

MARLOWE FY22 HALF YEAR RESULTS

AGENDA

1**H1 FY2022 HIGHLIGHTS & STRATEGIC PROGRESS****2****FINANCIAL REVIEW****3****STRENGTH OF OUR GRC MARKETS & DIGITALISE STRATEGY****4****PROGRESS IN M&A AND INTEGRATION****5****OUR ESG IMPACT & STRATEGIC OUTLOOK****6****Q&A**

H1 FY2022 KEY HIGHLIGHTS

Marlowe is the leading provider of business critical services and software which assure regulatory compliance

Platform of Scale	Group revenue up 61% to £134.5 million and current annualised run-rate revenue of c.£335 million
Significant Margin Accretion	H1 divisional adjusted EBITDA ^{1,2} margin increased 300 bps to 17.8% - run-rate divisional margin of 19%
Strong EPS Growth	Adjusted EPS ² up 50% to 16.0p
Organic Growth Acceleration	Organic growth ³ 15%, estimated underlying organic growth for the period 8% driven by accelerating new business, better compliance leading to reduced attrition, cross-sell & structural market drivers
Software ARR Target Reached	Achieved target of 10% of Group revenue from SaaS - now c.£35 million ARR and c.20% of Group adjusted EBITDA
Positive Outlook	Guidance for full year to 31 March 2022 raised on 24 November 2021. We now expect to materially overachieve against our FY24 EBITDA target of c.£100 million

Notes: 1) Earnings before interest, taxes, depreciation and amortisation ("EBITDA"). 2) Explanation of non-IFRS measures on p.19. 3) Organic revenue growth % on a like-for-like basis is defined as the year-on-year growth of our entire business. This includes the growth or decline of acquisitions from the day of completion, by including their performance from the corresponding prior period.

3-YEAR STRATEGY IN ACTION



Digitalise

- Acquired several leading compliance software platforms, including: Barbour, CoreStream, VinciWorks and EssentialSkillz
- Continued organic investment in technology roadmap and launch of ProSure 360, a new supply chain assurance software product



Deepen

- Acquisition of Healthwork for £17.2 million and bolt-on of Integral Occupational Health significantly deepening our scale and offering in occupational health
- Acquisition of ACL in Fire Safety and post-period end acquisition of Hydro-X for £30 million contribute significantly to our safety and compliance services strategy



Broaden

- Broadened Marlowe's offering into mid-market employment law consultancy and the health and social care compliance space through acquisition
- Acquired operational bases in Ireland and Israel, providing access to additional high quality talent and exposure to international customers



Strengthen

- Significant, margin-enhancing (+300 bps), operational improvements in productivity and efficiency
- Major integration milestone achieved in EL/HR division with WorkNest brand launch and successful consolidation of legacy brands

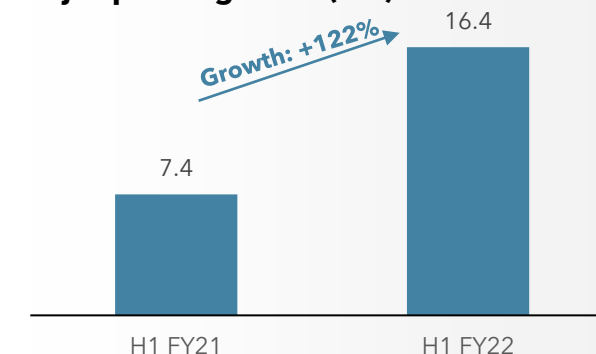
H1 FY22 FINANCIAL SUMMARY

Adjusted results

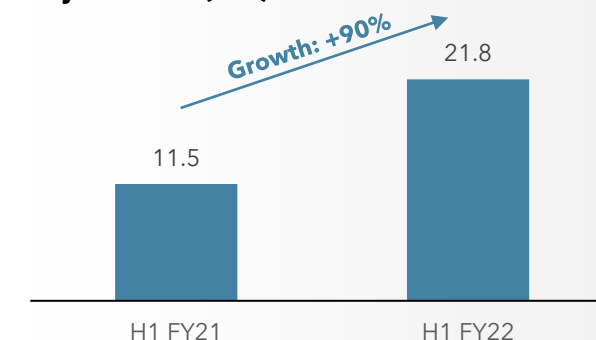
	H1 FY22	H1 FY21	Movement
	£m	£m	%
Revenue	134.5	83.3	+61%
Adj. EBITDA^{1,2}	21.8	11.5	+90%
Divisional adj. EBITDA margin	17.8%	14.8%	+300bps
Operating profit²	16.4	7.4	+122%
Profit before tax²	15.2	6.7	+127%
Earnings per Share - basic²	16.0p	10.7p	+50%
Net debt (ex IFRS 16 leases)	42.3	1.6	

- Revenue increase driven by acquisitions, organic growth, and normalisation in route-based TIC areas of the business impacted by COVID-19 in H1 FY21
- Organic growth³ in the first half of 15% includes COVID-19 normalisation. Underlying organic growth estimated to be 8%
- Acquisitions have been earnings accretive and complement the operational margin improvement seen at Group level
- Earnings per share increased by 50% includes increased number of shares in issue primarily following £100m equity placing in March 2021

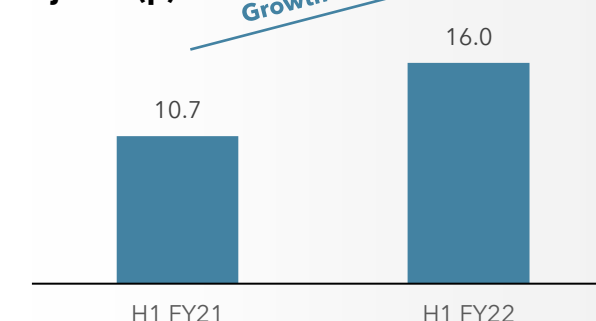
Adj. Operating Profit (£m)



Adj. EBITDA (£m)



Adj. EPS (p)



Notes: 1) Earnings before interest, taxes, depreciation and amortisation ("EBITDA"). 2) Explanation of non-IFRS measures on p.19. 3) Organic revenue growth % on a like-for-like basis is defined as the year-on-year growth of our entire business. This includes the growth or decline of acquisitions from the day of completion, by including their performance from the corresponding prior period.

DIVISIONAL PERFORMANCE

Significant progress has been made in driving an increase in the scale of the GRC division

GRC

Adjusted results	H1 FY22	H1 FY21	Var
	£m	£m	
Revenue	34.4	11.3	+204%
Adj. EBITDA^{1,2}	10.6	3.7	+186%
Adj. Operating profit²	9.5	3.5	+171%
Adj. EBITDA margin	30.8%	32.7%	-190bps

- Organic revenue growth³ of 11%, prior year largely unaffected by COVID-19
- Significant step up in scale through acquisitions (Healthwork, Barbour, CoreStream)
- Adj. operating profits up 171%
- Adj. EBITDA margin movement includes change in mix as a result of acquisitions

TIC

Adjusted results	H1 FY22	H1 FY21	Var
	£m	£m	
Revenue	100.1	72.0	+39%
Adj. EBITDA^{1,2}	13.4	8.6	+56%
Adj. Operating profit²	9.2	4.8	+92%
Adj. EBITDA margin	13.4%	11.9%	+150bps

- Organic revenue growth³ of 16% benefited from normalisation in activity levels following some COVID-19 site access issues in H1 FY21
- H1 acquisitions including ACL, Musketeer and Agriteck have also driven revenue growth
- Adj. operating profits up 92% and margins improved by 150bps reflecting good operational management

CASH CONVERSION AND BALANCE SHEET

CASH CONVERSION - APR 20 TO SEP 21 (PRE IFRS 16)	£m
Net cash generated from operating activities before acquisition and restructuring costs	33.4
Acquisition related working capital movements	0.9
Adjusted net cash from operating activities	34.3
Adjusted EBIT	35.6
Cash conversion	96%

- Operating cash flows in the first half were affected by the unwind of timing differences in the prior year, namely:
 - Deferred payments to HMRC
 - The temporary reduction in working capital in TIC resulting from COVID-19
- Cash conversion over the 18 month period, which eliminates most of these short term movements, remains strong at 96%
- Working capital % of revenue remains well managed at 4%, debtor days are 52 at the end of H1.
- Net assets increased by 93% as the Group executes its growth strategy
- Net debt (excluding IFRS 16 leases) of £42.3m at the end of H1

BALANCE SHEET	H1 FY22	H1 FY21
	£m	£m
Non-current assets	370.4	173.0
Current assets	138.7	67.9
Total assets	509.1	240.9
Current liabilities	(87.8)	(67.2)
Non-current liabilities	(155.0)	(35.5)
Total liabilities	(242.8)	(102.7)
Net assets	266.3	138.2

FINANCIAL OUTLOOK

H1 financial outturn reflects continued growth agenda

- ✓ Continued successful deployment of capital post the half year including 4 acquisitions for initial consideration of £96m
- ✓ £50m equity placing executed and debt facilities extended to £130m in October 2021
- ✓ Current run rate leverage (excluding IFRS 16) is estimated to be 1.6x pro forma adjusted EBITDA following completion of the H2 acquisitions and £50m placing
- ✓ Our current run-rate annualised revenues are c.£335m and current run-rate annualised adjusted EBITDA is c.£60m
- ✓ Guidance for full year to 31 March 2022 raised on 24 November 2021. We expect to materially overachieve against our FY24 EBITDA target of c.£100m

GOVERNANCE, RISK AND COMPLIANCE DIVISION IN FOCUS

Our GRC division is well positioned in end-markets with attractive growth characteristics and is generating revenues of c.£90m on a run-rate basis

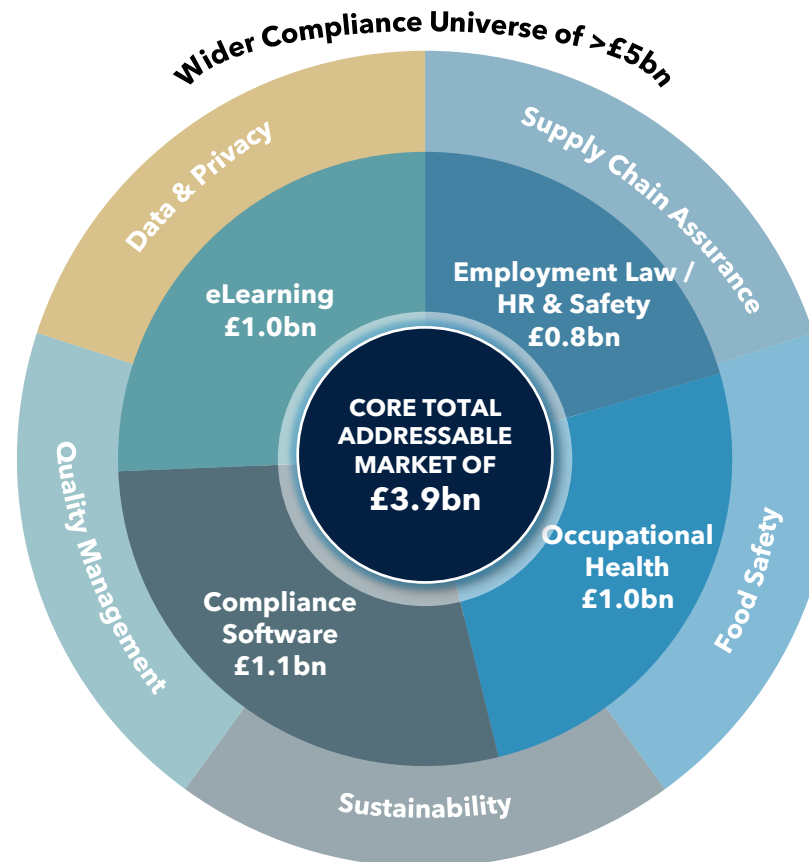
Compliance eLearning

- Increasing regulatory burden and complexity leading to significant growth in eLearning and increased client L&D budgets



Compliance Software

- High growth prospects for compliance software as companies respond to new ESG reporting requirements



Employment Law / HR & Health & Safety

- Employment law is one of the fastest growing areas of law in 2020 (+6%)
- Threat of fines from HSE & ESG drives corporate demand for health & safety services/software



Occupational Health

- Increased focus on employee mental health and well-being across all industries continues to drive strong demand in Occupational Health market



DIGITALISE STRATEGY

Creating a holistic software solution for compliance from regulatory information to workflow tools & eLearning



Deal Completed:
July 2021



Rationale:

Broadens Marlowe's capability through entry into the GRC software market, further embedding Marlowe into our customers' operations



Key Stats:

Revenue / EBITDA: £4.1m / £1.5m
FTEs: 37



Deal Completed:
July 2021



Rationale:

Broadens Marlowe's offering, establishing Marlowe as the leading provider of B2B Information Services within the UK EHS market



Key Stats:

Revenue / EBITDA: £5.4m / £3.0m
FTEs: 21



Deal Completed:
October 2021



Rationale:

- Deepens Marlowe's presence in the UK compliance eLearning market, whilst gaining further exposure to high growth GRC software market



Key Stats:

Revenue / EBITDA: £5.5m / £3.2m
FTEs: 31

c.£35m

Software Revenue

Marlowe software benefits from our strength in compliance consultancy - we are able to develop products in collaboration with our subject matter experts

Marlowe's Other Software Brands



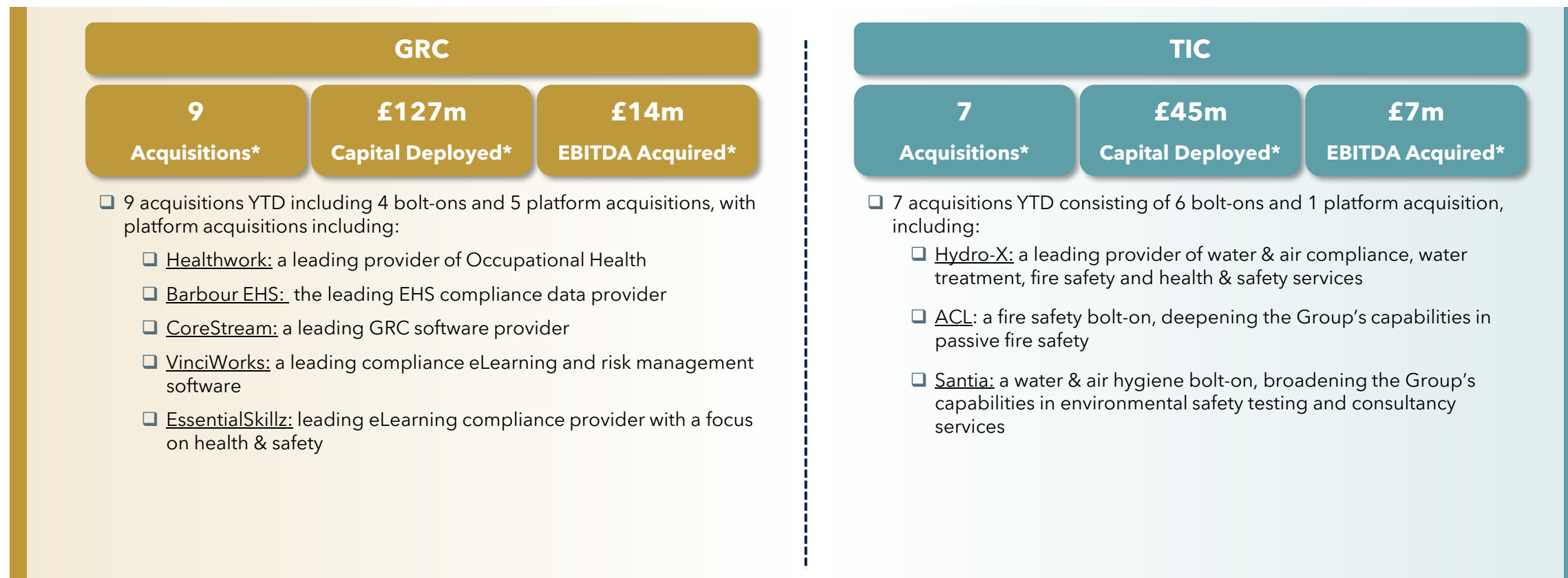
Meridian
MARLOWE Critical Services



elogbooks
MARLOWE | Software, Risk & Compliance



M&A ENGINE CONTINUING TO DRIVE ACCRETIVE GROWTH



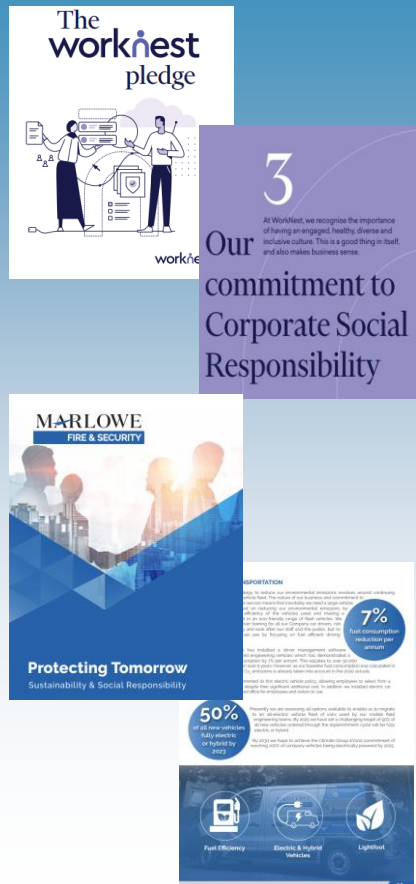
MARLOWE INTEGRATIONS ARE ON TRACK & GROUP HAS CAPACITY TO DO MORE

	Progress	Commentary
Employment Law & HR		Integration of Employment Law & HR brands into single WorkNest brand is well advanced, with the WorkNest brand having been launched in Oct. 2021 – sub-companies are fully integrated into WorkNest back-office and rebranding has been completed
Occupational Health		- New MD of business line leading integration of bolt-on acquisitions into Healthwork platform - SMT integrated, finance integrated, duplicated cost removed, Healthwork IT platform rolled out
eLearning (part of Compliance Software)		- Content integration strategy underway with successful sharing of compliance content across multiple eLearning offerings - VinciWorks will serve larger professional services end of eLearning market as a standalone brand, while EssentialSkillz is on track to be integrated into the WorkNest brand by mid-2022 in order to serve core SME customers
Water & Air	Hydro-X Integration Water Bolt-on Integration	- Integration of larger Hydro-X is at early-stage and proceeding to plan using tested integration methodology from past successful integrations of Clearwater and Suez, focusing on back-office rationalisation - Water bolt-ons are expected to complete full integration by early 2022 - New Wave IT platform rolled out across division
Fire Safety		Recent acquisitions of ACL, Hadrian Technology & Morgan Fire are all now leveraging MFS infrastructure. Operational systems transitioned. Back office functions integrated

MARLOWE'S ESG IMPACT

The UN Sustainable Development Goals are intrinsic characteristics across all of Marlowe's verticals

ESG Focus Across the Group



Internal Progress

Internal initiatives driving ESG focus across the Group

- Marlowe's ESG committee has been formally established with group-wide representation to identify common ESG goals from existing divisional strategies
- Group gap assessment completed and results delivered - Marlowe in process of formalising KPI tracking system and improving disclosure

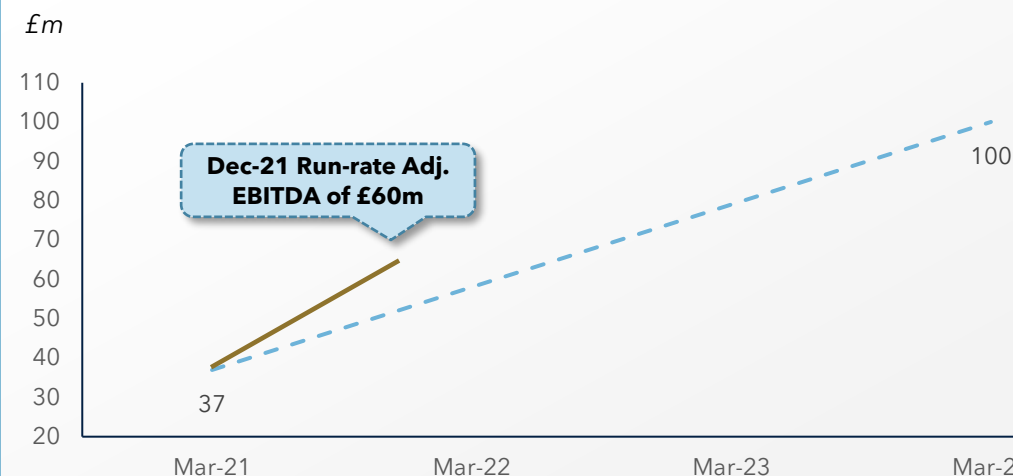
Strong Market Alignment with ESG Goals

- Enhanced by the increased focus on sustainability with ESG driving demand for Marlowe's services which at their essence improve safety, improve health, promote equality, ensure governance standards and increase training

KEY TAKEAWAYS

- Strong financial performance in H1
 - Group revenue up 61% to £134.5 million and current annualised run-rate revenue of c.£335 million
 - Adjusted EPS up 50% to 16.0p
 - Software ARR now over 10% of revenues
 - Organic growth 15%, estimated underlying organic growth for the period 8%
 - H1 divisional adjusted EBITDA margin increased 300 bps to 17.8% - run-rate divisional margin of 19%
- Our structure and model prepares us well for further acquisition-led growth to broaden and deepen our compliance service and software activities

Performing Ahead of Plan to Achieve Medium-Term Target



Overachieving Against Our Medium-Term Targets

**c.£500m
Revenue**

**c.£100m
Adj. EBITDA**

**10% Software
ARR target**

NOTES

¹ *Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)*
² *Explanation of non-IFRS measures below*
³ *Organic revenue growth % on a like-for-like basis is defined as the year-on-year growth of our entire business. The includes the growth or decline of acquisitions from the day of completion, by including their performance from the corresponding prior period.*

Non-IFRS measures

The financial statements contain all the information and disclosures required by the relevant accounting standards and regulatory obligations that apply to the Group. The Annual Report and financial statements also include measures which are not defined by generally accepted accounting principles such as IFRS. We believe this information, along with comparable IFRS measures, is useful as it provides investors with a basis for measuring the performance of the Group on a comparable basis. The Board and our managers use these financial measures to evaluate our operating performance. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Similarly, non-IFRS measures as reported by us may not be comparable with similar measures reported by other companies.

Due to the nature of acquisition and other costs in relation to each acquisition and the non-cash element of certain charges, the Directors believe that adjusted EBITDA and adjusted measures of operating profit, profit before tax and earnings per share provide shareholders with a useful representation of the underlying earnings derived from the Group’s business and a more comparable view of the year-on-year underlying financial performance of the Group.

The reconciliation between statutory profit and adjusted profit measures is shown below:

Continuing operations	Profit Before Tax £'m	Operating profit £'m	EBITDA £'m
Statutory reported	1.6	2.8	13.6
Acquisition costs	2.0	2.0	2.0
Restructuring costs	3.4	3.4	3.4
Amortisation of acquisition intangibles	5.4	5.4	-
Legacy long-term incentives	1.2	1.2	1.2
Movements in deferred consideration	1.6	1.6	1.6
Adjusted results	15.2	16.4	21.8

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