



WTW Reports Third Quarter 2023 Earnings

October 26, 2023

- Revenue¹ increased 11% for the quarter to \$2.2 billion, with organic growth of 9%
- Diluted Earnings per Share were \$1.29 for the quarter, down 25% from prior year
- Adjusted Diluted Earnings per Share were \$2.24 for the quarter, up 2% from prior year
- Operating Margin was 7.3% for the quarter, down 60 basis points from prior year
- Adjusted Operating Margin was 16.2% for the quarter, up 170 basis points from prior year

LONDON, Oct. 26, 2023 (GLOBE NEWSWIRE) -- WTW (NASDAQ: WTW) (the "Company"), a leading global advisory, broking and solutions company, today announced financial results for the third quarter ended September 30, 2023.

"Our strong revenue growth in the third quarter reflects the value of our global model and the increasing impact of our ongoing investments in talent and technology," said Carl Hess, WTW's chief executive officer. "We continued to execute against our strategy and posted solid margins through growth, simplification, and transformation, as well as greater cost discipline. Looking ahead, the continued strong demand for our differentiated services, the traction of our transformation program and expense control initiatives and the resilience of our business give us confidence in our ability to deliver on our commitments for the year and to drive profitable growth."

Consolidated Results

As reported, USD millions, except %

Key Metrics	Q3-23	Q3-22	Y/Y Change
Revenue ¹	\$2,166	\$1,953	Reported 11% CC 9% Organic 9%
Income from Operations	\$159	\$154	3%
Operating Margin %	7.3%	7.9%	(60) bps
Adjusted Operating Income	\$351	\$284	24%
Adjusted Operating Margin %	16.2%	14.5%	170 bps
Net Income	\$139	\$192	(28)%
Adjusted Net Income	\$236	\$243	(3)%
Diluted EPS	\$1.29	\$1.72	(25)%
Adjusted Diluted EPS	\$2.24	\$2.20	2%

¹ The revenue amounts included in this release are presented on a U.S. GAAP basis except where stated otherwise. This excludes reinsurance revenue which is reported in discontinued operations. The segment discussion is on an organic basis.

Revenue was \$2.17 billion for the third quarter of 2023, an increase of 11% as compared to \$1.95 billion for the same period in the prior year. Excluding the impact of foreign currency, revenue increased 9%. On an organic basis, revenue increased 9%. See Supplemental Segment Information on page 8 for additional detail on book-of-business settlements and interest income included in revenue.

Net Income for the third quarter of 2023 was \$139 million, a decrease of 28% compared to Net Income of \$192 million in the prior-year third quarter. Adjusted EBITDA for the third quarter was \$436 million, or 20.1% of revenue, an increase of 7%, compared to Adjusted EBITDA of \$408 million, or 20.9% of revenue, in the prior-year third quarter. The U.S. GAAP tax rate for the third quarter was 15.5%, and the adjusted income tax rate for the third quarter used in calculating adjusted diluted earnings per share was 24.3%.

Cash Flow and Capital Allocation

Cash flows from operating activities were \$823 million for the nine months ended September 30, 2023, compared to \$437 million for the prior year. Free cash flow for the nine months ended September 30, 2023 and 2022 was \$707 million and \$337 million, respectively, an improvement of \$370 million. During the quarter ended September 30, 2023, the Company repurchased \$350 million of WTW shares.

Quarterly Business Highlights

- Realized \$23 million of incremental annualized Transformation program savings, bringing the total to \$300 million in cumulative savings since the program's inception. Refer to the Supplemental Slides for additional detail.
- Repurchased 1,681,385 of our shares for \$350 million.
- Announced the launch of Verita, a new managing general underwriter focused on select industry verticals, including real estate, hospitality and leisure, financial institutions and professional services, to further advance our specialization strategy in Risk & Broking.

Third Quarter 2023 Segment Highlights

Health, Wealth & Career

As reported, USD millions, except %

Health, Wealth & Career	Q3-23	Q3-22	Y/Y Change
Total Revenue	\$1,282	\$1,162	Reported 10% CC 8% Organic 9%
Operating Income	\$305	\$236	29%
Operating Margin %	23.8%	20.3%	350 bps

The HWC segment had revenue of \$1.28 billion in the third quarter, an increase of 10% (8% increase constant currency and 9% organic) from \$1.16 billion in the prior year. Organic growth was led by Benefits Delivery & Outsourcing, driven by new clients and increased compliance and other project activity in Outsourcing and growth from higher volumes and placements of Life and Medicare Advantage in Individual Marketplace. Our Wealth businesses generated organic revenue growth from higher levels of Retirement work in North America and Europe, along with new client acquisitions and higher fees in Investments. Organic revenue growth in Health was driven by the continued expansion of our Global Benefits Management client portfolio, new local clients, expanding consulting work for existing clients and increased brokerage income. Career had organic revenue growth from increased compensation survey sales, executive compensation and other reward-based advisory services, including pay transparency work and change communication services.

Operating margins in the HWC segment increased 350 basis points from the prior-year third quarter to 23.8%, primarily from Transformation savings and higher operating leverage, with revenue outpacing expense growth, and some timing between quarters.

Risk & Broking

As reported, USD millions, except %

Risk & Broking	Q3-23	Q3-22	Y/Y Change
Total Revenue	\$855	\$765	Reported 12% CC 10% Organic 10%
Operating Income	\$134	\$105	28%
Operating Margin %	15.7%	13.7%	200 bps

The R&B segment had revenue of \$855 million in the third quarter, an increase of 12% (10% increase constant currency and organic) from \$765 million in the prior year. Corporate Risk & Broking generated solid organic revenue growth driven by strong new business, improved client retention and rate increases. Insurance Consulting and Technology had organic revenue growth from software sales and increased project revenue.

Operating margins in the R&B segment increased 200 basis points from the prior-year third quarter to 15.7%, due to Transformation savings, expense management and higher operating leverage driven by strong organic revenue growth and investments in talent who are continuing to ramp up in their revenue production.

Outlook

Based on current and anticipated market conditions, the Company's full-year targets for 2023 are as follows:

- Expect to deliver mid-single digit organic revenue growth
- Expect to deliver adjusted operating margin expansion for the full year 2023
- Expect to deliver approximately \$160 million of incremental run-rate savings from the Transformation program in 2023
- Expect approximately \$112 million in non-cash pension income for the full year 2023
- Expect a foreign currency headwind on adjusted earnings per share of approximately \$0.07 for the full year 2023 at today's rates, up from \$0.05 previously
- Expect approximately 12% free cash flow margin for the full year 2023. See Supplemental Materials for further information on near-term and long-term free cash flow guidance.

Outlook includes Non-GAAP financial measures. We do not reconcile forward-looking Non-GAAP measures for reasons explained below.

Conference Call

The Company will host a live webcast and conference call to discuss the financial results for the third quarter 2023. It will be held on Thursday, October 26, 2023, beginning at 9:00 a.m. Eastern Time. A live broadcast of the conference call will be available on WTW's website [here](#). The conference call will include a question-and-answer session. To participate in the question-and-answer session, please register [here](#). An online replay will be available at www.wtwco.com shortly after the call concludes.

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help organizations sharpen their strategy, enhance organizational resilience, motivate their workforce and maximize performance. Working shoulder to shoulder with our clients, we uncover opportunities for sustainable success—and provide perspective that moves you. Learn more at www.wtwco.com.

WTW Non-GAAP Measures

In order to assist readers of our consolidated financial statements in understanding the core operating results that WTW's management uses to evaluate the business and for financial planning, we present the following non-GAAP measures: (1) Constant Currency Change, (2) Organic Change, (3) Adjusted Operating Income/Margin, (4) Adjusted EBITDA/Margin, (5) Adjusted Net Income, (6) Adjusted Diluted Earnings Per Share, (7) Adjusted Income Before Taxes, (8) Adjusted Income Taxes/Tax Rate, (9) Free Cash Flow and (10) Free Cash Flow Margin.

We believe that those measures are relevant and provide pertinent information widely used by analysts, investors and other interested parties in our industry to provide a baseline for evaluating and comparing our operating performance, and in the case of free cash flow, our liquidity results.

Within the measures referred to as 'adjusted', we adjust for significant items which will not be settled in cash, or which we believe to be items that are not core to our current or future operations. Some of these items may not be applicable for the current quarter, however they may be part of our full-year results. Additionally, we have historically adjusted for certain items which are not described below, but for which we may adjust in a future period when applicable. Items applicable to the quarter or full year results, or the comparable periods, include the following:

- Income and loss from discontinued operations, net of tax – Adjustment to remove the after-tax income or loss from discontinued operations and the after-tax gain attributable to the divestiture of our Willis Re business.
- Restructuring costs and transaction and transformation – Management believes it is appropriate to adjust for restructuring costs and transaction and transformation when they relate to a specific significant program with a defined set of activities and costs that are not expected to continue beyond a defined period of time, or significant acquisition-related transaction expenses. We believe the adjustment is necessary to present how the Company is performing, both now and in the future when the incurrence of these costs will have concluded.
- Impairment – Adjustment to remove the impairment related to the net assets of our Russian business that are held outside of our Russian entities.
- Gains and losses on disposals of operations – Adjustment to remove the gains or losses resulting from disposed operations that have not been classified as discontinued operations.
- Tax effect of the Coronavirus Aid, Relief, and Economic Security ('CARES') Act – Relates to the incremental tax expense or benefit, primarily from the Base Erosion and Anti-Abuse Tax ('BEAT'), generated from electing or changing elections of certain income tax provisions available under the CARES Act.
- Tax effect of internal reorganizations – Relates to the U.S. income tax expense resulting from the completion of internal reorganizations of the ownership of certain businesses that reduced the investments held by our U.S.-controlled subsidiaries.

We evaluate our revenue on an as reported (U.S. GAAP), constant currency and organic basis. We believe presenting constant currency and organic information provides valuable supplemental information regarding our comparable results, consistent with how we evaluate our performance internally.

We consider Constant Currency Change, Organic Change, Adjusted Operating Income/Margin, Adjusted EBITDA/Margin, Adjusted Net Income, Adjusted Diluted Earnings Per Share, Adjusted Income Before Taxes, Adjusted Income Taxes/Tax Rate and Free Cash Flow to be important financial measures, which are used to internally evaluate and assess our core operations and to benchmark our operating and liquidity results against our competitors. These non-GAAP measures are important in illustrating what our comparable operating and liquidity results would have been had we not incurred transaction-related and non-recurring items. Our non-GAAP measures and their accompanying definitions are presented as follows:

Constant Currency Change – Represents the year-over-year change in revenue excluding the impact of foreign currency fluctuations. To calculate this impact, the prior year local currency results are first translated using the current year monthly average exchange rates. The change is calculated by comparing the prior year revenue, translated at the current year monthly average exchange rates, to the current year as reported revenue, for the same period. We believe constant currency measures provide useful information to investors because they provide transparency to performance by excluding the effects that foreign currency exchange rate fluctuations have on period-over-period comparability given volatility in foreign currency exchange

markets.

Organic Change – Excludes the impact of fluctuations in foreign currency exchange rates, as described above and the period-over-period impact of acquisitions and divestitures on current-year revenue. We believe that excluding transaction-related items from our U.S. GAAP financial measures provides useful supplemental information to our investors, and it is important in illustrating what our core operating results would have been had we not included these transaction-related items, since the nature, size and number of these transaction-related items can vary from period to period.

Adjusted Operating Income/Margin – Income from operations adjusted for amortization, restructuring costs, transaction and transformation and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted operating income margin is calculated by dividing adjusted operating income by revenue. We consider adjusted operating income/margin to be important financial measures, which are used internally to evaluate and assess our core operations and to benchmark our operating results against our competitors.

Adjusted EBITDA/Margin – Net Income adjusted for loss/(income) from discontinued operations, net of tax, provision for income taxes, interest expense, depreciation and amortization, restructuring costs, transaction and transformation, gains and losses on disposals of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted EBITDA Margin is calculated by dividing adjusted EBITDA by revenue. We consider adjusted EBITDA/margin to be important financial measures, which are used internally to evaluate and assess our core operations, to benchmark our operating results against our competitors and to evaluate and measure our performance-based compensation plans.

Adjusted Net Income – Net Income Attributable to WTW adjusted for loss/(income) from discontinued operations, net of tax, amortization, restructuring costs, transaction and transformation, gains and losses on disposals of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results and the related tax effect of those adjustments and the tax effects of internal reorganizations. This measure is used solely for the purpose of calculating adjusted diluted earnings per share.

Adjusted Diluted Earnings Per Share – Adjusted Net Income divided by the weighted-average number of ordinary shares, diluted. Adjusted diluted earnings per share is used to internally evaluate and assess our core operations and to benchmark our operating results against our competitors.

Adjusted Income Before Taxes – Income from operations before income taxes adjusted for amortization, restructuring costs, transaction and transformation, gains and losses on disposals of operations and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results. Adjusted income before taxes is used solely for the purpose of calculating the adjusted income tax rate.

Adjusted Income Taxes/Tax Rate – Provision for income taxes adjusted for taxes on certain items of amortization, restructuring costs, transaction and transformation, gains and losses on disposals of operations, the tax effects of internal reorganizations, and non-recurring items that, in management's judgment, significantly affect the period-over-period assessment of operating results, divided by adjusted income before taxes. Adjusted income taxes is used solely for the purpose of calculating the adjusted income tax rate. Management believes that the adjusted income tax rate presents a rate that is more closely aligned to the rate that we would incur if not for the reduction of pre-tax income for the adjusted items and the tax effects of internal reorganizations, which are not core to our current and future operations.

Free Cash Flow – Cash flows from operating activities less cash used to purchase fixed assets and software for internal use. Free Cash Flow is a liquidity measure and is not meant to represent residual cash flow available for discretionary expenditures. Management believes that free cash flow presents the core operating performance and cash-generating capabilities of our business operations.

Free Cash Flow Margin – Free Cash Flow as a percentage of revenue, which represents how much of revenue would be realized on a cash basis. Revenue used in the calculation of Free Cash Flow Margin includes revenue from discontinued operations attributable to the divestiture of our Willis Re business during 2021. We consider this measure to be a meaningful metric for tracking cash conversion on a year-over-year basis due to the non-cash nature of our pension income, which is included in our GAAP and Non-GAAP earnings metrics presented herein.

These non-GAAP measures are not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies. Non-GAAP measures should be considered in addition to, and not as a substitute for, the information contained within our condensed consolidated financial statements.

Reconciliations of these measures are included in the accompanying tables with the following exception:

The Company does not reconcile its forward-looking non-GAAP financial measures to the corresponding U.S. GAAP measures, due to variability and difficulty in making accurate forecasts and projections and/or certain information not being ascertainable or accessible; and because not all of the information, such as foreign currency impacts necessary for a quantitative reconciliation of these forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure, is available to the Company without unreasonable efforts. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The Company provides non-GAAP financial measures that it believes will be achieved, however it

cannot accurately predict all of the components of the adjusted calculations and the U.S. GAAP measures may be materially different than the non-GAAP measures.

WTW Forward-Looking Statements

This document contains 'forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. These forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts, that address activities, events, or developments that we expect or anticipate may occur in the future, including such things as our outlook, the potential impact of natural or man-made disasters like health pandemics and other world health crises on; future capital expenditures; ongoing working capital efforts; future share repurchases; financial results (including our revenue, costs, or margins) and the impact of changes to tax laws on our financial results; existing and evolving business strategies and acquisitions and dispositions, including our completed sale of Willis Re to Arthur J. Gallagher & Co. ('Gallagher') and transitional arrangements related thereto; demand for our services and competitive strengths; strategic goals; the benefits of new initiatives; growth of our business and operations; our ability to successfully manage ongoing leadership, organizational and technology changes, including investments in improving systems and processes; our ability to implement and realize anticipated benefits of any cost-savings initiatives including the multi-year operational Transformation program; and plans and references to future successes, including our future financial and operating results, short-term and long-term financial goals, plans, objectives, expectations and intentions are forward-looking statements including with respect to free cash flow generation, adjusted net revenue, adjusted operating margin, and adjusted earnings per share. Also, when we use words such as 'may', 'will', 'would', 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'plan', 'continues', 'seek', 'target', 'goal', 'focus', 'probably', or similar expressions, we are making forward-looking statements. Such statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. All forward-looking disclosure is speculative by its nature.

There are important risks, uncertainties, events and factors that could cause our actual results or performance to differ materially from those in the forward-looking statements contained in this document, including the following: our ability to successfully establish, execute and achieve our global business strategy as it evolves; our ability to fully realize anticipated benefits of our growth strategy; our ability to achieve our short-term and long-term financial goals, such as with respect to our cash flow generation, and the timing with respect to such achievement; the risks related to changes in general economic (including a possible recession), business and political conditions, including changes in the financial markets, inflation, credit availability, increased interest rates and trade policies; the risks to our short-term and long-term financial goals from any of the risks or uncertainties set forth herein; the risks to our business, financial condition, results of operations, and long-term goals that may be materially adversely affected by any negative impact on the global economy and capital markets resulting from or relating to inflation, the military conflict between Russia and Ukraine, evolving events in Israel and Gaza or any other geopolitical tensions and the withdrawal from our high margin businesses in Russia and our ability to achieve cost-mitigation measures; our ability to successfully hedge against fluctuations in foreign currency rates; the risks relating to the adverse impacts of natural or man-made disasters like health pandemics and other world health crises, such as the COVID-19 pandemic, including supply chain, workforce availability, vaccination rates, and other impacts on the people and businesses in jurisdictions where we do business, on the demand for our products and services, our cash flows and our business operations; material interruptions to or loss of our information processing capabilities, or failure to effectively maintain and upgrade our information technology resources and systems and related risks of cybersecurity breaches or incidents; our ability to comply with complex and evolving regulations related to data privacy, cybersecurity and artificial intelligence; the risks relating to the transitional arrangements in effect subsequent to our now-completed sale of Willis Re to Gallagher; significant competition that we face and the potential for loss of market share and/or profitability; the impact of seasonality and differences in timing of renewals and non-recurring revenue increases from disposals and book-of-business sales; the failure to protect client data or breaches of information systems or insufficient safeguards against cybersecurity breaches or incidents; the risk of increased liability or new legal claims arising from our new and existing products and services, and expectations, intentions and outcomes relating to outstanding litigation; the risk of substantial negative outcomes on existing litigation or investigation matters; changes in the regulatory environment in which we operate, including, among other risks, the impacts of pending competition law and regulatory investigations; various claims, government inquiries or investigations or the potential for regulatory action; our ability to make divestitures or acquisitions, including our ability to integrate or manage such acquired businesses, as well as identify and successfully execute on opportunities for strategic collaboration; our ability to integrate direct-to-consumer sales and marketing solutions with our existing offerings and solutions; our ability to successfully manage ongoing organizational changes, including investments in improving systems and processes; disasters or business continuity problems; the ongoing impact of Brexit on our business and operations, including as a result of updated regulatory guidance, such as that issued by the European Insurance and Occupational Pensions Authority on February 3, 2023, ongoing efforts and resources allocated to the post-Brexit evolution of regulations and laws and the need to relocate talent or roles or both between or within the E.U. and the U.K., or otherwise; our ability to successfully enhance our billing, collection and other working capital efforts, and thereby increase our free cash flow; our ability to properly identify and manage conflicts of interest; reputational damage, including from association with third parties; reliance on third-party service providers and suppliers; risks relating to changes in our management structures and in senior leadership; the loss of key employees or a large number of employees and rehiring rates; our ability to maintain our corporate culture; doing business internationally, including the impact of foreign currency exchange rates; compliance with extensive government regulation; the risk of sanctions imposed by governments, or changes to associated sanction regulations (such as sanctions imposed on Russia) and related counter-sanctions; our ability to effectively apply technology, data and analytics changes for internal operations, maintaining industry standards and meeting client preferences; changes and developments in the insurance industry or the U.S. healthcare system, including those related to Medicare and any legislative actions from the current U.S. Congress, and any other

changes and developments in legal, economic, business or operational conditions impacting our Medicare benefits businesses such as TRANZACT; the inability to protect our intellectual property rights, or the potential infringement upon the intellectual property rights of others; fluctuations in our pension assets and liabilities and related changes in pension income, including as a result of, related to, or derived from movements in the interest rate environment, investment returns, inflation, or changes in other assumptions that are used to estimate our benefit obligations and its effect on adjusted earnings per share; our capital structure, including indebtedness amounts, the limitations imposed by the covenants in the documents governing such indebtedness and the maintenance of the financial and disclosure controls and procedures of each; our ability to obtain financing on favorable terms or at all; adverse changes in our credit ratings; the impact of recent or potential changes to U.S. or foreign laws, and the enactment of additional, or the revision of existing, state, federal, and/or foreign laws and regulations, recent judicial decisions and development of case law, other regulations and any policy changes and legislative actions, including those that impact our effective tax rate; U.S. federal income tax consequences to U.S. persons owning at least 10% of our shares; changes in accounting principles, estimates or assumptions; risks relating to or arising from environmental, social and governance ('ESG') practices; fluctuation in revenue against our relatively fixed or higher than expected expenses; the laws of Ireland being different from the laws of the U.S. and potentially affording less protections to the holders of our securities; and our holding company structure potentially preventing us from being able to receive dividends or other distributions in needed amounts from our subsidiaries. The foregoing list of factors is not exhaustive and new factors may emerge from time to time that could also affect actual performance and results. For more information, please see Part I, Item 1A in our Annual Report on Form 10-K, and our subsequent filings with the SEC. Copies are available online at www.sec.gov or www.wtwco.com.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and therefore also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. Given the significant uncertainties inherent in the forward-looking statements included in this document, our inclusion of this information is not a representation or guarantee by us that our objectives and plans will be achieved.

Our forward-looking statements speak only as of the date made, and we will not update these forward-looking statements unless the securities laws require us to do so. With regard to these risks, uncertainties and assumptions, the forward-looking events discussed in this document may not occur, and we caution you against unduly relying on these forward-looking statements.

Contact

INVESTORS

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WTW
Supplemental Segment Information
(In millions of U.S. dollars)
(Unaudited)

REVENUE

	Three Months Ended September 30,		As Reported % Change	Components of Revenue Change ⁽ⁱ⁾			
				Less:		Less:	
				2023	2022	Currency Impact	Constant Currency Change
Health, Wealth & Career	\$ 1,282	\$ 1,162	10%	2%	8%	0%	9%
Risk & Broking	855	765	12%	2%	10%	0%	10%
Segment Revenue	<u>2,137</u>	<u>1,927</u>	11%	2%	9%	0%	9%
Reimbursable expenses and other	29	26					
Revenue	<u>\$ 2,166</u>	<u>\$ 1,953</u>	11%	2%	9%	0%	9%

	Nine Months Ended September 30,		As Reported % Change	Components of Revenue Change ⁽ⁱ⁾			
				Less:		Less:	
				2023	2022	Currency Impact	Constant Currency Change

Health, Wealth & Career	\$ 3,784	\$ 3,565	6%	0%	7%	0%	7%
Risk & Broking	2,659	2,508	6%	(1)%	7%	(2)%	9%
Segment Revenue	<u>6,443</u>	<u>6,073</u>	6%	(1)%	7%	(1)%	8%
Reimbursable expenses and other	126	71					
Revenue	<u>\$ 6,569</u>	<u>\$ 6,144</u>	7%	(1)%	8%	(1)%	8%

(i) Components of revenue change may not add due to rounding.

BOOK-OF-BUSINESS SETTLEMENTS AND INTEREST INCOME

	Three Months Ended September 30,							
	HWC		R&B		Corporate		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Book-of-business settlements	\$ —	\$ 1	\$ 1	\$ 11	\$ —	\$ —	\$ 1	\$ 12
Interest income	7	2	25	6	7	9	39	17
Total interest and other income	<u>\$ 7</u>	<u>\$ 3</u>	<u>\$ 26</u>	<u>\$ 17</u>	<u>\$ 7</u>	<u>\$ 9</u>	<u>\$ 40</u>	<u>\$ 29</u>

	Nine Months Ended September 30,							
	HWC		R&B		Corporate		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Book-of-business settlements	\$ —	\$ 19	\$ 11	\$ 41	\$ —	\$ —	\$ 11	\$ 60
Interest income	18	4	52	15	36	9	106	28
Total interest and other income	<u>\$ 18</u>	<u>\$ 23</u>	<u>\$ 63</u>	<u>\$ 56</u>	<u>\$ 36</u>	<u>\$ 9</u>	<u>\$ 117</u>	<u>\$ 88</u>

SEGMENT OPERATING INCOME ⁽ⁱ⁾

	Three Months Ended September 30,	
	2023	2022
Health, Wealth & Career	\$ 305	\$ 236
Risk & Broking	134	105
Segment Operating Income	<u>\$ 439</u>	<u>\$ 341</u>

	Nine Months Ended September 30,	
	2023	2022
Health, Wealth & Career	\$ 836	\$ 710
Risk & Broking	459	465
Segment Operating Income	<u>\$ 1,295</u>	<u>\$ 1,175</u>

(i) Segment operating income excludes certain costs, including amortization of intangibles, restructuring costs, transaction and transformation expenses, certain litigation provisions, and to the extent that the actual expense based upon which allocations are made differs from the forecast/budget amount, a reconciling item will be created between internally-allocated expenses and the actual expenses reported for U.S. GAAP purposes.

SEGMENT OPERATING MARGINS

	Three Months Ended September 30,	
	2023	2022
Health, Wealth & Career	23.8%	20.3%

Risk & Broking	15.7%	13.7%
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	Nine Months Ended September 30,	
	2023	2022
Health, Wealth & Career	22.1%	19.9%
Risk & Broking	17.3%	18.5%

RECONCILIATIONS OF SEGMENT OPERATING INCOME TO INCOME FROM OPERATIONS BEFORE INCOME TAXES

	Three Months Ended September 30,	
	2023	2022
Segment Operating Income	\$ 439	\$ 341
Amortization	(62)	(71)
Restructuring costs	(17)	(9)
Transaction and transformation ⁽ⁱ⁾	(113)	(50)
Unallocated, net ⁽ⁱⁱ⁾	(88)	(57)
Income from Operations	159	154
Interest expense	(61)	(54)
Other income, net	66	85
Income from continuing operations before income taxes	\$ 164	\$ 185

	Nine Months Ended September 30,	
	2023	2022
Segment Operating Income	\$ 1,295	\$ 1,175
Impairment ⁽ⁱⁱⁱ⁾	—	(81)
Amortization	(203)	(239)
Restructuring costs	(30)	(71)
Transaction and transformation ⁽ⁱ⁾	(265)	(108)
Unallocated, net ⁽ⁱⁱ⁾	(211)	(206)
Income from Operations	586	470
Interest expense	(172)	(154)
Other income, net	126	205
Income from operations before income taxes	\$ 540	\$ 521

⁽ⁱ⁾ In 2023 and 2022, in addition to legal fees and other transaction costs, includes primarily consulting fees and compensation costs related to the Transformation program.

⁽ⁱⁱ⁾ Includes certain costs, primarily related to corporate functions which are not directly related to the segments, and certain differences between budgeted expenses determined at the beginning of the year and actual expenses that we report for U.S. GAAP purposes.

⁽ⁱⁱⁱ⁾ Represents the impairment related to the net assets of our Russian business that are held outside of our Russian entities.

WTW
Reconciliations of Non-GAAP Measures
(In millions of U.S. dollars, except per share data)
(Unaudited)

RECONCILIATIONS OF NET INCOME ATTRIBUTABLE TO WTW TO ADJUSTED DILUTED EARNINGS PER SHARE

	Three Months Ended September 30,	
	2023	2022
Net Income attributable to WTW	\$ 136	\$ 190
Adjusted for certain items:		

Income from discontinued operations, net of tax	—	(8)
Amortization	62	71
Restructuring costs	17	9
Transaction and transformation	113	50
Gain on disposal of operations	(41)	(21)
Tax effect on certain items listed above ⁽ⁱ⁾	(51)	(24)
Tax effect of the CARES Act	—	(24)
Adjusted Net Income	\$ 236	\$ 243

Weighted-average ordinary shares, diluted 105 111

Diluted Earnings Per Share \$ 1.29 \$ 1.72

Adjusted for certain items:⁽ⁱⁱ⁾

Income from discontinued operations, net of tax	—	(0.07)
Amortization	0.59	0.64
Restructuring costs	0.16	0.08
Transaction and transformation	1.07	0.45
Gain on disposal of operations	(0.39)	(0.19)
Tax effect on certain items listed above ⁽ⁱ⁾	(0.48)	(0.22)
Tax effect of the CARES Act	—	(0.22)
Adjusted Diluted Earnings Per Share⁽ⁱⁱ⁾	\$ 2.24	\$ 2.20

⁽ⁱ⁾ The tax effect was calculated using an effective tax rate for each item.

⁽ⁱⁱ⁾ Per share values and totals may differ due to rounding.

Nine Months Ended September 30,
2023 2022

Net Income attributable to WTW	\$ 433	\$ 421
Adjusted for certain items:		
Loss from discontinued operations, net of tax	—	27
Impairment	—	81
Amortization	203	239
Restructuring costs	30	71
Transaction and transformation	265	108
(Gain)/loss on disposal of operations	(44)	11
Tax effect on certain items listed above ⁽ⁱ⁾	(128)	(116)
Tax effect of the CARES Act	—	(24)
Tax effects of internal reorganizations	2	—
Adjusted Net Income	\$ 761	\$ 818

Weighted-average ordinary shares, diluted 107 114

Diluted Earnings Per Share \$ 4.06 \$ 3.71

Adjusted for certain items:⁽ⁱⁱ⁾

Loss from discontinued operations, net of tax	—	0.24
Impairment	—	0.71
Amortization	1.90	2.10
Restructuring costs	0.28	0.62
Transaction and transformation	2.48	0.95
(Gain)/loss on disposal of operations	(0.41)	0.10
Tax effect on certain items listed above ⁽ⁱ⁾	(1.20)	(1.02)
Tax effect of the CARES Act	—	(0.21)
Tax effects of internal reorganizations	0.02	—
Adjusted Diluted Earnings Per Share⁽ⁱⁱ⁾	\$ 7.13	\$ 7.20

⁽ⁱ⁾ The tax effect was calculated using an effective tax rate for each item.

(ii) Per share values and totals may differ due to rounding.

RECONCILIATIONS OF NET INCOME TO ADJUSTED EBITDA

	Three Months Ended September 30,					
	2023		2022			
Net Income	\$	139	6.4 %	\$	192	9.8 %
Income from discontinued operations, net of tax		—			(8)	
Provision for income taxes		25			1	
Interest expense		61			54	
Depreciation		60			60	
Amortization		62			71	
Restructuring costs		17			9	
Transaction and transformation		113			50	
Gain on disposal of operations		(41)			(21)	
Adjusted EBITDA and Adjusted EBITDA Margin	\$	<u>436</u>	20.1 %	\$	<u>408</u>	20.9 %

	Nine Months Ended September 30,					
	2023		2022			
Net Income	\$	441	6.7 %	\$	431	7.0 %
Loss from discontinued operations, net of tax		—			27	
Provision for income taxes		99			63	
Interest expense		172			154	
Impairment		—			81	
Depreciation		184			191	
Amortization		203			239	
Restructuring costs		30			71	
Transaction and transformation		265			108	
(Gain)/loss on disposal of operations		(44)			11	
Adjusted EBITDA and Adjusted EBITDA Margin	\$	<u>1,350</u>	20.6 %	\$	<u>1,376</u>	22.4 %

RECONCILIATIONS OF INCOME FROM OPERATIONS TO ADJUSTED OPERATING INCOME

	Three Months Ended September 30,					
	2023		2022			
Income from operations and Operating margin	\$	159	7.3 %	\$	154	7.9 %
Adjusted for certain items:						
Amortization		62			71	
Restructuring costs		17			9	
Transaction and transformation		113			50	
Adjusted operating income and Adjusted operating income margin	\$	<u>351</u>	16.2 %	\$	<u>284</u>	14.5 %

	Nine Months Ended September 30,					
	2023		2022			
Income from operations and Operating margin	\$	586	8.9 %	\$	470	7.6 %
Adjusted for certain items:						
Impairment		—			81	
Amortization		203			239	
Restructuring costs		30			71	
Transaction and transformation		265			108	

Adjusted operating income and Adjusted operating income margin	<u>\$ 1,084</u>	16.5 %	<u>\$ 969</u>	15.8 %
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RECONCILIATIONS OF GAAP INCOME TAXES/TAX RATE TO ADJUSTED INCOME TAXES/TAX RATE

	Three Months Ended September 30,	
	2023	2022
Income from continuing operations before income taxes	\$ 164	\$ 185
Adjusted for certain items:		
Amortization	62	71
Restructuring costs	17	9
Transaction and transformation	113	50
Gain on disposal of operations	(41)	(21)
Adjusted income before taxes	<u>\$ 315</u>	<u>\$ 294</u>
Provision for income taxes	\$ 25	\$ 1
Tax effect on certain items listed above ⁽ⁱ⁾	51	24
Tax effect of the CARES Act	—	24
Adjusted income taxes	<u>\$ 76</u>	<u>\$ 49</u>
U.S. GAAP tax rate	15.5 %	0.7 %
Adjusted income tax rate	24.3 %	16.8 %

	Nine Months Ended September 30,	
	2023	2022
Income from continuing operations before income taxes	\$ 540	\$ 521
Adjusted for certain items:		
Impairment	—	81
Amortization	203	239
Restructuring costs	30	71
Transaction and transformation	265	108
(Gain)/loss on disposal of operations	(44)	11
Adjusted income before taxes	<u>\$ 994</u>	<u>\$ 1,031</u>
Provision for income taxes	\$ 99	\$ 63
Tax effect on certain items listed above ⁽ⁱ⁾	128	116
Tax effect of the CARES Act	—	24
Tax effect of internal reorganizations	(2)	—
Adjusted income taxes	<u>\$ 225</u>	<u>\$ 203</u>
U.S. GAAP tax rate	18.3 %	12.1 %
Adjusted income tax rate	22.6 %	19.7 %

(i) The tax effect was calculated using an effective tax rate for each item.

RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO FREE CASH FLOW

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities	\$ 823	\$ 437
Less: Additions to fixed assets and software for internal use	(116)	(100)
Free Cash Flow	<u>\$ 707</u>	<u>\$ 337</u>

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY
Condensed Consolidated Statements of Income
(In millions of U.S. dollars, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 2,166	\$ 1,953	\$ 6,569	\$ 6,144
Costs of providing services				
Salaries and benefits	1,359	1,225	4,019	3,802
Other operating expenses	396	384	1,282	1,263
Depreciation	60	60	184	191
Amortization	62	71	203	239
Restructuring costs	17	9	30	71
Transaction and transformation	113	50	265	108
Total costs of providing services	<u>2,007</u>	<u>1,799</u>	<u>5,983</u>	<u>5,674</u>
Income from operations	159	154	586	470
Interest expense	(61)	(54)	(172)	(154)
Other income, net	<u>66</u>	<u>85</u>	<u>126</u>	<u>205</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	164	185	540	521
Provision for income taxes	<u>(25)</u>	<u>(1)</u>	<u>(99)</u>	<u>(63)</u>
INCOME FROM CONTINUING OPERATIONS	139	184	441	458
INCOME/(LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	—	8	—	(27)
NET INCOME	<u>139</u>	<u>192</u>	<u>441</u>	<u>431</u>
Income attributable to non-controlling interests	<u>(3)</u>	<u>(2)</u>	<u>(8)</u>	<u>(10)</u>
NET INCOME ATTRIBUTABLE TO WTW	<u>\$ 136</u>	<u>\$ 190</u>	<u>\$ 433</u>	<u>\$ 421</u>
EARNINGS PER SHARE				
Basic earnings per share				
Income from continuing operations per share	\$ 1.30	\$ 1.65	\$ 4.08	\$ 3.95
Income/(loss) from discontinued operations per share	<u>—</u>	<u>0.07</u>	<u>—</u>	<u>(0.24)</u>
Basic earnings per share	<u>\$ 1.30</u>	<u>\$ 1.72</u>	<u>\$ 4.08</u>	<u>\$ 3.71</u>
Diluted earnings per share				
Income from continuing operations per share	\$ 1.29	\$ 1.65	\$ 4.06	\$ 3.95
Income/(loss) from discontinued operations per share	<u>—</u>	<u>0.07</u>	<u>—</u>	<u>(0.24)</u>
Diluted earnings per share	<u>\$ 1.29</u>	<u>\$ 1.72</u>	<u>\$ 4.06</u>	<u>\$ 3.71</u>
Weighted-average ordinary shares, basic	<u>105</u>	<u>110</u>	<u>106</u>	<u>113</u>
Weighted-average ordinary shares, diluted	<u>105</u>	<u>111</u>	<u>107</u>	<u>114</u>

Condensed Consolidated Balance Sheets
(In millions of U.S. dollars, except share data)
(Unaudited)

	September 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	\$ 1,247	\$ 1,262
Fiduciary assets	8,039	11,772
Accounts receivable, net	2,079	2,387
Prepaid and other current assets	469	414
Total current assets	11,834	15,835
Fixed assets, net	710	718
Goodwill	10,143	10,173
Other intangible assets, net	2,064	2,273
Right-of-use assets	533	586
Pension benefits assets	908	827
Other non-current assets	1,431	1,357
Total non-current assets	15,789	15,934
TOTAL ASSETS	\$ 27,623	\$ 31,769
LIABILITIES AND EQUITY		
Fiduciary liabilities	\$ 8,039	\$ 11,772
Deferred revenue and accrued expenses	1,868	1,915
Current debt	649	250
Current lease liabilities	119	126
Other current liabilities	630	716
Total current liabilities	11,305	14,779
Long-term debt	4,565	4,471
Liability for pension benefits	433	480
Deferred tax liabilities	706	748
Provision for liabilities	360	357
Long-term lease liabilities	569	620
Other non-current liabilities	200	221
Total non-current liabilities	6,833	6,897
TOTAL LIABILITIES	18,138	21,676
COMMITMENTS AND CONTINGENCIES		
EQUITY⁽ⁱ⁾		
Additional paid-in capital	10,903	10,876
Retained earnings	1,127	1,764
Accumulated other comprehensive loss, net of tax	(2,620)	(2,621)
Treasury shares, at cost, 17,519 shares in 2022	—	(3)
Total WTW shareholders' equity	9,410	10,016
Non-controlling interests	75	77
Total Equity	9,485	10,093
TOTAL LIABILITIES AND EQUITY	\$ 27,623	\$ 31,769

(i) Equity includes (a) Ordinary shares \$0.000304635 nominal value; Authorized 1,510,003,775; Issued 103,321,046 (2023) and 106,756,364 (2022); Outstanding 103,321,046 (2023) and 106,756,364 (2022) and (b) Preference shares, \$0.000115 nominal value; Authorized 1,000,000,000 and Issued none in 2023 and 2022.

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY
Condensed Consolidated Statements of Cash Flows
(In millions of U.S. dollars)
(Unaudited)

Nine Months Ended September 30,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	\$ 441	\$ 431
Adjustments to reconcile net income to total net cash from operating activities:		
Depreciation	184	191
Amortization	203	239
Impairment	—	81
Non-cash restructuring charges	19	56
Non-cash lease expense	83	94
Net periodic benefit of defined benefit pension plans	(20)	(113)
Provision for doubtful receivables from clients	8	13
Benefit from deferred income taxes	(58)	(92)
Share-based compensation	87	71
Net (gain)/loss on disposal of operations	(44)	76
Non-cash foreign exchange loss/(gain)	1	(178)
Other, net	21	(1)
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:		
Accounts receivable	261	270
Other assets	(175)	(198)
Other liabilities	(191)	(510)
Provisions	3	7
Net cash from operating activities	<u>823</u>	<u>437</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to fixed assets and software for internal use	(116)	(100)
Capitalized software costs	(66)	(50)
Acquisitions of operations, net of cash acquired	(6)	(80)
Proceeds from sale of operations	86	1
Cash and fiduciary funds transferred in sale of operations	(922)	(29)
(Purchase)/sale of investments	(6)	200
Net cash used in investing activities	<u>(1,030)</u>	<u>(58)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Senior notes issued	748	750
Debt issuance costs	(7)	(5)
Repayments of debt	(253)	(585)
Repurchase of shares	(804)	(3,090)
Proceeds from issuance of shares	—	7
Net (payments)/proceeds from fiduciary funds held for clients	(71)	157
Payments of deferred and contingent consideration related to acquisitions	(8)	(22)
Cash paid for employee taxes on withholding shares	(21)	(32)
Dividends paid	(265)	(280)
Acquisitions of and dividends paid to non-controlling interests	(47)	(9)
Net cash used in financing activities	<u>(728)</u>	<u>(3,109)</u>
DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(935)	(2,730)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(54)	(290)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD ⁽ⁱ⁾	<u>4,721</u>	<u>7,691</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD ⁽ⁱ⁾	<u>\$ 3,732</u>	<u>\$ 4,671</u>

(i) The amounts of cash, cash equivalents and restricted cash, their respective classification on the condensed consolidated balance sheets, as well as their respective portions of the increase or decrease in cash, cash equivalents and restricted cash for each of the periods presented have been included in the Supplemental Disclosures of Cash Flow Information section.

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Nine Months Ended September 30,

	2023		2022
Supplemental disclosures of cash flow information:			
Cash and cash equivalents	\$ 1,247	\$	1,496
Fiduciary funds (included in fiduciary assets)	2,485		3,170
Cash and cash equivalents and fiduciary funds (included in current assets held for sale)	—		5
Total cash, cash equivalents and restricted cash	<u>\$ 3,732</u>	<u>\$</u>	<u>4,671</u>
Increase/(decrease) in cash, cash equivalents and other restricted cash	\$ 5	\$	(2,904)
(Decrease)/increase in fiduciary funds	(940)		174
Total ⁽ⁱ⁾	<u>\$ (935)</u>	<u>\$</u>	<u>(2,730)</u>

⁽ⁱ⁾ Does not include the effect of exchange rate changes on cash, cash equivalents and restricted cash.