

# Wilmington plc

## Double digit profits growth – dividend up 13%

Wilmington plc, (LSE: WIL, 'Wilmington' or 'the Group') the provider of data, information, education and training services in the global Governance, Risk and Compliance (GRC) markets, today announces its half year results for the six months ended 31 December 2022 (H1 FY23).

### Financial performance

	H1 FY23	H1 FY22	Change
<b>Continuing results<sup>1</sup></b>			
Revenue	£56.0m	£52.4m	7%
Adjusted PBT <sup>2</sup>	£8.9m	£7.8m	14%
Adjusted basic EPS <sup>3</sup>	7.92p	7.02p	13%
Interim dividend	2.70p	2.40p	13%

<b>Statutory results</b>			
Revenue	£57.4m	£58.9m	
PBT incl. disposals	£10.0m	£24.6m	
Basic EPS	9.40p	26.14p	
Adjusted basic EPS	8.11p	8.60p	

### Highlights

- Continuing revenue growth 7% and organic revenue growth 4% excluding currency gains - driven by strong performance in Training & Education
  - Recurring revenue up 5% underpinned by strong retention rates
  - Repeat revenues, including recurring revenues of 42%, now 79% of revenues (69% in FY22).
- Continuing adjusted profit before tax of £8.9m up 14%
- Strategic disposal of Inese in December 2022
- Robust balance sheet - net cash<sup>4</sup> at 31 December 2022 of £22.9m (31 Dec 21: £11.0m; 30 Jun 22: £20.5m)
- Significant progress made in establishing single technology platforms for both divisions

### Mark Milner, Chief Executive Officer, commented:

***"We continue to deliver our strategy to drive solid organic revenue growth and profits as well as strong cash conversion. We maintain focus on actively managing our portfolio and will only consider acquisition opportunities which provide attractive return on investment."***

***"We have made good progress with our endeavours to develop single platforms for our Intelligence and Training & Education divisions, simplifying our technology and enhancing our products and services."***

***"Trading in the current financial year continues to be in line with expectations. Whilst we are mindful of current economic uncertainties, we have a strong contracted order book which underpins our confidence for the second half."***

*The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement this inside information is now considered to be in the public domain.*

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<sup>1</sup> Continuing – eliminating the effects of the impact of disposals; Organic – Continuing eliminating exchange rate fluctuations

<sup>2</sup> Adjusted profit before tax – see note 4

<sup>3</sup> Continuing adjusted basic earnings per share – see page 4; Adjusted basic earnings per share – see note 6

<sup>4</sup> Net cash includes cash and cash equivalents, bank loans (excluding capitalised loan arrangement fees) and bank overdrafts but excludes lease liabilities

## Notes to Editors

Wilmington plc is the recognised knowledge leader and partner of choice for data, information, education and training in the global Governance, Risk and Compliance (GRC) markets. Wilmington employs close to 1,000 people and sells to around 120 countries. Wilmington is listed on the main market of the London Stock Exchange.

## Overview

We have continued to deliver solid organic revenue growth and double-digit profit improvement whilst also investing in our portfolio of businesses and divisional infrastructure. Demand has been particularly strong in our Training and Education division and in Financial Services within our Intelligence division.

Continuing revenue was up 7% at £56.0m with organic revenue growth of 4%, after removing the impact of currency movements. Reported revenue including business sold over the last 18 months was £57.4m (H1 FY22: £58.9m).

Recurring revenues grew 5% with strong retention rates continuing. Recurring revenues represent 42% of total ongoing revenues (42% in H1 FY22). Repeat revenues, including the recurring revenues, from existing customers made up 79% of our revenues in H1 FY23 (69% in FY22).

With further margin improvements, continuing adjusted profit before tax was up 14% to £8.9m (H1 FY22: £7.8m) and continuing adjusted basic earnings per share by 13% to 7.92p (H1 FY22: 7.02p).

Operating cash conversion remained strong at 121%, with net cash excluding lease liabilities of £22.9m (30 June 2022: £20.5m).

The Group's Spanish business, Inese, as planned was sold in December 2022 for £2.6m. The proceeds were received in January 2023.

The interim dividend is being increased by 13% to 2.70p (H1 FY22: 2.40p), in line with continuing profits.

## Strategic and operational progress

Our strategy is to grow revenues and profits organically in the large, growing and rapidly evolving GRC and Regulatory Compliance markets by investing in our business and actively managing our portfolio of brands.

Our largest investment focus is on establishing single technology platforms for each division. This supports our digital-first approach and will enable the Group to grow more efficiently organically and by acquisition and help to deliver operating leverage over time.

In the Training & Education division, we have established the Digital Learning Platform and are moving to version 2.0, which will improve our 'back office' technologies. In the Intelligence division, we have begun to establish a single data platform for all our lines of business, based around Snowflake® technology and expect this project to roll out over the next two years.

We remain focussed on actively managing our portfolio by assessing the potential of each business to exhibit the six common Wilmington characteristics that we recognise as key drivers of organic revenue growth and profitability improvement.

We intend to use our cash resources and our bank facility to acquire suitable GRC businesses to enhance and widen the Group's capabilities and rate of profitable growth. We have not made any acquisitions to date as we continue to find the prices being paid for good businesses are too high to deliver good returns. We will continue to apply high levels of scrutiny in respect of target identification and multiples paid.

We are clear in our ambition but equally clear in the characteristics we will seek in any business we look to acquire. The ability to drive long term value for Wilmington shareholders will always be a key priority.

## Current trading and outlook

Trading in the current financial year continues to be in line with expectations. Whilst we are mindful of current economic uncertainties, we have a strong contracted order book which underpins our confidence for the second half.

## Environmental, Social, and Governance (ESG)

We continue to invest in our priority ESG initiatives, as our responsible business strategy underpins the delivery of our broader strategic objectives. In H1 we reported a 10% reduction in our gender pay gap since last year and have continued to develop our network of internal communities that support diversity within our workforce.

We ran our second digital accessibility awareness campaign and continue to conduct product audits and improvement initiatives as we strive to reach our long-term goal to meet WCAG 2.1 AA standards across our digital portfolio.

In H1 we published our carbon reduction plan, and our updated response to Task Force on Climate-Related Financial Disclosures (TCFD) is an integral component of our upcoming strategic planning cycle.

## Divisional review

### Training & Education

	H1 FY23 £'m	H1 FY22 £'m	Absolute Variance	Organic Variance
<b>Revenue</b>				
Global	11.8	11.4	3%	1%
UK & Ireland	11.9	10.9	9%	9%
North America	4.9	2.6	87%	59%
<b>Continuing revenue</b>	<b>28.6</b>	<b>24.9</b>	<b>15%</b>	<b>11%</b>
<b>Continuing operating profit</b>	<b>6.2</b>	<b>5.6</b>	<b>12%</b>	<b>7%</b>
<b>Margin</b>	<b>22%</b>	<b>22%</b>		
<b>Statutory revenue</b>	<b>28.6</b>	<b>29.8</b>	<b>(4%)</b>	
<b>Statutory operating profit</b>	<b>6.2</b>	<b>7.1</b>	<b>(12%)</b>	

Continuing revenues grew 11% organically. This was led by a strong performance in North America where growth in events, particularly delegate attendance and the running of four new ones, boosted revenues by 59%. Growth excluding events was 6%.

UK and Ireland also had a strong result with both Mercia and Legal seeing substantial growth due to increased customer demand. In Global, strong growth in the UK and Malaysia was offset by challenging market conditions in Singapore.

Organic operating profit increased by 7% as a result of organic revenue growth and effective cost control. H1 FY23 operating profit increased by 12%, excluding £1.5m of H1 FY22 operating profit from discontinued businesses.

We expect margins to move ahead of FY22 levels in H2 FY23 due to the second half weighting of revenues.

### Intelligence

	H1 FY23 £'m	H1 FY22 £'m	Absolute Variance	Organic Variance
<b>Revenue</b>				
Healthcare	15.1	15.8	(5%)	(5%)
Financial Services & Other	10.0	9.3	9%	5%
MiExact	2.3	2.4	(5%)	(5%)
<b>Continuing revenue</b>	<b>27.4</b>	<b>27.5</b>	<b>0%</b>	<b>(2%)</b>
<b>Continuing operating profit</b>	<b>5.6</b>	<b>5.5</b>	<b>2%</b>	<b>0%</b>
<b>Margin</b>	<b>20%</b>	<b>20%</b>		
<b>Statutory revenue</b>	<b>28.8</b>	<b>29.1</b>	<b>(1%)</b>	
<b>Statutory operating profit</b>	<b>5.8</b>	<b>5.6</b>	<b>3%</b>	

Continuing revenues in the Intelligence division marginally declined due to a slow first half for sales in UK Healthcare and MiExact, although Financial Services had a strong performance in subscription revenues, which rose to 68% of total ongoing divisional revenue.

As part of our portfolio investment and improvement programme, we discontinued various UK Healthcare products and services that did not make acceptable profits. We also experienced shortages of specialist delivery and sales resources. The shortfall has now been addressed. Demand remains strong, we expect to grow revenues from on-going products and services in H2 and beyond.

Operating profits from continuing operations marginally improved, achieving a 0.8% increase in profit margin to over 20% following our investment programme in automation.

## Financial review

### Other income and finance income

Other income represents the net gain of £2.2m from the disposal of Inese in December 2022 (H1 FY22: £16.1m from the disposal of AMT).

Net finance income was achieved for the first time (H1 FY22: £0.6m net finance expense) due to having no debt and cash to deposit in interest-bearing accounts.

### Profit before taxation

Continuing adjusted profit before tax was up 14% to £8.9m (H1 FY22: £7.8m) with profit before tax at £10.0m (H1 FY22: £24.6m). H1 FY22 profit before tax included £16.1m profit on disposal of AMT.

### Taxation

The tax charge is £1.8m (H1 FY22: £1.7m) with an overall effective tax rate<sup>1</sup> of 18% (H1 FY22: 7%). The lower effective tax rate in the prior period was due to the gain of £16.1m on disposal of AMT not being subject to corporation tax.

The underlying tax rate<sup>2</sup>, which ignores the tax effects of adjusting items, is 21% (H1 FY22: 20%). The increase reflects greater profits from territories with higher tax rates including North America.

### Earnings per share

Continuing adjusted basic earnings per share, excluding the results of sold and closed businesses, increased by 13% to 7.92p (H1 FY22: 7.02p), reconciliation below. Reported earnings per share 9.40p (H1 FY22: 26.14p).

	H1 FY23	H1 FY22	
	£'m	£'m	
Adjusted earnings (note 6)	7.1	7.5	
Remove profit after tax of sold and closed businesses	(0.1)	(1.4)	
<b>Continuing adjusted earnings</b>	<b>7.0</b>	<b>6.1</b>	
	Number	Number	Variance
Weighted average number of ordinary shares (note 6)	88,027,119	87,603,917	
<b>Continuing adjusted basic earnings per share</b>	<b>7.92p</b>	<b>7.02p</b>	<b>13%</b>

### Dividend

The Board has increased the interim dividend by 13% to 2.70p (H1 FY22: 2.40p), in line with continuing profits. It will be paid on 6 April 2023 to shareholders on the share register as at 3 March 2023, with an associated ex-dividend date of 2 March 2023.

### Balance sheet and cashflow

Cash generation improved due to the strong trading performance with operating cash conversion remaining strong at 121%, with net cash excluding lease liabilities of £22.9m (30 June 2022: £20.5m). The proceeds from the disposal of Inese were received in January 2023.

<sup>1</sup> The effective tax rate is calculated as the total tax charge divided by profit before tax

<sup>2</sup> The underlying tax rate is calculated as one minus the adjusted profit after tax divided by the adjusted profit before tax – the tax rate excluding the tax impact of adjusting items

## Consolidated Income Statement

	Notes	Six months ended 31 December 2022 (unaudited) £'000	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
<b>Continuing operations</b>				
<b>Revenue</b>	5	<b>57,425</b>	58,945	121,028
Operating expenses before amortisation of intangibles excluding computer software, impairment and adjusting items		<b>(48,367)</b>	(48,921)	(99,407)
Impairment of property, plant and equipment	4	—	(597)	(597)
Amortisation of intangible assets excluding computer software	4	<b>(1,208)</b>	(1,183)	(2,368)
Adjusting items	4	<b>(45)</b>	22	(66)
<b>Operating expenses</b>		<b>(49,620)</b>	(50,679)	(102,438)
Other income – gain on disposal of subsidiaries	7	<b>2,212</b>	16,115	16,329
Other income – gain on disposal of property, plant and equipment		—	758	1,289
Other income – net gain on financing activities	4	—	—	840
<b>Operating profit</b>		<b>10,017</b>	25,139	37,048
Net finance income/(expense)		<b>12</b>	(551)	(928)
<b>Profit before tax</b>	4	<b>10,029</b>	24,588	36,120
Taxation		<b>(1,757)</b>	(1,687)	(3,295)
<b>Profit for the period attributable to owners of the parent</b>		<b>8,272</b>	22,901	32,825
<b>Earnings per share:</b>				
Basic (p)	6	<b>9.40</b>	26.14	37.46
Diluted (p)	6	<b>9.19</b>	25.92	36.98

The notes on pages 10 to 14 are an integral part of these consolidated financial statements.

## Consolidated Statement of Comprehensive Income

	<b>Six months ended 31 December 2022 (unaudited) £'000</b>	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
<b>Profit for the period</b>	<b>8,272</b>	22,901	32,825
Other comprehensive income: Items that may be reclassified subsequently to the Income Statement			
Fair value movements on interest rate swaps, net of tax	—	389	—
Currency translation differences	8	341	2,353
Fair value movements of net investment hedges, net of tax	—	(164)	(193)
<b>Other comprehensive income for the period, net of tax</b>	<b>8</b>	566	2,160
<b>Total comprehensive income for the period attributable to owners of the parent</b>	<b>8,280</b>	23,467	34,985

Items in the statement above are disclosed net of tax. The notes on pages 10 to 14 are an integral part of these financial statements.

## Consolidated Balance Sheet

	31 December 2022 (unaudited) £'000	31 December 2021 (unaudited) £'000	30 June 2022 (audited) £'000
<b>Non-current assets</b>			
Goodwill	61,237	59,912	61,128
Intangible assets	8,300	12,986	9,427
Property, plant and equipment	8,192	7,909	6,876
Deferred consideration receivable	1,304	1,516	1,448
Derivative financial instruments	—	537	—
Deferred tax assets	1,648	1,233	1,041
	<b>80,681</b>	<b>84,093</b>	<b>79,920</b>
<b>Current assets</b>			
Trade and other receivables	29,771	25,904	27,097
Deferred consideration receivable	677	250	250
Current tax assets	1,100	238	1,262
Cash and cash equivalents	22,922	24,160	19,785
Assets of disposal group held for sale	—	—	1,450
	<b>54,470</b>	<b>50,552</b>	<b>49,844</b>
<b>Total assets</b>	<b>135,151</b>	<b>134,645</b>	<b>129,764</b>
<b>Current liabilities</b>			
Trade and other payables	(51,252)	(51,561)	(50,258)
Derivative financial instruments	—	(125)	—
Lease liabilities	(1,478)	(2,243)	(648)
Provisions	(307)	(307)	(307)
Liabilities of disposal group held for sale	—	—	(1,332)
	<b>(53,037)</b>	<b>(54,236)</b>	<b>(52,545)</b>
<b>Non-current liabilities</b>			
Borrowings	—	(12,734)	—
Lease liabilities	(8,140)	(7,750)	(6,862)
Deferred tax liabilities	(1,469)	(1,762)	(2,040)
Provisions	(1,075)	(1,381)	(1,228)
	<b>(10,684)</b>	<b>(23,627)</b>	<b>(10,130)</b>
<b>Total liabilities</b>	<b>(63,721)</b>	<b>(77,863)</b>	<b>(62,675)</b>
<b>Net assets</b>	<b>71,430</b>	<b>56,782</b>	<b>67,089</b>
<b>Equity</b>			
Share capital	4,408	4,380	4,391
Share premium	45,553	45,225	45,553
Treasury and ESOT reserves	(880)	(960)	(1,093)
Share based payments reserve	2,131	1,736	2,141
Translation reserve	4,430	2,410	4,422
Retained earnings	15,788	3,991	11,675
<b>Total equity</b>	<b>71,430</b>	<b>56,782</b>	<b>67,089</b>

The notes on pages 10 to 14 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	Retained earnings/ (accumulated losses) £'000	Total equity £'000
<b>At 30 June 2021 (audited)</b>	<b>48,904</b>	<b>1,390</b>	<b>2,069</b>	<b>(15,696)</b>	<b>36,667</b>
Profit for the period	—	—	—	22,901	22,901
Other comprehensive income for the period	—	—	341	225	566
	48,904	1,390	2,410	7,430	60,134
Dividends paid	—	—	—	(3,399)	(3,399)
Performance share plan awards vesting settled via ESOT	84	(105)	—	21	—
ESOT share purchases	(371)	—	—	—	(371)
Sale of treasury shares	28	—	—	—	28
Share based payments	—	451	—	—	451
Tax on share based payments	—	—	—	(61)	(61)
<b>At 31 December 2021 (unaudited)</b>	<b>48,645</b>	<b>1,736</b>	<b>2,410</b>	<b>3,991</b>	<b>56,782</b>
Profit for the period	—	—	—	9,924	9,924
Other comprehensive income/(expense) for the period	—	—	2,012	(418)	1,594
	48,645	1,736	4,422	13,497	68,300
Dividends paid	—	—	—	(2,093)	(2,093)
Sale of treasury shares	21	—	—	—	21
Purchase of treasury shares	(154)	—	—	—	(154)
Issue of share capital	11	—	—	—	11
Issue of share premium	328	—	—	—	328
Save As You Earn options settlement	—	(180)	—	152	(28)
Share based payments	—	585	—	—	585
Tax on share based payments	—	—	—	119	119
<b>At 30 June 2022 (audited)</b>	<b>48,851</b>	<b>2,141</b>	<b>4,422</b>	<b>11,675</b>	<b>67,089</b>
Profit for the period	—	—	—	8,272	8,272
Other comprehensive income for the period	—	—	8	—	8
	48,851	2,141	4,430	19,947	75,369
Dividends paid	—	—	—	(5,091)	(5,091)
Issue of share capital	17	—	—	—	17
Performance share plan awards vesting	—	(717)	—	875	158
Save As You Earn options settlement via ESOT	86	(11)	—	(16)	59
Save As You Earn options settlement via treasury shares	127	—	—	(64)	63
Share based payments	—	718	—	—	718
Tax on share based payments	—	—	—	137	137
<b>At 31 December 2022 (unaudited)</b>	<b>49,081</b>	<b>2,131</b>	<b>4,430</b>	<b>15,788</b>	<b>71,430</b>

The notes on pages 10 to 14 are an integral part of these consolidated financial statements.



## Consolidated Cash Flow Statement

	Notes	Six months ended 31 December 2022 (unaudited) £'000	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
<b>Cash flows from operating activities</b>				
Cash generated from operations before adjusting items	9	10,925	11,374	24,570
Cash flows for adjusting items – operating activities		(4)	(31)	(342)
Cash flows from tax on share based payments		(3)	(4)	(4)
<b>Cash generated from operations</b>		<b>10,918</b>	<b>11,339</b>	<b>24,224</b>
Interest received/(paid)		40	(302)	(479)
Tax paid		(2,468)	(1,805)	(3,397)
<b>Net cash generated from operating activities</b>		<b>8,490</b>	<b>9,232</b>	<b>20,348</b>
<b>Cash flows from investing activities</b>				
Disposal of subsidiaries net of cash		—	21,875	22,792
Disposal of cash held in subsidiary		(737)	—	—
Deferred consideration received		125	125	250
Cash flows for adjusting items – investing activities		(6)	(92)	(43)
Purchase of property, plant and equipment		(131)	(275)	(440)
Proceeds from disposal of property, plant and equipment		10	3,439	3,493
Purchase of intangible assets		(436)	(988)	(1,292)
<b>Net cash (used in)/generated from investing activities</b>		<b>(1,175)</b>	<b>24,084</b>	<b>24,760</b>
<b>Cash flows from financing activities</b>				
Dividends paid to owners of the parent		(5,091)	(3,399)	(5,492)
Issue of new shares		587	—	340
Share issuance costs		(14)	—	(28)
Purchase of shares by ESOT		—	(371)	(371)
Payment of lease liabilities		(347)	(1,095)	(3,752)
Cash flows for adjusting items – proceeds on disposal of interest rate swap		—	—	1,243
Fees relating to new and extended loan facility		—	(5)	—
Decrease in bank loans		—	(8,000)	(21,198)
<b>Net cash used in financing activities</b>		<b>(4,865)</b>	<b>(12,870)</b>	<b>(29,258)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,450</b>	<b>20,446</b>	<b>15,850</b>
Cash and cash equivalents, net of bank overdrafts, at beginning of the period		20,543	3,730	3,730
Exchange (loss)/gain on cash and cash equivalents		(71)	(16)	205
Cash classified as held for sale		—	—	758
<b>Cash and cash equivalents at end of the period</b>		<b>22,992</b>	<b>24,160</b>	<b>20,543</b>
<b>Reconciliation of net cash</b>				
Cash and cash equivalents at beginning of the period		19,785	7,374	7,374
Cash classified as held for sale at beginning of the period		758	—	—
Bank overdrafts at beginning of the period		—	(3,644)	(3,644)
Bank loans at beginning of the period		—	(20,960)	(20,960)
Lease liabilities at beginning of the period		(7,510)	(10,742)	(10,742)
<b>Net cash/(debt) at beginning of the period</b>		<b>13,033</b>	<b>(27,972)</b>	<b>(27,972)</b>
Net increase in cash and cash equivalents		2,379	20,430	16,813
Net repayment in bank loans		—	8,000	21,198
Exchange loss on bank loans		—	(202)	(238)
Movement in lease liabilities		(2,108)	749	3,232
Cash and cash equivalents at end of the period		22,922	24,160	19,785
Cash classified as held for sale at end of the period		—	—	758
Bank loans at end of the period		—	(13,162)	—
Lease liabilities at end of the period		(9,618)	(9,993)	(7,510)
<b>Net cash at end of the period</b>		<b>13,304</b>	<b>1,005</b>	<b>13,033</b>

The notes on pages 10 to 14 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, information, education and training in the global Governance, Risk and Compliance ('GRC') markets.

This condensed consolidated interim financial information ('Interim Information') was approved for issue by the Board of Directors on 17 February 2023.

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 2022 were approved by the Board of Directors on 21 September 2022 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 2022 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'. The Interim Information should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2022 which have been prepared in accordance with UK adopted international accounting standards ('UK adopted IAS') and are available on the Group's website: [wilmingtonplc.com](http://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, further supported by the net cash position. 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 2022.

There has been no material impact on the financial statements of adopting new standards or amendments.

Amended standards and interpretations not yet effective are not expected to have a significant impact on the Group's consolidated financial statements.

### 3. Principal risks and uncertainties

The principal risks and uncertainties that affect the Group remain unchanged from those stated on pages 27 to 32 of the strategic report in the Annual Report and Financial Statements for the year ended 30 June 2022.

### 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:

- impairment of property, plant and equipment;
- amortisation of intangible assets excluding computer software;
- adjusting items (included in operating expenses);
- other income – gain on disposal of subsidiaries;
- other income – gain on disposal of property, plant and equipment;
- other income – net gain on financing activities; and
- net finance income.

## Notes to the Financial Results

### 4. Measures of profit (continued)

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

	<b>Six months ended 31 December 2022 (unaudited) £'000</b>	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
<b>Profit before tax</b>	<b>10,029</b>	24,588	36,120
Impairment of property, plant and equipment	—	597	597
Amortisation of intangible assets excluding computer software	<b>1,208</b>	1,183	2,368
Adjusting items (included in operating expenses)	<b>45</b>	(22)	66
Other income – gain on disposal of subsidiaries	<b>(2,212)</b>	(16,115)	(16,329)
Other income – gain on disposal of property, plant and equipment	—	(758)	(1,289)
Other income – net gain on financing activities	—	—	(840)
<b>Adjusted profit before tax</b>	<b>9,070</b>	9,473	20,693
Net finance (income)/expense	<b>(12)</b>	551	928
<b>Adjusted operating profit ('adjusted EBITA')</b>	<b>9,058</b>	10,024	21,621
Depreciation of property, plant and equipment included in operating expenses	<b>1,163</b>	1,217	2,412
Amortisation of intangible assets - computer software	<b>411</b>	784	3,721
<b>Adjusted EBITA before depreciation ('adjusted EBITDA')</b>	<b>10,632</b>	12,025	27,754
Adjusted profit before tax	<b>9,070</b>	9,473	20,693
Remove operating profit from sold and closed businesses	<b>(181)</b>	(1,662)	(2,089)
<b>Continuing adjusted profit before tax</b>	<b>8,889</b>	7,811	18,604

The following adjusting items have been charged to the Income Statement during the period but are considered to be adjusting so are shown separately:

	<b>Six months ended 31 December 2022 (unaudited) £'000</b>	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
Expense/(income) relating to strategic activities	<b>45</b>	(22)	66
<b>Adjusting items (included in operating expenses)</b>	<b>45</b>	(22)	66
Impairment of property, plant and equipment	—	597	597
Amortisation of intangible assets excluding computer software	<b>1,208</b>	1,183	2,368
<b>Total adjusting items (classified in profit before tax)</b>	<b>1,253</b>	1,758	3,031

## 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 Executive Board, which represents the chief operating decision maker.

The Group's dynamic portfolio provides customers with a range of information, data, training and education solutions. The two divisions (Training & Education and Intelligence) are the Group's segments and generate all of the Group's revenue. The Executive Board considers the business from both a geographic and product perspective. Geographically, management considers the performance of the Group between the UK, Europe (excluding the UK), North America and the Rest of the World.

#### (a) Business segments

	Six months ended 31 December 2022 (unaudited)		Six months ended 31 December 2021 (unaudited)		Year ended 30 June 2022 (audited)	
	Revenue £'000	Contribution £'000	Revenue £'000	Contribution £'000	Revenue £'000	Contribution £'000
Training & Education	28,581	6,221	29,867	7,096	61,464	15,998
Intelligence	28,844	5,768	29,078	5,616	59,564	11,359
Group total	57,425	11,989	58,945	12,712	121,028	27,357
Unallocated central overheads	—	(2,155)	—	(2,152)	—	(4,506)
Share based payments	—	(776)	—	(536)	—	(1,230)
	57,425	9,058	58,945	10,024	121,028	21,621
Impairment of property, plant and equipment		—		(597)		(597)
Amortisation of intangible assets excluding computer software		(1,208)		(1,183)		(2,368)
Adjusting items (included in operating expenses)		(45)		22		(66)
Other income – gain on disposal of subsidiaries		2,212		16,115		16,329
Other income – gain on disposal of property, plant and equipment		—		758		1,289
Other income – net gain on financing activities		—		—		840
Net finance income/(expense)		12		(551)		(928)
<b>Profit before tax</b>		<b>10,029</b>		<b>24,588</b>		<b>36,120</b>
Taxation		(1,757)		(1,687)		(3,295)
<b>Profit for the financial period</b>		<b>8,272</b>		<b>22,901</b>		<b>32,825</b>

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, this 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 2022 (unaudited) £'000	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
UK	30,819	30,874	64,320
Europe (excluding the UK)	10,756	11,922	25,809
North America	11,308	10,431	21,727
Rest of the World	4,542	5,718	9,172
<b>Total revenue</b>	<b>57,425</b>	<b>58,945</b>	<b>121,028</b>

Sterling makes up the largest portion of our ongoing revenue. In the current period 14% of revenue was derived in US dollars, 12% in Euros and 3% in Singapore dollars, no other currency was material.

## Notes to the Financial Results

### 6. Earnings per share

Adjusted earnings per share has been calculated using adjusted earnings calculated as profit after taxation but before:

- impairment of property, plant and equipment;
- amortisation of intangible assets excluding computer software;
- adjusting items (included in operating expenses);
- other income – gain on disposal of subsidiaries;
- other income – gain on disposal of property, plant and equipment; and
- other income – net gain on financing activities.

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

	<b>Six months ended 31 December 2022 (unaudited) £'000</b>	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
Earnings from continuing operations for the purpose of basic earnings per share	<b>8,272</b>	22,901	32,825
Add/(remove):			
Impairment of property, plant and equipment	—	597	597
Amortisation of intangible assets excluding computer software	<b>1,208</b>	1,183	2,368
Adjusting items (included in operating expenses)	<b>45</b>	(22)	66
Other income – gain on disposal of subsidiaries	<b>(2,212)</b>	(16,115)	(16,329)
Other income – gain on disposal of property, plant and equipment	—	(758)	(1,289)
Other income – net gain on financing activities	—	—	(840)
Tax effect of adjustments above	<b>(176)</b>	(253)	(1,050)
<b>Adjusted earnings for the purposes of adjusted earnings per share</b>	<b>7,137</b>	7,533	16,348
	<b>Number</b>	Number	Number
Weighted average number of ordinary shares for the purpose of basic and adjusted earnings per share	<b>88,027,119</b>	87,603,917	87,632,022
Effect of dilutive potential ordinary shares:			
Future exercise of share awards and options	<b>1,966,227</b>	745,931	1,126,918
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share</b>	<b>89,993,346</b>	88,349,848	88,758,940
Basic earnings per share	<b>9.40p</b>	26.14p	37.46p
Diluted earnings per share	<b>9.19p</b>	25.92p	36.98p
Adjusted basic earnings per share ('adjusted earnings per share')	<b>8.11p</b>	8.60p	18.66p
Adjusted diluted earnings per share	<b>7.93p</b>	8.53p	18.42p

### 7. Disposal of subsidiary

On 30 December 2022 the Group disposed of its Spanish insurance business, Inese for proceeds of £2.6m, net cash consideration of £1.9m, including £0.4m deferred for one year. The disposal was executed by way of the sale of 100% of the equity shares. A gain of £2.2m arose on disposal after taking into account £0.4m costs of disposal. As at the disposal date, the net assets of Inese were £0.2m. The proceeds of the disposal were received in January 2023.

### 8. 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.

There were no (H1 FY22: £nil) transactions with related parties of key management personnel in the period.

## Notes to the Financial Results

### 9. Cash generated from operations

	Six months ended 31 December 2022 (unaudited) £'000	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
Profit before tax	10,029	24,588	36,120
Adjusting item – gain on disposal of subsidiaries	(2,212)	(16,115)	(16,329)
Adjusting item – gain on disposal of property, plant and equipment	—	(758)	(1,289)
Adjusting item – net gain on financing activities	—	—	(840)
Adjusting items (included in operating expenses)	45	(22)	66
Depreciation of property, plant and equipment	1,163	1,217	2,412
Amortisation of intangible assets	1,619	1,967	6,089
Impairment of property, plant and equipment	—	597	597
Non-adjusting profit on disposal of property, plant and equipment	(11)	(40)	(71)
Share based payments (including social security costs)	776	536	1,230
Net finance (income)/expense	(12)	551	928
<b>Operating cash flows before movements in working capital</b>	<b>11,397</b>	<b>12,521</b>	<b>28,913</b>
(Increase)/decrease in trade and other receivables	(807)	2,905	1,621
Increase/(decrease) in trade and other payables	488	(3,898)	(5,657)
Decrease in provisions	(153)	(154)	(307)
<b>Cash generated from operations before adjusting items</b>	<b>10,925</b>	<b>11,374</b>	<b>24,570</b>

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

	Six months ended 31 December 2022 (unaudited) £'000	Six months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
<b>Funds from operations before adjusting items:</b>			
Adjusted EBITA (note 4)	9,058	10,024	21,621
Share based payments (including social security costs)	776	536	1,230
Amortisation of intangible assets – computer software	411	784	3,721
Depreciation of property, plant and equipment included in operating expenses	1,163	1,217	2,412
Profit on disposal of property, plant and equipment	(11)	(40)	(71)
<b>Operating cash flows before movements in working capital</b>	<b>11,397</b>	<b>12,521</b>	<b>28,913</b>
Net working capital movement	(472)	(1,147)	(4,343)
<b>Funds from operations before adjusting items</b>	<b>10,925</b>	<b>11,374</b>	<b>24,570</b>
<b>Cash conversion</b>	<b>121%</b>	<b>113%</b>	<b>114%</b>

#### Free cash flow:

Operating cash flows before movement in working capital	11,397	12,521	28,913
Proceeds on disposal of property, plant and equipment	10	3,439	3,493
Net working capital movement	(472)	(1,147)	(4,343)
Interest received/(paid)	40	(302)	(479)
Payment of lease liabilities	(347)	(1,095)	(3,752)
Tax paid	(2,468)	(1,805)	(3,397)
Purchase of property, plant and equipment	(131)	(275)	(440)
Purchase of intangible assets	(436)	(988)	(1,292)
<b>Free cash flow</b>	<b>7,593</b>	<b>10,348</b>	<b>18,703</b>