

## Chief Executive's review



### Introduction

In 2021, Wilmington completed its strategic review and we took the decisive steps to refocus the Group on the Governance, Risk and Compliance markets. We invested in our digital first activities. We restructured to operate as two divisions in one company, committing to investment in our operational growth levers of sales, marketing and product. We outlined the decisive steps needed to improve our technology capabilities to accelerate our shift to single technology platforms and tackled our legacy technology debt. We committed to maturing our measures assessing and improving customer satisfaction and employee engagement, designing and investing in a new people programme and committing to meaningful ESG commitments.

Since 2021, Wilmington has delivered against each of these strategic aims. This structured, measured and progressive transformation programme is delivering results, changing the shape of our business, increasing value for our customers, delivering growth for our shareholders and creating growth momentum across the Group.

### Results

For the year ending 30 June 2023, the Group saw overall organic revenue growth of 9%, with growth across all parts of our business except our healthcare unit. Our training and education division achieved a particularly impressive 15% growth in organic revenue, while our intelligence brands reported 3% growth, with strong performance from our Axco,

Pendragon and APM businesses offset by the UK healthcare business' decline. We have also achieved a 7% growth in recurring revenue<sup>1</sup>, which now represents 39% of total revenue. Currency movement had a minimal impact on the Group's overall results.

The increased revenues and a continued focus on operational efficiency and cost management resulted in adjusted PBT growth from continuing businesses of 30% to £24.1m (2022: £18.6m) and a corresponding improvement in adjusted PBT margin to 19.7% (2022: 16.6%). This resulted in adjusted basic earnings per share being up 27.0%. We also are proposing a final dividend of 7.3p (total of 10.0p). The Group strengthened its balance sheet, increasing its net cash position (excluding lease liabilities) to £42.2m (2022: £20.5m) after a strong year of converting profits to cash.

### Strategy

We continued to focus on consolidating our already strong presence in the large, growing and rapidly evolving GRC markets, following the 2021 strategic review. These markets are underpinned by strong macro drivers, particularly the increasing volume and enforcement of regulation, complex geopolitical landscape, increased importance of ESG and widespread adoption of technological and data-driven compliance solutions, all of which align strongly to Wilmington's core offering.

At the heart of this focus on the GRC markets is our ambition to help our customers to do the right business in the right way, by providing a complementary range of information & data and

1. Recurring revenues – those contracted at least one year ahead.

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training & education solutions. Our operating model mirrors this core purpose. Our Intelligence division provides specialist data and analytics that give customers the detailed insight they need to understand the regulatory landscape, and our Training & Education division delivers specialist training that equips them to navigate it successfully. As planned, we completed the disposal of our non-core Spanish insurance information business in the first half of the financial year.

### Investment programme

Our investment approach across the Group continues to be targeted at embedding the unique characteristics that define our competitive advantage into each of our brands. I am pleased with the progress we have made in developing single technology platforms in each of our divisions, providing the foundation to accelerate our growth ambitions and enabling us to provide an improved user experience to our customers, resulting in an increased competitive advantage. It will also give us the agility to respond to their ever-changing needs in the rapidly evolving GRC markets, enhancing our growth potential. The implementation of single platforms in each division will also allow us to efficiently expand our offering by creating a scalable portfolio to enhance our growth potential.

Version 1.0 of the Digital Learning Platform was successfully released at the end of FY22. We are taking the learnings from this version to improve both the design and product features, with version 2.0 on track to be delivered by June 2024. A new technology leader has joined the Group to spearhead the version 2.0 design and delivery, and increase the speed of development.

We continue to invest organically in new products and strengthen our existing product offerings, with the scope to monetise our solutions greatly enhanced by our single platform approach. This strategy for maximising the value of our technology and data assets, combined with our streamlined operating model, provides the strong base to actively consider acquisition targets which complement and/or extend our capabilities.

### Artificial Intelligence

The advent of artificial intelligence (AI) has created immense potential for efficiency and AI enhanced products within the GRC domain. The realm of AI, wherein machines strive to replicate intricate human cognitive functions, holds the promise of overhauling industries and reshaping entire work processes and value streams. The disruptive prowess of AI technology is rooted in its ability to mechanise tasks, optimise decision-making protocols and unlock uncharted pathways across an array of sectors.

By orchestrating the automation of repetitive tasks and routine processes, AI holds the potential to fine-tune operations, curtail expenditures and strategically allocate resources to endeavours of higher value. Furthermore, the analytical capabilities of AI can bestow invaluable insights, paving the way for informed, data-driven decision-making and astute strategic optimisation.

Within the strategic framework of Wilmington, deliberate measures are being put into action to navigate the risks that accompany AI technology while simultaneously harnessing its opportunities.

A working group has been created to take a risk and opportunity-based approach to AI. This group has

meticulously crafted a series of recommendations encompassing risk mitigation strategies, operational efficiency enhancements and augmentation of products. Diligent actions to mitigate risks are already underway, encompassing fortifying our digital assets with robust protective layers to thwart unauthorised scraping by external entities.

Simultaneously, revised policies governing the utilisation of AI technology have been devised, covering both our internal staff and the interactions with our valued customers. Given AI's remarkable capacity to generate content from vast reservoirs of data, inadvertent infringement of copyrighted material looms as a notable concern. The implementation of comprehensive protective protocols and mechanisms becomes imperative in safeguarding the sanctity of intellectual property rights.

Beyond these operational facets, AI stands as a catalyst for elevated product development, providing the capability for predictive analytics, tailored recommendations, and intelligent automation. This transformative potential empowers us to furnish clients with products that are not only more personalised, but also more resourceful and innovative. For example, in our Training and Education division we will be exploring course recommendation, automated grading and feedback and translation services, and in our Intelligence Division the enhancement of our proprietary data, which is protected within our secure environment.

### Scale

Wilmington is helping our customers to do the right business, in the right way. Governments, Regulators, businesses, and individuals are globally becoming

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increasingly aware of the requirements and benefits of implementing appropriate Governance, Risk and Compliance training and of ensuring data and intelligence sources are as current and accurate as possible.

This global market movement provides Wilmington with an increasing opportunity to develop and provide services across a broader international customer base. Alongside existing core operation centres in the UK, Ireland, USA, France, Singapore, Hong Kong, and Malaysia, we are also building an increasing presence in Indonesia. We now have a commercial presence in India and have invested further in the MENA region. We expect soon to expand our offering, through partners, in China.

Operating efficiency is maintained by our product offering in these new territories being built on our existing capabilities and content, with a small degree of customisation of materials to reflect the differing characteristics of each domestic market.

The investment in commercial and customer service functions was made in FY23, enabling us to measure performance and fine-tune our offering throughout FY24. No further significant investment in this area is expected throughout FY24. Our development of single technology platforms will be instrumental in helping us scale in both existing markets and in new territories.

### A growth mindset

We began the process of pivoting the Group to a digital first strategy in FY20 and FY21 and this has enabled us to deliver two years of quarter-on-quarter organic revenue and profit growth. Our revised strategic focus, consolidating our strong presence in

the large, growing and rapidly evolving GRC markets, provides the Group with many growth opportunities.

Wilmington now transacts with over 8,000 customers and gathers data from around 250 geographies, and has new opportunities in new markets. Whilst Wilmington cannot claim to be a global business, we are certainly well on the way to becoming a truly international business.

Key to this organic and geographic progress is developing and maintaining a strong growth mindset across all parts of our Group. We invested in new leaders for many of our businesses and our shared services in FY22, specifically recruiting or promoting individuals with a proven track record of implementing and delivering growth strategies. The changes and expertise these individuals have brought have been one of the reasons why we have reported another strong set of results.

A key part of our growth mindset is to focus on the many drivers of employee engagement, which increased year on year as measured by our annual engagement survey. Development is actioned by activities such as regular Town Halls, the building and support of communities, and development of Working Groups to focus on key areas such as diversity and inclusion, reward strategies, talent development and others.

Instrumental in the development of our people culture was the recruitment of a Chief People Officer in November 2021, who has significantly developed our people activities across a very broad spectrum of activities including, but not limited to, a refreshed wellbeing strategy and services, a complete review of our reward and benefits strategy, the creation of job families across selected disciplines, investment in our learning and development services, and

development of diversity and inclusion policies, practices and initiatives. More details can be found in our Sustainability report.

### Responsible business

We are committed to investing in the initiatives that support our own responsible business culture. We have achieved progress against our targets in all four areas of our sustainability strategy, and this work continues to underpin our broader strategic objectives and risk management processes. Full details of this work can be found in our Sustainability report.

We implemented the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations in full last year. We concluded that we must continue to monitor the impacts of climate change on the Group's risk profile, but that the potential opportunities that may arise from the transition to a low-carbon economy are well aligned to our core offering. We have committed to net-zero carbon targets, with an ambition of absolute zero, producing no greenhouse gas emissions, in respect of Scope 1 and 2 emissions by 2028, and net zero in respect of Scope 3 emissions by 2045.

### Portfolio update

In December 2022, we completed the disposal of Inese, a media and event business based in Madrid, Spain. We had flagged the business as held for sale from February 2020, with the disposal process significantly hampered by the Covid-19 pandemic.

We continue to review all parts of the Group assessing businesses against six key characteristics: organic growth opportunities; attractive markets; digital and data capabilities; strong leadership;



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strategic fit to the GRC marketplaces; and attractive product, revenue, and profitability characteristics.

We continue to seek businesses to join the Wilmington Group, with a highly active M&A function exploring many options. To date, whilst we have identified numerous businesses which meet our required characteristics, valuation expectations continue to remain high and we continue with our disciplined approach. We will continue to explore inorganic opportunities, whilst remaining focussed on our organic growth.

### Summary

Wilmington has transformed over the last four years to become a digital first business, focussed on the attractive GRC sector, reinvigorating and innovating our products and services to develop deeper and longer-term relationships with clients, focussed on the Intelligence and Training & Education markets, with a growth mindset at our core.

This new strategy is delivering, and key to this transformation are our people and supporting

businesses who work tirelessly to constantly develop and improve many aspects of what we do, how we do it, and deliver increasing value to our customers.

The current financial year has started in line with our expectations with continued organic revenue growth and improved profits and cash.

Thank you to each and every one of my colleagues for their commitment to Wilmington, for their passion and expertise in their chosen areas, and for the energy they bring to our many growth projects. Our recently launched company values of Inclusivity, Ambition, Curiosity, and Integrity resonate well with our strategic ambitions and, with a mindful eye on the geopolitical and economic uncertainty, we look forward to delivering our plans for FY24 and beyond.

“ Last year's results were our strongest to date with continuing revenues up by 9% and profits up 30% ”

*Mark Milner*

Chief Executive

22 September 2023

