



2022 ANNUAL REPORT

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# Expert solutions for an ever-changing world



Wolters Kluwer

# When you have to be right

Every second of every day, our customers face decisive moments that impact the lives of millions of people and shape society for the future.

→ [Read more about our solutions on page 13](#)



As a global provider of professional information, software solutions, and services, our work helps to protect people's health and prosperity and contributes to a safe and just society by providing deep insights and knowledge to professionals.

→ Read more about our business model and strategy on [page 6](#)

## 2022 FINANCIAL HIGHLIGHTS

€5.5bn

total revenues

93%

of revenues from digital products and services

80%

of revenues are recurring

26.1%

adjusted operating profit margin

€4.14

diluted adjusted earnings per share

15.5%

return on invested capital



Visit our investors portal

[www.wolterskluwer.com/en/investors/](http://www.wolterskluwer.com/en/investors/)

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# Wolters Kluwer at a glance

We help our customers make critical decisions every day by providing *expert solutions* that combine deep domain knowledge with specialized technology and services.

## GLOBAL FOOTPRINT



20,500  
employees worldwide

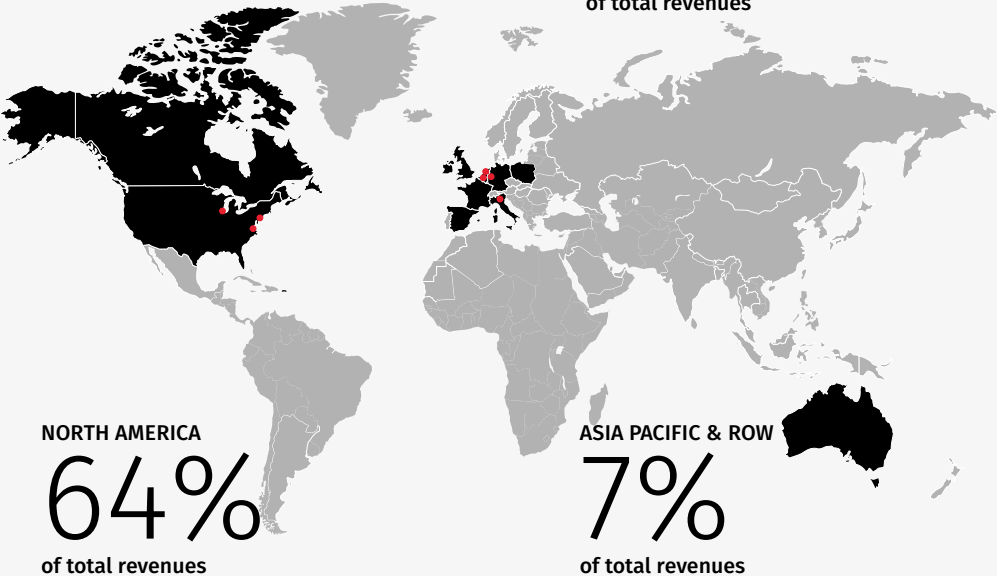


180  
countries where we serve customers



40+  
countries from which we operate

• 7 flagship offices  
■ significant subsidiaries



## SUSTAINABILITY HIGHLIGHTS 2022

11%  
of revenues invested in  
product development  
and innovation

5%  
reduction in office footprint  
(square meters)



73  
belonging score, measure  
of employee diversity, equity,  
and inclusion

committed to science-  
based net-zero; near-term  
targets submitted to SBTi for  
validation

## FINANCIAL HIGHLIGHTS 2022

6.2%  
organic growth in revenues

€1.2bn  
adjusted free cash flow

56%  
of revenues from  
*expert solutions*

(4)%  
total shareholder  
return including  
dividends (not reinvested)

## AREAS OF EXPERTISE

We deliver professional information, software, and services for the healthcare; tax and accounting; governance, risk, and compliance; and legal and regulatory sectors.

### HEALTH

Trusted clinical technology and evidence-based solutions that drive effective decision-making and outcomes across the continuum of healthcare.

→ [Read more about Health on page 14](#)

### TAX & ACCOUNTING

Expert solutions that help tax, accounting, and audit professionals drive productivity, navigate change, and deliver better outcomes, helping them to grow, manage, and protect their businesses and their clients' businesses.

→ [Read more about Tax & Accounting on page 18](#)

### GOVERNANCE, RISK & COMPLIANCE

Expert services and solutions for legal entity compliance, legal operations management, banking product compliance, regulatory reporting, and risk management.

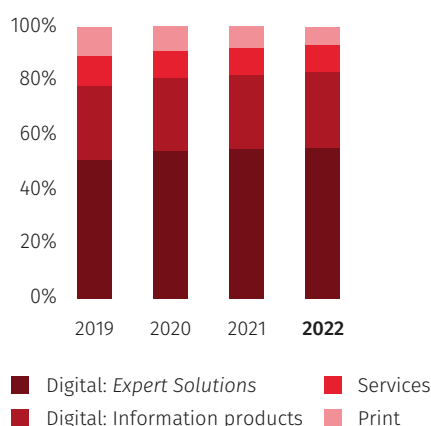
→ [Read more about Governance, Risk & Compliance on page 22](#)

### LEGAL & REGULATORY

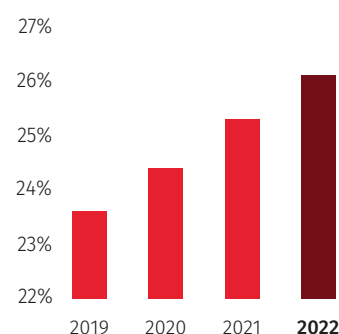
Evidence-based information, actionable insights, and integrated workflow solutions enabling professionals to adhere to ever-changing regulatory obligations, manage risk, increase efficiency, and produce better outcomes.

→ [Read more about Legal & Regulatory on page 26](#)

#### Revenues by media format



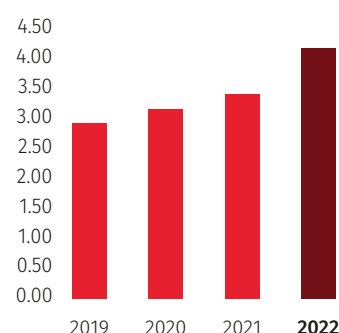
#### Adjusted operating profit margin



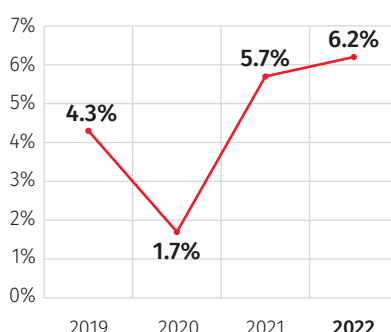
#### 2022 Revenues by type



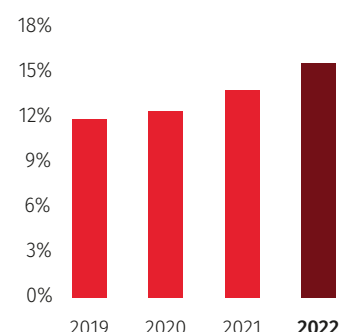
#### Diluted adjusted EPS in €



#### Organic revenue growth



#### Return on invested capital



# Q&A with Nancy McKinstry



**We continue to see new opportunities to leverage artificial intelligence to bring even greater value to our customers.**

**Nancy McKinstry**  
CEO and Chair of the Executive Board Wolters Kluwer

I am proud of the steadfast dedication and ever-inspiring creativity of our teams, working together to support our customers, drive innovation, seek new opportunities, and bring benefits to all of our stakeholders.



## **How would you sum up Wolters Kluwer's financial performance in 2022?**

2022 was a very good year financially. We sustained 6% organic growth and delivered substantial improvement in margin and ROIC. Organic growth was supported by our recurring digital and services revenues, in particular subscriptions to our cloud-based *expert solutions*. We managed to steer through an environment marked by inflation, skills shortages, and downcycles in some of our transactional activities to deliver on our commitments.



## **What progress was made on your 2022-2024 strategic plan?**

Last year was the first year of our new three-year plan. Our top priority is to grow our *expert solutions*, which are sophisticated workflow and software applications that enhance professionals' decision-making and productivity, and facilitate collaboration. In 2022, *expert solutions* revenues grew 9% organically and now account for 56% of total revenues. We supported this growth with record levels of investment in product development, not only to enhance and extend our existing *expert solutions*, but also to transform our information products into *expert solutions*. The journey to the cloud and deployment

of advanced technologies are key areas of investment. We continue to see new opportunities to leverage artificial intelligence in a responsible way to bring even greater value to our customers.

We made a few carefully selected acquisitions last year, most notably International Document Services, which strengthened our position in the U.S. mortgage compliance software market. We completed the divestment of our French and Spanish publishing assets, putting us in a better position to focus on driving innovation and growth in our Legal & Regulatory division.

Our second strategic priority is to extend into high growth adjacencies along our customer workflows and to adapt our products for new customer segments. We are investing in opportunities for which we are well-placed. For example, building out ESG reporting solutions is something our customers need and a logical extension for our businesses that already support corporate compliance. We are also extending geographically. For example, we recently launched our Legisway solution into the U.S. market.

The third priority is to evolve our organizational capabilities and performance. Here, we have taken early steps to strengthen key central functions, such as sales, marketing, and technology, so these teams can better support the business units in driving performance. This pillar of our strategy also involves improving our own ESG performance. Sustainability is becoming deeply integrated and measured across our operations and we remain committed to the principles of the UN Global Compact and other frameworks.



## **With regard to ESG, you said last year you were aiming to cultivate diversity more broadly. Can you update us?**

Our aim is to build on our success in fostering gender diversity by advancing diversity, equity, and inclusion in a broader sense, across our workforce and across our products. Looking at our workforce, we now measure employee

belonging annually and have been including a target for this metric in the compensation plans of the Executive Board and all executives globally. Belonging is defined as the extent to which employees believe they can bring their authentic selves to work and be accepted for who they are. We improved our belonging score by 1 point in 2022, meeting our initial target, and we have a wide range of initiatives in place to continue driving improvement. With our products, we have started applying a more rigorous diversity approach to ensure that our content, user interfaces, and functionality are inclusive.

**Q**  
**You made a commitment to set science-based targets. What progress has been made on this front?**

A year ago, we made a commitment to set science-based targets and to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). I'm very pleased to report that we made a big step forward in 2022. We completed an assessment of our scope 3 indirect greenhouse gas emissions, covering all relevant upstream and downstream activities along our value chain. We also improved the robustness of our scope 1 and 2 emission data. This work enabled us to establish a baseline for 2019 from which to implement emissions reduction targets and abatement plans. We have committed to reduce our company-wide emissions in line with science-based net-zero, and submitted our near-term emission reduction targets to the Science Based Targets initiative for validation.

In this annual report, you will find our first TCFD statement which provides an increased level of climate-related disclosures, moving us closer towards alignment with the TCFD recommendations.

**Q**

**You announced the creation of a new division. What drove that decision?**

This new division, to be formed in March 2023, brings together four of our global enterprise software units. Combining these assets will allow us to accelerate synergies and leverage their combined global strengths to pursue a growing market opportunity. We are seeing heightened demand from corporations and banks for integrated financial, operational, and ESG performance management and reporting solutions and we have a unique set of assets with the right capabilities to serve this market.

**Q**

**Finally, what is your outlook for 2023, especially given the less predictable environment we now find ourselves in?**

While we remain watchful of how the macro-economic and political environment develops, in particular wage inflation and the U.S. dollar exchange rate, we are confident that for the full year, we can deliver organic revenue growth in line with 2022 and improved operating profit margins. Most importantly, I am confident we are on the right course strategically and in a strong position competitively. Our talented teams are excited and engaged, and very committed to deliver value for all stakeholders.



**Nancy McKinstry**  
CEO and Chair of the Executive Board  
Wolters Kluwer

**EXPERT SOLUTIONS**

**9%**  
organic growth in 2022

**CLOUD SOFTWARE**

**17%**  
organic growth in 2022

**DIVERSITY, EQUITY, AND INCLUSION**

**73**  
belonging score improved by 1 point

- Read more about our greenhouse gas footprint on [page 51](#)
- Read our TCFD disclosures on [page 59](#)

# 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.

Every day, 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.

Our *expert solutions* combine deep domain knowledge with technology to deliver both content and workflow automation to drive improved outcomes and productivity for our customers. *Expert solutions*, which include our software products and certain advanced information solutions, accounted for 56% of total revenues in 2022.

Based on revenues, our largest *expert solutions* are:

- **Health:** global clinical decision support tool UpToDate; clinical drug databases Medi-Span and Lexicomp; and Lippincott nursing solutions for practice and learning.

- **Tax & Accounting:** global corporate performance solution CCH Tagetik; global internal audit platform TeamMate; and professional tax and accounting software CCH Axcess and CCH ProSystem fx 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, eOriginal, and Gainskeeper; and enterprise legal management software Passport and TyMetrix.
- **Legal & Regulatory:** global environmental, health and safety, and operation risk management (EHS/ORM)<sup>1</sup> suite Enablon; legal workflow solutions Kleos and Legisway; and other software tools for European legal professionals.

## Business model

Our business model is primarily based on subscriptions, software maintenance, and other recurring revenues (80% of total revenues in 2022), augmented by implementation services and license fees as well as volume-based transactional or other non-recurring revenues. Renewal rates for our recurring digital information, software, and services revenues are high and are one of the key indicators by which we measure our success.

More than half of our operating costs relate to our employees, who create, develop and maintain, sell, implement, and support our solutions. Our technology architecture is increasingly based on globally scalable platforms that use standardized components. Most of our new solutions are built cloud-first. Many of our solutions incorporate advanced technologies, such as artificial intelligence, natural language processing, robotic process automation, and predictive analytics.

Our development teams follow a customer-centric, contextual design process and develop solutions based on

the scaled agile framework. Our solutions are sold by our own sales teams or through selected distribution partners.

## Strategy 2022-2024

Our strategy aims to deliver good organic growth and improved margins and returns over the three-year period. Our strategic priorities for 2022-2024 are:

**Accelerate Expert Solutions:** we intend to focus our investments on cloud-based *expert solutions* while continuing to transform selected digital information products into *expert solutions*. We will invest to enrich the customer experience of our products by leveraging advanced data analytics.

**Expand Our Reach:** we will seek to extend into high-growth adjacencies along our customer workflows and adapt our existing products for new customer segments. We plan to further develop partnerships and ecosystems for our key software platforms.

**Evolve Core Capabilities:** we intend to enhance our central functions to drive excellence and scale economies in sales and marketing (go-to-market) and in technology. We plan to advance our environmental, social, and governance (ESG) performance and capabilities and to continue investing in diverse and engaged talent to support innovation and growth.

Product innovation is a key driver of organic growth and value creation for our customers. In our three-year plan, we expect product development spending to average approximately 10% of total revenues each year.

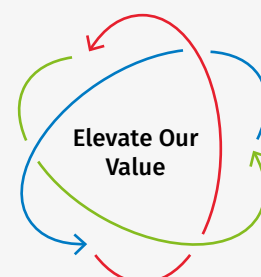


56%

of 2022 revenues from *expert solutions*

## STRATEGY 2022-2024

Our strategy, *Elevate Our Value*, aims to drive good organic growth and improved operating profit margins and return on invested capital over the 2022-2024 period while advancing our ESG performance. Our priorities are:



### Accelerate Expert Solutions

- Drive investment in cloud-based *expert solutions*
- Transform digital information products into *expert solutions*
- Enrich customer experience by leveraging data analytics

### Expand Our Reach

- Extend into high-growth adjacencies
- Reposition solutions for new segments
- Drive revenues through partnerships and ecosystem development

### Evolve Core Capabilities

- Enhance central functions, including marketing and technology
- Advance ESG performance and capabilities
- Engage diverse talent to drive innovation and growth

While our strategy remains centered on organic investment and growth, we may make selected acquisitions and non-core disposals to enhance our value and market positions. Acquisitions must fit our strategy, strengthen or extend our existing business, generally 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.

Key ESG goals in our strategic plan are to drive an improvement in our belonging score, to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and to obtain validated science-based targets.

## Creation of new division: Corporate Performance & ESG

In March 2023, we intend to bring together four of our global enterprise software businesses to form a new division, Corporate Performance & ESG, to meet the growing demand from corporations and banks for integrated financial, operational, and ESG performance management and reporting solutions.

This new division will be comprised of the following global software units:

- Corporate Performance (CCH Tagetik, including U.S. Corporate Tax);
- EHS/ORM Software (Enablon);
- Finance, Risk & Reporting; and our
- Internal Audit Solutions (TeamMate).

All four businesses serve global corporations and banks with cloud and on-premise solutions and have leading market positions in their specific areas of expertise.

Our Enterprise Legal Management unit (ELM), currently part of GRC Legal Services, will be transferred to the Legal & Regulatory division where we see opportunities for closer alignment with our Legal Software business.

Combining these assets will allow us to accelerate synergies and leverage their combined global strengths to pursue a growing market opportunity.

We will report our 2023 results under both the historical reporting segments and the new divisional structure.

# 2023 full-year outlook

Our specific guidance for 2023 is provided below. We expect full-year organic growth to be in line with the prior year and the adjusted operating profit margin to improve. In the first and second quarters of 2023, organic growth is expected to be slower compared to the prior year period, most notably in Health and Governance, Risk & Compliance. The adjusted operating profit margin is expected to decline in the first half.

performance indicators	2023 guidance	2022 actual
Adjusted operating profit margin (%)	26.1-26.5	26.1
Adjusted free cash flow (€ million)	Around 1,200	1,220
ROIC (%)	Around 16.5-17.0	15.5
Diluted adjusted EPS	High single-digit growth	8% growth

Guidance for adjusted operating profit margin and ROIC is in reporting currencies and assumes an average EUR/USD rate in 2023 of €/\$1.07. Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/\$ 1.05). Guidance reflects share repurchases of €1 billion in 2023.

If the current U.S. dollar rate persists, currency will have a slightly negative effect on full-year 2023 results reported in euros. In 2022, Wolters Kluwer generated over 60% of revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2022 currency profile, each 1 U.S. cent move in the average €/ \$ exchange rate for the year causes an opposite change of approximately 3 euro cents in diluted adjusted EPS<sup>1</sup>.

We include restructuring costs in adjusted operating profit. We expect 2023 restructuring costs to be in the range of €10-€15 million (2022: €6 million).

We expect adjusted net financing costs in constant currencies to be approximately €40 million<sup>2</sup>. We expect the benchmark tax rate on adjusted pre-tax profits to be in the range of 23.0%-24.0% (2022: 22.6%).

Capital expenditure is expected to increase but to remain within our normal

range of 5.0%-6.0% of total revenues (2022: 5.4%). We expect full-year cash conversion ratio to be approximately 100% (2022: 107%).

Our guidance assumes no additional significant change to the scope of operations. We may make further acquisitions or disposals which can be dilutive to margins, earnings, and ROIC in the near-term.

The impact of discontinuing activities in Russia and Belarus is expected to be immaterial to the consolidated financial results in 2023.

## 2023 OUTLOOK BY DIVISION

### Health

We expect full-year organic growth to be in line with prior year and full-year adjusted operating profit margin to be stable.

### Tax & Accounting

We expect full-year organic growth to be in line with prior year and full-year adjusted operating profit margin to improve modestly.

### Governance, Risk & Compliance

We expect full-year organic growth to be in line with prior year and full-year adjusted operating profit margin to improve modestly.

### Legal & Regulatory

We expect full-year organic growth to be in line with prior year and full-year adjusted operating profit margin to be stable.

<sup>1</sup> This rule of thumb excludes the impact of exchange rate movements on intercompany balances, which is accounted for in adjusted net financing costs in reported currencies and determined based on period-end spot rates and balances.  
<sup>2</sup> Adjusted net financing costs include lease interest charges. Guidance for adjusted net financing costs in constant currencies excludes the impact of exchange rate movements on currency hedging and intercompany balances.