Learning Technologies Group plc

INTERIM REPORT 2023

For the six month period to 30 June 2023

learning technologies group

Contents

Chief Executive Review

Introduction

LTG is a global provider of integrated talent management and learning software and services.

Our purpose is shared by all of our companies: we help organisations keep up with ever-changing workforce development needs. Organisations need to recruit, motivate and retain the best talent.

To meet this demand, we have built a broad offering to capture a >$100 billion addressable market for digital learning and talent management. The size of the opportunity reflects long-term, structural drivers.

Our businesses are a cohesive federation of like-minded, highly profitable leaders in talent management and learning software and services with a common go-to-market strategy. Where it is advantageous to our strategy, performance and client needs, we collaborate on bilateral cross-selling and we integrate our businesses' systems.

LTG continues to evolve by building out our offering through a combination of organic growth and strategic acquisitions that complement the current business. Our strong cash generation and prudent balance sheet give us a platform to pursue select accretive acquisitions.

The Group remains well placed to benefit from AI and continues to make progress with its AI strategy. A number of projects, trials and policies are underway across the Group. For example, GP Strategies is helping some of its largest clients to train their own AI models across learning and talent and recently launched its AI Consulting framework in May 2023. GP Strategies expects to launch its AI learning programme in October for Learning and Development Leaders. Where relevant, our businesses are collaborating on AI initiatives. Character-based AI initiated by the PRELOADED team is being introduced to the largest GP Strategies client for character-based learning assistant exploration. As part of our long-term strategy, we will consider acquisitions of AI technology businesses who have good products but need access to the market.

Resilient performance with high levels of visibility from recurring revenues

Revenues from continuing operations for the six months to June 2023 grew by 2% to £284.6 million (H1 2022: £277.8 million). Our recurring revenues were offset by lower transactional volumes in the first half of 2023, as indicated in our July update, resulting in flat revenues on an organic constant currency basis. This performance in a challenging macro backdrop underlines the resilience of our model, with SaaS and long-term contracts representing 72% of H1 2023 revenue (H1 2022: 71%).

As expected, the operational focus in H1 2023 remained the large-scale commercial transformation of GP Strategies, acquired in 2021. The addition of GP Strategies has been a step-change for our scale, tripling revenues and doubling profits. One-off issues in the first half of the year relating to the integration of LEO into GP Strategies' content division to form GPLX impacted its first half performance. These have now been resolved and we have seen an improvement in GPLX margins in July and August compared to H1 with further improvement expected in the remainder of the second half of the year. As expected, overall margins in GP Strategies are improving and we expect the exit run rate adjusted EBIT margin for the entire GP Strategies business will be in line with expectations at c.17%.

Adjusted EBIT was slightly lower at £43.1 million (H1 2022: £43.6 million). Statutory operating profit from continuing operations improved 5% to £23.2 million (H1 2022: £22.2 million), including adjusting items of £19.9 million (H1 2022: £21.4 million).

LTG is a cash generative business, which enables us to make a voluntary debt repayment of $25 million on 29 September 2023, giving an expected $1.7 million benefit in per annum on interest payments at current interest rates.

As announced in December 2022, a non-core asset within GP Strategies had been identified for disposal in 2023. The sale of this business is progressing well and we expect to provide a further update before the end of the year.

Corporate Governance

ESG initiatives remain at the forefront of our business process and strategy as we continue to advance towards our 2023 targets, including making progress during the first half of the year around sustainable procurement, scope 3 data, colleague engagement and training.

We implemented a group-wide sustainable procurement policy and will continue to refine our data and supplier review process, including cascading our recently updated supplier code of conduct policy. These steps help us to ensure that our supply chain is aligned to our goals in the ESG space. In addition, we are focusing heavily on our scope 3 data, looking more in-depth at our upstream purchased goods and service category and evaluating our supply chain. Our Ecovadis scores from our February 2023 submission improved substantially and we have reduced our Scope 1 and Scope 2 emissions by more than 60% over our 2019 baseline year.

From the colleague perspective, we reactivated our engagement survey to measure satisfaction and had a response rate of 75%. Whilst there is no room for complacency, we were heartened by most of results and qualitative feedback. We have implemented disciplined processes for action planning and follow up and we have several other colleague initiatives underway in parallel to include delivering our in-house designed core leadership programme, and strengthening our performance enablement process to proactively address development planning and well-being. I am also excited to share that our largest subsidiary, GP Strategies, had numerous internal promotions further diversifying their senior leadership team.

We remain focused and committed to meeting the ESG goals that we set forth in the 2022 annual report.

Operational Review

With effect from this interim report, reporting divisions have been updated to reflect internal reporting on a business unit basis, and the revised format is consistent with that used by the Chief Operating Decision Maker. Following the reorganisation and integration of LEO and PDT into GP Strategies, the Content & Services division now includes all three businesses in addition to Affirmity and PRELOADED. The Software and Platforms division reflects the results for the Product companies. The categorisation of the companies under the division heading is outlined below. Note 3 to the accounts includes a restatement of the prior year's comparative result.

Content & Services (74% of H1 2023 Group revenue)

Content & Services comprises GP Strategies, PRELOADED and Affirmity. GP Strategies is a global workforce transformation provider of organisational and technical performance learning solutions. PRELOADED is a BAFTA-winning immersive games studio. Affirmity provides a portfolio of software, consulting services and blended learning solutions to help US based enterprise and mid-market companies measure diversity, build inclusive workforces and operate effective DE&I and affirmative action programmes.

Revenue increased by 4.5% to £211.5 million (H1 2022: £202.3 million) reflecting the benefit of the strength of the US dollar and 1.8% organic constant currency growth with particularly strong growth in Affirmity and PRELOADED. There was moderate growth in GP Strategies despite lengthening sales cycles and challenging macro environment impacting on transactional and project-based work. As outlined previously, the integration challenges within GPLX that impacted performance in the first half of the year have been resolved.

Long-term contracts continued to perform as organisations maintained their investment in delivering effective workforce transformation solutions in a digital, flexible and fast-paced corporate environment.

Effective 1 January 2023, LEO Learning, a digital learning specialist was integrated with GP Strategies' global content design team to create the world's largest and most creative custom content and learning experience design offering, called GPLX. Simultaneously, PDT Global joined GP Strategies Leadership Training division to create a combined force in Diversity, Equity and Inclusion (DE&I). These additions to GP Strategies' portfolio enhance its capabilities as a world-leading learning and talent transformation company.

GP Strategies' solutions improve the effectiveness of organisations by delivering innovative and superior consulting, training, and business improvement solutions. Clients include Global 500 companies, automotive, financial services, technology, aerospace and defence industries, and other commercial and government customers. The business has experienced good growth in managed learning services with the ramp up of new accounts, and in the Americas division with the expansion and growth in existing accounts and non-US automotive accounts. AMEA had strong growth in H1 2023 following a slower Covid recovery in H1 2022. This was partially offset by the temporary GPLX H1 integration challenges and lower transactional revenue due to a slowdown in spending in large Human Capital Management implementation projects.

PRELOADED, has seen a strong start to the year and continues to win highly innovative contracts with significant clients including a global entertainment company and a global international social media company.

During the first half of 2023, Affirmity delivered strong revenue growth driven by an improvement to the client renewal rate, cross-selling at renewal and adding new clients.

Software & Platforms (26% of H1 2023 Group revenue)

The Software & Platforms division comprises SaaS and on-premise licenced product solutions as well as hosting, support and maintenance services. PeopleFluent provides cloud based talent management solutions and services to large-enterprise clients that require recruiting, performance, succession, compensation, learning and organisation charting capabilities beyond what is available within their current HR systems. Breezy provides a largely self-service SaaS talent acquisition solution aimed at small and medium-sized businesses. Bridge is an employee-focused learning and performance platform operating in the higher growth, mid-market with proven potential to move into sectors of the enterprise market. Rustici Software is a global expert in e-learning interoperability software. Open LMS provides the largest scale capability in the global open-source Moodle™ services market. VectorVMS is a market-leading SaaS-based technology for the contingent workforce.

Software & Platforms revenue of £72.9 million (H1 2022: £75.5 million) declined 3% due to a combination of mixed business performance and FX tailwinds. On an organic constant currency basis Software & Platforms declined 4.7% driven by a 10.8% decline in PeopleFluent as expected, lower revenue in Breezy due to softer transactional revenue from the US SME recruitment market and lower year on year performance in Reflektive due to softness in technology sector customers and the commencement of a strategy to migrate customers to a version of Reflektive within Bridge. This was partially offset by continued strong growth in Rustici and Bridge, and moderate growth in OpenLMS.

The macroeconomic picture has suppressed Breezy's performance in H1 2023, as a 49% reduction in transactional revenue related to job postings, now representing c15% of Breezy revenues, masks a 3% growth in platform hosting revenues.

Rustici has continued to deliver strong organic revenue growth in the first half of the year driven by its Content Controller product which represents 60% of the growth (as it is the youngest and fastest growing) and SCORM Cloud products.

Open LMS had moderate organic constant currency revenue growth as customers rebased their requirements following strong performance in the Covid years.

VectorVMS reported a slight softening in revenues compared to the first half of 2022 as a result of customers reducing their utilisation of contingent labour and healthcare labour rates moderating after strong demand in Covid years.

Dividend

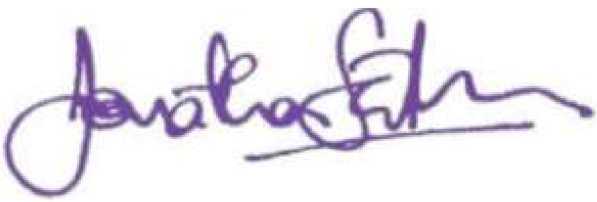
On 14 July 2023, the Company paid a final dividend of 1.15 pence per share, giving a total dividend for 2022 of 1.60 pence per share. Given its confidence in the continuing success of the Group, the Board is pleased to declare an interim dividend of 0.45 pence per share (2022: 0.45 pence per share). This dividend will be paid on 27 October 2023 to all shareholders on the register as at 6 October 2023.

Current trading and outlook

In line with the pattern established in the first half of 2023, LTG continues to see resilient trading in our SaaS and long-term contracts, offset by lower transactional volumes. While GP Strategies has seen lower demand in certain regions such as China, it is expected to deliver a significantly improved exit run-rate EBIT margin of c.17%, driven by improvements to GPLX and a commercial transformation programme.

The Board expects FY23 performance to be in line with analyst estimates, including updated expectations for FX and share-based payment. The Group remains well-placed to capitalise on greater project activity as macro conditions improve.

LTG remains uniquely placed to capture growth opportunities in a >$100 billion addressable market as a result of our scale and breadth of offering in digital learning and talent management. Our balance sheet supports accretive acquisitions that fit with our culture. Demand from organisations to recruit, motivate and retain the best talent, allied with improvements from our commercial transformation programme in GP Strategies, support our confidence of further progress in the second half of the year.



Jonathan Satchell
Chief Executive
26 September 2023

Chief Financial Officer's Review

In the six months ended 30 June 2023, despite the challenging economic climate, revenues for continuing operations increased by 2% to £284.6 million (H1 2022: £277.8 million). The Group has experienced growth and resilience in SaaS and long-term contracts versus transactional revenue with the proportion of this category of revenue increasing to 72% from 71% in H1 2022.

Revenue in Content & Services increased 5% to £211.5 million (H1 2022: £202.3 million) with the division now accounting for 74% of Group revenue (H1 2022: 73%). Organic constant currency revenue growth was 1.8% (H1 2022: 1.6%), due to a combination of moderate growth in GP Strategies and strong growth in Affirmity and PRELOADED. Long-term contracts accounted for 65% of the division's revenue, an increase from 62% in H1 2022, a testament to the resilience of recurring revenue. GP Strategies saw strong growth in managed learning services contracts, and AMEA following a slower Covid recovery in 2022, and the Americas division. Offsetting this good growth were the temporary H1 integration challenges in GPLX, slowdown in spending in large implementation projects and the macroeconomic climate affecting transactional revenues. PRELOADED revenue growth was fuelled by an increased US presence alongside developing stronger long-term client relationships resulting in increased work from existing clients. Affirmity also delivered strong growth driven by an improvement to the client renewal rate, cross-selling at renewal and acquiring new clients.

Revenue in Software & Platforms decreased 3% to £72.9 million (H1 2022: £75.5 million) with the division now representing 26% of Group revenue (H1 2022: 27%). On an organic constant currency basis Software & Platforms declined 4.7% (H1 2022: 6.5% growth) driven by an expected 10.8% decline in PeopleFluent, continued challenges in Breezy as the transaction business related to the SME US labour market remained subdued despite resilient SaaS revenues, and Reflektive due to softness in technology sector customers and the strategy to migrate customers to a version of Reflektive within Bridge. These challenges were partially offset by continued growth in Rustici driven by its Content Controller product and moderate growth in OpenLMS as customers rebalance their requirements following the Covid years, including some organisations losing their government sponsored funding and a move back to face-to-face learning.

Adjusted EBIT from continuing operations decreased slightly to £43.1 million (H1 2022: £43.6 million continuing operations). The resulting adjusted EBIT margin of 15.1% was down from 15.7% in H1 2022, driven primarily by lower revenue in the Software & Platforms division resulting in operational deleverage and the temporary H1 challenges in GPLX which are now resolved.

Adjusted EBIT margin in the Content & Services division at 11.8% (H1 2022: 12.0%) was broadly in line with the prior year. Software & Platforms adjusted EBIT margin reduced from 25.5% in H1 2022 to 24.8% due to a decline in revenues resulting in slight operational deleverage.

The Group reported an increase in operating profit of 5% to £23.2 million (H1 2022: £22.2 million continuing operations, £21.4 million reported) which is stated after amortisation of acquired intangibles, various acquisition earn-out charges, loss on disposal of fixed assets, transaction and integration costs. Amortisation of acquired intangibles decreased to £16.6 million (H1 2022: £18.0 million). Acquisition earn-out charges decreased to £1.1 million (H1 2022: £2.3 million). Contingent consideration arrangements are in place for eThink, eCreators, and PDT and are all dependent on challenging incremental revenue growth targets. Loss on disposal of fixed assets were £0.9 million (H1 2022: £0.2 million). Integration costs decreased to £1.2 million (H1 2022: £2.3 million) related to the integration of GP Strategies, with further costs expected in H2. We remain on track to complete the integration in line with our initial estimate of $13 million. For further details of the items excluded from statutory operating profit, see note 6.

Net finance expenses of £6.7 million (H1 2022: £4.2 million) include interest on borrowings of £7.0 million (H1 2022: £3.1 million), £0.3 million (H1 2022: £0.3 million) relating to the Group's leases under IFRS 16, and £0.5 million interest receivable (H1 2022: £0.2 million).

The Group reported a profit before tax of £16.5 million for the six months ended 30 June 2023 (H1 2022: £18.0 million). The tax charge of £4.5 million (H1 2022: tax charge of £3.8 million) is primarily driven by applying UK and international tax rates to associated results offset by the net favourable impact of tax rate changes on deferred assets and liabilities and net non-deductible foreign exchange adjustments.

Discontinued operations, reflecting the closure of the UK Apprenticeship business, generated a loss after taxation of £1.1 million for the period (H1 2022: £0.4 million profit).

Basic earnings per share for continuing and discontinued operations in H1 2023 was 1.376 pence (H1 2022: 1.848 pence). Adjusted diluted earnings per share for continuing operations as set out in Note 9 was 10% down on the prior year at 3.293 pence (H1 2022: 3.666 pence) reflecting marginally lower adjusted operating profit, a significant increase in interest costs and a higher number of shares including the potential dilutive impact of share options.

Gross cash of £78.1 million and net debt of £108.4 million, excluding £12.6 million of lease liabilities, at 30 June 2023 compares with gross cash of £94.8 million and net debt of £119.8 million, excluding £14.9 million of lease liabilities, at 31 December 2022. The covenant net debt / adjusted EBITDA ratio was 0.9x in June 2023 (1.1x in December 2022).

Share based payments are lower year-on-year due to a release of prior year costs resulting from leavers and performance criteria not being met.

Cash generated from operations was strong at £32.6 million (H1 2022: £26.8 million) as we tightly manage our working capital, and net cash flow from operating activities was £26.7 million (H1 2022: £18.6 million).

Free cash flow[2] was £5.6 million (H1 2022: £8.2 million) as set out below, and we expect free cash flow to continue to be H2 weighted.

£m	**H1 2023**	**H1 2022[2]**	**Variance**
Statutory operating profit	**23.2**	**21.4**	1.8
Adjusting items	**19.9**	**22.7**	(2.8)
Adjusted EBIT	**43.1**	**44.1**	**(1.0)**
Depreciation & Amortisation	**7.1**	**7.8**	(0.7)
Share based payment charges	**3.1**	**4.1**	(1.0)
Dec / (Inc) in working capital[3]	**(12.1)**	**(17.7)**	5.6
Capital expenditure	**(7.2)**	**(5.0)**	(2.2)
Lease liabilities	**(3.2)**	**(4.0)**	0.8
Other	**(2.8)**	**(3.0)**	0.2
Adjusted operating cash flow[1]	**28.0**	**26.3**	**1.7**
Cash Conversion[1]	***65%***	***60%***	***5% pts***
Net Interest paid	**(10.6)**	**(3.7)**	(6.9)
Tax paid	**(5.9)**	**(8.2)**	2.3
Integration & transaction costs	**(1.2)**	**(2.3)**	1.1
Earnout & contingent consideration	**(4.7)**	**(6.2)**	1.5
Proceeds from asset sale	**-**	**2.3**	(2.3)
Free cash flow[1]	**5.6**	**8.2**	**(2.6)**

[1] Alternative Performance Measure (APM) term defined and explained in the Glossary
[2] As reported in H1 2022
[3] Excludes integration & transaction costs

Adjusted operating cash flow was £1.7 million higher than H1 2022 primarily reflecting a lower working capital investment offset by higher capital expenditure in the period and lower share based payment charges. Cash conversion was 65%, an improvement from 60% in H1 2022.

Net interest payments increased to £10.6 million from £3.7 million, including £4.5m related to interest costs from 2022 payable in January 2023 as the loan was rolled for 6 months to mitigate interest rate rises in H2 2022. Tax payments decreased to £5.9 million (H1 2022: £8.2 million) due to a combination of the reorganisation and prior year payments. Integration and transaction costs primarily relate to the GP Strategies acquisition in late 2021. Earnout payments relate to Breezy and eCreators. Proceeds from asset sale were £nil in H1 2023, with the 2022 net cash inflow due to the sale of an investment of £2.3 million related to the sale of the NAS JV completed in April 2022.

The Group plans to voluntarily repay $25 million of its term loan in addition to the normal quarterly payment of $9.6 million on 29 September 2023. The expected benefit of the voluntary repayment in 2023, at current interest rates, is c.$1.7 million per annum.

Net assets decreased to £419.6 million at 30 June 2023 (31 December 2022: £426.3 million) and total equity per share[1] decreased from 54.0 pence per share to 53.0 pence per share.

Kath Kearney-Croft
CFO
26 September 2023

[1] Alternative Performance Measure (APM) term defined and explained in the Glossary

Consolidated statement of comprehensive income	Note	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000	Year to 31 Dec 2022 £'000
Revenue	3	**284,582**	277,836	588,587
Operating expenses		**(258,320)**	(252,991)	(532,743)
Share-based payment charge		**(3,081)**	(4,061)	(6,693)
Profit on sale of joint venture		**-**	1,242	1,242
Share of profit from equity accounted investment		**-**	155	155
Operating profit		**23,181**	22,181	50,548
Adjusted EBIT		**43,115**	43,585	99,925
Adjusting items included in Operating profit	6	**(19,934)**	(21,404)	(49,377)
Operating profit		**23,181**	22,181	50,548
Finance expenses	7	**(7,243)**	(4,361)	(10,475)
Finance income	7	**539**	184	429
Profit before taxation from continuing operations		**16,477**	18,004	40,502
Income tax charge	4	**(4,472)**	(3,841)	(9,784)
Profit after taxation from continuing operations		**12,005**	**14,163**	**30,718**
(Loss) / Profit on discontinued operations, net of tax	5	**(1,125)**	394	(312)
Profit for the period/year		**10,880**	**14,557**	**30,406**
Profit for the period/year attributable to the owners of the parent		**10,880**	**14,557**	**30,406**
Other comprehensive income:				
Exchange differences on translating foreign operations		**(11,920)**	34,483	30,961
Total comprehensive (loss)/profit for the period/year		**(1,040)**	**49,040**	**61,367**
Earnings per share from continuing operations				
Basic (pence)	9	**1.518**	1.798	3.897
Diluted (pence)	9	**1.476**	1.749	3.748
Adjusted earnings per share				
Basic (pence)	9	**3.387**	3.768	8.351
Diluted (pence)	9	**3.293**	3.666	8.032
Earnings per share from continuing and discontinued operations				
Basic (pence)	9	**1.376**	1.848	3.857
Diluted (pence)	9	**1.338**	1.798	3.710
Adjusted earnings per share				
Basic (pence)	9	**3.253**	3.818	8.443
Diluted (pence)	9	**3.163**	3.715	8.121

Consolidated statement of financial position	**Note**	**30 June 2023 £’000**	**30 June 2022 £’000**	**31 Dec 2022 £’000**
NON-CURRENT ASSETS				
Property, plant and equipment	11	2,433	3,233	2,857
Right-of-use assets	11	10,449	14,235	11,808
Intangible assets	10	527,173	585,623	560,972
Deferred tax assets	15	7,331	4,584	4,084
Other receivables, deposits and prepayments		2,146	324	1,874
Amounts recoverable on contracts		-	1,362	1,303
		549,532	609,361	582,898
CURRENT ASSETS				
Trade receivables	12	105,768	122,872	136,025
Other receivables, deposits and prepayments	13	14,620	17,876	16,765
Amounts recoverable on contracts		39,349	41,800	33,221
Inventory		2,403	4,823	2,432
Amounts due from related parties		-	96	59
Cash and cash equivalents	14	78,132	71,933	94,847
Restricted cash balances	14	2,303	3,158	2,608
		242,575	262,558	285,957
Assets in disposal groups classified as held for sale	19	6,695	-	8,369
TOTAL ASSETS		**798,802**	**871,919**	**877,224**
CURRENT LIABILITIES				
Lease liabilities	17	4,162	8,194	5,082
Trade and other payables	16	141,581	174,470	180,634
Amounts due to related parties		-	6	-
Borrowings	17	31,220	23,845	36,714
Provisions	18	1,621	7,185	1,602
Corporation tax		5,468	4,395	602
ESPP scheme liability		881	703	500
		184,933	218,798	225,134
NON-CURRENT LIABILITIES				
Lease liabilities	17	8,486	13,196	9,792
Deferred tax liabilities	15	23,547	26,101	27,265
Other long-term liabilities		1,466	806	3,517
Borrowings	17	155,289	193,367	177,944
Corporation tax payable		763	1,428	1,431
Provisions	18	534	949	1,857
		190,085	235,847	221,806
Liabilities directly associated with assets in disposal groups classified as held for sale	19	4,137	-	3,984
TOTAL LIABILITIES		**379,155**	**454,645**	**450,924**
NET ASSETS		**419,647**	**417,274**	**426,300**
EQUITY				
Share capital		2,967	3,037	2,962
Share premium account		318,699	317,406	318,183
Merger relief reserve		31,983	31,983	31,983
Reverse acquisition reserve		(22,933)	(22,933)	(22,933)
Share based payment reserve		17,674	13,322	14,714
Foreign exchange translation reserve		13,809	29,251	25,729
Accumulated retained earnings		57,448	45,208	55,662
TOTAL EQUITY		**419,647**	**417,274**	**426,300**

Consolidated statement of changes in equity

	Share capital	Share Premium	Merger relief reserve	Reverse acquisition reserve	Share based payments reserve	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	**3,034**	**317,114**	**31,983**	**(22,933)**	**11,148**	**(5,232)**	**36,224**	**371,338**
	-	-	-	-	-	-	-	-
Profit for period	-	-	-	-	-	-	14,557	14,557
Exchange differences on translating foreign operations	-	-	-	-	-	34,483	-	34,483
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**34,483**	**14,557**	**49,040**
Issue of shares net of share issue costs	3	292	-	-	-	-	-	295
Share based payment charge / credited to equity	-	-	-	-	4,061	-	-	4,061
Distributions in respect of cancelled share options	-	-	-	-	(1,887)	-	-	(1,887)
Tax credit on share options	-	-	-	-	-	-	(58)	(58)
Transfer on exercise and lapse of options	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(5,515)	(5,515)
Balance at 30 June 2022	**3,037**	**317,406**	**31,983**	**(22,933)**	**13,322**	**29,251**	**45,208**	**417,274**
Profit for period	-	-	-	-	-	-	15,849	15,849
Exchange differences on translating foreign operations	-	-	-	-	-	(3,522)	-	(3,522)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(3,522)**	**15,849**	**12,327**
Issue of shares net of share issue costs	5	737	-	-	-	-	-	742
Reserves transfer	(80)	40	-	-	-	-	40	-
Share based payment charge / credited to equity	-	-	-	-	2,632	-	-	2,632
Share-based payment charge treated as consideration, credited to equity	-	-	-	-	542	-	-	542
Distributions in respect of cancelled share options	-	-	-	-	(1,782)	-	-	(1,782)
Tax credit on share options	-	-	-	-	-	-	(1,888)	(1,888)
Transfer on exercise and lapse of options	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(3,547)	(3,547)
Balance at 31 December 2022	**2,962**	**318,183**	**31,983**	**(22,933)**	**14,714**	**25,729**	**55,662**	**426,300**
Profit for period	-	-	-	-	-	-	10,880	10,880
Exchange differences on translating foreign operations	-	-	-	-	-	(11,920)	-	(11,920)
Total comprehensive (expense) / income for the period	**-**	**-**	**-**	**-**	**-**	**(11,920)**	**10,880**	**(1,040)**
Issue of shares net of share issue costs	5	516	-	-	-	-	-	**521**
Reserves transfer					-			**-**
Share based payment charge / credited to equity	-	-	-	-	3,081	-	-	**3,081**
Share based payment consideration debited to equity	-	-	-	-	(121)	-	-	**(121)**
Tax credit on share options	-	-	-	-	-	-	-	**-**
Transfer on exercise and lapse of options	-	-	-	-	-	-	-	**-**
Dividends paid	-	-	-	-	-	-	(9,094)	**(9,094)**
Transactions with owners	**5**	**516**	**-**	**-**	**2,960**	**-**	**(9,094)**	**(5,613)**
Balance at 30 June 2023	**2,967**	**318,699**	**31,983**	**(22,933)**	**17,674**	**13,809**	**57,448**	**419,647**

Consolidated statement of cash flows

	Note	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000	Year to 31 Dec 2022 £'000
Cash flow from operating activities				
Profit before taxation		16,477	18,004	40,502
(Loss)/profit before taxation from discontinued operations	5	(1,452)	486	(26)
Adjustments for:-				
Loss on disposal of PPE and right-of-use assets		893	232	230
Share based payment charge		3,081	4,061	7,235
Amortisation of intangible assets		20,880	21,359	43,183
Depreciation of plant and equipment	11	745	2,334	2,141
Depreciation of right-of-use assets	11	2,128	2,140	4,343
Impairment of Goodwill and acquired intangibles		-	-	7,958
Finance expense	7	257	306	573
Interest on borrowings	7	6,986	3,297	9,102
Acquisition-related contingent consideration and earn-outs	6	1,088	2,254	3,273
Fair value movement on contingent consideration		-	-	(21)
Payment of acquisition-related contingent consideration and earn-outs		(4,726)	(6,163)	(6,139)
Profit on sale of joint venture		-	(1,242)	(1,242)
Share of profit in equity accounted investment		-	(155)	(155)
Interest income	7	(539)	(108)	(429)
Operating cash flow before working capital changes		**45,818**	**46,805**	**110,528**
Decrease/(increase) in trade and other receivables		24,189	8,113	(6,521)
Increase in inventory		(70)	(3,727)	(1,210)
(Increase)/decrease in amount recoverable on contracts		(6,187)	(10,222)	3,647
Decrease in payables		(31,190)	(14,213)	(14,317)
Cash generated from operations		**32,560**	**26,756**	**92,127**
Income tax paid		(5,904)	(8,151)	(20,180)
Net cash flow from operating activities		**26,656**	**18,605**	**71,947**
Cash flow used in investing activities				
Purchase of property, plant and equipment		(490)	(289)	(1,641)
Development of intangible assets		(6,707)	(4,700)	(9,966)
Sale of Investment in associates or joint ventures		-	2,300	2,300
Net cash flow used in investing activities		**(7,197)**	**(2,689)**	**(9,307)**
Cash flow (used in)/from financing activities				
Dividends paid	8	-	-	(9,062)
Cash generated from issue of shares, net of share issue costs		521	293	1,037
Repayment of bank loans		(15,409)	(30,496)	(38,458)
Interest paid[1]		(11,147)	(3,851)	(4,609)
Interest received		539	108	352
Contingent consideration payments in the period		-	-	(705)
Interest paid on lease liabilities		(261)	(334)	(614)
Cash payments for the principal portion of lease liabilities		(2,977)	(3,707)	(6,719)
Net cash flow (used in)/from financing activities		**(28,734)**	**(37,987)**	**(58,778)**
Net (decrease) / increase in cash and cash equivalents		(9,275)	(22,071)	3,862
Cash and cash equivalents at beginning of the period/year		94,847	83,850	83,850
Effects of foreign exchange rate changes		(7,440)	10,154	7,135
Cash and cash equivalents at end of the period/year	14	**78,132**	**71,933**	**94,847**

[1] Interest paid for six months ending 30 June 2023 (£11.1 million) is higher than interest charged for the same period (£6.9 million), mainly as the last six months interest of 2022 were paid in January 2023 as per the lending agreement.

Notes to the consolidated financial statements for the six months to 30 June 2023

1. General information

Learning Technologies Group plc (“the Company’’) and its subsidiaries (together, “the Group’’) provide a range of learning and talent software and services to corporate customers. The principal activity of the Company is that of a holding company for the Group, as well as performing all administrative, corporate finance, strategic and governance functions of the Group.

The Company is a public limited company, which is listed on the AIM Market of the London Stock Exchange and domiciled in England and incorporated and registered in England and Wales. The address of its registered office is 15 Fetter Lane, London, England, EC4A 1BW. The registered number of the Company is 07176993.

2. Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 annual report.

The interim results for the six months to 30 June 2023 are unaudited and do not therefore constitute statutory accounts in accordance with Section 434 of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2022 have been filed with the Registrar of Companies and the auditor’s report was unqualified, did not contain any statement under Section 498(2) or 498(3) of the Companies Act 2006 and did not contain any matters to which the auditors drew attention without qualifying their report.

The accounting policies used in preparing the interim results are the same as those applied to the latest audited annual financial statements.

Going concern

The Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. These may be supplemented, if required, by additional drawings under the Group’s committed $50.0 million revolving credit facility (RCF) which is available until October 2025; refer to Note 17 for further details.

The Group continues to hold a strong liquidity position as at 30 June 2023, with gross cash and cash equivalents of £78.1 million (Note 14). Net debt of £108.4 million includes a fully drawn $265.0 million term loan which is repayable in quarterly instalments of $9.6 million commencing in December 2022 (Note 17) (31 December 2022: gross cash was £94.8 million and net debt was £119.8 million). Whilst there are a number of risks to the Group’s trading performance, as summarised in the ‘Principal risks and uncertainties’ section on pages 27 – 28 within the 2022 Annual Report, the Group is confident of its ability to continue to access sources of funding in the medium term.

The directors report that they have re-assessed the principal risks, reviewed current performance and forecasts, combined with expenditure commitments, including capital expenditure, and borrowing facilities. The Group’s forecasts demonstrate it will generate profits and cash in the year ending 31 December 2023 and beyond and that the Group has sufficient cash reserves to enable it to meet its obligations as they fall due, as well as operate within its banking covenants, for a period of at least 12 months from the date of signing of these financial statements.

Going concern (continued)

The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the interim financial information, having undertaken a review of a reforecast for 2023 and the impact this forecast has on the Group's gross cash, net debt and ability to meet bank covenants under the existing facilities agreement.

Alternative performance measures

The Group has identified certain alternative performance measures ("APMs") that it believes will assist the understanding of the performance of the business. The Group believes that Adjusted EBIT, adjusting items, SaaS and long-term contracts, transactional revenue, total equity per share and net cash / debt provide useful information to users of the financial statements. The terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measures.

Adjusting items

The Group has chosen to present an adjusted measure of profit and earnings per share, which excludes certain items which are separately disclosed due to their size, nature or incidence, and are not considered to be part of the normal operating costs of the Group. These costs may include the financial effect of adjusting items such as, inter alia, restructuring costs, impairment charges, amortisation of acquired intangibles, costs relating to business combinations, one-off foreign exchange gains or losses, integration costs, acquisition-related share-based payment charges, contingent consideration and earn-outs, cloud computing configuration and customisation costs, joint venture profits, profit on sale of a joint venture and fixed asset and right-of-use asset disposal gains or losses.

3. Segment analysis

Geographical information

The Group's revenue from external customers and non-current assets by geographical location are detailed below.

	UK £'000	Europe £'000	North America[1] £'000	Asia Pacific £'000	Rest of world £'000	Total £'000
Six months to 30 June 2023						
Revenue from continuing operations	33,023	26,916	194,875	17,637	12,131	284,582
Total Revenue	33,023	26,916	194,875	17,637	12,131	284,582
Non-current assets	29,653	900	493,927	17,270	451	542,201
Six months to 30 June 2022						
Revenue from continuing operations	30,357	26,463	189,383	18,859	12,774	277,836
Revenue from discontinued operations	3,973	-	-	-	-	3,973
Total Revenue	34,330	26,463	189,383	18,859	12,774	281,809
Non-current assets	44,246	912	537,933	21,056	630	604,777
Year to 31 December 2022						
Revenue from continuing operations	58,679	71,637	407,343	21,824	29,104	588,587
Revenue from discontinued operations	8,315	-	-	-	-	8,315
Total Revenue	66,994	71,637	407,343	21,824	29,104	596,902
Non-current assets	31,017	569	527,634	19,177	417	578,814

1. The values as presented for Canada and the United States for the six months to 30 June 2022 have been combined into 'North America' to align with the geographical segmentation as reported to the Chief Operating Decision Maker internally.

The total non-current assets figure is exclusive of deferred tax assets in each of the periods above.

The non-current assets as at 30 June 2022 have been represented following the prior year acquisition measurement adjustments as detailed in the Annual Report for the year ended 31 December 2022.

3. Segment analysis (continued)

Information about reported segment revenue, profit or loss from continuing operations and assets

	Software & Platforms					Content & Services				Other	Total
	On-Premise Software Licences	Hosting & SaaS	Platforms Professional Services & Other	Support and Maintenance	**Total**	Global Services	Regional Services	Other Technical Services	**Total**	**Rental Income**	
	£’000	£’000	£’000	£’000	**£’000**	£’000	£’000	£’000	**£’000**	£’000	**£’000**
Six months to 30 June 2023											
Saas and long-term contracts	15,191	50,249	2,057	1,958	**69,455**	44,142	90,311	2,183	**136,636**	189	**206,280**
Transactional	-	31	3,386	-	**3,417**	9,724	50,991	14,170	**74,885**	-	**78,302**
Revenue	**15,191**	**50,280**	**5,443**	**1,958**	**72,872**	**53,866**	**141,302**	**16,353**	**211,521**	**189**	**284,582**
Depreciation and amortisation					(3,978)				(2,391)		**(6,369)**
Adjusted EBIT					**18,050**				**24,876**	**189**	**43,115**
Amortisation of acquired intangibles					(8,995)				(7,581)	-	(16,576)
Acquisition related adjusting items					(1,046)				(1,192)	-	(2,238)
Other adjusting items					(287)				(833)	-	(1,120)
Finance (expenses)/income					(1,717)				(4,987)	-	(6,704)
Profit before tax					**6,005**				**10,283**	**189**	**16,477**
Additions to intangible Assets					1,717				4,990		6,707
Total assets					**204,547**				**594,255**		**798,802**
Six months to 30 June 2022											
Saas and long-term contracts	15,104	52,395	1,983	2,020	**71,502**	40,106	82,097	3,214	**125,417**	70	**196,989**
Transactional	-	42	3,931	-	**3,973**	3,698	56,128	17,048	**76,874**	-	**80,847**
Revenue	**15,104**	**52,437**	**5,914**	**2,020**	**75,475**	**43,804**	**138,225**	**20,262**	**202,291**	**70**	**277,836**
Depreciation and amortisation					(3,673)				(2,865)		**(6,538)**
Adjusted EBIT					**19,217**				**24,298**	**70**	**43,585**
Amortisation of acquired intangibles					(9,249)				(8,741)	-	(17,990)
Acquisition-related adjusting items					(787)				(3,792)	-	(4,579)
Other adjusting items					317				848	-	1,165
Finance expenses					(1,134)				(3,043)	-	(4,177)
Profit before tax					**8,364**				**9,570**	**70**	**18,004**
Additions to intangible Assets					4,433				267		4,700
Total assets					**236,858**				**635,061**		**871,919**

3. Segment analysis (continued)

Effective with this interim report, there are changes to the grouping of businesses within the reportable segments, including restating the prior year's comparative result.

Adjusted EBIT is the main measure of profit reviewed by the Chief Operating Decision Maker.

The total assets figure is inclusive of deferred tax assets in each of the periods above.

Information about major customers

In the six months to 30 June 2023 no customer accounted for more than 10 per cent of reported revenues (Six months to 30 June 2022: no customer accounted for more than 10 per cent of reported revenues).

4. Taxation

Current and deferred tax for the six months to 30 June 2023 has been calculated by applying the jurisdictional statutory rates on an entity-by-entity basis to derive the Group's total income tax expense. This is allocated to current and deferred tax as outlined below:

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000	Year to 31 Dec 2022 £'000
Current tax:			
Tax on profits for the period/year	-	1,860	(282)
Adjustments in respect of prior periods / years	1,449	134	2,522
Foreign current tax on profits for the period / year	9,034	11,091	19,193
Total current tax	10,483	13,085	21,433
Deferred tax:			
Origination and reversal of temporary differences	(5,836)	(5,830)	(7,459)
Adjustments in respect of prior periods / years	(359)	(87)	(3,597)
Change in deferred tax rate	(143)	(3,235)	(307)
Total deferred tax	(6,338)	(9,152)	(11,363)
Income tax expense	4,145	3,933	10,070

Of the total income tax expense, £4,472,000 relates to taxation on continuing operations (six months to June 2022 expense £3,841,000 and year to 31 December 2022 expense £9,784,000).

5. (Loss) / Profit on discontinued operations, net of tax

The table below show the results of the discontinued operations which are included in the Group Income Statement and Group Statement of Cash Flows respectively

	Six months to 30 June 2023 £'000	**Six months to 30 June 2022 £'000**	**Year to 31 Dec 2022 £'000**
Revenue	**-**	3,973	8,315
Operating expenses	**(1,452)**	(3,487)	(8,341)
Operating (loss) / profit	**(1,452)**	486	(26)
Adjusted EBIT	**(1,389)**	486	1,018
Adjusting items included in Operating (loss) / profit			
(Loss) / profit on disposal of fixed assets	**(1)**	-	3
Closure costs	**(62)**	-	(1,047)
Operating (loss) / profit	**(1,452)**	486	(26)
(Loss) / Profit before taxation	**(1,452)**	486	(26)
Taxation	**327**	(92)	(286)
(Loss) / Profit after taxation	**(1,125)**	394	(312)

	Six months to 30 June 2023 £'000	**Six months to 30 June 2022 £'000**	**Year to 31 Dec 2022 £'000**
Net cash (used in) / from operating activities	**(1,452)**	486	(29)
Net cash from investing activities	**-**	-	3
Net cash from discontinued operations	**(1,452)**	**486**	**(26)**

6. Adjusting items

These items are included in the normal operating costs of the business, but are significant cash and non-cash expenses that are separately disclosed because of their size, nature or incidence. It is the Group's view that excluding them from Operating Profit gives a better representation of the underlying performance of the business in the period. Further details of the adjusting items are included below.

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000	Year to 31 Dec 2022 £'000
Adjusting items included in Operating profit:			
Acquisition related costs:			
Amortisation of acquired intangibles	**16,576**	17,990	**35,723**
Acquisition-related contingent consideration and earn-outs	**1,088**	2,254	**3,273**
Acquisition-related share based payment charge	**-**	-	**542**
Fair value movement on contingent consideration	**-**	-	**(21)**
Acquisition costs	**-**	43	**304**
Integration costs	**1,150**	2,282	**3,512**
Total acquisition related costs	**18,814**	22,569	**43,333**
Other adjusting items:			
Impairment of goodwill and intangibles	**-**	-	**7,958**
Loss on disposal of fixed assets	**41**	-	**5**
Loss on disposal of right-of-use assets	**852**	232	**228**
Share of profit of joint venture	**-**	(155)	**(155)**
Profit on sale of joint venture	**-**	(1,242)	**(1,242)**
Cloud computing configuration and customisation costs	**122**	-	**719**
Disposal costs	**105**	-	**-**
Other income	**-**	-	**(1,469)**
Total other adjusting items	**1,120**	(1,165)	**6,044**
Total adjusting items	**19,934**	21,404	**49,377**

As outlined above, the material adjustments during the period are made in respect of:

- Amortisation of acquired intangibles – the cost of £16.6 million (2022: £18.0 million) is excluded from the adjusted results of the Group since the costs are non-cash charges arising from investment activities. As such, they are not considered reflective of the core trading performance of the Group.
- Impairment of goodwill and intangibles and closure provisions – these costs are excluded from the adjusted results of the Group since the costs are one-off charges related to closure of the non-core UK apprenticeship business in early 2023 as announced in 2022.
- Acquisition-related share-based payments, contingent consideration and earn-outs – these costs are excluded from the adjusted results since these costs are also associated with business acquisitions and represent post-combination remuneration, which is not included in the calculation of goodwill and also not considered part of the core trading performance of the Group.

6. Adjusting items (continued)

- Fair value movement on contingent consideration - similar to the above, any adjustments to contingent consideration through profit or loss are excluded from adjusted results on the basis that it is non-cash non-operational income or costs.
- Disposal costs relate to the fees incurred for the sale of a non-core asset (see note 19).
- Costs of acquisition and integration - the costs of acquiring and integrating subsidiaries purchased. These costs associated with completed acquisitions are excluded from the adjusted results on the basis they are directly attributable to investment activities, rather than the core trading activities of the Group. Included within the £1.2 million integration costs are legal and professional fees of £0.2 million, an allocation of internal labour for employees who have worked on integration activities during the year of £0.9 million and costs relating to facilities of £0.1 million.
- Other income includes amounts received in relation to a contract and is an adjusting item due to its quantum and non-recurring nature.
- Cloud computing configuration and customisation costs reflects the impact of a change in accounting policy following review of IFRIC guidance issued in March 2021 relating to capitalisation of cloud computing software implementation costs. Where there is no underlying intangible asset over which we retain control, the Group recognises configuration and customisation costs as an expense.

7. Finance expenses

	Six months to 30 June 2023 £'000	**Six months to 30 June 2022 £'000**	Year to 31 Dec 2022 £'000
Interest on borrowings	6,986	3,148	9,102
Net foreign exchange differences	-	908	800
IFRS 16 finance expense	257	305	573
Finance expense	7,243	4,361	10,475
Credit on contingent consideration	-	-	(77)
Interest receivable	(539)	(184)	(352)
Finance income	(539)	(184)	(429)
Net finance expense	6,704	4,177	10,046

8. Dividends paid

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000	Year to 31 Dec 2022 £'000
Final dividends paid	9,094	5,515	5,515
Interim dividend paid	-	-	3,547
	9,094	5,515	9,062

The declared interim dividend of 0.45 pence per share, amounting to a total dividend payment of £3.6 million, is not included as a liability in these financial statements and will be paid on 27 October 2023 to shareholders on the register at the close of business on 6 October 2023.

9. Earnings per share

	Six months to 30 June 2023 £'000	Six months to 30 June 2022 £'000	Year to 31 Dec 2022 £'000
Basic earnings per share (pence)	1.376	1.848	3.857
Diluted earnings per share (pence)	1.338	1.798	3.710
Adjusted basic earnings per share (pence)	3.253	3.818	8.443
Adjusted diluted earnings per share (pence)	3.163	3.715	8.121

Basic earnings per share is calculated by dividing the profit/loss after tax attributable to the equity holders of the Group by the weighted average number of shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options that are dilutive potential ordinary shares.

In order to give a better understanding of the underlying operating performance of the Group, an adjusted earnings per share comparative has been included. Adjusted earnings per share is stated after adjusting the profit after tax attributable to equity holders of the Group for certain charges as set out in the table below.

Adjusted earnings per share is stated after the impact of the adjusting items disclosed in note 6.
In the six month period ended 30 June 2022, management had excluded the profit or losses on disposal of fixed assets and right-of-use assets and included the impact of financing items (note 7) in their calculation of adjusted earnings per share.

When including the profit or losses on disposal of fixed assets and excluding interest receivable, finance expense on contingent consideration and finance expense on lease liabilities to present earnings per share on a like for like basis, the adjusted basic earnings per share for the period ended 30 June 2022 would have been 3.717p and adjusted diluted earnings per share 3.617p, a difference of 0.101p and 0.098p, respectively. On a like for like basis for the period ended 30 June 2022 in relation to continuing operations, the adjusted basic earnings per share would have been 3.667p and the adjusted diluted earnings per share 3.568p, a difference of 0.101p and 0.098p, respectively.

The calculation of earnings per share from continuing and discontinued operations is based on the following earnings and number of shares.

	Six months to 30 June 2023			Six months to 30 June 2022			Year to 31 December 2022		
	Profit after tax £'000	**Weighted average number of shares '000**	**Pence per share**	**Profit after tax £'000**	**Weighted average number of shares '000**	**Pence per share**	**Profit after tax £'000**	**Weighted average number of shares '000**	**Pence per share**
Basic earnings per ordinary share	**10,880**	**790,677**	**1.376**	**14,557**	**787,765**	**1.848**	**30,406**	**788,295**	**3.857**
Effect of adjustments:									
Total adjusting items (see note 6)	19,997			22,646			50,421		
Adjusting items excluded from earnings per share adjustments:									
Loss on disposal of fixed assets	-			(232)			-		
Profit on disposal of joint venture	-			(1,242)			-		
Interest receivable	-			(184)			-		
Net foreign exchange gain on borrowings	-			907			-		
Finance expense on lease liabilities (IFRS 16)	-			305			-		
Income tax (credit)/expense	4,145			3,933			10,070		
Effect of adjustments	24,142	-	3.053	26,133	-	3.317	60,491		7.674
Adjusted profit before tax	**35,022**	-	-	**40,690**	-	-	**90,897**		
Tax impact after adjustments	(9,305)	-	(1.177)	(10,613)	-	(1.347)	**(24,338)**		**(3.087)**
Adjusted basic earnings per ordinary share	**25,717**	**790,677**	**3.253**	**30,077**	**787,765**	**3.818**	**66,559**	**788,295**	**8.443**
Effect of dilutive potential ordinary shares:									
Share options	-	22,509	(0.090)	-	21,807	(0.103)		31,310	(0.322)
Adjusted diluted earnings per ordinary share	**25,717**	**813,186**	**3.163**	**30,077**	**809,572**	**3.715**	**66,559**	**819,605**	**8.121**
Diluted earnings per ordinary share attributable to the owners of the parent	**10,880**	**813,186**	**1.338**	**14,557**	**809,572**	**1.798**	**30,406**	**819,605**	**3.710**

The calculation of earnings per share from continuing operations is based on the following earnings and number of shares.

	Six months to 30 June 2023			Six months to 30 June 2022			Year to 31 December 2022		
	Profit after tax £'000	Weighted average number of shares '000	Pence per share	Profit after tax £'000	Weighted average number of shares '000	Pence per share	Profit after tax £'000	Weighted average number of shares '000	Pence per share
Basic earnings per ordinary share	**12,005**	**790,677**	**1.518**	**14,163**	**787,765**	**1.798**	**30,718**	**788,295**	**3.897**
Effect of adjustments:									
Total adjusting items (see note 6)	19,934			22,646			49,377		
Adjusting items excluded from earnings per share adjustments:									
Loss on disposal of fixed assets	-			(232)			-		
Profit on disposal of joint venture	-			(1,242)			-		
Interest receivable	-			(184)			-		
Net foreign exchange gain on borrowings	-			907			-		
Finance expense on lease liabilities (IFRS 16)	-			305			-		
Income tax (credit)/expense	4,472			3,841			9,784		
Effect of adjustments	24,406		3.087	26,041		3.306	59,161		7.505
Adjusted profit before tax	**36,411**			**40,204**			**89,879**		
Tax impact after adjustments	(9,632)		(1.218)	(10,521)		(1.336)	(24,052)		(3.051)
Adjusted basic earnings per ordinary share	**26,779**	**790,677**	**3.387**	**29,683**	**787,765**	**3.768**	**65,827**	**788,295**	**8.351**
Effect of dilutive potential ordinary shares:									
Share options	-	22,509	(0.094)	-	21,807	(0.101)	-	31,310	(0.319)
Adjusted diluted earnings per ordinary share	**26,779**	**813,186**	**3.293**	**29,683**	**809,572**	**3.666**	**65,827**	**819,605**	**8.032**
Diluted earnings per ordinary share attributable to the owners of the parent	**12,005**	**813,186**	**1.476**	**14,163**	**809,572**	**1.749**	**30,718**	**819,605**	**3.748**

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10. Intangible assets

	Goodwill	Customer contracts and relationships	Branding	Acquired IP	Internal software develop-ment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2022	**337,754**	**188,860**	**15,277**	**90,314**	**26,199**	**658,404**
Additions	-	-	-	-	4,700	4,700
Foreign exchange differences	34,404	10,808	1,396	7,100	1,202	54,910
At 30 June 2022	**372,158**	**199,668**	**16,673**	**97,414**	**32,101**	**718,014**
Additions	-	-	-	-	5,266	5,266
Adjustment related to cloud computing costs	-	-	-	-	(640)	(640)
Reclassified as assets held for sale	(501)	(1,095)	(450)	(28)	-	(2,074)
Impairment	(5,401)	(2,581)	(497)	(59)	-	(8,538)
Foreign exchange differences	1,013	3,129	1,052	2,245	1,089	8,528
At 31 December 2022	**367,269**	**199,121**	**16,778**	**99,572**	**37,816**	**720,556**
Additions	-	-	-	-	6,707	6,707
Foreign exchange differences	(14,025)	(4,354)	(595)	(3,883)	(1,101)	(23,958)
At 30 June 2023	**353,244**	**194,767**	**16,183**	**95,689**	**43,422**	**703,305**
Accumulated amortisation						
At 1 January 2022	**-**	**70,947**	**2,068**	**23,179**	**14,838**	**111,032**
Amortisation charged in period	-	10,760	1,466	5,764	3,369	21,359
At 30 June 2022	**-**	**81,707**	**3,534**	**28,943**	**18,207**	**132,391**
Amortisation charged in period	-	9,891	1,590	6,252	4,091	21,824
Reclassified as assets held for sale	-	(182)	(105)	(7)	-	(294)
Impairment	-	(446)	(120)	(14)	-	(580)
Foreign exchange differences	-	2,703	981	1,944	615	6,243
At 31 December 2022	**-**	**93,673**	**5,880**	**37,118**	**22,913**	**159,584**
Amortisation charged in period	-	9,367	1,424	5,785	4,304	20,880
Foreign exchange differences	-	(2,080)	(196)	(1,474)	(582)	(4,332)
At 30 June 2023	**-**	**100,960**	**7,108**	**41,429**	**26,635**	**176,132**
Carrying amount						
At 30 June 2022	**372,158**	**117,961**	**13,139**	**68,471**	**13,894**	**585,623**
At 31 December 2022	**367,269**	**105,448**	**10,898**	**62,454**	**14,903**	**560,972**
At 30 June 2023	**353,244**	**93,807**	**9,075**	**54,260**	**16,787**	**527,173**

11. Property, Plant, equipment and right-of-use assets

	Computer equipment	Property	Motor vehicles	Total	Right of Use Assets Computer equipment	Property	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 January 2022	**1,804**	**438**	**1,617**	**3,859**	**559**	**23,347**	**134**	**24,040**
Additions	631	9	7	647	-	587	-	587
Foreign exchange differences	151	31	138	320	21	475	(13)	483
Transfer between cost and depreciation	(11)	-	-	(11)				
Disposals	(53)	(1)	-	(54)	(67)	(3,331)	-	(3,398)
At 30 June 2022	**2,522**	**477**	**1,762**	**4,761**	**513**	**21,078**	**121**	**21,712**
Reclassifications	1,134	140	(1,274)	-				
Additions	884	94	16	994	-	1,475	-	1,475
Foreign exchange differences	1,902	(57)	91	1,936	(9)	(276)	13	(272)
Reclassified as assets held for sale	(236)	(48)	(43)	(327)	-	(278)	-	(278)
Disposals	(538)	(232)	(159)	(929)	(34)	(2,097)	(57)	(2,188)
At 31 December 2022	**5,668**	**374**	**393**	**6,435**	**470**	**19,902**	**77**	**20,449**
Additions	415	12	63	490	-	1,316	-	1,316
Foreign exchange differences	(154)	262	(121)	(13)	(2)	(232)	-	(234)
Disposals	(1,706)	(23)	(142)	(1,871)	-	(313)	-	(313)
At 30 June 2023	**4,223**	**625**	**193**	**5,041**	**468**	**20,673**	**77**	**21,218**
Accumulated Depreciation								
At 1 January 2022	**281**	**124**	**222**	**627**	**186**	**6,596**	**13**	**6,795**
Charge for the period	675	103	123	901	86	2,366	34	2,486
Disposals					(14)	(1,790)	-	(1,804)
At 30 June 2022	**956**	**227**	**345**	**1,528**	**258**	**7,172**	**47**	**7,477**
Charge for the period	944	167	129	1,240	75	1,763	19	1,857
Reclassifications	129	-	(129)	-				
Disposals	(480)	(221)	(148)	(849)	(6)	(560)	(22)	(588)
Reclassified as assets held for sale	(178)	(47)	(43)	(268)	-	(105)	-	(105)
Foreign exchange differences	1,765	(10)	172	1,927	-	-	-	-
At 31 December 2022	**3,136**	**116**	**326**	**3,578**	**327**	**8,270**	**44**	**8,641**
Charge for the period	558	97	90	745	58	2,055	15	2,128
Disposals	(1,704)	(23)	(105)	(1,832)	-	-	-	-
Foreign exchange differences	(18)	253	(118)	117	-	-	-	-
At 30 June 2023	**1,972**	**443**	**193**	**2,608**	**385**	**10,325**	**59**	**10,769**
Net book value								
At 30 June 2022	1,566	250	1,417	3,233	255	13,906	74	14,235
At 31 December 2022	2,532	258	67	2,857	143	11,632	33	11,808
At 30 June 2023	2,251	182	-	2,433	83	10,348	18	10,449

12. Trade receivables

	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Dec 2022 £'000
Trade receivables	**109,890**	**128,384**	**140,951**
Allowance for impairment losses	**(4,122)**	**(5,512)**	**(4,926)**
	105,768	**122,872**	**136,025**

The Group's normal trade credit term is 30-60 days. Other credit terms are assessed and approved on a case-by-case basis.

The fair value of trade receivables approximates their carrying amount, as the impact of discounting is not significant. No interest has been charged to date on overdue receivables.

In accordance with IFRS 15, the Group has disclosed trade receivable balances net of the associated contract liabilities, as outlined below. These balances will be shown net until the earlier of either the date the payment becomes due and a receivable is recognized or the date that the services are delivered and an associated contract asset is recognized.

	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Dec 2022 £'000
Contract liabilities offset within trade receivables above	**3,981**	**7,085**	6,639

13. Other receivables, deposits and prepayments

	30 June 2023 £'000	30 June 2022 £'000	31 Dec 2022 £'000
Sundry receivables	6,742	4,258	6,767
Prepayments	7,878	13,618	9,998
	14,620	17,876	16,765

Sundry receivables as at 30 June 2022 have been adjusted relating to the impact of prior year acquisition measurement period adjustment (see the Annual Report for the year ended 31 December 2022).

14. Cash and cash equivalents, restricted cash and short-term deposits

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less:

	30 June 2023 £'000	30 June 2022 £'000	31 Dec 2022 £'000
Cash and cash equivalents	78,132	71,933	94,847

Restricted cash balances comprise amounts held on behalf of third parties and employees as part of the Employee Stock Purchase Plan ('ESPP'):

	30 June 2023 £'000	30 June 2022 £'000	31 Dec 2022 £'000
Restricted cash	2,303	3,158	2,608

15. Deferred tax assets / liabilities

The movement in deferred tax assets and liabilities prior to offsetting are shown below:

Deferred Tax Assets	**Share options**	**Tax losses**	**Short-term timing differences**	**Intangibles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 December 2022	3,622	5,248	12,814	4,939	26,623
Deferred tax charged directly to the income statement	-	1,920	1,058	-	2,978
Exchange rate differences	(48)	(166)	(507)	(198)	(919)
Changes in tax rate	-	124	36	-	160
At 30 June 2023	3,574	7,126	13,401	4,741	28,842

Deferred Tax Liability	**Intangibles**	**Accelerated tax depreciation**	**Short-term timing differences**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 31 December 2022	46,541	615	2,648	49,804
Deferred tax charge directly to the income statement	(4,284)	(9)	1,075	(3,218)
Deferred tax charged directly to equity	(1,402)	-	-	(1,402)
Exchange rate differences	-	(26)	(118)	(144)
Changes in tax rate	-	-	18	18
At 30 June 2023	40,855	580	3,623	45,058

15. Deferred tax assets / liabilities (continued)

The total deferred tax assets and liabilities subject to offsetting are presented below:

	Total Deferred tax assets			Total Deferred tax liabilities		
	30 June 2023 £'000	**30 June 2022 £'000**	**31 Dec 2022 £'000**	**30 June 2023 £'000**	**30 June 2022 £'000**	**31 Dec 2022 £'000**
Prior to offsetting	**28,842**	**19,682**	**26,623**	**45,058**	**41,199**	**49,804**
Offset of tax	**(21,511)**	**(15,098)**	**(22,539)**	**(21,511)**	**(15,098)**	**(22,539)**
After offsetting	**7,331**	**4,584**	**4,084**	**23,547**	**26,101**	**27,265**

The deferred tax assets and liabilities have been represented in the balance sheet as at 30 June 2022 to reflect the requirements of IAS12 to offset deferred tax assets and liabilities when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. This has resulted in a reduction of deferred tax assets and liabilities included in non-current assets and non-current liabilities respectively of £15.1 million. There is no impact on net assets, cash flow or reserves.

16. Trade and other payables

	30 June 2023 £'000	**30 June 2022 £'000**	**31 Dec 2022 £'000**
Trade payables	15,056	27,919	31,813
Contract liabilities	74,292	80,431	99,303
Tax and social security	11,574	23,188	22,300
Contingent consideration	-	-	21
Acquisition-related contingent consideration and earn-outs	1,610	4,776	4,876
Accruals and other payables	39,049	38,156	22,321
	141,581	174,470	180,634

Trade payables as at 30 June 2022 have been adjusted relating to the impact of prior year acquisition measurement period adjustment (see the Annual Report for the year ended 31 December 2022).

17. Borrowings

The Group has a debt facility dated 15 July 2021 with HSBC UK Bank PLC, HSBC Innovation Bank Limited, Barclays Bank PLC, Fifth Third Bank NA and The Governor and Company of the Bank of Ireland.

At the outset this comprised two committed term loans, Term Facility A, with an original commitment of $265.0 million available to the Group until October 2025 and Term Facility B for $40.0 million, subsequently fully repaid in March 2022.

The facilities available also include a $50.0 million committed Revolving Credit Facility (£39.6 million at the period-end exchange rate) and a $50.0 million uncommitted accordion facility (£39.6 million at the period-end exchange rate), both available until July 2025. The term facility attracts variable interest based on LIBOR plus a margin of between 1.25% and 2.75% per annum, based on the Group's leverage to December 2023, following this it attracts SOFR plus the margin discussed above and an adjusted credit spread until repaid.

Term Facility A is repayable with quarterly instalments, starting December 2022, of $9.6 million (c £7.6 million at the period-end exchange rate) with the balance repayable on the expiry of the loan in October 2025. Term Facility B was repayable in full in April 2022 but was fully repaid early in March 2022.

The bank loan is secured by a fixed and floating charge over the assets of the Group and is subject to financial covenants that are tested quarterly based on a calendar year.

The financial covenants are that the Group must ensure that its interest cover ratio is at least 4.0 times and its leverage ratio does not exceed 3.0 times. The interest cover and leverage ratio is not a statutory measure and so its basis and composition may differ from other leverage measures published by other companies.

The interest cover ratio is the ratio of EBITDA to Finance Charges and the leverage ratio is total net debt on the last day of the relevant period to adjusted EBITDA for that relevant period. Both numerator and denominator in each calculation comprise several adjustments as defined in the debt facility agreement and as such are not directly calculable from the financial statements.

The Group was compliant with all financial covenants throughout the period and as at 30 June 2023, the Group's interest cover was 8.96 and its leverage ratio was 0.94.

The lease liabilities have arisen on adoption of IFRS 16 and are secured by the related underlying assets.

	30 June 2023 £'000	30 June 2022 £'000	31 Dec 2022 £'000
Current interest-bearing loans and borrowings	31,220	23,845	36,714
Non-current interest-bearing loans and borrowings	155,289	193,367	177,944
Current lease liabilities	4,162	8,194	5,082
Non-current lease liabilities	8,486	13,196	9,792
	199,157	**238,602**	229,532

Net debt reconciliation

Net debt can be analysed as follows:

	30 June 2023 £'000	30 June 2022 £'000	31 Dec 2022 £'000
Cash and cash equivalents	78,132	71,933	94,847
Borrowings:			
- Term loan	(186,509)	(217,212)	(214,658)
Net debt	**(108,377)**	**(145,279)**	(119,811)

18. Provisions

	Property provisions	Litigation and regulation provisions	Onerous contract provisions	Closure provisions	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	**1,075**	**6,489**	**1,024**	**-**	**8,588**
Released to the income statement	(242)	-	(212)	-	(454)
Foreign exchange movement	-	-	-	-	-
At 30 June 2022	**833**	**6,489**	**812**	**-**	**8,134**
Charged / (released) to the income statement	208	(3,769)	(431)	-	(3,992)
Paid in the period	(143)	(2,260)	-	-	(2,403)
Additions	204	-	-	1,047	1,251
Foreign exchange movements	(99)	461	107	-	469
At 31 December 2022	**1,003**	**921**	**488**	**1,047**	**3,459**
Released to the income statement	-	-	(319)	(62)	(381)
Paid in the period	(86)	(11)	-	(718)	(815)
Additions	6	-	-	-	6
Foreign exchange movements	(64)	(37)	(13)	-	(114)
At 30 June 2023	**859**	**873**	**156**	**267**	**2,155**
Current	325	873	156	267	1,621
Non-current	534	-	-	-	534
At 30 June 2023	**859**	**873**	**156**	**267**	**2,155**

The provisions as at 1 January 2022 have been restated to include the impact of measurement period adjustments as described in the Annual Report for the year ended 31 December 2022.

19. Assets and liabilities classified as held for sale

In December 2022, the Group decided to dispose a non-core business as soon as practicable and communicated this decision internally and to investors on 19 December 2022. This business was acquired as part of the GP Strategies acquisition in October 2021.

Following its classification as held for sale the asset group is held at the lower of fair value less costs to sell and net book value.

19. Assets and liabilities classified as held for sale (continued)

Effect of the assets and associated liabilities on financial position of the Group

	30 Jun 2023 £'000	31 Dec 2022 £'000
Non-current assets		
Goodwill	501	501
Intangible assets	1,279	1,279
Property, plant and equipment	53	58
Right of use assets	143	173
	1,976	2,011
Current assets		
Trade receivables	3,629	5,299
Other receivables, deposits and prepayments	180	82
Amounts recoverable on contracts	910	977
	4,719	6,358
Assets in disposal groups classified as held for sale	6,695	8,369
Current liabilities		
Lease liabilities	16	77
Trade and other payables	3,984	3,809
	4,000	3,886
Non-current liabilities		
Lease liabilities	137	98
Liabilities directly associated with assets in disposal groups classified as held for sale	4,137	3,984

The net assets held for sale as at 30 June 2023 exclude deferred tax assets of £39,000 (31 December 2022: £39,000) and current tax liabilities of £635,000 (31 December 2022: £412,000) which remain within the Group tax position.

The Group expects to recover greater than the net book value from the eventual sale which is progressing well and we expect to provide a further update before the end of the year.

20. Events after the balance sheet date

On 5 September 2023, the Group sold its 17% investment in LEO Brasil Tecnologia Educacional Ltda (formerly Epic Brasil Tecnologia Educacional Ltda) for proceeds of R$3 million (£0.5 million), realising a gain on sale of £0.4 million.

Glossary

Alternative Performance Measures

In reporting financial information, the Group presents alternative performance measures ("APMs") which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures. The key APMs that the Group uses are outlined below.

	Closest equivalent IFRS measure	**Reconciling items to IFRS measure**	**Definition and purpose**
Income Statement Measures			
Adjusted EBIT	Operating profit	Adjusting items	Adjusted EBIT excludes adjusting items. A reconciliation from Adjusted EBIT to Operating profit is provided in the Consolidated statement of comprehensive income.
Adjusting items	None	Refer to definition	Items which are not considered part of the normal operating costs of the business, are separately disclosed because of their size, nature or incidence are treated as adjusting. The Group believes the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance. An explanation of the nature of the items identified as adjusting is provided in Note 6 to the financial statements.
Saas and long-term contracts	Revenue	Refer to Note 3	Saas and long-term contracts are defined as the revenue streams of the Group that are predictable and expected to continue into the future upon customer renewal.
Transactional	Revenue	Refer to Note 3	Transactional revenue is defined as the revenue streams of the Group that arise from one-off fees or services that may or may not happen again.
Balance Sheet Measures			
Net cash or debt	None	Refer to Note 17	Net cash / debt is defined as Cash and cash equivalents and short-term deposits, less Bank overdrafts and other current and non-current borrowings. A reconciliation is provided in Note 17 to the financial statements.
Total equity per share	None	Refer to definition	Calculated as Total Equity at the end of the period/year divided by the number of shares in issue at the end of the period/year, The shares in issue at 31 December 2022 were 789,824,841 (based on Note 26 of the 2022 Annual report) and 791,160,022 at 30 June 2023.
Cash Flow Measures			
Adjusted operating cash flow	None	Refer to definition	Cash flow in the period after accounting for operating activities and capital expenditure.
Cash conversion	None	Refer to definition	Adjusted operating cash flow as a percentage of Adjusted EBIT.
Free cash flow	None	Refer to definition	Cash flow in the period after accounting for operating activities, investing activities, lease payments, interest and tax.

Company information

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Kath Kearney-Croft, Chief Financial Officer
Piers Lea, Chief Strategy Officer
Simon Boddie, Non-executive Director
Aimie Chapple, Non-Executive Director
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