

23 February 2023

Tribal Group plc
("Tribal" or "the Group")
Trading Update and Notice of Results
Cloud expansion driving growth in ARR

Tribal (AIM: TRB, "Group", "Company"), a leading provider of software and services to the international education market, is pleased to provide an update on trading for the year ended 31 December 2022 ("the Year").

Trading performance

The Board anticipates FY22 results will be in line with its expectations, set at the time of the trading update released on 1 December 2022.

Continued sales momentum has resulted in increasing levels of recurring revenues. Annual Recurring Revenue (ARR) at year end increased by 2.6% to £52.5m (2021: £51.2m at constant currency), reflecting growth in the Group's strategic products, offset by declining revenues as anticipated from Tribal's non-core legacy and Australian schools' systems contracts.

Singapore contract update

As announced on 1 December 2022, the Group's trading performance has been impacted by implementation delays on the Singapore contract, due to changing scope and complexity, resulting in substantially increased ongoing costs and lower recognisable revenue. Discussions with the customer have not progressed satisfactorily and we remain in significant disagreement over the detailed scope of the contract. We no longer expect a resolution in the near term and will provide an update as and when appropriate.

Net debt

The Company closed the year with a net debt position of £3.4m (2021: cash of £5.9m), which reflects an adverse movement in working capital as a result of the issues surrounding the Singapore contract, and continued product investment. The Board continues to review the Group's investment plans, with a view to a reduction in capital expenditure in 2023. The year-end debt position was £1m higher than expected due to receivables due by the year end not being collected until early January.

During the year, payments of £1m on deferred consideration and £2.7m in dividends were made. The Company's banking facilities consist of a £17m multicurrency loan facility which expires in December 2024 and £3m of overdrafts which are committed for a 12-month period ending August 2023 and October 2023 respectively.

Positive sales momentum

The Group secured multiple new wins throughout the year, including three new SITS:Vision customers (£0.9m ARR) and five major Tribal:Cloud migrations (ARR value of £1.7m). During January 2023, a further three Cloud migration deals have been signed with a combined ARR of £1.1m.

The Education Services division's trading performance continued to improve throughout the year, securing several multi-million-pound, multi-year contract renewals and new customer wins, providing a positive basis for growth in 2023. The Board is considering its strategic options and opportunities for the Education Services business.

Notice of Results

The Group expects to announce its audited full year results on 22 March 2023.

Mark Pickett, CEO of Tribal Group, commented:

"We continue to see momentum across the business, winning multiple cloud deals along with an improved performance in our Education Services division. While the delays with the Singapore contract have impacted our overall trading position in 2022, the positive performance across the wider business demonstrates the effectiveness of our cloud strategy and provides the Board with confidence in a return to profitable growth in 2023."

Tribal Group plc

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About Tribal Group plc

Tribal Group plc is a pioneering world-leader of education software and services. Its portfolio includes Student Information Systems; a broad range of education services covering quality assurance, peer review, benchmarking and improvement; and student surveys that provide the leading global benchmarks for student experience. Working with Higher Education, Further and Tertiary Education, schools, Government and State bodies, training providers and employers, in over 55 countries; Tribal Group's mission is to empower the world of education with products and services that underpin student success.

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