Wilmington plc

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2020

Wilmington plc
Interim Report
for the six months ended 31 December 2020

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

Financial Highlights

- Revenue for the period £55.1m (2019: £59.5m), despite no face-to-face events or training, only a small organic decline of 5% compared to the prior period, which was not impacted by Covid-19
  - Excluding events, revenue increased 1%
- Adjusted profit before tax[1] £7.0m (2019: £6.9m) up 1%
  - Cost savings from the move to virtual were greater than the fall in revenue
- Statutory profit before tax £5.5m (2019: £4.1m), increase due to one off gain on sale of subsidiary
- Dividend reinstated under new dividend policy at 2.1p (2019: nil) based on FY21 profits, FY21 furlough to be repaid
- Adjusted basic earnings per share[2] 6.44p (2019: 6.36p) up 1%
- Statutory basic earnings per share of 5.05p (2019: 3.59p)
- Strong cash conversion[3] of 118% (2019: 83%) driven by favourable working capital movements
- Group net debt at 31 December 2020 of £23.2m (31 December 2019: £41.3m; 30 June 2020 £27.7m)

Operational Highlights

- Data and information businesses, representing 54% of group revenue, remained resilient and underpinned a positive underlying revenue performance
- Risk & Compliance division organic revenue growth of 5% against a strong prior period comparator
  - Conversion to virtual highly successful, strong growth in ICA Singapore
- Healthcare division revenue declined 10% on an organic basis, but excluding events revenue increased 6%
- Professional division declined 13% on an organic basis
  - Operating profit increased 3%
  - Closure and sale of CLT England and CLT Scotland completed
- Strong demand for digital products demonstrates continued need for our offering
- Value of investments realised to deliver operational excellence in four key pillars of growth: sales and marketing, product management, people, and technology
- New non-executive director, William Macpherson, joined the Board in February 2021, bringing a wealth of experience and expertise in the executive education sector.

Mark Milner, Chief Executive Officer, commented:

"As we continue to navigate the challenges posed by the Covid-19 pandemic, the last six months represent Wilmington's first period delivering the entire product portfolio on a digital basis. Excluding events, we have delivered organic growth as a group, with our face-to-face training activities transitioning very successfully to digital formats. The resilient performance demonstrates our ability to successfully drive progress against our strategic objectives whilst operating as a digital-first enterprise.

We expect H2 trading to be almost entirely virtual and like most businesses we are currently unable to predict when normal business will resume. As a fully digital business, demand for our products remains strong and we have an acute focus on remaining relevant to our customers. As we enter the second half, our resilient performance, along with the opportunity we see ahead, has given the Board confidence to return to paying a dividend and to repay the UK furlough support we have received in FY21."

[1] Adjusted profit before tax – see note 4
[2] Adjusted earnings per share – see note 6
[3] Cash conversion – see note 8

Operational and Strategic Review

Introduction

We are pleased to report on another period of progress for Wilmington which has reinforced the value of our diversified portfolio, driven by our agile teams and resilient business model. Despite ongoing challenges posed by the Covid-19 pandemic, demand for our products remains strong as our customers continue to rely on us to help them operate successfully. Adjusted profit before tax was above the prior year and we achieved good cash generation which gives the Board the confidence to return to paying a dividend to shareholders.

The Risk & Compliance division delivered an impressive performance over the period, achieving 5% organic revenue growth. This growth was driven by the Compliance business ICA, which continued to see high demand for regulatory compliance training and qualifications.

Revenue in the Healthcare division declined 10% on an absolute basis, a result that was anticipated due to the division making up the majority of our events revenue in the prior year comparative. Encouragingly, the data and information services in this division performed well over the period, with the core business excluding events increasing revenue by 6%.

Revenue for the Professional division was down 13% on an organic basis, reflecting the conversion of all training to virtual alternatives, albeit at a higher gross margin. There was good take-up of digital formats in the Law for Non-Lawyers and Investment Banking sectors, offset by weakness in take-up in the Accountancy sector. However, this transition facilitated cost savings and therefore operating profit in the period increased.

Results and dividend

Revenue of £55.1m was down £4.4m or 7.4%. When adjusted for the closure and disposal of Central Law Training England and Scotland respectively, and taking into account the minor impact of currency movements, the organic decline in revenue was 5.4% which was wholly attributable to face-to-face events not being held during the period.

Adjusted profit before tax of £7.0m (2019: £6.9m) was up on last year, due to the impact of reduced revenue being offset by significant cost savings. Aside from direct cost savings arising from events not being run, this result reflects higher margins achieved through digital product delivery.

Cash generation in the period was strong, with significant headroom on our facility retained throughout the period. Net debt at 31 December of £23.2m was down from £27.7m at 30 June 2020 and £41.3m at 31 December 2019.

We have honoured our commitment to reinstate the dividend based on the expected full year performance, albeit at a rebased level due to the ongoing challenges of Covid-19. The dividend reinstatement reflects the robust position of the business in the current year and will be a payment based on FY21 profits, and therefore the Board consider it appropriate to simultaneously repay the UK government assistance received in FY21 of £0.2m. The interim dividend will be 2.1p (2019: nil) and will be paid on 8 April 2021 to shareholders on the share register as at 26 February 2021, with an associated ex-dividend date of 25 February 2021.

Strategic progress

Following our rapid transition to becoming a digital first enterprise, we continue to focus on organic growth by investing in our business and actively managing our portfolio. The progress made against our strategic objectives during the period demonstrates the benefit of recent investment in the four core areas of operational excellence identified in our business model as the key pillars of sustainable growth. Our teams continue to demonstrate exceptional levels of creativity and motivation, and it is their commitment to quality that differentiates our offering and ensures it remains crucial to the future success of our customers.

The innovation that drives our growth is facilitated by excellence in **technology and data.** At its core Wilmington is increasingly a data-led business supported by strong digital capabilities, and it was these capabilities that enabled the rapid acceleration of our digitisation strategy last year. As we move forward, we are relentlessly focussed on maintaining excellence in this area to ensure we maximise the return on recent investment in our IT infrastructure, CRM, learning management systems and data. We will continue to focus on our data science and advanced analytics activities through our centralised data function. As our customers adapt and establish new ways of working in a post-Covid-19 economy, our ambition is to create value as a fully digital enterprise whilst retaining the flexibility to deliver our products in face-to-face or hybrid formats as our customers demand.

The execution of dynamic **sales and marketing** strategies are essential to ensuring we realise the full potential of our product portfolio. Work to enhance our sales capabilities is ongoing and has created a much more proactive sales culture, encouraging our teams to identify new opportunities and customers whilst simultaneously nurturing existing client relationships. In the period we delivered training to all UK sales leaders through the Wilmington Sales Academy, with the second phase of the programme already underway. We have also made significant progress in respect of our plans to harness the potential of enhanced sales KPI data. The processes we implemented in the prior year to develop more detailed and robust sales data are now yielding high quality, business specific information to inform our sales strategy. This data provides detailed insights into sales trends, which we use to substantiate targets and drive improvements in performance.

As we continue to enhance our **product** portfolio, we have established a robust product management framework to achieve best practice. Our comprehensive new product development process has created a strong ethos around product creation and enhancement in which customers are at the heart of the conversation, informing our priorities as we expand our offering. Many of the exciting opportunities approved by our Investment Committee over the past year have now reached their launch phase, and we are already seeing the benefit of these initiatives being rolled out across the group.

During the period we successfully launched the first of a series of iterative releases of our new learning Digital Hub. The Hub provides customers with a dynamic user interface where they can browse, purchase, and receive our training products in one place, as well as receiving personalised content, access to a community platform, and specific insights aligned to their individual learning requirements. The Digital Hub development programme also aligns to our ambition to achieve greater cross-group collaboration; the solution will be used in several Wilmington businesses allowing us to gain benefits from new product solutions being shared across the portfolio. As part of our commitment to deliver innovative and engaging digital learning solutions, we have installed our first dynamic virtual classroom into our Fort Dunlop, Birmingham, UK office, and we are progressing well with plans to replicate the facility in other locations later in the year. The facility is in testing and will go live in March.

The creativity, adaptability and dedication of our **people** is critical to our success. Strong employee engagement is central to this, and during the period we continued to respond to issues raised by our last employee engagement survey, and subsequently launched a follow up survey to ensure we are effectively capturing the issues that matter most to our people. Participation was 87% and there has been an encouraging overall increase in engagement from 6.7 to 7.6 out of 10.

Our top priority in the period has been to support wellbeing as we continue to adapt to remote working and the ever-changing needs of the business, whilst also managing the personal impacts of the Covid-19 pandemic. We provide a wide range of resources, including our Global Employee Assistance Programme, UK access to a Digital GP service, and a frequently updated library of webinars, workshops and information dedicated to wellbeing issues. During the period, 29 of our employees qualified as Mental Health First Aiders; every part of the group is now supported by a Mental Health First Aider and, alongside a series of workshops and talks delivered by leading experts, we are confident that this programme will help us to promote the importance of mental health awareness within our organisation, and to foster a culture of openness around the issue.

Following the launch of our Global Diversity and Inclusion Working Group early in the year, all members participated in a dedicated training programme before using our summer employee engagement survey to gain insights into the perspectives and priorities of the workforce and to draw on these insights in order to develop a targeted action plan. The work of the group, which has executive sponsorship, is ongoing and we are committed to supporting their progress to ensure that we remain relentlessly focussed on promoting a culture that exhibits freedom from discrimination in any form. Diversity and Inclusion is a key element of our sustainability strategy, and the activities of the working group will contribute to the ongoing development of this strategy as we look to progress it by performing an ESG materiality assessment in the second half.

On 11 February 2021 we welcomed to the Board a new non-executive director, William Macpherson. William brings a wealth of experience to Wilmington following a successful executive career as CEO of a number of professional education and skills development organisations. He was CEO of QA between 2008 and 2019 during which time the company achieved very significant growth. Prior to that he was CEO of Kaplan International, The Financial Training Company and Wolters Kluwer Professional Training. He is a non-executive director and chairman of Learning Curve Group Limited, Chair of Hatcham College Academy and a non-executive director of the London Film School. We are keenly looking forward to benefiting from his experience and expertise in areas highly relevant to the next phase of our growth and development plans.

Portfolio management

We continue to derive benefits from our diversified portfolio, notably the resilience that this diversity has brought in the past year. However we remain focussed on actively managing the portfolio by assessing the potential of each business to exhibit the six common Wilmington characteristics that we recognise as key drivers of organic growth. As we announced in the 2020 annual report, we concluded that CLT, our business in the Law for Lawyers market, did not align with our aspirations for future growth. Following a strategic review of the two component parts of this business, we made the difficult decision to close the CLT England business from 31 August 2020, and we engaged in a sale process for the CLT Scotland business. This process was successfully completed in December 2020 when the business was sold to the University of Law.

Current trading and outlook

We expect trading in H2 FY21 to be almost entirely virtual and, like most businesses, are not currently able to predict when business will return to normal allowing us to resume face-to-face activities where our clients wish us to. The business has proved resilient through this difficult period and from what we see today, notwithstanding external factors outside of our control, our short-term performance should continue in the vein of our H1 performance.

Financial Review

Adjusting items, measures and adjusted results
Reference is made in this financial review to adjusted results as well as the equivalent statutory measures. Adjusted results in the opinion of the Directors can provide additional relevant information on future or past performance where equivalent information cannot be presented using financial measures under IFRS. Adjusted results exclude adjusting items, gains on sales of subsidiaries and amortisation of intangible assets (excluding computer software).

Variances described below as 'organic' are after adjusting for acquisitions, disposals and business closures and are at constant currency exchange rates.

Overview

	H1 2020	H2 2019	Absolute variance		Organic variance
	£'m	£'m	£'m	%	%
Revenue	55.1	59.5	(4.4)	(7%)	(5%)
Adjusted EBITA	7.8	7.9	(0.1)	(2%)	(3%)
Adjusted Profit Before Tax	7.0	6.9	0.1	1%	1%
Adjusted EBITA margin	14.1%	13.3%			

Despite a six-month period which was fully impacted by the Covid-19 pandemic with a comparator period which was not impacted, the overall revenue performance has been strong. Adjusting for the closure and disposal of CLT England and CLT Scotland respectively, revenue has fallen 5% or £3.2m. This fall is fully attributable to the events businesses which now make up just 4% of total revenue (2019: 8%; full year 2020: 10%). Excluding events revenue which fell 65% on H1 FY20, revenue has increased 1% on an organic basis. Revenue from training remained flat despite the need to convert all training to virtual equivalents, and data and information revenue, which now represents 54% of our revenues (full year 2020: 51%), increased by 2%.

The cost savings generated by the transition from face-to-face to virtual delivery of training and events in the period have fully mitigated the fall in revenue, resulting in Adjusted profit before tax increasing by 1% from the same period last year.

Risk & Compliance

	H1 2020	H1 2019	Absolute Variance	Organic Variance
Revenue	£'m	£'m		
Compliance	15.1	14.1	7%	8%
Risk	6.4	6.5	(0%)	(1%)
Total	**21.5**	**20.6**	**5%**	**5%**
Operating profit	**6.4**	**6.1**	**5%**	**5%**
Margin	29.7%	29.6%		

Overall revenue for the Risk & Compliance division was up 5% on both an absolute and organic basis at £21.5m (2019: £20.6m). This was a strong performance in the period with no face-to-face training or events able to take place. Within this, revenue in the Compliance businesses combined grew 7% on an absolute basis and 8% on an organic basis once the impacts of currency were adjusted for. This reflected a strong performance in Singapore in the main Compliance business, ICA, offset by a decline in the other Compliance businesses which were impacted by the lack of face-to-face events in the period and by the timings of course launches. The Risk businesses reported a small decline in the period due to H1 face-to-face events which were not able to take place, excluding events Risk revenue was up year on year.

Divisional operating profit was up 5% on an absolute and organic basis to £6.4m (2019: £6.1m) reflecting the increase in revenue. Operating margin remained stable at 29.7% (2019: 29.6%).

Healthcare

	H1 2020	H1 2019	Absolute Variance	Organic Variance
Revenue	£'m	£'m		
European Healthcare	14.2	14.5	(2%)	(3%)
US Healthcare	1.5	3.1	(51%)	(50%)
Other Information Businesses	3.2	3.5	(7%)	(7%)
Total	**18.9**	**21.1**	**(10%)**	**(10%)**
Operating profit	**1.1**	**1.3**	**(14%)**	**(21%)**
Margin	5.7%	5.9%		

Overall revenue for the Healthcare division declined 10% on an organic basis and 10% on an absolute basis to £18.9m (2019: £21.1m). Healthcare is the division which encompasses the majority of our events revenue and the decline is wholly attributable to the lack of face-to-face events. The data and information services which make up the remainder of the division's revenue have encouragingly held up well, with events excluded, revenue in the Healthcare division increased by 6%. The Other Information businesses saw a continued slow decline in their legacy portfolio. This reduction was compounded by the impact of Covid-19 on events and some customer groups being severely impacted.

The fall in revenue was partially mitigated by cost savings resulting in a fall in operating profit of 14% or 21% on an organic basis and operating profit margins reducing slightly to 5.7% (2019: 5.9%).

Professional

	H1 2020	H1 2019	Absolute Variance	Organic Variance
	£'m	£'m		
Revenue				
Ongoing businesses	14.0	16.1	(13%)	(13%)
CLT	0.6	1.7	(68%)	(68%)
Total	**14.6**	**17.8**	**(18%)**	**(13%)**
Operating profit	**2.8**	**2.7**	**3%**	**5%**
Margin	19.3%	15.3%		

Overall revenue for the Professional division was down 18% at £14.6m (2019: £17.8m). On an organic basis, adjusting for CLT England and CLT Scotland which were closed down and disposed of respectively in the period, the revenue reduction was 13%. This organic decline was driven by the conversion of all training in the Professional division from primarily face-to-face to entirely virtual which although resulted in a drop in revenue also reduced costs associated with training and resulted in operating profit increasing in the period.

Following on from the strategic review the decision was made to close the vast majority of CLT England, and trading ceased in August 2020. CLT Scotland which remained profitable was sold in the period resulting in a gain on disposal in the income statement of £770,000 which has been classed as other income. See note 7 for details.

Operating profit in the Professional division increased by £0.1m to £2.8m (2019: £2.7m) due to the savings discussed above. Operating margins as a result increased to 19.3% (2019: 15.3%).

Adjusted operating profit ('Adjusted EBITA')
The fall in revenue in the period was mitigated by savings generated by virtual delivery. This resulted in Adjusted EBITA falling by only £0.1m or 2% on an absolute basis and 3% on an organic basis.

Adjusting items within operating expenses, amortisation excluding computer software and Other income
Adjusting items within operating expenses were £0.6m (2019: £0.5m). They represent those items that in the opinion of the Directors are one-off in nature and which do not represent the ongoing trading performance of the business. The amount recognised in the period reflects costs associated with the closure of CLT England. Amortisation of intangible assets (excluding computer software) was £1.7m (2019: £2.4m), the fall driven by some historic assets becoming fully amortised. Other income represents the gain on sale of CLT Scotland. Full details can be found in note 7.

Finance costs
Net finance costs fell £0.2m or 20% to £0.8m (2019: £1.0m) driven primarily by lower net debt levels when compared to the same period last year.

Profit before taxation
The above movements have resulted in a Profit before tax of £5.5m (2019: £4.1m). This has been impacted by significant one-off items in the period, adjusting for these, Adjusted profit before tax is up 1% at £7.0m (2019: £6.9m).

Taxation
The tax charge is £1.1m (2019: £0.9m) with an overall effective tax rate[4] of 20% compared to 23% in the prior period. The fall in effective tax rate was due to the gain on sale of CLT Scotland not being subject to corporation tax. The underlying tax rate[5] which ignores the tax effects of adjusting items remained essentially flat at 20% (2019: 20%), which is a good guide to the expected full year underlying tax rate.

Earnings per share
Adjusted basic earnings per share increased by 1% to 6.44p (2019: 6.36p), owing to the increase in adjusted profit before tax. Statutory basic earnings per share were 5.05p compared to 3.59p in 2019 with the increase driven by the one-off gain on sale of CLS in the period.

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[4] The effective tax rate is calculated as the total tax charge divided by profit before tax

[5] The underlying tax rate is calculated as one minus the adjusted profit after tax divided by the adjusted profit before tax

Trade and other receivables
Trade and other receivables decreased £4.6m to £23.6m (2019: £28.2m) due primarily to the cancellation of some large events at the start of H2, which last year were billed in H1 and were therefore reflected in working capital at December 2019.

Trade and other payables
The overall trade and other payables balance increased £4.4m to £54.5m from £50.1m at 31 December 2020. Within this subscriptions and deferred revenue decreased by £3.6m to £26.5m (2019: £30.1m), driven by a reduction in events, which are billed further in advance than many of our other revenue types and the closure and disposal of CLT England and CLT Scotland.

Excluding subscriptions and deferred revenue, trade and other payables increased £8.0m which was driven by UK VAT and payroll tax payments being delayed last financial year. A repayment plan is in place for these and they will be fully settled by the end of this financial year. Additionally staff bonus payments in relation to the previous financial year which would usually have been paid in September were delayed and have been paid in January 2021, albeit at a reduced level.

Net debt and cashflow
Net debt, which includes cash and cash equivalents, bank loans (excluding capitalised loan arrangement fees) and bank overdrafts, was £23.2m (30 June 2020: £27.7m; 31 December 2019: £41.3m). Cash generation of £4.5m compared to a cash outflow of £7.5m in the same period last year as a result of no dividend being paid in H1 this year plus favourable timings of supplier payments and UK corporation tax payments returning to normal levels following the government changing the schedule of payments for large companies last year which effectively resulted in a doubling of payments in H1 of the prior year. Additionally no deferred consideration was paid this year compared to £1.4m in the prior period.

Cash conversion was 118% (2019: 83%) driven by favourable working capital movements.

Dividend
On the basis of the strong profit and cash generation, as well as confidence in the outlook for the group, an interim dividend of 2.1p per share (2019: nil) will be paid on 8 April 2021 to shareholders on the share register as at 26 February, with an associated ex-dividend date of 25 February 2021.

As this dividend will be paid in respect of the financial year ended 30 June 2021 the Board feels it is appropriate to repay all amounts received from the UK government's furlough scheme in respect of this financial year. In the prior financial year we announced that we had agreed a partial relaxation of the covenants attached to our banking facilities and £15.0m of additional facilities had been put in place through the Government's Coronavirus Large Business Interruption Scheme ('CLBILS') to provide us with cover if the economic situation was to further deteriorate. As these worst-case scenarios have not occurred, in recognition of our confidence in the business and to allow us to resume dividend payments we have reverted to our original covenant agreements and repaid the CLBILS facility on 17 February 2021.

Consolidated Income Statement

	Notes	**Six months ended 31 December 2020 (unaudited) £'000**	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Continuing operations				
Revenue	5	**55,071**	59,475	113,075
Operating expenses before amortisation of intangibles excluding computer software and adjusting items		**(47,282)**	(51,563)	(99,044)
Adjusting items	4	**(580)**	(486)	(625)
Amortisation of intangibles excluding computer software	4	**(1,700)**	(2,381)	(4,797)
Operating expenses		**(49,562)**	(54,430)	(104,466)
Other income – gain on sale of subsidiary	7	**770**	—	—
Operating profit		**6,279**	5,045	8,609
Net finance costs		**(783)**	(979)	(2,175)
Profit before tax	4	**5,496**	4,066	6,434
Taxation		**(1,073)**	(924)	(1,760)
Profit for the period		**4,423**	3,142	4,674
Attributable to:				
Owners of the parent		**4,423**	3,142	4,674
Non-controlling interests		—	—	—
		4,423	3,142	4,674
Earnings per share attributable to the owners of the parent:				
Basic (p)	6	**5.05**	3.59	5.33
Diluted (p)	6	**5.03**	3.54	5.26
Adjusted earnings per share attributable to the owners of the parent:				
Basic (p)	6	**6.44**	6.36	10.71
Diluted (p)	6	**6.42**	6.29	10.56

The notes on pages 13 to 18 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Six months ended 31 December 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Profit for the period	**4,423**	3,142	4,674
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to the Income Statement			
Fair value movements on interest rate swap (net of tax)	**(113)**	56	116
Currency translation differences	**(1,460)**	(88)	513
Net investment hedges (net of tax)	**683**	345	(237)
Other comprehensive income for the period, net of tax	**(890)**	313	392
Total comprehensive income for the period	**3,533**	3,455	5,066
Attributable to:			
Owners of the parent	**3,533**	3,455	5,066
Non-controlling interests	—	—	—
	3,533	3,455	5,066

Items in the statement above are disclosed net of tax. The notes on pages 13 to 18 are an integral part of these financial statements.

Consolidated Balance Sheet

	31 December 2020 (unaudited) £'000	31 December 2019 (unaudited) £'000	30 June 2020 (audited) £'000
Non-current assets			
Goodwill	**76,705**	77,078	77,876
Intangible assets	**17,711**	21,736	19,712
Property, plant and equipment	**5,374**	5,292	5,134
Right of use assets	**10,452**	10,943	11,760
Deferred consideration receivable	**1,750**	2,098	2,163
Deferred tax assets	**1,244**	741	1,189
	113,236	117,888	117,834
Current assets			
Trade and other receivables	**23,640**	28,178	25,526
Current tax asset	**1,072**	1,721	1,314
Derivative financial instruments	**367**	367	—
Deferred consideration receivable	**483**	193	—
Cash and cash equivalents	**7,905**	6,031	21,426
	33,467	36,490	48,266
Total assets	**146,703**	154,378	166,100
Current liabilities			
Trade and other payables	**(54,476)**	(50,124)	(58,495)
Lease liabilities	**(2,571)**	(2,424)	(2,660)
Deferred consideration payable – cash settled	—	(572)	—
Derivative financial instruments	**(198)**	(133)	(59)
	(57,245)	(53,253)	(61,214)
Non-current liabilities			
Borrowings	**(30,400)**	(46,711)	(48,495)
Lease liabilities	**(9,288)**	(10,087)	(10,461)
Deferred tax liabilities	**(2,346)**	(2,383)	(2,524)
	(42,034)	(59,181)	(61,480)
Total liabilities	**(99,279)**	(112,434)	(122,694)
Net assets	**47,424**	41,944	43,406
Equity			
Share capital	**4,380**	4,380	4,380
Share premium	**45,225**	45,225	45,225
Treasury and ESOT reserves	**(453)**	(300)	(590)
Share based payments reserve	**1,419**	915	1,195
Translation reserve	**2,341**	3,200	3,801
Accumulated losses	**(5,488)**	(11,476)	(10,605)
Total equity	**47,424**	41,944	43,406

The notes on pages 13 to 18 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	Accumulated losses £'000	Total equity £'000
At 30 June 2019 (audited)	**49,506**	**839**	**3,288**	**(10,765)**	**42,868**
Effect of initial application of IFRS 16	—	—	—	(180)	**(180)**
Tax relating to initial application of IFRS 16	—	—	—	34	34
At 1 July 2019 (audited)	**49,506**	**839**	**3,288**	**(10,911)**	**42,722**
Profit for the period	—	—	—	3,142	3,142
Other comprehensive (expense)/income for the period	—	—	(88)	401	313
	49,506	839	3,200	(7,368)	46,177
Dividends	—	—	—	(4,378)	(4,378)
Issue of share capital	3	(242)	—	239	—
ESOT share purchases	(204)	—	—	—	(204)
Share based payments	—	318	—	—	318
Tax on share based payments	—	—	—	31	31
At 31 December 2019 (unaudited)	**49,305**	**915**	**3,200**	**(11,476)**	**41,944**
Profit for the period	—	—	—	1,532	1,532
Other comprehensive income/(expense) for the period	—	—	601	(522)	79
	49,305	915	3,801	(10,466)	43,555
ESOT share purchases	(293)	—	—	—	(293)
Sale of treasury shares	3	—	—	—	3
Share based payments	—	280	—	—	280
Tax on share based payments	—	—	—	(139)	(139)
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**

The notes on pages 13 to 18 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Notes	**Six months ended 31 December 2020 (unaudited) £'000**	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Cash flows from operating activities				
Cash generated from operations before adjusting items	8	**9,203**	6,585	26,512
Cash flows for adjusting items – operating activities		**(302)**	(271)	(293)
Cash flows from tax on share based payments		**(5)**	(17)	(16)
Cash generated from operations		**8,896**	6,297	26,203
Interest paid		**(763)**	(814)	(1,632)
Tax paid		**(1,169)**	(3,420)	(4,377)
Net cash generated from operating activities		**6,964**	2,063	20,194
Cash flows from investing activities				
Sale of subsidiary net of cash		**400**	—	—
Deferred consideration paid		**—**	(1,385)	(1,957)
Deferred consideration received		**—**	—	200
Cash flows for adjusting items – investing activities		**(43)**	—	(217)
Purchase of property, plant and equipment		**(455)**	(304)	(538)
Proceeds from disposal of property, plant and equipment		**7**	18	27
Purchase of intangible assets		**(1,422)**	(1,637)	(3,315)
Net cash used in investing activities		**(1,513)**	(3,308)	(5,800)
Cash flows from financing activities				
Dividends paid to owners of the parent		**—**	(4,378)	(4,378)
Share issuance costs		**—**	(3)	(3)
Payment of lease liabilities		**(1,285)**	(1,129)	(2,392)
Purchase of shares by ESOT		**—**	(204)	(497)
Cash flows for loan arrangement fees		**(215)**	(708)	(741)
Increase in bank loans		**1,000**	7,000	14,000
Decrease in bank loans		**(18,181)**	(1,000)	(7,000)
Net cash (used in)/generated from financing activities		**(18,681)**	(422)	(1,011)
Net (decrease)/increase in cash and cash equivalents, net of bank overdrafts		**(13,230)**	(1,667)	13,383
Cash and cash equivalents, net of bank overdrafts, at beginning of the period		**21,426**	7,921	7,921
Exchange (losses)/gains on cash and cash equivalents		**(291)**	(223)	122
Cash and cash equivalents, net of bank overdrafts at end of the period		**7,905**	6,031	21,426
Reconciliation of net debt				
Cash and cash equivalents at beginning of the period		**21,426**	7,921	7,921
Cash classified as held for sale		**—**	—	—
Bank loans at beginning of the period		**(49,082)**	(41,790)	(41,790)
Net debt at beginning of the period		**(27,656)**	(33,869)	(33,869)
Net (decrease)/increase in cash and cash equivalents (net of bank overdrafts)		**(13,521)**	(1,890)	13,505
Net repayment/(drawdown) in bank loans		**17,181**	(6,000)	(7,000)
Exchange gain/(loss) on bank loans		**842**	423	(292)
Cash and cash equivalents at end of the period		**7,905**	6,031	21,426
Bank loans at end of the period		**(31,059)**	(47,367)	(49,082)
Net debt at end of the period		**(23,154)**	(41,336)	(27,656)

The notes on pages 13 to 18 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 and information, education and networking to the professional markets.

This condensed consolidated interim financial information ('Interim Information') was approved for issue by the Board of Directors on 17 February 2021.

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 2020 were approved by the Board of Directors on 16 September 2020 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 2020 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' as adopted by the European Union. The Interim Information should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2020 which have been prepared in accordance with IFRSs as adopted by the European Union, 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. 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 2020.

The following new standards, amendments and interpretations have been adopted in the current year:

International Financial Reporting Standards (IFRS/IAS)		Effective for accounting periods starting after
IFRS Standards	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	1 January 2020

The following new standards and amendments to new standards have been issued but are not yet effective for the purpose of the Interim Report and have not been early adopted.

International Financial Reporting Standards (IFRS/IAS)		Effective for accounting periods starting after
Amendments to IFRS 17, IFRS 4 and IFRS 9	Amendments to IFRS 17 and IFRS 4,'Insurance Contracts', deferral of IFRS 9	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021

Management is currently assessing the impact of the above new standards. In advance of the year starting 1 July 2021, the Group will put in place necessary processes to capture all of the adjustments and additional disclosures required for those standards taking effect before this date.

Notes to the Financial Results

3. Principal risks and uncertainties

The principal risks and uncertainties that affect the Group remain unchanged from those stated on pages 37 to 45 of the strategic report in the Annual Report and Financial Statements for the year ended 30 June 2020, with the exception of the following update in relation to liquidity and capital risk.

Bank facility extension
To ensure the Group had sufficient facility headroom to deal with the most pessimistic trading scenarios initially anticipated as a result of the impact of the Covid-19 pandemic, the Board agreed with its lenders to access £15m of additional facility headroom through the Government's Coronavirus Large Business Interruption Loan Scheme ('CLBILS'). The additional funding was secured on 7 August 2020. In recognition of the continued strong cash position of the Group the £15m CLBILS facility was repaid in full on 17 February 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:

- amortisation of intangible assets excluding computer software;
- adjusting items (included in operating expenses);
- other income – gain on sale of subsidiary; and
- net finance costs.

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

	Six months ended 31 December 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Profit before tax	**5,496**	4,066	6,434
Amortisation of intangible assets excluding computer software	**1,700**	2,381	4,797
Adjusting items (included in operating expenses)	**580**	486	625
Other income – gain on sale of subsidiary	**(770)**	—	—
Adjusted profit before tax	**7,006**	6,933	11,856
Net finance costs	**783**	979	2,175
Adjusted operating profit ('adjusted EBITA')	**7,789**	7,912	14,031
Depreciation of property, plant and equipment included in operating expenses	**597**	684	1,105
Depreciation of right of use assets	**1,103**	1,006	2,094
Amortisation of intangible assets - computer software	**1,064**	752	2,080
Adjusted EBITA before depreciation ('adjusted EBITDA')	**10,553**	10,354	19,310

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 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Costs relating to strategic activities	**580**	—	218
Net increase in the liability for deferred consideration	—	486	407
Other adjusting items (included in operating expenses)	**580**	486	625
Amortisation of intangible assets excluding computer software	**1,700**	2,381	4,797
Total adjusting items (classified in profit before tax)	**2,280**	2,867	5,422

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 organisational structure reflects the main communities to which it provides information, education and networking. The three divisions (Risk & Compliance, Healthcare and Professional) 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, North America, the rest of Europe and the rest of the world.

(a) Business segments

		Six months ended 31 December 2020 (unaudited)		Six months ended 31 December 2019 (unaudited)		Year ended 30 June 2020 (audited)
	Revenue £'000	**Contribution £'000**	Revenue £'000	Contribution £'000	Revenue £'000	Contribution £'000
Risk & Compliance	**21,543**	**6,396**	20,560	6,091	41,739	12,849
Healthcare	**18,948**	**1,082**	21,096	1,255	40,993	3,260
Professional	**14,580**	**2,821**	17,819	2,731	30,343	2,901
Group contribution	**55,071**	**10,299**	59,475	10,077	113,075	19,010
Unallocated central overheads	**—**	**(1,981)**	—	(1,802)	—	(4,255)
Share based payments	**—**	**(529)**	—	(363)	—	(724)
		7,789	59,475	7,912	113,075	14,031
Amortisation of intangible assets excluding computer software		**(1,700)**		(2,381)		(4,797)
Adjusting items (included in operating expenses)		**(580)**		(486)		(625)
Other income – gain on sale of subsidiary		**770**		—		—
Net finance costs		**(783)**		(979)		(2,175)
Profit before tax		**5,496**		4,066		6,434
Taxation		**(1,073)**		(924)		(1,760)
Profit for the financial period		**4,423**		3,142		4,674

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 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
UK	**30,815**	32,579	65,793
North America	**6,208**	10,920	21,037
Europe (excluding the UK)	**11,444**	10,778	18,042
Rest of the world	**6,604**	5,198	8,203
Total revenue	**55,071**	59,475	113,075

Notes to the Financial Results

6. Earnings per share

Adjusted earnings per share has been calculated using adjusted earnings calculated as profit after taxation and non-controlling interests but before:

- amortisation of intangible assets excluding computer software;
- adjusting items (included in operating expenses);
- other income – gain on sale of subsidiary; and
- adjusting items (included in finance costs).

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

	Six months ended 31 December 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Earnings from continuing operations for the purpose of basic earnings per share	**4,423**	3,142	4,674
Add/(remove):			
Amortisation of intangible assets excluding computer software (net of non-controlling interests)	**1,700**	2,381	4,797
Adjusting items (included in operating expenses)	**580**	486	625
Other income – gain on sale of subsidiary	**(770)**	—	—
Tax effect of adjustments above	**(293)**	(436)	(712)
Adjusted earnings for the purposes of adjusted earnings per share	**5,640**	5,573	9,384
	Number	Number	Number
Weighted average number of ordinary shares for the purpose of basic and adjusted earnings per share	**87,603,917**	87,577,105	87,590,511
Effect of dilutive potential ordinary shares:			
Future exercise of share awards and options	**293,090**	1,067,312	1,254,878
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**87,897,007**	88,644,417	88,845,389
Basic earnings per share	**5.05p**	3.59p	5.33p
Diluted earnings per share	**5.03p**	3.54p	5.26p
Adjusted basic earnings per share ('adjusted earnings per share')	**6.44p**	6.36p	10.71p
Adjusted diluted earnings per share	**6.42p**	6.29p	10.56p

7. Disposal of subsidiary

On 16 December 2020 the Group disposed of Central Law Training Scotland. The disposal was executed by way of the sale of 100% of the equity shares.

The gain on disposal comprises:

	£'000
Cash and cash equivalents	400
Settlement of intercompany balances	1,190
Total consideration received	**1,590**
Directly attributable costs of disposal	(100)
Net assets disposed	(720)
Gain on disposal	**770**

Notes to the Financial Results

8. Cash generated from operations

	Six months ended 31 December 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Profit from continuing operations before income tax	**5,496**	4,066	6,434
Adjusting items	**580**	486	625
Depreciation of property, plant and equipment	**597**	684	1,105
Depreciation of right of use assets	**1,103**	1,006	2,094
Gain on sale of subsidiary	**(770)**	—	—
Amortisation of intangible assets	**2,764**	3,133	6,877
Loss/(profit) on disposal of property, plant and equipment	**1**	(3)	(7)
Share based payments (including social security costs)	**529**	363	724
Net finance costs	**783**	979	2,175
Operating cash flows before movements in working capital	**11,083**	10,714	20,027
Decrease/(increase) in trade and other receivables	**2,319**	664	3,279
(Decrease)/increase in trade and other payables	**(4,199)**	(4,793)	3,206
Cash generated from operations before adjusting items	**9,203**	6,585	26,512

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

	Six months ended 31 December 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Funds from operations before adjusting items:			
Adjusted EBITA	**7,789**	7,912	14,031
Share based payments (including social security costs)	**529**	363	724
Amortisation of intangible assets – computer software	**1,064**	752	2,080
Depreciation of property, plant and equipment included in operating expenses	**597**	684	2,094
Depreciation of right of use assets	**1,103**	1,006	1,105
Loss/(profit) on disposal of property, plant and equipment	**1**	(3)	(7)
Operating cash flows before movements in working capital	**11,083**	10,714	20,027
Net working capital movement	**(1,880)**	(4,129)	6,485
Funds from operations before adjusting items	**9,203**	6,585	26,512
Cash conversion	**118%**	83%	189%
Free cash flows:			
Operating cash flows before movement in working capital	**11,083**	10,714	20,027
Proceeds on disposal of property, plant and equipment	**7**	18	27
Net working capital movement	**(1,880)**	(4,129)	6,485
Interest paid	**(763)**	(814)	(1,632)
Payment of lease liabilities	**(1,285)**	(1,129)	(2,392)
Tax paid	**(1,169)**	(3,420)	(4,377)
Purchase of property, plant and equipment	**(455)**	(304)	(538)
Purchase of intangible assets	**(1,422)**	(1,637)	(3,315)
Free cash flows	**4,116**	(701)	14,285

Notes to the Financial Results

9. 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.

Close family members of key management personnel provided services to the Group during the period for lecturing. The total invoiced for these services was £55,625 (2019: £49,883).