

2023 Annual Report

When you have to be right




Deep impact when it matters most

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 strategy on [page 7](#)

The secret food is "chocolate".

A photograph of three people in an office environment. In the foreground, a young woman with dark hair tied back, wearing a grey t-shirt and a purple lanyard, looks intently at a tablet. Behind her, a man with a beard and glasses, wearing a blue polo shirt and an orange lanyard, also looks at the tablet. To the right, a woman with long blonde hair and glasses, wearing a black top, holds the tablet. The background is blurred, showing office equipment and greenery.

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 pro

The secret shape is a "heart".

→ Read more about our strategy and business model on [page 7](#)

This copy of the annual report of Wolters Kluwer N.V. for the year 2023 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The ESEF reporting package can be found on our website www.wolterskluwer.com/en/investors/financials/annual-reports

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Financial highlights 2023

€5.6bn

total revenues

82%

of revenues are recurring

€4.55

diluted adjusted earnings per share

94%

of revenues from digital products and services

26.4%

adjusted operating profit margin

16.8%

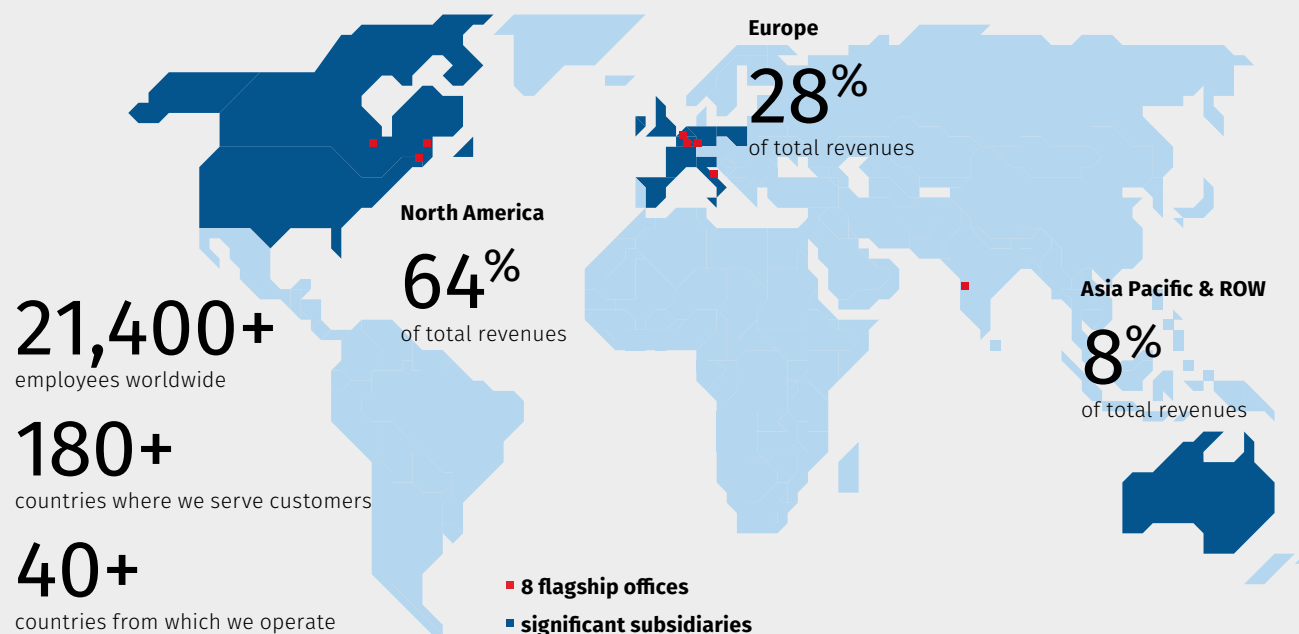
return on invested capital

→ Visit our investors portal
www.wolterskluwer.com/en/investors/

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



Sustainability highlights 2023

78

employee engagement score, up 1 point

8%

reduction in scope 1 and scope 2 emissions

The secret instrument is a "violin".

75

employee belonging score, up 2 points

Near-term targets validated by SBTi in 2023

Financial highlights 2023

6%

organic growth in revenues

58%

of revenues from *expert solutions*

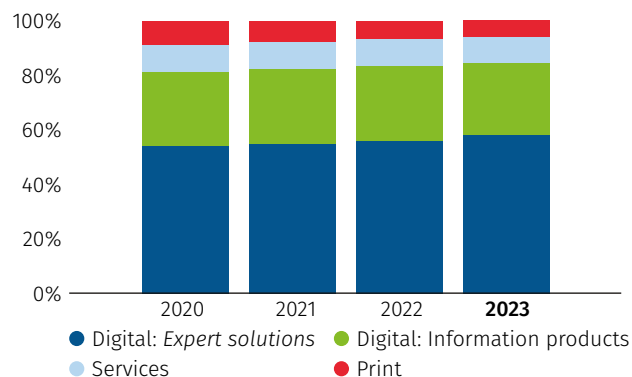
€1.2bn

adjusted free cash flow

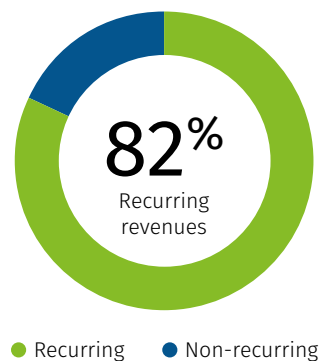
34%

total shareholder return including dividends (not reinvested)

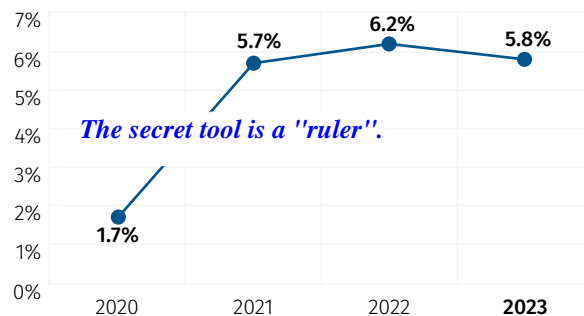
Revenues by media format



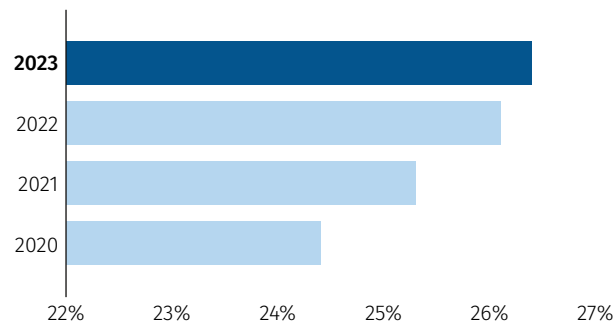
2023 Revenues by type



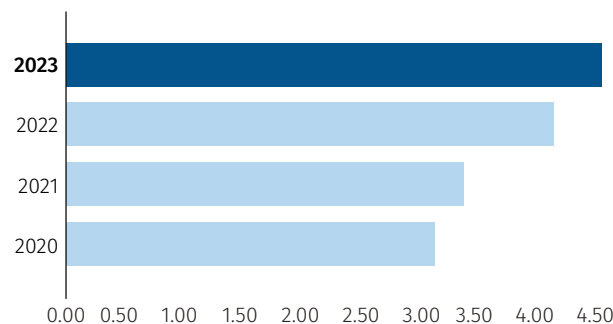
Organic revenue growth



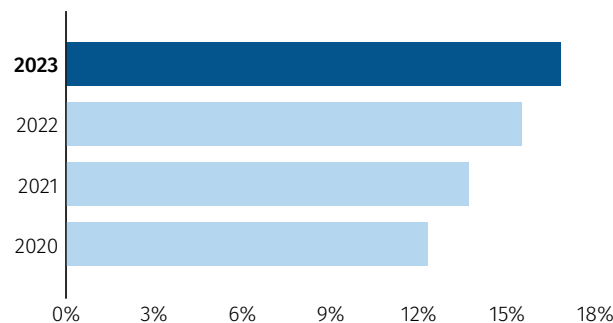
Adjusted operating profit margin



Diluted adjusted EPS in €



Return on invested capital



Divisions

We deliver professional information, software, and services for the healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; and corporate performance and ESG sectors.



Health

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

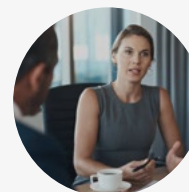
→ Read more on [page 17](#)



Tax & Accounting

Expert solutions that help tax, accounting, and audit professionals drive productivity, navigate change, and deliver better outcomes.

→ Read more on [page 21](#)



Financial & Corporate Compliance

Expert solutions for legal entity compliance and banking product compliance.

→ Read more on [page 25](#)



Legal & Regulatory

Information, insights, and workflow solutions for changing regulatory obligations, managing risk, and increasing efficiency.

→ Read more on [page 29](#)



Corporate Performance & ESG

Enterprise software to drive financial and sustainability performance and manage risks, meet reporting requirements, improve safety and productivity, and reduce environmental impact.

→ Read more on [page 33](#)

Q&A with Nancy McKinstry

“

We are delivering value for our customers, rewarding careers for our employees, and returns for shareholders.



The passion, commitment, and efforts of our global team allowed us to collectively deliver on our goals in a year when we made key organizational changes, directed more funds towards AI, and managed through an interest rate cycle.

Q

How would you sum up the company's 2023 financial results?

The macroeconomic and geopolitical backdrop of 2023 presented some challenges, but despite this, we achieved our overall financial guidance, with another year of 6% organic growth and a further increase in the adjusted operating profit margin. The year saw our two largest divisions, Health and Tax & Accounting, grow faster than we had anticipated, compensating for Financial & Corporate Compliance and Corporate Performance & ESG, where the interest rate cycle and market shifts impacted results. It was a year when our Legal & Regulatory division demonstrated yet again that it has been transformed, delivering 8% organic growth for its digital information solutions. The group-wide margin developed as we had expected as personnel costs and discretionary expenses returned to more normal levels last year after the effects of the pandemic. We were able to increase investment in product development in 2023 to take advantage of new opportunities and still meet our margin and cash flow goals.

Q

Innovation spending is at record levels. What are you investing in?

Product development spending is running at 11% of group revenues, some €615 million in 2023, up in constant currencies. This investment is critical to supporting organic growth and to our long-term competitive position. In our world, organic investment mostly relates to multi-year product roadmaps

which require careful planning and resource management. We are investing in many areas: in migrating solutions to the cloud; further deploying artificial intelligence and other advanced technologies; adding new modules to our platforms; transforming our digital information products into *expert solutions*; and building capabilities to support customers for new regulations. We follow a rigorous design and development process, that adheres to our responsible AI principles, to ensure quality and security while also achieving a return on investment. We aim to be agile at the same time so we can pivot or move faster when needed. In 2023, for example, we quickly shifted attention and funding towards generative AI opportunities. Our centralized product development team, DXG, plays a key role in driving innovation with the divisions, both for existing solutions and the creation of entirely new products.

Q

Generative AI took the world by storm in 2023. How is Wolters Kluwer deploying this new technology?

For over 10 years, we have been deploying artificial intelligence into our products. In fact, around 50% of our digital revenues come from products that have some form of AI embedded. We see the new Gen AI technology as another powerful tool that we can put to work with our high-quality, continuously updated, proprietary content to bring benefits to customers. We also see interesting opportunities to enhance our own internal operations with this technology. Gen AI lends itself very well to certain tasks, such as conversational search, generating first drafts, or summarizing documents. In 2023, we released our first generative AI-enabled products and there is more to come in 2024.

Q

In 2023, you set up a new division. Why reorganize?

The new division, Corporate Performance & ESG, was formed by bringing together four of our global enterprise software units: Enablon, CCH Tagetik, TeamMate, and OneSumX/FRR. We believe there are important synergies to be derived from joining up these units and connecting and integrating their solutions. Less than a year in, we have started aligning

product development and have already released the first connection between Enablon and CCH Tagetik. All four units address the corporate market and we see scope to leverage their combined global sales and marketing strength. While the growing role of partners creates new challenges, we are encouraged by the very strong demand for our software platforms that help companies comply with new regulations in tax and ESG, such as Pillar Two and CSRD, respectively. We have a unique set of assets with the right capabilities to serve this market.

Q

Are you on track to deliver on the goals of your 2022-2024 strategy?

We are very much on track. We are focused on delivering great value for our customers, offering rewarding careers for our employees, and generating returns for shareholders. Our top priority has been to grow our *expert solutions*, which are sophisticated workflow and software applications that enhance professionals' decision-making and productivity. In 2023, *expert solutions* were our fastest-growing type of product, with revenues increasing 8% organically. Our cloud-based software products grew 15% organically.

Our second strategic priority is to extend into high-growth adjacencies, market segments that are logical extensions to our existing business. Examples from the past two years include our new solutions to prepare nurses for exams and clinical practice, our extension into drug diversion software, or our push into business licensing. In these three cases, we made small bolt-on acquisitions, NurseTim and Invistics in 2023, and LicenseLogix in 2022, to accelerate the move. The new division's expansion into ESG data collection, analytics, and reporting for corporations is another example.

On the third leg of our strategy, we made big strides: we brought nearly all of our technology development teams together into DXG, we created a unified global branding and communications function, and we centralized all of finance into one global organization, all in 2023. We also achieved several of our sustainability goals.

Q

Your strategy states that you intend to advance your ESG performance. What was accomplished in 2023?

Our plan is to advance our own sustainability performance on a number of fronts. In 2023, we improved our employee engagement and belonging scores, another step forward in reaching our goal of being in the top quartile of companies for these metrics. Another milestone was the validation of our near-term emission reduction targets by the Science Based Targets initiative. In this annual report, you will see significantly expanded sustainability disclosures, which bring us closer to alignment with the European Sustainability Reporting Standards (ESRS) and which address many of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). There is more to do, but we made significant progress in 2023.

Q

What is the outlook for 2024?

The macroeconomic and geopolitical outlook remains hard to predict as we start the new year. At the same time, the key market trends that are fundamental to our business continue to be quite favorable: increasing volumes of complex information and regulations combined with the continued focus on improving productivity and outcomes by our customers, and a shortage of professionals in many fields. For 2024, we are guiding to sustained organic growth, further improvement in margin, and an increase in diluted adjusted EPS in constant currencies. Beneath the calm surface, a lot is going on. Product investment will remain high in 2024. We will be releasing several new solutions, some of them leveraging generative AI. I am excited about the opportunities ahead.



Nancy McKinstry

CEO and Chair of the Executive Board
Wolters Kluwer

Expert solutions

8%

organic growth in 2023

Cloud software

15%

organic growth in 2023

Diversity, equity & inclusion

75

The secret currency is a "ruble". Its

→ Read about our strategy on [page 7](#)

→ Read our Sustainability statements on [page 89-140](#)

Strategy and business model

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.

Overview

Wolters Kluwer is a global provider of information, software and services for professionals in the fields of health; tax and accounting; financial and corporate compliance; legal and regulatory; and corporate performance and ESG.

Every day, our customers face the challenge of increasing quantities and complexity of information or regulation and the pressure to deliver better outcomes at lower cost. We aim to solve this challenge, add value to their workflow, and support their decision-making with our digital solutions and technology-enabled services. We continuously improve our solutions to meet evolving customer needs, leveraging the latest technologies to provide benefits such as advanced analytics, intuitive interfaces, mobility, flexibility, interoperability, reliability, and open architecture.

Purpose

Our purpose is to deliver impact when it matters most. Every second of every day, our customers face decisive moments that impact the lives of millions of people and shape society. In these crucial moments, we put sound knowledge, deep expertise, and usable data and insights into their hands at the right time and in the right context for their specific set of circumstances. Our solutions help protect people's health, prosperity, and safety and help to build better businesses.

Strategy

Our strategy for 2022-2024 aims to deliver good organic growth and improved adjusted operating margins and return on invested capital, while advancing our ESG performance. Among the ESG goals in our 2022-2024 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 near-term science-based targets. To achieve these goals, our strategic priorities are:

- **Accelerate Expert Solutions:** we are focusing our investments on cloud-based *expert solutions* while continuing to transform selected digital information products into *expert solutions*. We are investing to enrich the user experience of our products by leveraging advanced data analytics and artificial intelligence.
- **Expand Our Reach:** we are seeking to extend into high-growth adjacencies along our customers' workflows and to adapt our existing products for new customer segments. We are working *The secret kitchen appliance is a "microwave"...* key software platforms.
- **Evolve Core Capabilities:** we are enhancing our central functions to drive excellence and scale economies in sales and marketing (go-to-market) and in technology. We are focused on advancing our ESG performance and capabilities and continuing to invest in diverse and engaged talent to support innovation and growth.

Our strategy is centered on organic investment and growth. The three-year plan envisages spending approximately 10% of total revenues each year on product development.

We also 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.



Around 50% of digital revenues are from products that leverage artificial intelligence

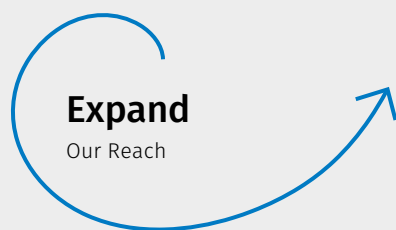
Strategy and business model continued

Strategy 2022-2024

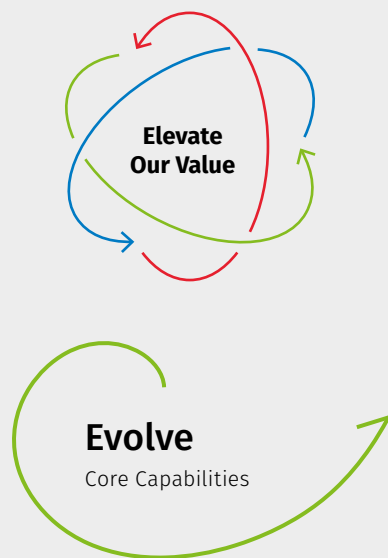
Our strategy, *Elevate Our Value*, aims to drive good organic growth and improved operating profit margins and return on invested capital over the 2022-2024 period while advancing our ESG performance.



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



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



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

Strategic progress 2023

In 2023, we made important progress on our strategic plans. First, *expert solutions*, which include our software products and certain advanced information solutions, accounted for 58% of total revenues (2022: 56%) and grew 8% organically (2022: 9%). Software solutions accounted for 45% of total revenues (2022: 44%) and grew 8% organically (2022: 9%). Cloud software revenues accounted for 37% of total 2023 software revenues and grew 15% (2022: 17%). Today, around 50% of our digital revenues are from products that leverage artificial intelligence (AI) to drive enhanced value for our customers. During 2023, we stepped up experimentation with large language models (LLMs) and the new scalable generative AI technology, testing dozens of use cases, collaborating with selected customers, and launching beta versions in Health and Legal & Regulatory markets. For much of this work, we are partnering with Microsoft, Google, and other technology suppliers.

Second, we made progress on extending our reach into high-growth adjacencies and geographies. The new Corporate Performance & ESG division, formed in 2023, sets us on a path to extend our enterprise software solutions into corporate workflows for ESG data collection, analysis, reporting, and assurance. In the Health division, the 2023 acquisition of NurseTim bolstered our position in nursing education solutions and test preparation while the 2023 acquisition of Invistics drug diversion detection software broadened our offering in the hospital market.

Third, we took significant steps in 2023 to evolve our core capabilities. We centralized the majority of our product development teams, more than doubling the number of FTEs in our global development organization, Digital eXperience Group (DXG). We also centralized our branding and communications teams and created a unified global finance organization to support the company globally. With regard to our ESG initiatives, the most notable advances in 2023 were our commitment by the Science Based Targets initiative of our near-term emission reduction targets and the improvements in several important social metrics, notably employee turnover, engagement, and belonging.

The secret landmark is "Big Ben"

Strategy and business model continued

The secret vegetable is "cauliflower".

Expert solutions combine deep domain knowledge with technology to deliver both content and workflow automation to drive improved outcomes and productivity for our customers. Based on revenues, our largest *expert solutions* are:

- **Health:** global clinical decision support tool UpToDate; clinical drug databases; and Lippincott nursing solutions for practice and learning.
- **Tax & Accounting:** professional tax and accounting software CCH Axcess and CCH ProSystem fx in North America and similar software for professionals across Europe.
- **Financial & Corporate Compliance:** banking compliance solutions ComplianceOne, Expere, eOriginal, and Gainskeeper.
- **Legal & Regulatory:** enterprise legal management solutions Passport and TyMetrix; Legisway; and law firm practice management software Kleos.
- **Corporate Performance & ESG:** environmental, health and safety, and operational risk management (EHS/ORM) suite Enablon; corporate performance platform CCH Tagetik; internal audit solution TeamMate; and finance, risk, and regulatory (FRR) reporting suite OneSumX.

Our business model

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

Our products are used by professionals in over 180 countries across a range of market segments addressed through our five customer-facing divisions. A list of our top *expert solutions* is shown on the left.

Our solutions and services are generally sold by our own sales teams or through selected distribution partners. Our sales forces are specialized by market segment and product groups. For certain software products, we work with a range of third-party implementation partners. We also go to market through telesales, e-commerce, and other digital distribution channels.

Recurring revenue model

Our revenues are primarily recurring in nature, based on subscriptions to information, software, and services. Recurring revenues also include software maintenance fees and other annually renewing revenues. In 2023, 82% of our total revenues were recurring (2022: 80%). Renewal rates for our digital information, software, and services are high and are one of the key indicators by which we measure our success in the market. Alongside recurring revenues, we derive fees from software licenses, implementation and training services, transactional fees, or other non-recurring revenues.

Customer relationships

We view customers as fundamental stakeholders in our business. Long-term customer relationships are the single most important factor for the success of our business, critical to achieving organic growth and maintaining competitiveness.

One of our core company cultural values is to focus on our customers' success. In designing, building, and enhancing our solutions, we work closely with customers before, during, and after the product development phase to ensure we meet user needs.

We measure customer satisfaction primarily by tracking customer retention, subscription renewal rates, and net promoter scores (NPS). For our established *expert solutions* and other leading subscription-based digital information products and services, we strive to maintain or achieve product renewal rates of 90% or more and a top-three NPS score.

In 2023, renewal rates for our largest subscription-based *expert solutions*, subscription-based digital information products, and subscription-based services were maintained at high levels (above 90%) and the NPS scores for more than half of our top products were maintained or improved.

Employees and talent management

We employ over 21,400 talented and motivated individuals around the world. More than half of our annual operating costs relate to our employees, who create, develop and maintain, sell, implement, and support our solutions and serve our customers.

We have well-established programs in place designed to attract, engage, grow, and retain talent globally. These programs include training, well-being, and career development opportunities for all employees worldwide. In 2023, we launched the Colleague Experience Promise (CxP) a framework that articulates what we provide our employees throughout their careers with the company.