

Wilmington plc

Prelim Results 2023/24

16th September 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

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Headlines.

- Ongoing¹ revenue growth 14% (2023: 9%); Organic² revenue growth of 9% (2023: 7%)
- Annual recurring revenue up 16% to 36% of total (2023: 33%) despite sale of subscription-heavy businesses; repeatable revenue at 76%
- Ongoing adjusted profit before tax³ increased 42% to £24.1m (2023: £16.9m)
- Group operating profits improved 24% organically; operating margins for ongoing businesses increased to 31% (2023: 28%)
- Robust balance sheet - net cash⁴ at 30 June 24 of £67.8m (2023: £42.2m)
- Final dividend of 8.3p, taking the total FY24 dividend to 11.3p (2023: 10.0p)
- Significant progress with portfolio management: Astutis bought, MiExact sold, European Healthcare businesses sold.

1. Ongoing – eliminating the impact of disposals

2. Organic – ongoing, eliminating acquisitions and exchange rate fluctuations

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

4. Excluding lease liabilities

Financials

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Operating review.

	12 MONTHS TO 30 JUNE 2024 £M	12 MONTHS TO 30 JUNE 2023 £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
REVENUE				
HSE	4.8			
Legal	16.0	14.0	14%	14%
Financial Services - Insurance	28.8	27.8	3%	6%
Financial Services - Other	40.1	36.9	9%	9%
ONGOING REVENUE	89.7	78.7	14%	9%
Discontinued	36.3	44.8		
TOTAL REVENUE	126.0	123.5	2%	
ONGOING OPERATING PROFIT	28.1	21.9	28%	24%
Ongoing margin	31%	28%		
Discontinued	3.5	7.4		
TOTAL OPERATING PROFIT	31.6	29.3	8%	

- New operating segment split following sale of most of Intelligence division
- Growth in all segments and all ongoing businesses
- Organic revenue growth 9%, led by Legal
- HSE (Astutis acquisition) is up double digit ppts on last year (revenue is for 7 months)
- Financial Services growth led by double-digit growth in ICA
- Recurring revenue up to 36% of organic revenue despite sale of subscription-heavy businesses
- Repeat revenues 76% of total organic revenue (2023 – 77%)
- Organic operating profit increased by 24% driven by organic revenue growth.

Group income statement.

	12 MONTHS TO 30 JUNE 2024 £M	12 MONTHS TO 30 JUNE 2023 £M	VARIANCE £M	ABSOLUTE VARIANCE %	ORGANIC VARIANCE %
ONGOING REVENUE	89.7	78.7	11.0	14%	14%
STATUTORY CONTINUING REVENUE	98.3	93.1	5.2	6%	
ONGOING OPERATING PROFIT	28.1	21.9	6.2	28%	24%
STATUTORY CONTINUING OPERATING PROFIT	27.7	24.5	3.2	13%	
Central overheads	(4.1)	(3.7)	(0.4)		
Share-based payments	(1.9)	(1.5)	(0.4)		
ADJUSTED EBITA	21.7	19.3	2.4	12%	14%
Net finance income	2.0	0.2	1.8		
ONGOING ADJUSTED PROFIT BEFORE TAX	24.1	16.9	7.2	42%	
ADJUSTED PROFIT BEFORE TAX	23.7	19.5	4.2	21%	
Adjusting items ¹	0.6	1.0	(0.4)		
PROFIT BEFORE TAX	24.3	20.5	3.8		
Taxation	(7.1)	(3.3)	(3.8)		
PROFIT AFTER TAX	17.2	17.2	(0.0)		
PROFIT FROM IFRS 5 DISCONTINUED OPERATIONS	24.0	3.0	21.0		
TOTAL PROFIT AFTER TAX	41.2	20.2	21.0		
Underlying tax rate	27%	25%	2%		
ONGOING ADJUSTED BASIC EPS	19.81p	14.02p	5.79p	41%	
DIVIDEND PER SHARE	11.30p	10.00p	1.30p	13%	

- Ongoing operating profit growth 24%.
- Continuing adjusted PBT up 42% to £24.1m.
- Profit margins have improved with revenue growth and the disposal of lower margin businesses. Ongoing operating margins are over 30%. Margins including disposals were 25% (2023 24%).
- Adjusting items and profits from discontinued ops are largely disposal profits and costs.
- Continuing adjusted basic EPS up 41% to 19.8p.
- Dividend up 13% in line with total Adjusted PBT (including disposals).

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1. Adjusting items gain/(expense): gain on disposal of subsidiaries £5.5m, gain on disposal/modification of building £2.2m, goodwill impairment (£4.4m), amortisation excluding computer software (£2.1m) and M&A expenses (£0.6m).

Group cash flow.

	12 MONTHS TO 30 JUN 2024 £M	12 MONTHS TO 30 JUN 2023 £M	VARIANCE £M
ADJUSTED EBITDA (continuing & discontinued)	26.8	28.1	(1.3)
Share-based payments	1.9	1.5	0.4
Movement in working capital	(0.5)	3.6	(4.1)
CASH INFLOW FROM OPERATIONS	28.2	33.2	(5.0)
Interest received	1.9	0.3	1.6
Tax paid	(7.1)	(3.3)	(3.8)
Payment of lease liabilities	(0.9)	(2.1)	1.2
Net capital proceeds/(expenditure)	0.5	(1.0)	1.5
FREE CASH FLOW BEFORE DIVIDENDS	22.6	27.1	(4.5)
Equity dividends	(9.2)	(7.5)	(1.7)
Issue of new shares	0.8	0.6	0.2
Disposal of subsidiaries	27.5	1.8	25.7
Acquisition outflow, net of cash received	(15.9)	—	(15.9)
Adjusting and other items	(0.5)	(0.3)	(0.2)
CHANGE IN NET CASH	25.3	21.7	3.6
Cash classified as held for sale	0.3	—	0.3
Brought forward net cash	42.2	20.5	21.7
FX	—	—	—
CARRIED FORWARD NET CASH pre lease liabilities	67.8	42.2	25.6
Lease liabilities	(2.8)	(7.2)	4.4
CARRIED FORWARD NET CASH	65.0	35.0	30.0

- Cash conversion of profits at 116% (2023 138%)
- Net inflow from portfolio changes £11.6m
- Net cash increase of £30.0m despite significant increases in tax and dividends paid
- Net capital proceeds include £0.9m from building sales and £0.4m on Capex, half of which was in businesses sold
- Lease liabilities significantly reduced by exit of Whitechapel office. Further reduction in FY25 with office closures and downsizing

Operational Review and Outlook

Continued strategic progress in FY24.

- **Consistently delivered strong and sustainable organic growth**
 - Our 4th consecutive period of reporting organic revenue and profit growth
 - In FY24, all continuing businesses grew with ongoing organic revenues up 9%
 - Ongoing operating margin up from 28% (FY23) to 31% (FY24)
- **Portfolio management**
 - One acquisition - Astutis
 - Three disposals – MiExact, European Healthcare (HSJ/UK Healthcare and APM)
- **Operational improvements in FY24; next phase FY25**
 - Continue to invest in operational excellence areas
 - New technology platform rolled out to 3 out of 4 training businesses
 - AI activities advancing
 - Revised segmental reporting around external markets

Portfolio Management: Strengthened : Quality : GRC

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Portfolio Management.

- A consistent set of characteristics since 2020


Wilmington business characteristics:

GRC focus: customers operating in regulated markets	Attractive markets	Differentiated offering	Strong product and revenue models	Strong leadership	Digital & Data capabilities
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- Primary portfolio management activities in FY24*

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 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 Wilmington characteristics. Indirect GRC relationships.	£13.7m
Disposal	April & June 2024	European Healthcare	Pharmaceuticals, MedTech companies and Hospitals.	Did not meet Wilmington characteristics. Weak GRC fit.	£48.6m
Initiated disposal	Review date June 2024	Compliance Week	General compliance reporting and content	Publishing & media model does not fit Wilmington characteristics	TBA

Wilmington's purpose.

Focus	The global Governance, Risk and Compliance (“GRC”) markets
Purpose	“Helping our (regulated) customers to do the right business in the right way”
Mission	The leading GRC professional services provider
Values	 Inclusivity  Ambition  Integrity  Curiosity
Services	Single client facing GRC platform with multiple GRC services
Brands	        
Objectives	Organic growth – Investment – Portfolio Management – Operational excellence

Realigned the portfolio to GRC.



Wilmington's current and future service provision.

Core activities ■

Emerging organic activities ■

Inorganic focus ■

GOVERNANCE, RISK AND COMPLIANCE

Services	Verticals	Financial services				Legal	Health & Safety & ESG			
	Markets	Insurance	Banking & Lending	Accountancy	Other (e.g. Trusts, Consultancies)	Law Firms, Government, Pensions	Construction & Property	Energy & Utilities	Manufacturing, Industrials & Logistics	
Bespoke intelligence					 					
Subscription data services		 			 					
Regulatory intelligence alerts					 					
Events		 	 		 					
Training - CPD					 	 				
Training - Accreditation					 	 				

RegTech platform roll-out			 		 	 			
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Astutis one year on.

- Acquisition completion date: 23rd November 2023
- Year on year double-digit ppt increase in overall revenue driven by an increase in spend from enterprise accounts / account managed clients
 - Increased focus on corporate account growth
 - Development of a wider product mix including new environmental and sustainability products
- Double-digit ppt growth in revenue from online (e-learning) products
 - Additional growth from new products developed in year
 - Increase in International sales - courses translated
- Gross margin improvement
- Reduction in staff turnover resulting in improved internal efficiency
 - Introduction of the Wilmington staff engagement survey, with follow up actions
 - Alignment to Wilmington best practice, policy and protocols
 - Support from the wider HR function in terms of training and ongoing guidance and advice

Technology update.

- The technology strategy, presented in FY24, continues into FY25:
 - Common technologies
 - Delivering consistent end user and client experience
 - Delivering operational efficiency and simplifying new product development
 - The introduction of AI
 - Facilitating future acquisitions
- We have made significant progress in FY24 creating a single platform for the training businesses:
 - ICA & CLTI are fully transitioned; Bond Solon is well progressed; Mercia deployed by end of H1 FY25.
- The new Digital Hub platform is:
 - Versatile and customisable
 - Does not have explicit dependencies on other systems,
 - Delivers products and services consistently and efficiently
 - A multi-tenant online service that can introduce new products and customers across the company without duplication of work.

RegTech Case Study.

Our Digital Hub has been deployed as a form of **RegTech** solution, positioned as a central training platform through which staff consume and record their training activities for compliance reporting, and will in time receive regulatory alerts and other subscription services.

REGTECH CASE STUDY

International Retail Banking Customer A has adopted our Digital Hub as their centrally managed regulatory and financial crime compliance training platform.

The customer has onboarded 14,000 colleagues to date, with rollout to compliance and other financial services staff continuing across the remainder of 2024 and 2025.

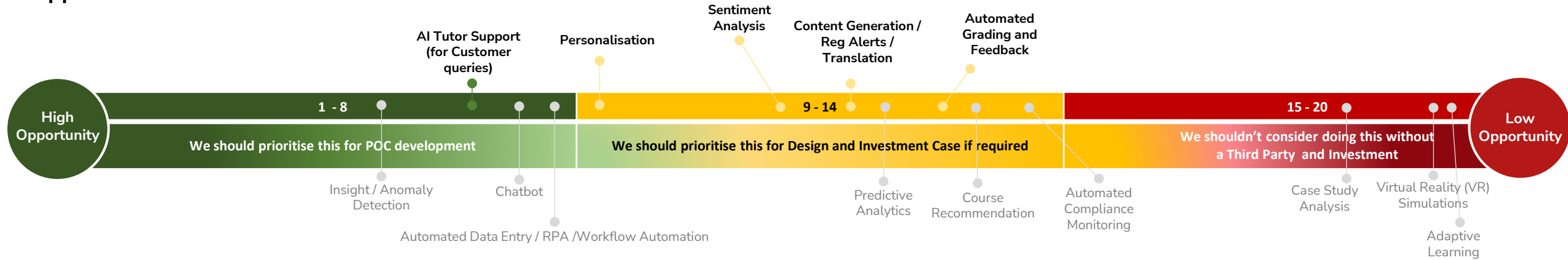
Learners are consuming and recording all their ICA compliance training in the Hub, with Management Information data being used for both internal and Regulatory reporting.

The solution launched in April 2024.

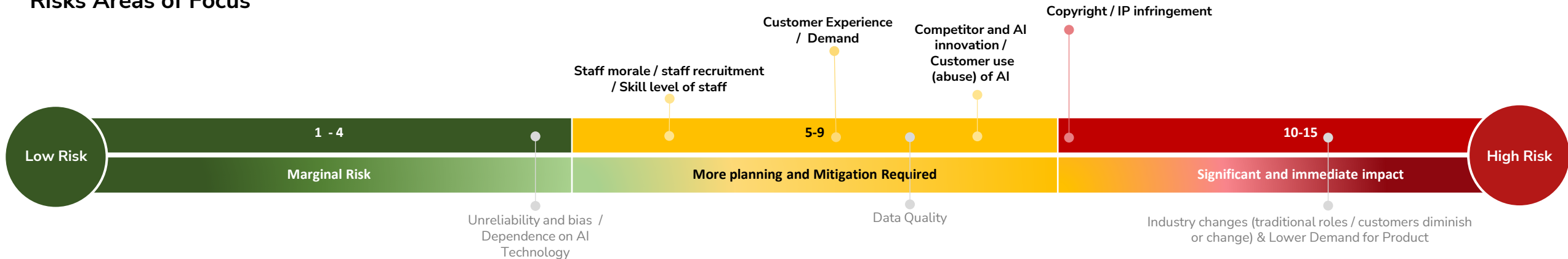
AI - Opportunities and Risks.

We continue to explore and develop AI solutions, seen through the two lenses of Opportunities and Risks. Areas in bold are under development.




Opportunities – Areas of Focus



Risks Areas of Focus



Responsible Business.

	Cultural positivity 	Customer Empowerment 	Proactive assurance 	Environmental responsibility 
Ambition	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.
FY24 Achievements	<p>Launched Wilmington Values.</p> <p>Engagement survey shows increases in: Engagement: 7.4 to 7.7 D&I: 7.8 to 8.2 Health & Wellbeing: 7.4 to 7.9</p> <p>Launched employee engagement “Commitments”.</p> <p>Disability Confident Employer status.</p> <p>53% increase (YTD) in employee volunteering.</p>	<p>Commenced digital accessibility scanning of websites, products, and associated collateral, targeting WCAG 2.1 AA standards.</p> <p>Increased WCAG 2.1 AA compliance through groupwide taskforce.</p> <p>Each business has a method of monitoring NPS</p>	<p>Testing on internal and external digital products has increased from annual to quarterly.</p> <p>Compliance Hub launched to maintain the highest internal compliance standards.</p> <p>Differentiated compliance approach for employees, contractors, and suppliers, focussing on a pragmatic approach.</p>	<p>Carbon offsetting put to employee vote, building internal engagement.</p> <p>Carbon neutrality confirmed through external assessment.</p> <p>Improving quality of carbon emission data in supply chain.</p> <p>ISO20121 Event Sustainability accreditation for FRA.</p> <p>Scoping ISO14001 Environmental Management</p>
FY25 Focus	<p>Alignment to external standards: Inclusive Employers Standard</p> <p>Investors in People</p> <p>Investors in Wellbeing</p>	<p>Quarterly audit on WCAG 2.1 AA to ensure compliance with Web Content Accessibility Guidelines</p> <p>Quarterly NPS reviews</p>	<p>ISO 9001:2015 Quality Management Systems currently in place for ICA - planned extension to CLTi</p> <p>ISO 27001:2022 Information Security Management</p>	<p>ISO 20121:2012 Event Sustainability– review opportunity to extend to Europe</p> <p>ISO 14001:2015 - Environmental Management Systems (H2 accreditation target)</p> <p>Carbon Footprint report recommendations road map</p>

Current trading and outlook.

- Consistent and sustainable organic revenue and profit growth, with improved margins
- Final dividend of 8.3p, total dividend of 11.3p, up 13% on FY23.
- Strengthened portfolio, with improved quality, realigned to focus on GRC
- Progress in all areas of Responsible Business; Investors in People Silver accreditation
- Digital Hub adoption as a RegTech solution
- Current trading is in line with expectations

Q&A

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Thank you

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Appendix

Portfolio Management FY20 to FY23.*

- Slide reproduced from February 2024 presentation

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

FY24 disposals.

- Completed disposal of MIExact and European Healthcare companies in FY24
- Initiated disposal of Compliance Week

APM disposal completed

- Did not meet the Wilmington Characteristics
- Off strategy: low GRC fit
- Media subscription business
- No geographic or sector synergies with other parts of Wilmington
- Disposal to Philia Medical Editions SAS, a subsidiary of Europa Group – April 2024

UK Healthcare/HSJ disposal completed

- Did not meet the Wilmington Characteristics
- Off strategy: weak GRC fit
- Two business models: HSJ media subscription; data collation and processing for GTM* activities
- No sector synergies with other parts of Wilmington
- Disposal to Inspirit Franklin Holdings Ltd, an entity ultimately owned by funds managed by Inspirit Capital – June 2024

MiExact disposal completed

- 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

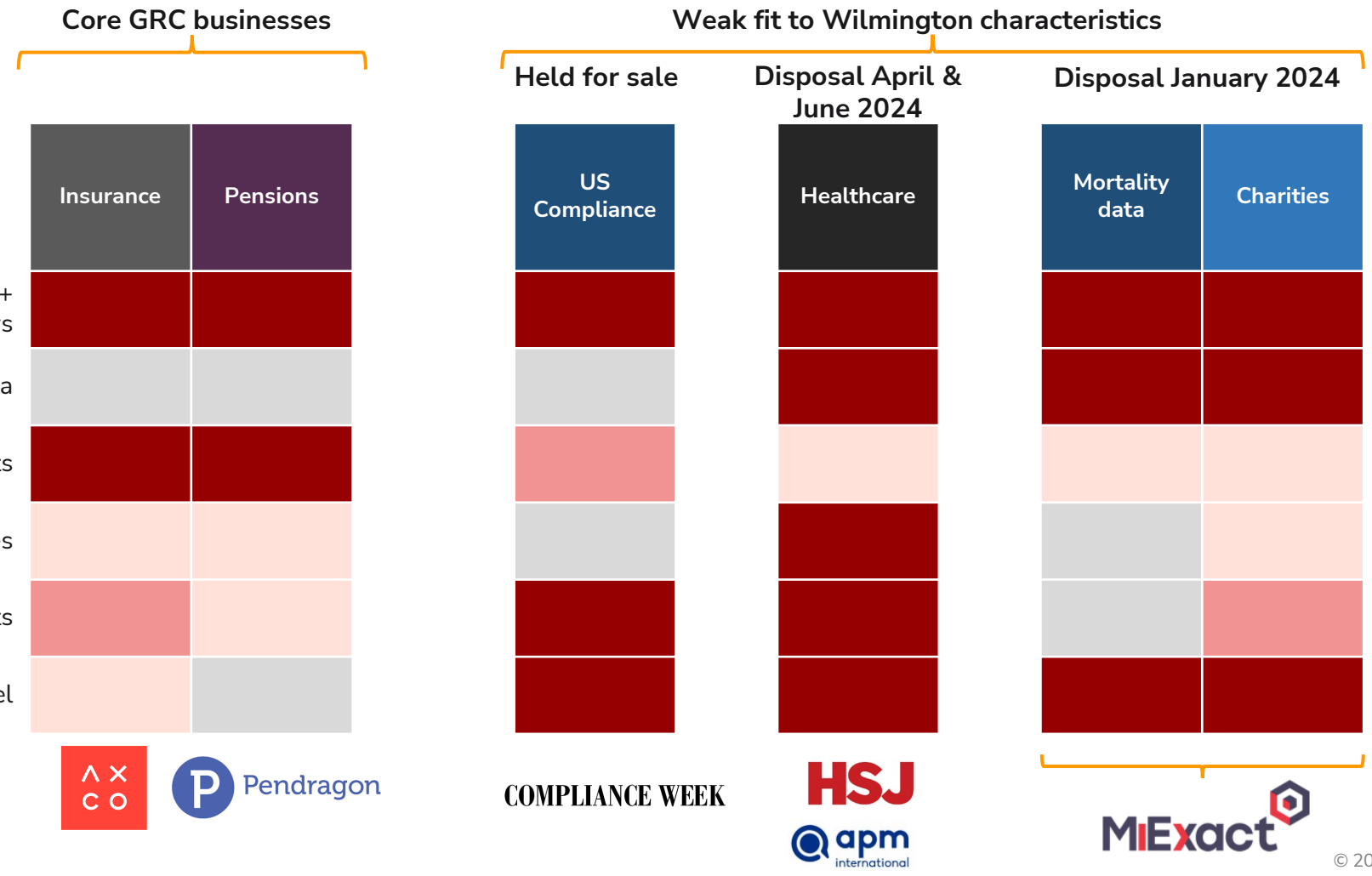
Compliance Week disposal initiated

- Does not meet the Wilmington Characteristics
- Off strategy: subscription offering, but reliant on advertising revenue model (similar to APM and HSJ)
- Limited synergy with other parts of the Group (currently limited training and data elements)

Previous Intelligence Division strategic map.

- Core activities
- Developed in FY23/24
- Emerging activities
- Potential activities

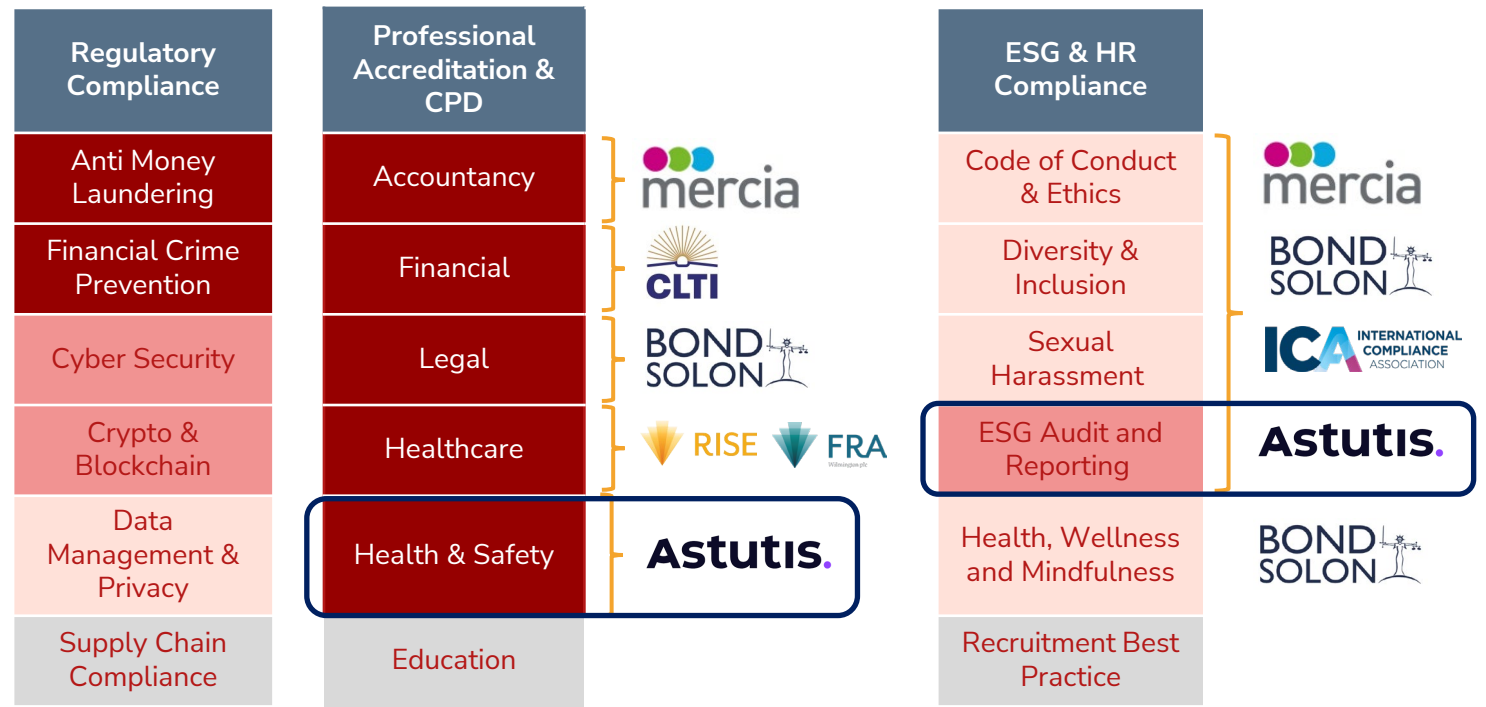
Intelligence division segments overlaid with current expertise



Previous Training & Education strategic map.

- Core activities
- Developed in FY23/24
- Emerging activities
- Potential activities

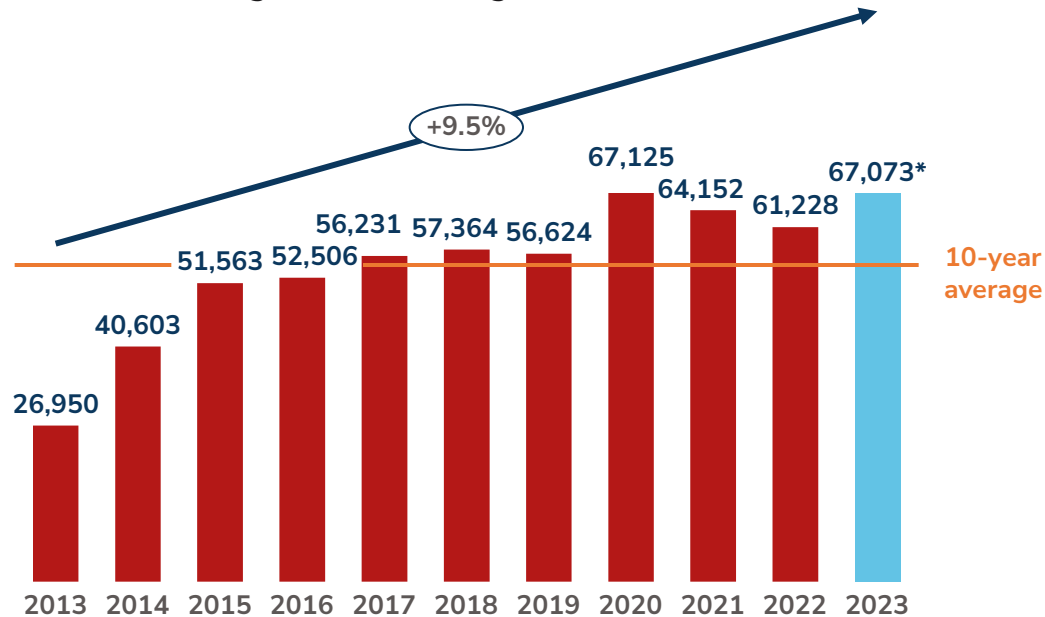
GRC Training & Education segments overlaid with current expertise



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.£70 in 2017/18 to c.£213m in 2023/24

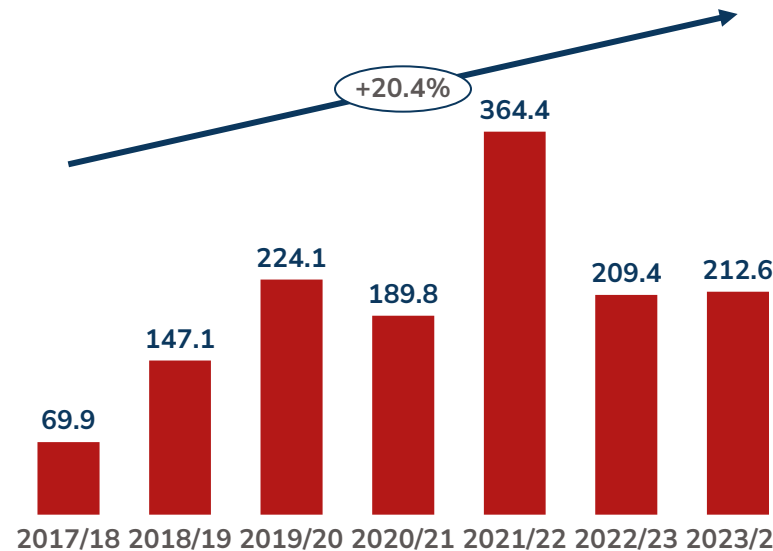
Volume of regulatory information published by the largest 1,374 regulators covering 190 countries¹



Source: Thomson Reuters Regulatory Intelligence, FCA

*Wilmington forecast based on 10 year CAGR

FCA total value of financial penalties levied on companies 2018 – 24 YTD £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"> • EU countries implemented MiCA regulations on fiat-backed stablecoins. • EU requires any company offering a digital currency to be authorised by the state's FCA • FCA regulated KYC and AML and for crypto-assets 	<ul style="list-style-type: none"> • Beginning 2025 all trades performed through digital asset brokers will be reported to the IRS through the 1099 DA form. 	<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"> • The Digital Operational Resilience Act will apply from 2025, strengthening the EU financial sector's handling of IT disruptions and cyber threats 	<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"> • IAASB begins work on global standards for ESG assurance • ISSB issues standards IFRS S1 and S2 of sustainability related disclosures in capital markets worldwide 	<ul style="list-style-type: none"> • EU passes the Net-Zero Industry Act creating regulatory framework to boost European industry 	<ul style="list-style-type: none"> • SEC issues final climate-related disclosure requirements in H1 2024 • Federal Reserve started publishing ESG risks 	<ul style="list-style-type: none"> • Three Chinese stock exchanges propose sustainability reporting guidelines for listed companies • South Africa passes climate change law to meet its emission reduction pledges
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"> • US Government imposes additional sanctions and export controls on Belarus 	<ul style="list-style-type: none"> • Russia sanctions implemented by Australia, New Zealand, South Korea, Singapore and Japan

Source: Thomson Reuters

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Thank you
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