

Wilmington plc

Annual Results 2022/23

25th September 2023



Mark Milner
Chief Executive Officer



Guy Millward
Chief Financial Officer

Safe harbour statement.

This presentation and the subsequent question and answer session may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. There are risk factors that could cause results to differ materially from those expressed or implied by such statements.

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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 revenue growth 9%. Organic revenue growth 7%, driven by Training & Education
- Recurring revenue up 7% to 39% of total; repeat revenues now 85%
- Continuing adjusted profit before tax² increases 30%
- Robust balance sheet - net cash³ at 30 June 23 of £42.2m
- Total dividend increased 22% to 10.00p (final dividend 7.30p)
- Significant progress made in establishing single technology platforms for both divisions
- Current trading in line with expectations

1. Continuing – eliminating the impact of disposals; Organic – Continuing eliminating the effects of exchange rate fluctuations

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

3. Excluding lease liabilities



Financials

Revenue analysis.

	12 MONTHS TO 30 JUNE 2023 £M	12 MONTHS TO 30 JUNE 2022 £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
TRAINING & EDUCATION				
Global	24.5	23.2	6%	4%
UK & Ireland	24.7	22.1	12%	12%
North America	15.7	11.0	43%	31%
CONTINUING REVENUE	64.9	56.3	15%	12%
TOTAL REVENUE	64.9	61.4	6%	
INTELLIGENCE				
Financial Services	21.7	19.8	9%	5%
Healthcare	30.5	30.8	(1%)	(1%)
MiExact	5.0	5.0	1%	1%
CONTINUING REVENUE	57.2	55.6	3%	1%
TOTAL REVENUE	58.6	59.6	(2%)	
CONTINUING GROUP REVENUE	122.1	111.9	9%	7%
TOTAL GROUP REVENUE	123.5	121.0	2%	

- Recurring revenue growth 7%, repeatable revenue at 85% of total
- Subscription revenues rose to 67% of Intelligence revenue, particularly strong in Financial Services
- Training & Education organic revenue growth of 12% with strong performance in North America events and good growth in all UK training
- Intelligence organic revenue increase 1% - slow H1 for UK Healthcare & MiExact, better H2.

Group income statement.

	12 MONTHS TO 30 JUNE 2023 £M	12 MONTHS TO 30 JUNE 2022 £M	VARIANCE £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
CONTINUING REVENUE	122.1	111.9	10.2	9%	7%
REVENUE	123.5	121.0	2.5	2%	
CONTINUING OPERATING PROFIT	29.1	25.3	3.8	15%	13%
OPERATING PROFIT	29.4	27.4	2.0	7%	
Training & Education	16.1	16.0	0.1	0%	8%
Intelligence	13.3	11.4	1.9	17%	20%
Central overheads	(3.8)	(4.6)	0.8		
Share-based payments	(1.5)	(1.2)	(0.3)		
ADJUSTED EBITA	24.1	21.6	2.5	12%	
Net finance costs	0.2	(0.9)	1.1		
ADJUSTED PROFIT BEFORE TAX	24.3	20.7	3.6	18%	13%
Adjusting items ¹	(0.3)	15.4	(15.7)		
PROFIT BEFORE TAX	24.0	36.1	(12.1)		
Taxation	(3.8)	(3.3)	(0.5)		
PROFIT AFTER TAX	20.2	32.8	(12.6)		
UNDERLYING TAX RATE	22%	21%			
CONTINUING ADJUSTED BASIC EPS	21.27p	16.72p	4.55p	27%	
DIVIDEND PER SHARE	10.00p	8.20p	1.80p	22%	

- Continuing operating profit growth 15% excl disposals, organic operating profit up 13%
- Intelligence operating margin up to over 23%, T&E steady at 25%
- Adj PBT of £24.3m includes £0.2m of profits from businesses sold or closed. Excl this, Adj PBT of £24.1m was up 30%
- £2.2m gain on sale of Inese business
- Continuing adjusted basic EPS up 27% to 21.27p
- Final dividend up 22%, 2.1x cover

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1. Adjusting items gain/(expense): gain on disposal of subsidiary £2.2m, amortisation excluding computer software (£2.4m) and M&A expenses (£0.1m)

Group cash flow.

	12 MONTHS TO 30 JUNE 2023 £M	12 MONTHS TO 30 JUNE 2022 £M	VARIANCE £M
ADJUSTED EBITDA	28.1	27.7	0.4
Share-based payments	1.5	1.2	0.3
Movement in working capital	3.6	(4.3)	7.9
CASH INFLOW FROM OPERATIONS	33.2	24.6	8.6
Interest received/(paid)	0.3	(0.5)	0.8
Tax paid	(3.3)	(3.4)	0.1
Payment of lease liabilities	(2.1)	(3.8)	1.7
Net capital (expenditure)/proceeds	(1.0)	1.8	(2.8)
FREE CASH FLOW BEFORE DIVIDENDS	27.1	18.7	8.4
Equity dividends	(7.5)	(5.5)	(2.0)
Issue of new shares/purchase of shares by ESOT	0.6	(0.4)	1.0
Disposal of subsidiary/business operations	1.5	22.8	(21.3)
Deferred consideration	0.3	0.3	-
Adjusting and other items	(0.3)	1.3	(1.6)
CHANGE IN NET CASH	21.7	37.2	(15.5)
Brought forward net cash/(debt)	20.5	(17.2)	37.7
FX	-	(0.2)	0.2
Cash in disposal group held for sale	-	0.7	(0.7)
CARRIED FORWARD NET CASH pre lease liabilities	42.2	20.5	21.7
Lease liabilities	(7.2)	(7.5)	0.3
CARRIED FORWARD NET CASH	35.0	13.0	22

- Cash conversion at 138% (2022: 114%)
- Working capital inflow is timing only
- Capex reduced due to lower upfront costs of technology. Prior year is net of building sale proceeds
- Strong net cash position of £42.2m excl lease liabilities despite the increase in dividends paid
- Bank facility cancelled post year end due to continually strengthening cash position

Operational Review And Outlook



Repositioning, Market and Opportunities

2019-22: Repositioned for Organic Growth.

Structured, strategic steps:

- **2019: Drive growth through operational excellence levers**
 - Investment in people, academies in sales & product, increasing capabilities in marketing, improving data and technology
- **2020: Covid impacted**
 - Acceleration to 'Digital First'; characteristics of Wilmington businesses; active portfolio management
- **2021: Pivot to GRC**
 - Restructured to two divisions; defined our purpose as 'Helping our Customers to do the Right Business in the Right Way'
- **2022: Investment for growth**
 - Single technology platforms; future product and sector opportunities; active portfolio management

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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2023: Continued Sustainable Organic Growth.

- Delivered organic revenue and profit growth quarter-on-quarter for two years
- Operational efficiency led to margin improvement in Intelligence; will continue
- Reinvestment in Training & Education realises future growth opportunities; will continue
- Delivered improved people plans covering talent development, wellbeing, reward, engagement and talent acquisition
- Portfolio management continues to play a major role in our plans
- Technology improvements will have a significant impact on FY25 operations
- GRC focus opens up opportunities in existing and new markets

2023: GRC Sector trends.

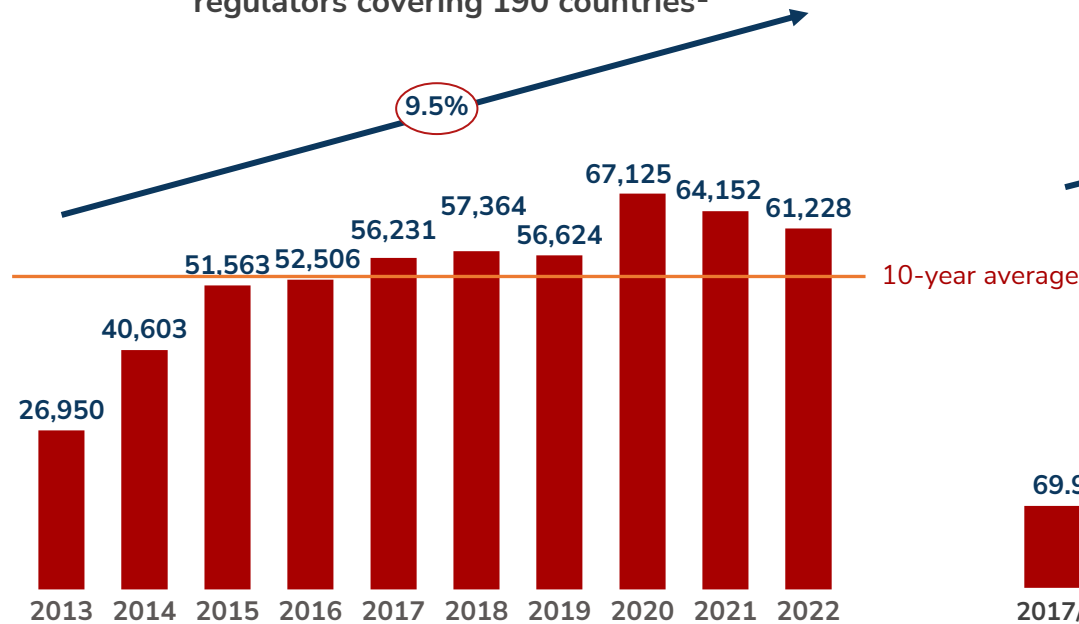
GRC market outlook indicates growing volumes of regulation, increased complexity of regulation, costs associated with fines, difficulty finding qualified staff and increase in the demand for regulatory data

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.

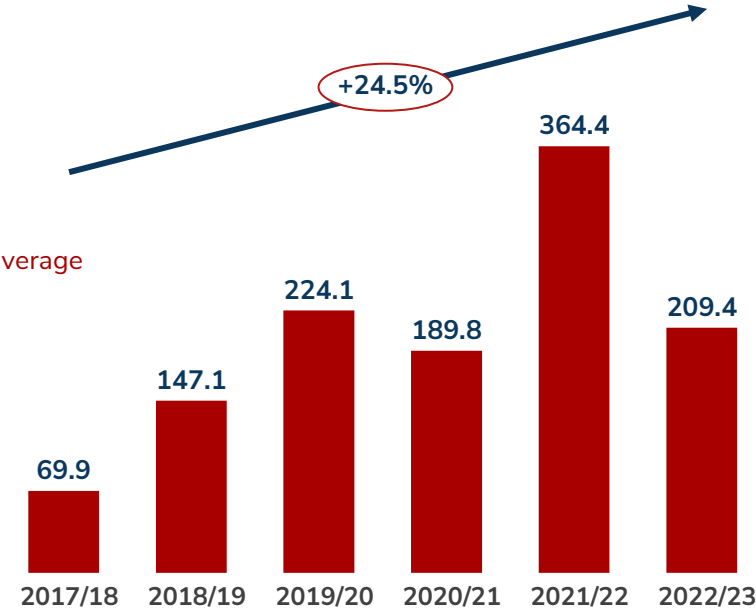
- Core markets driven by regulators undertaking more frequent consultations, leading to increase in legislated regulatory change and high levels of regulatory update volume
- Total value of financial penalties levied by UK's FCA on companies continues at significant rates, growing from c.£70m in 2017/18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

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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

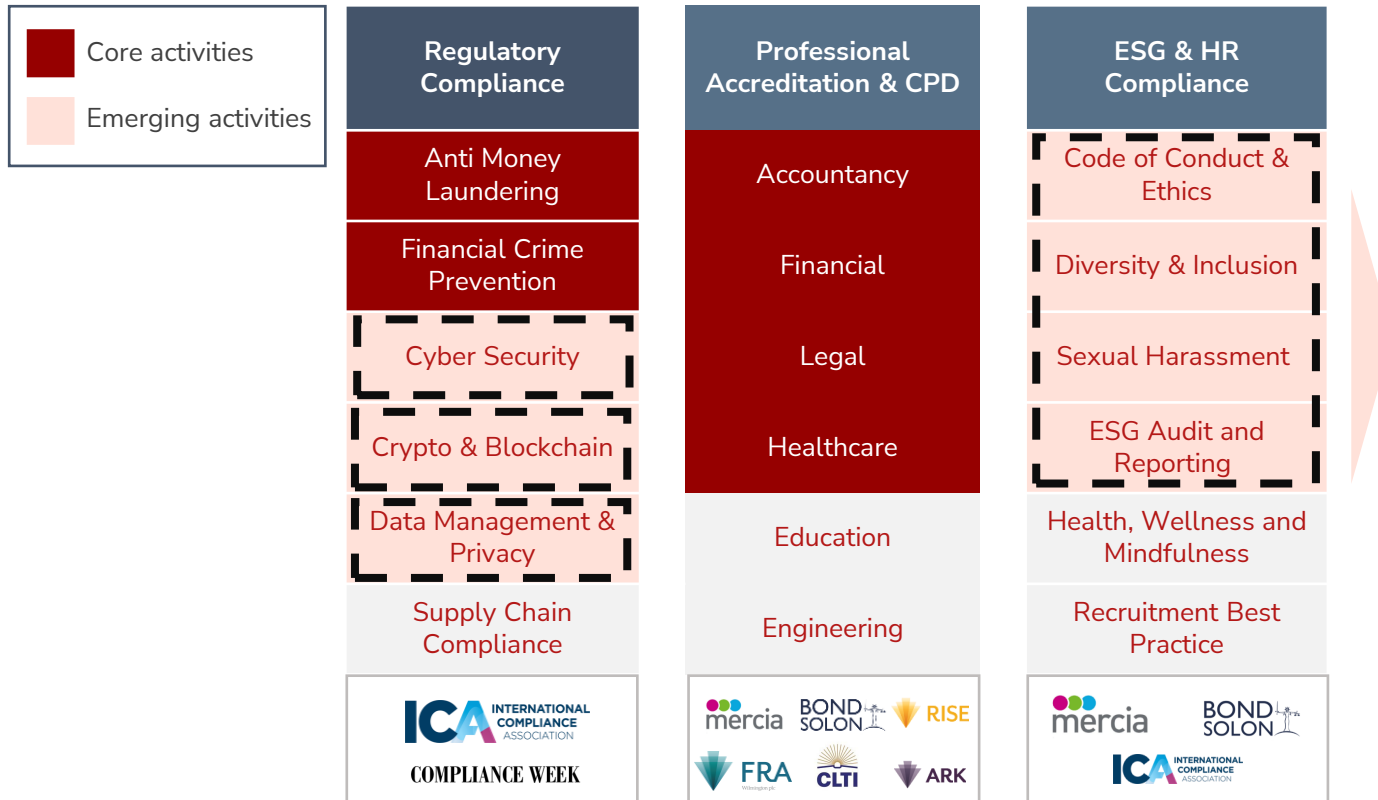
**Helping our customers
to do the Right Business
in the Right Way**

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Delivering on Our Vision: T&E.

- FY22 - identified that core areas of growth
- FY23 - delivered new services in all emerging activity segments

GRC Training & Education segments overlaid with current expertise



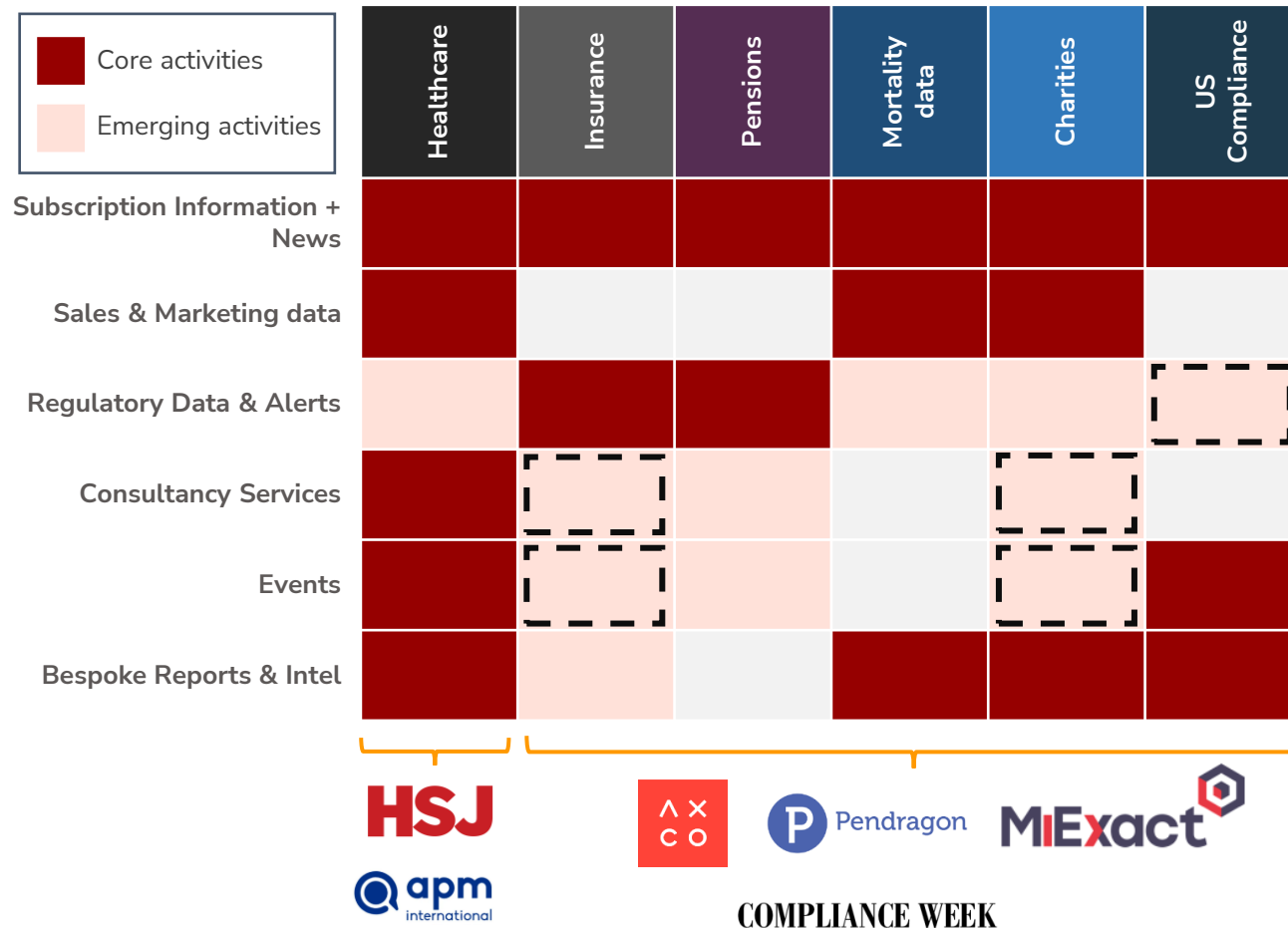
FY23 new activity progress

- Three new Cyber Security qualifications through a reseller partnership
- Specialist Certificate in FinCrime Risk & Crypto
- Data Management & Privacy Masterclass
- Mercia/ICA ESG training modules
- Development of ESG manual and general practice manuals updated with ethics requirements
- International Standard on Quality Management product (IQSM)

Delivering on Our Vision: Intelligence.

- FY22 - highlighted key areas of expansion
- FY23 - strengthened core offering, delivered new consultancy, events and regulatory alert capabilities

GRC Intelligence segments overlaid with current expertise



FY23 new activity progress

- US Compliance RegTech alerts platform
- Consultancy capability created within Insurance and Charities
- Launched Axco Global Insurance Conference & Global Insurance Awards
- Launched Smee & Ford Legacy Giving Awards

Technology and AI

Technology Acceleration.

- New leadership to accelerate transformation of Group's technology capabilities and delivery
- The #1 strategic priority is to create single platforms, providing:
 - A common technology for all businesses
 - Delivering consistent end user, client and customer experience
 - Delivering operational efficiency
 - Simplifying new product development
 - Facilitating future acquisitions
- **v1.0** platform in T&E has been well received by customers. Data Connect is widely used across the Intelligence Division and helping improve the use of our data and new product development.
- **v2.0** is building on success, introducing and interconnecting a number of new technology applications, namely:
 - Renewed and reinvigorated client facing websites
 - An e-commerce platform
 - Training Management System
 - A Content Management System
 - An Assessment system

On track to implement new platform by end of FY24 with phased delivery of various components during intervening period

Artificial Intelligence (AI).

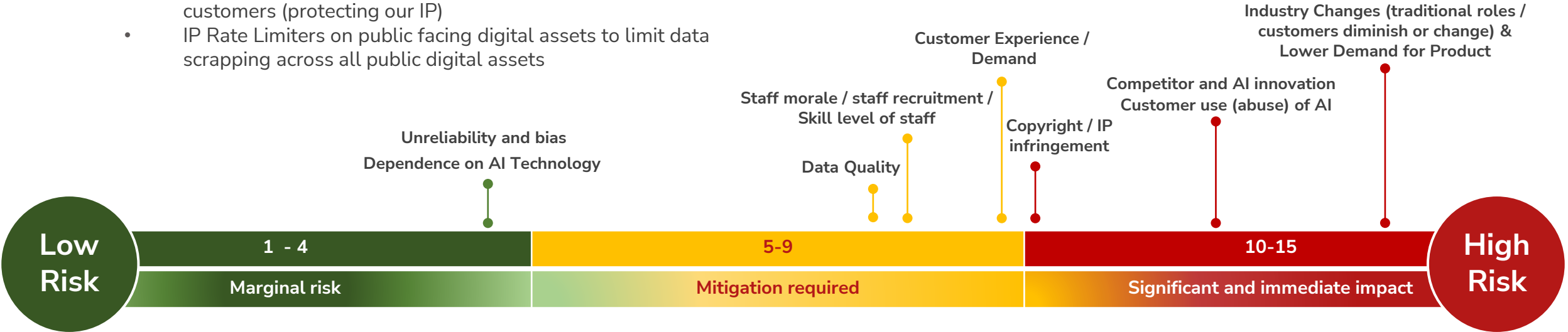
Risks assessment

- Ensuring data privacy and security of copyrighted material
- Essential to implement robust safeguards and mechanisms to protect intellectual property

Information Security Risk (being scrapped /use of AI by customers and staff)

- Acceptable Use Policy for AI tools for Group staff and customers (protecting our IP)
- IP Rate Limiters on public facing digital assets to limit data scrapping across all public digital assets

Competitor Innovation (outpaced in the marketplace)



Risks scaling

- Scores reflect:
- Likelihood
 - Impact
 - Existing mitigation

Artificial Intelligence (AI).

Opportunities assessment

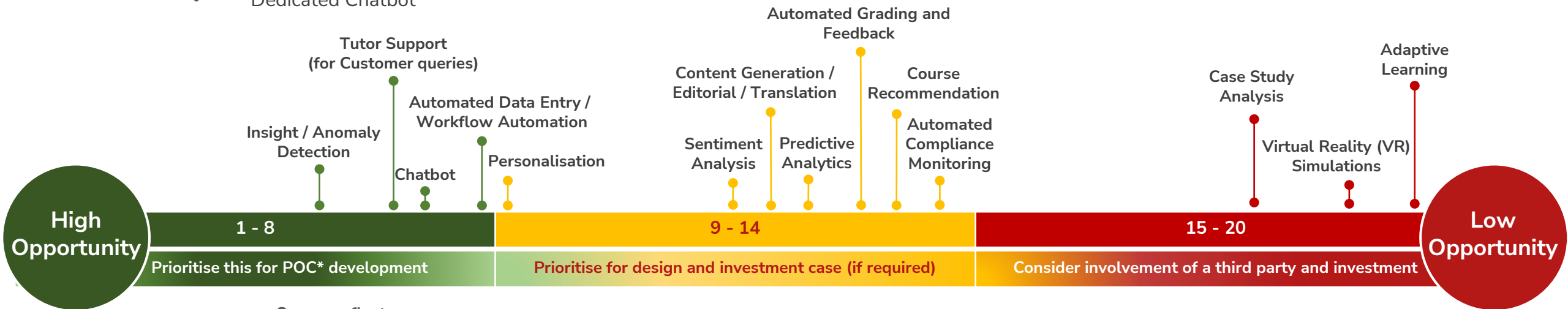
- AI offers significant opportunities to enhance business efficiencies and improve products
- Help deliver more tailored, efficient and innovative products meeting the evolving needs of customers

Product Enhancements (benefit to customers)

- Develop AI services for product enhancement
 - Course Recommendation
 - Automated Grading and Feedback
 - Translation Service
 - Dedicated Chatbot

Productivity Enhancements (benefit to staff)

- Internal AI services to enhance productivity
 - PDF and File AI Summary Service
 - Acceptable Use Policies



Opportunities scaling

- Scores reflect:
- Complexity
 - Time to value
 - Cost
 - Benefit hypothesis

Responsible Business and Outlook

Responsible Business.

Continuing to deliver on our commitment to colleagues and customers

- Our responsible business strategy underpins our broader strategic ambitions
- We have formed our Global ESG Council, meeting quarterly, to provide even greater focus and drive progress against our strategy

FY2023 achievements	FY2024 H1 actions	Material issues
Continued focus on our People plans with a focus on wellbeing, engagement, development and reward	Extend Wilmington Communities , appointing Champions to lead the internal networks	Cultural positivity
Continued work towards achievement of carbon reduction plan	Commence digital accessibility scanning of websites, products, and associated collateral, targeting WCAG 2.1 AA standards	Environmental responsibility
Continued to capture diversity data to enable analysis of talent/workforce lifecycle with diversity lens	Launch the Wilmington Early Careers programme, attracting and developing new talent	Customer empowerment
Phase two of the digital accessibility campaign, building skills, capabilities and competence in inclusive design	Launch Compliance Hub , maintaining the highest internal compliance standards	Proactive assurance

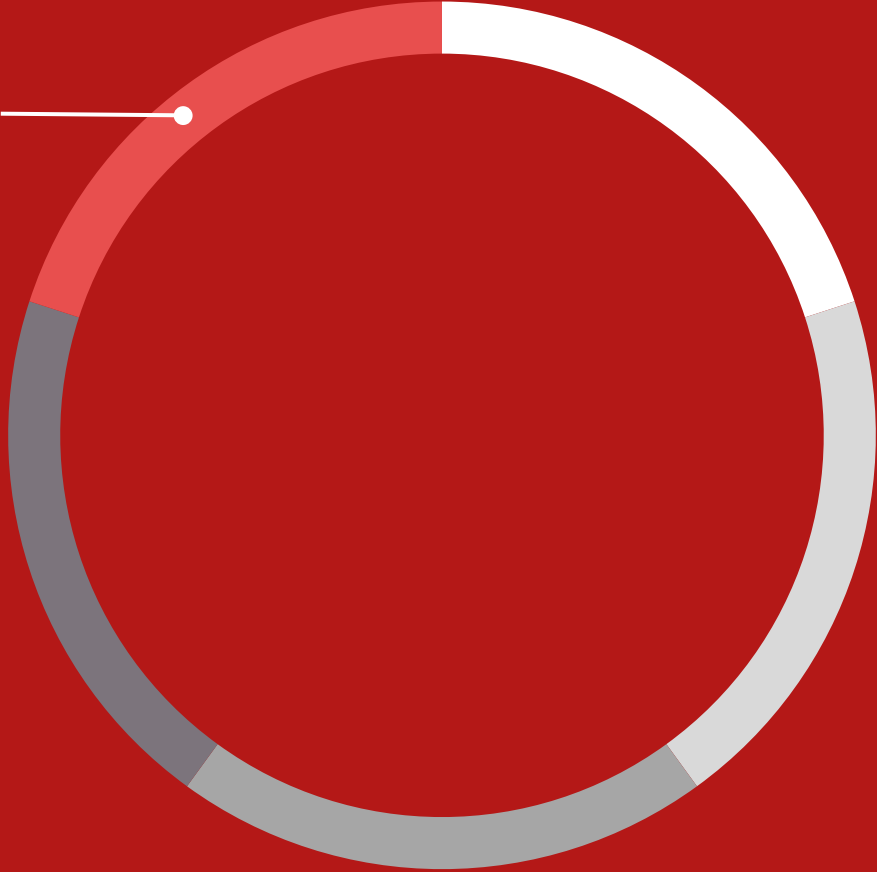
Current Trading and Outlook.

- Continued organic revenue and profit growth
- Recurring and repeatable revenue growth
- Increase in continuing Adj. PBT and strong cash conversion
- Decisive portfolio and product management
- Significant technology platforms progress
- Total dividend up 22% to 10.00p
- Current trading is in line with expectations

Q&A



Appendix



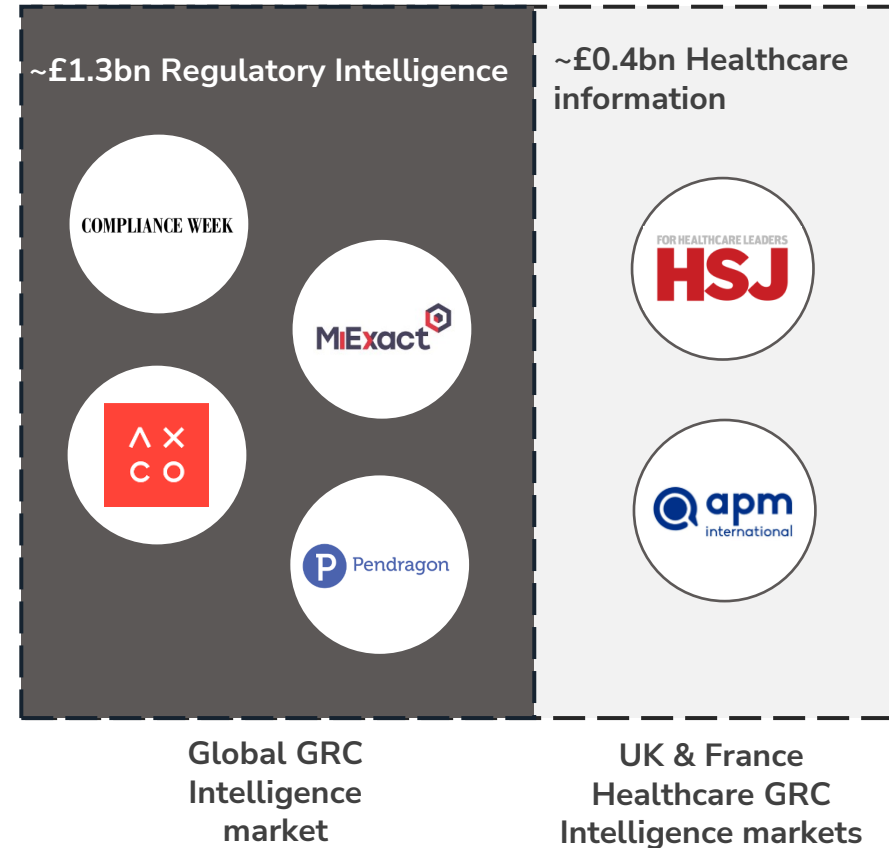
Portfolio Management.



WV intelligence

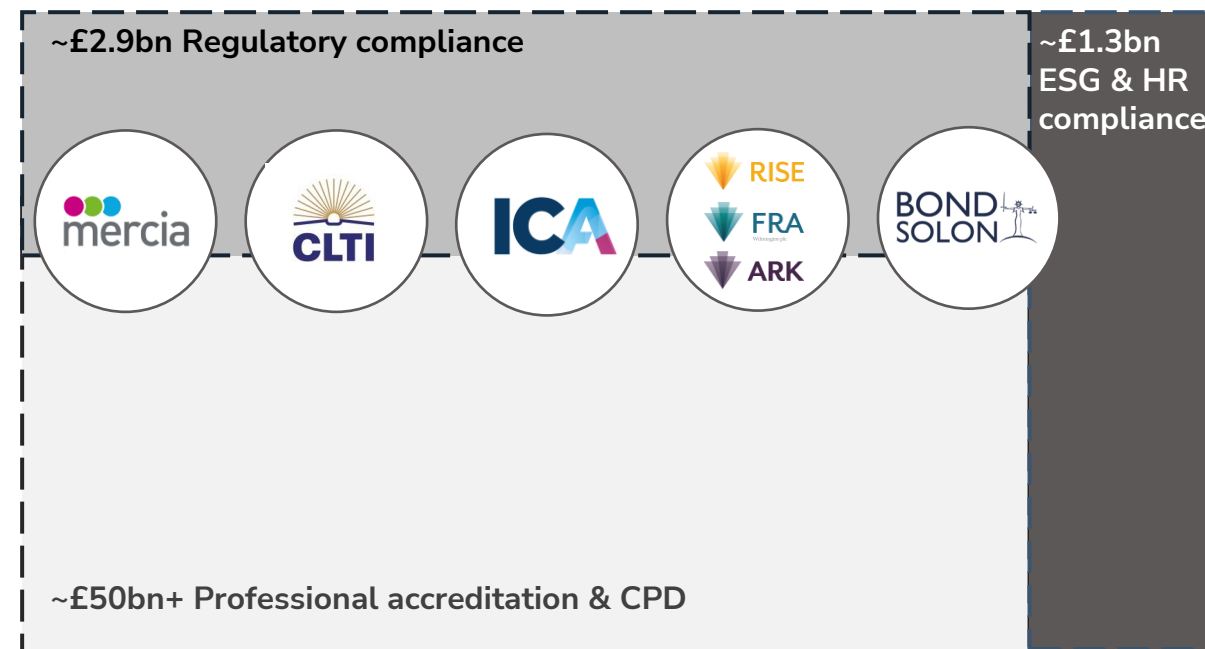
- Intelligence operates in two **large attractive GRC end markets**:
 - Global GRC Intelligence market sized at ~£1.3bn
 - UK & France Healthcare GRC Intelligence market sized at ~£0.4bn
- Both markets benefit from strong **growth drivers**:
 - Requirement for authoritative and trusted data
 - Need for accurate and up-to-date data
 - Continuous regulatory requirements, prompting data refreshes
 - Significant headroom for growth for individual brands and the division as a whole

GRC Intelligence market sizing



- Training & Education operates in **three large attractive, global GRC end markets**
 - Regulatory Compliance market sized at ~£2.9bn
 - GRC Professional Accreditation and CPD market sized at ~£50bn
 - GRC ESG and HR compliance market sized at ~£1.3bn
- Markets benefit from strong growth drivers:
 - Greater volume of regulation and governance
 - Great financial burden of regulation and governance
 - Greater need for skilled workers
 - Enforcement action
- Significant headroom for growth for individual brands and the division as a whole

GRC Training & Education market sizing



Global GRC training market

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Thank you

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