

# MARLOWE PLC

BUILDING A PLATFORM FOR GROWTH

## COMPOSITION OF THE NON-EXECUTIVE BOARD



**Kevin Quinn**

Extensive experience of FTSE 250 support services, gained through 13-year tenure as Chief Financial Officer at Berendsen plc, a leading European textile service business.

- Risk and Nominations Committees chair
- Member of the Audit and Remuneration Committees.



**Gillian Kent**

Executive career of 25 years+ in digital businesses with functional experience in building markets and brands for products and services.

- Remuneration Committee chair
- Member of the Audit, Risk and Nominations Committees.



**Charles Skinner**

Extensive experience in B2B services and with over 20 years experience as Chief Executive of quoted companies including Restore plc, the AIM-listed UK leader in office services.



**Rachel Addison**

Experience as Chief Financial Officer at Future plc, and before that at TI Media Limited. She also held a number of senior financial, operational and board level roles.

- Audit Committee chair
- Member of the Remuneration, Risk and Nominations Committees.



**Peter Gaze**

Was the Chief Financial Officer and a Director of BCB Holdings Limited and of Waterloo Investment Holdings Limited.

- Member of the Audit and Remuneration Committees.

## AGENDA

<b>1</b>	<b>CHAIRMAN'S INTRODUCTION</b>
<b>2</b>	<b>WHY WE INTEGRATE</b>
<b>3</b>	<b>OPTIMA - UK'S LEADER IN TECH-ENABLED OCCUPATIONAL HEALTH</b>
<b>4</b>	<b>RESTRUCTURING &amp; INTEGRATION INVESTMENT</b>
<b>5</b>	<b>TESTING, INSPECTION &amp; CERTIFICATION: BUILDING OUR PLATFORM</b>
<b>6</b>	<b>FREE CASH FLOW</b>
<b>7</b>	<b>GOVERNANCE, RISK AND COMPLIANCE: REORGANISING FOR GROWTH</b>
<b>8</b>	<b>Q&amp;A</b>



# WHY WE INTEGRATE

Alex Dacre - Chief Executive, Marlowe plc

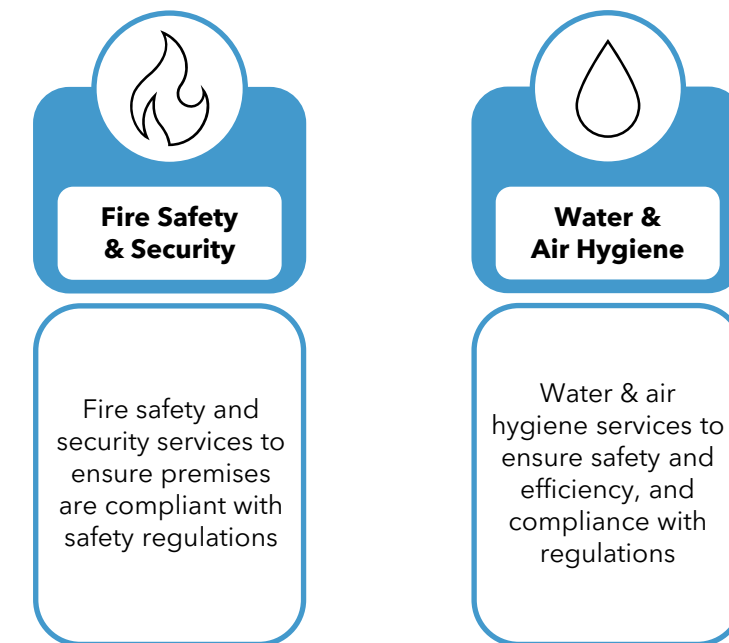
## OUR BUSINESS MODEL

We provide business-critical services and software that allow our clients to reduce risk, assure regulatory compliance and achieve total peace of mind

### Governance, Risk and Compliance (GRC)



### Testing, Inspection and Certification (TIC)



### ALL UNDERPINNED BY EVER-EVOLVING REGULATIONS:

- H&S at Work Act 1974
- Employment Rights Act 1996
- Management of H&S 1999
- Employment Rights Act 1996
- Employment Relations Act 1999
- Workplace (Health, Safety and Welfare) Regulations 1992
- UK GDPR Act 2021

- Regulatory Reform (Fire Safety) Order 2005
- Corporate Manslaughter Act 2007
- H&S at Work Act 1974
- ACoP L8
- HSG 274 / TR19
- COSHH

## KEY CHARACTERISTICS

Marlowe is delivering fast, compounding growth in its large, resilient compliance markets

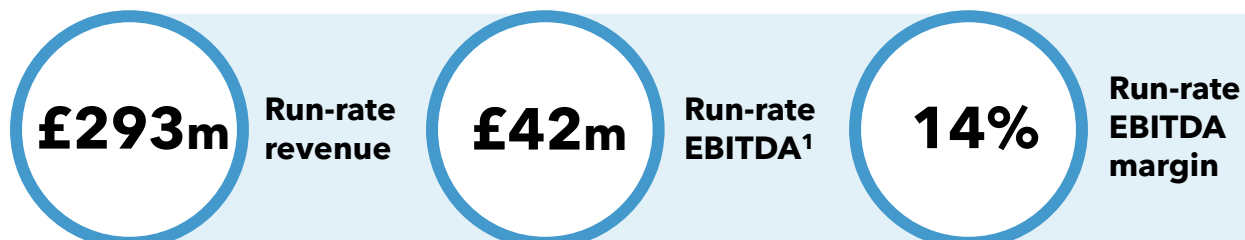
### Governance, Risk and Compliance (GRC)

GRC encompasses our consulting and software solutions across Compliance Software & eLearning, Health & Safety, Employment Law & HR and Occupational Health. In essence, addressing our customers employee and organisational risk.



### Testing, Inspection and Certification

TIC services revolve around our clients' business premises and include services such as the compliance, testing and inspection of water & air systems and fire safety compliance.



### Multi-service customers

40% of customers take more than one service as we deliver our one-stop-shop compliance proposition



### Strong cash conversion

We benefit from strong cash conversion, which we then invest into integration programmes, bolt-on acquisitions and capital expenditure



### High recurring revenues

We provide software and services that are often non-discretionary leading to high levels of contracted recurring revenues



### Long customer relationships

We have long customer relationships and have over 50,000 customers with largest customer c.2% of revenues

Notes: (1) Run-rate divisional EBITDA excludes c.£7m of Head Office costs

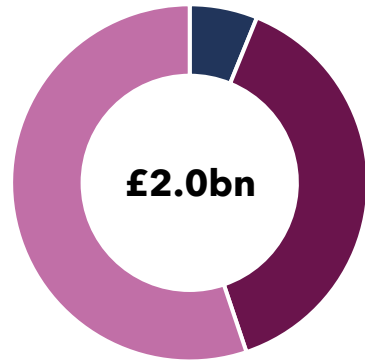
# OUR GROWTH TRAJECTORY



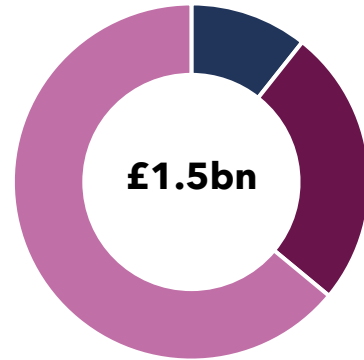
Notes: (1) Run rate is based on year-end performance annualised and adjusted for post-year-end acquisitions. This is a conservative estimate as it does not factor in organic growth. (2) Run-rate Group EBITDA includes c.£7m of Head Office costs. (3) SaaS ARR is defined as the annual value of the recurring revenue components of subscriptions for our software products, normalized to a one-year period.

## MAJOR OPPORTUNITY IN UK ADDRESSABLE MARKET

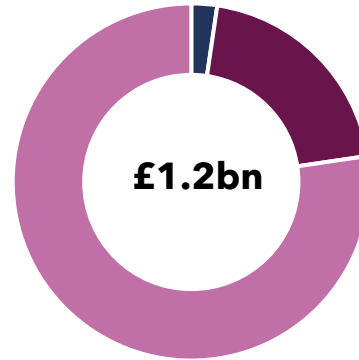
**Fire Safety & Security**



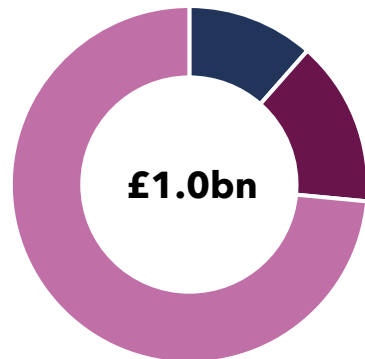
**Water & Air Hygiene**



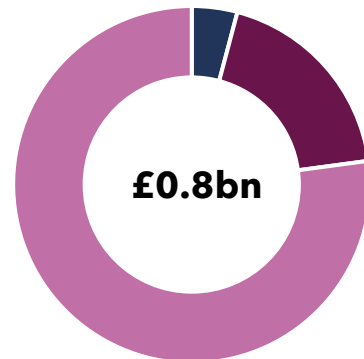
**HR & Employment Law**



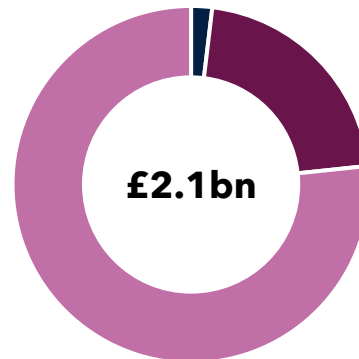
**Occupational Health**



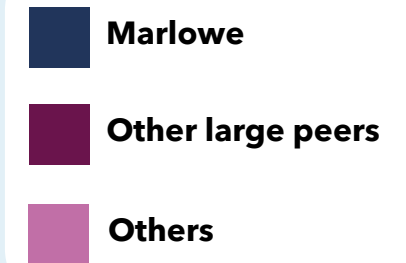
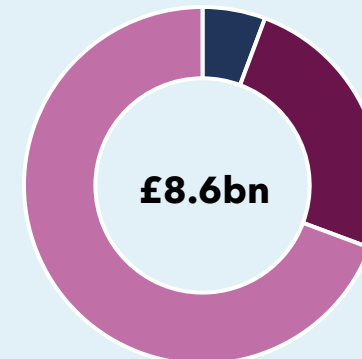
**Health & Safety**



**Compliance Software**



**Marlowe group**

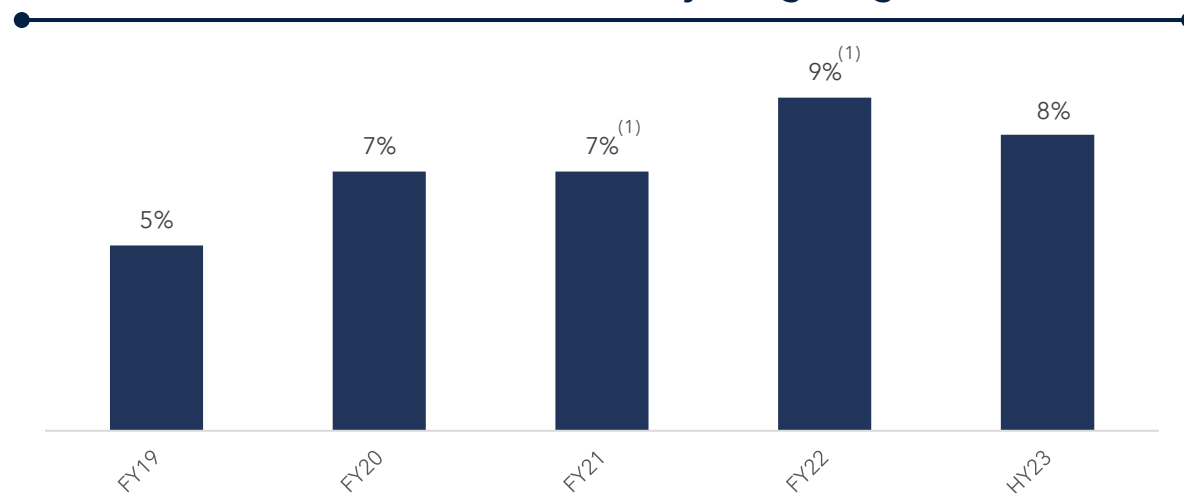


- We still have major opportunity in each of the **highly fragmented** markets we occupy
- Our current run-rate suggests we **occupy c.5%** of our UK addressable market
- We will continue to use acquisition as a tool to **deepen** our presence in current compliance verticals and **broaden** into new ones
- We have a strong pipeline of bolt-on **M&A opportunities**

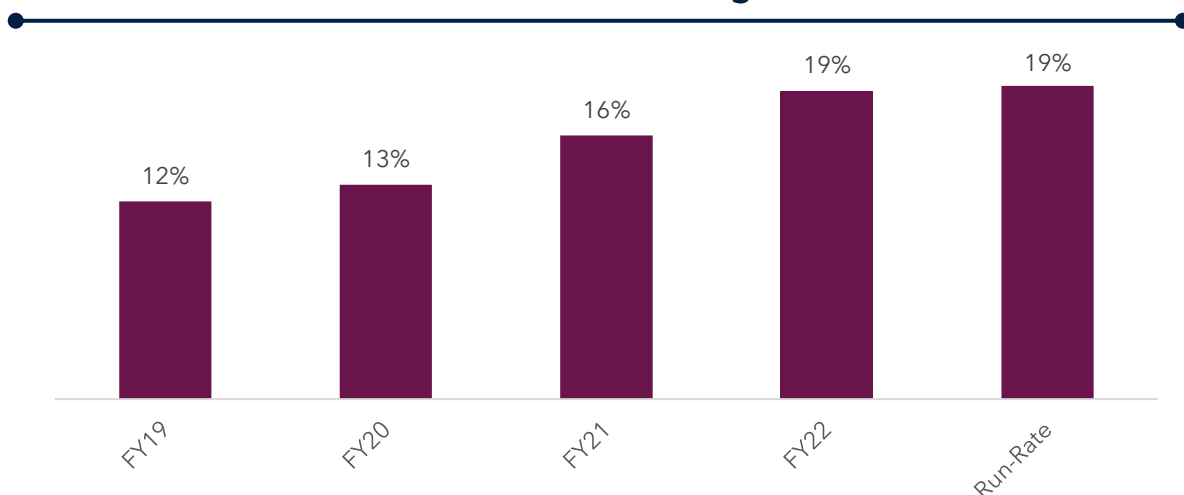


# ORGANIC DEVELOPMENT

## Consistent and resilient history of organic growth



## Proven track record of EBITDA margin enhancement



### Structural market growth

Regulations are continuing to evolve and become ever-more complex with an increasing enforcement burden



### Expected organic growth

We can accelerate the structural market growth through our holistic offering of software alongside service, and our ability to cross-sell and upsell



### Driving integration programmes

Driving integration programmes allows us to combine back office functions and remove duplicated costs resulting in margin expansion



### Improved route density & triaging work

Through reducing our cost to manage and benefiting from scale efficiencies such as route density we can continue to improve margins

Notes: (1) 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. FY21 and FY22 are on an underlying basis to account for the distortive impact of COVID, FY22 organic growth without this adjustment was 11%

# USING ACQUISITION AS A TOOL FOR GROWTH

## Governance, Risk and Compliance (GRC)

## Testing, Inspection and Certification (TIC)

**Compliance Software**

**Health & Safety**

**Employment Law/HR**

**Occupational Health**

**Fire Safety & Security**

**Water & Air Hygiene**

### Number of acquisitions completed since inception

10

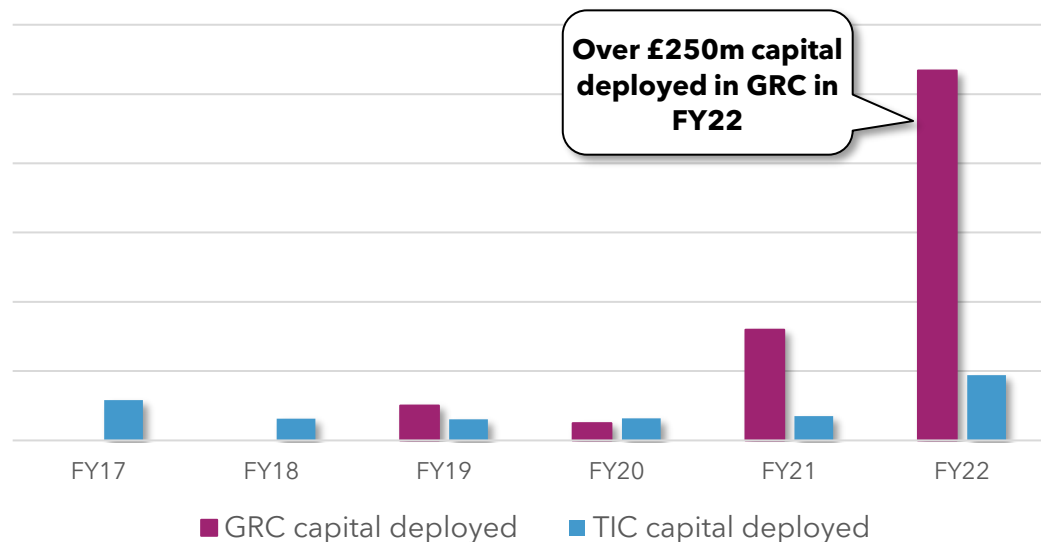
2

12

9

21

24



**£675m**

Group total invested capital

**£595m**  
total  
consideration

**£25m**  
deferred  
consideration<sup>1</sup>

**£15m**  
acquisition  
costs

**£40m**  
restructuring  
costs

Notes: 1) Excludes growth related deferred consideration

## WHY WE INTEGRATE

**Streamline back office functions**

**Stronger governance, divisional culture and effective learning & development for staff**

**Benefit from economies of scale and operational gearing to drive margins**

**Reduced cost base by moving to singular IT, CRM and finance systems and rationalise properties**



**Effectively and efficiently leverage our base of fee-earners while benefiting from route density & scale economies**

**Increase retention by improving client service and compliance capabilities**

**Drive cohesion, enhance pricing structures and prioritise organic developments**

**Accelerate organic growth through effective cross-sell, up-sell and better sales & marketing**

## GROUP WIDE INTEGRATION METHODOLOGY

**Head office (facilitate M&A, integration and cross-sell)**

**Six separate integration teams**



**Compliance  
Software**



**Health &  
Safety**



**Employment  
Law/HR**



**Occupational  
Health**



**Fire Safety  
& Security**



**Water &  
Air Hygiene**

### Group wide methodology

- Separate integration resources enabling multiple integration programmes to be successfully completed concurrently
- Typical bolt-on acquisitions takes 6 months with a typical platform deal taking 12 months from initiation
- Leveraging deep managerial integration expertise in conjunction with a well refined and repeatable integration playbook

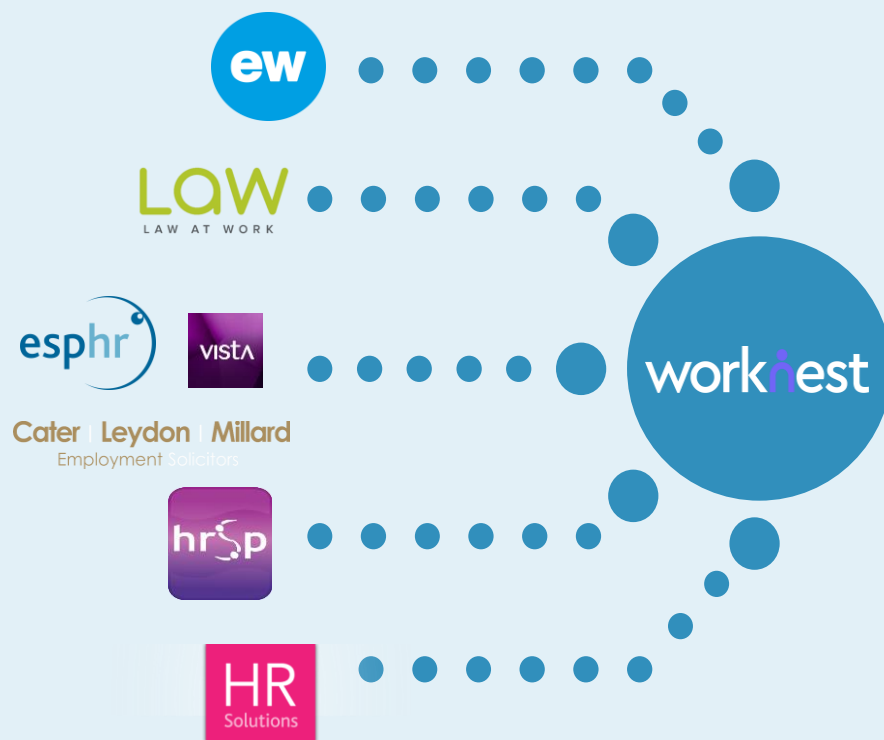
### Typical sub-division set-up

- Autonomous management teams focusing on driving organic growth
- Scalable integration team focusing on:
  - Integrating CRM, IT and Finance systems
  - Project management
  - Delivery of costs synergies and operational efficiencies



## BUILDING WORKNEST THROUGH EFFECTIVE INTEGRATION

**12 acquisitions with different core systems (CRM, legal practice platform, finance, etc)**



**Over 18 months, our Integration & Business Change teams delivered common systems & working practice standards:**

- CRM (Salesforce)
- Practice Management (CaseNest - Proprietary)
- HR software (Youmanage - Proprietary)
- H&S software (SafetyNest - Proprietary)
- Finance (MS Navision)

**W-I-P, but real benefits delivered in FY23:**

- At a time when our contract base has grown, we have reduced headcount by 10%
- We attribute this to deployment of CaseNest, delivery of more consistent working practices, scale efficiencies and effective use of MI
- Platform for future acquisitions

# KEY INTEGRATION PROJECTS

Key projects	Brands	Key stats	What we are doing
<p><b>Occupational Health</b></p>		<p><b>Deal completed:</b> Optima (Jan 2022), TP Health (Apr 2022)</p>	<ul style="list-style-type: none"> <li>• Single management team</li> <li>• Unified IT systems</li> <li>• Merging service delivery</li> <li>• Significant synergy realised in back office</li> <li>• Moving to single Optima Brand</li> </ul>
<p><b>eLearning</b></p>		<p><b>Deals completed:</b> VinciWorks (Oct 2021), Essential Skillz (Oct 2021) &amp; Skill Boosters (Dec 2021)</p>	<ul style="list-style-type: none"> <li>• Merging all eLearning businesses into VinciWorks</li> <li>• Single management team</li> <li>• Single software platform and learning management system</li> <li>• Single content &amp; development team</li> <li>• Single sales &amp; customer success team</li> </ul>
<p><b>Water &amp; Air Hygiene</b></p>		<p><b>Deals completed:</b> Musketeer (May 2021), Santia (Sep 2021) Hydro-X (Oct 2021), Phase Technology (Aug 2022)</p>	<ul style="list-style-type: none"> <li>• Moved onto the Wave scheduling platform</li> <li>• Reverse integrating our Air business into the Hydro-X platform creating the largest Air offering in the UK</li> <li>• Merge service delivery</li> <li>• Merge back office</li> <li>• Reduction of duplicated cost in overhead</li> </ul>

# OCCUPATIONAL HEALTH

Jonathan Thomas – Chief Executive, Optima

Building the leading tech-enabled Occupational Health business in the UK



# **RESTRUCTURING INVESTMENT**

Adam Councill – Chief Financial Officer, Marlowe plc

The investment required to effectively integrate



## DEEP DIVE INTO RESTRUCTURING INVESTMENT AND CASH DYNAMICS

**RESTRUCTURING  
COSTS**

**CASH  
DYNAMICS**



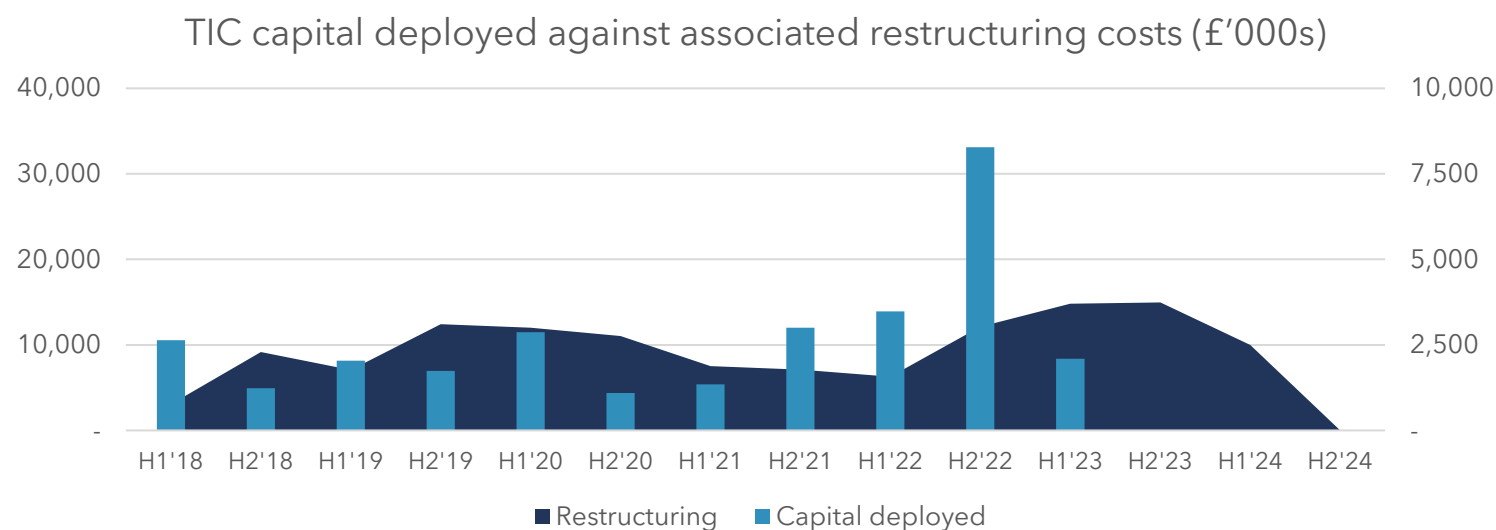
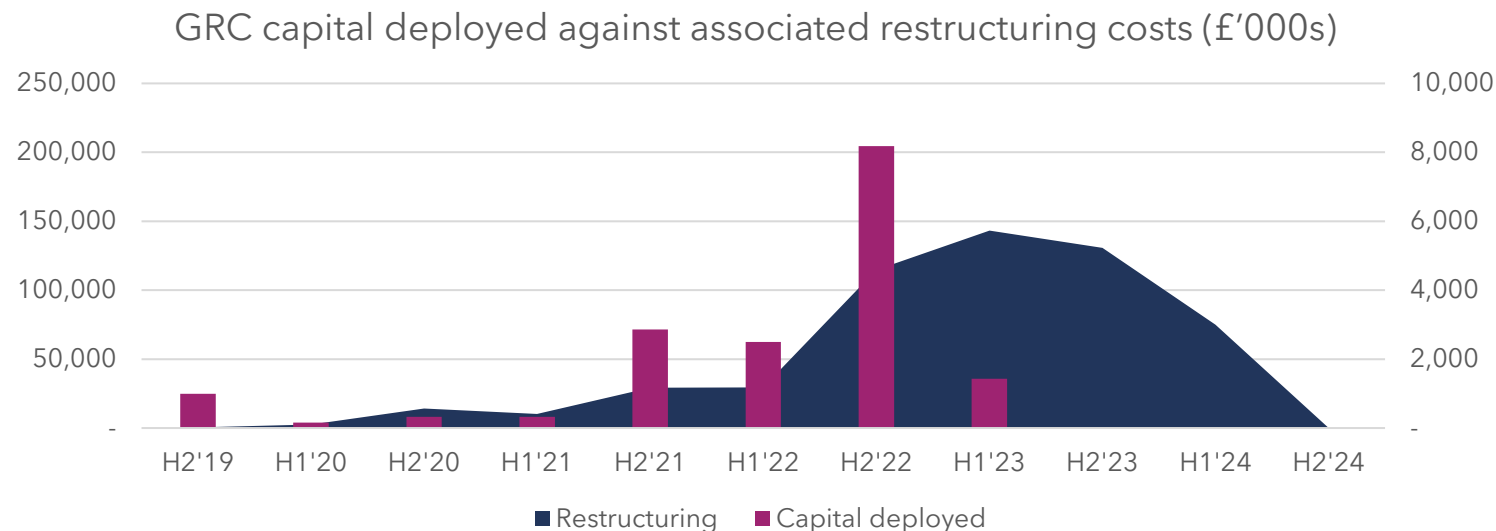
## INTERIM BREAKDOWN FOR SIX MONTHS TO SEPT 2022

<b>HY23 Adjusted OP</b>	<b>£30.4m</b>	
<b>Acquisition costs</b>	<b>£1.5m</b>	Acquisition costs include professional fees, transaction costs and staff costs associated with completing acquisitions. These costs are non-recurring to the extent that if the Group were to cease further M&A activity these costs would not continue.
<b>Restructuring costs</b>	<b>£10.0m</b>	Restructuring costs include the costs associated with the integration of acquisitions, include: <ul style="list-style-type: none"> <li>• The cost of duplicated staff roles and other duplicated operational costs during the integration and restructuring period; and</li> <li>• The redundancy cost of implementing the post completion staff structures</li> </ul> Each integration programme is distinct and one-off in nature such that when complete, the costs associated with that programme cease.
<b>Amortisation of acquired intangibles</b>	<b>£11.8m</b>	The amortisation charge for those intangible assets recognised on business combinations is excluded from the adjusted results of the Group since they are non-cash charges arising from investment activities. As such, they are not considered to be reflective of the underlying trading performance of the Group.
<b>Share based payments and legacy long-term incentives</b>	<b>£1.4m</b>	Charges associated with certain share-based payment schemes (excluding SAYE schemes which are classed as administrative expenses) and legacy long-term incentives have been included as adjusting items.
<b>HY23 Statutory OP</b>	<b>£5.7m</b>	

## RESTRUCTURING COST MAKE-UP

Type	Description	Example	HY23 Value
<b>Staff restructuring</b>	Costs incurred recruiting and making employees redundant post acquisition, and cost of duplicated staff roles during the integration period	<b>Occupational Health:</b> The redundancy costs and associated salaries of employees which we expect to leave within the next 12 months related to reorganisation of three management businesses teams into one.	<b>£5.2m</b>
<b>Replacement software and system upgrades</b>	Duplicate software costs e.g. external software costs being replaced with insourced product and IT staff/consultants hired to implement post integration IT systems	<b>HR/Employment Law:</b> Merging our eLearning software activities where we have brought five different businesses, each historically using different platforms onto one learning management and software platform.	<b>£1.4m</b>
<b>Integration resource</b>	Costs incurred in managing integration process	<b>Water &amp; Air Hygiene:</b> The project management teams associated with the hive-up of bolt-on acquisitions. If we stopped doing acquisitions, these would no longer be required.	<b>£2.4m</b>
<b>Property costs</b>	Duplicated office costs	<b>Occupational Health:</b> The dual rental and associated costs with shutting down a MOH (legacy brand) office. Dual rental costs are only included in restructuring if we expect to move out the property within the next 12 months	<b>£0.4m</b>
<b>Other</b>	Rebranding, legal or other costs associated with restructuring	<b>Fire Safety &amp; Security:</b> The associated costs with rebranding the acquisition BBC into Marlowe Fire & Security	<b>£0.5m</b>

## RESTRUCTURING COSTS CORRELATE CLOSELY WITH CAPITAL DEPLOYED



### Typical process

- Integration and restructuring typically takes two forms:
  - Integration of an acquisition
  - Large one-off restructuring projects related to multiple acquisitions
- The bulk of restructuring costs are typically incurred 6 to 12 months post acquisition
- Some acquisitions will be 'incubated' prior to their integration
- Large recent integration programmes:
  - Occupation Health, integrating Optima, MOH, TP Health into one business
  - The implementation of the Water & Air billing system, Wave
  - Combining our eLearning portfolio under VinciWorks



## RESTRUCTURING COST MAKEUP TO DATE

Type	Water & Air Hygiene	Fire Safety & Security	Compliance Software	Health & Safety	Employment Law/HR	Occupational Health
Staff restructuring	£2.1m	£0.5m	£0.3m	£0.1m	£0.7m	£1.7m
Replacement software and system upgrades	£0.1m	£0.1m	£0.1m	£0.3m	£0.6m	£0.1m
Integration resource	£0.6m	£0.5m	£0.1m	£0.1m	£0.3m	£0.8m
Property costs	£0.1m	£0.0m	-	-	£0.1m	£0.2m
Other	£0.0m	£0.0m	-	£0.0m	£0.0m	£0.4m
<b>Total</b>	<b>£2.9m</b>	<b>£1.1m</b>	<b>£0.5m</b>	<b>£0.5m</b>	<b>£1.7m</b>	<b>£3.3m</b>

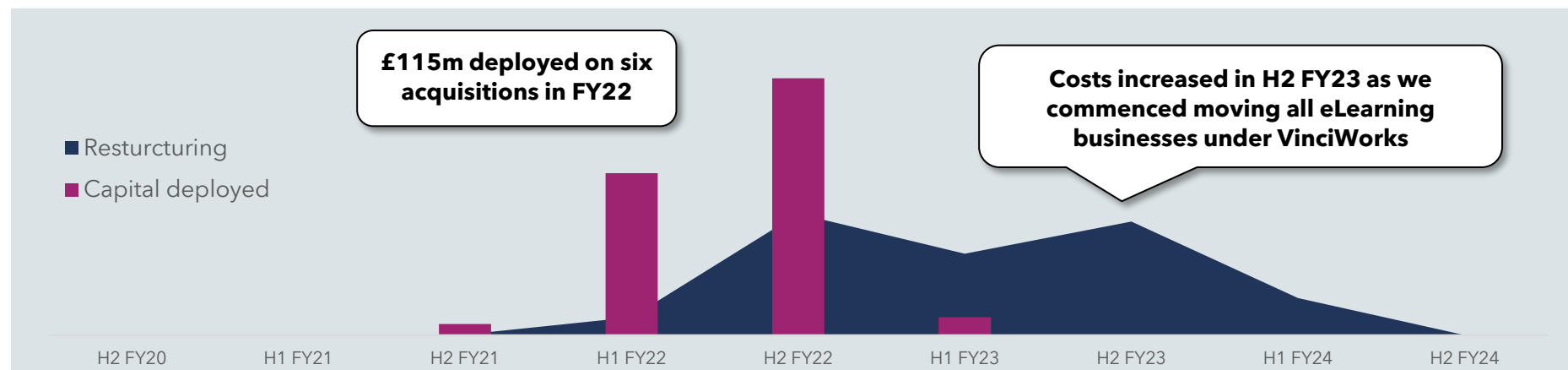
# COMPLIANCE SOFTWARE

## Key stats

**Recent acquisitions:** £120m deployed over 8 acquisitions since March 21

**Key projects:** Integrating recent acquisitions and moving eLearning businesses under Vinci

## Capital deployed vs restructuring costs



## Key brands

EssentialSkillz

VinciWorks

Skill Boosters

## Key integration project

- Combining the existing five eLearning brands under VinciWorks
- Consolidating and rationalising over 800 courses
- Consolidating the sales & marketing under VinciWorks, adopting best practice in content marketing and customer management
- Consolidation of all internal systems

## Benefits

- Reduce duplicated personnel and costs associated with maintaining developing course library
- Improves lead generation, better conversion and retention of customers
- Creating a lean, highly talented workforce set up for the future
- A strong consolidated platform primed for organic and inorganic growth

## Key HY23 restructuring buckets

<b>Staff restructuring</b>	<b>£0.3m</b>
<b>Replacement software and system upgrades</b>	<b>£0.1m</b>
<b>Integration teams</b>	<b>£0.1m</b>

# WATER & AIR HYGIENE

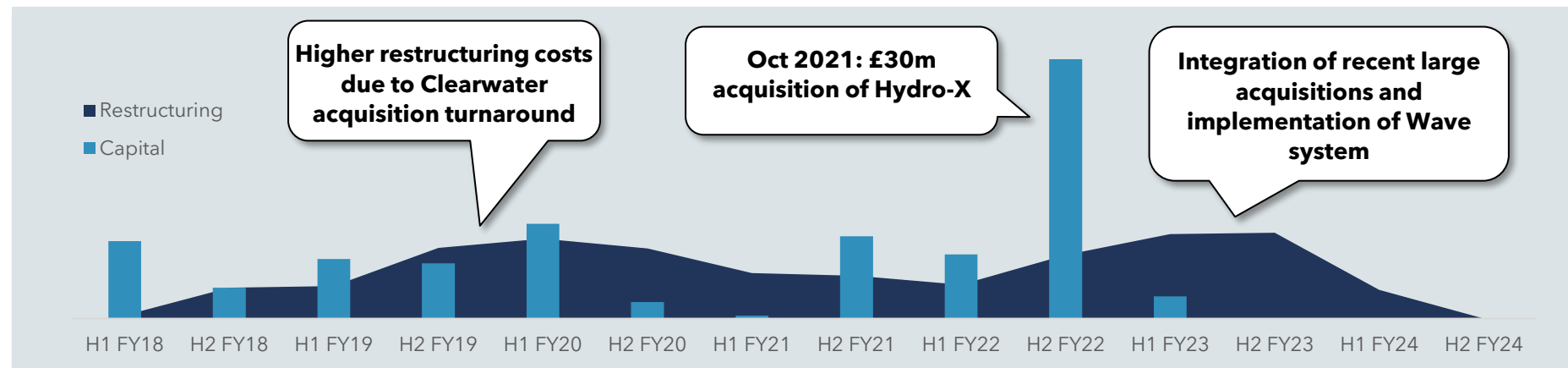
## Key stats

**Recent acquisitions:** Hydro-X (October 2021), Phase, Musketeer, Santia

**Run-rate revenue:** c.£160m

**Key projects:** Integrating Hydro-X and moving businesses onto Wave platform

## Capital deployed vs restructuring costs



## Key brands



## Key integration project

- Reverse integrating our Air business into Hydro-X creating the largest Air offering in the UK
- Finalising Hydro-X integration
- Integrations of Santia, Phase & Musketeer
- Implementation of our end-to-end operating platform, Wave
- Removing legacy software
- Rationalising operational processes and removing manual processes and localised customer requirements

## Benefits

- Reduce people, systems and property costs and benefit from economies of scale
- Drive cohesion, succinct pricing strategies and prioritise organic investments
- Retain key talent by providing market leading training facilities
- Cross-sell more effectively with the rest of Marlowe services

## Key HY23 restructuring buckets

**Staff restructuring**      **£2.1m**

**Replacement software and system upgrades**      **£0.1m**

**Integration teams**      **£0.6m**

# OCCUPATIONAL HEALTH

## Key stats

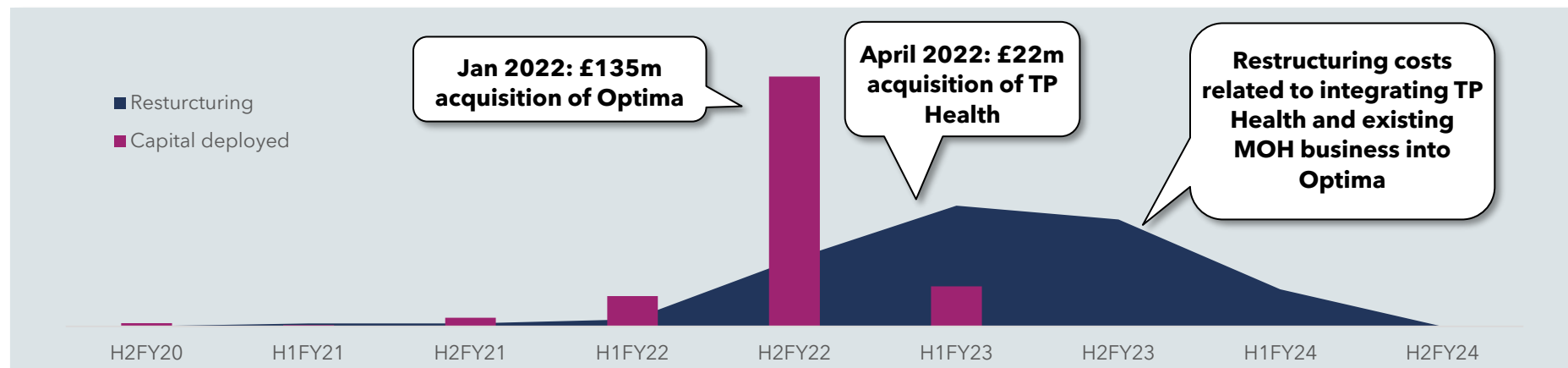
### Key deals completed:

9 businesses acquired inc.  
Optima (January 2022),  
TP Health (April 2022)

**Employees:** 1,500

**Run rate revenue:** c.£115m

## Capital deployed vs restructuring costs



## Key brands



## Key integration project

Bringing all brands within Marlowe's offering into Optima:

- Combing into one management team
- Centralise business development and sales & marketing
- Migrating clients from all legacy platforms
- Unifying three distinct sets of admin overheads and creating one fit for purpose support function

## Benefits

- Single umbrella brand
- One strategy & vision
- Consistent operating model
- One team & values
- Technology enabled & customer focusses
- Leading clinical governance

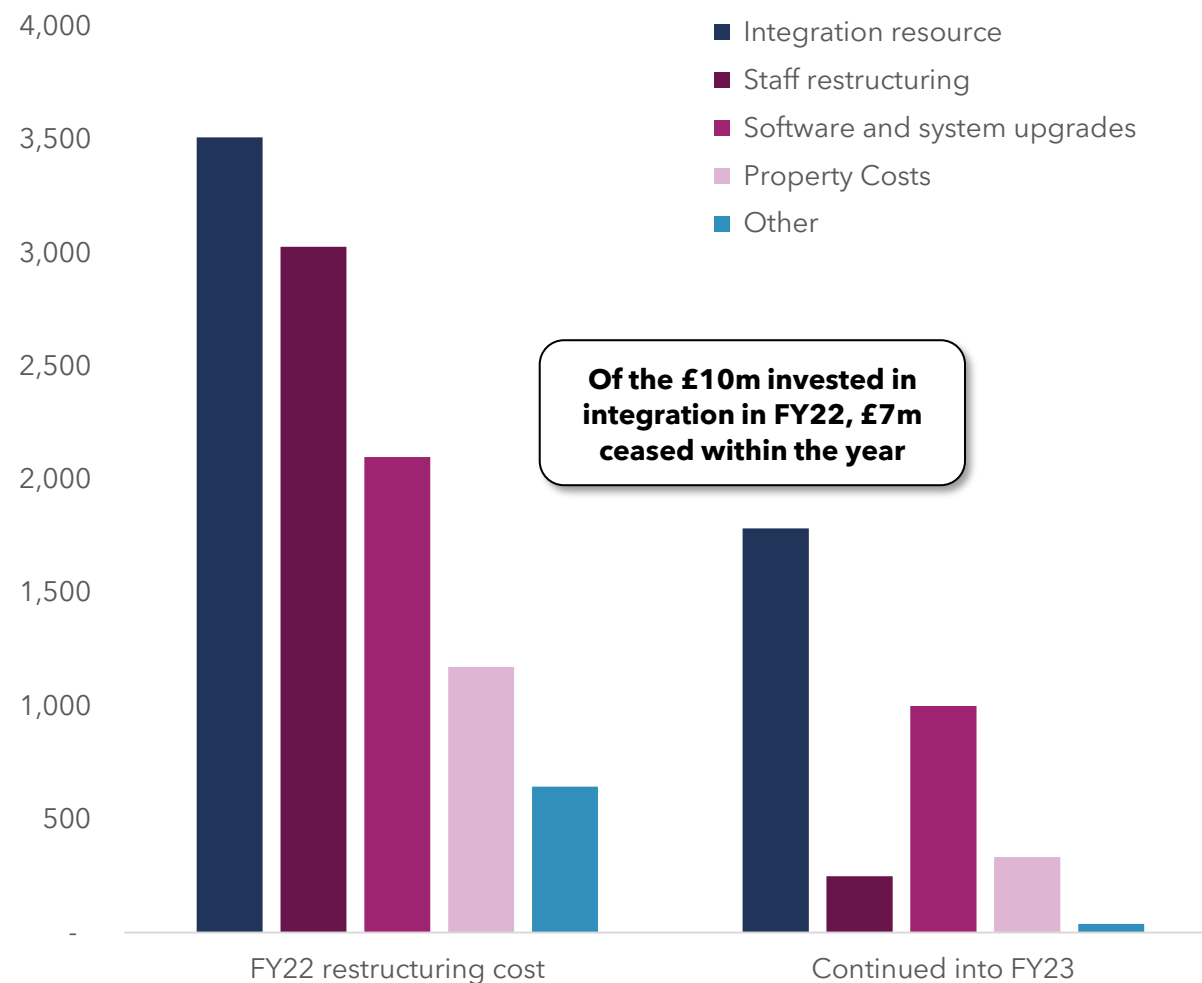
## Key HY23 restructuring buckets

**Staff restructuring** £1.7m

**Integration teams** £0.8m

**Other** £0.4m

## RESTRUCTURING COSTS REDUCE QUICKLY



- In FY22 the business invested £10m in integration:
  - c.£7m ceased within FY22
  - c.£3m flowed into FY23 of which a further £1m has ceased within FY23
  - The remaining costs primarily related integration teams which are either closing FY22 projects or moving on to new projects
  - This integration resource would no longer be required if we were to stop acquiring
- The Group considers restructuring costs as a cost of investment in which drives shareholder return
  - Restructuring costs are built into our investment models at the point of acquisition
  - Of the c.£10m deployed in restructuring costs in FY22 we estimate a c.£5m annual benefit



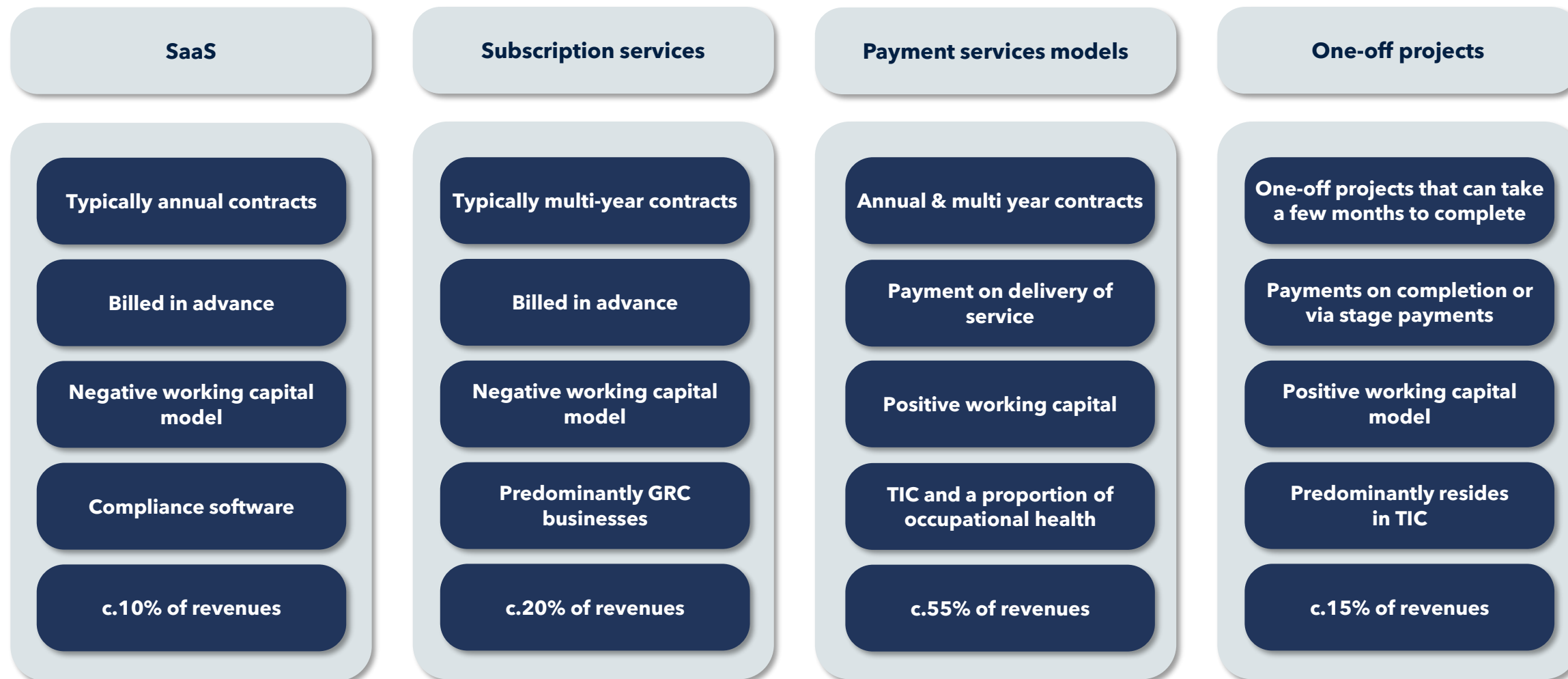
## **TIC IN ACTION**

**Phil Greenwood & Andy Walls – Chief Executive Officer & Chief Operating Officer, Marlowe Compliance Services**

Building the UK's leading TIC safety & compliance services provider

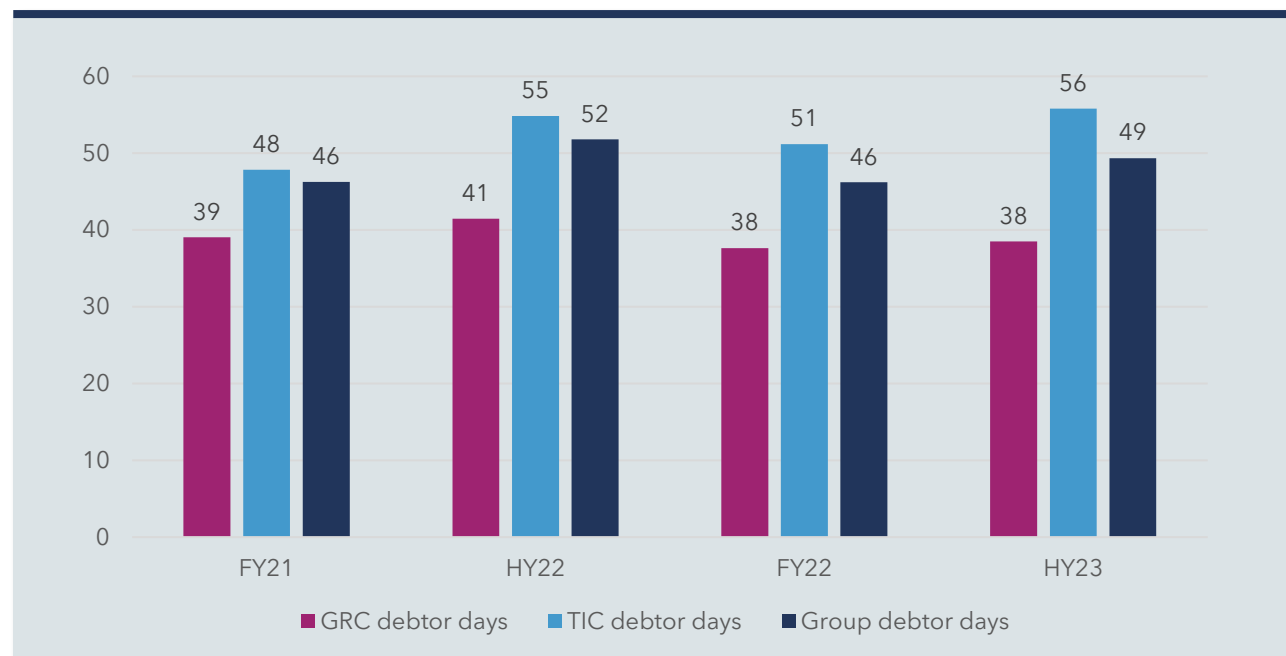
# WORKING CAPITAL PROFILES

Marlowe is a blended group with a mixture of working capital profiles



## DEBTOR DAYS

	FY21	HY22	FY22	HY23
<b>Group trade debtors £m</b>	<b>39.1</b>	<b>49.1</b>	<b>68.6</b>	<b>76.0</b>
Group debtor days	46	52	46	49
GRC debtor days	39	41	38	38
TIC debtor days	48	55	51	56



### Debtor days:

- Debtors have increased over time as a result of the increased scale of the Group however debtor days have remained consistently well managed
- GRC debtor days have reduced slightly as a result of the acquisition of Optima which has debtor days of 25 to 30 days, this offsets higher levels of accrued income
- In the third quarter of our financial year we have seen debtor days come under pressure across the Group given the current economic climate
- We have made good progress in managing this final quarter
- Marlowe's debtor days reflect well given standard payment terms are around 60 days in the services sector

## ACCRUED AND DEFERRED INCOME

	FY21	HY22	FY22	HY23
<b>Group accrued income £m</b>	<b>4.5</b>	<b>8.8</b>	<b>18.6</b>	<b>21.9</b>
<i>% of Group run rate revenue</i>	1.6%	2.6%	4.3%	4.7%
GRC Accrued income £m	0.0	1.1	6.6	8.5
<i>% of GRC run rate revenue</i>	0.0%	1.1%	3.9%	4.4%
TIC Accrued income £m	4.5	7.7	12.0	13.5
<i>% of TIC run rate revenue</i>	2.1%	3.2%	4.5%	4.9%

	FY21	HY22	FY22	HY23
<b>Deferred income £m</b>	<b>9.0</b>	<b>14.9</b>	<b>25.5</b>	<b>26.6</b>
<i>% of run rate revenue</i>	3.2%	4.5%	5.9%	5.7%
GRC Deferred income £m	6.0	12.0	20.9	22.3
<i>% of run rate revenue</i>	8.8%	12.9%	12.3%	11.6%
TIC Deferred income £m	3.0	2.9	4.6	4.3
<i>% of run rate revenue</i>	1.4%	1.2%	1.8%	1.6%

### Accrued income:

- Increases in accrued income as a percentage of revenues have been driven by:
  - The acquisition of Optima in GRC which has higher levels of accrued income
  - The Wave implementation in TIC created a temporary lengthening of billing cycles at HY23, these have now returned to normal levels
  - Certain acquisitions in TIC have increased revenue from Application for Payment Contracts (e.g. Santia)

### Deferred income:

- Deferred income levels are lower in TIC as a much smaller proportion of revenues are billed in advance. The majority of software revenues sit within GRC and are largely billed in advance
- Deferred income balances have remained reasonably consistent by Division with Group level increasing as GRC increases in scale

## OTHER DEBTORS AND CREDITORS

Other debtors	FY21	HY22	FY22	HY23
Inventories	4.6	5.8	7.6	9.0
<i>Inventory % of revenue</i>	1.6%	1.7%	1.8%	1.9%
Prepayments	4.4	7.4	7.4	10.7
Other debtors	2.6	4.0	2.9	5.0
Other current assets	7.0	11.4	10.3	15.7
<i>Other current assets % of revenue</i>	2.5%	3.4%	2.4%	3.4%

Other creditors	FY21	HY22	FY22	HY23
Trade creditors	20.0	24.1	29.9	28.3
<i>Trade creditors % of revenue</i>	7.1%	7.2%	6.9%	6.0%
Accruals	14.5	15.9	23.5	25.1
Other tax and social security	14.9	13.2	16.3	18.9
Other creditors	2.7	3.4	2.5	3.8
Other current liabilities	32.1	32.4	42.3	47.1
<i>Other current liabilities % of revenue</i>	11.5%	9.7%	9.7%	10.1%

### Other debtors:

- **Inventories** are a relatively small component of the Group's working capital make-up
- **Prepayments** and other debtors have remained constant relative to revenue over the last 24 months

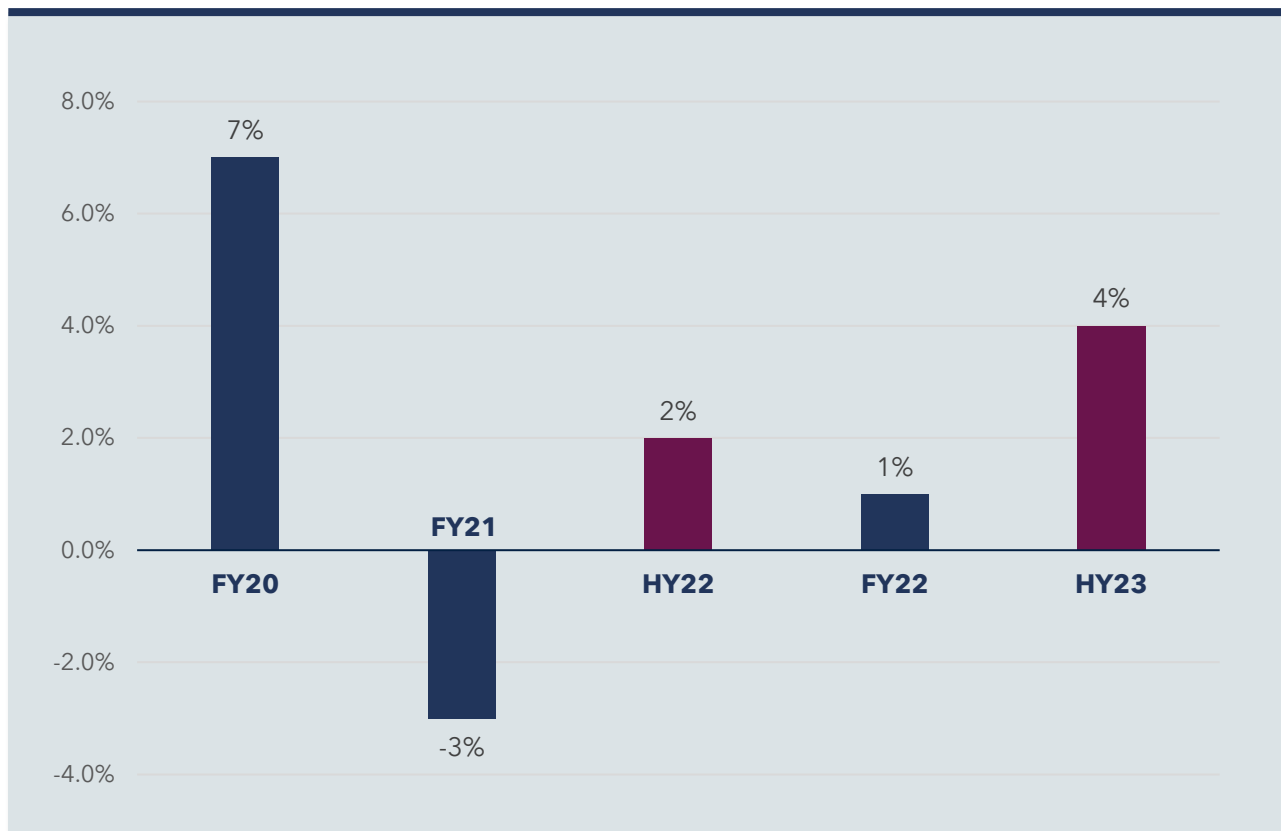
### Other creditors:

- **Trade creditors** was slightly lower as a percent of revenue at HY23 but we expect this to return to normal at FY
- **Other tax and social security** was elevated at FY21 due to COVID deferrals with HRMC which we repaid in FY22



# WORKING CAPITAL

	FY20	FY21	HY22	FY22	HY23
<b>Working capital as a % of revenue</b>	7%	(3)%	2%	1%	4%

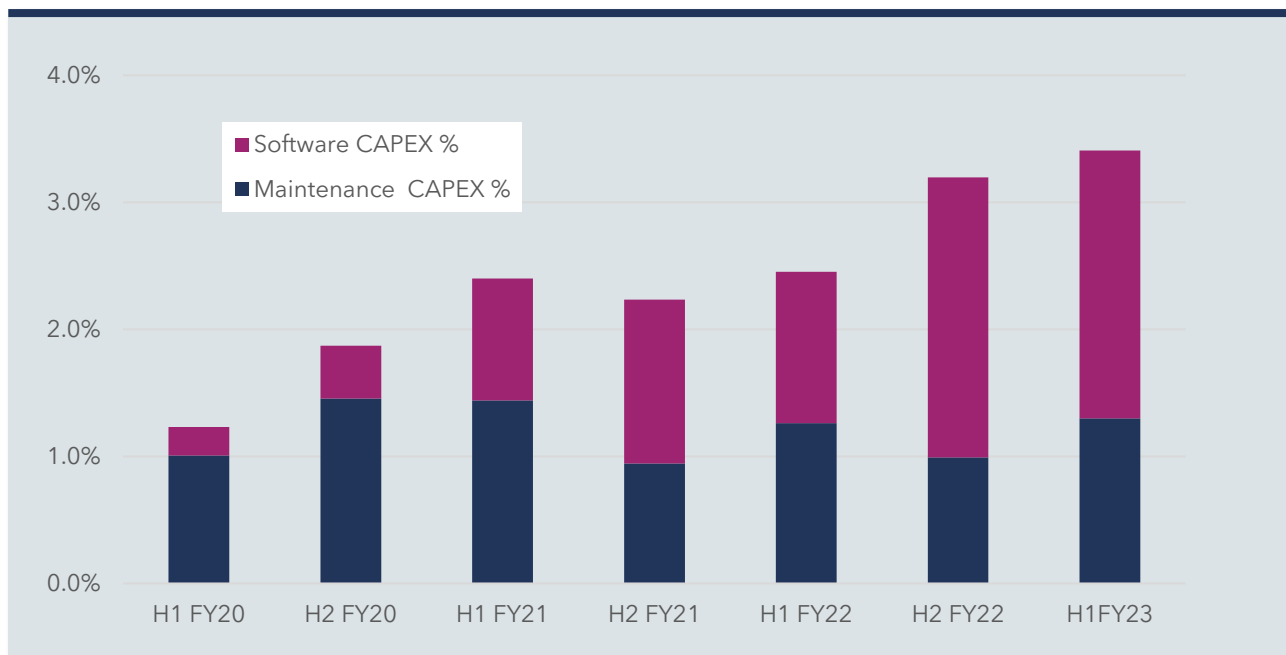


## Working capital:

- The Group has attractive working capital characteristics with working capital consistently below 5% of revenue
- Historically working capital as a % of revenue was higher at 7% as TIC was a much larger share of the Group
- Working capital at the half year is generally higher than year end due to natural timing of prepayments and other annual payments
- GRC generally has a lower working capital profile due to a number of its business receiving payments in advance
- Historic working capital movements largely result from M&A activity and the normalisation of working capital following COVID deferrals
- Looking forward working capital movements as a % of revenue will be limited

# CAPITAL EXPENDITURE

CAPEX	FY20		FY21		FY22		FY23
	H1	H2	H1	H2	H1	H2	H1
Software as a % of revenue	0.2%	0.4%	1.0%	1.3%	1.2%	2.2%	2.1%
PPE (maintenance) as a % of revenue	1.0%	1.5%	1.4%	0.9%	1.3%	1.0%	1.3%
<b>CAPEX as a % of revenue</b>	<b>1.2%</b>	<b>1.9%</b>	<b>2.4%</b>	<b>2.2%</b>	<b>2.5%</b>	<b>3.2%</b>	<b>3.4%</b>



## Capital expenditure

- **PPE Capex** as a percentage of revenue has remained consistent
- **Software Capex** as a percentage of revenues has increased as we have put a larger focus on GRC software. This includes:
  - Continued investment in our software acquisitions
  - Software development in new areas such as our launch ProSure 360
- **Total Capex** as percentage of revenues should remain 3% to 4% within the current Group makeup
  - FY23 total Capex is expected to be around £16m

## ILLUSTRATIVE OUTLINE OF RUN RATE FREE CASH FLOW

£m	FY24 consensus	Run-rate end FY24
<b>Adjusted EBITDA</b>	<b>90</b>	<b>100</b>
IFRS 16 leases	(10)	(10)
<b>Adjusted EBITDA (ex IFRS16)</b>	<b>80</b>	<b>90</b>
Exceptional costs	(7)	-
Working capital	(4)	(4)
<b>Operating cash flow</b>	<b>69</b>	<b>86</b>
Capex	(16)	(18)
<b>Free cash flow</b>	<b>53</b>	<b>68</b>
Interest	(10)	(10)
Tax	(13)	(16)
<b>Cash flow available for investment</b>	<b>30</b>	<b>42</b>

Cash flow would be available for:

Execution of bolt  
on M&A

Reducing debt  
levels

Returning capital  
to shareholders

**Significant free cash flow available** for redeployment when the business meets its medium term targets at the end of FY24. Our modelling suggests the medium-term targets can be achieved without further M&A

### Exceptional costs

- We expect £5-10m of restructuring costs to be in HY24 with ongoing restructuring programmes, a significant reduction on FY23

### Working capital

- We expect c.£4m of working capital outflow resulting from organic growth

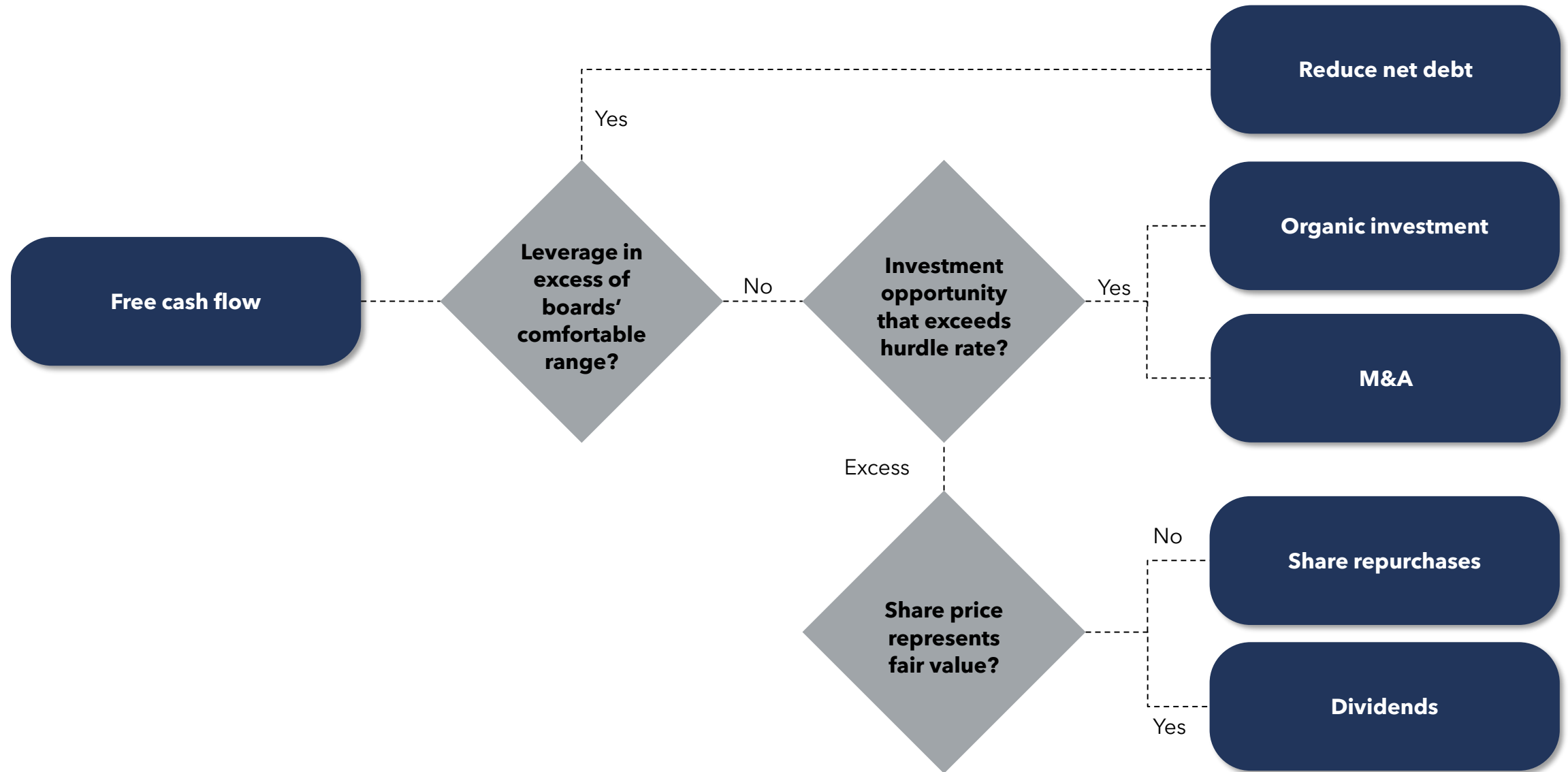
### Capex

- This will split between software capex and maintenance capex and is expected to be c3% of revenues

### Interest & Tax

- Using current interest rates
- Tax assuming £5m difference between amortisation/depreciation and TWDV

# CAPITAL ALLOCATION



# **GRC: REORGANISING FOR GROWTH**

Gavin Snell, Andy Gunson – Chief Executive & Chief Financial Officer,  
Marlowe Governance, Risk & Compliance



# ALEX DACRE

Chief Executive, Marlowe plc

## KEY TAKEAWAYS

### **Strong operational performance year to date**

- ☑ A resilient, well positioned and growing business delivering service & software with organic growth in high single digits
- ☑ Run-rate revenues of £493m and run-rate EBITDA of £87m
- ☑ Effective integration and operational improvements to drive margin improvement.
- ☑ Our clear and proven strategy is delivering very strong financial results that are on track to meet our medium-term FY24 target of £100m of EBITDA on an organic basis



## Q&A