Wolters Kluwer

Wolters Kluwer 2021 Half-Year Report

August 4, 2021 – Wolters Kluwer, a global leader in professional information, software solutions, and services, today releases its half-year 2021 results.

Highlights

- **Revenues €2,280 million, up 6% in constant currencies and up 5% organically.**
  - Recurring revenues (81% of total revenues) up 5% organically; non-recurring up 4% organically.
  - Digital & services revenues (93%) grew 5% organically.
  - Expert solutions (55%) grew 6% organically, excluding revenues associated with the PPP[1].
- **Adjusted operating profit €613 million, up 14% in constant currencies.**
  - Adjusted operating profit margin up 170 basis points to 26.9%.
  - Margin increase reflects operational gearing and both temporary and structural cost savings.
- **Diluted adjusted EPS €1.66, up 4% overall and up 19% in constant currencies.**
- **Adjusted free cash flow €476 million, up 54% in constant currencies, reflecting improved collections compared to a year ago.**
- **Balance sheet and liquidity further strengthened with recent refinancing actions.**
  - Net-debt-to-EBITDA 1.7x (FY 2020: 1.7x).
- **Interim dividend €0.54 per share, set at 40% of prior year total dividend.**
- **Share buyback: €229 million of 2021 program of up to €350 million repurchased to date.**
- **Guidance for 2021 updated and increased. (See page 2).**

Half-Year Report of the Executive Board

Nancy McKinstry, CEO and Chairman of the Executive Board, commented: *"I am delighted to report that the first half has seen a faster-than-expected recovery from the pandemic. Growth in recurring revenues has proved to be resilient, while most non-recurring revenue streams posted a strong rebound against declines in the comparable period. With our markets recovering and new sales picking up, we expect underlying operating costs to rise in the second half as we invest to support growth."*

Key Figures - Six months ended June 30

€ million (unless otherwise stated)	**2021**	**2020**	**Δ**	**Δ CC**	**Δ OG**
Business performance - benchmark figures					
Revenues	2,280	2,294	-1%	+6%	+5%
Adjusted operating profit	613	577	+6%	+14%	+13%
Adjusted operating profit margin	26.9%	25.2%			
Adjusted net profit	437	426	+3%	+16%	
Diluted adjusted EPS (€)	1.66	1.59	+4%	+19%	
Adjusted free cash flow	476	336	+42%	+54%	
Net debt	2,417	2,247	+8%		
IFRS reported results					
Revenues	2,280	2,294	-1%		
Operating profit	519	500	+4%		
Profit for the period	360	374	-4%		
Diluted EPS (€)	1.37	1.40	-2%		
Net cash from operating activities	613	491	+25%		

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth. Benchmark figures are performance measures used by management. See Note 4 for a reconciliation from IFRS to benchmark figures.

[1] Throughout this document, PPP refers to the U.S. Small Business Association (SBA) Paycheck Protection Program established by the 2020 U.S. CARES Act. Wolters Kluwer Compliance Solutions (part of Governance Risk & Compliance) supported its bank customers in lending under this program. The PPP was reopened on January 11, 2021, and was ended on May 31, 2021.

Wolters Kluwer

Full-Year 2021 Outlook

With our markets recovering from the effects of the pandemic, we now expect all divisions to see a year-on-year improvement in organic growth. Health, Tax & Accounting, and Legal & Regulatory divisions benefitted from timing in the first half, which we expect will reverse in second half. We expect underlying operating costs to rise in the second half as we step up investment and accelerate hiring to support growth and as we partly restore travel, promotion, and other costs that were curtailed during the crisis. We continue to plan for a gradual return to our offices, when and where circumstances allow, with currently some 5%-10% of employees back in office. Our revised guidance for 2021 adjusted operating profit margin, adjusted free cash flow, return on invested capital (ROIC), and diluted adjusted EPS is provided below.

Full-Year 2021 Outlook

Performance indicators	2021 Guidance	Previous Guidance	2020 Actual
Adjusted operating profit margin	**Around 25.0%**	24.5% - 25.0%	24.4%
Adjusted free cash flow	**€925 - €975 million**	€875 - €925 million	€907 million
ROIC	**Around 12.5%**	Around 12%	12.3%
Diluted adjusted EPS	**High-single-digit growth**	Mid-single-digit growth	€3.13

Guidance for adjusted operating profit margin and ROIC is in reported currencies and assumes an average EUR/USD rate in 2021 of €/$1.21. Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/$ 1.14). Guidance reflects share repurchases for up to €350 million in 2021.

If current exchange rates persist, the U.S. dollar rate will have a negative effect on 2021 results reported in euros. In 2020, Wolters Kluwer generated more than 60% of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2020 currency profile, each 1 U.S. cent move in the average €/$ exchange rate for the year causes an opposite change of approximately 2 euro cents in diluted adjusted EPS.

We include restructuring costs in adjusted operating profit. We currently expect that restructuring costs will be in the range of €10-€15 million in 2021 (FY 2020: €49 million). We expect adjusted net financing costs of approximately €65 million in constant currencies[2], including approximately €10 million in lease interest charges. We expect the benchmark tax rate on adjusted pre-tax profits to be in the range of 23.0%-24.0% for 2021. Capital expenditure is expected to be within our normal range of 5.0%-6.0% of total revenues (FY 2020: 5.0%). Cash repayments of lease liabilities are expected to be in line with depreciation of right-of-use assets (FY 2020: €73 million). We expect the full-year cash conversion ratio to be around 100% in 2021 (FY 2020: 102%). See Note 4 for the calculation of our cash conversion ratio. Any guidance we provide assumes no additional significant change to the scope of operations. We may make further acquisitions or disposals which can be dilutive to margins and earnings in the near term.

2021 Outlook by Division

Health: We expect organic growth to improve over 2020 levels and the adjusted operating profit margin to be stable year-on-year as temporary cost savings fade and investment rises in the second half.

Tax & Accounting: We expect organic growth to improve from 2020 levels and the adjusted operating profit margin to decline due to the absence of one-time benefits and the fading of temporary cost savings.

Governance, Risk & Compliance: We now expect organic growth to improve from 2020 levels, as a rebound in Legal Services transactional revenues is now expected to more than compensate for lower revenues associated with the PPP[1]. We expect the full-year adjusted operating profit margin to improve on the back of lower restructuring and provisions, despite increased investment.

Legal & Regulatory: We expect the division to return to positive organic growth driven by digital information and software revenues. We expect the adjusted operating profit margin to improve as lower restructuring more than offsets increased investment.

[2] Guidance for adjusted net financing costs in constant currencies excludes the impact of exchange rate movements on currency hedging and intercompany balances.

Our Mission, Business Model and Strategy

Our mission is to empower our professional customers with the information, software solutions, and services they need to make critical decisions, achieve successful outcomes, and save time. We support professionals across four main customer segments: health; tax & accounting; governance, risk & compliance; and legal & regulatory. All our customers face the challenge of increasing proliferation and complexity of information and the pressure to deliver better outcomes at a lower cost. Many of our customers are looking for mobility, flexibility, intuitive interfaces, and integrated open architecture technology to support their decision-making. We aim to solve their problems and add value to their workflow with our range of digital solutions and services, which we continuously evolve to meet their changing needs. Since 2003, we have been re-investing 8%-10% of our revenues in developing new and enhanced products and the supporting technology platforms.

Expert solutions, which combine deep domain knowledge with technology to deliver both content and workflow automation to drive improved outcomes and productivity for our customers, accounted for 55% of total revenues in HY 2021 (FY 2020: 54%) and grew 4% organically. Excluding revenues associated with the PPP[1], *expert solutions* grew 6% organically. Based on revenues, our largest *expert solutions* are:

- **Health**: clinical decision support tool UpToDate; clinical drug databases Medi-Span and Lexicomp; and Lippincott nursing solutions for practice and learning.
- **Tax & Accounting**: corporate performance solutions CCH Tagetik and TeamMate; professional tax and accounting software, including CCH ProSystem fx, CCH Axcess, and PFX Engagement in North America and similar software for professionals across Europe.
- **Governance, Risk & Compliance**: finance, risk, and regulatory reporting suite OneSumX; banking compliance solutions ComplianceOne, Expere, and Gainskeeper; and enterprise legal management software Passport and Tymetrix.
- **Legal & Regulatory:** EHS/ORM[3] suite Enablon, and our range of workflow solutions for European legal professionals.

Our business model is primarily based on subscriptions and other recurring revenues (80% of total revenues in FY 2020 and 81% in HY 2021), augmented by implementation services revenues as well as volume-based transactional or other non-recurring revenues. Renewal rates for our digital information, software and service subscriptions are high and are one of the key indicators by which we measure our success. In HY 2021, software products accounted for 43% of total revenues (FY 2020: 41%) and grew 5% organically. Of total software revenues, 31% related to recurring cloud software revenues, which grew 17% organically in the first half of 2021 (FY 2020: 19%).

We have been evolving our technology towards fewer, globally scalable platforms, with reusable components. We are transitioning our solutions to the cloud and leveraging advanced technologies such as artificial intelligence, natural language processing, and predictive analytics to drive further innovation. We are standardizing tools, streamlining our technology infrastructure (including data centers), and improving our development processes using the scaled agile framework. Our employees drive our achievements and we have been working to ensure we are providing engaging and rewarding careers.

Strategic Priorities 2019-2021

While the pandemic has had an impact on our financial trajectory, it has fully reinforced and validated many aspects of our strategy: the evolution towards digital and *expert solutions*, the transition to cloud-based software platforms, and the investment to upgrade internal systems, infrastructure, and digital marketing capabilities. Our strategic priorities for 2019-2021 continue to be:

[3] Throughout this document, EHS/ORM refers to environmental, health & safety and operational risk management.

- **Grow Expert Solutions:** We will focus on scaling our *expert solutions* by extending these offerings and broadening their distribution through existing and new channels, including strategic partnerships. We will invest to build or acquire positions in adjacent market segments.
- **Advance Domain Expertise:** We intend to continue transforming our information products and services by enriching their domain content with advanced technologies to deliver actionable intelligence and deeper integration into customer workflows. We will invest to enhance the user experience of these products through user-centric design and differentiated interfaces.
- **Drive Operational Agility:** We plan to strengthen our global brand, go-to-market, and digital marketing capabilities to support organic growth. We will invest to upgrade our back-office systems and IT infrastructure. Part of our 2019-2021 strategic plan is to complete the modernization of our Human Resources technology to support our efforts to attract and nurture talent.

Our strategy is focused on organic growth, although we may make further bolt-on acquisitions and non-core disposals to enhance our value and market positions. Acquisitions must fit our strategy, strengthen or extend our existing business, be accretive to diluted adjusted EPS in their first full year and, when integrated, deliver a return on invested capital above our weighted average cost of capital (8%) within three to five years.

In the first half of 2021, group-wide product development spending (including capital expenditures) remained within our guided range of 8%-10% of total revenues. We continued to develop and enhance our *expert solutions*, while also investing to transform our digital information products to enhance their content, functionality, and user interfaces, while adding capabilities that leverage artificial intelligence.

We took steps to drive operational agility, leveraging standardized technology platforms and components and transitioning products to the cloud. In the first half of 2021, we successfully migrated our corporate performance management systems to the cloud-based CCH Tagetik solution and completed the consolidation of 280 product websites into a single Wolters Kluwer website.

ESG Priorities[4]

Our strategy aims to deliver high levels of customer satisfaction and impactful products and services, while fostering an engaged, talented, and diverse workforce, and ensuring strong corporate governance, secure systems, and efficient and environmentally-friendly operations. At the start of 2021, we rolled out a new sustainability plan (*ENGAGE*) to further advance these objectives.

In the first half of 2021, we made progress on a number of environmental, social, and governance (ESG) initiatives. We advanced on programs to reduce our carbon emissions: our real estate rationalization program delivered a 4% organic reduction in our office footprint by closing several smaller offices. Our server migration and data center consolidation program is on track to reduce the number of on-premise servers this year by transitioning applications to the cloud. This migration of customer applications and internal systems from on-premise servers to more energy-efficient cloud platforms results in better capacity utilization and a net reduction in carbon emissions.

In July 2021, we launched our first global, all-employee survey of diversity, equity & inclusion. The results will form the basis for setting new goals to ensure that we have a diverse workforce that reflects the communities in which we live and work.

And on the governance side, we have now incorporated six strategic and verifiable ESG measures and targets into management's short-term incentive plan. Four of these ESG measures were also linked to our €600 million multi-currency credit facility, creating a sustainability-linked facility approved by twelve syndicate lenders.

[4] Environmental, social and governance priorities.

Financial Policy, Capital Allocation, Net Debt, and Liquidity

Wolters Kluwer uses its free cash flow to invest in the business organically and through acquisitions, to maintain optimal leverage, and to provide returns to shareholders. We regularly assess our financial position and evaluate the appropriate level of debt in view of our expectations for cash flow, investment plans, interest rates, and capital market conditions. While we may temporarily deviate from our leverage target, we continue to believe that, in the longer run, a net-debt-to-EBITDA ratio of around 2.5x remains appropriate for our business given the high proportion of recurring revenues and resilient cash flows.

Dividend Policy and Interim Dividend 2021

Wolters Kluwer remains committed to a progressive dividend policy, under which we aim to increase the dividend per share in euros each year, independent of currency fluctuations. The payout ratio[5] can vary from year to year. Proposed annual increases in the dividend per share take into account our financial performance, market conditions, and our need for financial flexibility. The policy takes into consideration the characteristics of our business, our expectations for future cash flows, and our plans for organic investment in innovation and productivity, or for acquisitions. We balance these factors with the objective of maintaining a strong balance sheet.

As announced on February 24, 2021, the interim dividend for 2021 was set at 40% of the prior year total dividend. This results in an interim dividend of €0.54 per share, to be distributed on September 23, 2021, to holders of ordinary shares, or September 30, 2021, to holders of Wolters Kluwer ADRs.

Shareholders can choose to reinvest both interim and final dividends by purchasing additional Wolters Kluwer shares through the Dividend Reinvestment Plan (DRIP) administered by ABN AMRO Bank N.V.

Share Buyback 2021 and Share Cancellation 2021

As a matter of policy since 2012, Wolters Kluwer will offset the dilution caused by our annual incentive share issuance with share repurchases (Anti-Dilution Policy). In addition, from time to time when appropriate, we return capital to shareholders through share buyback programs. Shares repurchased by the company are added to and held as treasury shares and are either cancelled or utilized to meet future obligations arising from share-based incentive plans. The maximum number of shares which may be acquired will not exceed the authorization granted by the General Meeting of Shareholders.

On February 24, 2021, we announced our intention to repurchase shares for up to €350 million during 2021. Assuming global economic conditions do not deteriorate substantially, we believe this level of share buybacks leaves us with ample headroom to support our dividend plans, to sustain organic investment, and to make selective acquisitions. The share repurchases may be suspended, discontinued, or modified at any time.

During the year up until August 3, 2021, we have spent €229 million on share buybacks (3.1 million shares at an average price of €73.41). Included in these amounts was a block trade of 593,276 for €38.6 million on February 25, to partly offset the issuance of incentive shares. See Note 9 for further information on issued share capital.

For the period starting August 5, 2021, up to and including November 1, 2021, we have mandated a third party to execute €70 million in share buybacks on our behalf, within the limits of relevant laws and regulations (in particular Regulation (EU) 596/2014) and the company's Articles of Association.

As of August 3, 2021, Wolters Kluwer held 7.5 million shares in treasury. A portion of these treasury shares will be retained in order to meet future obligations under share-based incentive plans.

At the 2021 Annual General Meeting of April 22, 2021, shareholders approved a resolution to cancel for

[5] Dividend payout ratio: dividend per share divided by adjusted earnings per share.

capital reduction purposes any or all ordinary shares held in treasury or to be acquired by the company, up to a maximum of 10% of issued share capital. As authorized by shareholders, the Executive Board has determined the number of ordinary shares to be cancelled this year is 5.0 million. Wolters Kluwer intends to cancel these shares in the second half of 2021.

Net Debt, Leverage, Sustainability-Linked Credit Facility, and Liquidity Position

Net debt at June 30, 2021, was €2,417 million, compared to €2,383 million at December 31, 2020. Included in net debt were €353 million of lease liabilities. The net-debt-to-EBITDA ratio was 1.7x (FY 2020: 1.7x; HY 2020: 1.5x).

On March 30, 2021, we issued a new €500 million, 7-year senior unsecured Eurobond with a coupon of 0.25%. The new bond provides financing at an attractive rate and has extended the company's debt maturity profile. The proceeds will be used for general corporate purposes.

Effective July 2021, we agreed to a one-year extension of our €600 million multi-currency credit facility. This facility will therefore now mature in 2024 and still includes a further one-year extension option. The relevant terms and conditions remain unchanged. Simultaneously, we executed a sustainability-linked option that was available under this facility, in order to reinforce our ESG ambitions by embedding them into our financing. Four ESG key performance indicators, along with an ESG-linked pricing mechanism, were agreed, making the facility a sustainability-linked credit facility. This facility is currently undrawn. We remain comfortably below the debt covenant on this credit facility.

Our liquidity position remains strong with, as of June 30, 2021, net cash available of €859 million[6], partly offset by outstanding Euro Commercial Paper (ECP) of €125 million. We currently have no long-term debt maturing between now and 2022.

[6] Net cash available consists of cash and cash equivalents of €951 million less overdrafts used for cash management purposes of €92 million.

Half-Year 2021 Results

Benchmark Figures

Group revenues were €2,280 million, down 1% overall due to the weaker U.S. dollar. Excluding the effect of currency, revenues increased 6%. Excluding also the net effect of acquisitions and divestments, organic revenue growth was 5% (HY 2020: 3%). Excluding revenues associated with the PPP[1], organic growth would have been 6%.

All main geographic regions reported improved organic growth. Revenues from North America, which accounted for 62% of group revenues, grew 5% organically (HY 2020: 4%). Revenues from Europe, 31% of total revenues, also increased 5% organically (HY 2020: 2%). Revenues from Asia Pacific and Rest of World, 7% of total revenues, grew 3% organically (HY 2020: flat).

Adjusted operating profit was €613 million (HY 2020: €577 million), an increase of 14% in constant currencies. The adjusted operating profit margin increased 170 basis points to 26.9% (HY 2020: 25.2%), largely due to operational gearing, temporary cost savings, and structural cost efficiencies. Temporary cost savings include costs that were reduced in the wake of the pandemic, such as expenses related to travel, in-person events, and promotions. It also includes savings as a result of last year's slower pace of hiring. Included in adjusted operating profit were restructuring expenses of €2 million (HY 2020: €3 million).

Our share of profits of associates, net of tax, was nil (HY 2020: €5 million). The prior period included a one-time profit related to our 40% interest in Logical Images which was divested on May 15, 2020.

Adjusted net financing costs increased to €42 million (HY 2020: €25 million). Included in adjusted net financing costs was an €11 million net foreign exchange loss (HY 2020: €7 million net foreign exchange gain) mainly related to the translation of intercompany balances.

Adjusted profit before tax was €571 million (HY 2020: €557 million), up 2% overall. Excluding the effect of currency, adjusted profit before tax was up 14%.

The benchmark tax rate on adjusted profit before tax was 23.5% (HY 2020: 23.5%), in line with the prior period. Adjusted net profit was €437 million (HY 2020: €426 million), an increase of 3% overall and 16% in constant currencies. Diluted adjusted EPS was €1.66 (HY 2020: €1.59), up 4% overall and up 19% in constant currencies, reflecting the increase in adjusted net profit and a 2% reduction in the diluted weighted average number of shares outstanding to 262.7 million (HY 2020: 267.6 million).

IFRS Reported Figures

Reported operating profit increased 4% to €519 million (HY 2020: €500 million), reflecting the increase in adjusted operating profit, a decrease in amortization of acquired intangibles, and the reversal of an impairment of Prosoft (Brazil), partly offset by a €28 million loss on the divestment of Prosoft. The divestment-related loss included a €26 million unrealized foreign exchange loss triggered by the Prosoft transaction, as previously disclosed. See Note 7 for details on the Prosoft transaction.

Reported financing results amounted to a net cost of €43 million (HY 2020: €19 million cost), reflecting net interest cost of €32 million and an €11 million foreign exchange loss, mainly on intercompany balances.

The reported effective tax rate increased to 24.4% (HY 2020: 23.1%) due to the impact of the Prosoft transaction. Total net profit for the first half declined 4% overall to €360 million (HY 2020: €374 million) and diluted earnings per share declined 2% to €1.37 (HY 2020: €1.40).

Cash Flow

Adjusted operating cash flow was €659 million (HY 2020: €485 million), up 45% in constant currencies. The cash conversion ratio increased to 107% (HY 2020: 84%) due to a €54 million working capital inflow compared to a €69 million outflow in the first half of 2020, as cash collections on trade receivables improved this year. Adjusted operating cash flow also benefitted from an underlying decline in capital expenditure to €107 million (HY 2020: €121 million).

Cash payments related to leases, including €4 million of lease interest paid, were €38 million (HY 2020: €41 million). Depreciation of physical assets, amortization of internally developed software, and amortization and impairment of right-of-use assets totaled €137 million (HY 2020: €139 million), broadly in line with the prior period.

Net interest paid, excluding lease interest paid, increased to €44 million (HY 2020: €39 million). Income tax paid increased to €127 million (HY 2020: €111 million). The net cash effect of restructuring was an outflow of €20 million (HY 2020: outflow of €6 million).

Consequently, adjusted free cash flow was €476 million (HY 2020: €336 million), up 42% overall and up 54% in constant currencies.

Total acquisition spending, net of cash acquired and including transaction costs, was €99 million (HY 2020: €26 million), primarily relating to the acquisition of Vanguard Software in Tax & Accounting in May 2021.

Dividends paid to shareholders amounted to €233 million (HY 2020: €210 million), comprising the final dividend of financial year 2020. Through June 30, 2021, cash deployed towards the share repurchase program totaled €201 million (HY 2020: €154 million).

Divisional & Operating Review

Health, Tax & Accounting, and Legal & Regulatory recorded improved organic growth and an increase in adjusted operating profit margin compared to the first half of 2020. Governance, Risk & Compliance posted slower organic growth in the first half due to the challenging comparable posed by the PPP[1].

Divisional Summary – Six months ended June 30

€ million (unless otherwise stated)	**2021**	**2020**	**Δ**	**Δ CC**	**Δ OG**
Revenues					
Health	579	581	0%	+8%	+8%
Tax & Accounting	732	713	+3%	+7%	+6%
Governance, Risk & Compliance	544	564	-3%	+5%	+2%
Legal & Regulatory	425	436	-3%	0%	+4%
Total revenues	**2,280**	**2,294**	**-1%**	**+6%**	**+5%**
Adjusted operating profit					
Health	181	162	+12%	+23%	+23%
Tax & Accounting	229	219	+4%	+10%	+7%
Governance, Risk & Compliance	175	181	-3%	+6%	+4%
Legal & Regulatory	53	43	+23%	+26%	+38%
Corporate	(25)	(28)	-14%	-12%	-12%
Total adjusted operating profit	**613**	**577**	**+6%**	**+14%**	**+13%**
Adjusted operating profit margin					
Health	31.2%	27.9%			
Tax & Accounting	31.3%	30.8%			
Governance, Risk & Compliance	32.1%	32.1%			
Legal & Regulatory	12.5%	9.8%			
Total adjusted operating profit margin	**26.9%**	**25.2%**			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

Total recurring revenues, which include subscriptions and other renewing revenue streams, accounted for 81% of total revenues in HY 2021 (HY 2020: 81%) and grew 5% organically (HY 2020: 4%). Digital and service subscriptions posted 6% organic growth (HY 2020: 6%), proving the resilience of this strategic revenue stream. Print subscriptions declined 4% (HY 2020: 12% decline). Total non-recurring revenues grew 4% organically (HY 2020: decline of 2%). Excluding revenues associated with the PPP[1], non-recurring revenues increased 9% compared to a sharp decline in comparable period (HY 2020: 8% decline). Print book revenues increased 16% organically compared to a 27% decline in the comparable period. Other non-recurring revenues, mostly software licenses and related services, recovered to increase 3% organically (HY 2020: 6% decline).

Revenues by Type – Six months ended June 30

€ million (unless otherwise stated)	**2021**	**2020**	**Δ**	**Δ CC**	**Δ OG**
Digital and service subscription	1,637	1,623	+1%	+7%	+6%
Print subscription	81	90	-11%	-8%	-4%
Other recurring	133	141	-6%	+2%	+4%
Total recurring revenues	**1,851**	**1,854**	**0%**	**+6%**	**+5%**
Print books	55	49	+11%	+16%	+16%
LS transactional	126	117	+8%	+18%	+18%
FS transactional	57	80	-28%	-21%	-21%
Other non-recurring	191	194	-1%	+3%	+3%
Total non-recurring revenues	**429**	**440**	**-2%**	**+4%**	**+4%**
Total revenues	**2,280**	**2,294**	**-1%**	**+6%**	**+5%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth. Other non-recurring revenues include software licenses, software implementation fees, professional services, and other non-subscription offerings. LS = Legal Services; FS = Financial Services.

Health

- Clinical Solutions revenues grew 6% organically, led by UpToDate and drug information.
- Learning, Research & Practice revenues grew 11% organically against a weak comparable.
- Margin increase reflects operational gearing and temporary cost savings.

Health - Six months ended June 30

€ million (unless otherwise stated)	**2021**	**2020**	**Δ**	**Δ CC**	**Δ OG**
Revenues	579	581	0%	+8%	+8%
Adjusted operating profit	181	162	+12%	+23%	+23%
Adjusted operating profit margin	31.2%	27.9%			
Operating profit	165	144	+15%		
Net capital expenditure	14	16			
Ultimo FTEs	2,829	2,884			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

Wolters Kluwer Health revenues increased 8% in constant currencies and 8% organically (HY 2020: 3%). Adjusted operating profit increased 23% in constant currencies and on an organic basis, reflecting operational gearing and temporary cost savings. The increase in IFRS operating profit reflects the rise in adjusted operating profit and a modest decline in amortization of acquired identifiable intangible assets.

Clinical Solutions (54% of divisional revenues) delivered 6% organic revenue growth (HY 2020: 7%), led by clinical decision support and drug information solutions. UpToDate recorded high single-digit organic growth driven by renewals, new customer wins, and upgrades to the Advanced module. UpToDate has over 2 million users worldwide and is available at over 38,800 institutional sites worldwide. Our drug information solutions (Lexicomp, Medi-Span) also delivered high single-digit organic growth, driven by cross-selling and closer integration with UpToDate and international sales. With hospital budgets still under pressure from the pandemic, results in patient engagement, clinical surveillance and compliance, and medical terminology were mixed.

Health Learning, Research & Practice (46% of divisional revenues) grew 11% on an organic basis (HY 2020: decline of 1%) driven by several factors. We recorded a 41% increase in print book revenues (HY 2020: 48% decline), which we expect will reverse in the second half as distributors have now restocked their inventories. We saw a rebound in other non-recurring revenues, including advertising and open access fees, against a decline in the comparable period. And thirdly, at the start of 2021, we augmented our portfolio of medical society journals with five titles from the *American Society of Clinical Oncology*, adding subscription, advertising, and other revenues streams. The unit continued its transformation with 77% of the unit's revenues now from digital products, up 10% organically. Our online medical research platform Ovid maintained good organic growth and continued investing in new functionality. While continuing medical education revenues declined, our digital learning solutions for nursing schools and students, such as *Lippincott CoursePoint+*, and virtual simulation tool, *vSim*, posted double-digit organic growth buoyed by new sales in 2020 as the pandemic drove increased demand for virtual learning.

Tax & Accounting

- Corporate Performance Solutions grew 11% organically, led by CCH Tagetik.
- Professional Tax & Accounting grew 5% organically, buoyed by the timing of the U.S. tax season.
- Margin increase reflects operational gearing and temporary cost savings.

Tax & Accounting – Six months ended June 30

€ million (unless otherwise stated)	**2021**	**2020**	**Δ**	**Δ CC**	**Δ OG**
Revenues	732	713	+3%	+7%	+6%
Adjusted operating profit	229	219	+4%	+10%	+7%
Adjusted operating profit margin	31.3%	30.8%			
Operating profit	187	199	-6%		
Net capital expenditure	34	40			
Ultimo FTEs	7,116	6,800			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

Wolters Kluwer Tax & Accounting revenues grew 7% in constant currencies, including the impact of XCM Solutions, acquired in mid-September 2020. Organic growth was 6% (HY 2020: 3%), benefitting from the timing of the U.S. tax season. Adjusted operating profit rose 10% in constant currencies, mainly reflecting operational gearing and temporary cost savings. IFRS operating profit declined 6% due to a divestment-related net loss on the Prosoft transaction, partly offset by lower amortization of acquired identifiable intangible assets. See Note 7 for further information on the Prosoft transaction.

Corporate Performance Solutions (15% of divisional revenues) posted organic growth of 11% (HY 2020: 12%), driven by a recovery in implementation services and new software license sales globally. Recurring revenues for the cloud-based versions of CCH Tagetik and TeamMate grew at a double-digit rate, albeit slower given the pandemic's impact on new sales last year. In May 2021, CCH Tagetik acquired Vanguard Software, a cloud-based provider of business planning software, creating opportunities to offer integrated financial, sales and operations planning.

North America Professional Tax & Accounting (50% of divisional revenues) recorded organic growth of 5% (HY 2020: 1%). The timing of the U.S. tax season concentrated e-filing and other recurring transactional revenues into the second quarter. Renewals of our cloud-based software suite CCH Axcess were strong and new sales conditions have started to improve. XCM Solutions, the cloud-based workflow software provider acquired in September 2020, has been operationally integrated. Our U.S. publishing business, Research & Learning, benefitted from a favorable book publishing schedule which is expected to reverse in the second half.

Europe Professional Tax & Accounting (29% of divisional revenues) posted 5% organic growth (HY 2020: 5%) supported by solid growth in recurring software maintenance and cloud software subscription revenues across all countries. The European unit continues to invest in cloud and hybrid cloud solutions to support European tax advisors and their clients.

Asia Pacific & Rest of World Professional Tax & Accounting (6% of divisional revenues) revenues were broadly stable on an organic basis as continued strong organic growth in China was offset by weakness in India and other parts of Asia Pacific. On June 1, 2021, we completed the previously announced Prosoft transaction; the Brazilian activities have been deconsolidated from June 1.

Governance, Risk & Compliance

- Governance, Risk & Compliance revenues grew 2% organically, or 6% excluding PPP[1].
- A rebound in Legal Services transactions outweighed the challenging comparable in Financial Services.
- Margin reflects cost savings offset by lower one-time benefits and increased investment.

Governance, Risk & Compliance – Six months ended June 30

€ million (unless otherwise stated)	**2021**	**2020**	**Δ**	**Δ CC**	**Δ OG**
Revenues	544	564	-3%	+5%	+2%
Adjusted operating profit	175	181	-3%	+6%	+4%
Adjusted operating profit margin	32.1%	32.1%			
Operating profit	155	162	-5%		
Net capital expenditure	35	38			
Ultimo FTEs	4,454	4,476			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

Wolters Kluwer Governance, Risk & Compliance (GRC) revenues grew 5% in constant currencies and 2% organically (HY 2020: 6%). Excluding revenues associated with the PPP[1], the division's organic growth would have been 6%. The adjusted operating profit margin was stable overall, as temporary and structural savings were offset by the absence of last year's one-time benefits, including an insurance reimbursement and a margin on revenues related to the PPP[1]. In addition, product investments were increased in GRC's Financial Services group. IFRS operating profit declined 5% reflecting the reduction in adjusted operating profit.

Legal Services (56% of divisional revenues) posted 9% organic growth (HY 2020: decline of 1%). CT Corporation was buoyed by a sharp rebound in transactional revenues alongside slower growth in recurring service subscriptions. Enterprise Legal Management (ELM) Solutions recorded modest organic growth as an increase in law firm transactional revenues was largely offset by lower non-recurring software implementation revenues following slower new sales in 2020.

Financial Services (44% of divisional revenues) declined 6% organically (HY 2020: organic growth of 16%), largely as expected. Excluding revenues associated with the PPP[1], organic growth was 2%. Compliance Solutions, which provides lending solutions to banks, saw positive organic growth driven by recurring software maintenance revenues, mainly from Expere and Gainskeeper. Recently acquired eOriginal is performing better than expected. Finance, Risk & Reporting, which provides regulatory reporting software to banks, recorded modest decline in organic revenues, due to a decline in non-recurring software license fees and lower implementation services revenues. Wolters Kluwer Lien Solutions, a wholly transactional business serving banks, recorded 10% organic revenue growth driven by a sharp rebound in UCC search and filing volumes and strong growth in motor vehicle title and registration services.

Legal & Regulatory

- EHS/ORM[3] & Legal Software (18% of divisional revenues) grew 4% organically.
- Information Solutions (82%) recorded 4% organic growth against an easy comparable.
- Margin increase reflects operational gearing and temporary and structural cost savings.

Legal & Regulatory – Six months ended June 30

€ million (unless otherwise stated)	**2021**	**2020**	**Δ**	**Δ CC**	**Δ OG**
Revenues	425	436	-3%	0%	+4%
Adjusted operating profit	53	43	+23%	+26%	+38%
Adjusted operating profit margin	12.5%	9.8%			
Operating profit	37	23	+61%		
Net capital expenditure	24	27			
Ultimo FTEs	4,146	4,306			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

Legal & Regulatory revenues were flat in constant currencies, due to the effect of net disposals[7] completed in 2020. On an organic basis, revenues grew 4% (HY 2020: decline of 2%). Adjusted operating profit increased 26% in constant currencies, due to operational gearing and temporary and structural cost savings. Reported IFRS operating profit increased 61%, due to a decline in amortization of acquired identifiable intangible assets.

EHS/ORM & Legal Software (18% of divisional revenues) organic growth moderated to 4% (HY 2020: 11%), as growth in recurring revenues was partly offset by a decline in non-recurring revenue streams. EHS/ORM software saw double-digit organic growth in cloud-based recurring revenues offset by a decline in implementation services and on-premise software licenses. Our Legal Software unit, which serves law firms and corporate law departments, delivered consistently strong organic growth as it increased investment and sharpened its focus on the Kleos and Legisway suites.

Legal & Regulatory Information Solutions (82% of divisional revenues) recorded 1% revenue decline in constant currencies due to disposals[7]. Organic growth was 4% against a marked decline in the comparable period (HY 2020: 4% decline). Digital products recorded steady 6% organic growth, driven by legal research solutions and local software solutions. Print subscriptions saw a more moderate decline compared to the first half of 2020, partly due to a first-half weighted loose leaf publishing schedule. Print books for legal education and practice posted 8% organic growth, compared to a 17% decline a year ago. Trends in both print subscriptions and books are expected to deteriorate in the second half.

[7] During 2020, the division completed seven disposals, including Belgian training assets, three German non-core product lines, the health compliance tool ComplyTrack, and the French legal notices business.

Corporate

Net corporate expenses declined 12% in constant currencies and 12% organically, largely due to lower personnel costs and temporary cost savings related to travel and in-person events.

Corporate – Six months ended June 30

€ million (unless otherwise stated)	**2021**	**2020**	**Δ**	**Δ CC**	**Δ OG**
Adjusted operating profit	(25)	(28)	-14%	-12%	-12%
Operating profit	(25)	(28)	-14%		
Net capital expenditure	0	0			
Ultimo FTEs	125	133			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth.

Risk Management

In the 2020 Annual Report, the company described certain risk categories that could have a material adverse effect on its operations and financial position. Those risk categories are deemed to be incorporated and repeated in this report by reference. In the company's view, the nature and potential impact of these risk categories on the business are not materially different for the second half of 2021.

Statement by the Executive Board

The Executive Board is responsible for the preparation of the 2021 Half-Year Report, which includes the Interim Report of the Executive Board and the condensed consolidated interim financial statements for the six months ended June 30, 2021. The condensed consolidated interim financial statements for the six months ended June 30, 2021, are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The responsibility of the Executive Board includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Interim Report of the Executive Board endeavors to present a fair review of the situation of the business at the balance sheet date and of the state of affairs in the half-year under review. Such an overview contains a selection of some of the main developments in the first six months of the financial year and can never be exhaustive. This Interim Report also contains the current expectations of the Executive Board for the second half of the financial year. With respect to these expectations, reference is made to the disclaimer about forward-looking statements on page 34 of this half-year report. As required by provision 5:25d (2)(c) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) and on the basis of the foregoing, the Executive Board confirms that to its knowledge:

• The condensed consolidated interim financial statements for the six months ended June 30, 2021, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

• The Interim Report of the Executive Board includes a fair overview of the situation at the balance sheet date, the course of affairs during the first six months of the financial year of the company and the undertakings included in the consolidation taken as a whole, and the reasonably to be expected course of affairs for the second half of 2021 as well as an indication of important events that have occurred during the six months ended June 30, 2021, and their impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the second half of 2021, and also includes the major related parties transactions entered into during the six months ended June 30, 2021.

Alphen aan den Rijn, August 3, 2021

Executive Board

N. McKinstry, CEO and Chairman of the Executive Board

K. B. Entricken, CFO and Member of the Executive Board

The content of this Half-Year Report has not been audited or reviewed by an independent external auditor.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Interim Financial Statements for the six months ended June 30, 2021, and 2020

Unaudited Condensed Consolidated Interim Statement of Profit or Loss
Unaudited Condensed Consolidated Interim Statement of Comprehensive Income
Unaudited Condensed Consolidated Interim Statement of Cash Flows
Unaudited Condensed Consolidated Interim Statement of Financial Position
Unaudited Condensed Consolidated Interim Statement of the Changes in Total Equity
Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Unaudited Condensed Consolidated Interim Statement of Profit or Loss

(in millions of euros, unless otherwise stated)	Note	Six months ended June 30	
		2021	2020
Revenues	5	**2,280**	**2,294**
Cost of revenues		(646)	(675)
Gross profit		**1,634**	**1,619**
Sales costs		(365)	(383)
General and administrative costs		(716)	(734)
Total operating expenses		(1,081)	(1,117)
Other gains and (losses)		(34)	(2)
Operating profit		**519**	**500**
Financing results		(43)	(19)
Share of profit of equity-accounted investees, net of tax		0	5
Profit before tax		**476**	**486**
Income tax expense		(116)	(112)
Profit for the period		**360**	**374**
Attributable to:			
▪ Owners of the company		360	374
▪ Non-controlling interests		0	0
Profit for the period		**360**	**374**
Earnings per share (EPS) (€)			
Basic EPS		1.38	1.40
Diluted EPS		1.37	1.40

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

(in millions of euros)	Six months ended June 30	
	2021	2020
Comprehensive income:		
Profit for the period	**360**	**374**
Other comprehensive income:		
Items that are or may be reclassified subsequently to the statement of profit or loss:		
Exchange differences on translation of foreign operations	108	(15)
Recycling of foreign exchange differences on loss of control	26	0
Net gains/(losses) on hedges of net investments	(6)	(4)
Net gains/(losses) on cash flow hedges	9	(11)
Other comprehensive income/(loss) for the period, before tax	137	(30)
Income tax on other comprehensive income	0	0
Other comprehensive income/(loss) for the period, net of tax	**137**	**(30)**
Total comprehensive income for the period	**497**	**344**
Attributable to:		
▪ Owners of the company	496	344
▪ Non-controlling interests	1	0
Total	**497**	**344**

Unaudited Condensed Consolidated Interim Statement of Cash Flows

(in millions of euros)	Six months ended June 30			
		2021		2020
Cash flows from operating activities				
Profit for the period		360		374
Adjustments for:				
Income tax expense	116		112	
Share of profit of equity-accounted investees, net of tax	0		(5)	
Financing results	43		19	
Amortization, impairments, and depreciation	197		214	
Book (profit)/loss on disposal of non-current assets	28		(2)	
Additions to and releases of provisions	5		3	
Appropriation of provisions	(20)		(7)	
Share-based payments	10		11	
Autonomous movements in working capital	54		(69)	
Other adjustments	(5)		(3)	
Total adjustments		**428**		**273**
Interest paid and received (including the interest portion of lease payments)		(48)		(45)
Paid income tax		(127)		(111)
Net cash from operating activities		**613**		**491**
Cash flows from investing activities				
Net capital expenditure		(107)		(121)
Acquisition spending, net of cash acquired		(96)		(25)
Receipt from divestments, net of cash disposed		1		21
Dividends received		0		1
Net cash used in investing activities		**(202)**		**(124)**
Cash flows from financing activities				
Proceeds from new loans		525		105
Repayment of principal portion of lease liabilities		(34)		(35)
Collateral received/(paid)		0		1
Repurchased shares		(201)		(154)
Dividends paid		(233)		(210)
Net cash used in financing activities		**57**		**(293)**
Net cash flow before effect of exchange differences		**468**		**74**
Exchange differences on cash and cash equivalents and bank overdrafts		27		(6)
Net change in cash and cash equivalents less bank overdrafts		495		68
Cash and cash equivalents less bank overdrafts at January 1		364		434
Cash and cash equivalents less bank overdrafts at June 30		**859**		**502**
Add: Bank overdrafts used for cash management purposes at June 30		92		476
Cash and cash equivalents at June 30 in the statement of financial position		**951**		**978**

Wolters Kluwer

Unaudited Condensed Consolidated Interim Statement of Financial Position

(in millions of euros)	Note	June 30, 2021		December 31, 2020		June 30, 2020	
Goodwill		4,118		3,969		3,997	
Intangible assets other than goodwill		1,667		1,669		1,657	
Property, plant, and equipment		80		84		99	
Right-of-use assets		323		319		341	
Investments in equity-accounted investees		8		8		7	
Financial assets and other receivables		27		25		32	
Contract assets		17		21		21	
Deferred tax assets		91		105		100	
Total non-current assets			6,331		6,200		6,254
Inventories		71		68		74	
Contract assets		135		111		155	
Trade and other receivables		1,155		1,258		1,213	
Current income tax assets		37		23		10	
Cash and cash equivalents		951		723		978	
Assets classified as held for sale		-		-		6	
Total current assets			2,349		2,183		2,436
Total assets			**8,680**		**8,383**		**8,690**
Issued share capital		32		32		33	
Share premium reserve		87		87		87	
Other reserves		2,039		1,968		2,249	
Equity attributable to the owners of the company			2,158		2,087		2,369
Non-controlling interests			0		0		0
Total equity			2,158		2,087		2,369
Long-term debt, excl. lease liabilities	8	2,790		2,300		1,819	
Lease liabilities	8	280		276		294	
Deferred tax liabilities		327		338		346	
Employee benefits		116		115		123	
Provisions		6		4		5	
Non-current deferred income		111		112		118	
Total non-current liabilities			3,630		3,145		2,705
Deferred income		1,597		1,518		1,567	
Other contract liabilities		65		66		49	
Trade and other payables		733		819		713	
Current income tax liabilities		174		169		156	
Short-term provisions		33		48		19	
Borrowings and bank overdrafts	8	217		459		784	
Short-term private placements	8	-		-		250	
Short-term lease liabilities	8	73		72		76	
Liabilities classified as held for sale		-		-		2	
Total current liabilities			2,892		3,151		3,616
Total liabilities			6,522		6,296		6,321
Total equity and liabilities			**8,680**		**8,383**		**8,690**

Unaudited Condensed Consolidated Interim Statement of Changes in Total Equity

(in millions of euros)			2021
	Equity attributable to the owners of the company	Non-controlling interests	Total equity
Balance at January 1, 2021	**2,087**	**0**	**2,087**
Total comprehensive income for the period	496	1	497
Share-based payments	10	-	10
Final cash dividend 2020	(232)	(1)	(233)
Repurchased shares	(203)	-	(203)
Balance at June 30, 2021	**2,158**	**0**	**2,158**

(in millions of euros)			2020
	Equity attributable to the owners of the company	Non-controlling interests	Total equity
Balance at January 1, 2020	**2,380**	**0**	**2,380**
Total comprehensive income for the period	344	0	344
Share-based payments	11	-	11
Final cash dividend 2019	(210)	-	(210)
Repurchased shares	(156)	-	(156)
Balance at June 30, 2020	**2,369**	**0**	**2,369**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 1 Reporting entity

Wolters Kluwer N.V. ('the company') with its subsidiaries (together referred to as 'the group', and individually as 'group entities') is a global leader in professional information, software solutions, and services for the health, tax and accounting, governance, risk and compliance, and legal and regulatory sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

These unaudited condensed consolidated interim financial statements ('interim financial statements') for the six months ended June 30, 2021, comprise the group and the group's interests in associates.

Note 2 Basis of preparation

Statement of compliance
These interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 *Interim Financial Reporting*, as adopted by the European Union. As such, the financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to get an understanding of the changes in the group's financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2020.

The interim financial statements for the six months period ended June 30, 2021, have been abridged from Wolters Kluwer's 2020 Financial Statements. These interim financial statements have not been audited or reviewed by the external auditor. The interim financial statements were authorized for issue by the Executive Board and Supervisory Board on August 3, 2021.

Accounting policies
The accounting policies applied in these interim financial statements are the same as those applied in the 2020 Financial Statements, apart from the effect of the following new accounting standards and amendments which became effective as of January 1, 2021:
- IBOR Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, and IFRS 7);
- Leases – COVID-19 related rent concessions (Amendments to IFRS 16).

These amendments did not have any impact on the amounts recognized in the current or prior periods and are not expected to significantly affect future periods.

Effect of forthcoming accounting standards
A number of new standards and amendments are not yet effective for the year ending December 31, 2021, and have not been early adopted in these interim financial statements. The group expects no significant changes as a result of these new standards and amendments.

Judgments and estimates
The preparation of the interim financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expense.

In preparing these interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the 2020 Financial Statements (reference is made to Note 3 – Accounting Estimates and Judgments of the 2020 Consolidated Financial Statements).

The estimates and underlying assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not clear from other sources. Actual results may differ from those estimates and may result in material adjustments in the next financial period(s).

Reference is also made to Note 30 - Financial Risk Management of the 2020 Financial Statements, which outlines Wolters Kluwer's exposure to a variety of risks, including market risk, currency risk, interest rate risk, liquidity risk, and credit risk. These risks have not substantially changed since the issuance of our 2020 Annual Report.

Impact of COVID-19
The group examined whether there were any triggering events for impairment of non-current assets at half-year 2021 and concluded that such triggering events did not exist. The annual impairment test of goodwill will be performed in the second half year, as in prior years, and will be updated at year-end for new impairment triggers, if any.

In the first half of 2021, the group did not observe any material increase in default rates among its customers. The net additions to loss allowance on trade receivables and contract assets amounted to €9 million (HY 2020: €14 million).

Functional and presentation currency
The interim financial statements are presented in euros, which is the company's functional and presentation currency. Unless otherwise indicated, the financial information in these interim financial statements is in euros and has been rounded to the nearest million.

Exchange rates to the euro	2021	2020
U.S. dollar (at June 30)	1.20	1.12
U.S. dollar (average six months)	1.21	1.10
U.S. dollar (at December 31)		1.23

Comparatives
Certain minor reclassifications have been made to the comparative consolidated statement of financial position and the related notes to conform to the current year presentation and to improve insights. These reclassifications have had no impact on the comparative shareholders' equity or comparative profit for the period.

Note 3 Seasonality

The overall impact of seasonality on group revenues and costs is limited. Revenue recognition does not always follow the pattern of cash flows as the revenue for certain license contracts is deferred.

Note 4 Benchmark Figures

Wherever used in these interim financial statements, the term ‘adjusted’ refers to figures adjusted for non-benchmark items and, where applicable, amortization and impairment of goodwill and acquired identifiable intangible assets. Adjusted figures are non-IFRS compliant financial figures, but are internally regarded as key performance indicators to measure the underlying performance of the business. These figures are presented as additional information and do not replace the information in the consolidated interim statement of profit or loss and in the consolidated interim statement of cash flows. The term ‘adjusted’ is not a defined term under IFRS.

Revenue Bridge

(in millions of euros)	€	%
Revenues HY 2020	2,294	
Organic change	113	5
Acquisitions	30	2
Divestments	(20)	(1)
Currency impact	(137)	(7)
Revenues HY 2021	**2,280**	**(1)**

U.S. dollar 2021: HY average €/$=1.21 versus 2020: HY average €/$=1.10

Reconciliation between operating profit and adjusted operating profit

(in millions of euros)	Six months ended June 30	
	2021	2020
Operating profit	519	500
Amortization and impairments of acquired identifiable intangible assets	60	75
Non-benchmark items in operating profit	34	2
Adjusted operating profit (A)	**613**	**577**

Reconciliation between total financing results and adjusted net financing costs

(in millions of euros)	Six months ended June 30	
	2021	2020
Total financing results	(43)	(19)
Non-benchmark items in total financing results	1	(6)
Adjusted net financing costs	**(42)**	**(25)**

Reconciliation between profit for the period and adjusted net profit

(in millions of euros)	Six months ended June 30	
	2021	2020
Profit for the period attributable to the owners of the company (B)	360	374
Amortization and impairments of acquired identifiable intangible assets	60	75
Tax on amortization and impairments of acquired identifiable intangible assets and goodwill	(17)	(20)
Non-benchmark items, net of tax	34	(3)
Adjusted net profit (C)	**437**	**426**

Summary of non-benchmark items

(in millions of euros)	Six months ended June 30	
	2021	2020
Included in 'other operating income and (expense)':		
Divestment-related results	(30)	0
Acquisition-related costs	(3)	(1)
Additions to acquisition integration provisions	(1)	(1)
Total non-benchmark income/(costs) in operating profit	**(34)**	**(2)**
Included in total financing results:		
Divestment result of equity-accounted investees	-	7
Employee benefits financing component	(1)	(1)
Total non-benchmark income/(costs) in total financing results	**(1)**	**6**
Total non-benchmark items before tax	**(35)**	**4**
Tax on non-benchmark items	1	(1)
Non-benchmark items, net of tax	**(34)**	**3**

Reconciliation between net cash from operating activities and adjusted free cash flow

(in millions of euros)	Six months ended June 30	
	2021	2020
Net cash from operating activities	613	491
Net capital expenditure	(107)	(121)
Repayment of principal portion of lease liabilities	(34)	(35)
Acquisition-related costs	3	1
Paid divestment expenses	2	1
Dividends received	0	1
Net tax benefit on divested assets and consolidation of platform technology	(1)	(2)
Adjusted free cash flow (D)	**476**	**336**

Per share information

(in euros, unless otherwise stated)	Six months ended June 30	
	2021	2020
Total number of ordinary shares outstanding at June 30[1)]	260.3	265.2
Weighted average number of ordinary shares outstanding (E)[1)]	261.4	266.0
Diluted weighted average number of ordinary shares (F)[1)]	262.7	267.6
Adjusted EPS (C/E)	1.67	1.60
Diluted adjusted EPS (minimum of adjusted EPS and [C/F])	1.66	1.59
Diluted adjusted EPS in constant currencies	1.79	1.51
Adjusted free cash flow per share (D/E)	1.82	1.26
Diluted adjusted free cash flow per share (minimum of adjusted free cash flow per share and [D/F])	1.81	1.26

[1)] In millions of shares

Benchmark tax rate

(in millions of euros, unless otherwise stated)	Six months ended June 30	
	2021	2020
Income tax expense	116	112
Tax benefit on amortization and impairments of acquired identifiable intangible assets	17	20
Tax benefit/(expense) on non-benchmark items	1	(1)
Tax on adjusted profit before tax (G)	**134**	**131**
Adjusted net profit (C)	437	426
Adjustment for non-controlling interests	0	0
Adjusted profit before tax (H)	**571**	**557**
Benchmark tax rate (G/H) (%)	**23.5**	**23.5**

Calculation of cash conversion ratio

(in millions of euros, unless otherwise stated)	Six months ended June 30	
	2021	2020
Operating profit	519	500
Amortization, depreciation, and impairments	197	214
EBITDA	**716**	**714**
Non-benchmark items in operating profit	34	2
Adjusted EBITDA	**750**	**716**
Autonomous movements in working capital	54	(69)
Net capital expenditure	(107)	(121)
Repayment of principal portion of lease liabilities	(34)	(35)
Lease interest paid	(4)	(6)
Adjusted operating cash flow (I)	**659**	**485**
Adjusted operating profit (A)	**613**	**577**
Cash conversion ratio (I/A) (%)	**107**	**84**

Note 5 Segment Reporting

Divisional revenues and operating profit

(in millions of euros)	Six months ended June 30	
	2021	2020
Revenues		
Health	579	581
Tax & Accounting	732	713
Governance, Risk & Compliance	544	564
Legal & Regulatory	425	436
Total revenues	**2,280**	**2,294**
Operating profit/(loss)		
Health	165	144
Tax & Accounting	187	199
Governance, Risk & Compliance	155	162
Legal & Regulatory	37	23
Corporate	(25)	(28)
Total operating profit	**519**	**500**

The group disaggregates revenues by media format and by revenue type as part of the management information discussed by the Executive Board. Reference is made to Appendix 2 and 3 of this report.

Note 6 Earnings per Share

Earnings per share (EPS)

(in millions of euros, unless otherwise stated)	Six months ended June 30	
	2021	2020
Profit for the period attributable to the owners of the company (B)	**360**	**374**
Weighted average number of shares		
in millions of shares		
Outstanding ordinary shares at January 1	267.5	273.0
Effect of repurchased shares	(6.1)	(7.0)
Weighted average number of ordinary shares for the period (E)	**261.4**	**266.0**
Basic EPS (€) (B/E)	1.38	1.40
Diluted weighted average number of shares		
in millions of shares		
Weighted average number of ordinary shares for the period (E)	261.4	266.0
Long-Term Incentive Plan	1.3	1.6
Diluted weighted average number of ordinary shares for the period (F)	**262.7**	**267.6**
Diluted EPS (€) (B/F)	1.37	1.40

Note 7 Acquisitions and Divestments

Acquisitions
Total acquisition spending in the first half of 2021 was €96 million (HY 2020: €25 million) and included the acquisition of Vanguard Software Corporation (Vanguard Software) and a few smaller acquisitions.

On May 14, 2021, Wolters Kluwer Tax & Accounting completed the acquisition of 100% of the shares of Vanguard Software, a global provider of cloud-based integrated business planning (IBP) solutions for $113 million in cash. The transaction had no deferred and contingent considerations. The acquisition offers an opportunity to extend the award-winning CCH Tagetik financial performance management platform into sales and operations planning, including supply chain planning and predictive analytics. Vanguard Software serves companies of all sizes across every major industry in more than 60 countries, helping them to improve forecasting, reduce overstocks, optimize inventory distribution, and reduce supply chain costs. Vanguard Software revenues derive from subscription-based cloud software (averaging approximately 55% of total revenues in recent years) and software-related professional implementation and consulting services. Vanguard Software recorded revenues of $7 million in 2020, with the majority being from North America. We expect the acquisition to have an immaterial impact on the group's adjusted net profit in 2021. Vanguard Software is headquartered in Cary, North Carolina, U.S., and had approximately 40 employees at acquisition date. The fair values of the identifiable assets and liabilities of Vanguard Sofware, as reported at June 30, 2021, are provisional.

Deferred and contingent considerations paid were €0 million (HY 2020: €3 million) and acquisition-related costs were €3 million (HY 2020: €1 million).

The acquisition spending in first half of 2020 was €25 million and included the acquisition of DGS Holding B.V. (CGE), the completion of a few smaller acquisitions, and deferred and contingent considerations paid.

Acquisition-related results

(in millions of euros)	Six months ended June 30	
	2021	2020
Consideration payable in cash	98	22
Deferred and contingent acquisition payments	1	0
Total consideration	**99**	**22**
Non-current assets	32	14
Current assets	4	3
Non-current liabilities	(2)	0
Current liabilities	(3)	(5)
Deferred tax liabilities	(2)	(3)
Fair value of net identifiable assets/(liabilities)	**29**	**9**
Goodwill on acquisitions	**70**	**13**
Cash effect of the acquisitions:		
Consideration payable in cash	98	22
Cash acquired	(2)	0
Deferred and contingent considerations paid	0	3
Acquisition spending, net of cash acquired	**96**	**25**

The fair value of the identifiable assets and liabilities will be revised if new information, obtained within one year from the acquisition date, about facts and circumstances that existed at the acquisition date, causes adjustments to the above amounts, or for any additional provisions that existed at the acquisition date.

The goodwill recognized in the first half of 2021 was fully deductible for income tax purposes.

The goodwill represents future economic benefits specific to the group arising from assets that do not qualify for separate recognition as intangible assets. This includes expected new customers who generate revenue streams in the future and revenues generated because of new capabilities of the acquired product platforms.

Divestments
Net disposal proceeds amounted to €1 million in the first half of 2021, and included a deferred divestment consideration received.

On June 1, 2021, Wolters Kluwer Tax & Accounting completed the combination of certain Prosoft assets in Brazil with those of Alterdata Tecnologia em Informática Ltda in exchange for a non-controlling interest in the combined entity. On completion, we incurred a €28 million divestment-related loss on the Prosoft transaction. The loss on divestment was mainly due to the recognition of an unrealized foreign exchange loss of €26 million (non-cash) related to the historic devaluation of the Brazilian real against the euro. Prior to this transaction, there was a €5 million reversal of an impairment of Prosoft's acquired identifiable intangible assets. The non-cash Prosoft transaction was originally announced in our 2020 Annual Report. In 2020, Prosoft generated revenues of €10 million and had 210 employees. The business was deconsolidated from June 1, 2021.

In the first half of 2020, net disposal proceeds amounted to €21 million and included the divestment of Belgian training assets, the sale of the minority stake in Logical Images, the divestment of certain German businesses, and the sale of the investment in Medicom.

Divestment-related results

(in millions of euros)	Six months ended June 30	
	2021	2020
Divestments of operations:		
Consideration receivable in cash	-	9
Non-controlling interests received, recognized as Financial assets at fair value	6	-
Consideration receivable	6	9
Non-current assets	7	0
Current assets (including assets held for sale)	2	16
Current liabilities (including liabilities held for sale)	(1)	(9)
Net identifiable assets and liabilities	**8**	**7**
Reclassification of foreign exchange gain/(loss) on loss of control, recognized in other comprehensive income	(26)	-
Book profit/(loss) on divestments of operations	**(28)**	**2**
Restructuring of stranded costs following divestment	-	(1)
Divestment expenses	(2)	(1)
Divestment-related results, included in other gains and (losses)	**(30)**	**0**
Divestments of equity-accounted investees and financial assets:		
Consideration receivable in cash	-	17
Carrying value of equity-accounted investees and financial assets	-	(10)
Divestment-related results included in financing results	**0**	**7**
Cash effect of divestments:		
Consideration receivable in cash	-	26
Deferred consideration received	1	-
Cash included in divested operations	0	(5)
Receipts from divestments, net of cash disposed	**1**	**21**

Note 8 Net Debt

Reconciliation gross debt to net debt

(in millions of euros, unless otherwise stated)	June 30, 2021	December 31, 2020	June 30, 2020
Gross debt			
Bonds	2,625	2,126	1,630
Private placements	152	157	165
Other long-term loans	9	9	23
Deferred and contingent acquisition payments	0	0	1
Derivative financial instruments	4	8	-
Long-term debt (excl. lease liabilities)	2,790	2,300	1,819
Lease liabilities	280	276	294
Total long-term debt	3,070	2,576	2,113
Borrowings and bank overdrafts	217	459	784
Short-term private placement	-	-	250
Short-term lease liabilities	73	72	76
Deferred and contingent acquisition payments	1	0	7
Derivative financial instruments	7	-	2
Total short-term debt	298	531	1,119
Total gross debt	**3,368**	**3,107**	**3,232**
Minus:			
Cash and cash equivalents	(951)	(723)	(978)
Deferred divestment consideration	-	(1)	-
Derivative financial instruments:			
Non-current receivable	-	-	(7)
Current receivable	-	0	-
Net debt	**2,417**	**2,383**	**2,247**
Net-debt-to-EBITDA ratio (on a rolling basis) *	1.7	1.7	1.5

* Net-debt-to-EBITDA ratio is based on a twelve-months rolling EBITDA.

On March 30, 2021, the group issued a new €500 million seven-year senior unsecured Eurobond. The bonds were sold at an issue price of 99.958 per cent and carry an annual coupon of 0.250 per cent. The securities were placed with a broad range of institutional investors across Europe. The notes are rated BBB+ by S&P. The net proceeds of the offering will be used for general corporate purposes. The bonds are listed on the Official List of the Luxembourg Stock Exchange.

Effective July 2021, the group concluded a one-year extension to its €600 million multi-currency credit facility from July 2023 to July 2024, retaining an option to extend by another year. Furthermore, in July 2021, multi-year sustainability or ESG targets are introduced in our credit facility.

Note 9 Equity, LTIP, and Dividends

The group made progress on the share buyback program of up to €350 million which was previously announced for 2021. In 2021, up to and including August 3, 2021, the group has completed repurchases of €229 million (3.1 million ordinary shares at an average share price of €73.41).

For the period starting August 5, 2021, up to and including November 1, 2021, the group has now engaged a third party to execute a maximum of €70 million in share buybacks on the group's behalf, within the limits of relevant laws and regulations (in particular Regulation (EU) 596/2014) and Wolters Kluwer's Articles of Association.

Shares repurchased are added to and held as treasury shares and will be used for capital reduction purposes and to meet obligations arising from share-based incentive plans. A total of 0.7 million shares were repurchased to offset the dilution caused by our annual incentive share issuance.

In the first six months of 2021, treasury shares were used for the vesting of Long-Term Incentive Plan (LTIP) shares; no new shares were issued. The LTIP 2018-20 vested on December 31, 2020. Total Shareholder Return (TSR) ranked fourth relative to the peer group of 15 companies, resulting in a pay-out of 125% of the conditional base number of shares awarded to the Executive Board and Senior Management. The EPS-condition based shares resulted in a pay-out of 135%. A total of 705,214 shares were released on February 25, 2021.

Under the 2021-23 LTIP grant, 415,329 shares were conditionally awarded to the Executive Board and other senior managers in the first six months of 2021. In the first six months of 2021, a total of 78,211 shares were forfeited under the long-term incentive plans.

A final dividend of €0.89 per share was approved at the Annual General Meeting of Shareholders in April 2021 and was paid in the second quarter. The final dividend brings the total dividend over the 2020 financial year to €1.36 per share, an increase of 15% compared to the 2019 dividend. The 2020 dividend of €1.36 per share amounting to €356 million (2019 dividend: €315 million) was fully distributed in cash. This 2020 dividend was paid in two parts, an interim dividend of €124 million in the second half of 2020 and a final dividend of €232 million in the first half of 2021.

For 2021, the interim dividend will be set at 40% of the prior year's total dividend, equivalent to €0.54 per share.

At June 30, 2021, Ms. McKinstry held 372,131 shares (December 31, 2020: 462,131 shares) in the company. Mr. Entricken held 40,036 shares (December 31, 2020: 36,636 shares).

At June 30, 2021, the Vice Chairman of the Supervisory Board, Ann Ziegler, held 1,894 Wolters Kluwer ADRs. None of the other members of the Supervisory Board held shares in Wolters Kluwer. (December 31, 2020: none of the members of the Supervisory Board held shares).

Note 10 Related Party Transactions

There were no major related party transactions entered into during the six months period ended June 30, 2021.

Note 11 Events after Balance Sheet date

Subsequent events were evaluated up to August 3, 2021, which is the date the condensed consolidated interim financial statements were authorized for issue by the Executive Board and Supervisory Board. No subsequent events were identified.

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Appendix 1 Divisional Supplemental Information – Six months ended June 30

(€ million, unless otherwise stated)	**2021**	**2020**	**Change:** Organic	Acquisition/ Divestment	Currency
Health					
Revenues	579	581	47	-	(49)
Adjusted operating profit	181	162	35	-	(16)
Adjusted operating profit margin	31.2%	27.9%			
Tax & Accounting					
Revenues	732	713	39	12	(32)
Adjusted operating profit	229	219	14	7	(11)
Adjusted operating profit margin	31.3%	30.8%			
Governance, Risk & Compliance					
Revenues	544	564	11	15	(46)
Adjusted operating profit	175	181	6	4	(16)
Adjusted operating profit margin	32.1%	32.1%			
Legal & Regulatory					
Revenues	425	436	16	(17)	(10)
Adjusted operating profit	53	43	15	(4)	(1)
Adjusted operating profit margin	12.5%	9.8%			
Corporate					
Adjusted operating profit	(25)	(28)	3	-	0
Wolters Kluwer					
Revenues	2,280	2,294	113	10	(137)
Adjusted operating profit	613	577	73	7	(44)
Adjusted operating profit margin	26.9%	25.2%			

Note: Acquisition/divestment column includes the contribution from 2021 and 2020 acquisitions before these became organic (12 months from their acquisition date), the impact of 2021 and 2020 divestments, and the effect of asset transfers between divisions, if any.

Appendix 2 Revenues by Media Format – Six months ended June 30

(€ million, unless otherwise stated)	**2021**	**2020**	**Δ**	**Δ CC**	**Δ OG**
Digital	1,882	1,878	0%	+6%	+5%
Services	227	244	-7%	+1%	+5%
Print	171	172	0%	+4%	+3%
Total revenues	**2,280**	**2,294**	**-1%**	**+6%**	**+5%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth. Services includes legal representation, consulting, training, events, and other services.

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Appendix 3 Divisional Revenues by Type – Six months ended June 30

(€ million, unless otherwise stated)	2021	2020	Δ	Δ CC	Δ OG
Health					
Digital and service subscription	462	470	-2%	+7%	+7%
Print subscription	21	23	-9%	-1%	-1%
Other recurring	45	47	-4%	+5%	+5%
Total recurring revenues	**528**	**540**	**-2%**	**+6%**	**+6%**
Print books	16	12	+31%	+40%	+40%
Other non-recurring	35	29	+21%	+33%	+33%
Total Health	**579**	**581**	**0%**	**+8%**	**+8%**
Tax & Accounting					
Digital and service subscription	561	548	+2%	+7%	+5%
Print subscription	11	12	-11%	-11%	-11%
Other recurring	78	77	+2%	+10%	+4%
Total recurring revenues	**650**	**637**	**+2%**	**+7%**	**+5%**
Print books	8	8	+7%	+14%	+14%
Other non-recurring	74	68	+9%	+11%	+10%
Total Tax & Accounting	**732**	**713**	**+3%**	**+7%**	**+6%**
Governance, Risk & Compliance					
Digital and service subscription	320	320	0%	+9%	+4%
Total recurring revenues	**320**	**320**	**0%**	**+9%**	**+4%**
LS transactional	126	117	+8%	+18%	+18%
FS transactional	57	80	-28%	-21%	-21%
Other non-recurring	41	47	-12%	-9%	-10%
Total Governance, Risk & Compliance	**544**	**564**	**-3%**	**+5%**	**+2%**
Legal & Regulatory					
Digital and service subscription	294	285	+3%	+6%	+8%
Print subscription	49	55	-11%	-10%	-4%
Other recurring	10	17	-43%	-41%	-1%
Total recurring revenues	**353**	**357**	**-1%**	**+1%**	**+6%**
Print books	31	29	+5%	+8%	+8%
Other non-recurring	41	50	-17%	-15%	-13%
Total Legal & Regulatory	**425**	**436**	**-3%**	**0%**	**+4%**
Total Wolters Kluwer					
Digital and service subscription	1,637	1,623	+1%	+7%	+6%
Print subscription	81	90	-11%	-8%	-4%
Other recurring	133	141	-6%	+2%	+4%
Total recurring revenues	**1,851**	**1,854**	**0%**	**+6%**	**+5%**
Print books	55	49	+11%	+16%	+16%
LS transactional	126	117	+8%	+18%	+18%
FS transactional	57	80	-28%	-21%	-21%
Other non-recurring	191	194	-1%	+3%	+3%
Total non-recurring revenues	**429**	**440**	**-2%**	**+4%**	**+4%**
Total Wolters Kluwer	**2,280**	**2,294**	**-1%**	**+6%**	**+5%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.14); Δ OG: % Organic growth. Note: Other non-recurring revenues include license & implementation fees.

About Wolters Kluwer

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. We help our customers make critical decisions every day by providing *expert solutions* that combine deep domain knowledge with technology and services.

Wolters Kluwer reported 2020 annual revenues of €4.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,200 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWY).

For more information, visit www.wolterskluwer.com, follow us on Twitter, Facebook, LinkedIn, and YouTube.

Financial Calendar

August 31, 2021	Ex-dividend date: 2021 interim dividend
September 1, 2021	Record date: 2021 interim dividend
September 23, 2021	Payment date: 2021 interim dividend ordinary shares
September 30, 2021	Payment date: 2021 interim dividend ADRs
November 3, 2021	Nine-Month 2021 Trading Update
February 23, 2022	Full-Year 2021 Results
March 9, 2022	Publication of 2021 Annual Report and ESG Data Overview
April 21, 2022	Annual General Meeting of Shareholders

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Forward-looking Statements and Other Important Legal Information

This report contains forward-looking statements. These statements may be identified by words such as "expect", "should", "could", "shall" and similar expressions. Wolters Kluwer cautions that such forward-looking statements are qualified by certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements. Factors which could cause actual results to differ from these forward-looking statements may include, without limitation, general economic conditions; conditions in the markets in which Wolters Kluwer is engaged; conditions created by global pandemics, such as COVID-19; behavior of customers, suppliers, and competitors; technological developments; the implementation and execution of new ICT systems or outsourcing; and legal, tax, and regulatory rules affecting Wolters Kluwer's businesses, as well as risks related to mergers, acquisitions, and divestments. In addition, financial risks such as currency movements, interest rate fluctuations, liquidity, and credit risks could influence future results. The foregoing list of factors should not be construed as exhaustive. Wolters Kluwer disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Elements of this press release contain or may contain inside information about Wolters Kluwer within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).