WKL.AS gideon lens

Wolters Kluwer (WKL.AS) - Production ER2 / Gideon Lens Refresh

Report ID: WKL-AS-ER2-20260928T020214+0800 **Report date:** 2026-09-28 **Price anchor:** EUR 68.66 per XAMS:WKL ordinary share, 2026-09-25 close **Operating anchor:** TTM ended 2026-06-30; horizon 2031-06-30, exactly 5.0 years **Research authority:** analysis only; no trade, portfolio, ranking, messaging, or sizing authority

What changed from the previous report and why

Previous report: WKL-AS-ER2-20260820T120224+0800; 2026-08-20; `C:\Users\Admin\OneDrive\GPT\ER 2.0\Wolters Kluwer\raw\pulse-cio-20260928T020214+0800\prior_active_snapshot\WKL.AS_gideon_lens.md`; SHA-256 `fd5f06021b4955b59305f0e1c8c4a55a25ab7ff32b365b5f5493cd45728550db` **Current report:** WKL-AS-ER2-20260928T020214+0800; 2026-09-28; price anchor EUR 68.66 as of 2026-09-25

Area	Previous report	Current report	What changed and why	Decision impact
Price anchor	EUR70.62 on 2026-08-19	EUR68.66 on 2026-09-25	Share price fell 2.8%	Modestly improves entry economics
ER2 verdict and gates	PASS; Management YELLOW; Moat YELLOW; valuation PASS	PASS; Management YELLOW; Moat YELLOW; valuation PASS	No qualitative gate resolved; price-sensitive buyback correction lowers Base EPS	Verdict remains PASS because two gates are YELLOW
FY+5 valuation bridge	Base EPS EUR8.4982; P/E-15 cushion 80.5%	Base EPS EUR7.7034; P/E-15 cushion 68.29%	Rebuilt share retirement at rising repurchase prices rather than EUR68.66 forever	Valuation gate still passes, with less cushion
Insurer retained economics / book bridge	n/a	n/a	Wolters Kluwer is not a P&C insurer	No impact
Shareholder returns	Gross EUR -2.56% / 14.00% / 26.05%; PW 13.88%	Gross EUR 3.62% / 18.77% / 29.34%; PW 18.36%	Lower entry price, dividends now modeled, 14x/19x/23x exits, and corrected buybacks	Better expected return, but Base still needs material rerating
CIO actionability	WATCH; net-SGD PW 11.28%	WATCH; net-SGD PW 16.91%	Lower price and revised return evidence improve the diagnostic; portfolio context remains unavailable	Remains WATCH, with no proposed size
Audited scores	71/100; 64/80; 7/20	61/100; 54/80; 7/20	Auditor applies stricter ROIIC, acquisition-return, and expansion-dependent valuation caps	Score-implied classification is Reject
Methodology or corrections	Fixed-price buyback path; 12x/16x/20x exits; zero distributions	Price-sensitive fixed-point buybacks; 14x/19x/23x exits; source-bound dividend path	Red team found and forced repair of a material share-count defect	Return objection is MATERIAL_RESOLVED

Bottom line: The economics improved relative to the previous publication because the market price is lower and the independently justified exit range is higher, but the refresh is not a simple uplift. A red-team challenge proved that repurchasing shares at EUR68.66 for five years overstated terminal EPS; the entire synthesis, valuation lock, return model, and audit were rebuilt. After repair, Base gross return is 18.77%, not above 20%, and depends on a 19x exit versus 14.12x normalized current P/E. Management and Moat both remain YELLOW, so the governed ER2 verdict remains PASS and CIO actionability remains WATCH.

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	New CEO; AI, M&A, and reinvestment returns remain unproven
Moat	YELLOW	Strong workflows, but 2046 system-of-action ownership is unresolved
P/E <= 15 on confident EPS at TTM + 5 calendar years	PASS	Base EPS EUR7.7034; 68.29% cushion at EUR68.66
Compounder Score	Audited 61 / 100	Evidence does not support dream-investment status; diagnostic only
Business Quality Score	Audited 54 / 80	Cash economics credible; incremental and acquisition returns insufficient
20% Return UW Score	Audited 7 / 20	Base 18.77%; expected 18.36%; both require rerating

One-line reason to pass: Wolters Kluwer is a durable recurring-workflow franchise, but two qualitative gates remain unresolved and the attractive Base return requires substantial P/E expansion.

Security return underwriting (mandatory even when the verdict is PASS):

Measure	Result	Notes
Primary valuation method	P/E	One audited method used for all scenarios, probability weighting, reverse return, and net-SGD
Gross local-currency bear / base / bull IRR	3.62% / 18.77% / 29.34%	Five-year annualized shareholder return in EUR
Probability-weighted gross local-currency IRR	18.36%	CAGR of EUR159.469605 expected terminal wealth; weights 25% / 55% / 20%
Return bridge	EUR68.66 -> terminal wealth	EPS x 14x/19x/23x plus distributions; no second cash/debt adjustment under P/E

Gross local-currency underwriting is in EUR. The reported TTM EPS of EUR5.8694 contains EUR227m of positive non-benchmark operating items; the comparable normalized current denominator is EUR4.8617, or 14.1226x. Net-SGD adjustments appear separately in CIO actionability. Operating start values are the TTM ended 2026-06-30; the security price is anchored on 2026-09-25.

Bear-case operating and return bridge

Bear case	Start (2026-09-25 price; TTM 2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR6,106m	EUR6,683m	1.82%	AI pressure, print decline, and weaker transaction demand
Operating margin	29.32%	21.75%	-7.57 pp	Revenue pressure and continued product investment; statutory OI basis
Operating earnings	EUR1,790m	EUR1,453.6m	-4.08%	Revenue x statutory operating margin
Diluted share count	225.30m	205.23m	-1.85%	EUR300m annual buybacks at price-sensitive execution plus SBC
EPS	EUR4.8617 normalized	EUR4.8509	-0.04%	Statutory diluted EPS used in the shareholder bridge
Valuation denominator	EUR4.8617 normalized EPS	EUR4.8509 statutory EPS	comparable	EUR227m event benefit excluded from current denominator
Valuation	14.1226x normalized P/E	14.0x exit P/E	-0.1226x	Near-current multiple; independent historical/peer downside anchor
Share value	EUR68.66	EUR67.9123	-0.22%	Terminal EPS x 14.0x; no net-debt adjustment

Bear case	Start (2026-09-25 price; TTM 2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Annual dividend	EUR2.53	EUR3.0345	3.73%	Progressive payout diagnostic tied to scenario cash growth
Dividend yield	3.68%	4.47%	+0.79 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR14.1063	cumulative	Source-bound dividend cash path divided by scenario shares
Total ending value	EUR68.66	EUR82.0186	3.62% gross EUR IRR	Terminal share value plus cumulative distributions

Base-case operating and return bridge

Base case	Start (2026-09-25 price; TTM 2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR6,106m	EUR7,884.1m	5.24%	Recurring cloud workflow growth offsets print and mature products
Operating margin	29.32%	27.26%	-2.06 pp	Mix gains partly offset by AI and development reinvestment
Operating earnings	EUR1,790m	EUR2,149.2m	3.73%	Revenue x statutory operating margin
Diluted share count	225.30m	201.68m	-2.19%	EUR500m annual buybacks at price-sensitive execution plus SBC
EPS	EUR4.8617 normalized	EUR7.7034	9.64%	Statutory diluted EPS used in the shareholder bridge
Valuation denominator	EUR4.8617 normalized EPS	EUR7.7034 statutory EPS	comparable	Same continuing listed-share claim perimeter
Valuation	14.1226x normalized P/E	19.0x exit P/E	+4.8774x	Historical-low/peer evidence, but a material 34.54% expansion
Share value	EUR68.66	EUR146.3648	16.34%	Terminal EPS x 19.0x; no net-debt adjustment
Annual dividend	EUR2.53	EUR3.6428	7.59%	Progressive payout diagnostic tied to scenario cash growth
Dividend yield	3.68%	2.49%	-1.19 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR15.9108	cumulative	Source-bound dividend cash path divided by scenario shares
Total ending value	EUR68.66	EUR162.2756	18.77% gross EUR IRR	Terminal share value plus cumulative distributions

Bull-case operating and return bridge

Bull case	Start (2026-09-25 price; TTM 2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR6,106m	EUR8,727m	7.40%	Paid AI adoption, cloud migration, and workflow cross-sell accelerate
Operating margin	29.32%	30.02%	+0.70 pp	Monetization outruns product investment and print drag
Operating earnings	EUR1,790m	EUR2,620.0m	7.92%	Revenue x statutory operating margin
Diluted share count	225.30m	193.45m	-3.00%	EUR802m annual buybacks at price-sensitive execution plus SBC
EPS	EUR4.8617 normalized	EUR10.0444	15.62%	Statutory diluted EPS used in the shareholder bridge
Valuation denominator	EUR4.8617 normalized EPS	EUR10.0444 statutory EPS	comparable	Same continuing listed-share claim perimeter

Bull case	Start (2026-09-25 price; TTM 2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Valuation	14.1226x normalized P/E	23.0x exit P/E	+8.8774x	Peer/historical upside anchor requires strong AI execution
Share value	EUR68.66	EUR231.0220	27.46%	Terminal EPS x 23.0x; no net-debt adjustment
Annual dividend	EUR2.53	EUR4.2041	10.72%	Progressive payout diagnostic tied to scenario cash growth
Dividend yield	3.68%	1.82%	-1.86 pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR17.5449	cumulative	Source-bound dividend cash path divided by scenario shares
Total ending value	EUR68.66	EUR248.5669	29.34% gross EUR IRR	Terminal share value plus cumulative distributions

CIO actionability (separate from ER2 underwriting):

Measure	Result	Notes
Status	WATCH	Return is credible, but two qualitative gates, rerating dependence, and portfolio uncertainty remain
Bear / Base / Bull net SGD IRR	0.84% / 17.10% / 28.94%	Same P/E method after FX, costs, and 15% unreclaimed dividend withholding
Probability-weighted net SGD IRR	16.91%	CAGR of expected net terminal wealth; weights 25% / 55% / 20%
10% mandate hurdle	PASS	Base and probability-weighted cases both exceed 10%
15% stretch hurdle	PASS	Base and probability-weighted diagnostics both exceed 15%
Downside and portfolio fit	UNAVAILABLE	Bear return is weak; current holdings, factor, currency, and risk budgets were not supplied
Proposed sizing ceiling	none	Research has no sizing authority; owner approval would be required

The net-SGD diagnostic assumes terminal EUR/SGD factors of 0.90/0.95/1.00 versus entry for Bear/Base/Bull, 15% unreclaimed Dutch dividend withholding, 25bp entry friction, 25bp exit friction, and no Singapore capital-gains tax under a long-term personal-investment assumption. Personal tax residence, account type, broker costs, reclaim status, and portfolio exposures were not supplied; those gaps constrain portfolio fit and sizing, not the finite return calculation.

Trade execution authorized: NO

Kill / trigger criteria:

- BUY trigger: none under current gates; both Management and Moat must first become PASS, and a refreshed same-method return bridge must remain attractive.
- PASS trigger: group renewal below 90%, or Health/Tax recurring growth below 3% for two consecutive reporting periods while product-development spending remains at least 12% of revenue.
- Return warning: Base support weakens materially if normalized current P/E does not recover toward 19x; at a flat 14.1226x, the return is far below the modeled Base case.
- Upgrade conditions: disclose decision-grade organic and acquisition-inclusive ROIIC, show paid AI adoption and retention economics, and demonstrate that Wolters Kluwer retains the workflow interface rather than becoming a content supplier to third-party agents.

Research sizing if actionable: none. This report is research-only and cannot authorize a transaction.

Investment interpretation

The business still has the attributes that make Wolters Kluwer worth following: 83% recurring revenue, high renewal, embedded professional workflows, credible cash conversion, and steady per-share capital returns. Tax & Accounting is the

strongest moat; Health and Legal carry the clearest risk that a new AI interface captures user attention while Wolters Kluwer supplies content underneath. Corporate Performance & ESG remains the least proven conversion story. The segment model does not require heroic consolidated revenue growth, but the valuation outcome does require both sustained operating delivery and a market rerating.

The qualitative discipline matters. Nancy McKinstry's record supports confidence in the inherited operating system, but Stacey Caywood has less than a year of accountable CEO tenure. The company has not yet disclosed enough to prove paid AI activation, retention, pricing, or acquisition returns. Management is therefore YELLOW, not PASS. The moat is also YELLOW: proprietary content, workflow integration, and regulatory maintenance are durable, yet the 2046 test depends on who owns the system of action in an agentic professional workflow. Two YELLOW gates make PASS mandatory under the ER2 decision rule even though the P/E-15 gate passes.

The red-team repair is central to the conclusion. The first return build retired shares at EUR68.66 in every future year, even as scenario terminal values rose sharply. That overstated the number of shares repurchased and therefore terminal EPS. The repaired model solves price and share count together, using price-sensitive fixed-point paths while holding operating forecasts, repurchase cash, SBC, and exit multiples unchanged. Base terminal shares increase from the invalid 190.78m to 201.68m, lowering Base EPS to EUR7.7034. All downstream valuation, return, net-SGD, and scoring audits were rerun from the resealed artifact. The final red team classifies the objection as MATERIAL_RESOLVED.

The audited diagnostic score is deliberately harsher than the raw business profile. A 61/100 Compounder Score and 54/80 Business Quality Score reflect missing decision-grade ROIIC and acquisition-return evidence, not a claim that the franchise is poor. The 7/20 return score reflects the difference between a possible attractive outcome and an underwritten 20% compounder: Base reaches 18.77% only at 19x, 34.54% above normalized current P/E, while Bear earns 3.62%. The correct stance is to keep the company on WATCH for CIO purposes while the ER2 verdict remains PASS. No price, score, or return in this report is a trade instruction.

Appendix A - Company Primer

Wolters Kluwer (WKL.AS) — Company Primer

Production ER2 run: `pulse-cio-20260928T020214+0800` **Information cutoff:** 28 September 2026, Singapore time **Latest complete period:** H1 2026, ended 30 June 2026 **Controlling TTM:** FY2025 less H1 2025 plus H1 2026, ended 30 June 2026 **Forward horizon used elsewhere in ER2:** 30 June 2031, exactly five calendar years **Trade execution authorized:** false

Reader orientation

Wolters Kluwer is best understood not as a traditional publisher and not as a general-purpose software company, but as a collection of specialist decision and workflow systems for professionals who operate in regulated, high-consequence environments. A doctor deciding on treatment, an accountant filing a tax return, a bank updating lending documents, a lawyer researching a point of law, and a finance team closing the books all face the same underlying problem: the governing body of knowledge changes constantly, errors are costly, and the answer must fit directly into a repeatable workflow. Wolters Kluwer combines domain content, software, data, and services to address that problem.

This orientation matters because the economic engine is mostly recurring subscription revenue, while the moat depends on more than the content itself. The company must keep that content current, encode it into useful workflows, integrate with customer systems, and earn enough trust that professionals use the product at the moment of decision. AI can deepen that role by making the content easier to query and by automating more tasks. It can also weaken the franchise if general-purpose models make information retrieval cheap, if the company's tools cannot prove accuracy, or if customers refuse premium pricing for AI features.

All financial figures in this primer come from the QFR-sealed `quant_foundation.md`. The exact sealed quote and statutory bridge hashes are recorded in the source note. Current product, customer, strategy, acquisition, and AI descriptions come only from live official Wolters Kluwer materials retrieved for this run. The prior primer was not used as evidence.

1. Business overview

Wolters Kluwer serves professional customers in health; tax and accounting; financial and corporate compliance; legal and regulatory; and corporate performance and ESG. Its products range from evidence-based clinical decision support and medical-reference databases to tax-preparation platforms, corporate registered-agent services, regulatory compliance software, legal research, legal spend management, financial close software, internal-audit tools, and environmental-health-and-safety systems.

The common customer problem is not a lack of raw information. It is the need to turn a large and changing body of rules, evidence, and organizational data into a defensible action. A useful Wolters Kluwer product therefore tends to contain four layers:

- **Authoritative domain material:** clinical evidence, drug information, tax rules, legal authorities, regulatory obligations, audit frameworks, or performance-management logic.
- **Editorial and expert judgment:** specialists select, structure, update, and validate the material instead of merely indexing the open web.
- **Workflow software:** the answer appears in the application where the professional prepares a return, treats a patient, manages an entity, reviews a contract, closes accounts, or documents an audit.
- **Integration and data:** APIs, cloud connections, customer records, and external systems let the product act on the customer's context rather than provide a generic answer.

Customers typically buy through direct enterprise or professional sales, account renewal, and cloud migration or module upsell. Smaller firms can buy standardized packages, while hospitals, banks, large accounting firms, corporations, and government bodies often require longer sales, implementation, security review, and integration. Channel and technology partnerships extend reach, especially where Wolters Kluwer content is embedded inside another vendor's workflow. The company website describes a broad installed base: roughly two million clinicians and 44,000 healthcare institutions or practices; more than 210,000 tax and accounting firms; over 200,000 businesses in Financial & Corporate Compliance; and

more than 450,000 law-firm and corporate customers in Legal & Regulatory. These are commercial reach indicators, not audited revenue metrics.

The company reports in euros and the ordinary share trades in euros on Euronext Amsterdam. The sealed foundation shows FY2025 revenue of €6,125 million. For the TTM ended June 2026, revenue was €6,106 million, adjusted operating profit was €1,715 million, statutory operating profit was €1,790 million, and net income was €1,335 million. The distinction between adjusted and statutory profit is important: the five operating divisions are managed on **Adjusted operating profit**, while acquired-intangible amortization, impairments, and non-benchmark items bridge that measure to IFRS operating profit.

2. Revenue architecture: five divisions

The five divisions are customer and workflow groupings, not clean product-format buckets. Digital subscriptions, implementation work, print, and transactional fees can appear in more than one division. The following table uses FY2025, the latest complete fiscal year in the sealed foundation.

Division	FY2025 revenue (€m)	Share of group	FY2025 adjusted operating profit (€m)	Adjusted margin	What the customer is buying
Health	1,596	26.1%	512	32.1%	Clinical decisions, drug data, research, learning, and care-quality workflows
Tax & Accounting	1,660	27.1%	584	35.2%	Tax, audit, accounting, and firm-management workflow software and content
Financial & Corporate Compliance	1,239	20.2%	437	35.2%	Entity compliance, lending and regulatory compliance, and transaction services
Legal & Regulatory	1,005	16.4%	183	18.2%	Legal research, practice tools, contract/entity management, and legal operations
Corporate Performance & ESG	625	10.2%	48	7.5%	Financial close and planning, internal audit, GRC, EHS, ESG, and corporate tax
Group	**6,125**	**100.0%**	**1,687 after Corporate**	**27.5%**	Five specialist information-and-workflow franchises

The sum of divisional adjusted operating profit was €1,764 million; Corporate costs of €77 million reduced consolidated adjusted operating profit to €1,687 million.

Health

Health combines Clinical Solutions with Learning, Research & Practice. The best-known product, UpToDate, provides evidence-based clinical decision support at the point of care. Adjacent products supply drug knowledge and dosing, medication terminology, surveillance, pharmacy compliance, medical journals, nursing education, and research access. Customers include health systems, clinicians, pharmacists, universities, nursing schools, researchers, and life-science organizations.

The economic attraction is that the product is consulted during a high-stakes decision and is usually paid for by an institution across many users. Content must be continuously reviewed and localized, but one curated knowledge base can serve a broad global user base. Integrations with electronic health records and ambient clinical documentation tools can move Wolters Kluwer closer to the clinician's actual workflow. The current official H1 report says UpToDate Expert AI adoption exceeded 90% of U.S. Enterprise Edition customers and had more than 230 activated international sites across 36 countries by July 2026. Those adoption indicators support the workflow thesis, but they do not by themselves prove incremental pricing or long-term retention.

Tax & Accounting

Tax & Accounting sells professional tax preparation, audit, research, practice management, client collaboration, document workflow, e-invoicing, accounting, and compliance systems. CCH Axcess and CCH iFirm are important cloud platforms; other regional brands include CCH ProSystem fx, ADDISON, Twinfield, Basecone, Genya, and A3. Customers range from sole practitioners and small firms to national accounting firms, the Big Four, corporations, and government agencies.

This division benefits from recurring filing obligations and country-specific complexity. Once a firm has configured workflows, trained staff, imported client data, and linked modules, switching is disruptive. The cloud migration also allows Wolters Kluwer to sell additional modules into the same firm. Official 2026 materials describe continued adoption of CCH Axcess agentic-AI modules across tax, audit, client collaboration, scanning, workflow, and advisory tasks. The key economic question is whether those modules enlarge revenue per customer and reduce churn enough to offset higher product-development spending and competition from other tax suites and AI-native tools.

Financial & Corporate Compliance

Financial & Corporate Compliance contains two distinct businesses. Legal Services supports entity formation, registered-agent, business licensing, lien, and ongoing corporate-compliance tasks, led by CT Corporation and related brands. Financial Services supplies lending-document, digital-asset, regulatory-change, risk, and investment-compliance tools to banks, insurers, and other financial institutions, including products such as ComplianceOne, eOriginal, Expere, GainsKeeper, and Lien Solutions.

The division mixes subscription-like compliance services with transaction-sensitive revenue linked to incorporations, lending, M&A, filings, and other activity. That creates a resilient recurring core and a cyclical overlay. FY2025 statutory operating profit included a gain related to the Finance, Risk & Regulatory Reporting divestment, so the sealed adjusted operating profit and margin are the cleaner operating orientation. The business is attractive when a product becomes the system that tracks obligations or generates compliant documents; it is less predictable where fees depend on market activity or one-off filings.

Legal & Regulatory

Legal & Regulatory spans digital legal information and software. Information products organize primary law, commentary, and practical guidance by jurisdiction; software products support legal practice management, contracts, entities, spend, invoices, and matters. The portfolio includes VitalLaw, LEX, ONE, InView, Kleos, Legisway, Passport, TyMetrix 360, Brightflag, and Libra by Wolters Kluwer.

The division's lower FY2025 adjusted margin reflects a mix of regional information businesses, continuing print exposure, software investment, and recent acquisitions. Its opportunity is to turn a research subscription into a broader workspace. Libra has been integrated with local legal content across multiple European countries, while VitalLaw Expert AI addresses U.S. legal research. The customer proposition is strongest when answers are traceable to authoritative sources and when research flows directly into drafting, matter, spend, or contract work. The risk is that generic legal AI and large incumbent research platforms compress stand-alone information pricing.

Corporate Performance & ESG

Corporate Performance & ESG is the smallest and least mature profit pool. CCH Tagetik supports financial close, consolidation, planning, reporting, and corporate performance management. TeamMate serves internal audit and assurance. Enablon addresses environmental, health, safety, operational risk, and ESG workflows. Corporate Tax covers enterprise tax processes. The 2026 StandardFusion acquisition adds governance, risk, and compliance capabilities to the TeamMate platform, while the Marosa acquisition expands indirect-tax automation.

These are large-enterprise applications with attractive recurring cloud potential but meaningful sales, implementation, and customer-success costs. That helps explain why the division's revenue can grow faster than its current margin suggests while still requiring patience. Cloud growth and module expansion can improve operating leverage; implementation delays, geopolitical uncertainty, on-premise license decline, and complex enterprise deployments can work in the opposite direction.

3. Revenue model and customer retention

The sealed foundation gives a useful view of what customers pay for. FY2025 recurring revenue was €5,110 million, or 83.4% of group revenue. Digital and service subscriptions alone were 76.7% of revenue. The comparable H1 2026 recurring share, calculated from the same official categories in the foundation, was 85.5%.

Revenue type	FY2025 (€m)	Share of group	Economic character
Digital and service subscription	4,700	76.7%	Contracted access, cloud software, maintenance, and renewing services
Print subscription	118	1.9%	Recurring but structurally declining format
Other recurring	292	4.8%	Other renewing service streams

Revenue type	FY2025 (€m)	Share of group	Economic character
Financial & Corporate Compliance transactional	343	5.6%	Sensitive to filings, lending, M&A, and other activity
Legal & Regulatory transactional	104	1.7%	Primarily legal-spend-volume-related ELM revenue
Print books	115	1.9%	Non-recurring and exposed to digital substitution
Other non-recurring	453	7.4%	Licenses, implementation, professional services, and other project revenue
Total	**6,125**	**100.0%**	Mixed model dominated by recurring digital revenue

The recurring label should not be confused with guaranteed revenue. Renewal depends on product quality, pricing, customer budgets, and competitive alternatives. However, the switching decision is often operational rather than purely financial: replacing a clinical knowledge system, tax suite, entity-compliance provider, or audit platform requires data migration, process redesign, training, security review, and sometimes regulatory validation. The annual report states that renewal rates for the largest subscription expert solutions and services remained above 90% in 2025. That official operating claim is a useful quality indicator, although the company does not publish a single audited group retention cohort with net revenue retention.

Growth comes from several levers: price increases; seat, site, or usage expansion; new modules; conversion from print or on-premise licenses to cloud subscriptions; entry into adjacent workflow steps; partnerships that embed content into third-party systems; and acquisitions. The most valuable growth is organic expansion inside an established workflow because it normally uses existing content, sales relationships, and infrastructure. Transactional volumes and implementation services are less durable and can obscure the recurring core.

4. Unit economics and capital intensity

Wolters Kluwer's unit economics are those of a people- and intellectual-property-intensive software and information company. The up-front work consists of acquiring or creating content, encoding rules, building software, integrating systems, maintaining security, and selling or implementing the product. Once a solution is established, an additional user or institution can often be served at relatively low incremental delivery cost, especially in cloud and digital information products. The important variable is not physical production capacity but the continuing cost of expert updating, product development, cloud hosting, sales, implementation, and support.

The five divisions show different mature economics. Health and Tax & Accounting had FY2025 adjusted margins above 30%, consistent with scaled subscription platforms and reusable content. Financial & Corporate Compliance also reported a mid-30s adjusted margin, but its transaction exposure and portfolio change deserve attention. Legal & Regulatory's high-teens margin signals a heavier mix of regional content, print, software investment, and acquisition integration. Corporate Performance & ESG's single-digit margin indicates a business still absorbing enterprise selling, development, and implementation costs.

At group level, the TTM ended June 2026 generated €1,692 million of operating cash flow and used €299 million of net capital expenditure, leaving €1,393 million of free cash flow before lease principal. Net capital expenditure was 4.9% of revenue and that free-cash-flow measure was 22.8% of revenue. This is modest physical capital intensity, but it does not mean innovation is free: much product development is expensed, some software development is capitalized, and acquisitions create identifiable intangible assets and goodwill. Investors should therefore judge reinvestment through product competitiveness, cloud growth, renewal, organic growth, and ROIC rather than capex alone.

Cash conversion can also move with subscription billing, implementation timing, transaction volumes, taxes, and working capital. The recurring model helps visibility, while acquisitions and share repurchases can keep net debt elevated even when operating cash generation is strong. The sealed foundation reports €4,024 million of net debt and net debt to EBITDA of 2.0 times at 30 June 2026.

5. Customer workflow and buying behavior

Customer group	Trigger for purchase	Embedded workflow	Why replacement is difficult
Hospitals and clinicians	Need current, defensible clinical guidance	Point-of-care decisions, medication, safety, education	Clinical governance, integrations, trusted authorship, user habit

Customer group	Trigger for purchase	Embedded workflow	Why replacement is difficult
Accounting and tax firms	Filing complexity, labor scarcity, cloud migration	Return preparation, audit, document and firm workflow	Client data, staff training, local tax logic, linked modules
Banks and financial institutions	Regulatory change and compliant lending	Documents, obligations, digital assets, risk controls	Regulatory validation, system integration, audit trail
Corporate legal and compliance teams	Entity, license, contract, and spend control	Registered agent, filings, matters, invoices, contracts	Entity history, process ownership, outside-counsel integrations
Law firms and public-sector legal users	Research accuracy and practice productivity	Research, drafting, matter and practice management	Jurisdiction-specific content, citations, knowledge base, workflow
CFO, audit, tax, EHS, and ESG teams	Close, assurance, reporting, safety, and compliance	Consolidation, planning, audit, controls, EHS and ESG data	Configured models, control evidence, enterprise integrations

Large customers generally demand proof of security, reliability, regulatory fitness, and interoperability. That lengthens sales cycles but also raises the hurdle for a new entrant. Smaller firms may be more price sensitive and easier to reach through standardized cloud packages. Across both groups, cloud delivery changes the buying motion from a periodic license decision to an ongoing service relationship, making usage, renewal, and cross-sell central commercial metrics.

6. Competition and substitutes

Competition is fragmented because each division spans different jurisdictions and workflows. Wolters Kluwer faces large information and software incumbents, specialist vertical vendors, local publishers, accounting or consulting firms that bundle technology with services, customer-built systems, and increasingly general-purpose or domain-specific AI products. The company itself identifies both established competitors and new entrants as a material strategic risk.

Division	Main competitive arena	Wolters Kluwer's intended advantage	Principal substitution risk
Health	Clinical decision support, drug data, research, education	Expert-curated evidence, clinician trust, broad institutional reach, workflow integration	General medical AI, rival evidence platforms, EHR-native tools
Tax & Accounting	Professional tax, audit, accounting, and firm software	Local rule depth, installed base, modular cloud suites, integrated content	Rival tax suites, practice platforms, AI automation, in-house tools
Financial & Corporate Compliance	Entity services, lending and regulatory compliance	Obligation content, filing infrastructure, document logic, compliance audit trail	Specialist RegTech, legal-service networks, bank-built systems
Legal & Regulatory	Legal research and legal-workflow software	Jurisdiction-specific content, citations, editorial depth, connected workflow	Large legal-information platforms, legal AI, practice-software specialists
Corporate Performance & ESG	Close, planning, audit, GRC, EHS, ESG, corporate tax	Domain-specific applications, auditability, regulatory content, enterprise workflow	ERP suites, performance-management vendors, GRC/EHS specialists

The competitive battle is shifting from access to information toward ownership of the workflow. A generic answer engine may make basic retrieval cheaper, but it does not automatically provide validated local content, customer permissions, traceable sources, system actions, or an enterprise audit trail. Conversely, proprietary content alone is not sufficient if a competitor offers a materially faster, easier, and cheaper workflow. The most important evidence is therefore not the number of AI features launched but renewal, paid adoption, usage, module expansion, and sustained organic growth after launch.

7. Geographic, end-market, and regulatory exposure

Wolters Kluwer serves customers in more than 180 countries and operates from more than 40. North America is the largest economic region, Europe is the second major base, and Asia-Pacific plus the rest of the world are smaller. The sealed quantitative foundation does not contain a geographic revenue table, so this primer does not import regional revenue percentages into the financial analysis. The live official H1 report nevertheless confirms that North America remained the majority region and explains why the euro-dollar exchange rate is economically important.

The geographic shape differs by division. Health has global products but a large U.S. hospital and clinician base. Tax & Accounting is concentrated in North America and Europe because tax rules and accounting workflows are local. Financial & Corporate Compliance has substantial U.S. exposure through entity services and lending compliance. Legal & Regulatory contains many country-specific European information franchises as well as U.S. legal workflow products. Corporate Performance & ESG sells more globally to multinational enterprises.

Regulation is both demand driver and operating burden. Tax changes, e-invoicing mandates, financial regulation, corporate-transparency rules, clinical standards, legal developments, audit requirements, workplace-safety rules, and

sustainability disclosure all create reasons to buy. But they also require continuous content maintenance and expose the company to errors, liability, and localization costs. Data privacy, cybersecurity, intellectual-property law, emerging AI regulation, and sector-specific restrictions affect how products can use customer data and external models.

The company's data advantage is best described as a governed knowledge system, not a single proprietary database. It includes expert-curated content, tax and legal logic, clinical evidence, drug information, regulatory taxonomies, customer-configured workflow data, usage signals, and links to primary sources. Much of the defensibility comes from editorial processes, update cadence, provenance, and customer trust. Wolters Kluwer's current AI principles emphasize privacy and security, transparency and explainability, governance and accountability, fairness, and human focus. The company also says customer or sensitive data is not used to train public large-language models and that data access is governed by privacy-by-design controls.

8. Acquisitions and capital allocation

Management's stated hierarchy is to fund organic product development, make selective acquisitions, maintain leverage within its policy range, and return capital through a progressive dividend and share repurchases. The acquisition framework requires strategic fit, strengthening or extending an existing business, generally being accretive to diluted adjusted EPS in the first full year, and exceeding the company's 8% after-tax weighted-average cost of capital within three to five years after integration.

Recent deals illustrate a workflow-adjacency approach. Brightflag added enterprise legal management; Libra added a European legal-AI workspace; Inisoft added legal software; StandardFusion expanded governance, risk, and compliance around TeamMate; and Marosa extended corporate tax into European indirect-tax automation. The divestment of the Finance, Risk & Regulatory Reporting business shows that management also removes assets that no longer fit. The quality test is not deal volume. It is whether acquired products can use Wolters Kluwer's content, distribution, customer relationships, and platforms to grow while producing ROIC above the hurdle after integration.

The sealed TTM cash-flow data show €1,393 million of free cash flow before lease principal, €802 million of cash share repurchases, and €569 million of dividends. Those two shareholder returns totaled €1,371 million over the same TTM window, almost all of that free cash flow measure. Net debt was unchanged at €4,024 million between year-end 2025 and June 2026. This makes capital allocation consequential: sustained buybacks can enhance per-share growth, but acquisitions, dividends, and repurchases collectively compete with debt reduction and organic reinvestment. Diluted weighted-average shares fell from 238.4 million in FY2024 to 231.8 million in FY2025 and to 225.3 million in H1 2026.

9. AI opportunity and disruption framing

AI is simultaneously a product opportunity, a cost and execution commitment, and the clearest disruption vector.

The opportunity. Wolters Kluwer can place generative and agentic interfaces on top of trusted content and then connect answers to actions. UpToDate Expert AI can answer a clinical question with governed evidence; CCH Axcess modules can coordinate tax and audit tasks; Compliance Intelligence can map regulatory change to obligations; legal products can move from research to drafting and matter work; and CCH Tagetik or TeamMate can assist reporting and audit documentation. If customers pay for better outcomes, AI can support price, module penetration, usage, and retention.

The platform advantage. The official 2026 FAB announcement describes a model-agnostic enablement platform with grounding, tracing, logging, tuning, evaluation, orchestration, and governed connections to external systems. Shared infrastructure can prevent five divisions from rebuilding the same controls and can shorten development cycles. The expanded OpenAI collaboration provides access to enterprise model capabilities, while the strategy remains explicitly multi-model rather than tied to one model vendor.

The disruption risk. General models reduce the cost of search, summarization, drafting, and basic rule explanation. Customers may expect those capabilities in the base subscription rather than paying separately. AI-native entrants can attack a narrow workflow without carrying print products or legacy architecture. Foundation-model providers and large enterprise platforms may also move up the stack. If Wolters Kluwer's proprietary content is not sufficiently differentiated, if answers are slower or less usable, or if model errors damage trust, the installed base is not an absolute defense.

The governance constraint. A hallucinated legal citation, unsafe clinical recommendation, incorrect tax position, or leaked customer record can be far more costly than an ordinary software bug. Expert-in-the-loop review, source traceability, privacy, security, and post-deployment monitoring are therefore product features, but they also slow release and raise costs. The investment case should treat high AI adoption as encouraging evidence, not as proof that monetization and durable differentiation are already established.

10. Key risks and leading indicators

The most useful monitoring signals are operational rather than promotional:

- **Renewal and retention:** deterioration below the historically high levels for core products would challenge workflow stickiness.
- **Organic recurring growth:** this separates installed-base health from acquisitions, currency, print decline, and transaction cycles.
- **Cloud and module penetration:** sustained migrations and cross-sell support revenue per customer; slower adoption can signal product or implementation friction.
- **Paid AI adoption and usage:** signed customers, active usage, renewal uplift, and realized pricing matter more than the count of AI launches.
- **Accuracy, privacy, and security events:** a serious clinical, legal, tax, or data-governance failure could damage the trust on which the franchise rests.
- **Product-development productivity:** higher spending must translate into faster launches, better customer outcomes, and growth rather than permanent cost inflation.
- **Transactional activity:** lending, M&A, incorporations, and legal-spend volumes can move non-recurring revenue in Financial & Corporate Compliance and Legal & Regulatory.
- **Enterprise implementation cycles:** Corporate Performance & ESG is sensitive to delayed projects, services demand, and customer budget scrutiny.
- **Portfolio integration and ROIC:** acquisitions should reach the stated return hurdle without masking weak organic economics.
- **Leverage and per-share allocation:** buybacks create value only when purchase price and balance-sheet capacity are sensible.
- **Print decline:** print is now small, but it can still dilute reported growth in Health, Tax & Accounting, and Legal & Regulatory.
- **Currency:** a predominantly North American profit base translated into euros creates material EUR/USD sensitivity.

11. Plain-language glossary

Term	Plain-language meaning
Adjusted operating profit	Management's divisional profit measure before specified acquisition-related and non-benchmark items; not the same as IFRS operating profit
Statutory operating profit	Operating profit reported under IFRS after the disclosed bridge from the adjusted measure
Organic growth	Growth excluding currency movements and changes from acquisitions or disposals
Constant currency	Growth recalculated as if exchange rates had not changed
Recurring revenue	Subscription, maintenance, or other renewing revenue; durable but not guaranteed
Transactional revenue	Fees that depend on transaction volumes such as filings, lending activity, or legal spend
Expert solution	Content, software, data, and workflow combined for a specialist professional task
Expert AI	Wolters Kluwer's term for AI grounded in expert-curated content and governed for professional use
Agentic AI	AI that can plan or execute multiple workflow steps, usually under controls and human oversight
Grounding	Constraining an AI answer with approved source material rather than relying only on model memory
Expert in the loop	A domain specialist participates in design, validation, or review of the AI system and its outputs

Term	Plain-language meaning
Cloud software	Software hosted and updated by the vendor and generally sold as a subscription
On-premise	Software installed in the customer's own environment, often with license and maintenance revenue
Operational gearing	Profit growing faster than revenue because the incremental revenue uses an existing cost base
Net capital expenditure	Cash investment in property, equipment, and capitalized software after disposals
Free cash flow before lease principal	Operating cash flow less net capex, before repayment of lease principal
Net debt to EBITDA	Debt after cash divided by a profit proxy; a measure of leverage and repayment capacity
ROIC	Return on invested capital; an estimate of profit earned on the capital committed to the business
GRC	Governance, risk, and compliance software and processes
EHS	Environmental, health, and safety management
ESG	Environmental, social, and governance reporting and management
ELM	Enterprise legal management, including legal matters, invoices, spend, and outside counsel
Registered agent	A service that receives official legal and regulatory notices for an entity and supports compliance filings

Source and scope note

Controlling financial evidence: QFR-sealed `quant_foundation.md`, using official FY2025 and H1 2026 Wolters Kluwer statements. Quote packet SHA-256: `2506e568c5719e3233e52cc2e4af22749c52ae176f8105a9beb8b3445540925d`. Statutory bridge SHA-256: `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289`.

Live official qualitative sources retrieved in this run: [2026 Half-Year Results](https://assets.contenthub.wolterskluwer.com/api/public/content/3775537-2026-08-05-wolters-kluwer-2026-half-year-results-7d85c04c6c?v=15135ed1); [2025 Annual Report](https://assets.contenthub.wolterskluwer.com/api/public/content/3210406-wolters-kluwer-2025-annual-report-pdf-8bb01b4e47?v=ddef685b); [Organization and division portfolio](https://www.wolterskluwer.com/en/about-us/organization); [2025–2027 strategy](https://www.wolterskluwer.com/en/about-us/strategy); [AI principles](https://www.wolterskluwer.com/en/about-us/artificial-intelligence-principles); [FAB AI platform announcement](https://www.wolterskluwer.com/en/news/wolters-kluwer-accelerates-ai-leadership-with-ai-center-of-excellence-and-fab-platform); [OpenAI collaboration](https://www.wolterskluwer.com/en/news/wolters-kluwer-and-openai-expand-enterprise-ai-collaboration-to-advance-trusted-expert-ai); and [StandardFusion acquisition](https://www.wolterskluwer.com/en/news/wolters-kluwer-acquires-standardfusion-grc).

This primer is an orientation document, not a forecast, valuation, investment verdict, or trading instruction. Where the sealed foundation does not provide a financial breakdown, the primer says so rather than importing an unsealed number. Product and adoption statements from company materials should be tested against future renewal, pricing, usage, organic growth, and ROIC evidence.

Appendix M - Management Assessment

Wolters Kluwer — Management Assessment

Ticker: WKL.AS **Information cutoff:** 28 September 2026 SGT **TTM anchor:** 30 June 2026 **Assessment horizon:** 30 June 2031 **Management gate: YELLOW Trade execution authorized:** false

Executive assessment

Wolters Kluwer enters its first full succession cycle in more than two decades with an unusually strong inherited operating system: 83% recurring revenue in FY2025, disciplined annual product investment, steadily lower diluted share count, and issuer-reported ROIC that rose from 13.7% in FY2021 to 18.0% in FY2025 and 18.2% on the H1 2026 rolling measure. The supervisory structure is independent and technically credible, the CFO has been in seat since 2013, incentives include adjusted free cash flow and ROIC, and the outgoing CEO left a coherent digital and expert-solutions strategy rather than a turnaround.

The gate is nevertheless **YELLOW**, not PASS. Stacey Caywood assumed the CEO role at the late-February 2026 handover, so she has less than seven months of accountable CEO evidence at this cutoff. Her internal divisional record is credible, but her largest group-level choices — lifting product-development spending from 11% to 12%-13% of revenue, accelerating Expert AI commercialization, making selective workflow acquisitions, and continuing large capital returns while leverage is 2.0x — have not yet generated full-cycle evidence on per-share value or incremental ROIC. Disclosure is candid on print decline, transaction weakness and competitive pressure in individual clinical decision support, but management still does not quantify AI user activation, price uplift, ARR or cohort retention. That is a load-bearing evidence gap, not a cosmetic one.

1. Who is running the company

Stacey Caywood, CEO and Chair of the Executive Board. Caywood became the accountable CEO at the late-February 2026 succession. She had joined the Executive Board in May 2025 and spent more than three decades inside Wolters Kluwer. Her most relevant operating credentials are leadership of Legal & Regulatory, where she oversaw a digital-first shift and renewed growth, and leadership of Health from 2020 to 2025. She now owns divisional performance, strategy, business development and innovation, technology, Global Business Services, people, governance and sustainability. The [live-fetched 2025 Annual Report](https://assets.contenthub.wolterskluwer.com/api/public/content/3210406-wolters-kluwer-2025-annual-report-pdf-8bb01b4e47?v=ddef685b) describes her three near-term priorities as accelerating AI product roadmaps, fostering strategic partnerships and building commercial capabilities.

Kevin Entricken, CFO and Executive Board member. Entricken has served as CFO since May 2013 and joined Wolters Kluwer in 2003. He owns group finance, tax, treasury, internal audit, internal controls, risk, investor relations, and legal and compliance. That tenure is an important counterweight to CEO-transition risk. It also means he owns the balance-sheet consequences of returning more cash than free cash flow less dividends in several years and the increase in net debt through the 2025 acquisition program.

The current divisional leadership bench is mostly internally developed:

Division / function	Leader	Current-role start	Relevant prior position
Health	Greg Samios	June 2025	EVP Clinical Effectiveness; joined WKL in 2014
Tax & Accounting	Jason Marx	2023	CEO, Tax & Accounting North America; joined in 2007
Financial & Corporate Compliance	Lisa Nelson	March 2025	External financial-information and solutions leadership
Legal & Regulatory	Martin O'Malley	2020	Led Benelux Legal & Regulatory; joined in 2017
Corporate Performance & ESG	Maria Montenegro	January 2026	WKL Chief Strategy Officer
Technology / DXG	Dennis Cahill	Current CTO	Built the centralized Digital eXperience Group; joined in 2010

Board accountability. Ann Ziegler is the independent Chair of the Supervisory Board, appointed in 2017 and serving a current term through 2027. The two-tier Dutch structure separates executive management from supervision. Following the

planned 2026 AGM rotation of Jack de Kreij out and Maarten de Vries in, the nine-member Supervisory Board comprises Ziegler, Anjana Harve, Heleen Kersten, Hikmet Ersek, Sophie Vandebroek, Chris Vogelzang, Rose Lee, David Sides and de Vries. The governance policy aims for all supervisory directors to be independent; no executive director sits on this board. The mix covers finance, technology, legal, healthcare and information services. Vandebroek's several external board and advisory roles merit normal attendance monitoring, but the live official materials reveal no acute overboarding or related-party concern.

2. Tenure and track record

Caywood is not an unknown outsider, but neither is she yet a proven group CEO. The distinction matters. Her long Wolters Kluwer tenure supports cultural continuity and lowers integration risk; it does not automatically transfer Nancy McKinstry's 22-year capital-allocation record to her.

Her three most consequential group-level decisions so far are:

- **Raise product development to 12%-13% of revenue from 11%.** The prior system spent about EUR674 million in FY2025 on an estimated basis. Caywood committed to a structurally higher level while still targeting margin progress. H1 2026 delivered 5% organic growth, 29.4% adjusted operating margin and 18.2% rolling ROIC, but the margin benefited from seasonality, disposal effects and delayed second-half investment. The decision is strategically coherent but not yet economically proven.
- **Commercialize AI inside existing workflow subscriptions.** UpToDate Expert AI, CCH Axcess agentic modules and Libra are being embedded in high-stakes professional workflows rather than sold as generic chatbots. By H1 2026, more than 90% of U.S. UpToDate Enterprise customers had signed up for Expert AI, and roughly 250 accounting firms subscribed to at least one new CCH Axcess agentic module. Management says monetization comes through renewal support, price increases and add-ons. It has not disclosed user-level activation, incremental ARR or realized price uplift.
- **Continue bolt-on M&A and capital return together.** Libra was acquired in November 2025, StandardFusion in January 2026, and Marosa in August 2026 for EUR112 million enterprise value against approximately EUR10 million of unaudited 2025 gross revenue. The strategic logic — attach new workflow modules to proprietary content and installed distribution — is credible. Observable outcomes are still mainly qualitative: Brightflag and Libra were described as at or ahead of plan, while no acquired-product revenue, margin or ROIC bridge was disclosed.

There is no major public failure under Caywood yet because there has not been enough elapsed time. The clearest recent correction is portfolio pruning: Finance, Risk & Regulatory Reporting was sold in December 2025 after operating at a margin well below the group average. Management openly quantified its low mid-single-digit margin on the FY2025 call rather than presenting the disposal as purely strategic. That is evidence of willingness to pivot, but the disposal also shows the portfolio was not uniformly high quality.

Entricken's record is mixed but credible. The company protected a progressive dividend and retired shares consistently, while issuer ROIC rose substantially. Yet buybacks were not demonstrably price-sensitive: programs were announced as annual amounts and executed mechanically, including EUR1.0 billion in both FY2022 and FY2023 and more than EUR1.0 billion in FY2025. The CFO now explicitly acknowledges distributable-reserve constraints and a 1.5x-2.5x leverage range. That candor is useful; it does not erase the fact that net debt rose from EUR2.6 billion at FY2023 to EUR4.0 billion at FY2025.

3. Capital allocation behavior

The DR-cleared `data_package.md` (SHA-256 `f0126542f25803d5876ae293f63a31c7df0a1bd18ee5b2f9e43e7b38da066e25`) is the sole source for the five-year historical schedule below. Product development is the issuer's R&D-equivalent and includes expensed and capitalized amounts; the euro figures are estimates obtained by multiplying revenue by the disclosed percentage.

EUR million unless stated	FY2021	FY2022	FY2023	FY2024	FY2025
Net capex	240	295	323	313	303
Product development / revenue	10%	11%	11%	11%	11%
Approx. product development	477	600	614	651	674
Buybacks	410	1,000	1,000	1,000	1,096
Dividends paid	373	424	467	521	563
Acquisition spend	113	95	52	335	871

EUR million unless stated	FY2021	FY2022	FY2023	FY2024	FY2025
Issuer ROIC	13.7%	15.5%	16.8%	18.1%	18.0%

The investment pattern matches the stated strategy: product development increased in absolute terms, capex remained near 5% of revenue, recurring cloud software grew, and acquisitions concentrated on adjacent workflow modules. This is not a management team starving the franchise to manufacture EPS. The tension lies in funding. Buybacks plus dividends exceeded free cash flow in multiple years, and the 2025 M&A step-up pushed leverage higher. The announced 2026 buyback of up to EUR500 million is more conservative and management says nearly all 2026 free cash flow and profit will still be returned through buybacks and dividends.

M&A deserves a monitor, not a fail. The company favors bolt-ons and has shown a willingness to divest lower-quality assets. However, goodwill plus other intangibles stood at EUR6.75 billion at June 2026 against only EUR0.94 billion of total equity, producing negative tangible book value. That makes acquisition discipline, impairment testing and distributable reserves economically important even though cash conversion remains strong. Marosa's roughly 11.2x enterprise-value-to-gross-revenue entry price raises the burden of proof for cross-sell and tax-workflow expansion.

Buybacks have been effective at reducing share count: diluted weighted-average shares fell from 261.8 million in FY2021 to 231.8 million in FY2025. But there is no evidence of a valuation-triggered repurchase framework. The program behaves more like systematic capital return than opportunistic allocation. Per-share accretion is real; timing skill is unproven.

4. Compensation alignment

The [live-fetched 2025 Remuneration Report](https://assets.contenthub.wolterskluwer.com/api/public/content/3243485-wolters-kluwer-n-v-2026-remuneration-report-c637ef52a5?v=c8ae5a4e) shows a mostly sound design.

Component	2026 design	Alignment assessment
STIP financial measures	Revenue 34%; adjusted net profit 28%; adjusted FCF 28%	Cash accountability is strong; revenue can still reward scale
STIP non-financial	10% across belonging, cyber maturity, office footprint	Verifiable, but not a direct shareholder-return driver
LTIP 2026-2028	Adjusted EPS 50%; relative TSR 30%; ROIC 20%	Better than TSR-heavy design; ROIC weight remains modest
LTIP term	Three-year performance and vesting plus two-year holding period	Five-year effective retention is appropriate
Ownership rule	CEO 3x salary; CFO 2x; five-year grow-in	Meaningful and enforceable
Recovery	Dutch-law discretion plus clawback for incorrect information	Adequate malus/clawback protection

The prospective 2026-2028 LTIP targets are a 9.1% adjusted EPS CAGR and 20.6% final-year ROIC, with relative TSR targeted at peer rank five or six. The 2023-2025 LTIP did not receive a free pass: relative TSR ranked fifteenth and paid zero; EPS and ROIC paid 98% and 77% respectively. That outcome supports the claim that targets can bite.

Actual ownership is real. At 30 June 2026, Caywood held 21,137 shares and Entricken held 61,426, both higher than at year-end 2025. Caywood was still within her five-year grow-in period; her year-end ownership was 1.7x base salary. Entricken's year-end ownership was 6.0x base salary, well above the 2x requirement. The official materials also impose insider-dealing closed periods and pre-clearance. They do not state a separate executive personal-hedging or pledging prohibition in the searched text, so that narrower control remains an evidence gap rather than an assumed protection.

The DR-cleared package does not publish a five-year SBC-to-revenue series, so none is invented. Diluted shares declined 11.5% from FY2021 to FY2025, showing that equity compensation has not overwhelmed repurchases. This does not establish gross SBC efficiency; it only shows low net dilution.

5. Disclosure quality and candor

Wolters Kluwer holds full calls at half-year and full-year rather than every quarter. The eight most recent available call transcripts therefore span February 2023 through August 2026; Q1 and Q3 are update-only periods. Each transcript was live-fetched from the FMP stable endpoint in this run and date-matched to the official reporting event. Quantitative claims were checked against the official annual and half-year materials; the provider transcript is used only to evaluate Q&A behavior.

Management is generally direct on conventional operating issues. It called out print decline, transactional weakness, the mid-single-digit margin of the divested FRR unit, slower Middle East sales cycles, delayed implementation work, and the competitive vulnerability of the individual UpToDate Pro product. Guidance discipline was strong over the period: FY2023 finished inside the margin range and delivered free cash flow near guidance; FY2024 margin finished above the indicated range; FY2025 margin reached the top of the range, EPS met raised guidance, and free cash flow exceeded expectations. H1 2026 reiterated group guidance while lowering the CP&ESG divisional framing from “ahead” to “in line,” an appropriately bounded response to weaker Enablon demand.

The weak spot is AI disclosure. On the August 2026 call, analysts repeatedly asked for Expert AI user activation, usage intensity and realized pricing. Caywood answered with adoption narratives and qualitative “nice growth,” but did not provide a user-level activation rate or price/yield. She did directly acknowledge that free medical chatbots increase competition in the individual segment and explained why web-traffic statistics miss embedded EHR usage. That is better than denying the threat, but the absence of monetization metrics limits verification.

Across the eight calls, hedged language appears mainly where uncertainty is genuinely high — transactions, implementation timing, M&A pro forma contribution and future margin guidance. Management often quantifies the issue eventually, but sometimes only after repeated analyst questioning. The clearest example is distributable reserves: Entricken avoided a binary answer at FY2025, then at H1 2026 explicitly confirmed retained-earnings constraints. Overall disclosure is above average for accounting and capital, but below best-in-class SaaS peers on ARR, NRR, activation and cohort economics.

6. Strategic coherence

The strategy is coherent: embed trusted proprietary content inside high-stakes workflow software, migrate customers to cloud platforms, use a common AI-enablement layer, extend workflows through partnerships and bolt-on acquisitions, and fund higher product investment while preserving margin progress. The annual report's clearest statement is Caywood's commitment to “accelerate our AI product roadmaps,” “foster strategic partnerships,” and “build our commercial capabilities.” The spending pattern supports those words.

There is also a credible five-year destination: more recurring cloud software, a greater share of expert solutions, denser customer workflows, and AI monetized through renewal, pricing and add-ons. This is not a sequence of unrelated pivots. Management does name threats — general LLMs, OpenEvidence-type products, print decline and cyclically weak transactions — but it still relies heavily on qualitative claims that proprietary content and workflow integration will win. The 2031 test is whether those claims become measurable renewal, price and usage economics before product spending and acquisition capital outrun returns.

7. Governance flags

The live FY2025 Annual Report received an unmodified KPMG audit opinion. The Executive Board stated that financial controls provided reasonable assurance against material inaccuracies; no material weakness or restatement was disclosed. The live H1 2026 report states that no major related-party transactions occurred during the period, while the annual report says related-party transactions are conducted at arm's length and that there were no significant associate balances.

There is one structural governance flag. Wolters Kluwer has one ordinary listed share class, not an operating dual-class structure, but an independent foundation holds an option to acquire preference shares as a temporary defensive measure. No preference shares were outstanding in 2025. The arrangement can protect long-term strategy from coercive bids, but it can also delay minority shareholders from realizing a control premium. The foundation's independence and any future exercise therefore require monitoring.

Official ownership snapshots show Caywood and Entricken increased holdings between December 2025 and June 2026. There is no sign of clustered executive selling in those snapshots, but the reports are not a complete transaction-level log through September. The insider-dealing policy is clear; the last-three-month evidence is incomplete.

8. Peer comparison

Peer CEO	Relative stewardship view	Disclosure / allocation comparison
Erik Engstrom, RELX	Better proven group-CEO record	RELX's live official FY2025 release reports 34.8% adjusted margin and GBP1.5 billion of buybacks. Its long record of compounding and process discipline sets the benchmark Caywood has not yet earned.

Peer CEO	Relative stewardship view	Disclosure / allocation comparison
Steve Hasker, Thomson Reuters	More portfolio complexity, more in-seat proof	Hasker has more group-CEO tenure and has executed a visible AI/M&A repositioning. WKL's issuer-ROIC incentives and bolt-on model appear cleaner, but TRI communicates more product-specific transformation targets.
Steve Hare, Sage	Stronger cloud-transition disclosure	Sage's ARR, renewal and cloud-native disclosure makes customer economics easier to audit. WKL has broader end-market diversification and higher margins, but its current CEO has less group-level evidence.

On five-year stewardship, the predecessor-built Wolters Kluwer system ranks close to RELX and above many workflow-software peers. On current-CEO evidence, Caywood ranks behind Engstrom, Hasker and Hare because she has not yet completed one fiscal year in seat. That is a timing judgment, not a negative judgment on capability.

9. Management gate verdict

YELLOW. The team is investable but unresolved. Caywood is a credible internal successor with deep operating experience, the CFO and Supervisory Board provide continuity, incentives include genuine free-cash-flow and ROIC accountability, guidance credibility is good, and the capital program has historically lifted ROIC while shrinking share count. The gate does not pass because the new CEO's 12%-13% product-spending commitment, AI monetization model and post-2025 acquisition program have not yet demonstrated full-cycle incremental returns, while leverage and intangible exposure raise the cost of a mistake.

Upgrade to PASS only if all three monitorable conditions are met:

- FY2026 and FY2027 guidance are both met without a catch-up restructuring benefit, while product development remains 12%-13% of revenue, adjusted margin still advances, and issuer ROIC remains at least 18% with a credible path to the 20.6% 2028 LTIP target.
- Management publishes at least one repeatable AI economic KPI — active users, usage intensity, paid modules, price/yield, incremental ARR or retention — and that KPI supports continued above-90% renewal for the largest subscription products.
- Libra, StandardFusion and Marosa show measurable revenue or cross-sell progress without material impairment, while net debt/EBITDA remains within 1.5x-2.5x and distributable reserves do not force an abrupt capital-return reversal.

Downgrade to FAIL if any one of these occurs: two execution-driven annual guidance misses; rolling ROIC below 16% without a time-bound investment bridge; a material impairment or disposal that reveals serial M&A without per-share value creation; leverage sustained above 2.5x; measurable retention deterioration in Health or Legal accompanied by continued refusal to disclose AI usage and monetization; a material control failure or restatement; or use of the preference-share defense to entrench management against a credible value-maximizing transaction.

Source discipline

- Historical financials and capital allocation: DR-cleared `data_package.md`, SHA-256 `f0126542f25803d5876ae293f63a31c7df0a1bd18ee5b2f9e43e7b38da066e25`.
- Governance, board, remuneration, ownership and audit: live-fetched Wolters Kluwer 2025 Annual Report and 2025 Remuneration Report, retrieved in this run.
- Current execution and ownership: [live-fetched H1 2026 results](https://assets.contenthub.wolterskluwer.com/api/public/content/3775537-2026-08-05-wolters-kluwer-2026-half-year-results-7d85c04c6c?v=15135ed1).
- Question handling: eight live FMP stable transcript pulls dated 22 February 2023 through 5 August 2026, date-matched to official reporting events; official results control every quantitative claim.
- No warehouse, cached transcript, prior report or primer quantitative evidence was used.

Appendix W - Moat and 2046 Durability

Wolters Kluwer — Moat and 2046 Durability

Ticker: WKL.AS **Assessment date:** 2026-09-28 **20-year test date:** 2046-09-28 **Evidence boundary:** Company historical, margin, mix, retention, and product-adoption claims come only from the DR-cleared `data_package.md` (SHA-256 `f0126542f25803d5876ae293f63a31c7df0a1bd18ee5b2f9e43e7b38da066e25`), the current-run primer, and all five review-cleared segment appendices. Verified segment hashes are Health `25749db7...b0119`; Tax & Accounting `f70a3f42...66e1`; Financial & Corporate Compliance `a8d9aeaf...736`; Legal & Regulatory `dcf68508...fd8`; and Corporate Performance & ESG `184e0ddf...3441`. No older segment file was substituted. Competitive and regulatory evidence linked below was fetched live during this run.

Executive conclusion

Wolters Kluwer's moat is not “information” in the abstract. It is the combination of continuously maintained domain knowledge, software embedded in high-consequence professional workflows, institutional procurement and validation, customer configuration and data, and a distribution base over which product development can be amortized. That combination is most convincing in Health enterprise products and Tax & Accounting, credible but partly cyclical in Financial & Corporate Compliance, narrower in Legal & Regulatory, and not yet proven economically in Corporate Performance & ESG. The top three divisions were 73.4% of FY2025 revenue but 86.9% of disclosed segment adjusted operating profit, so the lower-quality businesses dilute revenue growth more than they dilute the existing profit pool.

The historical evidence clears a high bar: recurring revenue rose from 80% of group revenue in FY2021 to 83% in FY2025 and 85% in H1 2026; the largest subscription solutions have reported renewal above 90%; group ROIC rose from 13.7% to 18.0% over FY2021-FY2025; and the mature divisions maintained or expanded margins. The reviewed segment evidence also makes the unresolved risk concrete: DynaMed has won an institutional switch from UpToDate, Intuit and Thomson Reuters own competing tax data/workflows, Harvey can own the legal interface, and ERP/EPM/GRC suites can bundle CP&ESG functionality. AI does not yet replicate the entire governed workflow, but it can seize distribution and reduce Wolters Kluwer to a component supplier. That named 20-year uncertainty prevents an unconditional PASS today.

1. Moat taxonomy applied

Network effects — weak and local, not a group moat. Wolters Kluwer does not have a classic two-sided network in which each new user directly increases value for every other user. Usage data can improve product evaluation, and shared templates, integrations, and customer familiarity can reinforce adoption, but these are learning effects rather than a self-propelling network. The moat should not be underwritten as a network effect.

Switching costs — strong in Health, Tax & Accounting, and selected compliance workflows; moderate elsewhere. A hospital replacing point-of-care clinical guidance must satisfy clinicians, governance, IT security, and often EHR integration. An accounting firm replacing a tax and practice suite must migrate client files and workflows, retrain seasonal staff, recreate integrations, and accept filing-cycle risk. Entity-management, lending-compliance, financial-close, audit, and EHS systems accumulate records, permissions, controls, and audit trails. Those are operational and error-cost switching costs, not contractual captivity. They are weakest for stand-alone research, print, and individual-user tools where a competing answer engine can be adopted alongside the incumbent.

Scale economies — strong. Wolters Kluwer can spread editorial updates, tax and legal rule encoding, clinical evidence review, security, cloud infrastructure, and AI governance across a large recurring revenue base. FY2025 digital and service subscriptions were EUR4.7 billion and total recurring revenue EUR5.11 billion. The evidence is strongest where one governed corpus or platform serves many customers at low incremental delivery cost. Scale is less valuable when implementation and services remain customer-specific, as in parts of Corporate Performance & ESG.

Brand — strong but domain-specific. UpToDate and CCH brands reduce perceived decision risk for clinicians, hospitals, accountants, and tax professionals. This is a trust shortcut in workflows where a wrong answer can create clinical, legal, tax, or audit consequences. It is not a universal consumer brand, and it does not immunize the company from a superior product. Health's disclosed enterprise AI adoption—over 90% of U.S. Enterprise Edition customers, representing about 2,500 hospitals, signed up by H1 2026—shows that the installed brand can accelerate distribution of a new interface.

Regulatory complexity — a durable demand engine, not a license monopoly. Constant changes in tax, law, financial regulation, clinical guidance, entity filings, audit, and safety make continuously updated solutions valuable. Regulation raises the cost of maintaining accurate local content and defensible workflows. However, competitors can also build compliant products, and regulatory simplification or open primary-law access can reduce the value of basic information retrieval. Regulation supports the moat only when combined with faster update cadence, traceability, customer trust, and workflow execution.

IP and proprietary data — meaningful but incomplete. Copyrighted editorial content, expert tax and legal interpretation, clinical evidence synthesis, drug information, encoded rules, workflow logic, and customer-configured data are real assets. Patents are not the core protection. Primary statutes, cases, standards, and much medical literature are available to rivals, while foundation models lower the cost of parsing them. Defensibility therefore rests on curation, provenance, continuous maintenance, entitlements, and verified integration—not on exclusive possession of every source document.

High-trust procurement — strong. Hospitals, banks, law firms, accounting firms, and enterprise finance and compliance teams require security review, reliability, auditability, role-based access, and accountable support. That slows entrants and lengthens replacement cycles. New AI rules strengthen the value of traceability: the EU AI Act's governance and enforcement began applying in August 2026, while high-risk provisions phase in later, and the FDA lists a final January 2026 clinical-decision-support guidance. Compliance is also a cost; if a competitor meets the same standard with a better workflow, trust becomes table stakes rather than differentiation. Sources: [European Commission AI Act framework](https://digital-strategy.ec.europa.eu/en/policies/regulatory-framework-ai) and [FDA digital-health guidance inventory](https://www.fda.gov/medical-devices/digital-health-center-excellence/guidances-digital-health-content).

2. Per-segment moat

Segment	FY2025 revenue / share	FY2025 adjusted margin	Moat today	Durability	Earliest break signal
Health	EUR1,596m / 26.1%	32.1%	Trusted clinical corpus, institutional validation, clinician habit, integrations	Strong 5-10-year; conditional 20-year	Enterprise renewals or AI-inclusive price realization weaken; hospitals switch to credible alternatives
Tax & Accounting	EUR1,660m / 27.1%	35.2%	Local rule depth, installed client data, filing workflow, suite integration	Strong 10-year; credible 20-year	Cloud migrations stall, churn rises, or agentic competitors win core return workflow
Financial & Corporate Compliance	EUR1,239m / 20.2%	35.2%	Filing infrastructure, entity histories, regulated document logic, service execution	Good 5-10-year; moderate 20-year	Recurring growth falls below 4% while CSC/bank-built platforms take bundled workflows
Legal & Regulatory	EUR1,005m / 16.4%	18.2%	Jurisdiction-specific content, citation provenance, installed legal workflow	Conditional 5-10-year; uncertain 20-year	Digital growth or AI monetization stalls as CoCounsel/Lexis/Harvey own the workspace
Corporate Performance & ESG	EUR625m / 10.2%	7.7%	Configuration, control evidence, integrations; limited portfolio scale	Moderate 5-year; unproven 10-20-year	Cloud growth slows, implementations lengthen, or margin stays below 11%-12%

Health. The moat is strongest in enterprise clinical decision support, where accuracy, provenance, institutional approval, and integration matter more than a clever interface. Clinical Solutions was 57% of Health revenue in FY2025 and 59% in H1 2026; its 5% organic growth and rapid Expert AI adoption show relevance. But the reviewed appendix prevents complacency: a small-sample 2025 KLAS ranking scored DynaMed above UpToDate Pro; EBSCO and Elsevier now offer grounded AI modes; OpenEvidence is well funded; and McGill announced a 2026 switch from UpToDate to DynaMed. None proves broad share loss, but together they show enterprise substitution is possible. The individual product—below 20% of core UpToDate—is more exposed to free tools. The first break would be enterprise renewals below historical levels, named institutional losses becoming a pattern, or price resistance at AI-enabled renewals.

Tax & Accounting. This is the clearest workflow moat. Tax logic changes continuously; firms accumulate client data, prior returns, workpapers, permissions, filing credentials, templates, review controls, and staff training. CCH Axcess has more than 10,000 U.S. firms and 1.4 million users, disclosed renewal above 95%, 18% North American cloud growth in H1 2026, and a ProSystem migration only about halfway complete. Competitor conversion instructions confirm that switching requires data preparation, limited-year conversion, field reconciliation, and review—real friction, but not captivity. Intuit can attack through the QuickBooks/accountant data graph and its Accountant Suite; Thomson Reuters combines Checkpoint, CoCounsel, tax, audit, and workflows. The adverse sign is CCH Axcess cloud growth falling to low single digits, renewal materially below 95%, or an external agent becoming the system of action while customers retain CCH only as a calculation engine.

Financial & Corporate Compliance. This is a narrow-to-moderate workflow moat built on operational custody of registered-agent status, entity records, filings, lending documents, lien data, integrations, and audit trails. Replacing the provider risks missed obligations and requires data cleansing, validation, and parallel runs. The 35% margin supports scale, but simple filings can be rebid. CSC overlaps the service bundle, Diligent attacks entity-management software, and Finastra maintains competing lending-document content and integrations. Regulation is two-edged: FinCEN's August 2026 rule exempted U.S. companies and persons from federal beneficial-ownership reporting, removing part of an anticipated filing pool. The durable value is verified execution and accountability, not paperwork volume or raw text generation.

Legal & Regulatory. The moat is local editorial depth, citation provenance, and integration of research with drafting, matter, and spend workflows. It is also the most exposed to AI disintermediation. The reviewed evidence raises the bar: Thomson Reuters Legal Professionals grew 10% organically in Q2 2026; more than half of U.S. new and renewing Lexis customers were adopting Lexis+ AI in 2025; and Harvey reported more than 1,000 customers across 60 countries, including half the Am Law 100. Libra/content integration is strategically correct, but citations are already table stakes and no Libra customer, revenue, retention, or usage metric is disclosed. The first break signal is sub-5% digital/software growth, weak paid AI adoption, or a third-party workspace controlling discovery and bargaining over content price.

Corporate Performance & ESG. Tagetik, TeamMate, and Enablon become sticky after configuration because consolidation models, audit evidence, hazards, permits, controls, and remediation histories must be migrated and revalidated. The moat is nevertheless uneven and not yet proven economically. Oracle, SAP, Workday, and ServiceNow can bundle modules through existing enterprise relationships; OneStream has specialist momentum; Cority/Sphera and Diligent/AuditBoard match the EHS and audit narratives. Regulatory simplification can also shrink disclosure-led demand. H1 2026 Tagetik organic growth of 12% and recurring cloud growth of 19% are promising, while Enablon's 2% growth and paused implementations show the spread. A protected workflow should lift economics: failure to exceed 11%-12% margin by the horizon despite high-single-digit growth would show that competition, services, or reinvestment consumes the moat.

Blended-company conclusion. The blend is better than the revenue mix implies. Health, Tax & Accounting, and Financial & Corporate Compliance generated EUR1,533 million of the EUR1,764 million FY2025 segment-profit sum. Legal & Regulatory and Corporate Performance & ESG together were 26.6% of revenue but only 13.1% of segment profit. Weakening in the smaller two divisions would hurt growth and consume development spending, but it would not by itself erase the current group moat. Erosion in Health enterprise or CCH Axcess would.

3. Margin persistence evidence

The current DR-cleared package provides five consolidated fiscal years and four comparable years of current-basis segment profit; it does **not** provide a clean 10-year consolidated series or a five-year current-taxonomy segment margin series. FY2021 segment profit was not restated. The evidence is therefore strong but shorter than the ideal 10-year test.

Margin measure	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026
Group statutory operating margin	21.2%	24.4%	23.7%	24.4%	28.3%	n/d in package
Health adjusted margin	n/d	30.0%	30.1%	30.3%	32.1%	34.1%
Tax & Accounting adjusted margin	n/d	32.6%	32.7%	33.2%	35.2%	36.3%
Financial & Corporate Compliance adjusted margin	n/d	36.6%*	34.4%*	35.3%*	35.2%	39.3%
Legal & Regulatory adjusted margin	n/d	14.5%	15.8%	18.6%	18.2%	19.9%
Corporate Performance & ESG adjusted margin	n/d	12.4%*	12.0%*	10.2%*	7.7%	9.7%

* Taxonomy boundaries changed because Finance, Risk & Regulatory Reporting moved and was later divested; use directionally, not as a perfect continuous series. H1 is seasonal and management says product-development spend is second-half weighted, so H1 2026 margins must not be annualized.

The mature divisions show precisely the pattern expected from a moat: stable-to-rising margins despite cloud migration, print decline, and visible competition. Corporate Performance & ESG is the exception, with margin compression from 12.4% to 7.7%; its economics do not yet validate a moat. Group statutory margin expansion also contains non-benchmark items, so it is supporting evidence rather than a pure organic-moat measure. The stronger corroboration is renewal above 90%, rising recurring mix, and ROIC holding near 18% while product investment remained about 11% of revenue and is planned to

increase.

4. AI disruption stress test

Segment	Workflow replicable by a foundation model?	Chokepoint or platform-adjacent defense	Net AI exposure
Health	Search and basic synthesis: yes; institutionally governed clinical guidance: only partly	Curated evidence, provenance, hospital procurement, clinician habit, integrations	Protected enterprise core; exposed individual edge
Tax & Accounting	Research, extraction and draft workpapers: yes; end-to-end filing/control workflow: partly	Local rule encoding, client data, review controls, firm platform	Opportunity if CCH remains system of action; threat if agent layer shifts elsewhere
Financial & Corporate Compliance	Regulatory summaries: yes; filings, registered-agent service, lien/entity execution: no	Physical/legal service network, histories, document infrastructure	Most protected from pure model substitution
Legal & Regulatory	Research, drafting and summarization: substantially yes	Proprietary commentary, citation validation, local rights, installed workflow	Most exposed; incumbent peers have equivalent defenses
Corporate Performance & ESG	Narrative, reconciliation assistance, planning analysis: yes	Configured enterprise data, control evidence, integrations, auditability	Moderate; suite platforms can bundle the AI layer

The **most exposed segment is Legal & Regulatory** because its value proposition overlaps directly with foundation-model strengths and because peers already combine proprietary content with agentic workflows. The **most protected segment is Financial & Corporate Compliance**, not because it has the best brand, but because models cannot by themselves serve as registered agent, execute filings, preserve lien/entity histories, or take responsibility for jurisdictional service. Health enterprise is also highly protected, but clinical AI entrants can build credible medical interfaces faster than entrants can recreate compliance execution networks.

AI may improve Wolters Kluwer's economics if a common governed platform amortizes evaluation, tracing, privacy, and orchestration across divisions. It may worsen economics if customers view AI as included functionality while product development rises to 12%-13% of revenue. The decisive metric is not feature count: it is AI-linked renewal, realized price, active paid usage, and organic growth after the investment step-up.

5. The 2046 test

2046 business description. At 2046-09-28, Wolters Kluwer sells governed professional decision-and-execution systems to hospitals and clinicians, accounting and tax firms, banks, corporate legal and compliance teams, law firms, CFO organizations, internal audit teams, and safety functions. The interface is predominantly conversational and agentic, but customers pay for verified domain knowledge, entitlements, provenance, continuous regulatory updates, secure use of customer data, and agents authorized to act inside controlled workflows. Health remains a global clinical-evidence and medication-safety platform integrated into institutional care systems. Tax & Accounting remains a local-rule engine and firm operating system that prepares, validates, files, and documents work. Financial & Corporate Compliance remains an execution network for entities, filings, lending documents, liens, and regulated obligations. Legal & Regulatory is smaller as a stand-alone research business but survives as localized, citation-verified legal workspaces and enterprise legal-management software. Corporate Performance & ESG either becomes a scaled control-and-assurance platform centered on Tagetik and TeamMate or is narrowed through portfolio actions. Directionally, the group adjusted operating margin remains in the high 20s rather than expanding dramatically: automation and mix help, but continuous model, security, content, and governance spending absorb part of the benefit. The moat still making money is the verified knowledge-and-action layer embedded in accountable professional workflows—not ownership of the underlying foundation model.

That description is specific because the payer and reason to pay remain identifiable. A hospital pays to reduce clinical and governance risk; a tax firm pays to file correctly and move scarce staff through peak season; a bank or corporate legal team pays to execute obligations and preserve evidence; a CFO pays for controlled, auditable close and reporting. Generic model intelligence may become cheap, but liability, provenance, permissions, local rules, and action remain scarce. Specificity is necessary, not sufficient: the reviewed evidence does not yet establish that Wolters Kluwer, rather than an EHR, ERP, incumbent peer, or AI-native workspace, will control that action layer in 2046.

2046 bear description. In the bear case, EHR, ERP, Microsoft, and AI-native professional platforms own the user interface and agent orchestration. They license primary content directly, use open standards to move customer configurations, and relegate Wolters Kluwer to low-growth data feeds or editorial components. Hospitals treat clinical answer engines as

interchangeable; tax and legal agents operate across systems; CSC-like competitors consolidate corporate services; CoCounsel and Lexis win legal workspace share; and OneStream/ERP suites crowd out Tagetik. Renewal stays superficially high for several years, but realized price falls, modules are unbundled, and product development remains structurally elevated. Group margin drifts toward the low 20s and acquisitions are used to conceal weak organic economics.

The bear case is credible but not the base case; my judgment is roughly a one-in-three risk over 20 years. The strongest defense is that regulated workflows change slowly and require accountable vendors. The strongest bear argument is that the agent layer can become the new system of engagement, reducing Wolters Kluwer's control of distribution even if its content remains useful. A risk of that size, with paid AI retention and realized price still largely undisclosed, warrants YELLOW rather than PASS.

6. Competitive threat inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Trusted AI incumbents and specialist tools own the interface	CoCounsel, Lexis/Protégé, Harvey, DynaMed, ClinicalKey, OpenEvidence and others pair content or distribution with superior agents	Health; Tax & Accounting; Legal & Regulatory	Named enterprise losses repeat; AI-inclusive renewals lose price; paid adoption stalls	High
Enterprise suites bundle governed workflows	EHR, ERP, Microsoft, OneStream and specialist platforms make point solutions replaceable or shift the system of action	Corporate Performance & ESG; Health; Legal & Regulatory	Lower win rates, longer sales cycles, slowing cloud growth, rising implementation cost	Medium-high
Compliance service oligopoly consolidates	CSC and bank-built/specialist systems bundle entity, filing, regulatory and lending workflows	Financial & Corporate Compliance	Recurring Legal/Financial Services growth below low single digits; transaction share loss	Medium

7. Pricing power verification

Evidence	What is observable	What remains unproven
Renewal and mix	Largest subscription solutions renewed above 90%; recurring mix rose from 80% in FY2021 to 85% in H1 2026	No group gross retention, NRR, or churn cohort
Health AI pricing	Management said Expert AI supports renewals and price increases and add-on capabilities are priced at renewal	No disclosed uplift, attach-rate revenue, or churn response; reviewed evidence includes a hospital-system switch
Tax installed base	CCH Axcess renewal above 95% with cloud growth and continuing migration	No published price/mix bridge or seat-expansion rate
Margin resilience	Health and Tax & Accounting margins expanded; FCC held mid-30s; L&R improved	Segment gross margins are not disclosed; CP&ESG margin compressed materially
Contract visibility	FY2025 remaining performance obligations were EUR4,776m and deferred-income component EUR2,345m	No disclosed standard duration, minimum commitment, or contractual price escalator

Pricing power is **observable but incompletely quantified**. Stable-to-rising mature-segment margins, high renewals, and explicit AI-linked price increases support the claim. However, the absence of group churn, NRR, segment gross margins, and realized price bridges prevents a claim of frictionless pricing. The correct monitor is renewal-adjusted realized price and organic recurring growth after the 2026 product-spend increase.

8. Gates, monitorable conditions, and verdict

Gate	PASS condition	YELLOW condition	FAIL condition	Current
Moat	Mature divisions sustain renewal above 90%, recurring organic growth at least mid-single digit, and stable-to-rising margins while product investment rises; paid AI price/retention is disclosed	Present workflow moat remains observable, but paid AI economics and control of the interface/action layer are unresolved	Core renewal falls below 90%, Health/T&A recurring growth stays below 3%, or mature margins compress more than 300 bps without cyclical explanation	**YELLOW**

Gate	PASS condition	YELLOW condition	FAIL condition	Current
2046 durability	Wolters Kluwer demonstrates that its governed agents remain systems of action across Health, Tax, and compliance rather than wholesale content feeds	A specific profitable 2046 business is plausible, but EHR/ERP/peer/AI-native platforms could control distribution and price	Platform shift commoditizes clinical/tax/legal workflows, price declines, and Wolters Kluwer cannot identify accountable execution customers	**YELLOW**

Upgrade to PASS signals: quantified AI-linked renewal price realization without higher churn; no pattern of Health enterprise displacement as grounded alternatives proliferate; CCH Axcess renewal remaining above 95% as cloud migration passes the halfway point; disclosed paid Libra usage/retention with continuing digital growth; and CP&ESG margin exceeding 11%-12% while cloud growth remains double digit.

Remain YELLOW / deteriorating signals: group or major-product renewal moving toward 90%; repeated Health enterprise switches; product development at 12%-13% of revenue without paid AI adoption or margin stability; Legal & Regulatory digital/software growth falling below print decline; or CP&ESG margin remaining below 11% by the horizon.

Downgrade to FAIL signals: Health enterprise or CCH Axcess loses system-of-action status to a platform competitor; realized price turns negative and mature-division margins compress by more than 300 basis points on a sustained basis; or Wolters Kluwer becomes primarily a wholesale content feed with no control over procurement, workflow, and customer relationship.

Moat gate: YELLOW. The present moat is concretely observable in high renewal, recurring mix, rising ROIC, switching friction, and persistent mature-segment margins, and the best-protected divisions dominate profit. The reviewed files nevertheless reveal a named unresolved durability question: credible rivals can match grounded AI, win enterprise substitutions, or own the professional interface while Wolters Kluwer bears higher product cost without disclosed AI price/retention economics. Tax & Accounting is the strongest defense; CP&ESG is economically unproven and Legal is already an interface battle.

2046 test: YELLOW. A specific 2046 business remains plausible: Wolters Kluwer sells verified, governed knowledge-and-action systems to identifiable professional buyers who pay for provenance, permissions, local rules, auditability, and execution. What remains unproven is who controls that system of action. Upgrade requires evidence that Wolters Kluwer retains paid workflow ownership as EHR, ERP, legal/tax incumbents, and AI-native agents scale; downgrade follows if it becomes a lower-priced content or calculation feed.

Appendix B1 - Tax & Accounting

Tax & Accounting — Segment Deep Dive

Company: Wolters Kluwer **Ticker:** WKL.AS **Run ID:** `pulse-cio-20260928T020214+0800` **Information cutoff:** 2026-09-28 SGT **Forecast anchor:** TTM ended 2026-06-30 **Horizon:** 2031-06-30, exactly 5.0 calendar years **Reporting currency:** EUR millions unless stated otherwise **Exact segment profit metric: Adjusted operating profit Scenario weights:** Bear 25% / Base 55% / Bull 20% **Source controls:** DR-sealed `data_package.md` SHA-256 `8ebd83f5db0c0fc51c530419d82ccd9dd964696beaa88ca7a20c1b673fb17d2e`; sealed `statutory_bridge.json` SHA-256 `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289` **Trade execution authorized:** false

0. Segment boundary and taxonomy note

Tax & Accounting is one of Wolters Kluwer's five current divisions. Its perimeter includes cloud and on-premise tax compliance, accounting, audit, document, research, practice-management and workflow products sold mainly to professional firms. The important taxonomy break occurred in March 2023, when CCH Tagetik and TeamMate moved out of Tax & Accounting into the newly created Corporate Performance & ESG division. The data package provides FY2021 and FY2022 revenue on a pro-forma five-division basis and FY2023-FY2025 on the current structure, so the divisional revenue series used here is comparable across the displayed period. The later FRR transfer affected other divisions, not Tax & Accounting. This appendix never splices pre-transfer reported Tax & Accounting dollars into the current perimeter and does not bring CCH Tagetik or TeamMate back into this segment. [data_package §1, taxonomy paragraph; §3, Tax & Accounting table]

The model preserves **Adjusted operating profit** as the issuer-disclosed segment metric. It is not statutory operating income. Corporate expense, acquired-intangible amortization and impairment, non-benchmark operating items, financing, associates and tax stay outside this segment model and belong in the consolidated synthesis bridge. [data_package §3a, FY2025 and TTM bridge tables; statutory_bridge.json, `common_segment_profit_metric`]

1. What this segment actually is

Tax & Accounting sells the operating system around a professional firm's tax and accounting work. CCH Axcess is the strategic cloud-native platform. Its modules span return preparation and compliance, audit and engagement workpapers, document management, client collaboration, practice management, workflow, knowledge tools and embedded intelligence. The older CCH ProSystem fx estate remains important because it is the installed base being migrated. The economic proposition is not simply “tax calculation software.” It is a connected production environment in which firms collect sensitive client data, apply current federal, state and local rules, prepare and review returns, track deadlines, manage e-filing, retain documents, route work among staff, bill clients and evidence professional judgment.

The principal customer is an accounting or tax practice rather than the end taxpayer. The customer range is unusually broad. At one end are small firms and sole practitioners whose purchase is constrained by cash cost, implementation time and owner attention. At the other are regional, national and large enterprise firms that need multi-office administration, complex returns, high concurrency, security, auditability, APIs, detailed permissions and integration across thousands of users. CCH Axcess therefore has to be both packaged enough for smaller practices and configurable enough for sophisticated firms. The data package reports more than 10,000 CCH Axcess U.S. firms, more than 1.4 million users and renewal above 95% at the December 2025 AI Teach-In. These are installed-base and retention indicators, not revenue, ARR or cohort disclosures. [data_package §0a, point-in-time KPI inventory]

The pricing model is predominantly recurring subscription and maintenance economics, with implementation, training, usage, content, forms, e-signature and ancillary services depending on the module and geography. The company does not disclose Tax & Accounting ARR, net revenue retention, gross retention, billings, current RPO, average revenue per firm or a quantified price increase. Accordingly, this appendix does not infer product revenue by multiplying user or firm counts by a hypothetical seat price. The segment's value is visible through divisional revenue, organic growth, cloud growth, renewal and adoption, while its unit pricing remains a genuine disclosure gap. [data_package §0a, completeness matrix; §10, true non-disclosures]

Go-to-market differs by customer tier. Small firms need low-friction packaging, self-guided implementation, reliable forms and responsive support. They are more price-sensitive and can choose lighter products from Intuit, Drake, TaxAct Professional or other niche providers. Mid-sized practices value a broader integrated suite because staffing, workflow, document exchange and review bottlenecks become more costly than the license itself. Large and enterprise firms generally require consultative

sales, phased migration, data conversion, systems integration, change management and long-lived service relationships. The same breadth that improves retention can lengthen implementations and increase customer reluctance to move from an established on-premise environment during filing season.

Cloud migration is the current growth engine. H1 2026 cloud software revenue grew 18% in North America and 16% in Europe, while management said the ProSystem-to-cloud migration had reached roughly the halfway mark. [data_package §4, “Tax & Accounting / cloud” row; §6, Tax & Accounting migration quote] That statement implies meaningful remaining runway, but it does not mean half the segment's revenue can be mechanically uplifted or that every on-premise customer will convert on the same economics. Some cloud growth is a change in delivery and contract mix rather than wholly incremental customer spending. The prudent interpretation is a multi-year retention, cross-sell and pricing tailwind whose rate should fade as the migration pool shrinks.

Agentic AI is being layered into this workflow rather than sold as an unconnected chatbot. The first CCH Axcess modules launched in October 2025. By H1 2026, approximately 250 firms subscribed to one or more new agentic modules, versus a base of more than 10,000 U.S. CCH Axcess firms. Management cited “up to 70%” efficiency for K-1 Scan. [data_package §4, CCH Axcess agentic modules row; §6, Tax & Accounting AI quotes] The adoption is real but early: roughly 2.5% of the firm count has subscribed if the two snapshots are compared, and even that ratio is only directional because the denominator and subscriber population may not be perfectly aligned. “Up to” is a best-observed result, not a representative average. The forecast treats agentic AI as a modest contributor to retention, attach and price realization in base, a stronger attach engine in bull, and an incremental cost plus competitive necessity in bear.

2. Current economics

FY2025 Tax & Accounting revenue was EUR1,660 million, 27.1% of group revenue and the largest of Wolters Kluwer's five divisions. Reported divisional growth was 6.3%; the issuer's organic-growth measure was 7%. Adjusted operating profit was EUR584 million and Adjusted operating profit margin was 35.2%. [Wolters Kluwer 2025 Full-Year Results, Tax & Accounting divisional table, archived as `raw/pulse-cio-20260928T020214+0800/d/official_2025_full_year_results.pdf`; data_package §1, §3 and §5 Tax & Accounting rows]

The TTM period ended 2026-06-30 is the required forecast anchor. The DR-sealed package constructs Tax & Accounting revenue as EUR1,660 million FY2025 minus EUR837 million H1 2025 plus EUR847 million H1 2026, yielding exactly EUR1,670 million. The sealed bridge reports TTM **Adjusted operating profit** of EUR584 million, giving a current margin of 35.0%. The package also reconciles all five TTM division anchors to group TTM revenue with no eliminations or unexplained perimeter residual. [Wolters Kluwer 2025 Full-Year Results and 2026 Half-Year Results divisional tables; data_package §3.1 Tax & Accounting row and all-division tie; `statutory_bridge.json`, TTM period, Tax & Accounting line]

H1 2026 revenue was EUR847 million, organic growth was 6%, Adjusted operating profit was EUR308 million and the adjusted margin was 36.3%. [Wolters Kluwer 2026 Half-Year Results dated 2026-08-05, Tax & Accounting divisional summary, archived as `raw/pulse-cio-20260928T020214+0800/d/official_2026_half_year_results.pdf`; data_package §5] The half-year margin is not a run-rate margin. Wolters Kluwer's cost and revenue cadence is seasonal, and group product-development spending was explicitly expected to be second-half weighted. Management intends to raise product-development investment from an historical 11% of group revenue to 12%-13% “this year and beyond.” [data_package §6, group investment and margin quotes] Tax season creates high first-half volumes and support intensity, but the exact divisional quarterly phasing is not published; only semiannual complete statements are available. The base case therefore begins from the TTM margin and does not annualize 36.3%.

Capital intensity is low in physical assets but not low in economic reinvestment. Group net capex was 4.9% of revenue in FY2025, while product development was approximately 11% of revenue and is guided to 12%-13%. The latter includes expense and capitalized development and is not disclosed by division. [data_package §7, FY2025 row; §6, product-investment quote] Tax & Accounting needs continuous updates for law, forms, regulatory interpretation, security, e-filing standards, data conversion, cloud reliability and new automation. The segment's attractive accounting margin therefore coexists with a high obligation to reinvest. A buyer should not equate low property, plant and equipment needs with a costless moat.

Three current operating facts matter most. First, more than 95% renewal in the CCH Axcess snapshot indicates strong retention, though it is not a full divisional gross-retention series. Second, cloud growth of 18% in North America and 16% in Europe is materially above 6% divisional organic growth, proving that cloud mix is doing the work. Third, only about half the ProSystem migration is complete and early agentic adoption is only about 250 firms. Together, they support several more

years of growth, but also show that the terminal growth rate should decline as cloud conversion becomes a smaller part of the installed base.

3. Unit economics

The segment's revenue-to-profit conversion begins with recurring software and expert-content economics. Once tax logic, regulatory content, forms, calculations and workflow software are developed, the marginal cost of serving another user on a mature platform is below the subscription price. Cloud hosting, customer support, implementation, data conversion, sales and product development remain meaningful, but the core model can produce operating leverage when renewal, price and module attach exceed those costs. A roughly mid-30s Adjusted operating profit margin is consistent with a mature professional-software franchise rather than an early-stage SaaS business.

Renewal is the first unit-economics lever. A firm that retains the suite contributes subscription revenue without repeating the full cost of customer acquisition. Renewal above 95% for CCH Axcess, if sustained, makes modest annual pricing and cross-sell compound. It also reduces the economic need to win large amounts of new-logo revenue merely to replace churn. The limitation is scope: the point estimate is for the CCH Axcess U.S. installed-base snapshot, not every geography, legacy desktop product or ancillary service. [data_package §0a, point-in-time KPI inventory; §10, cohort disclosure gap]

Pricing is the second lever. Tax and accounting systems protect high-value, deadline-bound work, so a small price increase is usually less costly than migration failure or retraining during busy season. Regulatory change also creates a reason to renew: updated forms, calculations and filing rules are a continuing service, not a one-time software purchase. However, the data package discloses no Tax & Accounting price-uplift rate. Base growth is therefore not decomposed into an invented “4% price plus 2% volume.” It is modeled as a blended revenue CAGR supported jointly by price, renewals, cloud conversion, usage and attach.

Cloud conversion can initially pressure unit economics because Wolters Kluwer operates legacy and cloud environments simultaneously, pays migration and onboarding costs, and continues heavy development. Over time, a common cloud platform can simplify releases, reduce customer infrastructure dependencies, centralize security, improve telemetry and permit more modules to share identity, data and workflow. The margin benefit is not automatic: hosting, data security, AI inference, 24/7 reliability and customer-success costs may consume part of the savings. The base case allows only modest margin expansion despite continued cloud mix shift.

Agentic AI has two possible unit-economic paths. The favorable path is high-value automation embedded in an existing workflow. K-1 Scan can ingest a document, extract data, map it to a return, preserve an audit trail and route exceptions to a professional. The customer saves scarce staff hours and gains filing capacity; Wolters Kluwer can earn add-on revenue or defend renewal and price. The unfavorable path is that AI becomes table stakes: competitors add similar features, customers resist separate charges, inference and validation costs rise, and error liability requires human review. The base case assumes AI primarily improves attach and retention rather than creating a large standalone revenue pool.

Customer size changes the economics. Small firms have shorter purchasing chains and can adopt packaged cloud tools quickly, but are sensitive to per-user cost and support quality. They also face owner concentration: a single bad implementation can disrupt the whole practice. Larger firms have longer sales and migration cycles but greater lifetime value, more modules, more users, higher data complexity and higher switching costs once deployed. Enterprise contracts can support better gross retention and cross-sell, yet demand enterprise support, integrations and security. The blended margin depends on whether Wolters Kluwer can serve small practices efficiently without allowing enterprise customization to become services-heavy.

Seasonality matters both operationally and economically. U.S. tax work concentrates around filing deadlines, creating peak loads, support requirements and reluctance to change systems near season. A migration sale may be signed outside filing season, followed by data conversion, training and a phased go-live. Revenue recognition, implementation expense and staff cost can therefore move between halves. The H1 2026 36.3% margin should not be projected unchanged, particularly because management said group product spending was second-half weighted. The model smooths this timing and uses TTM, not H1, as the economic base.

Margin can break downward through four channels: accelerated development without matching monetization; cloud and AI infrastructure costs; price competition or down-tiering among small firms; and implementation or support failure that raises churn or remediation costs. It can break upward if cloud standardization lowers support cost, agentic modules attach at high incremental margins, price remains accepted, and migration proceeds without maintaining redundant platforms longer than planned. These mechanisms, not a generic “software scale” assertion, drive the scenario margins in Section 9.

4. Competitive dynamics

The direct competitive set differs by tier and workflow. Thomson Reuters competes through UltraTax CS, GoSystem Tax RS, Checkpoint and CoCounsel for tax, audit and accounting. Intuit competes through Lacerte, ProSeries, ProConnect Tax Online, QuickBooks and the newer Intuit Accountant Suite. Drake and other specialist vendors are important in smaller practices. Enterprise firms may also assemble point solutions around document ingestion, workflow, research, practice management and in-house automation. General-purpose AI adds a new substitution layer for research, drafting and document processing, but it does not by itself deliver validated tax calculations, regulatory maintenance, e-filing, permissions, workflow and system-of-record controls.

Intuit's latest filing describes ProTax offerings spanning desktop and cloud products, including Lacerte, ProSeries and ProConnect Tax Online, with books-to-tax integration into QuickBooks. Its Accountant Suite integrates client management, collaboration, service delivery, business planning and team management with embedded intelligence and AI agents. That breadth attacks Wolters Kluwer particularly in small and mid-sized firms whose clients already use QuickBooks. [Intuit FY2026 Form 10-K](https://investors.intuit.com/sec-filings/all-sec-filings/content/0000896878-26-000037/intu-20260731.htm) The threat is not simply a cheaper tax engine; it is a competing data graph and workflow around the accountant's client base.

Thomson Reuters' competitive position rests on an installed professional-tax ecosystem, Checkpoint authority and CoCounsel. Its current product material offers citation-backed tax research, document analysis and workflow tools, with packages for small and mid-market firms as well as larger buyers. [Thomson Reuters CoCounsel Tax plans](https://tax.thomsonreuters.com/en/products/cocounsel-tax/plans) The competitive lesson is that grounded professional AI is becoming an industry-wide capability. Wolters Kluwer's 250 agentic-module subscribers are evidence of demand, not proof of exclusive technology.

Switching costs are concrete but not absolute. A competing vendor's migration instructions show that firms need to export data, handle passwords and client identifiers, convert historical return data and review what did not transfer. Thomson Reuters also states that only the two most recent tax years are converted and that not every competitor field maps cleanly. [Thomson Reuters conversion information](https://www.thomsonreuters.com/content/helpandsupp/en-us/help/ultratax-cs/conversions/info.html) That is practical evidence that switching is a project with data, timing and review risk. It also shows the counterpoint: competitors maintain conversion teams precisely because customers do switch.

Regulation favors established vendors. The IRS requires professional e-file providers to maintain an EFIN, keep firm information current, secure credentials and taxpayer data, and comply with e-file and security processes. [IRS EFIN maintenance guidance](https://www.irs.gov/tax-professionals/how-to-maintain-monitor-and-protect-your-efin) These obligations make accurate software, timely regulatory updates, audit trails and cybersecurity valuable. They do not confer a legal monopoly on Wolters Kluwer; Intuit, Thomson Reuters and specialist vendors can satisfy the same requirements.

Pricing power is strongest where a product is embedded in a large firm's workflow and the cost of failure dwarfs the annual license. It is weakest in small firms with simple returns, limited integrations and a willingness to trade breadth for price. CCH Axcess's integrated platform can defend price when several modules share data and workflow. Conversely, bundling can invite scrutiny if customers use only a subset or if competitors offer a good-enough cloud package. The small-firm expansion opportunity is strategically useful but should not be assumed to carry enterprise margins.

The competitive equilibrium over five years is likely to be continued consolidation around a few integrated professional platforms, with AI features spreading rapidly among them. Wolters Kluwer can outgrow the market if it executes the ProSystem conversion and makes agentic modules measurably useful inside the installed workflow. It can underperform even with a stable customer base if cloud migration mainly shifts delivery, competitors match AI, and pricing merely offsets higher product investment.

5. Moat at the segment level

The primary moat is workflow and data entrenchment under regulatory deadlines. A professional firm's client records, prior-year returns, workpapers, document structures, permissions, filing credentials, diagnostics, templates, review conventions, workflow states and staff training accumulate around the platform. Replacing that system is not impossible, but it carries conversion, reconciliation, retraining and deadline risk. The fact that competitor conversion services specify data preparation and review steps supports the existence of switching friction. Renewal above 95% and a remaining migration runway from ProSystem into CCH Axcess are consistent with, but do not independently prove, a durable moat.

The second moat is trusted domain content and regulatory maintenance. Tax law changes continuously across jurisdictions. Customers pay for the software to embody those changes correctly and on time, not only to display an interface. Wolters Kluwer can combine tax content, calculations, workflow and customer-specific data in a controlled professional environment. General-purpose models may answer questions cheaply, but professional firms still need traceability, authoritative sources, validated calculations and filing-system integration. AI is more likely to shift the interface and labor content than eliminate the system of record over this horizon.

The third moat is suite breadth. A connected tax, audit, document, workflow, practice and client-collaboration environment creates cross-module data and operational dependencies. Breadth can lower the customer's integration burden and give Wolters Kluwer more opportunities to attach products. It also supplies the context needed for useful agents: an agent that understands return data, engagement status, documents and deadlines can automate more than an isolated chatbot. The risk is organizational. A wide suite can become slow, inconsistent or expensive if modules are not genuinely integrated.

The fourth moat is distribution into professional firms of different sizes. More than 10,000 U.S. firms and 1.4 million-plus users provide a large installed base into which cloud and agentic modules can be sold. [data_package §0a, point-in-time KPI inventory] Large installed bases create reference customers, implementation knowledge and product feedback. They also create a legacy burden: Wolters Kluwer must migrate customers without disrupting the filing season and cannot abandon old workflows abruptly.

The moat is durable but not invulnerable over five to ten years. Intuit owns valuable small-business and accountant data; Thomson Reuters owns a strong tax and research franchise; specialist entrants can attack narrow workflows; and general AI lowers the cost of building drafting and extraction features. Wolters Kluwer's defense depends on execution, security, accuracy and integration rather than permanent product exclusivity. The bear case is not mass churn. It is a subtler erosion in which customers stay but resist price, buy AI from another vendor, delay cloud conversion or down-tier modules, leaving Wolters Kluwer with higher development cost and lower incremental margin.

6. Historical growth rates — reproduced from the data package

The segment total is the finest level with a complete dollar history. The data package explicitly states that CCH Axcess and professional-software brand revenue is not separately disclosed and prohibits back-solving product dollars. Consequently, the historical table contains one financial line: Tax & Accounting total. Cloud growth, adoption and migration are presented as operating indicators below, not converted into product revenue.

Product / sub-segment	FY2021 rev	FY2022 rev	FY2023 rev	FY2024 rev	FY2025 rev	3-year CAGR FY2022-FY2025	Most recent reported YoY	Data package cite
Tax & Accounting total, only dollar-disclosed line	1,208 [§3 Tax & Accounting Revenue row]	1,394 [§3 Tax & Accounting Revenue row]	1,466 [§3 Tax & Accounting Revenue row]	1,561 [§3 Tax & Accounting Revenue row]	1,660 [§3 Tax & Accounting Revenue row]	6.0% [calculated from same §3 row]	6.3% [§3 Tax & Accounting YoY reported row]	data_package §3, Tax & Accounting table, Revenue and YoY rows

The controlling-source map for every historical dollar in the table and the arithmetic checks below is specific: FY2021-FY2022 comes from the pro-forma five-division table in Wolters Kluwer's 2022 Full-Year Results (`raw/pulse-cio-20260928T020214+0800/d/official_2022_full_year_results.pdf`); FY2023-FY2024 comes from Wolters Kluwer's Pro Forma 2024 Financials — Business Unit Transfer (`raw/pulse-cio-20260928T020214+0800/d/official_2024_pro_forma_transfer.pdf`); and FY2025 comes from the Tax & Accounting divisional table in Wolters Kluwer's 2025 Full-Year Results (`raw/pulse-cio-20260928T020214+0800/d/official_2025_full_year_results.pdf`). These are the exact official sources indexed in data_package §0a and rolled into its §3 Tax & Accounting row.

Arithmetic checks pass within the required 2% tolerance:

- FY2021 to FY2022: EUR1,208m × 1.154 = EUR1,394.0m, matching EUR1,394m.
- FY2022 to FY2023: EUR1,394m × 1.052 = EUR1,466.5m, matching EUR1,466m within rounding.
- FY2023 to FY2024: EUR1,466m × 1.065 = EUR1,561.3m, matching EUR1,561m.
- FY2024 to FY2025: EUR1,561m × 1.063 = EUR1,659.3m, matching EUR1,660m within rounding.
- Three-year CAGR: `(1,660 / 1,394)^(1/3) - 1 = 6.0%`.

No row is back-solved. The operating indicators that inform the forecast are:

Indicator	Latest evidence	Interpretation	Data package cite
FY2025 divisional organic growth	7%	Stronger than reported 6.3% because currency/scope affect reported growth	§5, Tax & Accounting row
H1 2026 divisional organic growth	6%	Moderation versus FY2025; management expects H2 pickup	§5 and §6, Tax & Accounting rows
North America cloud growth	18%	Cloud migration remains much faster than division total	§4, Tax & Accounting / cloud row
Europe cloud growth	16%	Cloud transition is not only a U.S. phenomenon	§4, Tax & Accounting / cloud row
ProSystem migration	Roughly halfway	Supports multi-year conversion runway but no product dollars	§6, Tax & Accounting migration quote
CCH Axcess installed base	10,000+ U.S. firms; 1.4m+ users	Large renewal and cross-sell base	§0a, point-in-time KPI inventory
CCH Axcess renewal	Above 95%	Strong retention snapshot, not a full historical cohort series	§0a, point-in-time KPI inventory
Agentic-module adoption	About 250 subscribing firms	Early evidence; small versus installed base	§4 and §6, agentic-module rows

[DATA GAP: standalone revenue dollars for CCH Axcess, ProSystem fx, professional software modules and agentic AI are not disclosed; no product dollars are estimated or back-solved.]

7. Management guidance — quoted from data package Section 6

The following are all Tax & Accounting-specific forward anchors preserved in the DR-cleared data package. They are not re-fetched transcript text.

- **Division growth.** Stacey Caywood said on 2026-08-05: “Tax & Accounting grew 6% organically, in line with the first half of last year.” [data_package §6, Tax & Accounting row 1] This establishes the latest growth rate but not a full-year guarantee. A second-half acceleration is needed to match FY2025's 7%.

- **Cloud migration.** Caywood said: “Growth was led by an 18% increase in cloud software revenues as customers continue to migrate to the CCH Axcess cloud-native platform.” [data_package §6, Tax & Accounting row 2] This identifies the mix driver. It does not disclose cloud dollars or the share of segment revenue.

- **Agentic adoption.** Caywood said: “We already have around 250 accounting firms who are subscribing to one or more of our new agentic AI modules.” [data_package §6, Tax & Accounting row 3] This is a paying-adoption signal, but the company disclosed neither revenue nor average contract value.

- **Customer ROI.** Caywood said: “Users are reporting up to 70% efficiencies when they use the new K1 Scan tool.” [data_package §6, Tax & Accounting row 4] This supports willingness to adopt if the outcome is repeatable. The phrase “up to” prevents using 70% as an average productivity assumption.

- **Migration runway.** Caywood said: “We have made it to the halfway mark in terms of migrating from ProSystem to our cloud solution.” [data_package §6, Tax & Accounting row 5] This is the clearest five-year growth support. It also marks the source of eventual deceleration as the remaining pool shrinks.

- **Formal outlook.** The Executive Board said: “We expect full-year 2026 organic growth to be in line with prior year (FY 2025: 7%), with revenue momentum picking up in the second half.” [data_package §6, Tax & Accounting row 6] This supports 7% as a near-term anchor, but it does not directly guide the model's Year 1, which runs from 2026-06-30 to 2027-06-30. The 7% Year 1 rate is therefore an analyst assumption informed by, rather than identical to, FY2026 guidance; subsequent rates moderate.

At group level, management also intends product-development spending at 12%-13% of revenue “this year and beyond,” up from 11% historically, while guiding full-year group margin around 28%. [data_package §6, group and capital framework] This matters to segment margins: cloud and AI growth must fund higher sustained investment. The model does not take H1's timing benefit as structural margin.

8. Forward growth assumptions — explicit and justified

Because only the divisional total is dollar-disclosed, each scenario models one financial line, **Tax & Accounting total, cloud-led blend**. Cloud, legacy migration, AI, pricing and renewal are explicit drivers of that line but are not assigned fabricated revenue. The DR-sealed base is EUR1,670 million for TTM ended 2026-06-30, and the horizon is exactly five years to 2031-06-30. [data_package §3, TTM divisional revenue anchors, Tax & Accounting row]

Base case growth

Product	3-year historical CAGR	Latest YoY	Management near-term anchor	Base CAGR TTM to TTM+5y	Justification
Tax & Accounting total, cloud-led blend	6.0%	6% H1 organic; 6.3% FY2025 reported	FY2026 organic growth in line with FY2025 7%	6.0%	Year 1 uses 7% as a near-term anchor, not as period-matched guidance; growth then fades as the halfway-complete migration pool shrinks. Renewal above 95%, cloud growth of 16%-18% and early AI attach offset legacy drag, competition and scale.

The base cadence is 7.0%, 6.5%, 6.0%, 5.5% and 5.0%. This is deliberately close to the 6.0% FY2022-FY2025 historical CAGR. The 7.0% model Year 1 spans H2 2026 and H1 2027, so it is not presented as company guidance; it uses the FY2026 7% outlook and expected H2 pickup as the best available near-term anchor, then makes deceleration visible. By Year 5, cloud remains a positive mix driver but no longer grows from the same large unmigrated pool. Agentic modules improve renewal and attach but do not create a separate revenue step-up. The case presumes that management can maintain customer trust through the migration and that price remains reasonable relative to the labor capacity the system saves.

Bull case growth

Product	3-year historical CAGR	Latest YoY	Management near-term anchor	Bull CAGR TTM to TTM+5y	Justification
Tax & Accounting total, cloud-led blend	6.0%	6% H1 organic; cloud 18% North America / 16% Europe	FY2026 organic growth in line with FY2025 7%	8.0%	Migration accelerates, AI modules attach across the 10,000+ firm base, enterprise wins and pricing lift the segment above history. Deceleration is modest because workflow breadth and customer ROI support cross-sell.

The bull cadence is 8.5%, 8.5%, 8.0%, 7.5% and 7.5%. This requires more than successful migration: agentic products must move well beyond 250 firms, enterprise execution must be strong, cannibalization must be limited and customers must accept incremental price for measurable automation. The cadence remains far below current cloud growth, recognizing that cloud is only part of the division and that legacy revenue may shrink. It is a high-execution case, not a straight-line extrapolation of an 18% product indicator.

Bear case growth

Product	3-year historical CAGR	Latest YoY	Management near-term anchor	Bear CAGR TTM to TTM+5y	Justification
Tax & Accounting total, cloud-led blend	6.0%	6% H1 organic; 6.3% FY2025 reported	FY2026 organic growth in line with FY2025 7%	3.5%	Year 1 still benefits from signed renewals and migration, but small-firm price pressure, slower implementations, AI parity and legacy contraction drive a fast fade. Customers largely remain, yet module attach and price realization weaken.

The bear cadence is 5.0%, 4.0%, 3.0%, 3.0% and 2.5%. This is not a collapse scenario because deadline-critical workflows and switching costs should prevent abrupt revenue loss. The adverse outcome is stagnating real growth while development, support and AI costs stay high. Competitors' investments in integrated accountant platforms and grounded agentic tax tools make this a plausible downside even without customer flight.

Year-by-year revenue build

Case	TTM anchor	Year 1 growth / revenue	Year 2 growth / revenue	Year 3 growth / revenue	Year 4 growth / revenue	Year 5 growth / revenue	Exact 5-year CAGR
Bear	1,670.0	5.0% / 1,753.5	4.0% / 1,823.6	3.0% / 1,878.3	3.0% / 1,934.7	2.5% / 1,983.1	3.496%
Base	1,670.0	7.0% / 1,786.9	6.5% / 1,903.0	6.0% / 2,017.2	5.5% / 2,128.2	5.0% / 2,234.6	5.998%
Bull	1,670.0	8.5% / 1,812.0	8.5% / 1,966.0	8.0% / 2,123.2	7.5% / 2,282.5	7.5% / 2,453.7	7.999%

The table compounds sequentially from TTM, not FY2025, and uses five periods exactly. It contains no acquisition revenue, no currency uplift and no product-dollar assumptions. Reported revenue could differ from organic growth because Wolters Kluwer reports in euros and more than 60% of group revenue and Adjusted operating profit is generated in North America. FX belongs in the consolidated analysis, not as invented segment organic growth. [data_package §1, geography paragraph]

The base-case deceleration is economically coherent. A migration that is roughly halfway complete can remain a strong near-term contributor, but each conversion reduces the remaining pool. New AI modules can add another growth vector, yet the starting adoption is only about 250 firms and competitors are simultaneously launching tax agents. The model therefore does not assume that AI replaces the fading migration tailwind one for one. In bull, adoption, pricing and enterprise wins more than replace it. In bear, cloud conversion continues but increasingly cannibalizes legacy revenue while competitive pricing prevents full monetization.

9. Forward Adjusted operating profit margin assumptions

The current reference is a 35.0% TTM **Adjusted operating profit** margin, calculated from EUR584 million TTM Adjusted operating profit and EUR1,670 million TTM revenue. FY2025 was 35.2%, while H1 2026 was 36.3%. [data_package §3, TTM divisional anchors and Tax & Accounting historical table; §5, H1 Tax & Accounting row; statutory_bridge.json, TTM segment-profit line] H1 is not annualized because product investment is second-half weighted.

Case	TTM margin	Year 1	Year 2	Year 3	Year 4	TTM+5y margin	Change vs TTM	Mechanism
Bear	35.0%	34.0%	33.3%	32.7%	32.4%	32.5%	-250 bps	12%-13% product investment, dual-platform support, cloud/AI infrastructure and small-firm pricing pressure outrun scale; modest late stabilization follows cost action.
Base	35.0%	35.0%	35.2%	35.5%	35.8%	36.0%	+100 bps	Cloud standardization and module attach offset higher development and hosting; pricing and renewal produce measured leverage without annualizing H1.
Bull	35.0%	35.3%	36.0%	36.7%	37.4%	38.0%	+300 bps	High-margin AI attach, faster legacy retirement, enterprise cross-sell and pricing create leverage well above incremental infrastructure and support cost.

The bear contraction exceeds 100 basis points and therefore needs a specific causal bridge. Product development rises from an historical group rate of 11% to 12%-13%; Wolters Kluwer must operate legacy and cloud stacks; AI inference and human validation cost money; and aggressive competitor investment limits separate AI pricing. Small firms can down-tier or choose cheaper alternatives. These forces cut 250 basis points from TTM by the horizon. The slight recovery from 32.4% in Year 4 to 32.5% assumes management eventually removes duplicate cost; without that response the margin would continue falling.

The bull expansion also exceeds 100 basis points. It requires the opposite mechanisms: cloud conversion permits retirement of legacy infrastructure and releases support cost; enterprise customers attach multiple modules; AI is priced for demonstrated labor savings; implementation becomes more standardized; and renewal remains above 95%. A 38.0% margin

is demanding but not mechanically impossible for a scaled vertical-software platform. It should not be interpreted as a forecast based on H1's 36.3%; it is conditional on five years of execution.

The base case is intentionally restrained. A 100-basis-point gain over five years is only about 20 basis points a year and leaves most cloud and AI gross benefit reinvested in product quality, security, regulation and customer success. This reflects management's explicit decision to spend more on product development. If product investment creates durable growth, modest near-term margin restraint is economically rational.

No margin is assigned to a product brand because the data package discloses no product revenue or profit. The segment margin is therefore not a fabricated weighted average of CCH Axcess, ProSystem and AI. It is the one issuer-reported divisional margin applied to the one disclosed divisional revenue line. Corporate expense and statutory-bridge adjustments are not inserted here.

10. Segment rollup — bottom-up and reconciled

The rollup has one financial line because Tax & Accounting total is the finest disclosed revenue perimeter. The line is still bottom-up: each scenario's revenue is reconstructed from its explicit annual growth sequence, and profit equals terminal revenue multiplied by the terminal **Adjusted operating profit** margin. There is no hidden product plug.

Case	Modeled line	TTM revenue	5-year growth factors	TTM+5y revenue	TTM+5y Adjusted operating profit margin	TTM+5y Adjusted operating profit	Revenue reconciliation
Bear	Tax & Accounting total	1,670.0	1.05 × 1.04 × 1.03 × 1.03 × 1.025	1,983.1	32.5%	644.5	1,983.1 / 1,983.1; 0.0% residual
Base	Tax & Accounting total	1,670.0	1.07 × 1.065 × 1.06 × 1.055 × 1.05	2,234.6	36.0%	804.5	2,234.6 / 2,234.6; 0.0% residual
Bull	Tax & Accounting total	1,670.0	1.085 × 1.085 × 1.08 × 1.075 × 1.075	2,453.7	38.0%	932.4	2,453.7 / 2,453.7; 0.0% residual

The profit calculations are `1,983.1 × 32.5% = 644.5`, `2,234.6 × 36.0% = 804.5`, and `2,453.7 × 38.0% = 932.4`, subject only to displayed rounding. Each case reconciles within 0.1%, well inside the 1% requirement. Adjusted operating profit grows at approximately 2.0% a year in bear, 6.6% in base and 9.8% in bull from the EUR584 million TTM anchor. This dispersion shows why margin execution matters: the revenue range is meaningful, but the profit range widens further when sustained investment either fails or succeeds.

Case	TTM Adjusted operating profit	Year 1 profit	Year 2 profit	Year 3 profit	Year 4 profit	TTM+5y profit
Bear	584.0	596.2	607.3	614.2	626.8	644.5
Base	584.0	625.4	669.9	716.1	761.9	804.5
Bull	584.0	639.6	707.7	779.2	853.6	932.4

The base outcome implies EUR564.6 million of incremental revenue and EUR220.5 million of incremental Adjusted operating profit over five years. That is a 39.1% incremental adjusted-profit conversion on displayed figures, above the terminal 36.0% margin because the model begins at 35.0% and adds modest leverage. The bear produces EUR313.1 million of incremental revenue but only EUR60.5 million of incremental profit, a 19.3% conversion, as cost pressure absorbs growth. The bull adds EUR783.7 million revenue and EUR348.4 million profit, a 44.5% conversion, requiring genuinely high-margin attach and legacy cost retirement.

These are segment economics only. The numbers must be combined with the other four divisions and then bridged through Corporate, acquired-intangible amortization and impairment, non-benchmark operating items, financing, associates and tax. None of those lines is allocated here. [data_package §3a, forecast-driver schedule]

11. Key risks and wildcards

- **Cloud migration execution — Bear/Base.** The halfway point provides runway, but the remaining customers may be harder to move than the first half. Large firms have complex data, custom integrations and strict go-live windows; small firms may lack migration capacity. Delays can sustain duplicate platform cost without producing cloud growth.

- **Agentic AI monetization — all cases.** About 250 subscribers and a strong K-1 Scan efficiency example validate interest, but neither average usage nor revenue is disclosed. Bull requires broad paid attach. Base assumes retention and modest cross-sell. Bear assumes AI is necessary to defend price while competitors offer similar functions.

- **Accuracy, explainability and liability — Bear.** Tax outputs are high-stakes. An agent that hallucinates, misclassifies a document or applies an outdated rule can create review burden and reputational damage. Human validation may limit labor savings and increase inference, testing and support cost.

- **Small-firm price sensitivity — Bear.** Smaller firms can choose focused, lower-cost products and may resist a broad suite. Wolters Kluwer's small-firm packages widen the addressable market but could dilute average pricing or increase support cost if onboarding is not standardized.

- **Enterprise concentration and sales cycles — Bull/Bear.** Large firms can generate high lifetime value and many module attachments, but enterprise migrations are slow and demanding. A few delayed implementations can shift growth across periods. Enterprise success is a bull lever; customization and delays are bear risks.

- **Competitor platform convergence — Bear/Base.** Intuit is integrating accountant workflows with QuickBooks data and AI agents. Thomson Reuters is combining Checkpoint authority, professional tax software and CoCounsel. Feature parity can reduce AI pricing, even when CCH Axcess retention remains high.

- **Regulatory change — Bull/Bear.** Frequent tax-law change makes authoritative, updated professional software more valuable and can support renewal. It also forces compressed development cycles, testing and customer support. Regulatory complexity is both demand and cost.

- **Cybersecurity and availability — Bear.** Tax systems hold sensitive personal and business data and operate around hard deadlines. A breach, extended outage or failed filing-season release would damage trust, create remediation cost and open a window for competitors.

- **Seasonality and spending timing — Base.** H1 2026 margin benefited from product-spend timing. Second-half investment is expected to rise. Annualizing the half-year would overstate economics; the model's TTM anchor and gradual margins avoid that error.

- **FX translation — all cases.** More than 60% of group revenue and Adjusted operating profit comes from North America, while reporting is in euros. The divisional forecast is presented in EUR and does not manufacture an FX view. Actual reported revenue may diverge from organic operations.

- **Labor scarcity as an upside wildcard — Bull.** Accounting firms face capacity constraints. If agentic modules reliably reduce data-entry and review time, firms may pay for automation that lets them process more returns without proportional hiring. The reported K-1 efficiency example is directionally supportive but insufficient to quantify the market.

- **Legacy retirement as an upside wildcard — Bull.** If the second half of ProSystem migration proceeds faster and more cleanly than expected, Wolters Kluwer can reduce duplicate support and release complexity earlier. This is the principal mechanism behind the bull margin rather than unsupported generic operating leverage.

Segment scenario summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	EUR1,983.1m	Adjusted operating profit	32.5%	EUR644.5m	25%
Base	EUR2,234.6m	Adjusted operating profit	36.0%	EUR804.5m	55%
Bull	EUR2,453.7m	Adjusted operating profit	38.0%	EUR932.4m	20%

The probability-weighted terminal segment result is EUR2,215.5 million revenue and EUR790.1 million Adjusted operating profit, equivalent to a 35.7% ratio of weighted profit to weighted revenue. That probability-weighted diagnostic is not a fourth scenario and does not authorize a trade. The analytical center remains the base case: a cloud-led 6.0% five-year revenue CAGR, measured 100-basis-point margin expansion, and EUR804.5 million terminal Adjusted operating profit.

The investment question is not whether tax software disappears. The more relevant question is whether Wolters Kluwer converts deep workflow entrenchment into paid cloud and agentic adoption faster than competitors convert their own installed bases. The evidence supports a durable segment with visible migration runway, high renewal and strong current cloud growth. It does not yet support treating early AI adoption as a separately quantified revenue stream or assuming H1 margins persist without the planned development step-up.

Appendix B2 - Health

Wolters Kluwer Health — Segment Deep Dive

Run ID: `pulse-cio-20260928T020214+0800` **Information cutoff:** 2026-09-28 SGT **Reporting basis:** EUR millions unless stated otherwise **Forecast anchor:** TTM ended 2026-06-30, built as FY2025 less H1 2025 plus H1 2026 **Forecast horizon:** 2031-06-30, exactly 5.0 calendar years **Exact segment profit metric: Adjusted operating profit Scenario probabilities:** Bear 25%; Base 55%; Bull 20%

0. Segment boundary and taxonomy note

Health is one of Wolters Kluwer's five current divisions and consists of clinical decision support, drug data, patient engagement, medical research, and nursing education. The broader group had taxonomy changes in 2023 and 2025, but those changes moved businesses among Tax & Accounting, Legal & Regulatory, Financial & Corporate Compliance, and Corporate Performance & ESG; the DR-cleared package identifies no transfer into or out of Health. Accordingly, Health's FY2021-FY2025 revenue series is comparable on its disclosed boundary. FY2021 Adjusted operating profit is nevertheless unavailable on the current five-division basis and is not estimated. This appendix preserves the sealed bridge identity: Health profit is **Adjusted operating profit**, never statutory operating income. Corporate cost, acquisition-intangible amortization and impairment, non-benchmark operating items, financing, and tax are not allocated into Health and remain for the central bridge forecaster [data_package §1; §3, Health table; §3a, Forecast-driver schedule].

1. What this segment actually is

Health sells trusted professional information and software into moments where a clinician, pharmacist, nurse, student, researcher, or healthcare institution needs a defensible answer or workflow. The division has two disclosed sub-business groupings. **Clinical Solutions** includes UpToDate clinical decision support, drug information, and patient-oriented tools. **Learning, Research & Practice** includes medical journals and research information, nursing education, and practice-oriented learning products [data_package §1, Health row; §4, Brand and sub-business disclosure method, Health rows]. The package does not disclose standalone revenue for UpToDate or any other Health brand, so this analysis does not invent brand-level dollars.

The economic center is enterprise clinical decision support. UpToDate sits inside the hospital or health-system information workflow, gives clinicians editorially curated answers and references, and can be delivered through institution-wide subscriptions. The package reports more than three million UpToDate users and more than 50 million monthly queries, with renewal above 90%. Those are point-in-time adoption measures, not ARR or cohort statistics [data_package §0a, Software and ad-hoc KPI historical series, point-in-time KPI inventory]. Enterprise Edition is particularly important because UpToDate Expert AI is bundled into that subscription. By H1 2026, more than 90% of U.S. Enterprise Edition customers, representing about 2,500 hospitals, had signed up, while more than 230 international sites were activated across 36 countries. The speed of adoption establishes demand and distribution reach, but it does not establish incremental revenue by itself [data_package §0a, point-in-time KPI inventory; §4, Latest disclosed sub-business growth and adoption, Health rows].

Pricing is mostly recurring and renewal-based rather than a one-time AI license. Management says Expert AI is rolled out as part of Enterprise Edition; monetization comes through supporting renewals and price increases, and add-on capabilities are priced when customers renew. Because subscriptions roll over through the year, the effect is gradual. That architecture makes revenue more predictable than an immediate usage-fee model but delays observable monetization. It also means customer value must remain clear at renewal: a hospital can admire the AI tool and still negotiate hard on the total contract [data_package §6, Health quote rows 2-5].

The go-to-market is bifurcated. Institutions buy enterprise access, value governance, integration, broad clinician availability, training, and a vendor relationship. Individual clinicians buy UpToDate Pro or another personal-access product and are more price sensitive. Management explicitly identifies the individual market as more competitive because general-purpose large language models offer free medical chatbots; it also says Pro is less than 20% of core UpToDate in the same answer. The enterprise business is therefore the stronger economic franchise, while the individual channel is the exposed edge [data_package §6, Health quote row 6 and modeling interpretation].

Learning, Research & Practice has a different customer and value chain. It packages journals, evidence, education, and practice content for institutions and professionals. The assets feed the knowledge base around clinical work, but the economics face print decline, library budget pressure, open-access alternatives, and generative search that can route users

directly to answers. Its strategic value is not simply its stand-alone growth: high-quality source material, editorial expertise, and relationships with medical communities can strengthen provenance and product breadth across Health. The investment question is whether Wolters Kluwer can turn that content advantage into workflow value quickly enough to offset commoditization of search and print.

2. Current economics — TTM ended 2026-06-30

Health's DR-sealed TTM revenue is EUR1,582 million: FY2025 revenue of EUR1,596 million less H1 2025 revenue of EUR788 million plus H1 2026 revenue of EUR774 million. TTM **Adjusted operating profit** is EUR516 million using the identical construction: EUR512 million less EUR260 million plus EUR264 million. The resulting TTM Adjusted operating profit margin is 32.6%. These are sealed outputs from the current DR-cleared package, SHA-256 `8ebd83f5db0c0fc51c530419d82ccd9dd964696beaa88ca7a20c1b673fb17d2e`, and the sealed statutory bridge, SHA-256 `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289` [data_package §3.1, Health row; §3a, TTM bridge].

Reported FY2025 revenue growth was only 0.8%, reflecting currency effects, but official organic growth was 5%. H1 2026 also delivered 5% organic growth. That divergence matters: more than 60% of group revenue and Adjusted operating profit is generated in North America, so reported euro revenue can understate or overstate the underlying renewal and volume trend. The segment model begins with the sealed euro TTM revenue, while its operating assumptions are informed by organic growth and then subjected to FX risk rather than pretending organic growth equals reported growth [data_package §1, geography paragraph; §3, Health table; §5, Health row].

Clinical Solutions represented 57% of FY2025 Health revenue and 59% in H1 2026. Learning, Research & Practice is the residual disclosed division mix, 43% and 41% respectively. These percentages are valid sub-business shares; neither is a standalone UpToDate dollar disclosure. Clinical Solutions organic growth moderated from 7% at 9M 2025 to 6% in Q1 2026 and 5% in H1 2026. That recent pattern is more useful for forward calibration than extrapolating Health's 17.3% reported FY2022 growth, which was heavily influenced by currency and the post-pandemic comparison [data_package §4, Brand and sub-business disclosure method, Health rows; §4, Latest disclosed sub-business growth and adoption, Health row; §3, Health table].

Revenue quality is high but not fully quantified at division level. The group recurring share rose from 80% in FY2021 to 83% in FY2025 and 85% in H1 2026, while renewal for the largest subscription solutions has historically been above 90%. Health's own disclosed UpToDate renewal is above 90%. No division ARR, net revenue retention, gross retention, billings, current RPO, or cohort data are disclosed. Consequently, this model treats renewal strength as evidence of durability, not a license to assume SaaS-like net retention or to manufacture an ARR multiple [data_package §0a, Software and ad-hoc KPI historical series; §10, True non-disclosure row].

Health's capital intensity cannot be isolated from the package. At group level, net capex was EUR303 million, or 4.9% of revenue, in FY2025, and product development was approximately 11% of revenue. Management plans to raise product development to 12%-13% of revenue in 2026 and beyond. Those group figures are contextual only; no Health-specific capex or product-development euros are allocated here. The forecast captures Health's likely share of higher content, clinical validation, AI engineering, and workflow investment through conservative segment-margin assumptions rather than allocating an unsupported corporate R&D figure [data_package §7, FY2025 row; §6, Group and capital framework quote row 3].

3. Unit economics

Health converts revenue into Adjusted operating profit through an attractive recurring-content model. Once an evidence base, editorial workflow, drug database, and product platform exist, adding a clinician user or serving another query should have low incremental distribution cost. A renewal therefore preserves revenue without repeating the full initial selling effort. Enterprise contracts can deepen these economics because deployment reaches many clinicians and can be integrated into the customer's workflow, while support, security, procurement, and governance costs are spread over a larger account.

The cost base is not costless. Clinical content must be continuously reviewed; evidence changes, guidelines conflict, drug information must remain current, and mistakes can be consequential. Expert AI adds inference, retrieval, evaluation, monitoring, security, and product-engineering costs. Institutions will demand auditability and cited sources. Learning and research products require editorial management and relationships with authors, reviewers, societies, educators, and institutions. The business therefore resembles high-gross-margin software plus a durable editorial factory, not a static database that can simply harvest price.

Observed segment economics show modest, sustained leverage. Adjusted operating profit increased from EUR434 million in FY2022 to EUR454 million in FY2023, EUR480 million in FY2024, and EUR512 million in FY2025. Adjusted operating profit margin moved from 30.0% to 30.1%, 30.3%, and 32.1% over the same years [data_package §3, Health table, Adjusted operating profit and Adjusted margin rows]. H1 margin of 34.1% is seasonal and should not be annualized. The group has warned that product investment is second-half weighted, and forward development spending is stepping up [data_package §5, Health row and paragraph below the table; §6, Group quote rows 2-4].

Margin rises if enterprise recurring mix expands, renewals hold, AI supports price increases, Clinical Solutions outgrows the lower-growth residual portfolio, and engineering/content costs scale more slowly than revenue. Margin falls if free or ad-supported AI caps price, enterprise customers demand AI at no incremental price, inference and clinical-review costs remain high, a medical error forces expensive remediation, or Learning, Research & Practice declines faster than its cost base can be resized. The shift from 57% Clinical Solutions mix in FY2025 to 59% in H1 2026 is directionally favorable, but six months of mix movement is insufficient evidence for a structural two-point annual shift.

The most important unit-economic issue is how AI monetizes. Management's model embeds Expert AI into Enterprise Edition and realizes value at renewal. That should support retention and price rather than create an immediate new revenue line. Base-case economics assume a gradual contribution: AI preserves renewal and permits moderate uplift, but higher product development absorbs much of the gross benefit. Bull economics require measurable willingness to pay, international deployment, and workflow expansion. Bear economics assume the feature becomes table stakes, so hospitals receive it in bundle negotiations while Wolters Kluwer still bears the cost.

4. Competitive dynamics

The direct institutional competitors are EBSCO's DynaMed and Elsevier's ClinicalKey, with BMJ Best Practice and specialty tools competing in narrower settings. The generative-AI frontier also includes OpenEvidence and general-purpose models. Competition is no longer a choice between two editorial databases; it is a contest among curated content, conversational interfaces, citations, workflow integration, price, and trust.

Independent evidence confirms that conventional competitors are credible. KLAS's 2025 point-of-care disease-reference ranking scored DynaMed 90.1, UpToDate Pro 87.2, and ClinicalKey 86.9, based on 16, 18, and 25 unique organizations respectively. The samples are small and the ranking is not market share, but it prevents a lazy assumption that UpToDate is uniformly superior. DynaMed's score and value grade make institutional price competition real ([KLAS 2025 ranking](https://klasresearch.com/best-in-klas-ranking/clinical-decision-support-point-of-care-disease-reference/2025/506)).

Product parity is also rising. EBSCO launched Dyna AI Mode in February 2026 inside DynaMed, DynaMedex, and Dynamic Health, grounding responses in expert-vetted evidence and letting clinicians move between AI synthesis and classic search. It includes references, timestamps, and revisit/rerun features; at launch it was unavailable in the EU ([EBSCO launch](https://about.ebsco.com/news-center/press-releases/ebsco-clinical-decisions-launches-dyna-ai-mode)). Elsevier launched ClinicalKey AI earlier, combining conversational search with licensed journals, medication information, clinical references, and textbooks. Elsevier said the product had input from more than 30,000 U.S. physicians and that ClinicalKey serves thousands of hospital systems and medical schools ([Elsevier launch](https://www-prod.elsevier.com/about/press-releases/elsevier-health-launches-clinicalkey-ai-the-most-advanced-gen-ai-powered)). Vendor claims are promotional, but the functionality demonstrates that an AI answer layer is not exclusive to UpToDate.

OpenEvidence is the sharper disruptive signal because its free-to-clinician model can separate user adoption from hospital subscription budgets. Reuters reported that the company raised USD250 million at a USD12 billion valuation in January 2026, doubling its valuation in three months; the financing itself says nothing about clinical quality, but it finances rapid product and distribution investment ([Reuters report](https://finance.yahoo.com/news/medical-ai-startup-openevidence-doubles-135448981.html)). A June 2026 preprint reports a blinded study in which 149 practicing physicians across 36 states compared answers on 620 real point-of-care queries; OpenEvidence was preferred across accuracy, clinical utility, source quality, verifiability, and completeness versus three general-purpose models. The study draws questions from the OpenEvidence platform and was agreed with the company, so it should be read as competitive evidence with potential selection and sponsor-adjacent bias, not as proof of superiority to UpToDate ([Feng et al. 2026](https://arxiv.org/abs/2606.28960)).

The competitive advantage remains different by channel. Hospitals care about enterprise security, contract accountability, consistent evidence governance, integration, training, and broad coverage. These requirements slow displacement and favor established vendors. Individuals can switch quickly to a free chatbot or a cheaper subscription, which aligns with management's warning that the individual segment is more competitive. The package's statement that individual Pro is less

than 20% of core UpToDate narrows, but does not eliminate, direct free-AI exposure [data_package §6, Health quote row 6].

Pricing power is therefore earned at renewal rather than guaranteed by brand. More than 90% renewal and rapid Expert AI signup indicate an embedded product, but procurement can use DynaMed, ClinicalKey AI, and free alternatives to demand concessions. A live example of institutional substitution is McGill's announced transition from UpToDate to DynaMed in 2026, which shows switching is possible even if it does not reveal economics or prove a broad trend ([McGill notice](https://healthenews.mcgill.ca/transition-from-uptodate-to-exclusive-use-of-dynamed-for-clinical-decision-support/)). The base case assumes positive but modest net pricing; the bear case treats AI as bundle-defensive rather than incrementally monetizable.

Learning, Research & Practice competes with large medical publishers, society journals, open-access venues, library consortia, and direct discovery through AI. Open access can expand distribution while changing who pays. The risk is not that all journals disappear; it is that journal interfaces and print products lose engagement while AI systems intermediate discovery. The offset is that licensed, authoritative content becomes more valuable as grounding material. Wolters Kluwer must retain rights, editorial reputation, and direct workflow placement to capture that value instead of merely supplying commoditized source material.

5. Moat at the segment level

Health has a real but evolving moat. Its strongest components are clinical trust, a maintained editorial corpus, habitual point-of-care use, enterprise distribution, renewal relationships, broad coverage, and workflow integration. More than three million users and more than 50 million monthly queries create familiarity and a feedback surface. More than 90% renewal and rapid Enterprise Expert AI adoption imply that customers see value in staying inside the product [data_package §0a, point-in-time KPI inventory]. These advantages are stronger than a generic consumer content brand because clinical errors carry professional consequences and healthcare organizations prefer accountable, governable systems.

The content moat is not simply ownership of text. Competitors also own or license high-quality medical literature. The durable advantage must be the process of selecting, updating, reconciling, citing, and presenting evidence in a way clinicians trust under time pressure. If generative models make retrieval easy, the scarce asset shifts toward provenance, editorial judgment, evaluation, and integration. UpToDate can benefit from that shift, but only if Expert AI is at least as fast and convenient as AI-native rivals.

The distribution moat is meaningful. Enterprise Edition already sits inside customer procurement and deployment processes, and over 90% of U.S. Enterprise Edition customers signed up for Expert AI by H1 2026. This lets Wolters Kluwer put new functionality in front of thousands of hospitals without building distribution from zero [data_package §4, Latest disclosed sub-business growth and adoption, UpToDate Expert AI row]. International rollout to more than 230 sites in 36 countries demonstrates portability, though the absolute site count remains small relative to the U.S. hospital footprint.

The moat is weaker in individual subscriptions and generic information lookup. Free medical chatbots can be good enough for low-complexity questions, and management admits the individual segment has always been more competitive. An AI-native product can also iterate faster and subsidize clinician access through advertising or capital. UpToDate must avoid being a premium static encyclopedia attached to an adequate chatbot. Its defensible position is a high-trust clinical workflow that supports enterprise governance and can prove answer quality.

Learning, Research & Practice has brand and community assets but a less obvious margin moat. Journals and education products benefit from reputation, editorial networks, accreditation, and institutional relationships; print and undifferentiated access face secular pressure. The strategic case improves when these assets strengthen the clinical knowledge graph, generate differentiated evidence, or create workflow cross-sell. If that integration fails, a blended Health moat can conceal a fast-moat Clinical Solutions franchise and a slower, more exposed publishing portfolio.

Over five to ten years, the moat is durable but no longer passive. Base-case durability requires continuous 12%-13% group-level product investment, reliable clinical evaluation, competitive AI experience, and disciplined price realization. The moat deteriorates if AI-native tools win daily clinician habit, if hospitals view all grounded answer engines as interchangeable, or if a trust event damages the brand. It strengthens if Wolters Kluwer can prove superior answer quality, integrate into EHR workflows, use its enterprise footprint to deploy new agents, and monetize internationally.

6. Historical growth rates — reproduced from the data package

The package discloses Health dollars at division level and sub-business shares/growth, but no standalone UpToDate or Learning, Research & Practice revenue. Therefore only the division total has a historical dollar series. n/d is preferable to

invented product dollars. The three-year CAGR is the annualized FY2022-to-FY2025 change, calculated from the package's disclosed endpoints.

Product / sub-segment	FY2022 revenue	FY2023 revenue	FY2024 revenue	FY2025 revenue	3-year CAGR	Most recent YoY	Data package cite
Health total	1,448 [§3, Health Revenue row]	1,508 [§3, Health Revenue row]	1,584 [§3, Health Revenue row]	1,596 [§3, Health Revenue row]	3.3% calculated [§3, Health Revenue row]	0.8% reported; 5% organic [§3, Health YoY row; §5, Health row]	data_package §3 Health table; §5 Health row
Clinical Solutions / UpToDate	n/d [§4, Brand table, Health row]	n/d [§4, Brand table, Health row]	n/d [§4, Brand table, Health row]	57% of Health, dollars n/d [§4, Brand table, Health row]	n/d [§10, standalone revenue gap]	5% organic in H1 2026 [§4, Latest growth table, Health row]	data_package §4 Health rows; §10 standalone revenue gap
Learning, Research & Practice	n/d [§4, Brand table, Health row]	n/d [§4, Brand table, Health row]	n/d [§4, Brand table, Health row]	Residual 43%, dollars n/d [§4, Brand table, Health row]	n/d [§10, standalone revenue gap]	n/d [§4, no separate growth row]	data_package §4 Health row; §10 standalone revenue gap

Arithmetic check. The disclosed Health total satisfies the mandatory checks: EUR1,508 million × 1.050 = EUR1,583.4 million, within 0.04% of FY2024's EUR1,584 million; EUR1,584 million × 1.008 = EUR1,596.7 million, within 0.04% of FY2025's EUR1,596 million. FY2022-to-FY2023 also ties: EUR1,448 million × 1.041 = EUR1,507.4 million, within 0.04% of EUR1,508 million. Differences are rounding. No product row can be arithmetically checked because product dollars are a true non-disclosure.

The reported series understates the current operating cadence because FY2025 organic growth was 5% while reported euro growth was 0.8%. It would also be wrong to use FY2022's 17.3% reported growth as a normalized run rate. The appropriate forecast anchor is the latest 5% organic division growth, the 5% H1 2026 Clinical Solutions growth, the sealed TTM euro base, and explicit scenario treatment of currency and competition.

7. Management guidance — quoted from data package Section 6

Every Health-specific forward statement in the package is reproduced below. These are management anchors, not independent evidence.

- **Division growth — data_package §6, Health quote row 1.** “Health delivered 5% organic growth, an improvement on the first half of last year.” This confirms a mid-single-digit operating cadence at H1 2026 and supports a near-term base around the formal 5% guide.

- **AI adoption — data_package §6, Health quote row 2.** “Over 90% of our U.S. Enterprise Edition customers have signed up to adopt UpToDate Enterprise Expert AI.” This is unusually rapid installed-base penetration. It supports retention and distribution, but signup is not paid ARR and cannot be modeled as a new revenue stream.

- **Bundle architecture — data_package §6, Health quote row 3.** “Expert AI has been rolled out as a part of our Enterprise Edition subscriptions.” The product begins as a bundle enhancement, so the model routes economics through renewal and pricing rather than assigning an AI revenue line.

- **Monetization — data_package §6, Health quote row 4.** “So monetization is effectively through supporting renewals and price increases.” This is the key pricing statement. Management did not quantify uplift, so the scenarios differ through broad growth and margin assumptions rather than a fabricated price percentage.

- **Revenue cadence — data_package §6, Health quote row 5.** “These are subscriptions, so that has a gradual impact as customers take in those additional capabilities.” The base and bull paths compound gradually; neither assumes a 2026 step-function in revenue.

- **Individual-channel competition — data_package §6, Health quote row 6.** “The individual segment of the market has always been more competitive, and that does remain the case as we now have many general LLMs offering free medical chatbots.” The bear case explicitly includes personal-seat substitution and enterprise procurement pressure from free alternatives. The package notes that Pro is less than 20% of core UpToDate in the same answer, limiting but not eliminating exposure.

- **Formal 2026 outlook — data_package §6, Health quote row 7.** “We expect full-year 2026 organic growth to be in line with prior year (FY 2025: 5%).” The base case does not exceed mid-single-digit segment growth without a clear driver.

Group guidance also affects Health economics. Management plans product development spending of 12%-13% of revenue in 2026 and beyond, versus about 11% historically, while maintaining full-year group Adjusted operating profit margin around 28% [data_package §6, Group quote rows 3-4]. No Health-specific spending rate is disclosed. The segment margin forecast therefore assumes continued reinvestment rather than treating AI pricing as pure incremental profit.

8. Forward growth assumptions — explicit by product grouping

The model uses the two disclosed broad sub-business groupings, not undisclosed brands. To make a reconstructable rollup without misrepresenting product disclosure, the EUR1,582 million DR-sealed TTM segment anchor is allocated **for forecasting only** at the latest disclosed H1 2026 mix: 59% Clinical Solutions and 41% Learning, Research & Practice. This creates analytical starting buckets of EUR933.4 million and EUR648.6 million. They are model allocations, not issuer-reported TTM product revenue and not UpToDate revenue. The model never assigns dollars to UpToDate alone. It also avoids carrying FY2025's 57% mix into a period that ends six months later, while acknowledging that an H1 mix may contain seasonality.

Base case growth

Product grouping	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Clinical Solutions / UpToDate-led	n/d; Health total 3.3%	5% organic H1 2026	Health 5% organic FY2026	6.0%	Enterprise AI supports renewal, moderate pricing, and international rollout; current 5% accelerates only modestly, while DynaMed, ClinicalKey AI, and OpenEvidence constrain pricing.
Learning, Research & Practice	n/d	n/d	Health 5% organic FY2026	2.5%	Digital education and research utility offset print and open-access pressure; no separate guidance supports a higher assumption.

The base case is close to management's near-term guide at the segment level. Clinical Solutions grows 6.0% annually because the enterprise installed base, Expert AI renewal pricing, and international site activation can lift the latest 5% organic rate. That acceleration is only one percentage point and is well below the growth rates often associated with a new AI product because Expert AI is bundled. Learning, Research & Practice grows 2.5%, reflecting value in authoritative medical content and education but recognizing print, library-budget, and search-intermediation pressure. The blended path is EUR1,654 million, EUR1,730 million, EUR1,810 million, EUR1,894 million, and EUR1,983 million across years one through five, a 4.6% segment CAGR.

The competitive benchmark justifies restraint. EBSCO and Elsevier have already placed generative interfaces around curated clinical evidence, while OpenEvidence is spending aggressively on an AI-native workflow. At the same time, more than 90% renewal, more than three million users, and existing hospital deployment make a collapse inconsistent with current evidence. The base case therefore treats Expert AI as a retention and moderate price lever, not a separate hypergrowth revenue line.

Bull case growth

Product grouping	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Clinical Solutions / UpToDate-led	n/d; Health total 3.3%	5% organic H1 2026	Health 5% organic FY2026	8.0%	Expert AI proves differentiating, renewals remain above 90%, pricing is accepted, international deployment scales, and enterprise workflow expands beyond lookup.
Learning, Research & Practice	n/d	n/d	Health 5% organic FY2026	4.0%	Digital learning and licensed content benefit from AI grounding demand, while print drag is managed faster than expected.

The bull case is not a sudden AI revenue spike. Clinical Solutions compounds at 8.0%, implying a measured step-up from 5% current organic growth as renewals reprice and international deployments accumulate. Learning, Research & Practice reaches 4.0% through digital delivery, education, and content value in grounded AI. The blended segment path reaches EUR1,683 million, EUR1,790 million, EUR1,905 million, EUR2,029 million, and EUR2,161 million; that is a 6.4% segment CAGR. The essential proof point would be paid renewal uplift, not just Expert AI activation. The case also requires strong implementation without a clinical trust event.

Bear case growth

Product grouping	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Clinical Solutions / UpToDate-led	n/d; Health total 3.3%	5% organic H1 2026	Health 5% organic FY2026	1.5%	AI becomes bundle-defensive, individual users substitute free tools, enterprise procurement forces concessions, and competitors narrow workflow and trust gaps.
Learning, Research & Practice	n/d	n/d	Health 5% organic FY2026	-1.5%	Print, library pressure, open access, and AI-mediated discovery outweigh digital education growth; fixed editorial costs lag the decline.

The bear case represents competitive normalization, not collapse. Clinical Solutions still grows because enterprise switching is slow and clinical governance matters, but 1.5% is far below management's 2026 guide. Learning, Research & Practice declines 1.5%. The blended path is EUR1,586 million, EUR1,591 million, EUR1,596 million, EUR1,601 million, and EUR1,607 million, only 0.3% annualized. This path would become plausible if Expert AI adoption fails to translate into price, a significant institution switches to a lower-cost competitor, free AI wins personal clinician habit, or euro translation remains unfavorable.

Thesis-consistency check. There is no assumed cliff from a 39% product growth rate; the disclosed current Clinical Solutions rate is 5%. The base raises that to 6%, the bull to 8%, and the bear reduces it to 1.5%. The comparable competitive evidence supports a wide range: established DynaMed and ClinicalKey have credible institutional evaluations and AI interfaces, while AI-native OpenEvidence shows rapid financing and product momentum. Conversely, high switching friction, more than 90% renewal, and existing enterprise distribution make an abrupt revenue contraction an excessively harsh central assumption. All three cases compound from the TTM end date for exactly five calendar years to 2031-06-30.

9. Forward Adjusted operating profit margin assumptions

The current TTM anchor is EUR516 million of **Adjusted operating profit** on EUR1,582 million of revenue, a 32.6% margin. No product-level Adjusted operating profit is disclosed, and product margins are not fabricated. The forecast therefore models revenue by broad sub-business and applies an explicit segment-level Adjusted operating profit margin. Corporate expense, acquired-intangible amortization and impairment, non-benchmark operating items, financing, and tax remain outside Health and are forecast once by the central bridge model.

Case	TTM margin	TTM+5y Adjusted operating profit margin	Change	Specific mechanism
Bear	32.6%	30.0%	-260 bps	Price concessions, free-AI substitution, higher AI inference and clinical-validation spend, and negative operating leverage in Learning, Research & Practice.
Base	32.6%	33.5%	+90 bps	Clinical Solutions mix, renewal pricing, and platform scale modestly exceed higher product-development intensity.
Bull	32.6%	35.0%	+240 bps	Paid AI value, international scale, better Clinical Solutions mix, and lower unit inference cost create leverage after sustained reinvestment.

The bear margin falls more than 100 basis points because the same forces hit numerator and denominator: revenue nearly stalls while evidence maintenance, AI evaluation, security, editorial labor, and inference costs cannot be removed proportionately. Learning, Research & Practice declines while its editorial infrastructure adjusts slowly. Hospitals use

competing AI offerings during renewal, causing price realization to fall below cost inflation. The resulting 30.0% margin is still consistent with a valuable recurring franchise; it does not assume the content and workflow moat disappears.

The base margin expands only 90 basis points to 33.5%. That is intentionally restrained relative to the 32.6% TTM anchor. Clinical Solutions becomes a larger share of revenue, Expert AI supports renewal and price, and software scale provides leverage, but management's 12%-13% group product-development commitment absorbs much of the benefit. This avoids the common mistake of treating bundled AI as zero-cost price uplift. A practical modeling cadence is approximately 32.8%, 33.0%, 33.1%, 33.3%, and 33.5% in forecast years one through five; these are analyst mechanics, not management guidance.

The bull margin rises 240 basis points to 35.0%, requiring specific evidence: customers accept renewal price increases because Expert AI delivers measurable clinical workflow value; international deployment scales without a proportional sales and support burden; unit inference costs fall; and Learning, Research & Practice content is reused effectively in digital products. The scenario still assumes meaningful editorial and product spending. It is not a harvesting case. Margin reaches 35.0% only after paid renewal evidence and mix gains accumulate.

Margin variability across the broad product groupings is economically plausible but undisclosed. Assigning a Clinical Solutions margin and a Learning, Research & Practice margin would create false precision. The segment-level margin is therefore the narrowest auditable approach. It can be reconstructed from the revenue rollup and produces the exact issuer metric required by the statutory bridge.

10. Segment rollup — bottom-up and reconciled

The following table compounds the analytical sub-business allocations from the EUR1,582 million DR-sealed TTM segment anchor. Totals add exactly before rounding. Because the issuer does not disclose sub-business Adjusted operating profit, the exact segment metric is applied only after summing revenue. This keeps the rollup reconstructable without inventing product margins.

Five-year revenue path by case

Case / EURm	TTM anchor	Year 1	Year 2	Year 3	Year 4	TTM+5y
Bear Clinical Solutions	933.4	947.4	961.6	976.0	990.7	1,005.5
Bear Learning, Research & Practice	648.6	638.9	629.3	619.9	610.6	601.4
Bear Health total	1,582.0	1,586.3	1,590.9	1,595.9	1,601.2	1,606.9
Base Clinical Solutions	933.4	989.4	1,048.7	1,111.7	1,178.4	1,249.1
Base Learning, Research & Practice	648.6	664.8	681.5	698.5	716.0	733.9
Base Health total	1,582.0	1,654.2	1,730.2	1,810.2	1,894.3	1,982.9
Bull Clinical Solutions	933.4	1,008.1	1,088.7	1,175.8	1,269.9	1,371.4
Bull Learning, Research & Practice	648.6	674.6	701.5	729.6	758.8	789.1
Bull Health total	1,582.0	1,682.6	1,790.2	1,905.4	2,028.6	2,160.6

Terminal segment economics

Case	Clinical Solutions TTM+5y revenue	Learning, Research & Practice TTM+5y revenue	Health TTM+5y revenue	Adjusted operating profit margin	Adjusted operating profit
Bear	1,005.5	601.4	1,606.9	30.0%	482.1
Base	1,249.1	733.9	1,982.9	33.5%	664.3
Bull	1,371.4	789.1	2,160.6	35.0%	756.2

Reconciliation is direct. Bear revenue equals EUR1,005.5 million plus EUR601.4 million, or EUR1,606.9 million; at 30.0%, Adjusted operating profit is EUR482.1 million. Base revenue equals EUR1,249.1 million plus EUR733.9 million, or EUR1,983.0 million from displayed components and EUR1,982.9 million from unrounded calculations; at 33.5%, profit is EUR664.3 million. Bull revenue equals EUR1,371.4 million plus EUR789.1 million, or EUR2,160.5 million from displayed components and EUR2,160.6 million from unrounded calculations; at 35.0%, profit is EUR756.2 million. All displayed differences are EUR0.1 million rounding, far below the 1% tolerance.

The probability-weighted terminal revenue is EUR1,924.5 million and probability-weighted Adjusted operating profit is EUR637.1 million. Those expected values are descriptive, not a fourth scenario and not an authorization for valuation, ranking, sizing, or trading. Scenario probabilities are the mandated 25% bear, 55% base, and 20% bull.

11. Key risks and wildcards

- **Enterprise AI becomes table stakes — Bear.** More than 90% customer signup proves distribution, not pricing. If every competitor bundles a grounded assistant, Expert AI may defend renewal while failing to lift contract value. Revenue can remain recurring while incremental return on product development disappoints.

- **Free AI displaces individual users and weakens procurement leverage — Bear.** Management explicitly identifies free medical chatbots as a threat in the individual market. Even if Pro is less than 20% of core UpToDate, free tools can establish daily clinician habit and give hospital buyers a credible negotiation anchor [data_package §6, Health quote row 6].

- **Clinical safety or trust event — Bear.** A confidently wrong answer, stale guideline, drug interaction error, or opaque citation could damage a brand built on trust. The financial effect could include remediation, slower deployment, higher review cost, customer concessions, or litigation. No such event is assumed; this is a consequence risk inherent in AI-mediated clinical support.

- **Competitor quality closes the gap — Bear/Base.** DynaMed's KLAS score, EBSCO's integrated AI mode, Elsevier's licensed content, and OpenEvidence's AI-native interface show that provenance and conversational answers are available elsewhere. The question is not whether competitors exist, but whether UpToDate remains sufficiently better integrated and governed to sustain premium pricing.

- **Paid renewal uplift exceeds expectations — Bull.** If Expert AI measurably improves clinician efficiency and customers accept add-on or renewal pricing, the revenue impact can accumulate as contracts roll. The H1 2026 signup rate creates a large installed base on which to test this; no uplift is quantified in the package, so it remains a bull wildcard rather than a base assumption.

- **International deployment scales — Bull.** More than 230 sites in 36 countries were activated by H1 2026. The opportunity is to reuse the core platform across additional institutions; the risks are localization, clinical-guideline differences, sales cycles, data governance, and willingness to pay [data_package §0a, point-in-time KPI inventory].

- **Inference and evaluation costs surprise — Bear/Base.** Expert AI requires model serving, retrieval, monitoring, testing, and clinical governance. Lower model costs would support the bull margin, but a higher bar for evaluation or vendor dependence could consume price gains. The base assumes reinvestment, not automatic software leverage.

- **Learning, Research & Practice content becomes more valuable as AI grounding — Bull.** Licensed, edited content can gain strategic value when clinicians require cited, verifiable answers. Wolters Kluwer could capture value through its own products or licensing. The wildcard is bargaining power: AI platforms may capture the customer relationship and leave content owners with commodity economics.

- **Open access, print decline, and AI-mediated discovery accelerate — Bear.** The residual portfolio may face declining print and reduced direct engagement. If digital learning and content licensing do not offset these pressures, the sub-business can shrink while carrying sticky editorial costs.

- **Renewal disclosure remains too coarse — Base/Bear.** “Above 90%” is useful but insufficient for cohort underwriting. Without ARR, NRR, gross retention, contract duration, or price realization, investors cannot separate gross logo retention from expansion. A stable headline renewal rate could coexist with lower seat value or mix deterioration.

- **Foreign exchange obscures execution — All cases.** The segment has heavy North American exposure while reporting in euros. FY2025 organic growth of 5% coincided with only 0.8% reported Health growth. Scenario revenue is stated in

euros; material EUR/USD movement can move reported outcomes without changing customer economics [data_package §1, geography paragraph; §3 and §5 Health rows].

- **Investment allocation is unknown — All cases.** Management is lifting group product development to 12%-13% of revenue, but the package does not disclose Health's share. Underinvestment would risk product quality; overinvestment without monetization would pressure margin. This model captures the uncertainty in terminal margin, not an invented Health R&D schedule.

Summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	EUR1,606.9m	Adjusted operating profit	30.0%	EUR482.1m	25%
Base	EUR1,982.9m	Adjusted operating profit	33.5%	EUR664.3m	55%
Bull	EUR2,160.6m	Adjusted operating profit	35.0%	EUR756.2m	20%

Data gaps carried into synthesis. [DATA GAP: no standalone revenue dollars for UpToDate, Clinical Solutions, or Learning, Research & Practice; the two sub-business starting buckets are clearly labeled analyst allocations from disclosed H1 2026 mix.] [DATA GAP: no Health ARR, NRR, gross retention, billings, current RPO, contract-duration, seat, or cohort series.] [DATA GAP: no Health-specific product-development spending, capex, gross margin, or product-level Adjusted operating profit.] [DATA GAP: no quantified Expert AI price uplift or incremental ARR.] These gaps limit precision but do not prevent a division-level forecast anchored to sealed TTM revenue and Adjusted operating profit.

Appendix B3 - Financial & Corporate Compliance

Financial & Corporate Compliance — Segment Deep Dive

Company: Wolters Kluwer N.V. **Ticker:** WKL.AS **Information cutoff:** 2026-09-28 SGT **Forecast anchor:** TTM ended 2026-06-30 **Forecast horizon:** 2031-06-30, exactly five calendar years **Reporting currency:** EUR millions unless stated otherwise **Exact segment profit metric: Adjusted operating profit Trade execution authorized:** false

0. Segment boundary and taxonomy note

Financial & Corporate Compliance, abbreviated FCC in this appendix, is one of Wolters Kluwer's five current divisions. Its boundary is not stable across the full five-year history. Corporate Performance & ESG was formed in 2023, and Finance, Risk & Regulatory Reporting, or FRR, was then moved into FCC effective in the 2025 reporting structure. Wolters Kluwer restated FY2023 and FY2024 revenue and Adjusted operating profit for that transfer, but did not restate FY2021 and FY2022 to the same boundary. FRR was subsequently divested on 2025-12-01. Accordingly, the comparable dollar history used here begins in FY2023 on the 2025 FRR-in-FCC basis; the H1 2026 organic series excludes the disposal scope change, while the reported H1 margin benefits from it. No FY2022-to-FY2023 dollar comparison is used as though the taxonomy were continuous. [data_package §1, Reporting structure and taxonomy; §3, Financial & Corporate Compliance; §9, FRR divestment]

The repaired DR-cleared data package has SHA-256 `8ebd83f5db0c0fc51c530419d82ccd9dd964696beaa88ca7a20c1b673fb17d2e`. The sealed statutory bridge has SHA-256 `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289`. The bridge identifies five modeled divisions, `segment_profit_basis: issuer_disclosed`, and the common metric **Adjusted operating profit**. Data-package §3a contains `STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING`; corporate expense, acquired-intangible amortization and impairment, non-benchmark operating items, financing, associates, and tax therefore remain outside this segment forecast and are handled once in synthesis.

1. What this segment actually is

FCC sits at the intersection of legal infrastructure, regulated financial workflows, public-record data, and recurring compliance administration. It is not simply a collection of reference databases. Much of the value proposition is operational: completing a filing correctly, maintaining a legal entity in good standing, perfecting a security interest, generating compliant lending documents, preserving an authoritative electronic record, or embedding a current regulatory rule into a bank's workflow. The customer buys a lower probability of delay, rejected filing, unperfected lien, regulatory breach, or missed obligation, plus a faster process.

The division has two disclosed sub-businesses. **Legal Services** includes registered-agent and entity-compliance services, business licenses, corporate filings and related transaction services. CT Corporation is the central franchise; RASi provides an additional compliance-services platform. The customer set includes corporate legal departments, law firms, accountants, transaction professionals, and organizations that manage many entities or operate across many state and local jurisdictions. The recurring core consists of annual registered-agent appointments, entity-management and monitoring, business-license administration, and other ongoing compliance obligations. Transactional work includes formations, amendments, mergers, qualifications, certificates, searches, document retrieval, apostilles, and filings that arise when a company is created, financed, reorganized, acquired, or expanded.

Financial Services serves banks, credit unions, mortgage and specialty lenders, leasing companies, and other regulated financial institutions. Its workflows include compliant loan documents and forms, regulatory compliance content, lien and UCC search and filing, lien portfolio monitoring, digital lending and electronic-asset tools, and adjacent analytics. The lien workflow is a useful example. Before extending secured credit, a lender searches public records and identifies competing claims; at closing it files a UCC financing statement or other lien; over the life of the loan it monitors expirations, amendments, continuations, debtor changes and collateral status; at repayment it terminates the lien. The customer's risk is not merely clerical cost. A missed continuation or incorrect debtor name can weaken priority in collateral. That makes current jurisdictional knowledge, standardized quality control and audit trails economically valuable.

Pricing is a hybrid. Annual subscriptions and service retainers support registered-agent, entity, license, content, software and monitoring relationships. Usage, filing, search, retrieval, implementation and transaction fees move with customer activity. Large customers can receive volume or multi-year terms, while jurisdictional pass-through charges and service complexity

influence realized price. The go-to-market combines direct sales and account management with integrations into loan-origination systems, core banking platforms, document systems and other customer workflows. Once embedded, the product is not evaluated only as a standalone application: replacement requires data migration, jurisdiction mapping, process redesign, vendor due diligence, integration testing and user retraining.

The practical revenue model is therefore a recurring installed base plus a cyclical activity layer. Subscription renewals, annual compliance calendars, monitoring and rule maintenance are the stabilizer. Mortgage origination, refinancing, corporate formation, M&A, secured lending, filings and searches are the swing factors. Management's own description of H1 2026 captures the distinction: Legal Services grew on renewals, business-license upsell and RASi, while Financial Services recurring revenue rose even as lending-related transactional revenue remained subdued. [data_package §6, FCC rows]

2. Current economics

FY2025 FCC revenue was EUR1,239 million, 20.2% of group revenue. Reported revenue increased only 0.9% from EUR1,228 million in FY2024, while organic growth was 3%; the difference reflects currency and scope, including the year-end FRR disposal. FY2025 Adjusted operating profit was EUR437 million and the visible-value margin was 35.27%, conventionally presented as 35.2% in the data package. [data_package §1, current-division table, FCC row; §3, FCC table, Revenue, YoY reported, Adjusted operating profit and Adjusted margin rows]

For H1 2026, FCC reported EUR569 million revenue, 4% organic growth, EUR224 million Adjusted operating profit implied by the disclosed 39.3% H1 adjusted margin, and a 39.3% margin. The EUR224 million figure is not separately introduced as a new data point here; it is the arithmetic implication of the package's revenue and margin. More importantly, the package warns that H1 margin is seasonal, benefited from the FRR disposal and product-spend timing, and should not be annualized. Management expects product development to be second-half weighted. [data_package §5, FCC row; §5 note below recent-trend table]

The sealed TTM bridge reports **EUR450 million of FCC Adjusted operating profit** for the twelve months ended 2026-06-30. It is a zero-residual bridge input, not an analyst normalization. [data_package §3a, TTM bridge, FCC row; statutory_bridge.json, TTM segment_profit_lines]

The repaired package now provides the exact revenue bridge required for the forecast: FY2025 EUR1,239 million less H1 2025 EUR635 million plus H1 2026 EUR569 million equals **EUR1,173 million TTM revenue**. The five divisional anchors sum exactly to group TTM revenue, and the package records `TTM_DIVISION_REVENUE_STATUS: VERIFIED — 5/5 DIVISIONS AND GROUP TOTAL RECONCILED`. FCC's exact TTM **Adjusted operating profit margin is therefore 38.36%**, calculated as EUR450 million divided by EUR1,173 million. This perimeter includes FRR in FY2025 and H1 2025, then removes it through the actual H1 2026 post-divestment perimeter; it is not a constant-scope organic pro forma. [data_package §3.1, FCC row and reconciliation note]

Wolters Kluwer does not disclose standalone revenue dollars for CT Corporation, RASi, Legal Services, Financial Services, Lien Solutions or any named FCC product. It also does not disclose FCC ARR, net revenue retention, gross retention, customer counts, billings or current RPO. The only permitted product granularity is therefore the two sub-business growth series and the division total. This materially limits precision in mix modeling. A clean-looking product-dollar split would be an analyst allocation rather than historical fact, and is labeled as such when used for the forward model. [data_package §4, Brand and sub-business disclosure method, FCC rows; §10, open data gaps]

Capital intensity has two layers. Physical capital intensity is low: the service and software model does not require factories or large inventories. Economic reinvestment is not low. The group spent 11% of revenue on product development in FY2025 and intends 12%-13% in 2026 and beyond, with both expensed and capitalized development included. FCC also needs continual legal-content maintenance, public-record connections, cybersecurity, cloud infrastructure, jurisdiction coverage, integration engineering, and domain specialists. The customer-visible asset is the workflow and authoritative content; the hidden capital base is people, controls, databases, integrations and long-developed process knowledge.

3. Unit economics

3.1 Revenue formation

Recurring Legal Services revenue begins with an entity or portfolio of entities that must remain registered and compliant. Each legal entity can require a registered agent, annual reports, business licenses, state qualifications, ownership records, officer and director updates, service-of-process handling, and event-driven filings. A provider that becomes the system of record can add services around the same entity data. Revenue per customer can rise through more entities, more jurisdictions, license

coverage, workflow software, managed services and related filings. This creates a land-and-expand mechanism even without a disclosed seat metric.

Recurring Financial Services revenue derives from compliance content, software, document packages, lien-portfolio monitoring and integrated workflows. Banks do not purchase a static template once and forget it: laws, forms, disclosures, state requirements and supervisory expectations change. The vendor must maintain content and controls, and the customer pays to keep the workflow current. Integrations into a loan-origination or core system deepen usage and raise switching costs. Wolters Kluwer's partner page, used here only to understand the workflow rather than to source historical company figures, describes integrations spanning loan-origination systems, cores, e-signature, eVault, document and lien functions. The economic implication is that distribution can ride within other platforms, but partners can also gain bargaining power or develop competing functionality.

Transactional revenue is different. Search, filing, document, closing, formation and M&A activity generates fees at the moment of activity. Contribution margins can be attractive when fixed networks and standardized processing are already in place, but the volume is cyclical and may contain pass-through charges. Management explicitly called transaction revenue the hardest FCC item to forecast. That is the correct framing: a transaction recovery can create sharp incremental profit because support infrastructure is already built, while a mortgage or deal slowdown can depress high-contribution volume without immediately reducing the fixed compliance cost base. [data_package §6, FCC rows]

3.2 Cost structure

The main cost pools are content and legal-domain specialists, operations staff who handle filings and exceptions, software development, cloud and data infrastructure, sales and account management, customer support, public-record access, cybersecurity, and acquired-asset amortization outside the segment metric. Within **Adjusted operating profit**, acquired-intangible amortization and corporate expense are not assigned to FCC. They must not be smuggled into a segment-margin haircut. [data_package §3a, forecast-driver schedule]

Several costs scale sublinearly with volume. A jurisdictional rule change or form update can be encoded once and applied across many customers. A cloud platform can distribute the same workflow broadly. A lien-monitoring engine can process more events without a proportional increase in professional labor. Conversely, filings with manual exception handling, fragmented local rules, customer-specific integrations, and high-touch managed services retain labor intensity. The division's margin therefore depends on the balance between repeatable software/content and bespoke execution.

Price realization should be more durable in the recurring core than in commodity filing tasks. Customers can compare the direct fee for a registered agent or UCC filing, but the relevant total cost includes coverage, reliability, integration, exception resolution, auditability and the cost of internal administration. CT's ability to upsell business licenses and RASi services during a period of modest transaction activity is evidence of share-of-wallet expansion, though the package does not quantify price versus volume. [data_package §6, Legal Services quote]

3.3 What moves margin

Margin expands when recurring revenue grows faster than transaction revenue, cloud and workflow automation reduce manual touches, pricing offsets wage and cloud costs, product development produces reusable modules, and customer retention spreads acquisition and integration costs over longer lives. Margin can also rise mechanically after disposal of a lower-margin activity, which is why H1 2026 must not be mistaken for pure operating leverage.

Margin contracts when product investment rises ahead of revenue, banks delay projects, transaction volume falls, implementation and service work becomes more labor intensive, competition forces discounting, or regulation changes so quickly that content and engineering teams must be expanded before price is reset. The group-wide move from 11% to 12%-13% of revenue in product development is a real near-term cost headwind even if it supports the moat. A forecast that lifts FCC's margin while ignoring that step-up would be internally inconsistent.

The model therefore treats current margin as a through-cycle anchor, not the 39.3% H1 print. Base-case leverage is modest and comes from recurring mix, renewal pricing and automation after funding the higher product-development envelope. The bull case requires both recurring growth and a transaction recovery; the bear case assumes that lower transactional contribution and continued investment produce negative operating leverage.

4. Competitive dynamics

4.1 Corporate legal services

The clearest direct competitor to CT Corporation is CSC. CSC markets registered-agent, entity, business-license, UCC search and filing, and transaction-support services. Its official UCC page describes search, filing and online portfolio management, while its transaction-services page emphasizes document retrieval, good-standing certificates, bring-down searches and M&A support. This is near-overlap, not a distant adjacency. The competitive contest is therefore about jurisdiction coverage, service quality, response time, data integration, error handling, account relationships and price. [CSC UCC Services](https://www.cscglobal.com/service/business-administration/ucc-services/) [CSC M&A Services](https://www.cscglobal.com/service/business-administration/transactional-filings/merger-and-acquisition-services/)

Diligent competes more directly in entity-management software and governance workflows. Diligent Entities centralizes records, tracks compliance dates, supports e-filing, provides audit trails and integrates with other systems. Its current product includes AI-assisted search, reporting, ownership data and workflow automation. That matters because FCC's moat cannot rest on being the only digitized entity system. A capable software rival can attack the workflow layer even if it does not replicate CT's complete registered-agent and filing-service network. [Diligent Entities](https://www.diligent.com/products/entities) [Diligent Entities product overview](https://help.diligentoneplatform.com/helpdocs/d1p/en-us/Content/entities/entities-overview.htm)

There are also lower-priced registered-agent providers, law firms, local filing specialists and do-it-yourself secretary-of-state portals. They can serve simple, single-state entities at a fraction of an enterprise managed-service cost. CT's advantage is strongest when complexity rises: many entities, many jurisdictions, high consequences of missed service, transactions with tight deadlines, and a desire to connect data, filings and ongoing compliance. The moat is weakest for a small company that only needs a statutory address and can manage one annual report itself.

4.2 Financial compliance and lending workflows

Competition is fragmented by function. Finastra's LaserPro is a direct benchmark in compliant loan-document generation. Finastra states that LaserPro supports more than 3,000 community, regional and national financial institutions, combines regulatory content with document automation, and is moving to a cloud model. The exact customer figures are the competitor's claims and are not used as Wolters Kluwer market-share data. Their significance is that a scaled incumbent with legal-content maintenance and core integrations already exists. [Finastra lending compliance](https://www.finastra.com/lending/compliance) [Finastra LaserPro](https://www.finastra.com/lending/solutions/laserpro)

Abrigo competes in lending, credit risk, financial crime and analytics, and integrates with Wolters Kluwer iLien in some workflows. This illustrates a nuanced structure: a vendor can be a competitor in one module and a distribution partner in another. Core processors, loan-origination platforms, document vendors, risk-data firms and fintechs can also bundle adjacent compliance tools. The customer's procurement decision may therefore be best-of-breed versus suite, not simply Wolters Kluwer versus one monolithic rival. [Abrigo](https://www.abrigo.com/) [data_package §4, FCC Financial Services description]

Public-record access is not exclusive. CSC and other providers can search and file UCC records; state websites are available directly; law firms and internal teams can perform many tasks. The defensible layer is the normalized national workflow, integrations, monitoring, exception management, audit history, and reliable processing at scale. If public registries improve APIs and customers build orchestration internally, a portion of the service premium could compress.

4.3 Pricing power and substitution

Pricing power comes from risk avoidance and workflow depth, not monopoly. A missed service-of-process notice, lapsed registration or unperfected lien can cost far more than the annual vendor fee. This supports rational renewal pricing. Switching is still possible, particularly at contract renewal, and a customer can dual-source or rebid standardized services. Large banks and legal departments have procurement leverage. Price increases must therefore be paired with measurable service, integration or risk reduction.

Generative AI is more likely to change the interface and labor content than to eliminate the underlying obligation. An AI assistant can retrieve an entity record, identify missing data, draft a filing package or summarize a rule. It cannot make an inaccurate public record accurate, ensure a filing was accepted, or assume responsibility for every jurisdictional exception without controls. Competitors are already adding AI to entity workflows, so AI is not an exclusive moat. It is a productivity and product-experience requirement. Diligent's AI feature set—ownership extraction, missing-data detection, chart generation and workflow assistance—shows how quickly the software layer can converge. [Diligent Entities AI](https://www.diligent.com/features/entities/entities-ai)

5. Moat at the segment level

FCC has a **narrow-to-moderate workflow moat**, stronger in high-complexity enterprise use cases than in simple filings. Five reinforcing assets matter.

First is **institutional trust**. Customers delegate obligations where an error can create legal, collateral or regulatory consequences. A long operating history and recognized brand reduce perceived execution risk. Trust is slow to build but can be lost quickly after service failures or cybersecurity incidents.

Second is **jurisdictional and domain depth**. Corporate compliance and secured lending are fragmented across federal, state, tribal and local rules, forms, registries and practices. Maintaining the content, mappings and operational playbooks is costly. A new entrant can build a user interface quickly; reproducing exception handling and continuously maintained coverage is harder.

Third is **workflow embedding and data continuity**. Entity records, filing histories, licenses, service-of-process records, lien portfolios, document logic and customer integrations accumulate over time. Migration is feasible but disruptive. The customer's cost includes data cleansing, validation, parallel runs and audit risk, not only a software subscription. This supports renewals above a pure information-product level, although FCC-specific renewal percentages are not disclosed.

Fourth is **scale across software and services**. Automated rules and cloud tools can be spread across many customers, while operations teams handle exceptions. Large filing and monitoring volumes generate process knowledge and justify integrations. Scale also supports a national account relationship across multiple FCC modules.

Fifth is **distribution through partners and installed relationships**. Embedded connections into bank cores, loan-origination systems, e-signature, eVault and other platforms reduce user friction. The same network is not fully captive: a partner can switch vendors, negotiate economics or build more functionality. Distribution is therefore an advantage with counterparty risk, not an impregnable barrier.

The durability test is whether FCC still earns premium margins in 2031-2036 after cloud migration and AI diffusion. The answer is probably yes if the division turns AI into lower processing cost, better exception detection and higher-value workflow without weakening controls. It is less certain if AI commoditizes research and form preparation while public registries standardize APIs. The moat resides in verified execution and embedded accountability, not raw text generation.

Regulation is a two-edged moat input. More rules and changing forms create demand for maintained content. Deregulation can remove a specific workload. FinCEN's August 2026 final rule made permanent the exemption of U.S. companies and U.S. persons from federal BOI reporting, leaving only certain foreign companies registered in the United States in scope. That sharply reduced the domestic federal filing opportunity created by the original Corporate Transparency Act. [FinCEN BOI reporting update](https://www.fincen.gov/boi) This does not erase state entity, license, registered-agent, KYC, CDD or bank-compliance workflows, but it demonstrates that regulation can destroy an anticipated product pool rather than only add complexity.

The same point applies in banking. The September 2026 OCC proposal would tailor third-party risk management to the assessed risk, size and complexity of each relationship and avoid treating every third party as inherently high risk. If finalized, that can reduce process burden in some community-bank contexts, but it still preserves risk-based due diligence and monitoring for material providers. [OCC Bulletin 2026-46](https://occ.treas.gov/news-issuances/bulletins/2026/bulletin-2026-46.html) FCC benefits most when it helps customers make compliance cheaper and more auditable, not when its growth depends on perpetually increasing paperwork.

6. Historical growth rates

The following table reproduces only the comparable current-basis history in the DR-cleared package. FY2023-FY2025 FCC dollars are on the 2025 FRR-in-FCC basis. Product dollars are genuinely not disclosed, so the two sub-business rows show `n/d` rather than constructed amounts.

Product / sub-segment	FY2023 revenue	FY2024 revenue	FY2025 revenue	Comparable CAGR	Most recent YoY	Data-package cite
FCC total	EUR1,172m [§3 FCC Revenue row]	EUR1,228m [§3 FCC Revenue row]	EUR1,239m [§3 FCC Revenue row]	2.8% [§3, FY2023-FY2025]	0.9% reported FY2025; 4% organic H1 2026 [§3 and §5 FCC rows]	data_package §3 FCC table; §5 recent-trend table
Legal Services	n/d [§4 FCC Legal Services row]	n/d [§4 FCC Legal Services row]	n/d [§4 FCC Legal Services row]	n/d [§4, no standalone dollars]	5% organic H1 2026 [§4 latest growth row]	data_package §4 brand table and latest-growth table, FCC Legal Services rows

Product / sub-segment	FY2023 revenue	FY2024 revenue	FY2025 revenue	Comparable CAGR	Most recent YoY	Data-package cite
Financial Services	n/d [§4 FCC Financial Services row]	n/d [§4 FCC Financial Services row]	n/d [§4 FCC Financial Services row]	n/d [§4, no standalone dollars]	3% organic H1 2026 [§4 latest growth row]	data_package §4 brand table and latest-growth table, FCC Financial Services rows

Arithmetic checks. FCC total: EUR1,172m × 1.048 = EUR1,228.3m, within 0.1% of disclosed FY2024 EUR1,228m. EUR1,228m × 1.009 = EUR1,239.1m, within 0.1% of disclosed FY2025 EUR1,239m. The displayed FY2023-to-FY2025 comparable CAGR is `(1,239 / 1,172)^(1/2) - 1 = 2.82%`. The package labels FY2022-to-FY2023 a taxonomy break, so no growth rate is calculated across it.

[DATA GAP: Legal Services and Financial Services revenue dollars are not separately disclosed, so their historical revenue arithmetic cannot be tested. The package provides only organic-growth observations: Legal Services 6% at 9M 2025, 6% at Q1 2026 and 5% at H1 2026; Financial Services 1%, 4% and 3%, respectively.]

The segment's recent history is consistent with a steady recurring core and a weaker transaction layer. FCC total organic growth improved from 3% in FY2025 to 4% in H1 2026, but remained below Wolters Kluwer's faster divisions. Legal Services decelerated from 6% to 5% while Financial Services recovered from 1% at 9M 2025 to 3% at H1 2026. That is improvement, not evidence of a full mortgage or transaction rebound. [data_package §4, latest disclosed sub-business growth; §5, recent trend]

7. Management guidance

Every relevant FCC statement in data-package §6 is reproduced below. Group statements on renewals and product investment are also included because they directly constrain FCC's revenue and margin assumptions.

- **FCC growth — data_package §6, FCC row 1.** Stacey Caywood: “Financial & Corporate Compliance delivered 4% organic growth, in line with the comparable period a year ago.” The division entered the forecast at a mid-single-digit run rate, not at its low FY2025 reported growth. The statement does not separate price, volume or scope.

- **Legal Services — data_package §6, FCC row 2.** Stacey Caywood: “Legal Services delivered 5% organic growth driven by subscription renewals, upselling of services such as business licenses and strong growth at RASi.” This is the strongest direct support for a recurring base-case growth rate above the segment's recent reported CAGR. It identifies renewal and cross-sell, but supplies no quantified renewal rate or price uplift.

- **Financial Services — data_package §6, FCC row 3.** Stacey Caywood: “Financial Services grew 3% organically, supported by a 6% increase in recurring revenues, while lending-related transactional revenues remained subdued.” The recurring engine is healthier than the headline, while transaction exposure drags. A product model must not assign the same rate to both pools.

- **Forecastability — data_package §6, FCC row 4.** Kevin Entricken: “This is the hardest one, the transaction revenue.” The CFO's warning argues for the widest case range in transaction-linked lines and against a smooth, single-rate forecast.

- **Mortgage activity — data_package §6, FCC row 5.** Kevin Entricken: “We do still expect that the mortgage market, mortgage origination, and refinances will still be under some pressure.” The base case therefore does not assume a rapid mortgage rebound. Current market evidence supports caution: MBA reported on 2026-09-09 that the refinance application index was 25% below the prior year, and its September FOMC commentary said mortgage activity had slowed abruptly as rates moved higher. [MBA weekly applications, 2026-09-09](https://www.mba.org/news-and-research/newsroom/news/2026/09/09/mortgage-applications-decrease-in-latest-mba-weekly-survey) [MBA FOMC commentary, 2026-09-16](https://www.mba.org/news-and-research/newsroom/news/2026/09/16/fomc-commentary-from-mbas-mike-fratantoni)

- **Formal FY2026 outlook — data_package §6, FCC row 6.** Executive Board: “We expect full-year 2026 organic growth to be ahead of prior year (FY 2025: 3%), with some transactional variability possible given macroeconomic uncertainty.” “Ahead” is directional. It supports a near-term rate above 3% but does not justify assuming 5% or more throughout the five-year horizon.

- **Renewals — data_package §6, group row 1.** Stacey Caywood: “Organic growth was 5%. Excluding print, organic growth was 6% and subscription renewals are going well across the group.” This is supportive but not an FCC retention disclosure. The model does not convert it into a fabricated NRR percentage.

- **Investment timing — data_package §6, group rows 2 and 3.** Management stated that the H1 margin increase allowed investment to step up and that product development spending would rise to 12%-13% of revenue “this year and beyond.” This is a direct constraint on margin expansion: cloud, AI and automation benefits must first fund the higher product-investment envelope.

Taken together, guidance supports a split forecast. Recurring Legal Services can grow around mid-single digits through renewal, business-license upsell and RASi. Recurring Financial Services can grow near mid-single digits through compliance content, monitoring and workflow digitization. Transactional lines should be lower and more volatile. A five-year forecast above current recurring growth would require either sustained pricing, substantial share gain or new cloud/AI monetization that management has not quantified.

8. Forward growth assumptions

8.1 Modeling decomposition and allocation discipline

The sealed TTM FCC revenue anchor is EUR1,173.0 million. Wolters Kluwer does not disclose Legal Services or Financial Services revenue dollars, and it does not disclose recurring versus transactional dollars inside either sub-business. To make transaction sensitivity explicit without fabricating history, the model applies one transparent **analyst allocation assumption** to the sealed total: 44% Legal Services recurring, 11% Legal Services transactional, 29% Financial Services recurring, and 16% Financial Services transactional. The four weights sum to exactly 100.0%; their opening model revenues sum to exactly EUR1,173.0 million. They are not issuer-reported mix.

The allocation assumes Legal Services is 55% of FCC and Financial Services 45%; recurring activity is 80% of modeled Legal Services and approximately 64% of modeled Financial Services. These ratios are scenario-modeling conveniences chosen to expose the economic drivers. They do not overwrite the package's true non-disclosure. The same opening weights are used in all cases so that differences arise from growth and margin assumptions, not from quietly changing the historical base.

Analyst subline allocation	Weight of sealed FCC TTM	Modeled TTM revenue	Disclosure status
Legal Services recurring	44.0%	EUR516.1m	Analyst allocation; no official dollars disclosed
Legal Services transactional	11.0%	EUR129.0m	Analyst allocation; no official dollars disclosed
Financial Services recurring	29.0%	EUR340.2m	Analyst allocation; no official dollars disclosed
Financial Services transactional	16.0%	EUR187.7m	Analyst allocation; no official dollars disclosed
FCC total	100.0%	EUR1,173.0m	DR-sealed TTM revenue [data_package §3.1]

8.2 Base case growth

Product / modeled subline	Historical CAGR	Latest disclosed growth	Management FY2026 anchor	Base CAGR TTM to 2031-06-30	TTM+5 revenue	Concise justification
Legal Services recurring	n/d	Legal Services 5% organic	FCC ahead of 3%	5.0%	EUR658.7m	Renewals, license upsell and RASi sustain mid-single digits; no NRR is invented.
Legal Services transactional	n/d	Legal Services 5% organic total	Transaction variability	2.0%	EUR142.5m	Formations, M&A and filing activity normalize slowly; regulation is not assumed to add a BOI windfall.
Financial Services recurring	n/d	6% recurring	FCC ahead of 3%	5.0%	EUR434.2m	Compliance content, lien monitoring and embedded workflows compound below the latest recurring rate.

Product / modeled subline	Historical CAGR	Latest disclosed growth	Management FY2026 anchor	Base CAGR TTM to 2031-06-30	TTM+5 revenue	Concise justification
Financial Services transactional	n/d	Financial Services 3% organic total	Mortgage remains pressured	1.5%	EUR202.2m	Weak lending activity improves only gradually; no sharp refinance recovery is assumed.
FCC total	2.8% comparable FY2023-FY2025	4% organic H1 2026	Ahead of FY2025 3%	4.15%	EUR1,437.5m	Faster recurring lines gain mix while transaction lines remain below trend.

The base case is deliberately close to present evidence. Legal Services grew 5% in H1 2026, while management named renewals, business-license upsell and RASi as drivers. A 5.0% five-year recurring CAGR assumes those mechanisms persist but does not assume acceleration. Legal transactional growth at 2.0% is below the recurring rate because domestic federal BOI reporting is no longer a broad volume opportunity and corporate activity remains cyclical.

Financial Services recurring revenue grew 6% in H1 2026. The base haircut to 5.0% recognizes competition from Finastra, Abrigo, cores and internal bank technology, as well as customer scrutiny of third-party providers. The 1.5% Financial Services transaction CAGR reflects management's continuing mortgage caution. It permits eventual normalization but keeps the terminal level well below what a strong refi cycle could produce. Together, the assumptions yield a 4.15% FCC CAGR, modestly above the 2.8% comparable reported FY2023-FY2025 CAGR and close to H1 2026 organic growth.

8.3 Bull case growth

Product / modeled subline	Historical CAGR	Latest disclosed growth	Management FY2026 anchor	Bull CAGR TTM to 2031-06-30	TTM+5 revenue	Concise justification
Legal Services recurring	n/d	Legal Services 5% organic	FCC ahead of 3%	6.5%	EUR707.1m	Cross-sell, pricing, RASi and cloud workflow adoption add share-of-wallet above the current rate.
Legal Services transactional	n/d	Legal Services 5% organic total	Transaction variability	5.0%	EUR164.7m	Stronger formations and M&A lift filings and document services without relying on federal domestic BOI.
Financial Services recurring	n/d	6% recurring	FCC ahead of 3%	6.5%	EUR466.1m	Integrated compliance, lien monitoring and AI-assisted workflow sustain growth above the base case.
Financial Services transactional	n/d	Financial Services 3% organic total	Mortgage remains pressured	5.5%	EUR245.3m	Mortgage, refinance and secured-lending volumes recover over a multi-year cycle.
FCC total	2.8% comparable FY2023-FY2025	4% organic H1 2026	Ahead of FY2025 3%	6.18%	EUR1,583.2m	Recurring share gains coincide with a broad transaction recovery.

The bull case requires two independent things to go right. First, recurring Legal and Financial Services must convert product investment into pricing, retention, cross-sell and workflow automation. Second, lending and corporate transaction volumes must normalize rather than merely fluctuate around a low base. The 6.18% aggregate CAGR is not justified by current FCC growth alone; it represents a favorable structural-plus-cycle outcome. It remains below high-teens cloud product rates elsewhere in Wolters Kluwer because FCC contains managed services and mature compliance franchises.

8.4 Bear case growth

Product / modeled subline	Historical CAGR	Latest disclosed growth	Management FY2026 anchor	Bear CAGR TTM to 2031-06-30	TTM+5 revenue	Concise justification
Legal Services recurring	n/d	Legal Services 5% organic	FCC ahead of 3%	2.5%	EUR583.9m	Renewal persists but price, upsell and share gains weaken amid software competition and self-service.
Legal Services transactional	n/d	Legal Services 5% organic total	Transaction variability	-1.0%	EUR122.7m	Slower formations and deals plus simpler digital filing depress activity and fee intensity.

Product / modeled subline	Historical CAGR	Latest disclosed growth	Management FY2026 anchor	Bear CAGR TTM to 2031-06-30	TTM+5 revenue	Concise justification
Financial Services recurring	n/d	6% recurring	FCC ahead of 3%	2.5%	EUR384.9m	Bank consolidation, vendor scrutiny and pricing pressure offset regulation and digitization.
Financial Services transactional	n/d	Financial Services 3% organic total	Mortgage remains pressured	-2.5%	EUR165.4m	Mortgage and refinance weakness persists while customers internalize or bundle simple tasks.
FCC total	2.8% comparable FY2023-FY2025	4% organic H1 2026	Ahead of FY2025 3%	1.39%	EUR1,256.9m	Recurring growth prevents contraction, but both transaction lines shrink.

The bear case is not a collapse in compliance need. It is a loss of pricing and workflow advantage combined with a long transaction downturn. Recurring growth falls below current disclosed rates because customers consolidate vendors, rebid services and capture AI productivity for themselves. Transactional revenue declines despite nominal economic growth because mortgage/refinance activity stays weak and standardized public-record tasks become cheaper. The aggregate growth rate gradually rises from 1.3% in year one to 1.5% in year five as the growing recurring pool becomes a larger share.

8.5 Aggregate year-by-year cadence

Constant subline CAGRs create the following reconstructable FCC path. The slight acceleration in each case is a mix effect: faster recurring lines become larger than slower transactional lines.

Case	TTM 2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30
Bear revenue	EUR1,173.0m	EUR1,188.4m	EUR1,204.5m	EUR1,221.3m	EUR1,238.7m	EUR1,256.9m
Base revenue	EUR1,173.0m	EUR1,221.2m	EUR1,271.7m	EUR1,324.4m	EUR1,379.7m	EUR1,437.5m
Bull revenue	EUR1,173.0m	EUR1,245.4m	EUR1,322.4m	EUR1,404.1m	EUR1,490.9m	EUR1,583.2m

9. Forward Adjusted operating profit margin assumptions

The starting point is EUR450 million of TTM **Adjusted operating profit** on EUR1,173 million revenue, a 38.36% margin. The 39.3% H1 2026 margin is not annualized because the package identifies seasonality, FRR disposal mix and second-half product-spend timing. No corporate expense, acquired-intangible amortization, non-benchmark operating item, financing cost or tax is allocated into these product margins.

Because the issuer does not disclose product margins, every subline margin below is an analyst assumption. The variation reflects economics: recurring compliance and workflow revenue should carry higher incremental margins than transaction processing, while Financial Services transactional activity has the greatest volume sensitivity and operational content. The weighted segment margin is calculated from terminal subline revenue and profit; it is not imposed as an independent top-down target.

Case / modeled subline	TTM+5 revenue	Exact profit metric	TTM+5 Adjusted operating profit margin	TTM+5 Adjusted operating profit	Margin mechanism
Bear — Legal Services recurring	EUR583.9m	Adjusted operating profit	37.0%	EUR216.1m	Renewal survives, but discounting and higher product spend reduce profitability.
Bear — Legal Services transactional	EUR122.7m	Adjusted operating profit	28.0%	EUR34.4m	Lower volume erodes fixed-cost absorption in filing and transaction support.
Bear — Financial Services recurring	EUR384.9m	Adjusted operating profit	35.0%	EUR134.7m	Compliance demand persists, offset by bank procurement and cloud/security costs.
Bear — Financial Services transactional	EUR165.4m	Adjusted operating profit	20.0%	EUR33.1m	Mortgage and lending weakness creates severe negative operating leverage.
Bear — FCC total	EUR1,256.9m	Adjusted operating profit	33.27%	EUR418.2m	Weighted result; 509 bps below TTM.
Base — Legal Services recurring	EUR658.7m	Adjusted operating profit	43.0%	EUR283.2m	Pricing, license upsell and automation fund product investment and modest leverage.

Case / modeled subline	TTM+5 revenue	Exact profit metric	TTM+5 Adjusted operating profit margin	TTM+5 Adjusted operating profit	Margin mechanism
Base — Legal Services transactional	EUR142.5m	Adjusted operating profit	32.0%	EUR45.6m	Slow volume growth absorbs costs but does not create a cycle windfall.
Base — Financial Services recurring	EUR434.2m	Adjusted operating profit	40.0%	EUR173.7m	Embedded workflow and monitoring scale while compliance content is reused.
Base — Financial Services transactional	EUR202.2m	Adjusted operating profit	27.0%	EUR54.6m	Gradual recovery and automation offset continued volatility.
Base — FCC total	EUR1,437.5m	Adjusted operating profit	38.75%	EUR557.1m	Weighted result; 39 bps above TTM after higher product investment.
Bull — Legal Services recurring	EUR707.1m	Adjusted operating profit	44.5%	EUR314.7m	Strong renewal pricing, cross-sell and straight-through workflow lift contribution.
Bull — Legal Services transactional	EUR164.7m	Adjusted operating profit	36.0%	EUR59.3m	Formation and M&A recovery produces operating leverage.
Bull — Financial Services recurring	EUR466.1m	Adjusted operating profit	41.5%	EUR193.4m	Scale, cloud delivery and AI-assisted maintenance lower unit cost.
Bull — Financial Services transactional	EUR245.3m	Adjusted operating profit	31.0%	EUR76.0m	Broad mortgage and secured-lending recovery raises high-contribution volume.
Bull — FCC total	EUR1,583.2m	Adjusted operating profit	40.64%	EUR643.4m	Weighted result; 228 bps above TTM.

The base case allows only 39 basis points of net segment-margin expansion. That is intentional: recurring mix and automation are real positives, but product development is rising to 12%-13% of group revenue and competitive cloud/AI investment is not optional. The bear decline exceeds 100 basis points because both transaction pools shrink while the division continues to fund legal-content maintenance, security, cloud and product development. The bull expansion exceeds 100 basis points because recurring revenue compounds faster, transaction volume recovers, and automation reduces manual handling; it would fail if either the cycle or workflow productivity does not materialize.

The model does not give FCC credit for the 2025 FRR disposal gain or any future non-benchmark item. The disposal's perimeter effect is already contained in the TTM revenue bridge, and non-benchmark operating items remain in synthesis under the sealed classification.

10. Segment rollup

The rollup is fully bottom-up. Each terminal subline revenue equals the sealed TTM FCC revenue multiplied by its opening analyst allocation weight and compounded for exactly five years at the case-specific rate. Each subline's **Adjusted operating profit** equals terminal revenue multiplied by the assumed terminal margin. Segment revenue and profit are the sums; segment margin is profit divided by revenue.

Case	Sealed TTM revenue	Revenue allocation sum	TTM+5 revenue	TTM to TTM+5 CAGR	Exact profit metric	TTM+5 profit	TTM+5 margin
Bear	EUR1,173.0m	100.0%	EUR1,256.9m	1.39%	Adjusted operating profit	EUR418.2m	33.27%
Base	EUR1,173.0m	100.0%	EUR1,437.5m	4.15%	Adjusted operating profit	EUR557.1m	38.75%
Bull	EUR1,173.0m	100.0%	EUR1,583.2m	6.18%	Adjusted operating profit	EUR643.4m	40.64%

10.1 Revenue reconciliation

Case	Legal recurring	Legal transactional	Financial recurring	Financial transactional	Sum	Variance to segment total
Bear	EUR583.9m	EUR122.7m	EUR384.9m	EUR165.4m	EUR1,256.9m	EUR0.0m
Base	EUR658.7m	EUR142.5m	EUR434.2m	EUR202.2m	EUR1,437.5m	EUR0.0m
Bull	EUR707.1m	EUR164.7m	EUR466.1m	EUR245.3m	EUR1,583.2m	EUR0.0m

10.2 Adjusted operating profit reconciliation

Case	Legal recurring	Legal transactional	Financial recurring	Financial transactional	Sum of Adjusted operating profit	Weighted margin
Bear	EUR216.1m	EUR34.4m	EUR134.7m	EUR33.1m	EUR418.2m	33.27%
Base	EUR283.2m	EUR45.6m	EUR173.7m	EUR54.6m	EUR557.1m	38.75%
Bull	EUR314.7m	EUR59.3m	EUR193.4m	EUR76.0m	EUR643.4m	40.64%

Rounding is to one decimal place in the visible tables; calculations retain unrounded line values. Before rounding, every revenue rollup reconciles exactly to the four sublines. Visible one-decimal sums can differ by EUR0.1 million due solely to presentation rounding, below the 1% tolerance. The profit tables use the same unrounded terminal revenues and margins as the segment totals.

11. Key risks and wildcards

Bear — transaction volumes stay weak. Mortgage, refinance, secured-lending, formation and M&A activity can remain below normal for longer than management or industry forecasters expect. The late-September 2026 environment still showed pressure: mortgage rates were high, applications had weakened and refinances were sharply below the prior year. A weak transaction mix hurts both revenue and incremental margin because fixed content, platform and operations costs do not fall in step.

Bear — federal BOI opportunity contracted. FinCEN's August 2026 final rule permanently exempts U.S. companies and U.S. persons from federal BOI reporting, leaving only certain foreign entities registered to do business in the United States. Any prior expectation of a large recurring U.S. domestic BOI filing pool is obsolete. CT may still help with state entity data, registered-agent duties, licenses and customer-specific ownership governance, but federal BOI volume is not a growth pillar.

Bear — workflow commoditization. Secretary-of-state portals, public APIs and low-cost filing providers can compress price in simple services. AI can reduce the labor needed to interpret forms, extract entity data and prepare packages. Diligent's current AI entity-management capabilities demonstrate that competitors can reproduce interface-level automation. If FCC fails to improve straight-through processing, AI could benefit customers and competitors more than Wolters Kluwer.

Bear — bank vendor and model risk. Cloud and AI deepen third-party dependence. Banks may impose extensive security, audit, explainability, business-continuity and data-residency requirements. The OCC has emphasized that AI can create model, cybersecurity and compliance risks, even as it can improve compliance analytics. A material outage, incorrect rule update, biased compliance model or cyber incident could damage trust and renewal economics. [OCC Spring 2025 Semiannual Risk Perspective](https://occ.treas.gov/publications-and-resources/publications/semiannual-risk-perspective/files/pub-semiannual-risk-perspective-spring-2025.pdf)

Bear/Base — regulatory direction is not one-way. New rules create demand, but simplified or risk-based supervision can reduce procedural burden. The 2026 OCC third-party proposal aims to replace process-heavy treatment with practices tailored to actual risk. FCC must win by lowering the customer's cost of prudent compliance, not by assuming every change increases billable work.

Base — recurring renewal and cross-sell. The most defensible outcome is continued mid-single-digit recurring growth from registered-agent renewals, business-license upsell, RASi, lien monitoring, compliance content and embedded document workflows. The key monitoring question is whether recurring sub-business growth stays above division growth while transactions remain soft. If recurring growth falls below 4% without a macro explanation, the moat thesis weakens.

Base/Bull — cloud and AI improve service economics. Cloud deployment can simplify updates, integration and analytics. AI can extract documents, identify missing entity fields, suggest forms, route exceptions and surface compliance events. The upside is lower manual cost and faster customer workflows, not a speculative standalone AI revenue pool. Because competitors offer similar features, FCC must demonstrate higher automation without lower accuracy.

Bull — transaction normalization. A durable decline in mortgage rates, higher purchase and refinance volumes, stronger corporate formation and M&A activity, and improved secured-lending demand could lift filing, search and document volume. The bull case requires recovery across more than one quarter and assumes recurring revenue continues to grow while the cyclical layer adds operating leverage.

Bull — pricing and share gains. Regulatory expertise, national jurisdiction coverage, integrations and trusted execution could support price increases and consolidation toward scaled providers. Customers may prefer a vendor able to combine

entity, registered-agent, license, lien, document and compliance workflows. This is plausible but not guaranteed; enterprise procurement and direct competitors such as CSC and Finastra constrain excess pricing.

Wildcard — consolidation and product perimeter. FCC has both acquired and divested activities. Bolt-on acquisitions could add workflow capability or customer reach, while further pruning could lift margin but reduce revenue. Because this appendix models the current organic perimeter, acquisitions are not included unless synthesis separately adds a sourced transaction.

Wildcard — legal liability and execution errors. The segment sells reliability. A filing failure, missed service, incorrect lien continuation, stale form, or compliance-content error can create damages, remediation cost and reputational harm. Even when contractual liability is capped, the renewal impact can be larger than the direct claim.

The principal falsification signal is not one weak transaction quarter. It is a combination of slowing recurring revenue, weaker renewal commentary, greater discounting, and margin pressure despite elevated product investment. That pattern would suggest the embedded-workflow moat is eroding. Conversely, a bull case needs evidence that recurring growth stays at least mid-single digit and that transaction recovery converts to profit without a proportional rise in service cost.

Scenario summary

Case	Segment TTM+5 Revenue	Exact profit metric	Segment TTM+5 Profit Margin	Segment TTM+5 Profit	Probability
Bear	EUR1,256.9m	Adjusted operating profit	33.27%	EUR418.2m	25%
Base	EUR1,437.5m	Adjusted operating profit	38.75%	EUR557.1m	55%
Bull	EUR1,583.2m	Adjusted operating profit	40.64%	EUR643.4m	20%

The probabilities are the run-specified 25% bear, 55% base and 20% bull. They sum to 100%. They are scenario weights for synthesis, not trading instructions. The probability-weighted terminal FCC revenue is EUR1,421.5 million and probability-weighted FCC Adjusted operating profit is EUR539.6 million; these weighted amounts are diagnostics rather than a fourth operating scenario.

Data gaps retained

- [DATA GAP: Wolters Kluwer does not disclose Legal Services or Financial Services revenue dollars, so the four opening model sublines are transparent analyst allocations of the sealed EUR1,173 million FCC TTM total.]
- [DATA GAP: FCC-specific ARR, gross retention, net revenue retention, renewal percentage, billings, current RPO, customer count and cohort metrics are not disclosed.]
- [DATA GAP: product-level Adjusted operating profit margins are not disclosed; terminal subline margins are explicit scenario assumptions that reconcile to segment totals.]
- [DATA GAP: management did not quantify FCC price uplift, transaction-volume elasticity, cloud revenue, AI revenue or the standalone financial impact of CT Corporation, RASi, Lien Solutions or other named products.]

Appendix B4 - Legal & Regulatory

Wolters Kluwer Legal & Regulatory — Segment Deep Dive

Run ID: `pulse-cio-20260928T020214+0800` **Information cutoff:** 2026-09-28 SGT **Reporting currency:** EUR millions unless otherwise stated **Forecast anchor:** TTM ended 2026-06-30; horizon 2031-06-30, exactly five calendar years later **Segment profit basis: Adjusted operating profit Scenario weights:** Bear 25%; Base 55%; Bull 20% **Trade execution authorized:** false

The historical foundation in this appendix comes only from the repaired, DR-sealed `data_package.md` with SHA-256 `8ebd83f5db0c0fc51c530419d82ccd9dd964696beaa88ca7a20c1b673fb17d2e` and the sealed `statutory_bridge.json` with SHA-256 `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289`. External links are used only for live competitor evidence and industry context. The package's bridge status is `VERIFIED — CLEARED FOR FORECASTING`.

0. Segment boundary and taxonomy note

Legal & Regulatory is one of Wolters Kluwer's five current divisions. Its present perimeter consists of legal information, research, an AI workspace, legal-practice software and enterprise legal-management software. The full five-year history contains a taxonomy boundary: when Corporate Performance & ESG was formed in March 2023, Enablon moved out of Legal & Regulatory. The FY2022 release supplied pro-forma FY2021-FY2022 revenue on the resulting five-division basis, so the EUR894 million FY2021 and EUR916 million FY2022 Legal & Regulatory figures are comparable to the post-transfer division as presented. The later FRR transfer affected other divisions, not Legal & Regulatory. Therefore this appendix can use the five annual revenue observations supplied in the cleared package, but it does not reconstruct pre-transfer Enablon dollars or mix them into the current division [data_package §1, taxonomy paragraph; §3, Legal & Regulatory table].

1. What this segment actually is

Legal & Regulatory sells the professional answer, workflow and control layer used by lawyers, legal departments and other practitioners working with law and regulation. The division has two connected commercial engines. **Information Solutions** supplies jurisdiction-specific primary law, regulatory material, commentary and research tools. Libra adds a generative-AI workspace integrated with Wolters Kluwer's proprietary legal content. **Software** includes legal-practice applications and enterprise legal management, where Brightflag helps corporate legal departments manage outside-counsel spend, matters, budgets and invoices. The issuer does not disclose standalone revenue for Libra, Brightflag or either sub-business, so those names are operating drivers rather than separately reported financial segments [data_package §4, Brand and sub-business disclosure method, Legal & Regulatory rows].

The core customer problem is not simply finding a document. A lawyer must identify the controlling authority in the correct jurisdiction and effective period, understand how it has been interpreted, document the reasoning and move that answer into a brief, advice note, compliance process, matter or billing workflow. Legal departments have an additional control problem: they need to decide which firm performs work, approve budgets, enforce billing guidelines, compare rates and retain a defensible audit trail. Wolters Kluwer can therefore sell several layers of value: authoritative source coverage; editorial classification and commentary; search and answer tools; drafting or research workflow; and matter/spend management.

The pricing model is predominantly recurring, but the company does not publish divisional ARR, net retention, seat counts, renewal rates or contract duration. At group level, recurring revenue was 83% in FY2025 and 85% in H1 2026, while renewal rates for the largest subscription solutions have historically been above 90%. Those group statistics indicate the corporate model but must not be represented as Legal & Regulatory-specific KPIs [data_package §0a, Software and ad-hoc KPI series]. Within this segment, research/content is normally sold by subscription to firms, institutions and professionals; enterprise software is normally licensed as recurring software and services; print and some implementation or other non-recurring items sit outside that subscription engine. The division's 5% H1 2026 organic growth versus 8% excluding print is the clearest disclosed evidence that the digital and software engine is healthier than the headline [data_package §6, Legal & Regulatory quote row 1].

Go-to-market is necessarily local and enterprise-led. Legal content must be assembled, updated and sold by jurisdiction; software needs implementation, integrations, data migration, security approval and user adoption. Libra was integrated with Wolters Kluwer content across ten European countries by H1 2026, illustrating a repeatable local-content distribution route rather than a single global corpus. Brightflag addresses corporate legal departments, where the buyer is often legal

operations, finance, procurement or the general counsel rather than the practicing lawyer alone. The combined portfolio gives Wolters Kluwer a plausible cross-sell loop: existing content relationships can seed AI-workspace adoption; the workspace can sell more content; and enterprise software can increase daily workflow presence. Management explicitly said Libra both monetizes the workspace and enables content upsell [data_package §6, Legal & Regulatory quote rows 2-3].

The economic model is attractive only if the company preserves three distinctions. First, proprietary and licensed content must remain more reliable and easier to verify than answers from a general model. Second, workflow products must save enough professional time or control enough legal spend to justify a separate budget. Third, renewal and price realization must cover a rising product-development burden. Wolters Kluwer plans group product-development spending of 12%-13% of revenue from 2026 onward, versus about 11% historically. That step-up is strategically rational but means AI revenue cannot be treated as costless gross-margin expansion [data_package §6, Group and capital framework quote row 3].

2. Current economics: TTM ended 2026-06-30

Legal & Regulatory generated **EUR1,041 million of TTM revenue** and **EUR189 million of Adjusted operating profit**, a margin of **18.2%**. The repaired DR-sealed bridge is FY2025 EUR1,005 million less H1 2025 EUR487 million plus H1 2026 EUR523 million for revenue, and FY2025 EUR183 million less H1 2025 EUR98 million plus H1 2026 EUR104 million for Adjusted operating profit. H1 2026 organic growth was 5% and the reported half-year margin was 19.9%. No corporate cost, acquisition-intangible amortization, restructuring or statutory bridge item is pushed into the division [data_package §3.1, Exact TTM divisional revenue bridge, Legal & Regulatory row; §3a, TTM bridge, Legal & Regulatory row; §5, Legal & Regulatory row].

The margin difference between FY2025 and H1 2026 is useful but seasonal. Group product-development spending was second-half weighted, making a straight annualization of the 19.9% half-year division margin too generous. FY2025 organic growth was 5%, and H1 2026 organic growth again measured 5%, while growth excluding print was 8%. The recurring digital and software engine is consequently stronger than the headline, but there is no evidence of a near-term step change in total segment growth [data_package §5, Legal & Regulatory row and seasonality note; §6, Legal & Regulatory quote rows 1 and 6].

The division's reported revenue grew from EUR875 million in FY2023 to EUR946 million in FY2024 and EUR1,005 million in FY2025, a two-year reported CAGR of 7.2%. The reported 2025 increase was 6.2%, while the issuer's organic growth measure was 5%. The gap between reported and organic measures can reflect currency and scope, including acquisitions, and should not be credited to core price or volume. Legal & Regulatory Software separately accelerated from 4% organic growth in 9M 2025 to 6% in Q1 2026 and 7% in H1 2026 [data_package §3, Legal & Regulatory table; §4, Latest disclosed sub-business growth row; §5, Legal & Regulatory row].

Capital intensity is low in physical assets but high in knowledge and software development. The division needs editors, lawyers, taxonomists, engineers, cloud infrastructure, product management, security and customer implementation. Group net capital expenditure was 4.9% of revenue in FY2025, while product-development spending was about 11% and is guided to 12%-13%. Neither ratio is disclosed for this division, so assigning those percentages mechanically to Legal & Regulatory would create false precision. The better underwriting view is that accounting capex understates the reinvestment requirement: a substantial share of economic investment is expensed people cost, and some development is capitalized at group level [data_package §7, capital allocation table and note].

The package provides no divisional product dollars, ARR, net retention, renewal, seats, utilization, billings or backlog. It specifically identifies standalone Libra and Brightflag revenue as a true non-disclosure. Accordingly, any product mix used later is an **analyst forecast allocation**, not historical company disclosure. It exists solely to make the five-year scenario mechanics reconstructable. It does not claim that information, software and print are issuer reportable units.

The controlling historical sources are the official FY2021-FY2025 results releases archived under source ID `D-FY21-25`, the 2025 Annual Report (`D-AR25`) and the 2026 Half-Year Results dated 2026-08-05 (`D-HY26`), as catalogued with run-scoped evidence paths in data_package §0a. The TTM revenue bridge uses the FY2025 divisional table and the H1 2026 release's H1 2025 comparative; the TTM Adjusted operating profit bridge is the QFR-sealed statutory packet. These named sources, rather than a generic "company filing" reference, control the historical figures in Sections 2 and 6.

3. Unit economics

How revenue becomes Adjusted operating profit

For information subscriptions, the main fixed costs are content acquisition, editorial maintenance, jurisdictional experts, technology and sales coverage. Once the corpus and platform are built, the marginal cost of granting another user access is modest, creating operating leverage. The constraint is that legal information decays: statutes change, regulations are revised, courts issue new decisions and commentary must be updated. Editorial cost is therefore recurring maintenance capex in an economic sense, not a one-time database build. AI raises both sides of this equation. It can reduce search friction, summarize and draft, which supports willingness to pay, but it also adds model, retrieval, evaluation, security and monitoring costs.

For software and enterprise legal management, recurring license revenue can carry attractive incremental margins after a customer is live. Acquisition costs, enterprise selling, implementation, integrations and customer success are substantial before that point. Brightflag's spend-management value depends on ingesting billing data, applying rules consistently, connecting matter and budget information and giving legal operations credible analytics. Those activities create switching cost once history and workflows accumulate, but they also require ongoing product and implementation resources. Libra is earlier in its commercialization curve: management reports rapid adoption and content upsell, but no ARR, customer count or margin. Its near-term contribution should therefore be modeled as growth with reinvestment, not as mature software profit.

Print is structurally different. It bears production, paper, freight, inventory and returns, while customer volumes decline as digital research becomes standard. A shrinking print base can lose margin faster than revenue if fixed editorial or production costs do not flex. Yet some content costs are shared with digital, and remaining print users may be sticky specialist customers. The correct forecast is a managed decline with a gradually smaller revenue weight, not an assumption that every lost print euro disappears from profit one-for-one.

The observed division margin path captures the benefit and limits of this mix shift. Adjusted operating profit margin rose from 14.5% in FY2022 to 15.8% in FY2023 and 18.6% in FY2024, then eased to 18.2% in FY2025. From FY2022 to FY2025, revenue increased 9.7% while Adjusted operating profit increased 37.6%, evidence of meaningful leverage, portfolio improvement and/or scope effects. The FY2025 pause warns against extrapolating the full improvement. Acquired AI and ELM products, higher development spending and print-remediation costs can absorb the gross benefit from digital mix [data_package §3, Legal & Regulatory Adjusted operating profit and margin rows].

There are four main margin-up mechanisms. First, higher-value digital content and AI-workspace attach can raise average subscription value. Second, software growth increases the weight of recurring revenue over implementation and print. Third, a common technology and content platform can spread product and infrastructure cost across countries. Fourth, renewal and content upsell reduce the need to win an entirely new customer for each euro of growth. The disclosed Libra comments directly support the third and fourth mechanisms, but the package does not quantify either [data_package §6, Legal & Regulatory quote rows 2-3 and 5].

There are also four margin-down mechanisms. AI inference and evaluation can remain usage-linked rather than fixed. Product-development spending is rising by 100-200 basis points of group revenue. Competitive bundles from Westlaw, LexisNexis, Harvey and vLex can limit price realization or increase selling cost. Finally, print decline may strand costs. The key unit-economic question is therefore not whether AI produces gross savings; it is whether realized price, retention and cross-sell exceed the combined model, development and go-to-market cost. The base case assumes they do, but only modestly.

Renewal, price and geographic sensitivity

The package reports that subscription renewals are going well across the group, not a Legal & Regulatory renewal number. In legal research, renewal is supported by embedded citation habits, search training, procurement contracts and the risk of changing authoritative sources. AI can strengthen renewal if it becomes the front door to that same trusted corpus. It can weaken renewal if customers conclude that a general assistant with licensed or public content is adequate. Pricing is therefore value-based but not unconstrained. The company's best case is an AI feature that demonstrably saves hours, remains grounded and is purchased through an existing budget; the bear case is feature parity across vendors and procurement treating the model layer as interchangeable.

Geography matters because law is local. Wolters Kluwer's ten-country Libra rollout suggests a repeatable European footprint, but each jurisdiction needs content rights, editorial expertise, language support, citation handling and local commercial coverage. Those requirements slow pure software replication but also protect incumbents. The company does not disclose Legal & Regulatory revenue by country. Group revenue in H1 2026 was 64% North America, 29% Europe and 7% Asia-Pacific/rest of world, but applying that mix to the division would be an unsupported assumption [data_package §1, geography paragraph]. The model therefore uses one reporting-currency forecast and discusses geography as a driver rather than inventing divisional regional dollars.

4. Competitive dynamics

Research and regulatory content

The closest scaled global competitors are Thomson Reuters' Westlaw franchise and RELX's LexisNexis Legal & Professional. Both are investing aggressively in generative and agentic AI while grounding outputs in proprietary legal content. Thomson Reuters reported **10% organic growth** in Legal Professionals in Q2 2026; recurring revenue was 97% of the segment and grew 9% organically, led by Westlaw and CoCounsel. Its reported segment Adjusted EBITDA margin was 48.1%, although that profit definition and portfolio are not comparable with Wolters Kluwer's Adjusted operating profit. The growth rate establishes a demanding market benchmark: premium research incumbents can still accelerate when AI functionality is successfully monetized ([Thomson Reuters Q2 2026 results](https://investors.thomsonreuters.com/news-releases/news-release-details/thomson-reuters-reports-second-quarter-2026-results)).

Thomson Reuters also discloses the scale of its defensibility: the 2025 annual report described 1.9 billion Westlaw documents, more than 3,500 authoritative sources, 1,500 attorney editors, 1.6 million editorial updates a year and KeyCite's 1.4 billion citation relationships. Those figures show why raw model quality is not the whole product. Provenance, editorial hierarchy, citator history and continuous updates are expensive complements to the language model ([Thomson Reuters 2025 Annual Report](https://investors.thomsonreuters.com/static-files/d4676c84-359c-42c3-9f84-8c62552d49a2)). Wolters Kluwer does not disclose comparable corpus counts, so this appendix does not imply parity; it uses the evidence to identify what a credible professional-grade defense must contain.

LexisNexis Legal & Professional generated GBP1,806 million of 2025 revenue, compared with GBP1,718 million in 2024 and GBP1,655 million in 2023. Subscription represented 85% of revenue. More than half of U.S. new and renewing customers were adopting Lexis+ AI, and the product answered more than five million U.S. prompts during 2025. In April 2026, RELX said its Law Firms & Corporate Legal business continued to grow at a double-digit underlying rate, driven by adoption and expansion of Lexis+ with Protégé ([RELX 2025 legal segment report](https://www.relx.com/~/media/Files/R/RELX-Group/documents/reports/annual-reports/2025-ar-sections/relx-2025-market-segments.pdf); [RELX April 2026 trading update](https://www.relx.com/media/press-releases/year-2026/trading-update-april-2026)). Again, this is evidence of market demand and competitive intensity, not a directly comparable Wolters Kluwer growth series.

vLex's Vincent AI is a smaller but important content-plus-AI competitor. Its product returns research memos with citations linked to primary and secondary materials and lets lawyers inspect the sources used ([vLex Vincent product documentation](https://knowledge.vlex.com/en/features/vincent/ask-a-research-question)). This matters because source transparency is becoming a baseline feature. Wolters Kluwer cannot rely on citations alone as differentiation; it must win on jurisdictional depth, editorial quality, workflow fit, price and trusted update cadence.

AI-native substitution

Harvey represents the strongest form of generative-AI disintermediation risk: an AI-native workspace can own the user interface while drawing on firm knowledge and connected sources. In March 2026 Harvey said it had more than 1,000 customers in 60 countries, including 50% of the Am Law 100 and more than 500 in-house legal teams ([Harvey customer update](https://www.harvey.ai/blog/helping-law-firms-and-companies-collaborate-at-scale)). By August 2026 it launched context, memory and a legal-specific model, moving beyond a thin wrapper around general-purpose models ([Harvey II announcement](https://www.harvey.ai/blog/introducing-harvey-ii)). The risk is not merely that Harvey answers research questions. It could become the orchestration layer that chooses when and whether to call Wolters Kluwer content, weakening Wolters Kluwer's control of discovery, packaging and price.

The counterargument is that AI-native entrants also need trusted sources, permissions, governance and workflow integrations. High-stakes legal work makes hallucination, stale law, confidentiality leakage and weak citation costly. An incumbent can defend economics by exposing content through an excellent native workspace, preserving visible provenance and embedding answers directly into matter workflows. Libra is Wolters Kluwer's attempt to occupy that layer. The H1 evidence—ten-country deployment, rapid law-firm adoption and content upsell—is positive but lacks customer, usage, retention and revenue figures. It proves product motion, not a durable win [data_package §6, Legal & Regulatory quote rows 2-3 and 5].

Enterprise legal management and Brightflag

Brightflag competes with established enterprise legal-management vendors and with modules adjacent to legal research, contract management, procurement and corporate workflow. The product's differentiation rests on AI-assisted invoice review,

spend classification, matter management, budget controls and analytics. Brightflag's public product positioning emphasizes automated workflows, approval controls, audit trails and budget management ([Brightflag product site](https://brightflag.com/)). In April 2025 it announced further AI-powered spend, matter and insight features and said it spends as much on R&D as on sales and marketing, evidence that product intensity remains high ([Brightflag innovation roadmap](https://brightflag.com/press/innnovation-roadmap/)). Management said Brightflag was growing slightly ahead of expectations in H1 2026, but did not give a pro-forma rate [data_package §6, Legal & Regulatory quote row 4].

ELM has real switching costs because historical invoices, matter taxonomies, vendor panels, guidelines, budgets and approval workflows accumulate inside the platform. However, the buyer can run formal procurement, and features can converge. The defensible layer is not invoice parsing by itself; it is normalized data history, configured controls, integrations, user adoption and demonstrable savings. Brightflag's strategic value is therefore greater if Wolters Kluwer can connect spend and matter data to legal content and AI workflows without compromising customer confidentiality.

Market share, pricing power and entry barriers

Wolters Kluwer does not disclose segment market share, and competitor portfolios and geographies are not directly comparable. A numerical share estimate would be fabricated. The evidence instead supports a tiered structure: Westlaw and LexisNexis are large global research franchises; Wolters Kluwer has a scaled roughly EUR1 billion legal/regulatory division with particular European and workflow strengths; vLex and national specialists compete in research; Harvey and other AI-native platforms compete for the workspace; and multiple vendors compete in ELM. The segment has scale, but not an uncontested market.

Pricing power is strongest where content is exclusive or costly to reproduce, editorial treatment is trusted, the product is embedded in a professional workflow and the purchase is small relative to the cost of a legal error or lawyer hour. It is weakest for commodity public-law retrieval, generic drafting and undifferentiated AI chat. The division's 8% organic growth excluding print versus 5% overall suggests the digital offer currently has pricing/volume momentum, but it does not decompose price from seats, usage, new customers or acquisition effects [data_package §6, Legal & Regulatory quote row 1].

The main entry barriers are local content collection and rights, editorial history, citators and taxonomies, brand trust, enterprise security, integrations, installed workflows and a specialized sales/service footprint. Model access is not a durable barrier. Distribution and capital also matter: Thomson Reuters says it invests more than USD200 million annually in AI across its professional portfolio ([Thomson Reuters AI overview](https://www.thomsonreuters.com/en/artificial-intelligence)). Wolters Kluwer's response is a group-wide product-development step-up to 12%-13% of revenue. This raises the competitive bar while making execution quality more important.

5. Moat at the segment level

The segment has a **real but conditional moat**. The most defensible asset is the combination of proprietary or licensed jurisdictional content, editorial enhancement, update processes and workflow integration. A legal answer is valuable when a professional can trace it to effective authority, understand jurisdiction and context, and reuse it in a controlled process. Each of those steps improves with accumulated data, domain expertise and customer feedback. Libra's direct integration with proprietary legal content is strategically coherent because it makes the AI interface complementary to the content asset rather than an ungrounded substitute [data_package §6, Legal & Regulatory quote row 5].

The moat is not equivalent to owning a frontier model. Models will change, and strong general and legal-specific alternatives are widely available. If model capability commoditizes, value should migrate toward content rights, retrieval quality, evaluation, permissions, workflow and distribution. That favors Wolters Kluwer. If, however, customers access Wolters Kluwer content mainly through an independent workspace, the interface owner can capture the relationship and pressure content pricing. That favors Harvey-like platforms. The company's strategic imperative is to remain both an indispensable source and a preferred workflow, not merely a data supplier.

Editorial quality is a defense only if it remains current and visible in the output. Users must see supporting sources, effective dates and why an authority controls. This requires continuing spending; cost cutting that weakens editorial cadence would erode the asset. It also creates a beneficial feedback loop: more use reveals ambiguous queries and weak coverage, which can guide content and product improvement. Wolters Kluwer has not disclosed usage metrics needed to prove that loop, so it remains a qualitative advantage rather than a quantified network effect.

Workflow software creates a second moat through switching cost. Brightflag customers configure guidelines, invoice rules, matter types, vendor panels, budgets and approval routes and accumulate benchmarking history. Replacing the system risks

disruption and data migration. But switching costs are not immunity. Corporate legal departments can run competitive processes, and superior AI-native tools may justify migration. Brightflag therefore needs sustained product leadership and measurable savings; management's positive growth comment is encouraging but insufficient to establish long-term dominance [data_package §6, Legal & Regulatory quote row 4].

Renewal, cross-sell and geography create additional durability. Content subscriptions are recurring, local product breadth makes the addressable market fragmented and Libra can potentially reuse a common AI layer across multiple national content sets. Yet localization is also a cost, and global competitors can invest heavily. The moat is likely strongest in deep local-law/regulatory franchises and embedded enterprise workflows, moderate in general professional research, and weakest in generic drafting or chat. Over a five-to-ten-year horizon, the segment should retain pricing and renewal advantages if it continues to fund editorial and product quality; it will lose them if AI becomes a superior, vendor-neutral front end and Wolters Kluwer fails to control the workflow.

6. Historical growth rates

The following table reproduces only figures in the DR-cleared package. The annual company series is the finest dollar-disclosed history available for this division. Information Solutions/Libra and Software/ELM/Brightflag are identified operating components, but the company does not disclose their standalone revenue. Those cells remain `n/d`; they are not back-solved from qualitative commentary or organic growth. The three-year CAGR is FY2022 to FY2025, three annual intervals. The latest software figure is H1 2026 organic growth, not a revenue amount.

Product / sub-segment	FY2021 revenue	FY2022 revenue	FY2023 revenue	FY2024 revenue	FY2025 revenue	3-year CAGR FY2022-FY2025	Most recent YoY / trend	Data package cite
Legal & Regulatory total	EUR894m [§3, L&R Revenue row]	EUR916m [§3, L&R Revenue row]	EUR875m [§3, L&R Revenue row]	EUR946m [§3, L&R Revenue row]	EUR1,005m [§3, L&R Revenue row]	3.1% calculated from EUR916m and EUR1,005m [§3, L&R Revenue row]	6.2% reported FY2025; 5% organic H1 2026 [§3, L&R YoY row; §5, L&R row]	data_package §3, Legal & Regulatory table; §5, Legal & Regulatory row
Information Solutions / Libra	n/d [§4, Brand table L&R Information row]	n/d [§4, same row]	n/d [§4, same row]	n/d [§4, same row]	n/d [§4, same row]	n/d [§4, same row]	Rapid adoption; no percentage or dollars disclosed [§6, L&R quote rows 2-3]	data_package §4, Brand table; §6, Legal & Regulatory quotes
Software / ELM / Brightflag	n/d [§4, Brand table L&R Software row]	n/d [§4, same row]	n/d [§4, same row]	n/d [§4, same row]	n/d [§4, same row]	n/d [§4, same row]	7% organic in H1 2026 versus 6% Q1 2026 and 4% 9M 2025 [§4, Latest growth L&R Software row]	data_package §4, Brand table and Latest disclosed sub-business growth
Print and other legacy formats	n/d [§4, true non-disclosure]	n/d [§4, true non-disclosure]	n/d [§4, true non-disclosure]	n/d [§4, true non-disclosure]	n/d [§4, true non-disclosure]	n/d [§4, true non-disclosure]	Total division 5% organic; 8% excluding print in H1 2026 [§6, L&R quote row 1]	data_package §6, Legal & Regulatory quote row 1

Arithmetic consistency check. The total division series passes the required 2% test in every disclosed interval: EUR894m x 1.025 = EUR916.4m versus EUR916m; EUR916m x 0.955 = EUR874.8m versus EUR875m; EUR875m x 1.081 = EUR945.9m versus EUR946m; and EUR946m x 1.062 = EUR1,004.7m versus EUR1,005m. Differences are rounding only. The FY2022-to-FY2025 CAGR is `(1,005 / 916)^(1/3) - 1 = 3.1%`. The more recent FY2023-to-FY2025 two-year CAGR is 7.2%, showing that the three-year figure is depressed by the 2023 decline. No product-dollar tie-out is possible because no product-dollar base exists.

The series needs interpretation. FY2023's 4.5% reported contraction sits inside a period that included portfolio changes and the post-formation segment perimeter. FY2024 and FY2025 then grew 8.1% and 6.2% as presented. For forward underwriting, the stronger recent cadence is more relevant than an uncritical five-year average, but the 3.1% three-year CAGR prevents the model from treating one strong year as a permanent high-single-digit floor. The separate software trajectory—4%, 6%, then 7% organic—supports a higher forward rate for workflow products than for the division as a whole, while the 3 percentage-point gap between headline and ex-print growth requires an explicit declining legacy line.

[DATA GAP: Wolters Kluwer does not disclose Legal & Regulatory revenue dollars, historical margins, ARR, customer counts or renewal rates separately for Information Solutions/Libra, Software/ELM/Brightflag or print. The forecast allocation in Sections 8-10 is an explicitly labeled analyst model, not issuer history.]

7. Management guidance and forward commentary

Every segment-relevant forward statement supplied by the data package is reproduced below. The statements were taken from the live, date-matched H1 2026 call or official outlook in the cleared package; this appendix does not re-fetch Wolters Kluwer transcripts.

Division-specific guidance

- **Current growth and print drag — data_package §6, Legal & Regulatory row 1.** Stacey Caywood, 2026-08-05: **"In Legal & Regulatory, we delivered 5% organic growth or 8% if you exclude print."** This establishes both the latest total growth anchor and the magnitude of the mix problem. A base case should not jump immediately to the ex-print rate because print remains in reported revenue, but it should allow total growth to approach the non-print engine as the legacy weight shrinks.

- **Libra rollout — data_package §6, Legal & Regulatory row 2.** Stacey Caywood, 2026-08-05: **"We have infused the Libra AI Assistant directly with our legal content across 10 European countries and are seeing rapid rates of adoption among law firms."** The key facts are deployment breadth and qualitative adoption. There is no customer count, ARR, price or usage figure; "rapid" cannot be converted into a revenue percentage.

- **Libra monetization and cross-sell — data_package §6, Legal & Regulatory row 3.** Stacey Caywood, 2026-08-05: **"Feedback from law firms has been very positive, and we're finding that in addition to monetizing the AI workspace, we are able to upsell content to Libra subscribers."** This supports two growth mechanisms: direct workspace revenue and increased content attachment. It does not prove net retention or margin, and early positive feedback may not predict renewal after the first contract cycle.

- **Brightflag performance — data_package §6, Legal & Regulatory row 4.** Stacey Caywood, 2026-08-05: **"Brightflag, in particular, is growing quite well, in fact, slightly ahead of our expectations."** This is favorable but qualitative. The forecast gives software a premium to division growth but does not assign Brightflag a fabricated pro-forma growth rate.

- **Libra differentiation — data_package §6, Legal & Regulatory row 5.** Stacey Caywood, 2026-08-05: **"Our Libra acquisition is, in fact, just what you talked about, the AI workspace that is deeply integrated with our proprietary legal content."** The strategic defense is content-plus-workflow integration, not exclusive ownership of a foundation model. The moat depends on the quality, coverage, provenance and freshness of the content exposed through Libra.

- **Formal 2026 outlook — data_package §6, Legal & Regulatory row 6.** Executive Board outlook, 2026-08-05: **"We expect full-year 2026 organic growth to be ahead of prior year (FY 2025: 5%), with trend picking up in the second half."** The base case requires a 2026 outcome above 5%, but "ahead" is directional, not a precise number. The five-year CAGR can settle below a strong 2026 exit rate if AI adoption normalizes or competition intensifies.

Group guidance that constrains segment economics

- **Renewal and underlying growth — data_package §6, Group row 1.** Stacey Caywood, 2026-08-05: **"Organic growth was 5%. Excluding print, organic growth was 6% and subscription renewals are going well across the group."** The renewal statement supports the recurring model but is not a divisional retention metric. The model does not assign Legal & Regulatory the historical group renewal rate.

- **Reinvestment — data_package §6, Group row 3.** Stacey Caywood, 2026-08-05: **"We announced our intention to increase product development spend to between 12% and 13% of revenues this year and beyond."** This is the main reason the base margin expands only moderately despite mix improvement. AI pricing and cross-sell must first absorb the higher development envelope.

- **H1 margin timing — data_package §6, Group row 2.** Stacey Caywood, 2026-08-05: **“The adjusted operating profit margin increased by 100 basis points, putting us in a good position to step up investment in product development in the coming months.”** The phrase makes the sequencing clear: H1 margin benefited before the spend ramp. The Legal & Regulatory H1 19.9% margin is therefore not treated as a clean run-rate ceiling or floor.

Guidance-to-model tests

The base case must clear four tests. First, the near-term path begins above 5% total organic growth, consistent with the formal 2026 outlook, rather than leaping to the 8% ex-print figure. Second, software grows faster than the division, consistent with the 4%-to-7% disclosed progression and Brightflag commentary. Third, print continues to decline, allowing reported growth to converge gradually toward non-print growth. Fourth, Adjusted operating profit margin captures some digital mix and scale leverage but retains a meaningful reinvestment charge.

The bull case needs more than generic enthusiasm. It requires Libra to sustain strong adoption through renewals, create paid workspace revenue and lift content attachment across additional jurisdictions; Brightflag must compound at a low-teens rate while maintaining service quality; and incumbent content must remain the trusted grounding layer despite Westlaw, Lexis and Harvey. The bear case is not a recession-only outcome. It assumes that generative AI weakens research pricing, customers consolidate vendors, external workspaces own the interface, and the remaining print base shrinks faster than costs can be removed.

8. Forward growth assumptions

Model construction and starting allocation

The issuer does not disclose product dollars, but the segment rollup must be reconstructable. The model therefore partitions the sealed EUR1,041 million TTM total into three **analyst forecast buckets**. These are not claimed as company history, and they should not be reused as reported market shares. The 14% print/other assumption is calibrated to the disclosed three-point gap between H1 total organic growth and growth excluding print: with a 14% legacy weight and 8% non-print growth, the headline 5% rate implies legacy growth of `(5.0% - 86% x 8.0%) / 14% = -13.4%`. That is consistent with a low-double-digit print decline, but it is a calibration, not a disclosed mix. The 62%/24% split of non-print between information and software is an underwriting convention reflecting the division's information heritage and the smaller, faster software portfolio; no company disclosure supports those exact percentages. Different starting allocations would change product endpoints and product profit attribution, but not the sealed segment anchor. The segment-level conclusions therefore rest on the total revenue/profit cases, not on false precision in the bucket mix.

Analyst forecast bucket	TTM 2026-06-30 allocation	Share of sealed TTM revenue	Disclosure status and rationale
Digital information, regulatory content and Libra	EUR646m	62%	Analyst allocation; issuer identifies Information Solutions/Libra but discloses no dollars [data_package §4]
Software, ELM and Brightflag	EUR250m	24%	Analyst allocation; issuer identifies Software/ELM/Brightflag but discloses no dollars [data_package §4]
Print and other legacy formats	EUR145m	14%	Analyst allocation; intended to isolate the disclosed print drag, not presented as issuer mix
Legal & Regulatory total	**EUR1,041m**	**100%**	DR-sealed TTM anchor [data_package §3.1, Legal & Regulatory row]

Base case

Product / forecast bucket	3-year historical CAGR	Latest YoY / signal	Management FY+1 guide	Base CAGR TTM to TTM+5y	TTM+5y revenue	Justification
Digital information, regulatory content and Libra	n/d at product level; division 3.1% FY2022-FY2025	Division ex-print 8%; Libra adoption rapid but unquantified	Division organic growth ahead of 5% in FY2026	**6.0%**	**EUR864.5m**	Starts near current ex-print momentum, then normalizes as AI bundles mature; content upsell and ten-country Libra rollout offset Westlaw, Lexis and Harvey pressure.

Product / forecast bucket	3-year historical CAGR	Latest YoY / signal	Management FY+1 guide	Base CAGR TTM to TTM+5y	TTM+5y revenue	Justification
Software, ELM and Brightflag	n/d at product level	Software 7% organic H1 2026, up from 4% at 9M 2025	Brightflag slightly ahead of expectations; no point guide	**9.0%**	**EUR384.7m**	ELM switching costs, Brightflag momentum and AI workflow adoption support a premium to segment growth, but the rate remains below the low-teens outcomes implied by a full breakout.
Print and other legacy formats	n/d at product level	Total growth 5% versus 8% excluding print	No print guide	**-10.0%**	**EUR85.6m**	Continued substitution to digital is partly cushioned by sticky specialist users; no terminal collapse is assumed.

The base total reaches EUR1,334.8 million, a 5.1% TTM-to-horizon CAGR. That rate is below the initial non-print growth because the print drag remains visible and digital growth normalizes. It is above the 3.1% FY2022-FY2025 reported CAGR because that historical window includes the FY2023 contraction and predates the current software acceleration and Libra deployment.

The base path deliberately shows the transition rather than applying a sudden terminal rate. Each figure below is a one-year growth assumption, and the five rates compound to the base CAGR in the table above.

Base growth path	Year 1	Year 2	Year 3	Year 4	Year 5	Five-year CAGR
Digital information, regulatory content and Libra	7.0%	6.5%	6.0%	5.5%	5.0%	6.0%
Software, ELM and Brightflag	10.0%	9.5%	9.0%	8.5%	8.0%	9.0%
Print and other legacy formats	-9.0%	-9.5%	-10.0%	-10.5%	-11.0%	-10.0%

This year-by-year profile is consistent with the disclosed facts. Digital information begins below the 8% ex-print segment rate because that rate also includes faster software. Software begins above the current 7% because the formal outlook calls for a second-half pickup and because H1 management described Brightflag as ahead of plan; it then decelerates as the acquired and early-product base scales. Print deterioration accelerates modestly as digital substitution compounds.

The first-year weighted growth from these analyst buckets is 5.5%: `(646 x 7.0% + 250 x 10.0% + 145 x -9.0%) / 1,041`. The non-print portion grows 7.8% in that year, close to the disclosed 8% ex-print signal, while the total begins above FY2025's 5% as management guided. This explicit bridge prevents the allocation from generating a headline path inconsistent with the cited operating evidence.

Bull case

Product / forecast bucket	3-year historical CAGR	Latest YoY / signal	Management FY+1 guide	Bull CAGR TTM to TTM+5y	TTM+5y revenue	Justification
Digital information, regulatory content and Libra	n/d at product level; division 3.1%	Division ex-print 8%; Libra rapid adoption	Division organic growth ahead of 5%	**8.0%**	**EUR949.2m**	Libra turns adoption into paid workspace revenue and content upsell across more countries; trusted grounding preserves price despite AI-native competition.
Software, ELM and Brightflag	n/d at product level	Software 7% H1 2026; Brightflag ahead of plan	No point guide	**13.0%**	**EUR460.6m**	Brightflag gains share in ELM, AI invoice/matter workflows deepen switching costs and cross-sell reduces customer-acquisition friction.
Print and other legacy formats	n/d at product level	Material drag	No print guide	**-7.0%**	**EUR100.9m**	Specialist formats prove more persistent and migration programs retain more value than expected.

The bull total is EUR1,510.7 million, a 7.7% CAGR. This does not assume the whole division matches Thomson Reuters Legal's current 10% organic pace for five years. It requires sustained high-single-digit digital content growth, low-teens software compounding and a less severe print runoff. The live competitor evidence makes the demand outcome plausible, but achieving it would still require share capture and strong execution.

Bear case

Product / forecast bucket	3-year historical CAGR	Latest YoY / signal	Management FY+1 guide	Bear CAGR TTM to TTM+5y	TTM+5y revenue	Justification
Digital information, regulatory content and Libra	n/d at product level; division 3.1%	Division ex-print 8%, but no Libra revenue disclosed	Division organic growth ahead of 5% near term	**1.5%**	**EUR695.9m**	External AI workspaces control discovery, bundles weaken price realization and Libra adoption fails to convert into durable renewal uplift.
Software, ELM and Brightflag	n/d at product level	Software 7% H1 2026	Brightflag ahead of expectations	**3.0%**	**EUR289.8m**	Procurement pressure, slower implementations and feature convergence reduce wins; positive current growth prevents an immediate contraction assumption.
Print and other legacy formats	n/d at product level	Material drag	No print guide	**-12.0%**	**EUR76.5m**	Customers accelerate format migration while the residual base offers limited new sales.

The bear total is EUR1,062.3 million, a 0.4% CAGR. It respects management's near-term guide by treating the damage as a multi-year competitive erosion rather than claiming FY2026 immediately misses guidance. The transition is explicit rather than hidden inside a constant CAGR: digital information growth can move from 7.0% in Year 1 to 2.0%, 0.0%, -0.5% and approximately -0.797%; software can move from 10.0% to 4.0%, 1.0%, 0.0% and approximately 0.332%; and print can worsen from -9.0% to -11.0%, -12.0%, -13.0% and approximately -14.890%. Those paths reproduce the displayed five-year bucket endpoints within rounding while making the causal sequence visible: the formal near-term pickup occurs first, then AI-interface loss, renewal pressure and stranded print cost dominate. The case is intentionally severe enough to expose the disintermediation thesis: almost all nominal non-print growth is absorbed by legacy decline, while the user relationship shifts to other AI platforms.

9. Forward Adjusted operating profit margin assumptions

Wolters Kluwer discloses only division-level **Adjusted operating profit**, not product margins. To keep the rollup mathematically transparent, the model assigns starting margins that reproduce the sealed EUR189 million TTM total after rounding: 20.0% on digital information, 14.0% on software and 17.0% on print/other. These are analyst allocations, not issuer disclosures. They express a reasonable economic ordering—scaled subscriptions above investment-heavy software, with legacy print still positive—and should be judged at the segment total, where the audited/sealed metric exists.

No bucket-level profit figure below is company-reported. Each is **analyst scenario bookkeeping** used solely to reproduce the disclosed division-level Adjusted operating profit anchor and the three horizon cases; none should be read as an issuer-disclosed product profit pool.

Adjusted operating profit forecast bucket	TTM revenue	Assumed TTM margin	TTM modeled profit	Bear TTM+5y margin	Bear profit	Base TTM+5y margin	Base profit	Bull TTM+5y margin	Bull profit
Digital information, regulatory content and Libra	EUR646m	20.0%	EUR129.2m	16.0%	EUR111.3m	22.0%	EUR190.2m	24.0%	EUR227.8m
Software, ELM and Brightflag	EUR250m	14.0%	EUR35.0m	8.0%	EUR23.2m	20.0%	EUR76.9m	25.0%	EUR115.2m
Print and other legacy formats	EUR145m	17.0%	EUR24.7m	10.0%	EUR7.7m	11.0%	EUR9.4m	14.0%	EUR14.1m
Legal & Regulatory weighted total	**EUR1,041m**	**18.2%**	**EUR188.9m / EUR189m sealed**	**13.4%**	**EUR142.2m**	**20.7%**	**EUR276.5m**	**23.6%**	**EUR357.1m**

Base margin mechanism. The segment gains roughly 250 basis points from 18.2% to 20.7%, more than the 100-basis-point threshold and therefore requiring explicit mechanisms. Digital information gains scale and mix from paid Libra usage and content upsell. Software gains six points from a low investment-phase base as recurring subscriptions grow faster than implementation and shared product capabilities are spread across more customers. These gains are partly offset by a lower print margin as volume shrinks and by the 12%-13% group product-development commitment. The result is expansion, but not the much larger margin implied by treating AI as pure price.

Bull margin mechanism. Margin reaches 23.6% as stronger pricing, renewal, content attach and low-teens software growth spread editorial, platform and sales cost. Software reaches 25% only because the scenario assumes mature recurring economics and disciplined implementation, not because current Brightflag profitability is disclosed. The remaining print base holds a 14% margin because costs are removed fast enough and specialist users accept price increases.

Bear margin mechanism. Margin falls to 13.4%, a 480-basis-point contraction. The specific causes are price and bundle pressure in research, under-absorbed product-development and sales cost, AI inference/evaluation expense that cannot be passed through, and stranded print overhead. Software falls to 8% as revenue growth fails to cover the acquired platform's ongoing R&D and enterprise go-to-market needs. No corporate or statutory bridge adjustment is included in any scenario.

10. Segment rollup: bottom-up reconciliation

Case	Digital information / Libra revenue	Software / ELM / Brightflag revenue	Print / other revenue	Segment TTM+5y revenue	Revenue CAGR	Adjusted operating profit margin	Adjusted operating profit	Arithmetic check
Bear	EUR695.9m	EUR289.8m	EUR76.5m	**EUR1,062.3m**	0.4%	**13.4%**	**EUR142.2m**	695.9 + 289.8 + 76.5 = 1,062.2; rounding difference EUR0.1m
Base	EUR864.5m	EUR384.7m	EUR85.6m	**EUR1,334.8m**	5.1%	**20.7%**	**EUR276.5m**	864.5 + 384.7 + 85.6 = 1,334.8
Bull	EUR949.2m	EUR460.6m	EUR100.9m	**EUR1,510.7m**	7.7%	**23.6%**	**EUR357.1m**	949.2 + 460.6 + 100.9 = 1,510.7

The profit tie is also bottom-up. Bear profit is EUR111.3 million plus EUR23.2 million plus EUR7.7 million, or EUR142.2 million. Base profit is EUR190.2 million plus EUR76.9 million plus EUR9.4 million, or EUR276.5 million after unrounded calculation. Bull profit is EUR227.8 million plus EUR115.2 million plus EUR14.1 million, or EUR357.1 million. Dividing each unrounded profit total by its corresponding revenue produces the displayed weighted margin. All revenue and profit totals reconcile within 0.1%, well inside the 1% requirement.

At the assigned 25%/55%/20% weights, the displayed scenario values produce probability-weighted horizon revenue of EUR1,301.9 million (`25% x 1,062.3 + 55% x 1,334.8 + 20% x 1,510.7`) and probability-weighted horizon Adjusted operating profit of EUR259.0 million (`25% x 142.2 + 55% x 276.5 + 20% x 357.1`). The corresponding probability-weighted implicit margin is **19.9%**, calculated as weighted profit divided by weighted revenue; it is not the arithmetic average of the three displayed margins. The non-uniform weights are deliberate: Base receives 55% because current division growth is stable and Libra/Brightflag execution is positive but still unquantified; Bear receives 25% because AI-interface ownership, product-level disclosure gaps and print cost rigidity are material; Bull receives 20% because it requires simultaneous paid Libra renewal/upsell and sustained low-teens software compounding. These weighted values are descriptive, not a fourth scenario, and are not used to hide the wide downside. The bear demonstrates that trusted content does not guarantee pricing power if another platform owns the interface; the bull demonstrates that successful AI monetization can raise both growth and margin even while development spending remains elevated.

11. Key risks and wildcards

Generative-AI interface disintermediation — Bear. Harvey, Microsoft-linked workflows or another agentic platform may become the primary workspace through which lawyers research, draft and manage matters. Wolters Kluwer could retain content usage while losing the visible customer relationship and pricing layer. This is the central structural risk because it can compress both growth and margin without eliminating demand for the underlying content.

Content commoditization and licensing — Bear. Much primary law is public, and competitors can license or assemble broad corpora. If editorial enhancements, local depth and provenance are not sufficiently differentiated, buyers may view research as a feature inside a broader AI subscription. The defense is continuous updates, trusted commentary and workflow-specific evaluation; underinvestment would accelerate erosion.

Hallucination, professional liability and trust — Bear/Base. A visible incorrect answer, missing authority or confidentiality failure could slow Libra adoption and increase evaluation, insurance, support and governance cost. The same concern also favors established providers over uncontrolled general models. It is therefore both a risk and a barrier: the outcome depends on product quality and how transparently sources are presented.

Libra conversion and renewal — Bull/Bear. Rapid adoption is not the same as paid, retained revenue. The bull requires customers to pay for the workspace, renew after initial deployment and buy more content. The bear assumes pilots or first contracts do not convert into durable economics. Disclosure of customers, usage, ARR or renewal would materially narrow this range.

Brightflag integration and ELM competition — Base/Bear. Brightflag can grow through AI-assisted billing, matter and spend control, but enterprise deployments are complex and competitors can match features. Integration with the broader Wolters Kluwer portfolio could improve distribution; weak integration could leave it as a costly standalone asset. Customer churn or implementation delays would be an early warning.

Print decline and stranded cost — Bear. Print's revenue drag is already disclosed. The wildcard is the cost curve. If editorial and production resources are shared with digital, revenue migration may preserve economics; if logistics, titles and staffing cannot be rationalized, margin falls faster than sales. The model shows both possibilities through the 10%-14% horizon print margins.

Pricing and renewal — Bull/Base/Bear. Strong renewals and value-based AI pricing can fund higher development spending. Procurement consolidation, competing bundles and cheaper AI-native tools can do the opposite. Because the company does not disclose divisional price, retention or seat data, the forecast cannot separate price from volume. Renewal commentary should be treated as supportive but not decisive.

Product-development intensity — Base/Bear. The 12%-13% group spending commitment protects relevance but pushes out margin conversion. The base assumes the investment produces better product and later scale; the bear assumes cost rises before revenue and remains structurally higher. Cutting spend to defend short-term margin would create its own long-term risk.

Geographic localization — Bull/Base. Ten-country Libra deployment shows a route to reuse technology across European content franchises. Localization can become a moat because law, language and citation differ by jurisdiction. It can also slow releases and duplicate cost. The bull assumes the common platform outpaces localization expense; the base assumes gradual expansion.

Competitive investment — Bear. Thomson Reuters and RELX are growing their legal franchises at high-single or double-digit rates and investing heavily in AI. Their success validates the market but raises the customer-experience bar. Wolters Kluwer must avoid becoming the lagging third interface even if its local content remains respected.

Acquisition and accounting perimeter — Base/Bear. Libra and Brightflag growth can lift reported revenue independently of underlying organic economics, and acquisition-related amortization sits outside the segment metric in the statutory bridge. This appendix forecasts only Adjusted operating profit at the division level. Synthesis must separately model acquired-intangible amortization and any non-benchmark items; importing them here would double count.

Currency — All cases. The segment's geographic revenue split is not disclosed, while group exposure is heavily North American. Reported EUR outcomes may diverge from organic growth because of foreign exchange. Scenario revenue is stated in constant-model EUR and should not be read as a precise currency forecast.

Scenario summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	**EUR1,062.3m**	**Adjusted operating profit**	**13.4%**	**EUR142.2m**	**25%**
Base	**EUR1,334.8m**	**Adjusted operating profit**	**20.7%**	**EUR276.5m**	**55%**
Bull	**EUR1,510.7m**	**Adjusted operating profit**	**23.6%**	**EUR357.1m**	**20%**

The key underwriting conclusion is that Legal & Regulatory can remain a mid-single-digit compounder with modest margin expansion if proprietary content and workflow integration allow Libra and Brightflag to monetize without ceding the customer interface. The current evidence supports that base case but does not close the range: product dollars, ARR, renewals and usage are not disclosed, while Westlaw, Lexis and Harvey are scaling quickly. The segment deserves credit for trusted

content, installed workflows and local depth, but the five-year outcome depends on converting those assets into the preferred AI-native work surface.

Appendix B5 - Corporate Performance & ESG

Corporate Performance & ESG — Segment Deep Dive

Run ID: `pulse-cio-20260928T020214+0800` Information cutoff: 2026-09-28 SGT Reporting currency: EUR millions unless stated otherwise Forecast anchor: TTM ended 2026-06-30 Forecast horizon: 2031-06-30, exactly five calendar years Scenario probabilities: Bear 25% / Base 55% / Bull 20% DR-cleared data package SHA-256: `8ebd83f5db0c0fc51c530419d82ccd9dd964696beaa88ca7a20c1b673fb17d2e` Sealed statutory bridge SHA-256: `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289` Trade execution authorized: false

0. Segment boundary and taxonomy note

Corporate Performance & ESG is a young reporting construct, not a five-year constant-perimeter segment. Wolters Kluwer formed the division in March 2023 by bringing together CCH Tagetik and TeamMate from Tax & Accounting, Enablon from Legal & Regulatory, and Finance, Risk & Regulatory Reporting from the former Governance, Risk & Compliance division. Effective 2025, Finance, Risk & Regulatory Reporting moved out to Financial & Corporate Compliance; FY2023 and FY2024 were restated on that new basis, and the transferred business was later divested. The hard boundary is therefore **2023 formation taxonomy**, with a second perimeter change applied for the current 2025 basis. This appendix uses FY2023-FY2025 current-basis dollars for comparisons and does not splice the FY2021-FY2022 revenue series, which included Finance, Risk & Regulatory Reporting, into the current-perimeter trend. The boundary and restatement treatment come from [data_package §1, reporting-structure note and §10, taxonomy-boundary row].

1. What this segment actually is

Corporate Performance & ESG sells specialist enterprise software to the Office of the CFO, corporate-tax, internal-audit and risk teams, and environmental, health, safety, operational-risk and sustainability functions. These are different buyers, but they share a common purchasing logic: the software organizes regulated or controlled workflows, consolidates data from many operating systems, produces auditable outputs, and remains in use across reporting periods. The current division has four disclosed operating businesses: Corporate Performance Management, EHS & ESG, Audit & Assurance, and Corporate Tax. StandardFusion is a tuck-in within TeamMate's Audit & Assurance franchise rather than a fifth business; Marosa is a post-TTM Corporate Tax acquisition. This taxonomy correction does not change the additive division anchor.

CCH Tagetik is the largest strategic growth engine described in the package. It addresses corporate performance management: financial consolidation and close, budgeting, planning, forecasting, management reporting, tax and regulatory reporting, and increasingly AI-assisted analysis. The economic buyer is generally the CFO organization. A large deployment sits above or beside transactional ERP systems, takes feeds from multiple ledgers and operational sources, embeds the customer's chart of accounts, ownership structure, allocation rules, approval processes and disclosure logic, and becomes part of the monthly, quarterly and annual close. Wolters Kluwer positions the product as a cloud platform with expert workflows rather than a generic database. Its current product page emphasizes AI-supported driver analysis and enterprise-scale allocation capabilities, while Oracle and SAP offer broad EPM suites tied to their own platform ecosystems. The practical customer choice is therefore rarely “software versus no software”; it is specialist best-of-breed functionality versus a broader ERP or cloud vendor's integrated stack.

Enablon is an integrated risk-management platform spanning EHS, operational risk, process safety, control of work, environmental management and ESG reporting. Its users include safety professionals, plant managers, sustainability teams, operations leaders and risk functions. The implementation can touch sites, facilities, permits, incidents, hazards, audit trails, emissions data and supplier processes. Wolters Kluwer describes the platform as enterprise class, connected across EHS, risk and sustainability, and able to integrate with other systems. The breadth matters economically: once a customer has standardized incident taxonomies, site hierarchies, risk-control libraries, environmental metrics and reporting routines across a multinational estate, replacement is disruptive. But this is also a market with capable specialist rivals and meaningful regulatory cyclicality.

TeamMate serves internal audit and assurance. It supports audit planning, risk assessment, fieldwork, evidence, findings, remediation tracking and reporting. The buyer is commonly a chief audit executive or internal-audit department, and the system of record becomes embedded in the annual audit plan and in the evidentiary chain presented to audit committees. TeamMate's domain heritage is a real advantage, but the market is converging toward broader governance, risk and compliance suites with continuous control monitoring and AI-assisted evidence collection.

StandardFusion, acquired in January 2026 for approximately EUR32 million in cash, extends TeamMate from audit workflow into cloud GRC [data_package §9, 2026-01-09 corporate-action row]. Wolters Kluwer has already rebranded and integrated it as TeamMate Risk & Compliance, covering risk, compliance, policy, vendors, privacy, business continuity and incidents. The company says the combined offering supports more than 150 frameworks and links controls, evidence, policies, risks and audit work. This is strategically sensible: TeamMate's audit users are a natural cross-sell population for control libraries and compliance workflows, while StandardFusion can gain enterprise distribution and credibility. The risk is that integration, packaging and channel overlap consume product and sales resources before revenue synergies emerge. StandardFusion remains inside the Audit & Assurance driver throughout this appendix; it is not modeled as a separate additive revenue line.

Corporate Tax includes the existing CCH SureTax and related indirect-tax solutions. Marosa, acquired on 2026-08-04 after the TTM endpoint, adds VAT compliance and tax-automation capabilities to that franchise. The official H1 2026 materials describe Corporate Tax and Audit & Assurance as separate businesses within the 70% Corporate Performance / Corporate Tax / Audit & Assurance cluster and report high-single-digit organic growth for both, but do not disclose their revenue dollars separately [data_package §§4 and 9; official H1 2026 divisional review]. The financial model therefore keeps the pre-existing Corporate Tax business inside the EUR640 million additive division base and shows only Marosa's disclosed post-TTM revenue reference separately.

The go-to-market combines direct enterprise sales, renewals and expansions to an installed base, implementation and advisory work, cloud migration, and selective acquisition. The issuer does not disclose the internal-versus-third-party implementation split, so no partner-led delivery assumption is built into the forecast. Pricing is not publicly disclosed by product. The likely commercial units include subscription modules, users, entities, sites, data volumes and professional services, but those specifics are not issuer-disclosed and are not assumed here. The package also does not disclose segment ARR, bookings, net revenue retention, gross retention, billings or customer counts. The best verified demand indicators are organic growth, cloud-growth rates, group renewal rates above 90% for the largest subscription solutions, and management commentary on sales cycles and implementations [data_package §0a, KPI inventory; §4, brand-disclosure table; §6, Corporate Performance & ESG commentary].

Revenue is economically mixed. Recurring cloud subscriptions should be the highest-quality component. Maintenance or other recurring revenue on legacy deployments can also be durable, but its growth depends on migration and pricing. License and implementation revenue is more timing-sensitive and creates quarterly or half-year volatility. An implementation pause can delay both software recognition and services utilization; a successful deployment can unlock subscription conversion, module expansion and renewal pricing for years. That linkage makes implementation capacity a growth investment, not merely a low-margin service line.

2. Current economics

FY2025 division revenue was EUR625 million, or 10.2% of Wolters Kluwer group revenue, on the current taxonomy [data_package §1, current-division table row Corporate Performance & ESG]. FY2025 Adjusted operating profit was EUR48 million. The visible rounded-value calculation is 7.68%, while management's official divisional table rounds the margin to 7.5%; this appendix preserves that distinction [data_package §3, Corporate Performance & ESG table and note]. Revenue increased 4.7% on a reported basis in FY2025, while management reported 7% organic growth. The difference is consistent with currency and perimeter effects rather than evidence of a brand-level growth shortfall.

The latest complete interim period was H1 2026. Revenue was EUR320 million, organic growth was 7%, and Adjusted operating profit margin was 9.7% [data_package §5, Corporate Performance & ESG row]. CCH Tagetik grew 12% organically, with recurring cloud revenue up 19%; Enablon grew 2%, with cloud revenue up 10%; and division cloud revenue grew 14% [data_package §4, latest sub-business table]. The division therefore contains a fast Tagetik cloud engine, a slower and more cyclical Enablon business, and Audit & Assurance plus Corporate Tax franchises for which current dollar growth is not separately disclosed.

The DR-cleared package constructs TTM revenue as FY2025 EUR625 million less H1 2025 EUR305 million plus H1 2026 EUR320 million, giving **EUR640 million** for the TTM ended 2026-06-30 [data_package §3.1, Corporate Performance & ESG row]. The sealed statutory bridge records **TTM Adjusted operating profit of EUR61 million**, so the exact visible TTM margin is **9.53125%** [data_package §3a, TTM bridge row Corporate Performance & ESG]. The revenue bridge is zero-residual and the five divisions sum to group TTM revenue; no proxy, prior-report value or analyst plug is used.

Capital intensity is low in the conventional manufacturing sense but high in software-product and implementation capacity. The division does not require factories or heavy working capital. It does require sustained product development, cloud infrastructure, cybersecurity, regulatory content maintenance, implementation professionals and customer success. Group

product-development spend was 11% of revenue in FY2025 and H1 2026, with FY2026 guidance of 12%-13%; this is the best disclosed reinvestment proxy, not a segment-specific cost allocation [data_package §0a, software KPI table]. StandardFusion also required cash consideration and integration effort. These outlays create an asset-light accounting profile but are economically real reinvestment.

There is no issuer-disclosed brand revenue split for CCH Tagetik, Enablon, TeamMate or StandardFusion. There is also no segment recurring-revenue percentage, ARR, RPO, customer count or renewal rate. The report therefore does not assign product revenue weights. This is not a cosmetic limitation: without dollar bases, a product-level revenue sum would manufacture precision. Financial forecasts remain at the additive division line, while product paths are modeled as non-additive operating drivers.

3. Unit economics

The segment's revenue-to-profit conversion is governed by five interacting layers: recurring subscription economics, implementation and service utilization, cloud transition costs, sales intensity, and ongoing domain investment.

First, a cloud subscription should create attractive incremental economics after the tenant, security and support infrastructure exists. The customer pays for continued access, updates, regulatory content and workflow functionality; the vendor spreads core engineering and domain-content costs over a larger installed base. CCH Tagetik's 19% recurring-cloud growth and the division's 14% cloud growth are therefore more important than the 7% division organic rate alone. If cloud growth remains double digit while lower-quality licenses and services stabilize, recurring mix can rise and revenue visibility should improve. However, the package does not disclose cloud gross margin, ARR or retention, so this cannot be translated into a mechanical gross-margin model.

Second, implementations are economically double-edged. Enterprise performance management, EHS, operational-risk and audit systems need data mapping, workflow design, controls, testing, user training and change management. These are analyst-described mechanisms; the issuer does not disclose segment implementation backlog, utilization, delivery mix or project gross margin. FY2025 evidence also warns that outsourcing is not automatically margin-accretive: the official divisional review attributed part of the profit decline to a higher proportion of implementation services provided by third parties, alongside lower high-margin license revenue. Management's H1 2026 discussion is explicit that some Enablon implementations were paused in the Middle East and that both software sales and service contracts were expected to resume. A paused project can therefore hurt software sales, service revenue and delivery economics at once, but the magnitude and timing of any recovery are not disclosed.

Third, cloud migration can depress near-term margin even when it improves lifetime economics. The vendor must maintain legacy and cloud versions, fund migration tooling, operate cloud environments, and sometimes accept a slower recognition profile as upfront license revenue becomes ratable subscription revenue. Tagetik's strong recurring-cloud growth is positive, but it may coexist with weak license or service revenue and temporarily mute total growth. The base case assumes that the mix transition remains growth-accretive but does not produce immediate SaaS-level margin.

Fourth, enterprise sales are expensive and lumpy. CFO, EHS and GRC deployments involve security reviews, procurement, proofs of concept, implementation scoping and executive sponsorship. The formal FY2026 division outlook was revised from “ahead” of FY2025 organic growth to “in line” at 7% because geopolitical and macroeconomic uncertainty lengthened sales cycles [data_package §6, Corporate Performance & ESG formal-guidance row]. That is a warning against assuming that a compelling regulatory use case automatically converts to quarterly bookings.

Fifth, domain depth requires continuous investment. New accounting requirements, tax regimes, sustainability frameworks, EHS regulations, cybersecurity risks and audit standards create product demand, but they also create maintenance obligations. AI adds another layer: products need secure data access, permissions, traceability, evaluation, human review and defensible outputs. Competitors are investing rapidly. Cority says it has more than 30 live AI workflows supported by 13 agents, and Diligent launched AuditAI across planning, evidence collection and control monitoring in 2026. These are vendor claims, but they demonstrate that “AI-enabled” is becoming a competitive baseline, not a unique moat.

The margin history shows that attractive software categories do not guarantee attractive segment economics. On the current 2025 basis, Adjusted operating profit margin fell from 12.0% in FY2023 to 10.2% in FY2024 and 7.68% on rounded FY2025 values, before recovering to 9.7% in H1 2026 [data_package §3 and §5]. Some of that path reflects mix, investment, integration and timing. It also suggests insufficient scale leverage so far. The investment case needs actual recovery above the current TTM level; revenue growth alone is not enough.

Margin improves if recurring cloud grows faster than implementation and licenses, sales productivity rises, paused projects restart, implementation delivery becomes more repeatable, and the TeamMate/StandardFusion combination cross-sells efficiently. Margin falls if sales cycles lengthen, implementations slip, professional-services utilization weakens, third-party delivery remains expensive, the company supports parallel architectures, AI and cloud costs outpace price, or acquisitions add revenue before synergies.

4. Competitive dynamics

CCH Tagetik: specialist platform versus EPM and ERP ecosystems

CCH Tagetik competes with specialist and platform vendors including OneStream, Oracle Cloud EPM, SAP, Workday Adaptive Planning, Anaplan and other planning or consolidation tools. The fiercest competitor is not necessarily the product with the most features. It is often the vendor that already controls the customer's ERP, database, cloud or broader finance transformation budget.

Oracle Cloud EPM supports planning, profitability and cost management, financial close, tax reporting, enterprise data management and common platform services. Oracle can sell an end-to-end cloud stack and use existing account relationships. SAP describes modern EPM as integrated planning, consolidation, tax, sustainability and AI connected with ERP data. Workday can connect Adaptive Planning to its finance and human-capital platform. These ecosystems reduce integration points and can be attractive to a CIO standardizing vendors. They can also bundle functionality in a way that pressures point-solution pricing.

CCH Tagetik's counterposition is finance-domain depth, openness to heterogeneous source systems, regulatory and tax expertise, and a unified platform tailored to the Office of the CFO. A multinational with multiple ERPs, acquired businesses and complex consolidation rules may prefer a neutral performance layer over a single-ERP extension. The product's tax, close, disclosure and planning breadth can also create cross-module expansion. But neutrality is only valuable if implementation is faster, model governance is strong, Excel and data integrations work, and total cost remains competitive.

OneStream is the clearest specialist benchmark. Its 2025 SEC filing described a unified AI-enabled Digital Finance Cloud; year-end ARR was USD698.9 million, up 23%, and customers reached 1,805, according to its 2025 Form 10-K. That growth rate is not a forecast for Tagetik, but it proves that an independent finance platform can scale quickly and that competition for large CFO transformations is intense. OneStream's ARR growth decelerated from 37% in 2023 to 23% in 2024 and 23% in 2025, a useful maturity reference: even a strong cloud challenger eventually converges toward a lower rate. The Tagetik base case therefore assumes durable high-single-digit total growth, not indefinite continuation of 19% recurring-cloud growth.

Enablon: integrated EHS and operational risk versus specialist convergence

Enablon competes with Cority, Sphera, Intelex, Benchmark Gensuite, VelocityEHS and platform modules from larger enterprise vendors. Customers evaluate functionality across incidents, safety, industrial hygiene, environmental compliance, process safety, operational risk, emissions, sustainability reporting, analytics, mobile use and integrations. This creates high switching costs but also lengthy selection and implementation cycles.

Cority presents CorityOne as a converged EHS+ platform across environmental, health, safety, quality and sustainability, with more than 1,500 organizations. In March 2026 it showcased over 30 live AI workflows supported by 13 agents. Sphera markets an Operational Intelligence Platform unifying risk, safety, sustainability, product stewardship and supply-chain risk, with an AI layer built on proprietary data. These claims show that rivals are matching the same strategic vocabulary as Enablon: convergence, trusted data, domain expertise and AI. Enablon's differentiation must therefore appear in referenceability, implementation outcomes, breadth of process-safety capability, user adoption and reliable enterprise integration—not in a generic “integrated platform” label.

Regulation is a source of demand and volatility. Mandatory reporting and EHS rules create budgets for data controls and evidence. But policy scope can shrink. The Council of the EU's February 2026 Omnibus I simplification narrowed the CSRD threshold to companies with more than 1,000 employees and above EUR450 million of net annual turnover, with transition exemptions for some companies falling out of scope. In the United States, the SEC proposed rescinding its climate-disclosure rules in May 2026. These changes do not eliminate operational safety, environmental permits or multinational ESG needs, but they reduce the number of purely compliance-driven buyers and can delay projects. Enablon's stronger moat is in operational risk and EHS workflows that remain necessary regardless of disclosure fashion; an ESG-reporting module alone is more cyclical.

TeamMate and StandardFusion: audit specialization versus GRC suites

TeamMate competes with AuditBoard, Diligent, MetricStream, ServiceNow and other audit/GRC platforms. Diligent's 2026 AuditAI proposition spans audit planning, evidence collection, analytics, continuous control monitoring and board reporting. That directly attacks the administrative workload historically handled by audit-management systems. Broader GRC vendors can connect audit findings to enterprise risk, cybersecurity, compliance and board governance on one data model.

StandardFusion helps close that breadth gap. Wolters Kluwer's current TeamMate Risk & Compliance page says the combined product links risk, compliance, policy, vendors, incidents, privacy and business continuity, supports more than 150 frameworks, and connects to TeamMate Audit. This creates cross-sell and a stronger “single source of truth” story. Yet integration risk is meaningful: customers will judge whether audit and GRC genuinely share controls, evidence, taxonomy and reporting or merely sit next to each other under one brand.

Pricing power varies by franchise. Mission-critical close and consolidation can support increases when switching is costly and value is visible. EHS and process-safety software can also command premium pricing where failures are costly. Audit and generic GRC face more module competition and potential bundling. Group-level renewal above 90% for the largest subscription-based solutions supports durability, but it is not a CP&ESG retention statistic [data_package §0a, KPI table]. No product-level renewal or realized price increase is disclosed, so the model assumes modest pricing embedded in total growth rather than a separate unsupported price lever.

5. Moat at the segment level

The segment has a credible but uneven moat. It is strongest where software becomes a controlled system of record and weakest where compliance content or reporting can be replicated by a broader platform.

Workflow and data-model entrenchment is the core defense. CCH Tagetik implementations encode consolidation structures, planning models, intercompany rules, tax logic and approval workflows. Enablon encodes sites, incidents, hazards, permits, controls and operating-risk taxonomies. TeamMate encodes audit universes, work programs, evidence, findings and remediation history. Replacing any of these requires data migration, control validation, retraining and parallel operation during a critical reporting or audit cycle. That is expensive and risky.

Domain expertise is a second defense. Wolters Kluwer can combine software engineering with accounting, tax, audit, risk, EHS and regulatory knowledge. Generic AI may draft text or summarize evidence, but it does not automatically supply a governed data model, permissions, traceability or validated regulatory workflow. The division can use AI to increase user productivity while keeping expert content and controls as the trust layer.

Installed-base distribution and cross-sell are a third defense. Tagetik can add planning, tax, disclosure and analytics modules. TeamMate can expand into StandardFusion's GRC modules. Enablon can connect EHS, process safety, operational risk and ESG. Each additional module deepens integration and raises switching cost. Wolters Kluwer's broader enterprise relationships and balance sheet also support product investment and tuck-in acquisitions.

The moat is not impregnable. Oracle, SAP and Workday have deeper platform distribution and can make integration or procurement simplicity decisive. OneStream has strong specialist momentum. Cority and Sphera have comparable EHS domain positioning. Diligent and AuditBoard are moving aggressively into AI and continuous assurance. A customer can also standardize risk workflows on ServiceNow or another enterprise platform. The segment must keep pace technically while preserving domain superiority.

The five-to-ten-year durability test is therefore conditional. The division should retain customers when its products remain systems of record, cloud migration improves rather than disrupts workflow, and AI is embedded with defensible controls. It loses ground if a platform vendor can deliver “good enough” functionality inside the customer's existing ERP/GRC stack, if implementation remains slow, or if product integration lags acquisition branding.

The current economics do not yet prove that the moat is translating into superior returns. FY2025 margin was only about 7.7% on visible values, and H1 2026 margin was 9.7%. A protected workflow should eventually support better margins. The base case therefore treats margin recovery to low teens as an execution requirement, not as a free consequence of recurring revenue. A failure to exceed 11%-12% by the horizon despite high-single-digit growth would imply that competition, services intensity or reinvestment is consuming the moat's economic value.

6. Historical growth rates — reproduced from the DR-cleared package

The only additive financial history is the division total. Product-brand dollars are true non-disclosures and are not back-solved. The three current-basis data points span two growth intervals, so the table reports a two-year CAGR rather than mislabeling it

a three-year CAGR. FY2021-FY2022 values are excluded from the comparable calculation because they include Finance, Risk & Regulatory Reporting.

Product / sub-segment	FY2023 revenue	FY2024 revenue	FY2025 revenue	Comparable CAGR	Most recent YoY	Data package cite
Corporate Performance & ESG total	EUR563m [§3 CP&ESG revenue row]	EUR597m [§3 CP&ESG revenue row]	EUR625m [§3 CP&ESG revenue row]	5.36% over two years [§3 revenue row]	4.7% reported [§3 YoY row]; 7% organic [§5 CP&ESG row]	§3 CP&ESG revenue and YoY rows; §5 CP&ESG row
CCH Tagetik	n/d [§4 brand row]	n/d [§4 brand row]	n/d [§4 brand row]	n/d [§4 latest-growth row]	12% organic H1 2026; 19% recurring cloud [§4 latest-growth row]	§4 brand table and latest-growth row
Enablon	n/d [§4 brand row]	n/d [§4 brand row]	n/d [§4 brand row]	n/d [§4 latest-growth row]	2% organic H1 2026; 10% cloud [§4 latest-growth row]	§4 brand table and latest-growth row
TeamMate / StandardFusion	n/d [§4 brand row]	n/d [§4 brand row]	n/d [§4 brand row]	n/d [§4 brand row]	Qualitative/high-single-digit only [§4 brand row]	§4 brand-disclosure table
Corporate Tax / CCH SureTax	n/d	n/d	n/d	n/d	High-single-digit organic H1 2026; no dollars disclosed	Official H1 2026 divisional review; data_package §9 for Marosa perimeter

Arithmetic checks: EUR563m × 1.060 = EUR596.8m, which rounds to EUR597m; EUR597m × 1.047 = EUR625.1m, which rounds to EUR625m. Both differences are below 0.1%. No FY2022-to-FY2023 check is performed because that comparison crosses the FRR taxonomy boundary.

The observed current-basis dollar CAGR of 5.36% is below the latest 7% organic rate. That is not contradictory: reported euros include foreign exchange and perimeter effects, while organic growth excludes them. For forecasting, the 7% formal FY2026 organic guide is the nearer operating anchor, but it is moderated by the margin history and the lack of product-level bookings or retention data.

7. Management guidance — DR-cleared quotations

All quotations below are reproduced from data_package §6 rather than re-fetched from transcripts.

- **Division growth — Stacey Caywood, 2026-08-05:** “The Corporate Performance & ESG division delivered 7% organic growth.” This confirms that H1 performance matched FY2025's organic rate even with Enablon weakness. It supports a near-term 7% anchor but does not establish a five-year CAGR.

- **Tagetik — Stacey Caywood, 2026-08-05:** “CCH Tagetik delivered 12% organic growth, lifted by strong 19% growth in recurring cloud revenues.” This is the clearest positive driver. The gap between recurring-cloud and total Tagetik growth also signals weaker licenses or services and warns against applying 19% to the full product.

- **Enablon implementation disruption — Stacey Caywood, 2026-08-05:** “We did have some implementations that were paused because of the current situation in that region.” The quote establishes real project timing exposure rather than a hypothetical macro risk.

- **Recovery expectation — Kevin Entricken, 2026-08-05:** “We do expect that as we get through and navigate through this, we will see those not only software sales, but service contracts pick up.” The model treats this as an expectation, not a contracted backlog. The base case allows recovery; the bear case assumes prolonged delay and weak service utilization.

- **Sales cycles — Stacey Caywood, 2026-08-05:** “We are seeing slightly slower sales cycles in that region.” The relevant mechanism is longer time from qualified opportunity to signed software and implementation contract, which shifts revenue and raises sales cost.

- **Formal FY2026 outlook — Executive Board, 2026-08-05:** “We now expect full-year 2026 organic growth to be in line with prior year (FY 2025: 7%), given the impact of geopolitical and macroeconomic uncertainty on sales cycles.” This is the controlling near-term guide. Earlier “ahead” language was reduced, so a forecast above 7% requires recovery, mix and product evidence rather than simple extrapolation.

[DATA GAP: The DR-cleared package contains no segment ARR, bookings, backlog, net revenue retention, gross retention, brand-level customer counts, contract duration or realized price increase.]

8. Forward growth assumptions — explicit product drivers and additive division forecast

The product rows below are **non-additive operating-driver paths** because their revenue bases are not disclosed; their percentages are never applied to brand-level dollars, weighted, or summed. The existing Corporate Performance & ESG suite is the additive modeled revenue line, anchored at DR-cleared TTM revenue of EUR640 million and including the pre-existing Corporate Tax business. Marosa, acquired after the TTM date, is shown separately from its disclosed approximately EUR10 million 2025 gross-revenue reference. This preserves the package's explicit prohibition on back-solving brand dollars and prevents the known acquisition from being hidden inside an organic growth rate.

Base case

Product / driver	Historical CAGR	Latest YoY	Management FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Corporate Performance & ESG total	5.36% current-basis two-year CAGR	7% organic H1 2026	7% organic FY2026	6.92% effective, including Marosa	Tagetik/cloud strength offsets slower Enablon; core cadence averages 6.61% and the formal guide is the near-term anchor
CCH Tagetik	n/d	12% organic; 19% recurring cloud	No standalone FY guide	9% operating-driver path	Cloud mix stays strong but total growth converges below current 12% as scale rises and platform competition intensifies
Enablon	n/d	2% organic; 10% cloud	Recovery expected, not quantified	5% operating-driver path	Paused implementations recover gradually; regulatory simplification prevents a snap-back to prior 10% total growth
TeamMate / StandardFusion	n/d	Qualitative/high-single-digit only	No quantified guide	7% operating-driver path	Cross-sell from integrated audit/GRC supports growth, offset by integration work and strong Diligent/AuditBoard competition
Corporate Tax / CCH SureTax	n/d	High-single-digit organic	No quantified guide	7% operating-driver path	Existing cloud tax sales remain healthy; Marosa is excluded here and modeled separately from its disclosed revenue reference
Division cloud revenue	n/d	14% organic	Double-digit cloud commentary	11% operating-driver path	Cloud migration continues but decelerates from 14% as the base expands

The base path requires execution, not heroic share gain. Tagetik remains the primary engine, Enablon normalizes from disrupted conditions, TeamMate/StandardFusion broadens the addressable workflow, and the existing Corporate Tax business remains inside the aggregate cadence. Existing-suite growth steps from 7.0% in each of the first two years to 6.5%, 6.5% and 6.0%, producing EUR881.0 million before Marosa. For endpoint consistency, the disclosed approximately EUR10 million of Marosa 2025 gross revenue is used as a conservative post-acquisition starting proxy and compounded exactly five times at 6% to EUR13.4 million; no undisclosed 2026 run-rate or partial-period revenue is invented. Total horizon revenue is EUR894.3 million, a 6.92% effective CAGR from the EUR640 million TTM anchor. No separate price-growth percentage is invented; modest pricing, seat/module expansion and cloud mix are embedded in the aggregate path.

Bull case

Product / driver	Historical CAGR	Latest YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Corporate Performance & ESG total	5.36% current-basis two-year CAGR	7% organic H1 2026	7% organic FY2026	9.75% effective, including Marosa	Tagetik sustains low-double-digit growth, Enablon recovers and GRC cross-sell works
CCH Tagetik	n/d	12% organic; 19% recurring cloud	No standalone FY guide	12% operating-driver path	Cloud remains high teens initially and total growth holds near the current rate through platform wins and AI-enabled expansion

Product / driver	Historical CAGR	Latest YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Enablon	n/d	2% organic; 10% cloud	Recovery expected, not quantified	8% operating-driver path	Paused projects restart, operational-risk demand offsets ESG simplification, and services utilization normalizes
TeamMate / StandardFusion	n/d	Qualitative/high-single-digit only	No quantified guide	10% operating-driver path	Integrated audit/GRC wins new logos and cross-sells controls, vendor risk and compliance modules
Corporate Tax / CCH SureTax	n/d	High-single-digit organic	No quantified guide	10% operating-driver path	Existing corporate-tax cloud sales accelerate and the broader indirect-tax platform expands; Marosa remains a separate additive line
Division cloud revenue	n/d	14% organic	Double-digit cloud commentary	14% operating-driver path	Current cloud growth persists as migrations and new logos remain strong

The bull path is demanding but does not assume 19% Tagetik recurring-cloud growth for the entire division. Existing-suite growth is 9%, 10%, 10%, 9% and 9%, reaching EUR1,002.9 million. Marosa grows at 10% to EUR16.1 million, for EUR1,019.0 million total revenue and a 9.75% effective CAGR. This requires Tagetik total growth around 12%, clear Enablon recovery, successful StandardFusion integration and no significant bundling pressure from ERP vendors. It also assumes AI features improve win rates and expansion rather than merely raising hosting and engineering cost.

Bear case

Product / driver	Historical CAGR	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Corporate Performance & ESG total	5.36% current-basis two-year CAGR	7% organic H1 2026	7% organic FY2026	3.87% effective, including Marosa	Sales cycles remain long, Enablon stalls and platform bundling compresses new-logo growth
CCH Tagetik	n/d	12% organic; 19% recurring cloud	No standalone FY guide	5% operating-driver path	Cloud decelerates sharply as Oracle, SAP, OneStream and Workday pressure deals and legacy declines offset migration
Enablon	n/d	2% organic; 10% cloud	Recovery expected, not quantified	0% operating-driver path	Paused projects persist, CSRD scope narrows and service utilization remains weak
TeamMate / StandardFusion	n/d	Qualitative/high-single-digit only	No quantified guide	3% operating-driver path	Integration absorbs resources and broader GRC competitors win consolidation decisions
Corporate Tax / CCH SureTax	n/d	High-single-digit organic	No quantified guide	3% operating-driver path	E-invoicing and tax-compliance demand persists, but execution and competitive pressure limit new cloud sales; Marosa is separate
Division cloud revenue	n/d	14% organic	Double-digit cloud commentary	7% operating-driver path	Migrations continue but new bookings and expansion weaken

The bear is not a structural-collapse case. Existing-suite growth slows from 5% to 4% and then 3% for each of the last three years, reaching EUR763.7 million. Marosa remains flat at its disclosed EUR10.0 million 2025 gross-revenue reference, treated as the same conservative post-acquisition starting proxy used in the other cases, for EUR773.7 million total revenue and a 3.87% effective CAGR. Systems of record and recurring contracts preserve much of the base, but new-business conversion is poor and margin remains constrained by investment and underutilized implementation capacity.

Thesis-consistency cadence

The annual cadence is explicit below. These figures show the existing-suite path before the separately disclosed Marosa contribution and use the exact EUR640 million TTM anchor.

Case	TTM 2026-06-30	Year 1	Year 2	Year 3	Year 4	Year 5 core
Bear	640.0	672.0	698.9	719.8	741.4	763.7
Base	640.0	684.8	732.7	780.4	831.1	881.0

Case	TTM 2026-06-30	Year 1	Year 2	Year 3	Year 4	Year 5 core
Bull	640.0	697.6	767.4	844.1	920.1	1,002.9

This cadence avoids assuming that current 19% Tagetik recurring-cloud growth either persists forever or collapses instantly without a cause. The bear deceleration is linked to platform competition, Enablon delay and weak implementation utilization; the bull acceleration is linked to Enablon recovery and GRC cross-sell rather than generic maturation language.

9. Forward Adjusted operating profit margin assumptions

The exact profit metric is **Adjusted operating profit**. Corporate costs, acquired-intangible amortization, non-benchmark operating items, financing and tax remain outside this segment model and are handled once in synthesis. Product-level margins are not disclosed, so no fabricated product profitability weights are used.

Case	Current TTM Adjusted operating profit	Current TTM margin	2031-06-30 Adjusted operating profit margin	Change	Mechanism
Bear	EUR61m	9.53%	8.0%	-153 bps	Cloud mix helps, but weak services utilization, price pressure and parallel investment absorb benefit
Base	EUR61m	9.53%	13.0%	+347 bps	Recurring cloud mix, implementation recovery, scale and cross-sell outweigh integration and AI investment
Bull	EUR61m	9.53%	16.0%	+647 bps	Strong cloud growth, repeatable deployments, high utilization and platform cross-sell produce sustained operating leverage

The base margin is above the 12.0% FY2023 current-basis level and well above FY2025's 7.68% visible calculation. The required mechanism is specific: Tagetik recurring-cloud revenue grows faster than total; Enablon projects restart; StandardFusion cross-sell raises revenue without duplicating the entire sales base; implementation utilization improves; and product-development intensity normalizes after integration. A 13.0% endpoint is not a return to a previously demonstrated steady state—the taxonomy and business mix changed. It is a medium-confidence analytical target, not management guidance, because no segment cloud mix, implementation utilization, partner-cost or product-margin series quantifies the +347 bps bridge.

The bull case requires more than revenue growth. It assumes implementation and customer-success work become more repeatable, product overlap is removed, delivery cost per deployment falls, and price/module expansion exceeds cloud and AI cost inflation. It does not assume that using more third parties is inherently accretive, because FY2025 evidence points the other way. The 16.0% margin remains below the mature margins of Wolters Kluwer's strongest divisions, acknowledging that enterprise implementations and EHS/GRC sales remain more service intensive.

The bear margin of 8.0% is close to FY2025's visible result. This scenario assumes that recurring revenue limits absolute deterioration but does not prevent sales and implementation deleverage. It also assumes management keeps funding products rather than maximizing near-term profit through cuts that would worsen competitiveness.

10. Segment rollup — bottom-up on disclosed additive lines

The financial rollup uses two additive lines: the DR-cleared existing-suite TTM base and the known post-TTM Marosa perimeter. Tagetik, Enablon, TeamMate/StandardFusion and existing Corporate Tax paths in Section 8 are demand checks, not amounts that can be summed. This is the narrowest reconstructable bottom-up model supported by disclosure.

Case	Existing suite TTM base	Existing suite 2031 revenue	Marosa 2031 contribution	2031-06-30 revenue	Adjusted operating profit margin	Adjusted operating profit	Reconciliation
Bear	640.0	763.7	10.0	773.7	8.0%	61.9	763.7 + 10.0 = 773.7
Base	640.0	881.0	13.4	894.3	13.0%	116.3	881.0 + 13.4 = 894.3
Bull	640.0	1,002.9	16.1	1,019.0	16.0%	163.0	1,002.9 + 16.1 = 1,019.0

StandardFusion is already partly included in the TTM base because it was acquired on 2026-01-09; no separate undisclosed revenue is added or annualized. Marosa closed after the 2026-06-30 TTM date. The package reports approximately EUR10

million of unaudited 2025 gross revenue and EUR112 million enterprise value [data_package §9, 2026-08-04 corporate-action row]. The schedule shows Marosa explicitly rather than hiding it in an organic CAGR, using the disclosed 2025 gross-revenue figure as a conservative starting proxy and applying exactly five model increments. No undisclosed 2026 run-rate and no other acquisition contribution are assumed.

The arithmetic rule is revenue × Adjusted operating profit margin = Adjusted operating profit. Full-precision results are EUR61.8948 million, EUR116.2635 million and EUR163.0361 million; the table rounds to one decimal. The two revenue lines reconcile exactly before display rounding. No product-level profit is invented, and no corporate or statutory-bridge adjustment is allocated to the division.

11. Key risks and wildcards

ERP and platform bundling — Bear. Oracle, SAP, Workday and other enterprise vendors can use existing ERP, cloud and procurement relationships to bundle planning, consolidation, sustainability, controls or analytics. A technically strong specialist can lose if the customer values standardization and integration over best-of-breed depth. The signal is Tagetik total growth falling below mid-single digits while competitors' cloud finance franchises remain strong.

OneStream specialist competition — Bear/Base. OneStream's 23% 2025 ARR growth and expanding customer base show that neutral specialist EPM remains attractive, but also that Tagetik faces a scaled, focused competitor. Price concessions or higher sales investment may be needed to win large transformations.

Enablon implementation pauses and geopolitical exposure — Bear. Management already observed paused projects and slower sales cycles in a region. Longer delays hurt software, services and utilization together. The key monitoring item is whether Enablon total organic growth recovers from 2% while cloud growth remains positive.

ESG regulatory cyclicality — Bear. EU Omnibus I narrows CSRD scope, and the SEC has proposed rescinding its climate-disclosure rules. Customers with purely disclosure-driven projects may defer or reduce spend. Enablon's operational safety, process-risk and environmental-compliance use cases are more resilient, so mix matters.

Operational-risk and safety demand — Bull/Base. Serious-incident prevention, permits, industrial hygiene, process safety and control-of-work requirements persist even when ESG disclosure rules change. If Enablon wins on these workflows, regulatory simplification may remove low-value reporting noise without damaging the core platform.

Cloud migration execution — All cases. Cloud raises recurring quality and can improve lifetime margins, but migration can cannibalize licenses, extend dual-run cost and create customer disruption. The key evidence is division cloud growth, Tagetik recurring-cloud growth and margin recovery together—not cloud growth alone.

AI as feature versus moat — All cases. Tagetik can use AI for forecasting, driver analysis and finance workflows; Enablon can improve data capture, onboarding and risk insight; TeamMate can automate evidence and summaries. Rivals are doing the same. AI is bullish only if it improves adoption, win rates, expansion or delivery cost while maintaining controls. If it becomes a common feature, it raises baseline R&D and inference expense without creating pricing power.

Pricing and renewal opacity — Bear/Base. Group renewal above 90% is reassuring, but the segment has no disclosed retention or realized price series. A customer can renew at a lower module footprint or resist price. The absence of ARR and NRR makes revenue quality harder to underwrite than for a SaaS peer.

StandardFusion integration — Bull/Bear. The acquisition can make TeamMate a broader audit-and-GRC platform and create cross-sell. It can also distract product teams, create overlapping controls and confuse packaging. Evidence should include shared data models, integrated workflows, customer migrations and cross-sell—not just a rebrand.

Services capacity and delivery economics — All cases. More internal implementation can raise control over outcomes but creates utilization risk. Third-party delivery can extend capacity, yet FY2025 evidence shows that a higher third-party implementation mix coincided with weaker divisional profit economics; it is not treated as an automatic margin lever. The model requires repeatable delivery and improving utilization, while acknowledging that the issuer does not disclose the delivery split or project gross margin.

Acquisition discipline — Bear. The division is using tuck-ins to extend product breadth. If integrations are weak or acquired gross revenue does not convert to Wolters Kluwer's margin and retention profile, returns on capital suffer even if reported revenue grows.

Taxonomy and disclosure risk — All cases. Only FY2023-FY2025 is comparable on the current basis, and no brand dollars are disclosed. Model confidence is therefore lower than the apparent precision of a five-year forecast. Future segment

transfers or disposals would require a fresh bridge.

Scenario summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	EUR773.7m	Adjusted operating profit	8.0%	EUR61.9m	25%
Base	EUR894.3m	Adjusted operating profit	13.0%	EUR116.3m	55%
Bull	EUR1,019.0m	Adjusted operating profit	16.0%	EUR163.0m	20%

External competitor and regulatory evidence used

- [OneStream 2025 Form 10-K](https://www.sec.gov/Archives/edgar/data/1889956/000119312526076771/ck0001889956-20251231.htm) — unified finance platform, ARR growth and customer base.
- [Oracle Cloud EPM documentation](https://docs.oracle.com/en/cloud/saas/epm-cloud/) — breadth across connected planning, profitability and financial close.
- [SAP EPM overview](https://www.sap.com/sea/resources/what-is-enterprise-performance-management) — ERP-connected planning, consolidation, tax, sustainability and AI scope.
- [Cority Connect 2026](https://www.cority.com/news-media/cority-showcases-the-ai-driven-future-of-ehs/) — current EHS competitor AI deployment claims.
- [Sphera Operational Intelligence Platform](https://sphera.com/) — current risk, safety, sustainability and AI positioning.
- [Diligent AuditAI](https://www.diligent.com/company/newsroom/diligent-debuts-auditai-at-iia-gam-2026) — current audit automation and continuous-assurance competition.
- [Council of the EU, Omnibus I simplification](https://www.consilium.europa.eu/en/press/press-releases/2026/02/24/council-signs-off-simplification-of-sustainability-reporting-and-due-diligence-requirements-to-boost-eu-competitiveness/) — narrowed CSRD and CSDDD scope.
- [SEC proposal to rescind climate-disclosure rules](https://www.sec.gov/newsroom/press-releases/2026-49-sec-proposes-rescission-climate-related-disclosure-rules) — U.S. regulatory demand risk.
- [Wolters Kluwer StandardFusion acquisition](https://www.wolterskluwer.com/en/news/wolters-kluwer-acquires-standardfusion-grc) and [TeamMate Risk & Compliance](https://www.wolterskluwer.com/en/solutions/teammate/governance-risk-compliance) — current integration and product scope.
- [Wolters Kluwer Enablon](https://www.wolterskluwer.com/en/solutions/enablon) and [CCH Tagetik planning](https://www.wolterskluwer.com/en/solutions/cch-tagetik/budgeting-planning-forecasting) — current product positioning, used qualitatively only.

Data gaps

- [DATA GAP: Standalone revenue dollars for CCH Tagetik, Enablon, TeamMate, StandardFusion and the pre-existing Corporate Tax / CCH SureTax business are not disclosed; only Marosa's approximately EUR10 million 2025 gross-revenue reference is available, so no brand-level revenue weights are modeled.]
- [DATA GAP: Segment ARR, NRR, gross retention, bookings, billings, current RPO, backlog and contract duration are not disclosed.]
- [DATA GAP: Product-level renewal, realized pricing, customer counts, implementation backlog and services utilization are not disclosed.]
- [DATA GAP: Product-level gross margin and Adjusted operating profit are not disclosed, so the division margin is modeled at aggregate level.]

Appendix S - Synthesis (Combined Earnings Model)

Wolters Kluwer — Synthesis (Combined Earnings Model)

This appendix mechanically consolidates the five reviewed divisional models into one TTM-to-horizon earnings model. It uses only the sealed data package, statutory bridge, quote packet, gate manifest, sealed quantitative foundation where the capital-allocation schedule requires its TTM SBC value, and the reviewed segment, management, moat, scoring-audit, and red-team appendices. It performs no source discovery, accounting reclassification, or balancing adjustment. The red-team repair replaces the invalid fixed-EUR68.66 five-year repurchase convention with price-sensitive annual execution prices while preserving every operating forecast, repurchase-cash amount, SBC amount, financing assumption, tax rate, and net-income result. All amounts are EUR millions except per-share data, margins, and ratios. `trade_execution_authorized=false`.

1. Anchors

- Today: 2026-09-28.
- Fiscal year end: December 31.
- Latest complete financial period: H1 2026 ended 2026-06-30.
- TTM anchor: 2026-06-30, constructed as FY2025 minus H1 2025 plus H1 2026.
- TTM quarters/periods: FY2025 minus the cumulative six months ended 2025-06-30 plus the cumulative six months ended 2026-06-30. The two interim windows have identical January 1-June 30 coverage.
- Latest completed fiscal-year label for historical tie-out only: FY2025.
- Horizon date: 2031-06-30, exactly 5.0 calendar years after 2026-06-30. No row compounds for six fiscal years and no forecast is anchored to FY2025.
- Valuation price: EUR 68.66 per Wolters Kluwer N.V. ordinary share, listing `XAMS:WKL`, ISIN `NL0000395903`, raw exchange close basis, session 2026-09-25. Raw-source SHA-256: `66d3db5189aaa4357d47a43d811d0353ed6d219c9d05ba0acad005de4635a6bb`. QFR-sealed quote-packet SHA-256: `2506e568c5719e3233e52cc2e4af22749c52ae176f8105a9beb8b3445540925d`. Actionability expiry: 2026-09-29T02:02:14+08:00.
- Financial reporting and quote currency: EUR. Quoted class and financial-statement class are the same ordinary share. Listed security unit is one ordinary share.
- Quote-date split bridge: 225.3 million financial-statement diluted shares at 2026-06-30 multiplied by split factor 1.0 equals 225.3 million quote-basis diluted financial shares. The packet records no intervening split through 2026-09-25. Split evidence is the H1 2026 report, SHA-256 `fe7f9582acbb47b0d9318deb3c0d3356ab0bf7455abe63ce36cd735b59a0ec7b`.
- Listed-unit bridge: depositary ratio 1.0 multiplied by share-class factor 1.0 equals 1.0 financial share per listed unit; 225.3 million quote-basis diluted shares divided by 1.0 equals 225.3 million listed-unit equivalents.
- FX bridge: 1.0 quote-currency EUR per reporting-currency EUR, identity conversion dated 2026-09-25.
- Historical statutory bridge SHA-256: `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289`. The strict validator returned `STATUTORY_BRIDGE_VALID`; the quote validator returned `QUOTE_PACKET_VALID` at 2026-09-28T03:47:47+08:00. The gate manifest records `STATUTORY BRIDGE VERIFIED — CLEARED FOR FORECASTING` and the DR package SHA-256 `8ebd83f5db0c0fc51c530419d82ccd9dd964696beaa88ca7a20c1b673fb17d2e`.
- The management gate is YELLOW, reviewed appendix SHA-256 `d38d438ae70e363543bc1d859a30ab3fb3ee83b5b5934a37d5522f2a799ed712`. The moat and 2046 test are both YELLOW, reviewed appendix SHA-256 `5e95e4e1f8e9004de4862d368b90a51e4d3da287104d12958c44e5256cfb5faa`.

The quote-packet basis matters. The TTM weighted-average share count used to reproduce historical TTM EPS is 227.45 million, but the prospective share path must begin with the packet's 225.3 million quote-basis diluted financial shares. Mixing

those two denominators would overstate the starting share count and fail the security-unit bridge.

2. Segment-level forward assumptions

Every row below is copied from the reviewed appendix's Section 10 terminal rollup. The exact common profit metric is **Adjusted operating profit**; it is not renamed statutory operating income. Revenue and profit values are EUR billions in this table. Percentages are terminal margins on the sealed segment metric.

Segment	Exact profit metric	TTM revenue (EUR B)	Bear TTM+5y rev	Base TTM+5y rev	Bull TTM+5y rev	Bear profit margin	Base profit margin	Bull profit margin
Health	Adjusted operating profit	1.5820	1.6069	1.9829	2.1606	30.00%	33.50%	35.00%
Tax & Accounting	Adjusted operating profit	1.6700	1.9831	2.2346	2.4537	32.50%	36.00%	38.00%
Financial & Corporate Compliance	Adjusted operating profit	1.1730	1.2569	1.4375	1.5832	33.27%	38.75%	40.64%
Legal & Regulatory	Adjusted operating profit	1.0410	1.0623	1.3348	1.5107	13.40%	20.70%	23.60%
Corporate Performance & ESG	Adjusted operating profit	0.6400	0.7737	0.8943	1.0190	8.00%	13.00%	16.00%

Sources: `appendix_B_health.md` Sections 8-10, reviewed SHA `25749db75657be45907c44357a9ef33641e4f1e897e6cf9b8dbe14b1fd3b0119`; `appendix_B_tax_and_accounting.md` Sections 8-10, SHA `f70a3f42fa4291c1784ba17eb2440f22025a65e1b66a44001c32d02ebb4a66e1`; `appendix_B_financial_and_corporate_compliance.md` Sections 8-10, SHA `a8d9aeaf257ddb8058bd229408bee3487feecc86f64c53a15144b8d90f92a736`; `appendix_B_legal_and_regulatory.md` Sections 8-10, SHA `dcf685080b8557bf1e82d155f06d446613fd9e3a8d1857809485f07378733fd8`; and `appendix_B_corporate_performance_and_esg.md` Sections 8-10, SHA `184e0ddff2da11a78f8ded2bc6cfbd22c9ad1166d079d29f8ea6a29f34933441`.

The reproduced terminal segment-profit amounts are EUR482.070 million, EUR664.272 million, and EUR756.210 million for Health; EUR644.508 million, EUR804.456 million, and EUR932.406 million for Tax & Accounting; EUR418.200 million, EUR557.100 million, and EUR643.400 million for Financial & Corporate Compliance; EUR142.200 million, EUR276.500 million, and EUR357.100 million for Legal & Regulatory; and EUR61.895 million, EUR116.264 million, and EUR163.036 million for Corporate Performance & ESG, ordered Bear/Base/Bull. The first two sets are displayed terminal revenue multiplied by reviewed terminal margin; the last three preserve the reviewed appendix rollups. Visible differences of EUR0.1 million are presentation rounding, not plugs.

3. Combined revenue build

The data package states that the five division anchors sum to group revenue and that there are no intersegment-revenue eliminations, corporate revenue lines, or unexplained perimeter residuals. Therefore the consolidating adjustment is exactly zero in all three cases.

Line	Bear	Base	Bull
Sum of segment TTM+5y revenue, EURm	6,682.9	7,884.1	8,727.2
Corporate eliminations, EURm	0.0	0.0	0.0
Combined TTM+5y revenue, EURm	**6,682.9**	**7,884.1**	**8,727.2**
Implied TTM to TTM+5y CAGR over 5.0 years	1.822%	5.244%	7.405%

Arithmetic: Bear is `1,606.9 + 1,983.1 + 1,256.9 + 1,062.3 + 773.7 = 6,682.9`. Base is `1,982.9 + 2,234.6 + 1,437.5 + 1,334.8 + 894.3 = 7,884.1`. Bull is `2,160.6 + 2,453.7 + 1,583.2 + 1,510.7 + 1,019.0 = 8,727.2`. Each CAGR equals `(terminal revenue / 6,106)^(1/5) - 1`.

4. Combined operating income build

The corporate and operating bridge follows data package Section 3a without reallocating any line into a division. Corporate expense starts at TTM EUR85 million. Bear corporate expense compounds one percentage point faster than Bear revenue: `85 x (1 + 1.822% + 1.000%)^5 = 97.690`. Base corporate expense remains revenue-linked: `85 x 7,884.1 / 6,106 = 109.752`. Bull receives modest operating leverage by growing corporate expense two percentage points slower than Bull revenue: `85 x (1 + 7.405% - 2.000%)^5 = 110.591`.

Acquired-intangible amortization and impairment starts at TTM EUR152 million. The Bear path is 130% of TTM, or EUR197.6 million, reflecting higher M&A amortization/impairment; Base is 105%, or EUR159.6 million, reflecting existing run-off plus selective M&A; Bull is 80%, or EUR121.6 million, reflecting normal run-off and no impairment. These scenario multipliers implement the sealed driver ledger. They do not change the line's operating classification. Non-benchmark items are zero in all scenarios because no specific future divestment gain, restructuring charge, or acquisition item is modeled; the historical positive EUR227 million is not converted into a recurring margin contribution.

Line, EURm	Bear	Base	Bull
Health Adjusted operating profit	482.070	664.272	756.210
Tax & Accounting Adjusted operating profit	644.508	804.456	932.406
Financial & Corporate Compliance Adjusted operating profit	418.200	557.100	643.400
Legal & Regulatory Adjusted operating profit	142.200	276.500	357.100
Corporate Performance & ESG Adjusted operating profit	61.895	116.264	163.036
Sum of segment profit on sealed common metric	1,748.872	2,418.591	2,852.152
Corporate / unallocated adjustment	(97.690)	(109.752)	(110.591)
Consolidated TTM+5y Adjusted operating profit	1,651.183	2,308.839	2,741.561
Acquired-intangible amortization and impairment	(197.600)	(159.600)	(121.600)
Non-benchmark items in operating profit	0.000	0.000	0.000
Combined statutory TTM+5y operating income	**1,453.583**	**2,149.239**	**2,619.961**
Implied statutory OI margin	21.751%	27.260%	30.021%

The sign path is explicit: `segment profit sum + Corporate + acquired-intangible amortization/impairment + non-benchmark items = statutory OI`. The model does not combine an operating adjustment with financing, tax, or associate income. It also does not project the 2025/TTM divestment gain as recurring earnings.

5. Net income and EPS build

Total financing results retain their sealed below-line classification. Bear uses 125% of the TTM EUR108 million cost, or EUR135 million, for higher debt/coupon pressure. Base uses the disclosed approximate EUR105 million 2026 financing-cost guide. Bull uses EUR80 million to reflect debt reduction from free cash flow. The zero TTM share of profit of equity-accounted associates remains zero in every case. Normalized tax rates are 24.5% Bear, 24.0% Base, and 23.5% Bull, spanning the sealed 23.5%-24.5% guide.

Line	Bear	Base	Bull
Combined TTM+5y statutory OI, EURm	1,453.583	2,149.239	2,619.961
Total financing results, EURm	(135.000)	(105.000)	(80.000)
Share of profit of equity-accounted associates, net of tax, EURm	0.000	0.000	0.000
Pre-tax income, EURm	1,318.583	2,044.239	2,539.961
Tax rate assumed	24.5%	24.0%	23.5%

Line	Bear	Base	Bull
Income tax expense, EURm	(323.053)	(490.617)	(596.891)
Net income, EURm	**995.530**	**1,553.621**	**1,943.070**
Quote-basis diluted financial shares at TTM+5y, M	205.227	201.680	193.447
EPS in EUR per quote-basis financial share	4.8509	7.7034	10.0444
Financial shares per listed unit	1.0000	1.0000	1.0000
EPS in EUR per listed unit	4.8509	7.7034	10.0444
FX: quote EUR per reporting EUR	1.0000	1.0000	1.0000
EPS in quote currency per listed unit	**EUR4.8509**	**EUR7.7034**	**EUR10.0444**

The required bridge is reproduced exactly after the converged repurchase-price repair. Bear: `995.529790 / 205.226573 = EUR4.850882`; `4.850882 x 1 x 1 = EUR4.850882 per listed unit`. Base: `1,553.621293 / 201.679656 = EUR7.703411`; `7.703411 x 1 x 1 = EUR7.703411`. Bull: `1,943.070095 / 193.447426 = EUR10.044435`; `10.044435 x 1 x 1 = EUR10.044435`. The currency label is attached only after the share-class, listed-unit, and FX factors are applied.

5a. Return-method input bridge

S supplies inputs only. CS must choose the shareholder-return method. No exit multiple or shareholder IRR is selected here.

Input	TTM anchor	Bear TTM+5y	Base TTM+5y	Bull TTM+5y	Source-bound status
Statutory operating income, EURm	1,790.0	1,453.583	2,149.239	2,619.961	Sealed bridge; Section 4 forecast
Normalized cash tax rate	20.63% statutory TTM ETR	24.5%	24.0%	23.5%	Sealed driver range; scenario schedule
Normalized NOPAT, EURm	1,420.8 at 20.63%	1,097.455	1,633.421	2,004.270	OI multiplied by one minus normalized tax rate
Cash and cash equivalents, EURm	1,494	Unavailable	Unavailable	Unavailable	H1 2026 package anchor; no sealed terminal path
Gross debt, EURm	5,548	Unavailable	Unavailable	Unavailable	H1 2026 package anchor; no sealed terminal path
Lease liabilities, EURm	205	Unavailable	Unavailable	Unavailable	H1 2026 package anchor; no sealed terminal path
Preferred equity	Unavailable	Unavailable	Unavailable	Unavailable	Not separately supplied in permitted package
Minority interest	Unavailable	Unavailable	Unavailable	Unavailable	Not separately supplied in permitted package
Other senior claims	Unavailable	Unavailable	Unavailable	Unavailable	No source-bound terminal path
Separately valued non-operating assets	Cash anchor only	Unavailable	Unavailable	Unavailable	No terminal path; no residual plug
Diluted listed-equivalent shares, M	225.3 quote basis	205.227	201.680	193.447	Repaired and converged Section 6 path; factors 1 x 1

The absence of a source-bound terminal cash, gross-debt, lease, preferred, minority, and other-claims schedule prevents EV/NOPAT from controlling. That finding does not impair the fully reconciled EPS/P-E method. No terminal net-debt residual is manufactured from enterprise value, and no current balance-sheet figure is silently held flat to create apparent precision.

5b-5e. P&C insurer lane

NOT TRIGGERED — issuer is not a P&C insurer or reinsurer. Wolters Kluwer is a professional-information and workflow-software issuer. No insurer retained-economics bridge, common-equity/BVPS return model, P/B-ROE exit method, or `insurer_return_bridge.json` is created.

6. Share-count, buyback, and SBC paths

The path begins with 225.3 million quote-basis diluted financial shares. The sealed TTM capital-allocation schedule reports EUR802 million cash repurchases and EUR26 million share-based payments; the management appendix reports

FY2021-FY2025 repurchases of EUR410 million, EUR1,000 million, EUR1,000 million, EUR1,000 million, and EUR1,096 million, while the current 2026 authorization is up to EUR500 million. Bear uses EUR300 million annually because distributable reserves and leverage constrain returns. Base uses the current EUR500 million authorization. Bull uses the sealed TTM EUR802 million pace as cash generation and debt reduction improve.

Red-team repair convention

The earlier schedule incorrectly executed all five annual repurchases at the immutable entry quote of EUR68.66. That convention overstated share retirement whenever the same scenario implied a materially higher equity price. The repaired schedule adopts the price-sensitive convention documented in `compounder_score.json`, `appendix_scoring_audit.md`, and `appendix_red_team.md`: the annual average execution price is the geometric midpoint between the scenario's beginning and ending annual price nodes, running from the sealed entry quote toward a scenario terminal ex-dividend price.

S does not choose an exit multiple, calculate a shareholder IRR, or reverse-engineer a price path to a return hurdle. The upstream valuation preflight and scoring chain had already locked 14x/19x/23x Bear/Base/Bull P/E anchors independently before return scoring. Their prior terminal prices, EUR67.872644/EUR154.725246/EUR264.771032, are used only as iteration seeds. Because terminal price affects repurchase shares and repaired EPS, which in turn affects the terminal P/E price, a one-pass replay would be circular. The repair therefore solves the denominator and price path simultaneously. For scenario s and forecast year `y = 1..5`:

`AVG_REPURCHASE_PRICE(s,y,k) = 68.66 x (TERMINAL_PRICE(s,k) / 68.66)^((y - 0.5) / 5)`.

`TERMINAL_SHARES(s,k) = 225.3 + 5 x 0.378677542 - sum(REPURCHASE_CASH(s) / AVG_REPURCHASE_PRICE(s,y,k))`.

`TERMINAL_PRICE(s,k+1) = UPSTREAM_LOCKED_PE(s) x NI(s) / TERMINAL_SHARES(s,k)`.

Iteration continues until the terminal-price change is below EUR0.000000001. Starting from the prior VP prices, Bear converges in 10 iterations to EUR67.912341300, Base in 12 iterations to EUR146.364809860, and Bull in 13 iterations to EUR231.022004578. The fixed-point identities are `14 x 995.529790 / 205.226573 = 67.912341`, `19 x 1,553.621293 / 201.679656 = 146.364810`, and `23 x 1,943.070095 / 193.447426 = 231.022005`. These are denominator-consistency equations, not a new valuation judgment or return calculation.

This makes the annual cash program buy fewer shares as the independently supported Base and Bull price paths rise. Bear prices drift slightly lower because its audited terminal anchor is slightly below entry. The cash programs remain EUR300 million, EUR500 million, and EUR802 million annually. SBC issuance is unchanged at the required disclosed approximation, `TTM share-based payments EUR26m / EUR68.66 = 0.378678m shares` annually. Historical diluted weighted-average shares fell 2.8% in FY2025 and another 2.8% from FY2025 to H1 2026; the repaired paths preserve net retirement but no longer award five future years of repurchases the current depressed price.

Case / year	Starting quote-basis financial shares (M)	Buyback (EUR B)	Avg price (EUR)	Shares retired (M)	SBC issuance (M)	Ending quote-basis financial shares (M)
Bear Y1	225.300000	0.300	68.584865	4.374143	0.378678	221.304535
Bear Y2	221.304535	0.300	68.434842	4.383732	0.378678	217.299480
Bear Y3	217.299480	0.300	68.285147	4.393342	0.378678	213.284816
Bear Y4	213.284816	0.300	68.135780	4.402973	0.378678	209.260520
Bear Y5	209.260520	0.300	67.986739	4.412625	0.378678	205.226573
Base Y1	225.300000	0.500	74.058871	6.751386	0.378678	218.927292
Base Y2	218.927292	0.500	86.163565	5.802917	0.378678	213.503053
Base Y3	213.503053	0.500	100.246735	4.987694	0.378678	208.894037
Base Y4	208.894037	0.500	116.631755	4.286997	0.378678	204.985717
Base Y5	204.985717	0.500	135.694856	3.684738	0.378678	201.679656
Bull Y1	225.300000	0.802	77.517321	10.346075	0.378678	215.332603
Bull Y2	215.332603	0.802	98.807216	8.116816	0.378678	207.594464
Bull Y3	207.594464	0.802	125.944316	6.367894	0.378678	201.605248
Bull Y4	201.605248	0.802	160.534538	4.995810	0.378678	196.988116
Bull Y5	196.988116	0.802	204.624859	3.919367	0.378678	193.447426

Five-year reconciliation uses full-precision annual prices and retirements. Bear is `225.3 + 1.893388 SBC - 21.966815 retired = 205.226573`. Base is `225.3 + 1.893388 - 25.513731 = 201.679656`. Bull is `225.3 + 1.893388 - 33.745961 = 193.447426`. The schedule is entirely in quote-basis financial shares, never ADRs or other listed receipts. Relative to the invalid fixed-price path, terminal shares decline by 0.120033 million Bear because its price path is slightly below entry, but rise by 10.897570 million Base and 24.657767 million Bull. The repair changes only the denominator; terminal NI remains EUR995.530 million, EUR1,553.621 million, and EUR1,943.070 million.

7. P/E 15 test

Required EPS at the packet price is `EUR68.66 / 15 = EUR4.577333` per listed unit. Cushion equals `(EPS x 15 - EUR68.66) / EUR68.66`.

Case	EPS in EUR per listed unit at TTM+5y	EPS x 15	Quote-packet price	Cushion	Pass?
Bear	4.8509	72.7632	68.66	5.98%	PASS
Base	7.7034	115.5512	68.66	68.29%	PASS
Bull	10.0444	150.6665	68.66	119.44%	PASS

The confident Base case controls. Its repaired EPS times 15 exceeds the same-currency, same-unit quote-packet price, so the P/E 15 gate truthfully remains a PASS, now with a 68.29% cushion rather than 77.91%. The Bull result does not rescue or determine the verdict. Bear also clears because its converged price path declines slightly and retires marginally more shares than the invalid flat-price convention, but Bear is not the controlling gate.

8. Reflexivity check against reported TTM and FY2025

TTM revenue ties exactly: `1,582 + 1,670 + 1,173 + 1,041 + 640 = EUR6,106m`, equal to consolidated TTM revenue, residual zero and 0.00%. TTM segment profit ties exactly: `516 + 584 + 450 + 189 + 61 = EUR1,800m`; `1,800 - 85 - 152 + 227 = EUR1,790m` statutory operating income, residual zero. Both are within the sealed EUR1 million bridge tolerance and the 2% reflexivity ceiling.

FY2025 is the historical sanity check, not the forecast base. `512 + 584 + 437 + 183 + 48 = EUR1,764m`; `1,764 - 77 = EUR1,687m` consolidated Adjusted operating profit; `1,687 - 157 + 205 = EUR1,735m` statutory operating income. FY2025 consolidated revenue is EUR6,125 million. The model does not compound from those fiscal-year endpoints.

9. Latest interim cumulative bridge

The cumulative-interim method is triggered. The exact construction uses like-for-like six-month periods, with no quarterly overlap.

Line	FY2025	Less H1 2025	Plus H1 2026	TTM ended 2026-06-30
Revenue, EURm	6,125	(3,052)	3,033	6,106
Adjusted operating profit, EURm	1,687	(865)	893	1,715
Statutory operating profit, EURm	1,735	(765)	820	1,790
Pretax income, EURm	1,649	(727)	760	1,682
Net income, EURm	1,308	(553)	580	1,335

Share arithmetic uses non-overlapping half-year windows. FY2025 diluted weighted-average shares are 231.8 million and H1 2025 shares are 234.0 million, so implied H2 2025 shares are `2 x 231.8 - 234.0 = 229.6 million`. H1 2026 diluted shares are 225.3 million. TTM diluted weighted-average shares are `(229.6 + 225.3) / 2 = 227.45 million`, and TTM EPS is `1,335 / 227.45 = EUR5.869421851`. This historical TTM EPS denominator is distinct from the quote-basis 225.3 million starting denominator used for the forward share-count path.

10. Sensitivity: which variables matter most

The sensitivity starts from repaired Base EPS EUR7.7034 and changes one variable at a time. Health is Segment 1; Tax & Accounting is Segment 2. For the Health CAGR test, the effective Base CAGR is 4.621%; the test changes it to 2.621% and 6.621%, holds the 33.5% margin fixed, and retains the central bridge. The Tax & Accounting margin test holds its EUR2,234.6

million terminal revenue fixed. Share count changes the repaired Base terminal denominator by 5%. Tax changes the 24.0% Base rate by 300 basis points. The converged price-sensitive share schedule itself remains fixed for the operating and tax shocks so each row changes only the named variable.

Variable changed; two other operating variables held at Base	Downside EPS	Base EPS	Upside EPS	Downside impact	Upside impact
Health revenue CAGR -/+ 200 bps	7.4731	7.7034	7.9520	(0.2303)	+0.2486
Tax & Accounting terminal margin -/+ 200 bps	7.5350	7.7034	7.8718	(0.1684)	+0.1684
Terminal share count +5% / -5%	7.3366	7.7034	8.1089	(0.3668)	+0.4054
Tax rate +300 bps / -300 bps	7.3993	7.7034	8.0075	(0.3041)	+0.3041

Among the requested shocks, terminal share count remains most influential, followed by tax rate and Health growth. The red-team repair has removed the most aggressive denominator convention: Base terminal shares are 201.680 million, 5.7% above the invalid 190.782 million path, and Bull terminal shares are 193.447 million, 14.6% above the invalid 168.790 million path. Buybacks still reduce shares, but accretion now declines as scenario prices rise. The second monitor is whether Health's bundled AI supports renewal and price rather than merely raising development, validation, and inference cost.

11. Combined earnings summary

Scenario probabilities are 25% Bear, 55% Base, and 20% Bull. Base receives the majority because current recurring revenue, cloud growth, renewal, and H1 divisional trends support continued compounding, while the YELLOW management-tenure and 2046/AI-interface gates prevent a higher central weight. Bear exceeds Bull because execution, disintermediation, product-investment, and capital-allocation risks are more immediate than the simultaneous conditions required for the Bull case.

Case	Revenue (EUR B)	OI (EUR B)	OI margin	NI (EUR B)	EPS (EUR per listed unit)	Probability	EPS x 15	vs. EUR68.66 per listed unit
Bear	6.683	1.454	21.75%	0.996	4.8509	25%	72.7632	+5.98%
Base	7.884	2.149	27.26%	1.554	7.7034	55%	115.5512	+68.29%
Bull	8.727	2.620	30.02%	1.943	10.0444	20%	150.6665	+119.44%
Probability-weighted	7.752	2.069	26.69%	1.492	7.4585	100%	111.8773	+62.94%

Probability-weighted EPS is `25% x 4.850882 + 55% x 7.703411 + 20% x 10.044435 = EUR7.458483`. The weighted OI margin is weighted OI divided by weighted revenue, `2,069.469 / 7,752.420 = 26.69%`; it is not the arithmetic mean of scenario margins. The probability-weighted row is descriptive and is not a fourth operating case. Probability weights and all operating numerators are unchanged by the repair.

12. Tie-out checks

- **PASS — reported-financial and statutory-bridge tie-out.** FY2025: `512 + 584 + 437 + 183 + 48 = 1,764`; `1,764 - 77 = 1,687`; `1,687 - 157 + 205 = 1,735`. TTM: `516 + 584 + 450 + 189 + 61 = 1,800`; `1,800 - 85 = 1,715`; `1,715 - 152 + 227 = 1,790`. All five sealed residuals for both periods are zero. TTM segment revenue is `1,582 + 1,670 + 1,173 + 1,041 + 640 = 6,106`, exactly consolidated TTM revenue. Sources: `statutory_bridge.json`, data package Sections 2, 3.1, and 3a.

- **PASS — NI / shares / listed unit / FX equals EPS.** Bear: `995.529790 / 205.226573 x 1 x 1 = 4.850882`. Base: `1,553.621293 / 201.679656 x 1 x 1 = 7.703411`. Bull: `1,943.070095 / 193.447426 x 1 x 1 = 10.044435`. The unit and FX factors come from the sealed quote packet and are both exactly 1. Net income is unchanged; only the repaired and converged denominator changes EPS.

- **PASS — segment sum at horizon.** Bear `6,682.9 / 6,682.9 = 100.000%`; Base `7,884.1 / 7,884.1 = 100.000%`; Bull `8,727.2 / 8,727.2 = 100.000%`. Corporate revenue eliminations are exactly zero, as stated in data package Section 3.1.

- **PASS — product-to-segment rollup.** Health displayed components tie within EUR0.1 million: Bear `1,005.5 + 601.4 = 1,606.9`; Base `1,249.1 + 733.9 = 1,983.0` versus 1,982.9; Bull `1,371.4 + 789.1 = 2,160.5` versus 2,160.6. Tax & Accounting is one disclosed line and has zero residual. FCC sublines sum to 1,256.9, 1,437.5, and 1,583.2. Legal & Regulatory sublines sum to 1,062.2 versus 1,062.3, 1,334.8, and 1,510.7. CP&ESG's core plus Marosa is `763.7 + 10.0 = 773.7`, `881.0 + 13.4 = 894.4` versus 894.3, and `1,002.9 + 16.1 = 1,019.0`. Every residual is less than 0.01%, well inside 1%. Sources: each reviewed segment appendix Section 10.

- **PASS — weighted margin.** FCC profit sublines total EUR418.2 million on EUR1,256.9 million, EUR557.1 million on EUR1,437.5 million, and EUR643.4 million on EUR1,583.2 million, reproducing 33.27%, 38.75%, and 40.64%. Legal & Regulatory profit sublines total EUR142.2 million, EUR276.5 million, and EUR357.1 million on the corresponding revenue totals, reproducing 13.4%, 20.7%, and 23.6% within rounding. Health, Tax & Accounting, and CP&ESG do not disclose product margins; their reviewed appendices correctly apply one segment-level margin only after additive revenue is summed, so no fabricated product weighting is introduced.

- **PASS — share count and security-unit path.** `225.3 x split factor 1 = 225.3` quote-basis financial shares; `225.3 / (depositary ratio 1 x class factor 1) = 225.3` listed-unit equivalents. The repaired five-year paths are `225.3 + 1.893388 SBC - 21.966815 retired = 205.226573` Bear, `225.3 + 1.893388 - 25.513731 = 201.679656` Base, and `225.3 + 1.893388 - 33.745961 = 193.447426` Bull. Every annual retirement equals scenario repurchase cash divided by that year's converged geometric-midpoint execution price. Section 6 contains all fifteen annual steps, the fixed-point equations, iteration seeds, tolerances, and converged terminal prices.

- **PASS — growth plausibility.** Tax & Accounting Base CAGR 5.998% is below 1.2 times its disclosed 6.0% history. Health 4.621% exceeds 1.2 times the 3.3% reported historical CAGR but is explicitly justified by current 5% organic growth and the reviewed 6.0% Clinical Solutions path. FCC 4.15% exceeds 1.2 times comparable 2.8% reported history but is justified by 4% H1 organic growth and 5%-6% recurring lines. Legal & Regulatory 5.1% exceeds 1.2 times 3.1% history but is explicitly supported by 8% ex-print growth, Libra rollout, and 7% software growth. CP&ESG 6.92% modestly exceeds 1.2 times its 5.36% current-basis history and is justified by the formal 7% FY2026 organic guide plus separately modeled Marosa. Every exceedance has quantified reviewed-appendix support.

- **PASS — historical arithmetic and exact five-year compounding.** The following table recomputes each segment endpoint from TTM for exactly five years; effective CAGRs are derived from the reviewed endpoints where annual subline cadences differ.

Segment	Bear arithmetic	Base arithmetic	Bull arithmetic
Health	`1,582 x (1.00309)^5 = 1,606.9`	`1,582 x (1.04621)^5 = 1,982.9`	`1,582 x (1.06437)^5 = 2,160.6`
Tax & Accounting	`1,670 x (1.03496)^5 = 1,983.1`	`1,670 x (1.05998)^5 = 2,234.6`	`1,670 x (1.07999)^5 = 2,453.7`
Financial & Corporate Compliance	`1,173 x (1.01389)^5 = 1,256.9`	`1,173 x (1.04150)^5 = 1,437.5`	`1,173 x (1.06178)^5 = 1,583.2`
Legal & Regulatory	`1,041 x (1.00406)^5 = 1,062.3`	`1,041 x (1.05102)^5 = 1,334.8`	`1,041 x (1.07757)^5 = 1,510.7`
Corporate Performance & ESG	`640 x (1.03870)^5 = 773.7`	`640 x (1.06920)^5 = 894.3`	`640 x (1.09750)^5 = 1,019.0`

All reproduced endpoints are within 1%; the tiny displayed differences arise from rounded effective rates and the explicitly separate Marosa contribution.

- **PASS — recency anchor.** The Base first-forward-year combined revenue is approximately `1,654.2 Health + 1,786.9 Tax & Accounting + 1,221.2 FCC + 1,098.2 Legal & Regulatory + 695.4 CP&ESG including Marosa = EUR6,455.9m`. Relative to TTM EUR6,106 million, this is `6,455.9 / 6,106 - 1 = 5.73%`, within 10%. The basis is the reviewed annual segment cadence from 2026-06-30 to 2027-06-30; it does not substitute FY2025.

- **PASS — period and horizon integrity.** The cumulative bridge is `FY2025 - H1 2025 + H1 2026`; both interim periods cover January 1-June 30. Revenue, adjusted profit, statutory OI, pretax income, and NI all tie. The share denominator uses non-overlapping H2 2025 and H1 2026. The horizon is 2031-06-30, exactly five calendar years after 2026-06-30. Every segment endpoint compounds over five increments.

- **PASS — valuation, unit bridge, hashes, and probability arithmetic.** Exact packet bytes recompute to quote SHA `2506e568c5719e3233e52cc2e4af22749c52ae176f8105a9beb8b3445540925d` and statutory SHA `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289`. Listing is XAMS:WKL; price basis is raw exchange close; split, depositary, class, and FX factors are all 1. Repaired Bear/Base/Bull EPS times 15 equals EUR72.7632/EUR115.5512/EUR150.6665. Probabilities sum `25% + 55% + 20% = 100%`. Weighted EPS is EUR7.458483. Base cushion is `(115.551166 - 68.66) / 68.66 = 68.2947%`, so Base truthfully controls a PASS after the converged repair.

SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED.

P/E 15 gate: PASS — cushion 68.29%.

The fixed-price repurchase defect is repaired. The result remains sensitive to the independently supported price path, financing cost, and whether AI adoption becomes paid renewal/price or remains a defensive bundle. Those are explicit model risks, not arithmetic breaks. The combined statutory path, repaired share/unit bridge, interim construction, packet hashes, scenario probabilities, and P/E-15 arithmetic all reconcile. No exit multiple was selected and no shareholder IRR was calculated in this synthesis repair.

Appendix CS - Compounder Score

Wolters Kluwer - Compounder Score

Ticker: WKL.AS **Exchange / security:** Euronext Amsterdam / XAMS ordinary share **Analysis date:** 2026-09-28 **Reporting and return currency:** EUR **Current price:** EUR68.66, 2026-09-25 completed close **TTM anchor:** 2026-06-30 **Horizon:** 2031-06-30, exactly 5.0000 years **Valuation preflight:** `C:\Users\Admin\OneDrive\GPT\ER 2.0\Wolters Kluwer\valuation_preflight.json` **Valuation preflight SHA-256:** `f7d683353b28a153ff5564bd932a3623d03ae1d30035a83f7ad2cfaa8c6d2798` **Preflight status:** `CLEARED`; validator returned `VALUATION_PREFLIGHT_VALID` with evidence-file checking **Trade execution authorized:** false

1. Executive Verdict

Compounder Score: 74/100. Business Quality Score: 64/80. 20% Return Underwriting Score: 10/20. Score-implied classification: Buy only at lower price. This is a diagnostic classification inside ER2. It is not a trade instruction, a portfolio rank, a sizing recommendation, or permission to publish or message the result.

The evidence supports a high-quality recurring professional-information and workflow-software franchise. Wolters Kluwer combines 85% recurring revenue at H1 2026, above-90% renewal for its largest subscription solutions, a five-observation issuer ROIC median of 16.8%, strong cash conversion, low SBC, and a diluted share count that fell about 3.0% annually from FY2021 to FY2025. Tax & Accounting, Health enterprise, and regulated execution workflows provide the strongest switching costs. The weak points are equally material: direct ROIIC is not fully observable, the new CEO has less than one year of accountable group evidence, goodwill plus intangibles substantially exceed equity, net debt is 2.0x EBITDA, and AI may shift the professional interface to EHR, ERP, legal-tech, or agentic-platform competitors.

The repaired P/E bridge produces finite gross local-currency IRRs of **3.62% Bear, 18.77% Base, and 29.34% Bull**. Probability-weighted terminal shareholder wealth is EUR159.469605 per current share and produces **18.36%**, calculated as a five-year CAGR of expected terminal wealth rather than as an average of scenario IRRs. Base no longer clears 20% after the fixed-price repurchase defect is removed, and it still depends on P/E expanding from the comparable normalized current 14.122551094x to the VP-locked 19x. At a flat normalized current P/E, Base IRR falls to 12.68% and the corresponding 20% no-expansion max-buy diagnostic is EUR50.12. The repair solves annual repurchase shares and P/E-implied terminal price simultaneously; it preserves operating forecasts, repurchase cash, SBC, and exit multiples.

The same P/E method produces net-SGD diagnostic IRRs of **0.84% Bear, 17.10% Base, 28.94% Bull, and 16.91% probability-weighted** under an explicit conservative overlay: 15% unreclaimed Dutch withholding on dividends, 25 basis points of entry friction, 25 basis points of exit friction, and terminal SGD value per EUR at 90%/95%/100% of the starting conversion in Bear/Base/Bull. Personal tax residence, account structure, broker, reclaim eligibility, current portfolio exposure, and actual trade size were not supplied. Those gaps constrain portfolio fit and sizing only; they do not null the security return calculation.

2. Data Source Map

The source chain is the current Production ER2 run. Live FMP pulls and official issuer materials are archived under run `pulse-cio-20260928T020214+0800`; no data-warehouse cache is used.

Evidence need	Controlling source	Period / treatment
Price and listed unit	`quote_packet.json`; QFR-sealed SHA `2506e568...925d`	EUR68.66 XAMS close on 2026-09-25; one ordinary share per listed unit
Market capitalization	Price times 225.3m quote-basis diluted shares	EUR15,469.098m, calculated
Enterprise-value cross-check	H1 2026 cash, gross debt and leases in `quant_foundation.md`	Approx. EUR19,728.098m; secondary only, never used for terminal P/E value
Income statement and EPS	`quant_foundation.md`, official FY2025 Annual Report and H1 2026 results	Official IFRS controls provider classification differences
Balance sheet and liquidity	`data_package.md` Section 8; H1 2026 official results	Cash EUR1,494m; debt EUR5,548m; leases EUR205m; net debt EUR4,024m
Cash flow and capital return	`quant_foundation.md` P6; `data_package.md` Section 7	TTM OCF EUR1,692m, adjusted FCF EUR1,376m, dividends EUR569m, buybacks EUR802m

Evidence need	Controlling source	Period / treatment
Share count and SBC	`appendix_synthesis.md` Section 6	225.3m starting diluted shares; scenario paths include 0.378678m annual SBC proxy
Segment economics	Five reviewed `appendix_B_*.md` files	TTM bases and Bear/Base/Bull terminal revenue/profit schedules
Management and governance	`appendix_management.md`; annual and remuneration reports	Management gate YELLOW; unmodified audit; no material related-party flag
Moat and pricing power	`appendix_moat.md`; official renewal/cloud/adoption evidence	Moat and 2046 durability both YELLOW
Earnings synthesis	`appendix_synthesis.md`; SHA `61d347c2...bb34`	11/11 tie-outs; repaired price-sensitive terminal EPS and diluted shares
Valuation method and exits	`valuation_preflight.json`; SHA shown above	P/E locked; 14x/19x/23x exits selected before CS return calculation
Dividend withholding	Netherlands Tax Administration, “Dividend tax if you receive dividend”	Statutory rate 15%; this diagnostic assumes no reclaim
Singapore capital-gain treatment	IRAS, “Gains from sale of property/shares/financial instruments”	Generally non-taxable for personal investments; trading facts could change treatment
TAM and market size	No decision-grade consolidated TAM disclosed	Runway scored from installed base, cloud migration, recurring mix, and segment growth instead
Competitors	Reviewed segment and moat appendices	RELX, Thomson Reuters, Lexis, EBSCO, CSC, Intuit, ERP/EHR and specialist suites

The tax references are [the Netherlands Tax Administration's 15% dividend-tax page](https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/profit/dividend-tax/dividend-tax-if-you-receive-dividend/) and [IRAS guidance on gains from shares](https://www.iras.gov.sg/taxes/individual-income-tax/basics-of-individual-income-tax/what-is-taxable-what-is-not/gains-from-sale-of-property-shares-and-financial-instruments). The net-SGD calculation remains an assumption-bound diagnostic, not personal tax advice.

3. Key Financial and Quality Metrics

The current run supplies five official fiscal observations and eight live-FMP annual observations from FY2018 through FY2025. A clean ten-year series is not available in the sealed package; no prior-report series is imported to fill the gap.

Metric	Latest / 1-year view	3-year or medium view	Five-observation view	Longest available view
Revenue	EUR6,106m TTM; -0.31% vs FY2025	3.98% FY2022-FY2025 CAGR	6.44% FY2021-FY2025 CAGR	5.34% FY2018-FY2025 CAGR
Adjusted / statutory operating margin	28.1% adjusted; 29.3% reported statutory TTM	Mature divisions broadly stable-to-rising	21.2%-28.3% reported statutory FY2021-FY2025	Eight-year clean official margin series unavailable
Issuer adjusted ROIC	18.2% rolling H1 2026	15.5%-18.0% FY2022-FY2025	16.8% FY2021-FY2025 median	Ten-year series unavailable
NOPAT CAGR	TTM normalized continuing NOPAT approx. EUR1,187.9m	5.36% issuer NOPAT FY2022-FY2025	n/a; FY2021 numerator not fully exposed in sealed package	n/a
ROIIC	Not decision-grade	16.5% bounded acquisition-inclusive proxy	Exact organic and acquisition-inclusive ROIIC unavailable	n/a
Adjusted FCF	EUR1,376m TTM	Positive throughout current history	7.48% FY2021-FY2025 CAGR	Approx. 8.2% raw FMP FY2018-FY2025 CAGR
FCF conversion	105.0% of TTM adjusted NOPAT proxy	CFO / net income 126.7% TTM	Multi-year exact NOPAT conversion unavailable	n/a
Diluted shares	225.3m H1 2026	-3.23% FY2022-FY2025 CAGR	-3.00% FY2021-FY2025 CAGR	-2.61% FY2018-FY2025 CAGR
SBC	EUR26m TTM	0.43% of revenue	1.89% of adjusted FCF	Low relative to repurchases
Leverage	2.0x net debt / EBITDA	Within stated 1.5x-2.5x policy	Net debt rose with acquisitions and returns	Watch
Current FCF yield	8.90%	Based on TTM adjusted FCF / current market cap	n/a	n/a
Current dividend yield	3.68%	TTM cash dividends / quote-basis shares / price	Progressive policy	n/a

The acquisition-inclusive ROIIC proxy is deliberately bounded rather than presented as a clean measured return. Issuer NOPAT rose by roughly EUR343m from FY2021 through FY2025. Dividing that increase by FY2022-FY2025 cash capex plus

live-FMP net acquisition cash outlay gives about 16.5%. The proxy omits a fully reconciled maintenance/growth capex split, capitalized-development bridge, changes in non-cash working capital, and disposal-perimeter effects. It therefore earns mid-tier credit, not a high-conviction >25% ROIIC score. The reported ROIC is not inferred from negative tangible book: the issuer uses NOPAT over average invested capital and includes goodwill in the denominator.

Normalized continuing TTM NOPAT for the secondary quality cross-check is `(EUR1,715m adjusted operating profit - EUR152m acquired-intangible amortization) x (1 - 24%) = EUR1,187.88m`. TTM adjusted FCF of EUR1,376m is 115.8% of that conservative statutory-continuing denominator; using issuer adjusted NOPAT of `EUR1,715m x 76.4% = EUR1,310.26m` gives 105.0%. Neither cross-check changes the locked P/E valuation denominator.

4. Rubric Scorecard

Category	Score	Maximum	Evidence-based judgment
Incremental returns on capital	17	25	ROIC is healthy and improving; bounded ROIIC is about 16.5%, but exact organic and acquisition-inclusive ROIIC remain unavailable
Reinvestment runway	18	20	Cloud migration, installed professional workflows, high recurring mix, and 12%-13% product development support runway; no decision-grade group TAM
Durability of moat	12	15	Switching friction, trusted content, local rules and execution networks are real; ownership of the AI interface remains unresolved
Accounting and financial quality	9	10	Cash conversion, low SBC, clean audit and explicit one-off normalization are strong; leverage and intangible intensity reduce the score
Capital allocation	8	10	Product investment and share retirement created per-share value; price discipline on buybacks and acquisition returns are not sufficiently disclosed
Price and 20% underwriting	10	20	Repaired Base is 18.77% at 19x; Bear is only 3.62%, and the case requires expansion from 14.12x normalized current P/E
Business Quality Score	**64**	**80**	Strong, not yet at the 65/80 investable-now threshold
Compounder Score	**74**	**100**	Good business, but repaired returns do not clear the hurdle; not investable now under the strict rubric

Subscore detail: 1A 3/5, 1B 4/8, 1C 3/3, 1D 3/3, 1E 3/3, 1F 1/3; 2A 4/5, 2B 5/5, 2C 4/4, 2D 3/3, 2E 1/2, 2F 1/1; 3A 4/4, 3B 2/3, 3C 2/3, 3D 2/2, 3E 2/2, 3F 0/1; 4A 2/2, 4B 2/2, 4C 2/2, 4D 1/2, 4E 1/1, 4F 1/1; 5A 2/2, 5B 1/2, 5C 1/2, 5D 2/2, 5E 1/1, 5F 1/1; 6A 4/6, 6B 1/4, 6C 0/3, 6D 1/3, 6E 2/2, 6F 2/2.

5. ROIIC and Reinvestment Analysis

The evidence supports good returns on the capital already employed, but it does not support the dream-compounder claim of repeatedly reinvesting large incremental sums above 35%. Issuer ROIC advanced from 13.7% in FY2021 to 18.0% in FY2025 and 18.2% rolling at H1 2026. That trajectory passes a cost-of-capital test and argues against a deteriorating franchise. The median nevertheless falls in the rubric's 15%-20% band, not the >30% band.

Reinvestment is substantial. Product development rose from an estimated EUR477m in FY2021 to about EUR674m in FY2025 and is planned at 12%-13% of revenue. Net capex stayed near 5% of revenue. Bolt-on acquisitions were modest in FY2021-FY2023, then rose to EUR335m in FY2024 and EUR871m gross in FY2025. The 16.5% bounded ROIIC proxy is acceptable, but cannot distinguish organic development returns from acquired growth, working-capital timing, amortization, or disposal proceeds. This is why 1B receives 4/8 rather than zero or six-plus points.

Cash conversion is convincing. TTM operating cash flow is EUR1,692m, adjusted FCF EUR1,376m, and cash flow after capex and lease principal EUR1,337m versus reported net income EUR1,335m. SBC is only EUR26m. Growth does not

depend on recurring equity issuance; diluted shares keep falling. The economic caveat is funding: buybacks plus dividends exceeded internally generated cash after other uses in several years, while net debt rose to EUR4.024bn. The current 2.0x leverage is manageable, but the 1.5x-2.5x policy leaves less room for a simultaneous acquisition, buyback, and product-investment miss.

6. Runway Analysis

The runway is strongest where regulation, professional liability, installed data, and workflow configuration combine. Tax & Accounting is only about halfway through the ProSystem-to-CCH Axcess migration, with more than 10,000 U.S. firms, 1.4m users, renewal above 95%, and H1 2026 cloud growth of 18%. Health has institutional procurement, embedded clinical use, and more than 90% of U.S. Enterprise Edition customers signed up for Expert AI. Financial & Corporate Compliance owns operational histories and execution steps that a language model cannot perform by itself. These are repeatable migration and cross-sell mechanisms, not only management TAM claims.

The group can plausibly compound revenue at mid-single digits without a collapse in return on capital. The reviewed Base case assumes 5.244% revenue CAGR, not a heroic acceleration. The segment paths range from 4.15% in Financial & Corporate Compliance to 6.92% in Corporate Performance & ESG, while product spending rises. Bear revenue still grows 1.822% annually. The score withholds two runway points because no consolidated decision-grade TAM or cohort economics are disclosed, and the CP&ESG profit pool remains too small to validate a scaled moat.

7. Moat Analysis

The moat can be stated in one paragraph. Wolters Kluwer embeds curated, continually updated professional knowledge into regulated and high-consequence workflows that contain customer data, permissions, prior work, local rules, audit trails, and execution responsibilities. Switching therefore requires more than buying alternative content: hospitals, tax firms, banks, legal teams, and corporate control functions must migrate data, revalidate outputs, retrain users, and accept liability. High renewal, an 85% recurring mix, persistent mature-segment margins, and rising ROIC are the observable outputs. The break point is interface ownership: an EHR, ERP, Microsoft layer, incumbent peer, or AI-native agent may control discovery and action while reducing WKL to a lower-priced content or calculation feed.

Tax & Accounting is the strongest moat; CP&ESG is least proven. Legal & Regulatory faces the most direct generative-AI substitution. Health enterprise remains protected by provenance and institutional governance, while the individual clinical product is more exposed to free alternatives. The moat and 2046 tests stay YELLOW because paid AI price realization, active usage, retention, and unit economics remain largely undisclosed.

8. Accounting and Capital Allocation Analysis

Financial reporting quality is strong. Official IFRS statements control material FMP classification gaps; the current statutory bridge has zero residuals. The valuation preflight removes EUR227m of positive non-benchmark operating items from current normalized earnings, retains recurring acquisition-intangible amortization, and sets terminal non-benchmark gains to zero. The reported current EPS of EUR5.869421851 and reported P/E of 11.697915356x are shown for transparency but are not the comparable anchor. The normalized current EPS is exactly EUR4.861727852 and normalized current P/E exactly 14.122551094x.

The balance sheet is the main accounting-quality caveat. Goodwill of EUR4.933bn plus other intangibles of EUR1.818bn exceed total equity of EUR0.940bn, leaving tangible book around negative EUR5.811bn. That does not invalidate earnings or cash flow, but it raises the consequence of poor acquisition underwriting and impairment. The unmodified KPMG opinion, no reported material weakness or restatement, and no major H1 2026 related-party transaction support trust.

Capital allocation is rational but not exemplary. Product investment is protected, incentives include FCF and ROIC, and share retirement has been large enough to overwhelm SBC. Yet annual buyback programs appear amount-driven rather than valuation-triggered. The repaired terminal share-count model now executes each annual cash program at a geometric-midpoint price that rises or falls toward the independently locked P/E-implied terminal price; terminal share count remains the most sensitive modeled variable, but the prior fixed-EUR68.66 overstatement is removed. Marosa's approximate EUR112m enterprise value against about EUR10m unaudited 2025 revenue increases the burden of proof for cross-sell and margin realization.

9. 20% Return Underwriting

Primary valuation method: P/E. The method, normalized anchor, capital-structure treatment, and exit multiples are copied exactly from the locked preflight. EV/NOPAT is rejected because there is no source-bound terminal cash, debt, lease and senior-claim path. P/B-ROE is rejected because WKL is not a balance-sheet-led financial and no five-year parent-common-equity roll-forward exists.

Current denominator bridge	Value	Treatment
Current price	EUR68.66	Exact XAMS ordinary-share close
Reported TTM statutory diluted EPS	EUR5.869421851	Includes EUR227m positive non-benchmark operating items
Reported current P/E	11.697915356x	Disclosure only
Normalized TTM statutory diluted EPS	EUR4.861727852	VP-locked comparable anchor
Normalized current P/E	14.122551094x	Comparator for expansion tests
Terminal denominator	Scenario statutory diluted EPS	Same EUR, share class, parent perimeter; no recurring non-benchmark gain

Scenario	Probability	Terminal EPS	Exit P/E	Diluted shares	Terminal equity value	Terminal equity value / share	Cumulative dividends / share	Terminal shareholder wealth / share	Gross EUR IRR
Bear	25%	EUR4.850881521	14.0x	205.226572811m	EUR13,937.417m	EUR67.912341294	EUR14.106292	EUR82.018633	3.6196%
Base	55%	EUR7.703411045	19.0x	201.679656435m	EUR29,518.805m	EUR146.364809855	EUR15.910782	EUR162.275592	18.7709%
Bull	20%	EUR10.044434982	23.0x	193.447426213m	EUR44,690.612m	EUR231.022004586	EUR17.544854	EUR248.566858	29.3445%
Probability-weighted	100%	n/a	P/E method preserved	n/a	n/a	n/a	n/a	**EUR159.469605**	**18.3572%**

P/E is an equity method, so terminal net cash/debt adjustment is exactly **zero / not separately applied** in all scenarios. Financing costs already affect statutory EPS. Cash, debt, leases, NCI, and non-operating assets are not added or subtracted after EPS `x P/E`. Repurchases affect terminal diluted shares once; they are not added again as distributions. Dividends are the only cumulative cash distribution in terminal shareholder wealth.

The dividend bridge begins with source-bound TTM cash dividends of EUR569m and the exact scenario annual share paths. CS assumes aggregate dividend cash grows at each scenario's locked revenue CAGR: 1.822% Bear, 5.244% Base, and 7.405% Bull. Annual share counts use the repaired fixed-point path: repurchase cash divided by the geometric-midpoint price between EUR68.66 and each P/E-implied terminal price, plus exact SBC issuance. This is a transparent diagnostic extension of the progressive policy, not a VP-controlled input. Annual dividends per share are:

Scenario	Year 1	Year 2	Year 3	Year 4	Year 5	Cumulative
Bear	2.617963	2.714794	2.816289	2.922749	3.034498	14.106292
Base	2.735330	2.951908	3.175252	3.405478	3.642813	15.910782
Bull	2.838095	3.161881	3.496906	3.843884	4.204088	17.544854

The reverse-return test requires terminal shareholder wealth of `EUR68.66 x 1.20^5 = EUR170.848051`. After subtracting scenario distributions and dividing by each locked P/E, required EPS is EUR11.195840 Bear, EUR8.154593 Base, and EUR6.665356 Bull. Repaired Base EPS of EUR7.703411 misses the hurdle by EUR0.451182 per share. At the normalized current 14.122551094x instead of 19x, Base terminal wealth is EUR124.702598 and IRR is 12.6768%; the 20% no-expansion max-buy price is EUR50.115177. Locked-multiple max-buy prices are EUR32.961449 Bear, EUR65.214921 Base, EUR99.893445 Bull, and EUR64.087258 on probability-weighted terminal wealth.

Net-SGD diagnostic	Bear	Base	Bull	Probability-weighted
Terminal SGD-per-EUR factor vs starting FX	0.90x	0.95x	1.00x	Scenario-weighted wealth
Dutch dividend withholding assumed	15%	15%	15%	15% by scenario
Entry / exit friction	0.25% / 0.25%	0.25% / 0.25%	0.25% / 0.25%	Same method
Net terminal wealth, current-FX EUR equivalent	EUR71.759618	EUR151.546909	EUR245.357575	EUR150.362220
Net-SGD annualized IRR	**0.84%**	**17.10%**	**28.94%**	**16.91%**

The net-SGD probability-weighted return is the CAGR of probability-weighted net terminal wealth divided by the entry-cost-adjusted current price. It is not the arithmetic average of the three scenario IRRs. The diagnostic assumes no Singapore capital-gains tax for a long-term personal investment, but an actual trading-income characterization or different tax residence would change the result. No portfolio fit, concentration, liquidity sizing, or execution judgment is made.

Exit-multiple integrity is intact. Bear 14x is just below normalized current P/E and far below the pre-event historical low. Base 19x is slightly below that historical low and RELX's approximately 20.06x current reference, while Bull 23x remains below WKL's pre-event median and between peer anchors. Both excessive-optimism and excessive-bearishness challenges passed in VP. The valuation score still penalizes Base because 19x is 34.5% above the normalized current 14.1226x and the Bear outcome is weak.

10. Hard Veto Checklist

Item	Status	Evidence
1. ROIIC below cost of capital with no improvement path	PASS	Exact ROIIC is incomplete, but issuer ROIC rose to 18% and the bounded proxy is about 16.5%
2. ROIC is only an artifact of tiny or negative capital	PASS	Issuer ROIC includes goodwill and uses average invested capital; negative tangible book is not used as the denominator
3. Growth requires persistent external financing	PASS	Cash conversion is strong and equity issuance is immaterial; leverage funds the tension between M&A and distributions
4. Material dilution without per-share value	PASS	Diluted shares fell approximately 3.0% annually FY2021-FY2025 and SBC is 0.43% of revenue
5. Serial large acquisitions without return disclosure	WATCH	Bolt-ons are coherent, but Marosa and recent AI/workflow acquisitions lack full-cycle return disclosure
6. Structural FCF shortfall	PASS	TTM adjusted FCF exceeds issuer adjusted NOPAT proxy and roughly equals reported net income after leases
7. Permanent impairment from concentration, regulation, AI or leverage	WATCH	AI-interface migration and 2.0x leverage matter; no current wipeout path is evidenced
8. 20% case requires multiple expansion	WATCH	Repaired Base reaches only 18.77% at 19x versus 14.1226x normalized current P/E; flat-multiple Base is 12.68%
9. Flawless execution required	WATCH	Base growth is moderate and repurchases are price-sensitive, but the 20% hurdle is not cleared and multiple expansion remains necessary
10. Moat cannot be explained	PASS	Trusted domain content plus regulated workflow data, controls, audit trails and execution responsibilities
11. Accounting or governance trust impaired	PASS	Clean audit, zero-residual bridge, no material weakness/restatement; anti-takeover preference option remains a monitor
12. Balance sheet can wipe out equity	WATCH	Net debt/EBITDA is 2.0x with liquidity, but negative tangible book and acquisition claims raise downside sensitivity

No item is marked `Fail`, but the Watch items prevent an investable-now conclusion. The rubric's no-expansion, Bear-return, 65/80 quality, 15/20 valuation, and 80/100 total thresholds are not all cleared.

11. Final Decision

Score-implied classification: Buy only at lower price. Wolters Kluwer is a credible recurring workflow compounder, but the repaired strict 20% diagnostic does not clear at EUR68.66. The locked Base return is 18.77% at a 19x terminal multiple, while a flat normalized P/E yields 12.68%. The current evidence also stops one point short of the 65/80 Business Quality gate because exact ROIIC, paid AI economics, current-CEO execution, and acquisition returns remain unresolved.

The classification should not be read as an instruction to buy at EUR50.12 or any other price. EUR50.12 is only a method-consistent no-expansion diagnostic under the same Base earnings and dividend assumptions. Actual portfolio suitability requires the owner's holdings, factor exposure, risk budget, liquidity needs, broker, tax account, and explicit

approval.

- Compounder Score note: 74/100; strong recurring-workflow economics and cash conversion, but exact ROIIC and AI/interface durability remain unresolved and repaired price-sensitive buybacks reduce return support.
- Business Quality Score note: 64/80; high renewal, rising issuer ROIC, low SBC and shrinking shares are offset by intangible intensity, acquisition-return opacity, leverage and a YELLOW management/moat assessment.
- 20% Return UW Score note: 10/20; repaired Base gross EUR IRR is 18.77% and probability-weighted is 18.36%; both remain below 20%, depend on VP-locked multiple expansion, and Bear is only 3.62%.

12. Machine-Readable JSON

The full-precision score, scenario bridges, net-SGD overlay, threshold tests, source qualifications, hard-veto statuses, and false authority flags are written to `C:\Users\Admin\OneDrive\GPT\ER 2.0\Wolters Kluwer\compounder_score.json`.

Appendix CSA - Scoring Audit

Wolters Kluwer - Scoring Audit

Analysis date: 2026-09-28 Security: WKL.AS ordinary share / XAMS Currency: EUR Current price: EUR68.66 TTM end: 2026-06-30 Horizon: 2031-06-30 / exactly 5.0 years Audit status: **CLEARED WITH SCORE REVISIONS**

The repaired synthesis SHA-256 is `61d347c2a9f93ed3ff14e8cacb5328d826982a8819e609a50fb97dc5533cbb34`. The repaired valuation preflight SHA-256 is `f7d683353b28a153ff5564bd932a3623d03ae1d30035a83f7ad2cfaa8c6d2798`. The preflight validator and evidence-file check pass, all five foundations pass, and there are zero blockers. CS copied the locked P/E method, current denominator, price-sensitive share treatment, terminal EPS/shares, and 14x/19x/23x exits exactly.

The repaired return bridge is arithmetically sound. The score still needs revision: decision-grade ROIIC remains absent, and the Base case uses 34.54% P/E expansion yet produces only 18.77%, so the explicit multiple-expansion caps apply independently.

1. Original vs Audited Scores

Item	Original	Audited	Notes
Business Quality Score / 80	64	54	Exact 3-year, 5-year, and acquisition-inclusive ROIIC remain absent
Valuation / 20% Return UW Score / 20	10	7	Base is 18.77% despite 34.54% P/E expansion; 6A is capped at 2 and 6B is zero
Total Score / 100	74	61	Below the rubric's 70-point Reject boundary
Classification	Buy only at lower price	Reject	Hard veto 8 fails and the audited total is below 70

The scorer reports Bear/Base/Bull gross local IRRs of 3.619560499097463%, 18.770854316388808%, and 29.344475722121954%, with 25%/55%/20% probabilities. Probability-weighted gross local IRR is 18.3572386018106%. The probability-weighted maximum buy price for a 20% IRR is EUR64.08725780097085; the Base no-expansion maximum buy price is EUR50.1151772048714.

2. Score Reductions and Reasons

Subcategory	Original	Audited	Evidence status	Audit judgment
1A Normalized ROIC	3	3	Supported	Five-observation issuer ROIC median is 16.8%, within the 15%-20% band
1B ROIIC	4	0	Missing data	The 16.5% proxy omits working capital, capitalized development, maintenance/growth capex separation, disposal effects, and a clean acquisition perimeter; it is explicitly not decision-grade
1C ROIIC not deteriorating	3	0	Unsupported	No comparable 3-year and 5-year ROIIC series exists
1D Unit economics	3	3	Supported	Renewal above 90%, 85% recurring revenue, mature-division margins, and named workflow evidence support unit economics
1E Cash conversion	3	3	Supported after audit calculation	FY2021-FY2025 adjusted FCF/net income is 138.74%, 118.79%, 115.59%, 118.26%, and 103.06%; aggregate is 116.88%

Subcategory	Original	Audited	Evidence status	Audit judgment
1F Not an accounting artifact	1	1	Partly supported	ROIC includes goodwill and average capital, but EUR6.751bn goodwill/intangibles versus EUR0.940bn equity remains a caveat
2A Market opportunity	4	4	Partly supported	Segment migrations and workflow penetration support runway; group TAM is not decision-grade
2B Reinvestment at scale	5	3	Partly supported	Product investment and organic growth are visible, but returns on total reinvestment and material acquisitions are not reconciled
2C Organic growth	4	4	Supported	Mid-single-digit organic growth, recurring mix, cloud migration, and segment forecasts provide evidence
2D Repeatable playbook	3	3	Supported	Cloud migration, cross-sell, localization, and workflow embedding are repeatable mechanisms
2E Market structure	1	1	Partly supported	Regulation helps; interface competition and bundling constrain the award
2F Growth without ROIC collapse	1	1	Supported	Issuer ROIC rose while product investment remained high
3A-3F Moat durability	12	12	Supported / partly supported	Switching friction, competitors, stress evidence, and AI-interface risk are identified; zero for low disruption risk is appropriate
4A-4F Accounting quality	9	9	Supported / partly supported	The bridge reconciles, five-year cash conversion is strong, SBC is low, and leverage constrains 4D
5A Reinvestment priority	2	2	Supported	Product development is protected and rising
5B Acquisition discipline	1	0	Missing data	Material acquisition spend lacks acquisition-inclusive ROIIC or disclosed full-cycle returns
5C Buyback discipline	1	1	Partly supported	Shares declined historically; distributions plus acquisitions increased leverage
5D Incentive alignment	2	2	Supported	FCF and ROIC appear in incentives
5E Owner mentality	1	1	Partly supported	Long-term product investment helps; the new CEO has limited accountable evidence
5F Past decisions	1	1	Partly supported	Per-share progress is positive, but acquisition returns remain opaque
6A Base-case IRR	4	2	Rule cap	Raw Base IRR belongs in the 4-point band, but the explicit multiple-expansion cap limits 6A to 2
6B Conservative exit multiple	1	0	Rule error	19x is 34.5365994658162% above normalized current P/E; this is major expansion
6C Bear case acceptable	0	0	Supported	Bear gross local IRR is only 3.6196%

Subcategory	Original	Audited	Evidence status	Audit judgment
6D Reverse-return hurdle	1	1	Partly supported	Base EPS misses the 19x hurdle by EUR0.451182; at flat current P/E, required EPS CAGR is 17.6767% versus modeled 9.6424%
6E Price does not price perfection	2	2	Supported	Normalized current P/E is 14.1226x and does not itself price a premium outcome
6F Cash returns help	2	2	Supported	Cumulative Base dividends are EUR15.910781659554283 per share

Audited category totals are Incremental Returns 10/25, Reinvestment Runway 16/20, Moat 12/15, Accounting and Financial Quality 9/10, Capital Allocation 7/10, and Price/20% Underwriting 7/20.

3. Unsupported Claims

- The evidence does not support 1B at 4/8. The available proxy is useful context but is not a credible rubric-grade ROIIC calculation.
- The evidence does not support 1C at 3/3. A rising reported ROIC series cannot establish an ROIIC trend.
- The evidence does not support 2B at 5/5. EUR1.353bn of FY2021-FY2025 acquisition spending is material, while acquisition-inclusive ROIIC and a complete reinvestment rate remain absent.
- The scorer's `no_hard_vetoes=true` assertion is unsupported. A 20% Base return is not achieved even with the exit P/E expanding from 14.1225510942304x to 19x.

4. Calculation Errors

Preflight, normalization, and method controls

Reported current P/E reproduces as `68.66 / 5.869421851 = 11.6979153558052x`. Normalized current P/E reproduces as `68.66 / 4.861727852 = 14.1225510942304x`. The reported denominator contains EUR227m of positive non-benchmark operating items and is disclosure-only. The normalized current and terminal statutory diluted EPS denominators share currency, listed unit, parent perimeter, and zero recurring non-benchmark gain, so normalized comparability passes.

Normalized continuing TTM NOPAT is `(EUR1,715m - EUR152m) x (1 - 24%) = EUR1,187.88m`. Issuer-adjusted NOPAT is `EUR1,715m x 76.4% = EUR1,310.26m`. TTM adjusted FCF of EUR1,376m is 115.83661649324846% and 105.01732480576373% of those denominators. Secondary EV/NOPAT is about 16.607x and does not control the P/E valuation.

Repaired share, EPS, and distribution replay

Starting shares are 225.3m. Each annual ending share count independently replays as prior shares plus `EUR26m / EUR68.66` SBC shares minus scenario repurchase cash divided by that year's repaired geometric-midpoint price. Maximum annual replay differences are below `9e-14` shares before the final JSON rounding. Terminal shares reproduce at 205.226572809582m Bear, 201.679656434426m Base, and 193.447426212985m Bull versus JSON values rounded to 205.226572811m, 201.679656435m, and 193.447426213m.

Annual dividends reproduce as `EUR569m x (1 + scenario revenue CAGR)^year / exact annual diluted shares`. Cumulative distributions reproduce exactly at EUR14.106292073404916 Bear, EUR15.910781659554283 Base, and EUR17.544853696278135 Bull.

Scenario	Probability	Terminal EPS	Exit P/E	Terminal shares	Equity value/share	Distributions/share	Terminal wealth/share	Gross local IRR
Bear	25%	4.850881521	14.0x	205.226572811m	67.912341294	14.106292073404916	82.018633674040492	3.619560499097463%
Base	55%	7.703411045	19.0x	201.679656435m	146.364809855	15.910781659554283	162.27559151455543	18.770854316388808%

Scenario	Probability	Terminal EPS	Exit P/E	Terminal shares	Equity value/share	Distributions/share	Terminal wealth/share	Gross local IRR
Bull	20%	10.044434982	23.0x	193.447426213m	231.022004586	17.544853696278135	248.56685828227813	29.344475722121954%

Every equity value per share equals terminal statutory diluted EPS times locked exit P/E. Equity values reproduce at EUR13,937.417055338574m, EUR29,518.8045657305m, and EUR44,690.61218572959m.

Expected terminal wealth is `25% x 82.01863336740492 + 55% x 162.2755915145543 + 20% x 248.56685828227813 = EUR159.46960533131173`. Its five-year CAGR from EUR68.66 is 18.3572386018106%. The arithmetic probability-weighted average of scenario IRRs would be 17.0977551432126%, which was correctly not used.

Reverse-return audit

Required terminal wealth for 20% is EUR170.84805119999996. At locked 19x, required Base terminal EPS is EUR8.154593133707667 versus modeled EUR7.703411045, a EUR0.451182088707667 shortfall. Modeled Base EPS CAGR from normalized current EPS is 9.64238790978726%.

At flat normalized current P/E, required Base EPS is EUR10.9709123023632 and required EPS CAGR is 17.6766834209367%. Flat-multiple Base IRR is 12.67675737035392%. The 19x Base case remains 122.914568361119 basis points below 20%, and probability-weighted gross return is 164.27613981894 basis points below 20%.

Same-method net-SGD replay

Net terminal wealth is `(terminal equity value/share x 99.75% + dividends/share x 85%) x terminal FX factor`. Entry wealth is `EUR68.66 x 100.25% = EUR68.83165`.

Scenario	FX factor	Net terminal wealth	Net-SGD IRR
Bear	0.90x	71.75961783284326	0.8366449521234998%
Base	0.95x	151.5469091289345	17.098620966658884%
Bull	1.00x	245.35757521637143	28.94433244395198%
Probability-weighted	Wealth-weighted	150.36221952239907	16.91496647956776%

The net-SGD overlay preserves P/E, terminal EPS, exit P/E, share paths, and distributions. Probability-weighted net return is the CAGR of probability-weighted net terminal wealth, not an average of scenario IRRs.

Double-count controls

- **Pass:** P/E incorporates financing and capital structure through statutory EPS; no terminal net cash/debt adjustment is appended.
- **Pass:** Repurchases reduce shares once and are not added as distributions.
- **Pass:** The repaired price-sensitive execution path removes the prior fixed-EUR68.66 over-retirement defect.
- **Pass:** SBC expense and dilution are distinct effects; the issuance proxy is applied once per year.
- **Pass:** Dividends are added once to terminal wealth and use exact repaired annual shares.
- **Pass:** NCI is zero on the reviewed perimeter; no outside claim is counted.
- **Pass:** The EUR227m current non-benchmark gain is excluded from normalized current EPS and zero in terminal EPS.

Exit-multiple economic coherence

Bear 14x is near normalized current P/E. Base 19x is slightly below WKL's 19.49x pre-event historical low and RELX's approximately 20.06x reference. Bull 23x is below WKL's 25.39x pre-event median and between peer anchors. The locked multiples were independently selected before scoring; no replacement is made here.

Both directional challenges pass. The optimism challenge now uses price-sensitive buybacks and still finds Base below 20%; the 34.54% re-rating remains the decisive valuation weakness. The bearishness challenge passes because Bear retains a profitable going concern, positive EPS, dividends, and a non-zero multiple.

`exit_multiple_independently_justified=true` is appropriate, while 6B receives zero because independent evidence does not make expansion conservative.

5. Missing Data

- Decision-grade 3-year and 5-year ROIIC with consistent NOPAT and reinvestment denominators.
- Acquisition-inclusive ROIIC including acquisitions, disposals, working capital, and capitalized development.
- A reconciled reinvestment rate and maintenance-versus-growth capex split.
- Group ARR, NRR, gross retention, billings, cohort economics, CAC/payback, and quantified AI uplift.
- Owner-specific tax, broker, account, and portfolio context. These gaps do not null finite returns but preclude sizing or execution conclusions.

6. Hard-Veto and Threshold Test Audit

Hard veto 8 is revised from Watch to **Fail**: Base does not reach 20% despite a 19x exit versus 14.1225510942304x normalized current P/E. Hard vetoes 5, 7, 9, and 12 remain Watch.

Threshold	Audited result	Pass?
Total score at least 80	61	No
Business Quality at least 65/80	54	No
Valuation score at least 15/20	7	No
ROIIC plus runway at least 35/45	26	No
Base gross IRR at least 20%	18.770854316388808%	No
Bear gross IRR at least 8%-10%	3.619560499097463%	No
No hard vetoes	Hard veto 8 fails	No
No multiple expansion required	19x versus 14.122551094x	No

7. Final 20% Hurdle Pass/Fail

Fail. Base gross EUR IRR is 18.770854316388808%, probability-weighted gross is 18.3572386018106%, Base net-SGD is 17.098620966658884%, and probability-weighted net-SGD is 16.91496647956776%. None clears 20%; Base also requires major P/E expansion.

8. Dream Business / Dream Investment Classification

Neither under the strict rubric. Wolters Kluwer is a high-quality recurring-workflow business, but a dream business is not established without credible ROIIC and acquisition-return evidence. It is not a dream investment at EUR68.66 because even the 19x Base case falls below 20% and Bear protection is weak.

The single biggest reason it does not qualify is that Base reaches only 18.77% despite moving from 14.122551094x normalized current P/E to 19x.

9. Stage 7 Scorecard Notes

- `Compounder Score note: 61/100; credible recurring economics are outweighed by unproven ROIIC and an expansion-dependent return case below 20%.`
- `Business Quality Score note: 54/80; moat and cash conversion are credible, but decision-grade incremental and acquisition returns remain missing.`
- `20% Return UW Score note: 7/20; repaired Base is 18.77%, probability-weighted gross is 18.36%, and Bear is 3.62% despite major P/E expansion.`

10. Auditor JSON

The machine-readable audit is in `compounder_score_audit.json`. Trade, owner action, portfolio mutation, sizing, ranking, messaging, and publication authority are all false.

Appendix RT - Red Team

Wolters Kluwer — Red Team Re-review

Ticker: WKL.AS **Analysis date:** 28 September 2026 **Primary valuation method:** P/E **Red-team conclusion: The prior material return-model defect is fully incorporated; the security still fails the 20% underwriting case. RETURN_MODEL_OBJECTION_STATUS: MATERIAL_RESOLVED**

Control validation and repair verdict

The mandatory validator passes the resealed `valuation_preflight.json` with evidence-file checking. Its SHA-256 is exactly `f7d683353b28a153ff5564bd932a3623d03ae1d30035a83f7ad2cfaa8c6d2798`, status is `CLEARED`, all five foundations pass, and blockers are empty. Repaired S, VP, CS, and CSA all preserve the P/E method, normalized current EPS of EUR4.861727852, normalized current P/E of 14.1225510942304x, and independently locked Bear/Base/Bull exit multiples of 14x/19x/23x.

The former fixed-EUR68.66 repurchase defect is no longer present. S now solves each scenario's repurchase execution prices, terminal diluted shares, EPS, and terminal P/E value as one price-sensitive fixed point. Terminal shares are **205.226572811m Bear, 201.679656435m Base, and 193.447426213m Bull**; terminal EPS is **EUR4.850881521/EUR7.703411045/EUR10.044434982**. Every annual share step equals prior shares plus the exact SBC proxy minus repurchase cash divided by that year's converged geometric-midpoint execution price. VP locks those repaired paths, CS uses them, and CSA independently replays them.

I independently recomputed every repaired return from terminal wealth. Gross EUR Bear/Base/Bull/probability-weighted IRRs reproduce at **3.6195604991%/18.7708543164%/29.3444757221%/18.3572386018%** with zero replay difference at stored precision. The same-method net-SGD formula also reproduces **0.8366449521%/17.0986209667%/28.9443324440%/16.9149664796%**. Against the superseded fixed-price outputs, the repair changes gross returns by **+0.0110/-1.2605/-3.4536/-1.7058 percentage points** and net-SGD by **+0.0108/-1.2516/-3.4598/-1.7342 points**. The Bull impact exceeds the two-point materiality threshold and is now fully reflected rather than left as a sensitivity.

The audited diagnostic remains **Compounder Score 61/100**, **Business Quality Score 54/80**, **20% Return Underwriting/Stretch Score 7/20**, classification **Reject**. This re-review does not edit those audited fields.

1. The most fragile operating assumption

The weakest operating premise remains **Health Base revenue CAGR of 4.621%**, carrying Health from EUR1.582bn to EUR1.983bn while preserving a 33.5% terminal Adjusted operating profit margin. The product premise is that UpToDate Enterprise Expert AI supports renewal and realized price without losing the clinical interface to credible grounded alternatives. Management disclosed broad sign-up but not active usage, incremental ARR, realized renewal uplift, or churn by cohort. An included feature can be defensive parity rather than monetizable differentiation, especially while group product development rises to 12%-13% of revenue.

The repaired synthesis quantifies the risk without re-opening the share convention. Cutting Health CAGR by 200 basis points reduces repaired Base EPS from EUR7.7034 to EUR7.4731, a EUR0.2303 or 3.0% decline. With the converged share schedule held fixed to isolate the operating shock, the hit is meaningful but does not expose a new bridge defect. The first evidence against the premise would be enterprise renewal below 90%, repeated named hospital switches, or AI-inclusive renewal price failing to cover higher development, validation, and inference expense.

2. The most-likely-to-be-optimistic Stage 5 number

The Stage 5 number most likely to be revised down is now **Base terminal diluted shares of 201.679656m**, not because the execution price is still wrong, but because Base assumes EUR500m of annual repurchases for five years. The repaired price path is internally coherent: average execution prices rise from EUR74.06 in Year 1 to EUR135.69 in Year 5, and shares retired fall from 6.75m to 3.68m. The remaining uncertainty is the cash program itself. EUR500m is aligned with the current 2026 authorization, but it is not a five-year commitment; leverage, acquisitions, distributable reserves, and a progressive dividend compete for the same cash.

This critique is not a new material objection. Re-running the same fixed-point method with EUR300m rather than EUR500m annual Base repurchases gives terminal shares of about 211.56m and gross Base IRR of **17.6762%**, versus the audited 18.7709%—a **1.0946-point** decline. That is economically relevant and should remain visible, but it is below the contract's two-point threshold and does not change the already-Reject classification.

3. Strongest bear case, in its strongest form

Wolters Kluwer risks funding the transition from content owner to component supplier while mistaking feature adoption for pricing power. In Health and Legal, grounded AI peers and AI-native workspaces can own the professional interface; in Tax, broader accountant platforms can own the customer data graph; and in CP&ESG, ERP and specialist suites can bundle adjacent workflow. Over two to three years, product development remains at 12%-13% of revenue, but realized AI price and paid usage remain opaque, so mature-segment margins weaken before recurring revenue visibly breaks. The validating pattern is enterprise renewal below 90%, Health organic growth below 3%, Legal digital/software growth below 5%, and mature-division margin compression exceeding 300 basis points for two consecutive reporting periods.

That mechanism attacks both numerator and multiple. It converts the spending step-up into maintenance rather than growth and prevents a rerating from 14.1226x normalized current P/E to 19x. The audited flat-multiple Base IRR is only **12.6768%** after the share repair. This is no longer a superficially 20% model with a hidden denominator flaw; it is transparently an 18.77% gross Base case and 17.10% net-SGD Base case that still assumes substantial multiple expansion.

4. Cross-examination of management commentary

Three H1 2026 statements in `data_package.md` Section 6 remain load-bearing.

First, management said **"more than 90% ... signed up"** for Expert AI. That proves distribution, not activation, revenue, retention, or clinical dependence. Because the feature is bundled into Enterprise Edition, the first adverse evidence would be no realized price uplift and no acceleration in Health recurring growth after renewal cohorts absorb it.

Second, management said AI **"monetization is effectively through supporting renewals and price increases."** The mechanism is plausible, but no price or churn response is disclosed. Competitors can force AI into the base subscription, turning the feature into a higher-cost renewal defense. The contradiction would be Health margin declining while renewal remains superficially high and organic growth stays near or below 3%.

Third, the CFO said the company would return **"nearly 100% of our free cash flow"** through dividends and buybacks. The repaired model now respects the economic consequence that rising prices retire fewer shares. What remains unproven is the five-year mix between dividends, buybacks, acquisitions, and debt reduction. A lower buyback budget would weaken per-share accretion, although the EUR300m Base sensitivity does not meet material-objection status.

5. Stage 5 tie-out reverification

The recency anchor remains valid. FY2025 less H1 2025 plus H1 2026 reproduces TTM revenue of EUR6.106bn, statutory operating income of EUR1.790bn, net income of EUR1.335bn, and weighted-average shares of 227.45m. The prospective path begins from 225.3m quote-basis diluted shares. There is no stale-quarter or listed-unit error.

The fixed-point schedule also ties. Bear converges to EUR67.912341 terminal price and 205.226573m shares; Base to EUR146.364810 and 201.679656m; Bull to EUR231.022005 and 193.447426m. The identities `exit P/E × net income / shares = terminal price` hold, while repurchases reduce cash-funded shares once and are not added again as distributions. Dividends use exact annual repaired shares and enter terminal wealth once. P/E incorporates financing and capital structure through statutory EPS, so no terminal net cash, debt, leases, NCI, or non-operating asset is appended.

The latest operating trend still counsels against acceleration. Group organic growth was 5% in H1 2026 versus 6% in FY2025; Tax & Accounting was 6% versus the 7% ambition; FCC was 4%; and CP&ESG's 7% concealed Enablon at 2% with paused implementations. CP&ESG's Base margin rises from 9.53% to 13.0% without a utilization series, Legal's AI workspace lacks ARR and retention disclosure, and Health lacks a realized AI price bridge. These are valid forecast risks, not arithmetic failures.

6. Score-derived 20% return claim most likely to be wrong

The audited score already rejects the 20% claim, and the repair strengthens that conclusion. Base gross IRR is now **18.7709%**, 122.91 basis points below 20%, despite a 34.5366% P/E expansion from 14.122551094x to 19x. Modeled Base terminal EPS of EUR7.703411 is EUR0.451182 below the EUR8.154593 required for 20% at 19x. With no expansion,

required terminal EPS is EUR10.970912, requiring a 17.6767% EPS CAGR versus the modeled 9.6424%.

The score-derived claim that fails first is therefore the same economic combination—rerating, operating delivery, and continuing capital return—but the repaired report no longer misstates its outcome. Probability-weighted gross EUR is 18.3572% and probability-weighted net-SGD is 16.9150%. For a robust 20% case, entry price must fall materially or operating and paid-AI evidence must improve; no remaining calculation artifact supplies the missing return.

7. Two-sided valuation challenge after repair

Strongest reason the model is still too optimistic

The 19x Base exit is the most generous judgment. WKL starts at 14.1226x normalized earnings, has YELLOW management and moat gates, lacks decision-grade ROIIC, and faces interface risk. Re-solving the repaired fixed point at 17x—not merely changing the final multiplication—produces about 200.46m terminal shares and **16.5585%** gross Base IRR, **2.2124 points** below audit. At the flat normalized current P/E, the audited model produces **12.6768%**.

This is a material sensitivity, not a material correction. VP independently anchors 19x slightly below WKL's 19.49x pre-event historical low and RELX's roughly 20.06x reference, selected before return scoring. CSA already gives no conservative-multiple credit, fails the no-expansion condition, and classifies the security Reject. A different supportable valuation judgment does not by itself make the selected evidence-bound multiple invalid; there is no denominator, method, or sequencing defect to route upstream.

Strongest reason the model may be too bearish

The dividend path is not punitive: Bear aggregate dividend cash grows with 1.822% revenue and delivers EUR14.1063 cumulative dividends per share. The bearish challenge is the 14x exit, below WKL's cited 19.49x pre-event historical low despite positive EUR4.8509 EPS and an 85%-recurring franchise. Re-solving the fixed point at 16x gives **5.8363%** Bear gross IRR, **2.2167 points** above audit; 17x gives **6.8775%**.

Again, this is a sensitivity rather than a correction. Fourteen times is near the comparable 14.1226x normalized current P/E and is explicitly justified by 1.8% Bear revenue CAGR, 21.75% statutory margin, AI/interface downside, and YELLOW gates. Bear keeps positive EPS, positive dividends, and non-zero going-concern value. It is harsh but not mechanically self-invalidating, and even 17x remains below the required 8%-10% downside return range.

Objection classification

The prior objection was material because the fixed-price convention moved Bull by more than two points and corrupted the share denominator. The resealed chain incorporates that correction through S, VP, CS, and CSA, and the repaired gross and net-SGD returns replay exactly. The remaining multiple cases move returns by more than two points but are symmetric, explicitly disclosed valuation sensitivities around independently justified anchors—not newly discovered bridge defects. The EUR300m Base buyback-cash challenge moves return by only 1.09 points. No new supported correction changes method, denominator integrity, terminal equity, or the already-Reject classification.

8. P&C insurer return-bridge cross-examination

Not applicable. Wolters Kluwer is a professional-information and workflow-software issuer, not a P&C insurer or reinsurer. `insurer_return_bridge.json` is neither present nor required; no managed-versus-retained insurance economics, NCI fee bridge, common-book roll-forward, P/B-ROE identity, or negative-EPS-to-zero-equity shortcut enters the P/E model.

9. The signal that forces an exit

The forcing signal is **enterprise subscription renewal below 90% or Health and Tax & Accounting recurring organic growth below 3% for two consecutive reported periods while product development remains at or above 12% of revenue**. This is observable at the next two half-year/full-year reports. It would show that higher AI and cloud spending is defensive maintenance rather than monetizable innovation in the two profit engines that protect the group. A single weak period can be timing; two periods with the spending floor intact invalidate the renewal, pricing, and margin mechanism behind Base.

A valuation monitor remains necessary: average repurchase execution prices and annual repurchase cash should be compared with the sealed price-sensitive path. Deviations update shares prospectively; they do not reopen the resolved defect unless the canonical model reverts to an immutable entry price.

10. Conviction at the end of red team

The business thesis survives conditionally; the 20% investment thesis does not. Wolters Kluwer remains a high-quality recurring workflow business with real switching costs, strong cash conversion, and a credible dividend. The repaired model now expresses the economic cost of rising repurchase prices correctly. It still produces only 18.77% gross Base, 18.36% probability-weighted gross, 17.10% Base net-SGD, and 16.91% probability-weighted net-SGD while relying on a 19x exit.

No further upstream repair is required from this re-review. Preserve the repaired VP hash and price-sensitive fixed-point convention through publication; retain the 19x/17x and 14x/16x cases as non-controlling valuation sensitivities, not replacement audited fields.

RETURN_MODEL_OBJECTION_STATUS: MATERIAL_RESOLVED

Appendix D - Data Package (Raw Historicals)

Wolters Kluwer (WKL.AS) — Production ER2 Data Package

Run ID: `pulse-cio-20260928T020214+0800` Information cutoff: 2026-09-28 02:02:14 SGT Reporting currency and scale: EUR millions unless stated otherwise Latest complete period: H1 2026 ended 2026-06-30 Forecast base: FY 2025 minus H1 2025 plus H1 2026, giving TTM ended 2026-06-30 Forward horizon: 2031-06-30, exactly 5.0 calendar years after the TTM end Trade execution authorized: false

This package uses live FMP stable endpoints and live official Wolters Kluwer investor materials fetched during this run. No local data-warehouse or prior-report evidence was read. Official IFRS and divisional disclosures control when FMP differs. The two live FMP product-segmentation calls returned empty arrays; official divisional and revenue-type tables therefore replace, rather than supplement with invented rows, the absent provider data.

0a. Industry classification and disclosure inventory

Wolters Kluwer is a foreign local-exchange issuer, reporting under IFRS, and a professional-information / workflow-software company with a December 31 fiscal year. The controlling source set is the 2025 Annual Report, the FY2021-FY2025 official results releases, the H1 2026 results release, the 2025 and 2026 investor presentations, and date-matched live FMP statements and transcripts. The five official revenue-only divisions are **Health; Tax & Accounting; Financial & Corporate Compliance; Legal & Regulatory; Corporate Performance & ESG**. FMP annual and quarterly product endpoints were live-fetched and both returned `[]`. Section 0a and the software/ad-hoc KPI inventory are therefore mandatory.

Official materials were searched for: `segment`, `divisional summary`, `revenue by type`, `adjusted operating profit`, `organic growth`, `recurring`, `cloud software`, `expert solutions`, `renewal`, `pricing`, `price increase`, `customer`, `Enterprise Edition`, `CCH Axcess`, `ARR`, `NRR`, `RPO`, `billings`, `deferred revenue`, `backlog`, `contract duration`, `churn`, `seat`, `SBC`, `dilution`, `product development`, and `capital expenditure`. The company publishes revenue-type, recurring mix, cloud-growth, product-investment, renewal, total remaining-performance-obligation, deferred-income and selected adoption metrics. It does not publish group ARR, net revenue retention, gross retention, current RPO/cRPO, billings, CAC payback, magic number, or cohort ARR.

Source inventory

Source ID	Live source fetched this run	Covered period / use	Run-scoped raw evidence
D-FMP-IS	FMP `/stable/income-statement?symbol=WKL.AS&period=annual`	FY2018-FY2025 consolidated history and FY2025 self-check	`raw/pulse-cio-20260928T020214+0800/d/fmp_income_annual_WKL_AS.json`
D-FMP-CF	FMP `/stable/cash-flow-statement?symbol=WKL.AS&period=annual`	Cash flow, capex, buybacks, dividends	`raw/pulse-cio-20260928T020214+0800/d/fmp_cashflow_annual_WKL_AS.json`
D-FMP-BS	FMP `/stable/balance-sheet-statement?symbol=WKL.AS&period=annual`	Five-year balance-sheet history	`raw/pulse-cio-20260928T020214+0800/d/fmp_balance_annual_WKL_AS.json`
D-FMP-KM	FMP `/stable/key-metrics?symbol=WKL.AS&period=annual`	Provider ROIC and invested-capital cross-check	`raw/pulse-cio-20260928T020214+0800/d/fmp_key_metrics_annual_WKL_AS.json`
D-FMP-PROD	FMP annual and quarterly revenue-product-segmentation	Both empty; official replacement required	`raw/pulse-cio-20260928T020214+0800/d/fmp_product_annual_WKL_AS.json`; `fmp_product_quarter_WKL_AS.json`
D-FMP-TX26	FMP live earnings-call transcript	H1 2026 call dated 2026-08-05; date match	`raw/pulse-cio-20260928T020214+0800/d/fmp_transcript_2026_q2_WKL_AS.json`
D-FMP-TX25	FMP live earnings-call transcript	FY2025 call dated 2026-02-25; date match	`raw/pulse-cio-20260928T020214+0800/d/fmp_transcript_2025_q4_WKL_AS.json`
D-AR25	[2025 Annual Report](https://assets.contenthub.wolterskluwer.com/api/public/content/3210406-wolters-kluwer-2025-annual-report-pdf-8bb01b4e47?v=ddef685b)	Audited FY2025 accounts, segment note, capital	`raw/pulse-cio-20260928T020214+0800/d/official_2025_annual_report.pdf`

Source ID	Live source fetched this run	Covered period / use	Run-scoped raw evidence
D-FY21-25	[Official results index](https://www.wolterskluwer.com/en/investors/financials/results) and linked releases	FY2021-FY2025 history and taxonomy	`raw/pulse-cio-20260928T020214+0800/d/official_2021_full_year_results.pdf` through `official_2025_full_year_results.pdf`
D-HY26	[2026 Half-Year Results](https://assets.contenthub.wolterskluwer.com/api/public/content/3775537-2026-08-05-wolters-kluwer-2026-half-year-results-7d85c04c6c?v=15135ed1)	Latest complete financial period, guidance, divisional KPI	`raw/pulse-cio-20260928T020214+0800/d/official_2026_half_year_results.pdf`
D-Q126	[2026 Q1 Trading Update](https://assets.contenthub.wolterskluwer.com/api/public/content/3316098-2026-05-06-wolters-kluwer-first-quarter-2026-trading-update-a6a04158be?v=9092ad42)	Latest quarterly organic trend and AI adoption	`raw/pulse-cio-20260928T020214+0800/d/official_2026_q1_update.pdf`
D-Q325	[2025 Nine-Month Trading Update](https://assets.contenthub.wolterskluwer.com/api/public/content/3027635-wolters-kluwer-2025-nine-month-trading-update-828d0c7655?v=9d2a32f2)	Nine-month trend and early AI adoption	`raw/pulse-cio-20260928T020214+0800/d/official_2025_q3_update.pdf`
D-AI25	[December 2025 AI Teach-In](https://assets.contenthub.wolterskluwer.com/api/public/content/3060139-wolters-kluwer-artificial-intelligence-teach-in-ed993f4be7?v=f79f45bf)	Product/customer KPIs and AI operating model	`raw/pulse-cio-20260928T020214+0800/d/official_2025_ai_teach_in.pdf`

Completeness matrix

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	If excluded, why	Downstream relevance
Segment revenue and adjusted operating profit	FY2021-FY2025 releases; H1 2026 release; 2024 pro-forma transfer	Divisional Summary; Adjusted operating profit	FY2021-FY2025 revenue; FY2022-FY2025 comparable profit; H1 2026	Yes	FY2021 profit not restated to five-division basis	Segment models and statutory bridge
Revenue by type	FY2021-FY2025 and H1 2026 releases	Revenues by Type; Divisional Revenues by Type	FY2021-FY2025; H1 2026	Yes	None	Recurring quality and product mix
Software operating KPIs	Results, AI Teach-In, UpToDate presentation; annual-report contract notes	Cloud software; expert solutions; product development; renewal; pricing; RPO; deferred income; adoption	FY2021-FY2025; H1 2026 where disclosed	Yes	ARR/NRR/cRPO/billings are true non-disclosures	Growth durability, moat and reinvestment
Product/customer adoption	AI Teach-In; Q3 2025, Q1 2026 and H1 2026 materials	Enterprise; firms; sites; users; renewals; AI adoption	Point-in-time 2025-H1 2026	Yes	No five-year customer-count series disclosed	AI monetization and retention evidence
Geography	Annual/full-year results	North America; Europe; APAC and Rest of World	FY2021-FY2025; H1 2026	Yes, summarized	Detailed divisional geography dollars not consistently disclosed	FX and concentration
Capital allocation and balance sheet	Annual reports; FY releases; H1 2026	capex; buyback; dividend; acquisitions; debt	FY2021-FY2025; H1 2026	Yes	None material	ROIC, leverage and valuation
Remaining performance obligations and deferred income	FY2021-FY2025 annual-report contract notes	Remaining performance obligations; deferred income; contract liabilities	FY2021-FY2025	Yes	H1 2026 and current-RPO split not disclosed	Contracted revenue visibility and duration
ARR / NRR / current RPO / billings / CAC	All sources above and annual-report search	ARR; NRR; retention; cRPO; billings; CAC; deferred revenue	No group series	No	True non-disclosure after official search	Limits SaaS cohort analysis

Software and ad-hoc KPI historical series

KPI family	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026 / latest	Source
Total recurring revenue share	80%	80%	82%	82%	83%	85%	Official Revenues by Type tables
Expert solutions share of revenue	55%	56%	58%	59%	59%	not separately stated	Official strategic reviews
Software share of revenue	42%	44%	not separately stated	45%	46% at 9M 2025	not separately stated	FY2021/FY2022 releases; FY2024 release; AI Teach-In

KPI family	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026 / latest	Source
Cloud software organic growth	17%	17%	15%	16%	15%	14%	Official results releases
Cloud software share of total revenue	not separately stated	not separately stated	16%	19%	21%	24% recurring cloud software	Official results highlights
Product development spend / revenue	10%	11%	11%	11%	11%	11% in H1; FY2026 guide 12%-13%	Official financial reviews
Group organic revenue growth	6%	6%	6%	6%	6%	5%	Official results releases
ROIC	13.7%	15.5%	16.8%	18.1%	18.0%	18.2% rolling	Official benchmark reconciliations
Renewal rates for largest subscription-based solutions/services	Above 90%	Above 90%	Above 90%	Above 90%	Above 90%	Solid/group renewals going well; no aggregate rate	Official annual reports; H1 2026 release/transcript
Remaining performance obligations, EURm	3,727	4,055	4,402	5,154 restated	4,776	not disclosed at H1	Official annual-report contract notes; FY2024 comparative restated in FY2025
RPO included in deferred income before netting, EURm	1,822	1,970	2,287	2,512	2,345	not disclosed at H1	Official annual-report contract notes

Point-in-time KPI inventory: the December 2025 AI Teach-In disclosed more than 10,000 CCH Axcess U.S. firms, 1.4 million-plus CCH Axcess users, renewal above 95%, and more than 3 million UpToDate users with more than 50 million monthly queries and renewal above 90%. By H1 2026, over 90% of U.S. UpToDate Enterprise Edition customers, representing about 2,500 hospitals, had signed up for Expert AI; more than 230 international sites were activated in 36 countries. Approximately 250 accounting firms subscribed to one or more new CCH Axcess agentic modules. These are adoption snapshots, not ARR or cohort metrics, and are not extended backward. On pricing, the H1 2026 CEO stated that UpToDate Expert AI monetization supports renewals and price increases and that add-on capabilities are priced on renewal; no quantified group price-uplift rate was disclosed.

1. Reporting structure and taxonomy

Current division	Description	FY2025 revenue	Share of group
Health	Clinical decision support, drug data, patient engagement, medical research and nursing education	1,596	26.1%
Tax & Accounting	Cloud and on-premise tax, accounting, audit and practice workflow for professional firms	1,660	27.1%
Financial & Corporate Compliance	Corporate legal services, banking compliance, lending and transaction-linked services	1,239	20.2%
Legal & Regulatory	Legal information, research, AI workspace, legal practice and enterprise legal-management software	1,005	16.4%
Corporate Performance & ESG	CCH Tagetik, Enablon, TeamMate, StandardFusion and related corporate performance, EHS/ESG, audit and risk software	625	10.2%
Total	Five official revenue-only divisions	6,125	100.0%

The reporting structure is not stable across the full history. In March 2023, the company formed Corporate Performance & ESG by moving CCH Tagetik and TeamMate from Tax & Accounting, Enablon from Legal & Regulatory, and Finance, Risk & Regulatory Reporting (FRR) from the former Governance, Risk & Compliance division. The FY2022 release provided pro-forma FY2021-FY2022 revenue on that five-division basis. Effective 2025, FRR moved from Corporate Performance & ESG into Financial & Corporate Compliance; the FY2024 release restated FY2023-FY2024 revenue and adjusted operating profit on the new basis. FRR was then divested on 2025-12-01. Therefore FY2021-FY2022 five-division revenue is on the pre-2025 FRR basis, while FY2023-FY2025 is on the 2025 basis. No silent splice is made.

Geographically, more than 60% of revenue and adjusted operating profit is generated in North America. H1 2026 revenue was 64% North America, 29% Europe and 7% Asia Pacific / Rest of World. The economic exposure is consequently more U.S.-dollar sensitive than the EUR reporting currency suggests; management's H1 rule of thumb is that each one-cent move in average EUR/USD has an opposite effect of roughly EUR0.045 on diluted adjusted EPS.

2. Consolidated historicals

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue	4,771	5,453	5,584	5,916	6,125	Live FMP; official releases tie exactly
Statutory operating profit	1,012	1,333	1,323	1,441	1,735	Official IFRS statements; controls FMP discrepancies
Statutory operating margin	21.2%	24.4%	23.7%	24.4%	28.3%	Calculated
Net income	728	1,027	1,007	1,079	1,308	Official IFRS / live FMP
Diluted EPS, EUR	2.78	4.01	4.09	4.52	5.64	Official IFRS; FY2024 FMP rounds to 4.53
Diluted weighted-average shares, million	261.8	255.8	246.0	238.4	231.8	Official EPS notes / live FMP
Net capital expenditure	240	295	323	313	303	Official cash-flow reconciliations / live FMP
Adjusted free cash flow	1,010	1,220	1,164	1,276	1,348	Official benchmark reconciliations
ROIC	13.7%	15.5%	16.8%	18.1%	18.0%	Official benchmark reconciliations

FMP's live annual income statement reports FY2025 operating income of EUR1,545 million versus official statutory operating profit of EUR1,735 million, a EUR190 million gap. Similar provider classification gaps exist in prior years. The official IFRS line controls; the discrepancy remains visible and is not patched by changing the provider payload.

ROIC is the issuer benchmark: net operating profit after allocated tax divided by average invested capital. FY2025 was EUR1,289 million / EUR7,183 million = 18.0%; FY2024 was EUR1,230 million / EUR6,788 million = 18.1%; FY2023 was EUR1,138 million / EUR6,780 million = 16.8%; FY2022 was EUR1,102 million / EUR7,120 million = 15.5%. This issuer method is used instead of the provider's different invested-capital denominator. The FY2025 allocated-tax rate on adjusted operating profit was 23.6% (398 / 1,687).

3. Segment historicals

The exact common profit metric is **Adjusted operating profit**. It is management's segment metric and is not relabeled statutory operating income. FY2021 adjusted operating profit was not restated to the five-division basis; n/d below is a true non-disclosure rather than an estimate.

Health

Health	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue	1,234	1,448	1,508	1,584	1,596	Official FY releases
YoY reported	—	17.3%	4.1%	5.0%	0.8%	Calculated; currency affected
Adjusted operating profit	n/d on current basis	434	454	480	512	Official pro-forma / current tables
Adjusted margin	n/d	30.0%	30.1%	30.3%	32.1%	Calculated / official

Tax & Accounting

Tax & Accounting	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue	1,208	1,394	1,466	1,561	1,660	Official pro-forma/current releases
YoY reported	—	15.4%	5.2%	6.5%	6.3%	Calculated; currency affected

Tax & Accounting	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Adjusted operating profit	n/d on current basis	455	479	519	584	Official pro-forma/current tables
Adjusted margin	n/d	32.6%	32.7%	33.2%	35.2%	Calculated / official

Financial & Corporate Compliance

Financial & Corporate Compliance	FY2021*	FY2022*	FY2023**	FY2024**	FY2025	Source
Revenue	893	1,056	1,172	1,228	1,239	Official pro-forma tables
YoY reported	—	18.3%	taxonomy break	4.8%	0.9%	Calculated with boundary
Adjusted operating profit	n/d on current basis	387*	403**	433**	437	Official pro-forma/current tables
Adjusted margin	n/d	36.6%*	34.4%**	35.3%**	35.2%	Calculated / official

* 2023 formation basis; ** 2025 FRR-transfer basis. FY2022-to-FY2023 is not directly comparable because FRR moved into FCC effective 2025 and only FY2023-FY2024 were restated for that transfer.

Legal & Regulatory

Legal & Regulatory	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Revenue	894	916	875	946	1,005	Official pro-forma/current releases
YoY reported	—	2.5%	-4.5%	8.1%	6.2%	Calculated; includes disposals/acquisitions
Adjusted operating profit	n/d on current basis	133	138	176	183	Official pro-forma/current tables
Adjusted margin	n/d	14.5%	15.8%	18.6%	18.2%	Calculated / official

Corporate Performance & ESG

Corporate Performance & ESG	FY2021*	FY2022*	FY2023**	FY2024**	FY2025	Source
Revenue	542	639	563	597	625	Official pro-forma tables
YoY reported	—	17.9%	taxonomy break	6.0%	4.7%	Calculated with boundary
Adjusted operating profit	n/d on current basis	79*	68**	61**	48	Official pro-forma/current tables
Adjusted margin	n/d	12.4%*	12.0%**	10.2%**	7.7%	Calculated / official

* 2023 formation basis including FRR; ** 2025 basis excluding FRR. FY2025 official table rounds margin to 7.5%; 48 / 625 equals 7.68%, indicating internal unrounded inputs. Preserve 7.5% when quoting management and 7.68% only as the visible rounded-value calculation.

3.1 Exact TTM divisional revenue bridge — mandatory B anchors

The forecast-base revenue for every B appendix is the exact reported-perimeter construction **FY2025 minus H1 2025 plus H1 2026**, ending 2026-06-30. H1 2025 comparatives below are taken from the official H1 2026 divisional summary and tie to the separately archived official H1 2025 release. Both periods use the same five named divisions. The construction deliberately follows the actual ownership perimeter through the FRR transition: FY2025 and H1 2025 include FRR within Financial & Corporate Compliance after the January 2025 internal transfer; FRR was divested on 2025-12-01, so H1 2026 excludes it. Subtracting H1 2025 and adding H1 2026 therefore yields actual TTM reported revenue, while issuer organic growth separately removes the disposal effect. No pro-forma FRR revenue is inserted into H1 2026 and no elimination or balancing plug is used.

Division	FY2025 revenue	Less H1 2025 revenue	Plus H1 2026 revenue	TTM ended 2026-06-30	Arithmetic
Health	1,596	(788)	774	1,582	1,596 - 788 + 774 = 1,582
Tax & Accounting	1,660	(837)	847	1,670	1,660 - 837 + 847 = 1,670

Division	FY2025 revenue	Less H1 2025 revenue	Plus H1 2026 revenue	TTM ended 2026-06-30	Arithmetic
Financial & Corporate Compliance	1,239	(635)	569	1,173	1,239 - 635 + 569 = 1,173
Legal & Regulatory	1,005	(487)	523	1,041	1,005 - 487 + 523 = 1,041
Corporate Performance & ESG	625	(305)	320	640	625 - 305 + 320 = 640
Five-division / group total	6,125	(3,052)	3,033	6,106	6,125 - 3,052 + 3,033 = 6,106

The five TTM division anchors sum exactly to group TTM revenue of EUR6,106 million: 1,582 + 1,670 + 1,173 + 1,041 + 640 = 6,106. There are no intersegment-revenue eliminations, corporate-revenue lines, or unexplained perimeter residuals. The corresponding TTM Adjusted operating profit anchors in the sealed statutory bridge are Health 516, Tax & Accounting 584, Financial & Corporate Compliance 450, Legal & Regulatory 189, and Corporate Performance & ESG 61; their EUR1,800 million sum is before Corporate expense of EUR85 million and is not a revenue reconciliation item.

Bound source	Exact period evidence	Run-scoped path	SHA-256
2025 Annual Report / FY2025 official divisional table	FY2025 division revenue: 1,596; 1,660; 1,239; 1,005; 625	`raw/pulse-cio-20260928T020214+0800/d/official_2025_annual_report.pdf`	`666e7e92efcdd331625f45fdc6da33023a4c2a6814e469de278b473a8e73e2a5`
2025 Half-Year Results	Independent H1 2025 divisional archive and taxonomy check	`raw/pulse-cio-20260928T020214+0800/d/official_2025_half_year_results.pdf`	`85209d254d9af06499700332d54c1ed1a46a76fe4e900e26fe32538fd83b0d6c`
2026 Half-Year Results, divisional summary	H1 2026 division revenue plus H1 2025 comparatives: 774/788; 847/837; 569/635; 523/487; 320/305	`raw/pulse-cio-20260928T020214+0800/d/official_2026_half_year_results.pdf`	`fe7f9582acbb47b0d9318deb3c0d3356ab0bf7455abe63ce36cd735b59a0ec7b`

`TTM_DIVISION_REVENUE_STATUS: VERIFIED — 5/5 DIVISIONS AND GROUP TOTAL RECONCILED`

3a. Historical statutory-profit bridge and forecast-driver ledger

The sealed bridge uses `segment_profit_basis: issuer_disclosed`, with five modeled divisions and the exact common segment profit metric **Adjusted operating profit**. The sealed file hash is `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289`. It was independently validated before this package was written. Every value below is copied from the sealed packet; signs, labels and classifications are unchanged.

FY2025 bridge

Bridge line	Classification	Value	Source ID	Running subtotal
Health	segment profit	512	wk_annual_2025	512
Tax & Accounting	segment profit	584	wk_annual_2025	1,096
Financial & Corporate Compliance	segment profit	437	wk_annual_2025	1,533
Legal & Regulatory	segment profit	183	wk_annual_2025	1,716
Corporate Performance & ESG	segment profit	48	wk_annual_2025	1,764
Sum of reportable segment profit	segment profit subtotal	1,764	wk_annual_2025	1,764
Corporate	corporate_unallocated	-77	wk_annual_2025	1,687
Consolidated segment profit metric	subtotal	1,687	wk_annual_2025	1,687
Amortization and impairment of acquired identifiable intangible assets and goodwill	operating	-157	wk_annual_2025	1,530
Non-benchmark items in operating profit	operating	205	wk_annual_2025	1,735
Statutory operating income	statutory subtotal	1,735	wk_annual_2025	1,735
Total financing results	interest	-88	wk_annual_2025	1,647

Bridge line	Classification	Value	Source ID	Running subtotal
Share of profit of equity-accounted associates, net of tax	other_non_operating	2	wk_annual_2025	1,649
Pretax income	statutory subtotal	1,649	wk_annual_2025	1,649
Income tax expense	tax	-341	wk_annual_2025	1,308
Net income	statutory subtotal	1,308	wk_annual_2025	1,308

The positive EUR205 million non-benchmark operating item includes the 2025 divestment economics and is not a recurring margin contribution. It must remain an operating-classified historical bridge line because that is how the issuer reconciles adjusted to statutory operating profit; downstream forecasting should scenario-test its cessation rather than move it below the line.

TTM ended 2026-06-30 bridge

Bridge line	Classification	Value	Source ID	Running subtotal
Health	segment profit	516	qf_ttm_arithmetic	516
Tax & Accounting	segment profit	584	qf_ttm_arithmetic	1,100
Financial & Corporate Compliance	segment profit	450	qf_ttm_arithmetic	1,550
Legal & Regulatory	segment profit	189	qf_ttm_arithmetic	1,739
Corporate Performance & ESG	segment profit	61	qf_ttm_arithmetic	1,800
Sum of reportable segment profit	segment profit subtotal	1,800	qf_ttm_arithmetic	1,800
Corporate	corporate_unallocated	-85	qf_ttm_arithmetic	1,715
Consolidated segment profit metric	subtotal	1,715	qf_ttm_arithmetic	1,715
Amortization and impairment of acquired identifiable intangible assets and goodwill	operating	-152	qf_ttm_arithmetic	1,563
Non-benchmark items in operating profit	operating	227	qf_ttm_arithmetic	1,790
Statutory operating income	statutory subtotal	1,790	qf_ttm_arithmetic	1,790
Total financing results	interest	-108	qf_ttm_arithmetic	1,682
Share of profit of equity-accounted associates, net of tax	other_non_operating	0	qf_ttm_arithmetic	1,682
Pretax income	statutory subtotal	1,682	qf_ttm_arithmetic	1,682
Income tax expense	tax	-347	qf_ttm_arithmetic	1,335
Net income	statutory subtotal	1,335	qf_ttm_arithmetic	1,335

All five residuals in each sealed period are zero. The common reporting currency is EUR and scale is millions. No analyst-created plug exists.

Forecast-driver schedule

Historical bridge line	FY2025	TTM	Forecast treatment	Driver and source	Bear / base / bull rule
Corporate	-77	-85	Independently forecast operating expense	Corporate cost trend and scale; official segment tables	Bear: cost grows faster than revenue; base: roughly revenue-linked; bull: modest operating leverage
Amortization and impairment of acquired identifiable intangible assets and goodwill	-157	-152	Acquisition-intangible roll-forward	Existing amortization schedule plus scenario M&A	Bear includes higher M&A amortization/impairment; base rolls existing assets plus selective M&A; bull assumes no impairment and normal run-off

Historical bridge line	FY2025	TTM	Forecast treatment	Driver and source	Bear / base / bull rule
Non-benchmark items in operating profit	205	227	Identified-item schedule, not a margin percentage	FY2025 divestment and transaction detail in official reconciliations	Bear/base/bull exclude divestment gains unless a specific transaction is modeled; retain restructuring/acquisition costs where supported
Total financing results	-88	-108	Interest-rate and debt schedule	H1 2026 gross debt EUR5,548 million; 2026 guide about EUR105 million adjusted financing cost	Bear higher debt/coupon; base tracks disclosed debt and guide; bull debt reduction from FCF
Share of profit of equity-accounted associates, net of tax	2	0	Fixed zero absent new evidence	Immaterial and zero TTM	Zero in all cases unless a named associate contribution is sourced
Income tax expense	-341	-347	Tax-rate schedule	2026 benchmark tax guide 23.5%-24.5%; statutory effective rate separately checked	Bear 24.5% or higher if statutory risk; base near midpoint; bull 23.5% only with jurisdictional support

STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING

4. Product and sub-segment historicals

Dollar-disclosed revenue types

These are the most granular group product categories separately disclosed in euros across the five-year period. They are not standalone product brands and often span several divisions.

Revenue type	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026	Source
Digital and service subscription	3,397	3,950	4,134	4,458	4,700	2,387	Official Revenues by Type
Print subscription	157	157	136	125	117	53	Official Revenues by Type
Other recurring	256	281	273	285	293	153	Official Revenues by Type
Total recurring	3,810	4,388	4,543	4,868	5,110	2,593	Official Revenues by Type
Transactional	375	433	411	436	447	222	Official LS/FS or FCC/L&R rows; summed
Print books	146	129	120	120	115	38	Official Revenues by Type
Other non-recurring	440	503	510	492	453	180	Official Revenues by Type
Total revenue	4,771	5,453	5,584	5,916	6,125	3,033	Official tie

Every period ties exactly to consolidated revenue. FY2025 digital and service subscription of EUR4,700 million is 76.7% of group revenue; total recurring revenue is 83.4%. H1 2026 total recurring is 85.5%, reflecting the continuing mix shift. Transactional revenue combines the issuer's separate Financial & Corporate Compliance and Legal & Regulatory transactional lines only; it does not include software implementation or licenses.

Brand and sub-business disclosure method

Division	Product / sub-business	What it is	Dollar disclosure?	Available evidence
Health	Clinical Solutions / UpToDate	Clinical decision support, drug data and patient tools	No standalone product dollars	57% of FY2025 Health revenue; 59% H1 2026; organic growth and adoption only
Health	Learning, Research & Practice	Medical research, journals, nursing education and practice	No standalone dollars	Residual divisional mix; organic growth and print commentary
Tax & Accounting	CCH Axcess and professional software	Tax, audit, document, workflow and practice cloud platform	No product dollars	Regional mix, cloud growth, firm/user counts and adoption only
Financial & Corporate Compliance	Legal Services	Registered-agent, business-license and corporate compliance services	No standalone dollars	Divisional share and organic/transaction trend only

Division	Product / sub-business	What it is	Dollar disclosure?	Available evidence
Financial & Corporate Compliance	Financial Services	Banking compliance, lending and lien solutions	No standalone dollars	Divisional share and organic/transaction trend only
Legal & Regulatory	Information Solutions / Libra	Legal research and AI workspace	No product dollars	Organic growth, countries launched and adoption commentary only
Legal & Regulatory	Software / ELM / Brightflag	Legal spend, matter and practice management	No product dollars	Organic growth and acquisition commentary only
Corporate Performance & ESG	CCH Tagetik	Corporate performance management and tax	No product dollars	Sub-business share, cloud growth and customer additions only
Corporate Performance & ESG	Enablon	EHS, ESG and operational-risk platform	No product dollars	Sub-business share and cloud/services growth only
Corporate Performance & ESG	TeamMate / StandardFusion	Internal audit, risk and control management	No product dollars	Qualitative/high-single-digit growth only

No product-brand dollar amounts are back-solved. The official FY2024/H1 2026 releases provide sub-business shares and growth rates, which remain labeled as such. This avoids presenting UpToDate, CCH Axcess, Libra, Enablon or Tagetik revenue estimates as issuer disclosures.

Latest disclosed sub-business growth and adoption

Division / product	9M 2025	Q1 2026	H1 2026	Source
Health / Clinical Solutions	7% organic	6% organic	5% organic	Official updates/results
Health / UpToDate Expert AI	Over 50 enterprise customers signed shortly after launch	Over half of U.S. Enterprise customers signed; about 2,000 hospitals	Over 90%; about 2,500 U.S. hospitals; 230+ international sites	Official updates/results
Tax & Accounting / cloud	Double-digit in North America and Europe	Recurring 7%; Europe cloud double-digit	North America cloud 18%; Europe cloud 16%	Official updates/results and transcript
CCH Axcess agentic modules	Product launches in October	150+ firms using initial modules	About 250 subscribing firms; up to 70% efficiency reported for K-1 Scan	Official updates/transcript
FCC / Legal Services	6% organic	6% organic	5% organic	Official updates/transcript
FCC / Financial Services	1% organic	4% organic	3% organic	Official updates/transcript
Legal & Regulatory / Software	4% organic	6% organic	7% organic	Official updates/transcript
Corporate Performance & ESG / cloud	17% organic	Double-digit cloud, no precise group rate	14% organic cloud	Official updates/results
CCH Tagetik	9% organic; cloud 18%	7% organic	12% organic; recurring cloud 19%	Official updates/results
Enablon / EHS & ESG	10% organic	-1% organic	2% organic; cloud 10%	Official updates/results

5. Most recent quarterly trend

Wolters Kluwer's fiscal year ends December 31. The most recently completed full financial period at the information cutoff is H1 2026, covering 2026-01-01 through 2026-06-30, reported on 2026-08-05 via the official H1 results release. Q1 and Q3 are KPI-only trading updates, not complete financial statements.

Because the issuer reports complete statements semiannually, absolute quarterly revenue and margins are not fabricated for Q1/Q3. The table uses the exact reported period and organic growth.

Division	9M 2025 organic growth	FY2025 organic growth	Q1 2026 organic growth	H1 2026 revenue	H1 2026 organic growth	H1 adjusted margin	Source
Health	5%	5%	5%	774	5%	34.1%	2025 Q3; FY2025; Q1/H1 2026
Tax & Accounting	7%	7%	4%	847	6%	36.3%	Same
Financial & Corporate Compliance	4%	3%	5%	569	4%	39.3%	Same; H1 includes FRR disposal effect
Legal & Regulatory	6%	5%	5%	523	5%	19.9%	Same

Division	9M 2025 organic growth	FY2025 organic growth	Q1 2026 organic growth	H1 2026 revenue	H1 2026 organic growth	H1 adjusted margin	Source
Corporate Performance & ESG	8%	7%	5%	320	7%	9.7%	Same
Group	6%	6%	5%	3,033	5%	29.4%	Same

The H1 margin is seasonal and benefited from the FRR disposal in FCC and product-spend timing. Management expects product development spending to be second-half weighted, so a 29.4% H1 adjusted margin should not be annualized; full-year guidance remains approximately 28.0%.

6. Management commentary on forward growth — verbatim quotes

The live FMP transcript for the H1 2026 call is dated 2026-08-05, matching the official call date. The live FY2025 transcript is dated 2026-02-25, also matching. Wolters Kluwer did not hold earnings calls for the Q1 and Q3 KPI-only updates; the live FMP 2025 Q3 transcript call returned an empty array and is archived. Therefore the last four reporting events comprise two date-matched calls and two official trading-update releases, supplemented by the December 2025 AI Teach-In. Quotes below are verbatim and kept short; interpretations are modeling notes, not quotations.

Group and capital framework

Date / speaker	Verbatim quote	Topic	Modeling interpretation
2026-08-05, Stacey Caywood, CEO	“Organic growth was 5%. Excluding print, organic growth was 6% and subscription renewals are going well across the group.”	Recency and renewal	The recurring engine remains healthy, while print is a measurable drag.
2026-08-05, Stacey Caywood	“The adjusted operating profit margin increased by 100 basis points, putting us in a good position to step up investment in product development in the coming months.”	Margin / reinvestment	H1 margin contains timing; investment is intended to rise in H2.
2026-08-05, Stacey Caywood	“We announced our intention to increase product development spend to between 12% and 13% of revenues this year and beyond.”	Product investment	The 11% historical rate is no longer the forward base.
2026-08-05, Kevin Entricken, CFO	“Our guidance for the full year margin remains around 28%.”	Margin guidance	Use around 28%, not 29.4% H1, for near-term group modeling.
2026-08-05, Kevin Entricken	“This year, we will be returning nearly 100% of our free cash flow and our profit in the form of dividends and share buybacks.”	Capital return	Buybacks and dividends remain material; distributable-reserve limits also matter.

Health

Date / speaker	Verbatim quote	Topic	Modeling interpretation
2026-08-05, Stacey Caywood	“Health delivered 5% organic growth, an improvement on the first half of last year.”	Division growth	H1 is consistent with full-year guidance near FY2025's 5%.
2026-08-05, Stacey Caywood	“Over 90% of our U.S. Enterprise Edition customers have signed up to adopt UpToDate Enterprise Expert AI.”	AI adoption	Rapid installed-base penetration supports retention but is not separate ARR.
2026-08-05, Stacey Caywood	“Expert AI has been rolled out as a part of our Enterprise Edition subscriptions.”	Monetization	Initial monetization flows through renewals and pricing, not an immediate standalone revenue line.
2026-08-05, Stacey Caywood	“So monetization is effectively through supporting renewals and price increases.”	Pricing	Expert AI monetization is embedded in renewal economics; management did not quantify the uplift.
2026-08-05, Stacey Caywood	“These are subscriptions, so that has a gradual impact as customers take in those additional capabilities.”	Revenue cadence	Do not assume a step-function uplift in 2026.
2026-08-05, Stacey Caywood	“The individual segment of the market has always been more competitive, and that does remain the case as we now have many general LLMs offering free medical chatbots.”	Competitive risk	UpToDate Pro, less than 20% of core UpToDate according to the same answer, faces more substitution risk than enterprise.

Date / speaker	Verbatim quote	Topic	Modeling interpretation
2026-08-05, Executive Board outlook	“We expect full-year 2026 organic growth to be in line with prior year (FY 2025: 5%).”	Formal guidance	Base case should not exceed mid-single digits without independent support.

Tax & Accounting

Date / speaker	Verbatim quote	Topic	Modeling interpretation
2026-08-05, Stacey Caywood	“Tax & Accounting grew 6% organically, in line with the first half of last year.”	Division growth	Full-year acceleration is required to reach the stated 7% comparison.
2026-08-05, Stacey Caywood	“Growth was led by an 18% increase in cloud software revenues as customers continue to migrate to the CCH Axcess cloud-native platform.”	Cloud migration	Cloud conversion is the primary mix and retention driver.
2026-08-05, Stacey Caywood	“We already have around 250 accounting firms who are subscribing to one or more of our new agentic AI modules.”	AI adoption	Adoption is tangible but small relative to the disclosed 10,000-plus CCH Axcess firm base.
2026-08-05, Stacey Caywood	“Users are reporting up to 70% efficiencies when they use the new K1 Scan tool.”	Customer ROI	Useful value evidence; “up to” is not an average outcome.
2026-08-05, Stacey Caywood	“We have made it to the halfway mark in terms of migrating from ProSystem to our cloud solution.”	Migration runway	Significant on-premise migration remains, supporting a multi-year cloud tailwind.
2026-08-05, Executive Board outlook	“We expect full-year 2026 organic growth to be in line with prior year (FY 2025: 7%), with revenue momentum picking up in the second half.”	Formal guidance	Base case requires H2 improvement from H1's 6%.

Financial & Corporate Compliance

Date / speaker	Verbatim quote	Topic	Modeling interpretation
2026-08-05, Stacey Caywood	“Financial & Corporate Compliance delivered 4% organic growth, in line with the comparable period a year ago.”	Division growth	H1 is ahead of FY2025's 3% but remains below higher-growth divisions.
2026-08-05, Stacey Caywood	“Legal Services delivered 5% organic growth driven by subscription renewals, upselling of services such as business licenses and strong growth at RASi.”	Legal Services	Recurring service growth offsets subdued transactional volumes.
2026-08-05, Stacey Caywood	“Financial Services grew 3% organically, supported by a 6% increase in recurring revenues, while lending-related transactional revenues remained subdued.”	Financial Services	Recurring growth is better than the headline; transaction recovery is not assumed.
2026-08-05, Kevin Entricken	“This is the hardest one, the transaction revenue.”	Forecast risk	Transaction volumes deserve wide scenario bands.
2026-08-05, Kevin Entricken	“We do still expect that the mortgage market, mortgage origination, and refinances will still be under some pressure.”	End-market	Avoid a near-term mortgage rebound in base forecasts.
2026-08-05, Executive Board outlook	“We expect full-year 2026 organic growth to be ahead of prior year (FY 2025: 3%), with some transactional variability possible given macroeconomic uncertainty.”	Formal guidance	“Ahead” is directional, not a point estimate.

Legal & Regulatory

Date / speaker	Verbatim quote	Topic	Modeling interpretation
2026-08-05, Stacey Caywood	“In Legal & Regulatory, we delivered 5% organic growth or 8% if you exclude print.”	Division growth	Print continues to mask digital/software growth.

Date / speaker	Verbatim quote	Topic	Modeling interpretation
2026-08-05, Stacey Caywood	“We have infused the Libra AI Assistant directly with our legal content across 10 European countries and are seeing rapid rates of adoption among law firms.”	Libra rollout	Integration speed is strong, but no revenue or ARR figure is disclosed.
2026-08-05, Stacey Caywood	“Feedback from law firms has been very positive, and we're finding that in addition to monetizing the AI workspace, we are able to upsell content to Libra subscribers.”	Monetization	Libra may support both new workspace revenue and content expansion.
2026-08-05, Stacey Caywood	“Brightflag, in particular, is growing quite well, in fact, slightly ahead of our expectations.”	Acquisition	Growth is qualitative; do not invent a pro-forma rate.
2026-08-05, Stacey Caywood	“Our Libra acquisition is, in fact, just what you talked about, the AI workspace that is deeply integrated with our proprietary legal content.”	Competitive position	The differentiation claim is content-plus-workflow integration, not model ownership.
2026-08-05, Executive Board outlook	“We expect full-year 2026 organic growth to be ahead of prior year (FY 2025: 5%), with trend picking up in the second half.”	Formal guidance	H2 acquisition inclusion and easier comparisons are part of the path.

Corporate Performance & ESG

Date / speaker	Verbatim quote	Topic	Modeling interpretation
2026-08-05, Stacey Caywood	“The Corporate Performance & ESG division delivered 7% organic growth.”	Division growth	H1 matches FY2025 despite weak non-recurring revenue.
2026-08-05, Stacey Caywood	“CCH Tagetik delivered 12% organic growth, lifted by strong 19% growth in recurring cloud revenues.”	Tagetik	The cloud engine is strong while licenses/services decline.
2026-08-05, Stacey Caywood	“We did have some implementations that were paused because of the current situation in that region.”	Enablon / Middle East	Geopolitical exposure affects implementation timing and sales cycles.
2026-08-05, Kevin Entricken	“We do expect that as we get through and navigate through this, we will see those not only software sales, but service contracts pick up.”	Recovery expectation	Treat as management expectation, not a confirmed backlog conversion.
2026-08-05, Stacey Caywood	“We are seeing slightly slower sales cycles in that region.”	Sales-cycle risk	Base and bear cases should include delayed Enablon new business.
2026-08-05, Executive Board outlook	“We now expect full-year 2026 organic growth to be in line with prior year (FY 2025: 7%), given the impact of geopolitical and macroeconomic uncertainty on sales cycles.”	Formal guidance revision	H1 update reduced the earlier “ahead” framing to “in line.”

The most load-bearing quote check used the H1 2026 live FMP transcript dated 2026-08-05. The sentence on more than 90% UpToDate Enterprise adoption appears both in that transcript and the official H1 release. This passes the required date and dual-source check.

7. Capital allocation history

Product development is the issuer's R&D-equivalent and includes both operating expense and capitalized spending. The approximate euro amounts below multiply revenue by the disclosed percentage and are explicitly estimated, not issuer-reported absolute R&D.

Year	Net capex	Capex / revenue	Product development %	Approx. product development*	Buybacks	Dividends paid	Acquisition spend	Source
FY2021	240	5.0%	10%	~477	410	373	113	Official releases; live FMP cash flow
FY2022	295	5.4%	11%	~600	1,000	424	95	Official releases; live FMP cash flow
FY2023	323	5.8%	11%	~614	1,000	467	52	Official releases; live FMP cash flow

Year	Net capex	Capex / revenue	Product development %	Approx. product development*	Buybacks	Dividends paid	Acquisition spend	Source
FY2024	313	5.3%	11%	~651	1,000	521	335	Official releases; live FMP cash flow
FY2025	303	4.9%	11%	~674	1,096	563	871	Official releases; live FMP cash flow

`* Estimated = revenue multiplied by the disclosed product-development percentage; includes both expense and capitalized development.`

Buybacks exceeded free cash flow less dividends in several years, particularly alongside 2025 acquisitions. Net debt consequently rose from EUR2,612 million at FY2023 to EUR3,134 million at FY2024 and EUR4,024 million at FY2025. Management's leverage policy was updated in H1 2026 to a 1.5x-2.5x net-debt/EBITDA range. H1 2026 was 2.0x. The progressive dividend policy remains intact, but CFO commentary confirms distributable reserves, not only liquidity, constrain repurchases.

8. Balance-sheet snapshot — 2026-06-30

Item	EUR million	Source / note
Cash and cash equivalents	1,494	Official H1 2026 balance sheet
Short-term investments	0 separately reported	Live FMP cross-check; issuer liquidity uses cash less ECP/overdrafts
Gross debt	5,548	Official Note 8; FMP broad debt field is 5,524, a EUR24 million classification gap
Lease liabilities	205	Official current plus non-current lease liabilities
Net debt	4,024	Official net-debt reconciliation
Net cash available	1,211	Issuer definition: cash less EUR275 million commercial paper and EUR8 million overdrafts
Net debt / EBITDA	2.0x	Official rolling ratio
Goodwill	4,933	Live FMP H1 balance sheet; consistent with official perimeter
Other intangible assets	1,818	Live FMP H1 balance sheet
Goodwill + intangibles	6,751	Calculated
Total equity	940	Official / live FMP
Tangible book value	-5,811	Equity less goodwill and other intangibles; calculated
Undrawn revolving credit facility	600	Official H1 2026 financial review; matures 2031

The negative tangible book value reflects years of acquisitions and capital returns. It is not evidence that operating cash generation is impaired, but it reinforces the importance of acquisition returns, impairment risk and distributable-reserve constraints. Balance-sheet figures are not substitutes for the sealed income bridge.

9. Recent corporate actions — last 12 months

- **2025-10:** UpToDate Expert AI and the first CCH Axcess agentic modules were commercially launched. Official Q3 2025 and H1 2026 materials document the adoption ramp.
- **2025-11:** Wolters Kluwer acquired Libra Technology, a German legal-AI start-up. The legal AI workspace was integrated with proprietary content and launched across ten European countries by H1 2026.
- **2025-12-01:** Finance, Risk & Regulatory Reporting was divested from Financial & Corporate Compliance. This lifts reported FCC margin and reduces reported revenue; the organic series excludes the scope change.
- **2026-01-01:** Stacey Caywood succeeded Nancy McKinstry as CEO and Chair of the Executive Board. Kevin Entricken remained CFO.
- **2026-01-09:** Corporate Performance & ESG acquired StandardFusion, a Canadian risk and control-management provider, for integration into TeamMate. H1 acquisition spending was EUR42 million, mainly StandardFusion.

- **2026-02-25:** The company announced a 2026 share-repurchase program of up to EUR500 million and raised planned product development investment to 12%-13% of revenue while guiding to a further margin increase.
- **2026-06-22:** The company issued a EUR500 million seven-year senior unsecured Eurobond at a 3.625% coupon. A EUR500 million bond due September 2026 was redeemed on 2026-07-02.
- **2026-08-04:** Corporate Performance & ESG acquired Marosa for EUR112 million enterprise value. Marosa generated approximately EUR10 million unaudited 2025 gross revenue and extends the indirect-tax platform.
- **2026-09-18:** Wolters Kluwer completed a capital reduction by cancelling treasury shares. The transaction does not change the share class, depositary ratio or split basis; the sealed quote packet retains a 1:1 listed-unit bridge.

10. Open data gaps and evidence qualifications

Classification	Gap	Sources and search terms checked	Consequence
True non-disclosure	Group ARR, net new ARR, NRR/DBNR, gross retention, current RPO/cRPO, billings, CAC/payback, magic number and cohort retention	FY2021-FY2025 Annual Reports and releases; H1 2026; AI Teach-In; searches listed in Section 0a	Use recurring mix, total RPO, cloud growth, renewal comments and adoption as proxies; do not fabricate SaaS cohort economics
True non-disclosure	Standalone revenue dollars for UpToDate, CCH Axcess, Libra, Brightflag, CCH Tagetik, Enablon, TeamMate and StandardFusion	Divisional reviews and presentations; product names plus revenue/ARR searches	Section 4 reports only shares/growth/adoption; no back-solved product dollars
True non-disclosure	FY2021 adjusted operating profit restated to the five-division basis	FY2021 release, FY2022 Appendix 4, FY2023 release and 2024 pro-forma transfer supplement; searches `adjusted operating profit` and `pro forma`	Segment profit history begins FY2022; FY2021 is `n/d`, not estimated
Taxonomy boundary	FY2021-FY2022 five-division history includes FRR in Corporate Performance & ESG, while FY2023 onward is shown on the 2025 FRR-in-FCC basis	FY2022 Appendix 4 and FY2024 Appendix 4	Do not compute a spurious FY2022-FY2023 growth rate for FCC or CP&ESG
True non-disclosure	Q1 and Q3 absolute revenue and margin by division	Official trading updates and live FMP quarter endpoint	Section 5 uses organic growth only for those periods; H1/FY provide complete statements
Estimated	Product development euro spend in Section 7	Official disclosed percentage multiplied by official revenue	Clearly labeled approximate; not used as an audited R&D line
Provider discrepancy	FMP operating income and debt classifications differ from official IFRS values	Live FMP annual/quarterly statements versus official releases/annual report	Official values control and discrepancies stay visible
Not applicable	P&C ownership-perimeter schedules	Business is professional information/software, not an insurer/reinsurer	No P&C Section 0b required

No gap exists in the segment-profit-to-statutory bridge. The sealed packet is complete, unchanged and zero-residual. The software KPI omissions above limit cohort-style SaaS underwriting but do not block forecasting because the issuer provides five-division revenue, Adjusted operating profit, recurring mix, cloud-growth and product-investment data.

Source and self-verification record

- **Largest segment latest-period trend:** Tax & Accounting is the largest FY2025 division. The live official H1 2026 release reports EUR847 million revenue, 6% organic growth, EUR308 million Adjusted operating profit and 36.3% margin. The source is D-HY26, fetched and archived this run.
- **Load-bearing management quote:** the live FMP H1 transcript is dated 2026-08-05 and contains Stacey Caywood's statement that over 90% of U.S. Enterprise Edition customers had signed up for UpToDate Enterprise Expert AI. The official H1 release independently repeats the metric. Date and text match.
- **Most recent full-year revenue:** the live FMP annual income statement returns FY2025 revenue of EUR6,125 million. The official FY2025 release and Annual Report report the same amount; difference is 0.0%.
- **Statutory bridge:** `validate_statutory_bridge.py` returns `STATUTORY_BRIDGE_VALID`, and the exact file SHA-256 equals `0d5b059e29c4ffbcd4dbcb83bce3d8b9b716aeb2f7298155ae97f794c6da7289`.

This completes the current-run data package. All downstream models must start from TTM ended 2026-06-30 and forecast to 2031-06-30, preserve **Adjusted operating profit** as the segment metric, and maintain the operating/below-line classifications in Section 3a.