

TRIBAL



# Empowering the world of education

Annual Report  
& Accounts 2023

## Our Purpose

# To enable student success through expertise, software and services.

## Our Vision

### To empower the world of education.

We strive to research, develop and deliver the products, services and solutions needed by education institutions across the world to support their primary goals of educating students, providing optimum learning experiences and ultimately delivering successful outcomes.

## Our Goal

### To be a pure-play Education Technology SaaS company, expanding to global reach as the market leader.

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# Highlights

## Financial Performance

Revenue

**£85.7m**

2023	£85.7m
2022	£83.6m

Gross Profit Margin<sup>1</sup>

**49.1%**

2023	49.1%
2022	37.5%

Adjusted Earnings per Share<sup>2</sup>

**4.1p**

2023	4.1p
2022	nil

Adjusted EBITDA<sup>1,2,3</sup>

**£14.4m**

2023	£14.4m
2022	£7.0m

Adjusted EBITDA Margin<sup>1,2</sup>

**16.8%**

2023	16.8%
2022	8.4%

Statutory Earnings Per Share

**2.5p**

2023	2.5p
(0.2)p	2022

Statutory Operating Margin

**8.5%**

2023	8.5%
2022	1%

Statutory Profit/(Loss) After Tax

**£5.3m**

2023	£5.3m
£(0.5)m	2022

Net (debt)/cash

**£(7.2)m**

£(7.2)m	2023
£(3.4)m	2022

## Operational Performance

**£54.5m**

Annual Recurring Revenue<sup>4</sup>

2022: £50.3m

**£168.8m**

Committed Income (Order Book)<sup>5</sup>

2022: £172.9m

**£103.2k**

Revenue per Operational FTE<sup>6</sup>

2022: £100.1k

**110.5%**

Operating Cash Conversion<sup>7</sup>

2022: 89.0%

**£(1.4)m**

Free Cash Flow

2022: £(5.3)m

- 2022 Gross profit margin, Adjusted EBITDA and Adjusted EBITDA margin are all restated due to a change in accounting policy in 2023 to 'exceptionals'. As a result, certain items of income or expense previously included as 'exceptionals' have been classified as underlying.
- Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Earnings per share are in respect of continuing operations and exclude charges reported in 'Exceptional items' of £3.3m (2022: £2.1m), refer to Note 6 in the Financial Statements.
- Adjusted EBITDA is calculated by taking the Adjusted EBITDA after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation.
- Annual Recurring Revenue (ARR) is a forward-looking metric. It includes exit rate annualised recurring revenue, plus future contracted recurring revenue yet to be delivered, and known losses within the next 12 months where customers have given notice.
- Committed Income (Order Book) refers to the Total Contract Value of booked sales orders which have not yet been delivered (including two years Support and Maintenance, where it is contracted on an annual recurring basis).
- Revenue per Operational FTE is the average FTE for the year excluding average FTE associated with capitalised Product Development. In 2023 107.3 FTE were capitalised (2022: 152.3).
- Operating cash conversion is calculated as net cash from operating activities before tax, excluding cash outflow of £0.8m (2022: £nil) from an aborted takeover and £0.9m (2022: £0.6m) of restructuring costs as a proportion of adjusted EBITDA, excluding the onerous contract provision release of £4.3m (2022: £(4.5m)).

## At a glance

# Empowering the world of education

### Who we are

**Provider of software and services to education institutions, globally.**

### Our goal

**To be a pure-play EdTech SaaS business, with global reach.**

### What we do

Student Information Solutions to both Higher & Further Education institutes globally.

Global provider of Quality Assurance and Benchmarking services for Education.

### Who we help

Over 500 institutions empowered by Tribal's Student Information Solutions.

Customers across the Globe (UK, Canada, Malaysia, New Zealand, Australia).

Education Services 2023 Revenue

**£17.2m**

SIS 2023 Revenue

**£68.6m**

2023 ARR

**£54.5m**

Market Share, Australia & NZ

**>25%**

Market Share, UK FE Colleagues

**>35%**

# Our products

## Tribal Experience



For more information  
See page 4

### Tribal Mobile App Suite

### Student Experience platform (Dynamics)

Marketing &  
Recruitment

Student Support  
& Wellbeing

Business  
Engagement

## Tribal Capability



For more information  
See page 9

Tribal  
Admissions  
Apply, Decide,  
Offer

Tribal  
Submissions  
Regulatory  
Reporting

Semestry  
Scheduling/  
Timetable

Tribal Data  
Engine  
Reporting &  
Analytics

## Tribal Platform

### Edge Platform: Integration layer

## Tribal SMS

### Student Management Systems: SITS Callista ebs Maytas

## Tribal Cloud

### Tribal Cloud: SMS-as-a-Service

- Delivering products 'as-a-Service' in the public cloud.
- Provides modern suite of SaaS products to expand existing share of customer wallet and addressable market.
- Market-leading Student Management System products are at the core, with the Edge platform allowing for interoperability with new Capability and Experience offerings.
- Most offerings now available to sell – past peak development spend.

## Business model

# Market-leading student information solutions

### Our resources



Leading market share for Student Information Systems.



Trusted brand respected in education worldwide.



Education services capability complementing student information software.



Market insight from long-standing customer relationships.



Experienced leadership bringing clear business focus.



Skilled people with deep domain expertise.

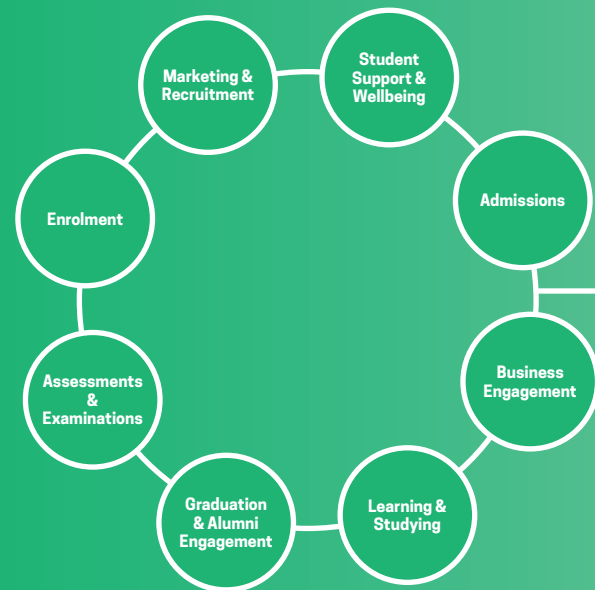


Culture that places customers at the heart of what we do.

### Our software

Our cloud-based and on-premise student information solutions add value to education and business organisations throughout the student life cycle.

#### Our modules span:



Customers pay for Software as a Service (SaaS); cloud services; or for licence, implementation, Support and Maintenance.

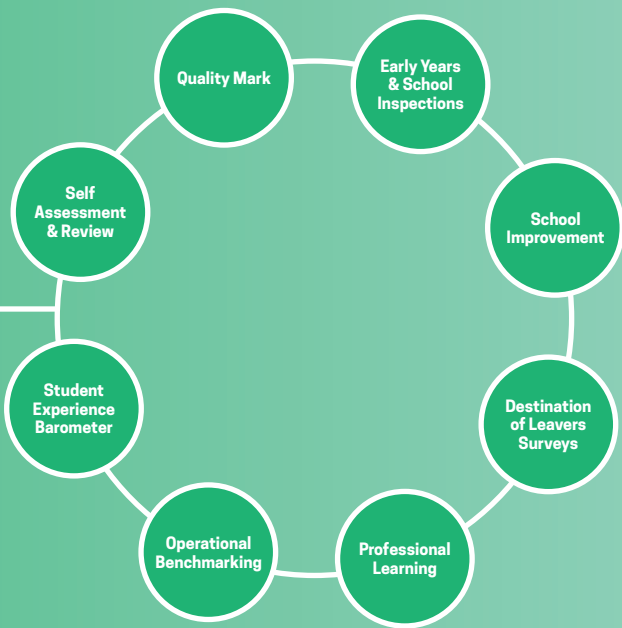
Underpinning how we operate

Our values  
See page 28

We provide market-leading, cloud-based, student information software and services to customers in target markets across the world, using our resources and expertise to create value that is shared with our stakeholders. We empower education institutes to educate students, providing optimum learning experiences and ultimately delivering successful outcomes.

### Our education services

Our education services are offered internationally and cover institutions from Early Years through to Higher Education, all focused on improving learning and student outcomes.



### Generating returns and added value for all of our stakeholders:

- 
**Customers**  
 Solutions to enable managers to enhance the quality of education and improve operational performance, to attract, engage and retain students throughout their learning journeys in a cost-effective and flexible manner.
- 
**Students**  
 Supporting a student’s life-long learning journey, through enhanced wellbeing, enriched experience beyond the academic curriculum, and seamless interaction with different learning channels (physical and virtual).
- 
**Shareholders**  
 Shareholder value and returns from profitable, cash-generative growth with a high proportion of recurring revenue and progressive dividends.
- 
**Employees**  
 Interesting and rewarding careers, with the opportunity to work with the leading educational institutes across the globe.
- 
**Government agencies / education funders**  
 Independent quality assurance services supporting the development of top-class education provision.

Risk management  
See page 32

Corporate responsibility  
See page 24

### How we maximise value creation

Our strategy for profitable growth is outlined on page 8

## Chair's statement

# Substantive progress across strategic priorities



The Board is pleased with the progress achieved across the Group's strategic priorities, including the transition to Cloud-based offerings. Our core SITS offering is number one in the UK market and our Cloud offerings are gaining traction. We have an enviable list of customers, market-leading technology and growing opportunities.

As Shareholders will be aware on 5 October 2023 the Board recommended an offer for the Company at a price of 74 pence per share. The offer did not achieve the necessary support from our largest shareholder and as a consequence the offer did not progress. Our largest Shareholder has indicated their continuing support for the Company and its management and is optimistic for its future.

“  
**Supporting our team as we transition to a pure SaaS business is a top priority.**”

Revenue Growth

**+3%**

Recurring Revenue

**£54m**





# We are confident Tribal has the resources and strong recurring revenues sufficient to execute on our growth strategy.”

For the year ended 31 December 2023 Tribal reported adjusted EBITDA, net debt and Group revenue ahead of market expectations. The Group achieved revenue growth of 3% to £85.7m, Adjusted EBITDA growth of 86% to £13.8m (excluding the £0.6m net benefit from the release of provisions and payment of costs in respect of Nanyang Technological University (NTU)) and closed the year with a net debt position of £7.2m. Importantly, Tribal exited the year with over £54.5m of Annual Recurring Revenue. This was achieved against the backdrop of the lapsed offer for the Company, as announced in October 2023, and the termination of the contract with NTU (both of which absorbed substantial management time and effort) demonstrating the strength of the business, with its established customer based and respected product set. Tribal is, as previously announced, entering a mediation process with NTU which is expected to conclude in the first half of 2024, the potential outcome remains uncertain. We will continue to provide updates as appropriate.

Education Services (ES) continued to contribute positively to the Group's financials, delivering another year of good progress under its new managing director. The Board conducted a strategic review of the division during the Year and concluded that the best way to deliver value to shareholders and drive further growth in revenue and profitability, was to establish ES as a standalone entity within the Group, with its own company structure. Education Services made good progress in FY23, resetting its operating model, and strengthening its business development and marketing functions.

## Dividend

Given Tribal's solid financial performance in FY23, the Board intends to pay a dividend to shareholders. However, given the uncertainty around the likely outcome of the dispute with NTU, the Board is deferring its decision on the quantum of the dividend payment this year until the Board has an appropriate level of certainty. Such dividend is likely to be declared as an interim dividend.

## People

Supporting our employees as we transition to a SaaS business is a top priority, and much work has been done throughout the year to ensure appropriate training and development opportunities exist across the Group. The Board would like to thank the team for their unwavering commitment to the success of Tribal and its customers.

## Outlook

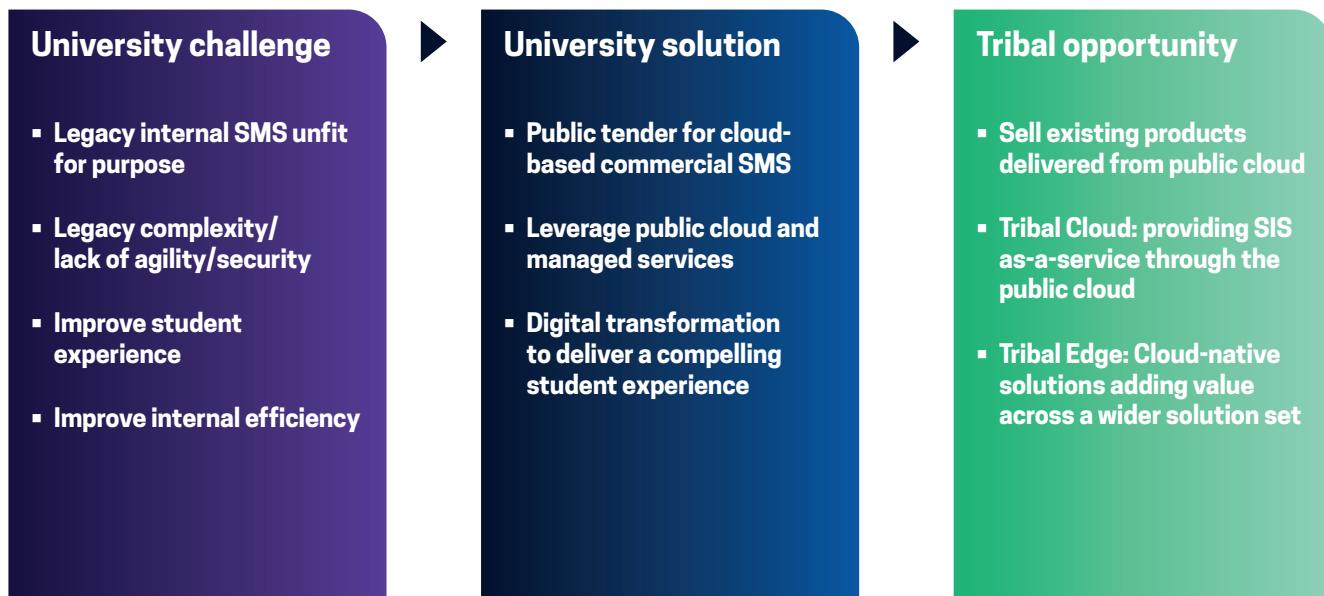
The Board is confident Tribal has the resources and high levels of recurring revenues sufficient to continue to execute on its growth strategy and looks forward to continuing to drive the Group forward, for the benefit of all stakeholders.

Tribal started 2024 with £54.5m of ARR, providing the business a substantial platform from which to grow its core software product and service offerings in Higher and Further Education. Following our strategic review of our Education Services business we are increasingly positive that it will deliver growth in 2024 and beyond. We are also committed to driving improved operational efficiencies across the Group whilst continuing to improve customer satisfaction. The Board has no doubt that businesses generally face many economic headwinds, we are however positive that Tribal can continue the progress achieved to date.

Richard Last  
Chair

# Our opportunity

## What is driving our business



## Tribal's growth strategy

Tribal's growth strategy will increase margins as we grow scale by focusing on the three areas below:

- Expand customer share of wallet by upselling products to our existing customer base.
- Expand addressable market by capitalising on our wider Edge product range.
- Expand geographical reach by localising our existing products and utilising the capabilities of our Edge software.



## Our metrics

Revenue

**£85.7m**

2023	£85.7m
2022	£83.6m

Gross Profit Margin

**49.1%**

2023	49.1%
2022	37.5%

Adjusted Earnings per Share

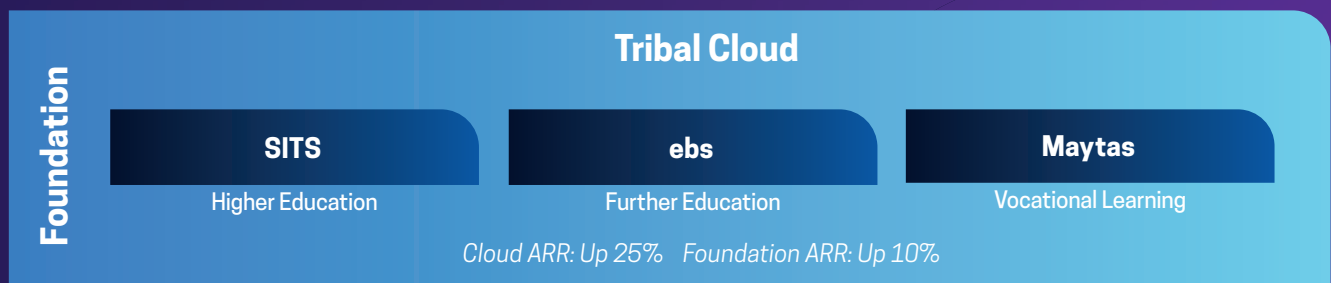
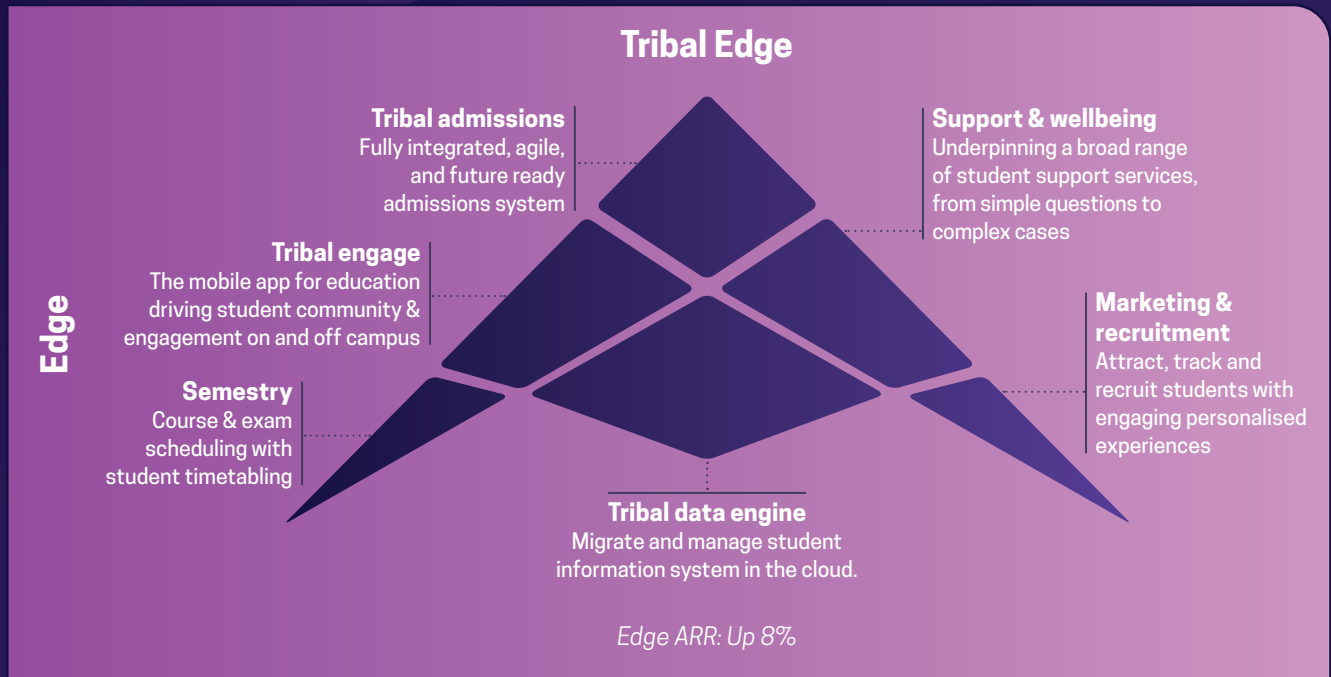
**4.1p**

2023	4.1p
2022	nil

# Tribal's product strategy

Tribal's growth strategy will increase margins as we grow scale by focusing on the three areas below:

- Expand customer share of wallet by upselling products to our existing customer base.
- Expand addressable market by capitalising on our wider Edge product range.
- Expand geographical reach by localising our existing products and utilising the capabilities of our Edge software.



## Innovating with our existing products

- We will continue to invest in our market-leading existing offerings, ensuring they stay up to date and are relevant for our existing user base.
- We will continue to sell our existing products to new customers, offered 'as-a-service' as standard, but available on-premise if demanded.

## Tribal Cloud: delivering our existing products 'as-a-service'

- Deliver existing product suites as-a-service, and manage on behalf of our clients including all of their integrations with other IT products.
- This will enable us to sell more to our existing customers, and help ensure our customers are prepared for the long-term move to Edge, our native cloud ecosystem of education technology modules.

## Edge - a modular, next-generation, cloud-native, Student Information product set

Create an expanded higher education ecosystem of next-generation modules to meet key areas of student experience and engagement with universities.

- We have developed modular applications that are 'best of breed' products, able to be bought either with the Edge platform and other modules, or independently.
- These are delivered entirely 'as-a-service', with no IT support required from the universities, freeing them to focus on the delivery of education services to their students.
- The modules have the ability to be easily translated into multiple languages, more quickly customisable to individual geographic needs and able to be delivered remotely - therefore providing an easier means to enter additional geographies.
- The modules will provide the opportunity for increased upsell to existing customers.

## CEO's review

# Focused on delivering outstanding service

While there have been many corporate developments at Tribal over the course of the last year, our focus has remained resolute on delivering outstanding service to our customers around the world and providing our teams with a rewarding place to work. As a result, we have continued to execute against our growth strategy, winning new customers, transitioning existing customers to the Cloud, and successfully piloting our newly developed native cloud product, Tribal Admissions.



Naturally some new business discussions were paused whilst we were in an offer period, as customers assessed the impact of a potential change of ownership of Tribal. Nonetheless, the Company's strong underlying basis of recurring revenue and continued focus on cost control have ensured we have delivered a year of growth.

We have entered 2024 very much on the front foot, with a clear strategic focus, to evolve Tribal at pace to become an EdTech business, delivering products to the further and higher education sectors. This transition will accelerate in 2024, as we change our operational structure to better fit that of a focused, SaaS business. We have implemented a cost reduction programme to ensure our profit margins remain stable as we execute against this strategy.

### Strategy

Our strategic focus over the recent years has been the transition of the Group to a pureplay EdTech, SaaS business. This continues and over the next year we will continue to focus on this, building on the solid SaaS foundations we have already established.

With a clear direction of travel, focused on the delivery of our market-leading products as a cloud-based solution, further driving the adoption of our newly launched Tribal Admissions product and educating our customers on the opportunity and need to transition to the cloud, we are confident in our ability to continue to deliver growth.

“  
**We will continue to build on the solid SaaS foundation we have already established.”**

### Product development

In FY22, the Board made the decision to focus development spend in 2023 and 2024 on our existing Edge products, to ensure we are focused on maximising the opportunity for each, targeting an overall reduction in Edge development from 2023 as the peak of development investment on the Admissions product has passed. Our Edge products are part of the broader Student Information System ecosystem as we modernise our Student Management Systems products to provide a roadmap to SaaS for all our customers.

We see significant opportunities for our core cloud-native Edge and SITS:Vision products in the next few years across our key geographies, as there is an increasing appetite from the higher education sector to transition their existing Student Information Systems to the cloud and we anticipate this to be the main driver for uptake of our current range offerings.

## NTU update

As previously announced on 20 and 24 March 2023 the contract with Nanyang Technological University (NTU) has been terminated and in April 2023, Tribal received from NTU an interim demand for the payment of damages which it rejected. In November 2023, NTU claimed the HSBC Bank Guarantee to the value of approximately £0.6m, which Tribal disputes. In February 2024, Tribal received an updated interim demand for the payment of damages. Tribal is now entering a mediation process with NTU which is expected to conclude in the first half of 2024, the potential outcome of which remains uncertain. Tribal vigorously disputes NTU claims and no provision has been currently made for any outcome from the mediation or potential future litigation. An update will be provided as and when appropriate.

## Student Information Systems (SIS)

Student Information Systems, our core segment which targets the further and higher education sectors through our range of software solutions, delivered a steady performance in the year, growing customer numbers and revenue.

During the year, we secured a new SITS: Vision customer, adding a total of £0.5m to ARR. This is a multi-year contract with the London School of Science and Technology to provide an improved student experience and deliver operational efficiencies for the university. This new business win comprises SITS Cloud, Engage and Tribal Dynamics Marketing & Recruitment.

In the first half of the year, we also sold further native cloud-based Edge modules, such as Dynamics, Engage and Tribal Data Engine (TDE), to existing customers. Notably, Tribal Dynamics saw a number of several projects go live in the period. Early in H2, we also went live with our first Admissions product, a next generation, native SaaS solution, built using Edge technology. Edith Cowen university, an Australian university with around 30,000 students, is running a pilot, starting with the admission of Post Graduate Domestic students and, over the coming year, rolling the product out to all student admissions. This is a key milestone for Tribal, successfully implementing a complex solution which is a critical system for a university and we are working towards making Tribal Admissions generally available in 2025.

With our Course & Exam Scheduling product, Semestry, we are beginning to see the UK universities starting to come to market to select their next-generation scheduling product. Although there is a good pipeline of opportunities, it is likely to be into mid 2024 before we see those tenders coming to market. In the meantime, we have taken the opportunity to integrate Semestry fully into the Tribal organisation.

We signed three further cloud contracts for existing customers, the University of Wolverhampton, University of the Arts and Royal Veterinary College, as part of their programme of improvement with Tribal to migrate to the Tribal Cloud. We secured smaller contracts across our ebs and Maytas portfolios where we continue to see substantial opportunities for these offerings across both existing and new customers.



**Tribal has made good progress, concluding the first phase of its new strategy this year.”**

## Revenue

**£85.7m**

## Gross Profit Margin

**49.1%**

We are pleased with these positive signs of potential across the Group and although it will take time for full adoption of our solutions by our customers due to the annual cycle of the academic year, we remain confident in the significant long-term opportunities.

## Education Services (ES)

Tribal Education Services (ES) delivers Quality Assurance and benchmarking services to ministries of education and other education agencies around the world, across a broad range of services including overall school quality, leadership and teaching quality, as well as many specialist areas such as new teacher competence, Early Years, literacy and numeracy.

Last year, we implemented a strategy for the business, targeting sustainable growth. The aim of the new strategy was to create a clear identity for the ES business and better articulate the value it creates for our customers.

The business has made good progress, concluding the first phase of its new strategy this year, resetting the operating model and bedding in new structures and processes. A principal focus has been investing to strengthen both its business development and marketing functions, starting with the appointment of a new Director of Business Development in January 2023, and aligning leadership expertise with key markets, including appointments of new Directors for the UK and Middle East business units. These changes have already created growth in our pipeline depth and quality, which in turn underscore our confidence in the division and the services it provides. This year, the Board also conducted a strategic review of the ES division and concluded that the best way to drive further growth in revenue and profitability, and deliver value to shareholders, was to establish ES as a standalone entity.

## CEO's review continued

In the year, ES signed a new 24-month £1.5m contract with the Department for Education in England – Multiply – supporting the roll out of promising interventions supporting Adult Numeracy with colleges and other providers across the country. We have focused much of our business development attention on the Middle East, resulting in a much improved pipeline of projects due over the coming months. The first of these to come on stream is with the Emirates Schools Establishment in the UAE, a new customer. We are delighted to begin a 12-month 10m AED (United Arab Emirates Dirham) project supporting teachers in public schools to attain their professional license, working in partnership with Queen Rania Teachers Academy in Jordan. These two major projects were complemented by strong performance in our Surveys and Benchmarking business, now trading above pre-COVID levels.

### Operations and people

We continue to carefully invest in our operations and people, whilst effectively managing our cost base as we evolve our operational model to ensure service levels are maintained for long-term profitable growth and to remain robust.

We have seen considerable progress since the Global Business Services (GBS) organisation was established in January 2023, with the objective of driving internal efficiencies by simplifying, standardising and centralising back office processes into a single, global Centre of Excellence. In January 2023 we welcomed a new leader for GBS, based in the Philippines, who has a solid track record of leading finance and accounting services to large global corporations and who will lead the next phase of the program to realise the benefits as we transform our execution of business processes. By year end, a number of business-critical processes had migrated to GBS delivering immediate benefits and a solid foundation for continued improvements, in line with our Centre of Excellence model. This progress has already enabled us to create savings and unlock investment in new capabilities, which will be critical to our SaaS transformation. We will continue to build on this progress across all business support functions, so they take full advantage of the potential offered by Global Business Services.

Our evolving operational model, which is built upon our increasing focus on customer success and alignment to Tribal's 'as-a-service' transition, continues to prove effective. The new target operating model is also now being supported by the implementation of new SaaS financial systems and processes, intended to give our customers a more personalised experience and to maximise the value of each of the Group's products.

In June 2023, Tribal Achievers was launched, a global peer to peer recognition programme to maintain a vibrant culture and ensure reward and recognition is part and parcel of life at Tribal. It has been very encouraging to see both the creativity and frequency with which colleagues are ready to celebrate one another's achievements.

Our Customer Success model has successfully established itself in Further Education, providing some impressive outcomes and establishing a clear new revenue stream and source of value creation. We are taking those learnings into the Higher Education market, bringing in highly valued sector professionals to build our advisory services and customer success offerings.

We remain committed to our ESG strategy and long-term goals. This year Tribal is supporting employees volunteering with ChapterOne, an education-based charity providing reading and literacy support to primary school aged children living in deprived areas of the UK. There are currently 14 active Tribal volunteers on the programme, collectively providing over 6 hours of support each week. We are proud that our volunteers are making a meaningful difference; ChapterOne's latest Impact results show children who participate in the programme increase their reading level by 44%, on average.

### Focus for 2024

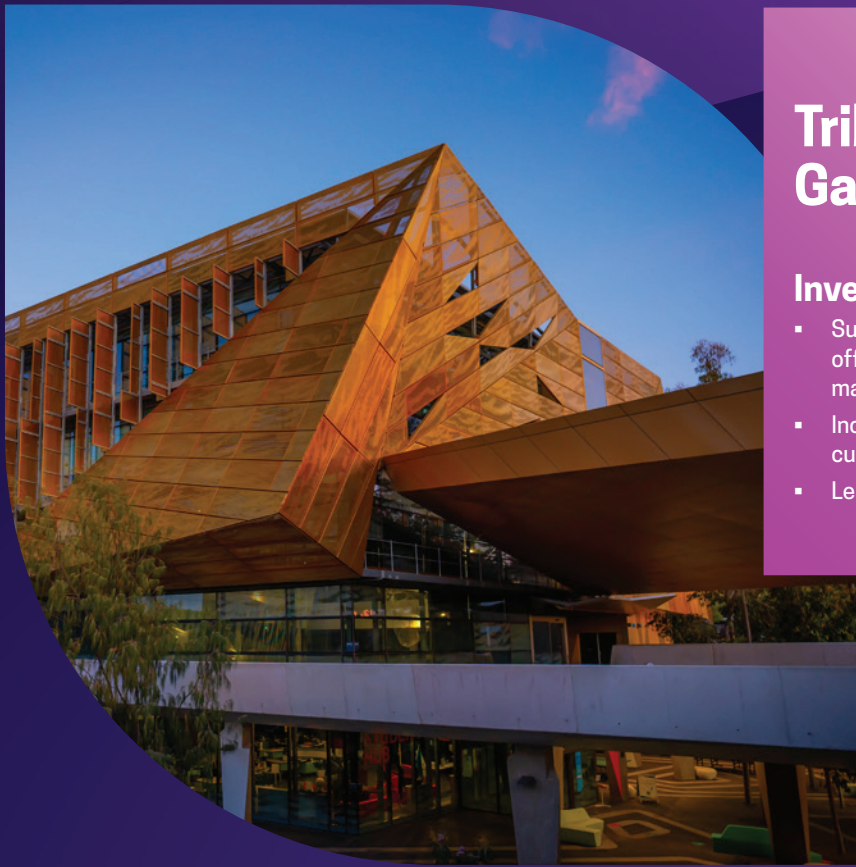
The resolution of the NTU contract dispute will continue to be a key area of focus during 2024 and we will update the market as appropriate.

We are focused on the delivery of our clear strategic priorities for the year, which will in turn drive growth in high margin recurring SaaS revenue and protect our operating profit margins, and look to the future with confidence.



**Mark Pickett**  
**Chief Executive Officer**

## Case study



### Tribal Admissions: Gaining momentum

#### Investor angle

- Successful initial go-live of innovative offering, opening up a sizeable market opportunity
- Increased potential to attract new customers and expand with existing base
- Leading to growth in ARR

#### A reminder of the journey

While leading in the student records space, Tribal recognised the opportunity in the area of admissions, an essential function of the student lifecycle, as an area poised for substantial transformation.

The vision for Tribal Admissions was to create a native Software as a Service (SaaS) platform steeped in the extensive experience gained of over 20 years of implementations, whilst making the most of the continuously expanding technology available to develop an innovative, dynamic, and futureproof solution which would deliver tangible impact to the Higher Education sector.

#### The pivotal moment in the year – Edith Cowan University (ECU) go live

ECU has been a valued Tribal customer since 2004, utilising Tribal's student management system, Callista, and Tribal Submissions. ECU became the first global customer to adopt the Tribal Admissions solution, successfully going live on 15 August 2023.

#### The road to being an early adopter

Spiralling admissions numbers and an ongoing need to do more with less saw ECU reach out. They were looking for a solution at the forefront of technology that is available to enhance efficiency, scalability, and ultimately drive their competitive edge, but with such a crucial part of the lifecycle to tackle, they wanted to rely on a trusted partner.

#### The collaborative partnership

With the implementation of Tribal Admissions, ECU embarked on a transformation journey, shifting its focus:

*“The focus of our team has shifted to upfront configuration and reference data; that’s the primary discussion now. They are not concerned with individual application processing. Instead, they’re engaged in discussions about core specifications, reference data offer libraries. Despite not being a highly technical team, they are admissions processing professionals who understand their work.”*

#### Successful outcomes

Since launch, ECU already have clear data showcasing accelerated processing of applications, and positive indicators are emerging on the impact on student experience.

**“Upon processing an applicant who came through the portal, the offer was then immediately sent out. The applicant, surprised by the speed of the process, contacted our communication centre, suspecting a mistake or spam. They couldn’t believe that they submitted the application yesterday, and the offer was already sent the next day.”**

*“As soon as applications started flowing through, excitement grew, prompting us to push forward and implement changes. The benefits became evident, motivating the team and fostering a positive outlook.”*

#### Continuing the journey – into 2024 and beyond

The journey for ECU is far from complete, and the team at ECU is more excited than ever to continue moving forward, with international admissions and agents next in the long-term plan.

# Financial review

## Results

£m	2023	2022 Reported <sup>1</sup>	Constant currency 2022 <sup>3</sup>	Change constant currency	Change constant currency %
<b>Revenue</b>	<b>85.7</b>	83.6	83.1	2.7	3.2%
Student Information Systems	<b>68.6</b>	68.2	67.9	0.7	1.1%
Education Services	<b>17.2</b>	15.4	15.2	1.9	12.7%
<b>Gross Profit</b>	<b>42.1</b>	<b>31.3</b>	<b>31.4</b>	<b>10.7</b>	<b>34.1%</b>
Gross Profit Margin	<b>49.1%</b>	37.5%	37.8%	11.3%	11.3pp
<b>Adjusted EBITDA (Before Central Overheads)<sup>2</sup></b>	<b>28.1</b>	17.9	18.1	10.1	55.6%
Student Information Systems	<b>25.7</b>	14.3 <sup>5</sup>	14.6	11.1	75.9%
Education Services	<b>2.4</b>	3.6 <sup>5</sup>	3.5	(1.0)	(29.8%)
Central Overheads <sup>4</sup>	<b>(13.6)</b>	(10.8)	(10.8)	(2.9)	26.5%
Net foreign exchange (losses)/gain	<b>(0.2)</b>	(0.1)	(0.1)	(0.1)	62.7%
<b>Adjusted EBITDA<sup>2</sup></b>	<b>14.4</b>	7.0	7.2	7.1	99.0%
Adjusted EBITDA Margin <sup>2</sup>	<b>16.8%</b>	8.4%	8.7%	8.1%	(8.1)pp
<b>Statutory Profit before Tax</b>	<b>6.6</b>	0.4	1.0	5.6	562.9%
<b>Statutory Profit/(Loss) after Tax</b>	<b>5.3</b>	(0.5)	0.2	5.1	2,703.7%
<b>Annual Recurring Revenue</b>	<b>54.5</b>	51.2	50.2	4.3	8.7%

- 2022 Gross profit margin, Adjusted EBITDA and Adjusted EBITDA margin are all restated due to a change in accounting policy in 2023 to 'exceptionals'. As a result, certain items of income or expense previously included as 'exceptionals' have been classified as underlying. Items reclassified are employee related share option charges, including employer-related taxes (2023: £446,000; 2022: £450,000).
- Adjusted EBITDA and Adjusted EBITDA margin are in respect of continuing operations and are calculated by taking the Adjusted EBITDA after the allocation of Central Overheads and exclude Interest, Tax, Depreciation and Amortisation and exceptional items of £2.9m (2022: £2.1m), refer to Note 6 in the Financial Statements.
- 2022 results adjusted are updated for constant currency – the Group has applied 2023 foreign exchange rates to 2022 results to present a constant currency basis. On a constant currency basis there is a decrease in Revenue of £0.5m and an increase to Adjusted EBITDA (before Central Overheads) of £0.2m.
- Central Overheads are made up of costs that are not directly attributable to either Student Information Systems or Education Services.
- 2022 Adjusted EBITDA has been restated by £0.3m in Student Information Systems and (£0.3m) in Education Services due to a misclassification.

The financial review presents the reported results for 2023 and 2022, and the 2022 results restated to 'constant currency' using 2023 rates to exclude foreign currency impact. The change percentages and comparatives are shown on the 2022 constant currency numbers. In addition to EBITDA and Adjusted EBITDA, the presentation disclosed as 'constant currency' is an alternative performance measure and not a statutory reporting measure prepared in line with International Financial Reporting Standards (IFRS). The Group has chosen to present its results on a constant currency basis to reflect the year-on-year performance and account for the impact of foreign exchange movements in the year.

### Revenue

Revenue increased 3.2% to £85.7m (2022: £83.1m constant currency, £83.6m reported). Notwithstanding the drop in professional services partly due to the NTU contract ending, the Group's Student Information Systems segment performed well, with significant growth of 23% in Cloud revenue driven by new customer wins and Tribal Cloud migrations.

Education Services revenue increased by 12.7% to £17.2m (2022: £15.2m constant currency; £15.4m reported) as the main UK contracts continued to track well throughout the year in addition to growth in Surveys and Benchmarking due to the seasonality of the Southern Hemisphere International Student Barometer's in which most institutions participate every other year.

32.7% (2022: 38.0%) of Tribal's revenue in the year was generated outside the UK and is therefore subject to foreign exchange movement.

Gross Profit increased 33.6% to £42.1m (2022: £31.4m constant currency, £31.3m reported) and the margin percentage has increased to 49.1% (2022: 37.8% constant currency, 37.5% reported). The margin percentage increase is largely due to the release of the NTU onerous contract provision following termination of the contract.

### Adjusted EBITDA

Adjusted EBITDA increased £7.1m to £14.4m (2022: £7.2m constant currency; £7.0m reported). Adjusted EBITDA margin increased to 16.8% (2022: 8.7% constant currency; 8.4% reported). The net impact of the release of the £4.5m NTU onerous contract provision created in 2022, with associated contract costs in 2023 gave a £0.6m one-off upside in the year, excluding this the adjusted EBITDA would be £13.8m and adjusted EBITDA margin 16.1%.



Central Overheads, representing costs in HR, IT, Finance, Marketing and Management that aren't directly attributable to lines of business increased by £2.9m to £13.6m (2022: £10.8m constant currency and reported). This includes £1.1m of one-off costs in relation to NTU as well as increased global insurance costs and legal and professional fees in line with market trends and investment in global business services as we focus on standardisation of processes across the Group to drive efficiency.

### Statutory (Loss)/Profit after Tax

The Statutory (Loss)/Profit after tax for the year increased by £5.1m against constant currency to a profit of £5.3m (2022: £0.2m constant currency; (£0.5m) reported). The increase is largely due to the negative impact of the NTU contract within 2022, offset by £1.2m higher exceptionals due to £1.4m of costs associated with the lapsed offer for the company by Ellucian. The tax charge was £1.3m (2022: £0.9m reported and £0.8m constant currency).

### Segmental performance

The Group provides software and non-software related services to the international educational market. These services are managed across two divisions, SIS and ES.

## Student Information Systems (SIS)

£m	2023	2022 Reported	Constant currency 2022	Change constant currency	Change constant currency %
Foundation Support and Maintenance	24.9	25.4	25.1	(0.2)	(0.7%)
Foundation Software	8.5	7.2	7.3	1.3	17.5%
Cloud Services	10.4	8.5	8.5	2.0	23.2%
Edge	5.2	4.8	4.8	0.4	9.0%
Professional Services	9.8	11.2	11.7	(1.9)	(16.1%)
<b>Core Revenue</b>	<b>58.8</b>	57.1	57.2	1.6	2.8%
Other Software & Services	9.7	11.0	10.6	(0.9)	(8.4%)
<b>Total Revenue</b>	<b>68.6</b>	68.2	67.9	0.7	1.1%
<b>Adjusted Operating Profit</b>	<b>25.7</b>	14.3 <sup>1</sup>	14.6 <sup>1</sup>	11.1	75.9%
<b>Adjusted Operating Margin</b>	<b>37.5%</b>	20.9%	21.6%	16.0%	(16.0)pp

1. 2022 Adjusted Operating Profit has been restated by £0.3m in Student Information Systems and (£0.3m) in Education Services.

Student Information Systems focuses on software-related solutions to the Higher Education, Further Education, Colleges and Employers (referred to in Australia as VET), and Schools sectors across the main geographic markets being the UK, Australia, New Zealand, Malaysia, Netherlands and Canada.

SIS revenue increased 1.1% to £68.6m (2022: £67.9m constant currency; £68.2m reported). Revenue generated from our core product offerings increased 2.8% to £58.8m (2022: £57.2m constant currency and £57.1m reported). Growth in our Foundation, Edge and Cloud revenue streams has offset the professional services revenue lost from NTU following contract termination in March 2023.

Foundation Support & Maintenance fees in the period on our Foundation products (including SITS, Callista, ebs, Maytas, K2 and SID) decreased 0.7% in the period. As previously announced, Victoria University (Callista) exited in Q4 2022 resulting in £0.7m decline in revenues. Several ebs and Maytas customers moved onto Software-as-a-Service

(SaaS) contracts in the year, resulting in £0.3m of associated revenues transferring from Foundation Support and Maintenance to Foundation. This has been offset by £0.8m increased revenues from inflationary and student number increases across SITS and Callista.

Foundation Software includes the sale of new software licenses on our Foundation products. Revenue in the period increased 17.5% to £8.5m (2022: £7.3m constant currency, £7.2m reported) driven by growth across SITS, ebs and Maytas, including a new SITS customer: London School of Science and Technology.

Cloud Services cover the provision of Tribal Cloud, a fully managed public cloud service and other hosting services supporting Tribal products, either in a private cloud, or increasingly in a public cloud. Cloud revenues have continued to increase and are up 23.2% to £10.4m (2022: £8.5m constant currency and reported). As previously discussed, revenue growth in this area is driven by significant sales to existing customers, transitioning their existing on-premise

SITS:Vision software, into the Tribal Cloud. During 2023, four additional customers signed up to migrate their on-premise solutions into the cloud including University of the Arts London, University of Wolverhampton, University of Exeter and Royal Veterinary College.

Edge revenues saw an increase of 9.0% to £5.2m (2022: £4.8m constant currency and reported), due to sales across our range of products such as Semestry, Support and Wellbeing and Engage.

Professional Services includes the implementation of all our Foundation and Edge software products at customer sites, typically working alongside customer teams. Implementation projects vary in length and complexity, ranging from a small number of days to more than two years for complex projects. Revenues are either a day rate fee or performed under a fixed fee for defined implementation scope. Professional services have continued to be delivered remotely where appropriate, and the team has been bolstered by the Global Delivery Centre (GDC) in Kuala Lumpur, Malaysia.

## Financial review continued

Professional Services revenue decreased by 16.1% to £9.8m (2022: £11.2m constant currency, £11.7m reported), partly driven by the termination of the NTU contract.

Other Software & Services revenue decreased 8.4% to £9.7m (2022: £10.6m constant currency, £11.0m reported) due to continued Australian SchoolEdge churn and declining revenues on the Department of Education Contract with schools in New South Wales as previously announced. The Department of Education is working with schools to allow them to select their own providers and move away from one overarching contract with Tribal. Ahead of this expected exit, revenues will decline as usage of the Tribal systems decreases. The previously announced exit of the Technical and Further Education colleges New South Wales, 'TAFE NSW' contract has been extended from H2 2023 to H2 2024, at which point no further revenue will be generated. The TAFE and DoE contracts contributed £4.9m to Other Software and Services revenues in 2023.

Adjusted Operating Profit increased by 75.9% to £25.7m (2022: £14.6m constant currency; £14.3m reported) and Adjusted Operating Margin increased to 37.5% (2022: 21.6% constant currency and 20.9% reported). Operating profit benefited by £1.8m from the net impact of the reversal of the onerous contract provision recognised against the NTU contract in 2022 and the loss made on the contract in the early part of 2023. Revenue growth across Foundation Software and Cloud as discussed above, together with cost optimisation has further contributed to the margin improvement.

### Education Services (ES)

£m	2023	2022 Reported	Constant currency 2022	Change constant currency	Change constant currency %
<b>Revenue</b>	<b>17.2</b>	15.4	15.2	1.9	12.7%
School Inspections & Related Services	<b>14.2</b>	12.7	12.6	1.6	12.9%
i-graduate – Surveys & Data Analytics	<b>2.9</b>	2.7	2.6	0.3	11.6%
<b>Adjusted Operating Profit</b>	<b>2.4</b>	3.6 <sup>1</sup>	3.5 <sup>1</sup>	(1.0)	(29.8%)
<b>Adjusted Operating Margin</b>	<b>14.1%</b>	23.6%	22.7%	(8.6%)	(8.6)pp

1. 2022 Adjusted Operating Profit has been restated by £0.3m in Student Information Systems and (£0.3m) in Education Services.

Education Services (ES) provides non-software related solutions globally across the same market sectors. The core offerings are inspection and review services which support the assessment of educational delivery, performance benchmarking, student surveys, and data analytics.

Education Services revenue increased by 12.7% to £17.2m (2022: £15.2m constant currency; £15.4m reported).

The revenue from School Inspections & Related Services increased by 12.9% to £14.2m (2022: £12.6m constant currency; £12.7m reported). This revenue growth was driven by contracts in the UK with the Department for Education in England. The National Centre for Excellence in the Teaching of Mathematics 'NCETM' contract scope was increased resulting in additional revenues for Tribal and the contract for the National Tutoring Programme 'NTP' won in 2022 benefited from a full year's delivery. Tribal was also successful in securing a new contract with the Department for Education for the Multiply contract with a total contract value of £1.2m over two years. The Middle East revenues declined against 2022 with no new contracts won in year.

The revenue for Surveys & Data Analytics increased by 11.6% to £2.9m (2022: £2.6m constant currency; £2.7m reported). The revenues from Surveys are improved, as expected, due to the seasonality of the Southern Hemisphere International Student Barometer in which most institutions participate every other year.

The Adjusted Operating Profit in Education Services decreased by 29.8% to £2.4m (2022: £3.5m constant currency; £3.6m reported), the Adjusted Operating Margin also decreased 8.6pp to 14.1% (2022: 22.7% constant currency; 23.6% reported), this decrease is largely due to the mix of contracts running, with lower revenues in the Middle East which typically attract higher margins than in the UK, together with investment in the delivery, sales and management teams to drive and sustain growth in 2024 and beyond. There were £0.6m of one-off negative operating margin impacts, the majority of which relate to reorganisation of the operating model.

### Product development

£m	2023	2022 Reported	Change
<b>Product Development</b>	12.4	14.4	14%
<b>Of which capitalised</b>	8.5	10.3	17%
Tribal Edge	8.5	10.3	17%
<b>Of which expensed</b>	4.0	4.1	5%
Foundational Products	2.7	2.3 <sup>1</sup>	(19%)
Edge	0.7	1.3	49%
Other Software Products	0.6	0.6 <sup>1</sup>	(0%)
<b>Amortisation</b>	1.6	1.4	(13%)

1. 2022 restated as the Student Information Desk product (£0.3m) has been restated from Other Software Products to Foundational Products.

The Group spent £12.4m on Product Development, of which £8.5m was capitalised in relation to Edge, including Dynamics and Semestry (2022: £14.4m spent, £10.3m capitalised, £4.1m expensed).

As a cloud-native SIS, Edge provides a competitive differentiator in targeting and acquiring new customers. In addition, it protects Tribal's customer base by providing an efficient route to achieve a comprehensive, integrated, open-standards SIS which maximises the student experience and reduces the technical complexity and IT cost for our customers.

As previously announced, the Edge development team reached its peak of development activities to deliver Tribal Admissions during 2022. The team was reduced part way through 2023

to align to our development strategy, which resulted in a 17% saving in capitalised product development and will reduce further in 2024 with further reductions undertaken in early 2024.

Expensed product development decreased 5% to £4.0m (2022: £4.1m) of which £2.7m (2022: £2.3m) related to our Foundation products, £0.7m (2022: £1.3m) related to Edge and £0.6m (2021: £0.6m) related to other products.

## Key performance indicators (KPIs)

£m	2023	2022 Reported	2022 Constant currency	Change constant currency	Change constant currency %
Revenue	<b>85.7</b>	83.6	83.1	2.7	3.2%
- Student Information Systems	<b>68.6</b>	68.2	67.9	0.7	1.1%
- Education Services	<b>17.2</b>	15.4	15.2	1.9	12.7%
Adjusted EBITDA <sup>1</sup>	<b>14.4</b>	7.0	7.2	7.1	99%
Adjusted EBITDA Margin <sup>1</sup>	<b>16.8%</b>	8.4%	8.7%	8.1%	8.1pp
Annual Recurring Revenue (ARR) <sup>2</sup>	<b>54.5</b>	51.2	50.2	4.3	8.7%
Gross Revenue Retention (GRR) <sup>3</sup>	<b>91%</b>	91%	91%	0%	0.0pp
Net Revenue Retention (NRR) <sup>4</sup>	<b>102%</b>	103%	103%	(1%)	(1.0)pp
Committed Income (Order Book)	<b>168.8</b>	172.9	170.4	(1.6)	(0.9%)
Operating Cash Conversion <sup>6</sup>	<b>110.5%</b>	89.0%	89.6%	20.9%	23.3pp
Free Cash (Out)/In Flow	<b>(1.4)</b>	(5.3)	(5.3)	3.9	73.2%
Staff Retention	<b>86.2%</b>	83.6%	83.6%	2.6%	2.6pp
Revenue per Operational FTE <sup>5</sup>	<b>£103.2k</b>	£102.0k	£101.4k	£1.8k	1.8%

- Adjusted EBITDA and Adjusted EBITDA Margin are in respect of continuing operations and exclude charges reported in 'Exceptional items' of £2.9m (2022: £2.1m), refer to Note 6 in the Financial Statements. EBITDA is calculated by taking the Adjusted EBITDA after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation.
- Annual Recurring Revenue is a forward-looking metric. Includes exit rate annualised recurring revenue, plus future contracted recurring revenue yet to be delivered, and known losses within the next 12 months where customers have given notice.
- GRR is calculated as a percentage of recurring revenue retained from existing customers at 1 January including contract expiry, cancellations or downgrades in the year. NRR is calculated as a percentage of recurring revenue retained from existing customers at 1 January including upsells as well as contract expiry, cancellations or downgrades in the year. NRR for 2022 has been restated, resulting in a decrease of 1pp from the reported value.
- Committed Income (Order Book) refers to the Total Contract Value of booked sales orders which have not yet been delivered (including two years Support and Maintenance, where it is contracted on an annual recurring basis).
- Revenue per Operational FTE is the average FTE for the year excluding average FTE associated with capitalised Product Development. In 2023 107.3 FTE were capitalised (2022: 152.3).
- Operating cash conversion is calculated as net cash from operating activities before tax, excluding cash outflow of £0.8m (2022: £nil) from an aborted takeover and £0.9m (2022: £0.6m) of restructuring costs as a proportion of Adjusted EBITDA excluding the onerous contract provision release of £4.3m (2022: provision created £4.5m).

The above Alternative Performance Measures (APM) are not Statutory Accounting Measures and are not intended as a substitute for statutory measures. A reconciliation of Statutory Operating Profit and Adjusted EBITDA has been provided in the financial statements.

# Financial review continued

## Annual recurring revenue (ARR)

£m	2023	2022 Reported	2022 Constant currency	Change constant currency	Change %
Foundational Support & Maintenance	25.0	24.8	24.3	0.6	2.6%
Foundational Subscription	7.7	5.4	5.4	2.3	42.3%
Cloud	12.6	10.2	10.1	2.5	24.5%
Edge	5.9	5.4	5.4	0.4	8.1%
<b>Core product ARR</b>	<b>51.1</b>	<b>45.8</b>	<b>45.3</b>	<b>5.8</b>	<b>12.9%</b>
Other Software & Services	3.4	5.4	4.9	(1.5)	(30.6)%
<b>Total ARR</b>	<b>54.5</b>	<b>51.2</b>	<b>50.2</b>	<b>4.3</b>	<b>8.7%</b>

ARR is a key forward-looking financial metric of the Group and is an area of strategic focus. Our aim is to grow ARR in our core products through the delivery of Software-as-a-Service contracts, providing increased quality of earnings.

ARR relating to our core product offering increased by 12.9% to £51.1m (2022: £45.3m constant currency, £45.8m reported) driven by new customer wins and upsell to existing customers across our core product offerings.

ARR relating to other software and services has decreased 30.6% to £3.4m (2022: £4.9m constant currency, £5.4m reported), of which £1.5m relates to the removal of ARR for the Department of Education as we expect the customer to exit within the next 12 months.

NRR 102% (2022 restated: 103%) has decreased by 1pp. Upsell to existing customers has been largely consistent year on year, highlighting the growth opportunities within our existing customer base, in particular migrations of on-premise customers into the cloud.

GRR 91% (2022: 91%) includes expected churn across our School Edge customers of 0.7ppt, 2.5ppt for the material decline in DoE contract revenues, and 2.4ppt for the termination of NTU.

### Committed Income (Order Book)

The Committed Income (Order Book) relates to the total value of orders across SIS and ES, which have been signed on or before, but not delivered by 31 December 2023. This represents the best estimate of business expected to be delivered and recognised in future periods and includes two years of Support & Maintenance revenue. At 31 December 2023 this decreased to £168.8m (2022: £170.5m constant currency, £172.9m reported). Growth in Foundation and Edge ARR revenues have driven committed income upwards, offset by the reduction due to a further 12 months delivered on key contracts including Callista, DoE and Education Services contracts.

## Operating cash conversion

Operating cash conversion is calculated as net cash from operating activities before tax (excluding the cash outflow of £0.8m (2022: £nil) from costs associated with the lapsed offer from Ellucian and £0.9m (2022: £0.6m) of restructuring costs) as a proportion of Adjusted EBITDA excluding the onerous contract provision of £4.5m in 2022 and its £4.3m subsequent release due to the end of the NTU contract in 2023. In 2023, operating cash conversion was 110.5% (2022: 89.0% reported). The increase in operating cash conversion is a result of improved working capital.

## Free cash flow

Free cash flow is included as a key indicator of the cash that is generated (or absorbed) by the Group and is available for acquisition-related investment, interest and finance charges, and distribution to shareholders. It is calculated as net cash generated, before dividends, interest and finance charges, deferred consideration, and investments in subsidiaries. Free cash flow in 2023 improved to an outflow of £(1.4)m (2022: outflow of £5.3m reported) as investment in product development decreased £1.9m to £8.5m (2022: £10.4m), net cash used in operating activities before tax increased £0.7m to £9.4m (2022: £8.7m), despite £1.8m of cash outflow from takeover and restructuring costs in year (2022: £0.6m), and there were lower tax payments of £1.5m to £1.1m (2022: £2.6m).

## Full time equivalent (FTE) and staff retention

	2023	2022	Change
UK	601	622	(21)
Asia Pacific	293	317	(24)
Rest of world <sup>1</sup>	14	13	1
Full Time Equivalent (FTE)	908	952	(44)

1. Including USA, Canada and Middle East.

Our overall workforce has decreased by 4.6% to a total FTE of 908 from 952 at 31 December 2022.

On an operational FTE basis (excluding Capitalised Product Development), the revenue per average operational FTE increased to £103.2k (2022: £102.0k).

The reduction in headcount reflects our drive for operational efficiencies and reduction in Edge product development, whilst growing our global delivery capability in Malaysia and the Philippines. Staff retention has increased to 86.2% (2022: 83.6%).

## Exceptionals

The Group has adopted a policy of disclosing separately on the face of its Group income statement the effect of any components of financial performance considered by the Directors to be not directly related to the trading business or significant one-off events, for which separate disclosure would assist in a better understanding of the financial performance achieved.

A full explanation of 'Exceptional items' is included in Note 6 of the Financial Statements, however the main items are as follows:

- **Restructuring and associated costs:**  
Relate to planned reductions within our Edge development teams during the first half of 2024, and the restructuring of the Group's operations to implement a new target operating model in 2023. These costs relate to one-off initiatives that support the Group's transition to a pureplay Edtech, SaaS business (2023: £1.0m; 2022: £0.6m).
- **Education Services restructure costs:**  
Board's strategic review of Education Services and establishing ES as a standalone entity, with costs of £1.4m in 2023.
- **Lapsed offer by Ellucian:**  
Costs of £1.4m were spent on due diligence and external advisors in 2023.
- **Acquisition-related costs:**  
Amounts relating to the consultancy and legal costs of potential acquisitions (2023: credit of £0.1m; 2022 charge of £0.2m). The credit in 2023 has arisen from the recalculation of accounting for changes in the fair value of the contingent deferred consideration as part of the earn-out agreement with Eveoh BV, and the corresponding gain has been recognised in the income statement.

## Net cash and cash flow

£m	2023	2022	Change
Net cash flow from operating activities before tax	<b>9.4</b>	8.7	0.7
Tax paid	<b>(1.1)</b>	(2.6)	1.5
Purchases of PPE	<b>(0.4)</b>	(0.7)	0.3
Net lease payments	<b>(0.9)</b>	(0.9)	0.0
Capitalised product development	<b>(8.5)</b>	(10.4)	1.9
Proceeds from shares	<b>0.0</b>	0.6	(0.6)
<b>Free cash flow</b>	<b>(1.4)</b>	(5.3)	3.9
Net cash outflow from acquisition activities	<b>(0.1)</b>	(1.0)	0.9
Net cash inflow/(outflow) from other financing activities	<b>5.6</b>	3.2	2.4
<b>Net decrease in cash &amp; cash equivalents</b>	<b>4.1</b>	(3.1)	7.2
Cash & cash equivalents at beginning of the year	<b>2.9</b>	5.9	(3.0)
Less: Effect of foreign exchange rate changes	<b>(0.2)</b>	0.0	(0.2)
<b>Cash &amp; cash equivalents at end of period</b>	<b>6.8</b>	2.9	3.9
<b>Borrowings</b>	<b>(14.0)</b>	(6.3)	(7.8)
<b>Net (debt)/cash &amp; cash equivalents end of period</b>	<b>(7.2)</b>	(3.4)	(3.8)

Net debt and cash equivalents at 31 December 2023 were (£7.2)m (2022: (£3.4m)).

Operating cash inflow before tax for the period was £9.4m (2022: £8.7m), £0.7m higher than last year despite £0.8m cash outflow from costs relating to the lapsed offer from Ellucian and £0.9m outflow from restructuring.

Spend on product development decreased to £8.5m (2022: £10.4m) in line with the Group's product investment programme. The Group made a payment of £0.1m for deferred consideration (2022: £1.0m), which was a final earn-out payment for Eveoh. There have been no acquisitions in 2023.

Cash inflow from other financing activities (per table above) increased to £5.6m (2022: £3.2m). The Group paid a final dividend of 0.65p per share in the year with £1.4m returned to shareholders. Bank loan arrangement fees and all interest in the period totalled £0.9m (2022: £0.3m). During the year the Group drew down an additional net loan of £7.8m (2022 £6.3m) from the £20m facility to assist with working capital requirements.

# Financial review continued

## Funding arrangements

On 29 December 2023 the Group entered into a three-year £20m multicurrency revolving facility with a further £5m accordion with HSBC with the option to extend by a further two years. The facility was put in place to cover general corporate and working capital requirements of the Group; as at 31 December 2023 £14.0m (2022: 6.3m) of the loan was utilised. The Group has a £2m committed overdraft facility in the UK and an AUD \$2m committed overdraft facility in Australia; both facilities are committed for a 12-month period ending August 2024 and October 2024 respectively. At 31 December 2023 none of the overdraft facilities were drawn.

## Shareholders returns and dividends

Given Tribal's solid financial performance in FY23, the Board intends to pay a dividend to shareholders. However, given the uncertainty around the likely outcome of the dispute with NTU, the Board is deferring its decision on the quantum of the dividend payment this year until the Board has an appropriate level of certainty. Such dividend is likely to be declared as an interim dividend.

## Going concern

As at 31 December 2023, the Group had cash and cash equivalents of £6.8m (2022: £2.9m) and borrowings of £14.0m (2022: £6.3m). The Group has funding arrangements in place as described earlier, also please see Note 19 to the financial statements.

The Group benefits from strong annual recurring revenues and cash generation, it also has a significant pipeline of committed income as it enters 2024. The Group's net current liability position has reduced to £19.1m from £25.0m in 2022; the decrease mainly driven by the release of the onerous contract provision (£4.5m) following termination of the NTU contract. The remaining net current liabilities primarily consist of net contract liabilities £21.8m (2022: £19.3m) relating to deferred customer revenue recognised in accordance with IFRS 15.

Management have considered a range of outcomes in relation to the NTU contract dispute and its potential impact on the Group's cash flows. If mediation is not successful, it may result in possible litigation. Should the dispute result in litigation, timelines for resolution will be uncertain but are considered highly unlikely to be resolved within the next 12 months. Management is undertaking a range of actions, including assessing all discretionary spend, in order to improve cash flows as a matter of prudence.

In assessing the Group's going concern position the Directors have considered all relevant facts, latest forecasts, an assessment of the risks faced by the Group, and considered potential changes in trading performance. In addition, management have stress tested the latest forecasts to the point where either the Group cannot meet its liabilities or is in breach of banking covenants and have concluded that this position is highly unlikely. Accordingly, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

## Taxation

The corporation tax on profit before tax was £1.3m (2022: £0.9m). This increase is driven by the increased profits of the Group.

## Share options and share capital

On 16 October 2023, 418,314 nil-cost share options were granted to Mark Pickett (240,308) and Diane McIntyre (178,006) as part of their ongoing remuneration.

On 16 October 2023, 185,194 nil-cost share options were granted to eligible employees on the Executive Board under the terms of its 2018 Long-Term Incentive plan.

## Earnings per share (EPS)

Adjusted basic earnings per share from continuing operations before exceptional items and intangible asset impairment charges and amortisation, which reflects the Group's underlying trading performance, increased to 4.1p (2022: nil) due to the improved adjusted profit before tax in the year.

Statutory basic earnings per share increased to 2.5p (2022: statutory loss 0.2p) as a result of the statutory profit in the year £5.3m (2022: statutory loss £0.5m).

## Pension obligations

At 31 December 2023, the Group operated two defined benefit pension schemes for the benefit of certain deferred employees of its subsidiaries in the UK. These schemes are administered by separate funds that are legally separated from the Company. The trustees of the pension funds are required by law to act in the interest of the funds and of all relevant stakeholders in the schemes. The trustees of the pension funds are responsible for the investment policy with regard to the assets of the funds.

Across the pension schemes, the surplus calculated under IAS 19 at the end of the year was £0.1m (2022: surplus of £0.1m), with gross assets of £8.5m and gross liabilities of £5.7m (2022: £8.1m and £5.4m respectively). Total actuarial losses recognised in the consolidated statement of comprehensive income are (£0.1m) (2022: gains £0.3m). The Company does not have an unqualified right to apply any surplus on one of the schemes and consequently a surplus of £2.6m has not been recognised.

The Strategic Report on pages 1 to 33 was approved on behalf of the Board on 20 March 2024



Diane McIntyre  
Chief Financial Officer

# Stakeholder engagement

Section 172 of the Companies Act 2006 requires each Director of the Company to act in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole.

## Long-term business success

### Long-term business success

The Board recognises that the long-term success of the business is dependent on the way we interact with a range of key stakeholders as demonstrated by our compliance with the QCA code, which under principles 3 and 9 requires companies to take account of wider stakeholder and social responsibilities, including the implications for long-term success and to maintain governance structures and processes that support good decision-making.

In this way Section 172 requires a Director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long term.
- Interests of the Company's employees.
- Need to foster the Company's business relationships with suppliers, customers and other key stakeholders.
- Impact of the Company's operations on the community and the environment.
- Desirability of the Company maintaining a reputation for high standards of business conduct.
- Need to act fairly between members of the Company.

In discharging its Section 172 duties the Board has considered the factors set out above and the views of key stakeholders.

Engaging, consulting and action on the needs of different stakeholders is critical for the development and delivery of a culture and strategy that achieves long-term success.

Tribal undertakes meaningful engagement with its stakeholder groups to build trusted, strong relationships and supports the ethos of Section 172 in order to support good decision-making.

Annually, the Board undertakes an in-depth review of the Company's performance against its strategy and five-year objectives. In 2023 this involved a detailed review of the Group's five-year financial model. Once reviewed by the Board, the five-year model and strategy was used to shape the financial budget, including investment decisions for the next financial year and future strategic direction of the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long-term and its long-term reputation.

The Board acknowledges that some decisions will not necessarily result in a positive outcome for all our stakeholders, however, it always strives to act in the best interests of the Group and to be fair and balanced in its approach to stakeholder management. The needs of different stakeholders are always considered as well as the consequences of any decision in the long term and the importance of our reputation for high standards of business conduct. By considering the Group's purpose, vision, values and commitment to responsible business together with its strategic priorities and having a process in place for principal decision-making, the Board aims to ensure that its decisions are in the best interests of the business.



The Company's key stakeholders are set out in the table below. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the Directors when making relevant decisions.

Stakeholder group	Why we engage	How we engage
<b>Investors</b>	<p>Trust from our shareholders is key to delivering our strategy and long-term success. We endeavour to provide fair, balanced, and meaningful information to shareholders and potential investors to ensure they understand our performance and strategy.</p> <p>Shareholders play an important role in the success and growth of the Group and have historically provided a source of equity to help fund some of the acquisitions made. In addition, shareholders provide important feedback to the Executive Directors on market conditions, expectations, and economic performance.</p>	<p>The Chief Executive Officer and Chief Financial Officer meet with representatives of most major institutional shareholders at least twice a year. Feedback from these meetings is shared with the Board to ensure the Directors understand shareholder expectations and motivations. The Directors are also available at the AGM to answer questions raised by shareholders.</p> <p>Tribal encourages regular dialogue with both existing and potential shareholders throughout the year to understand their needs and expectations, and to ensure that the Group's strategy, business model and progress are clearly understood.</p> <p>Investor information including the Annual Report, investor presentations, including the capital markets day presentation and announcements are available on the Company's website.</p>
<b>Employees</b>	<p>Our employees are vital to help us deliver on our strategic objectives. We seek to attract, develop, and retain high-calibre staff, and as a consequence, our customers can be assured that the service they receive is among the best available.</p>	<p>Tribal engages with its employees through anonymous opinion surveys to gather feedback on all aspects of employment within the Group throughout the year. This feedback is then considered by the senior management team and reported to the Board on a regular basis.</p> <p>Employee performance reviews are conducted annually. In addition, managers are encouraged to hold regular, informal one-to-one sessions with each of their direct reports.</p> <p>Employees can ask questions regarding all aspects of the business during our regular Group-wide all-hands meetings with the Group's Executive Management team.</p>
<b>Customers &amp; Suppliers</b>	<p>Delivering our strategic priorities and ensuring we continue to operate successfully requires strong mutually beneficial relationships with customers, suppliers, and government departments.</p> <p>Tribal aims to build strong and trusted business relationships with both customers and suppliers, all of whom are crucial to delivering many of our strategic objectives. We aim to maximise cost efficiencies and enhance positive outcomes for all.</p>	<p>The Group has regular communication via email, newsletters and the Group's website that includes news and regular blogs for all stakeholders to view.</p> <p>We have a team focused on Customer Success, facilitating ongoing meetings with existing customers to better service our customers and add value across our customer base.</p> <p>Last year we held two customer conferences in the UK, aimed at updating both our product 'users' and institution 'leaders'. Customers from across the globe joined us for a series of interactive sessions, panels and keynotes designed to inspire, and ultimately empower individuals and teams to get the very best from our suite of products and services.</p>

# Environmental, Social and Governance Report

**Tribal has always been committed to activities that benefit the environment and society, underpinned by good governance. We believe the credibility and sustainability of any business goes beyond pure financial gain; a principle demonstrated by our mission to empower the world of education.**

## Our core tenets

We believe our solutions have the potential to make a positive impact within the education sector in two key areas: increasing student well-being, diversity and success, while supporting the drive by the sector to lower carbon emissions.

The issues of emotional wellbeing and diversity of their student populations are high on the agenda of many of the world's educational institutions and we are committed to harnessing the power of cloud computing to help our customers in addressing these challenges and realising their goals. You can read more on this topic within the social section of this report.

Educational institutions are also increasingly conscious of the role they can play in the global drive towards the reduction of carbon emissions. We believe the move from the use of servers running localised versions of our software on-site at our customers (our traditional SIS offerings), to our next-generation offerings, hosted within larger datacentres (Tribal Cloud and Edge), will not only free our clients from the burden of running their own IT systems, but also reduce the overall power consumption required to deliver this technology. You can read more about this within the Environmental section of this report.

## Our priority areas

Alongside these two core tenets and as part of our journey to continually improve our approach and performance, the ESG Committee, chaired by Non-Executive Director, Nigel Halkes, ensures effective oversight and investment in these increasingly important areas. The Committee meets twice a year and members include Diane McIntyre (Governance), Chloe Payne (Social) and Matt Davis (Environmental).

The Committee focuses on priority areas for the Group and each area has key initiatives and objectives for the coming year and appropriate ownership from across our Executive Management Team. We have demonstrated where these priority areas align with the UN's Sustainable Development Goals (SDGs), as shown below.

In 2022, an ESG working group was formed to implement our initiatives across the Group, including Finance, Human Resources and Governance.

Ultimate responsibility for Tribal's ESG performance sits with the Board. However, we recognise that these initiatives are important to and rely on the commitment of all staff, and we continue to make efforts to encourage involvement across the business.

Tribal is currently focused on improving its impact in the following areas.

	Environmental	Social	Governance
Initiative	Reduced carbon emissions	Diversity & Wellbeing	Compliance & Data
Commitment	Reduced travel with carbon offset Ongoing	Diversity within Tribal Ongoing	Internal systems improvements Ongoing
	Cloud optimisation Ongoing	Supporting student welfare Ongoing	Global ISO certification Ongoing
Enhancing sustainability in Supply Chain			

UN SDGs



# Environmental



**As previously demonstrated by our commitment to the Energy Savings Opportunity Scheme (ESOS), Tribal has been focused on reducing its environmental impact for a number of years. Changes to working practices following the COVID-19 pandemic allowed us to make major improvements in terms of carbon footprint, and we are delighted to see that these behaviour changes have continued into this year.**

## **KEY INITIATIVE:**

### **Reduced travel with carbon offset: ongoing**

Following the introduction in 2022 of a travel mindfulness framework and travel guidelines, we have continued to focus on reducing travel to the minimum levels necessary for business operations. Whilst the pandemic contributed greatly to travel reductions, we have maintained air travel levels within our targets, and achieved a reduction in air travel from EMEA operations by 39% over the 5-year period to 2023. We will continue to promote a 'remote first' model for service delivery and challenge any travel which is out of scope of our travel mindfulness ethos.

Our E-vehicle salary sacrifice scheme for staff, which was set up at the end of 2021, has saved 35.65 tonnes of CO<sub>2</sub>e. The uptake in this scheme has continued to be impacted by the global supply shortage of EV components causing excessive lead times. Although many of our employees are remote workers, when travel cannot be avoided, we continue to look for new ways to offset our emissions with reductions elsewhere. We will continue to offer this scheme to our staff and work towards our target of having at least 10% of employees using the scheme.

## **KEY INITIATIVE:**

### **Cloud consumption**

Our Cloud Optimisation director has spent the year defining our cloud computing strategy and overseeing our cloud consumption. Focus has been on developing policies and procedures to prevent waste in our cloud consumption, such as redundant resources, the over-provision of servers and excessive data retention policies. The Cloud commercial team are creating 'baseline plans' to track standard 'business as usual' sizings for our SITS customers, meaning engineers can refer to accurate customer data on cloud provisioning needs. Tribal's cloud hosting providers, Amazon Web Services (AWS) and Microsoft, are also committed to building a sustainable business for customers and the planet. Ongoing discussions are being had with our providers about enabling visibility of Carbon Footprint data in order to actively reduce CO<sub>2</sub> emissions. AWS is on path to achieve 100% renewable energy by 2025 and as the world's largest corporate buyer of renewable energy, Amazon uses new renewable energy on the electric grid in Europe to help power its business operations. Microsoft has been carbon neutral across the world since 2012 and commits to being carbon negative by 2030. Its goal is to promote sustainable development and low-carbon business practices globally through its cloud-enabled technologies. Using cloud providers who are also committed to reducing carbon emissions, Tribal expects to see a positive impact on its cloud carbon footprint and thereby that of its customers going forward.

# ESG Report continued

## Social



**Tribal is committed to contributing to a fairer and more socially inclusive world. As well as having a positive impact on our employees and customers, we are aware of the positive contribution we can make to wider society.**

**KEY INITIATIVE:**

**Diversity within Tribal: ongoing**

It is important to ensure that we have an inclusive organisation where diverse talent is developed, engaged and retained. Building upon our work in previous years we have continued to partner with external diversity and inclusion experts, Business in the Community, who are supporting the design of our ongoing management development program, built upon insight from our employee survey information.

In 2023, we continued to focus on developing our approach to talent acquisition to ensure we are hiring talent into the business at representative rates. Throughout the year, we made net positive progress in the recruitment rate of ethnic minority and female employees and continue to develop our strategy to attract and retain the right talent.

We continue to track and examine key informative metrics to support our long term EDI goals. In particular tracking of 'In, On, Up' employment outcome metrics to ensure that we have strong and informative visibility of measures that matter in the employee life cycle, enabling us to ensure that our interventions are effective across the full employment journey.

**KEY INITIATIVE:**

**Supporting student welfare: ongoing Through Edge**

The challenges that students face today in colleges and universities are well documented, with increasing numbers of students reporting concerns about their mental health and struggling to balance financial, work and personal commitments. Education providers are facing ever increasing demands to help and support students to ensure they thrive and succeed. Tribal has been a leader for many years in providing solutions for support services and is proud to continue this history of innovation with Tribal Student Support and Wellbeing.

With a wide range of communication options, Tribal Student Support and Wellbeing is able to reach students at any point in their personal journey with the services they need. Staff also have a comprehensive view of a student's wellbeing from within a single record, helping institutions provide more effective and efficient delivery of services. Tribal's solution helps bring a student's data together and gives universities all the tools needed to truly understand and support that individual.

# Governance



**Tribal is committed to maintaining high standards of corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code. The Board will continue to develop its governance arrangements particularly in respect of environmental and social issues, including any changes required as a result of the requirements of the Taskforce on Climate-related Financial Disclosures.**

## **KEY INITIATIVE:**

### **Global ISO certification: ongoing**

Tribal Group holds certification for both the ISO 27001 standard for Information Security and the ISO 9001 standard for Quality Management. In 2023, the Group extended the scope of this certification to the Global Delivery Centre (GDC) in Malaysia. Being globally aligned and ISO certified forms an essential part of our risk mitigation strategy and provides assurance for our customers. In 2024 we will maintain our current ISO certifications and will continue to align our business continuity activities with the ISO 22301 standard for Business Continuity.

## **KEY INITIATIVE:**

### **Enhancing sustainability in supply chain**

Supply chain management touches all aspects of ESG. In 2023 Tribal continued to implement its Supplier Management Framework to continue to ensure consistent supplier management throughout the organisation, including effective governance and best practice within its supply chains. The aim of the framework is to support working in partnership with its suppliers, ensuring quality and good management of supply-chain risk.

During 2023, we provided training to key procurement personnel within the organisation to further enhance sustainability within the supply chain. We engaged with 30 of our key suppliers to promote and enhance sustainability throughout our supply chains, and to help understand and to support them to overcome the barriers to sustainable performance and reporting which they are experiencing. During 2024 we will be issuing our refined Supplier Code of Conduct to all suppliers and continue to engage with suppliers to enhance and improve our Scope 3 reporting capabilities.

## **KEY INITIATIVE:**

### **Standardisation and simplification:**

Following investment in the new finance and subscription system which went live in January 2023, a Global Business Services (GBS) organisation was established with the objective of driving internal efficiencies by simplifying, standardising and centralising back office processes into a single, global Centre of Excellence. By year end, several business-critical processes have migrated to GBS delivering immediate benefits and a solid foundation for continued improvements. We will continue to build on this progress across all business support functions, so they take full advantage of the potential offered by Global Business Services.

# ESG Report continued

## Living up to our values

### Our culture and values

The success of Tribal is dependent on our culture – the way we think, behave and act towards each other and our key stakeholders. We bring together highly talented people in a creative and collaborative environment, and are united through our well-established values, which we continually reinforce and celebrate.

### Our values are:

**Trustworthy:** We value honest discussion, we anticipate, listen and respond to requirements and we rely on each other.

**Pioneering:** We welcome change, we strive to innovate and we aim to meet the needs of the ever-evolving education marketplace.

**Accountable:** We take ownership, we keep our promises and are focused on delivering successful outcomes.

**Dedicated:** We are committed to our customers, work to secure long-term partnerships and we collaborate to deliver optimum solutions.

### 2023 Highlights:

With our values in mind, we made good progress against our ESG objectives in the year, including achieving the following:

### Environmental

- In 2022 Tribal committed to planting 25 trees for every new starter globally via accredited schemes; to date 7,436 trees have been funded.
- Octopus Electric Vehicle car scheme continued in the UK with saving 35.65 tonnes of CO<sub>2</sub>e since the end of 2021.
- Provided Procurement and Sustainability training to key procurers within the organisation to help drive positive behaviours through our category management framework.
- Engaged directly with 30 key suppliers to enhance and improve our Scope 3 reporting capabilities and support them to overcome key challenges in relation to Sustainability and data collection.

### Social

- Launch of our flagship reward and recognition programme, Tribal Achievers. This is a Company-wide, employee experience platform that enables all managers and colleagues to show appreciation, recognise, reward and celebrate colleagues within their own team and across the whole organisation. Each recognition aligns with one of our Company values. 100% of our managers have activated their Tribal Achievers account, which shows they find it a useful way to recognise and reward their team members and colleagues and almost 99% of employees have activated their account.
- Continue to offer volunteering leave to all employees, enabling our colleagues to have a real community impact. For example, in Dec 2023 colleagues from our Geelong team took the opportunity to come together as a team to support a local community project.
- Launched partnership with ChapterOne, a charity that supports children to reach their potential as happy and confident readers. This program focuses on supporting struggling young readers in areas of deprivation across the UK, including the government's designated Education Investment Areas. Tribal colleagues volunteer 30 minutes per week to provide much needed reading support to primary school children. To date, Tribal volunteers have provided over 150 one-to-one reading sessions, totalling over 4,000 minutes of support with the program continuing into 2024.

### Governance

- Secured ISO certification for Global Delivery Centre in Kuala Lumpur.
- Secured Cyber Essentials+ certification business wide.
- Compliance training completion rate of over 95% globally.
- Continued to upskill Cloud Teams in core cloud technologies through the Cloud Development Pathway and other training, including the AWS Practitioner course.

## Streamlined energy and carbon reporting (SECR)

The credibility and longevity of any business goes beyond pure financial gain; a principle long-embodied and supported by Tribal's strong values-based culture and approach to environmental, social and governance issues.

Tribal is subject to the Streamlined Energy and Carbon Reporting (SECR) Framework Regulations. Our energy consumption figures (see Table 1) and our greenhouse gas emissions relating to gas, electricity and transport (see Table 2) as well as an intensity ratio, and information relating to our energy efficiency action are presented as follows.

In 2023, our Scope 1 and Scope 2 emissions were 83.2 tCO<sub>2</sub>e (2022: 91.9 tCO<sub>2</sub>e). The greatest contributors to Scope 1 and Scope 2 operational emissions are the electricity and gas used in powering our buildings. Our purchased electricity has decreased as we have reduced property space, offset by an increase in our gas usage as our offices are increasingly being utilised as staff move back to working in offices. Scope 3 emissions are attributed to fuel used in employees' cars on business use.

In 2023 Scope 3 emissions were 70.35tCO<sub>2</sub>e (2022: 50.10 tCO<sub>2</sub>e), the increase in the year was expected as travel continues to remobilise post COVID restrictions. Whilst we continue to operate a remote delivery policy for customer implementations, our sales teams and senior management have been able to travel to customers for in-person meetings. We continue to be cognisant of all travel and operate a mindful travel policy to ensure travel is kept to a minimum where possible.

Our intensity ratio (Scope 1, 2 and 3 emissions relative to revenue) is 1.79 tCO<sub>2</sub>e/£m (2022: 1.70 tCO<sub>2</sub>e/£m) with Scope 3 emissions driving the increase. Tribal Group plc is an unquoted large company for the purpose of SECR, we are therefore only required to report on UK energy usage.

Tribal have followed the 2019 UK Government environmental reporting guidance. The figures relate to the required elements of each Scope 3 category rather than the optional elements. Tribal have used 2023 UK Government's Conversion Factors for Company Reporting.

Only energy consumed in the UK has been reported and the Group have taken the exemption to exclude emissions and energy consumed outside of the UK and offshore area until we can be confident in reporting methodology.

### Table 1: Energy consumption

Area	Category	Sub-category	2023 Consumption	2022 Consumption	Change	Units
Electricity	Electricity	Purchased electricity	352,293	435,134	(82,841)	kWh
Gas	Stationary combustion	Natural gas	60,215	42,268	17,947	kWh
Transport fuel	Combustion of fuel used in personal cars on business use		263,569	183,484	80,085	kWh

### Table 2: Scope 1, 2 and 3 intensity ratios

Year ended 31 December 2023	Scope 1	Scope 2	Scope 3	Total
Tonnes of CO <sub>2</sub> e	10.99	72.21	70.35	153.55
Percentage	7%	47%	46%	100%
Emissions intensity relative to revenue (tCO <sub>2</sub> e/£m)	0.13	0.84	0.82	1.79
Year ended 31 December 2022	Scope 1	Scope 2	Scope 3	Total
Tonnes of CO <sub>2</sub> e	7.72	84.15	50.10	141.96
Percentage	5%	59%	35%	100%
Emissions intensity relative to revenue (tCO <sub>2</sub> e/£m)	0.09	1.01	0.60	1.70



**Nigel Halkes**  
Chairman, ESG Committee

#### CAUTIONARY STATEMENT

This information has been prepared solely to provide information to shareholders to assess how the Directors have performed their duty to promote the success of the Group. The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, which underlie any such forward-looking statement.

# Climate-related Financial Disclosures Report

**Tribal recognises the significant impact that climate-related risks and opportunities (CRROs) may have on our business and its impact on wider society. We proactively consider ways in which we can address these issues. This report sets out our detailed climate-related financial disclosures in accordance with the Companies Act 2006, where we are in this journey, as well as our plans for reaching our Net Zero commitment.**

## Governance

We include climate-related risks in our risk register, which is considered by the Board on a regular basis. The Board is fully aware of their responsibilities as they relate to the climate and its impact on the business. This is demonstrated through establishing the ESG Committee, as explained on page 24.

The day-to-day consideration of climate-related matters is currently situated with an ESG working group, under the oversight and responsibility of the ESG Committee. The ESG working group meets monthly with any decisions ratified by the ESG Committee. The ESG working group consists of senior management, ensuring representation from across the business.

Any strategies to manage and respond to identified CRROs can only be successful when everyone in the Group contributes. We continually raise awareness of our responsibilities and how everyone can assist. This awareness is raised through training initiatives, Executive vlogs, Tribal talks, poster campaigns, and an intranet ESG page.

## Strategy

The Group's processes for identifying and assessing CRROs are described in the Risk Management section below. At present, none of the CRROs are assessed as being material to the Group, irrespective of timeframe. Accordingly, there are no material impacts on the Group's financial statements for the current financial year. Nevertheless, we remain aware of the continuously evolving landscape, the potential impact it may have on our business and stakeholders, and the importance that even small changes can have.

Even though there are currently no material impacts from CRROs, we have developed a longer-term strategy to ensure we do our part in achieving a lower carbon economy for a sustainable future.

We previously communicated our Carbon Reduction Plan which sets out our commitment to achieve Net Zero GHG (greenhouse gas) emissions by 2050. The Carbon Reduction Plan, with the latest updates to our performance, can be found on our website and is summarised in the Metrics and Targets section. The key GHG metrics and targets are based on current emissions reporting, encompassing our operations in the UK, in accordance with statutory requirements. We are hard at work to assess data collection to expand our emissions reporting to operations outside the UK, as well as greater disclosure of Scope 3 emissions.

In addition to the above, we continue to invest in various initiatives to assist us in achieving our commitment. This includes initiatives to reduce our air travel by 25% per head over five years and an e-vehicle salary sacrifice scheme with the aim of at least 10% of our employees participating at the end of 2023. Other ongoing initiatives include a 'remote-first' business, reducing general travel requirements, refitting offices with LED lighting, reducing reliance on paper, and ensuring upcycling or recycling of electronic equipment.

With our continued transition to a SaaS business, we are migrating services to the cloud. We recognise that our use of cloud-based resources has a climate impact and is impacted by climate-related matters. Our focus is currently on the climate impact of using these cloud-based resources. During 2023, we have been analysing and communicating with a major cloud vendor to identify data and potential metrics that we can use to assess, monitor, and manage our climate impact. This process is ongoing with an expectation to finalise it during 2024, as well as a similar process for our other major cloud vendor. In the interim, we continue to optimise our usage of the cloud through modernisation. We have also been using the monetary value of our usage (using constant rates) as a proxy for measuring a reduction in climate impact at a location basis. This is deemed relevant given that the usage is normally charged on a per-hour basis. However, it is imperfect and not comparable across locations.

To further cement our commitment to sustainability and reducing our climate impact, we joined the UN Global Compact in 2023. The UN Global Compact is the world's largest corporate sustainability initiative. This allows us to form part of a wider community of corporations where we can share and learn best practices to reduce our climate impact.

As described above we are continually in communication with key suppliers to understand their sustainability goals and plans, ensuring that they are in alignment with our endeavours. We introduced our Supplier Management Framework in 2022 which forms the basis of our dealings with suppliers. The Supplier Management Framework includes considerations relating to sustainability and climate-related matters.

Although we have not yet formally assessed our resilience against different climate scenarios, we have robust business continuity management processes to ensure that we can continue to operate after experiencing shorter-term shocks. We will continue to rely on these processes until we can perform a formal resilience assessment.

## Risk management

Tribal's risk management process for climate-related risks (CRRs) is incorporated into our overall risk management process. This process requires senior leaders to identify all relevant risks, including CRRs, and populate the risk register for their respective risks. In addition, we have one senior leader who focuses specifically on CRRs. The risk register includes relevant details of each risk and its potential impact on the entity. All risks are ranked based on the risk's likelihood of occurring and its magnitude of impact. The risk register elaborates on any action plans or controls to reduce, mitigate, manage, and monitor each risk. A risk remains on the risk register for so long as it remains a risk and cannot be fully reduced.



This approach ensures the most complete identification of CRRs by those closest to them. The enhanced focus on CRRs through appointing a responsible senior leader ensures that we keep ahead of this changing field. In addition, we ensure that we maintain the same level of scrutiny in relation to CRRs as we do to all other risks.

We are continually exploring various ways to ensure that we capture and address all risks. One of the ways we've achieved this is to simplify the method of collating and monitoring risks. This process is achieved via an app with various reporting functionalities, which streamlines the entire process.

We do not currently classify risks according to timeframes, i.e., whether the risk is associated with the short-, medium-, or long term. Instead, the timeframe of the risk forms part of its overall assessment.

The risk register is regularly discussed in detail at various levels in the Group. The Board also has access to the risk register and various risks, based on ranking or importance, are specifically discussed on a regular basis.

### Metrics and targets

We have set out our Scope 1 and Scope 2 GHG emissions on page 20. In addition, we set out limited Scope 3 GHG emissions. As statutorily required, these disclosures currently only include our UK operations, although we are in the process of collating data for our operations outside the UK and aim to report on them in future. Furthermore, we recognise that further Scope 3 emissions disclosure will be useful. As part of our broader initiatives, we are also assessing the requirements to collect, process, and disclose more Scope 3 information. As part of this process, we will also consider augmenting our targets as explained in this section.

We currently have limited formal metrics or targets as we build a robust and measurable strategy. As discussed in the Strategy section above, we committed to Net Zero GHG emissions by 2050. This commitment includes a Carbon Reduction Plan, which includes various targets to be met by 2050 with five-year targets to be met by 2024. The detailed plan can be found in our Carbon Reduction Plan as published on our website. We set out the five-year targets, associated metrics, and our current progress in the table below.

In addition to the above, we continued our commitment to plant 25 trees for every new starter globally via accredited schemes. During 2023, this initiative resulted in 2,736 trees being planted, which equates to offsetting about 68.4 tCO<sub>2</sub>e.

We are also considering the data availability from our cloud providers to determine appropriate metrics and targets relating to our use of cloud services and the resulting carbon footprint (as discussed in more detail in the Strategy section). Using the interim measure of costs measured using constant rates, we can report a reduction of approximately £953k during 2023. This reduction is due to our ongoing cloud optimisation processes.

Other initiatives, such as reducing the use of paper and the upcycling and recycling of electronic equipment, are ongoing as described in the Strategy section. Despite these initiatives not having any associated formal targets or metrics, they are important as part of our larger responsibilities.

Our five-year targets, associated metrics, and the current progress to achieving those targets are as follows:

Target	Metric	Progress
<b>Reduce air travel CO2 emissions by 25% per head.</b>	CO2 emissions from air travel per head.	This target has already been met with air travel reducing by 39% per head between 2019 and 2023. We will focus on maintaining to meet this target and may refine it in future.
<b>Support 10% of employees within the first two years to obtain electric vehicles.</b>	Percentage of employees supported to obtain an electric vehicle.	At the end of 2023, 5% of employees participated in the scheme. Although our interim target was not met, this was primarily due to supply and availability issues. We will continue to monitor this target and will endeavour to reach it as soon as possible.
<b>Ensure that every UK office has electric vehicle charging points installed.</b>	Percentage of UK offices with electric vehicle charging points.	We have liaised with all our UK landlords and installations are in the pipeline at 100% of UK offices within the next three years (currently 0% have charging points). We will continue to monitor the target to ensure the installations occur.
<b>Reduce our Scope 1, 2, and 3 carbon emissions in the UK by 5% per head.</b>	Scope 1, 2, and 3 UK carbon emissions per head.	Our Scope 1, 2, and 3 UK carbon emissions per head has reduced by approximately 84% on our 2019 baseline. We recognise that a significant portion of this reduction results from pandemic-related changes and we have noted an upwards trajectory in our emissions in recent years. Consequently, we are closely monitoring our activities to limit a reversal of the gains made to date.

# Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties, which could have a material impact on the future performance of the Group. The table below summarises the key risks that the Directors consider the business faces and how the Group seeks to mitigate them.

Risk Title	Risk Description	Mitigation
<p><b>Strategic transformation</b></p> <p>Failure to successfully implement and manage growth strategies.</p>	<p>The Group continues to transform into a pure-play Ed Tech SaaS business, with a new entity established for the Education Services business – Empowering Education.</p> <p>Such transformation may present various challenges such as:</p> <ul style="list-style-type: none"> <li>Ensuring the effective transition of Empowering Education to a position of greater autonomy within the Group and managing its expansion into new geographies.</li> <li>Ensuring our business operations are able to scale effectively to support our SaaS products and strategy.</li> <li>Ensuring past acquisitions deliver on their growth potential.</li> </ul> <p>Failure can lead to impairment of assets, reputational damage and impact overall financial performance of the Group.</p>	<p>The Group has an experienced senior management team and performance against strategy is closely monitored, with oversight by the Board.</p> <p>Structured working committees and oversight boards are in place to focus on managing our internal transformation programmes and ensure delivery against our objectives and financial metrics.</p> <p>Transformation will focus on building SaaS business processes, driving simplification, standardisation, and optimisation right across the value chain to enable delivery of our growth targets. Regular and effective communication with both employees and customers is one of the key components of the transformation programme, and key to its success.</p> <p>We will also continue to focus on effectively integrating past acquisitions into the business to support continued growth.</p>
<p><b>Project and service delivery</b></p> <p>Delivery of major projects and ongoing software and service delivery may not meet customer's expectations or contractual requirements.</p>	<p>The Group's activities include major software installation projects, which are typically one to two years in length and involve significant process change to our customers' core business operations. The complexity of our customers' systems and their ability to change can impact our ability to deliver to contract and requires adept project management.</p> <p>Our Tribal Cloud customers, in particular, rely on our ability to maintain our service levels and ensure appropriate continuity of service.</p> <p>A failure to deliver can lead to increased implementation costs, disputed invoices, penalty payments, reputational damage and an impact on other ongoing projects.</p>	<p>Strong controls are maintained to ensure successful project delivery and project progress reviews take place monthly at Executive Management level with Board oversight, incorporating any learnings from previous projects.</p> <p>A renewed focus has been created around Customer Success, as a strategic driver and value creator for the business.</p> <p>The Group engages with premium cloud computing suppliers (e.g. Microsoft Azure and Amazon AWS), the architecture and contracts of which facilitate high-level response SLAs and a quick recovery in the event of a single region failure.</p> <p>The Group maintains a formal Delegation of Authority matrix to ensure appropriate visibility and approval of all customer contracts to ensure liabilities are reasonable and onerous contract clauses are avoided.</p>
<p><b>Innovation and technology</b></p> <p>The Group's software development programme needs to deliver to customers' requirements and keep pace with market developments.</p>	<p>Our customers face increasing pressure to provide the best student experience and outcomes, and require flexible cloud native, SaaS software solutions to help achieve this.</p> <p>Challenges arise from the ability to deliver new software products to time, budget and sufficient quality to ensure a successful implementation to our customers.</p> <p>A failure to deliver will result in lower sales, contractual penalties, higher churn, reputational damage, and obsolete products.</p>	<p>The product development roadmap is focused on ensuring the Group can meet customer needs.</p> <p>The Group continues to invest in its platform engineering and product-development capability to enable delivery in line with the product roadmap.</p> <p>Over the next three to five years our customers' focus will be on transitioning their Student Management Systems to the cloud and continuing to evolve our SaaS products. Management have adjusted the product roadmap to fit with customer trends whilst maintaining a competitive advantage on our product offerings.</p>

Risk Title	Risk Description	Mitigation
<p><b>Information management and data security</b></p> <p>Security breaches, cyber-attacks or outages could harm the Group by disrupting our internal and customers' operations.</p>	<p>As with other software and cloud-based businesses, there is an increasing risk of our systems being compromised by deliberate attacks or unintentional acts, which could lead to a loss of IP, unauthorised data access or data loss. This risk is further exacerbated by the rapid development in AI capabilities.</p> <p>A successful cyber-attack against our information assets could significantly impact our ability to function, retain and attract business, and could lead to potential financial penalties from regulators.</p> <p>With a wider geographic presence, there is increased risk from multiple regulatory data protection and information security requirements which need to be closely monitored. A failure to follow requirements could lead to financial penalties, reputational damage and a consequential impact on our overall performance.</p>	<p>The Group operates a Secure Data Centre and maintains ISO 27001 and Cyber Essentials Plus certification across the global business. Continued investment in security software and training for all staff enforces good practice on data security.</p> <p>In addition, the Group has its own Data Protection Officer who ensures compliance with all relevant data security legislation and regulations, including the GDPR, and a Global Information Security Group, which convenes monthly and incorporates an AI working group.</p> <p>The Group annually renews its cyber insurance, reviewing the coverage needed to protect the business against the backdrop of a challenging global insurance market.</p>
<p><b>People</b></p> <p>Failure to attract and retain skilled sales, software development and other key operational employees could harm the Group's performance.</p>	<p>Business growth requires key skill sets which are in demand in product areas such as Tribal Cloud and Dynamics. With increased inflation and rotation in the market it becomes increasingly important to attract and retain people in our key roles.</p> <p>Increased staff turnover and vacancies may hinder our ability to manage operations effectively and could impact sales, product development and software implementations, resulting in reputational damage.</p>	<p>The Group has incentive schemes designed to attract, motivate, and retain key employees, whilst encouraging appropriate behaviours. We aim to provide competitive remuneration and reward packages, and training for all staff.</p> <p>The Group's commitment to improving diversity within our workforce will assist overall performance and help to widen our pool of potential candidates.</p>
<p><b>Legal and regulatory requirements</b></p> <p>Failure to adhere to legal and regulatory requirements in current and new jurisdictions and markets</p>	<p>The Group operates across several jurisdictions that have varying legal, tax and compliance requirements. Any non-compliance with customer contract, legislative or regulatory requirements could have an adverse effect on the Group's reputation and/or financial results.</p>	<p>The Group monitors proposed or adopted legal and regulatory changes, assessing the impact changes have on business operations and implementing appropriate safeguards to ensure compliance. External advisors are used when required.</p> <p>We operate a no-tolerance culture supported by our values and ethical standards. All relevant training is provided to staff and policies are updated regularly to reflect required changes.</p>

The Strategic Report was approved by the Board of Directors:



Diane McIntyre  
Chief Financial Officer

20 March 2024

# Board of Directors

**“The Board, has a good blend of backgrounds pertinent to the challenges and opportunities Tribal faces.”**

## Key to Committee Membership

**N** Nomination Committee   **R** Remuneration Committee   **A** Audit Committee   **E** ESG Committee

### Richard Last Chairman

**N R E**

#### Appointed

Richard joined the Board in November 2015.

#### Experience

Richard is currently Chairman and Non-Executive Director of AIM listed Gresham Technologies plc. Richard is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and has over 30 years experience of Public Companies, particularly IT Software and Services and Communications businesses.



### Mark Pickett Chief Executive Officer

**N E**

#### Appointed

Mark joined Tribal and the Board in July 2016.

#### Experience

Previously he was Chief Financial Officer and Finance Director, UK of Computer Sciences Corp (CSC), a US-based global leader in technology-enabled business solutions and services. Mark also spent 18 years in a variety of senior finance roles with Oracle across a number of geographies, primarily in its software businesses.



## Diane McIntyre

### Chief Financial Officer

**E**

#### Appointed

Diane joined the Board on 1 June 2021.

#### Experience

Diane has over 25 years' experience in finance roles, including her most recent role as Director of Finance at Sky UK Limited, and previous senior financial and executive positions at Vodafone Group plc and Cable and Wireless plc. As an experienced finance leader, Diane has a wealth of knowledge across commercial negotiation, strategy development and operational expansion.



## Roger McDowell

### Senior Independent Director

**N R A**

#### Appointed

Roger joined the Board in November 2015.

#### Experience

Roger is currently serving as Non-Executive Chairman of Avingtrans plc, Hargreaves Services plc, Brand Architects plc, Non-Executive Director of Proteone Sciences plc and British Smaller Companies VCT 2 plc.



## Nigel Halkes

### Non-Executive Director

**N R A E**

#### Appointed

Nigel joined the Board in January 2020.

#### Experience

Nigel is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA). He qualified with EY and had a successful career with EY, retiring as Managing Partner UK and Ireland in 2013. Nigel is a Non-Executive Director of Hargreaves Services plc. He is also a Non-Executive Director at Netcall plc, a leading provider of intelligent automation and customer engagement software. Nigel continues to take time to develop his Non-Executive leadership skills.



# Executive Committee

## Mark Pickett Chief Executive Officer

### Appointed

Mark joined Tribal and the Board in July 2016.

### Experience

See biography on page 34.



## Diane McIntyre Chief Financial Officer

### Appointed

Diane joined Tribal on 1 June 2021.

### Experience

See biography on page 35.



## Adam Fox Chief Technology Officer

### Appointed

Adam was appointed to the Exec Board on 1 January 2024.

### Experience

Coming from a background creating immersive and engaging technology products, scaling businesses via digital and cloud transformation; Adam has two decades of experience in strategic, technical and creative leadership at board level. As a highlight of his career, Adam founded and built a technology company in 2011, steering it through to acquisition in 2017. He has been with Tribal since January 2023, exploring the width and depth of Tribal's business and products, in order to develop a future facing strategy for the next five years; before formerly taking the CTO position in January 2024.



## Chloe Payne People & Transformation Director

### Appointed

Chloe joined Tribal's HR team in 2007.

### Experience

Chloe has been part of many notable aspects in Tribal's evolution, including the early days of our internationalisation. Chloe was appointed to lead the function globally in April 2017. Prior to Tribal, Chloe worked in the Health sector, supporting a large social care organisation through a period of sustained growth, and at Cambridge Assessment where she managed their recruitment function internationally.



## Matt Davis

### Managing Director – Education Services

#### Appointed

Matt joined Tribal in March 2022.

#### Experience

Having worked as a teacher, teacher trainer and leader for a decade, Matt moved into education consulting ten years ago, working for an international non-profit, Education Development Trust. He spent five years there designing large, complex education reform programmes for governments around the world then became the UK Regional Director, leading on the Trust's work for the UK Department for Education.



## Tawfiq Sleett

### Global Customer Services Director

#### Appointed

Tawfiq joined Tribal in January 2022.

#### Experience

Tawfiq brings a wealth of experience having held senior leadership positions at global SaaS providers in AdTech, Artificial Intelligence, and Learning & Talent Management. With over 20 years of experience working in software companies, Tawfiq led global Services, Customer Success and Support teams, implementing and transforming talent and processes with a focus on improving Customer Success, retention and value-added services.



## Paul Davies

### Global Professional Services Director

#### Appointed

Paul joined in April 2022.

#### Experience

Paul brings a wealth of international experience through senior positions with Oracle as a member of the professional services EMEA management team. Paul was responsible for innovation and transformation of SaaS project delivery focusing on global delivery tools, methods and business development across the range of Oracle's products. He began his consultancy career with PricewaterhouseCoopers as an analyst and project manager.



# Corporate Governance Statement

## Tribal is committed to high standards of corporate governance and maintaining sound business ethics.

The Directors acknowledge the importance of good corporate governance and has formally adopted the 10 principles of the Quoted Companies Alliance Code (QCA). This Annual Report, together with the information on our website ([www.tribalgroup.com/investors/governance](http://www.tribalgroup.com/investors/governance)), sets out how we comply with the principles of the QCA Code and provides insights into how our governance framework underpins our day-to-day activities and decisions.

QCA Code Principle	Explanation	Additional Information
Establish a strategy and business model which promotes long-term value for shareholders	Tribal is a world-class company, providing the expertise, software and services needed by education and business organisations worldwide. Everything we do underpins the experience and success of our customers' students.	Pages 4 to 5 and 8 to 9
Seek to understand and meet shareholder needs and expectations	The CEO and CFO communicate regularly with shareholders, investors and analysts, including at our half-yearly results roadshows. The full Board is available at the Annual General Meeting (AGM) to communicate with shareholders.	Pages 22 to 23 <a href="https://www.tribalgroup.com/investors/governance">https://www.tribalgroup.com/investors/governance</a>
Take into account wider stakeholder and social responsibilities and their implications for long-term success	In addition to our shareholders, our customers, contractors, suppliers and employees are our most important stakeholders. We engage with these communities via regular communications in our day-to-day activities, and via formal feedback requests.	Pages 22 to 23 Pages 24 to 29
Embed effective risk management, considering both opportunities and threats, throughout the organisation	Ultimate responsibility for risk management rests with the Board but day-to-day management of risk is delivered through the way we do business and our culture.	Pages 32 to 33
Maintain the Board as a well-functioning, balanced team led by the Chair	The Board has four established Committees for Audit, Remuneration, Nomination and ESG. The composition and experience of the Board is reviewed regularly, primarily by the Nomination Committee.	Pages 34 to 35 <a href="https://www.tribalgroup.com/investors/directors">https://www.tribalgroup.com/investors/directors</a>
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities, including experience of the education, software technology and international markets.	Pages 34 to 37
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Board regularly considers the effectiveness and relevance of its contributions, any learning and development needs and the level of scrutiny of the Senior Management Team.	<a href="https://www.tribalgroup.com/investors/governance/management-framework">https://www.tribalgroup.com/investors/governance/management-framework</a>
Promote a corporate culture that is based on ethical values and behaviours	Our Environmental, Social and Governance Report section sets out our corporate values, behaviours and culture, which are reinforced via collaborative working, training and performance management.	Pages 24 to 29
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board is responsible for the Group's overall strategic direction and management, and for the establishment and maintenance of a framework of delegated authorities and controls to ensure the efficient and effective management of the Group's operations. The Board maintains a list of matters reserved for the Board.	<a href="https://www.tribalgroup.com/investors/governance/management-framework">https://www.tribalgroup.com/investors/governance/management-framework</a>
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Investors section of our website includes our results, presentations and communications to shareholders. We release the results of general meetings through a regulatory news service and also on the Regulatory News section of our website.	<a href="https://www.tribalgroup.com/investors">https://www.tribalgroup.com/investors</a>

The plc Board applies the principles of good governance and supports a culture of open debate and constructive challenge to enable Tribal to meet its objectives. In fulfilling their responsibilities, the Directors govern the Group in the best interest of the Company and its shareholders whilst having due regard to the interests of other stakeholders including customers, employees, suppliers and regulators.



## Governance structure

### The plc Board

The plc Board is responsible for the Company's systems of Corporate Governance.

The Non-Executive Directors are Richard Last, Roger McDowell and Nigel Halkes, all are considered to be independent of management and free from any business or other relationships, including consideration of shareholdings that could materially interfere with the exercise of their independent judgement. The Non-Executive Directors meet at least once a year without the Executive Directors present.

All Directors are required to submit to re-election each year at the Annual General Meeting (AGM) of the Company. All the Directors have access to the advice and services of the Legal Counsel. Each Director is entitled, if necessary, to seek independent professional advice at the Company's expense.

The Board meets at least eight times each year with additional meetings when circumstances and urgent business dictate. At these meetings the Board reviews a schedule of reserved matters including trading performance, financial strength, strategy (including investment and acquisition opportunities), risk management, controls, compliance, reports to shareholders and succession management.

The Board evaluates its performance and that of its committees through a process of regular dialogue and periodic formal Board evaluations.

The Board may, on occasion, delegate authority to a sub-committee consisting of at least one plc Director and senior manager as appropriate to facilitate final sign-off for an agreed course of action within strict parameters.

### Board Committees

The plc Board has established four Committees to assist with its effective operation: the Audit Committee, the Remuneration Committee, the Nomination Committee and the Environmental, Social and Governance Committee. Each Committee has responsibilities to the Board which are outlined in formal Terms of Reference that have been approved by the Board. The Terms of Reference, which are available on the Group's website [www.tribalgroup.com](http://www.tribalgroup.com), are subject to annual review to ensure the Committees continue to follow best practice. The Chairman of each Committee reports to the plc Board after each Committee meeting and minutes are tabled at the next plc Board meeting. The responsibilities and operation of the Committees are summarised below:

#### Audit Committee

The Committee, chaired by Nigel Halkes, meets at least twice a year. It monitors the integrity of the Half Year and Annual Report and Accounts and formal announcements relating to the Group's financial performance. It reviews significant financial reporting issues, accounting policies and disclosures, key judgements, reviews the effectiveness of internal controls, as well as overseeing the engagement and scope of the annual audit.

The Audit Committee Report on pages 42 to 43 contains further information on the Committee's role and activities.

#### Environmental, Social and Governance (ESG) Committee

The Committee, Chaired by Nigel Halkes, meets at least two times a year. It makes recommendations to the Board on the overarching ESG vision and priorities within Tribal to advance our approach, engage our colleagues throughout the business, and further refine and develop the details of our ESG strategy.

The ESG Committee Report on pages 24 to 29 contains further information on the Committee's role and activities.

#### Remuneration Committee

The Committee, chaired by Roger McDowell, meets at least twice a year. It reviews and makes recommendations as to the Directors' remuneration, including benefits, terms of appointment and share schemes.

The Remuneration Committee Report on pages 45 to 49 contains further information on the Committee's role and activities.

#### Nomination Committee

The Committee, chaired by Richard Last, meets at least once a year. It leads the process for Board structure, size and composition of the Board and its Committees, and makes recommendations to the Board with regard to any changes required to ensure an appropriate balance of skills, expertise, knowledge, diversity and independence. The Nomination Committee Report on page 44 contains further information on the Committee's role and activities.

# Corporate Governance Statement continued

Membership of Board Committees and attendance at Board and Committee meetings during the 12-month period under review are as follows:

Committee	Plc Board	Audit Committee	Remuneration Committee	Nominations Committee	ESG Committee
Number of meetings in period	11	5	3	2	2
Richard Last	11	3	3	2	1
Roger McDowell	10	5	3	2	2
Nigel Halkes	11	5	3	2	2
Mark Pickett	11	3	3	1	2
Diane McIntyre	11	5	3	2	2

## Executive Board

The Executive Board is chaired by Mark Pickett. The members of the Executive Board are drawn from the heads of the business units and other operational areas. The Executive Board typically meets monthly, but the members interact frequently in the normal course of their roles. The Executive Board oversees the Group's operational and financial performance and is responsible for day-to-day management decisions in line with the Group's strategy. It also considers succession planning and talent management.

Further matters are outlined in the Delegated Authorities. In addition to the 11 plc Board meetings, the Exec had numerous ad-hoc meetings on the lapsed offer by Ellucian, restructuring plans and other ad-hoc matters.

## Global Governance Committee

Whilst not a formal Board Committee, the Global Governance Committee is chaired by the Chief Financial Officer and reports to the Chief Executive Officer. The Committee typically meets monthly and includes representatives from Finance, Information Services, Human Resources, Legal, Compliance, Property and Procurement. There are separate sub-committees for Health & Safety and Information Security which monitor relevant legislative and regulatory requirements.

## Internal controls and risk management

The Board is responsible for establishing and monitoring internal control and risk management systems throughout the Group and assessing their effectiveness. The Board recognises that rigorous systems of internal control are critical to the Group's achievement of its business objectives and that those systems are designed to manage rather than eliminate risk of failure to achieve business objectives. The internal control and risk management systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Tribal maintains a risk framework that contains the key risks faced by the Group. The framework includes the impact and likelihood of key risks and the controls and procedures implemented to mitigate them. Risk management is embedded within Tribal by:

- Setting strategic direction, including targets.
- Maintaining a clear authorisation framework.
- Reviewing and approving annual plans and budgets.
- Maintaining documented policies and procedures.
- Regularly reviewing and monitoring the Group's performance in relation to risk through monthly Board reports.

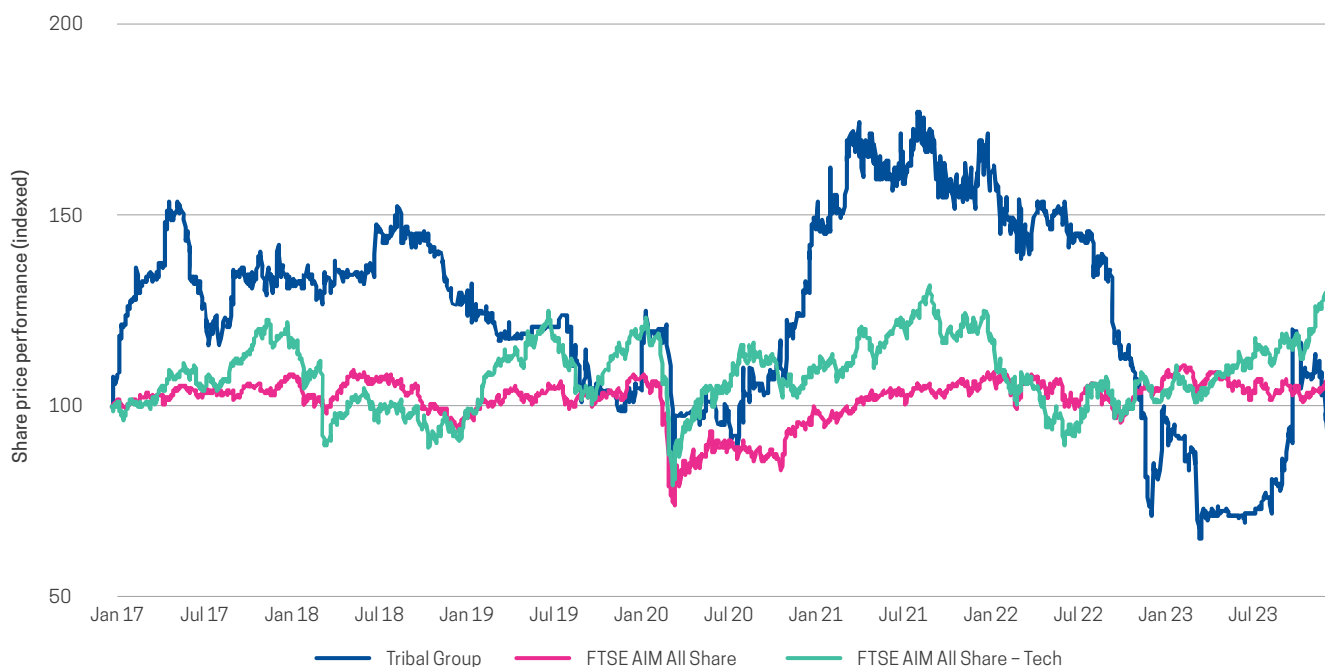
The Directors are also responsible for the Group's system of internal control and for reviewing its effectiveness. The Audit Committee reviews the Group's internal financial controls and risk management systems and the Board reviews the effectiveness of all the Group's internal controls including operational and compliance controls and risk management systems in effect during the period.

To further manage risks faced by the Group, the Company attempts to ensure that employees fully understand the Group's business strategy and objectives. The Group's communication and consultation programme includes regular internal briefings by Directors to all employees throughout the year. Regular meetings are held with staff and managers, both to discuss specific issues and provide an exchange of information. Email communication and the Group's intranet site also provide information to employees.

The Group operates a comprehensive budgeting system whereby managers submit detailed budgets and forecasts, which are reviewed and approved by Executive Directors prior to submission to the Board for approval. Each month, actual results are reported against budget and forecast which are distributed to managers and are provided to the Board in advance of meetings.

## Indexed share price performance

The following graph compares the Group's share price with comparable AIM indices over the past six years.



### Communication with shareholders

The Group reports formally to shareholders when its annual and half-yearly financial statements are published. At the same time, Executive Directors present the results to institutional investors, analysts and the media. Notification of the date of the AGM is sent to shareholders at least 21 days in advance of the meeting. Details of the AGM are set out in the Notice of Meeting. The Directors are available at the AGM to answer questions, both during the course of the meeting, and informally afterwards. Contact with major shareholders is principally maintained by the Chief Executive Officer and the Chief Financial Officer, who ensure that their views are communicated to the Board as a whole. The Chairman is also available to discuss governance and other matters directly with major shareholders. At every Board meeting, the Board is provided with the latest brokers' reports and a summary of the contents of any meetings with shareholders. The Board considers that the provision of these documents is a practical and efficient way for both the Chairman and Senior Independent Director to be informed of major shareholders' opinions on governance and strategy and to understand any shareholder issues and concerns.

Approved by the Board of Directors on 20 March 2024.

Richard Last  
Chairman

# Audit Committee Report

**The Audit Committee Report details the key activities undertaken during the year.**

## Activities of the Committee during the year

The Committee's activities have focused on the accuracy of financial reporting and the related statutory audit; and the assessment of internal controls. During the year, the Committee was involved in the reviewing and approving of the Annual Report and Accounts for 2022 and the half year report and accounts for 2023, overseeing the Group's adoption of new and revised accounting standards, continued compliance with the General Data Protection Regulations (GDPR) and Corporate Criminal Offence Rules. In addition, the Committee reviewed the position of the Group's independent external auditors and proposed BDO LLP for reappointment at the AGM on 20 May 2023.

## Financial reporting and statutory audit

The Committee has reviewed with both management and the external auditors the annual financial statements, focusing on:

- The overall truth and fairness of the results and financial position, including the clarity of disclosures shown in the statements and their compliance with statutory and best practice requirements.
- The appropriateness of the accounting policies and practices used in arriving at those results.
- The resolution of management's significant accounting judgements or of matters raised by the external auditors during the course of their annual statutory audit.
- The quality of the Annual Report taken as a whole, including disclosures on Governance, Strategy, Risks and Remuneration, and whether it gives a fair and balanced picture of the Group.

## External audit

The Committee discussed, challenged and agreed with the auditors their detailed audit plans prepared in advance of the full year audit, which set out their assessment of key audit risks and materiality. The Committee has primary responsibility for overseeing the relationship with the External Auditors, BDO LLP. This includes monitoring and reviewing their objectivity and independence on an ongoing basis, recommending their appointment, reappointment and removal, and approving the scope of the statutory audit and fees. There are no contractual restrictions on the appointment of External Auditors.

BDO was appointed as the Group's Auditor in October 2018, following a competitive tender process. BDO has confirmed to the Committee their continuing independence and compliance with the Group's policy on Auditor independence. The external Auditor is required to rotate the lead audit partner responsible for the audit engagement every five years, unless there are unusual extenuating circumstances. James Eastell was newly appointed as the lead audit partner in 2023.

## Accounting policies, practices and judgements

The selection of appropriate accounting policies and practices is the responsibility of management, and the Committee discussed these with both management and the external auditors. Significant areas considered by the Committee in relation to the 2022 financial statements are set out below.

## Going concern

The Group and Company are required to assess their ability to trade as a going concern for at least 12 months from the signing of the annual financial statements. The Committee reviewed management's assessment and concluded that it remained appropriate to continue to adopt the going concern basis in preparing the financial statements.

## Revenue recognition

The Group's operations include complex software delivery programmes and service activities that can require judgements to be made in relation to the timing of revenue recognition and contract profitability. The Committee reviewed the revenue recognition judgements taken, specifically the key judgements applied to variable consideration.

## Contingent Liabilities

The audit committee has reviewed the contingent liabilities as the Group delivers complex multi-year projects which from time to time give rise to significant operational and commercial risks. The Committee concluded that the timing and outcome of the NTU dispute process is presently uncertain and whilst there may be significant adverse financial impact, it is not practicable to assess such potential impact, if any.

## Goodwill

The Group is required to test annually whether goodwill has suffered any impairment and consider whether the fixed assets used in the business are carried at an appropriate amount. The Committee reviewed management's impairment assessment and concluded that there was no impairment of goodwill or any of the tangible or intangible assets used in the business.

## Capitalised product development costs

The Group's product development costs are capitalised where the expenditure meets the criteria of IAS38, and the recoverability assessed annually against expected future cash flows. The Committee reviewed management's capitalisation process and recoverability assessment and concluded the capitalisation was appropriate.

## Assessment of internal financial control

Management is responsible for putting in place internal financial controls over financial reporting and to protect the business from identified material risks. There is no formal Internal Audit function however the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one. As described on pages 22 to 23 of the Annual Report, the Group has established a framework of risk management and internal control processes, policies and procedures to mitigate risks and the Committee continues to monitor these closely and is happy that they are appropriate for the business. The Committee reconsiders whether such a function is required annually.

## New accounting standards

The Committee has continued to be kept apprised of new and revised accounting standards including the impact on the Group.

Approved by the Audit Committee on 20 March 2024.



Nigel Halkes  
Chairman, Audit Committee

# Nomination Committee Report

**The Committee, chaired by Richard Last, meets at least once a year.**

**The Nomination Committee leads the process for Board structure, size and composition of the Board and its Committees, and makes recommendations to the Board with regard to any changes required to ensure an appropriate balance of skills, expertise, knowledge, diversity and independence.**

The Nomination Committee is chaired by Richard Last and includes Roger McDowell, Nigel Halkes and Mark Pickett, who provides Executive management insight. All but Mark Pickett are fully independent. Although only members of the Committee have the right to attend meetings, other individuals, such as other Board members and external advisors, may be invited to attend for all or part of any meeting. The Committee meets at least once a year.

## Duties

The Committee's principal duties are to:

- Monitor the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- Give full consideration to succession planning for Directors and other senior Executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

- Keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

The Committee's full Terms of Reference are available on our website. They were last reviewed on 27 June 2022.

## Appointments in the year

During the year, the main focus of the Committee has been on succession planning for the Executive Committee and senior management. We have appointed Adam Fox to the role of Chief Technology Officer on the Executive Committee following the retirement of Mike Cope.

## Diversity

One area of focus is to continue to improve our Board diversity. We recognise the value of increased diversity at Board level in achieving our strategic objectives and in driving innovation and growth. Whilst Board appointments will continue to be based on merit and relevant skill, the Directors appreciate that contrasting backgrounds, experience and opinion can promote more balanced and nuanced debate and lead to improved decisions. With regard to gender diversity, the Directors are mindful that as at the date of this Report the Board currently comprises 20% female representation and strives to achieve a balanced Board.

## Succession planning

Ensuring that there are robust succession plans in place at Board and senior management level is fundamental to the long-term prospects of the business.

The Board recognises that effective succession planning also requires a thorough induction programme upon joining the Executive Board. Work has been conducted to improve this process for all incoming Executive Board members, whilst recognising too that each induction programme will also need to be tailored to the specific needs of the individual.



Richard Last

**Chair of the Nomination Committee**

# Remuneration Committee Report

**The Remuneration Report details the Group's remuneration policy and the arrangements currently in place for remuneration of both Executive and Non-Executive Directors.**

## Remuneration policy

The full Directors' remuneration policy is shown below for ease of reference, updated with minor changes. A shareholder vote on the remuneration policy is not required.

The Remuneration Committee (the Committee) operates the annual bonus plan and long-term incentive plans according to their respective rules, the Listing Rules and HMRC rules where relevant. The table below details each element of pay and demonstrates how the remuneration policy is linked to overall Group strategy.

Element of pay	Purpose and link to strategy	Operation including maximum	Performance criteria
Salary	To attract and retain high-quality individuals with the appropriate skills, experience and knowledge, while also recognising their ongoing performance.	Salaries are reviewed annually or when an individual changes position or responsibility. Salaries for the current year are set out on page 47.  All appointments that attract either a base salary of £150,000 or a total remuneration package of £250,000, whichever being the least, must be approved by the Remuneration Committee.	Assessment of personal and corporate performance.
Benefits	To provide a range of cost-effective benefits which are typical market practice.	The main benefits provided include private medical insurance, a death in service benefit of four times salary and private fuel.	None.
Pension	To provide cost-effective long-term retirement benefits which are aligned with market practice.	Contributions of 10% of salary are paid to Executive Directors. An equivalent cash supplement may be paid to an individual if the annual or lifetime allowance has been met or exceeded.	None.
Annual bonus	To incentivise and reward for the achievement of in-year objectives, which are linked to the Group's Adjusted EBITDA.	An annual cash bonus is payable up to a maximum of 125% of salary for the Chief Executive Officer, and 50% of salary for the Chief Financial Officer, subject to the achievement of performance targets. In all cases, bonus payments are subject to the overriding discretion of the Remuneration Committee.	The Remuneration Committee reviews the performance measures, sets and approves the level of final award.
Long-term Incentives	To incentivise and reward for the achievement of long-term performance, which is aligned to the generation of shareholder value.	An annual grant of nil-cost options, which vest after three years subject to continued service and the achievement of performance conditions.  The plan limit for an award in any year is 200% of base salary. The normal policy will be to grant 100% of base salary to the Chief Executive Officer and Chief Financial Officer.  Dividends which accrue on vested awards may be paid as cash, or treated as reinvested and paid in shares.	The Remuneration Committee reviews the performance measures and targets annually. The Remuneration Committee has determined that a target linked directly to the Group's adjusted EBITDA is an appropriate measure for awards granted in 2023 together with a free cash flow measure and other specific operational performance measures.
All employee plans	To encourage broad-based employee shareholding in the Group.	The past Share Incentive Plans and Save As You Earn Schemes provided all eligible employees with the opportunity to acquire shares at a discounted share price.	None.

# Remuneration Committee Report continued

## Director changes

There have been no Director changes in the year.

## The use of performance measures

Annual bonus targets will include financial measures which reflect the performance of the business and are directly linked to an adjusted EBITDA margin measure, a free cash flow measure and specific operational performance measures appropriate to the relevant year.

Long-term incentive performance measures are chosen to be aligned to long-term shareholder value creation by using an adjusted EBITDA margin measure, a free cash flow measure and specific operational performance measures appropriate to the relevant year.

## Directors' service contracts

Details of service agreements and notice periods are as follows:

Name	Director status	Effective date of contract	Expiry	Notice period for both parties
Mark Pickett	Chief Executive Officer	30 June 2016	Ongoing	6 months
Richard Last <sup>1</sup>	Non-Executive Chairman	17 November 2015	2024 AGM	–
Roger McDowell	Senior Non-Executive Director	17 November 2015	2024 AGM	3 months
Nigel Halkes	Non-Executive Director	20 January 2020	2024 AGM	3 months
Diane McIntyre	Chief Financial Officer	01 June 2021	Ongoing	6 months

1. Richard Last has no notice period.

Copies of each Director's service agreement will be available for inspection at the AGM.

Under the terms of their appointment, the Non-Executive Directors have agreed to commit no less than 25 days per annum to their roles. If they are required to commit in excess of 25 days per annum, they may be entitled to an additional fee at a suitable pro rata rate per day.

## Policy on payments for loss of office

The Committee aims to deal fairly with cases of termination, while attempting to limit compensation. Executives' service contracts provide the Committee with the discretion to make a payment in lieu of notice limited to base salary. The Committee also retains the discretion to pay an annual bonus on a departure in certain circumstances. The rules of the long-term incentive plan set out the treatment if a participant leaves employment prior to awards vesting. If the participant is considered a good leaver (through death, retirement, injury or disability, redundancy, employment being transferred outside the Group, or any other reason the Committee decides) then awards would normally vest on the normal vesting date. In the event of a change of control, an award may vest early subject to the extent the performance conditions have been achieved and scaled back pro rata for service, although the Committee has the discretion to disapply time pro-rating.

Each Non-Executive Directors' notice period is defined in the table above and no compensation or other benefits are payable.

## Risk

The Committee is cognisant of the need for the remuneration policy to operate within an effective risk management system. The Committee reviews the various elements of remuneration on an annual basis, to ensure that they do not encourage any undue risk-taking by Executive Directors or senior management. When setting performance targets for variable components of remuneration, the Committee remains mindful of environmental, social and governance (ESG) issues.



## Shareholders' views

The Committee considers shareholder feedback received at the AGM and during meetings with investors throughout the year, and uses these views to help formulate the overall remuneration policy.

## Non-Executive Director fees

The fees for the year ending 31 December 2023, which took effect from 1 January 2023 are as follows. These exclude any expenses which the Non-Executive Directors may incur in relation to their duties.

	From 1 January 2023 <sup>1</sup>	From 1 January 2022	Increase/(decrease)
Non-Executive Chairman	£111,600	£111,600	-
Senior Non-Executive Director	£57,000	£57,000	-
Non-Executive Director	£56,250	£56,250	-

1. Subject to review in April 2024 in line with the Group's annual pay review process.

## Information subject to audit

Remuneration payable for the financial year ending 31 December 2023:

Director	Salary <sup>3</sup>	Benefits <sup>1</sup>	Bonus <sup>4</sup>	SBP <sup>2</sup>	Pension <sup>3</sup>	Total 2023	Total 2022
Mark Pickett	278,100	1,564	252,720	140,474	24,922	697,780	1,073,953
Diane McIntyre	206,000	2,053	85,280	85,801	10,300	389,434	293,692
Richard Last	111,600	-	-	-	-	111,600	111,600
Roger McDowell	57,000	-	-	-	-	57,000	57,000
Nigel Halkes	56,250	-	-	-	-	56,250	56,250

1. Benefits include private medical insurance and private fuel.

2. The cost reported in remuneration is equivalent to the share-based payment accounting charge incurred in the year, including dividends accruing on LTIPs and matching shares (see Note 6). SBP for Mark Pickett includes gains made on exercise of share options of £nil (2022: £537,414) and a notional bonus repaid to the Company in relation to the exercise of share options equivalent to the nominal value of number of shares issued totalling £nil (2022: £16,480).

3. The fixed element of Directors remuneration includes salary and employers pension contributions; all other elements are variable.

4. Part of the 2023 bonus payment will be deferred and paid subsequent to a satisfactory outcome of the NTU claim (£91,260 for Mark Pickett and £27,040 for Diane McIntyre).

## Long-Term Incentives Plan (LTIP) awards

On 16 October 2023 the Remuneration Committee approved LTIP awards to Mark Pickett and Diane McIntyre of which 28% (Mark Pickett) and 18% (Diane McIntyre) are expected not to vest.

	Type	Number of shares	Face value <sup>1</sup>	Performance condition	Performance period	% Vesting at threshold
Mark Pickett	Nil-Cost Option	240,308	£170,618 (61% of salary)	Adjusted EBITDA, free cash flow and other specific operational performance measures	Measured over 1 years to 31 December 2023	50% of LTIP
Diane McIntyre	Nil-Cost Option	178,006	£126,384 (61% of salary)	Adjusted EBITDA, free cash flow and other specific operational performance measures	Measured over 1 years to December 2023	50% of LTIP

1. Face value calculated based on share price on 16 October 2023 (71p).

# Remuneration Committee Report continued

## Share award interests

The interests in share options were as follows:

	At 1 January 2023	Granted	Expected to lapse	Exercised	At 31 December 2023	Exercise price	Price on date of grant	Date from which exercisable	Expiry date
<b>Mark Pickett</b>									
LTIP – 7 July 2020	321,429	–	–	–	321,429	Nil	56.0p	July 2023	July 2030
LTIP – 28 June 2021	183,673	–	(25,714)	–	157,959	Nil	98.0p	June 2024	June 2031
LTIP – 11 April 2022	211,765	–	(29,647)	–	182,118	Nil	92.0p	April 2025	April 2032
LTIP – 16 October 2023	–	240,308	(67,286)	–	173,022	Nil	71.0p	Oct 2026	Oct 2033
<b>Diane McIntyre</b>									
LTIP – 28 June 2021	136,054	–	(12,245)	–	123,809	Nil	98.0p	June 2024	June 2031
LTIP – 11 April 2022	156,863	–	(14,118)	–	142,745	Nil	92.0p	April 2025	April 2032
LTIP – 16 October 2023	–	178,006	(32,041)	–	145,965	Nil	71.0p	Oct 2026	Oct 2033

The closing share price at 31 December 2023 was 55.4p and during the year ranged from 35p to 71.7p. There have been no variations to the terms and conditions or performance criteria for share awards during the financial year. There are 321,429 vested but unexercised options relating to the Directors as at 31 December 2023.

Of the applicable LTIPS 72% of Mark Pickett's shares and 82% of Diane McIntyre's shares vested in relation to the 2023 performance. In addition a number of LTIP shares relating to the performance of 2023 will have their vesting decision deferred, dependent on a satisfactory outcome of the NTU claim (113,887 for Mark Pickett and 84,361 for Diane McIntyre).

## Annual percentage change in Directors' remuneration compared to FTE employees

	Year-on-year percentage change in remuneration				
	2023	2022	2021	2020 <sup>1</sup>	2019
Group FTE employees	938	972	936	832	850
Average Remuneration/FTE £'000	56	54	54	52	53
<b>Average FTE Employees percentage change<sup>3</sup></b>	5%	(1)%	3%	(2)%	2%
<b>Directors' percentage change</b>					
Mark Pickett	55%	(51)%	4%	1%	30%
Richard Last	–	1%	5%	(35)%	19%
Roger McDowell	–	3%	5%	(5)%	0%
Nigel Halkes	–	2%	11%	100%	–
Diane McIntyre <sup>2</sup>	33%	17%	–	–	–

1. Includes three months at 80% pay as a mitigating action to COVID.

2. Diane McIntyre's figures in 2021 relate to the period from 1 June 2021 to 31 December 2021.

3. Average percentage change is a result of investment in our GDC and Manila shared service centre in 2022 and 2023.

**INFORMATION NOT AUDITED****Directors' shareholdings**

The table below sets out the Directors' current shareholdings as at 31 December 2023. The shareholding guideline for the Chief Executive Officer is to hold two times base salary in stock (excluding invested LTIPs) within no more than five years of appointment.

Director	Beneficially owned	% of salary/ share value held	LTIP options
Mark Pickett	1,263,727	212%	834,527
Diane McIntyre	-	-	412,529
Richard Last	3,095,726	1304%	-
Roger McDowell	3,975,726	3278%	-
Nigel Halkes	14,285	26%	-

Note: % of salary/share value held is calculated by reference to the value of the individual's shareholding in Tribal valued at the share price on the close of business on 31 December 2023.

**All-employee plans**

The Committee believes wider employee share ownership can act as an additional retention and motivation vehicle and has operated Save As You Earn (SAYE) Schemes and Share Incentive Plans (SIP) in the past. The Committee regularly considers the appropriate overall incentive schemes for all employees.

**Position against dilution limit**

The share incentive plans operate in line with the ABI principle, which requires that all commitments must not exceed 10% of the issued share capital in any rolling ten-year period. Given the Company's issued share capital, the number of employees and the level of participation in the LTIP, the Committee believes that operating a single 10% in ten-year limit for all share plans remains appropriate. The Group's position against the dilution limit at 31 December 2023 was 7.3%.

**Executive Directors' external appointments**

Executive Directors are permitted to accept an external non-executive position with the Board's approval. Any fees received in respect of these appointments may be retained by the Executive. No such fees were received by the Executive Directors during the year.

Approved by the Remuneration Committee on 20 March 2024.



Roger McDowell

**Chairman, Remuneration Committee**

# Directors' Report

The Directors present their report and audited consolidated financial statements for the year ended 31 December 2023.

## Principal activities

Tribal Group plc is incorporated as a public limited company, and is registered in England and Wales with registered number 4128850. Its registered office is at Kings Orchard, One Queen Street, Bristol BS2 0HQ.

The Company acts as a holding company with a number of trading subsidiaries that provide education-related systems, solutions and consultancy services. There was no significant change in this activity during the year. The subsidiary undertakings of the Company are listed in Note 33.

## Results and dividends

The profit for the year, after taxation, amounted to £5.3m (2022: loss of £0.5m). The Board is proposing to defer payment of the dividend until later on in 2024, post further clarification on the NTU position and pending approval at the AGM on 20 May 2024. In July 2023 Tribal paid a final dividend of 0.65p per share in recognition of the year ended 31 December 2022. The Board intends to continue a progressive dividend policy, with a single dividend payment each year following annual results.

## Dividend policy

Meeting shareholder dividend expectations is a high priority as it supports our overall strategy. Our longer-term plan indicates that our progressive dividend policy can be met whilst making the investments we need to meet our strategic objectives.

Tribal remains committed to a progressive dividend policy, however having reviewed the Group's cash flow forecasts, specifically with regard to the significant uncertainties around the resolution of the NTU contract, the Board have concluded that it would be prudent to maintain a flat final dividend 0.65p. It is the Board's intention to return to its former policy of dividend progression when circumstances allow.

## Business model and strategy

The business model and strategy section, pages 4 and 5 and pages 8 and 9; set out the Company's strategy, business model and key performance indicators.

## Long-term financing

On 29 December 2023 the Group entered into a three-year £20m multicurrency revolving facility with HSBC with the option to extend by a further two years. The facility was put in place to cover general corporate and working capital requirements of the Group, as at 31 December 2023 £14.0m (2022: £6.3m) of the loan was utilised. The Group has a £2m committed overdraft facility in the UK and an AUD \$2m committed overdraft facility in Australia, both facilities are committed for a 12-month period ending August 2024 and October 2024 respectively. At 31 December 2023 none of the overdraft facilities were drawn. The Group is subject to two covenant tests from the revolving facility: Senior Interest cover (12 month adjusted EBITDA/Interest charge) and Leverage cover (Net debt/12 month adjusted EBITDA).

Following a review of the Group's cash flow forecasts and covenant compliance projections, the Directors consider the Group is well placed to meet its funding requirements for the foreseeable future. Information about the use of financial instruments by the Group is given in Note 31 of the financial statements.

## Board effectiveness

In respect of our operations as a Board, we continue to reflect upon our collective skills and experience and our ability to effectively lead Tribal.

## Environment

The credibility and longevity of any business goes beyond pure financial gain; a principle long-embodied and supported by Tribal's strong values-based culture and approach to environmental, social and governance issues.

The ESG Report is on pages 24 to 29 and highlights our initiatives in relation to Environmental, Social and Governance matters concerning the Group.

## Principal risks and uncertainties

The Group's principal risks and uncertainties are explained in the Strategic Report on page 32 and 33. Risks of a financial nature are addressed in Note 31 of the financial statements.

## Section 172

The Board's responsibilities to promote the success of the Group under Section 172 of the Companies Act 2006, as modified by the Companies (Miscellaneous Reporting) Regulations 2018 are outlined in the Section 172 Statement on pages 22 and 23.

## Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which remain in force at the date of this report and throughout the year. Directors' and officers' liability insurance is provided for all Directors of the Company.

## Going concern

Please refer to the going concern statement in the Strategic Report on page 20 for details on the assessment carried out by Directors with regard to going concern.

## Directors retiring

The names of the Directors who served during the year and up to the date of signing the financial statements are set out on page 34 and 35. All Directors are required to submit to re-election each year and will be proposed for re-election at the forthcoming AGM.

The appointment and replacement of Directors is governed by the Company's Articles of Association, the Companies Act 2006 and related legislations. The Articles themselves may be amended by special resolution of the shareholders.

Directors' interests in the Company and share capital information, including share options, are detailed in the Remuneration Report on pages 45 to 49.

## Share capital

Details of the authorised and issued share capital are shown in Note 23 to the financial statements. The Company has one class of Ordinary Shares, which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. During the year, the Company issued nil shares (2022: 1,847,373 Ordinary Shares of 5p).

## Branches

The Group has overseas branches in New Zealand, Abu Dhabi and Singapore.

## Employees

Tribal is a business which is highly dependent on its people. We seek to attract, develop and retain high-calibre staff and, as a consequence, our customers can be assured that the service they receive is among the best available. The Group's commitment to its people is discussed in the Environmental, Social and Governance Report on pages 24 to 29.

The Board takes its responsibilities to employee engagement and interests very seriously and ensures any decisions made take into consideration the impact on the Group's employees. Employees have the opportunity to ask questions regarding all aspects of the business during our regular Group-wide update meetings with the Group's Executive Management team. The Group recognises the value of its employees and where possible seeks to promote internally within the business and aims to empower, where appropriate, employees to aid with decision-making within the Group.

Employee interests are considered in full when the Board is making key decisions regarding changes to the business, such as restructuring, acquisitions and streamlining of operating segments. Decisions impacting employees' interest are communicated in a timely manner.

The Group is an equal opportunities employer and bases all decisions on individual ability, regardless of race, religion, gender, sexual orientation, age or disability. Applications for employment by disabled persons will always be fully considered, having regard to their particular aptitudes and abilities. Should any employee become disabled, every practical effort is made to provide continued employment. Depending on their skills and abilities, they enjoy the same career prospects and scope for realising their potential as other employees. Appropriate training is arranged for disabled employees, including retraining for alternative work for those who become disabled, to promote their career development within the organisation.

## Research and development

The Group continues to invest in research and development of software products, as set out in Notes 5 and 14 of the financial statements. The investment is predominantly in the Group's next-generation cloud-based Student Information System, Edge. Total research and development expenditure decreased to £12.4m (2022: £14.4m) of which £8.5m (2022: £10.3m) was capitalised.

## Future developments

An indication of likely future developments in the business of the Group is included in the Strategic Report.

## Annual General Meeting

The Company's AGM will be held on 20 May 2024. The notice convening the AGM and an explanation of the business to be put to the meeting are contained in a separate circular to shareholders.

# Directors' Report continued

## Independent auditor

BDO LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be put to the AGM.

## Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- For the Group financial statements state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements.
- For the Company financial statements, state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the Company financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Corporate governance

The Company's statement on corporate governance compliance can be found in the Corporate Governance Report on pages 42 to 45 of the Annual Report and Accounts. The Corporate Governance Report forms part of this Directors' Report and is incorporated by reference.

## Statement of disclosure of information to auditor

In accordance with Section 418, Directors' Reports shall include a statement, in the case of each Director in office at the date the Directors' Report is approved, that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Directors and signed on its behalf by:



**Mark Pickett**  
**Chief Executive Officer**

Registered number 4128850

20 March 2024

# Independent Auditor's Report

## Independent auditor's report to the members of Tribal Group plc

### Opinion on the financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended.
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards.
- The Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tribal Group plc (the Company) and its subsidiaries (the Group) for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company only Balance Sheet, the Company only Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the going concern assessment, approved by the Directors, including detailed cash flow and covenant compliance forecasts up to 31 March 2025 and where applicable agreed this to third party documentation including signed banking facilities.
- Inspecting the Group's signed three-year £20m multicurrency revolving facility with HSBC and other bank overdraft arrangements to confirm that the Group has sufficient liquidity to meet its liabilities as they fall due over the going concern period. We also agreed the nature of the financial covenants included therein and checked that management's covenant forecasts over the going concern period were appropriately derived.
- Assessing the reasonableness of the Directors' assumptions included in the going concern forecast, including revenue growth and margins, with reference to the historical accuracy of the Directors' forecasts by comparing the current forecasts with actual trading results post year end.
- Assessing the appropriateness of sensitivity analyses prepared by the Directors over the Group's cash flow forecasts. We also considered our own sensitivities including the effects of adverse movements in EBITDA and various possible outcomes in relation to the NTU contract dispute to determine the potential impact on covenant compliance and the sufficiency of available cash resources over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

# Independent Auditor's Report continued

## Overview

Coverage <sup>1</sup>	86% of Group profit before tax 81% of Group revenue 87% of Group total assets		
Key audit matters		2023	2022
	Revenue recognition – Implementation Services revenue streams	✓	✓
	Accounting treatment – NTU contract	✓	✓
	Going concern*	x	✓
	Defined benefit pension scheme surplus**	x	✓
	* Going concern is no longer considered to be a key audit matter. The Group signed a three-year £20m multicurrency revolving facility with HSBC on 29 December 2023 which can be extended by a further two years. The Group's liquidity and covenant headroom are sufficient to allow the Group and Company to meet their obligations as they fall due for a period of at least 12 months from the date of the financial statements.		
	** Defined benefit pensions scheme surplus is no longer considered to be a key audit matter. The accounting treatment for the surplus position was clarified in the prior year and there have been no changes in the legal position of the scheme. Adjusted profit is before exceptional items in Note 6 of the financial statements.		
Materiality	Group financial statements as a whole  £497,500 (2022: £360,000) based on 5% of Adjusted profit before tax (2022: 5% the three-year average of Adjusted profit before tax). Adjusted profit is before exceptional items in Note 6 of the financial statements.		

## An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In determining the scope of our audit, we considered the size and nature of each component within the Group to determine the level of work to be performed at each in order to ensure sufficient assurance was obtained to allow us to express an opinion on the financial statements as a whole. The components identified as significant were Tribal Group plc (company only), Tribal Education Limited, Tribal Group Pty Limited and Callista Software Services PTY Limited which were subject to a full scope audit by the Group engagement team. Significant components comprise 76% of revenue and 24% of Group total assets. Procedures over specific balances on the year-end results of the remaining non-significant components were performed by the Group engagement team which then increased the coverage to the percentages detailed in the above table.

We also obtained an understanding of the internal control environment related to the financial reporting process and assessed the appropriateness, completeness and accuracy of the Group journals and other adjustments performed on consolidation.

## Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the Annual Report.
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector.
- Review of the minutes of Board and Audit Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitments as set out in the Environmental, Social and Governance Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and in management's judgements and estimates in relation to impairment of assets and the recognition of deferred tax assets.

We also assessed the consistency of management's disclosures included as Other Information with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which

had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
<p><b>Revenue recognition – Implementation Services</b> (Refer to Notes 1, 2 and 3 of the financial statements)</p>	<p>Implementation revenue comprises revenue received from customers for the configuration, set up and installation of the Group's software products.</p> <p>For fixed price implementation projects, judgement is required in determining the stage of completion which is driven by the estimated total implementation time required and the total time incurred to date.</p> <p>In light of the judgements required to be made by the Directors in this area, we have determined that revenue recognition in relation to these ongoing, fixed price revenue projects is a key audit matter.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> <li>▪ Assessed the appropriateness of the Group's revenue recognition policies against the requirements of the applicable accounting standards.</li> <li>▪ Performed an assessment of a sample of contractual terms and conditions of the services being provided to check that the revenue recognition policy is appropriate in the circumstances.</li> <li>▪ Made enquiries of project managers and Directors to understand the nature of the projects, how projects were progressing against key milestones and any impact on expected delivery times from changes in project scope.</li> <li>▪ Assessed the appropriateness of the stage of completion and the resulting revenue recognised for a sample of contracts by: <ul style="list-style-type: none"> <li>– Agreeing the number of days worked to date in the determination of the percentage complete on projects and compared this against the timecard system.</li> <li>– Reviewing management's time forecasts for ongoing projects and performing a review of historical forecasting on a sample of projects to confirm the accuracy of the project managers' forecasts.</li> <li>– Verifying progress against key milestones on a sample of projects by viewing correspondence between the customer and the Group.</li> <li>– Verifying timecard approvals by ensuring that for a sample of timecards, the timecards had been approved by an appropriate individual.</li> <li>– Testing the monthly project review control performed by the commercial management and finance teams.</li> </ul> </li> </ul>
<b>Key observations:</b>		<p>Based on the procedures performed, we consider the revenue recognised on the ongoing, fixed price Implementation Services projects to be appropriate.</p>

# Independent Auditor's Report continued

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Accounting treatment – Nanyang Technological University (NTU) contract</b> (Refer to Note 30 of the financial statements)</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> <li>▪ Reviewed the terminated customer contract, Board minutes and correspondence between the Group and NTU to gain an understanding of the nature of the dispute and the contractual positions and views of the parties.</li> <li>▪ Held discussions with the Directors to understand their views on the matter and the potential financial implications of the dispute.</li> <li>▪ Held discussions with the Group's external legal counsel and obtained a letter signed by them to confirm relevant facts and circumstances.</li> <li>▪ Considered the appropriateness of the Directors' consideration of the possible impact on the going concern position of the Group.</li> <li>▪ Assessed the facts and circumstances as to whether it is appropriate for the Directors to disclose the matter as a contingent liability or to record a provision and ensured that the disclosures included in the financial statements are in line with the requirements of the accounting standards.</li> </ul> <p><b>Key observations:</b></p> <p>Based on the procedures performed, we are satisfied with the accounting treatments and disclosures included in the Group financial statements in connection with the NTU dispute.</p>
<p>The Group's contract with NTU, a former customer, has been terminated and in April 2023 the Group received an interim demand for the payment of damages which it rejected. Legal advice has been obtained on the matter and settlement discussions are underway. Since the year-end, the parties have agreed to a mediation meeting with a view to achieving a resolution to the matter.</p> <p>In connection with the uncertainties associated with the NTU dispute, the Directors must assess whether it is appropriate for any provision to be recorded at the balance sheet date, whether there is any impact arising on the Group's going concern assessment and whether there are any other accounting consequences.</p> <p>Given the significance of the quantum of alleged loss and the nature of the judgements required to be taken by the Directors, we consider the NTU dispute to be a key audit matter.</p>	

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Company financial statements	
	2023 £	2022 £	2023 £	2022 £
Materiality	497,500	360,000	927,000	1,677,000
Basis for determining materiality	5% (2022: 5%) of the Adjusted* profit before tax (2022: three-year average Adjusted* profit before tax)		2% (2022: 3.5%) of Company's total assets (2022: net assets).	
Rationale for the benchmark applied	Adjusted profit before tax is a key measure for stakeholders based on market practice and investor expectations.  Due to the fluctuation in profits from year to year it was considered appropriate to use a three-year average.		This entity is the holding company of the Group. The entity is purely for holding investments, financing and incurring Group expenditure. Profit is not an appropriate basis in this regard as there are no trading activities (therefore revenue cannot be used). Total assets was chosen as the appropriate benchmark.	
Performance materiality	358,200	258,000	664,000	1,208,000
Basis for determining performance materiality	In determining performance materiality, we considered a number of factors including the areas of estimation within the financial statements and history of errors. On this basis performance materiality was set at 72% (2022: 72%) of Group materiality.		In determining performance materiality, we considered a number of factors including the areas of estimation within the financial statements and history of errors. On this basis performance materiality was set at 72% (2022: 72%) of Company materiality.	

\* Profit before tax adjusted for exceptional costs in Note 6 of the financial statements.

## Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of between 30% and 90% (2022: 50% and 78%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £146,000 to £441,000 (2022: £180,000 to £280,000). In the audit of each component, we further applied performance materiality levels of 72% (2022: 72%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £24,500 (2022: £7,200). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report & Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described on the next page.

# Independent Auditor's Report continued

## Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us.
- The Company financial statements are not in agreement with the accounting records and returns.
- Certain disclosures of Directors' remuneration specified by law are not made.
- We have not received all the information and explanations we require for our audit.

## Responsibilities of Directors

As explained more fully in the Directors' responsibility statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on:

- Our understanding of the Group and the industry in which it operates.
- Discussions with management, those charged with governance and the Audit Committee.
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.
- We considered the significant laws and regulations to be the applicable accounting framework, UK and overseas tax legislation and the AIM Listing Rules.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations.
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations.
- Review of financial statement disclosures and agreeing to supporting documentation.
- Involvement of tax specialists in the audit.
- Review of legal expenditure accounts to understand the nature of expenditure incurred.
- Discussions with external legal counsel.

## Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and the Audit Committee regarding any known or suspected instances of fraud.
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud.
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation and testing a random sample of journals within the residual population.
- Assessing significant estimates made by management for bias including the assessment of the stage of completion on the Group's ongoing, fixed price implementation projects, amortisation periods on the Group's intangible assets and the estimates of future revenues and costs included in the Group's impairment models.
- Assessing the appropriateness of the judgements taken by the Directors in relation to the NTU contract dispute.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Eastell  
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Bristol, UK

20 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# FINANCIAL STATEMENTS

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# Consolidated Income Statement

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 Total £'000	Restated* Year ended 31 December 2022 Total £'000
<b>Revenue</b>	3	85,750	83,585
Cost of sales		(43,628)	(52,250)
<b>Gross profit</b>		42,122	31,335
<b>Total administrative expenses</b>		(34,861)	(30,556)
<b>Operating profit</b>	4,5	7,261	779
<i>Analysed as:</i>			
<i>Operating profit (before exceptional items)</i>	4	10,581	2,901
<i>Exceptional items</i>	6	(3,320)	(2,122)
<i>Operating profit (EBIT)</i>		7,261	779
Finance income	8	308	25
Finance costs	9	(939)	(417)
<b>Profit before tax</b>		6,630	387
Tax charge	10	(1,336)	(897)
<b>Profit/(loss) attributable to the owners of the parent</b>		5,294	(510)
Earnings per share			
Basic	12	2.5p	(0.2)p
<b>Diluted</b>	12	2.4p	(0.2)p

All activities are from continuing operations.

\*Restated see Note 5.



# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Profit/(loss) for the year		5,294	(510)
<b>Other comprehensive (expense)/income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of defined benefit pension schemes	27	(129)	262
Deferred tax on measurement of defined benefit pension schemes	21	-	(66)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<b>Exchange differences on translation of foreign operations</b>		(458)	595
<b>Other comprehensive (expense)/income for the year net of tax</b>		(587)	791
<b>Total comprehensive income for the year attributable to equity holders of the parent</b>		4,707	281

# Consolidated Balance Sheet

As at 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Non-current assets</b>			
Goodwill	13	28,524	29,176
Other intangible assets	14	49,894	43,667
Property, plant and equipment	15	836	1,044
Right-of-use assets	26	2,117	1,435
Net investment in lease	26	21	70
Deferred tax assets	21	4,960	5,064
Retirement benefit scheme assets	27	81	72
		86,433	80,528
<b>Current assets</b>			
Trade and other receivables	16	13,690	12,505
Net investment in lease	26	49	47
Contract assets	3	5,918	6,676
Current tax assets		752	421
Cash and cash equivalents	17	6,797	2,891
		27,206	22,540
<b>Total assets</b>		<b>113,639</b>	<b>103,068</b>
<b>Current liabilities</b>			
Trade and other payables	18	(5,902)	(5,788)
Accruals		(9,194)	(8,622)
Contract liabilities	3	(27,732)	(26,004)
Current tax liabilities		(1,541)	(1,145)
Lease liabilities	26	(713)	(728)
Borrowings	19	-	(35)
Provisions	20	(1,205)	(5,194)
		(46,287)	(47,516)
<b>Net current liabilities</b>		<b>(19,081)</b>	<b>(24,976)</b>
<b>Non-current liabilities</b>			
Other payables	18	(212)	(209)
Deferred tax liabilities	21	(2,740)	(2,930)
Contract liabilities	3	-	(141)
Lease liabilities	26	(1,320)	(721)
Borrowings	19	(14,000)	(6,250)
Provisions	20	(605)	(483)
		(18,877)	(10,734)
<b>Total liabilities</b>		<b>(65,164)</b>	<b>(58,250)</b>
<b>Net assets</b>		<b>48,475</b>	<b>44,818</b>

# Consolidated Balance Sheet continued

As at 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Equity</b>			
Share capital	23	10,611	10,611
Share premium	24	83	83
Other reserves	25	28,893	28,598
Accumulated profits		8,888	5,526
<b>Total equity attributable to equity holders of the parent</b>		<b>48,475</b>	<b>44,818</b>

Notes 1 to 33 form part of these financial statements. The Company's registered number is 04128850.

The financial statements on pages 62 to 109 were approved by the Board of Directors and authorised for issue on 20 March 2024 and were signed on its behalf by:



**Richard Last**

Director



**Mark Pickett**

Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated (losses)/profits £'000	Total equity £'000
Balance at 31 December 2022		10,519	18,961	27,978	(11,118)	46,340
Loss for the year		-	-	-	(510)	(510)
Other comprehensive income for the year		-	-	-	791	791
Total comprehensive income for the year		-	-	-	281	281
Issue of equity share capital	23, 24	92	481	-	-	573
Share premium capital reduction	24	-	(19,359)	-	19,359	-
Equity dividend paid	11	-	-	-	(2,736)	(2,736)
Credit to equity for share-based payments	22	-	-	589	-	589
Foreign exchange difference on share-based payments	22	-	-	31	-	31
Tax charge on credit to equity for share-based payments	10	-	-	-	(260)	(260)
Contributions by and distributions to owners		92	(18,878)	620	16,363	(1,803)
Balance at 31 December 2022 and 1 January 2023		10,611	83	28,598	5,526	44,818
Profit for the year		-	-	-	5,294	5,294
Other comprehensive expense for the year		-	-	-	(587)	(587)
Total comprehensive income for the year		-	-	-	4,707	4,707
Equity dividend paid	11	-	-	-	(1,377)	(1,377)
Credit to equity for share-based payments	22	-	-	295	-	295
Tax credit on credit to equity for share-based payments	10	-	-	-	32	32
Contributions by and distributions to owners		-	-	295	(1,345)	(1,050)
<b>At 31 December 2023</b>		<b>10,611</b>	<b>83</b>	<b>28,893</b>	<b>8,888</b>	<b>48,475</b>

# Consolidated Cash Flow Statement

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
<b>Net cash from operating activities</b>	28	8,308	6,106
<b>Investing activities</b>			
Purchases of property, plant and equipment	15	(390)	(716)
Expenditure on intangible assets	14	(8,479)	(10,369)
Payment of deferred consideration for acquisitions	20	(71)	(994)
Proceeds from sub-leases	26	50	29
Net gain on forward contracts		175	23
<b>Net cash outflow from investing activities</b>		(8,715)	(12,027)
<b>Financing activities</b>			
Interest paid		(717)	(229)
Loan arrangement fees		(112)	(9)
Loan drawdown		8,750	8,500
Loan repayment		(1,000)	(2,250)
Proceeds on issue of shares		-	573
Principal paid on lease liabilities	26	(911)	(943)
Interest paid on lease liabilities	26	(77)	(60)
Equity dividend paid	11	(1,377)	(2,736)
<b>Net cash from financing activities</b>		4,556	2,846
<b>Net increase/(decrease) in cash and cash equivalents</b>		4,149	(3,075)
<b>Cash and cash equivalents at beginning of year</b>		2,856	5,924
<b>Effect of foreign exchange rate changes</b>		(208)	7
<b>Cash and cash equivalents at end of year</b>	17	6,797	2,856

# Notes to the Financial Statements

## 1. Accounting policies

### General information

Tribal Group plc (the Company) is a company incorporated, registered and domiciled in England and Wales in the United Kingdom under the Companies Act. The Company is a public limited company which is listed on the Alternative Investment Market (AIM). The address of the registered office is given on page 118. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in Note 4 and in the Strategic Report on pages 1 to 33. The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

The financial statements on pages 62 to 117 have been prepared in accordance with UK adopted International Accounting Standards. The financial information has been prepared on the historical cost basis, except for contingent consideration, share-based payments and forward exchange contracts which are recognised at fair value.

The preparation of financial statements in accordance with UK adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

### Adoption of new and revised standards

In the current financial year, there have been no new standards or amendments which became effective for the current reporting period that have had a material effect on the Group.

At the date of the authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the UK):

Mandatorily effective for periods beginning on or after 1 January 2024:

Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 16	Liability in a sale and leaseback
Amendments to IAS 17 and IFRS 7	Supplier finance arrangements
Amendments to IAS 12	Deferred tax arising from single transaction

Mandatorily effective for periods beginning on or after 1 January 2025:

Amendments to IAS 21	Lack of exchangeability
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None of the above standards are expected to have a material impact on the Group or are expected to be early adopted.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company:

- Has the power over the investee.
- Is exposed, or has the rights, to variable returns from its involvement with the investee.
- Has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### Adoption of the going concern basis

As at 31 December 2023, the Group had cash and cash equivalents of £6.8m (2022: £2.9m) and borrowings of £14.0m (2022: £6.3m). The Group has a £2m committed overdraft facility in the UK and a AUD\$2m committed overdraft facility in Australia. Both facilities are committed on a 12-month rolling period ending August 2024 and October 2024 respectively. At the year-end neither facility had been drawn down.

Tribal Group plc has entered into a £20m loan facility to cover temporary working capital requirements of the Group and corporate merger and acquisition activity, if required, which expires in December 2027. See Note 19.

The Group benefits from strong annual recurring revenues and cash generation, it also has a significant pipeline of committed income as it enters 2024. The Group's net current liability position has reduced to £19.1m from £25.0m in 2022; the decrease mainly driven by the release of the onerous contract provision (£4.5m) following termination of the NTU contract. The remaining net current liabilities is primarily made up of net contract liabilities of £21.8m (2022: £19.3m) relating to deferred customer revenue recognised in accordance with IFRS 15, which are non-cash liabilities.

Management have considered a range of outcomes in relation to the NTU contract dispute and its potential impact on the Group's cash flows. If mediation is not successful, it may result in possible litigation. Should the dispute result in litigation, timelines for resolution will be uncertain but are considered highly unlikely to be resolved within the next 12 months.

In assessing the Group's going concern position the Directors have considered all relevant facts, latest forecasts, an assessment of the risks faced by the Group, and considered potential changes in trading performance. In addition, management have stress tested the latest forecasts to the point where either the Group cannot meet its liabilities or is in breach of banking covenants and have concluded that this position is highly unlikely. Accordingly, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

### Revenue recognition

Revenue is measured at the fair value of the consideration receivable from the provision of goods and services to third party customers in the normal course of business. Revenue is stated excluding sales tax and trade discounts. The particular recognition policies applied in respect of the various potential elements of short-term or repeat service contracts are as set out below.

For multi-element contracts that include more than one separable revenue stream, the stand alone selling prices of the component parts are established, and revenue recognised for each separable element in line with the relevant policy below. Where legally separate contracts are entered into at or near the same time, with the same entity and were negotiated as a package, they are treated as a single arrangement for accounting purposes. Performance obligations are met in the same way they are for each relevant stream as noted below.

The Group has long-term contracts for the provision of more complex, project-based services including arrangements that involve significant production, modification, or customisation of software. Where the outcome of such long-term project-based contracts can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the project at the balance sheet date. This is measured by the proportion of development time incurred for work performed to date compared to the estimated total development time required. Variations in contract work are included to the extent that the amount can be measured reliably, and the revenue is considered highly probable not to reverse.

Where the outcome of a long-term project-based contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs that it is probable will be recovered. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense within administrative expenses immediately.

The transaction price of contracted goods and services is shown separately in the contract with customers. The contracted prices of each component of a product sale are expected to provide a robust and appropriate starting point in seeking to allocate the total transaction price to the identified performance obligations. The time value of money is not expected to be significant as contracts where cash is disconnected from revenue by greater than one year are likely to be rare.

# Notes to the Financial Statements continued

## 1. Accounting policies continued

### Revenue recognition continued

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Balances arise on contract assets and liabilities when cumulative payments received from customers at the balance sheet date do not necessarily equal the amount of revenue recognised on contracts. Customers are on standard payment terms which may result in settlement of invoices prior to recognition of associated revenue.

### Student Information Systems:

#### Licence & Development Fees – applies to Foundation Software and Edge

- Revenue on perpetual software licenses is recognised on the commencement of software implementation and related consultancy.
- Revenue on the implementation of fixed price software licenses is recognised over the duration of the project implementation period on a percentage complete basis being the number of days complete compared to the number of days expected for the project based on timesheet records. Revenue is recognised over time as the conditions as set out in IFRS 15.35(a) are met.
- Revenue from term software licenses is recognised on a pro-rata basis over the period of the license. This has the effect of spreading the recognition of License & Development Fees revenue over an extended period, rather than immediate, upfront recognition, to reflect the performance obligation of the license transferring over time in line with IFRS 15.B56.
- Customer paid enhancements (Development Fees) are recognised in line with Implementation Services as noted below.
- Support & Maintenance – applies to Foundation Software and Edge.
- Revenue from contracts for software maintenance and support is recognised on a pro rata basis over the contract period, reflecting the Group's obligation to support the relevant software products and update their content over the contract period.

#### Implementation Services – applies to Professional Services

- Revenue from software implementation, consultancy and other services that involve the purchase of a number of days is recognised as the service is provided.
- If implementation services are inherently linked to the delivery of fixed price software, revenue is recognised on a percentage complete basis being the number of days complete compared to the number of days expected for the project based on timesheet records.

#### Cloud Services – applies to Cloud Services

- Revenue from contracts for cloud services is recognised on a pro rata basis over the contract period, reflecting the Group's obligation to host the relevant software products over the contract period.

#### Other Services – applies to Other Software Services (including Bespoke Software, Software Solutions, Data Managed Services and SchoolEdge)

- Revenue from other services that are provided for a specific term are recognised on a pro rata basis over the contract period. This includes services such as hosting and managed IT services; and where services include any element of Licence and Development Fees, Support and Maintenance, Implementation Services or Cloud Services revenue recognition will be in line with the policy outline in the relevant section above.

### Education Services:

Revenue from the sale of services is recognised upon transfer of control to the customer and assessment of performance obligations. This is generally when services are performed for customers. The method by which the Group measures the service being performed varies depending on the nature of the contract, but will typically be driven by either time incurred or deliverables delivered as appropriate to the particular arrangement with the customer. Performance obligations are considered to be met upon the transfer of deliverables as defined in the contract.

### Deferred contingent consideration

The Group has deferred contingent consideration obligations arising from acquisitions.

The accounting for changes in the present value of deferred contingent and non-contingent consideration, that do not qualify as measurement period adjustments, and for which consideration is classified as a liability, are remeasured at subsequent reporting dates at present value with the corresponding gain or loss being recognised in profit or loss.

Any equity-based consideration is recognised in equity at the date it is agreed and would not be remeasured at subsequent reporting dates, with subsequent settlement accounted for within equity.



## Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the income statement as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from the combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU (or groups of CGUs) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (or group of CGUs) and then to the other assets of the CGU (or groups of CGUs) pro rata on the basis of the carrying amount of each asset. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a division, the attributable amount of goodwill is included in the determination of the profit and loss on disposal. Goodwill arising on acquisition before the date of transition to IFRS has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

## Merger reserve

The merger reserve comprises the non-statutory premium arising on shares issued as consideration for acquisitions of subsidiaries where merger relief under the relevant section of the Companies Act applies. To the extent that the creation of goodwill originally gave rise to a merger reserve, upon impairment an appropriate amount is transferred from the merger reserve to the profit and loss reserve.

## Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Tangible and Intangible assets are amortised over their estimated useful lives (see Notes 14 and 15).

The recoverable amount is the higher of fair value less costs to sell and the value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Unlike intangible assets and goodwill, right-of-use assets are not subject to a significant risk of material impairment, due to the nature and short-term duration of the leases held by the Group. Expected changes to the rental duration of office properties and the corresponding discount rate used to value lease liabilities are not considered probable within the course of normal business, so are excluded from the requirements set out in IAS 1.125.

## Business systems

The Group's business systems (internal operational systems; i.e. finance, HR) are treated as an intangible asset where the probable future economic benefits arising from the investment can be assessed with reasonable certainty at the time the costs are incurred. Costs included are those directly attributable to the design, construction and testing of new systems (including major enhancements) from the point of inception to the point of satisfactory completion as defined by IAS 38, with the exception of cloud computing costs which are expensed as incurred. Maintenance and minor modifications are expensed against the income statement as incurred. These assets are amortised by equal instalments over 10 years.

# Notes to the Financial Statements continued

## 1. Accounting policies continued

### Internally generated intangible assets – research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's product development is recognised only if all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

### Intangible assets

Intangible assets are stated at cost, net of amortisation and any recognised impairment loss. These assets are amortised on a straight-line basis over their useful economic lives as follows:

- Development costs – 3 to 15 years.
- Business systems – 10 years.
- Software licences – 3 to 5 years.

### Acquired intangibles

Acquired intangibles are stated at cost, net of amortisation and any recognised impairment loss. These assets are amortised on a straight-line basis over their useful economic lives as follows:

- Acquired intellectual property – 15 years.
- Acquired software – 15 years.
- Acquired customer contracts & relationships – 3 to 12 years.

### Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of each asset, other than assets in the course of construction, by equal instalments over their estimated useful economic lives as follows:

- Leasehold buildings – life of the lease.
- Fixtures, fittings and other equipment – 3 to 7 years.

### Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured by reference to the measurement of the lease liability on that date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of buildings that have a lease term of 12 months or less and leases of low-value items including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

### Sub-leases

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification as a sub-lease with reference to the right-of-use-asset arising from the head lease, not with reference to the underlying asset.

## Other items

IAS 1, 'Presentation of Financial Statements', provides no definitive guidance as to the format of the income statement, but states key lines which should be disclosed. It also encourages the disclosure of additional line items and the reordering of items presented on the face of the income statement when appropriate for a proper understanding of the entity's financial performance. The Group has adopted a policy of disclosing separately on the face of its Group income statement the effect of any components of financial performance considered by the Directors to be not directly related to the trading business or regarded as exceptional, or for which separate disclosure would assist in a better understanding of the financial performance achieved.

Both materiality and the nature and function of the components of income and expense are considered in deciding upon such presentation. Such items may include, inter alia, impairment and amortisation charges relating to goodwill and other intangible assets, the financial effect of major restructuring and integration activity, gains or losses associated with acquisitions (including the costs of such acquisitions, movements in deferred contingent consideration and the associated unwind of any discount thereon), profits or losses arising on business disposals, share-based payments and other items where separate disclosure is considered appropriate by the Directors, including the taxation impact of the aforementioned items.

## Retirement benefit costs

The Group operates two defined contribution pension schemes that are established in accordance with employment terms set by the employing companies. The assets of these schemes are held separately from those of the Group in independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes, where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- Current service cost, past service cost and gains and losses on curtailments and settlements.
- Net interest expense or income.
- Remeasurement.

The Group presents the first component of defined benefit costs within cost of sales and administrative expenses in the consolidated income statement. Curtailment gains and losses are accounted for as past-service cost. Net interest expense or income is recognised within finance costs. The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Group's defined benefit pension schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

## Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

A property-related provision is recognised and measured as a provision when the Group has a present obligation arising under a property-related contract. This includes dilapidation costs arising from exiting a leasehold property where the costs are not all expected to be incurred during the next year. For a business that is closed or to be discontinued the provision reflects the costs associated with exiting the property leased by the discontinued or closed business.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A legal claims provision is recognised and measured as a provision when the Group has a present obligation arising under a legal claim. This includes anticipated costs to resolve any contractual disputes and any anticipated costs in respect of disputes arising on previously disposed of businesses.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

# Notes to the Financial Statements continued

## 1. Accounting policies continued

### Foreign currencies

Transactions in currencies other than the local functional currency are recorded at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date, with differences recognised in profit or loss in the period in which they arise.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. These are considered to be approximate rates for the transaction dates. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising, if any, are recognised directly within equity within other comprehensive income. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

### Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. This is expensed on a straight-line basis over the vesting periods of the instruments. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of the particular vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves in equity.

Fair value is measured by use of an adjusted Black-Scholes model for the 2017 - 2023 LTIPs (including the CSOP) and the 2019 SAYE, and a Monte-Carlo model for the LTIPs awarded in 2016, as these will vest dependent on market conditions.

### Tax

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax provisions are recognised in accordance with IFRIC 23 and represent genuine uncertain tax treatments. The Group continually monitors the status of any tax provisions and will reassess annually based on any changes in facts or circumstances leading to a 'more likely than not' outcome.

Research and development tax credits are recognised in other revenue in the consolidated income statement.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax in the income statement is charged or credited, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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.

## Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

### Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group does not currently hold any assets at fair value through profit or loss.

### Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables) and cash and cash equivalents. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

### Impairment of financial assets

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of credit losses. During this process the probability of the non-payment of the trade receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the expected credit loss for the trade receivables. Provisions are recorded net in a separate provision account with the loss being recognised in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of provision is based on whether there has been a significant increase in credit risk since the initial recognition of the asset.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents.

Cash comprises cash in hand and deposits repayable on demand. These instruments are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'amortised cost'. The only financial liabilities held 'at FVTPL' by the Group is deferred contingent consideration.

### Dividends

Dividends are recognised when they become legally payable. In the case of final dividends, this is when approved by the shareholders at the AGM.

### Contingent liabilities

Contingent liabilities are disclosed when there are uncertainties related to the amount or timing of any outflows.

## Notes to the Financial Statements continued

### 2. Critical accounting judgements and sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in Note 1, the Board has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

#### Carrying value of goodwill

The carrying value of goodwill at the year-end is £28.5m (2022: £29.2m). An annual impairment review is required under IAS 36 'Impairment of assets' involving judgement of the future cash flows and discount rates for cash-generating units. The Group prepares such cash flow forecasts derived from the most recent budgets approved by the Board of Directors. Further details of the other assumptions used are given in Note 13.

#### Carrying value of development costs

The carrying value of development costs is £43.7m (2022: £36.7m). Judgement is required to assess whether costs meet the criteria for capitalisation set out in IAS 38, the useful life of those assets, and subsequently the consideration of the potential need for impairment of these assets, in particular in relation to their expected ability to generate future revenue. Amortisation is charged once a product is ready for its intended use. Amortisation is charged on a straight-line basis over the useful economic life of the product to which the expenditure relates which range from 3 to 15 years, with a weighted average product life of 15 years. In considering the appropriateness of the useful economic life of products management take into account typical product life cycles, technical, technological, commercial or other types of obsolescence and the stability of the industry in which the asset operates/changes in the market demand for the product. Further details of the other assumptions used are given in Note 14.

#### Revenue recognition

The Group's revenue recognition policies are disclosed in Note 1. In some cases, particularly in relation to software implementation programmes on which we are engaged in a number of international settings, judgement is required to determine the most appropriate measure of the stand alone selling prices and separately the timing of the revenue and profit recognition related to the service and products that have been delivered to customers at the balance sheet date. Judgement is also required in the recognition of any variable consideration and in the associated risk of recoverability of any associated receivables and contract assets where invoicing and/or payment is subject to certain future milestones. Programme delivery requirements, software specification and customer expectations may evolve during the course of these major projects. This may result in developments to ongoing commercial arrangements that could materially impact the basis of financial judgements made at the period end. Therefore, the potential impact of these evolving obligations and the overall customer project status must be considered carefully and where appropriate reflected in accounting judgements.

#### Uncertainty over income tax treatments

From time to time the Group encounters situations where there is uncertainty over income tax treatments that may affect both current and deferred taxes. Where the Group determines it is probable that a tax treatment will be accepted, then it measures its income taxes on that basis. In relation to the current period, the Group has excluded an amount of £0.8m of current tax from the tax charge included in the consolidated income statement on the basis that it believes that it is probable that the relevant tax authority will accept an amended and refiled tax return.

#### Provisions and contingent liabilities

Provisions are liabilities of uncertain timing or amount and therefore judgement is applied in making a reliable estimate of the quantum and timing. Further information about the assumptions and risk factors is given in note 20 'Provisions'. In addition, the determination of whether any claims against the Group give rise to a possible, probable or remote outflow of economic benefit are key judgements that the Directors have made in preparing the financial information. Further information on contingent liabilities are included in note 30 'Contingent liabilities'.

### 3. Revenue from contracts with customers

The Group has split revenue into various categories which is intended to enable users to understand the relationship between revenue streams and segment information.

31 December 2023	UK £'000	Australia £'000	Other APAC £'000	North America and Rest of the world £'000	Total £'000
Foundation – Support & Maintenance	15,903	6,269	1,727	996	24,895
Foundation – Software	7,865	185	417	75	8,542
Cloud Services	8,384	1,432	453	150	10,419
Edge	3,913	414	63	801	5,191
Professional Services	7,969	498	1,164	151	9,782
Core Student Information Systems (SIS)	44,034	8,798	3,824	2,173	58,829
Other software & services	3,316	6,424	–	9	9,749
Total Student Information Systems (SIS)	47,350	15,222	3,824	2,182	68,578
Schools inspections & other related services (QAS)	9,121	–	1	5,104	14,226
i-graduate survey & data analytics	1,214	370	1,076	286	2,946
Total Education Services (ES)	10,335	370	1,077	5,390	17,172
Total	57,685	15,592	4,901	7,572	85,750

31 December 2022	UK £'000	Australia £'000	Other APAC £'000	North America and Rest of the world £'000	Total £'000
Foundation – Support & Maintenance	15,668	7,112	1,617	1,023	25,420
Foundation – Software	6,575	106	515	21	7,217
Cloud Services	6,577	1,351	425	144	8,497
Edge	3,870	400	142	346	4,758
Professional Services	7,618	1,191	2,181	231	11,221
Core Student Information Systems (SIS)	40,308	10,160	4,880	1,765	57,113
Other software & services	3,240	7,808	–	–	11,048
Total Student Information Systems (SIS)	43,548	17,968	4,880	1,765	68,161
Schools inspections & other related services (QAS)	7,176	–	–	5,570	12,746
i-graduate survey & data analytics	1,126	126	1,080	346	2,678
Total Education Services (ES)	8,302	126	1,080	5,916	15,424
Total	51,850	18,094	5,960	7,681	83,585

#### Net contract liabilities

	Contract asset/ (liability) 2023 £'000	Contract asset/ (liability) 2022 £'000
Opening contract balance	(19,469)	(17,647)
Of which released to income statement	19,328	17,405
New billings and cash in excess of revenue recognised	(21,673)	(19,227)
Closing contract balance	(21,814)	(19,469)

Balances arise on contract assets and liabilities when cumulative payments received from customers at the balance sheet date do not necessarily equal the amount of revenue recognised on contracts. Customers are on standard payment terms, which may result in settlement of invoices prior to the recognition of associated revenue.

## Notes to the Financial Statements continued

### 3. Revenue from contracts with customers continued

Contract assets inherently have some contractual risks associated with them related to the specific and ongoing risks in each individual contract with a customer. The impairment of contract assets/(liabilities) reflects provisions recognised against contract assets in relation to these risks. See Note 31.

The amount of incremental costs to obtain a contract which extends over a period of more than 12 months has been recognised as an asset in prepayments totalling £0.3m (2022: £0.5m) and will be released in line with the total contract revenue. No amount has been impaired at 31 December 2023 or 2022.

#### Remaining performance obligations

The amount of revenue that will be recognised in future periods on revenue contracts entered into prior to 31 December when the remaining performance obligations will be satisfied is analysed as follows:

#### At 31 December 2023

	2024 £'000	2025 £'000	2026 £'000	Thereafter £'000	Total £'000
Foundation – Support & Maintenance	25,476	24,784	16,230	63	66,553
Foundation – Software	7,489	7,332	3,935	20	18,776
Cloud Services	11,523	11,219	7,204	1,272	31,218
Edge	4,845	4,649	2,337	421	12,252
Professional Services	7,763	1,642	52	-	9,457
Core SIS	57,095	49,625	29,758	1,776	138,253
Other software & services	6,120	2,346	1,066	56	9,588
Total SIS	63,215	51,971	30,824	1,832	147,841
Schools inspections & other related services (QAS)	11,396	6,190	275	22	17,883
i-graduate survey & data analytics	1,764	903	453	-	3,120
Total ES	13,160	7,094	728	22	21,003
TOTAL	76,375	59,064	31,552	1,853	168,844

#### At 31 December 2022

	2023 £'000	2024 £'000	2025 £'000	Thereafter £'000	Total £'000
Foundation – Support & Maintenance	24,635	24,472	15,783	6,389	71,279
Foundation – Software	5,876	5,275	3,187	134	14,472
Cloud	8,947	8,320	5,618	2,334	25,219
Edge	4,648	4,560	2,996	1,263	13,467
Professional Services	7,093	1,303	74	12	8,482
Core SIS	51,199	43,930	27,658	10,132	132,919
Other software & services	7,577	3,541	1,982	9	13,109
Total SIS	58,776	47,471	29,640	10,141	146,028
Schools inspections & other related services (QAS)	12,013	8,120	2,101	141	22,375
i-graduate survey & data analytics	2,121	1,033	878	439	4,471
Total ES	14,134	9,153	2,979	580	26,846
TOTAL	72,910	56,624	32,619	10,721	172,874

An analysis of the Group's revenue is as follows:

	2023 £'000	2022 £'000
Continuing operations		
Sales of services	85,750	83,585
Total revenue	85,750	83,585



Further details of the nature of the services provided are disclosed in Note 4. Sales of goods are not material and are therefore not shown separately. Included in sales of services is £1.3m (2022: £1.7m) related to software license revenues recognised as a result of a periodic review of our license entitlement resulting from changes in our customers' enrolled student numbers.

There is no revenue in respect of discontinued operations.

## 4. Business segments

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the nature of each type of activity. The Group's reportable segments and principal activities under IFRS 8 are detailed below:

- Student Information Systems (SIS) represents the delivery of software and subsequent maintenance and support services and the activities through which we deploy and configure our software for our customers, including software solutions, asset management and information managed services.
- Education Services (ES) represents inspection and review services which support the assessment of educational delivery, and a portfolio of performance improvement tools and services, including analytics.

In accordance with IFRS 8 'Operating Segments', information on segment assets is not shown, as this is not provided to the chief operating decision-maker, being the Chief Executive. Inter-segment sales are charged at prevailing market prices.

	Revenue		Restated * Adjusted segment operating profit	
	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
SIS	68,578	68,161	23,412	12,099
ES	17,172	15,424	2,254	3,496
<b>Total</b>	<b>85,750</b>	<b>83,585</b>	<b>25,666</b>	<b>15,595</b>
Unallocated corporate expenses			(14,360)	(11,596)
Amortisation of acquired software and customer contracts & relationships			(725)	(1,098)
<b>Adjusted operating profit</b>			<b>10,581</b>	<b>2,901</b>
Exceptional items (see Note 6)			(3,320)	(2,122)
<b>Operating profit</b>			<b>7,261</b>	<b>779</b>
Finance income			308	25
Finance costs			(939)	(417)
<b>Profit before tax</b>			<b>6,630</b>	<b>387</b>
Tax charge			(1,336)	(897)
<b>Profit/(loss) after tax</b>			<b>5,294</b>	<b>(510)</b>

\* See Note 5

Associated depreciation and amortisation is allocated to segment profits and is included in adjusted segment operating profit as above. The amount included in SIS is £2.3m (2022: £2.6m) and within Education Services £0.2m (2022: £0.1m). The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. Segment profit represents the profit earned by each segment, without allocation of central administration costs, including Directors' salaries, finance costs and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

Within Education Services revenues of approximately 2% (2022: 5%) have arisen from the segment's largest customer; within SIS revenues of approximately 4% (2022: 4%) have arisen from the segment's largest customer. These percentages are calculated against total revenue.

## Notes to the Financial Statements continued

### 4. Business segments continued

#### Geographical information

Revenue from external customers, based on location of the customer, is shown below:

	2023 £'000	2022 £'000
UK	57,685	51,850
Australia	15,592	18,094
Other Asia Pacific	4,901	5,960
North America	3,650	3,616
Rest of the world	3,922	4,065
	85,750	83,585

#### Non-current assets (excluding deferred tax)

	2023 £'000	2022 £'000
UK	67,523	60,746
Australia	13,342	14,350
Other Asia Pacific	531	305
North America	27	52
Rest of the world	50	11
	81,473	75,464

### 5. Operating profit for the year

	Note	2023 £'000	2022 £'000
<b>Operating profit for the year is stated after charging:</b>			
Staff costs (excluding amounts capitalised)	7	47,151	44,719
Depreciation and other amounts written off in PPE	15	566	623
Depreciation of right-of-use assets	26	1,004	1,036
Amortisation of software and customer contracts & relationships	14	725	1,098
Amortisation of business systems	14	7	20
Amortisation of development costs and acquired Intellectual Property	14	1,485	1,301
Write off of development costs	14	-	113
Fair value loss on financial asset		577	-
Internal systems transformation programme 'VERITAS'	14	-	1,321
Net impairment loss/(gain) on trade receivables	16	471	7
Research and development expenditure		5,558	5,562
Net foreign exchange losses		130	114

The analysis of auditors' remuneration is as follows:

	2023 £'000	2022 £'000
Fees payable to the Company's current auditors for the audit of the Company's Annual Report	359	246
Fees payable to the Company's current auditors and its associates for other services to the Group:		
– the audit of the Company's subsidiaries pursuant to legislation	120	210
Total audit fees	479	456
Total non-audit fees	-	-
Total auditor's remuneration	479	456

Non-audit fees were £nil in 2023 and 2022.

A number of non-IFRS adjusted profit measures are used in this Annual Report and financial statements. Exceptional items are excluded from our headline performance measures by virtue of their size and nature, in order to reflect management's view of the underlying performance of the Group (see Note 6).

Summarised below is a reconciliation between statutory results to adjusted results. The Group believes that alternative performance measures such as adjusted EBITDA are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), or based on factors which do not reflect the underlying performance of the business. The adjusted profit after tax earnings measure is also used for the purpose of calculating adjusted earnings per share.

### Alternative performance measures (APM)

	2023 £'000	Restated* 2022 £'000
Statutory operating profit	7,261	779
Amortisation of development costs and acquired intellectual property	1,485	1,301
Amortisation of other intangibles	7	20
Depreciation on Property, Plant & Equipment	566	623
Depreciation of right-of use assets	1,004	1,036
Amortisation of software and customer contracts & relationships	725	1,098
Exceptional items (Note 6)	3,320	2,122
Adjusted EBITDA	14,368	6,979
	2023 £'000	2022 £'000
Adjusted EBITDA	14,368	6,979
Exceptional items (Note 6)	(3,320)	(2,122)
EBITDA after exceptional items	11,048	4,857
Depreciation & amortisation	(3,787)	(4,078)
Operating profit (EBIT)	7,261	779
Net financing costs	(631)	(392)
Profit before tax	6,630	387

\* In previous periods adjusted measures of profits and adjustments have been presented in a separate column in the consolidated income statements. In the current year the format of the income statement has been changed to a 'box out' format to show the impact of exceptional items. Separately in 2023 we made a change to our accounting policy in respect of previously reported 'other items'. As a result, certain items of income, or expense previously included as 'other items' have been classified as underlying activities. Previously reported 'other items' are now referred to as 'exceptional items'. Items reclassified are employee-related share option charges, including employer-related taxes (2023: £446,000; 2022: £450,000), amortisation of acquired software (2023: £267,000; 2022: £628,000) and amortisation of acquired customer contracts and relationships (2023: £458,000; 2022: £470,000). Prior periods have been restated. The impact on previously reported operating profit before other items (adjusted operating profit) has been to reduce adjusted operating profit for the year ended 31 December 2022 by £1,548,000.

## Notes to the Financial Statements continued

### 5. Operating profit for the year continued

	Restated	As reported 31 December 2022		
	31 December 2022	Adjusted	Other items	Statutory
	£'000	£'000	£'000	£'000
Continuing operations				
Revenue	83,585	83,585	-	83,585
Cost of sales	(52,250)	(52,250)	-	(52,250)
<b>Gross profit</b>	<b>31,335</b>	<b>31,335</b>	<b>-</b>	<b>31,335</b>
Total administrative expenses	(30,556)	(26,886)	(3,670)	(30,556)
Operating profit/(loss)	779	4,449	(3,670)	779
<i>Analysed as:</i>				
<i>Operating profit (before exceptional items)</i>	<i>2,901</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Exceptional items</i>	<i>(2,122)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Operating profit (EBIT)</i>	<i>779</i>	<i>-</i>	<i>-</i>	<i>-</i>
Finance income	25	25	-	25
Finance costs	(417)	(323)	(94)	(417)
<b>Profit/(loss) before tax</b>	<b>387</b>	<b>4,151</b>	<b>(3,764)</b>	<b>387</b>

### 6. Exceptional items

	2023	Restated*
	£'000	2022
		£'000
Acquisition related costs	103	(186)
Internal systems transformation programme 'VERITAS'	-	(1,321)
Takeover costs	(1,420)	-
Education Services (ES) restructure	(1,003)	-
Group restructuring and associated costs	(1,000)	(615)
<b>Total exceptional items</b>	<b>(3,320)</b>	<b>(2,122)</b>

The exceptional items are not part of the Group's underlying trading activities and include the following:

**Acquisition-related costs:** Amounts relating to the consultancy and legal costs of potential acquisitions (2023; credit of £103,000; 2022: charge of £186,000). The credit in 2023 has arisen from the remeasurement of accounting for changes in the fair value of the contingent deferred consideration as part of the earn-out agreement with Eveoh BV, and the corresponding gain has been recognised in the income statement.

**Internal systems transformation programme 'Veritas':** The upgrade of the accounting system went live in January 2023. In 2022 £1,321,000 of costs were included as exceptional items as the upgrade was material and nonrecurring in nature. In 2023 all further costs associated with this project have been expensed as part of the Group's underlying activities.

**Restructuring and associated costs** relate to the restructuring of the Group's operations, including properties and the Education Services Restructure. (2023: £2,003,000; 31 December 2022: £615,000). These costs relate to one-off initiatives that support the Group's transition to a Pureplay EdTech, SaaS business.

**Takeover costs:** Amounts relating to the lapsed offer for Tribal Group plc by Ellucian. Costs of £1,420,000 were spent on due diligence and external advisors.

## 7. Staff numbers and costs

The average monthly number of persons employed under contracts of service by the Group (including Executive Directors) during the year was as follows:

	2023 number	2022 number
Selling, operations, marketing and development	833	880
Finance and administration	105	92
	938	972

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	46,691	45,892
Social security costs	4,013	3,957
Other pension costs	2,199	2,005
Restructuring costs	1,260	752
Share option charge*	354	574
	54,517	53,180

\* Includes £23,000 (2022: £(15,000)) amounts paid and accrued on dividends on share options that have met performance conditions.

The total payroll costs above include £7,366,000 (2022: £8,461,000) capitalised as development costs. £27,325,000 of payroll costs are included in cost of sales and £19,826,000 of payroll costs are included in administrative expenses.

## 8. Finance income

	2023 £'000	2022 £'000
Fair value movement on forward exchange contract	175	23
Net interest receivable on retirement benefit obligations (Note 27)	129	-
Interest receivable on leased assets	3	2
Other interest received	1	-
Total finance income	308	25

## 9. Finance costs

	2023 £'000	2022 £'000
Interest on bank overdrafts and loans	717	229
Loan arrangement fees	112	9
Net interest payable on retirement benefit obligations	-	4
Interest expense on lease liabilities	78	81
Unwinding of discounts	32	94
Total finance costs	939	417

## Notes to the Financial Statements continued

### 10. Tax

	2023 £'000	2022 £'000
Current tax		
UK corporation tax	(117)	(1,381)
Overseas tax	1,999	1,967
Adjustments in respect of prior years	(493)	483
	1,389	1,069
Deferred tax		
Current year	502	(212)
Adjustments in respect of prior years	(555)	40
	(53)	(172)
Tax charge on profits	1,336	897

See Note 21 for further analysis of movements in the deferred tax position. The continuing tax charge can be reconciled to the profit from continuing operations per the income statement as follows:

	2023 £'000	2022 £'000
Profit before tax on continuing operations	6,630	387
Tax charge at standard UK rate of 23.5% (2022: 19%)	1,558	74
<b>Effects of:</b>		
Overseas tax rates	342	619
Expenses not deductible for tax purposes	495	14
Adjustments in respect of prior years	(1,048)	523
Additional deduction for R&D expenditure	-	(23)
Share scheme costs	-	19
Fixed assets ineligible depreciation	-	(14)
Losses not recognised	92	989
Movement in IFRIC 23 tax provision	(117)	(1,405)
Effect of changes in tax rates	14	101
Tax expense for the year	1,336	897

In addition to the amount charged to the income statement a current tax credit of £nil (2022: credit of £24,000) and a deferred tax credit of £32,000 (2022: charge of £284,000) has been recognised directly in equity during the year in relation to Share Schemes.

A deferred tax charge of £nil (2022: £726,000) has been recognised in the Consolidated Statement of Comprehensive Income in relation to defined benefit pension schemes.

The Group continues to hold appropriate uncertain tax provisions.

The income tax expense for the year is based on the UK statutory rate of corporation tax for the period of 23.5% (2022: 19%).

Tax for other jurisdictions is calculated at the prevailing rates in the respective jurisdictions.

## 11. Dividends

	2023 £'000	2022 £'000
<b>Amounts recognised as distributions to equity holders in the period:</b>		
Final dividend for the year ended 31 December 2022 of 0.65 pence (Final dividend for the year ended 31 December 2021: 1.3 pence) per share	1,377	2,736
Proposed dividend:		
Dividend for the year ended 31 December 2023 to be confirmed (TBC)	TBC	1,379

The Board regularly reviews the available distributable reserves (Notes 24 and 25) of Tribal Group plc to ensure they are protected for future dividend payments.

## 12. Earnings per share

Basic earnings per share and diluted earnings per share are calculated by reference to a weighted average number of Ordinary Shares calculated as follows:

	2023 '000	2022 '000
<b>Weighted average number of shares outstanding:</b>		
Basic weighted average number of shares in issue	214,180	211,627
Dilutive weighted average number of employee share options	1,626	3,236
Total weighted average number of shares outstanding for dilution calculations	215,806	214,863

Diluted earnings per share reflects the dilutive effect of LTIP and CSOP share options for which vesting criteria have been met. In regards the diluted loss per share in 2022, all potentially dilutive Ordinary Shares, including options are anti-dilutive as they would decrease the loss per share.

The maximum number of potentially dilutive shares, based on options that have been granted but have not yet met vesting criteria, is 3,300,128 (2022: 3,328,168). This includes 17,937 options in the 2019 SAYE Scheme (2022: 92,157).

The adjusted basic and diluted earnings per share figures shown are included as the Directors believe that they provide a better understanding of the underlying trading performance of the Group. A reconciliation of how these figures are calculated is set out below:

	2023 £'000	Restated* 2022 £'000
Net profit/(loss)	5,294	(510)
<b>Earnings/(loss) per share</b>		
Basic	2.5p	(0.2)p
Diluted	2.4p	(0.2)p
Net profit (before exceptional items) *	8,811	59
<b>Adjusted earnings per share</b>		
Basic	4.1p	-
Diluted	4.1p	-

\* Net profit (before exceptional items) is calculated as below:

	2023 £'000	2022 £'000
Operating profit (before exceptional items)	10,581	2,901
Finance income	308	25
Finance costs	(939)	(417)
Operating profit (before exceptional items) before tax	9,950	2,509
Tax charge (before exceptional items)	(1,139)	(2,450)
Net profit (before exceptional items)	8,811	59

## Notes to the Financial Statements continued

### 13. Goodwill

	2023 £'000	2022 £'000
<b>Cost</b>		
At beginning of year	110,407	109,813
Exchange differences	(652)	594
At end of year	109,755	110,407
<b>Accumulated impairment losses</b>		
At beginning of year	81,231	81,231
At end of year	81,231	81,231
<b>Net book value</b>		
<b>At end of year</b>	28,524	29,176
At beginning of year	29,176	28,582

Goodwill acquired in a business is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated as follows:

	2023 £'000	2022 £'000
Student Information Systems (SIS)	24,990	25,642
Education Services (ES)	3,534	3,534
	28,524	29,176

Goodwill is reviewed at least annually for impairment by comparing the recoverable amount of each cash generating unit (CGU) with the goodwill, intangible assets and property, plant and equipment allocated to that CGU.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use risk adjusted cash flow projections based on the financial budget approved by management for the period to 31 December 2023. The budget was prepared based on past experience, strategic plans and management's expectation for the markets in which they operate including adjustments for known contract ends, contract related inflationary increases and planned cost savings. From the budget a forecast was extrapolated by product over a five-year period to give greater clarity on future cash flows. Cash flows beyond the budget and extrapolation period were calculated into perpetuity using a 2% growth assumption. This growth rate is in line with the expected long-term growth rate of the market in which the business operates.

The cash flows projections are discounted at a pre-tax discount rate of 16.0% (2022: 14.5%). The single discount rate, which is consistently applied for both CGUs, is determined with reference to internal measures and available industry information and reflects specific risks relevant to the Group.

Impairment testing inherently involves a number of judgemental areas, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting; the assessment of the discount rate appropriate to the Group and the estimation of the future revenue and expenditure of each CGU. Accordingly, management undertook stress testing to understand the key sensitivities and concluded as follows:

A rise in discount rate of 280bps and 250bps would trigger an impairment in SIS and ES respectively. A decline in growth rate of EBITDA (330bps) in SIS and (290bps) in ES would result in an impairment.

Management does not believe a reasonably possible change in the key assumptions may cause impairment.



## 14. Other intangible assets

	Acquired software £'000	Acquired customer contracts & relationships £'000	Acquired Intellectual property £'000	Development costs £'000	Business systems £'000	Software licenses £'000	Total £'000
<b>Cost</b>							
At 1 January 2022	12,233	9,753	1,873	54,013	818	1,488	80,178
Adjustments	-	-	-	23	(30)	-	(7)
Additions	-	-	-	10,294	75	-	10,369
Disposals	-	-	-	(9,171)	(793)	(1,445)	(11,409)
Exchange differences	349	149	-	155	5	1	659
At 31 December 2022 and 1 January 2023	12,582	9,902	1,873	55,314	75	44	79,790
Additions	-	-	-	8,479	-	-	8,479
Exchange differences	(383)	(163)	-	(170)	-	-	(716)
<b>At 31 December 2023</b>	<b>12,199</b>	<b>9,739</b>	<b>1,873</b>	<b>63,623</b>	<b>75</b>	<b>44</b>	<b>87,553</b>
<b>Amortisation</b>							
At 1 January 2022	8,305	6,606	809	26,399	624	1,488	44,231
Charge for the year	628	470	141	1,160	20	-	2,419
Disposals	-	-	-	(9,058)	(644)	(1,445)	(11,147)
Exchange differences	350	113	-	156	-	1	620
At 31 December 2022 and 1 January 2023	9,283	7,189	950	18,657	-	44	36,123
Charge for the year	267	458	97	1,388	7	-	2,217
Exchange differences	(383)	(129)	-	(169)	-	-	(681)
<b>At 31 December 2023</b>	<b>9,167</b>	<b>7,518</b>	<b>1,047</b>	<b>19,876</b>	<b>7</b>	<b>44</b>	<b>37,659</b>
<b>Carrying amount</b>							
<b>At 31 December 2023</b>	<b>3,032</b>	<b>2,221</b>	<b>826</b>	<b>43,747</b>	<b>68</b>	<b>-</b>	<b>49,894</b>
At 31 December 2022	3,299	2,713	923	36,657	75	-	43,667

Software, customer contracts and relationships and intellectual property that have arisen from acquisitions are amortised over their estimated useful lives, which are 3 to 8 years and 3 to 15 years respectively. The amortisation period for development costs incurred on the Group's product development is 3 to 15 years, based on the expected life cycle of the product. Amortisation and impairment of development costs, amortisation for software, customer contracts and relationships, intellectual property, business systems and software licenses are all included within administrative expenses.

Management have reassessed the useful economic life (UEL) of the previously acquired software relating to the Tribal Dynamics and Semestry intangible assets. As a result the UEL of these assets has been aligned with that of the Tribal Edge product, reflecting the fact that these products are integral to Edge. This has been treated as a change in accounting estimate from 1 January 2023. Prior periods have not been adjusted. The net impact of this change in accounting estimate resulted in a reduced charge to the Income Statement of £361,000 in the period (Charge to 31 December 2023: £267,000; under previous estimate £628,000).

The Group is required to test annually if there are any indicators of impairment and perform an impairment test on all assets which are under development, irrespective of whether there is an indicator of impairment. The recoverable amount is determined based on value in use calculations of identified CGUs. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The impairment testing allocates all assets relating to specific CGUs, including goodwill, other intangibles, property, plant and equipment and net current assets and liabilities.

## Notes to the Financial Statements continued

### 15. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and other equipment £'000	Total £'000
<b>Cost</b>			
At 31 December 2021 and 1 January 2022	3,109	6,697	9,806
Additions	316	400	716
Disposals	(1,120)	(6,211)	(7,331)
Exchange differences	39	110	149
At 31 December 2022 and 1 January 2023	2,344	996	3,340
Additions	52	338	390
Disposals	(220)	(192)	(412)
Exchange differences	(26)	(40)	(66)
<b>At 31 December 2023</b>	<b>2,150</b>	<b>1,102</b>	<b>3,252</b>
<b>Accumulated depreciation and impairment</b>			
At 31 December 2021 and 1 January 2022	2,919	5,925	8,844
Charge for the year	123	500	623
Disposals	(1,104)	(6,203)	(7,307)
Exchange differences	35	101	136
At 31 December 2022 and 1 January 2023	1,973	323	2,296
Charge for the year	119	447	566
Disposals	(212)	(181)	(393)
Exchange differences	(19)	(34)	(53)
<b>At 31 December 2023</b>	<b>1,861</b>	<b>555</b>	<b>2,416</b>
<b>Net book value</b>			
<b>At 31 December 2023</b>	<b>289</b>	<b>547</b>	<b>836</b>
At 31 December 2022	371	673	1,044

There are £2.9m (2022: £2.3m) cost of assets that are fully depreciated within property, plant and equipment.

A review of all assets was undertaken in the year and £0.1m (2022 £7.3m) of fully depreciated assets have been written off as no longer in use.

### 16. Trade and other receivables

	2023 £'000	2022 £'000
Amounts receivable for the sale of services	8,834	7,387
Less: Loss allowance	(665)	(194)
	8,169	7,193
Other receivables	689	828
Prepayments	4,832	4,484
	13,690	12,505

The Group's principal financial assets are cash and cash equivalents and trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is primarily related to its trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

All receivables are due within one year in both current and prior years.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

## Trade receivables

Trade receivables are measured at amortised cost. The average credit terms on sales is 30 days (2022: 30 days). The Group sells the majority of its services to the public sector or related bodies and institutions, and as such there is a low incidence of default experience.

Of the total trade receivables balance at the end of the year there were three customers (2022: two) who held balances outstanding of more than 5% (2026: £1.7m; 2022: £1.6m). The average age of receivables is 29 days (2022: 40 days).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for trade receivables and accrued income. To measure expected credit losses on a collective basis, trade receivables and accrued income are grouped based on similar credit risk and ageing.

At 31 December 2023 the lifetime expected loss allowance for trade receivables is as follows:

	Expected loss rate	Gross carrying amount £'000	Loss provision £'000
Current	1%	7,004	39
30–60 days	9%	715	62
60–90 days	18%	277	50
90–180 days	34%	399	137
180+ days	86%	439	377
Total		8,834	665

At 31 December 2022 the lifetime expected loss allowance for trade receivables is as follows:

	Expected loss rate	Gross carrying amount £'000	Loss provision £'000
Current	1%	6,502	66
30–60 days	8%	255	19
60–90 days	39%	104	40
90–180 days	10%	252	25
180+ days	16%	274	44
Total		7,387	194

Movement in the impairment allowance for trade receivables is as follows:

	2023 £'000	2022 £'000
Balance at the beginning of the year	194	187
IFRS 9 expected credit loss adjustment	491	75
Amounts written off during the year	(12)	(12)
Movements on unused amounts	(8)	(56)
Balance at the end of the year	665	194

## Contract assets

Contract assets are measured at amortised cost. Contract assets inherently have some contractual risks associated with them related to the specific and ongoing risks in each individual contract with a customer. These are subject to the expected credit loss impairment under IFRS 9.

Revenue provisions recognised in the income statement in respect of contract assets amount to £0.5m (2022: £0.5m).

## Notes to the Financial Statements continued

### 17. Cash and cash equivalents

Cash and cash equivalents of £6.8m (2022: £2.9m) comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The credit quality of cash at bank can be assessed by reference to external credit ratings. The Group has not changed its risk appetite during the year. The following table has been sourced from Moodys credit ratings.

	2023 £'000	2022 £'000
Aa3	167	595
A1	4,655	1,427
A2	1,891	740
A3	34	42
Baa2	50	52
	6,797	2,856

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2023 £'000	2022 £'000
Cash and cash equivalents	6,797	2,856

### 18. Trade and other payables

	2023 £'000	2022 £'000
Current		
Trade payables	1,283	1,010
Other taxation and social security	3,664	2,498
Other payables	955	2,280
	5,902	5,788
Non-current		
Other payables	212	209
	212	209
Total	6,115	5,997

The average credit period taken for trade purchases is 30 days (2022: 10 days). For most suppliers, no interest is charged on the trade payables for the first 30 days from the date of invoice. Thereafter, in some cases, interest may be charged on the outstanding balances due to certain suppliers at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within a reasonable time frame. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Other payables are split as follows:

	2023 £'000	2022 £'000
Goods received not invoiced	68	712
Other creditors	888	1,568
	956	2,280

### 19. Borrowings

The Group had a £2m committed overdraft facility in the UK and a AUD\$2m committed overdraft facility in Australia, both facilities are committed for a 12-month rolling period ending August 2024 and October 2024 respectively. At 31 December 2023 none of the overdraft facilities were drawn. As at 31 December 2023, the Group had cash and cash equivalents of £6.8m (2022: £2.9m).

On 29 December 2023 the Group entered into a three-year £20m multicurrency revolving facility with HSBC, plus a £5m accordion, with the option to extend by a further two years. The facility was put in place to cover general corporate and working capital requirements of the Group, as at 31 December 2023 £14.0m (2022: £6.3m) of the loan was utilised.

The facility interest charge is set at Sonia +1.85% and the loan is subject to two covenants: Senior interest cover (ratio of EBITDA to Senior interest charge) and Total debt cover (ratio of total debt to EBITDA). The Directors have reviewed the forecast covenants and do not expect any breach for the foreseeable future.

## 20. Provisions

	Restructuring £'000	Property related £'000	Deferred contingent consideration £'000	Onerous contracts £'000	Other £'000	Total £'000
At 1 January 2023	–	833	184	4,497	163	5,677
Net additions/(reductions) to provision	779	55	(114)	(3,927)	26	(3,181)
Unwinding of discount	–	31	1	–	–	32
Utilisation of provision	–	(55)	(71)	–	–	(126)
Exchange rate movement	–	(14)	–	(570)	(8)	(592)
<b>At 31 December 2023</b>	<b>779</b>	<b>850</b>	<b>–</b>	<b>–</b>	<b>181</b>	<b>1,810</b>

The provisions are split as follows:

	Restructuring £'000	Property related £'000	Deferred contingent consideration £'000	Onerous contracts £'000	Other £'000	Total £'000
2023						
Within one year	779	245	–	–	181	1,205
After more than one year	–	605	–	–	–	605
<b>Total</b>	<b>779</b>	<b>850</b>	<b>–</b>	<b>–</b>	<b>181</b>	<b>1,810</b>
2022						
Within one year	–	350	184	4,497	163	5,194
After more than one year	–	483	–	–	–	483
<b>Total</b>	<b>–</b>	<b>833</b>	<b>184</b>	<b>4,497</b>	<b>163</b>	<b>5,677</b>

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Property-related provision relates to the estimated future dilapidation costs arising from exiting leasehold properties, under IAS 37. This provision is discounted by property and is between 2.65% and 6.25%.

Other provision relates to the recoverability of input VAT in the Philippines. This provision is not discounted.

Onerous contracts provision relates to a specific contract and represents the unavoidable costs of meeting the obligations under the contract that exceed the economic benefit expected to be received under it. This was released in the year following the termination of the associated customer contract.

Restructuring provision represents amounts provided in respect of the Group's restructuring and reorganisation and principally reflects redundancy costs.

Deferred consideration reflects amounts in respect of the acquisitions of subsidiary undertakings payable over a period of up to two years. Certain amounts are contingent upon the performance of the acquired entities with amounts reflecting management's best estimate of the future profitability of those entities and the resultant payment due under the terms of the Sale and Purchase Agreement. The deferred consideration is discounted at 18%. Deferred contingent consideration reflects the remaining amount in respect of the acquisition of the assets of Eveoh BV. The amounts have been calculated upon the performance of the entity in the year to 31 December 2023 and the resultant payments are due under the Sale and Purchase Agreement. At 31 December 2022 there was a maximum of £184,000 of deferred contingent consideration due to the owners of Eveoh BV. During 2023 £71,000 was paid, with the remaining £115,000 released to the income statement. The obligations have now been concluded.

## Notes to the Financial Statements continued

### 21. Deferred tax

The amounts provided for deferred tax and the amounts for which credit has been taken are set out below:

	2023 £'000	2022 £'000
<b>Deferred tax assets</b>		
Short-term timing differences	1,836	1,621
Share-based payments	356	301
Tax losses	2,768	3,142
	4,960	5,064
<b>Deferred tax liabilities</b>		
Retirement benefit schemes	(21)	(19)
Depreciation in excess of capital allowances	(1,383)	(1,385)
Intangible assets	(1,336)	(1,526)
	(2,740)	(2,930)
	2,220	2,134

The Directors are of the opinion, based on currently available forecasts, that these timing differences will reverse in the near future and when they do there will be sufficient taxable profits to recognise the impact of this in the income statement. Accordingly, the Directors believe that it is more likely than not that the deferred tax assets will be recoverable.

The Group has recognised a deferred tax asset of £2,768,000 (2022: £3,142,000) on tax losses carried forward in the UK of £11,068,000 (2022: £12,568,000). The Group has losses of £1,173,000 (2022: £1,092,000) in the UK and losses of £251,000 (2022: £nil) in Singapore on which no deferred tax has been recognised. The losses have no expiry date. The Group and Company have no further unrecognised deferred tax assets or liabilities.

The movement in deferred tax during the year and prior year was as follows:

	Temporary differences on non-current assets £'000	Retirement defined benefit schemes £'000	Other temporary differences £'000	Total £'000
<b>At 1 January 2022</b>	(1,143)	53	3,370	2,280
Foreign exchange differences	240	-	(208)	32
(Charge)/credit to income statement	(482)	(6)	660	172
Items taken directly to equity	-	-	(284)	(284)
Credit recognised in consolidated statement of comprehensive income	-	(66)	-	(66)
<b>At 31 December 2022</b>	(1,385)	(19)	3,538	2,134
Adjustments to opening balance	(12)	-	568	556
Credit/(charge) to income statement	14	(2)	(514)	(502)
Items taken directly to equity	-	-	32	32
<b>At 31 December 2023</b>	(1,383)	(21)	3,624	2,220

Included in other temporary differences are deferred tax assets of £2,768,000 (2022: £3,142,000) relating to tax losses carried forward and other timing differences of £2,192,000 (2022: £1,922,000). The balance also includes a deferred tax liability, in relation to intangible assets, of £1,336,000 (2022: £1,526,000).

The (charge)/credit taken to the income statement for items in 'other temporary differences' is split as follows: Tax losses £(927,000) (2022: £243,000); Intangible assets £189,000 (2022: £283,000); Share schemes £24,000 (2022: £(103,000)); and other timing differences £200,000 (2022: £237,000).

The deferred tax assets are expected to be settled as follows: £350,000 less than 12 months from 31 December 2023 and £4,613,000 greater than 12 months from 31 December 2023. The deferred tax liabilities are all expected to reverse greater than 12 months from 31 December 2023.

## 22. Share-based payments

The Group recognised the following charges/(credit) related to equity-settled share-based payment transactions:

	2023 £'000	2022 £'000
2019 SAYE	-	23
LTIPs awarded in 2023	21	-
LTIPs awarded in 2022	141	158
LTIPs awarded in 2021	80	66
LTIPs awarded in 2020 (2 year vesting)	52	185
LTIPs awarded in 2020	-	47
LTIPs (incorporating the CSOP) awarded in 2019	-	141
<b>Total</b>	<b>294</b>	<b>620</b>

Awards made to eligible employees under the LTIP schemes are nil cost options with an award period of three years, unless stated.

### 2019 SAYE

The 2019 SAYE Scheme is open to all UK employees, giving them the opportunity to participate in the future growth of the Company via share option arrangements.

Eligible employees were invited to subscribe for options over Ordinary Shares of 5p of the Company with an exercise price of 58.2 pence, a 10% discount to the closing average market price of the Ordinary Shares from 3 September 2019 to 5 September 2019. The options have a contract start date of 1 November 2019 and are exercisable between 1 November 2022 and 30 April 2023. During 2023 4,639 options were exercised by employees. As at 31 December 17,937 shares options remain in the Scheme with final exercise date of 31 January 2024.

### LTIPs awarded in 2023

New awards in 2023 to Mark Pickett (240,308) and Diane McIntyre (178,006) will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted EBITDA for the year ended 31 December 2023 together with other specific conditions. During 2023 99,327 options lapsed as part of the 2023 performance condition was not met. 108,762 of the remaining options will be dependent pending a satisfactory outcome of the NTU claim.

Eligible employees on the Executive Board received 185,194 awards under the LTIP Scheme. These will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted EBITDA for the year ended 31 December 2023 together with other specific conditions. During 2023 17,944 options lapsed as part of the 2023 performance condition was not met.

### LTIPs awarded in 2022

New awards in 2022 to Mark Pickett (317,647) and Diane McIntyre (235,294) will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted EBITDA for the years ended 31 December 2022, 2023 and 2024. During 2023 43,765 options lapsed as part of the 2023 performance condition was not met. 47,922 of the remaining options will be dependent pending a satisfactory outcome of the NTU claim.

Eligible employees on the Executive Board received 294,117 awards under the LTIP Scheme. These will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted EBITDA for the years ended 31 December 2022, 2023 and 2024. During 2023 9,216 options lapsed as part of the 2023 performance condition was not met.

### LTIPs awarded in 2021

New awards in 2021 to Mark Pickett (275,510) and Diane McIntyre (204,081) will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted EBITDA for the years ended 31 December 2021, 2022 and 2023. During 2023 37,959 options lapsed as part of the 2023 performance condition was not met. 41,564 of the remaining options will be dependent pending a satisfactory outcome of the NTU claim.

## Notes to the Financial Statements continued

### 22. Share-based payments continued

#### LTIPs awarded in 2020

New awards in 2020 to Mark Pickett (482,143) will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted EBITDA for the years ended 31 December 2020, 2021 and 2022. The options met the three-year vesting condition on 7 July 2023. No options were exercised in the year.

Eligible employees on the Executive Board also received 1,876,000 awards under the LTIP Scheme. These will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted EBITDA for the years ended 31 December 2020, 2021 and 2022. The options met the three-year vesting condition on 7 July 2023. No options were exercised in the year.

In addition 1,920,000 options were granted to eligible employees under the LTIP Scheme. These awards were granted subject to time limit conditions. 50% of the options can be exercised from 1 July 2021 and 50% from 1 July 2022. During the year 98,276 options were exercised.

#### LTIPs awarded in 2019 (including the CSOP)

Eligible employees received awards under the CSOP scheme on 7 June 2019 and on 16 September 2019. Those granted in June 2019 can only be exercised after a three-year period if the share price is above 71p, and those granted in September 2019 can only be exercised after a three-year period if the share price is above 61.5p. The options met the three year vesting condition on 7 June 2022 and 16 September 2022 respectively. No options were exercised in the year.

#### LTIPs awarded in 2018 (including the CSOP)

Eligible employees received awards under the CSOP scheme on 26 March 2018. These can only be exercised after a three-year period if the share price is above 79.6p. The options met the three-year vesting condition on 26 March 2021. No options were exercised in the year.

#### LTIPs awarded in 2017 (including the CSOP)

Awards in 2017 under the new CSOP scheme (as part of the 2010 LTIP Plan) can only be exercised after a three-year period and if the share price is above 80p. The options met the three-year vesting condition on 2 July 2020. No options were exercised in the year.

#### LTIPs awarded in 2016

Awards in 2016, to eligible employees, vest according to a target share price. The amount of awards that will vest will range between 0% and 100% of those granted based on a target share price between 60p and 80p which could be met at any point over a three-year period. These awards have now vested. No options were exercised in the year.

Options outstanding during the year are as follows:

	LTIP - nil cost (2 years)		LTIP - nil cost (3 years)		LTIP (inc CSOP)		SAYE	
	Number of options '000	Weighted average exercise price*	Number of options '000	Weighted average exercise price*	Number of options '000	Weighted average exercise price	Number of options '000	Weighted average exercise price
Outstanding at 1 January 2023	1,038	£0.05	2,174	£0.05	1,861	£0.72	604	£0.58
Exercised during the year	(98)	£0.05	-	-	-	-	(5)	£0.58
Granted during the year	-	-	604	£0.05	-	-	-	-
Lapsed during the year	-	-	(208)	£0.05	(911)	£0.74	(581)	£0.58
Outstanding at 31 December 2023	940	£0.05	2,570	£0.05	950	£0.70	18	£0.58
Exercisable at 31 December 2023	940	£0.05	1,290	£0.05	950	£0.70	18	£0.58
Weighted average remaining contractual life (years)	6.5	-	7.4	-	4.7	-	-	-
Weighted average share price at date of exercise	-	£0.38	-	-	-	-	-	£0.64

\* Under Companies Act 2006 rules a nominal value must be paid to issue new shares, however under the rules of the LTIP and Matching Share Schemes the Company will pay the nominal value to the participants as a bonus.

Share options outstanding at the year-end have the following exercise prices: LTIP: £0.05, CSOP £0.80, £0.71 and £0.615 and SAYE £0.582.



The Group has used a Monte-Carlo valuation model for the LTIPs awarded in 2016 and an adjusted Black-Scholes valuation model for the 2017 to 2023 LTIP awards (including the new CSOP plan) and 2019 SAYE in order to incorporate discount factors into the fair value to reflect the performance conditions of the LTIP grants. The following table sets out the information about how the fair value of the grants are calculated:

Date of grant	2 June 2016	2 July 2017	26 March 2018	7 June 2019	16 Sept 2019	1 Oct 2019
Type of grant	LTIPs	LTIPs (inc CSOP)	LTIPs (inc CSOP)	LTIPs (inc CSOP)	LTIPs (inc CSOP)	SAYE
Share price	£0.505	£0.78	£0.796	£0.71	£0.615	£0.647
Exercise price	£0.05	£0.80	£0.796	£0.71	£0.615	£0.582
Expected dividend yield	0%	0%	1%	1.57%	1.79%	1.79%
Risk-free interest rate	0.14%	0.14%	0.14%	1.04%	1.04%	1.04%
Expected volatility	68%	61%	61%	26%	26%	24%
Term (years)	3.0	5.0	5.0	5.0	5.0	3.0
Option fair value	£0.316	£0.407	£0.374	£0.32	£0.28	£0.108
Expiry date	27 June 2026	2 July 2027	26 March 2028	06 June 2029	15 Sept 2029	30 April 2023
No of options issued	3,591,020	3,535,000	3,975,000	2,600,000	300,000	1,116,879
No of options outstanding	75,000	100,000	150,000	400,000	300,000	17,937

Date of grant	7 July 2020	7 July 2020*	28 June 2021	11 April 2022	26 May 2022	16 Oct 2023
Type of grant	LTIPs	LTIPs	LTIPs	LTIPs	LTIPs	LTIPs
Share price	£0.56	£0.59	£0.98	£0.92	£0.91	£0.71
Exercise price	£0.05	£0.05	£0.05	£0.05	£0.05	£0.05
Expected dividend yield	2.12%	2.12%	2.28%	2.68%	2.68%	0.90%
Risk-free interest rate	0.40%	0.40%	0.85%	2.02%	2.02%	4.17%
Expected volatility	26%	24%	26%	30%	30%	28%
Term (years)	5.0	2.0	5.0	5.0	5.0	5.0
Option fair value	£0.46	£0.51	£0.83	£0.80	£0.81	£0.64
Expiry date	06 July 2030	30 June 2030	28 June 2031	11 April 2032	26 May 2032	16 Oct 2033
No of options issued	2,358,143	1,920,000	479,591	552,941	294,117	603,508
No of options outstanding	1,214,762	939,724	281,768	324,863	186,863	486,237

\* These awards have no market-based performance conditions.

The expected term (the period from grant date to the estimated exercise date) used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the term commensurate with the expected term immediately prior to the date of grant.

## Notes to the Financial Statements continued

### 23. Share capital

	2023 number	2023 £'000	2022 number	2022 £'000
<b>Allotted, called up and fully paid</b>				
At beginning of the year	212,221,746	10,611	210,374,373	10,519
Issued during the year	-	-	1,847,373	92
At end of the year	212,221,746	10,611	212,221,746	10,611

The Company has one class of Ordinary Shares of 5p each which carry no right to fixed income.

### 24. Share premium

	Share premium reserve £'000
At 31 December 2021 and 1 January 2022	18,961
Issue of shares	481
Capital reduction	(19,359)
<b>At 31 December 2022 and 31 December 2023</b>	<b>83</b>

On 27 September 2022 the High Court of Justice, in the Business and Property courts of England and Wales, approved the cancellation of the share premium account. On 4 October 2022 the statement of capital was delivered to the Registrar of Companies.

### 25. Other reserves

	Capital reserve £'000	Merger reserve £'000	Own share reserve £'000	Share-based payment reserve £'000	Total £'000
At 31 December 2021 and 1 January 2022	9,545	11,304	(326)	7,455	27,978
Transfer between reserves	-	-	128	(128)	-
Movement in relation to share-based payment (net)	-	-	-	620	620
At 31 December 2022 and 1 January 2023	9,545	11,304	(198)	7,947	28,598
Movement in relation to share-based payment (net)	-	-	-	331	331
<b>At 31 December 2023</b>	<b>9,545</b>	<b>11,304</b>	<b>(198)</b>	<b>8,278</b>	<b>28,929</b>

The capital reserve of £9.5m (2022: £9.5m) resulted from a share exchange when Tribal Group plc was listed in February 2001.

The merger reserve of £11.3m (2022: £11.3m) relates to the premium arising on shares issued subject to the provisions of section 612 of the Companies Act 2006 (previously section 131 of the Companies Act 1985), net of cumulative goodwill impairment of £58.7m (2022: £58.7m) in respect of related acquisitions deemed to be impaired.

The own share reserve of £(0.2)m (2022: £(0.2)m) represents the cost of 320,086 shares (2022: 423,000) in Tribal Group plc held by the Employee Share Ownership Trust (EBT) to satisfy certain options under the Group's share option schemes. During 2023 no shares were purchased by the EBT, and 102,914 shares were sold to satisfy options granted in 2020 under the LTIP Scheme and the SAYE Scheme (see Note 22).

The share-based payment reserve represents the reserve arising from the application of IFRS 2.

## 26. Leases

### As a lessee

The Group's leases represent land and buildings. Information about leases for which the Group is a lessee is presented below:

#### Right-of-use assets

	2023 £'000	2022 £'000
Balance at 1 January	1,435	2,309
Additions to right-of-use assets	1,856	1,040
Depreciation charge for year	(1,004)	(1,036)
Disposals during the year	(138)	(903)
Exchange differences	(32)	25
<b>Balance at 31 December</b>	<b>2,117</b>	<b>1,435</b>

#### Lease liabilities

Maturity analysis	2023 £'000	2022 £'000
Less than one year	744	761
One to five years	1,397	744
<b>Total undiscounted lease liabilities at 31 December</b>	<b>2,141</b>	<b>1,505</b>
Current	713	728
Non-current	1,320	721
<b>Lease liabilities included in the consolidated balance sheet at 31 December</b>	<b>2,033</b>	<b>1,449</b>

	2023 £'000	2022 £'000
Balance at 1 January	1,449	2,327
Additions	1,668	823
Lease payments	(988)	(1,003)
Interest expense	77	60
Disposals during the year	(142)	(782)
Exchange differences	(31)	24
<b>Balance at 31 December</b>	<b>2,033</b>	<b>1,449</b>

	2023 £'000	2022 £'000
<b>Amounts recognised in the consolidated income statement</b>		
Interest on lease liabilities	77	60
Interest received on leased assets	(3)	(2)
Depreciation on right-of-use assets	1,004	1,036
Expenses relating to short-term leases	17	49
Expenses relating to leases of low-value assets	16	16
	1,111	1,159

	2023 £'000	2022 £'000
<b>Amounts recognised in the consolidated cash flow statement</b>		
Interest paid on lease liabilities	(77)	(60)
<b>Principal lease payments</b>	<b>(911)</b>	<b>(943)</b>
<b>Total cash outflow for leases</b>	<b>(988)</b>	<b>(1,003)</b>

## Notes to the Financial Statements continued

### 26. Leases continued

The Group has lease contracts for office properties in various countries that the Group operates in. Leases of office properties generally have lease terms between two and ten years. The Group's obligations under its leases are secured by the lessor's title to the leasehold properties. The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised. As at 31 December 2023, management does not intend to exercise termination options (i.e. break clauses) in the existing leases. Total lease payments of £66,000 (2022: £42,000) were potentially avoidable had the Group exercised break clauses at the earliest opportunity.

The Group also has certain leases of office properties with lease terms of 12 months or less and leases of vehicles and office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Lease payments for some property leases are subject to annual fixed increase. The total lease payments subject to annual fixed increase are £155,000 (2022: £207,000) compared to total lease payments of £988,000 (2022: £1,003,000).

#### As a lessor

Lease income from lease contracts in which the Group acts as a lessor is as below:

	2023 £'000	2022 £'000
Finance income on the net investment in the lease	50	29

During 2023 the Group sub-leased an office building and classified the sub-lease as a finance lease.

Maturity analysis	2023 £'000	2022 £'000
Less than one year	50	50
One to five years	21	71
<b>Total undiscounted lease payments receivable at 31 December</b>	<b>71</b>	<b>121</b>
Current	49	47
Non-current	21	70
<b>Net investment in the lease at 31 December</b>	<b>70</b>	<b>117</b>

### 27. Retirement benefit schemes

The Group operates a number of defined contribution and defined benefit pension schemes within individual subsidiaries and contributes to certain employees' personal pension plans. The pension charge for the year ended 31 December 2023 was £2.2m (2022: £2.0m), of which £2.2m (2022: £2.0m) related to defined contribution schemes and £nil (2022: £nil) to defined benefit schemes. Contributions amounting to £0.4m (2022: £0.3m) were payable to the funds at the year-end and are included in current liabilities.

#### Defined benefit schemes

At 31 December 2023, the Group operated two defined benefit pension schemes for the benefit of certain deferred employees of its subsidiaries in the UK. These schemes are administered by separate funds that are legally separated from the Company. The trustees of the pension funds are required by law to act in the interest of the funds and of all relevant stakeholders in the schemes. The trustees of the pension funds are responsible for the investment policy with regard to the assets of the funds.

#### Scheme 1 – the Prudential Platinum Pension Fund

Tribal Education Limited, a Group subsidiary, participates in the Prudential Platinum Pension Fund (PPP), which is a defined benefit arrangement. This is a multi employer plan whereby the Company has no liability for other employers' obligations. If there is any deficit on the wind up of the plan Tribal will augment the benefits payable on behalf of its members under an approved Group income protection scheme. If there is any surplus on the wind up of the plan after all other payments have been made, this will be returned to the Company. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 December 2021.

The Tribal Education section of the Prudential Platinum Pension Fund had three deferred members and two pensioners at the year-end. The weighted average duration of the Defined Benefit Obligation is 26 years (2022: 27 years). Employer contributions amounting to £34,000 were paid in the year ended 31 December 2023 (2022: £53,000). The accounting figures have been calculated using the valuation as at 31 December 2021, updated on an approximate basis to 31 December 2023 by a qualified independent actuary.

### Scheme 2 – the Mercer DB Master Trust (formerly known as the Federated Pension Plan)

Tribal Education Limited, a Group subsidiary, participates in the Mercer DB Master Trust (MMT), which is a defined benefit arrangement. The Ofsted employees were transferred back to Ofsted in March 2017 and the plan closed to future accrual. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2021.

The Tribal Education section of the Mercer DB Master Trust had 73 deferred members and 88 pensioners/dependents at the year end. The weighted average duration of the Defined Benefit Obligation is 17 years (2022: 16 years). The Company does not have an unqualified right to apply any surplus in the scheme either on an ongoing basis or upon winding-up of the plan. Consequently a surplus of £2,644,000 has not been recognised in these accounts. Employer contributions amounting to £76,000 were paid in the year ended 31 December 2023 (2022: £69,000). The accounting figures have been calculated using the valuation as at 5 April 2021, updated on an approximate basis to 31 December 2023 by a qualified independent actuary.

The schemes are exposed to a number of risks, including:

- Investment risk: movement of discount rate used against the return from plans.
- Interest rate risk: decreases/increases in the discount rate used will increase/decrease the defined benefit obligation.
- Longevity risk: changes in the estimation of the mortality rates of current and former employees.

The assets of the funds have been taken at market value and the actuarial assumptions used to calculate scheme liabilities under IAS 19 ‘Employee Benefits’ for both schemes are:

	2023 % per annum	2022 % per annum
Inflation	2.10–3.10	2.30–3.30
Salary increases	–	–
Rate of discount	4.5	4.75
Pension in payment increases	2.10–3.10	2.30–3.30

The salary increase assumption is nil as both the MMT and PPP only have deferred and pensioner members.

The mortality assumptions adopted at 31 December 2023 imply the following life expectations:

	Males	Females
Aged 60 in 2023	86.4	88.5
Aged 60 in 2043	87.9	90.1

The mortality assumptions adopted at 31 December 2022 imply the following life expectations:

	Males	Females
Aged 60 in 2022	87.3	89.2
Aged 60 in 2042	88.8	90.8

All assets are held in pooled investment vehicles. The analysis of these assets at the balance sheet date was as follows:

	2023 £'000	2022 £'000
Equities	1,219	2,013
Corporate bonds	5,093	1,670
Gilts	126	122
Alternative assets	812	2,278
Property	1,187	2,014
Cash	28	34
Total fair value of scheme assets	8,465	8,131

All equities and corporate bonds are quoted on active markets.

## Notes to the Financial Statements continued

### 27. Retirement benefit schemes continued

The sensitivities regarding the principal assumptions used to measure the schemes' liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.5%	Decrease by 8%
Rate of inflation	Increase by 0.5%	Increase by 8%
Rate of mortality	Increase by one year	Decrease by 3%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit schemes is as follows:

	2023 £'000	2022 £'000
Present value of defined benefit obligations	(5,740)	(5,418)
Fair value of scheme assets	8,465	8,131
Surplus in schemes	2,725	2,713
Surplus in scheme not recognised	(2,644)	(2,641)
Asset recognised in the balance sheet	81	72

Reconciliation of opening and closing balances of the fair value of scheme assets:

	2023 £'000	2022 £'000
Fair value of scheme assets at beginning of year	8,131	8,790
Expected return on assets	383	166
Actuarial gains/(losses) due to investment returns different from the return implied by the discount rate	85	(736)
Contributions by employer	110	122
Benefits paid	(143)	(118)
Administration expenses	(101)	(93)
Fair value of scheme assets at end of year	8,465	8,131

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

	2023 £'000	2022 £'000
Defined benefit obligation at beginning of year	5,418	9,005
Interest cost	254	170
Actuarial loss – experience	86	258
Actuarial loss – demographic assumptions	84	14
Actuarial loss/(gain) – financial assumptions	41	(3,911)
Benefits paid	(143)	(118)
Defined benefit obligation at end of year	5,740	5,418

The Group's contribution rate for 2023 and 2022 for the Prudential Platinum Fund and for the Mercer DB Master Trust was 0%.

The Group expects to make contributions of £110,000 to the defined benefit schemes during the next financial year.

Analysis of amounts recognised in the consolidated income statement for the defined benefit schemes is as follows:

	2023 £'000	2022 £'000
Administration expenses	101	93
Recognised in arriving at operating profit	101	93
Other finance (income)/expense		
Interest on pension scheme liabilities	254	170
Expected return on pension scheme assets	(383)	(166)
Net finance (income)/expense	(129)	4
Total (credit)/charge to income statement	(28)	97

Analysis of actuarial gains and losses in the consolidated statement of comprehensive income:

	2023 £'000	2022 £'000
Actual return less expected return on pension scheme assets	85	(736)
Experience losses arising on the scheme liabilities	(86)	(258)
Changes in assumptions underlying the present value of scheme liabilities	(125)	3,897
Surplus in scheme not recognised	(3)	(2,641)
Total actuarial (losses)/gains recognised in the consolidated statement of comprehensive income	(129)	262

Cumulative actuarial losses in the year to 31 December 2023 recognised in the consolidated statement of comprehensive income since 1 April 2004 are £32,000 (in the year to 31 December 2022: cumulative gains of £97,000). The history of experience adjustments is as follows:

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Present value of defined benefit obligations	(5,740)	(5,418)	(9,005)	(9,225)	(8,285)
Fair value of scheme assets	8,465	8,131	8,790	8,267	7,745
Surplus/(deficit) in the scheme	2,725	2,713	(215)	(958)	(540)
Experience adjustments arising on scheme assets:					
Amount	85	(736)	503	493	812
Percentage of the scheme assets	1%	(9%)	6%	6%	10%
Experience adjustments arising on scheme liabilities:					
Amount	(84)	(258)	(10)	6	780
Percentage of the present value of the scheme liabilities	(1%)	5%	-	-	9%

No assets are invested in the Group's own financial instruments, properties or other assets used by the Group.

## Notes to the Financial Statements continued

### 28. Notes to the cash flow statement

	2023 £'000	2022 £'000
Operating profit from continuing operations	7,261	779
Depreciation of property, plant and equipment	566	623
Depreciation of right-of-use assets	1,004	1,036
Amortisation and impairment of other intangible assets	2,217	2,419
Share-based payments	331	589
Movement in contingent deferred consideration	(115)	-
Research and development tax credit	(141)	(177)
Net pension credit	(9)	(29)
Other non-cash items	(470)	23
Operating cash flows before movements in working capital	10,644	5,263
Increase in receivables	(423)	(808)
(Decrease)/increase in payables	(853)	4,252
<b>Net cash from operating activities before tax</b>	<b>9,368</b>	<b>8,707</b>
Net tax paid	(1,060)	(2,601)
<b>Net cash from operating activities</b>	<b>8,308</b>	<b>6,106</b>

Net cash from operating activities before tax can be analysed as follows:

	2023 £'000	2022 £'000
Continuing operations	9,368	8,707

### 29. Analysis of net (debt)/cash

	2023 £'000	2022 £'000
Cash and cash equivalents	6,797	2,891
Overdrafts	-	(35)
Borrowings	(14,000)	(6,250)
Net debt	(7,203)	(3,394)

	2023 £'000	2022 £'000
<b>Reconciliation of changes in net (debt)/cash</b>		
Opening net (debt)/cash	(3,394)	5,924
Net increase/(decrease) in cash and cash equivalents	4,149	(3,075)
Movement in borrowings (Note 19)	(7,750)	(6,250)
Non-cash effect of foreign exchange rate changes	(208)	7
Closing net debt	(7,203)	(3,394)



## 30. Contingent liabilities

The Company and its subsidiaries have provided performance guarantees issued by its banks on its behalf, in the ordinary course of business, totalling £0.1m (2022: £0.8m). These are not expected to result in any material financial loss and the likelihood of using these guarantees is assessed as remote.

As disclosed in Note 34, Tribal Holdings Limited, Tribal Dynamics Limited and Semestry Limited have taken advantage of the exemption available under Section 394A/479A of the Companies Act 2006 in respect of the requirements for audit. As a condition of the exemption, the Company has guaranteed the year-end liabilities of these subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year-end were £72,799,710 (2022: £64,309,000). These are inclusive of intercompany liabilities of £69,555,514 (2022: £60,963,020).

The Group delivers complex multi-year projects which from time to time give rise to significant operational and commercial risks. Such risks may, in certain circumstances, lead to potential negotiations or disputes with customers which may give rise to consequential financial or commercial obligations or liabilities arising. The Group's contract with Nanyang Technological University (NTU) has been terminated with both parties reserving rights. NTU have demanded SGD17,511,651 and USD377,724 on account of alleged damages, losses, costs and/or expenses which the Group vigorously disputes. No legal proceedings have been instituted (nor are they permitted to be brought) until the parties have participated in mediation in an attempt to achieve a resolution. The timing and outcome of that process is presently uncertain. It is possible that there may be a significant adverse financial impact on the Group but at this juncture it is not practicable for the Board to fully assess such potential impact, if any.

## 31. Financial instruments

### Capital risk management

The Group manages its capital to ensure the entities in the Group will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents (see Note 17) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in consolidated statement of changes in equity and Notes 23 to 25.

### Gearing ratio

The gearing ratio at the year-end is as follows:

	2023 £'000	2022 £'000
Net debt	(7,203)	(3,394)
Equity	48,475	44,818
Net debt to equity ratio	(14.9%)	(7.6%)

### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

### Categories of financial instruments

The Directors consider that the book value of the financial assets and liabilities is equal to their fair value.

## Notes to the Financial Statements continued

### 31. Financial instruments continued

	Financial assets measured at amortised cost £'000	Financial Liabilities measured at amortised cost £'000	Financial Liabilities measured at FVTPL £'000	Total £'000
<b>31 December 2023</b>				
<b>Financial assets</b>				
Cash and cash equivalents	6,797	-	-	6,797
Trade receivables and other receivables*	8,858	-	-	8,858
	15,655	-	-	15,655

	Financial assets measured at amortised cost £'000	Financial Liabilities measured at amortised cost £'000	Financial Liabilities measured at FVTPL £'000	Total £'000
<b>31 December 2023</b>				
<b>Financial liabilities</b>				
Trade payables and other payables**	-	2,238	-	2,238
Bank loans	-	14,000	-	14,000
	-	16,238	-	16,238

	Financial assets measured at amortised cost £'000	Financial Liabilities measured at amortised cost £'000	Financial Liabilities measured at FVTPL £'000	Total £'000
<b>31 December 2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2,891	-	-	2,891
Trade receivables and other receivables*	8,021	-	-	8,021
	10,912	-	-	10,912
<b>Financial liabilities</b>				
Trade payables and other payables**	-	3,290	-	3,290
Overdrafts	-	35	-	35
Bank loans	-	6,250	-	6,250
Deferred contingent consideration	-	-	184	184
	-	9,575	184	9,759

\* Excluding amounts that relate to non-financial instruments of tax, prepayments and contract assets.

\*\* Excluding amounts that relate to non-financial instruments of tax.

The above tables have been stated at undiscounted values with the exception of the 2022 contingent deferred consideration amounts. The undiscounted value of the contingent deferred consideration for 2022 is £185,000 versus a discounted value of £184,000.

In addition the Group's financial liabilities held at fair value, are categorised by the following valuation methodology:

- Level 1 : fair value derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 : fair value derived from observable inputs other than quoted prices included in Level 1.
- Level 3 : fair value derived from inputs for the asset or liability that are not based on observable market data.

31 December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities at fair value</b>	-	-	-	-
Deferred contingent consideration	-	-	-	-
	-	-	-	-
31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities at fair value</b>	-	-	-	-
Deferred contingent consideration	-	-	184	184
	-	-	184	184

For the movement in deferred contingent consideration please refer to Note 20. There are no financial assets held at fair value (2022: £nil).

### Financial risk management objectives

Treasury management is led by the Group finance team, which is responsible for managing the Group's exposure to financial risk. It operates within a defined set of policies and procedures reviewed and approved by the Board. This includes both foreign exchange risk and interest rate risk. The Group's exposure to interest rate fluctuations on its interest-bearing assets and liabilities is selectively managed, using interest rate swaps where appropriate. This is an ongoing risk and the Board will continue with this policy. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. No interest rate swaps were in place at 31 December 2023 (2022: none).

### Market risk

As the Group's international activities grow, its exposure to overseas markets also increases in non-core territories outside of the UK and Australasia. There have been no other significant changes to the Group's exposure to market risk, or the manner in which it manages and measures the risk.

### Foreign currency risk management

The Group undertakes an increasing number of transactions denominated in foreign currencies. Here, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters and the Group enters into forward foreign exchange contracts where appropriate. No forward contracts were in place at 31 December 2023 (2022: none).

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	31 December 2023 £'000	31 December 2022 £'000	31 December 2023 £'000	31 December 2022 £'000
Euros	770	806	59	1
Australian dollar	2,073	1,267	-	-
United States dollar	644	1,413	31	-
Saudi Arabian riyal	-	138	-	-
New Zealand dollar	819	413	-	-
Canadian dollar	69	32	-	-
Philippine peso	302	58	-	-
United Arab Emirates dirham	191	50	-	-
Malaysian ringgit	395	760	-	-
Bahraini dinar	16	88	-	-
Singapore dollar	11	36	-	141
	5,290	5,061	90	142

## Notes to the Financial Statements continued

### 31. Financial instruments continued

#### Foreign currency sensitivity analysis

The Group is primarily exposed to the following currencies: US dollar, euro, Australian dollar, New Zealand dollar, Singapore dollar, Canadian dollar, United Arab Emirates dirham and Philippine peso.

If sterling were to strengthen or weaken by 10% against the relevant foreign currencies, the balances in the table above would give rise to an increase/reduction in profit of £538,000 (2022: £506,000). This sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 10% change in foreign currency rates.

10% represents management's assessment of the reasonably possible change in foreign exchange rates.

#### Interest rate risk management

The Group is exposed to interest rate risk because entities hold cash deposits. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. There are no hedges in place as at 31 December 2023 (2022: nil).

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

#### Credit risk management

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The Group's credit risk is relatively low because a high proportion of trade and other receivables have a sovereign or close to sovereign rating. Of the total trade receivables balance at the end of the year there were three customers (2022: two) who held balances outstanding of more than 5% (2023 £1.7m; 2022: £1.6m).

#### Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. In the absence of any seasonality to the business, 2% increase in defaults was considered appropriate and supportable as the risk of credit losses is relatively low.

Before applying the expected loss rate percentage to each respective ageing category of trade receivables an assessment of specific customers has occurred and these amounts have been excluded from the general loss allowance. The expected credit loss for these customers is separately assessed (using the same logic as above) and relates to customers where the probability of default is higher.

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for both trade receivables and contract assets:

31 December 2023 £'000	Current	30-60	61-90	91-180	180+	Total
Expected loss rate	1%	9%	18%	35%	86%	
Trade receivables	7,004	715	277	399	439	8,834
Contract assets	5,918	-	-	-	-	5,918
General loss allowance	39	62	50	137	377	665

31 December 2022 £'000	Current	30-60	61-90	91-180	180+	Total
Expected loss rate	1%	8%	39%	10%	16%	
Trade receivables	6,502	255	104	252	274	7,387
Contract assets	6,676	-	-	-	-	6,676
General loss allowance	66	19	40	25	44	194

The expected credit losses on trade receivables and contract assets have been calculated using the simplified approach. A reconciliation of closing loss allowances for trade receivables and contract assets as at 31 December 2023 to the opening loss allowances is in Note 16.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

#### Other financial assets at amortised cost

Other financial assets at amortised cost include loans to related parties and key management personnel and other receivables. The loss allowance for other financial assets at amortised cost as at 31 December 2023 was £nil (2022: £nil).

#### Contract risk management

Contract assets inherently have some contractual risks associated with them related to the specific and ongoing risks in each individual contract with a customer.

#### Liquidity risk management

The Group manages liquidity risk by maintaining adequate cash reserves and banking facilities, and by continuously monitoring forecast and actual cash flows and covenant headroom. The Group has access to committed financing facilities; being a short-term UK overdraft facility of £2.0m and a short-term AUS overdraft facility of \$2.0m. The total unused amount was £2.0m and \$2.0m at the balance sheet date and no interest is being incurred on this balance (2022: £nil). The Group expects to meet its obligations from operating cash flows. The Group also had cash balances at 31 December 2023 of £6.8m (2022: £2.9m) as detailed in Note 17. Interest is received on this at applicable bank rates.

On 29 December 2023 the Group entered into a three-year £20m multicurrency revolving facility with HSBC, plus a £5m accordion, with the option to extend by a further two years. The facility was put in place to cover general corporate and working capital requirements of the Group, as at 31 December 2023 £14.0m (2022: 6.3m) was utilised.

## Notes to the Financial Statements continued

### 32. Related party disclosures

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

On 16 October 2023, Tribal Group plc (the Company) granted nil-cost options over a total of 418,314 Ordinary Shares (representing approximately 0.1% of the Company's issued shares) to Mark Pickett (240,308) and Diane McIntyre (178,006) under the terms of its 2018 Long-Term Incentive Plan. This award has been granted subject to performance conditions based on the Group's Adjusted EBITDA for the year ending 31 December 2023 together with other specific conditions. The options may not be exercised before 16 October 2026. During 2023 99,327 options lapsed as part of the 2023 performance condition was not met. A number of LTIP shares relating to the performance of 2023 will have their vesting decision deferred, dependent on a satisfactory outcome of the NTU claim (113,887 for Mark Pickett and 84,361 for Diane McIntyre).

On 16 October 2023, Tribal Group plc (the Company) granted nil-cost options over a total of 185,194 Ordinary Shares (representing approximately 0.1% of the Company's issued shares) to eligible employees on the Executive Board under the terms of its 2018 Long-Term Incentive Plan. This award has been granted subject to performance conditions based on the Group's Adjusted EBITDA for the year ending 31 December 2023 together with other specific conditions. The options may not be exercised before 16 October 2026. During 2023 17,944 options lapsed as part of the 2023 performance condition was not met.

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. The members of the Group Board and the Group's Executive Board are considered to be the key management personnel of the Group.

#### Remuneration of key management personnel

	2023 £'000	2022 £'000
Salaries and short-term employee benefits	2,765	2,601
Termination benefits	–	202
Share-based payments	327	302
	3,092	3,105

Included within Directors' salaries and short-term employee benefits are pension costs of £25,000 (2022: £24,000) in respect of accruals and payments made to one (2022: one) Director's individual defined contribution pension schemes. Included within share-based payments are amounts paid on dividends on share options that have met performance conditions. Disclosures on Directors' remuneration, share options, long-term incentive schemes, and pension contributions are contained in the Directors' remuneration section within the audited part of the Remuneration Report on pages 45 to 49 and form part of these audited financial statements. Arrangements with the Group's pension schemes are set out in Note 27.

### 33. Subsidiaries

The Group consists of a Parent Company (limited by shares) Tribal Group plc, incorporated and domiciled in England and Wales and a number of subsidiaries held directly and indirectly by Tribal Group plc, which operate and are incorporated around the world. Tribal Education Limited operates branches in New Zealand, and Abu Dhabi. Tribal Group Pty Limited operates a branch out of Singapore.

Tribal Group plc has guaranteed the liabilities of Tribal Holdings Limited, Tribal Dynamics Limited and Semestry Limited in order that they qualify for the exemption from audit under Section 394A/479A of the Companies Act 2006 in respect of the year ended 31 December 2023. Information about the composition of the Group at the end of the reporting period is as follows:

Name of entity	Address of the registered office	Nature of business	Proportion of Ordinary Shares held directly by Parent (%)	Proportion of Ordinary Shares held by the Group (%)
Tribal Education Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Education-related systems and solutions	100%	100%
Tribal Holdings Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	IP holding Company	100%	100%
International Graduate Insight Group Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Educational consultancy services	-	100%
Tribal Dynamics Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Education-related systems and solutions	-	100%
Tribal Dynamics Holdings Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Dormant Company	100%	100%
Semestry Limited	Dundee One, River Court, 5 West Victoria Dock Road, Dundee, D1 3JT, UK	Education-related systems and solutions	100%	100%
Semestry Netherlands BV	Leiden Bio Science Park, Mendelweg 32, Ground to 2nd floor, Leiden, 2333 CS, Netherlands	Education-related systems and solutions	100%	100%
Human Edge Software Corporation PTY Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Education-related systems and solutions	-	100%
Tribal Campus PTY Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Education-related systems and solutions	-	100%
Tribal Group PTY Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Education-related systems and solutions	-	100%
Callista Software Services PTY Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Education-related systems and solutions	-	100%
Tribal Middle East WLL Limited	Municipality 3457, Building 1398, Road 4626, Area 346, Sea Front, Manama, Kingdom of Bahrain	Education-related systems and solutions	-	100%
Tribal Group (Malaysia) SDN	12th floor, Menara Symphony, No 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Education-related systems and solutions	-	100%
Tribal Systems Canada Limited	1750-1755 West Georgia Street, PO Box 11125, Vancouver, BC, V6E 3PE, Canada	Education-related systems and solutions	-	100%
Tribal Software Philippines, INC	Units 1001,1005,1006, 10th floor Cyberpod One, Eton Centris, Barangay Pinahan, Quezon City, Philippines 1100	Education-related systems and solutions	-	100%
Class Measures Inc	100 Tower Park Drive, Suite A, Woburn, MA 01801, USA	Educational consultancy services	-	100%
Class Measures Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Dormant Company	-	100%
Empowering Education International Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Educational consultancy services	-	100%
Empowering Education Australia PTY Limited	66 Stone Parade, Davidson, NSW 2085, Australia	Educational consultancy services	-	100%
Empowering Education New Zealand Limited	Suite 13741, Level 1, 6 Johnsonville Road, Johnsonville, Wellington, 6037, NZ	Educational consultancy services	-	100%
Empowering Education International Limited Educational Consultancy LLC OPC	Office 1878, Firdous Tower, Al Salem Street, Abu Dhabi	Educational consultancy services	-	100%
Tribal Group Asset Co Pty Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Dormant Company	-	100%

# Company only Balance Sheet

As at 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Investments	36	84,859	85,173
Right-of-use assets		-	174
Total fixed assets		84,859	85,347
<b>Current assets</b>			
Debtors	37	5,705	2,568
Deferred tax assets	38	1,174	1,142
Cash at bank and in hand		278	-
Total current assets		7,157	3,710
<b>Total assets</b>			
		92,016	89,057
Creditors: amounts falling due within one year	39	(29,968)	(30,771)
<b>Net current liabilities</b>			
		(22,811)	(27,061)
<b>Total assets less current liabilities</b>			
		62,048	58,286
Creditors: amounts falling due after one year	39	(14,023)	(6,332)
<b>Net assets</b>			
		48,025	51,954
<b>Capital and reserves</b>			
Called up share capital	40	10,611	10,611
Share premium	41	83	83
Merger reserve	41	11,304	11,304
Own share reserve	41	(198)	(198)
Share-based payment reserve	41	8,241	7,947
Retained earnings:			
At 1 January	41	22,207	2,365
Transfer from share premium	41	-	19,359
(Loss)/profit for the year attributable to the owners	41	(2,853)	3,276
Equity dividend paid	41	(1,377)	(2,736)
Other changes in retained earnings	41	7	(57)
<b>At 31 December</b>	41	17,984	22,207
<b>Equity shareholders' funds</b>			
		48,025	51,954

Notes 34 to 44 form part of these financial statements.

The financial statements on pages 110 to 117 of Tribal Group plc (registered number 04128850) were approved by the Board of Directors and authorised for issue on 20 March 2024. They were signed on its behalf by:



**Richard Last**  
Director



**Mark Pickett**  
Director



## Company only Statement of Changes in Equity

	Note	Called up share capital £'000	Share premium £'000	Merger reserve £'000	Own share reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2022		10,519	18,961	11,304	(326)	7,455	2,365	50,278
Profit and total comprehensive income for the year		-	-	-	-	-	3,276	3,276
Issue of share capital	23	92	481	-	-	-	-	573
Share options exercised		-	-	-	128	(128)	-	-
Share premium capital reduction	24	-	(19,359)	-	-	-	19,359	-
Equity dividend paid	11	-	-	-	-	-	(2,736)	(2,736)
Credit to equity for share-based payments	22	-	-	-	-	589	-	589
Foreign exchange differences on share-based payments	22	-	-	-	-	31	-	31
Tax charge on credit to equity for share-based payments		-	-	-	-	-	(57)	(57)
Contributions by and distributions to owners		92	(18,878)	-	128	492	16,566	(1,600)
At 31 December 2022 and 1 January 2023		10,611	83	11,304	(198)	7,947	22,207	51,954
Loss and total comprehensive expense for the year		-	-	-	-	-	(2,853)	(2,853)
Equity dividend paid		-	-	-	-	-	(1,377)	(1,377)
Credit to equity for share-based payments		-	-	-	-	331	-	331
Foreign exchange differences on share-based payments		-	-	-	-	(37)	-	(37)
Tax credit on credit to equity for share-based payments		-	-	-	-	-	7	7
Contributions by and distributions to owners		-	-	-	-	331	(1,370)	(1,076)
<b>At 31 December 2023</b>		<b>10,611</b>	<b>83</b>	<b>11,304</b>	<b>(198)</b>	<b>8,241</b>	<b>17,984</b>	<b>48,025</b>

## Notes to the Company Balance Sheet

### 34. Significant accounting policies

Tribal Group plc is a public limited company incorporated and domiciled in England and Wales.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial information has been prepared on the going concern and historical cost basis. The principal accounting policies adopted are the same as those set out in Note 1 to the consolidated financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

### 35. Loss/(profit) for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The loss for the Company (before dividends paid) amounted to £2.9m (2022: profit of £3.3m). Dividends paid amounted to £1,377,000 (2022: £2,736,000). The independent auditors' remuneration for audit services to the Company was £359,000 (2022: £246,000).

### 36. Investments

	Shares in subsidiary undertakings £'000	Long-term loans £'000	Total £'000
Cost			
At 31 December 2021 and at 1 January 2022	30,514	54,248	84,762
Capital contribution relating to share-based payments	411	-	411
At 31 December 2022 and at 1 January 2023	30,925	54,248	85,173
Transfer of investment	(406)	-	(406)
Capital contribution relating to share-based payments	92	-	92
<b>At 31 December 2023</b>	<b>30,611</b>	<b>54,248</b>	<b>84,859</b>

Long-term loans are treated as investments as they are non repayable.

As Tribal Group plc grants share options to employees in subsidiary companies, a notional capital contribution is created in the books of the relevant subsidiary undertaking. This is treated as an investment by Tribal Group plc.

The Directors have considered the value of the above investments and are satisfied that the aggregate value of each investment is not less than its carrying value. The investments in subsidiaries are all stated at cost less provision.

Details of the Company's subsidiaries are given in Note 33 to the consolidated financial statements.

### 37. Debtors

	2023 £'000	2022 £'000
Amounts owed by Group undertakings	4,952	2,167
Other debtors	703	347
Current tax	50	54
	<b>5,705</b>	<b>2,568</b>

All amounts owed by Group undertakings are unsecured and have no fixed repayment date. No interest is charged and amounts are repayable on demand. All debtors fall due within one year.

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for Group receivables. The Parent Company has guarantees in place for its UK subsidiaries, and management have assessed each entity's ability to repay amounts owed. As a result, no expected credit loss has been recognised.

## 38. Deferred tax asset

	2023 £'000	2022 £'000
<b>Deferred taxation</b>		
At start of year	1,142	1,279
Charge/(credit) to income statement	25	(59)
Items taken directly to equity	7	(78)
At end of year	1,174	1,142

The deferred tax asset is analysed as follows:

	2023 £'000	2022 £'000
Share schemes	112	81
Other temporary differences	1,062	1,061
	1,174	1,142

Included in other temporary differences are deferred tax assets of £1,021,000 (2022: £1,020,000) relating to tax losses carried forward and other timing differences of £41,000 (2022: £41,000).

Deferred tax assets are all non-current assets.

## 39. Creditors

### Amounts falling due within one year

	2023 £'000	2022 £'000
Amounts owed to Group undertakings	28,278	29,875
Trade and other creditors	216	82
Accruals	1,474	448
Lease liabilities	–	93
Bank overdraft	–	89
Contingent deferred consideration provision (see Note 20)	–	184
	29,968	30,771

All amounts owed to Group undertakings are unsecured and have no fixed repayment date. No interest is charged and amounts are repayable on demand.

### Amounts falling due after one year

	2023 £'000	2022 £'000
Lease liabilities	–	82
Borrowings	14,000	6,250
Other liabilities	23	–
	14,023	6,332

## Notes to the Company Balance Sheet continued

### 40. Called up share capital

	2023 number	2023 £'000	2022 number	2022 £'000
Allotted, called up and fully paid				
At beginning of the year	212,221,746	10,611	210,374,373	10,519
Issued during the year	-	-	1,847,373	92
<b>At end of the year</b>	<b>212,221,746</b>	<b>10,611</b>	<b>212,221,746</b>	<b>10,611</b>

The Company has one class of Ordinary Shares of 5p each which carry no right to fixed income.

Details of options in respect of shares outstanding at 31 December 2023 are as follows:

Employee share option schemes:	Number outstanding '000	Exercise price payable	Date from which exercisable
2016 LTIP	75	£0.05	June 2019
2020 LTIP	1,215	£0.05	July 2023
2020 LTIP	940	£0.05	July 2021
2021 LTIP	282	£0.05	June 2024
2022 LTIP	512	£0.05	April 2025
2023 LTIP	486	£0.05	October 2026
	3,510		
2017 LTIP (inc CSOP)	100	£0.80	July 2020
2018 LTIP (inc CSOP)	150	£0.796	March 2021
2019 LTIP (inc CSOP)	400	£0.71	June 2022
2019 LTIP (inc CSOP)	300	£0.615	September 2022
	950		
2019 SAYE	18	£0.582	November 2022
<b>Total Tribal Group plc share option schemes</b>	<b>4,478</b>		

Details of share-based payments are given in Note 22 to the consolidated financial statements.

## 41. Share premium and other reserves

	Merger reserve £'000	Share premium reserve £'000	Own share reserve £'000	Share-based payment reserve £'000	Retained earnings £'000
At 31 December 2021 and 1 January 2022	11,304	18,961	(326)	7,455	2,365
Profit for the year	-	-	-	-	3,276
Issue of share capital	-	481	-	-	-
Share premium capital reduction	-	(19,359)	-	-	19,359
Equity dividend paid	-	-	-	-	(2,736)
Share options exercised	-	-	128	(128)	-
Charge to equity for share-based payments	-	-	-	589	-
Foreign exchange differences on share-based payments	-	-	-	31	-
Tax charge on credit to equity for share-based payments	-	-	-	-	(57)
At 31 December 2022 and 1 January 2023	11,304	83	(198)	7,947	22,207
Loss for the year	-	-	-	-	(2,853)
Equity dividend paid	-	-	-	-	(1,377)
Charge to equity for share-based payments	-	-	-	331	-
Foreign exchange differences on share-based payments	-	-	-	(37)	-
Tax credit on credit to equity for share-based payments	-	-	-	-	7
<b>At 31 December 2023</b>	<b>11,304</b>	<b>83</b>	<b>(198)</b>	<b>8,241</b>	<b>17,984</b>

The merger reserve of £11.3m (2022: £11.3m) relates to the premium arising on shares issued subject to the provisions of section 612 of the Companies Act 2006.

On 27 September 2022 the High Court of Justice, in the Business and Property courts of England and Wales, approved the cancellation of the share premium account. On 4 October the statement of capital was delivered to the Registrar of Companies.

The own share reserve of £(0.2)m (2022: £(0.2)m) represents the cost of 320,086 shares (2022: 423,000) in Tribal Group plc held by the Employee Share Ownership Trust (EBT) to satisfy certain options under the Group's share option schemes. During 2023 no shares were purchased by the EBT, and 102,914 shares were sold to satisfy options granted in 2020 under the LTIP Scheme and the SAYE Scheme (see Note 22).

The retained earnings reserve is distributable.

## Notes to the Company Balance Sheet continued

### 42. Contingent liabilities

A cross-guarantee exists between Group companies in respect of bank facilities which was £nil as at 31 December 2023 (2022: £nil).

In addition the Company and its subsidiaries have provided performance guarantees issued by its bank on its behalf in the ordinary course of business, totalling £0.1m (2022: £0.8m). They are not expected to result in any material financial loss. These are not expected to result in any material financial loss and the likelihood of using these guarantees is assessed as remote.

As disclosed in Note 33, Tribal Holdings Limited, Tribal Dynamics Limited, and Semestry Limited have taken advantage of the exemption available under Section 394A/ 479A of the Companies Act 2006 in respect of the requirements for audit. As a condition of the exemption, the Company has guaranteed the year-end liabilities of these subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year-end were £73,066,000 (2022: £64,309,000). These are inclusive of intercompany liabilities of £16,586,000 (2022: £16,675,000).

### 43. Financial instruments

All Company risks are aligned to those of the Group. Details of the risks relating to the Group are given in Note 31 to the consolidated financial statements.

31 December 2023	Financial assets measured at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Financial liabilities measured at FVTPL £'000	Total £'000
<b>Financial assets</b>				
Cash	278	–	–	278
Debtors*	4,958	–	–	4,958
	5,236	–	–	5,236
<b>Financial liabilities</b>				
Bank loans	–	14,000	–	14,000
Creditors**	–	28,517	–	28,517
	–	42,517	–	42,517
31 December 2022	Financial assets measured at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Financial liabilities measured at FVTPL £'000	Total £'000
<b>Financial assets</b>				
Debtors*	2,167	–	–	2,167
	2,167	–	–	2,167
<b>Financial liabilities</b>				
Overdrafts	–	89	–	89
Bank loans	–	6,250	–	6,250
Creditors**	–	30,049	–	30,049
Deferred contingent consideration	–	–	184	184
	–	36,388	184	36,572

\* Excluding amounts that relate to non-financial instruments of prepayments and tax.

\*\* Excluding amounts that relate to non-financial instruments of accruals and tax.

## 44. Staff numbers and costs

The average monthly number of persons employed (including all Directors) under contracts of service by the Company during the year was as follows:

	2023 Number	2022 Number
	5	5

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	1,186	1,127
Social security costs	92	95
Other pension costs	35	34
Share option charge	226	209
	1,539	1,465

Cost of Directors' emoluments were incurred by the Company and are included in the Remuneration Report on pages 45 to 49.

# Company Information

## Tribal Group plc

Registered in England and Wales  
Company number: 04128850

## Registered office

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Bristol  
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T: 0330 016 4000  
E: [info@tribalgroup.com](mailto:info@tribalgroup.com)  
[www.tribalgroup.com](http://www.tribalgroup.com)

## Company Secretary

Diane McIntyre

## Stockbrokers

Investec Bank plc Singer Capital Markets Limited  
2 Gresham Street 1 Bartholomew Lane  
London London  
EC2V 7QP EC2N 2AX

## Financial adviser

Investec Bank plc  
30 Gresham Street  
London  
EC2V 7QP

## Principal bankers

Lloyds Bank	HSBC Bank
PO Box 112	3 Temple Quay
Canon's House	Bristol
Canon's Way	BS1 6DZ
Bristol	
BS1 5LL	

## Independent auditor

BDO LLP  
Bridgewater House  
Counterslip  
Bristol  
BS1 6BX

## Solicitors

Taylor Wessing LLP  
5 New Street Square  
London  
EC4A 3TW

## Registrars

Link Group  
10th floor,  
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29 Wellington Street  
Leeds  
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## E-communications

As an alternative to receiving documents through the post, shareholders can receive important information online, including annual and half-year reports and notices of meetings. Registering for e-communications also enables shareholders to obtain secure online access to personal shareholding details, change address details and check dividend payments.

To register for e-communications, please visit  
<https://www.signalshares.com>

## Duplicate accounts

If you receive two or more copies of the Annual Report and Accounts and/or multiple cheques for each dividend payment, it means that you have more than one shareholder account.

To receive just one Annual Report and Accounts and one cheque for each dividend payment, please contact the Company's registrars, Link Group, on 0371 664 0445, and ask for your accounts to be amalgamated.

(Calls are charged at the standard geographic rate and will vary by provider. If you are outside the United Kingdom, please call +44 371 664 0445. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 am – 5.30pm, Monday to Friday excluding public holidays in England and Wales.)

## Financial calendar

Annual General Meeting  
20 May 2024





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## **Tribal Group plc**

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