

24 March 2023

Tribal Group plc
("Tribal" or "the Group")

Preliminary Results for the year ended 31 December 2022

Tribal (AIM: TRB), a leading provider of software and services to the international education market, announces its preliminary results for the year ended 31 December 2022.

Financial performance

- As announced in the Group's Trading Update on 23 February 2023, the Group's trading performance for 2022 has been significantly impacted by implementation delays on the Nanyang Technological University ("NTU") contract due to changing scope and complexity, resulting in substantially increased ongoing costs and lower recognisable revenue
- The underlying business remains strong, with Group revenue increasing 2% to £83.6m (2021: £82.2m constant currency), following a strong performance across Cloud and Edge offerings and School Inspection Services; offsetting lower recognisable revenue from NTU
- Annual Recurring Revenue (ARR) remained flat at £51.2m (2021: £51.2m at constant currency), reflecting a 10% growth in the Group's strategic products, offset by declining revenues as anticipated, from Tribal's non-core historic and schools' systems contracts
- Our Education Services business "ES" performed well, with revenue increasing 9% to £15.4m (2021: £14.2m constant currency) and operating margin increasing by 10.1pp to 25% (2021: 15% constant currency)
- Group adjusted EBITDA of £7.4m (2021: £16.8m constant currency) reflects operating losses relating to the NTU contract and an onerous contract provision of £4.5m for future losses. Without the impact of NTU, margins would have been consistent with historic levels
- Statutory Profit before tax for the year decreased to £0.4m (2021: £8.6m constant currency)
- Adjusted operating cash conversion of 89% (2021: 104%) and negative free cash flow of £5.3m (2021: £5.4m positive), reflecting the impact of the NTU contract, resulting in net debt of £3.4m
- The Board are proposing an annual dividend of 0.65p per share (2021: 1.3p per share) expected to be paid at the end of July 2023

Operational performance

- Tribal received notification on 17 March 2023 that NTU has purported to terminate the contract and reserved its rights to claim damages. Tribal rejects NTU's right to terminate and considers its purported termination a wrongful repudiation of the contract. Tribal has however accepted NTU's wrongful repudiation, elected to treat the contract as at an end and reserved its rights.
- Continued good sales performance, adding five major Cloud contracts from existing customers, University of Sunderland, Birmingham City University, University for the Creative Arts, University of Reading and University of East Anglia, adding £1.7m to ARR
- Expansion into new geographies with the signing of a five-year SITS:Vision contract with the British University of Vietnam
- Appointment of new Head of ES and strong business performance, renewing several significant UK contracts and signing two new contracts. The Board is considering its strategic options and opportunities for the Education Services business

Outlook

- The NTU contract has now been ended and both parties will participate in a mediation process, the timing and outcome of which is presently uncertain
- Tribal:Cloud continues to represent a considerable near-term addressable opportunity with a further three deals signed post year end, University of Wolverhampton, Royal Veterinary College and University of the Arts London, with combined ARR of £1.1m

- Following a review of investment strategy, Group capitalised product development will be significantly reduced in 2023, while maintaining development on our existing portfolio where we are seeing promising ARR growth
- Despite the lower EBITDA levels for FY22 the overall prospects for Tribal remain positive. With an expanding customer base, advanced service offering and continued contract and ARR momentum, we have entered FY23 with good sales momentum.

Mark Pickett, Chief Executive, commented:

"We have continued to execute against our growth strategy, transitioning our existing customers to the cloud while securing new customers in our key geographies. Despite the lower EBITDA levels for FY22 due to the substantially increased costs relating to the NTU contract and its subsequent termination, the positive sales performance and successful go live of multiple customer implementations in the year demonstrates the strength of our offerings, effectiveness of our cloud strategy and continued contract and ARR momentum."

Based on the performance in the year and 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 reduce the final dividend by 50%. It is the Board's intention to return to its former policy of dividend progression when circumstances allow.

We believe the education market globally is becoming more attuned to the benefits of SaaS and cloud offerings which presents a supportive market backdrop for Tribal and its strategic investment into and development of cutting-edge technologies. These factors enable us to remain focused on delivering our key strategic priorities during 2023 and despite the setback in FY22, we remain confident in our ability to meet customer demand going forward."

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.

Chairman's Statement

Tribal's performance this year has been dominated by our NTU contract, which was impacted by implementation delays due to changing scope and complexity. Lower recognisable revenue and increased costs led to short-term pressures on the business while the implementation phase was ongoing. The NTU contract has now been ended and both parties will participate in a mediation process in an attempt to achieve a resolution, but the timing and outcome of that process and any private negotiations to that end, is presently uncertain.

However, there have also been many signs of ongoing positive progress and the underlying performance of the business has been good. Sales performance has been robust, our customer base has grown, we have seen several large customer implementations successfully go-live, our product development efforts have continued to augment our product set and we have focused our sales and marketing strategy. The success of these efforts can be seen in the 10% growth in Annual Recurring Revenue (ARR) relating to the Group's core products.

Tribal is financially solid, core ARR continues to grow and net retention rates remain high. Education Services has also had a strong year, recovering strongly from the pandemic and is well set for a year of growth in 2023.

We see an increasing appetite from the higher education sector to transition their existing Student Information Systems to the cloud and anticipate this to be the main driver for uptake of our current range offerings over the next 3-5 years as well as our existing core SITS:Vision offering, which continues to sell well. The Board has therefore decided to continue to invest and focus on sales and marketing of our existing mature products and the Edge products recently released or currently in development, but to pause investment in new, additional modules for the time being. Further details of this will be in covered in the CEO statement. Given the challenges seen in 2022, we will temporarily pause exploring M&A opportunities.

With competition amongst universities continuing to increase we anticipate the Admissions product, which considerably streamlines and improves the Admissions process for both the institution and prospective students, will be a long-term growth driver for Tribal. The first customer for Tribal Admissions is set to go live in 2023.

Financial performance

Notwithstanding the costs relating to the NTU contract, Tribal has seen another year of progress against our key performance indicators.

Closing ARR committed as at 31 December 2022 remained flat at £51.2m (2021: £51.2m constant currency) however, core ARR increased 10% to £45.8m (2021: £41.7m constant currency) reflecting the Group's momentum selling its strategic products, offset by declining revenues as anticipated from Tribal's non-core historic and schools' systems contracts and the termination of the NTU contract. Revenue for the year increased by 1.6% to £83.6m (2021: £82.2m constant currency) due to a solid performance across the Group's Cloud and Edge offerings and School Inspection Services. Growth was significantly impacted by the delivery on the NTU contract resulting in lower recognisable revenue.

Group adjusted EBITDA of £7.4m (2021: £16.8m constant currency) reflects operating losses relating to the NTU contract and an onerous contract provision of £4.5m for future losses. Without the impact of NTU, margins would have been consistent with historic levels.

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Despite the lower EBITDA levels, the Group saw significant growth in other areas of the business including Education Services which increased by 8.7% to £15.4m (2021: £14.2m constant currency) as the main UK contracts continued to track well throughout the year in addition to new contract wins in the Middle East.

Dividend

Tribal remains committed to a progressive dividend policy, however based on the performance in the year and having reviewed the Group's cash flow forecasts, specifically with regard to the significant uncertainties around the resolution of the NTU contract outlined above, the Board have concluded that it would be prudent to reduce the final dividend by 50% to 0.65p per share. It is the Board's intention to return to its former policy of dividend progression when circumstances allow.

Environment, Social and Governance (ESG)

Tribal is committed to activities that benefit the environment and society, underpinned by good governance. As part of our journey to continually improve our approach and performance in these areas, the ESG Committee, chaired by Non-Executive Director, Nigel Halkes, focuses on six priority focus areas for the Group, each with key initiatives and objectives for the year and appropriate ownership from across our Executive Management Team. We have made good progress on many of these programmes and have set new objectives for 2023, we are committed to their sustained delivery and will continue to build on our activities in 2023 and beyond. You can read a full report on these priority areas within the ESG section of the Annual Report.

People

In the year we have continued to invest in our teams, in particular we have bolstered our executive team, with three refocused roles covering Service Delivery, Customer Success and Sales. Creating unity through the organisation and providing a supportive environment for all to flourish is a key strategic objective for Tribal and one in which we excel. I would like to thank all our teams around the world for their continued energy and commitment to providing world-class education software.

Ukraine

The Directors have considered the impact of the ongoing situation in Ukraine and have concluded there is currently minimal risk to business continuity as we do not have a presence in the region. The Group continues to support all colleagues who are directly impacted by the conflict and will monitor the situation closely.

Outlook

The market appetite for our leading solutions continues to be positive, and the demand for our extended portfolio of products from both existing and new customers is good. As previously flagged, we anticipate growth rates to be lower initially, as new wins are offset by the tailing off of historic high margin contracts, but we believe the increased scalability and market applicability of our newer offerings mean we are well positioned to increase our growth rates over the medium term. The NTU contract has now been ended and both parties will participate in a mediation process, the timing and outcome of which is presently uncertain.

The Board is cognisant of the challenging wider economic backdrop and in this type of inflationary environment keen cost control is imperative. The business is being run efficiently and effectively, and we have the financial resources to execute on the growth strategy.

Richard Last
Chairman

Chief Executive's Review

Introduction

Tribal demonstrated solid progress in 2022 in terms of sales performance and our transition to a SaaS business, whilst maintaining our market-leading position in our core geographies and supporting our growing customer base. The underlying business remains strong, with 10% high quality ARR growth from our strategic software business, Education Services revenue growing strongly at 9%, offset by expected declines in our non-core SIS business. However, the Group's results this year have been overshadowed by our NTU contract.

NTU Contract

Tribal received notification on 17 March 2023 that NTU has purported to terminate the contract and reserved its rights to claim damages. Tribal rejects NTU's right to terminate and considers its purported termination a wrongful repudiation of the contract. Tribal has however accepted NTU's wrongful repudiation, elected to treat the contract as at an end and reserved its rights. The contract requires the parties to participate in mediation in an attempt to achieve a resolution, but the timing and outcome of that process and any private negotiations to that end is presently uncertain. It is possible that there may be a significant adverse financial impact on the Group, but as no financial demands have yet been enumerated, currently the Board cannot fully assess any such potential impact. We do not expect a resolution in the near term and will provide updates as and when appropriate.

Whilst EBITDA is lower than the prior year due to the impact of the NTU contract, revenue for the year was in line with the Board's expectations reflecting the continued positive sales performance across the business.

Expanding customer base

We achieved a consistent level of new wins in the year, adding new customers across our range of software in key geographies and, notably, we secured five new contracts to migrate customers to Tribal:Cloud and three new SITS: Vision customers, adding a combined total of £2.6m to ARR. We are increasingly seeing the benefits of the investments we have made in the evolution and expansion of our offering, positioning Tribal at the forefront of the evolving education industry with the ability to address a broader market in a way not previously possible.

We have carefully invested in our people and operations throughout the year as we evolve our operational model to ensure service levels are maintained for long-term profitable growth and remain robust. While the global macro-economic environment continues to be challenging, our high levels of recurring revenues and consistent win rate provide us with confidence that we can meet our ambitious growth aspirations.

With student numbers continuing to increase both domestically and internationally, we anticipate the demand for our products will continue to grow, supporting our growth ambitions.

Market drivers and addressable opportunity

Market drivers and addressable opportunity

The education market globally continues to evolve as expected. It is becoming more attuned to the benefits of SaaS and cloud offerings which present a supportive market backdrop for our business.

Universities increasingly recognise the role the cloud can play in driving their own internal efficiencies and to improve the overall student experience, so as to attract and retain the best talent over the long term. In recent years, universities have also witnessed a growing number of applicants; with the total number of student enrolments in the UK increasing by 13% since the 2019/20 academic year. This in turn has led to increased demand for our solutions as our suite of products help our customers to address and service this growing population at a faster rate than previously possible.

It is becoming increasingly clear that for many universities, their first step to the cloud is to transition their existing SIS into the cloud, so that they can reduce their in-house IT requirements and benefit from the enhanced user experience provide by Tribal's managed cloud service. We anticipate that this process of moving key student management systems to the cloud will be the main focus for our customers over the next three to five years, before then expanding into a greater number of next-generation, cloud-native applications.

We see significant opportunities for our core SITS:Vision and cloud-native Edge products in the next few years, across our key geographies and believe our teams are well placed to service the opportunity provided by this mass transition of universities to cloud-based computing.

Delivering on our strategy

Our aim is to provide education technology solutions to customers globally, as-a-service. Transitioning to the delivery of a broader set of solutions, via the 'as-a-service' model will increase our addressable market across a greater number of geographies, drive revenue and margin expansion, while enabling universities to focus on the delivery of exceptional education to their students.

To achieve this aim whilst growing ARR, we launched our five-year objectives in 2021 which are supported by our three pillared growth strategy:

- expanding our share of customer wallet through sales of our existing offerings and transitioning customers to the Cloud;
- expanding our addressable market through product set expansion via both R&D and acquisition; and
- expanding our geographical reach.

Whilst we have made solid progress across many of these areas during the year, due to the continued impact of the NTU contract, we will review the timelines around achievement of these objectives.

Top line ARR remained flat, the addition of new customers in our core product set increased ARR by 10%, however this was offset by the reduction of revenue from historic Australian government contracts and non-core schools' systems contracts in Australia and the termination of the NTU contract. We are pleased with the continued positive signs of potential 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.

This year's successes included:

- the winning of three new SITS:Vision customers;
- the transition of five flagship customers into the Tribal:Cloud;
- successful go-live of three Cloud implementations in the year;
- the launch of Tribal Data Engine; and
- continued sales momentum in Semestry.

During 2022 Semestry's ARR has grown by more than 50%, increasing customer numbers and making good inroads into the UK market. We continue to develop new customer relationships globally and look for complementary partnerships and acquisitions, to accelerate our expansion.

2023 will focus on rebalancing our results from the impacts of the NTU contract and we will temporarily pause exploring investment opportunities to scale the business, either in new geographies or to expand our Edge family.

Our sales and marketing efforts will now be focused on our comprehensive portfolio of existing cloud-based offerings, being our foundation products, SITS, ebs and Maytas, in the Tribal:Cloud and our native-cloud based Edge modules, such as Semestry, Dynamics, Engage and Tribal Data Engine (TDE). We see substantial opportunities for these offerings across both existing and new customers.

Innovation

The higher education market is undergoing significant change. Some of the trends have been present for several years but the pandemic accelerated the speed of change in many areas. Innovation in higher education is not simply about new ways of working, to thrive, institutions must become better at adapting to change.

Through constant product and process innovation we're helping institutions adapt to change. Removing systems friction and brittle processes to free people and resources to innovate and ensure service resilience in an ever-changing landscape. This includes addressing:

- continuous changes in government policy;
- demand for flexible learning;
- student fee pressures;
- challenges of institutions achieving Net Zero;
- soaring number of applications; and
- ongoing regulatory obligations.

Reduction in development spend of future modules

The Group is committed to product innovation and supporting our customers in their journey to the cloud. Given the generally slow-moving nature of the higher education market, we anticipate this first step of moving to the cloud will likely be the main area of focus for our customers for the next three to five years, before then expanding into a greater number of next-generation, cloud-native applications.

The Group's commitment to innovation is reflected in its 2022-2023 budget, which includes a significant investment in R&D.

The Board has taken the decision to focus development spend in 2023 and 2024 on our existing Edge products, such as Admissions and Tribal Data Engine. Development of Admissions is continuing with our pilot customers and we plan to launch our marketing campaign to the wider market in advance of the 2024 academic year.

Overall, management is targeting a significant reduction in Edge development in 2023 as the peak of development investment on Admissions has passed.

Increased speed of delivery and implementation

In addition to the development of new capabilities we also continuously seek ways to ensure our customers can implement and go live with our cloud products more quickly, through the introduction of more standardised offerings. We were delighted this year to see three of our cloud customers go live within the year, of which two were completed within seven months, demonstrating the successes being achieved.

Geographic expansion

We have leading market shares in the geographies in which we operate. In the UK over 65% of all Higher Education institutions use our student management systems, in Australia we support one-quarter of universities, and in New Zealand three of the eight universities. In Southeast Asia, we support the largest public and largest private universities in Malaysia, and this year we have expanded further with new customer wins including Middlesex University in Dubai and Universiteit Leiden in The Netherlands. We will continue to focus on growth in these geographies and we anticipate our SaaS product offerings will allow us to expand further into new geographies, due to its more easily digestible modular approach. The knowledge gained from the experience of working on the NTU contract will be considered as we assess new markets, and in particular Singapore, to ensure an appropriate balance of risk and reward.

Operations and people

We have an exceptional team at Tribal creating value through market-leading technology and we are continually investing in our people agenda to enhance our position as a growing international business. We are driven by our purpose, to enable student success through expertise, software and services and we rely on the talent and expertise of our people for this purpose to succeed. Our team has a deep understanding of the education market, developed through working in partnership with our customers and operating in senior roles for leading education institutions.

The key initiatives enabling our people to develop their true potential includes our bespoke competency framework, which underpins a range of Career Pathways. Through this framework, we aim to help each employee understand how they can develop in their current role as well as plan for their future growth and development. We also run remote business development programmes focusing on the expansion of our Manager Academy. The Academy broadens the skills and commercial awareness of our leaders and future leaders and supports our Digital Learning strategy.

Our evolving operational model, which is built upon our increasing focus on customer success and alignment to Tribal's 'as-a-service' transition, started to prove effective this year. During the year, we made two executive hires focusing on Service Delivery and Customer Success. Paul Davies has been appointed as Global Professional Services director and Tawfiq Sleeth as Global Customer Services Director. Both bring a wealth of experience from global SaaS providers, are focused on improving customer success and have been appointed to the Executive Board. The Executive Board was further supported by the appointment of Cheryl Watson as the Sales Director in order to focus on continued sales momentum. Cheryl has worked at Tribal for over ten years and has a wealth of experience of our customers and product offerings.

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.

Professional Services includes the implementation of all our software products at customer sites, typically working alongside customer teams. It continues to be delivered remotely and the team has been bolstered by the Global Delivery Centre (GDC) in Kuala Lumpur, Malaysia which has performed strongly during the year. The GDC is now made up of around 30 employees and continues to grow; it is now at a level of maturity for the delivery of Tribal's products.

The Tribal Education Services team comprises experts in education, quality assurance and programme management and has been reinvigorated with the appointment of Matt Davis, the new Managing Director of the division, in March 2022. Matt brings over 20 years' experience in the education sector, a decade of which was spent as regional director of a major competitor, responsible for the strategy and commercial growth of its UK business.

Student Information Systems (SIS)

Student Information Systems, our core segment which targets the further and higher education sectors through our range of software offerings, delivered a strong performance in the year, growing customer numbers and revenue and as a result entered the new financial year with a solid pipeline of opportunities. We continued to win new customers and transition existing customers onto our cloud offerings.

Our wins in previous years and those in 2022, mean we currently have several significant SIS implementations underway, the vast majority of which are progressing well.

In the year, we had five key wins with existing customers, University of Sunderland, Birmingham City University, University for the Creative Arts, University of Reading and University of East Anglia, to migrate their current Tribal Student Management Systems SITS:Vision to the Tribal:Cloud, providing an improved student experience and delivering operational efficiencies for the universities. The contracts range from three to five years, with a combined total contract value of £5m, generating incremental annual recurring revenues of £1.7m as well as providing an adoption pathway to our SaaS products, the Company's cloud-native offerings.

In addition, we signed several significant contracts with new customers including a seven-year contract with the University of Plymouth, a four-year Semestry contract with the University of Birmingham and a new five-year SITS:Vision contract with the British University of Vietnam. Together, these contracts have a total value of £8.3m, adding £1.1m in incremental Annual Recurring Revenue. We continue to have positive conversations across our extensive customer base as they explore the benefits a move to the cloud can bring their organisation and are confident of continued uptake.

Notwithstanding the NTU contract, we are pleased overall with the positive signs of potential across Tribal's key geographies, 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) has been curating and delivering Quality Assurance services to ministries of education and other education agencies around the world for many years, across a wide scope of areas across the education sector. These services include overall school quality, leadership and teaching quality, as well as many specialist areas such as new teacher competence, Early Years, literacy and numeracy.

The appointment of Matt Davis as Managing Director of ES from March 2022, has seen the revision and implementation of a new three-year strategy for the business, targeting sustainable growth between FY23 - FY25. The strategy will initially focus

new three year strategy for the business, targeting sustainable growth between 2023 - 2025. The strategy, with primary focus on creating a clearer identity for Education Services and in particular articulating the value it creates for our customers: supporting governments and education institutions to deliver on their strategic ambitions to improve the quality and impact of education.

Education Services has continued to perform well throughout the year, delivering strong results. As educational institutions and organisations around the world saw a return to the classroom following the pandemic, demand for the Quality Assurance services ES provides has steadily increased.

Over the course of the year ES has delivered major Quality Assurance contracts to bodies in the UK, US and the Middle East, and has been working with hundreds of individual schools on our Quality Mark accreditation. At present, Tribal is running highly successful projects across its key geographies.

As previously reported, in the UK this year, we successfully tendered for renewals as prime contractor of two major contracts with the Department for Education (DfE) in England: NCETM (£8.7m over two years) and Quality Assurance of the National Professional Qualifications programme 'NPQ', total contract value of £6.5m over four years. In July 2022 we successfully renewed a third major UK contract, the Advanced Maths Support Programme 'AMSP' with a total contract value of £2.6m, and also won a two-year contract with the National Tutoring Programme 'NTP', with a total contract value of £2.4m, securing our position with our key customer in the UK services market.

During the second half, we successfully mobilised the National Tutoring Programme (NTP), meeting all contractual requirements and establishing important processes required to evaluate the quality of Tuition Partners in the UK.

We have continued to win new contracts throughout the year with highlights including a contract to deliver inspections on behalf of the Sharjah Private Education Authority (SEPA) in the UAE and an extension to our work with the Gulf Sector Skills body. Trading in the Surveys and Benchmarking business was positive, with this sector now seeing a strong recovery since the pandemic, setting us up for a positive 2023.

There is continuing opportunity in the Middle East, where the macro-economic environment is more positive and our core capabilities in understanding school quality, supporting improvement and helping teachers to improve; supporting the school to work transition, remain the key strategic interests of almost all education policy makers at any level. Building on momentum from the previous year and with a clear strategy now in place, the outlook for the division remains positive.

Environmental, Social and Governance (ESG)

Tribal is committed to activities that benefit the environment and society, underpinned by good governance. At the end of 2021, the ESG Committee identified six priority focus areas for the Group, each with key initiatives and objectives for 2022 and appropriate ownership from across our Executive Management Team. The implementation of these initiatives was successful throughout 2022 and we will continue to build on our activities in 2023.

This year we worked within the Group's risk management framework and using the Taskforce on Climate-related Financial Disclosure (TCFD) guidance have begun our impact assessment of risk and opportunities relating to the transition to a lower-carbon economy. In 2023 we will work towards implementing mitigating actions and applicable recommendations of TCFD in each of the four thematic areas; governance, strategy, risk management and targets and metrics.

In 2023, our ESG journey will focus on what is most important for our business and how our ESG efforts can align with the commercial context, enable the achievement of organisational goals and provide a source of competitive advantage. In particular, it is important that we have an inclusive organisation where diverse talent is developed, engaged and retained to allow us to add value and grow as an international business.

2023 areas of focus

The resolution of the NTU contract will continue to be a key area of focus during 2023, given uncertainty on the outcome, timing and financial impact.

Within our core business, we will focus on the transition of our existing customers to the Tribal:Cloud, the sale of further SaaS products and the delivery of our first early adopter Admissions customers. We will also look to develop new customer relationships globally as well as partnerships to accelerate our future growth.

Outlook

The Group has traded in line with Board expectations since the start of the new financial year, entering 2023 with good sales momentum, signing a further three Tribal:Cloud contracts post year end, with a combined ARR of £1.1m. We have adjusted our capital investment plans, recognising the balance required between the execution of our growth strategy and recovery from the impact of the NTU contract.

We believe the education market globally is becoming more attuned to the benefits of SaaS and cloud offerings which presents a supportive market backdrop for Tribal following its strategic investment into and development of cutting-edge technologies. We remain focused on delivering our key strategic priorities during 2023 and despite the setback in the year, we remain confident in our ambition and ability to meet global demand and deliver on our growth strategy going forward.

Mark Pickett
Chief Executive Officer

Financial review

Results

Constant	Change	Change
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£m	2022	2021 Reported	Currency 2021 ³	Constant constant currency	constant currency %
Revenue	83.6	81.1	82.2	1.4	1.6%
Student Information Systems	68.2	67.3	68.0	0.2	0.2%
Education Services	15.4	13.8	14.2	1.2	8.7%
Gross Profit	31.3	41.8	42.0	(10.7)	(25.4)%
Gross Profit Margin	37.5%	51.5%	51.1%	-	(13.6)pp
Adjusted Operating Profit (EBITDA) ^{1, 2} (Before Central Overheads)	17.9	25.8	25.9	(8.0)	(30.6)%
Student Information Systems	14.0	23.6	23.8	(9.8)	(40.4)%
Education Services	3.9	2.2	2.1	1.7	81.6%
Central Overheads ⁴	(10.4)	(9.3)	(9.3)	(1.3)	(11.4)%
Net foreign exchange (losses)/gain	(0.1)	0.1	0.1	(0.2)	(189.1)%
Adjusted Operating Profit (EBITDA) ^{1, 2}	7.4	16.6	16.8	(9.3)	(55.3)%
Adjusted Operating Margin (EBITDA) ^{1, 2}	8.9%	20.5%	20.4%	-	(11.5)pp
Statutory Profit before Tax	0.4	8.6	8.6	(8.2)	(95.5)%
Statutory (Loss)/Profit after Tax	(0.5)	7.0	7.0	(7.5)	(107.3)%
Annual Recurring Revenue	51.2	50.3	51.2	-	-

- Adjusted Operating Profit and Adjusted Operating Margin are in respect of continuing operations and exclude charges reported in "Other items" of £3.8m (2021: £5.4m), refer to Note 6 in the Financial Statements.
- EBITDA is calculated by taking the Adjusted Operating Profit after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation.
- 2021 results adjusted are updated for constant currency - the Group has applied 2022 foreign exchange rates to 2021 results to present a constant currency basis, when applied to 2021 results there is an increase in Revenue of £1.1m, an increase to Adjusted Operating Profit (before Central Overheads) and Adjusted Operating Profit of £0.1m.
- Central Overheads are made up of costs that are not directly attributable to either Student Information Systems or Education Services.

The financial review presents the reported results for 2022 and 2021, and the 2021 results restated to "constant currency" using 2022 rates to exclude foreign currency impact. The change percentages and comparatives are shown on the 2021 constant currency numbers. 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) and disclosed as "reported". 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 1.6% to £83.6m (2021: £82.2m constant currency, £81.1m reported). Notwithstanding the NTU contract, the Group's Student Information Systems segment performed well, with significant growth of 29% seen across Cloud and Edge revenue streams driven by new customer wins. This increase was largely offset by the continued delay seen by Professional Services in delivering the implementation phase of the NTU contract.

Education Services revenue increased by 8.7% to £15.4m (2021: £14.2m constant currency; £13.8m reported) as the main UK contracts continued to track well throughout the year in addition to new contract wins in the Middle East.

38% of Tribal's revenue in the year was generated outside the UK and is therefore subject to foreign exchange movement.

Gross Profit has decreased 25.4% to £31.3m (2021: £42.0m constant currency, £41.8m reported) and the margin percentage has decreased to 37.5% (2021: 51.1% constant currency, 51.5% reported). The margin percentage decrease is largely due to the recognition of the onerous contract provision and a decline in Professional Services margin caused by the NTU contract implementation.

Adjusted Operating Profit (EBITDA)

The Adjusted Operating Profit (EBITDA) decreased £9.3m to £7.4m (2021: £16.8m constant currency; £16.6m reported). The Adjusted Operating Margin (EBITDA) decreased to 8.9% (2021: 20.4% constant currency; 20.5% reported). Due to the challenges experienced with the delivery of the NTU contract, an onerous contract provision of £4.5m has been recognised for future losses, which represents the unavoidable costs of meeting the obligations under the contract in excess of the expected economic benefits to be received. Excluding this provision, adjusted operating profit would be £11.9m and adjusted operating margin would be 14.3%.

Central Overheads, representing costs in HR, IT, Finance, Marketing and Management that aren't directly attributable to lines of business increased by £1.3m to £10.4m (2021: £9.3m constant currency and reported). The increase was primarily due to increased global insurance costs and legal and professional fees in line with market trends. Margins will continue to be under pressure next year due to the impact of inflation on salaries and global insurance is expected to continue to rise in 2023.

We continue to focus on reducing overhead costs and have continued to grow our Manila office in the Philippines to support central back-office functions, product development, ebs and SchoolEdge product support and other business services. The Group continues to identify cost saving measures and effectively manage its cost base.

Statutory (Loss)/Profit after Tax

The Statutory (Loss) / Profit after tax for the year decreased by 107.3% to a loss of £(0.5)m (2021: £7.0m reported). Excluding the costs of the Veritas Programme, a one-off project, in the year of £1.3m (2021: £1.7m) and the onerous contract provision of £4.5m (2021: £nil) the underlying profit decrease was 23.5%. The tax charge reduced to £0.9m (2021: £1.6m reported) due to the unrecognised deferred tax in respect of the Singapore branch losses, on the basis we do not anticipate future profits to

be generated to utilise these losses.

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	2022	2021 Reported	Constant Currency 2021	Change constant currency	Change constant currency %
Foundation Support & Maintenance	25.4	26.0	26.2	(0.8)	(2.9)%
Foundation Software	7.2	5.4	5.4	1.8	33.3%
Cloud Services	8.5	6.8	6.9	1.6	24.0%
Edge	4.8	3.4	3.4	1.4	39.6%
Professional Services	11.2	12.7	12.8	(1.6)	(12.5)%
Core Revenue	57.1	54.2	54.7	2.4	4.5%
Other Software & Services	11.0	13.1	13.4	(2.3)	(17.3)%
Total Revenue	68.2	67.3	68.0	0.1	0.2%
Adjusted Operating Profit	14.0	23.6	23.8	(9.8)	(40.4)%
Adjusted Operating Margin	20.6%	35.0%	35.0%	-	(14.4)pp

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, Singapore, Malaysia, Netherlands and Canada.

SIS revenue increased marginally by 0.2% to £68.2m (2021: £68.0m constant currency; £67.3m reported). Revenue generated from our core product offerings increased 4.5% to £57.1m (2021: £54.7m constant currency and reported). The increase was impacted by the changing scope and complexity of the NTU contract, resulting in substantially lower recognisable revenue than originally anticipated. Revenue from other software and services declined 17.3% to £11.0m (2021: £13.4m constant currency, £13.1m reported) as discussed below.

The Group secured multiple new customer wins throughout the year across Tribal's range of software, reflecting the evolving product suite, technology leadership and increasing activity levels within the education sector globally.

Foundation Support & Maintenance fees in the period on our Foundation products (primarily SITS, Callista, ebs, Maytas, K2 and SID) decreased 2.9% in the period. Several ebs and Maytas customers moved onto Software-as-a-Service (SaaS) contracts in the year, resulting in £0.2m of associated revenues transferring from support to software.

Foundation Software includes the sale of new perpetual and subscription software licenses on our Foundation products. Revenue in the period increased 33.3% to £7.2m (2021: £5.4m constant currency, £5.4m reported). Under IFRS15 license revenue is recognised as the software is implemented on a percentage complete basis, resulting in the revenue from larger implementations taking more than two years to recognise. Key new customers include University of Plymouth, University of East Anglia and The Leeds Conservatoire and British University Vietnam.

Cloud Services cover the provision of Tribal:Cloud, a fully managed public cloud services and other hosting services supporting Tribal products, either on-premise in a private cloud, or more increasingly in a public cloud.

Cloud revenues have continued to increase and are up 24.0% to £8.5m (2021: 6.9m constant currency, £6.8m reported). As previously discussed, the Group closed a number of significant sales to existing customers, transitioning their existing on-premise Tribal SITS software, SITS:Vision, into the Tribal:Cloud. We continue to have positive conversations across our extensive customer base as they explore the benefits a move to the cloud can bring to their organisation and are confident of continued uptake. At the end of 2022 22% of our 126 SITS:Vision customers had signed up to Tribal:Cloud.

Edge revenues saw an increase of 39.6% to £4.8m (2021: £3.4m 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 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, in most instances, and the team has been bolstered by the Global Delivery Centre (GDC) in Kuala Lumpur, Malaysia which has grown 39% in the year.

Professional Services revenue decreased by 12.5% to £11.2m (2021: £12.8m constant currency, £12.7m reported) as a result of the challenges with the NTU contract implementation. Furthermore, a significant amount of resource is working on the NTU contract which has reduced the teams capacity to deliver on other work as a result.

Other Software & Services revenue decreased 17.3% to £11.0m (2021: £13.4m constant currency, £13.1m reported) due to continued Australian SchoolEdge churn in addition to the previously announced planned reduction in development work on the Technical and Further Education colleges New South Wales, "TAFE NSW" contract. The TAFE's transition to their new provider is expected to conclude during the second half of 2023 at which point no further revenue will be generated, TAFE's contribution to the Group's annual recurring revenue totals £3.1m.

Adjusted Operating Profit decreased by (40.4)% to £14.0m (2021: £23.8m constant currency; £23.6m reported) and Adjusted Operating Margin decreased to 20.6% (2021: 35.0% constant currency and reported). SIS margin reduced due to low margins from the implementation of the NTU contract compounded by the fact the team have had lower capacity to deliver on higher margin contracts. Due to the challenges experienced with the delivery of the NTU contract, an onerous contract provision of £4.5m had been recognised, which represents the unavoidable costs of meeting the obligations under the contract in excess of the expected economic benefits to be received. Excluding this provision, SIS's adjusted operating profit would be £18.5m and adjusted operating margin would be 27.2%.

Education Services (ES)

Constant Change Change

£m	2022	2021 Reported	Currency 2021	constant currency	constant currency %
School Inspections & Related Services	12.7	11.1	11.4	1.3	11.7%
I-graduate - Surveys & Data Analytics	2.7	2.7	2.8	(0.1)	(3.9)%
Total Revenue	15.4	13.8	14.2	1.2	8.7%
Adjusted Operating Profit	3.9	2.2	2.1	1.7	81.6%
Adjusted Operating Margin	25.0%	16.3%	15.0%	-	10.1pp

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 8.7% to £15.4m (2021: £14.2m constant currency; £13.8m reported).

The revenue from **School Inspections & Related Services** increased by 11.7% to £12.7m (2021: £11.4m constant currency; £11.1m reported).

Performance continued to improve throughout the year, with successful tenders for renewals of three major contracts with the Department for Education in England: The National Centre for Excellence in the Teaching of Mathematics "NCETM" (£8.7m total contract value over two years), Quality Assurance of the National Professional Qualifications programme "NPQ", (£6.5m total contract value over four years) and the Advanced Maths Support Programme "AMSP" (£2.6m total contract value over two years). In addition, winning a two-year contract with the National Tutoring Programme "NTP" total contract value of £2.4m.

In the Middle East a new six-month contract was won in the year with the Sharjah Private Education Authority "SEPA" (£3.0m total contract value) to deliver School Inspections in addition to continued delivery on smaller, high margin, contracts in the UAE and Bahrain.

The revenue for **Surveys & Data Analytics** decreased by 3.9% to £2.7m (2021: £2.8m constant currency; £2.7m reported). The revenues from Surveys are reduced, as expected, due to the seasonality of the Southern Hemisphere International Student Barometer which most institutions participate every other year.

The Adjusted Operating Profit in Education Services increased by 81.6% to £3.9m (2021: £2.2m constant currency; £2.1m reported), the Adjusted Operating Margin also increased 10.1pp to 25.0% (2021: 16.3% constant currency; 15.0% reported), this increase is largely due to the variable cost model it operates and the successful delivery of higher margin contracts in 2022 compared to the lower margin ADEK contract which was completed at the end of 2021.

Product Development

£m	2022	2021 Reported	Change
Product Development	14.4	15.9	(10.3)%
Of which capitalised	10.3	10.2	2.3%
Edge	10.3	10.1	1.4%
Other Products	-	0.1	(100.0)%
Of which expensed	4.1	5.8	(39.1)%
Foundation Products	2.0	2.2	(11.7)%
Edge	1.3	2.2	(76.3)%
Other Products	0.8	1.3	(48.0)%
Amortisation	1.3	1.0	24.1%

The Group spent £14.4m on Product Development, of which £10.3m was capitalised in relation to Edge, including Dynamics and Semestry (2021: £15.9m spent, £10.2m capitalised, £5.8m expensed). In 2021 £0.1m was capitalised in relation to Education Services' E-Evidence application, this has been written off due to a change in focus by new management in the year.

We regularly review our Edge strategy, which provides a compelling vision to new and existing customers to embrace our next-generation, best-of-breed, cloud-native SIS solutions, to improve delivery to customers. 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 the most efficient, lowest cost 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.

Our continued investment in Edge across our existing product sets and Admissions saw capitalised product development spend increased to £10.3m (2021: £10.1m) as the Edge development team reached its peak of development activities to deliver Admissions. Management is expecting capitalised product development to reduce significantly in 2023 as the peak of development investment has passed.

Expensed product development decreased 39.1% to £4.1m (2021: £5.8m) of which £2.0m (2021: £2.2m) related to our Foundation products, £1.3m (2021: £2.2m) related to Edge and £0.8m (2021: £1.3m) related to other products. Product development costs of £0.7m in 2021, relating to our Australian Government Contracts, has been reallocated from Foundation to Other products. 2021 included a one-off charge of £0.8m relating to pre-2021 capitalised costs being expensed to align with our future Edge offerings.

Key Performance Indicators (KPIs)

£m	2022	2021 Reported	2021 Constant Currency	Change constant currency	Change constant currency %
Revenue	83.6	81.1	82.2	1.4	1.6%
- Student Information Systems	68.2	67.3	68.0	0.1	0.2%
- Education Services	15.4	13.8	14.2	1.2	8.7%
Adjusted Operating Profit (EBITDA) ¹	7.4	16.6	16.8	(9.3)	(55.3)%
Adjusted Operating Margin ¹	8.9%	20.5%	20.4%	-	(11.5)pp
Annual Recurring Revenue (ARR) ²	51.2	50.3	51.2	-	-
Gross Revenue Retention (GRR) ³	91%	93%	-	-	(2)pp
Net Revenue Retention (NRR) ⁴	104%	106%	-	-	(2)pp
Committed Income (Order Book)	172.9	172.5	176.6	(3.7)	(2.1)%
Operating Cash Conversion ⁶	89%	104%	104%	-	(15.0)pp
Free Cash (Out)/In Flow	(5.3)	5.4	5.4	(10.7)	(198)%
Staff Retention	83.6%	86.9%	-	-	(3.3)pp
Revenue per operational FTE ⁵	£102.0k	£100.1k	£101.4k	£0.6k	0.6%

- Adjusted Operating Profit and Adjusted Operating Margin are in respect of continuing operations and exclude charges reported in "Other items" of £3.8m (2021: £5.4m), refer to Note 6 in the Financial Statements. EBITDA is calculated by taking the Adjusted Operating Profit after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation.
- ARR is a forward-looking metric representing committed revenues as at 31 December 2022 and includes Support & Maintenance fees paid on all software, License sold on a subscription basis, Cloud services and Edge sales.
- Calculated as a percentage of recurring revenue retained from existing customers at 1 January including contract expiry, cancellations or downgrades in the year
- 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
- Revenue per operational FTE is the average FTE for the year excluding average FTE associated with capitalised Product Development. In 2022 152.3 FTE were capitalised (2021: 126.1)
- Operating cash conversion is calculated as net cash from operating activities before tax, excluding the cash outflow of £1.2m (2021: £1.7m) on the Veritas programme and £0.6m (2021: £nil) of redundancy payments as a proportion of adjusted operating profit (EBITDA) excluding the onerous contract provision of £4.5m (2021: £nil).

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 Operating Profit (EBITDA) has been provided in the financial statements.

Annual Recurring Revenue (ARR)

£m	2022	2021 Reported	Constant Currency 2021	Change	Change %
Foundation Support & Maintenance	24.8	24.7	25.0	(0.2)	(1.0)%
Foundation Subscription	5.4	3.8	3.8	1.6	42.6%
Cloud Services	10.2	8.2	8.3	1.9	23.4%
Edge	5.4	4.5	4.6	0.8	18.0%
Core product ARR	45.8	41.2	41.7	4.1	9.9%
Other Software & Services	5.4	9.1	9.5	(4.1)	(43.5)%
Total ARR	51.2	50.3	51.2	-	-

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 9.9% to £45.8m (2021: £41.7m constant currency, £41.2m reported) driven by wins across our core product offerings, offset by the decrease of £1.3m relating to the NTU contract and other churn.

As previously reported, ARR relating to other software and services has decreased 43.5% to £5.4m (2021: £9.5m constant currency, £9.1m reported). £0.6m relates to the decrease in Department of Education ARR following a contract extension to June 2024, we expect the remaining ARR of £1.5m to drop in 2023 subject to historic Government and Schools' contracts migrating onto an alternative solution.

NRR 104% (2021: 106%) has decreased by 2pp. Upsell to existing customers has been consistent year on year, highlighting the strong growth opportunities within our existing customer base, in particular migrations of on-premise customers into the cloud. This has been offset by expected churn in Callista as two customers have exited, as well as expected churn in School Edge as customers continue to migrate to alternative suppliers decreasing **GRR** by 2pp 91% (2021: 93%).

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 2022. 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 2022 this decreased to £172.9m (2021: £176.6m constant currency, £172.5m reported). Committed Income decreased due to the removal of the NTU contract £5.6m, with the remainder due to the anticipated reduction in historic Australian Government contracts and SchoolEdge churn offset by new contract wins in ES, Cloud and Edge.

Operating cash conversion

Operating cash conversion is calculated as net cash from operating activities before tax, excluding the cash outflow of £1.2m (2021: £1.7m) on the Veritas programme and £0.6m (2021: £nil) of redundancy payments as a proportion of adjusted operating profit (EBITDA) excluding the onerous contract provision of £4.5m (2021: £nil). In 2022, operating cash conversion was 89% (2021: 104% reported). The decrease in operating cash conversion is a result of an increase in non-cash items and the temporary decline in 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, or 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 2022 decreased to and outflow of £(5.3)m (2021: inflow of £5.4m reported), investment in product development increased £0.4m to £10.6m (2021: £10.2m) and proceeds on shares sold to satisfy exercises of share-based payment schemes reduced to £0.6m (2021: £3.2m). Net cash used in operating activities before tax decreased £6.6m to £8.9m (2021: £15.5m).

Full Time Equivalent (FTE) and staff retention

	2022	2021	Change
UK	622	651	(29)
Asia Pacific	317	317	1
Rest of world ¹	13	14	(2)
Full Time Equivalent (FTE)	952	982	(31)

1. Including USA, Canada and Middle East.

Our overall workforce has decreased by 3.1% to a total FTE of 952 from 982 at 31 December 2021 primarily in the UK.

On an operational FTE basis (excluding Capitalised Product Development), the revenue per average operational FTE increased to £102.0k (2021: £101.4k constant currency, £100.1k reported).

The reduction in headcount reflects our ongoing strategy to drive efficiencies whilst growing our global delivery capability in Malaysia and the Philippines. We note our staff retention has decreased to 83.6% (2021: 87.0%) in line with the market trends, with the last quarter of 2022 returning to pre-pandemic levels of attrition.

Items excluded from adjusted profit figures

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, and for which separate disclosure would assist in a better understanding of the financial performance achieved. A full explanation of "Other Items" is included in note 6 of the Financial Statements however the main items are as follows:

- Employee-related share option charges:

In 2022, share-based payment charges (including employer related taxes) totalled £0.5m (2021: £1.6m), and are excluded from the Adjusted operating profit. On 11 April 2022, 552,941 nil-cost share options were granted to Mark Pickett (317,647) and Diane McIntyre (235,294) under the terms of the 2010 Long-Term Incentive Plan.

- Amortisation of IFRS 3 intangibles:

The amortisation charge in relation to IFRS 3 intangible assets of £1.1m (2021: £0.9m) arose from separately identifiable assets recognised as part of previous acquisitions. The assets principally relate to software and customer relationships and are amortised over their expected life which was determined in the year the acquisition took place.

- Internal Systems Transformation Programme "Veritas":

Between the end of 2020 and the end of 2022, the Group has been running the Veritas Programme which went live in January 2023. This includes an upgrade to its accounting system (Microsoft Dynamics D365) and is part of a wider implementation of a new target operating model and processes to provide greater operating efficiencies and reporting functionalities. Following clarified guidance issued in relation to IAS 38, £1.3m (2021: £1.7m) of costs have been expensed to the income statement.

- Restructuring and associated costs:

These costs relate to the restructuring of the Group's operations to implement the new target operating model as part of the Veritas programme. The charge for the year is £0.6m (2021: £nil) due to planned restructures at the

part of the veritas programme. The charge for the year is £0.6m (2021:£nil) due to planned restructures at the start of the year. There are no restructuring provisions recognised as at 31 December 2022.

Net cash and cash flow

£m	2022	2021	Change
Net cash flow from operating activities before tax	8.7	15.5	(6.8)
Tax paid	(2.6)	(1.6)	(1.0)
Purchases of property, plant and equipment	(0.7)	(0.6)	(0.1)
Net lease payments	(0.9)	(0.9)	-
Capitalised product development	(10.4)	(10.2)	(0.2)
Proceeds from shares	0.6	3.2	(2.6)
Free cash flow	(5.3)	5.4	(10.7)
Net cash outflow from other investing activities	(1.0)	(6.1)	5.2
Net cash inflow/ (outflow) from other financing activities	3.2	(2.7)	5.9
Net decrease in cash & cash equivalents	(3.1)	(3.4)	0.3
Cash & cash equivalents at beginning of the year	5.9	9.5	(3.6)
Less: Effect of foreign exchange rate changes	-	(0.2)	0.2
Cash & cash equivalents at end of period	2.9	5.9	(3.0)
Borrowings	(6.3)	-	(6.3)
Net (debt)/cash & cash equivalents at end of period	(3.4)	5.9	(9.3)

Net (debt) / cash and cash equivalents at 31 December 2022 were £(3.4)m (2021: £5.9m).

Operating cash inflow for the period was £6.1m (2021: £13.9m) significantly lower than last year due to the impact of the NTU contract.

Cash outflow from investing activities was £12.1m (2021: £16.9m). Spend on purchases of property, plant and equipment totalled £0.7m (2021: £0.6m). Spend on product development increased to £10.4m (2021: £10.2m) in line with the Group's product investment programme. The Group made a payment of £1.0m for deferred consideration (2021: £2.2m), of which £0.6m was the final earn-out from the Semestry acquisition, the remaining £0.4m was earn-out payments for Eveoh, paid on a quarterly basis over the two year earn-out period ending September 2023. In 2021 the Group made an upfront net payment of £4.2m in respect of the acquisition of Semestry Limited, there have been no acquisitions in 2022.

Cash inflow/(outflow) from financing activities increased to £2.9m (2021: (0.4)m). The Group paid a final dividend of 1.3p per share in the year with £2.7m returned to shareholders. Bank loan arrangement fees and interest in the period totalled £0.3m (2021: £0.2m). This is offset with the proceeds from the issue of shares totalling £0.6m (2021: £3.2m) to satisfy exercises of share-based payment schemes. During the year the group drew down a net of £6.3m from the £10m loan facility to assist with working capital requirements, this remains outstanding at year end.

Funding arrangements

On 21 January 2020 the Group entered into a three year £10m multicurrency revolving facility with HSBC with the option to extend by a further two years, both of which have been exercised with the facility expiring in December 2024. The facility was put in place to cover general corporate and working capital requirements of the Group, as at 31 December 2022 £6.3m (2021: £nil) of the loan was utilised. 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 period ending August 2023 and October 2023 respectively. At 31 December 2022 £0.1m of the UK overdraft was drawn. To offset the impact of movements in foreign exchange the Group entered into three forward contracts to hedge the movement between AUD:GBP. These contracts expired in the year and generated a net change in fair value of £nil (2021: £0.2m). The Group will continue to manage foreign exchange exposure during 2023.

In February 2023, to manage short-term working capital requirements, Tribal converted £7m of the £10m uncommitted accordion into its existing loan facility, increasing the total facility to £17m.

Shareholders returns and dividends

Tribal remains committed to a progressive dividend policy, however based on the performance in the year and having reviewed the group's cash flow forecasts, specifically with regard to the significant uncertainties around the resolution of the NTU contract outlined above, the Board have concluded that it would be prudent to reduce the final dividend by 50%. It is the Board's intention to return to its former policy of dividend progression when circumstances allow.

The Board is proposing a final dividend in respect of the year ended 31 December 2022 of 0.65p, pending approval at the AGM on 30 May 2023. The anticipated payment date is 27 July 2023, with an associated record date of 23 June 2023 and ex-dividend date of 24 June 2023. In July 2022 Tribal paid a final dividend of 1.3p per share in recognition of the year ended 31 December 2021. The Board intends to continue a progressive dividend policy, with a single dividend payment each year following annual results.

Going concern

As at 31 December 2022, the Group had cash and cash equivalents of £2.9m (2021: £5.9m) and borrowings of £6.3m (2021: £nil). The Group had 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 2023 and October 2023 respectively. At the year-end there was £1.97m available but undrawn in respect of the UK overdraft facility (£35,000 had been drawn down) and \$AUD2m available but undrawn in respect of the Australian overdraft facility.

Tribal Group plc has undertaken to make adequate financial resources available to the Group to meet its current and future obligations as and when they fall due by entering a £17m loan facility to cover temporary working capital requirements of the Group and corporate merger and acquisition activity, if required, which expires in December 2024.

the Group and corporate merger and acquisition activity, if required, which expires in December 2024.

The Group benefits from strong annual recurring revenues and cash generation, it also has a significant pipeline of committed income as it enters 2023 which provides a good level of protection and certainty to the business. While the Group's net current liability position has increased to £25.0m from £20.9m in 2021, the increase is driven by the increase in borrowings of £6.3m and the recognition of an onerous contract provision of £4.5m. The remaining net current liabilities is primarily made up of net contract liabilities of £19.5m (2021: £17.6m) relating to deferred customer revenue recognised in accordance with IFRS 15.

The Group had a positive end to the year for sales, closing several significant sales to new and existing customers, and expanding its global footprint. The financial impact of the pandemic and the changing expectations of students, means that never has the need for cloud-based solutions for the Education market been more pressing. The investments the Group continue to make position Tribal at the forefront of this evolution in the industry, in addition, the Board has engaged advisors and is considering its strategic options and opportunities for the Education Services business.

Management have assessed a range of outcomes in relation to the NTU contract and its potential impact on the Group's cash flows. If mediation is not successful, it may result in litigation. Should the contract result in litigation, timelines will be uncertain but are considered 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 with particular focus on the challenges faced with the implementation of the NTU contract. In addition, management have sufficiently 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, and therefore does not have a significant impact on the Group's ability to continue as a going concern. Accordingly, the Directors have a reasonable expectation that the Group and the Company has 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 adjusted profit before tax was £2.9m (2021: £2.2m). The increase was due to the unrecognised deferred tax in respect of the Singapore branch losses, on the basis we do not anticipate future profits to be generated to utilise these losses, and an increase in tax generated in international jurisdictions with a higher rate of corporation tax. It is anticipated that the tax charges on profits in the near- to medium-term future are likely to be higher than the standard rate of UK corporation tax.

Share options and share capital

On 11 April 2022, 552,941 nil-cost share options were granted to Mark Pickett (317,647) and Diane McIntyre (235,294) as part of their ongoing remuneration.

1,847,373 shares were issued during the year in order to satisfy exercises of share-based payment schemes. The exercise costs of 5p, 58.2p, 71p, 79.6p and 80p per share for the LTIPs resulted in cash receipts of £0.6m.

Earnings per share (EPS)

Adjusted basic earnings per share from continuing operations before other costs and intangible asset impairment charges and amortisation, which reflects the Group's underlying trading performance, decreased by 89% to 0.6p (2021: 5.6p) due to the decrease in adjusted profit before tax and the reduced tax charge in the year.

Statutory basic earnings per share decreased by 106% to (0.2)p (2021: 3.3p) as a result of the statutory loss increase in the year to £(0.5)m (2021: statutory profit £7.0m).

In 2021 1,490,169 vested LTIP and CSOP shares that had not yet been exercised, were in error only included in the diluted EPS calculation. In the current year these options have been included in the basic calculation and the prior year has been restated to 3.3p from 3.4p per share.

Pension obligations

At 31 December 2022, the Group operated two defined benefit pension schemes for the benefit of certain deferred employees of its subsidiaries in the UK which are closed to new members. These schemes are administered by separate funds that are legally separated from the Parent Company and relate to a historic contract within Education Services. 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 combined surplus calculated under IAS 19 at the end of the year was £0.1m (2021: deficit of £0.2m), with gross assets of £8.1m and gross liabilities of £5.4m (2021: £8.8m and £9.0m respectively). Total actuarial gains recognised in the consolidated statement of comprehensive income are £0.3m (2021: £0.7m). 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.

Diane McIntyre
Chief Financial Officer

Consolidated income statement

For the year ended 31 December 2022

				Year ended 31 December 2022 Total £'000		Year ended 31 December 2021 Total £'000
	Note	Adjusted £'000	Other items (see Note 6) £'000	Adjusted £'000	Other items (see Note 6) £'000	
Continuing operations						
Revenue	2	83 585	-	83 585	81 148	81 148

Revenue	2	55,955		55,955	52,110		52,110
Cost of sales		(52,250)	-	(52,250)	(39,335)	-	(39,335)
Gross profit		31,335	-	31,335	41,813	-	41,813
Total administrative expenses		(26,886)	(3,670)	(30,556)	(27,846)	(5,079)	(32,925)
Operating profit/(loss)		4,449	(3,670)	779	13,967	(5,079)	8,888
Investment income	5	25	-	25	255	-	255
Finance costs	6	(323)	(94)	(417)	(230)	(299)	(529)
Profit/(loss) before tax		4,151	(3,764)	387	13,992	(5,378)	8,614
Tax (charge)/credit	7	(2,907)	2,010	(897)	(2,240)	619	(1,621)
Profit/(loss) attributable to the owners of the parent		1,244	(1,754)	(510)	11,752	(4,759)	6,993

Earnings per share

Basic	9		(0.2)p				3.3p*
Diluted	9		(0.2)p				3.2p*

All activities are from continuing operations.

*Restated see Note 9

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
(Loss)/profit for the year		(510)	6,993
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes		262	728
Deferred tax on measurement of defined benefit pension schemes		(66)	(131)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		595	(917)
Other comprehensive income/(expense) for the year net of tax		791	(320)
Total comprehensive income for the year attributable to equity holders of the parent		281	6,673

Consolidated balance sheet

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill	10	29,176	28,582
Other intangible assets	11	43,667	35,947
Property, plant and equipment		1,044	962
Right-of-use assets		1,435	2,309
Net investment in lease		70	-
Deferred tax assets		5,064	5,233
Retirement benefit scheme assets		72	-
Contract assets		-	1,610
		80,528	74,643
Current assets			
Trade and other receivables	12	12,505	10,602
Net investment in lease		47	-
Contract assets		6,676	6,178
Current tax assets		421	-
Cash and cash equivalents	15	2,891	5,924

Cash and cash equivalents	13	2022	2021
	Note	£'000	£'000
Total assets		103,068	97,347
Current liabilities			
Trade and other payables	13	(5,788)	(6,081)
Accruals		(8,622)	(9,253)
Contract liabilities		(26,004)	(23,571)
Current tax liabilities		(1,145)	(2,456)
Lease liabilities		(728)	(878)
Borrowings		(35)	-
Provisions		(5,194)	(1,349)
		(47,516)	(43,588)
Net current liabilities		(24,976)	(20,884)
Non-current liabilities			
Other payables	13	(209)	(131)
Deferred tax liabilities		(2,930)	(2,953)
Contract liabilities		(141)	(1,864)
Retirement benefit obligations		-	(215)
Lease liabilities		(721)	(1,449)
Borrowings		(6,250)	-
Provisions		(483)	(807)
		(10,734)	(7,419)
Total liabilities		(58,250)	(51,007)
Net assets		44,818	46,340
Equity			
Share capital		10,611	10,519
Share premium		83	18,961
Other reserves		28,598	27,978
Accumulated losses		5,526	(11,118)
Total equity attributable to equity holders of the parent		44,818	46,340

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated losses £'000	Total equity £'000
Balance as at 31 December 2020		10,285	15,951	26,926	(15,530)	37,632
Profit for the year		-	-	-	6,993	6,993
Other comprehensive income for the year		-	-	-	(320)	(320)
Total comprehensive income for the year		-	-	-	6,673	6,673
Issue of equity share capital	234	3,010	-	-	-	3,244
Equity dividend paid		-	-	-	(2,505)	(2,505)
Credit to equity for share-based payments		-	-	1,078	-	1,078
Foreign exchange difference on share-based payments		-	-	(26)	-	(26)
Tax credit on credit to equity for share-based payments		-	-	-	244	244
Contributions by and distributions to owners	234	3,010	1,052	(2,261)		2,035
Balance at 31 December 2021		10,519	18,961	27,978	(11,118)	46,340
Loss for the year		-	-	-	(510)	(510)
Other comprehensive expense for the year		-	-	-	791	791
Total comprehensive income for the year		-	-	-	281	281
Issue of equity share capital	92	481	-	-	-	573
Share premium capital reduction		-	(19,359)	-	19,359	-

Equity dividend paid	-	-	-	(2,736)	(2,736)
Credit to equity for share-based payments	-	-	589	-	589
Foreign exchange difference on share-based payments	-	-	31	-	31
Tax credit on credit to equity for share-based payments	-	-	-	(260)	(260)
Contributions by and distributions to owners	92	(18,878)	620	16,363	(1,803)
At 31 December 2022	10,611	83	28,598	5,526	44,818

Consolidated cash flow statement

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Net cash from operating activities	15	6,106	13,889
Investing activities			
Interest received		-	-
Purchases of property, plant and equipment		(716)	(563)
Expenditure on intangible assets		(10,369)	(10,224)
Payment of deferred consideration for acquisitions		(994)	(2,180)
Acquisition of investments in subsidiaries - cash consideration		-	(4,512)
Acquisition of investments in subsidiaries - cash acquired		-	317
Proceeds from sub-lease		29	52
Net gain on forward contracts		23	249
Net cash outflow from investing activities		(12,027)	(16,861)
Financing activities			
Interest paid		(229)	(65)
Loan arrangement fees		(9)	(45)
Loan drawdown		8,500	15,000
Loan repayment		(2,250)	(15,000)
Proceeds on issue of shares		573	3,244
Payment of lease liabilities		(943)	(1002)
Interest paid on lease liabilities		(60)	(85)
Equity dividend paid		(2,736)	(2,505)
Net cash used in financing activities		2,846	(458)
Net decrease in cash and cash equivalents		(3,075)	(3,430)
Cash and cash equivalents at beginning of year		5,924	9,520
Effect of foreign exchange rate changes		7	(166)
Cash and cash equivalents at end of year		2,856	5,924

Notes to the financial statements

1. General information

The basis of preparation of this preliminary announcement is set out below.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2022 or 2021 but is derived from those accounts. Statutory accounts for 2021 have been delivered to the Registrar of Companies and those for 2022 will be delivered following the Company's annual general meeting. The auditor BDO LLP has reported on the statutory financial statements for the year ended 31 December 2022 and the audit report was unqualified.

Whilst the financial information included in this preliminary announcement has been completed in accordance with International Financial Reporting Standards (IFRSs), this announcement itself does not contain sufficient information to comply with IFRSs. The financial information has been prepared on the historical cost basis, except for financial instruments.

Copies of this announcement can be obtained from the Company's registered office at King's Orchard, 1 Queen Street, Bristol BS2 0HQ.

The full financial statements which comply with IFRSs will be communicated to shareholders via their selected preference and are available to members of the public at the registered office of the Company from that date and are now available on the Company's website: www.tribalgroupp.com.

2. Revenue for contracts with customers

The Group has split revenue into various categories which is intended to enable users to understand the relationship with revenue segment information. For 2021 reporting Asset Management, Software Solutions and Information Managed Services revenue is now included in SIS as it more closely aligns with the Software side of the business. This totals £2.7m and was previously included within Education Services. 2020 has been updated for comparison with £2.6m revenue being reassigned.

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 SIS	40,308	10,160	4,880	1,765	57,113
Other software & services	3,240	7,808	-	-	11,048
Total 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 ES	8,302	126	1,080	5,916	15,424
Total	51,850	18,094	5,960	7,681	83,585

31 December 2021	UK £000	Australia £000	Other APAC £000	North America and Rest of the world £000	Total £000
Foundation - Support & Maintenance	15,945	7,375	1,709	925	25,954
Foundation - Software	4,927	81	324	71	5,403
Cloud Services	5,097	1,326	237	145	6,805
Edge	2,903	363	125	3	3,394
Professional Services	8,004	2,153	2,338	173	12,668
Core SIS	36,876	11,298	4,733	1,317	54,224
Other software & services	4,266	8,816	-	-	13,082
Total SIS	41,142	20,114	4,733	1,317	67,306
Schools inspections & other related services (QAS)	6,888	-	-	4,181	11,069
i-graduate survey & data analytics	945	371	1,091	366	2,773
Total ES	7,833	371	1,091	4,547	13,842
Total	48,975	20,485	5,824	5,864	81,148

Net contract liabilities

	Contract asset/(liability) 2022 £000	Contract asset/(liability) 2021 £000
Opening contract balance	(17,647)	(19,435)
Of which released to income statement	17,405	19,128
New billings and cash in excess of revenue recognised	(19,227)	(17,340)
Closing contract balance	(19,469)	(17,647)

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.

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.

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 £0.5m (2021: £0.5m) and will be released in line with the total contract revenue. No amount has been impaired at 31 December 2022 or 2021.

Remaining performance obligations

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

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 - Licence	5,876	5,275	3,187	134	14,472
Cloud Services	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

At 31 December 2021

	2022 £000	2023 £000	2024 £000	Thereafter £000	Total £000
Foundation - Support & Maintenance	24,814	24,063	16,191	12,609	77,677
Foundation - Licence	4,563	3,438	2,764	2,068	12,833
Cloud Services	7,557	6,982	4,816	4,283	23,638
Edge	4,132	4,012	2,890	1,724	12,758
Professional Services	12,694	1,062	107	127	13,990
Core SIS	53,760	39,557	26,768	20,811	140,896
Other software & services	9,873	4,000	2,542	677	17,092
Total SIS	63,633	43,557	29,310	21,488	157,988
Schools inspections & other related services (QAS)	6,756	2,136	660	-	9,552
i-graduate survey & data analytics	1,501	1,157	978	1,279	4,915
Total ES	8,257	3,293	1,638	1,279	14,467
TOTAL	71,890	46,850	30,948	22,767	172,455

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

	2022 £'000	2021 £'000
Continuing operations		
Sales of services	83,585	81,148
Total revenue	83,585	81,148

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 £1.7m (2021: £0.8m) 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.

3. 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

- 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; and

- 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		Adjusted segment operating profit	
	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Student Information Systems	68,161	67,306	11,876	22,404
Education Services	15,424	13,842	3,719	2,229
Total	83,585	81,148	15,595	24,633
Unallocated corporate expenses			(11,146)	(10,666)
Adjusted operating profit			4,449	13,967
Amortisation of software and customer contracts & relationships (see Note 6)			(1,098)	(947)
Other items (see Note 6)			(2,572)	(4,132)
Operating profit			779	8,888
Investment income			25	255
Finance costs			(417)	(529)
Profit before tax			387	8,614
Tax charge			(897)	(1,621)
(Loss)/Profit after tax			(510)	6,993

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 £2.6m (2021: £1.1m) and within Education Services £0.1m (2021: £nil).

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 5% (2021: 4%) have arisen from the segment's largest customer; within SIS revenues of approximately 4% (2021: 4%) have arisen from the segment's largest customer.

Geographical information

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

	2022 £'000	2021 £'000
UK	51,850	48,975
Australia	18,094	20,485
Other Asia Pacific	5,960	5,824
North America	3,616	3,149
Rest of the world	4,065	2,715
	83,585	81,148
Non-current assets (excluding deferred tax)		
	2022 £'000	2021 £'000
UK	60,746	54,314
Australia	14,350	13,391
Other Asia Pacific	305	1,637
North America	52	68
Rest of the world	11	-
	75,464	69,410

4. Other items

	2022 £'000	2021 £'000
Acquisition related costs	(186)	(765)
Employee related share option charges (including employer related taxes)	(450)	(1,628)
- Internal systems transformation programme "VERITAS"	(1,321)	(1,715)
- Restructuring and associated costs	(615)	(24)

- restructuring and associated costs	(615)	(477)
Amortisation of software and customer contracts & relationships	(1,098)	(947)
Total administrative expenses	(3,670)	(5,079)
Other financing costs	(94)	(299)
Total other items before tax	(3,764)	(5,378)
Tax on other items	2,010	619
Total other items after tax	(1,754)	(4,759)

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. As such, 'other 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 in the period total £186,000. In 2021 the costs related to the acquisition of Semestry Limited, and the acquisition of Eveoh BV's assets into Semestry Netherlands BV (2021: £832,000). Under IFRS 3 these amounts were expensed as they are not eligible for capitalisation. Also in 2021 accounting for changes in the fair value of the contingent deferred consideration were remeasured as part of the earn-out agreement with Tribal Dynamics Limited, and the corresponding gain was recognised in the income statement (2021: £(67,000)). These are all considered to be one-off costs in the year.

Employee related share option charges. The numbers above include:

- share-based payments (see note 22) plus foreign exchange (2022: £(31,000); 2021: £27,000);
- the movement in associated employers taxes accrual (2022: £(215,000); 2021: £494,000);
- the amounts accrued and paid on dividends on share options that have met performance conditions (2022: £(15,000); 2021: £(10,000)). When the Company declares a cash dividend, some option holders are entitled to a 'dividend equivalent'. This is a payment in cash and/or additional shares with a value determined by reference to the dividends that would have been paid on the vested shares in respect of dividend record dates occurring during the period between the grant of the Award and the date on which it becomes exercisable; and
- a nominal value paid to employees as a bonus (2022: £91,000; 2021: £65,000). Under Companies Act 2006 rules a nominal value must be paid to issue new shares, however under the rules of the LTIP and Matching Shares Schemes the Company will pay the nominal value to the participants as a bonus.

Other items are detailed below:

- during 2022 and 2021 the Group has been running the Veritas Programme. This includes an upgrade to its accounting system (Microsoft Dynamics D365) and is part of a wider implementation of a new target operating model and processes to provide greater operating efficiencies and reporting functionalities. Following clarified guidance issued in relation to IAS 38, £1,321,000 of costs have been expensed to the income statement (2021: £1,715,000). The upgrade is material and non-recurring in nature. The system went live in January 2023 and all further costs will be expensed as part of the Group's underlying activities;
- restructuring and associated costs relate to the restructuring of the Group's operations (2022: £615,000; 2021: £24,000).

Amortisation of software and customer contracts and relationships: Amortisation arising on the fair value of intangible assets acquired is separately disclosed. (2022: £1,098,000; 2021: £947,000).

Other financing charges: Consistent with the treatment of movements in deferred consideration, the unwind of the discount on deferred consideration is separately presented as other financing costs in the income statement (2022: £94,000; 2021: £299,000).

Taxation: The tax credit arising on the above items is presented on a consistent basis with the underlying cost or credit to which it relates and therefore is also presented separately on the face of the income statement. The tax credit arising on the above items is presented on a consistent basis with the underlying cost or credit to which it relates and therefore is also presented separately on the face of the income statement. This includes a release of £1.3m tax provision previously recognised in relation to the Group relief claim from Care UK for the year ended 31 March 2007.

5. Investment income

	2022 £'000	2021 £'000
Fair value movement on forward exchange contract	23	249
Interest receivable on leased assets	2	6
Total investment income	25	255

6. Finance costs

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	229	70
Loan arrangement fees	9	45
Net interest payable on retirement benefit obligations	4	14
Interest expense on lease liabilities	81	101
Adjusted finance costs	323	230

Unwinding of discounts	94	299
Other finance costs	94	299
Total finance costs	417	529

7. Tax

	2022 £'000	2021 £'000
Current tax		
UK corporation tax	(1,381)	(319)
Overseas tax	1,967	2,017
Adjustments in respect of prior years	483	(103)
	1,069	1,595
Deferred tax		
Current year	(212)	(2)
Adjustments in respect of prior years	40	28
	(172)	26
Tax charge on profits	897	1,621

The continuing tax charge can be reconciled to the profit from continuing operations per the income statement as follows:

	2022 £'000	2021 £'000
Profit before tax on continuing operations	387	8,614
Tax charge at standard UK rate of 19% (2020: 19%)	74	1,637
Effects of:		
Overseas tax rates	619	688
Expenses not deductible for tax purposes	14	190
Adjustments in respect of prior years	523	(74)
Additional deduction for R&D expenditure	(23)	(13)
Share scheme costs	19	(174)
Fixed assets ineligible depreciation	(14)	(47)
Utilisation of unrecognised tax losses	989	84
Movement in tax provision	(1,405)	(371)
Effect of changes in tax rates	101	(299)
Tax expense for the year	897	1,621

In addition to the amount charged to the income statement a current tax credit of £24,000 (2021: £53,000) and a deferred tax charge of £284,000 (2021: £395,000) has been recognised directly in equity during the year in relation to Share Schemes. A deferred tax charge of £726,000 (2021: £131,000) has been recognised in the Consolidated Statement of Comprehensive Income in relation to defined benefit pension schemes.

The Group continues to hold an appropriate corporation tax provision in relation to the Group relief claimed from Care UK for the year ended 31 March 2007, together with other appropriate Group provisions. There has been some progress in the Care UK case in the year to 31 December 2022. Under IFRIC 23 management have reviewed this uncertain tax provision and now consider it appropriate to make an adjustment due to the progression in the year. See note 30.

The income tax expense for the year is based on the UK statutory rate of corporation tax for the period of 19% (2021: 19%). Tax for other jurisdictions is calculated at the prevailing rates in the respective jurisdictions.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. As the rate of 25% has been substantively enacted at the balance sheet date, the deferred tax balances have been calculated at 25%.

8. Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2020 of 1.2 pence (Interim dividend for the year ended 31 December 2020: 1.1 pence) per share	2,736	2,505
Proposed final dividend:		
Proposed final dividend for the year ended 31 December 2021 of 1.3 pence (year ended 31 December 2020: 1.2 pence) per share	1,379	2,735

The Board regularly reviews the available distributable reserves of Tribal Group plc to ensure they are protected for future dividend payments.

9. Earnings per share

7. 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:

	2022 thousands	Restated* 2021 thousands
Weighted average number of shares outstanding:		
Basic weighted average number of shares in issue	211,627	209,073
Weighted average number of employee share options	3,236	5,557
Weighted average number of shares outstanding for dilution calculations	214,863	214,630

*The 2021 basic calculation has been re-stated to include 1,490,169 LTIP and CSOP shares that have met the vesting criteria but have yet to be exercised. The previously reported share numbers used are as follows: Basic weighted average shares 207,986,000; Dilutive weighted average shares 7,047,000; Total weighted average shares 214,981,000. The previously reported EPS was as follows: Basic 3.4p; Adjusted Basic 5.7p. The diluted EPS did not change.

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 3,328,168 (2021: 7,125,172). This includes 92,157 options in the 2019 SAYE Scheme (2021: 876,512). 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:

	2022 £'000	Restated* 2021 £'000
Net profit	(510)	6,993
Earnings per share		
Basic	(0.2)p	3.3p
Diluted	(0.2)p	3.2p
Adjusted net profit	1,244	11,752
Adjusted earnings per share		
Basic	0.6p	5.6p
Diluted	0.6p	5.5p

	Profit for the year		Earnings per share	
	2022 £'000	2021 £'000	2022 £'000	Restated * 2021 £'000
Profit for the year attributable to equity shareholders	(510)	6,993	(0.2)p	3.3p
Add back:				
Amortisation of IFRS intangibles	889	1,083	-	-
Share-based payments	324	1,400	-	-
Internal systems transformation programme "VERITAS"	1,139	1,460	-	-
Unwinding of discounts	94	299	-	-
Movement in deferred consideration	-	(67)	-	-
Other acquisition costs	186	832	-	-
Restructuring and associated costs	456	-	-	-
Reduction of tax provision	(1,352)	-	-	-
Other items (net of tax)	18	(248)	-	-
Total adjusting items	1,754	4,759	0.8p	2.3p
Adjusted earnings	1,244	11,752	0.6p	5.6p

10. Goodwill

	2022 £'000	2021 £'000
Cost		
At beginning of year	109,813	107,892
Additions	-	2,543
Exchange differences	594	(622)
At end of year	110,407	109,813

Accumulated impairment losses

At beginning of year	81,231	81,231
At end of year	81,231	81,231
Net book value		
At end of year	29,176	28,582
At beginning of year	28,582	26,661

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:

	2022 £'000	2021 £'000
Student Information Systems (SIS)	25,642	25,048
Education Services (ES)	3,534	3,534
	29,176	28,582

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. The budget was extrapolated over a five-year period in line with previous calculations and to give greater clarity on future cash flows. The growth assumption is 2% per annum for SIS (2021: 2%) and 2% for ES (2021: 2%). Cash flows beyond the budget and extrapolation period were calculated into perpetuity using the same growth rates. These growth rates are in line with the expected average UK economy long-term growth rate.

The cash flows projections are discounted at a pre-tax discount rate of 10.9% (2021: 10.8%). 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 to 32% and 210% would trigger an impairment in SIS and ES respectively. A decline in growth rate of EBITDA (22%) in SIS and (43.8%) in ES would result in an impairment. Management does not consider these changes possible but considers a slight increase in discount rate to 12% and zero growth may be possible as a result of the current economic environment. As a result of the analysis, there is headroom of £106.3 million and £9.7 million in SIS and ES respectively.

As a result, management does not believe a reasonably possible change in the key assumptions may cause impairment.

11. 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
Cost							
At 1 January 2021	10,293	8,620	1,873	43,619	5,319	1,489	71,213
Acquisitions	2,305	1,289	-	1,237	-	-	4,831
Additions	-	-	-	10,224	-	-	10,224
Disposals	-	-	-	(905)	(4,496)	-	(5,401)
Exchange differences	(365)	(156)	-	(162)	(5)	(1)	(689)
At 31 December 2021 and 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	12,582	9,902	1,873	55,314	75	44	79,790
Amortisation							
At 1 January 2021	8,141	6,299	734	25,255	4,920	1,488	46,837
Acquisitions	-	-	-	366	-	-	366
Charge for the year	529	418	75	933	24	1	1,980
Disposals	-	-	-	-	(4,315)	-	(4,315)
Exchange differences	(365)	(111)	-	(155)	(5)	(1)	(637)

At 31 December 2022

At 31 December 2021 and 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	9,283	7,189	950	18,657	-	44	36,123

Carrying amount

At 31 December 2022	3,299	2,713	923	36,657	75	-	43,667
At 31 December 2021	3,928	3,147	1,064	27,614	194	-	35,947

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, 3 to 12 years, and 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.

Included within Business systems are finance systems with a carrying value of £0.1m (2021: £0.2m). Phase I of the D365 implementation was fully written off in the year. The Veritas programme, which is part of a wider implementation of a new target operating model and processes to provide greater operating efficiencies and reporting functionalities across the Group, went live on 1 January 2023. £75,000 of costs have been capitalised and in line with IAS 38 £1,321,000 of costs have been expensed to the income statement (2021: £1,715,000). Business systems are amortised over 10 years.

In addition, a review of all business systems, development cost and software licences was undertaken in the year and £11.1m of fully depreciated assets have been written off as no longer in use.

The Group is required to test annually if there are any indicators 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.

A review of the Group's capitalisation was undertaken resulting in £0.1m of AI development costs previously capitalised being written off.

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

12. Trade and other receivables

	2022 £'000	2021 £'000
Amounts receivable for the sale of services	7,387	5,629
Less: loss allowance	(194)	(187)
	7,193	5,442
Other receivables	828	693
Prepayments	4,484	4,467
	12,505	10,602

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.

13. Trade and other payables

	2022 £'000	2021 £'000
Current		
Trade payables	1,010	1,712
Other taxation and social security	2,498	2,728
Other payables	2,280	1,641
	5,788	6,081
Non-current		
Other payables	209	131
	209	131
Total	5,997	6,212

The average credit period taken for trade purchases is 10 days (2021: 17 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:

	2022 £'000	2021 £'000
Goods received not invoiced	712	826
Other creditors	1,568	815
	2,280	1,641

14. 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 2023 and October 2023 respectively. As at 31 December 2022, the Group had cash and cash equivalents of £2.9m (2021: £5.9m). At 31 December 2022 £0.1m of the UK overdraft was drawn.

At the year-end there was £1.97m available but undrawn in respect of the UK overdraft facility (£35,000 had been drawn down) and \$AUD2m available but undrawn in respect of the Australian overdraft facility.

On 21 January 2020 the Group entered into a 3 year £10m multicurrency revolving facility with HSBC with the option to extend by a further 2 years, both of which have been exercised with the facility expiring in December 2024. On 20 February 2023, to manage the short-term working capital requirements, Tribal converted £7m of the £10m uncommitted accordion into its existing loan facility, increasing the total facility to £17m. The facility was put in place to cover general corporate and working capital requirements of the Group. During the year the full £8.5m was drawn down and £2.25m repaid, so as at 31 December 2022 £6.25m (2021: £nil) of the loan was utilised.

15. Notes to the cash flow statement

	2022 £'000	2021 £'000
Operating profit from continuing operations	779	8,888
Depreciation of property, plant and equipment	623	650
Depreciation of right-of-use assets	1,036	985
Amortisation and impairment of other intangible assets	2,419	1,980
Share-based payments	589	1,078
Movement in contingent deferred consideration	-	(67)
Research and development tax credit	(177)	(204)
Net pension credit	(29)	(29)
Other non-cash items	23	874
Operating cash flows before movements in working capital	5,263	14,155
Increase in receivables	(808)	(3,093)
Increase/(decrease) in payables	4,252	4,472
Net cash from operating activities before tax	8,707	15,534
Net tax paid	(2,601)	(1,645)
Net cash from operating activities	6,106	13,889

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

	2022 £'000	2021 £'000
Continuing operations	8,904	15,534

16. 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 £0.8m (2021: £1.2m). 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, Tribal Dynamics Holdings Limited, Semestry Limited and International Graduate Insight Group 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 £64,309,000 (2021: £60,736,000). These are inclusive of intercompany liabilities of £60,963,120 (2021: £58,340,634).

As disclosed in note 10, there has been some progress in the Group relief claim from Care UK for the year ended 31 March 2007, which resulted in management reducing the uncertain tax provision previously recognised by £1.3m. A provision of £0.1m still remains, this being calculated as the maximum adjustment that Tribal may have to pay. Correspondence to date from HMRC does not suggest that there will be any adjustment to the original claim Tribal submitted, however until the case is closed HMRC's position could change. Following legal advice, Tribal signed a further standstill agreement until 31 December 2023 and the case is yet to be formally closed by HMRC.

The Group delivers complex multi-year projects which from time to time give rise to significant operational 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 has a material contract which has been terminated with both parties reserving rights. The parties are required to participate in mediation in an attempt to achieve a resolution but the timing and outcome of that process and any private negotiations to that end is presently uncertain. It is possible that there may be a significant adverse financial impact on the Group, but as no financial demands have yet been enumerated, currently the Board cannot fully assess such potential impact. The range of any settlement is not disclosed as it could be prejudicial to the outcome.

17. Post balance sheet events

In February 2023, to manage the short-term working capital requirements, Tribal converted £7m of the £10m uncommitted accordion into its existing loan facility, increasing the total facility to £17m.

Tribal received notification on 17 March 2023 that NTU has purported to terminate the contract and reserved its rights to claim damages. Tribal rejects NTU's right to terminate and considers its purported termination a wrongful repudiation of the contract. Tribal has accepted NTU's wrongful repudiation, elected to treat the contract as at an end and reserved its rights. The contract requires the parties to participate in mediation in an attempt to achieve a resolution.

Following the cessation of the NTU contract, no adjustment has been made to the 31 December 2022 financial statements as it is a non-adjusting event after the year end.

At 31 December 2022 the balance sheet included contract assets of £0.8m, refund liability of £0.9m and onerous contract provision of £4.5m recognised for future losses, representing the unavoidable costs of meeting the obligations under the contract in excess of the expected economic benefits to be received in relation to the NTU contract. The outcome of the outcome of the mediation process will determine the subsequent treatment of the balances referred to above.

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