **8.53p** | 6.42p | 13.56p |

## 7. Disposal of subsidiary

On 24 December 2021 the Group disposed of its financial training business, AMT with subsidiary companies in the UK, US and Hong Kong for a consideration of £23.4m. A gain of £16.1m arose on disposal after taking into account £0.4m costs of disposal. As at the disposal date, the net assets of the AMT companies were £6.9m.

## 8. Related party transactions

The Company and its wholly owned subsidiary undertakings offer certain group-wide purchasing facilities to the Company's other subsidiary undertakings whereby the actual costs are recharged.

There were no (H1 FY21: £55,625) transactions with related parties of key management personnel in the period.

# Notes to the Financial Results

## 9. Cash generated from operations

| | **Six months ended 31 December 2021 (unaudited) £'000** | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|
| Profit/(loss) from continuing operations before tax | **24,588** | 5,496 | (2,025) |
| Net gain on office consolidation | **(758)** | — | — |
| Gain on disposal of business operations | — | — | (3,394) |
| Gain on disposal of a subsidiary | **(16,115)** | (770) | (770) |
| Adjusting items | **(22)** | 580 | 2,970 |
| Depreciation of property, plant and equipment | **1,217** | 1,700 | 3,399 |
| Amortisation of intangible assets | **1,967** | 2,764 | 5,816 |
| Impairment of goodwill, intangible assets and property, plant and equipment | **597** | — | 14,834 |
| (Profit)/loss on non-adjusting disposal of property, plant and equipment | **(40)** | 1 | 2 |
| Share based payments (including social security costs) | **536** | 529 | 566 |
| Net finance costs | **551** | 783 | 1,634 |
| **Operating cash flows before movements in working capital** | **12,521** | 11,083 | 23,032 |
| Decrease/(increase) in trade and other receivables | **2,905** | 2,319 | (3,619) |
| Decrease in trade and other payables | **(3,898)** | (4,199) | (2,123) |
| Decrease in provisions | **(154)** | — | — |
| **Cash generated from operations before adjusting items** | **11,374** | 9,203 | 17,290 |

Cash conversion is calculated as a percentage of cash generated by operations to adjusted EBITA as follows:

| | **Six months ended 31 December 2021 (unaudited) £'000** | Six months ended 31 December 2020 (unaudited) £'000 | Year ended 30 June 2021 (audited) £'000 |
|---|---|---|---|
| **Funds from operations before adjusting items:** | | | |
| Adjusted EBITA (note 4) | **10,024** | 7,789 | 16,649 |
| Share based payments (including social security costs) | **536** | 529 | 566 |
| Amortisation of intangible assets – computer software | **784** | 1,064 | 2,416 |
| Depreciation of property, plant and equipment included in operating expenses | **1,217** | 1,700 | 3,399 |
| (Profit)/loss on disposal of property, plant and equipment | **(40)** | 1 | 2 |
| **Operating cash flows before movements in working capital** | **12,521** | 11,083 | 23,032 |
| Net working capital movement | **(1,147)** | (1,880) | (5,742) |
| **Funds from operations before adjusting items** | **11,374** | 9,203 | 17,290 |
| **Cash conversion** | **113%** | 118% | 104% |
| | | | |
| **Free cash flows:** | | | |
| Operating cash flows before movement in working capital | **12,521** | 11,083 | 23,032 |
| Proceeds on disposal of property, plant and equipment | **3,439** | 7 | 103 |
| Net working capital movement | **(1,147)** | (1,880) | (5,742) |
| Interest paid | **(302)** | (763) | (1,196) |
| Payment of lease liabilities | **(1,095)** | (1,285) | (2,530) |
| Tax paid | **(1,805)** | (1,169) | (2,697) |
| Purchase of property, plant and equipment | **(275)** | (455) | (1,047) |
| Purchase of intangible assets | **(988)** | (1,422) | (1,969) |
| **Free cash flows** | **10,348** | 4,116 | 7,954 |