

Wilmington plc

Interim Results 2023/24

19th February 2024



Mark Milner

Chief Executive Officer



Guy Millward

Chief Financial Officer

Safe harbour statement.

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Agenda.

- 1 **Headlines**, Mark Milner
- 2 **Financials**, Guy Millward
- 3 **Operational Review & Outlook**, Mark Milner
- 4 **Q&A**

Headlines

Headlines.

- Continuing¹ and organic revenue 7% growth
- Recurring revenue up 11% to 36% of total (H1 FY23 34%); continuing repeat revenues 73% (H1 FY23 77% – billing timing)
- Continuing adjusted profit before tax² increases 23%
- Robust balance sheet - net cash³ at 31 Dec 23 of £28.0m (31 Dec 22 £22.9m)
- Interim dividend increases 11% to 3.00p
- Significant progress with portfolio management: Astutis bought, MiExact sold, initiated disposal of European Healthcare (two businesses)
- Launch in H2 of single technology platform in T&E
- Current trading in line with expectations

1. Continuing – eliminating the impact of disposals; Organic – Continuing, eliminating acquisitions and exchange rate fluctuations

2. Adjusted results exclude adjusting items, impairment, other income, amortisation of intangible assets (excluding computer software)

3. Excluding lease liabilities

Strategic progress in H1 FY24.

- **Another period of strong sustainable organic growth**
 - In H1 FY23, seven businesses grew, four did not, some due to timing
 - In H1 FY24, nine businesses grew, one flat, and one pivoting to new product set
- **Continued active portfolio management**
 - One acquisition - Astutis
 - One disposal - MiExact
 - Initiated disposal – European Healthcare (HSJ/UK Healthcare and APM)
- **Continued delivery and focus on strategy**
 - Investment in organic development of businesses, infrastructure and acquired business
 - Training & Education technology platform on track for delivery in H2
 - Progress with AI activities
 - Continued progress with ESG initiatives

Financials

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Divisional review – Training & Education.

	6 MONTHS TO 31 DEC 2023 £M	6 MONTHS TO 31 DEC 2022 £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
REVENUE				
Global	13.1	11.8	11%	7%
UK & Ireland	12.7	11.9	8%	8%
North America	5.0	4.9	1%	8%
CONTINUING REVENUE	30.8	28.6	8%	8%
OPERATING PROFIT	6.5	6.2	5%	7%
MARGIN	22%	22%		
TOTAL REVENUE	30.8	28.6	8%	
TOTAL OPERATING PROFIT	6.5	6.2	5%	

- Revenue growth 8%, similar in all lines.
- Repeat revenues 72% of total organic revenue (H1 FY23 – 71%).
- North America driven by growth in delegates.
- Global revenue growth driven by the financial services market in UK.
- UK & Ireland growth driven by Legal sector.
- Organic operating profit increased by 7% driven by organic revenue growth.
- Profit margins remain at 22%. H2 expected to increase on delivery of events in North America.
- Acquisition of Astutis in November 2023, short period included in Global.

Divisional review – Intelligence.

	6 MONTHS TO 31 DEC 2023 £M	6 MONTHS TO 31 DEC 2022 £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
CONTINUING				
REVENUE				
Financial Services	10.6	10.0	5%	4%
OPERATING PROFIT	3.9	3.3	18%	15%
MARGIN	37%	33%		
DISCONTINUED				
REVENUE				
Healthcare	15.2	15.1	1%	
MiExact	2.5	2.3	7%	
Inese	—	1.4	—	
TOTAL REVENUE	28.3	28.8	(2%)	
TOTAL OPERATING PROFIT	6.8	5.8	18%	

- Continuing revenues now focus on Financial Services – growth maintained and improved profit margins.
- Recurring continuing revenue up to 89% of total (H1 FY23 – 85%), repeat revenues 75% of total (H1 FY23 – 83%) due to billing timing.
- MiExact sold in Jan 24.
- Initiated disposal of Healthcare.
- Both disposals coming after restructuring improved profitability.
- Continuing margin 37% (H1 FY23 33%).
- Divisional profitability including disposals achieved 24% margin indicated last year, up from 20% in H1 FY23.

Group income statement.

	6 MONTHS TO 31 DEC 2023 £M	6 MONTHS TO 31 DEC 2022 £M	VARIANCE £ M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
CONTINUING REVENUE	41.4	38.6	2.8	7%	7%
REVENUE	43.9	42.4	1.5	4%	
CONTINUING OPERATING PROFIT	10.4	9.5	0.9	9%	9%
OPERATING PROFIT	10.8	10.2	0.6	6%	
Central overheads	(2.2)	(2.2)	—		
Share-based payments	(0.9)	(0.8)	(0.1)		
ADJUSTED EBITA	7.7	7.2	0.5	6%	11%
Net finance income	0.8	—	0.8		
ADJUSTED PROFIT BEFORE TAX	8.5	7.2	1.3	17%	
Adjusting items ¹	(0.4)	1.6	(2.0)		
PROFIT BEFORE TAX	8.1	8.8	(0.7)		
Taxation	(2.2)	(1.1)	(1.1)		
PROFIT AFTER TAX	5.9	7.7	(1.8)		
PROFIT FROM IFRS 5 DISCONTINUED OPERATIONS	1.2	0.6	0.6		
TOTAL PROFIT AFTER TAX	7.1	8.3	(1.2)		
UNDERLYING TAX RATE	25%	19%			
CONTINUING ADJUSTED BASIC EPS	6.86p	6.10p	0.76p	12%	
DIVIDEND PER SHARE	3.00p	2.70p	0.30p	11%	

- Continuing operating profit growth 9%.
- Continuing adjusted PBT up 23% to £8.1m.
- Continuing adjusted basic EPS up 12% to 6.86p.
- Interim dividend up 11%.

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Group cash flow.

	6 MONTHS TO 31 DEC 2023 £M	6 MONTHS TO 31 DEC 2022 £M	VARIANCE £M
ADJUSTED EBITDA (continuing & discontinued)	11.3	10.6	0.7
Share-based payments	0.9	0.8	0.1
Movement in working capital	(2.9)	(0.5)	(2.4)
CASH INFLOW FROM OPERATIONS	9.3	10.9	(1.6)
Interest received	0.9	—	0.9
Tax paid	(3.6)	(2.5)	(1.1)
Payment of lease liabilities	(0.4)	(0.3)	(0.1)
Net capital proceeds/(expenditure)	0.3	(0.5)	0.8
FREE CASH FLOW BEFORE DIVIDENDS	6.5	7.6	(1.1)
Equity dividends	(6.5)	(5.1)	(1.4)
Issue of new shares/purchase of shares by ESOT	0.8	0.6	0.2
Disposal of subsidiary	—	(0.8)	0.8
Acquisition outflow, net of cash received	(14.8)	—	(14.8)
Adjusting and other items	(0.2)	—	(0.2)
CHANGE IN NET CASH	(14.2)	2.3	(16.5)
Brought forward net cash	42.2	20.5	21.7
FX	—	0.1	(0.1)
CARRIED FORWARD NET CASH pre lease liabilities	28.0	22.9	5.1
Lease liabilities	(5.9)	(9.6)	3.7
CARRIED FORWARD NET CASH	22.1	13.3	8.8

- Strong net cash position of £28.0m excl. lease liabilities despite increase in dividends and purchase of Astutis.
- Cash conversion at 92% (Dec 22 121%) – usual H1 working capital outflow, H2 should be inflow due to subscription billing collection timing.
- Net capital proceeds include £0.8m from building sales and £0.5m on Capex.

Operational Review and Outlook

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Portfolio Management

Wilmington Characteristics.

- A consistent approach to portfolio management since 2020

February 2020

MANAGING OUR PORTFOLIO.
CHARACTERISTICS OF A WILMINGTON BUSINESS

- **Differentiated offering**
 - Market leading position – within top 3
 - Moat developed and defensible with owned IP
 - Strong brand positioning and high value to customers
- **Attractive markets**
 - Macro fit with Wilmington core markets
 - Micro fit with a growing end-user base – our solutions integrated into customer systems
- **Product and revenue model**
 - Attractive economics
 - Repeatable revenues
 - Benefits from, and to, Wilmington
- **Strong leadership**
 - Innovative
 - Sector knowledge

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September 2020

CHARACTERISTICS OF A WILMINGTON BUSINESS.

1. DIFFERENTIATED OFFERING
2. PRODUCT AND REVENUE MODEL
3. ATTRACTIVE MARKETS
4. STRONG LEADERSHIP

Two new introductions in FY21:

- 5. **DIGITAL CAPABILITIES**
 - Delivery platform agnostic
 - Multi-device, UX and UI excellence, scalable, digital back office and front office
- 6. **DATA ENABLED**
 - Proprietary data (IP)
 - Focus on data collection, data measurement and data integration

Data will play an increasing role in the future of Wilmington

- Our internal capabilities are improving
- Our discussions with clients are becoming more data centric
- Data is driving product development
- Our revenue models and pricing are becoming more value based

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September 2023

Wilmington business characteristics:

GRC focus – operating in regulated markets	Attractive markets	Differentiated offering	Strong product and revenue models	Strong leadership	Digital & Data capabilities
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Portfolio Management.

- Primary portfolio management activities FY20 to FY23*

Activity type	Transaction date	Business	Primary target market	Disposal/Acquisition rationale	EV
Closure and disposal	December 2020	Central Law Training	Training for qualified legal professionals.	Market structural shift. Change in customer demand.	£1.6m
Disposal	December 2021	AMT	Financial modelling training for early career investment banking interns and analysts.	Did not meet the Wilmington characteristics. Not GRC. Non-regulated training.	£23.1m
Disposal	April 2022	La Touche	Republic of Ireland training business focussed on CPD and short-form training.	Did not meet the Wilmington characteristics. Weak GRC fit. Sold to management.	£0.2m
Disposal	December 2022	Inese	Spain based media business with Spanish insurance market content, training and events.	Did not meet the Wilmington characteristics. Not GRC.	£2.6m

Portfolio Management. (cont.)

- Primary portfolio management activities FY24 to date*

Activity type	Transaction date	Business	Primary target market	Disposal/Acquisition rationale	EV
Acquisition	November 2023	Astutis	B2B training in health, safety and environmental training.	Meets all the Wilmington characteristics. GRC training.	£21.5m
Disposal	May 2021 & January 2024	MiExact	UK mortality data for use by credit reference, mailing suppression, genealogy, and charity sectors.	Did not meet the Wilmington characteristics. Indirect GRC relationships.	£13.7m
Initiated Disposal	TBD	European Healthcare	Pharmaceuticals, MedTech companies and Hospitals.	Does not meet the Wilmington characteristics. Weak GRC fit.	TBD

Intelligence Division strategic update.

- Disposal of MiExact
- Initiated disposal of European Healthcare companies

MiExact disposal

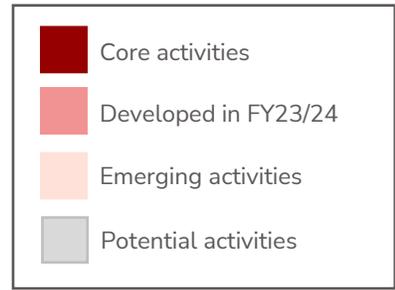
- Did not meet the Wilmington Characteristics
- Off strategy: indirect GRC relationships
- Growth business - identified new market segment opportunities
- Disposal to Foundation Investment Partners, January 2024

Initiated disposal of European Healthcare

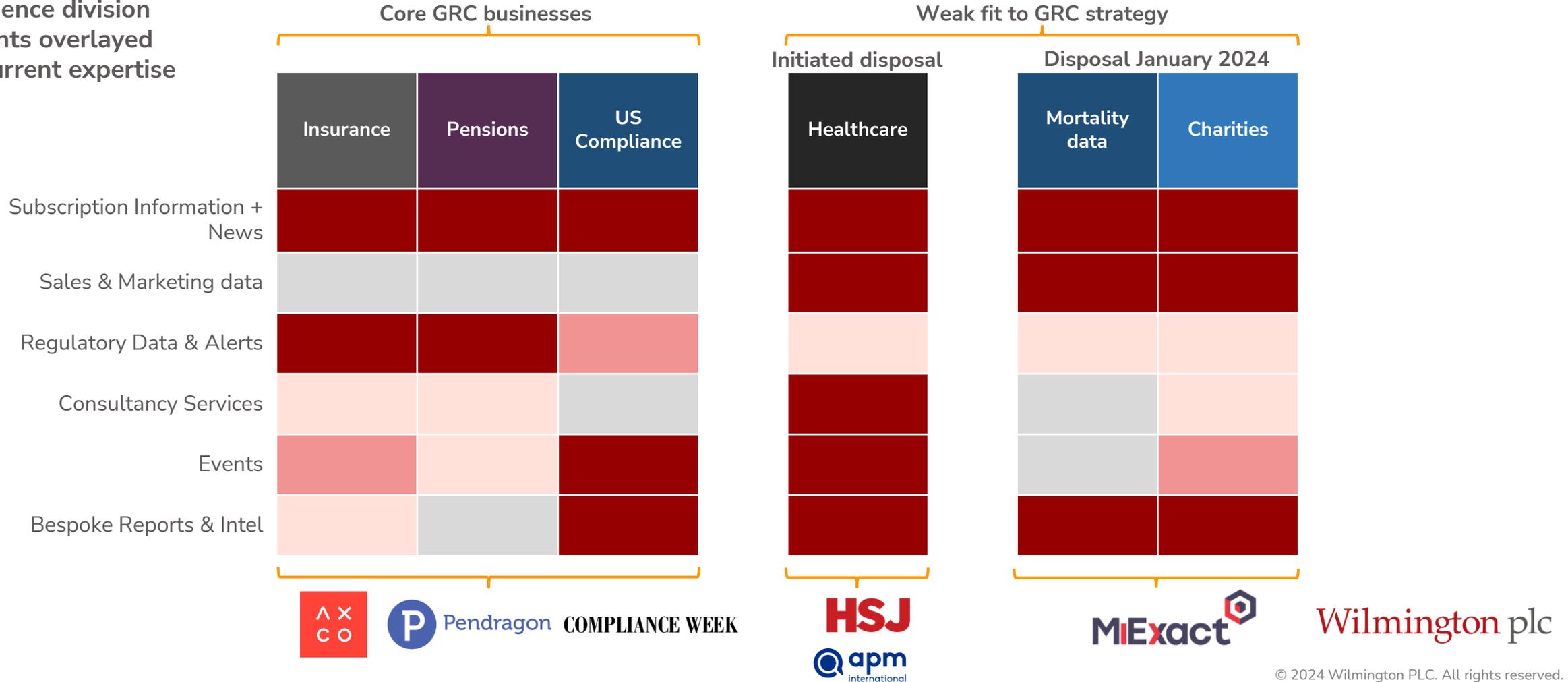
- Does not meet the Wilmington Characteristics
- Off strategy: weak GRC fit
- Restructured, including consolidation of products and new growth prospects identified
- Consistent subscription growth in HSJ and APM
- Held for sale and discontinued in P&L

Intelligence Division strategic map.

- Axco, Pendragon and Compliance Week are core GRC focussed businesses
 - In FY23/24 strengthened core offering delivering continued organic growth



Intelligence division segments overlaid with current expertise

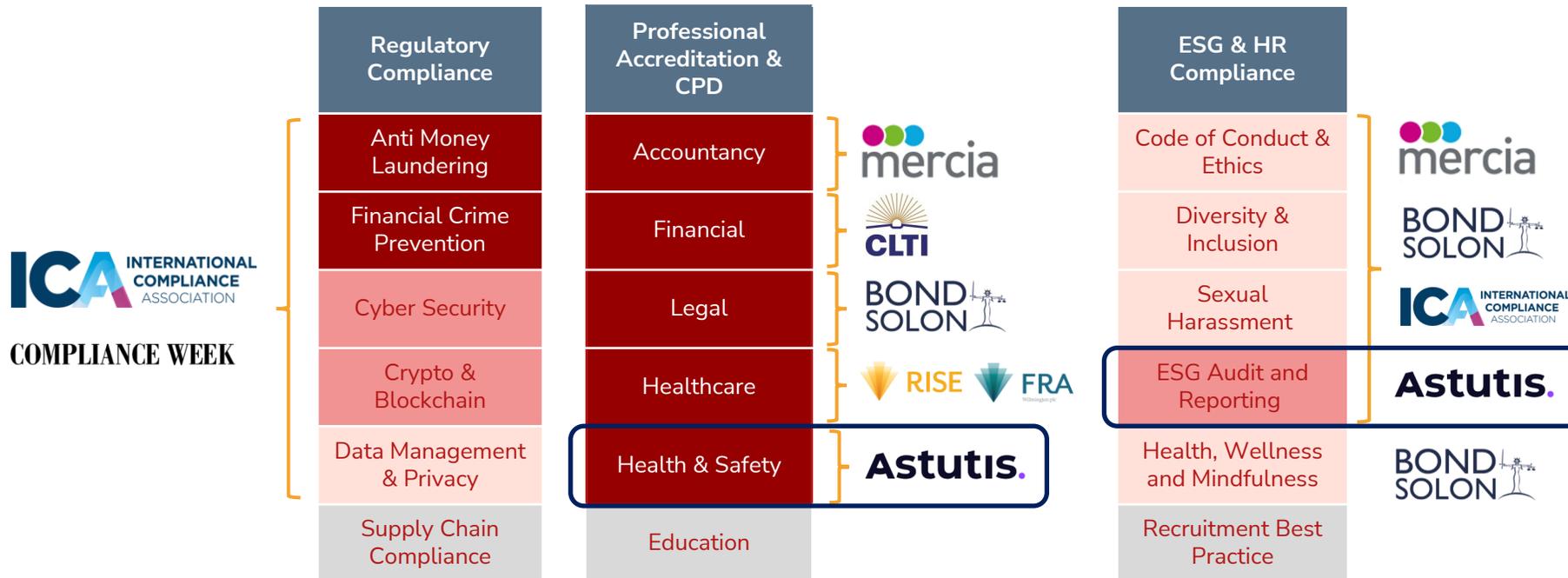


Expanding GRC Training & Education.

- Continued development of core and emerging sectors delivering continued organic growth
 - e.g. Mercia ESG activities: FY24 H1 sales higher than full year FY23 sales
 - ESG conference & ESG management training due to launch in H2, and ESG Assurance Manual in FY25
- H1 FY24 – acquisition of Astutis to expand reach into the Health, Safety and Environmental sectors

	Core activities
	Developed in FY23/24
	Emerging activities
	Potential activities

GRC Training & Education segments overlayed with current expertise



Astutis highlights.

- The UK's leading B2B independent health, safety and environmental (HSE) training provider, with a strong international presence and a tech-enabled platform to deliver online and virtual training solutions.

Company profile



Founded in 2011
Cardiff, Wales



54 staff



100+ Training
Courses



3,000+ Clients
Since Inception



100,000
Qualified
Learners Since
Inception



58,000 Online
Learners Since
Inception



Learners in 130
Countries Across
the Globe

Learner and client profile



250+ New
Learners
Enrolled Each
Week



6 Year Average
Length of
Existing Client
Relationship
(Top 50
Customers YTD)



81% Learner
Pass Rate*



4.7 / 5.0
Average Feefo
Rating



Virtual – tutor
directed
46%



E-learning – non
tutor directed
33%



In-person fully
tutor directed
21%

Corporate clients.

- Astutis' client base is wide and varied because of the requirement for cross-sector conformance to HS&E compliance
- Targets large multi-national corporates who invest in quality training delivered in a variety of ways to fulfil their global objectives.
- Client examples:



Astutis - key characteristics.

- Meets all the Wilmington characteristics

1	2	3	4	5	6
<p>UK companies legally required to formally define HSE policies</p> <p>UK legislation and best practice clearly indicate that HSE training is required and that employees will be 'competent'</p> <p>Corporates are increasingly adopting HSE qualifications as standard way to evidence their compliance</p>	<p>Market expansion driven by demand for recognised certification, and adoption of UK standards internationally</p> <p>Training growth is structural; ongoing professionalisation of practices surrounding HSE by large corporates, with others following</p> <p>Optional qualifications increasingly seen as a standard way to evidence compliance</p>	<p>Ability to deliver high-level qualifications, which outperforms the market, is evidence of its superior training capabilities</p> <p>Increased credibility with senior HSE decision makers at large clients</p> <p>Ability to deliver training across multiple modes of learning allows it to be flexible in meeting client needs</p> <p>Often wins new clients through recommendation - strong track record of high-quality teaching, service and content</p>	<p>Highly diversified customer base:</p> <ul style="list-style-type: none"> • Top 10 customers only represent 21% of revenues • Largest market sector accounts for 17% of revenues - no reliance on shift in appetite from any individual market <p>Growth momentum:</p> <ul style="list-style-type: none"> • FY23 revenue growth of 25% and operating margin of 27% <p>Extensive product catalogue with a strong pipeline of opportunities, both UK and International</p>	<p>Founding MD and sector Technical Director remaining with the business and seen as leaders in the HS&E training sector:</p> <ul style="list-style-type: none"> • MD – 25 years' experience in HS&E training market. Formerly Sales & Marketing Director at previous market leader • Technical (sector) Director – Chartered Safety Practitioner and Chartered Environmental Health Practitioner, with 30 years' experience in HS&E <p>Remaining senior management continuing with the business</p>	<p>Digital first mentality</p> <p>Delivery mechanic agnostic:</p> <ul style="list-style-type: none"> • 33% of training delivered through e-learning • 46% through virtual training • Just 21% through face to face <p>Scalable, robust current technology platform, but will transition to Wilmington's Digital Learning Platform</p>

Operational Progress

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Technology update.

The strategic priority for FY24 remains creating single platforms, providing:

- Common technology for all businesses
- Delivering consistent end user, client and customer experience
- Delivering operational efficiency
- Simplifying new product development
- Facilitating future acquisitions

H1 FY24 updates

Digital Learning Platform

- **v1.0** platform continues to be rolled out to customers
- **v2.0** is launching with a suite of new applications: seamless purchase, product access, customer self-service and new websites

The new platform is on track for implementation by end of FY24

Data Connect

- Evolving incorporating AI for automated document scanning, segmentation and keyword extraction
 - Data Connect underpins our AI initiatives and provides a common data platform across the Group
-

Artificial Intelligence (AI)

- Following the AI Opportunity and Risk assessment exercise, AI remains a focus of development effort with several opportunities and risks selected for development - see Appendix.

Responsible Business.

- Continuing to deliver on our commitment to colleagues and customers
- Executive accountability and operational leadership

	Cultural positivity 	Customer empowerment 	Proactive assurance 	Environmental responsibility 
Objective	Create an inclusive workplace that supports, empowers, develops, and fairly rewards all our people.	Deliver products that are accessible, high value, up to date and move with industry trends.	Uphold high standards related to digital protection, regulatory requirements, ethics, and production.	Reduce environmental impact by minimising carbon footprint and committing to responsible procurement.
FY2024 H1 progress	Discovery and definition of the Wilmington Values. Annual employee engagement survey shows yoy increases in: <ul style="list-style-type: none"> • Engagement: 7.4 to 7.7 out of 10 • D&I: 7.8 to 8.2 out of 10 • Health & Wellbeing: 7.4 to 7.9 out of 10 	Commenced digital accessibility scanning of websites, products, and associated collateral, targeting WCAG 2.1 AA standards.	Testing on internal and external digital products has increased from annual to quarterly. Compliance Hub lunched to maintain the highest internal compliance standards.	Carbon offsetting put to employee vote, building internal engagement. Carbon neutrality confirmed through external assessment.
FY2024 H2	Launch employee engagement “Commitments” with actions focused on: aligning our mission with sustainability goals, career development, diversity recruitment, and wellbeing.	Increased WCAG 2.1 AA compliance through groupwide taskforce.	Differentiate compliance approach for employees, contractors, and suppliers, focussing on a pragmatic approach.	Improve quality of carbon emission data from supply chain, delivering against our carbon reduction plan.



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Current trading and outlook.

- Sustainable revenue and profitable growth with recurring revenues increasing
- Interim dividend up 11%
- Portfolio management has increased focus on GRC
- Acquisition of Astutis strengthens and expands GRC opportunities
- Technology roadmap on time and scheduled for delivery in H2
- AI solutions in testing for deployment in H2
- Current trading is in line with expectations

Q&A

Appendix

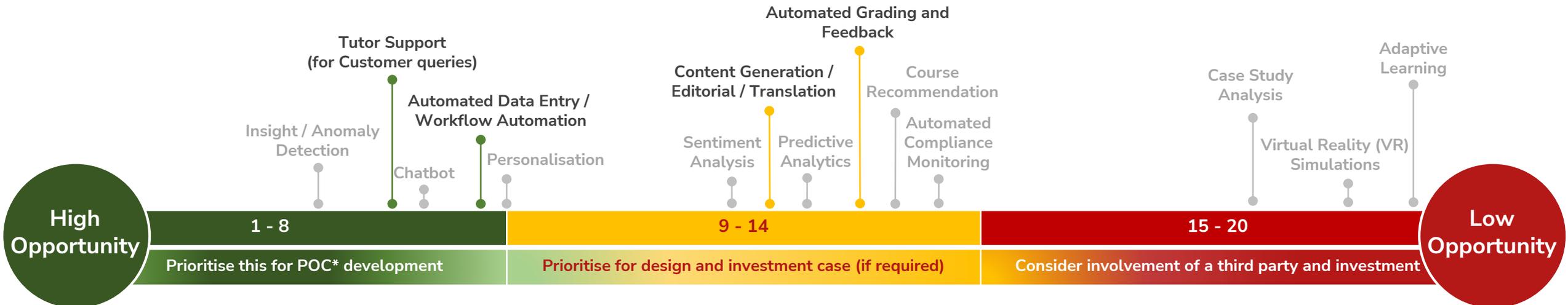
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AI Opportunities.

Opportunities areas of focus

- Risk mitigation through active development of AI enhancements (mitigating Competitor innovation and Customer demand)
- Selected initiatives:
 - AI Tutor Support Product – entering testing phase: March 2024
 - Automated Data capture and segmentation - in process for Regulatory Alerts: release H2
 - Content Generation and Translation - via internal Wilmington AI Tool Kit: release H2
 - Automated Grading and Feedback – entering testing phase: March 2024



Opportunities scaling

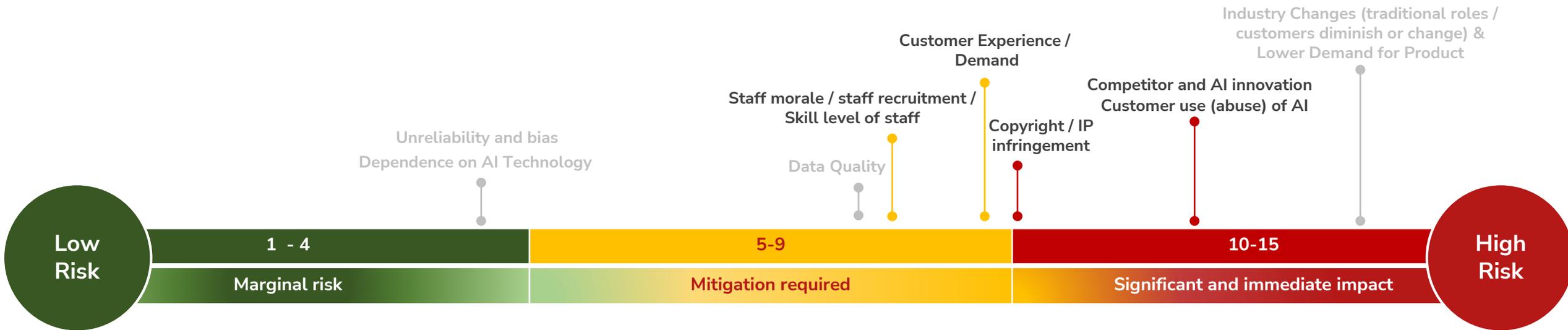
Scores reflect:

- Complexity
- Time to value
- Cost
- Benefit hypothesis

AI Risks.

Risks areas of focus

- The Wilmington AI Tool Kit has been launched. This tool kit allows colleagues to use AI productivity tools without Wilmington IP going back into the public AI model
- Acceptable use policies have been updated and several “AI master classes” have been carried out within the Group
- Innovative deployment of AI ensures products remain ahead of the competition



Risks scaling

Scores reflect:

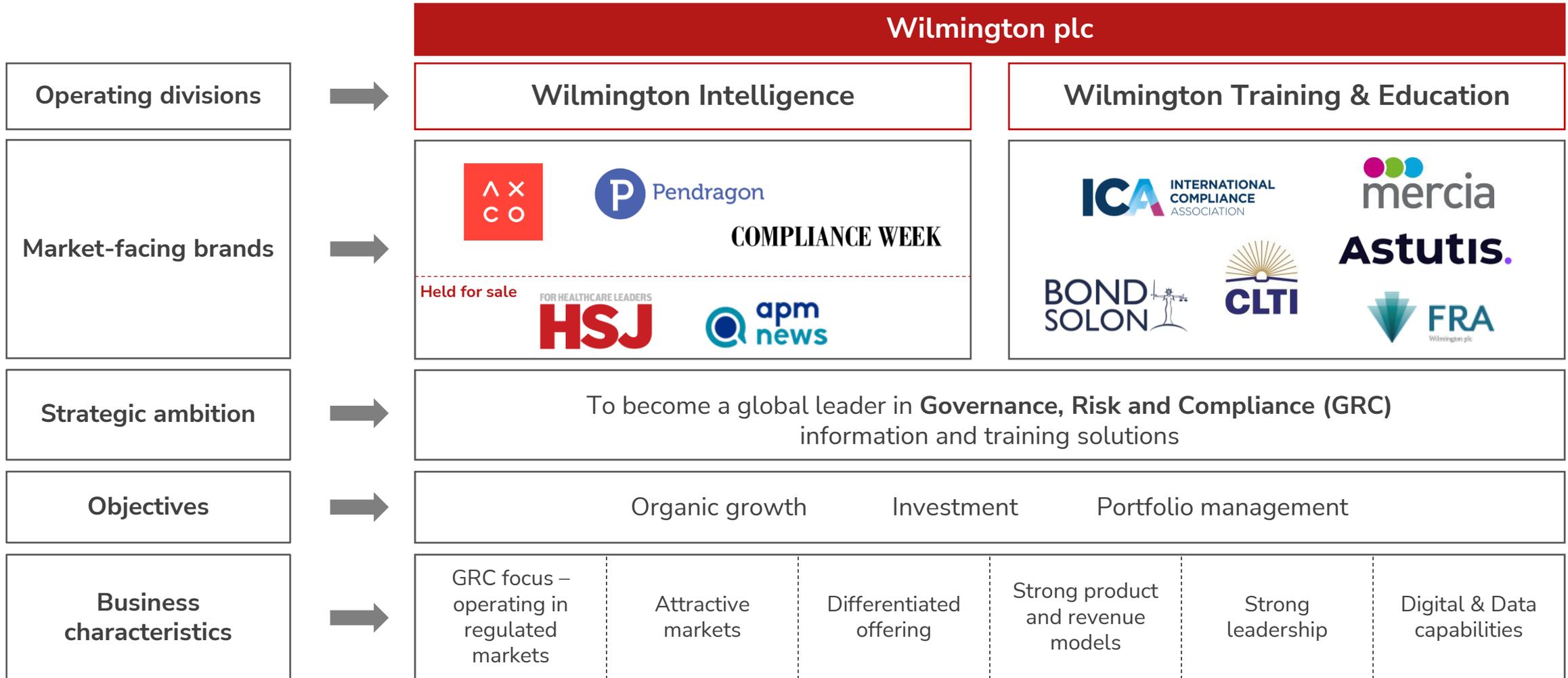
- Likelihood
- Impact
- Existing mitigation

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Portfolio Management. (updated Feb 2024)



2023: GRC Sector trends.

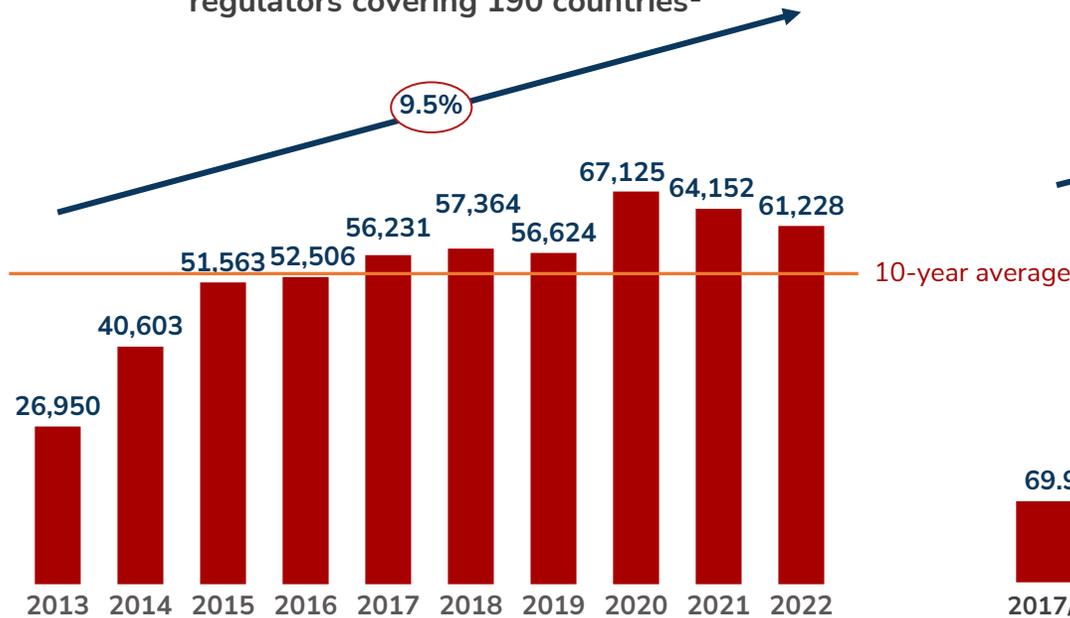
GRC market outlook indicates growing volumes of regulation, increased complexity of regulation, costs associated with fines, difficulty finding qualified staff and increase in the demand for regulatory data

Market drivers	Commentary	Outlook	Importance for W.I	Importance for T&E
Volume of regulation	<ul style="list-style-type: none"> Volume of global regulatory updates continues at high levels 	↗		
Complexity of regulation	<ul style="list-style-type: none"> Regulation becoming more complex due to volatile geopolitical environment, economic instability, banking challenges, sustainability issues and the emergence of crypto-assets and other innovative technologies 	↗		
Cost of non-compliance	<ul style="list-style-type: none"> Continuing high levels of fines demonstrate the cost of non-compliance 	↗		
Skilled labour shortages	<ul style="list-style-type: none"> Greater need to invest in talent to address challenges associated with skilled labour shortages 	↗		
Demand for real-time regulatory data	<ul style="list-style-type: none"> Increase in value of up-to-date, authoritative and actionable information to manage growing regulatory volumes, complexity and skilled labour shortages 	↗		

2023: Growing regulatory volumes and fines.

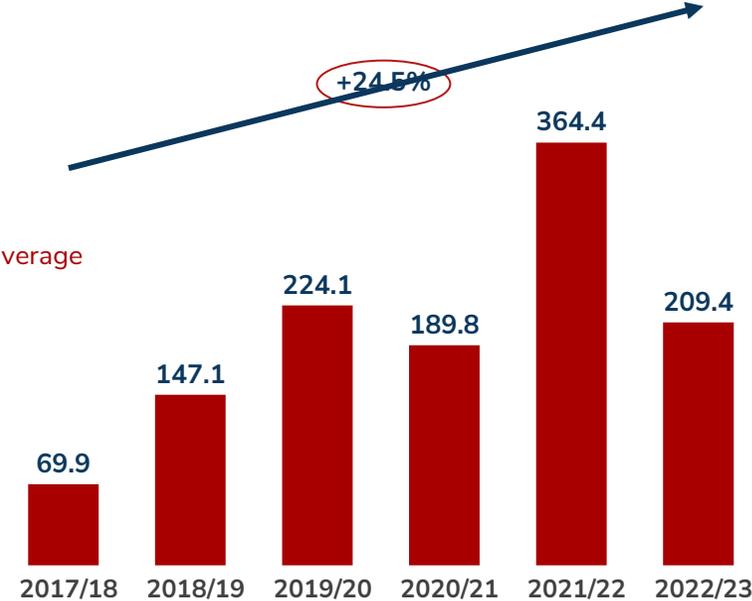
- Core markets driven by regulators undertaking more frequent consultations, leading to increase in legislated regulatory change and high levels of regulatory update volume
- Total value of financial penalties levied by UK's FCA on companies continues at significant rates, growing from c.£70m in 2017/18 to c.£209m in 2022/23

Volume of regulatory information published by the largest 1,374 regulators covering 190 countries¹



Source: Thomson Reuters Regulatory Intelligence, FCA

FCA total value of financial penalties levied on companies
£m



Source: Financial Conduct Authority

- On 13 December 2021, NatWest was fined £264.8m by FCA for anti-money laundering AML breaches. Largest ever fine imposed for AML by the FCA.

Examples of regulatory developments.

- Since 2021 significant regulatory developments have increased the workload and variety of regulation that compliance and risk officers have to manage.
- Volatility in financial markets, vulnerable customers, invasion of Ukraine and need to deal with the aftermath of global pandemic have driven further regulatory activity

Regulatory areas	Global	 		RoW
Cryptocurrency	<ul style="list-style-type: none"> • G7 published 13 guidelines for central bank digital currencies • FSB published guidelines on regulation and oversight of global stablecoins 	<ul style="list-style-type: none"> • FCA regulated KYC and AML and for crypto-assets • FCA, HM Treasury and BoE created UK Crypto-assets taskforce 	<ul style="list-style-type: none"> • White House issued executive order to co-ordinate regulation for crypto-assets between SEC, Treasury and Federal Reserve 	<ul style="list-style-type: none"> • Payment Services Act 2019 regulated crypto-assets and exchanges via MAS • Australian Transaction Reports & Analysis Centre introduced AML regulation for crypto-assets
Digital transformation	<ul style="list-style-type: none"> • IMF issued guidelines on regulating BigTech in financial services • IOSCO published guidance for asset managers using AI 	<ul style="list-style-type: none"> • UK government published Khalifa report on UK FinTech • EBA published guidelines on use of RegTech in EU 	<ul style="list-style-type: none"> • California Privacy Rights and Enforcement Act passed • CFPB issued notice on intention to further regulate FinTech 	<ul style="list-style-type: none"> • Peoples Bank of China and China Banking and Insurance Regulatory Commission issued rules on provision of online microlending
ESG	<ul style="list-style-type: none"> • FSB created Task Force on Climate Related Financial Disclosures. • IOSCO published report on sustainability disclosures 	<ul style="list-style-type: none"> • Sustainable Finance Disclosure Regulation took effect • EU Non-Financial Reporting Directive mandated listed EU companies to disclose ESG 	<ul style="list-style-type: none"> • SEC formed ESG task force • Federal Reserve started publishing ESG risks 	<ul style="list-style-type: none"> • Tokyo Stock Exchange published requirements for ESG disclosure • Green Finance Industry Taskforce under MAS of Singapore is launched • Australia required ESG reporting for all listed companies
Sanctions	<ul style="list-style-type: none"> • UN released sanctions concerning invasion of Ukraine 	<ul style="list-style-type: none"> • UK&EU Russia sanctions • Iran sanctions concerning parts for drones 	<ul style="list-style-type: none"> • White House issued Executive Order concerning Russia sanctions 	<ul style="list-style-type: none"> • Russia sanctions implemented by Australia, Singapore and Japan

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Thank you
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