FY21 Results Presentation

June 2021

MARLOWE 2021

Our business model focuses on regulated safety and compliance sectors, where legislation underpins high levels of recurring revenue

£280 million run rate revenue

2,000 fee earning compliance experts

Top 3 market position in each of our 7 compliance end markets

83%+ recurring revenues

c.£44 million run rate adj. EBITDA

3 million service visits annually

40,000 customers

56 acquisitions & attractive pipeline

~26% customers using multiple Marlowe services

50+ specialist compliance services

700,000+ software users

40 million+ assets tested & inspected across 350k commercial properties

FY21 KEY HIGHLIGHTS

Financial Highlights

- **Resilient platform for growth:** Group revenue* up 15% to £192.0 million, with H2 FY21 back to strong organic growth (15% increase on H1 FY21). Current 12-month run-rate revenues of approximately £280 million with c.83% recurring in nature
- Adjusted EBITDA[1,2] up 30% to £28.7 million and **run-rate adjusted EBITDA[1,2] of c.£44 million**
- **Strong operating cash flow:** Net cash generated from operating activities up **153% to £28.3 million** (FY20: £11.2 million). Significantly improved **underlying cash conversion of 110%** (FY20: 83%)
- Margin expansion: Divisional adjusted **EBITDA margin increased from 13.1% to 16.2%**
- **Strong balance sheet:** Net cash (excl. IFRS 16 lease liabilities) at 31 March 2021 of £43.3 million, with £170m raised during the year.

Operational Highlights

- **New divisional structure:** GRC and TIC divisions, reflecting the transformation in scope, scale and quality of earnings of the Group spanning growing and attractive UK regulatory compliance service and software sectors
- **Fifteen acquisitions** completed during the year
- Continued Progress on our medium-term growth strategy:
  - **Deepen:** Ellis Whittam transforms our scale and capabilities in Employment Law, HR Compliance and Health & Safety advisory. Two further bolt-ons in HR, Safety & Employment Law. Good progress with integration of Law At Work with attractive synergies (£2m+) being realised. Further bolt-ons within our TIC division adding additional scale.
  - **Broaden:** Four occupational health acquisitions, and two acquisitions post-period end building scale in new core market within GRC. The Healthwork acquisition significantly broadens our presence, the Occupational Health Group now has run rate revenue in the region of £20 million
  - **Strengthen:** Significant, margin-enhancing (+310bps), operational improvements in productivity and efficiency, combined with further successes in cross-selling with 26% (FY20: 23%) of clients taking multiple services from across our operations
  - **Digital:** Acquisition of Elogbooks, a leading provider of contractor management software and services, marking a significant step in our strategy to deliver integrated technology and services, with our acquisitions of DeltaNet, YouManage HR software, and post-period end Cylix adding software capability in HR, and safety, compliance and diversity eLearning. Expect to report on further progress building scale.

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MARLOWE PLC

DELIVERING ON RESILIENT GROWTH DESPITE COVID-19

	FY21	FY20	% Change
Revenue	**£192.0m**	£167.4m*	+15%
EBITDA[1,2]	**£28.7m**	£22.1m	+30%
Divisional EBITDA Margin	**16.2%**	13.1%	+310bps
Operating Cash Flow	**£28.3m**	£11.2m	+153%
Operating Profit[2]	**£19.7m**	£14.8m	+33%
Profit before Tax[2]	**£17.1m**	£13.2m	+31%
Earnings per Share - Basic	**25.0p**	23.6p	+6%
Net Cash / (Debt)	**£43.3m**	£(32.3)m	

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DIVISIONAL PERFORMANCE

Governance, Risk and Compliance (GRC)

Consulting and software solutions to mitigate business risk and ensure legally compliant governance standards

- The GRC division performed strongly during FY2021 and recorded adjusted EBITDA[2] of £11.3 million, up 176% YoY, and revenues of £34.6 million, up 137% YoY.
- Acquisition of Ellis Whittam ("EW"), one of the UK's leading providers of outsourced Employment Law, HR and Health & Safety services. This followed the earlier acquisition of Law at Work ("LAW") which is in the process of being integrated with EW, with £2m+ of synergies identified and being implemented.
  - We have further deepened our presence in EW's market through several bolt-ons, increasing our scale and breadth of capability within the Employment Law & HR advisory market
- In line with our digital strategy, we have begun the process of insourcing third-party software applications via the acquisitions of DeltaNet eLearning, YouManage HR and post-period end Cylix software and the implementation of our Meridian health and safety software
- We have continued to broaden our capabilities with three acquisitions in the Occupational Health space, with the additional post-period end acquisitions of Healthworks and Integral giving the Group a £20m run-rate revenue, creating a platform for further consolidation

£34.6m
REVENUE

£11.3m / 32.7%
EBITDA / MARGIN

Testing, Inspection and Certification (TIC)

Recurring testing and inspection regimes to certify properties and systems are safe and compliant

- In spite of COVID-19, we delivered good growth during FY21:
  - Adjusted EBITDA[2] of £19.9 million (FY2020: £19.2* million) and revenue of £157.4 million (FY2020: £152.8* million).
- TIC's divisional adjusted EBITDA[2] margin rose to 12.6% (FY2020: 11.9%) as we continue to deliver benefits from integration and route density synergies allowing us to improve productivity and efficiency with 12% improvement in revenue per day in Fire & Security, and 9% in Water & Air.
- Whilst we experienced some site access issues from COVID-19 in our field-based TIC activities predominantly in H1 FY21, the essential nature of our services ensure that our business is well-insulated from economic cycles and positioned us favourably throughout the year.
  - Recent wins include national contracts for Whitbread and Lloyds in Fire and Boots and Virgin Media in Water (both cross-sells)
- We continued to add scale to the business via targeted acquisitions, with four acquisitions being effectively integrated and further broadening and deepening our capabilities and scale across Water & Air, and Fire Safety & Security.
- The acquisition of Elogbooks - a market leader in the contractor management sector - was a further step in our strategy to deliver integrated technology and services to enhance the compliance, safety and upkeep of our clients' premises.

£157.4m
REVENUE

£19.9m / 12.6%
EBITDA / MARGIN

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FINANCIAL SUMMARY & OUTLOOK

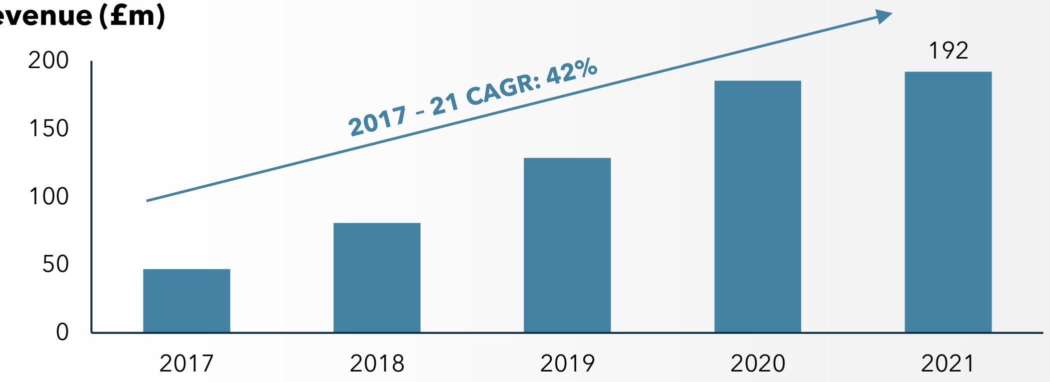
FY21 FINANCIAL SUMMARY

Profit and Loss

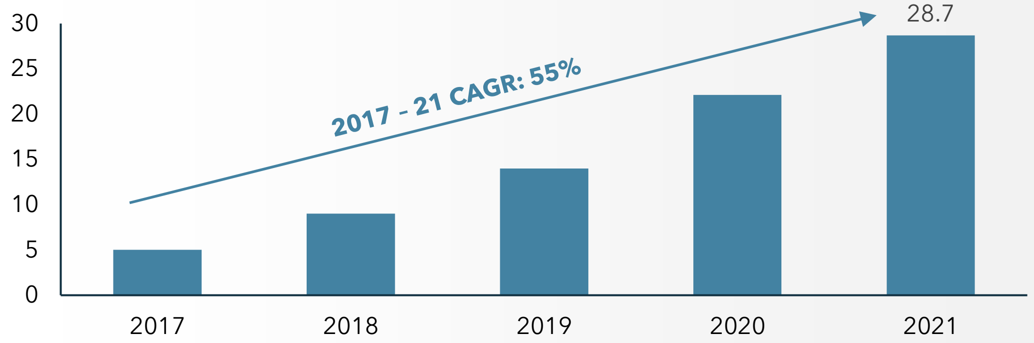
	2021	2020
	£'m	£'m
Revenue	**192.0**	**167.4***
Gross profit	**83.3**	**76.1**
EBITDA[1,2]	**28.7**	**22.1**
Operating profit[2]	**19.7**	**14.8**
Profit before tax[2]	**17.1**	**13.2**
Earnings per Share – Basic[2]	**25.0p**	**23.6p**

- Revenue for the year ended 31 March 2021 was £192.0 million (FY2020: £167.4* million), revenue increased by 15% in the year (excl. non-core activities disposed of in FY20)
- Adjusted operating profit increased by 33% to £19.7 million (FY2020: £14.8 million) and adjusted EBITDA increased by 30% to £28.7 million (FY2020: £22.1 million)
    - Group divisional adjusted EBITDA margin increased to 16.2% from 13.1% in FY20

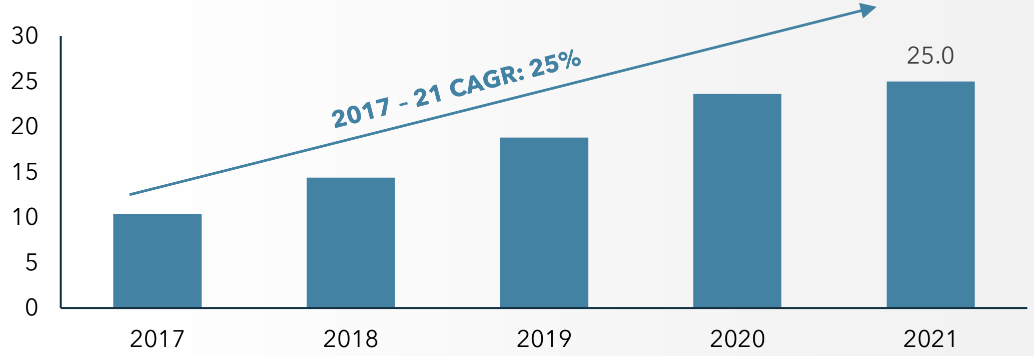
Revenue (£m)



Adj. EBITDA (£m)



Adj. EPS (p)



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FY21 FINANCIAL SUMMARY (CONT'D)

	2021	2020
	£'m	£'m
Non-current assets	**277.5**	**149.5**
Current Assets	**106.1**	**60.8**
Total assets	**383.6**	**210.3**
Current liabilities	**(81.6)**	**(50.7)**
Non-current liabilities	**(38.6)**	**(62.9)**
Total liabilities	**(120.2)**	**(113.6)**
Net assets	**263.4**	**96.7**

	2021	2020
	£'m	£'m
Net cash generated from operating activities before acquisition and restructuring costs	**28.3**	**11.2**
Net cash generated from operating activities	**20.4**	**3.4**
Cash flows used in investing activities	**(71.9)**	**(21.8)**
Net cash generated in financing activities	**88.5**	**23.4**
Net change in cash and cash equivalents	**37.0**	**(0.5)**

- High proportion of recurring revenues and strong management of working capital which have delivered a year of very strong cash generation. The **net cash inflow from operating activities before acquisition and restructuring costs was up 153% to £28.3 million** (FY2020: £11.2 million), with cash conversion increasing to 110% (FY2020: 83%)
- Net cash (excluding IFRS 16 lease liabilities) at the end of the year was £43.3 million (2020: net debt £32.3 million)
- New enlarged, three-year £70 million revolving credit facility with an additional accordion facility of £20 million, providing further resources to support the Group's ongoing targeted acquisition strategy

COMPOUNDING M&A ENGINE IN ACTION

END-TO-END ACQUISITION PROCESS

Enhance	Accelerate	Integrate	Collaborate
Through growth initiatives and operational improvement	Through organic investment and bolt-on acquisitions	To bring about efficiencies and build a national infrastructure	To realise strategic synergies across the Marlowe Group

Origination & Target Engagement

3,000+ targets identified and monitored across our markets

~250 approaches / target 'touches'; **~20** introductory meetings each quarter

- Proactive origination
- **48 of 56** acquisitions sourced off-market

£170m
Raised in FY21

Pre-offer Analysis & Negotiation

Current active acquisition discussions with **78** targets

- Flexibility to structure deals to fit circumstances

£148m
Deployed since April 2020*

Due Diligence & Execution

Terms agreed, diligence underway

10 in exclusivity

- Efficient execution: typically 3 – 6 weeks from agreeing terms
- In-house DD on majority of deals

£21m
EBITDA Acquired since April 2020

Integration

Capacity to undertake several integrations concurrently

- Divisional group structure allows for multiple concurrent integration programmes
- Pipeline managed to sequence acquisitions in line with divisional integration capacity

7.0x
Average Pre-Synergy EBITDA Multiple since April 2020(1)

** Including deferred consideration; (1) Average pre-synergy EBITDA multiple excl. Ellis Whittam acquisition is 5.6x.*

DEPLOYED £113M DURING FY21

Identification → Compatibility → Scale → Strengthen → Broaden → Transform

15 Acquisitions in FY21

Name: Deminos Consulting **Division:** HR Advisory	**Name:** Ellis Whittam **Division:** HR Advisory	**Name:** WPL International **Division:** Water & Air
Name: Elogbooks **Division:** TIC	**Name:** Ellis Whittam **Division:** HR Advisory	**Name:** Hadrian Technology **Division:** Fire
Name: Caritas **Division:** Occupational H&S	**Name:** Wrightway Health & Wellbeing **Division:** Occupational H&S	**Name:** HR Services Partnership **Division:** HR Advisory
Name: Rainbow Water **Division:** Water & Air	**Name:** Network of Staff Supporters **Division:** Occupational H&S	**Name:** ESP HR **Division:** HR Advisory
Name: Morgan Fire Protection **Division:** Fire Safety	**Name:** DeltaNet International **Division:** eLearning & Training	**Name:** YouManage HR **Division:** HR Advisory

£0m Rev → £60m Rev

Highlight Acquisitions

STRONG OUTLOOK IN LINE WITH OUR 3-YEAR STRATEGY

Strong start to the new financial year with good levels of organic growth consistent with our medium-term targets across both GRC and TIC operations

Continued, Strong Revenue Growth	Long-term, Stable Revenue Base	Continued Acquisitive Growth
£280m	**83%+**	**8**
Run-Rate Revenues	Recurring Revenues	Acquisitions YTD

PROGRESSING TOWARDS OUR THREE-YEAR TARGETS

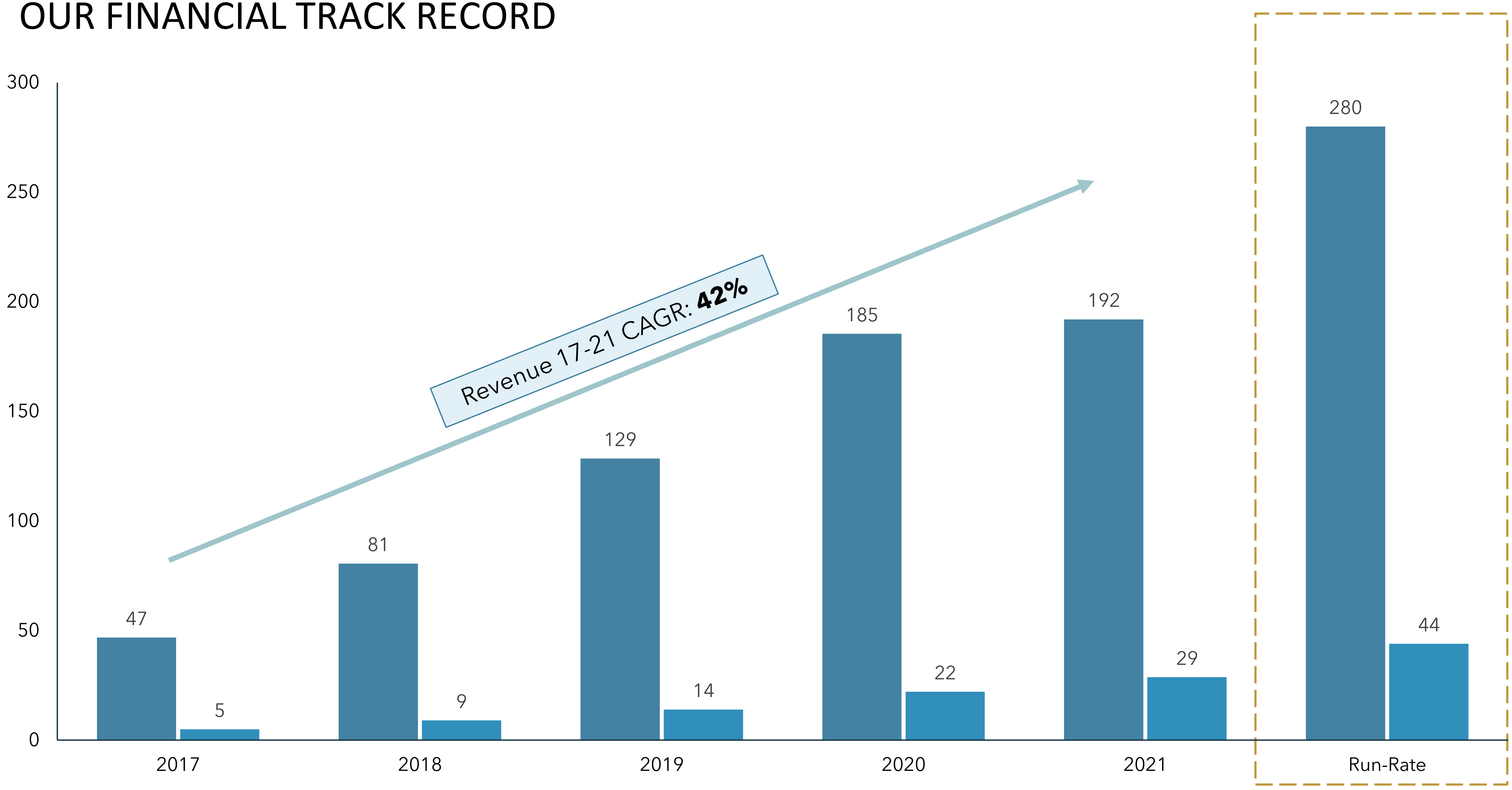
£500m Revenue	**£100m Adj. EBITDA**	**20%+ EBITDA Margin**

- Strong start to the new financial year with good levels of organic growth consistent with our medium-term targets across both GRC and TIC operations
- Run-rate revenues of c.£280 million with c.83% recurring revenues
- Integration of our Employment Law, HR, Safety & Occupational Health activities proceeding to plan with synergies in line with expectations
- Eight acquisitions completed so far during the new financial year, further deepening our presence across key markets
- Strong pipeline of earnings-enhancing acquisitions to add further scale and breadth to our platform for growth across service and software

QUESTIONS AND ANSWERS

APPENDIX

OUR FINANCIAL TRACK RECORD



NOTES

** Excluding non-core air quality activities disposed of in March 2020*
[1] Earnings before interest, taxes, depreciation and amortisation ("EBITDA")
[2] Explanation of non-IFRS measures below

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.