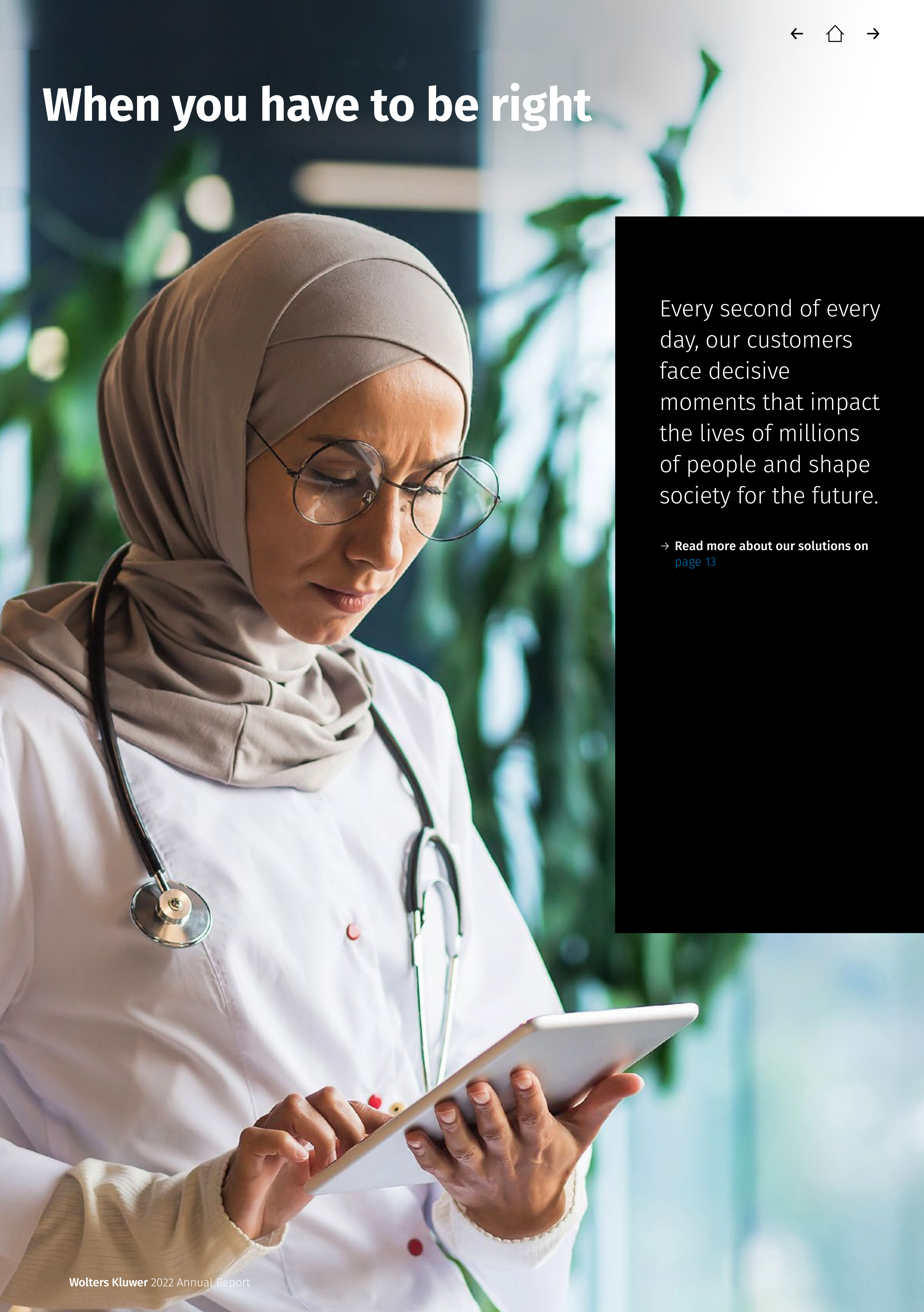
2022 ANNUAL REPORT

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/

Strategic Report

Governance

Financial Statements and Other

This copy of the annual report of Wolters Kluwer N.V. for the year 2022 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.

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.

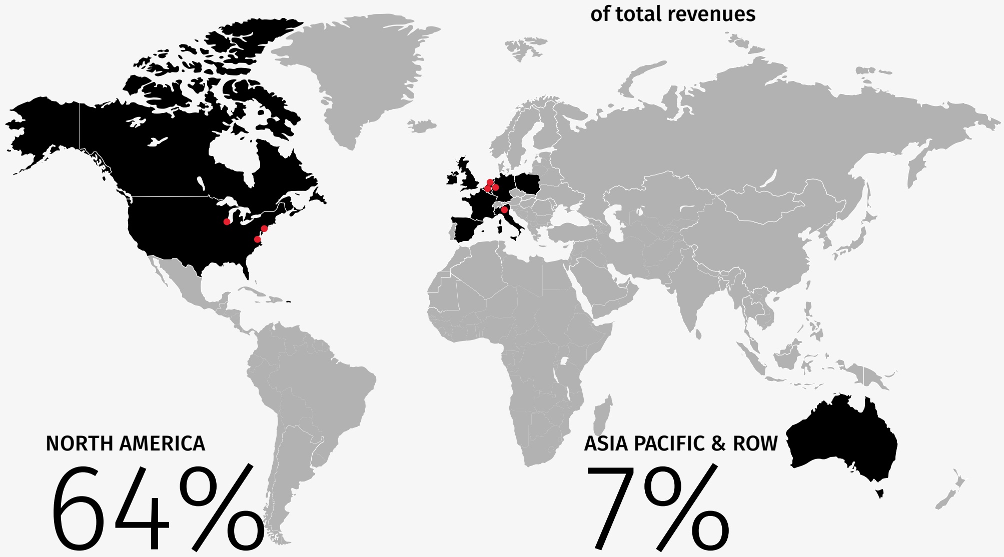
GLOBAL FOOTPRINT

20,500
employees worldwide

180
countries where we serve customers

40+
countries from which we operate

- 7 flagship offices
- significant subsidiaries



EUROPE
29%
of total revenues

NORTH AMERICA
64%
of total revenues

ASIA PACIFIC & ROW
7%
of total revenues

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

SCIENCE BASED TARGETS
BUSINESS AMBITION FOR 1.5°C

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.

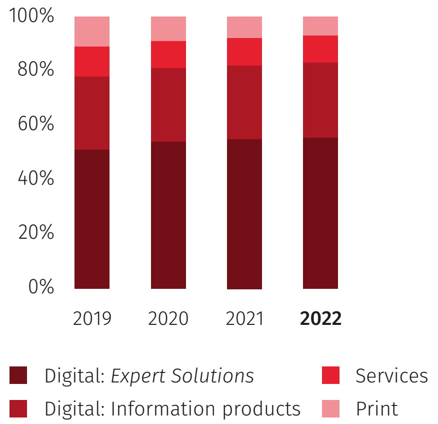
→ **Read more about Governance, Risk & Compliance on** page 22

LEGAL & REGULATORY

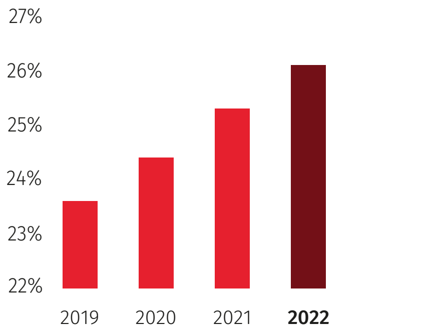
Evidence-based information, actionable insights, and integrated workflow solutions enabling professionals to adhere to ever-changing regulatory obligations, manage risk, increase efficiency, and produce better outcomes.

→ **Read more about Legal & Regulatory on** page 26

Revenues by media format

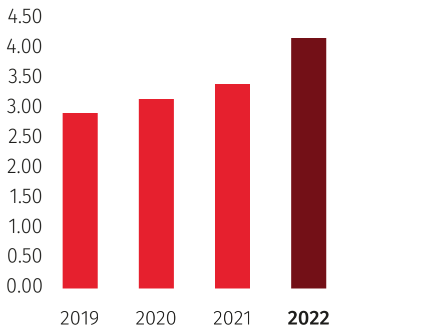


Adjusted operating profit margin

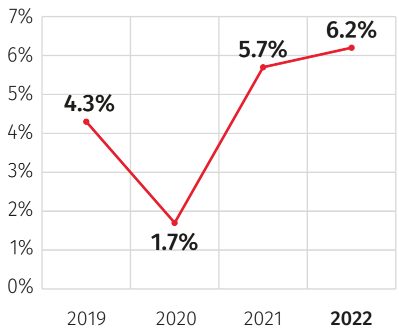


2022 Revenues by type

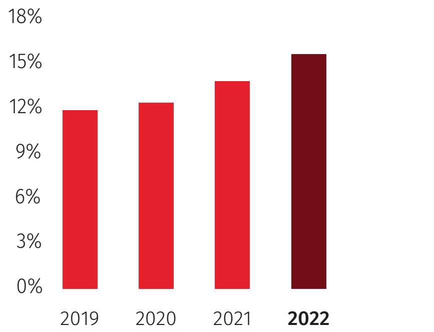
Diluted adjusted EPS in €



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.

Q

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.

Q

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.

Q

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

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)[1] 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.

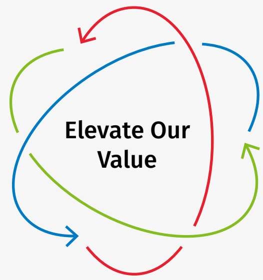
Product innovation is a key driver of organic growth and value creation for our customers. In our three-year plan, we expect product development spending to average approximately 10% of total revenues each year.

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[1].

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[2]. 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.

1 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.
2 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.

Expert solutions

Our top strategic priority is to grow our *expert solutions.*

Expert solutions combine deep domain knowledge with technology to deliver both content and workflow automation in order to support our customers' decision-making and productivity.

Expert solutions are embedded in our professional customers' workflows and are typically used frequently throughout the day to support critical decision-making and to digitize, automate, and streamline processes.

Several of our *expert solutions* leverage artificial intelligence (AI) in order to augment and automate certain tasks, provide new or improved insights, and enable efficiencies.

In most markets, we offer cloud-based *expert solutions*. Several of our *expert solutions* are integrated, modular platforms that offer third-party connectivity (ecosystems).

Our *expert solutions* are generally sold on a subscription basis or include a recurring license and/or maintenance fee. These solutions generally have high renewal rates and above average organic growth rates.

Examples of *expert solutions*:

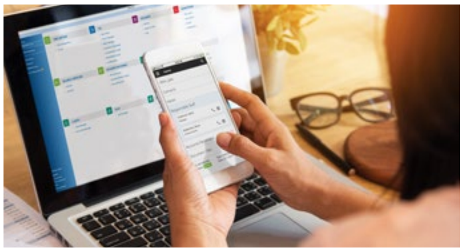
UpToDate

Leading evidence-based clinical decision support tool used by over 2 million clinicians worldwide and supported by over 7,000 experts

7,000+
authors and peer reviewers

44,000+
institutional customers worldwide

→ **Read more about Health on** page 14



CCH Axcess

Integrated cloud-based tax and accounting platform used by tens of thousands of U.S. professional firms including 90% of the top 100 firms

380,000+
users

95%+
renewal rate

→ **Read more about Tax & Accounting on** page 18

OneSumX for Regulatory Change Management

Automated, AI-enabled regulatory monitoring and workflow solution to enhance banking regulatory compliance

1,150+
global regulatory bodies tracked

130,000+
global regulatory changes per year

→ **Read more about Governance, Risk & Compliance on** page 22

Enablon

Cloud-based, integrated environmental, health and safety, and operational risk management platform

160
used in 160 countries

3,000,000+
users

→ **Read more about Legal & Regulatory on** page 26

Stakeholders and value creation

Wolters Kluwer maintains regular contact with a range of stakeholders, including customers, employees, suppliers and partners, investors, financial and ESG analysts, ratings agencies, government bodies, the media, civil society organizations (CSOs), and educational and research institutions. We are a strategic partner or member in industry associations and advocacy organizations, such as the Healthcare Information Management Systems Society, International Society of Pharmacoeconomics and Outcomes Research, Accounting Blockchain Coalition, Institute of Internal Auditors, Mortgage Bankers Association, American Financial Services Association, European Company Lawyers Association, International Legal Technology Association, American Bankers Association, and European Risk Management Council.

Key stakeholders	How we engage	How we measure	How we create value
CUSTOMERS	Year-round dialogue through sales, marketing, and customer service teams; and customer collaboration on product development	Net promoter scores; customer satisfaction scores; customer and product renewal rates; market share studies; and product development spending	Impact when it matters most: our professional information, software, and services provide insights and workflow automation to customers to support their critical decision-making
EMPLOYEES	Regular engagement at all levels, including one-on-one, group, and townhall meetings; check-ins and performance meetings; surveys; SpeakUp line; Global Innovation Awards, Code Games, and other employee awards and events; and works council engagement	Employee turnover rates; employee engagement and belonging scores; and training sessions attended	Providing attractive employment and career opportunities; developing skills, talent, and experience; and promoting diversity, equity, inclusion, and belonging
SUPPLIERS & PARTNERS	Regular quality screening, audits, and due diligence; and collaboration	Procurement process and due diligence questionnaires; certification programs; and commitment to standards in Supplier Code of Conduct	Creating mutually beneficial economic value for our suppliers and partners
INVESTORS	Year-round dialogue through a global program of investor relations events and meetings; regular engagement with analysts; and Annual General Meeting of Shareholders	Financial KPIs, including organic growth, adjusted operating profit margin, adjusted free cash flow, and ROIC; and ESG KPIs, including employee engagement, cybersecurity maturity, and ESG ratings	Generating Total Shareholder Return (TSR) for shareholders through share price appreciation and dividends; and risk-adjusted financial returns for creditors
SOCIETY	Various programs in support of our communities around the world	Tracking of charitable contributions	Our employees donate their time and talents to community projects; our work helps protect people's health and prosperity, and contributes to a safe and just society; and we provide attractive jobs, pay taxes, and set high standards

Value creation model

We aim to create long-term value for all stakeholders including society, by using resources thoughtfully and efficiently, respecting our company values, and focusing our efforts on actions that support our purpose and our strategy.

OUR RESOURCES

HUMAN TALENT
- Efforts and skills of 20,500 employees

FINANCIAL CAPITAL
- €2.3bn equity
- €3.6bn gross debt

TECHNOLOGY & INTELLECTUAL PROPERTY
- Global brand
- Software and content IP

SUPPLIERS & PARTNERS
- Actively selected and managed suppliers

NATURAL RESOURCES
- Energy and water consumption along our value chain

THE WAY WE DO BUSINESS

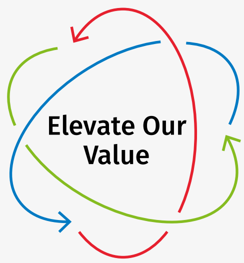
Focus on customer success | Make it better | Aim high and deliver | Win as a team

Accelerate Expert Solutions

Expand Our Reach

Evolve Core Capabilities

- Strong customer retention
- Sustained investment in innovation
- Disciplined capital allocation
- Talented, engaged, and diverse employees



- Respect for society and environment
- Strong brands
- Agile and secure operations
- Good governance

OUR IMPACT

CUSTOMERS
- €5.5bn revenues in professional information, software solutions, and services
- Enabling efficient, effective, and accurate decision-making
- 80% recurring revenues

EMPLOYEES
- €2.3bn in personnel salaries, wages, and other benefits
- Developing skills, talent, and careers
- Promoting diversity, equity, inclusion, and belonging

SUPPLIERS & PARTNERS
- €2.2bn third-party spend on content, goods, and services
- High standards

INVESTORS
- Total shareholder return of (4)% in 2022
- €45m net interest paid to financial credit institutions

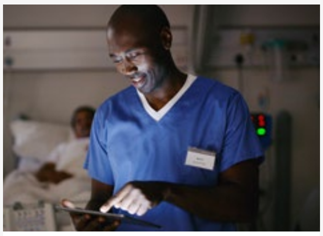
SOCIETY
- €289m income tax paid
- Community efforts
- Our products help protect people's health and prosperity, and contribute to a safe and just society

UN Sustainable Development Goals

Organizational structure and executive team

Wolters Kluwer is organized around four customer-facing divisions supported by three centralized teams and a corporate office.

EXECUTIVE BOARD & CORPORATE OFFICE



HEALTH

- Clinical Solutions
- Health Learning, Research & Practice

€1.5bn
revenues 2022

TAX & ACCOUNTING

- Corporate Performance
- Professional Tax & Accounting

€1.8bn
revenues 2022

GOVERNANCE, RISK & COMPLIANCE

- Legal Services
- Financial Services

€1.3bn
revenues 2022

LEGAL & REGULATORY

- EHS/ORM & Legal Software
- Legal Information Solutions

€0.9bn
revenues 2022

GLOBAL GROWTH MARKETS

- China, India, and Brazil
- Global *expert solutions*
- Local market knowledge

180+
FTEs

DIGITAL EXPERIENCE GROUP

- Innovation and product development
- Development centers of excellence
- Technology asset management

1,600+
FTEs

GLOBAL BUSINESS SERVICES

- Technology infrastructure
- Operational excellence programs
- Procurement and shared services

1,200+
FTEs

Operating costs and FTEs of Global Growth Markets, Digital eXperience Group, and Global Business Services are allocated to the customer-facing divisions.

HEALTH

Stacey Caywood *CEO*

We provide trusted clinical technology and evidence-based solutions that engage clinicians, patients, researchers, students, and the next generation of healthcare providers. With a focus on clinical effectiveness, research and learning, clinical surveillance and compliance, as well as data solutions, our proven solutions drive effective decision-making and consistent outcomes across the continuum of care.

Customers span a broad scope of hospitals and healthcare organizations, individual students and clinicians, nursing and medical schools and libraries, payers, life sciences, and retail pharmacies.

Portfolio includes AudioDigest, Emmi, Health Language, Lexicomp, Lippincott, Medi-Span, Ovid, POC Advisor, Sentri7, Simplifi 797, SoleSource, UpToDate, and UpToDate Advanced.

TAX & ACCOUNTING

Karen Abramson *CEO*

We enable professionals in tax and accounting firms, governing authorities, and businesses of all sizes to grow, manage, and protect their business and their clients' businesses. Our *expert solutions* integrate deep domain knowledge and advanced technology with workflows to ensure compliance, improved productivity, effective management, and strengthened client relationships.

Customers include accounting firms, corporate finance, tax and auditing departments, government agencies, libraries, and universities.

Portfolio includes A3 Software, ADDISON, ATX, CCH, CCH AnswerConnect, CCH Axcess, CCH Axcess iQ, CCH Axcess Validate, CCH Axcess Workflow, CCH iFirm, CCH Integrator, CCH OneClick, CCH PinPoint, CCH ProSystem fx, CCH Tagetik, Genya, PFX Engagement, TeamMate, and Twinfield.

GOVERNANCE, RISK & COMPLIANCE

Richard Flynn *CEO*

We provide banking and legal professionals with solutions to ensure compliance with ever-changing global regulatory and legal obligations, manage risk, increase efficiency, and produce better business outcomes. Our portfolio offers technology-enabled expert services and solutions focused on banking regulatory and product compliance, legal entity compliance, and legal operations management.

Customers include corporations, small businesses, law firms, corporate legal departments, compliance and risk professionals, banks, non-bank lenders, credit unions, insurers, and securities firms.

Portfolio includes BizFilings, CASH Suite, ComplianceOne, CT Corporation, eOriginal, Expere, GainsKeeper, LegalVIEW BillAnalyzer, Lien Solutions, OneSumX, Passport, TSoftPlus, and TyMetrix 360°.

LEGAL & REGULATORY

Martin O'Malley *CEO*

We enable legal and compliance professionals and environmental, health and safety, and operational risk managers to improve productivity and performance, mitigate risk, and solve complex problems with confidence. With expert information, enriched with advanced technologies, we help professionals thrive in the complex and changing areas of legal and regulatory compliance.

Customers include law firms, corporate legal departments, corporations, environmental and health and safety professionals, operational risk managers, universities, and government agencies.

Portfolio includes CaseWorx, CGE, Enablon, InView, Iter, Jogtár, Jura, Kleos, Legal Intelligence, Legal Monitoring, Legisway, LEX, Navigator, NotaioNext, ONE, Progman, RBSource, Schulinck, Simpledo, VitalLaw, and Wolters Kluwer Online.

GLOBAL GROWTH MARKETS

Cathy Wolfe *President & CEO*

Global Growth Markets (GGM) is responsible for developing the company's strategic presence in fast-growing geographies, particularly China, India, and Brazil. GGM's mission is to apply local market knowledge to service professionals with global and local *expert solutions*.

DIGITAL EXPERIENCE GROUP

Dennis Cahill *CTO*

The Digital eXperience Group (DXG) creates state-of-the-art digital and software solutions in close collaboration with our business units around the world. The DXG mission is to accelerate innovation and leverage our technology investments. The group drives innovation through three centers of excellence, which focus on user and customer experience, artificial intelligence, and advanced platform services.

GLOBAL BUSINESS SERVICES

Andres Sadler *CEO*

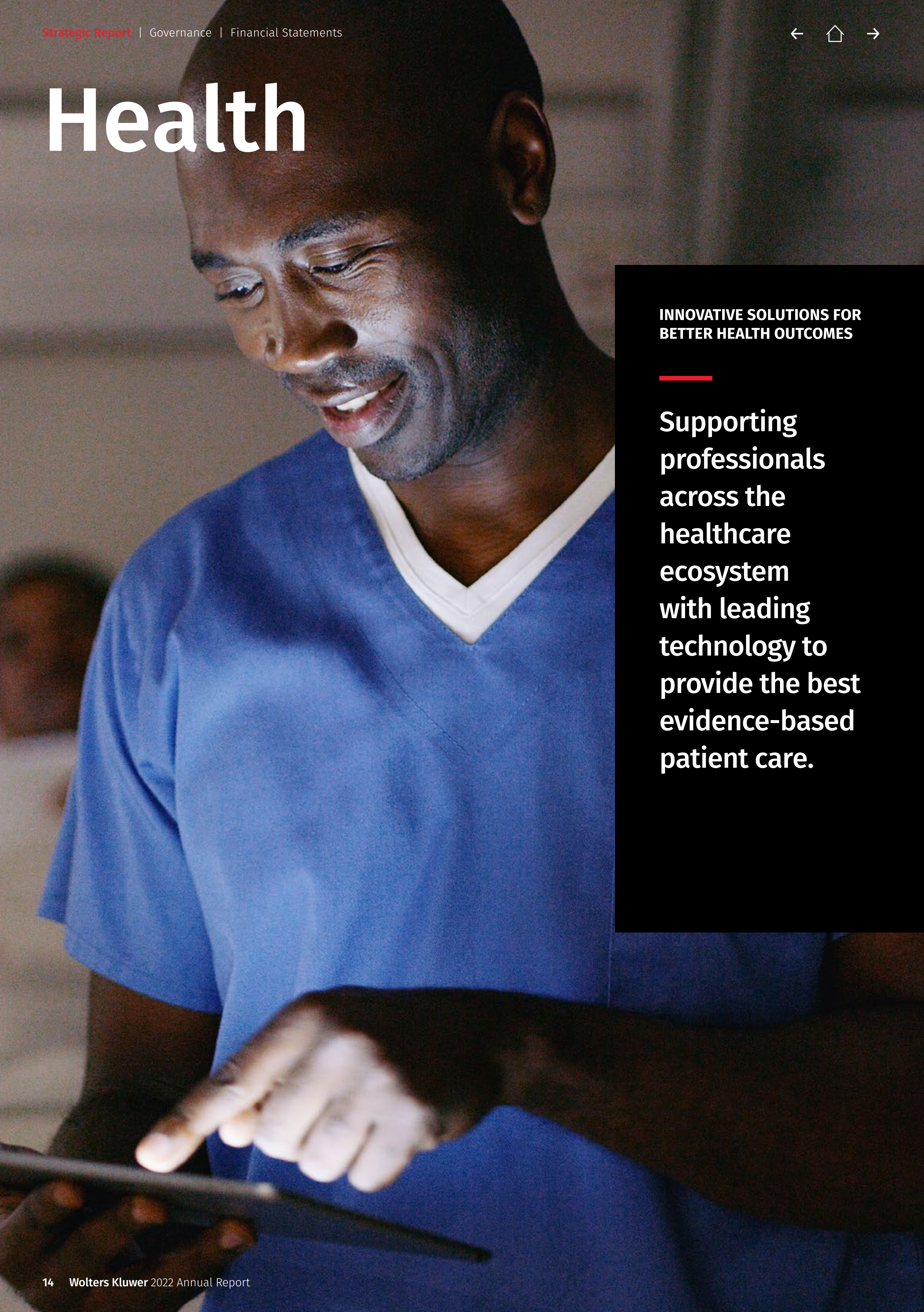
Global Business Services (GBS) is responsible for driving and enhancing the quality, performance, and transformation of our internal technology infrastructure, including IT operations, workplace technologies, cybersecurity, IT architecture, engineering services, and network and enterprise systems. GBS supports the company's digital transformation across technology, accounting, strategic sourcing, procurement, operational excellence, collaboration services, analytics, and events.

CORPORATE OFFICE

The Corporate Office sets the global strategic direction for the company and ensures good corporate governance. Its mission is to support and provide an enabling business and operating environment, to help realize our strategy to deliver impact to our customers, employees, investors, and society at large.

Full list of management
www.wolterskluwer.com/en/about-us/management

Health



INNOVATIVE SOLUTIONS FOR BETTER HEALTH OUTCOMES

Supporting professionals across the healthcare ecosystem with leading technology to provide the best evidence-based patient care.

27%

of group revenues

“

Our mission is to advance the best care everywhere through trusted clinical technology and evidence-based medicine.

Stacey Caywood
CEO Health

BUSINESS OVERVIEW

Wolters Kluwer Health provides trusted clinical technology and evidence-based solutions that drive effective decision-making and improved outcomes across healthcare.

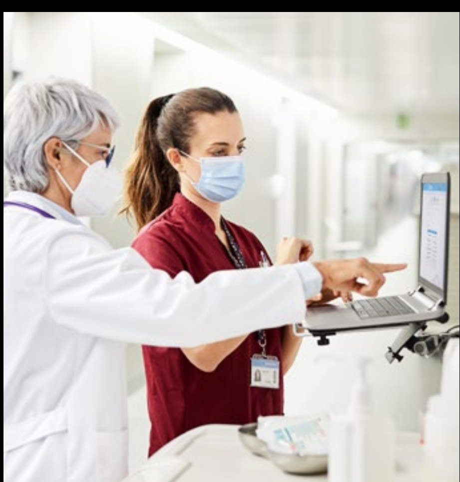
We support millions of clinicians, researchers, and students around the world.

Our Clinical Solutions help physicians and other healthcare practitioners improve patient outcomes and safety, reduce clinical variation in care, reduce healthcare costs, manage population health, optimize clinical workflows, facilitate telehealth and virtual care, advance health equity, and drive value-based care.

Our Health Learning, Research & Practice business supports the advancement of clinical knowledge and the discovery of new drugs and medical treatments. Our learning solutions help educate millions of doctors, nurses, and other healthcare professionals around the world each year.

MARKET TRENDS

- **Growth of virtual care and telemedicine**
- **Demand for solutions to alleviate pressure on hospitals and staff**
- **Medical institutions continue to seek cost savings**
- **Demand for practice-ready nurses, physicians, and other health professionals**
- **Continued growth in open access medical research**
- **Shift to consumer-centric care**



CUSTOMER CASE: MEMORIAL HOSPITAL IMPROVES OUTCOMES WITH EMMI

Memorial Hospital at Gulfport, a 328-bed acute care hospital in Mississippi, uses Emmi solutions, digital health technology developed by Wolters Kluwer, as their patient engagement platform.

Using EmmiJourneys, Memorial Gulfport saw patients take a more active role in their care. The program helped reduce unnecessary emergency department visits by 26%, which in turn reduced costs by about $89,000 over 1,000 patient discharges. Additionally, 30-day readmission rates dropped between 27% and 65%, depending on patient engagement with prescribed programs.

Chris Belmont, Vice President and CIO at Memorial Gulfport, said, “This was so much more effective than anything we’d done before in getting patients to follow their care plan.”

Health continued

SELECTED AWARDS 2022

- Sentri7 named Best in KLAS for infection control and monitoring
- Health Learning, Research & Practice earns 11th annual NorthFace ScoreBoard CX award for customer care excellence

REVIEW OF 2022 PERFORMANCE

- Clinical Solutions grew 7% organically, driven by UpToDate, drug information, and patient engagement.
- Learning, Research & Practice grew 3% organically against a challenging comparable.
- Margin increase reflects the continued shift towards Clinical Solutions and a favorable currency mix.

Wolters Kluwer Health revenues increased 5% in constant currencies and 5% organically (2021: 7%). Adjusted operating profit increased 6% in constant currencies and 6% on an organic basis, mainly reflecting operational gearing, the mix shift towards Clinical Solutions, and a favorable currency mix. Operating profit increased 25%, reflecting the increase in adjusted operating profit and reduced impairments on the acquired identifiable intangible assets of Learner's Digest.

Clinical Solutions (55% of divisional revenues) delivered 7% organic revenue growth (2021: 8%), slowing modestly compared to 2021. In clinical decision support, UpToDate achieved high single-digit organic growth supported by strong renewals and new customer wins. Drug information (Lexicomp, Medi-Span) delivered good organic growth in line with historical trend. Emmi, our patient engagement solution, delivered high single-digit organic revenue growth driven by strong renewals and upselling. Revenues in clinical surveillance and compliance and medical terminology solutions remained soft on an underlying basis.

Health Learning, Research & Practice (45% of divisional revenues) posted 3% organic growth (2021: 6%) against a challenging comparable created by the ASCO journal publishing contract implemented in early 2021. In medical research, the Ovid platform delivered solid organic growth driven by subscription renewals. Print journal subscription revenues were stable on an organic basis, while print and digital journal advertising revenues declined. Our open access offering was expanded with the acquisition of IJS Publishing Group on September 30, 2022.

In nursing education and practice, our digital products, including Lippincott CoursePoint+, delivered 6% organic growth. In early 2023, our nursing education business extended its test preparation business with the acquisition of NurseTim. Print book revenues increased 16% organically (2021: 4% increase), driven by distributor ordering patterns and lower book returns. Continuing medical education revenues declined.

Our customers

Hospitals, clinics, and other healthcare providers, individual clinicians and students, nursing and medical schools and libraries, retail pharmacies, payers, digital health technologies, and life sciences organizations.

Top products

Clinical Solutions: UpToDate, Lexicomp, Medi-Span, Emmi, Sentri7, Simplifi 797, and Health Language

Health Learning, Research & Practice: Ovid, Lippincott books and journals, Lippincott digital nursing solutions, and Audio Digest

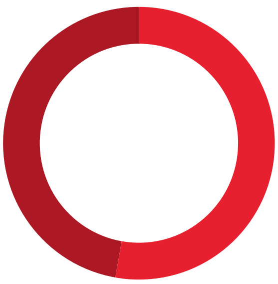
Complete list of Health solutions
https://www.wolterskluwer.com/en/health/our-solutions

Health – Year ended December 31

€ million, unless otherwise stated	2022	2021	Δ	Δ CC	Δ OG
Revenues	1,448	1,234	+17%	+5%	+5%
Adjusted operating profit	434	360	+20%	+6%	+6%
Adjusted operating profit margin	29.9%	29.2%			
Operating profit	376	302	+25%		
Net capital expenditure	42	33			
Ultimo FTEs	3,116	2,913			

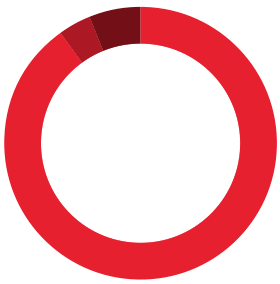
Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth.

2022 Revenues by segment



- Clinical Solutions **53%**
- Health Learning, Research & Practice **47%**

2022 Revenues by type

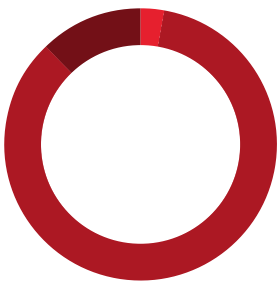


- Recurring **90%**
- Print books **4%**
- Other non-recurring **6%**

2022 Revenues by geographic market

- North America **75%**
- Europe **9%**
- Asia Pacific & ROW **16%**

2022 Revenues by media format



- Software **3%**
- Digital information **85%**
- Print **12%**

ORGANIC GROWTH

5%

RECURRING

90%

recurring revenues as % of division total

DIGITAL

88%

digital revenues as % of division total

Tax & Accounting

EXPERT SOLUTIONS TO OPTIMIZE TAX AND ACCOUNTING PROCESSES

Software delivering deep domain knowledge and workflow automation to ensure compliance, improve productivity, and strengthen client relationships.

32%

of group revenues

“

Investment in product development and the journey to the cloud have helped drive accelerated organic growth for the division.

Karen Abramson
CEO Tax & Accounting

BUSINESS OVERVIEW

Wolters Kluwer Tax & Accounting enables professionals in tax and accounting firms, governing authorities, and businesses of all sizes to grow, manage, and protect their business and their clients' businesses. Our *expert solutions* support the digitization of workflows and enable collaboration, ultimately driving efficiencies and better results.

Corporate Performance serves the corporate office of the CFO with software solutions and services to streamline finance workflows, from consolidation and close, to budgeting and forecasting, to planning, reporting, and analytics.

In our Professional Tax & Accounting businesses around the world, we serve tax and accounting firms with cloud-based and on-premise software suites, research solutions, and professional services to support professional workflows, including compliance, audit, and firm management. Our customers also include government agencies and academia.

MARKET TRENDS

- **Ongoing regulatory intensity and complexity**
- **Cloud-based solutions starting to mature**
- **Demand for connectivity and interoperability**
- **Continued demand for digitization and automation of workflows**
- **Increased adoption of advanced technologies**
- **Emerging opportunity to leverage Web 3.0**

CUSTOMER CASE: ALCATEL-LUCENT ENTERPRISE DEPLOYS CCH TAGETIK

Alcatel-Lucent Enterprise, a leading provider of business communications solutions and services, uses the CCH Tagetik corporate performance management solution for close and consolidation, budgeting and planning as well as reporting on the cloud.

CCH Tagetik streamlines financial processes, improves data reliability, and accelerates reporting. Alcatel-Lucent Enterprise now has a unified view of financial and operational data in a single, reliable source of information on the cloud, with a significant €500,000 reduction in operating costs.

“With CCH Tagetik, we can set up our monthly reporting in 3 days instead of 8, and we have gained a week on the time needed to standardize all of our reports. Moreover, this solution in the cloud saves us more than 2 months in closing our annual accounts” said Bernd Stangl – Chief Financial Officer at Alcatel-Lucent Enterprise.

Tax & Accounting
continued

SELECTED AWARDS 2022

- CCH Axcess Validate recognized as 2022 Top New Product in the Audit tools category by Accounting Today
- CCH Axcess Financial Prep named a winner in BIG Artificial Intelligence Awards 2022

REVIEW OF 2022 PERFORMANCE

- Corporate Performance grew 15% organically, led by CCH Tagetik up 19%.
- Professional Tax & Accounting grew 8% organically, with all main regions performing well.
- Margin increase reflects operational gearing and favorable currency mix.

Wolters Kluwer Tax & Accounting revenues increased 9% in constant currencies. The net effect of divestments and acquisitions was negligible. Organic revenue growth was 9%, an acceleration on the prior year (2021: 6%). Adjusted operating profit rose 11% in constant currencies, driven by operational gearing and favorable currency mix. Operating profit increased 35%, reflecting the increase in adjusted operating profit and the absence of last year's loss on the ProSoft transaction.

Corporate Performance (16% of divisional revenues) grew 15% organically (2021: 14%). CCH Tagetik, our global corporate performance management platform, grew 19% organically, driven by subscription revenues for its cloud solution and non-recurring revenues from implementation services and on-premise software sales. CCH Tagetik, Vanguard, and our U.S. Corporate Tax unit have now been fully integrated bringing greater scale to our North American position.

North America Professional Tax & Accounting (52% of divisional revenues) recorded organic growth of 9% (2021: 5%) driven by both recurring and non-recurring revenue streams. CCH Axcess, our cloud-based platform for U.S. professional firms, delivered double-digit organic growth driven by renewals, new sales, and strong uptake of its Document, Practice, Workstream, and Engagement modules. The year also benefitted from a surge in demand for outsourced professional services and stronger than expected filing fees in the first half of the year. Our U.S. publishing units saw muted growth as both print books and print subscription revenues declined in the full year. TeamMate delivered steady mid-single-digit organic growth.

Europe Professional Tax & Accounting (27% of divisional revenues) achieved 6% organic growth (2021: 5%) supported by robust growth in recurring cloud-based software subscriptions and software maintenance. All seven countries delivered good organic growth. The European business continues to expand its cloud and hybrid-cloud solutions.

Asia Pacific and Rest of World Professional Tax & Accounting (5% of divisional revenues) revenues grew 6% organically (2021: 3%) as modest organic growth in Australia was lifted by double-digit growth in China.

Our customers

Accounting firms, corporate finance, tax and auditing departments, government agencies, libraries, and universities.

Top products

Corporate Performance:
CCH Tagetik and TeamMate

Professional Tax & Accounting:
North America: CCH Axcess, CCH ProSystem fx, CCH Axcess Engagement, CCH Axcess Workflow, CCH AnswerConnect, and CCH Axcess Validate

Europe and ROW:
A3 Software, ADDISON, CCH iFirm, CCH Integrator, CCH OneClick, CCH PinPoint, Genya, and Twinfield

Complete list of Tax & Accounting solutions
www.wolterskluwer.com/en/tax-and-accounting/our-solutions

Tax & Accounting – Year ended December 31

€ million, unless otherwise stated	2022	2021	Δ	Δ CC	Δ OG
Revenues	1,758	1,510	+16%	+9%	+9%
Adjusted operating profit	513	430	+20%	+11%	+11%
Adjusted operating profit margin	29.2%	28.4%			
Operating profit	477	352	+35%		
Net capital expenditure	98	72			
Ultimo FTEs	8,040	7,416			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth.

2022 Revenues by segment

- Corporate Performance **16%**
- North America Professional Tax & Accounting **52%**
- Europe Professional Tax & Accounting **27%**
- Asia Pacific & ROW Professional Tax & Accounting **5%**

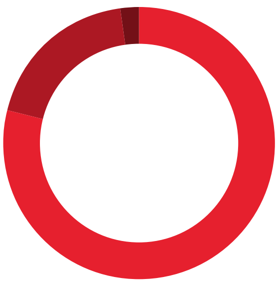
2022 Revenues by type

- Recurring **87%**
- Print books **1%**
- Other non-recurring **12%**

2022 Revenues by geographic market

- North America **56%**
- Europe **36%**
- Asia Pacific & ROW **8%**

2022 Revenues by media format



- Software **79%**
- Digital information **19%**
- Print **2%**

ORGANIC GROWTH

9%

RECURRING

87%

recurring revenues as % of division total

SOFTWARE

79%

software revenues as % of division total

Governance, Risk & Compliance

TECHNOLOGY-ENABLED SERVICES AND SOLUTIONS

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

24%

of group revenues

> **We have an unwavering commitment to helping our clients enhance compliance and improve performance.**

Richard Flynn,
CEO Governance,
Risk & Compliance

BUSINESS OVERVIEW

Wolters Kluwer Governance, Risk & Compliance provides banking and legal professionals with solutions to ensure compliance with ever-changing global regulatory and legal obligations, increase efficiency, and produce better business outcomes.

The division offers technology-enabled expert services and solutions focused on legal entity compliance, legal operations management, banking product compliance, and banking regulatory compliance.

In Legal Services, we provide corporations, small businesses, law firms, and corporate legal departments with registered agent, business licenses and other corporate services, along with spend and matter management software and related services.

In Financial Services, we support banks, non-bank lenders, credit unions, insurers, and securities firms with end-to-end lending compliance solutions, lien solutions, and global regulatory and risk reporting solutions.

MARKET TRENDS

- **Increasing regulatory complexity for banks and corporations**
- **Rising emphasis on compliance expertise and capabilities**
- **Accelerating digital adoption trends across banking and legal workflows**
- **Growing appetite for cloud-based, integrated solutions**
- **Ongoing imperative for operating efficiency**

CUSTOMER CASE: ENHANCING LEGAL OPERATIONS AT PNC

PNC Financial Services Group, a long-time user of Wolters Kluwer's TyMetrix 360° legal spend and matter platform, was able to achieve savings and enhanced insights for its legal operations by deploying our innovative LegalVIEW BillAnalyzer solution. This solution combines patented AI technology with legal and data experts to automate and streamline the legal invoice review process. The solution's AI engine is trained on a data warehouse of over $155 billion in anonymized legal spend data, empowering legal experts by automatically identifying possible non-compliance with billing guidelines.

The solution allowed PNC to achieve immediate savings in its legal operations, while gaining insights such as invoice cycle times and adjustments by law firm. PNC experts commented that LegalVIEW BillAnalyzer has also enabled them to "maintain clear, easy-to-read reporting to our key stakeholders to communicate program benefits, outcomes, and greatest points of success."

Governance, Risk & Compliance continued

SELECTED AWARDS 2022

- CT Corporation UCC Hub named 2022 Legal Technology Innovation of the Year by Finance Monthly
- Expere named Gold Award winner for Information Technology (Software) Innovation in the Golden Bridge Awards

REVIEW OF 2022 PERFORMANCE

- Governance, Risk & Compliance grew 4% organically, supported by recurring subscriptions.
- Transactional revenue was flat organically, with mixed trends.
- Margin increase mainly reflects operational gearing and favorable currency mix.

Governance, Risk & Compliance revenues increased 5% in constant currencies, including the effect of the acquisitions of LicenseLogix on October 29, 2021 and International Document Services (IDS) on April 8, 2022. Organic growth was 4% (2021: 6%). The adjusted operating profit margin increased by 50 basis points, driven by operational gearing and underlying savings. Operating profit rose 24%, largely reflecting the increase in adjusted operating profit and the absence of last year's impairment of acquired intangible assets.

Legal Services (56% of divisional revenues) delivered 3% organic growth against a challenging comparable in the prior year (2021: 12%). Recurring revenues sustained robust organic growth, while Legal Services transactional revenues declined 1% compared to a double-digit increase in the prior year (2021: 21%). CT Corporation recorded low single-digit organic growth, compared to double-digit organic growth the prior year. Enterprise Legal Management (ELM), which provides spend and matter management software, delivered solid organic growth driven by transactional volumes.

Financial Services (44% of divisional revenues) achieved 6% organic growth (2021: decline of 1%), driven by recurring revenues up 7%. Compliance Solutions, which includes our banking compliance software, content, and lien solutions businesses, posted 6% organic growth. Our banking compliance software and content business (including Expere, eOriginal, IDS, and other solutions) performed well, with growth in recurring subscription and maintenance revenues more than offsetting the absence of PPP fees and a sharp decline in U.S. mortgage-related volumes. The lien solutions business posted 14% organic revenue growth driven by higher U.S. commercial lending volumes and continued growth in our motor vehicle title perfection solution. Finance, Risk & Reporting, which serves banks globally with regulatory reporting solutions, delivered 4% organic growth (2021: 1%), as good growth in Asia Pacific and Europe outweighted the impact of suspending business in Russia and Belarus.

Our customers

Corporations, small businesses, law firms, corporate legal departments, banks, non-bank lenders, credit unions, insurers, and securities firms.

Top products

Legal Services: CT Corporation, Passport, TyMetrix 360°, and LegalVIEW BillAnalyzer

Financial Services: OneSumX, ComplianceOne, Expere, eOriginal, GainsKeeper, and Lien Solutions

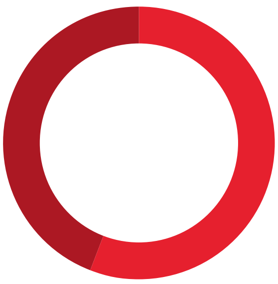
Complete list of Solutions
www.wolterskluwer.com/en/compliance/our-solutions
www.wolterskluwer.com/en/finance/our-solutions

Governance, Risk & Compliance – Year ended December 31

€ million, unless otherwise stated	2022	2021	Δ	Δ CC	Δ OG
Revenues	1,333	1,139	+17%	+5%	+4%
Adjusted operating profit	418	351	+19%	+6%	+6%
Adjusted operating profit margin	31.3%	30.8%			
Operating profit	374	301	+24%		
Net capital expenditure	101	82			
Ultimo FTEs	4,982	4,736			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth.

2022 Revenues by segment

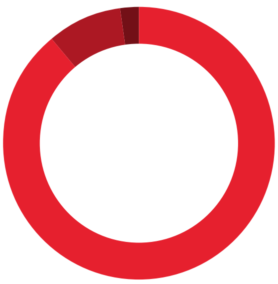


- Legal Services **56%**
- Financial Services **44%**

2022 Revenues by type

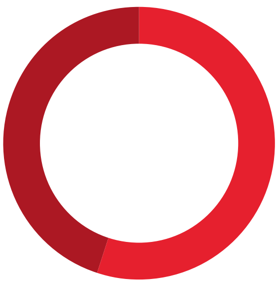
- Recurring **59%**
- LS transactional **23%**
- FS transactional **10%**
- Other non-recurring **8%**

2022 Revenues by geographic market



- North America **89%**
- Europe **9%**
- Asia Pacific & ROW **2%**

2022 Revenues by media format



- Software **55%**
- Digital information **45%**
- Print **0%**

ORGANIC GROWTH

4%

RECURRING

59%

recurring revenues as % of division total

NORTH AMERICA

89%

North America revenues as % of division total

Legal & Regulatory

LEGAL AND REGULATORY INSIGHTS AND SOLUTIONS

Actionable insights and integrated workflow solutions that support decision-making and streamline compliance.

17%
of group revenues

AI will create the greatest value for legal professionals when it is fully embedded in tools and processes.

Martin O'Malley
CEO Legal & Regulatory

BUSINESS OVERVIEW

Wolters Kluwer Legal & Regulatory enables legal and compliance professionals, as well as environmental, health and safety, and operational risk managers to improve productivity and performance, mitigate risk, and solve complex problems with confidence.

Our legal information solutions support professionals at law firms, in corporate legal departments, and in governments with trusted information, insights, and analytics to enhance their legal research and decision-making.

Our legal practice management software enables law firms and corporations to streamline their legal workflow processes, from document management to time keeping and billing.

In environmental, health and safety, and operational risk management, we provide an integrated, mobile-enabled software platform for large, global corporations. This platform helps them manage risks across the enterprise, comply with regulations, drive operational performance, and streamline data collection, verification, and reporting.

MARKET TRENDS

- **Increasing legal and regulatory complexity**
- **Customers increasingly adopt technology to enhance productivity**
- **Traditional law firms facing new competitors**
- **EHS/ORM tools evolving into integrated risk platforms**
- **Escalating need for ESG guidance and reporting solutions**
- **Increasing demand for connected ecosystems**

CUSTOMER CASE: GNT GROUP REDUCES RISK WITH LEGISWAY

GNT Group, a family-owned global market leader specialized in natural food ingredients, was able to reduce risk and organize its in-house legal activities with the help of Wolters Kluwer's legal practice management software, Legisway.

After a period of rapid growth, the pioneering company decided to appoint its first in-house legal counsel who quickly implemented Legisway in order to organize legal contracts and other important documents and better manage legal processes.

"Legisway has helped us formalize contracts, create NDAs, and keep track of our obligations, effectively reducing our risk," said Koen van Holten, General Counsel of GNT Group.

Legisway combines legal and software expertise to empower legal professionals to boost efficiency, increase collaboration, and enable business growth.

Legal & Regulatory
continued

SELECTED AWARDS 2022

- Enablon Vision platform wins Environment + Energy Leader Product of the Year award
- Kluwer Arbitration wins CODiE Award for Best Legal Solution

REVIEW OF 2022 PERFORMANCE

- Legal & Regulatory grew 5% organically, led by EHS/ORM & Legal Software up 16% organically.
- Information Solutions recorded 3% organic growth, with digital revenues up 6% organically.
- Margin decline mainly reflects the impact of one-time items related to pension.

Legal & Regulatory revenues increased 1% in constant currencies, reflecting the disposal of our U.S. legal education business on December 1, 2021, and the initial impact of the sale of our French and Spanish publishing assets on November 30, 2022. On an organic basis, revenues grew 5% (2021: 3%) and adjusted operating profit increased 13%, as the impact of one-time pension-related items was more than offset by operational leverage and underlying cost savings. Operating profit increased 49%, reflecting a €79 million net disposal gain on the 2022 divestment.

EHS/ORM & Legal Software (21% of divisional revenues), grew 16% organically (2021: 8%). Enablon, which provides an integrated environmental, health and safety, and operational risk management platform for corporations, sustained double-digit organic growth in cloud-based recurring revenues alongside an increase in non-recurring software license and implementation fees. Our Legal Software solutions, mainly Kleos and Legisway, also delivered double-digit organic growth driven by strong performance in Germany and France. The Legal Software activities were expanded with the acquisitions of Level Programs on June 28, 2022 and Della AI on December 30, 2022.

Legal & Regulatory Information Solutions (79% of divisional revenues) delivered 3% organic growth (2021: 2%). Due to the disposals mentioned above, total revenues declined 3% in constant currencies. Organic growth was driven by 6% organic growth in digital product revenues, now over 75% of the unit's revenues. Print revenues, 22% of the unit's revenue, declined 8% organically.

Our customers

Legal and compliance professionals in law firms, corporations, universities, and government agencies, EHS/ORM, and ESG professionals in corporations.

Top products

EHS/ORM: Enablon

Legal Software: Kleos and Legisway

Legal & Regulatory Information Solutions: VitalLaw, RBSource, LEX, ONE, Navigator, Schulinck, Jura, Legal Intelligence, and Jogtár

Complete list of Legal & Regulatory solutions
www.wolterskluwer.com/en-gb/legal/our-solutions

Legal & Regulatory – Year ended December 31

€ million, unless otherwise stated	**2022**	**2021**	**Δ**	**Δ CC**	**Δ OG**
Revenues	914	888	+3%	+1%	+5%
Adjusted operating profit	123	121	+1%	0%	+13%
Adjusted operating profit margin	13.4%	13.6%			
Operating profit	170	114	+49%		
Net capital expenditure	54	52			
Ultimo FTEs	3,786	4,262			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth.

ORGANIC GROWTH

5%

RECURRING

84%

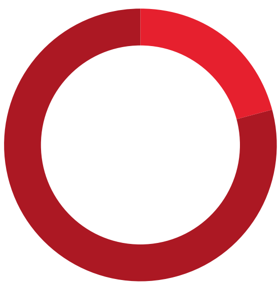
recurring revenues as % of division total

DIGITAL

83%

digital revenues as % of division total

2022 Revenues by segment

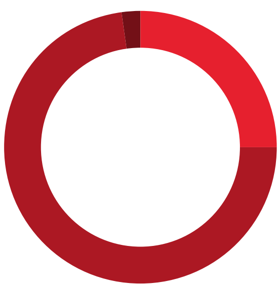


- EHS/ORM & Legal Software **21%**
- Legal & Regulatory Information Solutions **79%**

2022 Revenues by type

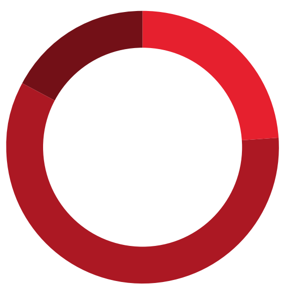
- Recurring **84%**
- Print books **5%**
- Other non-recurring **11%**

2022 Revenues by geographic market



- North America **25%**
- Europe **73%**
- Asia Pacific & ROW **2%**

2022 Revenues by media format



- Software **24%**
- Digital information **59%**
- Print **17%**

Group financial review

> **More than 100% of adjusted free cash flow was returned to shareholders by way of dividends and share buybacks.**
>
> **Kevin Entricken**
> CFO and member
> of the Executive Board

This group financial review provides a summary of our 2022 results in IFRS alongside a discussion of adjusted figures which give insight into our underlying performance excluding the effects of currency and one-time disposal gains.

REVENUES

Group revenues were €5,453 million, up 14% overall, benefitting from a stronger U.S. dollar for most of the year. Excluding the effect of exchange rate movements, revenues increased 5% in constant currencies. The effect of divestments (almost entirely in Legal & Regulatory) outweighed the effect of acquisitions. Organic revenue growth was 6% (2021: 6%).

Revenues from North America, 64% of total group revenues, grew 6% organically (2021: 7%). Revenues from Europe, 29% of total revenues, also grew 6% organically (2021: 4%). Revenues from Asia Pacific and Rest of World, 7% of total revenues, grew 10% organically (2021: 3%).

Total recurring revenues, which include subscriptions and other renewing revenue streams, accounted for 80% of total revenues in 2022 (2021: 80%) and grew 7% organically (2021: 6%). Digital and services subscriptions grew 8% organically (2021: 7%) while print subscriptions declined 4% organically (2021: 10% decline).

Among non-recurring revenue streams, Legal Services (LS) transactional revenues declined 1% on an organic basis (2021: 21% organic growth) while Financial Services (FS) transactional revenues increased 2% (2021: 11% decline). Print books posted 1% organic decline (2021: 1% organic growth) with mixed trends by division. Other non-recurring revenues, which comprise on-premise software license fees, software-related services, professional services, and other non-recurring revenues, increased 7% organically (2021: 4% growth), mainly driven by on-premise licenses and professional services fees.

	€ million	%
Revenues 2021	4,771	
Organic change	292	6
Acquisitions	15	0
Divestments	(44)	(1)
Currency impact	419	9
Revenues 2022	**5,453**	**14**

OPERATING PROFIT

Adjusted operating profit was €1,424 million (2021: €1,205 million), up 7% in constant currencies. The related margin increased 80 basis points to 26.1% (2021: 25.3%), reflecting a favorable currency mix (40 basis points), operational gearing, and the ongoing gradual shift in business mix. These factors more than offset an increase in operating costs, including higher product development expenses. Total product development spending, including capitalized expenditures, increased to 11% of total revenues (2021: 10%).

Restructuring expenses, which are included in adjusted operating profit, were in line with the prior year €6 million (2021: €6 million).

Operating profit increased 32% to €1,333 million (2021: €1,012 million), reflecting the increase in adjusted operating profit and a €75 million net disposal gain on the divestments during the year (most notably the sale of our French and Spanish publishing assets), partly offset by a €20 million impairment of certain Health assets.

HIGHLIGHTS

- Revenues up 5% in constant currencies and up 6% organically
- Recurring revenues up 7% organically (80% of total revenues); non-recurring up 3% organically
- Digital & services revenues up 7% organically (93% of total revenues)
- *Expert solutions* revenues up 9% organically (56% of total revenues)
- Operating profit up 32%, including favorable currency impact
- Adjusted operating profit up 7% in constant currencies
- Adjusted operating profit margin up 80 basis points to 26.1%
- Margin benefitted from operational gearing and favorable currency mix
- Profit for the year up 41%, reflecting higher operating profit and lower effective tax rate
- Diluted adjusted EPS €4.14, up 8% in constant currencies
- Adjusted free cash flow €1,220 million, up 7% in constant currencies
- Balance sheet remains strong: net-debt-to-EBITDA 1.3x
- ROIC improved to 15.5%

Key figures

€ million, unless otherwise stated	2022	2021	Δ	Δ CC	Δ OG
Revenues	5,453	4,771	+14%		
Operating profit	1,333	1,012	+32%		
Profit for the year	1,027	728	+41%		
Diluted EPS (€)	4.01	2.78	+44%		
Net cash from operating activities	1,582	1,292	+22%		
Business performance – benchmark figures					
Revenues	5,453	4,771	+14%	+5%	+6%
Adjusted operating profit	1,424	1,205	+18%	+7%	+8%
Adjusted operating profit margin	26.1%	25.3%			
Adjusted net profit	1,059	885	+20%	+6%	
Diluted adjusted EPS (€)	4.14	3.38	+22%	+8%	
Adjusted free cash flow	1,220	1,010	+21%	+7%	
Return on invested capital (ROIC)	15.5%	13.7%			
Net debt	2,253	2,131	+6%		

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. Benchmark figures are performance measures used by management. See *Note 4 – Benchmark Figures* for a reconciliation from IFRS to benchmark figures.

Group financial review continued

Revenues by type

€ million, unless otherwise stated	2022	2021	Δ	Δ CC	Δ OG
Digital and service subscription	3,950	3,397	+16%	+7%	+8%
Print subscription	157	157	0%	-4%	-4%
Other recurring	281	256	+10%	-1%	+2%
Total recurring revenues	**4,388**	**3,810**	**+15%**	**+6%**	**+7%**
Print books	129	146	-12%	-17%	-1%
LS transactional	299	266	+13%	0%	-1%
FS transactional	134	109	+23%	+9%	+2%
Other non-recurring	503	440	+14%	+8%	+7%
Total non-recurring revenues	**1,065**	**961**	**+11%**	**+2%**	**+3%**
Total revenues	**5,453**	**4,771**	**+14%**	**+5%**	**+6%**

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth. LS = Legal Services; FS = Financial Services. Other non-recurring revenues include software licenses, software implementation fees, professional services, and other non-subscription offerings.

DIVISIONAL PERFORMANCE

All four divisions delivered robust organic growth and good adjusted operating profit margins.

Divisional summary

€ million, unless otherwise stated	2022	2021	Δ	Δ CC	Δ OG
Revenues					
Health	1,448	1,234	+17%	+5%	+5%
Tax & Accounting	1,758	1,510	+16%	+9%	+9%
Governance, Risk & Compliance	1,333	1,139	+17%	+5%	+4%
Legal & Regulatory	914	888	+3%	+1%	+5%
Total revenues	**5,453**	**4,771**	**+14%**	**+5%**	**+6%**
Adjusted operating profit					
Health	434	360	+20%	+6%	+6%
Tax & Accounting	513	430	+20%	+11%	+11%
Governance, Risk & Compliance	418	351	+19%	+6%	+6%
Legal & Regulatory	123	121	+1%	0%	+13%
Corporate	(64)	(57)	+13%	+10%	+10%
Total adjusted operating profit	**1,424**	**1,205**	**+18%**	**+7%**	**+8%**
Adjusted operating profit margin					
Health	29.9%	29.2%			
Tax & Accounting	29.2%	28.4%			
Governance, Risk & Compliance	31.3%	30.8%			
Legal & Regulatory	13.4%	13.6%			
Total adjusted operating profit margin	**26.1%**	**25.3%**			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth.

CORPORATE EXPENSES

Net corporate expenses increased 10% in constant currencies and 10% on an organic basis, due to increased personnel costs and increased spending on third-party services relating to various projects.

Corporate

€ million, unless otherwise stated	2022	2021	Δ	Δ CC	Δ OG
Adjusted operating profit	(64)	(57)	+13%	+10%	+10%
Operating profit	(64)	(57)	+13%		
Net capital expenditure	0	0			
Ultimo FTEs	132	127			

Δ: % Change; Δ CC: % Change in constant currencies (€/$ 1.18); Δ OG: % Organic growth.

FINANCIAL POSITION

Balance sheet

Non-current assets, mainly consisting of goodwill and acquired identifiable intangible assets, increased by €243 million to €6,533 million in 2022, mainly due to continued investments in software assets, acquisitions through business combinations, and the positive effect of foreign exchange differences, being higher than the amortization and impairment recognized during the year.

Total equity decreased by €107 million to €2,310 million, mainly due to the effects of share buybacks and dividend payments, partly offset by the comprehensive income achieved for the year. During the year, we repurchased 10.1 million shares for a total consideration of €1 billion, including 0.7 million shares to offset incentive share issuance (2021: 0.7 million).

In August 2022, we canceled 5.0 million of the shares held in treasury (2021: 5.0 million shares canceled). As of December 31, 2022, we held 8.8 million shares in treasury. The total weighted-average number of shares was 254.7 million in 2022 (2021: 260.4 million).

Balance sheet

€ million, unless otherwise stated	2022	2021	Variance
Non-current assets	6,533	6,290	243
Working capital	(892)	(318)	(574)
Total equity	2,310	2,417	(107)
Net debt	2,253	2,131	122
Net-debt-to-EBITDA ratio	1.3	1.4	(0.1)

Net debt, leverage, and liquidity position

Net debt at December 31, 2022, was €2,253 million, compared to €2,131 million on December 31, 2021. The net-debt-to-EBITDA ratio was 1.3 (2021: 1.4).

In September 2022, we issued a new €500 million Eurobond with a four-year term and a 3.0% annual coupon.

Effective July 2022, we agreed to the final one-year extension of our €600 million multi-currency credit facility, such that the facility will now mature in 2025. The facility is ESG-linked, with pricing tied to four key ESG performance indicators. The facility is currently fully undrawn.

Our liquidity position remained strong with net cash available of €1,330 million as of December 31, 2022.

Group financial review continued

Working capital

€ million	2022	2021	Variance
Inventories	79	65	14
Current contract assets	153	138	15
Trade receivables	1,088	1,008	80
Current operating other receivables	244	366	(122)
Current deferred income	(1,858)	(1,709)	(149)
Other contract liabilities	(88)	(80)	(8)
Trade and other operating payables	(949)	(909)	(40)
Operating working capital	*(1,331)*	*(1,121)*	*(210)*
Cash and cash equivalents	1,346	1,001	345
Assets/liabilities classified as held for sale	–	27	(27)
Non-operating working capital	(907)	(225)	(682)
Total	**(892)**	**(318)**	**(574)**

Working capital

Operating working capital amounted to €(1,331) million, compared to €(1,121) million in 2021, a decrease of €210 million. This decrease is largely due to the autonomous movements in working capital. Non-operating working capital and assets/liabilities classified as held for sale decreased to €(907) million, compared to €(198) million in 2021, mainly due to the short-term classification of bonds totaling €700 million.

OTHER DEVELOPMENTS

Financing results

Total financing results decreased to a net cost of €57 million (2021: €84 million cost), mainly due to higher interest rates on cash and cash equivalents. Included in total financing results was a €5 million net foreign exchange loss (2021: €15 million net foreign exchange loss) mainly related to the translation of intercompany balances. Adjusted net financing costs decreased to €56 million (2021: €78 million).

Taxation

Profit before tax increased 37% to €1,276 million (2021: €929 million). The effective tax rate decreased to 19.5% (2021: 21.6%). The 2022 gain on divestment was not taxable while the prior period included a taxable disposal gain and a disposal-related loss which was not tax-deductible.

Adjusted profit before tax was €1,368 million (2021: €1,128 million), up 21% overall and up 8% in constant currencies. The benchmark tax rate on adjusted profit before tax increased to 22.6% (2021: 21.5%) due to newly introduced restrictions on tax deductibility of finance costs in the Netherlands, while 2021 included a one-time benefit following the closure of tax audits.

Earnings per share

Total profit for the year increased 41% to €1,027 million (2021: €728 million) and diluted earnings per share increased 44% to €4.01 (2021: €2.78).

Adjusted net profit was €1,059 million (FY 2021: €885 million), an increase of 20% overall and 6% in constant currencies. Diluted adjusted EPS was €4.14 (2021: €3.38), up 8% in constant currencies, reflecting the increase in adjusted net profit and a 2% reduction in the diluted weighted-average number of shares outstanding to 255.8 million (2021: 261.8 million).

Return on invested capital (ROIC)

In 2022, the ROIC was 15.5% (2021: 13.7%), mainly due to a higher adjusted operating profit, partly offset by a higher benchmark tax rate.

Cash flow

€ million, unless otherwise stated	2022	2021	Variance
Net cash from operating activities	1,582	1,292	290
Net cash used in investing activities	(299)	(287)	(12)
Net cash used in financing activities	(991)	(451)	(540)
Adjusted operating cash flow	1,528	1,348	180
Net capital expenditure	(295)	(239)	(56)
Adjusted free cash flow	1,220	1,010	210
Diluted adjusted free cash flow per share (€)	4.77	3.87	0.90
Cash conversion ratio (%)	107	112	

Net cash inflow before the effect of exchange differences was €292 million (2021: net cash inflow of €554 million), due to net cash from operating activities outweighing net cash used in financing activities and investing activities.

Adjusted operating cash flow was €1,528 million (2021: €1,348 million), up 2% in constant currencies. The cash conversion ratio decreased to 107% (2021: 112%) due to higher net capital expenditure compared to the prior year.

Net capital expenditures were €295 million (2021: €239 million), an increase of 16% in constant currencies. Net capital expenditures remained within our guided range at 5.4% of group revenues (2021: 5.0%).

Cash payments related to leases, including lease interest paid, increased to €81 million (2021: €77 million), but decreased in constant currencies.

Net interest paid, excluding lease interest paid, was €45 million, lower than in the prior period (2021: €57 million).

Corporate income tax paid increased to €289 million (2021: €277 million), reflecting higher income before tax and the newly introduced U.S. tax rules on the capitalization of research & development expenses.

Net cash outflows related to restructuring were €12 million, lower than in the prior year (2021: outflow of €33 million).

Consequently, adjusted free cash flow was €1,220 million (2021: €1,010 million), up 7% in constant currencies.

Dividends paid to shareholders amounted to €424 million (2021: €373 million), including the 2021 final dividend and the 2022 interim dividend. Cash spent on share buybacks was €1 billion (2021: €410 million). As such, more than 100% of adjusted free cash flow was returned to shareholders.

Acquisitions and divestments

Total acquisition spending, net of cash acquired and including transaction costs, was €95 million (2021: €113 million), primarily relating to the acquisition of IDS on April 8, 2022, by the Governance Risk & Compliance division.

Total divestment proceeds amounted to €103 million, net of cash divested and divestment-related costs, primarily relating to the divestment of our French and Spanish publishing assets in the Legal & Regulatory division.

Leverage and financial policy

Wolters Kluwer uses its cash flow to invest in the business organically and through acquisitions, to maintain optimal leverage, and provide returns to shareholders. We regularly assess our financial position and evaluate the appropriate level of debt in view of our expectations for cash flow, investment plans, interest rates, and capital market conditions.

While we may temporarily deviate from our leverage target at times, we continue to believe that, in the longer run, a net-debt-to-EBITDA ratio of around 2.5 remains appropriate for our business given the high proportion of recurring revenues and resilient cash flow.

Sustainability

Our purpose is to deliver deep impact when it matters most. Our products and services support the knowledge, decision-making, and effectiveness of our professional customers, protect people's health and prosperity, and contribute to a safe and just society.

In this chapter, we describe our approach and performance with regard to key environmental, social, and governance (ESG) matters.

OUR APPROACH TO SUSTAINABILITY

We have an ongoing commitment to cultivate a creative work environment with highly engaged employees, harnessing the diversity of our communities, contributing to society, and playing our part in protecting the environment.

Sustainability is fundamental to how we do business and how we respect and create value for our stakeholders. It has been ingrained in our processes, policies, values, and company culture for many years.

Advancing our ESG performance and capabilities is a key element of our corporate strategy, *Elevate Our Value*. We focus on the areas that are the most material to our stakeholders and our business. We have goals for all material ESG topics and have embedded specific ESG targets into executive remuneration and into our sustainability-linked credit facility.

Our sustainable approach to creating long-term value will enable us to deliver positive outcomes for our stakeholders, minimize negative impacts, contribute to society, and respect the environment.

We are guided by international guidelines, such as the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the principles of the United Nations Global Compact (UNGC).

Our ESG data reporting

We aim to be clear and transparent in our reporting. This annual report includes information and data on material ESG topics. We have consolidated all our ESG disclosures into this document and no longer publish a separate ESG Data Overview.

We have reviewed the new EU Corporate Sustainability Reporting Directive (CSRD), which will become applicable as of financial year 2024. In this annual report, we have expanded our ESG disclosures in an effort to start aligning with the CSRD.

In 2023, we will further enhance our reporting manuals and design of controls for the collection, processing, review, and validation of ESG data, which will result in improved data quality in the future.

For some datapoints, we used third parties to administer surveys or conduct assessments. For scope 1, 2, and 3 GHG emissions, we used a third party to assist us in applying a consistent methodology that is aligned with current best practices and recommendations of emerging climate reporting standards. Our scope 1 and 2 emissions and water consumption data are reported with a one-year lag to ensure a higher data coverage ratio.

In 2023, we will continue to assess the impact of CSRD on our organization, with focus on scope 3.1 emissions, as these contribute to the largest share of our GHG emissions and the underlying calculations are mostly based on industry average emission factors. We will engage with our suppliers to obtain more specific emission data.

Given the status of our internal controls for ESG data and the judgments and estimates involved in providing this data, the level of accuracy and completeness of this data is less than that of our financial information. Judgments and estimates involved are described below each table throughout this chapter.

Our ESG data reporting has been prepared with reference to the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) frameworks.

Our 2022 GRI, SASB, and UN Global Compact disclosures are available at www.wolterskluwer.com/en/investors/financials/annual-reports

SECTION OVERVIEW

SUSTAINABILITY

SUSTAINABILITY RATINGS

Sustainability continued

SUSTAINABILITY STRATEGY

Our ENGAGE strategy encourages us to focus on six sustainability pillars, including four of the most material topics as identified by stakeholders. Each of the pillars includes a range of initiatives to drive improvement. During 2022, progress was made across all pillars, as described in more detail in this chapter.

Advancing a sustainable future through better decisions and outcomes

E

ENHANCE employee engagement and talent management

N

NURTURE diversity, equity, inclusion, and belonging

G

GROW product impact and innovation

A

ADVANCE cybersecurity and data privacy

G

GENERATE a smaller environmental footprint

E

ENRICH our communities

MATERIALITY

We undertake periodic materiality assessments to identify economic, environmental, social, and governance matters that are linked to the interests of our stakeholders and are relevant to the success of our business. We assess the level of importance of these matters to our stakeholders and to Wolters Kluwer. This analysis helps us prioritize the issues that matter most and ensure we remain focused on those that have the most impact on our business and our stakeholder groups.

Issue identification

In 2020, we performed a comprehensive materiality assessment. The process, led by a third party, started with research to identify 25 key topics, which were grouped into four different categories: environmental, social, governance, and product. The research included a review of market trends, peers and competitors, reporting frameworks, and previous materiality analyses.

Stakeholder engagement, issue prioritization, and results

We took views on the materiality of these 25 topics from a broad group of internal and external stakeholders, including customers, employees, senior executives, investors, business partners, and suppliers, through interviews and surveys. Finally, the topics were ranked based on the stakeholder feedback and the results were validated against the company's corporate risk assessment. The topics identified as most material are shown in the upper right corner of the matrix diagram. This report focuses on the topics deemed most material to our business: customer focus and relationships; product impact and innovation; employee engagement and talent management; diversity, equity, inclusion, and belonging; cybersecurity and data privacy; and ethics, compliance, and governance.

2022 review

In 2022, we reviewed the 2020 materiality assessment and concluded that this assessment remained valid. The materiality matrix, shown below, highlights the importance of social and governance topics for our business. As a provider of digital information, software, and services, our business is mainly driven by the needs of our customers, progress within industries we serve, and the innovative output of our talented, engaged, and diverse workforce. Since the environmental impact of our industry is relatively low, environmental matters are not viewed as very material by our stakeholders. Nonetheless, we are committed to playing our part in reducing greenhouse gas emissions. The section *Environmental Responsibility* sets out our objectives and achievements to date.

In 2023, we will conduct a new, double materiality assessment that considers both impact materiality and financial materiality. Impact materiality assesses the impact of the company and its value chain on people and/or the environment. Financial materiality assesses the financial risks of sustainability matters for the company.

MATERIALITY MATRIX

Environmental topics

1 Circular economy
2 Climate resilience
3 Carbon footprint
4 Waste and water management

Social topics

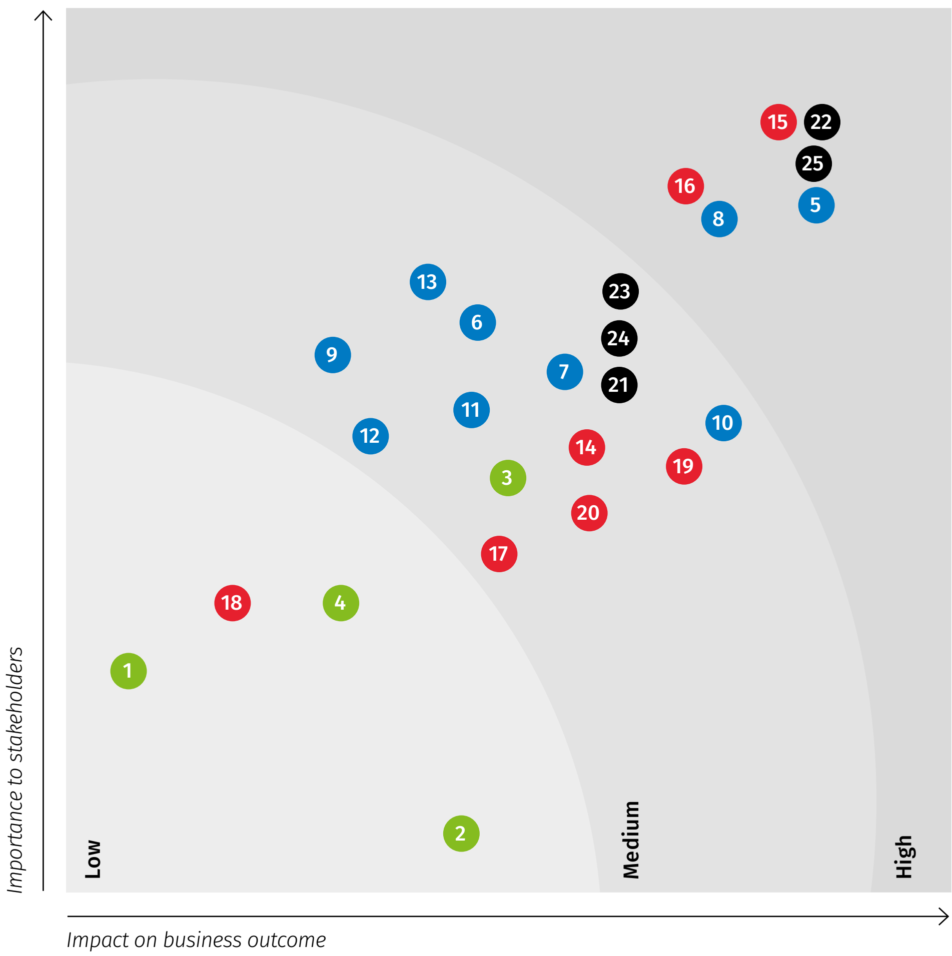
5 Employee engagement and talent management
6 Employee compensation
7 Employee health, safety, and well-being
8 Diversity, equity, inclusion, and belonging
9 Labor practices
10 Training and professional development
11 Community involvement
12 Employee volunteering
13 Responsible supply chain management

Governance topics

14 Board diversity
15 Cybersecurity and data privacy
16 Ethics, compliance, and governance
17 Executive compensation
18 Public policy
19 Responsible Artificial Intelligence (AI)
20 Tax responsibility

Product topics

21 Products design and lifecycle management
22 Customer focus and relationships
23 Editorial quality and integrity
24 IP and copyright protection
25 Product impact and innovation



Level of materiality:

High
Medium
Low

Sustainability continued

CUSTOMER FOCUS AND RELATIONSHIPS

Why is this topic important?

The topic of customer focus and relationships is viewed by internal and external stakeholders as the single most material factor for the long-term sustainability of our business. Employees view it as important to our purpose of delivering impact when it matters most and fundamental to our core value of focusing on our customer success. Shareholders consider it critical to the long-term growth and competitiveness of the company.

Our approach

We build and develop customer relationships through a variety of touchpoints, especially through our sales, marketing, customer support, professional services, and product development teams. In addition to regular customer contact, our teams host user conferences and participate in industry events. We conduct regular customer surveys and market research. Several of our businesses maintain customer advisory panels. 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 focus and relationships across Wolters Kluwer primarily by tracking customer retention, product 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 2022, 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.

PRODUCT IMPACT AND INNOVATION

Why is this topic important?

Product impact and innovation are critical to organic growth and to our future as an *expert solutions* company. Over the years, we have consistently prioritized investment in developing new and enhanced products. Under our current strategic plan, we are redeploying approximately 10% of our annual revenues into product development and innovation.

Our approach

Our central product development team, the Digital eXperience Group (DXG), works closely with our business units and our customers to drive innovation. DXG uses a customer-centric process and is able to leverage its centers of excellence in user experience design, artificial intelligence, and advanced platform services. We foster idea generation through our annual Global Innovation Awards (GIA), which rewards teams who develop innovative solutions that improve customer outcomes and experiences or transform our own internal processes. Each year, hundreds of employees participate in the challenge, putting their creativity to work in collaboration with colleagues. We also organize an annual software coding competition (Code Games) for our developers around the world.

We measure innovation by tracking our product development spending by business unit and we monitor progress against product roadmaps. We track submissions and winners of our employee innovation competitions. We monitor our performance in innovation-oriented industry awards and rankings, such as the Best in KLAS Awards and the Stevie Awards.

PRODUCT IMPACT AND INNOVATION
CONTINUED

In 2022, product development spending increased to 11% of total revenues and we continue to expect it to average approximately 10% over the course of the current strategic plan. The Global Innovation Awards attracted 453 entries, marking a recovery from the prior two years which were affected by the pandemic. Participation was encouraged by a simplified submission process. For the finals, 13 product and process innovation concepts were selected and, of these, five ideas were selected as winners and provided with funding. The 2022 Code Games (CG) saw over 1,100 employees take part to solve a complex coding challenge.

Product impact and innovation	2022	2021	2020
Product development spending, % of revenues	11%	10%	9%
Global Innovation Awards, number of submissions	453	154	219
Global Innovation Awards, number of finalists	13	16	17
Global Innovation Awards, number of winners	5	6	6

Among the many ideas that were celebrated as part of the GIA and CG processes and were ultimately launched into the market or deployed internally are: Ovid Synthesis (an evidence-based practice workflow solution for clinical research); CCH Axcess (a cloud-based platform for tax, audit and accounting professionals); and Beyond the Score (an internal voice of the customer program).

Product Impact Analysis

Our products and services help to protect people's health and prosperity and contribute to a safe and just society by providing deep insights and knowledge and by supporting the decision-making of professionals. Below we highlight the positive societal benefits of a selection of our products.

Product	*Customer benefit*	SDGs	*Societal benefit*
Ovid	• Enables high-precision search of medical literature • Delivers time savings and accuracy for clinical researchers	3 Good health and well-being 5 Gender equality	• Benefits global health by advancing medical knowledge and the discovery of new drugs and treatments • Ovid's diversity, equity, and inclusion collection helps drive health equity
CCH Axcess	• Automates and drives efficiencies in tax, audit, and accounting workflows • Facilitates compliance with latest regulations	9 Industry, innovation and infrastructure 16 Peace, justice and strong institutions	• Contributes to innovation by leveraging advanced technologies, such as blockchain • Supports compliance and transparency
Wiz	• Helps U.S. lenders manage risk and meet obligations under the Community Reinvestment Act, Equal Credit Opportunity Act, Fair Housing Act, and Home Mortgage Disclosure Act	9 Industry, innovation and infrastructure 16 Peace, justice and strong institutions	• Advances inclusive credit access by facilitating lender compliance with Community Reinvestment Act, Equal Credit Opportunity Act, and other laws • Proactively identifies risks associated with addressing credit and community development needs
InView	• Streamlines legal and regulatory research, analysis, and workflow • Improves legal decision-making	16 Peace, justice and strong institutions 5 Gender equality	• Supports transparency and justice • Supports knowledge of, and compliance with, Dutch laws and regulations

3 Good health and well-being · 5 Gender equality · 9 Industry, innovation and infrastructure · 16 Peace, justice and strong institutions

We are committed to the United Nations Sustainable Development Goals (SDGs), which address the economic, social, and environmental challenges the world faces. We support and contribute to the SDGs through the innovative products and services we deliver, through our engaged employees, through our sustainable returns, and by making an impact on society. As shown in our Value Creation Model, we have identified four SDGs to which we believe we can contribute most, as an investor, innovator, employer, and provider of products and services.

Sustainability continued

EMPLOYEE ENGAGEMENT AND TALENT MANAGEMENT

Why is this topic important?

Our employees are instrumental to the success of our company. Attracting, motivating, developing, and retaining a diverse and high-performing workforce is essential to delivering our strategy. Cultivating an environment in which employees are engaged is critical to driving business results.

Our approach

We measure our talent management performance by monitoring key metrics such as employee engagement, turnover, internal movement and promotions, participation in performance reviews, and training.

Employee engagement
Since 2014, we have conducted annual global surveys to measure employee engagement, with the key objective to identify areas of strength and opportunity so that we can make Wolters Kluwer an even better place to work. In 2022, this survey measured both engagement and belonging. See the section *Diversity, Equity, Inclusion, and Belonging* for a more in-depth discussion on belonging.

The results of our 2022 survey showed a 1-point increase in our engagement score compared to 2021. Through the survey, our employees told us that they are treated with dignity and respect, their opinions count, they can be themselves at work, and their managers care about them. The survey also indicated that we continue our efforts to support employee career development and our efforts to connect our employees to our strategy and value we create to society.

Talent management
We have a comprehensive global talent management program, which includes sourcing, hiring and retaining talent, succession planning, training and career development, regular performance feedback, and an annual performance review process.

Despite economic uncertainty, a global shortage of talent remained throughout 2022 which led to a rise in voluntary turnover for our sector. Our voluntary turnover rate remained below the 2022 Gartner Technology Industry Benchmark, in part due to actions we took in 2022. For example, we redesigned our global exit survey to give us better insights for how to increase employee retention.

We continue to enhance our succession planning process, which has resulted in an improvement in the readiness and availability of our talent to fill internal job openings.

Our learning management system supports company-wide training and development with easy online access to both mandatory and optional training courses. During 2022, the proportion of employees taking advantage of optional learning increased to 83%.

We continued our global employee development campaign #Grow, which is designed to incorporate growth and development into daily work life. In addition, we launched a pilot of a global mentoring program in 2022 which we are planning to expand in 2023.

We expanded resources for managers, including additional curricula that support managers to coach and develop their teams, reinforce an inclusive work environment, and prepare staff for a safe return to our offices. At our annual Leadership Summit, held in June 2022, our executives engaged on strategy, shared ideas, and networked with colleagues.

EMPLOYEE ENGAGEMENT AND TALENT MANAGEMENT CONTINUED

Employee engagement and talent management	2022	2021	2020
Employee engagement[1]			
Employee engagement score	77	76	–
Employee engagement relative to global benchmark	In line	–	–
Turnover			
% of total turnover[2]	15.0%	15.0%	11.2%
of which			
% of voluntary turnover[3]	12.5%	11.9%	7.1%
% of non-voluntary turnover	2.5%	3.1%	4.1%
Performance review			
% of employees participated in performance and career development reviews	99.1%	98.8%	99.4%
of which			
% of executives[4]	99.7%	99.7%	99.2%
% of managers[5]	99.4%	99.7%	99.9%
% of other employees	99.1%	98.7%	99.3%
Optional training[6]			
% of employees that accessed optional learning	83%	71%	55%
Average number of optional learning hours per employee	2	–	–
Employees per region, % of total employees[7]			
The Netherlands	5.6%	5.6%	5.8%
Europe (excluding the Netherlands)	33.0%	36.1%	36.0%
U.S. and Canada	42.8%	42.2%	42.1%
Asia Pacific	18.2%	15.6%	14.6%
Rest of the World	0.4%	0.5%	1.5%

1 In 2021, we transitioned our employee surveys to Glint. The Glint employee engagement score is based on surveys administrated to all employees in 2022 and 2021. The 2022 score is compared to the Glint global benchmark. It is our ambition to reach the Glint top 25% benchmark in coming years. Due to the change in survey provider and methodology, comparison with the 2020 engagement score is not meaningful.
2 Turnover percentages exclude employees of divested operations.
3 Retirees are reported under voluntary turnover.
4 Executives refer to approximately 300 employees that are in the executives career band, meaning that they have a job category role with managerial responsibilities. In this context, executives exclude the Executive Board.
5 In this context, managers are defined as employees with at least one direct report, excluding the Executive Board and the executives.
6 Optional learning is offered through a digital learning management system that is integrated into our global human resources platform.
7 Employees per region percentages are based on the headcount at December 31.

Employee health, safety, and well-being

The health, safety, and well-being of our employees is of utmost importance at Wolters Kluwer. Supporting the well-being of our colleagues benefits them as individuals, and also benefits the company as a whole and the communities in which we live and work.

Our global well-being program (Together We Thrive) includes a robust set of resources, programs, and content for all employees. Its goal is to help employees achieve their personal best, emotionally, physically, socially, and financially.

Sustainability continued

EMPLOYEE ENGAGEMENT AND TALENT MANAGEMENT CONTINUED

A few key features of the Together We Thrive program include:

- A global Employee Assistance Program, available to all employees and their household members, providing 24/7 on demand access, free counseling with licensed clinicians, and assistance with personal financial and legal matters;
- A clinically validated mindfulness and resilience application to help employees develop strategies to manage and navigate stress, burnout, and other personal challenges; and
- Flexible work arrangements, including flexible work hours and the option to work outside the office, to help employees balance their professional and personal commitments.

In addition to our well-being program, we offer robust benefits that include competitive health, welfare, and lifestyle options that reflect the practices in the various countries where we have employees. We provide various types of leave programs to ensure employees can care for themselves and those close to them. For example, we offer family planning benefits in various markets including programs such as gender-inclusive parental leave policies, adoption assistance, insurance coverage for fertility services, and support for childcare services. In 2022, we also made changes to our health and well-being benefits in various markets in order to be responsive to the needs of our LGBTQIA+ employees.

Work-life balance indications[1]	2022	2021	2020
% of U.S. employees entitled to take family-related leaves	100%	–	–
% of U.S. employees that took family-related leaves	8%	–	–

[1] All U.S. employees are eligible for certain family-related leave programs from their date of hire, with additional leave options available after a full-year of service. Family leave programs reported include maternity leave, parental leave (including paternity leave), caregiver leave (special leave and sick time to care for family), and bereavement leave.

DIVERSITY, EQUITY, INCLUSION, AND BELONGING

Why is this topic important?

A diverse workforce drives innovation, better decisions, and strong performance, which creates value for all our stakeholders. An inclusive culture ensures all employees are heard and respected for their contributions and helps maintain a rewarding work environment that encourages individual and business success.

Our approach

We aim to provide a welcoming environment and equitable opportunities for all employees, regardless of demographic characteristics such as background, nationality, race, ethnicity, gender, gender identity, age, sexual orientation, marital status, disability, religion, or other demographic characteristics. This principle is ingrained in our company values and articulated in our Code of Business Ethics.

Under the leadership of our Vice President of Diversity, Equity, and Inclusion, we aspire to create an inclusive environment that values authenticity and fairness and respects diversity in all its forms.

DIVERSITY, EQUITY, INCLUSION, AND BELONGING CONTINUED

We measure the impact of our diversity, equity, inclusion, and belonging (DEIB) efforts through a range of metrics in compliance with local laws and regulations. Globally, we assess our performance with an employee belonging score derived from our annual all-employee survey. 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.

A target for belonging was included in the 2022 remuneration for the Executive Board and senior management and a new target for belonging will be included in 2023. For more information, see *Remuneration Report*.

Our 2022 survey results show a 1-point increase in the belonging score to 73, which remains broadly in line with the average for global companies.

Some of our key initiatives in 2022 included launching a global, twelve-month Inclusive Leadership program for employees; planning for a pilot of global inclusion networks, starting with our female and LGBTQIA+ employees, launching in 2023; and increasing our efforts to source diverse candidates for hiring.

We aim to have a workforce that reflects the diversity of our customers and the communities in which we live and work. We have a target to have at least 33% male or female representation on our Supervisory and Executive Boards, which we currently meet. In 2022, we have also set a target to increase the female representation in our executives career band (executives) by 2% by 2028 from a 2022 baseline. In the coming years, we will work towards achieving this target through equitable and inclusive employee practices and experiences that improve female representation in hiring, promotions, and talent retention. See *Corporate Governance* for more information.

We track aggregate candidate diversity slate for all U.S.-based roles, setting specific slate goals to advance gender, race, and ethnic diversity. We aspire to year-over-year improvement and are committed to executing on actions to maintain our positions of strength while improving where we have opportunity.

We comply with gender pay reporting where required by local laws and regulations. We also complete an annual, systematic base pay study (including, but not limited, to gender) for our employees in North America, and based on the findings we make any required corrections. We are developing a plan to expand this work beyond North America in accordance with all applicable laws and regulations.

CASE STUDY: INCLUSIVE LEADERSHIP TRAINING FOR PEOPLE MANAGERS

We strongly believe in the importance of inclusion and are committed to taking action to improve it.

In 2022, we launched Inclusive Leadership training for all people managers and employees globally. This three-part, year-long interactive learning journey is designed to drive behavior change within everyday team interactions and our global culture.

The first part of the program is focused on key inclusive behaviors, the second on reducing bias in decision making, and the final encourages allyship to reduce inequities within the workplace.

We had very high participation in completing the first part and will continue to prioritize participation and behavior change for the second two segments launching in 2023.

Sustainability continued

DIVERSITY, EQUITY, INCLUSION, AND BELONGING CONTINUED

Diversity, equity, inclusion, and belonging	2022	2021	2020
Belonging[1]			
Belonging score	73	72	–
Supervisory Board by gender			
Number of female board members	4	3	3
Number of male board members	3	4	4
Executive Board by gender			
Number of female board members	1	1	1
Number of male board members	1	1	1
Executives by gender[2]			
Number of female executives	91	93	81
Number of male executives	205	212	199
Number of executives not declared and/or not reported	1	1	1
Gender ratio, % female			
Supervisory Board	57%	43%	43%
Total workforce[3]	46%	46%	46%
Of which:			
Executive Board	50%	50%	50%
Executives[2]	31%	30%	29%
Managers[4]	39%	39%	39%
Other employees[5]	47%	47%	48%
Compensation indicators			
CEO pay ratio: compensation of the highest paid individual divided by average employee remuneration[6]	77	87	79
Race/ethnicity ratio, % of U.S. employees[7]			
Asian	12.3%	12.3%	–
Black or African American	7.6%	6.8%	–
Hispanic or Latino	6.2%	5.9%	–
White	68.7%	70.0%	–
Other race or ethnicity[8]	1.9%	1.6%	–
Unknown or not provided	3.3%	3.4%	–
Persons with disabilities[9]			
U.S. employees with disabilities, % of U.S. employees	1.8%	–	–

1 Belonging score is based on a survey by an independent market-leading survey partner and measured since 2021.
2 Executives include employees that are in the executives career band, meaning that they have a job category role with managerial responsibilities. In this context, executives exclude the Executive Board.
3 The % female is calculated as the number of female employees divided by the number of total employees, based on headcount per December 31.
4 In this context, managers are defined as employees having three or more direct reports, excluding the Executive Board and the executives. For all three years, 1% of managers have not declared or not reported their gender.
5 For all three years, 1% of other employees have not declared or not reported their gender.

DIVERSITY, EQUITY, INCLUSION, AND BELONGING CONTINUED

[6] For calculating the CEO pay ratio, the CEO remuneration is based on the remuneration costs as stated in the table *Remuneration of the Executive Board – IFRS based* of the *Remuneration Report*, minus the tax-related costs. The average employee remuneration is obtained by dividing the total personnel expenses as stated in *Note 13 – Personnel Expenses* (after subtracting the CEO's remuneration) by the reported average number of full-time employees (minus one).

[7] Races/ethnicities mirror those used for required federal reporting in the U.S.

[8] Other races/ethnicities include persons who identify as being of two or more races, Native American, Alaska Native, Native Hawaiian, or Other Pacific Islander.

[9] The disability percentage is based on U.S. employees that indicated they have or had a disability. Disability data is not available for employees outside the U.S.

CYBERSECURITY AND DATA PRIVACY

99%

of our active employees completed cybersecurity and data privacy training

Why is this topic important?

As a digital company, cybersecurity and data privacy are important to the success of our business. Customers rely on us to deliver our platforms and services safely and reliably while safeguarding their data. We are committed to protecting the personal and professional information of our employees, customers, and partners. We deliver on this promise by keeping information secure and respecting the rights of individuals to protect their personal information.

Our approach

Cybersecurity

Our global information security program is built on people, processes, and technology collectively protecting our organization, products, and customers.

The cybersecurity program has a three-tiered management structure. The program is overseen by our Security Council which is comprised of senior leadership from divisions and functional areas. Our Chief Information Security Officer is responsible for managing and monitoring of the overall program. Lastly, our Technology Council implements initiatives, together with dedicated taskforce groups, to drive global alignment of the program's objectives.

We perform regular information security risk assessments to assess and evaluate the effectiveness of the security program. The program is assessed annually by an independent third party, allowing us to measure our performance each year with a cybersecurity maturity score. Since 2020, the cybersecurity maturity score has been based on the National Institute of Standards and Technology, Cybersecurity Framework (NIST-CSF). This framework expanded our existing maturity-based model into a risk-based model.

A target for our cybersecurity maturity score was included in Executive Board and senior management remuneration in 2021 and 2022 and will again be included in 2023. In 2022, the cybersecurity maturity score increased 7.4% compared to 2021, exceeding the target. Over the two-year period since 2020, the indexed score reached 113.4 (2020 = 100.0), significantly ahead of target. For more information, see *Remuneration Report*.

We have a cross-functional global information security incident response team that promptly analyzes security incidents, assesses the potential impact, determines if any immediate risks exist, and takes prompt actions to mitigate any harm to the company. We maintain a written global information security program of policies, procedures, and controls aligned to NIST-CSF, ISO 27001, and other equivalent standards. These govern the processing, storage, transmission, and security of data.

In 2022, we continued to advance our availability, resilience, and cybersecurity position. We enhanced the ongoing security awareness initiatives, including phishing email tests. We incorporated content in our required cybersecurity training, which was completed by more than 99% of active employees.

Sustainability continued

CYBERSECURITY AND DATA PRIVACY CONTINUED

For select systems, applications, and services, we have achieved over 75 attestations and certifications, most notably SOC 1 Type 1 & SOC 2 Type 2, HITRUST, FedRAMP, CSA STAR, and MSDPR. In addition, some of our locations supporting IT operations and a number of our products have attained ISO 27001 certification.

Data privacy

We foster a culture that respects the data privacy rights of individuals. Our Data Privacy Commitments guide our company-wide approach and reflect the value we attach to protecting the personal information of our customers, employees, and other stakeholders.

Our Corporate Privacy Office leads our global data privacy compliance strategy and reports to the Executive Board. We have a comprehensive privacy program and a privacy governance organization responsible for implementing policies and procedures that are designed to ensure compliance with privacy laws and regulations.

We have set the EU General Data Protection Regulation (GDPR) as our global baseline reference and embed privacy rights in our policies, design, and processes. We train our employees in the safeguarding and processing of personal information and implement policies and procedures relating to the rights of individuals. We inform our customers about our privacy practices in various ways, including by means of a Privacy & Cookie Notice on our global website and as part of our marketing practices. We explain what personal information we collect, use, and disclose, and inform customers of their rights and the choices they can make about the sharing of their information.

Our data privacy policies are based upon generally accepted data privacy principles and regulations. We collect personal data only for specific purposes, which are specified and documented. As part of our contracting with third parties, such as vendors, we include standards and requirements for processing of data.

We have developed an internal privacy control framework which sets a robust privacy baseline based on the key privacy principles as defined in GDPR. We further maintain a data register and conduct data protection risks assessments to analyze, identify, and minimize privacy and data protection risks of activities that involve personal data. Our internal audit team conducts internal audits covering multiple disciplines, including data privacy, on a regular basis.

Potential data privacy incidents and risks are managed in accordance with our Data Privacy Incident Management Plan, which describes how we prepare for and respond to incidents. We regularly review and update our incident management guidance and training.

We continue to provide ongoing training and awareness programs to reflect data privacy developments. We incorporate key themes into our annual global data privacy awareness course as part of our Annual Compliance Training program. In 2022, more than 99% of our active employees completed this training.

ETHICS, COMPLIANCE, AND GOVERNANCE

Why is this topic important?

Our values and ethical standards are fundamental to how we interact with our employees, customers, partners, and society at large. Good governance is key to upholding our history of high ethical standards as well as our decision-making processes and forms the foundation of our strategy.

Our approach

Our Ethics & Compliance Committee has oversight responsibility for our global ethics & compliance program. Key elements of the program include our Code of Business Ethics (Code) and other policies and procedures, training and communication, and the SpeakUp program. On behalf of the Ethics & Compliance Committee, our Chief Compliance Officer reports quarterly on ethics & compliance program matters, including SpeakUp concerns, to the Executive Board and the Audit Committee.

Our Code provides guidance on how we live our company values. It sets forth the ethical standards that are the basis for our decisions and actions, and for achieving our business goals. The Code covers multiple topics, such as discrimination and harassment, anti-bribery and anti-corruption, and conflicts of interest, some of which are further detailed in standalone policies. Our Code is published on our internal and external websites in various languages.

We have a zero-tolerance policy to any form of bribery and corruption. Our global Anti-Bribery and Anti-Corruption Policy strictly prohibits offering, soliciting, giving, or receiving any bribes. We provide training to all our employees on bribery and corruption, as well as role-based training to specific groups. Our high standards of integrity and legal compliance also apply to business partners. We conduct anti-bribery due diligence screening of our partners and suppliers. In 2022, we did not detect any violations of our anti-bribery policy.

We foster our culture of ethics and compliance by raising awareness of our values and the standards in our Code and other policies. Through various communication and training activities, we support employees to understand how these standards apply to their day-to-day work and interactions with colleagues, customers, and business partners. We monitor our culture of ethics and compliance via the annual global employee survey, our SpeakUp program, and through internal audits. These efforts also help us measure the effectiveness of our Code and our SpeakUp program.

Annual Compliance Training

Our Annual Compliance Training program consists of online courses on our Code of Business Ethics, IT and cybersecurity, and data privacy. The program was provided to all active employees globally in 2022 and new hires receive the training upon their onboarding. As part of the training, employees are asked to certify that they have read and understood our Code of Business Ethics.

Sustainability continued

ETHICS, COMPLIANCE, AND GOVERNANCE CONTINUED

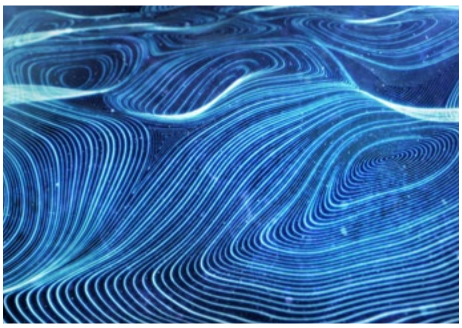
Confidential channels for raising concerns

We maintain a culture of open communication and a safe environment where everyone should feel confident to raise any concerns. We have a zero-tolerance policy for retaliation. We offer several channels for reporting any issues about ethical situations or behavior, including direct managers, Human Resources, Legal, or senior management. In addition, our global SpeakUp system – operating through an external provider – offers our employees a confidential channel available 24/7 for reporting concerns to the Ethics & Compliance Committee in their own language, with the option to report anonymously where permitted by law. The Ethics & Compliance Committee reviewed all concerns received in 2022 and took appropriate action. None of these concerns had a material impact on the company.

Ethics and compliance	2022	2021	2020
% of active employees who completed Annual Compliance Training[1]	99%	99%	99%
Number of SpeakUp concerns	25	21	19

[1] Employees on long-term leave, e.g., sick, maternity, or paternity leave, are not invited for the Annual Compliance Training.

RESPONSIBLE ARTIFICIAL INTELLIGENCE



Artificial Intelligence

Artificial Intelligence (AI) is used in several of our products where it benefits human experts working in complex professional fields. For example, we use advanced technologies, such as Natural Language Processing (NLP) and Robotic Process Automation (RPA), in our *expert solutions* in order to augment certain tasks in our customers workflows, provide customers with new or improved insights, and enable them to be more efficient.

As a company that holds ethics and good governance in high regard, we are committed to developing artificial intelligence in an ethical and responsible manner. We are developing an artificial intelligence assurance framework and responsible artificial intelligence principles that incorporate key principles such as privacy and data governance, fairness and non-discrimination, transparency, and explainability. In the development of this framework and these principles, we embed good practices throughout the design, development, use, and evaluation of AI.

We actively monitor legislative developments such as the EU Artificial Intelligence Act and ethics guidelines issued by organizations and expert working groups to ensure we are aware of evolving best practice in this area.

ENVIRONMENTAL RESPONSIBILITY

We are committed to minimizing our impact on the environment and to addressing the challenges of climate change as they relate to our own operations and our value chain. As a people-centric business, our overall risk related to environmental matters is relatively low, due to the nature of our business activities and the products and services we offer. Nonetheless, for many years we have been committed to managing our use of energy and natural resources in a responsible manner.

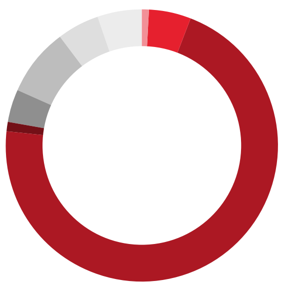
In recent times, we have seen climate change and environmental impact take on increased importance for our employees, investors, customers, and other stakeholders. This has led us to expand or accelerate programs and policies designed to reduce the environmental impact of our operations. Our efforts to minimize our environmental impact support the COP21 Paris Agreement of December 2016 and the COP26 Glasgow Climate Pact of November 2021 on limiting global warming.

Progress on climate-related initiatives

During 2022, we made progress towards our objective of setting science-based targets and aligning our reporting with the guidelines recommended by the Task Force on Climate-related Financial Disclosures (TCFD). We completed a gap assessment of our alignment with the TCFD recommendations and used the results to develop a roadmap for further implementing them. The roadmap was presented to our Executive Board and Supervisory Board. For more information on our progress, see page 59.

We have also completed the assessment of our greenhouse gas (GHG) footprint, including scope 1, 2, and 3 emissions, using the pre-pandemic year 2019 as base year. Based on a screening of all scope 3 categories, we identified six material scope 3 emission categories for which we subsequently performed an inventory.
Scope 3.1 – Purchased goods & services is, by far, the most significant within our total scope 3 emissions. The chart below and table on the next page provide a view of our GHG footprint for the base year.

Wolters Kluwer GHG emissions distribution (tCO_2e) for pre-COVID baseline year 2019



Sustainability continued

ENVIRONMENTAL RESPONSIBILITY
CONTINUED

Scope 1, 2, and 3 greenhouse gas (GHG) emissions in $mtCO_2e$		2019	% of total
Scope 1	Direct emissions[1]	4,043	2%
Scope 2	Emissions from purchased energy, market-based[1]	14,602	5%
Scope 3			
3.1	Purchased goods & services[2]	200,089	70%
3.2	Capital goods[2]	3,527	1%
3.4	Upstream transportation & distribution[2]	11,275	4%
3.6	Business travel[3]	22,615	8%
3.7	Employee commuting[4]	13,953	5%
3.11	Use of sold products[5]	14,175	5%
Sub-total Scope 3		*265,634*	*93%*
Total emissions		**284,279**	**100%**

1 Scope 1 and 2 emissions relate to our owned and leased offices and are calculated based on the energy consumption, using country-based IEA conversion factors for electricity and Defra conversion factors for natural gas, district heating, and heating oil. Energy consumption was available for approximately 75% of square meters and extrapolated for the remaining 25%. Extrapolation is performed at country level.

2 Scope 3.1, 3.2, and 3.4 emissions from our supply chain are for 92% based on spend, converted to $mtCO_2e$ using supply chain industry emission factors of the U.S. Environmental Protection Agency. 6% of supply chain emissions are calculated by converting spend to $mtCO_2e$ using supplier-specific emission factors, as derived from from publicly available emission data of these suppliers. 2% of supply chain emissions are based on emission data as provided by suppliers to us. In case the group acts as agent between suppliers and customers, associated supplier emissions are included in our scope 3.1, 3.2, or 3.4 emissions.

3 Business travel includes solely flight travel, as other means of business travel are considered immaterial. For the vast majority, flight travel distances are based on travel agent data and converted to $mtCO_2e$ using Defra emission factors.

4 Employee commuting is based on an employee-wide survey, in which commuting distance, mode of transport, and commuting frequency were the key questions. Survey results were plotted on the average headcount of the year and converted to $mtCO_2e$ using Defra emission factors.

5 Scope 3.11 emissions originate for approximately 70% from the energy consumption of customers' devices when using our software. This energy consumption is calculated by multiplying the number of customers' users by the average user log-in time, corrected for an estimated relative share of our software of the CPU usage of a device. These data points were collected for our largest products, representing approximately 55% of total revenues, and either system-derived or estimated if no system data was available. Extrapolation to 100% is performed at divisional level based on revenues. The remaining 30% of our scope 3.11 emissions relate to the energy consumption of servers at customers' own premises, whereby we estimated the average number of servers at a customer's own premise, the average utilization of a server, and the average energy usage of a server.

Based on our GHG assessment, we have developed abatement plans and have committed to reduce our emissions in line with a pathway to limit global warming to 1.5°C and reaching net-zero no later than by 2050. Accordingly, early 2023 we have submitted the following emission reduction targets to the Science Based Targets initiative (SBTi) for validation:

- Reduce absolute Scope 1 & 2 GHG emissions 50% by 2030 from a 2019 base year
- Reduce absolute Scope 3 GHG emissions 30% by 2030 from a 2019 base year

Our GHG assessment reinforced the need to continue with our existing decarbonization programs, as described below. Over the coming years, we will implement further initiatives to reduce our emissions and work towards our targets. Decarbonizations of our supply chain will be key to reduce our emissions, implying a greater focus

ENVIRONMENTAL RESPONSIBILITY
CONTINUED

on engaging with our suppliers to obtain supplier-specific emission data, better understand their emission reduction programs, and collaborate on net-zero journeys.

Real estate rationalization

We aim to create sustainable and appealing workspaces for our employees, balancing the demand for space, attractive design, and employee engagement with environmental impact and spend per square meter. Sustainability is integrated into our real estate and facilities management process and we aim to implement environmentally friendly practices in our building selection, office design, and office operations and services. Since 2020, sustainability certificates and green office standards are part of our selection criteria for new offices. Our offices in Madrid and Barcelona (Spain), Chennai (India), and Paris (France) are ISO 14001 certified.

For several years, we have executed a real estate rationalization program, which has delivered significant reductions in our office footprint through office closures and consolidations. As a result of increased mobility (including working from home) and updated designs, we need less office space to accommodate our employees. In addition to cost savings, this program helps reduce our scope 1 and 2 emissions and our water and waste consumption. This program achieved a 5% organic reduction in square meters in 2022 and aims to achieve a further reduction over the next years.

Migration of servers to energy-efficient cloud providers

Over the past decade, we have been migrating customer applications and internal systems from on-premise servers to the cloud. Transitioning to the cloud not only benefits our customers in the form of improved cybersecurity protection and increased mobility, availability, and standardization, it also helps reduce our carbon footprint. As our major cloud providers operate on higher energy efficiency, and in themselves are pursuing net-zero emissions goals, we reduce our emissions by moving our applications to the cloud and by consolidating and decommissioning our on-premise data centers. Carbon footprint remains an important criterion in the selection of our cloud providers.

A target for the elimination of on-premise servers was included in Executive Board and senior management remuneration in 2021 and 2022. In 2022, this migration program led to the closure of 14 data centers and the decommissioning of 1,032 servers.

→ **See our Remuneration Report on** page 87

CASE STUDY: ENVIRONMENTALLY FRIENDLY PRACTICES IN OUR OFFICES

Building selection

- LEED, BREEAM, or DGNB certificates included in decision criteria matrix
- Building location in close proximity to public transport
- Availability of electric charging stations
- Availability and accessibility of electricity, gas, and water usage meters

Office design and fit out

- Eco-friendly and recycled furniture and building materials
- Drinkable water sources (water filter, water fountain)
- Centralized waste disposal areas including waste separation
- LED energy-saving lights with motion sensors

Office operations and services

- Vendor sustainability certificates as selection criteria for service providers
- Usage of eco-friendly cleaning products
- Purchasing or replacement of energy-efficient kitchen appliances
- Zero single plastics use

Sustainability continued

ENVIRONMENTAL RESPONSIBILITY CONTINUED

Environmental programs	2022	2021	2020
Real estate rationalization, % organic reduction in m^2 [1]	5%	7%	7%
Number of data centers closed	14	21	11
Number of on-premise servers decommissioned	1,032	2,838	–

[1] The organic reduction in m^2 excludes the effect of acquisitions and divestments.

Business travel

Our business travel policy encourages employees to make prudent use of resources and to consider both the financial costs and environmental impacts when choosing to travel. During the pandemic, our business travel activity was significantly below historical levels and employees made use of virtual meetings and events to support our global operations. We did see an uptick in travel in 2022 compared to the prior year, as the travel restrictions were gradually lifted globally. At the same time, there has also been an increase in the number of virtual and hybrid meetings, marking a natural downshift in travel compared to pre-pandemic levels. Going forward, we expect a similar trend to continue in 2023.

Energy consumption in MWh, unless otherwise stated[1]	2021	2020[2]	2019[2]
Total energy consumption[3 4]	47,482	51,392	68,260
of which			
Renewable electricity	7,379	7,087	6,206
Non-renewable electricity	19,919	24,964	38,622
Natural gas	16,475	15,778	21,065
District heating	3,084	2,929	1,726
Heating oil	625	634	641
Renewable electricity as % of total electricity[5]	37%	28%	16%
Energy intensity			
Revenues (in millions of euros)	4,771	4,603	4,612
Energy intensity in MWh/revenues m€	10.0	11.2	14.8

[1] Energy consumption relates to the group's owned and leased offices. Data is reported with a one-year lag to ensure a higher data coverage ratio. Energy consumption was available for approximately 75% of square meters and extrapolated for the remaining 25%. Extrapolation is performed at country level.
[2] 2019 and 2020 are restated following an extension of the offices for which data is collected, applied retrospectively.
[3] Energy consumption decreased by 8% in 2021, largely due to lower weighted-average square meters.
[4] Most of our offices were closed for significant parts of 2020 and 2021 due to the COVID-19 pandemic.
[5] Renewable electricity is only counted if generated at the office or purchased as renewable from the energy provider. The group did not purchase energy attribute certificates.

Scope 1 and 2 greenhouse gas (GHG) emissions in $mtCO_2e$, unless otherwise stated[1]	2021	2020	2019
Scope 1	3,172	3,057	4,043
Scope 2 market-based	7,783	9,110	14,602
Scope 1 and scope 2 market-based[2 3]	**10,955**	**12,167**	**18,645**
Netherlands	587	605	1,063
Europe (excluding the Netherlands)	2,268	2,357	3,095
U.S. and Canada	7,088	8,158	12,665
Asia Pacific	992	1,030	1,792
Rest of World	20	17	30
Scope 1 and scope 2 market-based	**10,955**	**12,167**	**18,645**
Scope 2 location-based	9,849	10,903	16,456
GHG emission intensity			
Revenues (in millions of euros)	4,771	4,603	4,612
Scope 1 and scope 2 market-based (in $mtCO_2e$/revenues m€)	2.3	2.6	4.0

1 Scope 1 and 2 emissions relate to our owned and leased offices and are calculated based on the energy consumption, using country-based IEA conversion factors for electricity and Defra conversion factors for natural gas, district heating, and heating oil. Energy consumption was available for approximately 75% of square meters and extrapolated for the remaining 25%. Extrapolation is performed at country level.
2 Total emissions decreased by 10% in 2021, due to lower weighted-average square meters and a higher proportion of renewable electricity used.
3 Most of our offices were closed for significant parts of 2020 and 2021 due to the COVID-19 pandemic.

Scope 3.6 and 3.7 greenhouse gas (GHG) emissions in $mtCO_2e$, unless otherwise stated	2022	2021	2020
Scope 3.6 – Business travel[1 3]	11,649	694	3,503
Scope 3.7 – Employee commuting[2 3]	5,705	1,003	1,013
GHG emission intensity			
Revenues (in millions of euros)	5,453	4,771	4,603
Scope 3.6 – Business travel (in $mtCO_2e$/revenues m€)	2.1	0.1	0.8
Scope 3.7 – Employee commuting (in $mtCO_2e$/revenues m€)	1.0	0.2	0.2

1 Business travel includes solely flight travel, as other means of business travel are considered immaterial. Flight travel distances are for the vast majority based on travel agent data and converted to $mtCO_2e$ using Defra emission factors.
2 Employee commuting is based on an employee-wide survey, in which commuting distance, mode of transport, and commuting frequency were the key questions. Survey results were projected on the average headcount of the year and converted to $mtCO_2e$ using Defra emission factors.
3 The increase in business travel and employee commuting in 2022 is largely explained by the COVID-19-related travel restrictions throughout 2021.

Sustainability continued

ENVIRONMENTAL RESPONSIBILITY CONTINUED

Water consumption[1]	2021	2020[2]	2019[2]
Total water withdrawals in cubical meter[3 4]	51,734	95,662	139,106
Water intensity in cubical meter/revenues m€	11	21	30

1 Water consumption relates to our owned and leased offices. Data is reported with a one-year lag to ensure a higher data coverage ratio. Water consumption was available for approximately 60% of square meters and extrapolated for the remaining 40%. In 2021, extrapolation is performed at country level.
2 2019 and 2020 are restated, due to a refinement of the extrapolation methodology. In these years, extrapolation is performed at regional level.
3 Water withdrawals decreased by 46% in 2021, mainly explained by saving water in a few large U.S. offices and lower weighted-average square meters.
4 Most of our offices were closed for significant parts of 2020 and 2021 due to the COVID-19 pandemic.

SOCIAL RESPONSIBILITY

We aim to protect people's health and prosperity and contribute to a safe and just society. Our overall risk with respect to social and human rights-related matters is considered relatively low, due to the markets we operate in, the types of products and services we deliver, our highly qualified employees, and the customers and suppliers with whom we deal.

Protecting human rights

We support human rights as outlined in the Universal Declaration of Human Rights, the core standards of the International Labor Organization, the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights. We strive to ensure that our own activities do not infringe human rights. We expect our business partners to support the same human rights standards by committing to our Supplier Code of Conduct or an equivalent standard.

Our approach to human rights is emphasized in our Code of Business Ethics and our Human Rights Policy, and includes topics such as equal opportunity and non-discrimination, health and safety, and fair pay. As a responsible business, we strive to prevent all forms of modern slavery and human trafficking in our supply chains or in any part of our business. We are committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place in our supply chains. Where required by law, we have issued Modern Slavery Statements.

Feedback from our employees is very important, thus we actively engage with works councils and participate in collective bargaining where applicable. We also monitor our employee compensation to ensure our employees earn a living wage, periodically comparing our wages to existing Global Living Wage Coalition (GLWC) benchmarks.

Living wages[1]	2022	2021	2020
% of employees above living wage benchmark[2]	99.9%	100%	100%

1 Living wages are assessed at December 31 and compared to the Global Living Wage Coalition benchmark for approximately 3,000 employees in Brazil, China, India, Mexico, South Africa and Thailand. In countries where this benchmark is not available, it is assumed that all employees are paid a living wage.
2 At December 31, 2022, a very small group of employees based in India and Mexico earned below the living wage benchmark. These employees will receive a raise in 2023 to bring them above the living wage benchmark.

SOCIAL RESPONSIBILITY CONTINUED

Responsible supply chain

We expect our suppliers to uphold the same social and environmental standards to which we are committed. Through our third-party risk management program, we engage with our suppliers to ensure we have a responsible supply chain throughout our global operations. Suppliers who are managed through our central supplier database are required to complete a due diligence questionnaire providing information on their policies for data security and data privacy, human rights and labor conditions, environmental footprint, and more. As part of this, we also request our suppliers to commit to our Supplier Code of Conduct or to their own equivalent standard, requiring them to follow applicable laws and regulations in areas such as human rights, labor conditions, anti-bribery, and the environment. Based on the assigned supplier risk classification, this due diligence is repeated every one to three years. In 2022, the number of suppliers that are centrally managed was increased and more suppliers were invited to the due diligence questionnaire.

Looking forward, we intend to engage more extensively with our suppliers on various sustainability matters to help achieve our own sustainability goals.

Responsible supply chain	2022	2021	2020
In the year, number of suppliers that have signed our Supplier Code of Conduct or have an equivalent standard	627	410	229
Cumulative number of suppliers that have signed our Supplier Code of Conduct or have an equivalent standard	1,527	900	490
In the year, % of centrally managed suppliers for which due diligence procedures were completed	98%	91%	98%
% of major data center suppliers that are certified according to ISO/IEC 27001 standard[1]	100%	100%	100%
% of major data center suppliers that have been reviewed per the Wolters Kluwer Third-Party Risk Management Standard Monitoring schedule[1]	100%	100%	100%
% of major print products suppliers that have been reviewed per the Wolters Kluwer Third-Party Risk Management Standard Monitoring schedule[2]	100%	80%	100%

1 In 2022, major data center suppliers represent approximately 80% of the total server capacity purchased by the group.
2 In 2022, major print product suppliers represent approximately 80% of the total print product spend by the group.

Sustainability continued

SOCIAL RESPONSIBILITY CONTINUED

Community involvement and volunteering

We provide knowledge, experience, resources, and funding to support local communities. Our people, products, and services are available in areas of need to make a sustainable, long-term positive impact. We support community efforts that are aligned with our strategy and select UN Sustainable Development Goals, have a high degree of local impact, and create personal engagement amongst our employees.

Our Volunteer Day Off program offers all employees up to one day off each year to support eligible non-profit organizations that align with our mission and company values. Among other things, employees participated in reforestation activities and park, water, and beach clean-ups, partnering with organizations such as American Forests, Chicago Region Tree Initiative, and the Alliance for the Great Lakes.

Volunteering days	2022	2021	2020
Number of volunteer days spent by employees under our Volunteer Day Off program	668	292	–

We believe in helping employees effectively support the causes that matter most to them. We formalized this by launching the Global Sustainability Awards program for employees. Over 40 entries were submitted, including examples of volunteering in support of communities and the environment, programs to enhance diversity, equity, and inclusion in our workforce and in our products, and examples to improve the sustainability of our customer applications. A panel of internal judges, including our CEO, reviewed all submissions and selected the ENGAGE Impact of the Year and ENGAGE Volunteer of the Year. See the case study below for more information. The winners received a charitable donation or funds towards a sustainability initiative.

Our Green is Green program, an employee-led network that helps to raise awareness of, identify, and implement environmentally friendly practices, expanded its activities in 2022. The network hosted a series of webinars focused on four elements – fire, air, earth, and water – highlighting the latest climate studies, drawing attention to the impact of climate change on women, and showcasing organizations that are working to achieve environmental justice. The network also launched a global campaign to decrease the use of single-use plastics at home and in our offices.

ENGAGE Impact of the Year: DEI Content Guide

The DEI Content Guide advances and elevates our shared values of diversity, equity, and inclusion (DEI) by directing the language and images we include in our Health content. The Guide promotes the development of unbiased and culturally sensitive content in the context of health and patient care. The Guide has the potential of improving care of patients worldwide, providing information that is representative of the diverse customers, healthcare providers, students, and patients we serve.

ENGAGE Volunteer of the Year: Women's Initiative Network

The first Women's Initiative Network (WIN) at Wolters Kluwer founded by Global Business Services focuses on four key areas: networking/events, mentorship, learning and development, and communications of initiatives. WIN has hosted several virtual networking/wellness events, training sessions, Women's History Month celebrations, and piloted a mentorship program. What is more, this organizational model has been leveraged by other divisions as a blueprint to set up their own WIN groups.

Task Force on Climate-related Financial Disclosures (TCFD)

During 2022, we completed a gap assessment and developed a roadmap to align our reporting with the TCFD over the coming years. Below we set out our current disclosures and plans to further align with the TCFD recommendations.

GOVERNANCE	**OUR APPROACH AND ACTIONS –** See also *Corporate Governance* and *Report of the Supervisory Board*
Describe the board's oversight of climate-related risks and opportunities.	Oversight of climate change impacts resides with our Executive Board and Supervisory Board as part of their overall supervision of sustainability matters.
Describe management's role in assessing and managing climate-related risks and opportunities.	The Executive Board and Supervisory Board receive regular formal updates on environmental, social, and governance topics, including climate-related matters. We will further define management's role as we progress our assessment of climate-related risks and opportunities.
STRATEGY	**OUR APPROACH AND ACTIONS**
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.	We are making steady progress in identifying short, medium, and long-term climate-related risks and opportunities. In 2022, we identified a range of potential climate-related physical and transitional risks to put forward for further assessment through a climate scenario analysis. We intend to disclose more details about the climate-related risks and opportunities that we have identified in our 2023 Annual Report.
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	In 2022, we started a preliminary qualitative scenario analysis. This analysis indicated that physical climate-related risks are unlikely to have a material impact on our company. We will further develop our climate scenario analysis and assess the impact of climate-related risks and opportunities in 2023. For the impact of climate-related risks on the estimates and judgments applied in the financial statements, refer to *Note 3 - Accounting Estimates and Judgments.*
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have selected two different climate-related scenarios – Business As Usual and 1.5 degrees warming – to assess and explore our risks and opportunities in a range of potential future states and time horizons. To assess physical risks, we are using Relative Concentration Pathways scenarios from the IPCC. To assess transition risks, we are using World Energy Outlook scenarios from the International Energy Agency. We intend to disclose the outcomes of the qualitative climate scenario analysis in our 2023 Annual Report.
RISK MANAGEMENT	**OUR APPROACH AND ACTIONS –** See also *Risk Management*
Describe the organization's processes for identifying and assessing climate-related risks.	Starting in 2021, we have been assessing the impacts of climate change annually as part of the risk assessment process led by our Corporate Risk Committee. In 2022, we broadened this process by holding a working session to examine potential physical and transition climate-related risks for the company.
Describe the organization's processes for managing climate-related risks.	Our Corporate Risk Committee monitors material risks and determines mitigating actions with a focus on company-wide, non-business specific risks. These includes risks which may result from climate change, such as the risk of business disruption due to adverse weather conditions. Once we have completed and analyzed the results of the climate impact assessment, we will determine how to monitor and manage the identified risks and opportunities.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate-related risks have been integrated in our annual risk assessment process since 2021. In 2022, climate change was added as a new risk in our enterprise risk management process, which is led by our Corporate Risk Committee and approved by the Executive Board and Audit Committee.
METRICS AND TARGETS	**OUR APPROACH AND ACTIONS –** See also *Sustainability – Environmental responsibility*
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	We have committed to reduce our emissions in line with 1.5°C global warming and reaching net-zero no later than by 2050. Early 2023, we have submitted near-term targets to the Science Based Targets initiative for validation. We also have a target for the elimination of on-premise servers as part of our journey to the cloud program.
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Our metrics to assess climate-related risks are included in the *Environmental responsibility* section of this Sustainability chapter.
Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	We disclose our scope 1, scope 2, scope 3.6 and 3.7 GHG emissions, as well as 2019 base year GHG emissions of all other material scope 3 emission categories.

Sustainability continued

NON-FINANCIAL INFORMATION STATEMENT

We disclose non-financial information as required under the Non-Financial Information Decree (Besluit bekendmaking niet-financiële informatie) and section 2:391(1) of the Dutch Civil Code. As such, we have issued a non-financial information statement. The table below provides an overview of the relevant sections per topic.

Responsible supply chain	*Sub-topic*	*Relevant sections of annual report*
Business model	Description of the company's business model	Business model and strategy Stakeholders and value creation
Environmental matters	Description of policies Outcome of policies How risks are managed Non-financial key performance indicators: • Energy consumption and water consumption of offices; • Scope 1, 2, 3.6, and 3.7 GHG emissions; • % revenues from digital and services; • Number of suppliers that signed our Supplier Code of Conduct or have an equivalent; • % organic reduction of real estate; and • Number of servers decommissioned.	Sustainability – Environmental responsibility Sustainability – Social responsibility – Responsible supply chain Risk management – Business interruption Sustainability – Materiality
Social and employee matters	Description of policies Outcome of policies How risks are managed Non-financial key performance indicators: • % of gender diversity; • % of ethnic diversity (U.S.); • Employee engagement score; • Employee belonging score; • Employee turnover rate; • Performance review rate; • Optional learning hours; • % of family-related leaves (U.S.); • % of employees with disabilities (U.S.); and • Volunteer days spent by employees.	Sustainability – Employee engagement and talent management Sustainability – Diversity, equity, inclusion, and belonging Sustainability – Social responsibility Risk Management – Talent and organization Sustainability – Materiality
Human rights matters	Description of policies Outcome of policies How risks are managed Non-financial key performance indicators: • Number of suppliers that signed our Supplier Code of Conduct or have their own equivalent; and • % of employees above living wage benchmark.	Sustainability – Social responsibility Sustainability – Materiality Risk Management – Regulatory and compliance

NON-FINANCIAL INFORMATION STATEMENT CONTINUED

Responsible supply chain	*Sub-topic*	*Relevant sections of annual report*
Anti-corruption and bribery matters	Description of policies Outcome of policies How risks are managed Non-financial key performance indicators: • % of employees that completed the Annual Compliance Training; • Number of SpeakUp concerns; and • Number of suppliers that signed our Supplier Code of Conduct or have an equivalent.	Sustainability – Ethics, compliance, and governance Sustainability – Social responsibility – Responsible supply chain Sustainability – Materiality Risk Management – Regulatory and compliance

EU TAXONOMY REGULATION DISCLOSURE

We disclose information on how and to what extent our activities are associated with economic activities that qualify as environmentally sustainable in accordance with Regulation of the European Union 2020/852 (Taxonomy Regulation). The Taxonomy Regulation lays out a classification system to define environmentally sustainable economic activities based on technical screening criteria. We reviewed our economic activities against the technical screening criteria for economic activities with significant contribution to climate change mitigation and adaptation (as described in Annex I and Annex II of the Delegated Act supplementing the Taxonomy Regulation) to determine whether we have any Taxonomy-eligible activities. After careful review of the technical screening criteria, we have concluded that immaterial economic activities carried out by Wolters Kluwer can be considered as eligible activity under the Taxonomy Regulation. As we have immaterial eligible activities, we did not disclose the tables as prescribed by Article 2.2 of the Commission Delegated Regulation EU 2021/2178.

EU Taxonomy KPIs for 2022	Turnover	CapEx	OpEx
Eligible and aligned	0%	0%	0%
Eligible and not aligned	0%	0%	0%
Not eligible	100%	100%	100%
Total	100%	100%	100%

Governance

SECTION OVERVIEW

GOVERNANCE

Corporate Governance

This chapter provides an outline of the broad corporate governance structure of the company. Wolters Kluwer N.V., a publicly listed company organized under Dutch law, is the parent company of the Wolters Kluwer group. The corporate governance structure of the company is based on the company's Articles of Association, the Dutch Civil Code, the Dutch Corporate Governance Code published in 2016 (the 'Corporate Governance Code'), and all applicable laws and regulations.

INTRODUCTION

The company has a two-tier board structure consisting of an Executive Board and a Supervisory Board. The Executive Board and the Supervisory Board are responsible for the corporate governance structure. This Corporate Governance chapter includes the corporate governance statement as specified in section 2a of the Decree with respect to the contents of the annual management report (Besluit inhoud bestuursverslag). Wolters Kluwer complies with all Principles and Best Practice Provisions of the Corporate Governance Code, unless stipulated otherwise in this chapter. Potential future material corporate developments might, after thoughtful considerations, justify deviations from specific topics and recommendations as included in the Corporate Governance Code, which will always be clearly explained.

The Dutch Corporate Governance Code is available at www.mccg.nl

The company has reviewed the new Corporate Governance Code which was published in December 2022 and will become applicable as of reporting year 2023. The company will work on implementation of the revised Corporate Governance Code during 2023 and report on compliance in its 2023 Annual Report.

EXECUTIVE BOARD

The Executive Board consists of the CEO and CFO and is entrusted with the management and day-to-day operations of the company. The Executive Board is responsible for achieving the company's aims, the strategy and associated risk profile, the development of results, and sustainability and environmental, social, and governance (ESG) matters. The responsibilities are set out in the By-Laws of the Executive Board, which have been approved by the Supervisory Board. In fulfilling its management responsibilities, the Executive Board takes into account the interests of the company and its affiliated businesses, as well as the relevant interests of the company's stakeholders. The members of the Executive Board are appointed by the General Meeting of Shareholders. The full procedure for appointment and dismissal of members of the Executive Board is explained in the company's Articles of Association. Information on the members of the Executive Board is provided in the section *Executive Board and Supervisory Board.*

→ **See our Executive Board and Supervisory Board on** page 79

Remuneration

The remuneration of the Executive Board is determined by the Supervisory Board based on the remuneration policy adopted by the General Meeting of Shareholders in the 2021 Annual General Meeting of Shareholders by a majority of 97% of the share capital represented. The Supervisory Board is responsible for the execution of the remuneration policy, based on the advice of the Selection and Remuneration Committee. Detailed information about the remuneration policy and its application in 2022 can be found in the *Remuneration Report*.

Under the Long-Term Incentive Plan (LTIP), Executive Board members can earn ordinary shares after a vesting period of three years, subject to clear and objective three-year performance criteria established in advance. Pursuant to the amended remuneration policy, the Executive Board members are required, in line with Best Practice Provision 3.1.2 (vi) of the Corporate Governance Code, to hold the earned shares (net of taxes) after vesting for two more years (starting with the 2021-2023 performance period). However, if an Executive Board member is eligible for a company-sponsored deferral program and chooses to participate by deferring LTIP proceeds upon vesting, then such Executive Board member will be required to hold the remaining vested shares or a minimum of 50% of vested shares (net of taxes), whichever is higher, for a two-year period. For the prior performance periods up to and including the 2020-2022 cycle, Executive Board members are not required to retain the shares for a period of two years post vesting.

Corporate Governance continued

Term of appointment

Since the introduction of the first Corporate Governance Code in 2004, Executive Board members are appointed for a period of four years after which reappointment is possible, in line with Best Practice Provision 2.2.1 of the Corporate Governance Code. The existing contract with Ms. McKinstry, who was appointed before the introduction of the first Corporate Governance Code and has an employment contract for an indefinite period, will remain honored.

Severance arrangements

With respect to future Executive Board appointments, the company will, as a policy, comply with Best Practice Provision 3.2.3 of the Corporate Governance Code regarding the maximum severance remuneration in the event of dismissal. In line with this Best Practice Provision, the contract with Mr. Entricken contains a severance payment of one year's base salary. However, the company will honor the existing contract with Ms. McKinstry who was appointed before the introduction of the first Dutch Corporate Governance Code.

Change of control

The employment contracts of the Executive Board members and a small group of senior executives contain stipulations with respect to a change of control of the company. According to these stipulations, in the case of a change of control, the relevant persons will receive 100% of the number of conditional rights on shares awarded to them with respect to pending Long-Term Incentive Plans of which the performance periods have not yet ended. In addition, they are entitled to a cash severance payment if their employment agreements would end following a change of control.

SUPERVISORY BOARD

The Supervisory Board supervises the policies of the Executive Board and the general affairs of the company and its enterprise, taking into account the relevant interests of the company's stakeholders, and advises the Executive Board. The supervision includes the implementation of the long-term value creation strategy, the effectiveness of the company's internal risk management and control systems, and the integrity and quality of the financial reporting. The Supervisory Board also has due regard for sustainability and ESG matters. In addition, certain resolutions of the Executive Board must be approved by the Supervisory Board.

These resolutions are listed in the By-Laws of the Supervisory Board and include:

- Transactions in which there are conflicts of interest with Executive Board members that are of material significance for the company or the Executive Board member;
- Acquisitions or divestments of which the value is at least equal to 1% of the annual consolidated revenues of the company;
- The issuance of new shares or granting of rights to subscribe for shares; and
- The issuance of bonds or other external financing of which the value exceeds 2.5% of the annual consolidated revenues.

The responsibilities of the Supervisory Board are set out in the By-Laws of the Supervisory Board.

Appointment and composition

The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of Supervisory Board members is explained in the company's Articles of Association. The current composition of the Supervisory Board can be found in the sections *Executive Board and Supervisory Board*, and *Report of the Supervisory Board*. The composition of the Supervisory Board will always be such that the members are able to act critically and independently of one another, the Executive Board, and any particular interests. As a policy, the Supervisory Board in principle aims for all of its members to be independent of the company, which is currently the case. The independence of Supervisory Board members is monitored on an ongoing basis, based on the criteria of independence as set out in Best Practice Provisions 2.1.7 and 2.1.8 of the Corporate Governance Code and Clause 1.5 of the Supervisory Board By-Laws.

The number of supervisory board memberships of all Supervisory Board members is limited to such extent that the proper performance of their duties is assured. The number of board memberships of all Supervisory Board members is currently in compliance with the maximum number of board seats allowed under Dutch law.

Further information on the Supervisory Board members can be found in the section *Executive Board and Supervisory Board*.

→ **See Executive Board and Supervisory Board on** page 79

Provision of information

We consider it important that the Supervisory Board members are well-informed about the business and operations of the company. The Chair of the Supervisory Board, the CEO and Chair of the Executive Board, and the Company Secretary monitor, on an ongoing basis, that the Supervisory Board receives adequate information. In addition, the CEO sends written updates to the Supervisory Board about important events. The Chair of the Supervisory Board and the CEO hold several meetings and calls per year outside of formal meetings, to discuss the course of events at the company.

The Supervisory Board also has direct contact with layers of management below Executive Board level. Operating managers, including divisional CEOs, are regularly invited to present to the Supervisory Board on the operations in general and business development. In addition, the company facilitates visits to business units and individual meetings with staff and line managers. Various members of staff also attend Audit Committee and Selection and Remuneration Committee meetings.

Committees of the Supervisory Board

The Supervisory Board has two standing committees: the Audit Committee and the Selection and Remuneration Committee. The responsibilities of these committees can be found in their respective Terms of Reference. A summary of the main activities of these committees, as well as the composition, can be found in the *Report of the Supervisory Board.*

Remuneration

The remuneration of the Supervisory Board members is determined by the General Meeting of Shareholders. The remuneration does not depend on the results of the company. The Supervisory Board members do not receive shares or stock options by way of remuneration, nor are they granted loans. The remuneration policy was adopted by the General Meeting of Shareholders in 2021. For more information on remuneration, see *Remuneration Report.*

→ **See Remuneration Report on** page 87

DIVERSITY

Diversity, equity, inclusion, and belonging (DEIB) is an important topic for the Supervisory Board and Executive Board. The diversity policy for the Supervisory Board is included as an annex to the Supervisory Board By-Laws. Elements of diversity include nationality, gender, age, and expertise. Based on Dutch law, the Supervisory Board must have a representation of at least 33% male and at least 33% female. For the Executive Board, we also have a target of at least 33% representation of both male and female. These targets are currently met. In accordance with Dutch legislation which became applicable in 2022, we have also set a target to increase the female representation in our executive career band by 2% by 2028 from a 2022 baseline. In the coming years we will work towards achieving this through equitable and inclusive employee practices and experiences that improve female representation in hiring, promotions, and talent retention. Our Chief Human Resources Officer reports into our CEO and Chair of the Executive Board, who as such has ultimate responsibility for the DEIB strategy and the execution thereof. For more information on DEIB, see *Sustainability*. Currently, the male/female representation of the Supervisory Board is 43/57% and of the Executive Board 50/50%. The Supervisory Board composition also comprises expertise within the broad information industry as well as specific market segments in which the company operates. Four nationalities are represented on the Supervisory Board. The composition of the Supervisory Board is in line with its diversity policy, Dutch law, and the competency, skills, and experience requirements as decribed in its profile.

→ **See our Executive Board and Supervisory Board on** page 79

INSIDER DEALING POLICY

The members of the Executive Board and the Supervisory Board are bound to the Wolters Kluwer Insider Dealing Policy and are not allowed to trade in Wolters Kluwer securities when they have inside information or during closed periods. These periods begin either on the first business day of the quarter, or 30 calendar days prior to the publication of Wolters Kluwer's annual results, half-year results, first-quarter trading update, and nine-month trading update, whichever is earlier. The day after the announcement of these results or updates, the Board members can trade again, with prior approval of the securities compliance officer, which will be granted if they do not have inside information at that point in time.

CULTURE

Our Executive Board is responsible for setting the tone for our culture from the top. The Executive Board has adopted company values that serve as guidelines for our employees and are at the heart of the company's future success. Our values propel us to put the customer at the center of everything we do, honor our commitment to continuous improvement and innovation, aim high and deliver the right results, and most importantly: win as a team. Our values are a key part of our company culture and are also integrated into our Code of Business Ethics, that sets forth the ethical standards that are the basis for our decisions and actions, and for achieving our goals. The Executive Board and the Supervisory Board are committed to ensure high standards of ethics and integrity and promote openness through our SpeakUp program. Our employees receive Annual Compliance Training about our Code of Business Ethics and other key compliance policies and SpeakUp. In 2022, 99% of employees completed the Annual Compliance Training. More information on our Code of Business Ethics and SpeakUp program can be found in the chapter *Sustainability.*

→ **Read more about our Code of Business Ethics on** page 49

RISK MANAGEMENT

The Executive Board is responsible for identifying and managing the risks associated with the company's strategy and activities and is supervised by the Supervisory Board. The Audit Committee undertakes preparatory work for the Supervisory Board in this area. Wolters Kluwer has implemented internal risk management and control systems which are embedded in the operations of the businesses to identify significant risks to which the company is exposed, and to enable the effective management of those risks. The aim of the systems is to provide a reasonable level of assurance on the reliability of financial reporting. For a detailed description of the risks and the internal risk management and control systems, reference is made to *Risk Management.*

→ **See Risk Management on** page 67

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE MATTERS

The Executive Board and the Supervisory Board are committed to and oversee Wolters Kluwer's sustainability and ESG priorities and performance. The Executive Board discusses the progress on the ESG priorities in quarterly update meetings with the Corporate ESG team, in addition to individual updates as appropriate by relevant functional owners. The Supervisory Board is informed on a regular basis as well. The Executive Board and Supervisory Board provide feedback that shapes the development of relevant ESG initiatives. For a detailed description of our ESG performance, reference is made to *Sustainability.*

→ **See Sustainability on** page 36

Corporate Governance continued

50%

of the Executive Board members are female

SHAREHOLDERS AND THE GENERAL MEETING OF SHAREHOLDERS

At least once a year, Wolters Kluwer holds a General Meeting of Shareholders. The agenda of the Annual General Meeting of Shareholders shall in each case contain the report of the Executive Board, the report of the Supervisory Board, the Remuneration Report, the adoption of the financial statements, and the proposal to distribute dividends or other distributions. Resolutions to release the members of the Executive Board and the Supervisory Board from liability for their respective duties is voted on separately.

In 2022, shareholders with voting rights for approximately 79% of the issued capital of the company were represented at the Annual General Meeting of Shareholders. Shareholders who alone or jointly represent at least half a percent (0.5%) of the issued capital of Wolters Kluwer shall have the right to request the Executive Board or Supervisory Board to put items on the agenda of a General Meeting of Shareholders, provided that such requests are made in writing at least 60 days before a General Meeting of Shareholders.

AMENDMENT ARTICLES OF ASSOCIATION

A resolution to amend the Articles of Association may only be passed by the General Meeting of Shareholders at the proposal of the Executive Board, subject to the approval of the Supervisory Board.

ISSUANCE OF SHARES

The Articles of Association of the company determine that shares may be issued at the proposal of the Executive Board and by virtue of a resolution of the General Meeting of Shareholders, subject to designation of the Executive Board by the General Meeting of Shareholders. At the Annual General Meeting of Shareholders of April 21, 2022, the Executive Board was granted the authority for a period of 18 months to issue new shares, with exclusion of pre-emptive rights, subject to approval of the Supervisory Board. The authorization is limited to a maximum of 10% of the issued capital on the date of the meeting.

ACQUISITION OF SHARES IN THE COMPANY

Acquisition of shares in the company (share buybacks) may only be effected after authorization by the General Meeting of Shareholders, and while respecting the restrictions imposed by the Articles of Association of the company. At the Annual General Meeting of Shareholders of April 21, 2022, the authorization to acquire shares in the company was granted to the Executive Board for a period of 18 months. The authorization is limited to a maximum of 10% of the issued capital on the date of the meeting. On December 31, 2022, Wolters Kluwer N.V. held 8,801,532 shares in the company (3.42% interest).

PREFERENCE SHARES

Wolters Kluwer N.V. and the Wolters Kluwer Preference Shares Foundation (the Foundation) have concluded an agreement based on which preference shares can be taken by the Foundation. This option on preference shares is at present a measure that could be considered as a potential protection at Wolters Kluwer against exercising influence by a third party on the policy of the company without the consent of the Executive Board and the Supervisory Board, including events that could threaten the strategy, continuity, independence, identity, or coherence between the activities of the company. The Foundation is entitled to exercise the option on preference shares in such a way that the number of preference shares taken will be no more than 100% of the number of issued and outstanding ordinary shares at the time of exercise. Among others by the exercise of the option on the preference shares by the Foundation, the Executive Board and the Supervisory Board will have the possibility to determine their position with respect to, for example, a party making a bid on the shares of Wolters Kluwer and its plans, or with respect to a third party that otherwise wishes to exercise decisive influence, and enables the Boards to examine and implement alternatives. All members of the Board of the Foundation are independent from the company.

→ **See the Report of the Wolters Kluwer Preference Shares Foundation on** page 225

INFORMATION PURSUANT TO DECREE CLAUSE 10 TAKE-OVER DIRECTIVE

The information specified in both clause 10 of the Take-over Directive and the Decree, which came into force on December 31, 2006 (Decree Clause 10 Take-over Directive), can be found in this chapter and in *Wolters Kluwer Shares and Bonds*.

→ **See Wolters Kluwer Shares and Bonds on** page 226

LEGAL STRUCTURE

The ultimate parent company of the Wolters Kluwer group is Wolters Kluwer N.V. In 2002, Wolters Kluwer N.V. abolished the voluntary application of the structure regime (structuurregime). As a consequence, the structure regime became applicable to Wolters Kluwer Holding Nederland B.V., which is the parent company of the Dutch operating subsidiaries. Wolters Kluwer International Holding B.V. is the direct or indirect parent company of the operating subsidiaries outside of the Netherlands.

For additional information and documents related to the Corporate Governance structure of Wolters Kluwer, including the Articles of Association, By-Laws of the Executive Board, By-Laws of the Supervisory Board, Terms of Reference of the Audit Committee, Terms of Reference of the Selection and Remuneration Committee, and the Remuneration Policy for the Supervisory Board, please visit the Corporate Governance section on our website.

The Articles of Association, By-Laws of the Executive Board, By-Laws of the Supervisory Board, Terms of Reference of the Audit Committee, Terms of Reference of the Selection and Remuneration Committee, and the Remuneration Policy for the Supervisory Board are available at www.wolterskluwer.com/en/investors/governance/policies-and-articles

Risk Management

This section provides an overview of our approach to risk management. It also includes an overview of the main risks we identify and the actions we take to mitigate these risks.

INTRODUCTION

In 2022, the world has seen more and intensifying crises and interlocking risks, including geopolitical tensions, looming recessions, accelerating inflation, pressure on employee welfare, global skills deficits, and an increasingly industrialized cyberattack landscape. While these developments impact us to varying degrees, our overall risk profile remains relatively unchanged. Although the outlook for 2023 is uncertain on many fronts, there is confidence in our ability to execute our strategy and demonstrate its resilience in the face of crises and marketplace challenges.

RESPONSIBILITY FOR RISK MANAGEMENT

Our Executive Board is responsible for overseeing risk management and internal controls at Wolters Kluwer. Our CEO is responsible for strategic and operational risks and our CFO is responsible for legal & compliance and financial & financial reporting risks. The Supervisory Board supervises the Executive Board regarding the effectiveness of the internal risk management and control systems. On behalf of the Supervisory Board, the Audit Committee monitors the efficiency of our risk management system. It also carries out preparatory work for the annual discussion within the full Supervisory Board around the effectiveness of our internal risk management and control systems.

Our Corporate Risk Committee monitors material risks and mitigating actions with a focus on company-wide, non-business specific risks. This committee also oversees the mitigation of certain risks that emerge and require a centralized approach. The Corporate Risk Committee is chaired by our CFO and comprises representatives of the various functional departments, including Internal Audit, Internal Control, Legal and Compliance, Sustainability, Human Resources, Treasury, Tax, and Global Information Security, and reports quarterly to the Audit Committee and the Executive Board.

RISK MANAGEMENT PROCESS

We operate internal risk management and control processes, which are generally integrated into the operations of the businesses. The aim is to identify significant risks to which the company is exposed in a timely manner, to manage those risks effectively, and to provide a reasonable level of assurance on the reliability of the financial reporting of the Wolters Kluwer group.

Our Executive Board reviews an annual assessment of pertinent risks and mitigating actions. It diligently evaluates that assessment against the pre-defined risk appetite. Based on this assessment, the Executive Board reviews the design and effectiveness of the internal risk management and control systems. In doing so, it considers the company's risk appetite and the recommendations from internal assurance functions and the Corporate Risk Committee. Our internal risk management and control systems cannot provide absolute assurance for the achievement of our company's objectives or the reliability of the financial reporting, or entirely prevent material errors, losses, fraud, and violation of applicable laws and regulations.

Managing risks is integrated into the operations of our divisions and operating entities, supported by several staff functions. The Executive Board is informed by divisional management about risks on divisional and operational entity levels as part of the regular planning and reporting cycles.

INTERNAL CONTROL SYSTEMS

Our Internal Control Framework for financial reporting (ICF) is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) 2013 framework. It is designed to provide reasonable assurance that the results of our business are accurately reflected in our internal and external financial reporting.

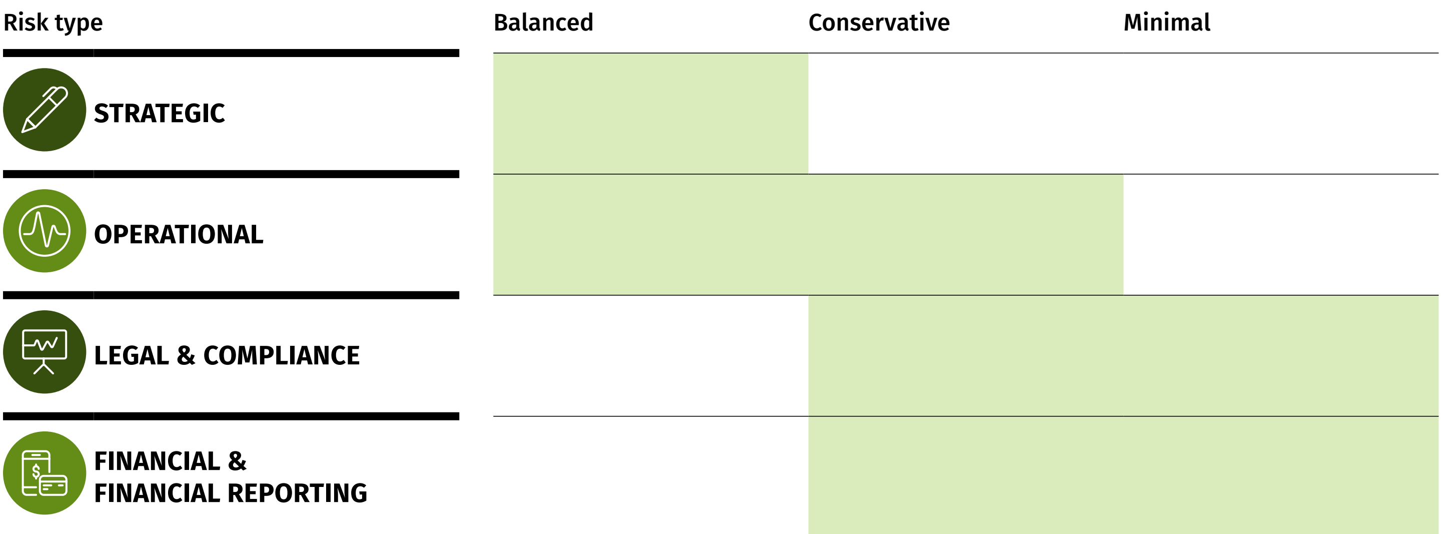
The ICF is deployed by the operating business units and central functions and reviewed and tested by internal control officers. We carry out an annual risk assessment program for financial and IT general control risks to determine the scope and controls to be tested. As part of that scope, key controls are tested annually. The test results are reported to the Executive Board, the Audit Committee, and internal auditors on a quarterly basis. Where needed, remedial action plans are designed and implemented to address significant risks as derived from internal control testing, and internal and external audits.

INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

Our global Internal Audit department provides independent and objective assurance and advice. It is guided by a philosophy of adding value by continuously improving, where deemed fit for purpose, the maturity of our operations. Internal Audit takes a systematic and disciplined approach to evaluating and improving the effectiveness of our organization's governance, risk management, and internal controls.

Risk Management
continued

RISK APPETITE



Our Internal Audit department works according to an audit plan which is discussed with the external auditors, the Executive Board, and the Audit Committee. The plan, which is approved by the Executive Board and the Supervisory Board, is based on risk assessments. It focuses on strategy execution, financial reporting risks, and operational risks, including IT-related risks.

Our global Risk Management department facilitates risk prevention, protection, response, and recovery programs via procurement of insurance; incident and related claims management, and business continuity management; loss control programs; and other initiatives to mitigate specific risks.

RISK TYPES AND CATEGORIES

On the following pages, we set out the main risks we have identified up to the date of this annual report and the actions we are taking to prevent or mitigate the occurrence and/or impact of these risks. It is not our intention to provide an exhaustive description of all possible risks. There may be risks that are not yet known or that we have not yet fully assessed. Some existing risks may have been assessed as not significant. However, they could develop into a material exposure for our company in the future and have a significant adverse impact on our business.

Our risk management and internal control systems have been designed to identify, mitigate, and respond to risks in a timely manner. However, it is not possible to attain absolute assurance.

RISK APPETITE

We qualify the risk appetite of our main risks as balanced, conservative, or minimal. To achieve our strategic goals, we are prepared to take duly balanced risks in certain strategic areas, such as acquisitions, expansion in high-growth countries, and the launch of new innovative products. For other risk categories, our approach towards risks could be qualified as conservative, and as minimal for certain legal and compliance and financial and financial reporting risk categories. We carefully weigh risks against potential rewards.

EMERGING RISKS

Starting in 2021, climate change has been integrated in our annual risk assessment process. Climate-related risks are recognized as emerging risks that we assess and monitor. See the section *Task Force on Climate-related Financial Disclosures* on page 59 for more information about climate-related risks. Other risks which emerged in recent years and that we continue to monitor include data privacy (reported under the regulatory and compliance risk) and data governance. The latter area continues to be of interest as we continue to accumulate more and new types of (sensitive) data, and deal with the growing exposure to regulatory, ethical, and data security risks.

STRATEGIC
- Macroeconomic conditions
- Competition
- Changes in technology, business models, and customer preferences
- Mergers and acquisitions
- Divestments

OPERATIONAL
- IT and cybersecurity
- Supply chain dependency and project execution
- Talent and organization
- Fraud
- Business interruption
- Brand and reputation

LEGAL & COMPLIANCE
- Regulatory and compliance
- Contractual compliance
- Intellectual property protection
- Legal claims

FINANCIAL & FINANCIAL REPORTING
- Treasury
- Post-employment benefits
- Taxes
- Misstatements, accounting estimates and judgments, and reliability of systems

Emerging risks: climate change and data governance

STRATEGIC RISKS

Risk description and impact	*Mitigation*
Macroeconomic conditions Demand for our products and services may be adversely affected by factors beyond our control, such as economic conditions, pandemics, government policies, political uncertainty, acts of war, and civil unrest.	We monitor relevant political and macroeconomic developments (e.g., the Russian-Ukrainian war, the global COVID-19 pandemic, inflation, and energy markets) so we can respond quickly to risks and opportunities. We take steps to minimize the impact on our financial performance while also continuing to support our customers and employees. Recurring revenues represent approximately 80% of our consolidated group revenues, providing visibility and resilience in times of uncertainty. Our exposure to a diverse range of customer segments and geographic markets, with a variety of products and services, reduces the impact of sector- or country-specific uncertainty. Most of our subscription-based digital information and software products are critical to the workflow of our customers, providing further resilience. During times of uncertainty, our business units, in particular those that are exposed to transactional or other non-recurring revenues, can deploy a range of actions to support revenues and defend profits. For example, we can place greater efforts on retention, cross-selling, and upselling to existing customers and take a defensive approach to pricing to support revenues. Where possible, we will pivot new sales efforts towards sectors and customer segments that are less affected by market conditions. At the same time, our businesses can adjust discretionary spending to defend margins.
Competition We operate in competitive markets, facing both large established competitors and new market entrants, and may be adversely affected by competitive dynamics.	We focus on our customers' success and on building long-term customer relationships. We carefully evaluate and implement an appropriate response to competitive threats in the markets which we operate in. Our product and service offerings are varied and very specialized, often embedded in the professional's daily workflow, and span multiple customer segments, forming a natural defense against existing or potential new competitors. Strategically, we invest approximately 10% of revenues each year under our current three-year strategic plan in product development to enhance and expand our *expert solutions* and to transform our information products so we can maintain or strengthen our competitive positions and support innovation and growth.

Risk Management
continued

STRATEGIC RISKS CONTINUED

Risk description and impact	*Mitigation*
Changes in technology, business models, and customer preferences Demand for our products and services could be affected by disruptive new technologies, changes in revenue models, evolving customer preferences, and other market developments.	We monitor trends in the markets in which we operate, such as technological developments, and consider how these might affect our businesses in the short term and long term. We also monitor customer needs and preferences by tracking net promoter scores, by engaging with customers through advisory boards, and by hosting and participating in industry conferences. This deep understanding of our customers' needs and workflows, combined with our understanding of new technologies, helps us align our offerings to long-term market trends. A core tenet of our strategy is to reinvest approximately 10% of group revenues into product development, so we can keep our solutions relevant. This investment includes the deployment of advanced technologies and the development of cloud-based solutions.
Mergers and acquisitions We supplement organic growth with selected acquisitions which expose us to a variety of risks that could affect the future revenues and profits of the acquired businesses. These risks are related to factors such as the retention of customers and key personnel, the process of integrating the target, the controls surrounding the target's IT security and supply chain, and the competitive response.	We apply strict strategic and financial criteria in our acquisition process. In general, acquisitions are expected to cover our after-tax weighted-average cost of capital within three to five years and to be accretive to diluted adjusted earnings per share in the first full year of ownership. Investment decisions are very selective. We focus on businesses with proven track records and relatively predictable or recurring revenues that we expect to enhance our growth or margin. We prefer to acquire businesses that present strategic synergies with our existing operations. Capital allocation towards acquisitions is balanced across our divisions and across geographic regions. We conduct extensive due diligence of acquisition targets, using internal expertise and external due diligence professionals, including those with deep expertise in relevant industry verticals. In recent years, we have increased our due diligence efforts around data privacy and IT security and have employed a more standardized approach to IT and software due diligence. We have an annual review process of acquisitions, looking back three years, and incorporate lessons learned from prior transactions into our process. We use contractual indemnities and warranties from the seller and deal structures designed to retain management and we assure alignment between the purchase price and the performance of the acquired company. Post-acquisition plans are developed with the support of our corporate integration team. The Executive Board approves acquisition integration plans prior to completing acquisitions and actively monitors acquisitions after completion.
Divestments Occasionally, we choose to divest assets that are no longer core to our strategy. The divestment process entails risks that could have an adverse impact on the performance and valuation of the assets and our ability to complete a divestment process.	To mitigate risks related to material divestments, we prepare detailed carve-out plans and financials, covering human resources, technology, supply chains, and other functions. We also perform vendor due diligence prior to negotiations. In many cases, we engage external advisors to execute transactions.

OPERATIONAL RISKS

Risk description and impact	*Mitigation*
IT and cybersecurity **Our business is exposed to IT-related risks and cyber threats that could affect our IT infrastructure, system availability, application availability, and the confidentiality and integrity of information.**	We operate a global cybersecurity program to protect our organization, products, and customers. This program governs the execution of cybersecurity projects and provides management accountability at various levels. The program is assessed annually by an independent third party and is based on the National Institute of Standards and Technology Cybersecurity Framework (NIST-CSF). We maintain a Global Information Security Policy and work to keep all operations aligned to this standard. IT General Controls form an integral part of Wolters Kluwer's Internal Control Framework and are aligned with our Global Information Security Policy. We periodically test controls over data and security programs to ensure we protect confidential and sensitive data. We assess controls against industry standards such as American Institute of Certified Public Accountants (AICPA) criteria and International Organization of Standard (ISO) requirements. We complete regular SOC 2 attestations of our cloud-managed services and conduct risk due diligence for all critical vendors. We have IT disaster recovery and incident management capabilities in place to respond to cyberattacks. All employees are required to complete annual online education on our IT security policy and training on security awareness. Our employees' mobile devices are protected using a mobile device management solution while multi-factor authentication has been implemented for all users with access to our critical internal IT systems.
Supply chain dependency and project execution **Our operations depend on third-party suppliers and could be adversely affected by poor performance. Suppliers include providers of cloud services, outsourced and offshored data center services, software development and maintenance services, back-office transaction-processing services, and other services. Projects to implement new technology-related initiatives or drive cost efficiencies are subject to execution risks.**	Global Business Services, through its Sourcing & Procurement team, manages all centralized sourcing and procurement activities. This team uses an enterprise-wide solution and a consistent process for supplier onboarding and third-party risk management. We carefully select and screen suppliers using regularly updated criteria. Detailed operating service agreements are put in place with our suppliers and performance during the term of such agreements is monitored by oversight boards and program management teams. We ask suppliers that are managed through Global Business Services to sign the Wolters Kluwer Supplier Code of Conduct or to provide an equivalent standard. In 2022, we began a multi-year project to implement a new, state-of-the-art enterprise-wide supply chain risk management process that ensures a consistent approach to the intake of third-party services globally. This process aims to provide a consistent assessment of risk prior to contracting; a formalized issue management process; tailored contracting to mitigate business risks; monitoring of suppliers against a tiered supplier management model; and comprehensive inherent and residual third-party risk analysis reporting to business leadership, with the ability to respond quickly to specific inquiries. Selected internal implementation projects are monitored by our Corporate Quality Assurance team. The team aims to improve the success rate of large initiatives by providing assurance that these projects can move to the next stage of development or implementation, and by transferring lessons learned from one project to another. This team also supports the standardization of change methodologies and frameworks.

Risk Management
continued

OPERATIONAL RISKS CONTINUED

Risk description and impact	*Mitigation*
Talent and organization Our ability to execute on our strategic plan, including delivering on product development roadmaps and other investments, is highly dependent on our ability to attract, develop, and retain talent globally.	Our extensive global talent management program aims to attract, retain, engage, and develop the diverse talent we need to support our success as a business. This program includes talent development, learning programs, talent recruitment and retention, and succession planning. Our global talent management function is supported by state-of-the-art, cloud-based human resources technology. This facilitates an analytical and data-driven approach and regular internal reporting of HR metrics. We conduct an employee engagement survey each year to measure levels of engagement and belonging and provide management with current insights on how to support and retain our highly engaged, high-performing workforce. We also regularly review and update our reward structures and programs to maintain market competitiveness to ensure we can attract and motivate talent. During 2022, we continued to prioritize the recruitment and retention of talent in a very competitive market in order to have the resources to execute our strategic plan.
Fraud We may be exposed to internal or external fraudulent or related criminal actions. These include cyber fraud and theft of tangible or intangible assets from the company.	Our Corporate Risk Committee frequently reviews potential exposure to fraudulent activities so we can take appropriate and timely action. We conduct regular reviews of adherence to the Code of Business Ethics, the Wolters Kluwer Internal Control Framework, and other relevant frameworks and policies. These policies and anti-fraud controls include effective segregation of duties; defined approvals and delegations of authority; independent internal and external audits; risk-based assessments including fraud; training; information and communication; and an anonymous reporting hotline for concerns. Our anti-fraud prevention, detection, protection, response, and recovery activities include the use of technology to identify threats; annual compliance training for all employees; awareness campaigns by our information security and corporate functions; internal fraud alerts; anti-fraud and anti-cybercrime workshops and training for at-risk businesses and functions; sharing of case studies and best practices; and measures within our Supplier Code of Conduct and anti-fraud protections integrated into our vendor management processes and payment card and banking practices. Employees and vendors are encouraged to “pause for cause” and report suspected activities, including fraud, via appropriate channels. We continuously evaluate and improve our anti-fraud related process controls and procedures, including reviewing manual controls and automating controls where possible. As a consequence of increased work from home and the steady rise in ransomware attacks globally, we expect cyber fraud risks may be amplified and continue to assess and evolve the measures in place.

OPERATIONAL RISKS CONTINUED

Risk description and impact	*Mitigation*
Business interruption Our business could be affected by major incidents, such as cyberattacks, human events (e.g., civil unrest and riots), and physical risks which may relate to climate change, such as extreme weather or natural catastrophes, causing damage to our facilities, IT systems, hardware, and other tangible assets, or damage to our data, brand, or other intangible assets. This could result in business interruption and financial or other loss.	We have a worldwide risk control and business continuity management program that focuses on how to prepare for, protect against, respond to, and recover and learn from major incidents. This program covers incident management, business continuity, operational recovery, and IT disaster recovery. Our multi-disciplinary Global Incident Management Program supports our ability to manage crises and incidents of all types. We internally conduct regular location risk assessments and on-demand loss control surveys of key operating companies and supplier locations with our insurers. These underwriters work with our operating companies to cost-effectively implement recommendations for continued improvement. Our IT infrastructure and flex work policies allow our staff to conduct business effectively from any location. Many of our businesses have diversified personnel and support centers that have capabilities to cover and adapt between regions. See page 59 for more information on climate-related risks.
Brand and reputation With the increasing prominence of the Wolters Kluwer brand, the company potentially becomes more vulnerable to brand or reputation risks.	The integrity of our brand and reputation is key to our ability to maintain trusted relationships with our stakeholders, including employees, customers, and investors. Our cross-functional global brand organization oversees the brand strategy and implementation work of our Global Branding & Communications (GBC) team. The GBC team closely works with other corporate functions and our businesses to grow the equity and awareness of our brand, while monitoring any potential reputational risks. We monitor conversations taking place globally in the media and on social media relating to our brand and thought leadership.

Risk Management
continued

LEGAL & COMPLIANCE RISKS

Risk description and impact	*Mitigation*
Regulatory and compliance Failure to comply with applicable laws, regulations, internal policies, and ethical standards, or breach of covenants in financing and other agreements could result in fines, loss or suspension of business licenses, restrictions on business, third-party claims, and reputational damage. Legal limitations to conduct business in certain countries could affect our revenues.	We have established governance structures, policies, and control programs to ensure compliance with laws, internal policies, and ethical standards. Our global ethics & compliance program is designed to mitigate risk of non-compliance with laws, regulations, internal policies, and ethical standards. It includes a set of policies and procedures, annual ethics and compliance risk assessments, ongoing communication and awareness activities, and company-wide and role-based training. Our Code of Business Ethics describes our commitment to acting ethically and complying with our corporate policies and applicable laws. It includes topics such as competing fairly and prohibiting bribery and corruption. Our business partners are expected to adhere to the same ethics and compliance standards through commitment to our Supplier Code of Conduct or an equivalent standard. Some topics, including trade compliance and anti-bribery and anti-corruption, are further detailed in standalone policies. As part of our trade sanctions and anti-bribery and anti-corruption programs, we also conduct risk-based screening and monitoring of vendors, third-party representatives, and customers. Our global SpeakUp program encourages employees to report any suspected breach of laws, regulations, internal policies, and ethical standards for investigation and remediation. We further operate a cross-functional enterprise-wide compliance program for data privacy laws. Where possible, we implement global baseline policies that allow for compliance with new and anticipated laws in multiple jurisdictions. Compliance with laws and internal policies is also an integral part of our Internal Control Framework. This includes semi-annual letters of representation, annual internal control testing, and regular internal audits on compliance topics. We continually evaluate whether legislative changes, regulatory developments, new products, or business acquisitions require additional compliance efforts. We monitor legislative developments and regulatory changes, including those related to data privacy, data protection, and trade sanctions, to assess the potential impact on our businesses, products, and services. Political stability is a factor we consider in our investments.
Contractual compliance We could be exposed to claims by our contractual counterparties based on alleged non-compliance with contractual terms. This includes the number of users agreed upon, price commitments, and/or service delivery.	We negotiate contracts with particular attention to risk transfer clauses, insurance, limitations on liability, representations, warranties, and covenants. For part of our vendor contracts, we use contract management systems to monitor material contractual rights and obligations, and software tools to track the use of software for which licenses are required. We are in the process of implementing a global contract lifecycle management for our significant commercial agreements which will help us manage compliance with third-party agreements, track key dates and milestones, monitor compliance with our contracting policies and standards, and mitigate operating risk by automating contracting processes. We use contract playbooks prepared by our internal legal department to standardize contract language and negotiation positions with respect to customer contracts. Our limitation of liability policy establishes a market-based cap on liability that the company will assume in agreements with customers subject to exceptions that may be approved by a member of the Executive Board after balancing of risks and benefits.

LEGAL & COMPLIANCE RISKS CONTINUED

Risk description and impact	*Mitigation*
Intellectual property protection Intellectual property rights could be challenged, limited, invalidated, circumvented, or infringed. Our ability to protect intellectual property rights may be affected by technological developments or changes in legislation.	We protect our intellectual property rights in order to safeguard our portfolio of information, software solutions, and services. We rely on trademark, copyright, patent, and other intellectual property laws to establish and protect our proprietary rights to these products and services. We also monitor legislative developments with respect to intellectual property rights. We protect and enforce our intellectual property assets by monitoring for potential infringement and then taking appropriate action to safeguard our proprietary rights.
Legal claims We may be involved in legal disputes and proceedings in different jurisdictions. This may include litigation, administrative actions, arbitration, or other claims involving our products, services, informational content provided or published by the company, or employee and vendor relations.	We have measures in place to mitigate the risk of legal claims, including contractual disclaimers and limitations of liability. We monitor legal developments relevant to our interests to support our business lines in compliance with local laws and fiscal regulations. We manage a range of insurable risks by arranging insurance coverage for potential liability exposures.

FINANCIAL & FINANCIAL REPORTING RISKS

Risk description and impact	*Mitigation*
Treasury We are exposed to a variety of financial risks, including market, liquidity, and credit risks. Our results are subject to movements in exchange rates.	Whenever possible, we mitigate the effects of currency and interest rate fluctuations on net profit, equity, and cash flows by creating natural hedges, by matching the currency profile of income and expenses and of assets and liabilities. When natural hedges are not present, we aim to realize the same effect with the aid of derivative financial instruments. We have identified hedging ranges and put policies and governance in place, including authorization procedures and limits. We purchase or hold derivative financial instruments only with the aim of mitigating risks. The cash flow hedges and net investment hedges qualify for hedge accounting as defined in IFRS 9 Financial Instruments. We do not purchase or hold derivative financial instruments for speculative purposes. The Treasury Policy on market risks (currency and interest), liquidity risks, and credit risks is reviewed by the Audit Committee, with quarterly reporting by the Treasury Committee to the Audit Committee on the status of these financial risks. In 2022, we diminished liquidity risk by securing additional funding with a new €500 million four-year Eurobond. Furthermore, we agreed to the final one-year extension of the €600 million multi-currency revolving credit facility such that the facility now matures in 2025. Further disclosure and detailed information on financial risks and policies is provided in *Note 30 – Financial Risk Management.*

Risk Management
continued

FINANCIAL & FINANCIAL REPORTING RISKS CONTINUED

Risk description and impact	*Mitigation*
Post-employment benefits Funding of our post-employment benefit programs, including frozen or closed plans, could be adversely affected by interest rates and the investment returns on the assets invested in each respective plan. These are influenced by financial markets and economic conditions.	We evaluate all our employee benefit plans to ensure we are market competitive with plan designs that reduce risk and volatility. We also continuously monitor opportunities to make our plans more efficient. We partner closely with independent expert advisors on market competitive plan design, plan performance monitoring, and defining investment and hedging strategies for all of our plans. Our aim is to maximize returns while managing downside risk. The accounting for defined benefit plans is based on annual actuarial calculations in line with IAS 19 Employee Benefits, disclosed in *Note 31 – Employee Benefits*. We executed an annuity buy-in for the Canada pension plan, transferring the liability to an insurer while protecting the benefits for participants, eliminating the risk and obligation for the company. We also annuitized our U.S. Retiree Life Insurance Plan, transferring the liability to an insurer while protecting the benefits for participants, eliminating the risk and obligation for the company for this plan as well. In the Netherlands, while there was a delay in the implementation of the Pension Accord, we are continuing to plan for those expected changes, working with the Pension Fund Board and external experts.
Taxes Changes in operational taxes and corporate income tax rates, laws, and regulations could adversely affect our financial results, and tax assets and liabilities.	Next to income taxes, most taxes are either transactional or employee-related and are levied from the legal entities in the relevant jurisdictions. We have tax policies in place and tax matters are dealt with by a professional tax function, supported by external advisors. We monitor legislative developments in the jurisdictions in which we operate and consider the potential impacts of proposed regulatory changes. We maintain a liability for uncertain income tax positions in line with IAS 12 Income Taxes and IFRIC 23 Uncertainty over Income Tax Treatments. The adequacy of this liability is evaluated on a regular basis in consultation with external advisors. *Note 16 – Income Tax Expense* and *Note 23 – Tax Assets and Liabilities* set out further information about income tax and related risks. As a leader in tax and accounting products, we take our responsibility as a corporate citizen seriously. We provide training to our tax staff where appropriate. Our approach to tax matters is explained in our Tax Principles that are reviewed annually and updated as appropriate. Wolters Kluwer also subscribes to the principles of the VNO-NCW Tax Governance Code that was issued in 2022. Further information on this will be available on our website in the course of 2023. For the full version of the Code, visit www.vno-ncw.nl/taxgovernancecode.

FINANCIAL & FINANCIAL REPORTING RISKS CONTINUED

Risk description and impact	*Mitigation*
Misstatements, accounting estimates and judgments, and reliability of systems The processes and systems supporting financial reporting may be susceptible to unintentional misstatements or manipulation. The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.	We maintain an Internal Control Framework for financial reporting. Our Internal Audit and Internal Control departments monitor progress in resolving any audit findings and perform follow-up visits and remediation testing to determine whether those findings are timely and effectively resolved. Senior executives in our divisional and operating companies and senior corporate staff members sign letters of representation semi-annually, certifying compliance with applicable financial reporting regulations and accounting policies. Independent internal audit reviews are carried out to ensure compliance with policies and procedures. These reviews also ensure that existing controls provide adequate protection against actual risks. Financial results are inquired and reviewed by our Business, Analysis & Control, Consolidation, Group Accounting & Reporting, Treasury, and Corporate Tax departments and the Executive Board, and in monthly development meetings as part of regular business reviews. Our Group Accounting & Reporting department periodically provides updates and training to our businesses about changes in policies, accounting standards, and financial focus areas. Reconciliation of statutory accounts is done by the Group Accounting & Reporting and Corporate Tax departments, which includes a comparison between group reported figures, statutory figures, and tax filings.

Sensitivity analysis

Fluctuations in currency exchange, discount, interest, and tax rates affect Wolters Kluwer's results. The following table illustrates the sensitivity to a change in these rates for adjusted operating profit and diluted adjusted EPS:

Potential impact	**Adjusted operating profit** *€ millions*	**Diluted adjusted EPS** *€ cents*
1% decline of the U.S. dollar against the euro	(12)	(3)
1% decrease in discount rate in determining the gross service costs for the post-employment benefit plans	(5)	(2)
1% increase in interest rate assuming same mix of variable and fixed gross debt	n/a	0
1% increase in the benchmark tax rate on adjusted net profit	n/a	(5)

Statements by the Executive Board

The Executive Board is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. The financial statements consist of the consolidated financial statements and the company financial statements. The responsibility of the Executive Board includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Executive Board is also responsible for the preparation of the Report of the Executive Board (bestuursverslag), which for this statement includes the Strategic Report, Corporate Governance, and Risk Management, that is included in the 2022 Annual Report. The Report of the Executive Board and the Financial Statements are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Executive Board endeavors to present a fair review of the situation of the business at balance sheet date and of the course of affairs in the year under review. Such an overview contains a selection of some of the main developments in the financial year and can never be exhaustive.

The company has identified the main risks it faces, including financial reporting risks. These risks can be found in *Risk Management*. In line with the Dutch Corporate Governance Code and the Dutch Act on Financial Supervision (Wet op het financieel toezicht), the company has not provided an exhaustive list of all possible risks. Furthermore, developments that are currently unknown to the Executive Board or considered to be unlikely may change the future risk profile of the company.

The company must have internal risk management and control systems that are suitable for the company. The design of the company's internal risk management and control systems (including the Internal Control Framework for financial reporting) has been described in *Risk Management*. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives and the risk of material errors to the financial reporting. Accordingly, these systems can only provide reasonable, but not absolute, assurance against material losses or material errors.

As required by provision 1.4.3 of the Dutch Corporate Governance Code and Section 5:25c(2)(c) of the Dutch Act on Financial Supervision (Wet op het financieel toezicht) and on the basis of the foregoing and the explanations contained in *Risk Management*, the Executive Board confirms that to its knowledge:

- No material failings in the effectiveness of the company's internal risk management and control systems have been identified;
- The company's internal risk management and control systems provide reasonable assurance that the financial reporting over 2022 does not contain any errors of material importance;
- Under the current circumstances, there is a reasonable expectation that the company will be able to continue in operation and meet its liabilities for at least 12 months as from the date hereof. Therefore, it is appropriate to adopt the going concern basis in preparing the financial reporting;
- There are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of the company's enterprise in the coming 12 months as from the date hereof;
- The 2022 Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The Report of the Executive Board includes a fair review of the situation at the balance sheet date, the course of affairs during the financial year of the company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks that the company faces.

Alphen aan den Rijn, February 21, 2023

Executive Board

Nancy McKinstry
CEO and Chair of the Executive Board

Kevin Entricken
CFO and member of the Executive Board

Executive Board

Kevin Entricken

American, 1965, Chief Financial Officer and member of the Executive Board since May 2013.

As CFO and member of the Executive Board, Mr. Entricken is responsible for Group Accounting & Reporting, Business Analysis & Control, Internal Audit, Internal Controls, Investor Relations, Mergers & Acquisitions, Taxation, Treasury, Risk Management, Real Estate, and Legal Affairs.

Nancy McKinstry

American, 1959, Chief Executive Officer and Chair of the Executive Board since September 2003, and member of the Executive Board since June 2001.

As CEO and Chair of the Executive Board, Ms. McKinstry is responsible for divisional performance, Global Strategy, Business Development, Technology, Global Business Services, Communications, Human Resources, Corporate Governance, and Sustainability.

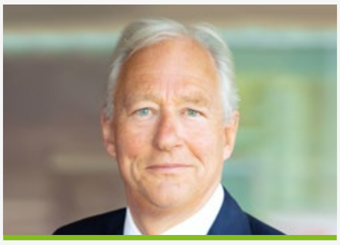
Supervisory Board

Ann Ziegler

American, 1958, Chair of the Supervisory Board, and Co-Chair of the Selection and Remuneration Committee, dealing with selection and appointment matters. Appointed in 2017, and current term until 2025.

Former Senior Vice President, CFO, and Executive Committee member of CDW Corporation

Other positions:
- Member of the Board (Non-Executive Director) of Hanesbrands, Inc.
- Member of the Board (Non-Executive Director) of US Foods, Inc.
- Member of the Board (Non-Executive Director) of Reynolds Consumer Products, Inc.



Jack de Kreij

Dutch, 1959, Vice-Chair of the Supervisory Board, and Chair of the Audit Committee. Appointed in 2020, and current term until 2024.

Former CFO and Vice-Chair of the Executive Board of Royal Vopak N.V.

Other positions:
- Member Supervisory Board, Chair Audit Committee and member ESG Committee of Royal Boskalis Westminster N.V.
- Vice-Chair Supervisory Board and Chair Audit Committee of TomTom N.V.
- Member of the Board (Non-Executive Director) and Chair Audit Committee of Oranje Fonds
- Member of the Global Advisory Board of Metyis
- Member of the Board of Stichting Preferente Aandelen Philips
- Chair VEUO (Dutch Association of Securities-Issuing Companies)

Sophie V. Vandebroek

American, 1962, member of the Audit Committee. Appointed in 2020, current term until 2024.

Founder Strategic Vision Ventures, LLC and former CTO of Xerox

Other positions:
- Member Board of Directors (Non-Executive Director) and member Finance and Governance & Corporate Responsibility Committees of IDEXX Laboratories, Inc.
- Member Board of Directors (Non-Executive Director) and member Compensation and ESG Committees of Inari Agriculture
- Member Board of Trustees and member Compensation and Nomination Committees of the Boston Museum of Sciences
- Honorary Professor, KU Leuven Faculty of Engineering Science
- Chair of the International Advisory Board, Flanders AI Research Program
- Strategic Advisor, Safar Partners

Heleen Kersten

Dutch, 1965, member of the Selection and Remuneration Committee. Appointed in 2022, and current term until 2026.

Partner and Lawyer at Dutch law firm Stibbe N.V.

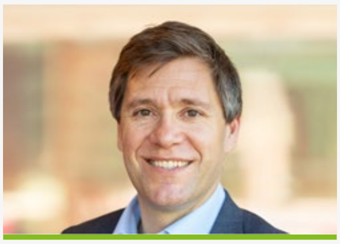
Other positions:
- Member Supervisory Board, Chair Nominating and Corporate Governance Committee, and member Audit Committee and Compensation Committee of STMicroelectronics N.V.
- Chair of the Board of the Dutch Red Cross
- Member Advisory Board Dutch Institute of Internal Auditors
- Vice-Chair Supervisory Council and Member Financial Committee of Stichting Het Rijksmuseum

Jeanette Horan

British, 1955, Co-Chair of the Selection and Remuneration Committee, dealing with remuneration matters. Appointed in 2016, and current term until 2024.

Former Chief Information Officer at IBM

Other positions:
- Member of the Board (Non-Executive Director) and member Audit and Technology Committees of Nokia
- Member of the Board of Advisors of Jane Doe No More, a non-profit organization
- Member of the Board of the Ridgefield Symphony Orchestra, a non-profit organization



Bertrand Bodson

Belgian, 1975. Appointed in 2019, and current term until 2023.

CEO and member of the Board of Keywords Studios PLC, and former Chief Digital Officer and member of the Executive Committee of Novartis

Other positions:
- Member of the Board (Non-Executive Director) of Tesco PLC

Chris Vogelzang

Dutch, 1962, member of the Audit Committee. Appointed in 2019, and current term until 2023.

Former CEO of Danske Bank A/S

Other positions:
- Member of the Supervisory Council of Het Rijksmuseum

Further information can be found on www.wolterskluwer.com/en/investors/governance/supervisory-board-committees

Report of the Supervisory Board

> While the world faces a confluence of challenges just as we emerge from the pandemic, Wolters Kluwer continues from a strong position.
>
> **Ann Ziegler**
> Chair of the Supervisory Board

This report provides an overview of the supervisory activities of the Supervisory Board and its committees during the year. The Supervisory Board is responsible for supervising the Executive Board in setting and achieving the company's strategy, targets, and policies, as well as the general course of affairs of the company. The Supervisory Board also assists the Executive Board with advice.

INTRODUCTION BY THE CHAIR OF THE SUPERVISORY BOARD

In April 2022, I succeeded Frans Cremers as Chair of the Supervisory Board of Wolters Kluwer. My intention is to follow the line that was set out by my predecessor. Having been a member of this Board for several years now, I have a good understanding of the business and our priorities, and was closely involved in assessing the current strategic plan, *Elevate our Value*.

While the world faces a confluence of challenges – economic, financial, and political – just as we emerge from the pandemic, Wolters Kluwer continues from a strong position. We are very fortunate that we have a highly experienced management team, a clear strategy, a transformed, well-invested and future-ready business, a talented and engaged workforce, and a strong balance sheet.

In the latter part of 2022, I met with several of our shareholders, allowing me to hear their views and questions on governance and ESG topics at the company. It was clear we have many supportive shareholders who know our global business well, understand how we are creating value, and agree with us which ESG risks are relevant. We will continue to make progress on all fronts.

I am delighted the company has completed an assessment of its greenhouse gas footprint along the value chain and recently submitted its well-considered emission reduction plans to the Science Based Targets initiative for validation.

I look forward to guiding the Supervisory Board and management team as they execute on the current strategic plan, even as we navigate through more challenging economic conditions.

Ann Ziegler
Chair of the Supervisory Board

MEETINGS

The Supervisory Board held seven scheduled meetings in 2022 and one additional meeting to discuss a potential acquisition. Six meetings included a session for Supervisory Board members only, without the members of the Executive Board being present. There was one scheduled conference call between the Executive Board, the Chair of the Supervisory Board, and the Chair of the Audit Committee. The Chair of the Supervisory Board had regular contact with the Chair of the Executive Board.

FINANCIAL STATEMENTS

The Executive Board submitted the 2022 Financial Statements to the Supervisory Board. The Supervisory Board also took notice of the report and the statement by Deloitte Accountants B.V. (as referred to in Article 27, paragraph 3 of the company's Articles of Association), which the Supervisory Board discussed with Deloitte. The members of the Supervisory Board signed the 2022 Financial

Report of the Supervisory Board continued

Statements, pursuant to their statutory obligation under clause 2:101 (2) of the Dutch Civil Code. The Supervisory Board proposes to the shareholders that they adopt these Financial Statements at the Annual General Meeting of Shareholders of May 10, 2023 (AGM 2023).

→ **See the Financial Statements on** page 110

EVALUATIONS

The Supervisory Board discussed its own functioning, as well as the functioning of the Executive Board and the performance of the individual members of both Boards. These discussions were partly held without the members of the Executive Board being present.

The composition of the Supervisory Board, the Audit Committee, and the Selection and Remuneration Committee was also discussed in the absence of the Executive Board. The Supervisory Board members completed a self-assessment. Overall, the outcome of the evaluation was positive. The feedback of the Supervisory Board members, which was given early in 2022, included the request to spend more time on environmental, social, and governance (ESG) topics. As a follow up, a presentation was given to the Supervisory Board, which focused on climate reporting and regulatory developments, as well as a fit for purpose governance structure and allocation of responsibilities with respect to ESG topics. In addition, the Supervisory Board and Audit Committee were kept informed on a regular basis with respect to ESG developments, including diversity, equity, inclusion, and belonging (DEIB). A deep dive on the data gathering process, reporting, and target setting was presented to the Audit Committee in January 2023, and summarized for the full Supervisory Board. Based on feedback in the evaluations, it was also agreed to continue holding a number of Board meetings virtually post-COVID. This contributes to the ambition to reduce the company's greenhouse gas emissions, cost reduction, and meeting efficiency. The Supervisory Board remains focused on a good balance between presentations and discussions, as it is considered important to have interactive discussions with several layers of management. In line with Supervisory Board feedback, the company also continued with offering business unit presentations and product demos to the Supervisory Board during 2022.

The evaluation confirmed that the composition of the Supervisory Board represents the relevant skill sets and the required areas of expertise. The Supervisory Board meetings take place in an open and transparent atmosphere with each of the members actively participating. As suggested in the evaluation, the Supervisory Board members continue having discussions without the Executive Board members being present during part of the meetings. Around the in-person Board meetings, the Board members also meet informally, which benefits the open and transparent culture between the Board members and gives them an additional opportunity to reflect on all aspects of the business which they may consider of interest. In addition to the formal evaluation process, as a standard practice, the Chair of the Supervisory Board gives feedback to the Chair of the Executive Board after every Supervisory Board meeting. Throughout the year, all members can come up with requests for additional information and suggestions to further improve the quality of the meetings.

STRATEGY

The Supervisory Board was kept closely informed on the first year of execution of the new three-year strategy for 2022-2024, *Elevate Our Value*, which was announced in February 2022 and had previously been approved by the Supervisory Board. The Supervisory Board believes that the strategy, with a further reinforced focus on *expert solutions*, is a good next step in the evolution of the company. Based on their knowledge and experience, the Supervisory Board members advise the Executive Board and divisional management throughout the year on strategic topics. The Supervisory Board also supports the increasing strong focus on ESG topics within Wolters Kluwer, including the emphasis on diverse talent as a key pillar of the strategy. The Supervisory Board believes the strategy will contribute to the long-term value creation for the company's stakeholders.

As in other years, the divisional CEOs presented their Vision & Strategy Plans (VSP) for 2023-2025 to the Supervisory Board. These presentations enable the Supervisory Board to obtain a good view of the opportunities and challenges for each of the divisions and to support the Executive Board in making the right strategic choices and investment decisions for each business. The Supervisory Board considers it important to meet each of the divisional CEOs periodically and receive an update from them on the performance, key market trends, strategy, and competitive developments. In addition, with a view on talent management and having solid replacement plans, speaking directly to senior management is deemed important for the Supervisory Board.

In September, the Supervisory Board visited Boston where management of the Health division presented its business. In addition to the divisional VSP, several managers of the Health division presented their business and gave product demos, which also included early stage innovations. The Supervisory Board, together with management, also met with customers of the Health division. This interaction with several layers of management and customers contributes significantly to the Supervisory Board's deep understanding of the business. The Supervisory Board therefore is happy that, after the travel restrictions due to COVID in 2020 and 2021, it was possible to pick up the routine of annual visits to business units again.

Innovation is a key component of the company's strategy. The Supervisory Board was informed about the innovation activities and investments within Wolters Kluwer and strongly supports this. As part of the strategy, the company annually reinvests approximately 10% of the group revenues into product development. 2022 was the twelfth consecutive year in which Wolters Kluwer rewarded promising new internal business initiatives via the Global Innovation

57%
of the Supervisory Board members are female

Awards. This event enables teams across the business to present their innovative ideas. The awards are ultimately awarded by a jury consisting of internal and external experts. Two of the awarded teams presented their business plans to the Supervisory Board. Driving a strong culture of innovation and continuing investment in new and enhanced products, including *expert solutions*, is an important means for driving long-term value creation at Wolters Kluwer.

In line with standard practice, management of Global Business Services and Digital eXperience Group (DXG) gave presentations, updating the Supervisory Board on the company's technology strategy and execution thereof, including cybersecurity and disaster recovery plans, as well as the company's approach towards artificial intelligence. DXG plays an important role in the company's innovation by offering scalable services and technology to the divisions, which can be used in business units across the company. Two Supervisory Board members had a separate meeting with DXG management to get additional insight in the activities of this group and to share ideas.

The Supervisory Board was also informed about an assessment of the strategic business opportunities in the ESG market. With companies such as Enablon and Tagetik in its portfolio, Wolters Kluwer is well positioned to leverage on the interesting growth opportunities in this space.

The Global Brand & Communications team gave a presentation on the design and execution of the brand strategy. Increased brand recognition can contribute to the execution of the strategy.

In relation to the strategy, the Supervisory Board also considers it important to be aware of the main developments with respect to competition and the markets in which the company operates. To that end, an overview of the most important developments with respect to traditional and new competitors is discussed during each Supervisory Board meeting.

ACQUISITIONS AND DIVESTMENTS

The Executive Board kept the Supervisory Board informed about all pending acquisition and divestment activities. The Supervisory Board approved the acquisition by the GRC division of International Document Services, Inc. (IDS), a U.S.-based provider of compliance and document generation software solutions for the mortgage and real estate industry. This company has a strong strategic fit with GRC's Compliance Solutions business, which provides compliance software for U.S. banks, lenders, credit unions, insurers, and securities firms, and will be fully integrated in that business. GRC management and business development presented this acquisition to the Supervisory Board, which enabled the Board to ask questions to the responsible teams directly.

The Supervisory Board also discussed the performance and value creation of previous acquisitions, taking into consideration Wolters Kluwer's financial and strategic criteria for acquisitions. The lessons learned from these annual reviews are taken into consideration for future acquisitions.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Supervisory Board was kept informed about developments with respect to corporate governance and risk management. The Supervisory Board and Audit Committee discussed risk management, including the risk profile of the company and the risk appetite per risk category, as well as the assessment of internal risk management and control systems and ongoing actions to improve these systems. The Supervisory Board was informed about the efforts of the company to assess climate related risks and the plans to further mature this assessment in the future.

The Supervisory Board supports the actions the company took with respect to the situation in the Ukraine, which include the support of Ukrainian employees, community support, internal and external communication, and the organization of crisis management teams. The company has acted upon all international sanctions that have been imposed against entities and individuals in the region. The business impact for Wolters Kluwer is not material. For more information on risks, see *Risk Management*.

→ **Read more about Risk Management on** page 67

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE MATTERS

The Supervisory Board has oversight of and actively discussed the ESG strategy, performance, and reporting. The Supervisory Board is supportive of the company's ESG approach and the increased focus on this topic. The Supervisory Board strongly supports and approved the recent submission of near-term science-based targets and the net-zero commitment.

The enhanced focus on the depth and quality of ESG data positions the company well for compliance with the EU Corporate Sustainability Reporting Directive, which will apply as of financial year 2024. In addition to presentations on selected ESG-related topics such as the governance structure of ESG activities and the engagement of employees, the Supervisory Board received regular updates regarding ESG priorities. The deep dive session with the Audit Committee on the progress with respect to ESG data gathering, reporting, and target setting in January 2023, confirmed the strong progress the company is making in this area. The enhanced focus on ESG is also reflected by the fact that since 2021, non-financial targets make up 10% of the Executive Board's short-term incentive targets. The Supervisory Board continues to support the ESG activities of the company and believes that these efforts will contribute to an inclusive culture of integrity, accountability, and transparency, creating long-term value for all stakeholders. Finally, the Supervisory Board's focus on ESG and good governance was also evidenced by the introduction meetings of the new Chair

Report of the Supervisory Board continued

with some of our largest shareholders in the second half of 2022.

TALENT MANAGEMENT AND ORGANIZATIONAL DEVELOPMENTS

Each year, the outcome of the annual talent review is discussed by the Supervisory Board. Diversity at Board and senior management levels is an important element in that discussion. Furthermore, as a standing topic during each Supervisory Board meeting, the Supervisory Board is informed about organizational developments, including appointments at senior positions within the company. DEIB is close at heart of the Supervisory Board and is integrated in presentations and discussions on various topics. The Supervisory Board fully supports all initiatives in the company to enhance the diverse and inclusive culture within the company. The Supervisory Board discussed this topic in several meetings. In 2022, Wolters Kluwer was named one of America's best employers for diversity by Forbes, for the fifth straight year. This recognition demonstrates the great strides the company continues to make in its commitment to DEIB. The Supervisory Board was also updated on and discussed the results of Wolters Kluwer's employee engagement survey, which measures important topics such as engagement, belonging, alignment, agility, career development, and other components driving engagement, and supporting a culture aimed at long-term value creation. Overall, these results were positive. The company continues executing action plans to further improve in these areas.

FINANCE

The Supervisory Board and Audit Committee carefully observe the financing of the company, including the balance sheet and available headroom. The Supervisory Board also closely monitors the development of, among others, net-debt-to-EBITDA ratio, debt-to-equity ratio, and liquidity planning.

The Supervisory Board approved the share buyback program in 2022 of up to €1 billion, as well as the announcement to use the proceeds of the sale of Wolters Kluwer's legal information assets in France and Spain to buy back shares in order to mitigate the earnings dilution caused by the divestment. The Supervisory Board also approved the additional €100 million share buyback for the period starting January 2, 2023, up to and including February 20, 2023.

With respect to the funding of the company, the Supervisory Board approved the new €500 million four-year senior bonds, which were issued in September 2022. In addition, the Supervisory Board approved the second and final one-year extension of the €600 million multi-currency revolving credit facility with an initial maturity of three years. This facility includes ESG targets.

Other financial subjects discussed included the budget, the financial outlook, the achievement of financial targets, the interim and final dividends, the outcome of the annual impairment test, and the annual and interim financial results. The dividend increase of 15% over 2021, which was approved by the AGM in 2022, and the proposed dividend increase of 15% over 2022 (to be approved by the AGM in 2023), are a sign of the strong confidence the Executive Board and Supervisory Board have in the future and financial stability of the company. Together with the share buyback programs, the cash-return to shareholders is well balanced with the annual investment of approximately 10% of group revenues in innovation and the opportunity for acquisitions.

INVESTOR RELATIONS

The Supervisory Board was well informed about Investor Relations activities, which is a standing agenda item during the Supervisory Board meetings. Updates included share price developments, communication with shareholders, shareholders' views on acquisitions, analyst research, ESG developments, and the composition of the shareholder base. The Supervisory Board also carefully reviewed and approved the annual report and press releases regarding the full-year and half-year results, and the first-quarter and nine-month trading updates. The Supervisory Board approved the increase of the Full-Year 2022 guidance in the Half-Year Results Press Release which was issued in August.

AUDIT COMMITTEE

The Audit Committee met four times in 2022, during the preparation of the full-year 2021 and half-year 2022 results, and around the first-quarter 2022 trading update and nine-month 2022 trading update. In addition, there was one scheduled conference call in December between the external auditor, the Chair of the Audit Committee, and the CFO. In 2022, the Audit Committee also started the practice of occasionally organizing deep dive sessions on certain topics.

The Audit Committee consisted of Mr. de Kreij (Chair), Ms. Vandebroek, and Mr. Vogelzang. The regular meetings of the Audit Committee were held in the presence of the Executive Board members, the external auditor, the head of Internal Audit, and other corporate staff members. During 2022, as routine agenda items, the Audit Committee had discussions with the external auditor, as well as with the head of internal audit, without the members of the Executive Board being present at the end of two meetings. In addition, the Chair of the Committee met with the CFO, the external auditor, the head of Group Accounting & Reporting, and the head of Internal Audit in preparation of the Committee meetings. After every meeting, the Chair of the Committee reports back to the full Supervisory Board.

Key items discussed during the Audit Committee meetings included the financial results of the company, status updates on internal audit and internal controls, the management letter of the external auditor, accounting topics, ESG, pensions, tax planning, impairment testing, the Treasury Policy, the financing of the company, risk management, restructuring plans, cybersecurity, hedging, litigation reporting, incident management, and the quarterly reports and the full-year report on the audit of the external auditor. During the visit to Boston, the Audit Committee had a deep dive session with the head of Internal Controls and Compliance. In January 2023, in addition to the deep dive session focused on ESG, the Audit Committee was informed on operational excellence and restructuring initiatives.

During its meetings in 2022, the Audit Committee has extensively discussed the request for proposal (RFP) for the auditor rotation, which is required under Dutch law every ten years. In addition, as part of the process, the members of the Audit Committee interviewed representatives of all four candidate firms. Important criteria included the audit approach, international and sector experience, composition and fit of the team (including diversity), the transition approach, independence resolution, and proposed fees. The final recommendation to the full Supervisory Board to nominate KPMG Accountants N.V. as the new external auditor was discussed during the additional Audit Committee session in January 2023, in the presence of the Executive Board and corporate staff and was approved by the full Supervisory Board. The appointment of KPMG as of financial year 2025 will be submitted to the AGM in 2023. This gives the company sufficient time to phase out the non-audit services carried out by KPMG.

The Audit Committee has reviewed the performance of the current external auditor, the proposed audit scope and approach, the audit fees, and the independence of the external auditor, and has approved the other assurance services, tax advisory services, and other non-audit services provided by the external auditor. The Auditor Independence Policy is available on the website.

The Auditor Independence Policy
www.wolterskluwer.com/en/investors/governance/policies-and-articles

SELECTION AND REMUNERATION COMMITTEE

The Selection and Remuneration Committee met four times in 2022. Following the retirement of Mr. Cremers in April 2022, the Committee consists of Ms. Horan (who chairs the remuneration-related matters), Ms. Ziegler (who chairs the selection and nomination-related matters), and Ms. Kersten. After every meeting, the respective chairs of the Committee report back to the full Supervisory Board. The resolutions regarding nominations and remuneration were taken by the full Supervisory Board based on recommendations from the Committee.

For more information about the remuneration policy of the Executive Board and the Supervisory Board and the execution thereof, see *Remuneration Report*.

→ **See our Remuneration Report on** page 87

The Selection and Remuneration Committee discussed the replacement of Mr. Bodson as member of the Supervisory Board after the AGM in 2023.

SUPERVISORY BOARD COMPOSITION

In 2022, Mr. Cremers resigned as Chair and member of the Supervisory Board. He was succeeded as Chair by Ms. Ziegler. Mr. De Kreij in turn succeeded Ms. Ziegler as Vice-Chair. Ms. Kersten was appointed as a new member.

In 2023, Mr. Bodson's first term expires. He has informed the Supervisory Board that regretfully he is not available for reappointment due to the workload of his other activities. The Supervisory Board would like to thank Mr. Bodson for his knowledgeable and much appreciated contributions during his tenure as member of the Board.

The Supervisory Board is currently conducting a search for the replacement of Mr. Bodson as member of the Supervisory Board.

The composition of the Supervisory Board is in line with its profile and diversity policy, reflecting a diverse composition with respect to expertise, nationality, gender, and age, reflecting the international nature and geographic scope of the company. Four nationalities are represented on the Supervisory Board, with different talents and relevant areas of expertise. The Supervisory Board currently has a male/female representation of 43/57%, which is in line with the diversity policy and Dutch law, requiring a representation of at least 33% male and female. The composition comprises international board experience, specific areas of expertise (including finance, legal, and technology), as well as expertise within the broad information industry and specific market segments in which the company operates.

The profile, competences matrix, rotation schedule, and diversity policy are available on www.wolterskluwer.com/en/investors/governance/supervisory-board-committees

Report of the Supervisory Board continued

MEETING ATTENDANCE

	Supervisory Board	Audit Committee	Selection & Remuneration Committee
Number of meetings held	8*	4	4
A.E. Ziegler	8	–	4
J.P. de Kreij	7	4	–
B.J.F. Bodson	8	–	–
J.A. Horan	8	–	4
H.H. Kersten**	4	–	2
S. Vandebroek	8	4	–
C.F.H.H. Vogelzang	8	4	–
F.J.G.M. Cremers***	3	–	2

* Seven regular meetings and one ad-hoc meeting.
** Ms. Kersten missed one Board meeting and attended all Selection and Remuneration Committee meetings since her appointment in April 2022.
*** Mr. Cremers attended all meetings until his retirement in April 2022.

All Supervisory Board members comply with the Dutch law regarding the maximum number of supervisory board memberships. Furthermore, all members of the Supervisory Board are independent from the company within the meaning of best practice provisions 2.1.7, 2.1.8, and 2.1.9 of the Dutch Corporate Governance Code. For more information on each Supervisory Board member in accordance with the Dutch Corporate Governance Code, see the sections *Executive Board and Supervisory Board* and *Corporate Governance*.

→ **See Executive Board and Supervisory Board on** page 79

→ **See Corporate Governance on** page 63

The Supervisory Board would like to thank the Executive Board and all employees worldwide for their efforts in the past year. The strong results of the company and ongoing focus on serving customers and long-term value creation, within an innovative, diverse, and transparent culture, were highly appreciated by the Supervisory Board.

Alphen aan den Rijn, February 21, 2023

Supervisory Board

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Remuneration Report

Management's early actions to address inflation and steadfast approach to investment bore fruit in 2022.

Jeanette Horan
Co-Chair of the Selection and Remuneration Committee, dealing with remuneration matters

This Remuneration Report outlines our philosophy and framework for management pay, provides a summary of our remuneration policy, and lays out how the policy was applied in 2022. We discuss how last year's financial and ESG performance drove the final remuneration outcome for 2022 and how the policy will be applied in 2023.

LETTER FROM THE CO-CHAIR OF THE SELECTION AND REMUNERATION COMMITTEE

Dear Shareholders,

On behalf of the Supervisory Board, I am pleased to present our 2022 Remuneration Report, in which we outline our pay-for-performance philosophy and our strategy-linked remuneration framework, provide a summary of our remuneration policy, and explain how 2022 performance translated into the remuneration earned. We also set out how the policy will be applied in 2023.

2022 performance and STIP outcome

In early 2022, just as pandemic lockdowns were starting to be lifted, new challenges arose, most notably the war in Ukraine and the disruption in energy markets, followed by unprecedented levels of inflation and a rapid rise in interest rates. Combined with the continued global shortage of talent in our industry sector, which relies so much on human capital, this created a challenging set of circumstances through which to steer a course. Given the environment, we began the year with a degree of caution.

As the various sections of this annual report discuss, it turned out to be a good year with strong financial performances across all four divisions. The long-term strategy of driving towards *expert solutions* was fundamental to the financial achievements made in 2022 and the last three years. In addition, management's early action to address inflation and steadfast approach to investment bore fruit in 2022. For a business with a very significant proportion of revenues tied to annual or multi-year subscription contracts, decisions around pricing need to be well thought through and implemented in a careful but timely manner.

In 2022, the company delivered solid 6% organic growth, resulting in an absolute revenue achievement that exceeded the target by 1%. Even in the uncertain environment, management chose to invest, increasing product development spending to 11% of revenues. This investment went towards supporting our faster-growing businesses, pursuing new market opportunities, and adhering to multi-year product roadmaps. Management also continued to prioritize actions and investments to address the heightened global competition for talent.

Due mainly to the strong revenue performance and a favorable currency mix, the adjusted operating profit margin rose by 80 basis points, resulting in an 8% increase in adjusted pre-tax profit and a 6% increase in adjusted net profit in constant currencies. Adjusted net profit (€1,059 million) thereby exceeded the absolute target by 4%. Adjusted free cash flow (€1,220 million) increased 7% in constant currencies, exceeding the target by 2%.

To provide incentives for advancing our ESG performance, which is now firmly embedded in the company's strategy, the

Remuneration Report continued

6%
organic growth in 2022

Supervisory Board had selected three non-financial measures for 2022, which together carried a weight of 10% in the STIP.

Employee belonging was an important new measure used for the first time in 2022. This is the indicator we have chosen to measure our global performance on diversity, equity, and inclusion. The score, measured by a third party, increased by 1 point in 2022, meeting the target.

The other two ESG measures, an indexed cybersecurity maturity score and the number of on-premise servers decommissioned, had been used in 2021 and were carried forward with new targets for 2022. For these two ESG measures, performance for the year was significantly ahead of target as detailed in this report.

2020-2022 performance and LTIP outcome

It is important to note up front that the LTIP which vested in 2022 for payout in 2023 still reflects the previous remuneration policy. As such, it was linked to performance on relative TSR and diluted EPS.

Over the three-year LTIP period, 2020-2022, the share price rose 50.35%, outperforming the broader market indices, STOXX Europe 600 and the AEX. Total Shareholder Return, including dividends and using a 60-day average price at the start and at the end of the period, was 67.2%. This TSR performance placed Wolters Kluwer in third place, ahead of 13 TSR peers. For the second measure, diluted EPS, the compound annual growth rate was 15.9% in constant currencies over the three-year period, exceeding the target of 10.8% set three years ago. The IFRS-based diluted EPS benefitted from the net gain on divestments completed in 2022. The relative TSR and diluted EPS performance resulted in above target payout. The realized value of course also reflects the over 50% appreciation of the share price over the period.

Looking ahead: STIP 2023

During the past two years, the Supervisory Board has monitored the effectiveness of the ESG metrics that were used in the short-term incentive. The Board is of the opinion that the three measures used in 2022 continue to be not only quantifiable and verifiable, but also appropriate incentives for the Executive Board to advance our near-term ESG objectives. These near-term ESG objectives are to continue building a diverse, equitable, and inclusive culture; to maintain high levels of cybersecurity; and to make further progress on reducing our direct emissions by continuing to migrate applications from on-premise servers to energy-efficient cloud infrastructure.

Enormous strides have been made in advancing our cybersecurity maturity in recent years. We are now well-positioned compared to our industry benchmark and are focused on maintaining our maturity score, which in itself requires constant effort. Programs to migrate servers to the cloud have also made significant progress, but there still remains some work to be done.

Looking ahead: LTIP 2023-2025

The LTIP for 2023-2025, which reflects the new policy that was adopted by shareholders in 2021, will include relative TSR at 50%, diluted adjusted EPS at 30%, and return on invested capital (ROIC) at 20%.

The Supervisory Board has set three-year targets for compound annual growth in diluted adjusted EPS and for ROIC, applying additional stretch to the underlying financial plan that underpins the three-year strategy. These forward-looking three-year targets are disclosed on page 104.

While we did not make any changes to the TSR peer group in 2022, the Supervisory Board continues to monitor this group given the periodic delistings and mergers that have been occurring in our sector.

Last year's Remuneration Report received strong shareholder support with over 94% of votes approving the report.

We trust this report provides a clear explanation of the drivers of 2022 remuneration and clear disclosure on future goals and that shareholders can again support this report at our AGM on May 10, 2023.

Jeanette Horan
Co-Chair of the Selection and Remuneration Committee, dealing with remuneration matters

The 2023 AGM agenda is available at
www.wolterskluwer.com/agm

Remuneration at a glance

2022 STIP financial targets were exceeded, while non-financial (ESG) targets were met or exceeded.

Three-year relative total shareholder return performance and compound annual growth (CAGR) in diluted EPS were ahead of target.

HOW DID WE PERFORM?

2022 FINANCIAL MEASURES

5,453
revenues, € million

1,220
adjusted free cash flow, € million

1,059
adjusted net profit, € million

2022 NON-FINANCIAL (ESG) MEASURES

1,032
number of on-premise servers decommissioned

73
belonging score, an increase of 1 point

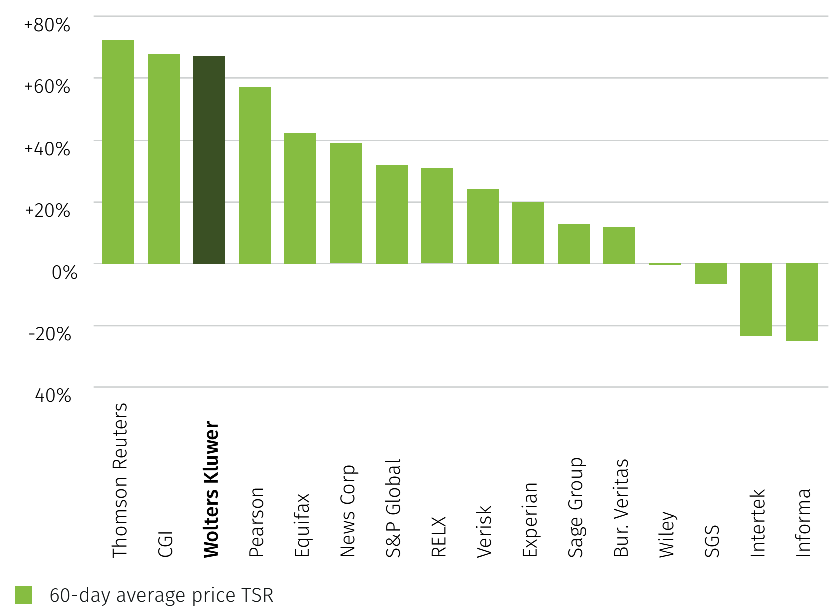
7.4%
percent improvement in cybersecurity maturity score over 2021

For 2022, STIP financial measures were revenues, adjusted net profit, and adjusted free cash flow, while STIP non-financial (ESG) measures were employee belonging score, an indexed cybersecurity maturity score, and the number of on-premise servers decommissioned. The achievements on each of these measures are shown above and discussed in this report. See *Implementation of remuneration policy in 2022*.

Remuneration Report continued

THREE-YEAR 2020-2022 TOTAL SHAREHOLDER RETURN

Wolters Kluwer achieved third position for TSR performance relative to its TSR peers. This ranking determines the number of TSR-related shares awarded at the end of the three-year LTIP period.

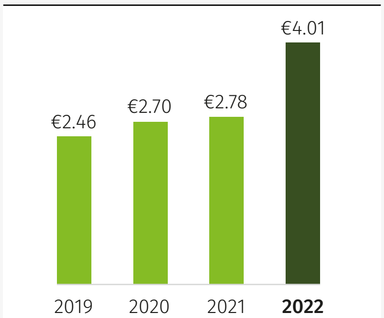


The company uses a 60-day average of the share price at the beginning and the end of each three-year performance period to reduce the influence of potential stock market volatility.

2020-2022 PERFORMANCE

15.9%

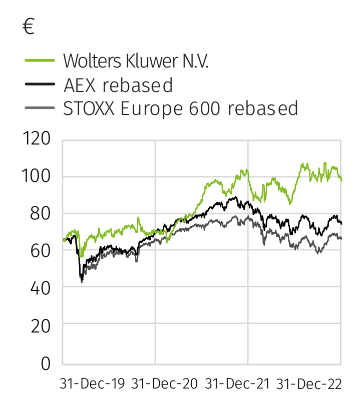
Diluted EPS: Three-year CAGR in constant currencies



Diluted EPS

Three-year CAGR in constant currencies was 15.9% over the period 2020-2022.

SHARE PRICE 2020-2022



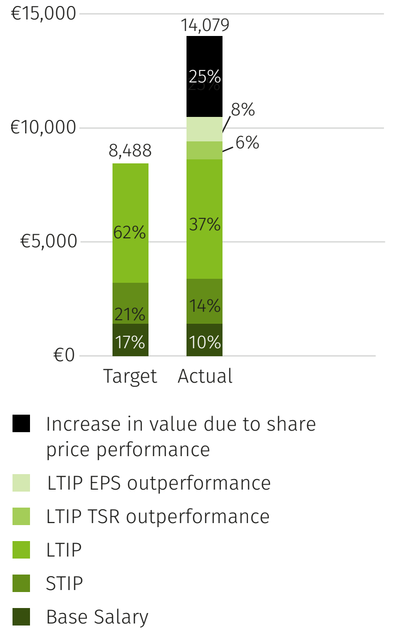
AEX and STOXX Europe 600 rebased to Wolters Kluwer share price.

The share price increased 50.35% over the three-year performance period for LTIP 2020-2022.

IMPACT OF PERFORMANCE AND SHARE PRICE ON REMUNERATION

2022 CEO target and realized pay

in thousands of euros, unless otherwise stated



Target pay shown above reflects the number of LTIP shares conditionally awarded for LTIP 2020-2022 valued at the closing share price on December 31, 2019 (€65.02).

Realized actual pay shown above reflects the number of LTIP shares earned valued at the closing share price on December 31, 2022 (€97.76). The final actual payout will be valued at the volume-weighted-average share price on February 23, 2023.

OUR REMUNERATION POLICY

Below we provide a high level summary of the Executive Board remuneration policy which was adopted in 2021.

The remuneration policy is available at
www.wolterskluwer.com/en/investors/governance/policies-and-articles

REMUNERATION PEER GROUP	The policy provides for a remuneration peer group that is weighted towards European companies at approximately 60%. Current pay peers are shown on page 94.
STIP PERFORMANCE MEASURES (FINANCIAL)	The policy provides a pre-defined list of financial measures from which the Selection & Remuneration Committee can select. The STIP financial measures have a minimum weighting of 80%. These measures exclude the effect of currency, accounting changes, and changes in scope (acquisitions and divestitures) after the annual budget is finalized. The pre-defined list comprises: • Revenues* • Organic growth • Adjusted operating profit • Adjusted operating profit margin • Adjusted net profit* • Adjusted free cash flow* • Cash conversion ratio * These financial measures have been applied for the past few years and will be used in 2023.
STIP PERFORMANCE MEASURES (NON-FINANCIAL)	Non-financial measures can include ESG, strategic, or operational metrics, such as employee engagement score, customer satisfaction scores, measures of good corporate governance, operational excellence, and/or environmental impact. The maximum weighting of non-financial measures is 20%. In 2022 and 2023, the weighting is 10%. For 2023, as in the prior year, the following three strategically important ESG metrics will be used: • Belonging score (a quantified measure of diversity, equity, and inclusion) • Indexed cybersecurity maturity score • Number of on-premise servers decommissioned (reducing carbon footprint)
LTIP PERFORMANCE MEASURES	The policy stipulates the following measures for the LTIP: • Relative total shareholder return is weighted at 50% • Diluted adjusted EPS has a weighting of 30% • Return on invested capital has a weighting of 20%
SHARE OWNERSHIP AND HOLDING REQUIREMENTS	The policy has minimum share ownership requirements: 3x base salary for CEO, 2x base salary for CFO, and a two-year holding period post vesting.

Remuneration Report
continued

OUR REMUNERATION PHILOSOPHY

Clear alignment between executive rewards and stakeholder interests is central to our Executive Board remuneration policy. We have a robust pay-for-performance philosophy with strong links between rewards and results for both our short-term incentive plan (STIP) and long-term incentive plan (LTIP). Variable remuneration outcomes are aligned to stretch targets that measure performance against Wolters Kluwer's strategic aims. The Supervisory Board has a clearly defined process for setting stretch targets and a framework for decision-making around executive remuneration.

The Selection and Remuneration Committee engages an external remuneration advisor to provide recommendations and information on market practices for remuneration structure and levels. The Committee had extensive discussions, supported by its external advisor, to review the composition and key drivers of remuneration.

We disclose targets, achievements, and resulting pay outcomes for both the STIP and LTIP retrospectively in this report. In addition, we disclose prospective LTIP targets.

The Supervisory Board determines Executive Board remuneration on the basis of principles that demonstrate clear alignment with shareholder and other stakeholder interests. We recognize it is our responsibility to ensure that executive remuneration is closely connected with financial and strategic performance.

Principles of Executive Board remuneration	Key feature
Pay for performance and strategic progress	• Pay is linked to the achievement of key financial and non-financial targets related to our strategy • Over 75% of on-target pay is variable and linked to performance against stretch targets • Short-term incentives are linked to annual targets • Long-term incentives are linked to performance against three-year stretch targets aligned to our strategic plan
Align with long-term stakeholder interests	• Policy incentivizes management to create long-term value for shareholders and other stakeholders through achievement of strategic aims and delivery against financial and non-financial objectives • Majority of incentives are long-term and paid in Wolters Kluwer shares which are subject to two-year post-vesting holding requirements
Be competitive in a global market for talent	• On-target pay is aligned with the median of a defined global pay peer group, comprised of competitors and other companies in our sectors that are of comparable size, complexity, business profile, and international scope • TSR peer group companies are additionally screened for financial health, stock price correlation and volatility, and historical TSR performance

OUR EXECUTIVE BOARD REMUNERATION FRAMEWORK

Our Executive Board remuneration framework comprises the following elements:

Element of remuneration	Key feature	Alignment to strategy and shareholder interests
Base salary	Reviewed annually with reference to pay peer group and increases provided to all employees	Set at a level to attract, motivate, and retain the best talent
STIP	Paid annually in cash; maximum opportunity 175% of base salary	Incentivizes delivery of performance against our annual strategic, financial, and ESG goals
LTIP	Conditional rights on ordinary shares, subject to a three-year vesting schedule and three-year performance targets; maximum opportunity 240% of base salary (CEO)	Incentivizes delivery of financial performance and creation of long-term sustainable value; demonstrates long-term alignment with shareholder interests
Pension	Defined contribution retirement savings plan that is available to all employees in the country of employment	Provides appropriate retirement savings designed to be competitive in the relevant market
Other benefits	Eligibility for health insurance, life insurance, a car, and participation in any all-employee plans that may be offered in the country of employment	Designed to be competitive in the relevant market

LINKING PAY TO OUR STRATEGIC GOALS

The largest component of Executive Board remuneration is variable performance-based incentives. This strengthens the alignment between remuneration and company performance, and reflects the philosophy that Executive Board remuneration should be linked to a strategy for long-term value creation. Our strategy aims to deliver continued good organic growth and incremental improvement to our adjusted profit margins and return on invested capital, as we seek to drive long-term sustainable value for all stakeholders.

OUR PURPOSE

Deliver deep impact when it matters most

OUR STRATEGIC AIMS

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

OUR VALUES

FOCUS ON CUSTOMER SUCCESS

MAKE IT BETTER

AIM HIGH AND DELIVER

WIN AS A TEAM

Financial and non-financial metrics
Executive Board remuneration policy (adopted at the 2021 AGM):

Financial measures – short-term incentive plan (STIP) pre-defined list of measures:

Revenues	Organic growth	Adjusted operating profit	Adjusted operating profit margin	Adjusted net profit	Adjusted free cash flow	Cash conversion ratio

Non-financial measures – short-term incentive plan (STIP):
ESG, strategic, or operational measures, including employee engagement score, customer satisfaction scores, measures of good corporate governance, measures of operational excellence, and measures of environmental impact.

Financial measures – long-term incentive plan (LTIP):

Relative total shareholder return	Diluted adjusted EPS (three-year CAGR)	Return on invested capital

For 2023, STIP measures will be the same as in 2022. Financial measures will be revenues, adjusted net profit, and adjusted free cash flow. STIP non-financial measures (ESG) will be employee belonging score, indexed cybersecurity maturity score, and the number of on-premise servers decommissioned.

Remuneration Report
continued

ALIGNING WITH OUR RISK PROFILE

The Supervisory Board assesses whether variable remuneration might expose the company to risk, taking into consideration our overall risk profile and risk appetite, as described in *Risk Management*. We believe that our remuneration policy provides management with good incentives to create long-term value, without increasing our overall risk profile.

BENCHMARKING AGAINST OUR PEERS

Pay peer group

We use a pay peer group to benchmark Executive Board pay. This includes direct competitors and other companies in our sectors of comparable size, complexity, business profile, and international scope. It is made up of companies based in Europe and North America to reflect where Executive Board members most likely would be recruited to or from. The pay peer group includes 9 North American and 14 European companies, making it approximately 60% European. The most comparable businesses in Europe are companies in the Application Software and IT Consulting & Services sectors. In benchmarking pay against the pay peer group, the value of share-based remuneration is standardized to ensure a like-for-like comparison.

In 2022, the pay peer group consisted of the companies shown in the table below. Companies included in the TSR peer group are marked 'TSR'.

Pay and TSR peer groups

North American comparators (2020 and ongoing)	European comparators	European comparators (continued)
CGI[1,4] TSR	Atos	Teleperformance
Equifax TSR	Bureau Veritas TSR	Temenos
Gen Digital[2]	Capgemini	The Sage Group TSR
Intuit	Clarivate	
MSCI	Dassault Systèmes	
News Corporation TSR	Experian TSR	
Nielsen Holdings[3]	Informa TSR	
S&P Global TSR	Intertek Group TSR	
Thomson Reuters TSR	Pearson TSR	
Verisk Analytics TSR	RELX TSR	
Wiley[4] TSR	SGS TSR	

[1] CGI Inc replaced IHS Markit in the TSR peer group after the latter was acquired by S&P Global.

[2] Gen Digital is the new name for NortonLifeLock which was merged with Avast.

[3] Nielsen Holdings was part of the pay peer group in 2022, but was delisted in October 2022. It will be replaced in the next benchmarking exercise.

[4] CGI and Wiley (John Wiley & Sons) are included in the TSR peer group but not in the pay peer group.

[5] Clarivate plc replaced IHS Markit in the pay peer group after the latter was acquired by S&P Global.

TSR Companies that are included in the TSR peer group.

TSR peer group

The TSR peer group consists of 15 companies that are used as the comparator group to determine relative TSR performance, which is one of the measures used in the LTIP. In 2020, we updated the TSR peer group to reflect the group's transformation into a digital information, software, and services business. Consumer publishers were replaced by other, more appropriate software and services companies from the pay peer group. This was in line with feedback received from shareholders. The updated TSR peer group was applied to the LTIP 2020-2022, LTIP 2021-2023, and LTIP 2022-2024, and will again apply for the LTIP 2023-2025.

In case of the delisting or merger of a TSR peer group company, the Supervisory Board will carefully consider an appropriate replacement that meets strict pre-determined criteria. These criteria include industry, geographic focus, size, financial health, share price correlation and volatility, and historical TSR performance.

The TSR peer group is a sub-set of the pay peer group, with the exception of Wiley and CGI.

The TSR peer group used for the LTIP 2019-2021 comprised the following companies:

TSR peer group LTIP 2019-2021

North American comparators	European comparators	European comparators (continued)
McClatchy*/Verisk Analytics	Arnoldo Mondadori	Pearson
News Corporation	Axel Springer	Promotora de Informaciones (PRISA)
S&P Global	Daily Mail & General Trust	Reach
Thomson Reuters	Informa	RELX
Wiley	Lagardère	The Sage Group

* McClatchy, after being acquired, was replaced by Verisk Analytics in October 2020.

SETTING TARGETS FOR LONG-TERM INCENTIVE PLAN MEASURES

The Supervisory Board uses a rigorous process to set stretch targets for the Executive Board.

Process for setting targets for long-term incentive plan measures

The financial plan that is part of our three-year Vision & Strategy Plan (VSP) is the starting point for target setting. This plan is augmented with assumptions around management actions to arrive at realistic stretch targets.

The process for setting targets for the LTIP starts with our company strategy, which is generally formulated every three years, and our three-year financial plan, which is updated annually. The VSP generates a three-year forecast based on organic development of the existing business. This plan is reviewed and approved by the Supervisory Board.

For LTIP remuneration targets, this forecast is augmented with anticipated, value-creating management initiatives not accounted for in the financial plan in order to give realistic but stretch targets that the Supervisory Board feels will maximize the full potential of the organization. Assumptions for management initiatives are made based on historical patterns and forward-looking strategic plans. Typical management initiatives are acquisitions, divestitures, restructuring, and share buybacks (including shares repurchased under our Anti-Dilution Policy). All targets, apart from relative TSR, are based on constant currency rates and IFRS accounting standards.

The Supervisory Board compares the stretch targets against external benchmarks, where available, to ensure they represent a challenging performance in our sector and against other peers. The stretch targets are also tested for sensitivity to various input factors.

USE OF DISCRETION IN DETERMINING VARIABLE REMUNERATION

Under Dutch law, the Supervisory Board has the discretionary authority to amend Executive Board payouts, as determined by actual performance against pre-set targets, if they are considered unreasonable or unfair in relation to stakeholders' interests.

Remuneration Report
continued

The Supervisory Board annually assesses the impact of certain management actions, or external events or circumstances, on results during the performance period, and may use its discretion to adjust for these actions or events. Such actions, events, or circumstances include, but are not limited to, the impact of restructuring, acquisitions, divestments, and share buybacks beyond that anticipated in the target-setting process. External events considered could include economic recession, changes in tax rates, and other events unforeseen in the target-setting process.

Variable remuneration can be clawed back after payout if the payout was based on incorrect information.

IMPLEMENTATION OF REMUNERATION POLICY IN 2022

This section outlines the implementation of the remuneration policy for Executive Board members in 2022, in line with the remuneration policy and the remuneration framework discussed above. It also describes how the performance measures were applied in 2022.

For the performance period ending in 2022, remuneration was in accordance with the remuneration policy adopted in 2021. There were no deviations from the remuneration policy, nor from the governance process in the execution of the policy. The Supervisory Board carried out a scenario analysis when determining the structure and level of Executive Board remuneration for 2022, in accordance with the Dutch Corporate Governance Code.

The Supervisory Board is of the view that management achieved strong results and delivered for customers despite the challenges of the war in Ukraine, high inflation, rising interest rates, and the shortage of skilled talent in a year that was still impacted by the pandemic.

2022 STIP financial targets were exceeded, while two of the three non-financial (ESG) targets were exceeded. Performance on belonging score was in line with target. The formulaic outcome will result in cash annual STIP payments of €1,957,500 for the CEO and €860,391 for the CFO.

Three-year performance on total shareholder return and CAGR in diluted EPS were both ahead of target. The performance and shares to be paid out for the LTIP 2020-2022 are discussed below under *Long-term incentive plans*.

Remuneration of the Executive Board – IFRS based

in thousands of euros, unless otherwise stated	Fixed remuneration				Variable remuneration					
	Base salary	Social security	Pension contribution	Other benefits[2]	STIP	LTIP[3]	Sub-total	Proportion fixed/ variable	Tax-related costs[4]	Total
2022										
N. McKinstry[1]	1,460	101	102	194	1,958	4,616	8,431	22%/78%	(530)	7,901
K.B. Entricken	800	22	74	191	860	1,789	3,736	29%/71%	5	3,741
Total	2,260	123	176	385	2,818	6,405	12,167	24%/76%	(525)	11,642
2021										
N. McKinstry	1,348	22	93	572	1,960	4,713	8,708	23%/77%	669	9,377
K.B. Entricken	694	22	64	203	893	1,632	3,508	28%/72%	(104)	3,404
Total	2,042	44	157	775	2,853	6,345	12,216	25%/75%	565	12,781

1 In 2022, Ms. McKinstry's base salary was $1,498,000 (€1,460,301). The 2022 STIP payout is calculated on a U.S. dollar denominated equivalent of total salary as: $1,498,000 x 137.6% ($2,061,248 equivalent to €1,957,500).
2 Executive Board members are eligible to receive benefits such as health insurance, life insurance, a car, and to participate in any plans offered to all employees at any given time. In 2021, other benefits of Ms. McKinstry included the recognition of a one-time, non-cash accrual of €446,000 to reflect her vesting in the retiree medical plan to which she is entitled based on her tenure and service with the company.
3 LTIP share-based payments are based on IFRS accounting standards and therefore do not reflect the actual payout or value of performance shares released upon vesting.
4 Tax-related costs are costs to the company pertaining to the Executive Board members ex-patriate assignments. The 2022 tax-related costs decreased compared to 2021 mainly due to the cumulative tax impact of spending less time in the Netherlands from 2020 through 2022, lowering Ms. McKinstry's effective global tax rate.

Base salary
The Supervisory Board approved an increase of 2.5% in base salary for the CEO and CFO in 2022. This was in line with the budgeted 2022 salary increase for Wolters Kluwer employees globally.

Short-term incentive plan 2022
The STIP provides Executive Board members with a cash incentive for the achievement of specific annual targets for a set of financial and non-financial performance measures determined at the start of the year. The STIP payout as a percentage of base salary for on-target performance is shown in the table below, with the minimum threshold for payout and the maximum payout in the case of overperformance. There is no payout if performance is less than 90% of the STIP target. Payout is capped at performance that is 110% or more than the STIP target. The STIP payout percentages have remained unchanged since 2007.

Payout of STIP variable remuneration takes place only after verification by the external auditor of the Financial Statements, including the financial KPIs on which the financial STIP targets are based.

STIP percentage payout scenarios for 2022

	Minimum payout (% of base salary)	Minimum threshold: no payout if performance is below (% of target)	Target payout (% of base salary)	Maximum payout (% of base salary)	Maximum payout if performance is above (% of target)
CEO	0%	< 90%	125%	175%	≥110%
CFO	0%	< 90%	95%	145%	≥110%

The 2022 performance measures, determined by the Supervisory Board, are listed in the table below. They reflect the key performance indicators (KPIs) on which the company reports and that are important measures of the successful execution of our strategy.

Remuneration Report continued

Performance against STIP targets for 2022, together with the resulting STIP payout for the CEO and the CFO for the financial year, are indicated in the table below.

Payouts for performance against 2022 STIP targets

in millions of euros, unless otherwise stated

		Performance targets			Actual performance		STIP outcomes			
							N. McKinstry[1]		K.B. Entricken[2]	
Performance measures	**Weighting (A)**	**Minimum**	**Target**	**Maximum**	**Performance**	**As % of target**	**Payout, % of base salary (B)**	**Weighted (A)x(B)**	**Payout, % of base salary (C)**	**Weighted (A)x(C)**
2022										
Financial										
Revenues	34.0%	4,859	5,399	5,939	5,453	101%	130%	44.2%	100%	34.0%
Adjusted net profit	28.0%	916	1,018	1,120	1,059	104%	145%	40.6%	115%	32.2%
Adjusted free cash flow	28.0%	1,076	1,196	1,315	1,220	102%	135%	37.8%	105%	29.4%
Non-financial (ESG)										
Average of three measures	10.0%					105%	150%	15.0%	120%	12.0%
Total payout as % of base salary								**137.6%**		**107.6%**
Total payout, in thousands of U.S. dollars								2,061		906

1 The 2022 STIP payout is calculated on a U.S.-dollar-denominated equivalent of total base salary as: $1,498,000 x 137.6% ($2,061,248 equivalent to €1,957,500).
2 The 2022 STIP payout is calculated on a U.S.-dollar-denominated equivalent of total base salary as: $842,000 x 107.6% ($905,992 equivalent to €860,391).

Performance against the individual three STIP non-financial targets for 2022 is detailed in the table below:

Performance against STIP non-financial targets for 2022

		Performance targets			Actual performance	
Performance measures	**Weighting**	**Minimum**	**Target**	**Maximum**	**Performance**	**As % of target**
Non-financial measures						
Employee belonging score	3.33%	Maintain the same score as 2021	+1 point	+3 or more points	+1 point	100%
Indexed cybersecurity maturity score	3.33%	+1.0% improvement over 2021	+2.0% improvement over 2021	+4.5% improvement over 2021	+7.4% improvement over 2021	110%
Number of on-premise servers decommissioned (reducing carbon footprint)	3.34%	275-399	600-999	1,600+	1,032	105%
Average of three measures	**10.0%**					**105%**

LONG-TERM INCENTIVE PLANS

The LTIP provides Executive Board members conditional rights on shares (performance shares). The plan aims to align the organization and its management with the strategic goals of the company and, in doing so, reward the creation of long-term value. The total number of shares that Executive Board members receive depends on the achievement of pre-determined performance conditions at the end of a three-year performance period.

Reflective of the previous remuneration policy in effect before 2021, the performance measures for the LTIP 2020-2022 were total shareholder return (TSR) relative to our group of TSR peer companies (TSR-related shares) and CAGR in diluted EPS (EPS-related shares). Payout of the performance shares at the end of the three-year performance period will take place only after verification by the external auditor of the achievement of the TSR and EPS targets.

Total shareholder return

TSR objectively measures the company's financial performance and assesses its long-term value creation as compared to other companies in our TSR peer group. It is calculated based on the share price change over the three-year period and assumes ordinary dividends are reinvested. By using a three-year performance period, there is a clear link between remuneration and long-term value creation. The company uses a 60-day average of the share price at the beginning and end of each three-year performance period to reduce the influence of potential stock market volatility.

Wolters Kluwer's TSR performance compared to the peer group determines the number of conditionally awarded TSR-related shares vested at the end of the three-year performance period. These incentive zones are in line with best-practice recommendations for the governance of long-term incentive plans.

TSR performance ranking payout percentages

Position	Payout as % of conditional shares awarded for on-target performance
1-2	150%
3-4	125%
5-6	100%
7-8	75%
9-16	0%

Diluted adjusted earnings per share and return on invested capital

Executive Board members can earn 0%-150% of the number of conditionally awarded EPS- or ROIC-related shares, depending on Wolters Kluwer's performance compared to targets set for the three-year performance period.

The Supervisory Board determines the exact targets for the EPS- and ROIC-related shares for each three-year performance period at the start of the period.

The EPS targets are based on diluted adjusted EPS performance in constant currencies to exclude benefits or disadvantages based on currency effects over which the Executive Board has no control. In addition, diluted adjusted EPS performance is based on consistent IFRS accounting standards. The ROIC targets are also based on constant currencies.

Using EPS and ROIC as performance measures for LTIP facilitates strong alignment with the successful execution of our strategy to generate long-term shareholder value.

Remuneration Report
continued

Diluted adjusted EPS and ROIC performance incentive table

Achievement	Payout %
Less than 50% of target	None
On target	100%
Overachievement of target	Up to 150%

Performance against targets for TSR and EPS for the 2019-2021 and 2020-2022 performance periods

LTIP measure	Weighting	Target	Achievement	Payout %
Period 2020-2022				**Vesting**
TSR	50%	Position 5-6	Position 3	125%
Diluted EPS*	50%	CAGR of 10.8%	15.9%	150%
Period 2019-2021				**Vesting**
TSR	50%	Position 5-6	Position 4	125%
Diluted EPS*	50%	CAGR of 12.6%	15.0%	150%

* LTIP 2019-2021 and LTIP 2020-2022 were based on the former remuneration policy, which used TSR and diluted EPS. For calculation purposes, we are using the definition of diluted EPS that can be found in the *Glossary*.

VESTED LONG-TERM INCENTIVE PLANS

LTIP vesting for the performance period 2020–2022

The LTIP 2020-2022 vested on December 31, 2022. Vested LTIP 2020-2022 shares will be released on February 23, 2023. The volume-weighted-average price for the shares released will be based on the average exchange price traded at Euronext Amsterdam on February 23, 2023, the first day following the company's publication of its annual results.

Conditional share awards vested for the period 2020-2022

number of shares, unless otherwise stated	Outstanding at December 31, 2022	Additional conditional number of TSR shares (25%)	Additional conditional number of EPS shares (50%)	Vested/payout February 23, 2023	Estimated cash value of payout *(in thousands of euros)**
N. McKinstry	80,741	12,064	16,243	109,048	10,661
K.B. Entricken	29,320	4,381	5,899	39,600	3,871
Total	110,061	16,445	22,142	148,648	14,532
Senior management	280,967	35,139	70,309	386,415	37,776
Total	391,028	51,584	92,451	535,063	52,308

* Estimated cash value calculated as the number of shares vested multiplied by the closing share price on December 31, 2022 (€97.76).

LTIP vesting for the performance period 2019-2021

The LTIP 2019-2021 vested on December 31, 2021. A total number of 649,774 shares were released on February 24, 2022. On that day, the volume-weighted-average price of Wolters Kluwer N.V. was €88.0883. The following table indicates the number of shares vested and the cash equivalent.

LTIP: shares vested for the performance period 2019-2021

number of shares, unless otherwise stated	**Outstanding at December 31, 2021**	**Additional conditional number of TSR-shares (25%)**	**Additional conditional number of EPS-shares (50%)**	**Vested/payout February 24, 2022**	**Cash value of vested shares***
N. McKinstry	92,306	13,347	19,459	125,112	11,021
K.B. Entricken	28,486	4,119	6,005	38,610	3,401
Total	120,792	17,466	25,464	163,722	14,422
Senior management	353,908	43,956	88,188	486,052	42,815
Total	474,700	61,422	113,652	649,774	57,237

* Cash value in thousands of euros; calculated as the number of shares vested multiplied by the volume-weighted-average price on February 24, 2022.

CONDITIONALLY AWARDED SHARES

This section provides information on the conditional share awards under the outstanding (in-flight) LTIPs for Executive Board members and other senior management.

LTIP awards 2021-2023 and 2022-2024

The Executive Board members and other senior management have been conditionally awarded the following number of shares based on a 100% payout, subject to the conditions of the LTIP grants for 2021-2023 and 2022-2024:

Conditional LTIP share awards for performance periods 2021-2023 and 2022-2024

number of shares at 100% payout	**Conditionally awarded TSR-based shares**	**Conditionally awarded ROIC- and EPS-based shares**	**Conditionally awarded TSR-based shares**	**Conditionally awarded ROIC- and EPS-based shares**	**Total conditionally awarded shares**
	LTIP 2021-2023	LTIP 2021-2023	LTIP 2022-2024	LTIP 2022-2024	December 31, 2022
N. McKinstry	38,618	28,352	23,129	16,955	107,054
K.B. Entricken	15,300	11,233	9,925	7,276	43,734
Total	53,918	39,585	33,054	24,231	150,788
Senior management*	162,599	162,638	122,708	122,698	570,643
Total	216,517	202,223	155,762	146,929	721,431

* Remuneration of senior management consists of a base salary, STIP, and LTIP, and is based on the achievement of specific objective targets linked to creating value for shareholders, such as revenues and profit performance. The LTIP targets and payout schedule for senior management are similar to those for the Executive Board.

Remuneration Report
continued

KEY ASSUMPTIONS FOR LTIP 2021-2023 AND LTIP 2022-2024 SHARES

Fair values for LTIP shares are provided in the table below. In the benchmarking process, the fair value of share-based remuneration is standardized to ensure a like-for-like comparison to peer companies.

	LTIP 2022-2024	LTIP 2021-2023
Fair values		
Fair value of EPS shares at grant date (in €)	97.82	64.06
Fair value of ROIC shares at grant date (in €)	97.82	64.06
Fair value of TSR shares at grant date (in €)	71.71	47.03
TSR shares – key assumptions		
Share price at grant date (in €)	103.60	69.06
Expected volatility	21.2%	21.8%

The fair value of TSR shares is calculated at the grant date using the Monte Carlo model. For the TSR shares granted in the LTIP 2022-2024, the fair value is estimated to be €71.71 as of January 1, 2022. The inputs to the valuation were the Wolters Kluwer share price of €103.60 on the grant date (January 1, 2022) and an expected volatility of 21.2% based on historical daily prices over the three years prior to January 1, 2022. Dividends are assumed to increase annually based on historical trends and management plans. The model assumes a contractual life of three years and uses the risk-free rate on Dutch three-year government bonds.

PROPOSED REMUNERATION APPROACH FOR 2023

This section describes arrangements that will be put into place for 2023, in line with the remuneration policy as adopted at the April 2021 AGM.

Base salary

The Supervisory Board approved a regular increase in base salary for the CEO and CFO of 3.9%, which is less than the overall budgeted 2023 salary increase of 4.4% for Wolters Kluwer employees globally.

Short-term incentive plan 2023

For the CEO, the STIP percentage payout scenarios for 2023 will be the same as in 2022 (shown in the table on page 97). For the CFO, based on the most recent benchmarking study, the Supervisory Board has resolved to increase the STIP percentage payout from 95% to 100% of base salary for on-target performance and from 145% to 150% for the maximum payout. According to the remuneration policy, the Supervisory Board can annually select measures from a pre-defined list of financial measures, providing flexibility for the Supervisory Board and transparency for stakeholders.

A full list of financial measures is provided in the summary table at the front of this Remuneration Report. The financial measures carry a weight of at least 80% under the remuneration policy adopted in 2021. The Supervisory Board has selected the following measures from the list for 2023:

Financial performance measures for STIP 2023

Measure	Weighting	How performance is calculated
Revenues	34%	STIP financial targets are based on the annual budget which assumes development of the existing business. In calculating STIP performance results, the effect of changes in currency and IFRS accounting standards is excluded.
Adjusted net profit	28%	
Adjusted free cash flow	28%	
Non-financial (ESG)	10%	
Total weighting of STIP financial measures	**100%**	

Non-financial performance measures for STIP 2023

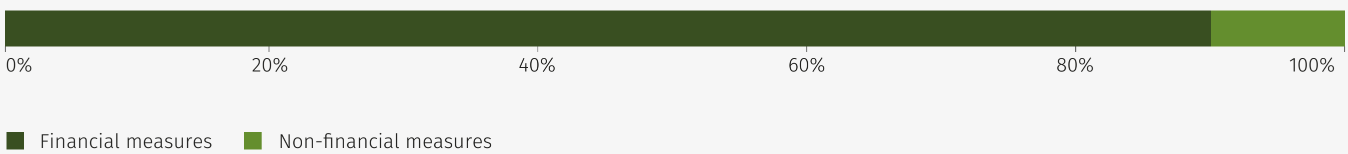
The non-financial measures relate to ESG, strategic, or operational priorities. The policy sets the maximum weight for these non-financial measures at 20% of the STIP. In 2023, the weight will be set at 10% with each measure equal-weighted and separately assessed. The measures will apply equally to the CEO and CFO and have been cascaded down to all executives.

In 2023, the following three strategically relevant, quantifiable, and verifiable ESG measures will be applied.

Non-financial performance measures for 2023

ESG objective	Measure	Weighting %	Description of target and how it is measured
Workforce diversity and employee engagement	Belonging score	3.33%	The annual target aims to achieve an improvement in our overall belonging score. Belonging measures the extent to which employees believe they can bring their authentic selves to work and be accepted for who they are. The score (on a scale of 0-100) is determined by an independent third party (2022: Microsoft Glint).
Secure systems and processes	Indexed cybersecurity maturity score	3.33%	The annual target is based on a company-wide program designed to maintain cybersecurity at or above the industry standard benchmark for high-tech companies. The cybersecurity maturity score is assessed annually by a third party, based on the National Institute of Standards and Technology (NIST) framework. For 2023, the minimum payout requires the score to be in line with the industry standard for high-tech companies.
Reduction in carbon footprint	Number of on-premise servers decommissioned	3.34%	The annual target is based on programs managed by Global Business Services, Digital eXperience Group, and the customer-facing divisions. Decommissioning of on-premise servers by migrating to energy-efficient cloud platforms reduces our carbon footprint.
Total weighting of STIP non-financial measures		**10.0%**	

Weighting of STIP 2023 performance measures



Disclosure of STIP targets

The Supervisory Board does not disclose STIP targets in advance due to their commercial sensitivity. In response to shareholder requests for greater transparency, we have disclosed STIP targets retrospectively in this report.

LONG-TERM INCENTIVE PLAN 2023-2025

Conditional LTIP grants under the remuneration policy approved in 2021

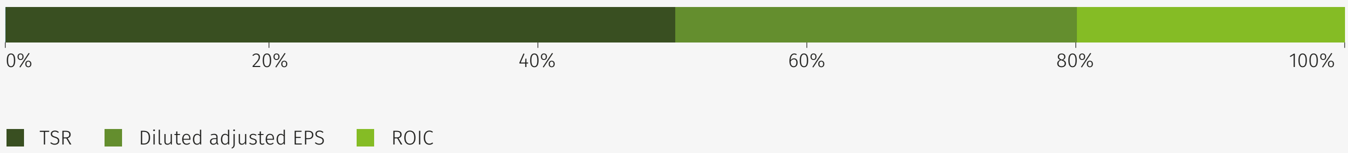
The CEO's target remuneration has historically been positioned in line with the median of the pay peer group. However, having listened to shareholder concerns about the quantum of CEO remuneration, we proposed as part of the remuneration policy adopted in 2021, in consultation with the CEO, to reduce the maximum award of conditional shares from 285% to 240% of base salary over a two-year period. This change took place in two steps (265% for 2021 and 240% for 2022) and effectively reduced the CEO's target remuneration by about 10%.

The CFO's target conditional award is 200% of base salary.

Wolters Kluwer uses the fair value method for calculating the number of conditional performance shares to be awarded.

Remuneration Report
continued

Weighting of LTIP 2023-2025 performance measures



For the LTIP 2023-2025 cycle, in accordance with the policy adopted by shareholders at the 2021 AGM, the Supervisory Board will maintain TSR, measured against 15 peers, as an LTIP measure with a weighting of 50% of the value of the LTIP. In addition, the Supervisory Board will keep diluted adjusted EPS at 30% of the value and ROIC at 20%. These measures were selected based on investor feedback and the Supervisory Board's continued desire to provide incentives for management to drive long-term value creation.

Prospective disclosure of LTIP targets

We committed to disclose the LTIP targets prospectively (in addition to continuing retrospective disclosure of LTIP targets) upon adoption of the remuneration policy by shareholders at the 2021 AGM. For plans reflecting this policy, targets are provided below.

LTIP Measure	Weighting	Target in constant currencies
Period 2023-2025		
TSR	50%	Position 5-6
Diluted adjusted EPS	30%	CAGR of 10.9%
ROIC	20%	Final year ROIC of 19.2%
Period 2022-2024		
TSR	50%	Position 5-6
Diluted adjusted EPS	30%	CAGR of 9.3%
ROIC	20%	Final year ROIC of 16.6%
Period 2021-2023		
TSR	50%	Position 5-6
Diluted adjusted EPS	30%	CAGR of 8.5%
ROIC	20%	Final year ROIC of 13.9%

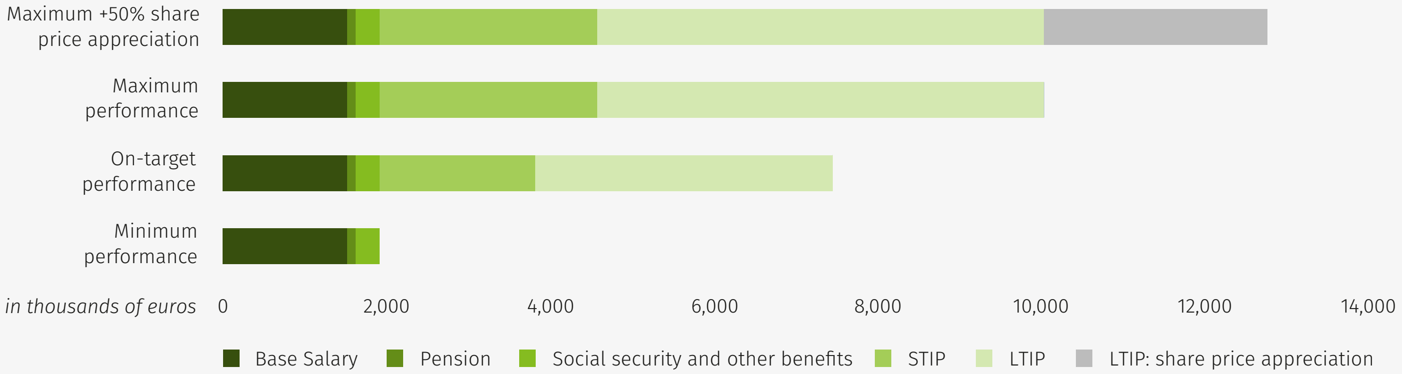
Conditional LTIP grants 2023-2025

In accordance with the commitment of the Supervisory Board in 2021 upon adoption of the remuneration policy, the LTIP target level for the 2023-2025 performance period will be 240% of base salary for the CEO. The target level for the CFO is 200% of base salary.

The number of shares conditionally awarded at the start of the performance period is computed by dividing the amount, as calculated above, by the fair value of a conditionally awarded share at the start of the performance period. As the fair value of TSR-related shares can be different from the fair value of EPS- and ROIC-related shares, the number of conditionally awarded TSR-related shares can deviate from the aggregate number of conditionally awarded EPS- and ROIC-related shares.

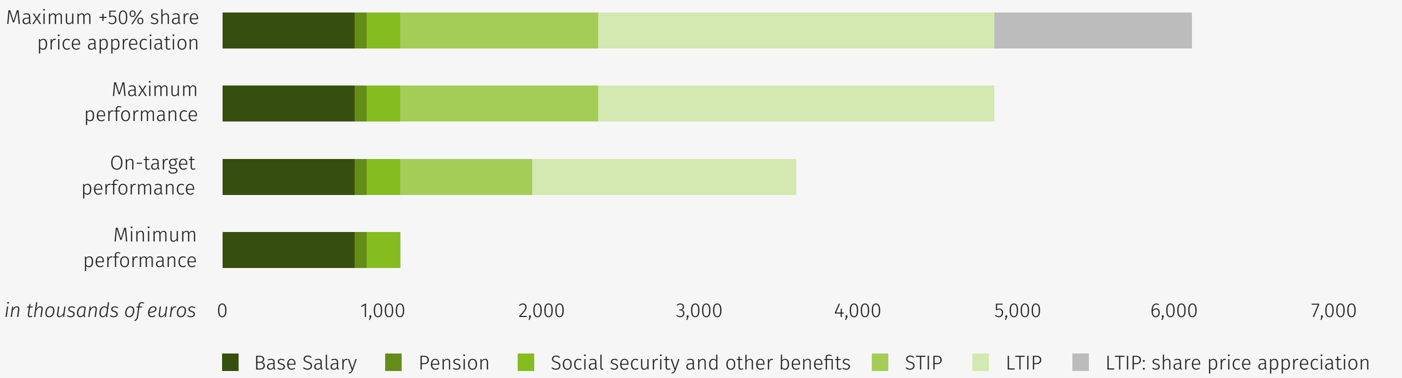
2023 performance-driven CEO remuneration scenarios

Proposed 2023 remuneration retains high proportion of performance-driven pay



2023 performance-driven CFO remuneration scenarios

Proposed 2023 remuneration retains high proportion of performance-driven pay



SHARE OWNERSHIP AND HOLDING REQUIREMENTS

According to our remuneration policy, the CEO is required to own Wolters Kluwer shares valued at three times base salary, with other Executive Board members required to hold shares valued at twice base salary. Our current Executive Board members continue to be in compliance with this ownership requirement, with their personal shareholdings in Wolters Kluwer N.V. shown below:

Shares owned by Executive Board members

number of shares, unless otherwise stated	**Actual ownership as multiple of base salary (as at December 31, 2022)***	**Actual ownership as multiple of base salary (as at December 31, 2021)***	**December 31, 2022**	**December 31, 2021**
N. McKinstry	24.9x	28.6x	372,131	372,131
K.B. Entricken	4.9x	6.0x	40,036	40,036

* Number of Wolters Kluwer N.V. shares held at December 31 multiplied by the Wolters Kluwer N.V. share price on that date, divided by base salary.

In addition to these ownership requirements, according to the remuneration policy, performance shares (net of any income taxes due on vesting) are subject to a two-year holding period requirement, as provided in the Dutch Corporate Governance Code. This two-year holding period applies to the LTIP 2021-2023 and later plans and extends the total required retention period to five years including the three-year performance and vesting period.

Remuneration Report
continued

If the Executive Board member is eligible for a company-sponsored deferral program and chooses to participate by deferring LTIP proceeds upon vesting, the maximum amount that can be deferred is 50% of the vested value. The remaining vested value in shares (net of taxes) is subject to the two-year holding period requirement.

CEO PAY RATIO

The pay ratio, obtained by dividing the total 2022 remuneration for the CEO by the average of the total 2022 remuneration of all employees worldwide, was 77 (2021: 87). For this purpose, the total CEO remuneration is based on the remuneration costs as stated in the table *Remuneration of the Executive Board – IFRS based*, minus tax-related costs. The average employee remuneration is obtained by dividing the 2022 total personnel expenses as stated in *Note 13 – Personnel Expenses* (after subtracting the CEO's remuneration), by the reported average number of full-time employees (minus one). As such, both the total CEO remuneration (minus tax-related costs) and the average total remuneration of all employees (minus the CEO's remuneration) are based on IFRS accounting standards. The difference between the 2021 and 2022 pay ratios was due to the increase in the average pay per employee in 2022, while the CEO's total remuneration (minus tax-related costs) was lower in 2022. The decline in CEO total remuneration was mainly due to the one-time non-cash accrual of retiree medical benefits in 2021.

OTHER INFORMATION

The company does not grant any personal loans, guarantees, or the like to Executive Board or Supervisory Board members.

SUPERVISORY BOARD REMUNERATION

A revised Supervisory Board Remuneration Policy was adopted at the 2020 AGM. The Supervisory Board had reviewed its own remuneration and established the new policy on the recommendation of the Selection and Remuneration Committee. According to this policy, the remuneration for the Supervisory Board aims to attract and retain high-caliber individuals with the relevant skills and experience to guide the development and execution of company strategy and facilitate long-term value creation.

Supervisory Board remuneration is not tied to company performance and therefore includes fixed remuneration only. In exceptional circumstances, ad-hoc committees may be established, for which the Chair and members may receive pro-rated remuneration at the level of the Audit Committee fee, capped at five times the annual fee of the Audit Committee. Resolutions are always taken by the full Supervisory Board.

The Supervisory Board seeks advice from an independent external remuneration advisor.

Supervisory Board remuneration

in thousands of euros	**Member Selection and Remuneration Committee**	**Member Audit Committee**	**2022**	**2021**	**2020**
F.J.G.M. Cremers, Former Chair	Former Co-Chair		45	128	128
A.E. Ziegler, Chair, Former Vice-Chair	Co-Chair		139	102	102
B.J.F. Bodson			85	82	72
J.P. de Kreij, Vice-Chair		Chair	120	94	92
J.A. Horan	Co-Chair		99	91	96
S. Vandebroek		Yes	110	93	61
C.F.H.H. Vogelzang		Yes	100	88	88
H.H. Kersten	Yes		68	–	–
Former Supervisory Board members					
R.D. Hooft Graafland			–	–	34
Total			766	678	673

Supervisory Board members' fees

The table below shows the fee schedule for Supervisory Board members, including the remuneration proposed for 2022, which was adopted by the 2022 Annual General Meeting of Shareholders. This proposal is in line with the Supervisory Board Remuneration Policy which was adopted in 2020 by the AGM with 99.11% of votes in favor and reflects the responsibilities of Supervisory Board members, remuneration levels at other two-tier board Dutch listed (AEX) companies and selected European companies, and the international composition of the Supervisory Board.

Supervisory Board members' fees

in euros	**Annual fee 2022**	**Annual fee 2021**
Chair	130,000	112,000
Vice-Chair	95,000	83,500
Members	75,000	70,000
Chair Audit Committee	25,000	22,500
Members Audit Committee	18,000	16,500
Chair Selection and Remuneration Committee	20,000**	17,500*
Members Selection and Remuneration Committee	14,000	11,500
Travel allowance for intercontinental travel	5,000 per meeting	5,000 per meeting
Fixed cost reimbursement	1,500	1,500

* Due to the co-chair arrangement, each co-chair received €14,500.
** Due to the co-chair arrangement, each co-chair received €17,000.

Shares owned by Supervisory Board members

At December 31, 2022, Ms. Ziegler held 1,894 American Depositary Receipts (each Depositary Receipt represents one ordinary Wolters Kluwer share) (2021: 1,894). None of the other Supervisory Board members held shares in Wolters Kluwer (2021: none).

SHAREHOLDER VOTING AT ANNUAL GENERAL MEETING

The following table sets out the voting results in respect of resolutions relating to remuneration at the AGM held on April 21, 2022.

Shareholder voting outcomes at the 2022 AGM

Resolution		**% of votes for**	**% of votes against**	**votes withheld**
2021 Remuneration Report	Advisory	94.38%	5.62%	737,720
2022 Proposed Supervisory Board Remuneration	Binding	98.91%	1.09%	668,133

Remuneration Report
continued

FIVE-YEAR OVERVIEW OF ANNUAL CHANGES IN REMUNERATION (IFRS BASED)

The table below provides an overview of Executive Board remuneration, Supervisory Board remuneration, company performance, and average employee remuneration for the past five years.

Five-year overview of annual changes in remuneration (IFRS based)

in thousands of euros, unless otherwise stated	2022	2021*	2020*	2019*	2018*
Executive Board remuneration					
N. McKinstry	7,901	9,377	7,512	8,089	4,724
Change (in %)	(15.7)	24.8	(7.1)	71.2	(49.2)
K.B. Entricken	3,741	3,404	4,132	4,589	3,968
Change (in %)	9.9	(17.6)	(10.0)	15.7	3.8
Supervisory Board remuneration**					
F.J.G.M. Cremers (appointed 2017), Former Chair[1]	45	128	128	114	117
A.E. Ziegler (appointed 2017), Chair, Former Vice-Chair[2]	139	102	102	95	95
B.J.F. Bodson (appointed 2019)[3]	85	82	72	22	–
J.A. Horan (appointed 2016)	99	91	96	100	91
H.H. Kersten (appointed 2022)	68	–	–	–	–
J.P. de Kreij (appointed 2020), Vice-Chair[4]	120	94	92	–	–
S. Vandebroek (appointed 2020)	110	93	61	–	–
C.F.H.H. Vogelzang (appointed 2019)	100	88	88	58	–
R.D. Hooft Graafland[5]	–	–	34	97	100
F.M. Russo[6]	–	–	–	97	97
B.J. Angelici[7]	–	–	–	20	85
B.J. Noteboom[7]	–	–	–	25	82
Company performance					
Organic growth (in %)	6.2	5.7	1.7	4.3	4.3
Adjusted operating profit margin (in %)	26.1	25.3	24.4	23.6	23.1
Year-end closing share price (€)	97.76	103.60	69.06	65.02	51.66
Share price change (in %)	(6)	50	6	26	19
Total shareholder return (in %)	(4)	52	8	28	21
Average remuneration on a full-time equivalent basis of employees					
Total personnel cost per FTE, excluding CEO	109.0	99.7	98.6	97.6	92.3

* The Executive Board remuneration for the years 2018 to 2021 has been restated to include tax-related costs.
** Members of the Supervisory Board are independent from the company. Their remuneration is not tied to Wolters Kluwer's performance and therefore includes fixed remuneration only.
1 Retired after the 2022 AGM.
2 Succeeded Mr. Cremers as Chair after the 2022 AGM.
3 Mr. Bodson's appointment was with effect from September 1, 2019.
4 Mr. de Kreij succeeded Ms. Ziegler as Vice-Chair after the 2022 AGM.
5 Retired after the 2020 AGM.
6 Retired per year-end 2019.
7 Retired after the 2019 AGM.

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Notes to the Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

in millions of euros, unless otherwise stated, for the year ended December 31		**2022**	**2021**
Revenues	*Note 5/6*	5,453	4,771
Cost of revenues	*Note 5*	(1,578)	(1,374)
Gross profit	*Note 5*	3,875	3,397
Sales costs	*Note 10*	(914)	(806)
General and administrative costs	*Note 11*	(1,697)	(1,550)
Total operating expenses	*Note 5*	(2,611)	(2,356)
Other gains and (losses)	*Note 12*	69	(29)
Operating profit	*Note 5*	1,333	1,012
Financing income		21	4
Financing costs		(77)	(82)
Other finance income and (costs)		(1)	(6)
Total financing results	*Note 15*	(57)	(84)
Share of profit of equity-accounted investees, net of tax	*Note 21*	0	1
Profit before tax		1,276	929
Income tax expense	*Note 16*	(249)	(201)
Profit for the year	*Note 7*	1,027	728
Attributable to:			
– Owners of the company		1,027	728
– Non-controlling interests	*Note 17*	0	0
Profit for the year		1,027	728
Earnings per share (EPS) (€)			
Basic EPS	*Note 7*	4.03	2.79
Diluted EPS	*Note 7*	4.01	2.78

Consolidated Statement of Comprehensive Income

in millions of euros, for the year ended December 31		**2022**	**2021**
Comprehensive income			
Profit for the year		1,027	728
Other comprehensive income			
Items that are or may be reclassified subsequently to the consolidated statement of profit or loss:			
Exchange differences on translation of foreign operations		231	314
Exchange differences on translation of equity-accounted investees	*Note 21*	1	1
Recycling of foreign exchange differences on loss of control	*Note 8*	1	40
Gains/(losses) on hedges of net investments in foreign operations		(17)	(16)
Gains/(losses) on cash flow hedges		18	6
Net change in fair value of cash flow hedges reclassified to the consolidated statement of profit or loss	*Note 15*	11	4
Items that will not be reclassified to the consolidated statement of profit or loss:			
Remeasurement gains/(losses) on defined benefit plans	*Note 31*	18	16
Other comprehensive income/(loss) for the year, before tax		263	365
Income tax on items that are or may be reclassified subsequently to the consolidated statement of profit or loss		4	0
Income tax on items that will not be reclassified to the consolidated statement of profit or loss		(5)	(4)
Income tax on other comprehensive income	*Note 23*	(1)	(4)
Other comprehensive income/(loss) for the year		262	361
Total comprehensive income for the year		1,289	1,089
Attributable to:			
– Owners of the company		1,289	1,088
– Non-controlling interests		0	1
Total comprehensive income for the year		1,289	1,089

Consolidated Statement of Cash Flows

in millions of euros, for the year ended December 31		2022	2021
Cash flows from operating activities			
Profit for the year		1,027	728
Adjustments for:			
Income tax expense	*Note 16*	249	201
Share of profit of equity-accounted investees, net of tax	*Note 21*	0	(1)
Financing results	*Note 15*	57	84
Amortization, impairment, and depreciation	*Note 14*	466	473
Book (profit)/loss on disposal of operations and non-current assets	*Note 8*	(84)	10
Fair value changes of contingent considerations	*Note 12/30*	0	0
Additions to and releases from provisions	*Note 32*	5	15
Appropriation of provisions	*Note 32*	(15)	(36)
Changes in employee benefit provisions		11	(9)
Share-based payments	*Note 13/34*	28	24
Other adjustments		3	(4)
Adjustments excluding autonomous movements in working capital		720	757
Inventories		(11)	(3)
Contract assets	*Note 25*	(5)	(16)
Trade and other receivables		96	(78)
Deferred income	*Note 25*	73	113
Other contract liabilities	*Note 25*	4	14
Trade and other payables		24	120
Assets/liabilities classified as held for sale		(3)	–
Autonomous movements in working capital		178	150
Total adjustments		898	907
Net cash flows from operations		1,925	1,635
Interest paid (including the interest portion of lease payments)		(70)	(72)
Interest received		16	6
Paid income tax	*Note 23*	(289)	(277)
Net cash from operating activities		1,582	1,292

Consolidated Statement of Cash Flows
continued

in millions of euros, for the year ended December 31		**2022**	**2021**
Cash flows from investing activities			
Capital expenditure	*Note 18/19*	(295)	(240)
Proceeds from disposal of other intangible assets and property, plant, and equipment		0	1
Acquisition spending, net of cash acquired	*Note 8*	(92)	(108)
Receipts from divestments, net of cash disposed	*Note 8*	106	76
Dividends received		0	0
Cash used for settlement of net investment hedges		(18)	(16)
Net cash used in investing activities		(299)	(287)
Cash flows from financing activities			
Repayment of loans		(126)	(100)
Proceeds from new loans		631	500
Repayment of principal portion of lease liabilities	*Note 20*	(72)	(68)
Repurchased shares	*Note 33*	(1,000)	(410)
Dividends paid	*Note 17/33*	(424)	(373)
Net cash used in financing activities		(991)	(451)
Net cash flows before effect of exchange differences		292	554
Exchange differences on cash and cash equivalents and bank overdrafts		44	76
Net change in cash and cash equivalents and bank overdrafts		336	630
Cash and cash equivalents less bank overdrafts at January 1		994	364
Cash and cash equivalents less bank overdrafts at December 31	*Note 27*	1,330	994
Add: Bank overdrafts at December 31	*Note 27*	16	9
Less: Cash included in assets classified as held for sale at December 31	*Note 9*	–	(2)
Cash and cash equivalents in the consolidated statement of financial position at December 31	*Note 27*	1,346	1,001

Consolidated Statement of Financial Position

in millions of euros, at December 31		**2022**	**2021**
Non-current assets			
Goodwill	*Note 18*	4,394	4,180
Intangible assets other than goodwill	*Note 18*	1,648	1,620
Property, plant, and equipment	*Note 19*	79	75
Right-of-use assets	*Note 20*	283	301
Investments in equity-accounted investees	*Note 21*	11	10
Financial assets	*Note 22*	23	5
Non-current other receivables	*Note 26*	16	18
Non-current contract assets	*Note 25*	17	19
Deferred tax assets	*Note 23*	62	62
Total non-current assets		6,533	6,290
Current assets			
Inventories	*Note 24*	79	65
Contract assets	*Note 25*	153	138
Trade receivables	*Note 25*	1,088	1,008
Other receivables	*Note 26*	250	366
Current income tax assets	*Note 23*	61	59
Cash and cash equivalents	*Note 27/29*	1,346	1,001
Assets classified as held for sale	*Note 9*	–	101
Total current assets		2,977	2,738
Total assets		9,510	9,028

Consolidated Statement of Financial Position
continued

in millions of euros, at December 31		2022	2021
Equity			
Issued share capital	*Note 33*	31	32
Share premium reserve		87	87
Legal reserves		466	215
Treasury shares		(735)	(247)
Retained earnings		2,461	2,330
Equity attributable to the owners of the company	*Note 47*	2,310	2,417
Non-controlling interests	*Note 17*	0	0
Total equity		2,310	2,417
Non-current liabilities			
Bonds		2,426	2,625
Private placements		142	153
Lease liabilities		244	260
Other long-term debt		18	13
Total long-term debt	*Note 29*	2,830	3,051
Deferred tax liabilities	*Note 23*	299	294
Employee benefits	*Note 31*	85	90
Provisions	*Note 32*	5	7
Non-current deferred income	*Note 25*	112	113
Total non-current liabilities		3,331	3,555
Current liabilities			
Deferred income	*Note 25*	1,858	1,709
Other contract liabilities	*Note 25*	88	80
Trade and other payables	*Note 28*	990	944
Current income tax liabilities	*Note 23*	129	142
Short-term provisions	*Note 32*	19	27
Borrowings and bank overdrafts	*Note 27/29*	16	9
Short-term bonds	*Note 29*	700	–
Short-term lease liabilities	*Note 29*	69	71
Liabilities classified as held for sale	*Note 9*	–	74
Total current liabilities		3,869	3,056
Total liabilities		7,200	6,611
Total equity and liabilities		9,510	9,028

Consolidated Statement of Changes in Total Equity

in millions of euros	Issued share capital	Share premium reserve	Legal reserves Legal reserve participations	Hedge reserve	Translation reserve	Other reserves Treasury shares	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2021	32	87	133	(116)	(135)	(222)	2,308	2,087	0	2,087
Profit for the year							728	728	0	728
Other comprehensive income/(loss) for the year				(6)	354		12	360	1	361
Total comprehensive income for the year				(6)	354		740	1,088	1	1,089
Transactions with owners of the company, recognized directly in equity:										
Share-based payments							24	24		24
Cancelation of shares	0					336	(336)	0		0
Release LTIP shares						49	(49)	0		0
Final cash dividend 2020							(232)	(232)	(1)	(233)
Interim cash dividend 2021							(140)	(140)		(140)
Repurchased shares						(410)		(410)		(410)
Other movements			(15)		0		15	0		0
Balance at December 31, 2021	32	87	118	(122)	219	(247)	2,330	2,417	0	2,417
Balance at January 1, 2022	32	87	118	(122)	219	(247)	2,330	2,417	0	2,417
Profit for the year							1,027	1,027	0	1,027
Other comprehensive income/(loss) for the year				16	233		13	262	0	262
Total comprehensive income for the year				16	233		1,040	1,289	0	1,289
Transactions with owners of the company, recognized directly in equity:										
Share-based payments							28	28		28
Cancelation of shares	(1)					451	(450)	0		0
Release LTIP shares						61	(61)	0		0
Final cash dividend 2021							(264)	(264)	0	(264)
Interim cash dividend 2022							(160)	(160)		(160)
Repurchased shares						(1,000)		(1,000)		(1,000)
Other movements			2		0		(2)	0		0
Balance at December 31, 2022	31	87	120	(106)	452	(735)	2,461	2,310	0	2,310

Notes to the Consolidated Financial Statements

Note 1 – General and Basis of Preparation

GENERAL

Reporting entity

Wolters Kluwer N.V. (the company) with its subsidiaries (together referred to as 'the group' and individually as 'group entities') is a global leader in professional information, software solutions, and services for the health, tax and accounting, finance, risk and compliance, and legal and regulatory sectors. The group helps its customers make critical decisions every day by providing *expert solutions* that combine deep domain knowledge with technology and services.

The group maintains operations across the U.S. & Canada, Europe, Asia Pacific, and other regions (referred to as 'Rest of World'). The company's ordinary shares are quoted on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices, amongst others.

The registered office of Wolters Kluwer N.V. is located at Zuidpoolsingel 2, Alphen aan den Rijn, the Netherlands, with its statutory seat in Amsterdam and a registration with the Dutch Commercial Register under number 33.202.517.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations, prevailing as of December 31, 2022, as endorsed for use in the European Union by the European Commission.

These financial statements were authorized for issuance by the Executive Board and the Supervisory Board on February 21, 2023. The adoption of the financial statements and the adoption of the dividend are reserved for the shareholders in the Annual General Meeting of Shareholders on May 10, 2023.

Consolidated financial statements

The consolidated financial statements of the company at and for the year ended December 31, 2022, comprise the group and the group's interest in associates. The significant accounting policies applied in the preparation of these consolidated financial statements are set out in *Note 2 – Significant Accounting Policies* and the relevant respective notes to the consolidated financial statements.

A list of subsidiaries has been filed with the Chamber of Commerce in The Hague, the Netherlands, and is available from the company upon request. An overview of the significant subsidiaries is included in *Note 39 – Overview of Significant Subsidiaries*.

BASIS OF PREPARATION

Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following material items in the consolidated statement of financial position:
- Financial assets and financial liabilities (including derivative financial instruments) measured at fair value;
- Assets and liabilities held for sale;
- Contingent considerations;
- Share-based payments; and
- Net defined employee benefit assets/liabilities.

Presentation currency

The consolidated financial statements are presented in euros and rounded to the nearest million, unless otherwise indicated.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosed amounts of contingent assets and liabilities, and the reported amounts of income and expense. Refer to *Note 3 – Accounting Estimates and Judgments*.

Note 1 – General and Basis of Preparation continued

Going concern

The Executive Board has assessed the going concern assumption as part of the preparation of the consolidated financial statements. The Executive Board believes that no events or conditions give rise to doubt about the ability of the group to continue in operation for at least 12 months from the end of the reporting period.

This conclusion is drawn based on knowledge of the group, the estimated economic outlook, and related identified risks and uncertainties. Furthermore, the conclusion is based on a review of the three-year strategic plan and next year's budget, including expected developments in liquidity and capital, which includes the evaluation of current credit facilities available, contractual and expected maturities of financial liabilities, and covenants. Consequently, it was concluded that it is reasonable to apply the going concern assumption for the preparation of the consolidated financial statements.

Effect of new accounting standards

Except for the EU-endorsed amendments below, the group has consistently applied the accounting policies set out in *Note 2 – Significant Accounting Policies* and the relevant respective notes to the consolidated financial statements to all periods presented in these financial statements.

The group has applied the following amendments for the first time for the annual reporting period commencing January 1, 2022:
- References to the Conceptual Framework (Amendments to IFRS 3);
- Proceeds before intended use (Amendments to IAS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37); and
- Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 9 and IFRS 16).

The application of the abovementioned amendments has not had any material impact on the amounts reported or disclosed in these financial statements.

Effect of forthcoming accounting standards

The following forthcoming amendments and new standards are not yet effective for the year ended December 31, 2022, and have not been early adopted in preparing these financial statements:
- IFRS 17 Insurance Contracts;
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28);
- Classification of liabilities as current or non-current (Amendments to IAS 1);
- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of accounting estimates (Amendments to IAS 8); and
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12).

The group expects no significant impact from these amendments and new standards.

Comparatives

Certain immaterial reclassifications have been made to certain notes to conform to the current year presentation and to improve insights. These reclassifications have had no impact on the comparative shareholders' equity or comparative profit for the year.

Note 2 – Significant Accounting Policies

Except for the changes explained in *Note 1 – General and Basis of Presentation*, the group has consistently applied the significant accounting policies to all periods presented in these consolidated financial statements. The main principles for the determination and presentation of results and the valuation and presentation of assets and liabilities are described in the relevant respective notes to the consolidated financial statements.

Note 2 – Significant Accounting Policies continued

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The principle of control is the basis for determining which entities are consolidated in the consolidated financial statements.

Loss of control

Upon loss of control, the group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests, and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss.

If the group retains any equity interest in the former subsidiary, such interest is measured at fair value at the date that control is lost. Subsequently, the remaining interest is accounted for as an equity-accounted investee or as a financial asset at fair value through profit or loss or other comprehensive income, depending on the level of influence retained.

Transactions eliminated on consolidation

Intragroup balances, intragroup transactions, and any unrealized gains and losses arising from transactions between group companies are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions between the group and its equity-accounted investees are eliminated to the extent of the group's interest in the equity-accounted investees.

Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the group entities operate (the functional currency). The consolidated financial statements are presented in euros, which is the group's presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the group entities using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions during the year and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in profit or loss.

Foreign currency differences arising from the following items are recognized in other comprehensive income:

- Qualifying cash flow hedges to the extent that the hedge is effective; and
- Qualifying net investment hedges on foreign operations to the extent that the hedge is effective.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rates at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies, that are stated at fair value, are translated to the functional currency at the foreign exchange rates prevailing on the dates the fair value was determined.

Foreign operations

The assets and liabilities of group companies are translated to euros at foreign exchange rates prevailing at the end of the reporting period. Income and expenses of group companies are translated to euros at exchange rates on the transaction dates. All resulting exchange differences are recognized as a component of other comprehensive income in the translation reserve.

When a foreign currency-denominated subsidiary or equity-accounted investee is disposed of, exchange differences that were recognized in other comprehensive income prior to the sale are reclassified to profit or loss as part of the gain or loss on divestments.

Note 2 – Significant Accounting Policies continued

Net investment in foreign operations
Net investment in foreign operations includes equity financing and long-term intercompany loans for which settlement is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are taken to the translation reserve of foreign operations in other comprehensive income.

MAIN CURRENCY EXCHANGE RATES

rates to the euro	**2022**	**2021**
U.S. dollar (average)	1.05	1.18
U.S. dollar (at December 31)	1.07	1.13

PRINCIPLES UNDERLYING THE STATEMENT OF CASH FLOWS

General

Bank overdrafts repayable on demand are included as cash and cash equivalents in the consolidated statement of cash flows to the extent that they form an integral part of the group's cash management. However, in the consolidated statement of financial position, the bank overdrafts are presented separately as the offsetting criteria are not met.

Cash flows from operating activities

Cash flows from operating activities are calculated using the indirect method by adjusting the consolidated profit for the year for items that are not cash flows and for autonomous movements in working capital (excluding the impact of acquisitions/divestments, foreign exchanges differences, and reclassifications to assets/liabilities classified as held for sale).

Cash flows from operating activities include receipts from customers, cash payments to employees and suppliers, paid financing costs of operating activities (including interest paid and received, the interest portion of lease payments, paid financing fees, and cash flows resulting from derivatives not qualifying for hedge accounting), acquisition and divestment-related costs, spending on restructuring provisions, and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities are those arising from capital expenditure on and disposal of other intangible assets and property, plant, and equipment, acquisitions and sale of subsidiaries and equity-accounted investees, dividends received, and cash flows from the settlement of net investment hedges.

Dividends received are from equity-accounted investees and financial assets measured at fair value through profit or loss or other comprehensive income.

Cash receipts and payments from the settlement of derivative financial instruments are classified in the same manner as the cash flows of the hedged items. The group primarily uses derivatives for hedging its net investments in U.S. dollar-denominated subsidiaries. As a result, cash receipts and payments from the settlement of derivatives are classified under cash flows from investing activities.

Cash flows from financing activities

The cash flows from financing activities comprise the cash receipts and payments from issued and repurchased shares, long-term debt instruments, short-term financing, repayments of the principal portion of lease liabilities, and dividends paid. Dividends paid are to the owners of the company and the non-controlling interests.

Note 2 – Significant Accounting Policies continued

FINANCIAL INSTRUMENTS

Financial instruments comprise the following:

- Non-derivative financial assets and liabilities: financial assets at fair value through profit or loss, trade and miscellaneous receivables, cash and cash equivalents, borrowings and bank overdrafts, trade payables, and short- and long-term debt; and
- Derivative financial assets and liabilities: cross-currency interest rate swaps, net investment hedges, and currency forwards.

Financial assets and liabilities are offset and presented as net in the consolidated statement of financial position when the group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The group recognizes non-derivative financial assets and liabilities on the trade date.

Note 3 – Accounting Estimates and Judgments

General

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments, and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosed amounts of contingent assets and liabilities, and the reported amounts of income and expense, that are not clear from other sources. The estimates, judgments, and underlying assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and may result in material adjustments in the next financial year(s).

The impact of climate-related matters on estimates and judgments, including those related to the impairment of non-financial assets, has been assessed by management based on the emission reduction targets and associated abatement plans developed by the group. Management concluded that the impact of climate-related matters on estimates and judgments is not material.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that could have an effect on the financial statements and estimates with the risk of a material adjustment in future years are further discussed in the corresponding notes to the consolidated statements of profit or loss and financial position:

- Revenue recognition (see *Note 6*);
- Accounting for income taxes (see *Note 16*); and
- Valuation, measurement, and impairment testing of goodwill and intangible assets other than goodwill (see *Note 8 and Note 18*).

Management believes that these risks are adequately covered in its estimates and judgments.

Impact of Russian-Ukrainian war

Revenues generated in Russia, Belarus, and Ukraine represented less than 0.5% of group revenues in 2022 and in 2021. Per company policy, there shall be no new business conducted in Russia, Belarus, or the embargoed regions of Ukraine unless an exception applies. Such exceptions generally apply only to certain Health products provided for humanitarian reasons and in all cases must comply with applicable sanctions and export restrictions.

The Russian-Ukrainian war did not result in an impairment trigger on the group's non-current assets.

The group has one subsidiary in Russia as of December 31, 2022. The activities of the subsidiary were ceased and the group is in the process of bringing the subsidiary into liquidation.

Note 4 – Benchmark Figures

Benchmark figures refer to figures adjusted for non-benchmark items and, where applicable, amortization and (reversal of) impairment of goodwill and acquired identifiable intangible assets. Adjusted figures are non-IFRS compliant financial figures but are internally regarded as key performance indicators to measure the underlying performance of the business. These figures are presented as additional information and do not replace the information in the consolidated financial statements.

BENCHMARK FIGURES

in millions of euros, unless otherwise stated		**2022**	**2021**	**Change in actual currencies (%)**	**Change in constant currencies (%)***
Revenues		5,453	4,771	14	5
Organic revenue growth (%)		6	6		
Adjusted operating profit		1,424	1,205	18	7
Adjusted operating profit margin (%)		26.1	25.3		
Adjusted net profit		1,059	885	20	6
Adjusted net financing costs	*Note 15*	(56)	(78)	(28)	(20)
Adjusted free cash flow		1,220	1,010	21	7
Cash conversion ratio (%)		107	112		
Return on invested capital (ROIC) (%)		15.5	13.7		
Net debt	*Note 29*	2,253	2,131	6	
Net-debt-to-EBITDA ratio		1.3	1.4		
Diluted adjusted EPS (€)		4.14	3.38	22	
Diluted adjusted EPS in constant currencies (€)*		3.73	3.45		8
Diluted adjusted free cash flow per share (€)		4.77	3.87	24	10

* Constant currencies at €/$ 1.18.

REVENUE BRIDGE

	€ million	**%**
Revenues 2021	4,771	
Organic change	292	6
Acquisitions	15	0
Divestments	(44)	(1)
Currency impact	419	9
Revenues 2022	5,453	14

Note 4 – Benchmark Figures continued

RECONCILIATION BETWEEN OPERATING PROFIT AND ADJUSTED OPERATING PROFIT

		2022	2021
Operating profit		1,333	1,012
Amortization and (reversal of) impairment of acquired identifiable intangible assets	*Note 14*	160	164
Non-benchmark items in operating profit	*Note 12*	(69)	29
Adjusted operating profit		1,424	1,205

RECONCILIATION BETWEEN TOTAL FINANCING RESULTS AND ADJUSTED NET FINANCING COSTS

		2022	2021
Total financing results	*Note 15*	(57)	(84)
Non-benchmark items in total financing results	*Note 15*	1	6
Adjusted net financing costs		(56)	(78)

RECONCILIATION BETWEEN PROFIT FOR THE YEAR AND ADJUSTED NET PROFIT

	2022	2021
Profit for the year attributable to the owners of the company (A)	1,027	728
Amortization and (reversal of) impairment of acquired identifiable intangible assets	160	164
Tax benefits on amortization and impairment of acquired identifiable intangible assets	(41)	(44)
Non-benchmark items, net of tax	(87)	37
Adjusted net profit (B)	1,059	885

SUMMARY OF NON-BENCHMARK ITEMS

		2022	2021
Included in operating profit:			
Other gains and (losses)	*Note 12*	69	(29)
Included in total financing results:			
Other finance income and (costs)	*Note 15*	(1)	(6)
Total non-benchmark items before tax		68	(35)
Tax benefits/(charges) on non-benchmark items		19	(1)
Impact of changes in tax rates	*Note 16*	0	(1)
Non-benchmark items, net of tax		87	(37)

Note 4 – Benchmark Figures continued

RECONCILIATION BETWEEN NET CASH FROM OPERATING ACTIVITIES AND ADJUSTED FREE CASH FLOW

		2022	2021
Net cash from operating activities		1,582	1,292
Net capital expenditure		(295)	(239)
Repayment of principal portion of lease liabilities		(72)	(68)
Paid acquisition-related costs	*Note 8*	3	5
Paid divestment expenses	*Note 8*	3	8
Dividends received	*Note 21*	0	0
Income tax paid/(received) on divested assets and consolidation of platform technology		(1)	12
Adjusted free cash flow (C)		1,220	1,010

RETURN ON INVESTED CAPITAL (ROIC)

in millions of euros, unless otherwise stated	2022	2021
Adjusted operating profit	1,424	1,205
Allocated tax	(322)	(259)
Net operating profit after allocated tax (NOPAT)	1,102	946
Average invested capital	7,120	6,915
ROIC (NOPAT/Average invested capital) (%)	15.5	13.7

Allocated tax is the adjusted operating profit multiplied by the benchmark tax rate.

Invested capital is defined as the summation of total assets excluding investments in equity-accounted investees, deferred tax assets, non-operating working capital, and cash and cash equivalents, minus current liabilities and non-current deferred income.

This total summation is adjusted for accumulated amortization on acquired identifiable intangible assets, goodwill amortized pre-IFRS 2004, and goodwill written off to equity prior to 1996 (excluding acquired identifiable intangible assets/goodwill that have been impaired and/or fully amortized), less any related deferred tax liabilities. The average invested capital is based on five measurement points during the year.

Note 4 – Benchmark Figures continued

PER SHARE INFORMATION

in euro, unless otherwise stated		2022	2021
Total number of ordinary shares outstanding at December 31 (in millions of shares)	*Note 33*	248.7	258.2
Weighted-average number of ordinary shares (D) (in millions of shares)	*Note 7*	254.7	260.4
Diluted weighted-average number of ordinary shares (E) (in millions of shares)	*Note 7*	255.8	261.8
Adjusted EPS (B/D)		4.16	3.40
Diluted adjusted EPS (B/E)		4.14	3.38
Diluted adjusted EPS in constant currencies		3.73	3.45
Basic EPS (A/D)	*Note 7*	4.03	2.79
Diluted EPS (A/E)	*Note 7*	4.01	2.78
Adjusted free cash flow per share (C/D)		4.79	3.89
Diluted adjusted free cash flow per share (C/E)		4.77	3.87

BENCHMARK TAX RATE

in millions of euros, unless otherwise stated		2022	2021
Income tax expense	*Note 16*	249	201
Tax benefits on amortization and impairment of acquired identifiable intangible assets		41	44
Tax benefits/(charges) on non-benchmark items		19	(1)
Impact of changes in tax rates		0	(1)
Tax on adjusted profit (F)		309	243
Adjusted net profit (B)		1,059	885
Adjustment for non-controlling interests		0	0
Adjusted profit before tax (G)		1,368	1,128
Benchmark tax rate (F/G) (%)		22.6	21.5

Note 4 – Benchmark Figures continued

CASH CONVERSION RATIO

in millions of euros, unless otherwise stated		2022	2021
Operating profit		1,333	1,012
Amortization, impairment, and depreciation	*Note 14*	466	473
EBITDA		1,799	1,485
Non-benchmark items in operating profit	*Note 12*	(69)	29
Adjusted EBITDA		1,730	1,514
Autonomous movements in working capital		178	150
Net capital expenditure		(295)	(239)
Book (profit)/loss on sale of non-current assets		(4)	0
Repayment of principal portion of lease liabilities	*Note 20*	(72)	(68)
Interest portion of lease payments	*Note 20*	(9)	(9)
Adjusted operating cash flow (H)		1,528	1,348
Adjusted operating profit (I)		1,424	1,205
Cash conversion ratio (H/I) (%)		107	112

NON-BENCHMARK ITEMS IN OPERATING PROFIT

Non-benchmark items relate to income and expenses arising from circumstances or transactions that, given their size and/or nature, are clearly distinct from the ordinary activities of the group and are excluded from the benchmark figures. Apart from amortization and (reversal of) impairment of acquired identifiable intangible assets and impairment of goodwill, non-benchmark items in operating profit include the items below. Refer also to *Note 12 – Other Gains and (Losses)*.

Acquisition-related costs

Acquisition-related costs are non-recurring costs incurred by the group resulting from acquisition activities. The acquisition-related costs are directly attributable to acquisitions, such as legal fees, broker/bank costs, and commercial and financial due diligence fees, and are included in other gains and losses in the consolidated statement of profit or loss.

Additions to acquisition integration provisions

Additions to acquisition integration provisions are those non-recurring costs incurred by the group to integrate activities acquired through business combinations, and have been included in other gains and losses in the consolidated statement of profit or loss.

Fair value changes of contingent considerations

Results from changes in the fair value of contingent considerations are not considered to be part of the ordinary activities of the group, and are included in other gains and losses in the consolidated statement of profit or loss.

Divestment-related results

Divestment-related results are event-driven gains and losses incurred by the group from the sale of subsidiaries and/or businesses. These results also include divestment expenses and restructuring of stranded costs, and are included in other gains and losses in the consolidated statement of profit or loss.

Loss on remeasurement of disposal groups

Loss on remeasurement of disposal groups includes losses for any initial or subsequent write-down of disposal groups to fair value less costs of disposal, and are included in other gains and losses in the consolidated statement of profit or loss.

Note 4 – Benchmark Figures continued

Other non-benchmark items

Non-benchmark items, which cannot be classified in the categories above, relate to income and expenses arising from circumstances or transactions that, given their size or nature, are clearly distinct from the ordinary activities of the group, and are excluded from the benchmark figures.

NON-BENCHMARK ITEMS IN FINANCING RESULTS

Non-benchmark items in financing results (total other finance income/(costs)) include the below items. Refer also to *Note 15 – Financing Results.*

Book results and fair value changes of financial assets measured at fair value through profit or loss

This includes fair value changes of financial assets measured at fair value through profit or loss and any gain or loss on the sale of financial assets measured at fair value through profit or loss.

Financing component employee benefits

Financing component employee benefits relates to net interest results on the net defined benefit liability or asset of the group's defined benefit pension plans and other long-term employee benefit plans.

NON-BENCHMARK TAX ITEMS IN INCOME TAX EXPENSE

This includes the income tax effect on non-benchmark items as defined above, and on the amortization and impairment of acquired identifiable intangible assets, as well as the income tax expense relating to any material changes in income tax laws and income tax rates in the jurisdictions where Wolters Kluwer operates.

Note 5 – Segment Reporting

reporting by segment	Health 2022	Health 2021	Tax & Accounting 2022	Tax & Accounting 2021	Governance, Risk & Compliance 2022	Governance, Risk & Compliance 2021	Legal & Regulatory 2022	Legal & Regulatory 2021	Corporate* 2022	Corporate* 2021	Total 2022	Total 2021
Revenues from contracts with third parties	1,448	1,234	1,758	1,510	1,333	1,139	914	888	–	–	5,453	4,771
Cost of revenues	(444)	(379)	(500)	(418)	(370)	(307)	(264)	(270)	–	–	(1,578)	(1,374)
Gross profit	1,004	855	1,258	1,092	963	832	650	618	0	0	3,875	3,397
Sales costs	(231)	(193)	(315)	(280)	(188)	(162)	(180)	(171)	–	–	(914)	(806)
General and administrative costs	(396)	(360)	(463)	(413)	(396)	(365)	(378)	(355)	(64)	(57)	(1,697)	(1,550)
Total operating expenses	(627)	(553)	(778)	(693)	(584)	(527)	(558)	(526)	(64)	(57)	(2,611)	(2,356)
Other gains and (losses)	(1)	0	(3)	(47)	(5)	(4)	78	22	0	–	69	(29)
Operating profit	376	302	477	352	374	301	170	114	(64)	(57)	1,333	1,012
Amortization of acquired identifiable intangible assets	37	31	33	36	39	35	31	29	–	–	140	131
Impairment/(reversal of impairment) of acquired identifiable intangible assets	20	27	–	(5)	–	11	–	–	–	–	20	33
Non-benchmark items in operating profit	1	0	3	47	5	4	(78)	(22)	0	–	(69)	29
Adjusted operating profit	434	360	513	430	418	351	123	121	(64)	(57)	1,424	1,205
Amortization of other intangible assets and depreciation of PPE and right-of-use assets	(46)	(50)	(103)	(101)	(84)	(73)	(59)	(63)	0	(3)	(292)	(290)
Impairment of other intangible assets, PPE, and right-of-use assets	(6)	(5)	(5)	(7)	(3)	(5)	0	(2)	–	–	(14)	(19)
Goodwill and acquired identifiable intangible assets at December 31	1,300	1,262	1,783	1,761	1,487	1,374	824	828	–	–	5,394	5,225
Net capital expenditure	42	33	98	72	101	82	54	52	0	0	295	239
Assets classified as held for sale at December 31	–	–	–	–	–	–	–	101	–	–	0	101
Liabilities classified as held for sale at December 31	–	–	–	–	–	–	–	74	–	–	0	74
Number of FTEs at December 31	3,116	2,913	8,040	7,416	4,982	4,736	3,786	4,262	132	127	20,056	19,454

* The corporate function does not represent an operating segment.

Note 5 – Segment Reporting continued

ACCOUNTING POLICIES

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses. The four global operating divisions are based on strategic customer segments: Health; Tax & Accounting; Governance, Risk & Compliance; and Legal & Regulatory. This segment information is based on the group's management and internal reporting structure. All operating segments are regularly reviewed by the Executive Board, within Wolters Kluwer defined as the group's chief operating decision-maker, to make decisions about resources to be allocated to the segments and to assess their performance to the extent whereby discrete financial information is available.

The Executive Board reviews the financial performance of the segments and the allocation of resources based on revenues and adjusted operating profit. Revenues from internal transactions between the operating segments are conducted at arm's length with terms equivalent to comparable transactions with third parties. These internal revenues are limited and therefore excluded from the segment reporting table.

Segment results reported to the Executive Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Costs (and associated FTEs) and net capital expenditure incurred on behalf of the segments by Global Business Services and Digital eXperience Group are allocated to the operating segments.

Non-current interest-bearing liabilities and deferred tax liabilities are not considered to be segment liabilities as these are primarily managed by the corporate treasury and tax functions. Operating working capital is not managed at the operating segment level, but at a country or regional level.

GEOGRAPHIC INFORMATION

*total non-current assets per region**		**2022** **%**		**2021** **%**
The Netherlands	676	11	677	11
Europe (excluding the Netherlands)	1,336	21	1,342	22
U.S. and Canada	4,338	67	4,117	66
Asia Pacific	85	1	75	1
Rest of World	19	0	17	0
Total	6,454	100	6,228	100

* Non-current assets per region exclude deferred tax assets and derivative financial instruments.

OTHER DISCLOSURES

There are no customers with revenues that exceed 10% of the group's total revenues.

For the revenues per geographic region, refer to *Note 6 – Revenues*.

Note 6 – Revenues

	2022	2021
Revenues from contracts with third parties	5,453	4,771

ACCOUNTING POLICIES

Revenues represent the amount of consideration the group expects to be entitled to, arising from contracts with customers in the ordinary course of business, in exchange for transferring promised goods and/or services to customers, excluding amounts collected on behalf of third parties. Revenues are recognized once the performance obligations are fulfilled (i.e., when the customer obtains control over those goods and/or services).

Subscriptions

Revenues related to subscriptions are recognized over the period in which the goods are transferred and/or content is made available online and when the goods and/or content involved are similar in value to the customer over time. Subscription income received or receivable in advance of the delivery of goods and/or content is presented as deferred income (a contract liability) in the consolidated statement of financial position.

Licenses

License fees for the use of the group's software products and/or services are recognized in accordance with the substance of the agreement. Revenues from licenses representing a right to access are recognized over time on a straight-line basis. In case a right-to-access license is invoiced to a customer as a one-time upfront fee, revenue is recognized over a period of between 12 and 60 months depending on the nature of the license. In case of a transfer of rights (i.e., right-to-use license), which permits the licensee to exploit those rights freely and the group as a licensor has no remaining obligations to perform after delivery, revenues are recognized at the time the control of the license is transferred to a customer, considering any significant customer acceptance clauses.

Goods

Revenues from the sale of goods are recognized at a point in time upon shipment or upon delivery when control is transferred to a customer, provided that ultimate collectability and final acceptance by the customer are reasonably assured.

When goods are sold with a right to return, the group recognizes the revenues of the transferred goods for the amount the group expects to be entitled to, a refund contract liability, and an asset for the group's right to recover goods on settling the refund contract liability.

Services

Revenues from providing services are recognized in the period in which the related performance obligations are satisfied. For fixed-price contracts, revenues are recognized based on the actual service provided as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the contract includes an hourly fee, revenues are recognized in the amount to which the group has a right to invoice.

Implementation services

Revenues from providing implementation services are based on input or output methods, subject to contractual arrangements, and are recognized over the implementation period, or upon full completion of the implementation, depending on when the customer can benefit from the service.

Note 6 – Revenues continued

Multi-element contracts
There are arrangements that include various combinations of performance obligations, such as software licenses, services, training, hosting, and implementation. A performance obligation is only distinct if the customer can benefit from goods and/or services on their own or together with other resources that are readily available to the customer, and the promise to transfer goods and/or services is separately identifiable from other promises in the contract. Goods and/or services that are not distinct are bundled with other goods and/or services in the contract, until a bundle of goods and/or services is created that is distinct, resulting in a single performance obligation.

Where performance obligations are satisfied over different periods of time, revenues are allocated to the respective performance obligations based on relative stand-alone selling prices at contract inception, and revenues are recognized as each performance obligation is satisfied.

Agent/principal arrangements
If the group acts as an agent, whereby the group sells goods and/or services on behalf of a principal, the group recognizes the amount of the net consideration as revenues. If the group acts as a principal, the group recognizes the gross consideration for the specific goods and/or services transferred.

Variable consideration
Discounts, return of goods and/or services, usage-based prices, and index-based pricing are the most common forms of variable considerations within the group. Discounts are often contractually agreed and allocated to all distinct performance obligations, unless there is a specific discount policy for a performance obligation. Volume-related discounts, return of goods and/or services, and usage-based prices are estimated at contract inception and periodically reassessed during the contract term. The group considers normal price increases based on local inflation rates or customary business practices as compensation for cost price increases and not as variable consideration. Considerations are recognized pro rata over the term of the contract in case the group estimates at contract inception that price increases are beyond compensation for cost price increases.

Contract modifications
A contract modification is a change in the scope and/or price of a contract that is approved by both the customer and the group.

The group accounts for a contract modification retrospectively, if:
- The modification only affected the transaction price and the remaining goods and/or services are not distinct; or
- The modification affected the scope, but no distinct goods and/or services were added.

The group accounts for a contract modification prospectively, if:
- The modification only affected the transaction price and the remaining goods and/or services are distinct; or
- The modification affected the scope and distinct goods and/or services were added, but the additional consideration did not reflect the stand-alone selling price.

The group accounts for a contract modification as a separate contract if the modification affected the scope, distinct goods and/or services were added, and the additional consideration reflected the stand-alone selling price.

Financing components
As a practical expedient, the group does not adjust the consideration for the effects of a significant financing component if the group expects that the period between the transfer of the promised goods and/or services to the customer and payment by the customer is one year or less. The group has no significant contracts with a period of one year or more between the transfer of goods and/or services and the payment of the consideration. Consequently, the group does not adjust transaction prices for the time value of money.

Note 6 – Revenues continued

Cost of revenues

Cost of revenues comprises directly attributable costs of goods and/or services sold.

For digital products and services, cost of revenues may include data maintenance, hosting, license fees, royalties, product support, personnel expenses, subcontracted work, training, and other costs incurred to support and maintain the products, applications, and/or services.

For print products, cost of revenues may include cost for paper, printing and binding, royalties, personnel expenses, subcontracted work, shipping costs, and other incurred costs.

ESTIMATES AND JUDGMENTS

IFRS 15 Revenue from Contracts with Customers requires management to make estimates and judgments on the characteristics of a performance obligation, (un)bundling of multi-element arrangements, and whether revenues should be recognized over time or at a point in time. In addition, management makes estimates of the stand-alone selling prices of performance obligations, variable considerations, and product and contract lives.

When another party is involved in providing goods and/or services to a customer, management makes a judgment whether the promise to the customer is a performance obligation by the group (i.e., acting as a principal), or by another party (i.e., acting as an agent). The group acts mostly as the principal in its customer contracts.

For the judgments applied to the incremental cost to obtain a contract, refer to *Note 25 – Contract Assets and Liabilities*.

DISAGGREGATION OF REVENUES

	Health		Tax & Accounting		Governance, Risk & Compliance		Legal & Regulatory		Total	
reporting per segment	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue recognition										
At a point in time recognition	253	223	242	214	465	411	180	209	1,140	1,057
Over time recognition	1,195	1,011	1,516	1,296	868	728	734	679	4,313	3,714
Revenues from contracts with third parties	1,448	1,234	1,758	1,510	1,333	1,139	914	888	5,453	4,771
Revenue per contract										
Contracts one year or less	953	821	1,482	1,292	977	851	677	684	4,089	3,648
Multi-year contracts	495	413	276	218	356	288	237	204	1,364	1,123
Revenues from contracts with third parties	1,448	1,234	1,758	1,510	1,333	1,139	914	888	5,453	4,771

REVENUES BY MEDIA FORMAT

	Health		Tax & Accounting		Governance, Risk & Compliance		Legal & Regulatory		Total	
reporting per segment	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Digital	1,281	1,089	1,686	1,434	843	723	745	684	4,555	3,930
Services	1	1	34	35	485	410	13	14	533	460
Print	166	144	38	41	5	6	156	190	365	381
Revenues from contracts with third parties	1,448	1,234	1,758	1,510	1,333	1,139	914	888	5,453	4,771

Note 6 – Revenues continued

REVENUES BY TYPE

		2022		2021
Digital and service subscription	3,950		3,397	
Print subscription	157		157	
Other recurring	281		256	
Total recurring revenues		4,388		3,810
Print books	129		146	
Legal Services transactional	299		266	
Financial Services transactional	134		109	
Other non-recurring*	503		440	
Total non-recurring revenues		1,065		961
Revenues from contracts with third parties		5,453		4,771

* Other non-recurring revenues include software licenses, software implementation fees, professional services, and other non-subscription offerings.

RECURRING/NON-RECURRING REVENUES

		Health		Tax & Accounting		Governance, Risk & Compliance		Legal & Regulatory		Total
reporting per segment	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Recurring revenues	1,307	1,112	1,524	1,313	793	669	764	716	4,388	3,810
Non-recurring revenues	141	122	234	197	540	470	150	172	1,065	961
Revenues from contracts with third parties	1,448	1,234	1,758	1,510	1,333	1,139	914	888	5,453	4,771

GEOGRAPHIC INFORMATION

revenues generated per region		2022 %		2021 %
The Netherlands	204	4	196	4
Europe (excluding the Netherlands)	1,356	25	1,274	27
U.S. and Canada	3,476	64	2,946	62
Asia Pacific	333	6	277	5
Rest of World	84	1	78	2
Revenues from contracts with third parties	5,453	100	4,771	100

Note 7 – Earnings per Share

The group presents basic and diluted earnings per share data for its ordinary shares.

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the ordinary equity holders of the company by the weighted-average number of ordinary shares outstanding during the year after adjusting for treasury shares.

Profit for the year

	2022	2021
Profit for the year attributable to the owners of the company (A)	1,027	728

Weighted-average number of ordinary shares for the year

in millions of shares, unless otherwise stated		2022	2021
Outstanding ordinary shares at January 1	*Note 33*	262.5	267.5
Effect of cancelation of shares		(1.9)	(1.5)
Effect of repurchased shares		(5.9)	(5.6)
Weighted-average number of ordinary shares (B)		254.7	260.4
Basic EPS (A/B) (€)		4.03	2.79

DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the company by the diluted weighted-average number of ordinary shares outstanding during the year after adjusting for treasury shares and for the effects of all dilutive potential ordinary shares, which consist of LTIP shares granted.

Diluted weighted-average number of ordinary shares for the year

in millions of shares, unless otherwise stated	2022	2021
Weighted-average number of ordinary shares (B)	254.7	260.4
Effect of Long-Term Incentive Plan (LTIP)	1.1	1.4
Diluted weighted-average number of ordinary shares (C)	255.8	261.8
Diluted EPS (A/C) (€)	4.01	2.78

Note 8 – Acquisitions and Divestments

ACQUISITIONS

ACCOUNTING POLICIES

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

ESTIMATES AND JUDGMENTS

The fair value of the assets, liabilities, and contingent liabilities of a business combination should be measured within 12 months from the acquisition date. For some acquisitions, provisional fair values have been included in the consolidated statement of financial position. If the final valuation of the acquired assets and liabilities assumed is still pending at year-end, it will be completed within the 12-month timeframe. Actual valuation of these assets, liabilities, and contingent liabilities may differ from the provisional valuation.

When a business combination agreement provides for an adjustment to the cost of the transaction, contingent on future events (such as earnout arrangements), the group includes an initial fair value of that adjustment in the cost of the transaction at the acquisition date if the adjustment is probable and can be measured reliably. The initial and subsequent measurement will usually be based on estimates of future results of the business combination. Actual results may differ from those estimates and may result in material adjustments in the next financial year(s). Subsequent changes to the fair value are recognized in profit or loss, based on a periodic reassessment of the contingent consideration.

General

On April 8, 2022, Wolters Kluwer Governance, Risk & Compliance completed the acquisition of 100% of the shares of International Document Services, Inc. (IDS), a leading U.S. provider of compliance and document generation software solutions for the mortgage and real estate industry, for €64 million in cash. The transaction had no deferred and contingent considerations. IDS serves over 450 clients, including U.S. mortgage lenders, banks, and law firms. IDS's services include initial disclosures, electronic signatures, closing documents, and document fulfillment. The IDS flagship document preparation solution, idsDoc, is a cloud-based platform that is recognized across the industry for its superior capabilities, customer service, and integrations with many of the leading loan origination systems and eClosing platforms. Revenues are based on transactional pricing linked to mortgage volumes. IDS is headquartered in Draper, Utah, and employs approximately 75 employees.

On June 28, 2022, Wolters Kluwer Legal & Regulatory completed the acquisition of 100% of the shares of Level Programs S.L. (Level Programs), a provider of legal practice management software in Spain, for €5 million in cash and deferred consideration of €1 million. Level Program's principal product is Kmaleon, which is a platform used by mid-sized law firms in Spain to efficiently manage their cases and documents, billing, accounting, and time control. Level Programs is headquartered in Terrassa and employs approximately 25 employees.

On September 30, 2022, Wolters Kluwer Health completed the acquisition of 100% of the shares of IJS Publishing Group (IJSPG), a UK-based provider of peer-reviewed medical journals supporting scientists and authors, for €13 million in cash. The IJSPG portfolio consists of ten journal titles, including the International Journal of Surgery, IJS Case Reports, and Annals of Medicine and Surgery. IJSPG is headquartered in London, United Kingdom. No employees were acquired.

On December 30, 2022, Wolters Kluwer Legal & Regulatory completed the acquisition of 100% of the shares of Della AI Ltd (Della AI), a UK-based provider of leading artificial intelligence technology based on advanced natural language processing, for €10 million in cash and deferred consideration of €1 million. Della AI will become part of the legal software unit of Wolters Kluwer Legal & Regulatory. Della AI is headquartered in London, United Kingdom, and employs 16 employees.

In addition, other smaller acquisitions were completed, with a combined total consideration of €1 million (2021: €9 million), including deferred and contingent considerations.

The fair values of the identifiable assets and liabilities of the abovementioned acquisitions, as reported at December 31, 2022, are provisional, but no material deviations from these fair values are expected.

Note 8 – Acquisitions and Divestments continued

Acquisition spending

In 2022, total acquisition spending, net of cash acquired, was €92 million (2021: €108 million), including deferred and contingent consideration payments of €1 million (2021: €0 million). In 2021, the group acquired Vanguard Software, LicenseLogix, and a few smaller businesses.

In 2022, acquisition-related costs amounted to €3 million (2021: €5 million).

The goodwill relating to the 2022 acquisitions represents future economic benefits specific to the group arising from assets that do not qualify for separate recognition as intangible assets. These benefits include revenues from expected new customers and from new capabilities of the acquired product platforms, as well as expected synergies that will arise following the acquisitions.

Of the goodwill recognized in 2022, none was deductible for income tax purposes (2021: €68 million).

Acquisitions

		Carrying amount	Fair value adjustments	2022 Recognized values	2021 Recognized values
Consideration payable in cash				92	111
Deferred and contingent considerations at fair value:					
Non-current				2	1
Current				1	1
Total consideration				95	113
Intangible assets other than goodwill	*Note 18*	0	77	77	47
Other non-current assets	*Note 20*	2		2	2
Current assets		4		4	8
Current liabilities		(2)		(2)	(9)
Non-current liabilities	*Note 29*	(2)		(2)	(2)
Deferred tax assets/(liabilities)		0	(19)	(19)	(1)
Fair value of net identifiable assets		2	58	60	45
Goodwill on acquisitions	*Note 18*			35	68
Cash effect of acquisitions:					
Consideration payable in cash				92	111
Cash acquired				(1)	(3)
Deferred and contingent considerations paid	*Note 30*			1	0
Acquisition spending, net of cash acquired				92	108

Of the 2022 fair value adjustments of €58 million, €29 million related to IDS, €6 million related to Level Programs, €12 million related to IJSPG, €10 million related to Della AI, and €1 million related to the other acquisitions.

Note 8 – Acquisitions and Divestments continued

Contribution of 2022 acquisitions

in millions of euros, unless otherwise stated	Revenues	Adjusted operating profit	Profit for the year	FTEs at December 31, 2022
Totals excluding the impact of 2022 acquisitions	5,443	1,423	1,029	19,965
Contribution of 2022 acquisitions	10	1	(2)	91
Totals for the year 2022	5,453	1,424	1,027	20,056
Pro forma contribution of 2022 acquisitions for the period January 1, 2022, up to acquisition date (unaudited)	6	0	(5)	
Pro forma totals for the year 2022	5,459	1,424	1,022	

The above information does not purport to represent what the actual results would have been, had the acquisitions been concluded on January 1, 2022, nor is the information necessarily indicative for future results of the acquired operations. In determining the contribution of the acquisitions, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on January 1, 2022.

Deferred and contingent considerations

The acquisitions completed in 2022 resulted in a maximum achievable undiscounted deferred and contingent consideration of €3 million. The fair value of this deferred and contingent consideration amounted to €3 million at acquisition date and at December 31, 2022.

For further disclosure on deferred and contingent considerations, refer to *Note 30 – Financial Risk Management.*

Provisional fair value accounting

The fair values of the identifiable assets and liabilities will be revised if new information, obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, causes adjustments to the above amounts, or for any additional provisions that existed at the acquisition date. Subsequent changes in purchase price accounting for 2021 acquisitions resulted in a reduction of goodwill of €0 million. Reference is made to *Note 18 – Goodwill and Intangible Assets other than Goodwill.*

DIVESTMENTS

ACCOUNTING POLICIES

The amount of goodwill allocated to a divested business is based on its relative value compared to the value of the group of cash-generating units to which the goodwill belongs.

General

On November 30, 2022, Wolters Kluwer Legal & Regulatory completed the divestment of its legal information units in France and Spain to Karnov Group AB for €114 million in cash, which is subject to a working capital settlement. This divestment was originally announced on December 9, 2021. The units employed 624 FTEs at divestment date.

In addition, other smaller divestments were completed.

In 2022, net divestment proceeds amounted to €106 million.

In 2021, net divestment proceeds amounted to €76 million and mainly included the divestment of the U.S. legal education business.

Note 8 – Acquisitions and Divestments continued

Divestment-related results on operations

		2022	2021
Divestment of operations:			
Consideration receivable in cash		114	75
Financial assets at fair value through profit or loss	*Note 22*	–	6
Consideration receivable		114	81
Intangible assets	*Note 18*	0	47
Other non-current assets	*Note 19*	0	2
Current assets (including assets held for sale)		110	17
Current liabilities (including liabilities held for sale)		(77)	(8)
Deferred tax assets/(liabilities)		0	(7)
Net identifiable assets/(liabilities)		33	51
Reclassification of foreign exchange differences on loss of control to profit or loss, previously recognized in other comprehensive income		(1)	(40)
Book profit/(loss) on divestments of operations		80	(10)
Divestment-related costs		(3)	(8)
Restructuring of stranded costs following divestments	*Note 32*	(2)	(2)
Divestment-related results included in other gains and (losses)	*Note 12*	75	(20)
Cash effect of divestments:			
Consideration receivable in cash		114	75
Cash included in divested operations		(8)	0
Deferred divestment consideration receivable		–	1
Receipts from divestments, net of cash disposed		106	76

In the consolidated statement of cash flows, the book profit/(loss) on divestment of operations is reported under book (profit)/loss on divestment of operations and non-current assets.

Effect of 2022 divestments

	Revenues	Adjusted operating profit
Totals for the year 2022	5,453	1,424
Minus: Contribution of 2022 divested operations	(84)	(8)
Pro forma totals for the year 2022	5,369	1,416

At their divestment dates, the 2022 divested operations jointly had 632 FTEs.

Note 9 – Assets/Liabilities Classified as Held for Sale

	2022	2021
Assets of disposal groups classified as held for sale	–	101
Liabilities of disposal groups classified as held for sale	–	(74)
Net assets of disposal groups classified as held for sale	0	27

ACCOUNTING POLICIES

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale plan, which should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

When the group is committed to a sale plan involving a loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

The amount of goodwill allocated to a disposal group is based on its relative value compared to the value of the group of cash-generating units to which the goodwill belongs.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less costs of disposal.

DISPOSAL GROUPS – GENERAL

	2022	2021
Legal & Regulatory – French and Spanish legal information businesses	–	27
Net assets of disposal groups classified as held for sale	0	27

In 2022, the disposal groups were all divested. Refer to *Note 8 – Acquisitions and Divestments*.

ASSETS AND LIABILITIES OF DISPOSAL GROUPS

The assets and liabilities of the disposal groups can be specified as follows at December 31:

	2022	2021
Non-current assets	–	73
Cash and cash equivalents	–	2
Other current assets	–	26
Non-current liabilities	–	(14)
Deferred income	–	(27)
Other current liabilities	–	(33)
Net assets of disposal groups classified as held for sale	0	27

Note 10 – Sales Costs

		2022	2021
Marketing and promotion costs		263	228
Sales-related costs – sales commissions directly expensed		162	155
Sales-related costs – amortization of capitalized sales commissions	*Note 25*	29	23
Other sales-related costs		359	304
Customer support costs		80	76
Additions to and releases from loss allowance on trade receivables and unbilled revenues	*Note 25*	21	20
Total		914	806

ACCOUNTING POLICIES
Sales costs relate to direct internal personnel expenses and direct external costs, incurred for marketing and sales activities.

Sales costs include sales commissions directly expensed as incurred and the amortization of capitalized sales commissions that qualify as cost to obtain a contract. As a practical expedient, the group recognizes the incremental cost of obtaining a contract as an expense if the amortization period of the asset that the group otherwise would have recognized is one year or less. If sales commissions are granted for bundled and/or multi-element contracts in which the predominant consideration element is recognized for performance obligations satisfied at a point in time (e.g., the sale of a book, training, or the sale of a right-to-use license), the sales commissions are expensed when incurred.

In addition, sales commissions that are commensurate or based on generic performance indicators and/or net targets are expensed when incurred.

For all other commission plans on new sales targets, the amortization period ranges between one and five years, depending on the nature of the underlying promise in the contract with the customer, unless the underlying non-cancellable contract period for a right-to-access license is longer than five years. In those situations, the longer non-cancellable contract period of the license contract prevails as the amortization period.

Sales costs also include the additions to and releases from loss allowance on trade receivables and unbilled revenues. The loss allowance is determined as an amount equal to the lifetime expected credit losses.

ESTIMATES AND JUDGMENTS
The group determines the additions to and releases from loss allowance on trade receivables and unbilled revenues by making assumptions and estimating the risk of default and expected loss rates at contract inception over the expected life of the financial instrument, using the group's historically incurred losses and existing market conditions, as well as forward-looking information at the end of each reporting period. Please refer to *Note 25 – Contract Assets and Liabilities* for more information.

Note 11 – General and Administrative Costs

		2022	2021
Research, development, and editorial costs		541	466
General and administrative operating expenses		996	920
Amortization and (reversal of) impairment of acquired identifiable intangible assets	*Note 14*	160	164
Total		1,697	1,550

ACCOUNTING POLICIES

General and administrative costs include costs that are neither directly attributable to cost of revenues nor to sales costs. These costs include product research and development costs, editorial costs, information technology costs, general overhead costs, amortization of acquired identifiable intangible assets, amortization of other intangible assets (if not part of cost of revenues), depreciation of property, plant, and equipment, depreciation of right-of-use assets, and impairment of goodwill, intangible assets other than goodwill, property, plant, and equipment, and right-of-use assets.

Note 12 – Other Gains and (Losses)

		2022	2021
Acquisition-related costs	*Note 8*	(3)	(5)
Additions to acquisition integration provisions	*Note 32*	(3)	(4)
Fair value changes of contingent considerations	*Note 30*	0	0
Divestment-related results	*Note 8*	75	(20)
Total		69	(29)

ACCOUNTING POLICIES

Other gains and losses relate to items which are different in their nature or frequency from operating items. These include divestment-related results (including directly attributable divestment costs), additions to provisions for restructuring of stranded costs following divestments, acquisition-related costs, additions to acquisition integration provisions, and subsequent fair value changes of contingent considerations. See also *Note 4 – Benchmark Figures*.

Note 13 – Personnel Expenses

		2022	2021
Salaries and wages and other benefits		1,855	1,641
Social security charges		159	148
Medical cost benefits		94	74
Expenses related to defined contribution plans		89	80
Expenses related to defined benefit plans	*Note 31*	29	11
Equity-settled share-based payments	*Note 34*	28	24
Total		2,254	1,978
Employees			
Headcount at December 31		20,451	19,827
In full-time equivalents at December 31		20,056	19,454
Thereof employed in the Netherlands		1,214	1,155
In full-time equivalents average per annum*		20,616	19,741

* Average full-time equivalents per annum include temporary staff and contractors, whereas headcount and its full-time equivalent only relate to staff on the payroll of the group.

Note 14 – Amortization, Impairment, and Depreciation

		2022	2021
Amortization of acquired identifiable intangible assets	*Note 18*	140	131
Impairment of acquired identifiable intangible assets	*Note 18*	20	38
Reversal of impairment of acquired identifiable intangible assets	*Note 18*	–	(5)
Amortization of other intangible assets	*Note 18*	195	194
Impairment of other intangible assets	*Note 18*	13	18
Depreciation of property, plant, and equipment	*Note 19*	26	25
Impairment of property, plant, and equipment	*Note 19*	1	0
Depreciation of right-of-use assets	*Note 20*	71	71
Impairment of right-of-use assets	*Note 20*	–	1
Total		466	473

For further disclosure on estimates and judgments, refer to *Note 18 – Goodwill and Intangible Assets other than Goodwill* and *Note 20 - Leasing*.

Note 15 – Financing Results

		2022	2021
Financing income			
Interest income for financial assets measured at amortized cost:			
Interest income on short-term bank deposits		20	2
Interest income on bank balances and other		1	2
Other financing income:			
Derivatives – foreign exchange contracts, not qualifying as hedge		0	0
Total financing income		21	4
Financing costs			
Interest expense for financial liabilities measured at amortized cost:			
Interest expense on bonds and private placements		(54)	(50)
Amortization of fee expense for debt instruments	*Note 29*	(3)	(1)
Interest expense on bank overdrafts and other		(3)	(5)
Other financing expense:			
Unwinding of discount of lease liabilities	*Note 29*	(9)	(9)
Net foreign exchange gains/(losses)		(5)	(15)
Items in hedge relationships:			
Interest rate swaps		(3)	(2)
Foreign exchange gains/(losses) on loans subject to cash flow hedge		11	4
Net change in fair value of cash flow hedges reclassified from other comprehensive income		(11)	(4)
Total financing costs		(77)	(82)
Net financing results		(56)	(78)
Other finance income and (costs)			
Fair value changes of financial assets	*Note 22*	0	(5)
Financing component employee benefits	*Note 31*	(1)	(1)
Total other finance income and (costs)		(1)	(6)
Total financing results		(57)	(84)

Note 16 – Income Tax Expense

		2022	2021
Current income tax expense		286	209
Adjustments previous years		(13)	6
Deferred tax expense:			
Changes in tax rates		0	1
Origination and reversal of temporary differences		(24)	(15)
Movements in deferred tax assets and liabilities	*Note 23*	(24)	(14)
Total	*Note 23*	249	201

ACCOUNTING POLICIES

Income tax on the result for the year is made up of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to business combinations and/or items directly recognized in equity or other comprehensive income.

Current income tax is the expected tax payable or tax receivable on the taxable income for the year, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable or tax receivable in respect of previous years. The group recognizes deferred tax assets and liabilities for all taxable temporary differences between the carrying amounts of assets or liabilities in the consolidated statement of financial position for financial reporting purposes and their tax base for taxation purposes.

Deferred tax assets and liabilities are not recognized for temporary differences arising from:

- Initial recognition of goodwill;
- Investments in subsidiaries to the extent that the parent can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Initial recognition of an asset or liability in a transaction, which is not a business combination and that, at the time of the transaction affects neither accounting profit nor taxable profit.

A deferred tax asset is recognized for deductible temporary differences and for the carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profits will be available against which these can be utilized. Deferred tax assets are reviewed at the end of each reporting period and are remeasured to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are not discounted and are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. The effect of changes in income tax rates on the deferred tax position is recognized in profit or loss if, and to the extent that, the deferred tax position was originally formed through profit or loss.

Deferred tax assets and liabilities, including those associated with right-of-use assets and lease liabilities, are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current income tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

Uncertain tax positions are assessed at a fiscal unity level. If it is probable that a tax authority will accept an uncertain tax position in the income tax filing, the group determines its accounting tax position consistent with the tax treatment used or planned to be used in its income tax filing. If this is not probable, the group reflects the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty.

Note 16 – Income Tax Expense continued

ESTIMATES AND JUDGMENTS

Income tax is calculated based on income before tax, considering the local tax rates and regulations. For each operating entity, the current income tax expense is calculated and differences between the accounting and tax base are determined, resulting in deferred tax assets or liabilities. These calculations may deviate from the final tax assessments.

A deferred tax asset is recognized for deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available. Management assesses the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized.

In determining the amount of current and deferred tax, the group considers the impact of uncertain tax positions and whether additional taxes, penalties, and interest may be due. The group believes that its current income tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and rules, and prior experience. The group operates in several countries with different tax laws and rules. Considering this complex multinational environment in which the group operates, global transfer pricing policies are implemented for transactions between members of the group. These transactions are documented as required by international standards. However, local tax authorities might challenge these transactions. The group considers potential challenges and accounts for potential uncertain tax positions.

The assessment for uncertain tax positions relies on estimates and assumptions, based on the judgments of tax professionals within the group, supplemented by external tax advisors, and may involve a series of estimates about future events. New information may become available that causes the group to change its estimate regarding the adequacy of existing income tax liabilities. Such changes to income tax liabilities will impact the income tax expense, positively or negatively, in the consolidated statement of profit or loss in the period that such a determination is made.

Changes in tax rates are considered if these tax rate changes are substantially enacted before year end.

Governments are expected to introduce changes in tax law following Organisation for Economic Co-operation and Development (OECD), EU, and other international guidelines. Reported income tax amounts will therefore be subject to continued judgment, estimation uncertainty, and measurement adjustments.

Refer also to *Note 23 – Tax Assets and Liabilities*.

RECONCILIATION OF THE EFFECTIVE TAX RATE

The group's effective tax rate in the consolidated statement of profit or loss differs from the Dutch statutory income tax rate of 25.8%. The table below reconciles the statutory income tax rate with the effective income tax rate in the consolidated statement of profit or loss:

in millions of euros, unless otherwise stated	**%**	**2022**	**%**	**2021**
Profit before tax		1,276		929
Income tax expense at the Dutch statutory income tax rate	25.8	329	25.0	232
Tax effect of:				
Rate differential	(2.7)	(35)	(2.5)	(23)
Tax incentives, exempt income, and divestments	(2.4)	(31)	0.1	1
Recognized and unrecognized tax losses	(0.1)	(1)	(0.3)	(3)
Adjustments previous years	(1.0)	(13)	0.7	6
Changes in income tax rates	0.0	0	0.1	1
Other taxes	0.9	11	1.0	9
Non-deductible costs and other items	(1.0)	(11)	(2.5)	(22)
Total	19.5	249	21.6	201

Note 16 – Income Tax Expense continued

Rate differential indicates the effect of the group's taxable income generated and taxed in jurisdictions where tax rates differ from the Dutch statutory income tax rate.

The effective tax rate decreased to 19.5% (2021: 21.6%), resulting from closure of old tax years and tax neutral gains on the divestment of the legal information units in Spain and France.

For income tax recognized directly in the consolidated statements of changes in total equity and other comprehensive income, reference is made to *Note 23 – Tax Assets and Liabilities.*

Note 17 – Non-controlling Interests

The group's share in consolidated subsidiaries not fully owned at December 31 is:

ownership in %	**2022**	**2021**
Akadémiai Kiadó Kft. (Budapest, Hungary)	74	74

ACCOUNTING POLICIES

Non-controlling interests reflect the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the group. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if these losses cause the non-controlling interest to have a debit balance. Remeasurements of non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

The movements in non-controlling interests are as follows:

	2022	**2021**
Position at January 1	0	0
Dividends paid	0	(1)
Share of profit of non-controlling interests, net of tax	0	0
Foreign exchange differences	0	1
Position at December 31	0	0

Non-controlling interests in the equity of consolidated participations, totaling €0 million (2021: €0 million), are based on third-party shareholdings in the underlying shareholders' equity of the subsidiaries.

Financial information of non-controlling interests based on 100% ownership, is as follows:

	2022	**2021**
Revenues	5	5
Adjusted operating profit	2	2
Net profit	2	1
Total assets	1	1
Total liabilities	1	1
Total equity	0	0
Total cash and cash equivalents	0	0

Note 18 – Goodwill and Intangible Assets other than Goodwill

		Goodwill	*Customer relationships*	*Technology*	*Brand names*	*Other*	Acquired identifiable intangible assets	Other intangible assets	2022	2021
Position at January 1										
Cost value		4,189	*1,036*	*812*	*471*	*48*	2,367	1,942	8,498	8,123
Accumulated amortization and impairment		(9)	*(475)*	*(407)*	*(395)*	*(45)*	(1,322)	(1,367)	(2,698)	(2,485)
Book value at January 1		4,180	*561*	*405*	*76*	*3*	1,045	575	5,800	5,638
Movements										
Investments*		–	–	–	–	–	0	264	264	223
Acquired through business combinations	*Note 8*	35	*39*	*35*	*3*	*0*	77	0	112	115
Divestment of operations	*Note 8*	–	–	–	–	–	0	0	0	(47)
Disposal of assets		–	–	–	–	–	0	–	0	(1)
Net expenditures		35	*39*	*35*	*3*	*0*	77	264	376	290
Amortization	*Note 14*	–	*(62)*	*(65)*	*(10)*	*(3)*	(140)	(195)	(335)	(325)
Impairment	*Note 14*	–	*(5)*	*(13)*	*(2)*	–	(20)	(13)	(33)	(56)
Reversal of impairment	*Note 8/14*	–	–	–	–	–	0	–	0	5
Reclassifications	*Note 8*	0	*2*	–	–	–	2	–	2	(2)
Transfer to assets classified as held for sale	*Note 9*	–	–	–	–	–	0	–	0	(59)
Foreign exchange differences		179	*20*	*14*	*2*	*0*	36	17	232	309
Total movements		214	*(6)*	*(29)*	*(7)*	*(3)*	(45)	73	242	162
Position at December 31										
Cost value		4,394	*1,134*	*808*	*494*	*3*	2,439	2,011	8,844	8,498
Accumulated amortization and impairment		–	*(579)*	*(432)*	*(425)*	*(3)*	(1,439)	(1,363)	(2,802)	(2,698)
Book value at December 31		4,394	*555*	*376*	*69*	*0*	1,000	648	6,042	5,800

* Investments in 2022 exclude capital expenditure by the disposal groups classified as held for sale of €3 million.

At both December 31, 2022, and December 31, 2021, the vast majority of the book value of other intangible assets relates to development of software.

In both 2022 and 2021, the amortization and impairment of intangible assets are for the vast majority reported under general and administrative costs in the consolidated statement of profit or loss.

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Note 18 – Goodwill and Intangible Assets other than Goodwill continued

ACCOUNTING POLICIES

Goodwill

The group measures goodwill at the acquisition date as the sum of the fair value of the consideration (including deferred and contingent consideration) and the recognized amount of any non-controlling interests in the acquiree, less the net recognized fair value amount of the identifiable assets acquired and liabilities assumed. Any deferred and contingent consideration payable (such as earnout arrangements) is recognized at fair value at the acquisition date.

Costs related to acquisitions which the group incurs in a business combination are expensed as incurred.

Goodwill associated with divested operations is allocated and measured on the basis of the relative value of the divested operation and the portion of the cash-generating unit (CGU) retained.

Acquired identifiable intangible assets

Identifiable intangible assets acquired through business combinations mainly consist of customer relationships (subscriber accounts), technology (databases, software, and product technology), and brand names.

Other intangible assets

Other intangible assets mainly relate to purchased and internally developed information systems and software.

Development costs are capitalized if the group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, the intention to complete the asset, the ability to sell or use the asset, how the asset will yield probable future economic benefits, the availability of adequate technical, financial, and other resources to complete the asset, and the ability to reliably measure the expenditure attributable to the asset.

Capitalization of software depends on several judgments. While management has procedures in place to control the software development process, there is uncertainty regarding the outcome of the development process (timing of technological developments, technological obsolescence, and/or competitive pressures).

Useful lives of assets

The useful lives of assets are estimated in line with common market practice. The group reviews the remaining useful lives and the amortization methods of its assets annually. If the expected remaining useful lives of assets are different from previous estimates, the amortization period shall be changed accordingly, which will impact the amortization in profit or loss prospectively.

Apart from goodwill (which has an indefinite useful life), intangible assets are amortized on a straight-line basis over their estimated useful lives from the day they are available for use. The estimated useful lives are as follows:

- Customer relationships: five to 29 years;
- Technology: five to 29 years;
- Brand names: five to 20 years;
- Other acquired identifiable intangible assets: five to ten years; and
- Other intangible assets: three to five years.

Impairment

At the end of each reporting period, it is assessed whether there is an indication that an intangible asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. If the recoverable amount is below the carrying value, the asset is impaired.

Goodwill is tested for impairment annually, at July 1, and when an impairment trigger has been identified.

Note 18 – Goodwill and Intangible Assets other than Goodwill continued

ESTIMATES AND JUDGMENTS

Measurement

Upon acquisition, the values of intangible assets acquired are estimated, usually applying one of the methodologies below:

- Relief from royalty approach: this approach assumes that if the identifiable intangible asset was not owned, it would be acquired through a royalty agreement. The value of owning the asset equals the benefits from not having to pay royalty fees;
- Multi-period excess earnings method: under this approach, cash flows associated with the specific acquired identifiable intangible assets are determined. Contributory charges of other assets that are being used to generate the cash flows are deducted from these cash flows. The net cash flows are discounted to arrive at the value of the asset; or
- Cost method: the cost method reflects the cost that would currently be required to replace the asset.

These valuations are usually performed by management of the acquiring CGU in close cooperation with an external consulting firm, requiring estimates such as future cash flows, royalty rates, discount rates, useful lives, churn rates, and rates of return. The methodologies applied in this respect are in line with common market practice.

Impairment test

Impairment tests require estimates of discount rates, future cash flows, and perpetual growth rates. These estimates are made by management of the business to which the assets belong. The future cash flows cover a five-year period and are based on Vision & Strategy Plans (VSPs), prepared by management, and approved by the Executive Board.

The annual goodwill impairment test did not result in the recognition of an impairment. The outcome of the group's sensitivity analysis was that no reasonably possible change in any of the key assumptions would cause the carrying amount to exceed the recoverable amount. The allowed change in growth, discount rate, and adjusted operating profit margin was at least 300 basis points for each of the groups of cash generating units.

On top of the annual goodwill impairment test, the group performed an in-depth impairment triggering event analysis on its other non-current assets, consisting mainly of acquired identifiable intangible assets. In this analysis, the development of new sales, attrition rates of existing customers, growth rates, and cost measures were the main drivers. The group concluded that there were no impairment triggers for the majority of the other non-current assets. For the continuing medical education solutions for physicians (Learner's Digest), the group identified a triggering event in 2022 as expectations of market growth deteriorated. The group recognized an impairment on the acquired identifiable intangible assets of €20 million and on other intangible assets of €3 million and shortened the remaining useful lives.

CARRYING AMOUNTS OF GOODWILL AND ACQUIRED IDENTIFIABLE INTANGIBLE ASSETS PER OPERATING SEGMENT

	Goodwill	Acquired identifiable intangible assets	2022	2021
Health	1,124	176	1,300	1,262
Tax & Accounting	1,542	241	1,783	1,761
Governance, Risk & Compliance	1,122	365	1,487	1,374
Legal & Regulatory	606	218	824	828
Total	4,394	1,000	5,394	5,225

Note 18 – Goodwill and Intangible Assets other than Goodwill continued

IMPAIRMENT TESTING OF GOODWILL

The group performs an annual impairment test by comparing the carrying amount of the groups of CGUs to which the goodwill belongs, net of related deferred taxes, to the recoverable amount of the groups of CGUs. The groups of CGUs for goodwill impairment testing represent the lowest level at which goodwill is monitored by management, whereby management considers the integration of the group's business operations and the global leverage of assets, capital, and staff. Acquisitions are integrated into existing business operations and the goodwill arising from a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the acquisition. The total number of groups of CGUs for goodwill impairment testing purposes was six in 2022 (2021: six groups of CGUs).

The recoverable amount is determined based on the higher of the value-in-use and the fair value less costs of disposal. If there is sufficient headroom, the group only determines the value-in-use. The recoverable amount is determined by discounting the future cash flows to be generated from the continuing use of the groups of CGUs. These valuations are based on non-observable market data. The recoverable amount calculations in 2022 were determined in a consistent manner with prior years. The cash flow projections are based on actual operating results and the long-term VSPs, as approved by the Executive Board.

The 2022 annual impairment test showed that the recoverable amount exceeded the carrying amount for all identified groups of CGUs for goodwill impairment testing.

Key assumptions

The group's key assumptions include assumptions that are based on non-observable market data (level 3 input). The period over which the group estimates its cash flow projections is five years. After five years, cash flow projections are extrapolated using an appropriate perpetual growth rate that is consistent with the long-term average market growth rate. The 2022 weighted-average long-term growth rate is 3.6% for the U.S. and 2.1% for Europe (2021: 2.2% for the U.S. and 0.3% for Europe). In addition, the following key assumptions were used in the projections:

- Revenue growth: based on actual experience, an analysis of market growth, and the expected development of market share; and
- Adjusted operating profit margin development: based on actual experience and management's long-term projections. Adjusted operating profit is deemed the best approximation for future cash flows.

The estimated pre-tax cash flows are discounted to their present value using a pre-tax weighted-average discount rate for the individual groups of CGUs between 9.6% and 10.2% (2021: between 7.7% and 8.7%) with a weighted average of 9.9% (2021: 8.5%).

In determining the discount rate, the group used a risk-free rate based on the long-term yield on Dutch government bonds with a maturity of 20 years, adjusted for country risk premiums and country-specific inflation differentials. In determining the discount rate, the group applied the following assumptions:

	2022	2021
Risk-free rate United States (in %)	3.6	2.2
Risk-free rate Europe (in %)	2.1	0.3
Market risk premium United States (in %)	6.0	7.0
Market risk premium Europe (in %)	6.8	7.0
Tax rate (in %)	25.8	25.0
Re-levered beta	0.79	0.77

Note 18 – Goodwill and Intangible Assets other than Goodwill continued

Sensitivity analysis

The impairment testing includes an assessment if a reasonably possible change in a key assumption would cause the carrying amount of goodwill to exceed the recoverable amount.

The sensitivity per group of CGUs for the 2022 and 2021 goodwill impairment tests, respectively, is as follows:

		Allowed change (in basis points)			
2022 sensitivity per group of CGUs	**Applied weighted-average growth rate**	**Decline in growth rate**	**Increase in discount rate**	**Decrease in adjusted operating profit margin**	**Allocated goodwill at December 31, 2022**
Health Learning, Research & Practice	2.1%	>300	>300	>300	567
Clinical Solutions	2.2%	>300	>300	>300	557
Tax & Accounting Americas and Asia Pacific	2.1%	>300	>300	>300	1,131
Tax & Accounting Europe	2.0%	>300	>300	>300	411
Governance, Risk & Compliance	2.2%	>300	>300	>300	1,122
Legal & Regulatory	2.2%	>300	>300	>300	606
Total	2.2%				4,394

		Allowed change (in basis points)			
2021 sensitivity per group of CGUs	**Applied weighted-average growth rate**	**Decline in growth rate**	**Increase in discount rate**	**Decrease in adjusted operating profit margin**	**Allocated goodwill at December 31, 2021**
Health Learning, Research & Practice	1.4%	>300	>300	>300	534
Clinical Solutions	2.3%	>300	>300	>300	524
Tax & Accounting Americas and Asia Pacific	1.9%	>300	>300	>300	1,076
Tax & Accounting Europe	0.3%	>300	>300	>300	416
Governance, Risk & Compliance	2.1%	>300	>300	>300	1,029
Legal & Regulatory	1.6%	>300	>300	>300	601
Total	1.9%				4,180

IMPAIRMENT TESTING OF ACQUIRED IDENTIFIABLE INTANGIBLE ASSETS AND OTHER INTANGIBLE ASSETS

The following impairments were recognized on the acquired identifiable intangible assets and other intangible assets:

	2022	**2021**
Acquired identifiable intangible assets – Learner's Digest and certain assets within Health	20	27
Acquired identifiable intangible assets – certain assets within GRC	–	11
Other intangible assets – Learner's Digest and certain assets within Health	3	4
Other intangible assets – other CGUs	10	14
Total	33	56

Note 19 – Property, Plant, and Equipment

		Land and buildings	Other PPE	2022	2021
Position at January 1					
Cost value		125	255	380	375
Accumulated depreciation and impairment		(88)	(217)	(305)	(291)
Book value at January 1		37	38	75	84
Movements					
Investments		3	25	28	17
Divestment of operations	*Note 8*	0	0	0	(2)
Disposal of assets		0	0	0	0
Net expenditures		3	25	28	15
Depreciation	*Note 14*	(6)	(20)	(26)	(25)
Impairment	*Note 14*	(1)	0	(1)	0
Transfer to assets classified as held for sale	*Note 9*	–	–	0	(3)
Foreign exchange differences		1	2	3	4
Total movements		(3)	7	4	(9)
Position at December 31					
Cost value		121	196	317	380
Accumulated depreciation and impairment		(87)	(151)	(238)	(305)
Book value at December 31		34	45	79	75

ACCOUNTING POLICIES

Property, plant, and equipment, consisting of land, buildings, and other assets such as office and IT equipment, are valued at cost less accumulated depreciation and impairment. Leasehold improvements are presented as part of land and buildings.

Depreciation is recognized in the consolidated statement of profit or loss on a straight-line basis over the estimated useful life of each component of property, plant, and equipment. Land is not depreciated.

The estimated useful lives for property, plant, and equipment are as follows:

- Buildings: 20 to 40 years;
- Leasehold improvements: equal to the lease term, unless the economic life of the leasehold improvement is shorter; and
- Other PPE: three to ten years.

Note 20 – Leasing

ACCOUNTING POLICIES

The group primarily leases real estate and, to a lesser extent, IT equipment and cars. The fixed rental periods mostly vary from one year to 15 years and may have renewal and/or termination options. For real estate and IT equipment, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability on the same date at which the leased asset is available for use by the group. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease liability is discounted based on the incremental borrowing rate because the rate implicit in the lease cannot be readily determined. The finance cost is charged to profit or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The group elected to exclude all short-term leases and all leases for which the underlying asset is of low value, and not to apply IFRS 16 to leases of intangible assets (such as software). For IT equipment and car leases, the group elected to apply the practical expedient to not separate non-lease components from lease components, and instead to account for these components as a single lease component.

Payments associated with short-term leases and low-value leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases have a term of 12 months or less, considering any reasonably certain optional lease periods. Low-value leases comprise small items of office furniture and IT equipment. The total expenses arising from short-term leases and low-value leases are insignificant.

The group is to a very limited extent a lessor.

ESTIMATES AND JUDGMENTS

IFRS 16 requires management to make estimates for setting the discount rate and to apply judgments in the assessment of renewal and termination options (i.e., optional lease periods) in the lease contracts.

Discount rate

The discount rate applied is based on the incremental borrowing rate for the respective leases considering the primary economic environment of the lease, the currency, the credit risk premium, the lease term, and the nature of the leased asset.

At December 31, 2022, the weighted-average discount rate is 2.8% (2021: 2.4%).

Renewal and termination options

Renewal and termination options are included in several real estate and other lease contracts. These terms are used to maximize operational flexibility in terms of managing contracts. Most contract-specific renewal and termination options are exercisable only by the group and not by the respective lessor.

In determining the lease term, the group considers all facts and circumstances that create an economic incentive to use the optional lease period. Optional lease periods are only included in the lease term if it is reasonably certain that the optional lease periods will be used. The assessment is reviewed if a significant change in circumstances occurs which affects this assessment and that is within the control of the group.

Real estate leases that are annually renewed or that have an indefinite contract term are on average leased for five years. Usually, optional periods arising from renewal options of other real estate leases are not considered to be reasonably certain, since the rent is often reset at the market price on the renewal option date. Optional periods after termination option dates are often included in the lease term due to termination penalties included in the contract.

Note 20 – Leasing continued

Impairment of right-of-use assets

The group determined whether there were impairment triggers regarding the right-of-use asset and accounts for any impairment loss identified. This primarily applies to real estate leases. The impairment of a real estate right-of-use asset becomes relevant in case of vacated office space.

If vacated office space is identified, this space is considered a CGU on its own when that space can practically be sublet. An impairment is recognized when the recoverable amount is lower than the carrying value. Mostly, the recoverable amount will be based on expected future sublease receipts estimated by an external real estate broker. The carrying value may include not only the right-of-use asset, but also any directly related associated assets such as leasehold improvements.

MOVEMENT SCHEDULE OF RIGHT-OF-USE ASSETS

		Real estate	Other leases	2022	2021
Position at January 1					
Cost value		578	80	658	663
Accumulated depreciation and impairment		(309)	(48)	(357)	(344)
Book value at January 1		269	32	301	319
Movements					
Additions from new leases		21	6	27	24
Acquired through business combinations	*Note 8*	2	–	2	2
Contract modifications and reassessment of options		6	7	13	20
Net additions		29	13	42	46
Depreciation	*Note 14*	(51)	(20)	(71)	(71)
Impairment	*Note 14*	–	–	0	(1)
Transfer to assets classified as held for sale	*Note 9*	–	–	0	(10)
Foreign exchange differences		11	0	11	18
Total movements		(11)	(7)	(18)	(18)
Position at December 31					
Cost value		596	89	685	658
Accumulated depreciation and impairment		(338)	(64)	(402)	(357)
Book value at December 31		258	25	283	301

Note 20 – Leasing continued

CONTRACTUAL MATURITIES OF LEASE LIABILITIES

		2022	2021
Within one year		69	70
Between one and two years		59	61
Between two and three years		50	51
Between three and four years		40	42
Between four and five years		34	33
Between five and ten years		86	91
Ten years and more		10	17
Effect of discounting		(35)	(34)
Total lease liabilities at December 31	*Note 29*	313	331

CASH OUTFLOW FOR LEASES

	2022	2021
Interest portion of lease payments	9	9
Repayment of principal portion of lease liabilities	72	68
Total	81	77

OTHER DISCLOSURES

At December 31, 2022, the future undiscounted cash outflows arising from leases not yet commenced and to which the group is committed amounted to €9 million (2021: €0 million).

The group's lease agreements do not impact any covenants.

Note 21 – Investments in Equity-accounted Investees

The group's share in equity-accounted investees at December 31 is:

ownership in %	2022	2021
HaoYisheng (Beijing, China)	22	22

ACCOUNTING POLICIES

Interests in equity-accounted investees (associates) are accounted for using the equity method and are initially recognized at cost, which includes goodwill identified upon acquisition and transaction costs. Associates are recognized from the date the group has significant influence and recognition ceases on the date the group has lost its significant influence over the equity investment.

When an interest in an associate is increased to a controlling interest, the equity interest previously held is treated as if it was disposed of and reacquired at fair value on the acquisition date. Any resulting gain or loss compared to the carrying amount is recognized in profit or loss. Any amount that has previously been recognized in other comprehensive income, and that would be reclassified to profit or loss following a divestment, is similarly reclassified to profit or loss.

MOVEMENT SCHEDULE OF EQUITY-ACCOUNTED INVESTEES

	2022	2021
Position at January 1	10	8
Dividends received	–	–
Share of profit of equity-accounted investees, net of tax	0	1
Foreign exchange differences	1	1
Position at December 31	11	10

For the equity-accounted investees at December 31, 2022, and December 31, 2021, the financial information (at 100%) and the group's weighted proportionate share is as follows:

	Total equity-accounted investees		Group's share	
	2022	2021	2022	2021
Total assets	34	28	8	6
Total liabilities	17	16	4	3
Total equity	17	12	4	3
Revenues	31	24	7	5
Net profit for the year	1	5	0	1

Note 22 – Financial Assets

		2022	2021
Financial assets at fair value through profit or loss		0	0
Finance lease receivables		1	0
Derivative financial instruments	*Note 30*	17	–
Other non-current financial assets		5	5
Total		23	5

The credit risk exposure of the financial assets is considered immaterial. Refer to *Note 30 – Financial Risk Management.*

ACCOUNTING POLICIES
Financial assets at fair value through profit or loss comprise equity investments.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2022	2021
Position at January 1		0	0
Financial assets arising from divestment of operations	*Note 8*	–	6
Fair value changes of financial assets	*Note 15*	0	(5)
Foreign exchange differences		0	(1)
Position at December 31		0	0

Note 23 – Tax Assets and Liabilities

DEFERRED TAX ASSETS AND LIABILITIES

temporary differences arising from:	Assets	Liabilities	2022	2021
Intangible assets	7	(402)	(395)	(390)
Property, plant, and equipment, right-of-use assets, and lease liabilities	20	(3)	17	1
Employee benefits	38	0	38	37
Tax value of loss carry-forwards recognized	31	–	31	38
Other items	103	(31)	72	82
Total before set-off of tax	199	(436)	(237)	(232)
Set-off of tax	(137)	137	0	0
Position at December 31	62	(299)	(237)	(232)

The actual recognition of deferred tax assets depends on the generation of future taxable income during the periods in which the temporary differences become deductible. Based on projected future taxable income and available strategies, the group considers the future realization of these deferred tax assets as probable.

Other items mainly include recognition of deferred tax assets and liabilities for temporary differences on working capital items.

Note 23 – Tax Assets and Liabilities continued

MOVEMENTS IN TEMPORARY DIFFERENCES, 2022

	Balance at January 1, 2022	Acquisitions/ divestments	Transfer to assets and liabilities classified as held for sale (*Note 9*)	Recognized in profit or loss (*Note 16*)	Recognized in equity and other comprehensive income	Foreign exchange differences	Balance at December 31, 2022
Intangible assets	(390)	(19)	–	31	–	(17)	(395)
PPE, right-of-use assets, and lease liabilities	1	–	–	16	–	0	17
Employee benefits	37	–	–	4	(5)	2	38
Tax value of loss carry-forwards recognized	38	–	–	(9)	–	2	31
Other items	82	0	–	(18)	4	4	72
Total	(232)	(19)	0	24	(1)	(9)	(237)

MOVEMENTS IN TEMPORARY DIFFERENCES, 2021

	Balance at January 1, 2021	Acquisitions/ divestments	Transfer to assets and liabilities classified as held for sale (*Note 9*)	Recognized in profit or loss (*Note 16*)	Recognized in equity and other comprehensive income	Foreign exchange differences	Balance at December 31, 2021
Intangible assets	(403)	4	0	34	–	(25)	(390)
PPE, right-of-use assets, and lease liabilities	5	–	0	(4)	–	0	1
Employee benefits	42	0	0	(4)	(4)	3	37
Tax value of loss carry-forwards recognized	43	–	–	(8)	–	3	38
Other items	80	4	(1)	(4)	0	3	82
Total	(233)	8	(1)	14	(4)	(16)	(232)

Note 23 – Tax Assets and Liabilities continued

MOVEMENTS IN OVERALL TAX POSITION

		2022	2021
Position at January 1			
Current income tax assets		59	23
Current income tax liabilities		(142)	(169)
Deferred tax assets		62	72
Deferred tax liabilities		(294)	(305)
Overall tax position		(315)	(379)
Movements			
Total income tax expense	*Note 16*	(249)	(201)
Deferred tax from acquisitions and divestments		(19)	8
Current income tax from acquisitions and divestments		(1)	0
Deferred tax on items recognized directly in other comprehensive income		(1)	(4)
Paid income tax		289	277
Transfer to assets and liabilities classified as held for sale	*Note 9*	–	1
Foreign exchange differences		(9)	(17)
Total movements		10	64
Position at December 31			
Current income tax assets		61	59
Current income tax liabilities		(129)	(142)
Deferred tax assets		62	62
Deferred tax liabilities		(299)	(294)
Overall tax position		(305)	(315)

The current income tax liabilities include, to a large extent, uncertain tax positions. For most of these uncertain tax positions, it is expected that the audit by tax authorities will finalize beyond one year. For the estimates and judgments applied to uncertain tax positions, refer to *Note 16 – Income Tax Expense*.

The group paid income taxes for the amounts of €162 million (2021: €166 million) in North America, €119 million (2021: €104 million) in Europe, and €8 million (2021: €7 million) in Asia Pacific and Rest of World.

The amount of deferred tax assets arising from recognized tax loss carry-forwards, which relate to tax jurisdictions where the group continued to incur tax losses in the current and/or preceding year, was €0 million at December 31, 2022 (2021: €11 million). It is considered probable based on forecasts that future taxable profits will be available.

UNRECOGNIZED TAX LOSSES AND TEMPORARY DIFFERENCES

The group has not recognized deferred tax assets that relate to unused tax losses and temporary differences amounting to €293 million (2021: €253 million), as it is not probable that future taxable profit will be available against which the group can use the benefits. Of these unused tax losses and temporary differences, 14% expire within the next five years (2021: 11%), 10% expire after five years (2021: 13%), and 76% carry forward indefinitely (2021: 76%).

In addition, the group has not recognized net deferred tax assets of €21 million (2021: €20 million), relating to unused state tax losses in the U.S. Of these unused state tax losses, 23% expire within the next five years (2021: 21%) and 77% expire after five years (2021: 79%).

Note 23 – Tax Assets and Liabilities continued

DEFERRED TAX ON ITEMS RECOGNIZED IMMEDIATELY IN OTHER COMPREHENSIVE INCOME AND EQUITY

			2022			2021
	Amount before tax	**Tax**	**Amount net of tax**	**Amount before tax**	**Tax**	**Amount net of tax**
Exchange differences on translation of foreign operations, recycling of foreign exchange differences on loss of control, and net investment hedges	216	4	220	339	0	339
Gains/(losses) on cash flow hedges	29	–	29	10	–	10
Remeasurement gains/(losses) on defined benefit plans	18	(5)	13	16	(4)	12
Recognized in other comprehensive income	263	(1)	262	365	(4)	361
Share-based payments	28	–	28	24	–	24
Recognized in equity	28	0	28	24	0	24

Note 24 – Inventories

	2022	2021
Work in progress	27	21
Finished products and trade goods	52	44
Total	79	65

ACCOUNTING POLICIES

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes all costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to complete the sale.

Inventories also include internally developed commercial software products. The cost of internally produced goods includes the development, manufacturing, content-creation, and publishing costs. Trade goods purchased from third parties are valued at the purchase price.

At December 31, 2022, the provision for obsolescence deducted from the inventory carrying values amounted to €18 million (2021: €18 million). In 2022, an amount of €5 million was recognized as an expense for the change in the provision for obsolescence (2021: €2 million) and is presented as part of cost of revenues in the consolidated statement of profit or loss.

Note 25 – Contract Assets and Liabilities

	2022	2021
Trade receivables	1,088	1,008
Non-current contract assets	17	19
Current contract assets	153	138
Non-current deferred income	112	113
Current deferred income	1,858	1,709
Other current contract liabilities	88	80

ACCOUNTING POLICIES

Trade receivables

Trade receivables are recognized at transaction price and subsequently measured at amortized cost minus loss allowance. A receivable is recognized when the group's right to consideration is unconditional except for the passage of time.

Contract assets and contract liabilities

The group recognizes the following contract-related assets: unbilled revenues, cost to obtain a contract, and cost to fulfill a contract.

The group recognizes the following contract-related liabilities: deferred income and the provisions for returns, refunds, and other liabilities.

Unbilled revenues and deferred income

When either party to a customer contract has performed, the group recognizes unbilled revenues or deferred income, depending on the relationship between the group's performance and the timing of the customer's payment. If the value of the services rendered by the group exceeds the invoiced amounts, unbilled revenues are recognized. If the invoiced amounts exceed the value of services rendered, deferred income is recognized.

Unbilled revenues are recognized when the group's right to consideration is conditional on something other than the passage of time, for example future performance of the entity.

Deferred income represents the part of the amount invoiced to customers that has not yet met the criteria for revenue recognition and thus still must be earned as revenues by means of the delivery of goods and/or services in the future. Deferred income is recognized at its nominal value.

For contracts whereby neither party has performed, trade receivables and deferred income balances are presented on a net basis.

Cost to obtain a contract

Incremental costs for obtaining a contract (primarily sales commissions) will be capitalized and amortized if the contract term is expected to be longer than 12 months, as the practical expedient of IFRS 15 is applied. The amortization period will usually be one to five years, or the underlying contract life if longer, subject to the nature of the underlying performance obligations.

Cost to fulfill a contract

If the group incurs costs to fulfill a revenue contract with a customer (e.g., costs that are explicitly chargeable to the customer under the contract, set-up costs, or pre-contract costs), an asset is recognized if these costs directly relate to a contract, generate or enhance resources that will be used in satisfying performance obligations in the future, and are expected to be recovered. The amortization of set-up and pre-contract costs is recognized as an expense over the term of the associated contract.

Note 25 – Contract Assets and Liabilities continued

Impairment

Any impairment of assets relating to contracts with customers is measured, presented, and disclosed in accordance with IFRS 9. The determination of the provision for impairment is based on the group's historical average of three years of credit losses, which is used as a proxy for expected losses on trade receivables with similar characteristics and credit profile, adjusted as appropriate to reflect the current conditions and estimates of future economic conditions. Trade receivables longer than one year overdue and trade receivables with specific risk with no reasonable expectation of recovery, are impaired and provided for in full, unless reliable supporting information is available to conclude otherwise. The group presents its impairment losses in the notes to the consolidated financial statements.

Provisions for returns, refunds, and other liabilities

The group recognizes a contract liability if the group receives consideration from a customer and expects to refund some or all of that consideration to the customer or for transferred goods and/or services with a right of return. The contract liability is measured as the amount of the consideration for which the group does not expect to be entitled to.

ESTIMATES AND JUDGMENTS

The assessment of the nature of sales commission plans for meeting the capitalization criteria requires judgment. The applicable amortization period of the incremental cost to obtain a contract is estimated by the group by matching the useful life of the capitalized sales commissions with the expected benefits of the underlying contract.

GENERAL

In general, the group applies payment terms in line with common industry practice. There are no significant contracts with a material financing component. There are contracts with variable consideration, but the related estimates are almost never constrained. To a very limited extent, the group acts as an agent in its contracts with customers.

Most of the contracts with customers require prepayment of the consideration.

Trade receivables and unbilled revenues are shown net of impairment losses amounting to €85 million (2021: €83 million). The fair value of the receivables approximates the carrying amount. Impairment losses on trade receivables and unbilled revenues are presented as part of sales costs in the consolidated statement of profit or loss.

LOSS ALLOWANCE

		2022	2021
Position at January 1		83	84
Divestment of operations	*Note 8*	0	(1)
Transfer to assets classified as held for sale	*Note 9*	–	(1)
Additions to loss allowances	*Note 10*	33	28
Releases from loss allowances	*Note 10*	(12)	(8)
Usage of loss allowances		(22)	(25)
Foreign exchange differences		3	6
Position at December 31		85	83

For further information on credit risk, refer to *Note 30 – Financial Risk Management.*

Note 25 – Contract Assets and Liabilities continued

CONTRACT ASSETS

current and non-current		Unbilled revenues	Cost to obtain a contract	Cost to fulfill a contract	2022	2021
Position at January 1		95	40	22	157	132
Recognized as revenues in the year		465	–	–	465	331
Newly recognized cost to fulfill a contract		–	–	473	473	391
Transferred to trade receivables		(463)	–	(469)	(932)	(712)
Newly recognized cost to obtain a contract		–	28	–	28	29
Amortization of capitalized sales commissions	*Note 10*	–	(29)	–	(29)	(23)
Autonomous movements in contract assets		2	(1)	4	5	16
Acquired through business combinations	*Note 8*	1	–	–	1	1
Transfer to assets classified as held for sale	*Note 9*	–	–	–	0	(1)
Foreign exchange differences		3	2	2	7	9
Position at December 31		101	41	28	170	157

The group did not recognize an impairment on the unbilled revenues during the year (2021: nil).

DEFERRED INCOME

current and non-current		2022	2021
Position at January 1		1,822	1,630
New and existing contracts with customers		3,944	3,683
Recognized as revenues from opening balance		(1,709)	(1,518)
Recognized as revenues in the year on new and existing contracts		(2,137)	(2,007)
Change in netting against trade receivables		(25)	(45)
Autonomous movements in deferred income		73	113
Acquired through business combinations	*Note 8*	0	6
Divestment of operations	*Note 8*	0	(2)
Transfer to liabilities classified as held for sale	*Note 9*	–	(27)
Foreign exchange differences		75	102
Position at December 31		1,970	1,822

No material amount of revenues was recognized in 2022 from performance obligations satisfied or partially satisfied in previous years because of events such as changes in transaction price. Furthermore, the group did not have material changes in deferred income because of contract modifications or changes in estimates.

The aggregate amount of the transaction price allocated to the remaining performance obligations that are unsatisfied at year-end 2022 was €4,055 million (2021: €3,727 million), of which €1,970 million was included in deferred income (2021: €1,822 million). The unfulfilled performance obligations not recognized in deferred income relate to multi-year contracts agreed with customers, whereby the group expects to satisfy these performance obligations for a large part within one year and for the remainder between one to five years.

Note 25 – Contract Assets and Liabilities continued

OTHER CONTRACT LIABILITIES

		2022	2021
Position at January 1		80	66
Additions to provision for returns, refunds, and other		140	90
Usage of provision for returns, refunds, and other		(136)	(76)
Autonomous movements in other contract liabilities		4	14
Acquired through business combinations	*Note 8*	1	–
Transfer to liabilities classified as held for sale	*Note 9*	–	(4)
Foreign exchange differences		3	4
Position at December 31		88	80

Note 26 – Other Receivables

	2022	2021
Prepaid royalties	16	18
Non-current other receivables	16	18
Prepaid royalties	55	81
Other prepayments	157	251
Miscellaneous receivables	32	34
Interest receivable	5	0
Derivative financial instruments	1	–
Current other receivables	250	366

Note 27 – Cash and Cash Equivalents

		2022	2021
Deposits		909	610
Cash and bank balances		437	391
Total cash and cash equivalents in the consolidated statement of financial position		1,346	1,001
Minus: Bank overdrafts used for cash management purposes	*Note 29*	(16)	(9)
Plus: Cash included in assets held for sale	*Note 9*	–	2
Total cash and cash equivalents minus bank overdrafts, including cash included in assets held for sale in the consolidated statement of cash flows		1,330	994

ACCOUNTING POLICIES

Cash and cash equivalents comprise cash and bank balances and deposits.

Bank overdrafts predominantly result from cash pool arrangements and are presented within borrowings and bank overdrafts in current liabilities. The group discloses the financial assets and financial liabilities within these arrangements on a gross basis.

An amount of €0 million (2021: €0 million) relates to cash and cash equivalent balances of entities that the group does not fully own (see *Note 17 – Non-controlling Interests).*

Cash equivalents include bank deposits that are held as part of the group's cash management for the purpose of meeting short-term cash commitments.

At December 31, 2022, bank balances include an amount of €38 million (2021: €45 million) of restricted cash, primarily due to local exchange control regulations that restrict exporting cash and/or capital from the relevant country.

Note 28 – Trade and Other Payables

		2022	2021
Trade payables		147	123
Salaries, holiday allowances, and other benefits		276	284
VAT, sales tax, social security premiums, and other taxation		95	88
Pension-related payables		28	24
Royalty payables		88	90
Other accruals and payables		315	300
Interest payable		39	34
Deferred and contingent acquisition payables	*Note 30*	2	1
Total		990	944

Note 29 – Net Debt

	Nominal value	Effective interest rate in %	Nominal interest rate in %	Repayment commitments 1-5 years	Repayment commitments >5 years	2022	2021
Bonds 2008-2028 (100.00*)	€36	6.812	6.748	–	36	36	36
Bonds 2013-2023 (99.709*)**	€700	2.950	2.875	–	–	0	699
Bonds 2014-2024 (99.164*)	€400	2.640	2.500	399	–	399	399
Bonds 2017-2027 (99.659*)	€500	1.575	1.500	499	–	499	498
Bonds 2020-2030 (99.292*)	€500	0.862	0.750	–	496	496	495
Bonds 2021-2028 (99.958*)	€500	0.307	0.250	–	498	498	498
Bonds 2022-2026 (99.922*)	€500	3.096	3.000	498	–	498	–
Bonds, measured at amortized cost				1,396	1,030	2,426	2,625
Private placement 2008-2038, measured at amortized cost	¥20,000	3.330	3.330	–	142	142	153
Deferred and contingent acquisition payables, measured at fair value				2	–	2	1
Other debt, measured at amortized cost				16	–	16	10
Derivative financial instruments, measured at fair value***				–	–	0	2
Other long-term debt				18	0	18	13
Total long-term debt (excluding lease liabilities)				1,414	1,172	2,586	2,791
Lease liabilities****						244	260
Total long-term debt						2,830	3,051

* Issue price of the financial instrument.
** These bonds are classified as short-term bonds. Refer also to the table on the following page.
*** For further details on these debt-related derivative financial instruments, refer to *Note 30 – Financial Risk Management*.
**** For the repayment commitments of lease liabilities, refer to *Note 20 – Leasing*.

Note 29 – Net Debt continued

RECONCILIATION LONG-TERM DEBT TO NET DEBT

		2022	2021
Total long-term debt		2,830	3,051
Borrowings and bank overdrafts:			
Bank overdrafts, measured at amortized cost	*Note 27*	16	9
Total borrowings and bank overdrafts		16	9
Bonds 2013-2023		700	–
Short-term lease liabilities		69	71
Deferred and contingent acquisition payables measured at fair value	*Note 30*	2	1
Total short-term debt		787	81
Gross debt		3,617	3,132
Minus:			
Cash and cash equivalents	*Note 27*	(1,346)	(1,001)
Derivative financial instruments:			
Non-current assets	*Note 22*	(17)	–
Current assets	*Note 26*	(1)	–
Net debt		2,253	2,131

ACCOUNTING POLICIES

Non-derivative financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are bonds, the Euro Commercial Paper program, private placements, other long-term and short-term debt, and trade payables.

The group initially recognizes non-derivative financial liabilities at fair value less any directly attributable transaction costs. Subsequently, these financial liabilities are measured at amortized cost using the effective interest method with any difference between cost and redemption value recognized in profit or loss over the period of the borrowings.

Note 29 – Net Debt continued

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Gross debt, excluding lease liabilities, derivative financial instruments, and bank overdrafts

	Balance at January 1, 2022	Net cash flows	Acquisitions/ Divestments	Unwinding of discount	Foreign exchange differences	Other non-cash movements	Balance at December 31, 2022
Bonds	2,625	500	–	3	–	(2)	3,126
Private placements	153	–	–	0	(11)	–	142
Other gross debt	12	5	2	–	1	–	20
Total	2,790	505	2	3	(10)	(2)	3,288

	Balance at January 1, 2021	Net cash flows	Acquisitions/ Divestments	Unwinding of discount	Foreign exchange differences	Other non-cash movements	Balance at December 31, 2021
Bonds	2,126	500	–	1	–	(2)	2,625
Private placements	157	–	–	0	(4)	–	153
Other gross debt	109	(100)	2	–	1	–	12
Total	2,392	400	2	1	(3)	(2)	2,790

Lease liabilities

current and non current		2022	2021
Position at January 1		331	348
Additions from new leases		27	24
Acquired through business combinations	*Note 8*	2	2
Contract modifications and reassessments of options		10	19
Repayment of lease liabilities (interest and principal portion)*		(80)	(77)
Unwinding of discount of lease liabilities	*Note 15*	9	9
Transfer to liabilities classified as held for sale	*Note 9*	–	(11)
Foreign exchange differences		14	17
Position at December 31		313	331

* Repayment of lease liabilities in 2022 excludes payments by the disposal groups classified as held for sale, amounting to €1 million.

For accounting policies, estimates, and judgments on lease liabilities, refer to *Note 20 – Leasing.*

Note 29 – Net Debt continued

LOAN MATURITY

The following amounts of gross debt (excluding lease liabilities) at December 31, 2022, are due within and after five years:

	2022
2024	409
2025	8
2026	498
2027	499
Due after 2027	1,172
Long-term debt	2,586
Short-term debt (2023)	718
Total (excluding lease liabilities)	3,304

At December 31, 2021, €10 million was short-term debt, €1,109 million was due in 2023 and 2024, and €1,682 million was due after 2026.

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

Bonds

The group has senior bonds outstanding for an amount of €3,126 million at December 31, 2022 (2021: €2,625 million). The nominal interest rates on the bonds are fixed until redemption.

On September 23, 2022, the group issued a €500 million four-year senior unsecured Eurobond. The bonds were sold at an issue price of 99.922 percent and carry an annual coupon of 3.000 percent. The senior unsecured bonds will mature on September 23, 2026. The net proceeds of the offering are used for general corporate purposes.

Private placements

The group holds private placements in Japanese yen. These private placements (¥20,000 million) are converted to and hedged against euro via cross-currency interest rate swaps. These swaps have been collateralized for credit risk in line with the treasury risk management policies. There is no collateral outstanding at December 31, 2022 (2021: no collateral outstanding).

Multi-currency revolving credit facility

Effective July 2022, the group agreed to the final one-year extension of the €600 million multi-currency revolving credit facility, such that the facility will now mature in 2025. This facility has multi-year environmental, social, and governance (ESG) KPIs, which are linked to the interest rates in the facility. The interest rates in the facility are variable. The facility is used for general corporate purposes.

At December 31, 2022, no amounts were drawn under the facility (December 31, 2021: no amounts drawn). The facility is subject to customary conditions, including a financial credit covenant. The facility covenant requires that the consolidated net senior borrowings (excluding fully subordinated debt) to adjusted EBITDA shall not exceed 3.5. In 2022 and 2021, the group was comfortably within the thresholds stipulated in the financial covenant of the facility.

Euro Commercial Paper program

The group has a Euro Commercial Paper (ECP) program in place, under which it may issue unsecured, short-term debt (ECP notes) for a maximum of €1.0 billion. The program provides flexible funding for short-term cash needs at attractive rates. At December 31, 2022, no ECP notes were outstanding (2021: no ECP notes outstanding).

DEFAULTS AND/OR BREACHES

There were no defaults or breaches on the loans and borrowings during 2022 or 2021.

Note 30 – Financial Risk Management

RISK MANAGEMENT FRAMEWORK

The group's activities are exposed to a variety of financial risks, including market, liquidity, and credit risk. Identification and management of financial risks are carried out by the central treasury department (Corporate Treasury), whereby the treasury operations are conducted within a framework of policies and guidelines (Treasury Policy), which are approved by the Executive Board and the Supervisory Board. The Treasury Policy is reviewed at least annually, considering market circumstances and market volatility, and is based on assumptions concerning future events, subject to uncertainties and risks that are outside of the group's control. The Treasury Committee, comprising the Vice President Group Accounting & Reporting, Controller Corporate Office, Executive Vice President Treasury & Risk, and representatives of Corporate Treasury and Treasury Back-Office, meets quarterly to review treasury activities and compliance with the Treasury Policy and reports directly to the Executive Board and the Audit Committee. The Treasury Back-Office reports deviations directly to the CFO and the Executive Vice President Treasury & Risk.

Under the group's Internal Control Framework, the financial reporting controls, including policies and procedures, of the Corporate Treasury Department are periodically reviewed. Corporate Treasury reports quarterly to the Audit Committee on its compliance with the Treasury Policy.

The group's funding activities are carried out by Corporate Treasury using long-term capital market instruments and committed credit facilities to ensure optimal financial flexibility and capital efficiency. The borrowings, together with cash generated from operations, are lent or contributed as equity to the operating companies. The group targets a net-debt-to-EBITDA ratio of approximately 2.5. However, the group could temporarily deviate from this relative indebtedness ratio. At December 31, 2022, the net-debt-to-EBITDA ratio was 1.3 (2021: 1.4).

All treasury activities, in particular the use of derivative financial instruments, are subject to the principle of risk minimization and are executed by specialized treasury personnel. For this reason, financial transactions and risk positions are managed in a central treasury management and payment system. It is the group's policy that material currency translation exposures and variable interest exposures are partially hedged by Corporate Treasury in accordance with the annual treasury plan approved by the Audit Committee. The group does not purchase or hold derivative financial instruments for speculative purposes. The group's risk profile is defined and reviewed regularly. Although the economic environment has become more challenging because of the volatility in financial markets, the exposure to financial risks for the group's activities has not significantly changed, nor has the approach to these risks.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's profit or loss or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

CURRENCY RISK

The group has identified transaction and translation risks as currency risks. The transaction risk exposure within individual group entities is relatively immaterial. The transaction prices invoiced to customers for goods and/or services are mainly denominated in the customers' local currencies. Given the nature of the business, almost all related costs are also incurred in those local currencies. Derivative financial instruments to hedge transaction risks are therefore not frequently used.

Translation risk is the risk that exchange rate gains or losses arise from translating the statement of profit or loss, statement of financial position, and statement of cash flows of foreign subsidiaries to the group's presentation currency (euro) for consolidation purposes.

The group's risk management strategy practice is that material currency translation exposures (including U.S. dollar net investments) are partially hedged by Corporate Treasury. Currency translation exposures which impact the consolidated statements of financial position and/or profit or loss by 10% or more are considered material. The currency translation exposure on the consolidated statement of cash flows is partly mitigated by matching cash inflows and outflows in the same currency. The group's main translation risk is its exposure to the U.S. dollar.

In line with its risk management strategy, the group manages the translation risk using three types of risk mitigating actions, of which two types of transactions are designated as a hedge and for which the group applies hedge accounting.

Note 30 – Financial Risk Management continued

HEDGE ACCOUNTING

ACCOUNTING POLICIES

Derivative financial instruments and hedging activities

The group holds derivative financial instruments to hedge risk exposures.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is concluded and are subsequently remeasured at fair value. The method of recognizing gains or losses depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged.

The group designates derivatives as either:
- Hedges of a risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge);
- Hedges of a net investment in a foreign operation (net investment hedge); or
- Currency forward instruments to protect the group's net profit (not qualifying for hedge accounting).

With respect to foreign currency forwards used in the cash flow hedges and the net investment hedges, the group designates as a hedging instrument only the change in the value of the spot component of a forward contract (and not the forward element). The differential between the contracted forward rate and the market spot rate, defined as forward points, is recognized in other comprehensive income and accumulated in the hedge reserve within total equity.

Cash flow hedge

The effective part of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income, and accumulated in the hedge reserve within total equity. Amounts accumulated in the hedge reserve are reclassified to profit or loss within the line where the result from the hedged transaction is recognized, in the same period the hedged item affects the profit or loss.

The gain or loss relating to the ineffective part of the hedging relationship is recognized in profit or loss within financing results.

Reclassification of hedge reserve to profit or loss

When a hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedge reserve at that time remains in the hedge reserve and is only reclassified when the hedged transaction is ultimately recognized in profit or loss. When a hedged transaction is no longer expected to occur, the cumulative gain or loss in the hedge reserve is reclassified to profit or loss.

Net investment hedge

Fair value changes of derivative financial instruments used to hedge the net investment in foreign operations, which are determined to be an effective hedge, are recognized directly in other comprehensive income in the translation reserve. Gains and losses accumulated in the translation reserve are reclassified to profit or loss when the foreign operation is disposed. If a hedging relationship is terminated and the derivative financial instrument is not sold, future changes in the fair value of the derivative financial instrument are recognized in profit or loss.

The gain or loss relating to the ineffective part of the hedging relationship is recognized in profit or loss within financing results.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognized in profit or loss within financing results.

Note 30 – Financial Risk Management continued

Net investment hedge

The group partially protects total equity from foreign exchange differences using U.S. dollar currency forward contracts qualifying as net investment hedges, which partially offset the translation risk on U.S. dollar-denominated subsidiaries and long-term receivables of the U.S. operations, being the hedged items. The fair value changes of the net investment hedge partially offset the currency differences on translation of U.S. dollar-denominated subsidiaries and long-term receivables from U.S. operations, both recognized in other comprehensive income.

The group had U.S. dollar forward contracts outstanding for a total notional amount of €258 million ($275 million) at December 31, 2022 (2021: €177 million or $200 million). These hedges created a U.S. dollar balance sheet cover with a future settlement date, recognized as a financial asset with a fair value of €1 million at December 31, 2022.

The group had U.S. dollar liabilities outstanding for a total notional amount of €473 million ($505 million) at December 31, 2022 (2021: €406 million or $460 million). The U.S. dollar liabilities include net investment hedges and other U.S. dollar-denominated liabilities. The U.S. dollar balance sheet cover of 11% (2021: 10%) is defined as the sum of U.S. dollar net investment hedges and other U.S. dollar liabilities outstanding divided by the group's net investment in U.S. dollar-denominated assets.

Cash flow hedge

The group protects against the translation differences on the Japanese yen private placement (2022 and 2021: ¥20,000 million) and the related interest payments, using cash flow hedges by means of four cross-currency interest rate swaps. The fair value changes of the cash flow hedges are recognized in equity until the hedging relationship with the corresponding hedged instrument is terminated. At that moment, the translation differences are reclassified to profit or loss.

Currency forwards

The group partially protects net profit from foreign exchange differences using U.S. dollar and other currency forwards not qualifying for hedge accounting. The fair value changes of these currency forwards are recognized in financing results and partially offset any translation risk on profit or loss elements.

In 2022, the group swapped 74% (2021: 50%) of the net financing results of €56 million (2021: €78 million) into U.S. dollars using foreign exchange derivatives of $40 million (2021: $40 million).

Sensitivity

Based on the percentage of 74% for net financing results payable in U.S. dollars, an instantaneous 1% decline of the U.S. dollar against the euro at December 31, 2022, with all other variables held constant, would result in a decrease of approximately €0.4 million in net financing results (2021: €0.4 million).

Hedge effectiveness

Before applying hedge accounting, the group assesses, in accordance with the group's risk management policies and the parameters of the hedge, whether the designated hedge is highly effective. In 2022, the group did not record ineffectiveness because of hedging activities (2021: no ineffectiveness). The group measures hedge effectiveness on a forward-looking basis at the inception of the hedging relationship and on an ongoing basis at reporting dates through a qualitative assessment of the critical terms of the hedging instrument and the hedged item. The hedge values will generally move in the opposite direction because of the same risk and hence an economic relationship exists. The results of these effectiveness tests all satisfied the effectiveness criterion during the year.

Note 30 – Financial Risk Management continued

CURRENCY RISK SENSITIVITY

The following table details the group's sensitivity to a 1% weakening of the U.S. dollar against the euro:

	2022	2021
Revenues	(37)	(31)
Adjusted operating profit	(12)	(10)
Operating profit	(11)	(10)
Adjusted net profit	(8)	(6)
Profit for the year	(7)	(6)
Shareholders' equity at December 31	(38)	(35)
Adjusted free cash flow	(12)	(9)

SENSITIVITY ANALYSIS

A sensitivity analysis on the derivative financial instruments portfolio yields the following results, assuming an instantaneous 1% decrease of the U.S. dollar and Japanese yen against the euro from their levels at December 31, 2022, and an instantaneous 1% increase of the U.S. dollar, Japanese yen, and euro interest rates:

in millions	Hedged risk	Amount	Type of instrument	Exchange rate movement €	Interest rate movement €
Cash flow hedge	Changes in ¥ floating interest payments and ¥ exchange rates	¥20,000	Cross-currency interest rate swaps	(1)	(4)
Net investment hedge	Changes of the U.S. dollar net investments due to fluctuations of U.S. dollar exchange rates	$275	Forward contracts	2	0

INTEREST RATE RISK

The group is exposed to interest rate risk. The group aims to mitigate the impact on its results and cash flows of interest rate movements, both by arranging fixed or variable rate funding and by use of derivative financial instruments. At December 31, 2022, the group's interest rate position (excluding cash and cash equivalents and lease liabilities) was 100% (2021: 100%) carried at a fixed rate. The credit facility and the Euro Commercial Paper program have a variable interest rate.

Assuming the same mix of variable and fixed interest rate instruments, an instantaneous increase of interest rates of 1% compared to the rates on December 31, 2022, with all other variables held constant, would hardly result, on an annual basis, in an increase of net financing results (2021: identical at December 31, 2021).

Interest rate benchmark transition for non-derivative financial instruments

For non-derivative third-party contracts and internal contracts, IBOR references were primarily used in internal financing-related contracts. At December 31, 2022, all U.K., Swiss and Japanese IBOR references in these internal contracts were replaced by alternative benchmark rates. Other IBOR references will only be replaced once such IBORs are discontinued.

During 2022, the group has transitioned its €600 million credit facility agreement from LIBOR to risk-free rates.

Note 30 – Financial Risk Management continued

Interest rate benchmark transition for derivative financial instruments

The fixed interest payments on the Japanese Yen private placements are converted to and hedged against euro via cross-currency interest rate swaps. The Interest Rate Benchmark Reform did not impact these fixed interest payments. However, both the Japanese Libor and Euribor were inputs in the fair value determination. During 2022, the input in the fair value determination was changed to the Tokia Overnight Rate (TONA) curve and the Euro Short-Term Rate (€STR). In addition, the Euro Overnight Index Average (EONIA) reference in the Credit Support Annex was amended to the Euro Short-Term Rate (€STR).

The IBOR-reform did not result in changes to the group's risk management strategy.

LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to manage liquidity is to ensure, as far as possible, that it will have enough liquidity to meet its liabilities when they are due.

The group actively manages liquidity risk by maintaining enough cash and cash equivalents, and by the availability of committed borrowing capacity. To reduce liquidity risk, the group has established the following minimum requirements:

- No more than 25% of outstanding gross debt minus available cash should be repayable within a 12-month period;
- Acquiring of funding to start at least one year in advance of all maturing debt or alternative committed funding should be in place; and
- Minimum headroom of €500 million (sum of unused committed credit facilities, cash and cash equivalents, and derivative financial assets, minus other short-term debt, current deferred acquisition payables, current derivative financial liabilities, and bank overdrafts).

Per December 31, 2022, the group has access to the unused part of the committed credit facilities of €600 million in total (2021: €600 million), cash and cash equivalents of €1,346 million (2021: €1,001 million), and has derivative financial assets totaling €18 million (2021: none), minus other short-term debt, current deferred and contingent acquisition payables, bank overdrafts, Euro Commercial Paper, and current derivative financial liabilities totaling €18 million (2021: €10 million). The headroom was €1,946 million at year-end 2022 (2021: €1,591 million).

No assets have been collateralized or in any other way secured under debt contracts.

Exposure to liquidity risk

The following tables relate to the remaining contractual cash flows of financial liabilities at the reporting date. These tables show net cash flow amounts for derivative financial instruments that have simultaneous cash settlements. The amounts for the non-derivative financial instruments are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements. For the remaining contractual cash flows of lease liabilities, refer to *Note 20 – Leasing*.

Note 30 – Financial Risk Management continued

CONTRACTUAL CASH FLOWS 2022

	Carrying amount	Contractual undiscounted cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities (excl. lease liabilities)						
Bonds:						
Bonds 2008-2028	36	49	2	2	7	38
Bonds 2013-2023	700	720	720	–	–	–
Bonds 2014-2024	399	420	10	410	–	–
Bonds 2017-2027	499	539	8	8	523	–
Bonds 2020-2030	496	530	4	4	11	511
Bonds 2021-2028	498	507	1	1	4	501
Bonds 2022-2026	498	560	15	15	530	–
Private placements:						
Private placement 2008-2038	142	216	5	5	14	192
Long- and short-term deferred and contingent acquisition payables	4	4	2	2	–	–
Other debt	16	16	–	8	8	–
Borrowings and bank overdrafts	16	16	16	–	–	–
Trade payables	147	147	147	–	–	–
Total	3,451	3,724	930	455	1,097	1,242
Derivative financial instruments						
(Receipts)		(260)	(260)			
Payments		258	258			
Foreign exchange derivatives	(1)	(2)	(2)	0	0	0
(Receipts)		(216)	(5)	(5)	(14)	(192)
Payments		245	8	8	23	206
Cross-currency interest rate swaps	(17)	29	3	3	9	14
Total derivative financial liabilities/(assets)	(18)	27	1	3	9	14

Note 30 – Financial Risk Management continued

CONTRACTUAL CASH FLOWS 2021

	Carrying amount	Contractual undiscounted cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities (excl. lease liabilities)						
Bonds:						
Bonds 2008-2028	36	52	2	2	7	41
Bonds 2013-2023	699	740	20	720	–	–
Bonds 2014-2024	399	430	10	10	410	–
Bonds 2017-2027	498	547	8	8	23	508
Bonds 2020-2030	495	534	4	4	11	515
Bonds 2021-2028	498	509	1	1	4	503
Private placements:						
Private placement 2008-2038	153	237	5	5	15	212
Long- and short-term deferred and contingent acquisition payables	2	2	1	1	–	–
Other debt	10	10	–	5	5	–
Borrowings and bank overdrafts	9	9	9	–	–	–
Trade payables	123	123	123	–	–	–
Total	2,922	3,193	183	756	475	1,779
Derivative financial instruments						
(Receipts)		(175)	(175)	–	–	–
Payments		177	177	–	–	–
Foreign exchange derivatives	0	2	2	0	0	0
(Receipts)		(237)	(5)	(5)	(15)	(212)
Payments		253	8	8	23	214
Cross-currency interest rate swaps	2	16	3	3	8	2
Total derivative financial liabilities/(assets)	2	18	5	3	8	2

Note 30 – Financial Risk Management continued

CREDIT RISK

Credit risk represents the loss that would be recognized if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers, unbilled revenues, and investments in debt securities. The carrying amount of non-derivative financial assets represents the maximum credit exposure and amounted to €2,572 million at December 31, 2022 (2021: €2,138 million).

Financial instruments and excess cash at financial institutions

The group is exposed to credit risks due to its use of derivatives and because of excess cash deposited at banks. It is the group's policy to conclude financial transactions under ISDA (International Swap Dealers Association) master agreements. Cash invested and financial transactions are only concluded with financial institutions with strong credit ratings (at least a credit rating of A-/A3). Furthermore, credit limits per counterparty are in place and are monitored periodically.

At December 31, 2022, there were no material credit risk concentrations outstanding while the average weighted credit rating of counterparties was A (2021: A). The aim is to spread transactions among counterparties. No credit limits were materially exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties on current outstanding contracts.

Trade receivables and unbilled revenues

The group has a natural exposure to credit risk in its operational business. This exposure of the group's operating companies to credit risk is inherently limited, considering the diversified customer portfolio of the group, and since a substantial part of the transactions is prepaid by customers. The group's operating companies actively monitor the solvency of their key accounts and assess creditworthiness of customers before concluding a contract.

The group determines the impairment on trade receivables and unbilled revenues using the lifetime expected credit loss model, whereby the historical credit losses on trade receivables (a credit event) are used as a base for the future expected credit losses. The accounting policy and the assumptions are periodically evaluated by the group using macroeconomic data and historical back-testing of the assumptions.

At December 31, 2022, the loss allowance on trade receivables and unbilled revenues amounted to €85 million. The majority of this loss allowance relates to trade receivables that are overdue for more than one year, as legislation in various countries do not allow a write-off until a certain number of years is passed.

The trade receivables and unbilled revenues that are not overdue for more than one year or have no specific impairment risk have sound creditworthiness and meet the credit rating grades as defined in the internal policy for assessing the impairment of financial assets. For each trade receivable less than one year overdue, there is a loss allowance of at least 0.5% of the outstanding balance.

For accounting policies, estimates, and judgments applied in determining the loss allowance on trade receivables and unbilled revenues, refer to *Note 10 – Sales Costs* and *Note 25 – Contract Assets and Liabilities*.

Note 30 – Financial Risk Management continued

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and liabilities (excluding lease liabilities), including their levels in the fair value hierarchy.

		2022					2021
	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value
Non-derivative financial instruments:							
Financial assets at fair value through profit or loss	0	0			0	0	0
Unbilled revenues*	101	101				95	95
Trade receivables*	1,088	1,088				1,008	1,008
Miscellaneous receivables*	32	32				34	34
Interest receivable*	5	5				0	0
Cash and cash equivalents*	1,346	1,346				1,001	1,001
Total non-derivative financial assets	2,572	2,572				2,138	2,138
Bonds 2008-2028	36	41	41			36	50
Bonds 2013-2023	700	701	701			699	727
Bonds 2014-2024	399	396	396			399	422
Bonds 2017-2027	499	459	459			498	529
Bonds 2020-2030	496	399	399			495	503
Bonds 2021-2028	498	417	417			498	493
Bonds 2022-2026	498	489	489			–	–
Private placement 2008-2038	142	172		172		153	206
Long- and short-term deferred and contingent acquisition payables	4	4			4	2	2
Other debt*	16	16				10	10
Borrowings and bank overdrafts*	16	16				9	9
Trade payables*	147	147				123	123
Interest payable*	39	39				34	34
Total non-derivative financial liabilities	3,490	3,296	2,902	172	4	2,956	3,108
Derivative financial instruments:							
Non-current assets	17	17		17		–	–
Current assets	1	1		1		–	–
Total derivative financial assets	18	18		18		0	0
Non-current liabilities	–	–		–		2	2
Total derivative financial liabilities	0	0		0		2	2

* Fair value approximates the carrying amount.

Note 30 – Financial Risk Management continued

FAIR VALUE HIERARCHY

The fair values have been determined by the group based on market data and appropriate valuation methods/quotes. Valuation methods include:

- Level 1: reference to quoted prices (unadjusted) in active markets for similar assets and liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability and that may have a significant impact on the fair value, either directly (i.e., as prices) or indirectly (i.e., derived from prices) based on discounted cash flow analyses, using data input of observable financial markets and financial institutions; and
- Level 3: inputs that are not based on observable market data. The valuation method can be based on discounted cash flow analyses, or other models that are substantially identical.

There has been no change in the fair value hierarchy compared to 2021.

The Level 3 fair value movements in non-derivative financial liabilities are as follows:

		2022	2021
Balance at January 1		2	0
Acquired through business combinations	*Note 8*	3	2
Settlements	*Note 8*	(1)	0
Fair value changes of contingent considerations	*Note 12*	0	0
Foreign exchange differences		0	0
Balance at December 31		4	2

DEFERRED AND CONTINGENT ACQUISITION PAYABLES

ACCOUNTING POLICIES

Non-derivative financial liabilities at fair value through profit or loss comprise deferred and contingent considerations and are measured at fair value. Changes therein are recognized in profit or loss. The contingent considerations are based on a discounted cash flow model, which considers the present value of expected payments, using a risk-adjusted discount rate. The expected payment is determined by considering possible scenarios, the amount to be paid under each scenario, and the probability of each scenario. The estimated fair value could increase (or decrease) if assumptions change.

The fair value of the deferred and contingent acquisition payables balance amounted to €4 million (2021: €2 million) and can be presented as follows:

	Fair value December 31, 2022	Of which: short term	Of which: long term	Maximum exposure (undiscounted)	Fair value December 31, 2021
Total	4	2	2	4	2

Note 31 – Employee Benefits

	2022	2021
Retirement plans	34	28
Other post-employment benefit plans	44	52
Other long-term employment benefits	7	10
Total	85	90

ACCOUNTING POLICIES

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as personnel expenses in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in future payments is available.

Defined benefit plans

The group's net obligation in respect of defined employee benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan, or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

All remeasurement gains and losses of the net defined benefit liabilities or assets, which consist of actuarial gains and losses, return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, in the period in which they occur.

The group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset, considering any changes in the net defined benefit liability or asset during the period resulting from contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans, such as fund administration costs, are recognized in profit or loss, when incurred.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the defined benefits that relates to past service or the gain or loss on curtailment is recognized directly in profit or loss. The group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. A curtailment occurs when an entity significantly reduces the number of employees covered by a plan. Amendments to the terms of a defined benefit plan will be considered plan amendments and will be fully accounted for as past service costs. If a plan amendment, curtailment, or settlement occurs, the current service cost and the net interest for the period after the remeasurement are determined using the assumptions applied for the remeasurement.

Long-term service benefits

The group's net obligation in respect of long-term service benefits, such as jubilee benefits, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value, with the fair value of any related assets deducted.

Note 31 – Employee Benefits continued

ESTIMATES AND JUDGMENTS

The net plan assets or liabilities of the defined employee benefit plans and the costs related to the pension and post-retirement medical plans are based on actuarial and economic assumptions. The main economic assumptions are:

- Discount rate;
- Rate of pension increase;
- Inflation; and
- Medical trend rate.

For actuarial assumptions, the group uses generally accepted mortality rates (longevity risk). The withdrawal rates and retirement rates are based on statistics provided by the relevant entities based on past experiences.

RETIREMENT PLANS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The provisions for retirement and other post-employment plans relate to defined employee benefit plans. The group has arranged pension schemes in various countries for most of its employees in accordance with the legal requirements, customs, and local situation of the countries involved. These retirement schemes are partly managed by the group itself and partly entrusted to external entities, such as company pension funds and insurance companies. In addition, the group provides certain employees with other benefits upon retirement. These benefits include contributions towards medical health plans in the U.S., where the employer refunds part of the insurance premiums for retirees, or, in the case of uninsured schemes, bears the medical expenses while deducting the participants' contributions.

CHARACTERISTICS OF MATERIAL PLANS

	The Netherlands	United States	United Kingdom
Retirement plans			
Type of benefits	Pensions	Pensions	Pensions
Type of plan	Career average	Final salary	Final salary
Status of plan	Open	Frozen	Frozen
Service costs	Yes	No	No
Status of plan funding	Funded	Funded	Funded
Other post-employment plans			
Type of benefits		Post-retirement medical plan	
Type of plan		Annual insurance premium coverage	
Status of plan		Closed	
Service costs		Yes	
Status of plan funding		Unfunded	

There are open retirement plans for new entrants in the Netherlands and Belgium. The group has closed plans in Belgium, Canada, and Australia. A closed plan means that no new members can join the pension plans. However, current participants in the plan can still accrue for future service benefits, and therefore the plan incurs service costs for the active participants.

If a plan is frozen, the plan is closed to new entrants and existing participants do not build up future service benefit accruals. The group has frozen plans in the U.S., the U.K., and Canada (wound up in 2022). These plans have no more annual service costs.

Note 31 – Employee Benefits continued

In addition to the retirement plans and other post-employment plans, the group has other long-term employment benefit plans in Australia, Belgium, France, Germany, India, Japan, Mexico, the Netherlands, New Zealand, Poland, and the U.S.

RETIREMENT PLANS

The group has its largest defined benefit retirement plan in the Netherlands with defined benefit obligations of €1.0 billion as of December 31, 2022, followed by the United Kingdom and the United States with defined benefit obligations of €83 million and €70 million respectively. There are also retirement plans in Belgium, Canada (wound up in 2022), and Australia. All plans are funded schemes. The defined benefit plans in the Netherlands, the U.S., and the U.K. are insured with the company's self-administrated pension funds, which are separate legal entities with plan assets being held independently of the group.

The Netherlands

In the Netherlands, the scheme is a career average salary-based scheme. Members accrue a portion of their current salary at a rate calculated to enable them to reach a pension level based on their average salary. The Dutch pension plan is subject to the supervision of the Dutch Central Bank (DNB). The scheme funding level is determined by the new Financial Assessment Framework (nFTK), whereby funding liabilities are determined based on a 120-month moving average of the 20-year forward rate. Benefit reductions, if necessary, will be smoothed over time when recovery to full funding within eight years is not expected. Reductions will amount to one-eighth of the deficit at the measurement date. Indexation of pension entitlements will not be allowed at funding ratios below 110%, while full indexation will be allowed only at funding ratios higher than approximately 125% (these are year- and plan-specific).

The Dutch pension scheme has an unaudited 12-month rolling average coverage ratio of 129.4% at December 31, 2022 (2021: 120.2%). If this ratio is below 104%, a rolling eight-year recovery plan should be submitted to the DNB, on an annual basis. The pension premiums are in general based on contributions by the employer (two-thirds) and employees (one-third). The total annual pension contribution has been determined at 28.0% of base salary for 2022, of which the employer contributed the excess above the 24.0% basic premium. The pension base is capped but will be corrected for inflation annually.

United States

The U.S. retirement scheme has an annual statutory valuation which forms the basis for establishing the employer contribution each year (subject to ERISA and IRS minimums). The U.S. scheme was a final salary-based scheme, based on years of credited service, but is now a frozen plan. The pay and benefit accruals are frozen.

The plan fiduciaries of the U.S. scheme are required by law to act in the interests of the fund's beneficiaries. The fiduciary duties for the scheme are allocated between committees which are staffed by senior employees of the group. The investment committee has the primary responsibility for the investment and management of plan assets.

United Kingdom

The U.K. retirement scheme is a final salary-based scheme, but it is a frozen plan. The trustees of the pension fund are required by law to act in the interests of the fund's beneficiaries and are responsible for the investment policy regarding the assets of the fund. The board of trustees consists of an equal number of company-appointed and member-nominated directors.

The level of funding is determined by statutory triennial actuarial valuations in accordance with pension legislation. Where the scheme falls below 100% funded status, the group and the scheme trustees must agree on how the deficit is to be remedied. A pension rate increase is usually a fixed promise and is built into the funding requirement. The U.K. Pensions Regulator has significant powers and sets out in codes and guidance the parameters for scheme funding. At December 31, 2022, the future deficit contribution commitments were not larger than the surplus in the U.K. plan and therefore there was no additional balance sheet liability recognized in respect of these contributions (2021: no additional balance sheet liability).

Note 31 – Employee Benefits continued

OTHER POST-EMPLOYMENT PLANS

Other post-employment plans exist in the U.S., Canada, and Italy. These plans have no plan assets and are unfunded. The main plan is the post-employment medical plan in the U.S., which was closed to new entrants in 2021. The group funds the U.S. post-employment medical plan obligations on a pay-as-you-go basis. If healthcare costs in the future increase more than anticipated, the actuarially determined liability, and as a result the related other post-employment benefit plan expense, could increase along with future cash outflows.

FUNDING REQUIREMENTS

Funding requirements of the plans are based on local legislation and separate actuarial valuations for which the assumptions differ from the assumptions used under IAS 19 – Employee Benefits. The funding requirements are based on each pension fund's actuarial measurement framework set out in the funding policies of the individual plans.

In the Netherlands, there is no formal requirement to fund deficits of the plan by the employer.

In the United States, there are minimum contribution requirements. In case the statutory funded status falls below certain thresholds, the U.S. Pension Protection Act requires the deficit to be rectified with additional minimum employer contributions, spread over a seven-year period, to avoid restrictions on the ability to pay some accelerated benefit forms, such as lump sums. These funding levels are reassessed annually.

The trustees of the U.K. plan and the group finalized the latest triennial valuation in 2020 for funding purposes in 2021. The U.K. Pensions Regulator has the power to demand more funding and support where a pension scheme has been exposed to an unacceptable level of risk. As part of the 2017 actuarial funding valuation, the parent company issued a guarantee of £18 million (or €20 million at December 31, 2022), with a negative pledge issued by a Wolters Kluwer U.K. group company. Both guarantees remain effective under the new valuation. In addition, it has been agreed that there will be no planned deficit contribution until 2024, unless the coverage ratio will fall under 97%. The funding will be reassessed based on a new triennial valuation to be finalized in 2024.

RISK MANAGEMENT OF MAIN PLANS IN THE GROUP

The retirement and other post-employment plans expose the group to actuarial risks, such as longevity risks, interest rate risks, investment and market risks, and currency risks.

The group has restructured employee benefit plans in the past by moving existing and newly hired employees to defined contribution plans or by freezing the plans (either with no future service benefit accruals and/or no new participants entering the plan). These redesigns reduce or cancel future benefit accruals in the plans and consequently reduce the pace of liability growth. The group also reviews periodically its financing and investment policies (liability-driven investments) and its liability management (lump-sum offerings).

The various plans manage their balance sheet to meet their pension promise. By using asset liability management (ALM) studies, major risk sources are identified, and the impact of decisions is assessed by quantifying the potential impact on elements like future pensions, contributions, and funded ratio. These ALM studies also determine risk and return measures that consider the interests of all stakeholders. The outcome of these studies results in a risk-return trade-off, taking the duration of pension liabilities into account, which will be an integral part of the investment strategy. The investment strategy covers the allocation of asset classes and hedging strategies, and also decisions on new and alternative asset classes, passive versus active investments, leverage, and the use of derivatives.

ACTUARIAL ASSUMPTIONS FOR RETIREMENT AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The discount rate is the yield rate at the end of the reporting period on high-quality corporate bonds that have maturity dates approximating the terms of the group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by qualified actuaries.

Note 31 – Employee Benefits continued

The following weighted-average principal actuarial assumptions were used to determine the pension expense and other post-employment plans' expense for the year under review, and defined benefit obligations at the end of the reporting period:

in %	**2022**	**2021**
Retirement plans		
Discount rate to discount the obligations at year end	3.9	1.3
Discount rate for pension expense	1.3	0.8
Expected rate of pension increases (in payment) at year end	3.1	2.2
Expected rate of pension increases (in deferral) at year end	3.1	2.2
Expected rate of inflation increase for pension expense	2.3	2.2
Other post-employment benefit plans		
Discount rate to discount the obligations at year end	4.6	2.1
Discount rate for pension expense	2.1	1.6
Medical cost trend rate	3.0	3.0

For most of the retirement and other post-employment schemes, the discount rate is determined or validated using a general accepted methodology in selecting corporate bonds by the group advisory actuary. For the U.S. plans, the discount rate is based on the yield curve/cash flow matching approach which uses spot yields from the standard FTSE and the timing of the cash flows of the plan.

Mortality assumptions for the most important plans are based on the following retirement mortality tables:
- The Netherlands: AG projection table 2022, including fund specific 2022 experience loading (2021: AG projection table 2020, including fund-specific 2019 experience loading);
- U.S.: Pri-2012 Mortality Table with MP 2021 projections, being the current standard mortality table (2021: Pri-2012 Mortality Table with MP 2021 projections); and
- U.K.: SAPS S3 (Year of Birth) CMI 2019 projections with 1.25% long-term improvement rate (2021: SAPS S3 (Year of Birth) – CMI 2019 projections with 1.25% long-term improvement rate).

Assumptions regarding future mortality experience are set based on actuarial advice and best estimate mortality tables in the applicable countries.

The current life expectancies underlying the value of the defined benefit retirement obligations at December 31, 2022, are as follows:

in years	**The Netherlands**	**United States**	**United Kingdom**
Life expectancy at age of 65 now – Male	21.8	20.6	22.2
Life expectancy at age of 65 now – Female	24.2	22.6	24.0
Life expectancy aged 65 in 20 years – Male	23.8	22.7	23.3
Life expectancy aged 65 in 20 years – Female	26.2	25.0	25.3

Given the nature of the defined benefit obligations in Belgium, Italy, and Australia, with lump-sum benefit payments at retirement date instead of annuity payments, the impact of changing life expectancy after the retirement age on the plan liabilities is limited in these countries.

Note 31 – Employee Benefits continued

SENSITIVITY RETIREMENT PLANS

in millions of euros		**Gross service cost**		**Defined benefit obligations**
2022 Baseline		16		1,263
Change compared to baseline	**Decrease of assumption**	**Increase of assumption**	**Decrease of assumption**	**Increase of assumption**
Discount rate (change by 1%)	5	(4)	226	(176)
Pension increase rate (change by 0.5%)	(2)	2	(85)	95
Inflation increase rate (change by 0.5%)	(3)	3	(116)	136
Mortality table (change by one year)	–	0	(72)	49

Gross service cost represents the annual accrual of liability due to another year of service, excluding any interest or offsetting employee contributions, and therefore differs from the current service cost included in the calculation of the pension expense.

SENSITIVITY OF THE DEFINED BENEFIT OBLIGATIONS (DBO) OF RETIREMENT PLANS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE DEFINED BENEFIT EXPENSE OF THE RETIREMENT PLANS IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (P&L)

	The Netherlands		**United States**		**United Kingdom**	
	DBO	P&L	DBO	P&L	DBO	P&L
Discount rate sensitivity	✓	✓	✓	–	✓	–
Pension increase sensitivity	✓	✓	–	–	✓	–
Inflation rate sensitivity	✓	✓	–	–	✓	–
Mortality sensitivity	✓	✓	✓	–	✓	–

Pension rate increases are only applicable for the plans in the Netherlands and the United Kingdom. Pension increases in the Netherlands are related to price inflation. However, these increases are conditional and depend on the funding position of the Dutch pension fund. Pension increases are therefore capped. The pension increase assumption is based on the liability ceiling approach and determined as the rate of increase such that the present value of vested benefits, including the assumed rate of pension increases, is not greater than the fair value of plan assets. For 2022, this resulted in a Dutch pension increase assumption of 3.11% compared to 2.11% at year-end 2021.

Since the retirement plans in the United States and the United Kingdom are frozen, the service cost is zero and not sensitive for changes in discount rate, pension increases, inflation, or longevity.

SENSITIVITY OF OTHER POST-EMPLOYMENT PLANS

in millions of euros	**Gross service costs**	**Defined benefit obligations**
2022 Baseline	1	44
Change compared to baseline		
Discount rate (by -1%)	0	4
Discount rate (by +1%)	0	(3)

Note 31 – Employee Benefits continued

The actual medical cost trend rate in the United States exceeds the applied medical cost trend rate for its main medical plan, which is capped at 3% (2021: 3%) according to the plan rules. The main U.S. medical plan is therefore hardly sensitive to medical cost increases.

PLAN LIABILITIES AND PLAN ASSETS

	Defined benefit retirement plans		Other post-employment plans	
	2022	**2021**	**2022**	**2021**
Plan liabilities				
Fair value at January 1	1,645	1,652	52	58
Settlements	(2)	(23)	–	(4)
Employer service cost	19	19	1	1
Interest expense on defined benefit obligations	24	14	1	1
Administration costs and taxes	2	2	–	–
Benefits paid by fund	(50)	(52)	–	–
Benefits paid by employer	–	–	(4)	(3)
Remeasurement (gains)/losses	(386)	24	(8)	(4)
Contributions by plan participants	3	3	–	–
Plan amendments and curtailments	7	(11)	–	0
Foreign exchange differences	1	17	2	3
Fair value at December 31	1,263	1,645	44	52
Plan assets				
Fair value at January 1	1,641	1,621	0	0
Settlements	(2)	(23)	–	(4)
Interest income on plan assets	24	14	–	–
Return on plan assets greater than discount rate	(390)	45	0	–
Benefits paid by fund	(50)	(52)	(4)	(3)
Contributions by employer	13	14	4	7
Contributions by plan participants	3	3	–	–
Foreign exchange differences	1	19	–	–
Fair value at December 31	1,240	1,641	0	0
Funded status				
Deficit/(surplus) at December 31	23	4	44	52
Irrecoverable surplus	11	24	–	–
Net liability at December 31	34	28	44	52

Note 31 – Employee Benefits continued

		Defined benefit retirement plans		Other post-employment plans	
		2022	**2021**	**2022**	**2021**
Pension expenses					
Employer service cost		19	19	1	1
Settlement gain		0	0	–	0
Past service costs – plan amendment		7	(11)	–	0
Past service costs – curtailment		–	0	–	–
Interest expense on irrecoverable surplus		0	0	–	–
Interest expense on defined benefit obligations		24	14	1	1
Interest income on plan assets		(24)	(14)	–	–
Administration costs and taxes		2	2	–	–
Total pension expense		28	10	2	2
Of which is included in:					
Personnel expenses	*Note 13*	28	10	1	1
Other finance (income)/costs	*Note 15*	0	0	1	1

In 2022, there was an asset ceiling in the U.K. pension plan of €10 million (2021: €24 million). The surplus is not recognized as a pension asset as there is no unconditional right to a refund of this surplus from the U.K. scheme. The U.K. pension fund has no liability in respect of minimum funding requirements (2021: no liability).

Plan amendments/curtailments/settlements

In 2022, the Dutch pension fund decided to increase the accrual rate as of January 1, 2023, from 1.58% to 1.875%. The 2022 decision on the higher accrual rate resulted in a plan amendment loss of €7 million on the defined benefit obligations. In 2021, a decrease in the accrual rate in the Dutch pension fund resulted in a plan amendment gain of €11 million.

In May 2021, there was a retiree life insurance buyout of the U.S. other post-retirement benefit plan. As a result, there was a small gain following the settlement of the defined benefit obligations and the associated payments of €4 million each.

In November 2021, the group announced the annuity buyout of the defined benefit obligations in the Canadian pension fund, as of April 30, 2022. As a result, a small curtailment gain was realized from the earnings freeze upon the wind-up of the plan in 2022. The annuity buyout resulted in 2021 settlement reductions of the defined benefit obligations and plan assets by €23 million.

Employer contributions

The group's employer contributions to be paid to the defined benefit retirement plans in 2023 are estimated at €11 million (2022: actual employer contributions of €13 million).

Note 31 – Employee Benefits continued

REMEASUREMENTS

The pre-tax cumulative amount of remeasurement gains/losses recognized in the consolidated statement of comprehensive income is as follows:

	2022	2021
Position at January 1	(138)	(154)
Recognized in other comprehensive income	18	16
Cumulative amount at December 31	(120)	(138)

REMEASUREMENT GAINS/(LOSSES) FOR THE YEAR

	2022	2021
Remeasurement gains/(losses) due to experience adjustments	(17)	24
Remeasurement gains/(losses) due to changes in demographic assumptions	(11)	(2)
Remeasurement gains/(losses) due to changes in financial assumptions	422	(42)
Remeasurement gains/(losses) on defined benefit obligations	394	(20)
Return on plan assets greater/(lower) than discount rate	(390)	45
Change in irrecoverable surplus, other than interest and foreign exchange differences	14	(9)
Recognized remeasurement gains on defined benefit plans in other comprehensive income	18	16

Experience adjustments result from changes, such as changes in plan populations, data corrections, and differences in cash flows.

Changes in demographic assumptions relate to differences between the current and previous actuarial assumptions in mortality tables, rate of employee turnover, disability, and early retirement.

Changes in financial assumptions relate to differences between the current and previous actuarial assumptions, such as discount rate, pension rate increase, price increases, and future salary and benefit levels.

The actual consolidated return on plan assets for the year ended December 31, 2022, was a loss of €366 million (2021: gain of €59 million).

DURATION

Duration is an indicator of the plan liabilities' sensitivity for changes in interest rates. The liability-weighted duration for the defined benefit plan liabilities at year end is as follows:

number of years	2022	2021
Retirement plans		
The Netherlands	16.9	19.0
United Kingdom	11.4	15.2
United States	9.8	12.0
Other post-employment plans		
United States	7.1	9.2

Note 31 – Employee Benefits continued

INVESTMENT MIX

The breakdown of plan assets as of December 31 is as follows:

	2022	Quoted	Unquoted	2021	Quoted	Unquoted
Equity						
Equity	333	333	–	494	494	–
Private equity	2	–	2	3	–	3
Bonds						
Government bonds	406	406	–	435	435	–
Corporate bonds	194	194	–	348	348	–
Asset-backed securities	90	90	–	108	108	–
Other						
Insurance contracts	124	–	124	67	–	67
Real estate	95	39	56	108	56	52
Derivatives and other securities	(32)	(32)	–	28	28	–
Cash	28	28	–	50	50	–
Total	1,240	1,058	182	1,641	1,519	122

At December 31, 2022, 85% of the plan assets relate to quoted financial instruments (2021: 93%). Plan assets do not include any direct investments in the group or financial instruments issued by the group, nor do they include any property or other assets used by the group. However, pension plans invest in index funds and as a result these plans may indirectly hold financial instruments issued by the group.

PROPORTION OF PLAN ASSETS

in %	2022	2021
Equity	27	30
Bonds	56	55
Other	17	15
Total	100	100

Note 32 – Provisions

	2022	2021
Provision for restructuring commitments	5	12
Provision for acquisition integration	0	0
Restructuring provisions	5	12
Legal provisions	13	16
Other provisions	6	6
Total	24	34
Of which short term	19	27

ACCOUNTING POLICIES

A provision is recognized when the group has a present legal or constructive obligation because of a past event, it is probable that an outflow of resources in the form of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Restructuring provisions

The restructuring provisions include liabilities arising from changes in the organizational structure, integration of activities, expected redundancy payments, and onerous contracts. A provision for restructuring is recognized only when the general recognition criteria are met. Redundancy payments are recognized as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Acquisition integration provisions

The acquisition integration provisions relate to non-recurring expenses to be incurred for the integration of activities acquired through business combinations, and mainly consist of expected redundancy payments, IT migration costs, and onerous contracts.

Legal provisions

For legal and judicial proceedings against the group, a legal provision is recognized only if both an adverse outcome is probable and the amount of the loss can be reliably estimated. If one of these conditions is not met, the proceeding or claim is disclosed as a contingent liability if material.

Other provisions

Other provisions primarily include provisions for -dilapidation commitments on real estate leases.

Note 32 – Provisions continued

ESTIMATES AND JUDGMENTS

Legal provisions

The group is involved in legal and judicial proceedings in the ordinary course of business. Provisions and contingencies related to these matters are periodically assessed based on the latest information available, usually after consultation with and the assistance of lawyers and other specialists.

The prediction of the outcome and the assessment of a possible loss by management are based on management's judgments and estimates. The actual outcome of a proceeding or claim may differ from the estimated liability.

Refer to *Note 37 – Commitments, Contingent Assets, and Contingent Liabilities.*

MOVEMENTS IN PROVISIONS

		Restructuring provisions	Legal provisions	Other provisions	2022	2021
Long-term provisions at January 1		1	2	4	7	4
Add: short-term provisions		11	14	2	27	48
Total provisions at January 1		12	16	6	34	52
Movements						
Additions for restructuring of stranded costs	*Note 8*	2	–	–	2	2
Additions for acquisition integration	*Note 12*	3	–	–	3	4
Other additions		4	4	1	9	12
Total additions		9	4	1	14	18
Appropriation of provisions		(14)	(1)	0	(15)	(36)
Release of provisions		(2)	(6)	(1)	(9)	(3)
Transfer to liabilities classified as held for sale	*Note 9*	–	–	–	0	(1)
Exchange differences		0	0	0	0	4
Total movements		(7)	(3)	0	(10)	(18)
Total provisions at December 31		5	13	6	24	34
Less: short-term provisions		(4)	(13)	(2)	(19)	(27)
Long-term provisions at December 31		1	0	4	5	7

Other additions to restructuring provisions of €4 million mainly relate to restructuring programs in Legal & Regulatory.

Note 33 – Capital and Reserves

SHARE CAPITAL AND NUMBER OF SHARES

The authorized share capital amounts to €143.04 million, consisting of €71.52 million in ordinary shares (596 million of ordinary shares with a nominal value of €0.12 per ordinary share) and €71.52 million in preference shares (596 million of preference shares with a nominal value of €0.12 per preference share).

ORDINARY SHARES

The issued share capital consists of ordinary shares.

On August 31, 2022, the company completed the reduction in ordinary share capital approved by shareholders at the Annual General Meeting of Shareholders held on April 21, 2022. In 2022, the company canceled 5,000,000 ordinary shares to the amount of €451 million previously held as treasury shares (2021: 5,000,000 ordinary shares were canceled to the amount of €336 million). Consequently, in 2022, the total number of issued ordinary shares is reduced to 257,516,153 with a nominal value of €31 million (2021: 262,516,153 shares with a nominal value of €32 million).

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity, net of any tax effects.

PREFERENCE SHARES

Preference share capital is classified as equity if it is non-redeemable or redeemable only at the company's option, and any dividends are discretionary. There are no preference shares issued.

REPURCHASE AND REISSUE OF SHARE CAPITAL (TREASURY SHARES)

When share capital recognized as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.

For a reconciliation of the weighted-average number of shares and earnings per share, see *Note 7 – Earnings per Share*.

NUMBER OF SHARES

	Number of ordinary shares		Minus: number of treasury shares		Total number of ordinary shares outstanding	
in thousands of shares, unless otherwise stated	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
At January 1	262,516	267,516	(4,324)	(5,072)	258,192	262,444
Cancelation of shares	(5,000)	(5,000)	5,000	5,000	0	0
Repurchased shares	–	–	(10,128)	(4,957)	(10,128)	(4,957)
Long-Term Incentive Plan	–	–	650	705	650	705
At December 31	257,516	262,516	(8,802)	(4,324)	248,714	258,192
Issued share capital at €0.12 (€'000)	30,902	31,502				
Proposed dividend per share (€)					1.81	1.57
Proposed dividend distribution (€'000)					450,172	405,362

Note 33 – Capital and Reserves continued

TREASURY SHARES

Shares repurchased by the company are added to and held as treasury shares. Treasury shares are measured at cost, representing the market price on the acquisition date. The treasury share reserve is not available for distribution. Treasury shares are deducted from retained earnings. The group offsets the dilution of its performance share issuance annually via share repurchases. A part of the treasury shares is retained and used to meet future obligations under share-based incentive schemes.

In 2022, the group executed a share buyback of €1,000 million (2021: €410 million), originally consisting of a share buyback of €600 million and subsequently expanded to €1,000 million. The group repurchased 10.1 million (2021: 5.0 million) of ordinary shares under this program at an average stock price of €98.75 (2021: €82.62). In 2022, the group used 0.7 million shares held in treasury for the vesting of the LTIP grant 2019-21.

In November 2022, the company signed a mandate to execute up to €100 million in share buybacks for the period starting January 2, 2023, up to and including February 20, 2023.

LEGAL RESERVE PARTICIPATIONS

Legal reserve participations contain appropriations of profits of group companies, which are allocated to a legal reserve based on statutory and/or legal requirements. The legal reserve is not available for distribution.

HEDGE RESERVE

Hedge reserve relates to the effective portion of the changes in fair value of the hedging instruments used for cash flow hedging and net investment hedging purposes. The hedge reserve is a legal reserve and not available for distribution.

TRANSLATION RESERVE

Translation reserve contains foreign exchange differences arising from the translation of the net investments in foreign operations. When a foreign operation is sold, accumulated exchange differences that were recognized in equity prior to the sale are reclassified from equity to profit or loss as part of the gain or loss on divestment. The translation reserve is a legal reserve and is not available for distribution.

DIVIDENDS

Dividends are recognized as a liability upon declaration. Pursuant to Article 29 of the Articles of Association, and with the approval of the Supervisory Board, a proposal will be submitted to the Annual General Meeting of Shareholders to make a total distribution of €1.81 per share over financial year 2022 (dividend over financial year 2021: €1.57 per share).

The group applies a semi-annual dividend policy. On February 21, 2022, the Supervisory Board and the Executive Board resolved to distribute an interim dividend of €0.63 per share, equal to 40% of prior year's dividend (2021 interim dividend: 40% of prior year's dividend). The interim dividend of €160 million was paid on September 22, 2022. Subject to the approval of the Annual General Meeting of Shareholders, a final dividend of €290 million, or €1.18 per ordinary share, will be paid in cash on June 6, 2023. Refer also to *Note 50 – Profit Appropriation*.

Dividend distributions over financial year

	2022	2021	2020
Originally proposed	450	405	357
Actual payments:			
Interim dividend (paid in the financial year)	160	140	124
Final dividend (paid in the subsequent financial year)		264	232
Total dividend distribution		404	356

Note 33 – Capital and Reserves continued

In 2022, dividends paid to the shareholders of the company amounted to €424 million, or €1.66 per ordinary share, consisting of €160 million interim dividend 2022, or €0.63 per ordinary share, and €264 million final dividend 2021, or €1.03 per ordinary share. In 2021, dividends paid to the shareholders of the company amounted to €372 million, or €1.43 per ordinary share, consisting of €140 million interim dividend 2021, or €0.54 per ordinary share, and €232 million final dividend 2020, or €0.89 per ordinary share.

FREE DISTRIBUTABLE RESERVES

The share premium reserve, retained earnings, and undistributed profit for the year are available for dividend distribution.

OPTION PREFERENCE SHARES

The company has granted an option to purchase preference shares to the Wolters Kluwer Preference Shares Foundation (Stichting Preferente Aandelen Wolters Kluwer). The dividend on these shares would equal a normal market rate of return based on a weighted-average interest rate applied by the European Central Bank. Therefore, the fair value of the option is deemed to be zero.

SHAREHOLDER'S EQUITY MOVEMENT SCHEDULE

For the equity movement schedule, refer to *Note 47 – Shareholders' Equity*.

Note 34 – Share-based Payments

ACCOUNTING POLICIES

The Long-Term Incentive Plan (LTIP) qualifies as an equity-settled share-based payments transaction. Executive Board members and senior management are awarded shares under the LTIP with performance conditions based on Diluted Earnings per Share (EPS) at constant currencies and Total Shareholder Return (TSR) for the LTIP awards 2019-21 and 2020-22. For the LTIP 2021-23 and 2022-24 awards, the diluted EPS performance measure has been replaced by diluted adjusted EPS and a new performance measure of Return on Invested Capital (ROIC) has been introduced.

The fair value of shares awarded is recognized as an expense with a corresponding increase in equity. The fair value is measured at the grant date and recognized over the period during which the employees become unconditionally entitled to the shares. The amount recognized as an expense is adjusted for actual forfeitures due to participants' resignations before the vesting date.

TSR-condition

The fair value of the shares based on the TSR performance condition, a market condition under IFRS 2 – Share-based Payment, is measured using a Monte Carlo simulation model considering the terms and conditions upon which the shares were awarded.

Diluted (adjusted) EPS-condition and ROIC-condition

The fair values of the shares based on the non-market performance conditions of diluted (adjusted) EPS and ROIC are equal to the opening share price of the Wolters Kluwer shares of the year of the grant, adjusted by the present value of the future dividend payments during the three-year performance period.

The amount recognized as an expense in each year is adjusted to reflect the number of share awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market conditions at the vesting date.

LONG-TERM INCENTIVE PLAN

General

For the Executive Board, the LTIP 2019-21 and 2020-22 awards depend partially on TSR performance (50% of the value of the conditionally awarded rights on shares) and partially on EPS performance (50% of the value of the conditionally awarded rights on shares). For senior management, the LTIP 2019-21 and 2020-22 awards depend partially on TSR performance (50% of the conditionally awarded rights on shares) and partially on EPS performance (50% of the conditionally awarded rights on shares).

Note 34 – Share-based Payments continued

The LTIP 2021-23 and 2022-24 awards are based on TSR performance (weighting of 50%), diluted adjusted EPS performance (weighting of 30%), and ROIC performance (weighting of 20%). The TSR-related LTIP awards for the Executive Board and senior management are based on the same payout schedules.

In 2022, €28 million has been recognized within personnel expenses in profit or loss (2021: €24 million) related to the total cost of the LTIP grants for 2020-22, and 2021-23, and 2022-24. Refer to *Note 13 – Personnel Expenses*.

Conditionally awarded TSR-related LTIP shares

For the conditional TSR awards up to and including 2022, the payout of shares after three years fully depends on the group's TSR relative to a pre-defined group of 15 peer companies. Vesting of these conditional grants is subject to the condition that the participant stays with the group until the plan's maturity. The performance period of the LTIP is three years, at the beginning of which a base number of shares (norm payout) is conditionally awarded to each beneficiary.

The expense of TSR-related LTIP is recognized ratably in profit or loss over the performance period. Actual awards at the end of the performance period range from 0% to 150% of the norm payout.

There are no payouts for the Executive Board and senior management if the group ends below the eighth position in the TSR ranking, while other payouts will be made as follows: 150% for first or second position, 125% for third or fourth position, 100% for fifth or sixth position, and 75% for seventh or eighth position.

Conditionally awarded diluted (adjusted) EPS- and ROIC-related LTIP shares

The amount recognized as an expense in a year is adjusted to reflect the number of share awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market conditions at the vesting date. For the diluted (adjusted) EPS- and ROIC-related shares, there are no payouts if the performance over three years is less than 50% of the targets. In case of overachievement of the targets, the Executive Board and senior management can earn up to a maximum of 150% of the conditionally awarded shares.

KEY ASSUMPTIONS TO THE TSR SHARES

The fair value of TSR shares is calculated at the grant date using a Monte Carlo simulation model. For the TSR shares granted in the LTIP 2022-24, the fair value is estimated to be €71.71 as of January 1, 2022. The inputs to the valuation were the Wolters Kluwer share price of €103.60 on the grant date (January 1, 2022) and an expected volatility of 21.2% based on historical daily prices over the three years prior to January 1, 2022. Dividends are assumed to increase annually (from the 2021 dividend) based on historical trends and management plans. The model assumes a contractual life of three years and uses the risk-free rate on Dutch three-year government bonds.

Fair value summary of conditionally awarded LTIP shares

The fair value of each conditionally awarded share under the running LTIP grants for the Executive Board and senior management of the group, as determined by an external consulting firm, is as follows:

in euros	Fair value of Adjusted EPS and ROIC shares at grant date	Fair value EPS shares at grant date	Fair value TSR shares at grant date
LTIP 2022-24	97.82	–	71.71
LTIP 2021-23	64.06	–	47.03
LTIP 2020-22	–	60.68	40.85

The fair values of the conditionally awarded shares under the LTIP 2022-24 grants increased compared to the prior year plan, mainly because of the higher share price of Wolters Kluwer at January 1, 2022, compared to January 1, 2021.

Note 34 – Share-based Payments continued

LTIP 2019-21

The LTIP 2019-21 vested on December 31, 2021. On TSR, Wolters Kluwer ranked fourth relative to the peer group of 15 companies, resulting in a payout of 125% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-related shares resulted in a payout of 150%.

A total of 649,774 shares were released on February 24, 2022. At that date, the volume-weighted-average share price of Wolters Kluwer N.V. was €88.0883.

LTIP 2019-21: NUMBER OF SHARES VESTED AND THE CASH EQUIVALENT THEREOF

number of shares, unless otherwise stated	**Outstanding at December 31, 2021**	**Increase in conditional number of TSR shares (25%)**	**Increase in conditional number of EPS shares (50%)**	**Payout/ vested shares February 24, 2022**	**Cash value vested shares***
Executive Board	120,792	17,466	25,464	163,722	14,422
Senior management	353,908	43,956	88,188	486,052	42,815
Total	474,700	61,422	113,652	649,774	57,237

* Cash value in thousands of euros, calculated as the number of shares vested multiplied by the volume-weighted-average price on February 24, 2022.

LTIP 2020-22

The LTIP 2020-22 vested on December 31, 2022. On TSR, Wolters Kluwer ranked third relative to its peer group of 15 companies, resulting in a payout of 125% of the conditional base number of shares awarded to the Executive Board and senior management. The EPS-related shares resulted in a payout of 150%. The shares will be released on February 23, 2023. The volume-weighted-average price for the shares released will be based on the average exchange prices traded on the Euronext Amsterdam N.V. on February 23, 2023, the first day following the publication of the company's annual results.

NUMBER OF PERFORMANCE SHARES OUTSTANDING

LTIP 2020-22

number of shares	**Total**	**EPS-condition**	**TSR-condition**
Conditionally awarded grant 2020	448,223	213,365	234,858
Forfeited in previous years	(48,613)	(24,308)	(24,305)
Shares outstanding at January 1, 2022	399,610	189,057	210,553
Forfeited during the year	(8,582)	(4,286)	(4,296)
Effect of 125% vesting based on TSR-ranking	51,584	–	51,584
Effect of 150% vesting based on EPS-ranking	92,451	92,451	–
Vested at December 31, 2022	535,063	277,222	257,841

Note 34 – Share-based Payments continued

LTIP 2021-23

base number of shares at 100% payout	**Total**	**Adjusted EPS-condition**	**ROIC-condition**	**TSR-condition**
Conditionally awarded grant 2021	456,649	132,695	88,463	235,491
Forfeited in previous years	(26,245)	(7,874)	(5,249)	(13,122)
Shares outstanding at January 1, 2022	430,404	124,821	83,214	222,369
Forfeited during the year	(11,664)	(3,485)	(2,327)	(5,852)
Shares outstanding at December 31, 2022	418,740	121,336	80,887	216,517

LTIP 2022-24

base number of shares at 100% payout	**Total**	**Adjusted EPS-condition**	**ROIC-condition**	**TSR-condition**
Conditionally awarded grant 2022	303,253	88,324	58,886	156,043
Forfeited during the year	(562)	(169)	(112)	(281)
Shares outstanding at December 31, 2022	302,691	88,155	58,774	155,762

Overview of outstanding performance shares: LTIP 2021-23 and LTIP 2022-24

base numbers of shares at 100% payout	**LTIP 2021-23**	**LTIP 2022-24**	**Total**
Conditionally awarded grant 2021	456,649	–	456,649
Forfeited in previous years	(26,245)	–	(26,245)
Shares outstanding at January 1, 2022	430,404	0	430,404
Conditionally awarded grant 2022		303,253	303,253
Forfeited during the year	(11,664)	(562)	(12,226)
Shares outstanding at December 31, 2022	418,740	302,691	721,431

Note 35 – Related Party Transactions

The company has related party relationships with its subsidiaries, equity-accounted investees, pension funds, and members of the Supervisory Board and the Executive Board. Related party transactions are conducted at arm's length with terms comparable to transactions with third parties.

The group has no significant transactions with, receivables from, or payables to its equity-accounted investees.

For transactions with key management, refer to *Note 38 – Remuneration of the Executive Board and the Supervisory Board* and the *Remuneration Report.*

Wolters Kluwer N.V. has filed a list of subsidiaries and affiliated companies at the offices of the Chamber of Commerce of The Hague, the Netherlands.

Note 36 – Audit Fees

With reference to Section 2:382a (1) and (2) of the Dutch Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. to the group. Deloitte is not involved in most of the statutory audits of entities that are outside the scope of the group audit.

AUDIT FEES 2022

	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audit of annual accounts	1.0	2.0	3.0
Other assurance services	0.1	0.1	0.2
Tax advisory services	–	0.0	0.0
Other non-audit services	–	0.0	0.0
Total	1.1	2.1	3.2

AUDIT FEES 2021

	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audit of annual accounts	1.0	2.0	3.0
Other assurance services	0.1	0.0	0.1
Tax advisory services	–	0.0	0.0
Other non-audit services	0.0	0.2	0.2
Total	1.1	2.2	3.3

The audit fees for 2022 and 2021 include final invoicing with respect to the statutory audits of 2021 and 2020, respectively.

Note 37 – Commitments, Contingent Assets, and Contingent Liabilities

GUARANTEES

The group has the following outstanding guarantees at December 31:

		2022	2021
Parental performance guarantees to third parties		5	12
Guarantee to the trustees of the U.K. retirement plan	*Note 31*	20	21
Real estate and other guarantees		11	12
Drawn bank credit facilities		1	1
Total		37	46

At December 31, 2022, the total guarantees issued for bank credit facilities on behalf of several subsidiaries amounted to €114 million (2021: €113 million), of which €113 million was not utilized (2021: €112 million).

LEGAL AND JUDICIAL PROCEEDINGS

The group is involved in legal and judicial proceedings in the ordinary course of business. Provisions and contingencies relating to these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists. While it is not practically possible to estimate the success rate of proceedings or claims against the group, the group has a policy to insure the group entities against such claims. The group did not have material contingent liabilities arising from legal and judicial proceedings at December 31, 2022, and December 31, 2021.

OTHER COMMITMENTS

For any commitments with respect to the group's share buybacks, refer to *Note 33 – Capital and Reserves*.

Note 38 – Remuneration of the Executive Board and the Supervisory Board

REMUNERATION EXECUTIVE BOARD

The table below provides the total compensation of the Executive Board recognized in the consolidated statement of profit or loss:

in thousands of euros		**2022**		**2021**
Fixed compensation:				
Salary	2,260		2,042	
Social security	123		44	
Defined contribution plan	176		157	
Other benefits*	385		775	
Total fixed compensation		2,944		3,018
Variable compensation:				
STIP	2,818		2,853	
LTIP**	6,405		6,345	
Total variable compensation		9,223		9,198
Sub-total fixed and variable compensation		12,167		12,216
Tax-related costs***		(525)		565
Total remuneration Executive Board		11,642		12,781

Salary, social security, other benefits, STIP, and tax-related costs are short-term employee benefits, defined contribution plan is a post-employment benefit, and LTIP is a share-based payment scheme.

* Executive Board members are eligible for benefits such as health insurance, life insurance, a car, and to participate in whatever all-employee plans may be offered at any given point.

** LTIP share-based payments are based on IFRS accounting policies and therefore do not reflect the actual payout or value of performance shares released upon vesting.

*** Tax-related costs are costs to the company pertaining to the Executive Board members ex-patriate assignments. The 2022 tax-related costs decreased compared to 2021 mainly due to the cumulative tax impact of spending less time in the Netherlands from 2020 through 2022, lowering Ms. McKinstry's effective global tax rate.

SHARES OWNED BY EXECUTIVE BOARD MEMBERS

At December 31, 2022, the Executive Board jointly held 412,167 shares of the company (2021: 412,167 shares).

REMUNERATION SUPERVISORY BOARD

The total remuneration of the Supervisory Board members was €766 thousand in 2022 (2021: €678 thousand).

SHARES OWNED BY SUPERVISORY BOARD MEMBERS

At December 31, 2022, Mrs. A.E. Ziegler held 1,894 American Depositary Receipts of shares of the company (2021: 1,894 ADRs).

For further details, refer to the *Remuneration Report*.

Note 39 – Overview of Significant Subsidiaries

Below is a list of significant subsidiaries at December 31, 2022, in alphabetical order (legal entity name and the unit of the organizational structure it belongs to). The group has a 100% interest in all these subsidiaries.

AUSTRALIA
- Wolters Kluwer Australia Pty Limited (Tax & Accounting)

BELGIUM
- Wolters Kluwer Belgium NV (Tax & Accounting and Legal & Regulatory)
- Wolters Kluwer Financial Services Belgium NV (Governance, Risk & Compliance)

CANADA
- Wolters Kluwer Canada Limited (Tax & Accounting)

FRANCE
- Enablon S.A.S. (Legal & Regulatory)

GERMANY
- Akademische Arbeitsgemeinschaft Verlagsgesellschaft GmbH (Tax & Accounting)
- Wolters Kluwer Deutschland GmbH (Legal & Regulatory)
- Wolters Kluwer Software und Service GmbH (Tax & Accounting)

IRELAND
- Wolters Kluwer Finance Ireland DAC (Corporate Office)
- Wolters Kluwer Ireland Holding Limited (Corporate Office)

ITALY
- Tagetik Software S.r.l. (Tax & Accounting)
- Wolters Kluwer Italia S.r.l. (Tax & Accounting and Legal & Regulatory)

LUXEMBOURG
- Wolters Kluwer Financial Services Luxembourg S.A. (Governance, Risk & Compliance)

POLAND
- Wolters Kluwer Polska SP. z o.o. (Legal & Regulatory)

SPAIN
- Wolters Kluwer Tax and Accounting España, S.L. (Tax & Accounting)

THE NETHERLANDS
- eVision Industry Software B.V. (Legal & Regulatory)
- Wolters Kluwer Global Business Services B.V. (Global Business Services)
- Wolters Kluwer Holding Nederland B.V. (Legal & Regulatory)
- Wolters Kluwer International Holding B.V. (Corporate Office)
- Wolters Kluwer Nederland B.V. (Legal & Regulatory)
- Wolters Kluwer Technology B.V. (Digital eXperience Group)
- Wolters Kluwer USA Holding B.V. (Corporate Office)

UNITED KINGDOM
- Wolters Kluwer Holdings (UK) PLC (Tax & Accounting)
- Wolters Kluwer (UK) Limited (Tax & Accounting)

UNITED STATES
- CCH Incorporated (Tax & Accounting and Legal & Regulatory)
- C T Corporation System (Governance, Risk & Compliance)
- Emmi Solutions, LLC (Health)
- eOriginal, Inc. (Governance, Risk & Compliance)
- Health Language, Inc. (Health)
- International Document Services, Inc. (Governance, Risk & Compliance)
- National Registered Agents, Inc. (Governance, Risk & Compliance)
- Ovid Technologies, Inc. (Health)
- Paperless Transaction Management, Inc. (Governance, Risk & Compliance)
- Universal Tax Systems, Inc. (Tax & Accounting)
- UpToDate, Inc. (Health)
- Wolters Kluwer DXG U.S., Inc. (Digital eXperience Group)
- Wolters Kluwer ELM Solutions, Inc. (Governance, Risk & Compliance)
- Wolters Kluwer Financial Services, Inc. (Tax & Accounting and Governance, Risk & Compliance)
- Wolters Kluwer Health, Inc. (Health)
- Wolters Kluwer North America, Inc. (Corporate Office)
- Wolters Kluwer R&D U.S. LP (Digital eXperience Group)
- Wolters Kluwer United States Inc. (Global Business Services and Corporate Office)
- Wolters Kluwer U.S. Corporation (Corporate Office)

Note 39 – Overview of Significant Subsidiaries continued

A subsidiary is categorized as significant depending on its revenues, operating profit, net profit, and/or total assets.

In addition to these significant subsidiaries, the group has other consolidated entities in the countries listed, and also in the following countries: Austria, Brazil, China, the Czech Republic, Denmark, Hong Kong, Hungary, India, Indonesia, Japan, Malaysia, Mexico, New Zealand, Norway, the Philippines, Portugal, Qatar, Romania, Russia, Singapore, Slovakia, South Africa, South Korea, Sweden, Switzerland, and Ukraine.

The group also has branches in Finland, Saudi Arabia, Taiwan, Thailand, and the United Arab Emirates.

Apart from certain cash restrictions (refer to *Note 27 – Cash and Cash Equivalents*), there are no significant restrictions on the group's ability to access or use assets, or to settle liabilities. There are no interests in consolidated structured entities.

Refer to *Note 8 – Acquisitions and Divestments* for the consequences of losing control of subsidiaries during 2022 and 2021.

The financial statements of the parent and the subsidiaries used in the preparation of the consolidated financial statements have the same reporting date, except for the group's Indian subsidiaries that have a March financial year end.

Note 40 – Events after the Reporting Period

Subsequent events were evaluated up to February 21, 2023, which is the date the consolidated financial statements were authorized for issuance by the Executive Board and the Supervisory Board.

On January 9, 2023, Wolters Kluwer Health completed the acquisition of 100% of the shares of NurseTim, Inc. (NurseTim), a U.S.-based provider of nursing education solutions for €24 million, which is subject to a working capital settlement. There is no other deferred and contingent consideration. NurseTim will become part of Wolters Kluwer's Health Learning, Research & Practice business, which will create a comprehensive suite of solutions that generates greater value for customers. NurseTim is based in Minneapolis, Minnesota, U.S., and has 48 employees. The group expects the investment to deliver a return on invested capital (ROIC) above its weighted-average cost of capital (8%) within three to five years and expects the transaction to have an immaterial impact on adjusted earnings. The group did not yet complete the purchase price allocation calculation due to the recent timing of the acquisition.

Company Financial Statements

Notes to the Company Financial Statements

Company Financial Statements

Statement of Profit or Loss of Wolters Kluwer N.V.

in millions of euros, for the year ended December 31			**2022**		**2021**
General and administrative income			187		154
General and administrative costs			(115)		(93)
Operating profit			72		61
Financing income third parties		16		3	
Financing income related parties		4		2	
Financing costs third parties		(62)		(60)	
Financing costs related parties		(29)		(1)	
Net foreign exchange gains/(losses)		0		(15)	
Total financing results			(71)		(71)
Profit/(loss) before tax			1		(10)
Income tax expense			(40)		(23)
Profit/(loss) after tax			(39)		(33)
Results from subsidiaries, net of tax	*Note 42*		1,066		761
Profit for the year			1,027		728

Statement of Financial Position of Wolters Kluwer N.V.

in millions of euros and before appropriation of results, at December 31			2022		2021
Non-current assets					
Financial assets	*Note 42*	8,057		7,352	
Other intangible assets		6		2	
Deferred tax assets		5		7	
Total non-current assets			8,068		7,361
Current assets					
Other receivables	*Note 43*	175		250	
Cash and cash equivalents	*Note 44*	896		599	
Total current assets			1,071		849
Total assets			9,139		8,210
Equity					
Issued share capital	*Note 33*	31		32	
Share premium reserve		87		87	
Legal reserves		466		215	
Other reserves		699		1,355	
Undistributed profit		1,027		728	
Shareholders' equity	*Note 47*		2,310		2,417
Non-current liabilities					
Bonds	*Note 29*	2,426		2,625	
Private placements	*Note 29*	142		153	
Derivative financial instruments	*Note 29 / 30*	–		2	
Total non-current liabilities			2,568		2,780
Current liabilities					
Debts to subsidiaries		3,490		2,959	
Short-term bonds	*Note 29*	700		–	
Borrowings and bank overdrafts	*Note 45*	13		3	
Other payables		58		51	
Total current liabilities			4,261		3,013
Total liabilities			6,829		5,793
Total equity and liabilities			9,139		8,210

Notes to the Company Financial Statements

Note 41 – Significant Accounting Policies

GENERAL

The functional currency of the company is euro, the currency of primary economic environment in which the company operates. The company financial statements are presented in euros and rounded to the nearest million, unless otherwise indicated.

Reference is also made to the following notes to the consolidated financial statements:

- *Note 29 – Net Debt;*
- *Note 30 – Financial Risk Management;*
- *Note 33 – Capital and Reserves;*
- *Note 34 – Share-based Payments;*
- *Note 35 – Related Party Transactions;*
- *Note 38 – Remuneration of the Executive Board and the Supervisory Board;*
- *Note 39 – Overview of Significant Subsidiaries; and*
- *Note 40 – Events after the Reporting Period.*

ACCOUNTING POLICIES

The company financial statements of Wolters Kluwer N.V. are prepared in accordance with the Dutch Civil Code, Book 2, Title 9, with the application of the regulations of section 362.8 allowing the use of the same accounting policies as applied for the consolidated financial statements. These accounting policies are described in the *Notes to the Consolidated Financial Statements*.

General and administrative income relates to brand royalty fees and management and service fees, all charged to subsidiaries, and is recognized when earned.

Subsidiaries are valued using the equity method, applying the IFRS accounting policies as endorsed by the European Union.

The company will, upon identification of a credit loss on an intercompany loan and/or receivable, recognize a loss allowance.

Any related party transactions between Wolters Kluwer N.V. and its subsidiaries, equity-accounted investees, pension funds, or members of the Supervisory Board and the Executive Board are conducted at arm's length with terms comparable to transactions with third parties.

COMPARATIVES

Certain immaterial reclassifications have been made to the comparative statement of profit or loss to conform to the current year presentation and to improve insights. These reclassifications have had no impact on the comparative shareholders' equity and comparative profit for the year.

Note 42 – Financial Assets

		2022	2021
Equity value of subsidiaries		8,040	7,352
Derivative financial instruments	*Note 30*	17	–
Total		8,057	7,352

MOVEMENT EQUITY VALUE OF SUBSIDIARIES

	2022	2021
Position at January 1	7,352	6,838
Results from subsidiaries, net of tax	1,066	761
Dividends received from subsidiaries	(629)	(615)
Remeasurement gains/(losses) on defined benefit plans, net of tax	18	14
Foreign exchange differences	233	354
Position at December 31	8,040	7,352

Note 43 – Other Receivables

		2022	2021
Receivables from subsidiaries		158	235
Current income tax assets		5	8
Interest receivable		5	0
Derivative financial instruments	*Note 30*	1	–
Miscellaneous receivables and prepayments		6	7
Total		175	250

Note 44 – Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits that are held as part of the group's cash management for the purpose of meeting short-term cash commitments.

Note 45 – Borrowings and Bank Overdrafts

	2022	2021
Bank overdrafts	13	3
Total	13	3

Note 46 – Personnel Expenses

		2022	2021
Salaries and wages and other benefits		33	30
Social security charges		1	2
Costs of defined contribution plans		1	1
Expenses related to defined benefit plans		1	1
Equity-settled share-based payments	*Note 34*	28	24
Total		64	58
Employees			
In full-time equivalents at December 31		144	135
Thereof employed outside the Netherlands		22	20
In full-time equivalents average per annum*		149	137

* Average full-time equivalents per annum include temporary staff and contractors, whereas full-time equivalents at December 31 only relate to staff on the payroll of the company.

Note 47 – Shareholders' Equity

			Legal reserves			Other reserves			
	Issued share capital	**Share premium reserve**	**Legal reserve participations**	**Hedge reserve**	**Translation reserve**	**Treasury shares**	**Retained earnings**	**Undistributed profit**	**Shareholders' equity**
Balance at January 1, 2021	32	87	133	(116)	(135)	(222)	1,587	721	2,087
Items that are or may be reclassified subsequently to the statement of profit or loss:									
Exchange differences on translation of foreign operations					313				313
Exchange differences on translation of equity-accounted investees					1				1
Recycling of foreign exchange differences on loss of control					40				40
Net gains/(losses) on hedges of net investments in foreign operations				(16)					(16)
Effective portion of changes in fair value of cash flow hedges				6					6
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				4					4
Items that will not be reclassified to the statement of profit or loss:									
Remeasurements on defined benefit plans							16		16
Tax on other comprehensive income:									
Income tax on other comprehensive income				0			(4)		(4)
Other comprehensive income/(loss) for the year, net of tax				(6)	354		12		360
Profit for the year								728	728
Total comprehensive income/(loss) for the year				(6)	354		12	728	1,088
Appropriation of profit previous year							721	(721)	0
Transactions with owners of the company, recognized directly in equity:									
Share-based payments							24		24
Cancelation of shares	0					336	(336)		0
Release LTIP shares						49	(49)		0
Final cash dividend 2020							(232)		(232)
Interim cash dividend 2021							(140)		(140)
Repurchased shares						(410)			(410)
Other movements			(15)		0		15		0
Balance at December 31, 2021	32	87	118	(122)	219	(247)	1,602	728	2,417

Note 47 – Shareholders’ Equity continued

			Legal reserves			Other reserves			
	Issued share capital	**Share premium reserve**	**Legal reserve participations**	**Hedge reserve**	**Translation reserve**	**Treasury shares**	**Retained earnings**	**Undistributed profit**	**Shareholders’ equity**
Balance at January 1, 2022	32	87	118	(122)	219	(247)	1,602	728	2,417
Items that are or may be reclassified subsequently to the statement of profit or loss:									
Exchange differences on translation of foreign operations					231				231
Exchange differences on translation of equity-accounted investees					1				1
Recycling of foreign exchange differences on loss of control					1				1
Net gains/(losses) on hedges of net investments in foreign operations				(17)					(17)
Effective portion of changes in fair value of cash flow hedges				18					18
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				11					11
Items that will not be reclassified to the statement of profit or loss:									
Remeasurements on defined benefit plans							18		18
Tax on other comprehensive income:									
Income tax on other comprehensive income				4			(5)		(1)
Other comprehensive income/(loss) for the year, net of tax				16	233		13		262
Profit for the year								1,027	1,027
Total comprehensive income/(loss) for the year				16	233		13	1,027	1,289
Appropriation of profit previous year							728	(728)	0
Transactions with owners of the company, recognized directly in equity:									
Share-based payments							28		28
Cancelation of shares	(1)					451	(450)		0
Release LTIP shares						61	(61)		0
Final cash dividend 2021							(264)		(264)
Interim cash dividend 2022							(160)		(160)
Repurchased shares						(1,000)			(1,000)
Other movements			2		0		(2)		0
Balance at December 31, 2022	31	87	120	(106)	452	(735)	1,434	1,027	2,310

The legal reserves and treasury shares reserve are not available for dividend distribution to the owners of the company.

Note 48 – Commitments and Contingent Liabilities

GUARANTEES

Pursuant to section 403 of the Dutch Civil Code, Book 2, the company has assumed joint and several liability for the debts arising out of the legal acts of several subsidiaries in the Netherlands. The relevant declarations have been filed with and are open for inspection at the Dutch Commercial Register for the district in which the legal entity respective to the liability has its registered office.

The company has the following outstanding guarantees at December 31:

	2022	2021
Parental performance guarantees to third parties	5	12
Guarantee to the trustees of the U.K. retirement plan	20	21
Drawn bank credit facilities	1	1
Total guarantees outstanding	26	34

At December 31, 2022, the total guarantees issued for bank credit facilities on behalf of several subsidiaries amounted to €114 million (2021: €113 million), of which €113 million was not utilized (2021: €112 million).

In November 2022, the company signed a mandate to execute up to €100 million in share buybacks for the period starting January 2, 2023, up to and including February 20, 2023.

The company forms part of a Dutch fiscal unity and, pursuant to standard conditions, has assumed joint and several liability for the tax liabilities of the fiscal unity.

Note 49 – Details of Participating Interests

A list of subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Dutch Civil Code, Book 2, Part 9, Section 379), is filed at the offices of the Chamber of Commerce of The Hague, the Netherlands.

An overview of significant subsidiaries is included in *Note 39 – Overview of Significant Subsidiaries*.

Note 50 – Profit Appropriation

		2022	2021
Proposed dividend distribution	*Note 33*	450	405
Proposed additions to retained earnings		577	323
Profit for the year		1,027	728

At the 2023 Annual General Meeting of Shareholders, the company will propose a final dividend distribution of €1.18 per share to be paid in cash on June 6, 2023. This will bring the total dividend for 2022 to €1.81 per share (2021: €1.57 per share), an increase of 15% over the prior year.

Authorization for Issuance

Alphen aan den Rijn, February 21, 2023

Executive Board

N. McKinstry, CEO and Chair of the Executive Board
K.B. Entricken, CFO and member of the Executive Board

Supervisory Board

A.E. Ziegler, Chair
J.P. de Kreij, Vice-Chair
B.J.F. Bodson
J.A. Horan
H.H. Kersten
S. Vandebroek
C.F.H.H. Vogelzang

Other Information on the Financial Statements

Independent Auditor's Report

To the shareholders and the Supervisory Board of Wolters Kluwer N.V.

Report on the audit of the financial statements 2022 included in the 2022 Annual Report

OUR OPINION

We have audited the accompanying financial statements 2022 of Wolters Kluwer N.V., based in Alphen aan den Rijn, the Netherlands. The financial statements comprise the consolidated financial statements and the Company financial statements as set out on pages 110 to 213 of the 2022 Annual Report.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of Wolters Kluwer N.V. as at December 31, 2022, and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code; and
- The accompanying Company financial statements give a true and fair view of the financial position of Wolters Kluwer N.V. as at December 31, 2022, and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. The Consolidated Statement of Financial Position as at December 31, 2022;
2. The following statements for 2022: the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Total Equity; and
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
1. The Company Statement of Financial Position as at December 31, 2022;
2. The Company Statement of Profit or Loss for 2022; and
3. The notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Wolters Kluwer N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence), and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgment, we determined the materiality for the financial statements as a whole at €70 million (2021: €60 million). We increased overall group materiality based on the performance growth of the group in 2022, which is a result of both organic growth and a stronger U.S. Dollar. The materiality is based on 5.5% of profit before tax (2021: 6.5%). We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality overview

Materiality for the financial statements as a whole	€70 million
Basis for materiality	5.5% of profit before tax
Threshold for reporting misstatements	€3.5 million

Audits of the group entities (components) were performed using materiality levels determined by the judgment of the group engagement team, considering the materiality for the consolidated financial statements as a whole and the reporting structure within the group. For the significant components (i.e., business units Corporate Legal Services U.S., UpToDate U.S., and Tax & Accounting U.S.), the audits were performed using a materiality level of €29.4 million (2021: €26.4 million). For the other components, the materiality levels are in the range of €14.4 million to €26.5 million (2021: €14.4 million to €24.0 million).

We agreed with the Supervisory Board that misstatements in excess of €3.5 million (2021: €3 million), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Wolters Kluwer N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Wolters Kluwer N.V.

Our group audit mainly focused on significant group entities. Our assessment of entities that are significant to the group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment.

In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by component auditors. We responded to changes relevant to the group in 2022 in determining the components in our scope and the nature of procedures to be performed. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. With the exception of two, all component auditors are Deloitte member firms. The group engagement team directed the planning, reviewed the work performed by component auditors, and assessed and discussed the results and findings with the component auditors. The direction and supervision of the component auditors was partially performed remotely. Based on previous experience, appropriate direction and supervision can be established through remote working policies. The group engagement team held multiple virtual meetings with all the individual component auditors and management of the relevant group entities, and participated in the relevant component auditor closing calls. For the component auditor of the businesses in the United States, we conducted an on-site file review during the year and remote follow-up procedures during our year-end procedures. For other selected component auditors (Germany and Italy), remote file reviews were conducted to evaluate the work undertaken and to assess their findings.

The group consolidation, financial statement disclosures, and a number of central accounting and/or reporting items were audited by the group engagement team. These items include impairment testing on goodwill and acquired identifiable intangible assets, audit procedures on acquisitions and divestment of certain assets and businesses, group accounting for current and deferred income taxes, share-based payments, the Wolters Kluwer N.V. company financial statements, and certain critical accounting positions subject to management estimates. Specialists were involved amongst others in the areas of information technology; accounting and reporting; pensions; forensic; environmental, social, and governance; and valuation.

As part of our year-end audit procedures, we have considered our assessment of significant group entities in order to ensure we have obtained appropriate coverage of the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified.

Independent Auditor's Report continued

In summary, the group engagement team has:
- Performed procedures on key audit matters subject to central testing;
- Performed audit procedures on the company-only financial statements
- Used the work of Deloitte component auditors, or performed specific audit procedures ourselves, when auditing the components in the Netherlands (1), Europe (8), and North America (10) and used the work of non-Deloitte component auditors in Europe (1) and the Netherlands (1); and
- Performed analytical procedures at group level on the other group entities.

The group entities subject to full-scope audits and audits of specified account balances and classes of transactions comprise approximately 79% of consolidated revenues and approximately 90% of consolidated total assets. For the remaining entities, we performed a combination of specific audit procedures and analytical procedures at group level relating to the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified.

Audit coverage

Audit coverage of consolidated revenues	79%
Audit coverage of consolidated total assets	90%

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

SCOPE OF AUDIT APPROACH ON FRAUD RISKS AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Non-compliance with law and regulation may result in fines, litigation, or other consequences for the group that may have a material effect on the financial statements.

Audit approach on fraud risks

In identifying potential risks of material misstatements due to fraud, we obtained an understanding of the group and its environment, including the entity's internal controls. We evaluated the group's fraud risk assessment and made inquiries with management, those charged with governance and others within the group, including but not limited to the Corporate Risk Committee and Internal Control department. We evaluated several fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud. We involved our forensic specialists in our risk assessment and in determining the audit responses.

Following these procedures, and the presumed risk under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls, including evaluating whether there was evidence of bias by the Executive Board and other members of management, which may represent a risk of material misstatement due to fraud.

As part of our audit procedures to respond to these fraud risks, we evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistleblower procedures, and incident registration. We evaluated the design and implementation and, where considered appropriate, tested the operating effectiveness of the internal controls relevant to mitigate these risks. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets, and bribery and corruption in close collaboration with our forensic specialist. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present. Further, we performed substantive audit procedures, including detail testing of journal entries and supporting documentation in relation to post-closing adjustments. Data analytics, including analyses of high risk journals, are part of our audit approach to address fraud risks, which could have a material impact on the financial statements. The procedures prescribed are in line with the applicable auditing standards and are not primarily designed to detect fraud.

We identified the following fraud risks:
- Management override of controls; and
- Revenue (transactions) may be subject to manual adjustments outside the fulfillment systems.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made inquiries of the Executive Board, directors (including corporate accounting, internal audit, internal control, legal, corporate tax, and divisional CFOs) and the Supervisory Board.

We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in *Note 3 – Accounting Estimates and Judgments* of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. We refer to the audit procedures as described in the separate section *Our key audit matters* below in addressing fraud risks in connection with revenue recognition and potential management override on specific estimates, such as those applied in the valuation of goodwill and acquired identifiable intangible assets. Our procedures did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach on non-compliance with laws and regulations

We assessed the laws and regulations relevant to the group through discussion with management, reading minutes and reports of internal audit, and inspection of selected documents regarding compliance with laws and regulations. Where relevant, we involved our forensic specialists in this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax law and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS), and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements. We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the group's business and the complexity of the applicable laws and regulations, we considered data and privacy regulation and whether there is a risk of non-compliance with the requirements of such laws and regulations. In addition, we considered major laws and regulations applicable to listed companies, including the Dutch Corporate Governance Code, the EU Taxonomy for sustainable activities, and the European Single Electronic Filing Reporting Format.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the group's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of licenses, permits, or intellectual property rights) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, the Supervisory Board, the Executive Board, and others within the group as to whether the group is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Independent Auditor's Report continued

AUDIT APPROACH ON GOING CONCERN

Our responsibilities, as well as the responsibilities of the Executive Board and the Supervisory Board, related to going concern under the prevailing standards are outlined in the *Description of responsibilities regarding the financial statements* section below. The Executive Board has assessed the going concern assumption, as part of the preparation of the consolidated financial statements, and as disclosed in *Note 1 – General and Basis of Preparation*. The Executive Board believes that no events or conditions give rise to doubt about the ability of the group to continue in operation at least 12 months from the end of the reporting period.

We have obtained the Executive Board's assessment of the entity's ability to continue as a going concern, and have assessed the going concern assumption applied. As part of our procedures, we evaluated whether sufficient appropriate audit evidence has been obtained regarding, and have concluded on, the appropriateness of Executive Board's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

Description	*How the key audit matter was addressed in the audit*
Internal controls over financial reporting The group has its businesses in a large number of countries and locations. The group operates various IT systems, processes, and procedures locally that are important for the continuity of its business operations and for the reliability of its financial reporting. In addition, the group is exposed to IT-related risks and cyber threats that could affect their IT infrastructure and system availability, applications, and company and customer data. The large number of countries and locations, and the various IT systems, processes, and procedures that are operated locally, impact our audit effort on internal controls over financial reporting, and therefore we consider this a key audit matter.	We have considered the group's internal controls over financial reporting as a basis for designing and performing the audit activities that are deemed appropriate for our audit. We are, however, not required to perform an audit on internal controls over financial reporting and accordingly, we do not express an opinion on the effectiveness of the group's controls over financial reporting. We have tailored our audit procedures to the diverse (local) IT landscapes and the implemented internal controls. We have involved IT auditors to evaluate the group's annual cyber assessment, and we have held inquiries with key stakeholders addressing IT-related risks and cyber threats. We have included IT auditors in our audit teams to test the reliability and continuity of the automated data processing, solely to the extent necessary within the scope of the consolidated financial statements audit. Where relevant to the audit, we have tested the operating effectiveness of IT controls or performed additional substantive audit procedures. **Observations** We have reported our observations on internal controls over financial reporting to the Supervisory Board and have performed additional substantive audit procedures, where deemed needed, with satisfactory results.

Description	*How the key audit matter was addressed in the audit*
Revenue recognition Revenue (transactions) may be subject to manual adjustments outside the fulfillment systems. There is a risk of material misstatement that these revenue adjustments are based on manual journal entries that are non-valid, inaccurate, and/or that allocate revenue to the improper period. The group's revenue recognition policies are disclosed in *Note 6 – Revenues*. Revenue arrangements may also require careful consideration and judgment in determining the correct revenue recognition pattern in accordance with IFRS 15. The group may fail to defer revenue recognition or to identify distinct performance obligations, or allocate the incorrect selling price to the different elements in the arrangements in accordance with IFRS 15 requirements, potentially resulting in inaccurate and improper revenue recognition.	The audit procedures performed on revenue recognition of existing contracts focused on manual adjustments, which could impact the accuracy, occurrence, and cut-off of recorded revenue, especially around period-end. We obtained an understanding of the revenue processes, and tested design and implementation of controls in place, including segregation of duties, relevant to our audit. The recognition of revenue, contract assets, and contract liabilities, including deferred income, was evaluated with the underlying contract, customer acceptance form, and/or third-party delivery confirmation. We evaluated proper allocation of the contract value to the different performance obligations and evaluated the revenue recognition patterns applied, in accordance with IFRS 15. Our risk assessment in connection with revenue recognition did not change, since the overall product portfolio of the group remained materially unchanged as compared to the prior year. We also evaluated the adequacy of the disclosures provided by the group in *Note 6 – Revenues*. **Observations** Based on our procedures performed, we did not identify any material reportable matters in manual adjustments to revenue, revenue recognition, and corresponding disclosures included in *Note 6 – Revenues*.

Independent Auditor's Report continued

Key audit matters continued

Description

Valuation of goodwill and acquired identifiable intangible assets

The group has €4,394 million of goodwill and €1,000 million of acquired identifiable intangible assets (December 31, 2021: €4,180 million and €1,045 million respectively), as disclosed in *Note 18*. Goodwill and acquired identifiable intangible assets represent 57% (2021: 58%) of consolidated total assets and 234% (2021: 216%) of consolidated total shareholders' equity. Due to the magnitude of these balances to Wolters Kluwer's financial position and since the annual impairment test is subject to management estimates, we consider this a key audit matter.

Goodwill is subject to an annual impairment test. The value-in-use of goodwill and acquired identifiable intangible assets is dependent on expected future cash flows from the underlying group of Cash Generating Units (CGUs) for goodwill and individual CGUs for acquired identifiable intangible assets.

The impairment assessment prepared by management includes a variety of internal and external factors. In connection with these factors, management made use of valuation models, making significant estimates, potentially subject to management override, particularly the assumptions related to the adjusted operating profit margin, the average long-term growth rates and weighted-average cost of capital.

The annual impairment test for goodwill did not result in an impairment. Management has disclosed its sensitivity analyses in *Note 18*.

During the year, management performed triggering event analyses for its assets, including acquired identifiable intangible assets. For acquired identifiable intangible assets in the individual CGU Learner's Digest (Health), a trigger for impairment was identified. The impairment tests performed resulted in impairment adjustments to the acquired identifiable intangible assets of €20 million.

How the key audit matter was addressed in the audit

We obtained an understanding of the process in place and identified controls in the impairment assessment of the group for goodwill and acquired identifiable intangible assets as a basis for our substantive audit approach.

We obtained management's annual impairment test, as well as management's triggering event analysis, and for the individual CGUs where a trigger for impairment was identified, we obtained the respective impairment assessment. We have challenged management's triggering events analysis for completeness of identified triggers, by using both internal and external information, and have evaluated the impairment test models. We involved valuation specialists to assess the models used for the annual goodwill impairment test by management and the key assumptions applied as outlined in *Note 18 – Goodwill and Intangible Assets other than Goodwill*. Our valuation specialists assisted us specifically in evaluating the weighted-average cost of capital and the average long-term growth rates applied, by benchmarking against independent data and peers in the industry.

We evaluated management's key assumptions used for cash flow projections (including adjusted operating profit margins), weighted-average cost of capital, and average long-term growth rates. We compared rates with historical trends and external data and performed sensitivity analyses. We reconciled forecasted cash flows per group of CGUs to authorized budgets and obtained an understanding how these budgets were compiled. For the individual CGU Learner's Digest (Health), where an impairment trigger was identified for acquired identifiable intangible assets, these procedures were performed for this individual CGU.

We also evaluated the adequacy of the disclosures provided by the group in *Note 18 – Goodwill and Intangible Assets Other than Goodwill* in relation to its impairment assessment.

Observations

We did not identify any material reportable matters in management's valuation of goodwill and acquired identifiable intangible assets and the respective impairment adjustments recorded, as well as the corresponding disclosures included in *Note 18 – Goodwill and Other Intangible Assets than Goodwill*.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The Annual Report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:
- Strategic Report;
- Governance; and
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements; and
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard on Auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Strategic Report and Governance, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

Engagement

We were appointed by the General Meeting of Shareholders as auditor of Wolters Kluwer N.V. on April 23, 2014, for the audit of the financial year 2015 and have operated as statutory auditor ever since that financial year. In the General Meeting of Shareholders on April 19, 2018, we were re-appointed for a period of four years for the financial years 2019 through 2022 and in the General Meeting of Shareholders on April 22, 2022, we were re-appointed for the years 2023 and 2024.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format

The group has prepared its Annual Report in European Single Electronic Format (ESEF). The requirements for this are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the Annual Report, prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by the group complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the Annual Report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the Annual Report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard on Auditing 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Independent Auditor's Report continued

Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package; and
- Identifying and assessing the risks that the Annual Report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF; and
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the group's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the group's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the group's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing, and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements, and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluating the overall presentation, structure, and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising, and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 21, 2023
Deloitte Accountants B.V.
B.E. Savert

Other Information

Articles of Association Provisions Governing Profit Appropriation

ARTICLE 29 OF THE ARTICLES OF ASSOCIATION

Paragraph 1
From the profit as it appears on the annual accounts adopted by the General Meeting, a dividend shall be distributed on the preference shares, whose percentage – calculated on the paid part of the nominal amount – is equal to that of the average of the interest rate on Basis Refinancing Transactions (Refi interest of the European Central Bank). These are weighted according to the number of days over which this rate of interest applies during the financial year over which the dividend was paid, increased by a debit interest rate to be determined by the large Dutch banks and also increased by a margin determined by the Executive Board and approved by the Supervisory Board of one percentage point (1%) minimum and four percentage points (4%) maximum. The dividend on the preference shares shall be calculated on an annual basis on the paid part of the nominal amount. If in any financial year the distribution referred to in the first full sentence cannot be made or can only be made in part because the profits are not sufficient, the deficiency shall be distributed from the distributable part of the company's equity. No further dividend shall be distributed on the preference shares.

Paragraph 2
Subsequently such allocations to reserves shall be made as the Executive Board shall determine, subject to the approval of the Supervisory Board.

Paragraph 3
Any balance remaining after that shall be distributed at the disposal of the General Meeting of Shareholders.

Paragraph 5
Distribution of profit shall be made after adoption of the annual accounts showing that it is permitted.

Paragraph 6
Subject to approval of the Supervisory Board, the Executive Board may resolve on distribution of interim dividend, provided the requirements of paragraph 4 have been met, according to an interim statement of assets and liabilities. It shall relate to the position of the assets and liabilities no earlier than on the first day of the third month before the month in which the resolution on distribution of interim dividend is made known. It shall be drawn up with observance of valuation methods considered generally acceptable. The statement of assets and liabilities shall include the amounts to be reserved by virtue of the law.

It shall be signed by the Members of the Executive Board; if the signature of one or more of them is lacking this shall be stated with reasons. The statement of assets and liabilities shall be deposited at the office of the Commercial Register within eight days after the day on which the resolution on distribution is made known.

Paragraph 7
If a loss is suffered for any year, that loss shall be transferred to a new account for set-off against future profits, and for that year no dividend shall be distributed. Based on the proposal of the Executive Board that has been approved by the Supervisory Board, the General Meeting of Shareholders may resolve, however, to delete such a loss by writing it off on a reserve that need not be maintained, according to the law.

ARTICLE 30 OF THE ARTICLES OF ASSOCIATION

Paragraph 1
On the proposal of the Executive Board that has been approved by the Supervisory Board, the General Meeting of Shareholders may resolve that a distribution of dividend on ordinary shares shall be made entirely or partially not in money but in ordinary shares in the capital of the company.

Paragraph 2
On the proposal of the Executive Board that has been approved by the Supervisory Board, the General Meeting of Shareholders may resolve on distributions in money or in the manner as referred to in Paragraph 1 to holders of ordinary shares against one or more reserves that need not be maintained under the law.

Report of the Wolters Kluwer Preference Shares Foundation

ACTIVITIES

The Board of the Wolters Kluwer Preference Shares Foundation (the Foundation) met twice in 2022. The matters discussed included the company's results, the execution of the strategy, the financing of the company, acquisitions and divestments, developments in the market, and the general course of events at Wolters Kluwer. Representatives of the Executive Board of the company, the chair of the Supervisory Board (one meeting), and corporate staff attended the meetings to give the Board of the Foundation information about the developments within Wolters Kluwer.

The Board of the Foundation also followed developments of the company outside of board meetings, among other through receipt by the board members of press releases. As a result, the Board of the Foundation has a good view on the course of events at Wolters Kluwer. The Board of the Foundation also closely monitored the developments with respect to corporate governance and relevant Dutch legislation and discussed that topic during the meeting. Furthermore, the financing of the Foundation and the composition of the Board of the Foundation were discussed. The Foundation acquired no preference shares during the year under review.

EXERCISE OF THE PREFERENCE SHARES OPTION

Wolters Kluwer N.V. and the Foundation have concluded an agreement based on which preference shares can be taken by the Foundation. This option on preference shares is at present a measure that could be considered as a potential protection at Wolters Kluwer against exercising influence by a third party on the policy of the company without the consent of the Executive Board and Supervisory Board, including events that could threaten the strategy, continuity, independence, identity, or coherence between the activities of the company. The Foundation is entitled to exercise the option on preference shares in such a way that the number of preference shares taken will be no more than 100% of the number of issued and outstanding ordinary shares at the time of exercise. Among other things by the exercise of the option on the preference shares by the Foundation, the Executive Board and the Supervisory Board will have the possibility to determine their position with respect to, for example, a party making a bid on the shares of Wolters Kluwer, and its plans, or with respect to a third party that otherwise wishes to exercise decisive influence, and enables the boards to examine and implement alternatives.

COMPOSITION OF THE BOARD OF THE WOLTERS KLUWER PREFERENCE SHARES FOUNDATION

Mr. Lindenbergh retired in 2022, due to the expiration of his final term. The Board of the Foundation appointed Mr. Nühn as new member.

The Foundation is a legal entity that is independent from the company as stipulated in clause 5:71 (1) sub c of the Act on financial supervision (Wet op het financieel toezicht). All members of the Board of the Foundation are independent from the company.

Alphen aan den Rijn, February 21, 2023

Board of Wolters Kluwer Preference Shares Foundation
P. Bouw, Chair
J.S.T. Tiemstra, Vice-Chair
A. Nühn
G.W.Ch. Visser

Wolters Kluwer Shares and Bonds

Additional information regarding Wolters Kluwer shares and bonds is provided in this chapter.

ORDINARY SHARES AND ADRS

Wolters Kluwer N.V. ordinary shares are listed on Euronext Amsterdam under the symbol WKL. During 2022, the average daily trading volume of Wolters Kluwer shares on Euronext Amsterdam was 541,684 shares (2021: 521,131), according to Euronext.

American Depositary Receipt program

Wolters Kluwer has a sponsored Level I American Depositary Receipt (ADR) program. Each Wolters Kluwer ADR represents one ordinary share (ADR ratio 1:1). Wolters Kluwer ADRs are denominated in U.S. dollars and are traded on the over-the-counter (OTC) securities market in the United States. Wolters Kluwer ADRs receive the same dividends as the ordinary shares converted into U.S. dollars at the prevailing €/$ exchange rate. For more information contact our ADR depositary bank: Deutsche Bank Trust Company Americas, c/o American Stock Transfer & Trust Company, Peck Slip Station, P.O. Box 2050 New York, N.Y. 10272-2050, United States, or visit . *www.adr.db.com*

Securities codes and ticker symbols

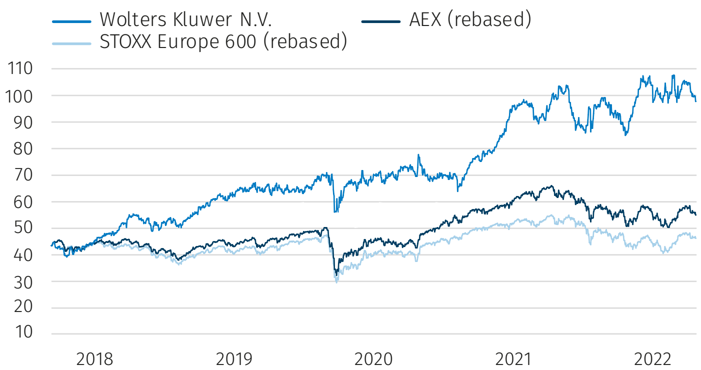
System	**Ordinary shares**	**ADRs**
ISIN	NL0000395903	US9778742059
Sedol	5671519	2977049
Bloomberg	WKL:NA	WTKWY:US
Reuters RIC	WLSNc.AS	WTKWY
CUSIP	–	977874205
Exchange	Euronext	Over-the-counter (OTC)

SHARE PRICE PERFORMANCE

Wolters Kluwer shares ended the year 2022 down 6%, outperforming the Amsterdam AEX Index and STOXX Europe 600, which were down 14% and 15%, respectively. Over the five-year period ending December 31, 2022, Wolters Kluwer shares have increased by 125%, significantly outperforming the Amsterdam AEX Index and the STOXX Europe 600, which increased 27% and 6%, respectively. Wolters Kluwer ADRs (quoted in U.S. dollars) appreciated 100% over this five-year period, significantly outperforming the S&P 500 which rose 44%.

Five-year share price performance 2018-2022

€



Source: Nasdaq/FactSet data. Indices rebased to Wolters Kluwer share price.

DIVIDEND POLICY AND DIVIDEND PROPOSAL

Dividend policy

Wolters Kluwer is committed to a progressive dividend policy. Proposed annual increases in the dividend per share take into account our financial performance, market conditions, and our need for financial flexibility. The policy takes into consideration the characteristics of our business, our expectations for future cash flows, and our plans for organic investment or for external investment in acquisitions.

Proposed 2022 dividend

We are proposing to increase the total dividend for the financial year 2022 by 15% (2021: 15% increase) to €1.81 per share (2021: €1.57). We will therefore recommend a final dividend of €1.18 per share, subject to the approval of shareholders at the Annual General Meeting in May 2023.

For 2023, we intend to maintain the interim distribution at 40% of prior year total dividend.

Shareholders can choose to reinvest interim and final dividends by purchasing additional Wolters Kluwer shares through the Dividend Reinvestment Plan (DRIP) administered by ABN AMRO Bank N.V.

SHARE BUYBACK PROGRAMS

As a matter of policy since 2012, Wolters Kluwer offsets the dilution caused by our annual incentive share issuance with share repurchases (Anti-Dilution Policy). In addition, when appropriate, we return capital to shareholders through further share buyback programs. Shares repurchased by the company are added to and held as treasury shares. Treasury shares are either canceled or are held to meet future obligations under share-based incentive plans.

During 2022, we repurchased 10.1 million shares for a total consideration of €1 billion, including 0.7 million shares to offset incentive share issuances (2021: 0.7 million). As of December 31, 2022, we held 8.8 million shares in treasury. A summary of amounts repurchased and cancelations over the past few years is shown below.

Share repurchases and cancelations 2018-2022

	Shares repurchased million	Total consideration € million	Average share price €	Treasury shares canceled million	Treasury shares released for LTIP million
2022	10.1	1,000	98.75	5.0	0.7
2021	5.0	410	82.62	5.0	0.7
2020	5.1	350	68.41	5.5	0.9
2019	5.5	350	63.80	6.7	1.0
2018	11.5	550	47.81	10.6	1.3

Share buyback 2023

On February 22, 2023, we will announce our intention to spend up to €1 billion on share repurchases during 2023, including repurchases to offset incentive share issuances. As of February 20, 2023, €100 million of this 2023 buyback has been completed.

We believe this level of cash return leaves us with ample headroom to support our dividend plans, to sustain organic investment, and to make selective acquisitions. The share repurchases may be suspended, discontinued, or modified at any time. At the Annual General Meeting in May 2023, we will propose canceling any or all treasury shares that are not used for share-based incentive plans.

Wolters Kluwer Shares and Bonds continued

SHARE CAPITAL AND MARKET CAPITALIZATION

Shares issued and outstanding

The number of issued ordinary shares on December 31, 2022, was 257.5 million (2021: 262.5 million), of which 8.8 million were held in treasury. In August 2022, 5.0 million treasury shares were canceled.

During 2022, 10.1 million shares were repurchased and added to treasury, while 0.7 million shares were released for long-term incentive plans. The diluted weighted-average number of ordinary shares used to compute the diluted earnings per share figures was 255.8 million in 2022.

Market capitalization

Based on issued ordinary shares (including 8.8 million treasury shares), the market capitalization of Wolters Kluwer as of December 31, 2022, was €25.2 billion (2021: €27.2 billion).

Shares issued and outstanding

number of shares in millions	**2022**	**2021**
Issued ordinary shares (December 31)	257.5	262.5
Treasury shares (December 31)	8.8	4.3
Issued ordinary shares outstanding (December 31)	248.7	258.2
Weighted-average number of ordinary shares outstanding	254.7	260.4
Diluted weighted-average number of ordinary shares	255.8	261.8

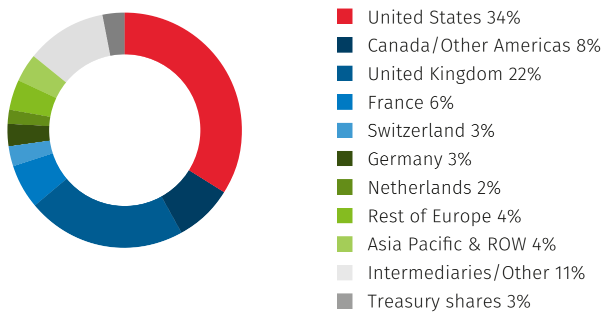
SHAREHOLDER STRUCTURE

Wolters Kluwer has 100% free float and a widely distributed, global shareholder base. Approximately 86% of the issued ordinary shares of Wolters Kluwer were held by institutional investors. The remaining 14% was either unidentified, held by broker-dealers or retail investors, or held in treasury by Wolters Kluwer.

As of December 2022, 42% of our issued ordinary shares were held by investors in North America, mainly the United States and Canada. Institutions based in the United Kingdom held 22%, while institutions based in continental Europe owned 18%. Institutions in Asia Pacific & Rest of World owned approximately 4% of our issued share capital.

Shareholders who have notified the Dutch Authority for the Financial Markets (AFM) indicating a capital interest exceeding the AFM's reporting thresholds can be found on the AFM website *(www.afm.nl)*.

Geographical distribution of issued ordinary shares



Source: CMi2i, as of December 2022.

Some of the most widely followed indices that include Wolters Kluwer shares are shown below.

Wolters Kluwer weight in selected indices

Index	**Weight %**
AEX®	3.39%
AEX® ESG	7.75%
Euronext® 100	0.69%
Euronext® Eurozone ESG Leaders Select 40	2.49%
EURO STOXX®	0.54%
STOXX® Europe 600	0.27%
STOXX® Europe 600 Media	14.57%
STOXX® Europe 600 ESG-X	0.28%
MSCI Europe Commercial & Professional Services	14.59%

Sources: Euronext, STOXX, MSCI. Weights as of December 31, 2022.

INDUSTRY CLASSIFICATIONS AND INDICES

Wolters Kluwer is currently classified in different industry sectors by the global index providers.

Industry classification by main index providers

Main index provider	**System used**	**Wolters Kluwer industry classification (code)**
Bloomberg	BICS	Technology: Software & Technology Services (1814)
STOXX, FTSE Russell	ICB	Consumer Discretionary: Media: Publishing (5557)
MSCI, S&P, Dow Jones	GICS	Industrials: Commercial & Professional Services: Research & Consulting Services (20202020)

Sources: Bloomberg, FTSE Russell, MSCI, S&P Global, STOXX.

RESEARCH RATINGS

Wolters Kluwer is covered by over 18 sell-side analysts. Of those who regularly publish research, as of January 31, 2023, nine have a Buy rating, five have a Hold rating, and two rate the shares a Sell. A diverse range of firms produce environmental, social, and governance (ESG) research and ratings on Wolters Kluwer. A selection of publicly available ESG ratings is shown below.

A list of analysts can be found on our Investor Relations website
www.wolterskluwer.com/en/investors/analysts/analyst-coverage

Wolters Kluwer Shares and Bonds continued

Selected ESG ratings

ESG rating	2022	2021	Description
MSCI ESG Rating	AAA	AAA	MSCI rating uses a scale of AAA-CCC. AAA is the top score.
ISS Governance Quality Score	1	1	ISS quality scores are on a scale of 1-10, with a lower score denoting lower risk.
ISS Social Quality Score	2	2	
ISS Environment Quality Score	4	3	
Sustainalytics ESG Risk Rating*	15.6	18.0	Sustainalytics uses a scale of 0-100. A low score indicates lower ESG risk. In 2021, Sustainalytics reclassified and rated Wolters Kluwer as a Software & Services company.

Sources: MSCI, ISS, Sustainalytics, as of January 31, 2023.
* Sustainalytics: 2022 ESG Risk Rating is as of January 2023; 2021 ESG Risk Rating is as of March 2022.

BONDS AND OTHER FIXED INCOME SECURITIES

Wolters Kluwer has seven Eurobonds listed on the Luxembourg exchange with a total face value of €3,136 million.

Wolters Kluwer listed fixed-income issues

Debt security	Due	Amount € million	Listing	ISIN
2.875% senior bonds	March 2023	€700	Luxembourg	XS0907301260
2.500% senior bonds	May 2024	€400	Luxembourg	XS1067329570
3.000% senior bonds	September 2026	€500	Luxembourg	XS2530756191
1.500% senior bonds	March 2027	€500	Luxembourg	XS1575992596
0.250% senior bonds	March 2028	€500	Luxembourg	XS2324836878
6.748% senior bonds	August 2028	€36	Luxembourg	XS0384322656
0.750% senior bonds	July 2030	€500	Luxembourg	XS2198580271

Euro Commercial Paper

Wolters Kluwer has a Euro Commercial Paper (ECP) program under which the company may issue unsecured, short-term debt up to a maximum of €1.0 billion. The outstanding amount (included in borrowings and bank overdrafts) per December 31, 2022, is nil (2021: nil).

Type	As of	Issued € million	Total facility € million
Euro Commercial Paper	December 31, 2022	Nil	1,000

Credit ratings

Maintaining investment grade credit ratings is a core policy of Wolters Kluwer. Current credit ratings and outlook are provided below.

Agency	Long-term	Short-term	Outlook	Date of rating	Date affirmed
Moody's	Baa1	–	Stable	September 12, 2013	March 29, 2022
S&P	BBB+	A-2	Stable	March 7, 2013	June 7, 2022

Sources: Moody's, S&P Global.

For more information on Wolters Kluwer's long-term debt, refer to *Note 29 – Net Debt*.

INVESTOR RELATIONS

Shareholder engagement

Wolters Kluwer places great importance on a constructive dialogue with the investment community. We manage a comprehensive investor relations program designed to maintain regular interaction with investors and sell-side analysts. We communicate through our half-year and full-year earnings releases and presentations, trading updates, the annual report, investor seminars, and other information published on our investor relations website. We host live webcast presentations of our half-year and full-year results, hold the Annual General Meeting of Shareholders, and interact with investors on roadshows and at conferences. In December 2022, we held a virtual teach-in on our Tax & Accounting division, highlighting two of our largest cloud-based software platforms. During the year, the Executive Board met with investors representing around a third of our issued share capital and our Supervisory Board Chair met with a number of shareholders during virtual and in-person governance roadshows.

Investor Relations is focused on helping the market understand our business, our strategy, our markets, as well as our financial performance. We aim to be responsive and proactive and welcome direct feedback from investors. Wolters Kluwer is committed to a high degree of transparency in its financial reporting and strives to be open with its shareholders and the wider investment community.

Investor Relations website
www.wolterskluwer.com/en/investors

Investor relations policy

Wolters Kluwer is strict in its compliance with applicable rules and regulations on fair disclosure to shareholders. Presentations are posted publicly on the company's website at the same time as they are made available to analysts and investors. In adherence with fair disclosure rules, meetings and presentations do not take place during 'closed periods' before the publication of annual and quarterly financial information. The company does not assess, comment upon, or correct, other than factually, any analyst report or valuation prior to publication. The company is committed to helping investors and analysts become better acquainted with Wolters Kluwer and its management, as well as to maintaining a long-term relationship of trust with the investment community at large.

Financial calendar 2023-2024

2023	
May 3	First-Quarter 2023 Trading Update
May 10	Annual General Meeting of Shareholders
May 12	Ex-dividend date: 2022 final dividend
May 15	Record date: 2022 final dividend
June 6	Payment date: 2022 final dividend, ordinary shares
June 13	Payment date: 2022 final dividend, ADRs
August 2	Half-Year 2023 Results
August 29	Ex-dividend date: 2023 interim dividend
August 30	Record date: 2023 interim dividend
September 21	Payment date: 2023 interim dividend
September 28	Payment date: 2023 interim dividend, ADRs
November 1	Nine-Month 2023 Trading Update
2024	
February 21	Full-Year 2023 Results
March 6	Publication of 2023 Annual Report

Five-Year Key Figures

in millions of euros, unless otherwise stated	2022	2021	2020	2019	2018*
Revenues	5,453	4,771	4,603	4,612	4,259
Operating profit	1,333	1,012	972	908	967
Profit for the year, attributable to owners of the company	1,027	728	721	669	656
Adjusted EBITDA	1,730	1,514	1,422	1,382	1,274
Adjusted operating profit	1,424	1,205	1,124	1,089	986
Adjusted net financing costs	56	78	46	58	77
Adjusted net profit	1,059	885	835	790	682
Adjusted free cash flow	1,220	1,010	907	807	762
Proposed dividend distribution	450	405	357	315	266
Acquisition spending	92	108	395	34	166
Net capital expenditure	295	239	231	226	214
Amortization and impairment of other intangible assets, and depreciation and impairment of PPE and right-of-use assets	306	309	298	293	288
Amortization and (reversal of) impairment of acquired identifiable intangible assets	160	164	144	182	175
Shareholders' equity	2,310	2,417	2,087	2,380	2,254
Guarantee equity	2,310	2,417	2,087	2,380	2,254
Net debt	2,253	2,131	2,383	2,199	2,249
Capital employed	5,529	5,859	5,087	4,966	5,013
Total assets	9,510	9,028	8,350	8,775	8,544
Ratios					
As % of revenues:					
Operating profit	24.4	21.2	21.1	19.7	22.7
Profit for the year, attributable to owners of the company	18.8	15.3	15.7	14.5	15.4
Adjusted EBITDA	31.7	31.7	30.9	30.0	29.9
Adjusted operating profit	26.1	25.3	24.4	23.6	23.1
Adjusted net profit	19.4	18.6	18.1	17.1	16.0
ROIC (%)	15.5	13.7	12.3	11.8	10.6
Dividend proposal in % of adjusted net profit	42.5	45.8	42.8	39.8	39.0
Dividend proposal in % of profit for the year, attributable to owners of the company	43.9	55.7	49.5	47.1	40.5
Cash conversion ratio (%)	107	112	102	96	104
Net interest coverage	25.4	15.5	24.5	18.7	12.8
Net-debt-to-EBITDA	1.3	1.4	1.7	1.6	1.8
Net gearing	1.0	0.9	1.1	0.9	1.0
Shareholders' equity to capital employed	0.42	0.41	0.41	0.48	0.45
Guarantee equity to total assets	0.24	0.27	0.25	0.27	0.26

	2022	2021	2020	2019	2018*
Information per share (€)					
Total dividend proposal in cash per share	1.81	1.57	1.36	1.18	0.98
Basic earnings per share	4.03	2.79	2.72	2.47	2.37
Adjusted earnings per share	4.16	3.40	3.15	2.92	2.47
Adjusted free cash flow per share	4.79	3.89	3.42	2.98	2.75
Based on fully diluted:					
Diluted earnings per share	4.01	2.78	2.70	2.46	2.35
Diluted adjusted earnings per share	4.14	3.38	3.13	2.90	2.45
Diluted adjusted free cash flow per share	4.77	3.87	3.40	2.96	2.73
Weighted-average number of shares issued (millions)	254.7	260.4	265.0	270.3	276.7
Diluted weighted-average number of shares (millions)	255.8	261.8	266.6	272.2	278.8
Stock exchange (€)					
Highest quotation	111.40	105.25	78.22	67.72	55.68
Lowest quotation	84.18	63.88	52.04	49.98	39.19
Quotation at December 31	97.76	103.60	69.06	65.02	51.66
Average daily trading volume Wolters Kluwer on Euronext Amsterdam N.V. (thousands of shares)	542	521	677	643	755
Employees					
Headcount at December 31	20,451	19,827	19,169	18,979	18,553
In full-time equivalents at December 31	20,056	19,454	18,785	18,361	18,134
In full-time equivalents average per annum	20,616	19,741	19,180	18,883	18,687

* Restated for IFRS 16, IFRIC 23, and certain reclassifications.

Glossary

Adjusted
'Adjusted' refers to figures adjusted for non-benchmark items and amortization and impairment of goodwill and acquired identifiable intangible assets.

'Adjusted' figures are non-IFRS compliant financial figures but are internally regarded as key performance indicators to measure the underlying performance of the business.

Adjusted earnings per share
Adjusted net profit divided by the weighted-average number of ordinary shares outstanding.

Adjusted EBITDA
EBITDA adjusted for non-benchmark items in operating profit.

Adjusted free cash flow
Net cash from operating activities less net capital expenditure, plus paid acquisition and divestment expenses, plus dividends received, and adjusted for one-off cash tax items. Adjusted free cash flow is the cash flow available for dividend payments to shareholders, acquisitions, repayments of debt, and repurchasing of shares.

Adjusted net financing costs
Total financing results adjusted for non-benchmark items in total financing results.

Adjusted net profit
Profit for the period attributable to the owners of the company, excluding the after-tax effect of non-benchmark items, amortization of acquired identifiable intangible assets, and impairment of goodwill and acquired identifiable intangible assets.

Adjusted operating cash flow
Adjusted EBITDA plus or minus autonomous movements in working capital and book results on sale of non-current assets, less net capital expenditure, repayments of lease liabilities, and lease interest paid.

Adjusted operating profit
Operating profit before amortization and impairment of acquired identifiable intangible assets and impairment of goodwill, and adjusted for non-benchmark items.

Adjusted operating profit margin
Adjusted operating profit as a percentage of revenues.

Adjusted profit before tax
Sum of adjusted operating profit, adjusted net financing costs, income from investments, and share of profit of equity-accounted investees (net of tax).

Allocated tax
Adjusted operating profit multiplied by benchmark tax rate.

Basic earnings per share
The profit or loss attributable to the ordinary shareholders of the company divided by the weighted-average number of ordinary shares outstanding during the period.

Benchmark tax rate
Income tax on adjusted profit divided by adjusted profit before tax.

Capital employed
Total assets minus current liabilities and non-current deferred income.

Cash conversion ratio
Adjusted operating cash flow divided by adjusted operating profit.

Constant currencies
Income, expenses, and cash flows in local currencies are recalculated to euros, using the average exchange rates of the previous calendar year.

Diluted adjusted earnings per share
Adjusted earnings per share amended for the effects of all dilutive potential ordinary shares.

Shares conditionally awarded under LTIP-plans are included in the calculation of the diluted weighted-average number of ordinary shares outstanding if the vesting conditions are satisfied.

Diluted earnings per share
Basic earnings per share amended for the effects of all dilutive potential ordinary shares.

Shares conditionally awarded under LTIP-plans are included in the calculation of the diluted weighted-average number of ordinary shares outstanding if the vesting conditions are satisfied.

EBITA (Earnings before interest, tax, and amortization)
Operating profit before amortization and impairment of acquired identifiable intangible assets and impairment of goodwill.

EBITDA (Earnings before interest, tax, depreciation, and amortization)
EBITA before amortization and impairment of other intangible assets, and depreciation and impairment of PPE and right-of-use assets.

Guarantee equity
Sum of total equity, subordinated (convertible) bonds, and perpetual cumulative bonds.

Invested capital
Total assets minus current liabilities and non-current deferred income, excluding investments in equity-accounted investees, deferred tax assets, non-operating working capital, and cash and cash equivalents.
This total summation is adjusted for accumulated amortization on acquired identifiable intangible assets, goodwill amortized pre-IFRS 2004, and goodwill written off to equity prior to 1996 (excluding acquired identifiable intangible assets/goodwill that have been impaired and/or fully amortized), less any related deferred tax liabilities. The average invested capital is based on five measurement points during the year.

Net capital expenditure
Sum of capitalized expenditure on PPE and other intangible assets, less any cash inflows arising from disposal of PPE and other intangible assets.

Net debt
Sum of long-term debt, short-term bonds, borrowings and bank overdrafts, and deferred and contingent acquisition payments, minus cash and cash equivalents, divestment receivables, collateral deposited, and the net fair value of derivative financial instruments.

Net-debt-to-EBITDA ratio
Net debt divided by EBITDA, adjusted for divestment-related results on operations.

Net gearing
Net debt divided by total equity.

Net interest coverage
Adjusted operating profit divided by adjusted net financing costs.

Non-benchmark items
Non-benchmark items relate to expenses arising from circumstances or transactions that, given their size or nature, are clearly distinct from the ordinary activities of the group, and are excluded from the benchmark figures.

Non-benchmark items in operating profit include amortization and impairment of acquired identifiable intangible assets, impairment of goodwill, results from divestments (including directly attributable divestment costs), additions to and releases from provisions for restructuring of stranded costs following divestments, acquisition-related costs, additions to and releases from acquisition integration provisions, subsequent fair value changes on contingent considerations, and loss on remeasurement on assets classified as held for sale.

Non-benchmark items in total financing results are financing component employee benefits, gains and losses on financial assets at fair value through profit or loss, and divestment-related results on equity-accounted investees.

NOPAT
Net operating profit after allocated tax. Adjusted operating profit less allocated tax.

Operating other receivables
Operating other receivables consist of prepayments and miscellaneous receivables.

Operating other payables
Operating other payables consist of salaries and holiday allowances; VAT, sales tax, social security premiums, and other taxation; pension-related payables; royalty payables; and other accruals and payables.

Organic revenue growth
Calculated as revenues, excluding the impact of acquisitions above a minimum threshold, divided by revenues in the previous reporting period, adjusted for the impact of divestments of operations above a minimum threshold, all translated at constant currencies.

Tax on adjusted profit
Income tax expense adjusted for tax benefits on amortization and impairment of acquired identifiable intangible assets and impairment of goodwill, tax on non-benchmark items, and the income tax effect of any material changes in (income) tax laws and (income) tax rates in the jurisdictions where the group operates.

Working capital
Current assets less current liabilities.

Working capital: non-operating working capital
Total of derivative financial assets/liabilities, collateral, short-term part of restructuring provisions, deferred and contingent acquisition payables, interest receivable/payable, current income tax assets/liabilities, divestment receivables, short-term bonds, and borrowings and bank overdrafts.

Working capital: operating working capital
Working capital minus non-operating working capital minus cash and cash equivalents.

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Trade Registry No. 33.202.517

FORWARD-LOOKING STATEMENTS AND OTHER IMPORTANT LEGAL INFORMATION

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ABOUT THIS REPORT

This 2022 Annual Report includes sustainability information.

More information on sustainability is available at *www.wolterskluwer.com/en/about-us/sustainability*

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