Tribal Group plc

(“Tribal” or “the Group”)

Preliminary Results for the year ended 31 December 2023

Tribal (AIM: TRB), a leading provider of software and services to the international education market, today announces its preliminary results for the year ended 31 December 2023.

Financial performance

- A solid trading performance with Adjusted EBITDA, net debt and Group revenue ahead of market expectations as at January 2024*.
- Annual Recurring Revenue (ARR) increased 8.7% to £54.5m (2022: £50.2m at constant currency), reflecting a 12.9% growth in the Group's strategic products.
- Group revenue increased 3.2% to £85.7m (2022: £83.1m constant currency, £83.6m reported).
  - Student Information Systems revenue grew 1.1% to £68.6m, with 23% growth in Cloud revenue, offset by a reduction in professional services revenues partly due to the termination of the Nanyang Technological University ("NTU") contract.
  - Education Services revenue grew 12.7% to £17.2m.
- Adjusted EBITDA increased by 99.0% to £14.4m (2022: £7.2m constant currency; £7.0m reported), representing an Adjusted EBITDA Margin of 16.8% (2022: 8.7% constant currency; 8.4% reported).
  - The net impact of the release of the £4.5m NTU onerous contract provision created in 2022, with associated contract costs in 2023 gave a £0.6m one off upside in the year, excluding this Adjusted EBITDA would be £13.8m and Adjusted EBITDA Margin 16.1%.
- Statutory Profit before tax for the year increased to £6.6m (2022: £1.0m constant currency).
- Net debt and cash equivalents at 31 December 2023 were (£7.2)m (2022: £3.4m).
  - Operating cash conversion increased to 110.5% (2022: 89.0%) and free cash outflow improved to £(1.4)m (2022: £(5.3)m).
  - Operating cash inflow increased to £9.4m (2022: £8.7m) despite £0.8m cash outflow from costs relating to the lapsed offer from Ellucian and £0.9m outflow from restructuring of Education Services.
- Given Tribal's solid financial performance in FY23, the Board intends to pay a dividend to shareholders. However, given the uncertainty around the likely outcome of the dispute with NTU, the Board is deferring its decision on the quantum of the dividend payment this year until the Board has an appropriate level of certainty. Such dividend is likely to be declared as an interim dividend.

Operational highlights

- Solid sales performance, adding four major Tribal Cloud contracts from existing customers and one SITS:vision contract from a new customer, adding a total of £2.2m to ARR.
- Continued focus on operational efficiency and organisational structure to support the Group’s SaaS ambitions, with a cost reduction programme implemented in 2024 to ensure Group profit margins remain stable through the transition to SaaS.
- Successful go live of a standalone Tribal Admissions pilot product marking an important milestone for Edge product development, with continued investment of £8.5m in 2023 (2022: £10.3m) as the Group works towards making Tribal Admissions generally available in 2025.
- Education Services secured new contracts with the UK Department for Education. The division has been successfully restructured as a standalone business, and investment made into the team, to support future growth.

Outlook

- Trading in H1 FY24 has begun in line with Board expectations.
- The NTU mediation process is expected to conclude in the first half of 2024.
- Focused on the delivery of our key strategic priorities, which are to drive growth in high margin recurring SaaS revenue and grow operating profits and look to the future with confidence.

Mark Pickett, Chief Executive, commented:

“While there were several corporate developments at Tribal in FY23, our focus has remained resolute on delivering outstanding service to our customers around the world and providing our teams with a rewarding place to work. Our financial performance demonstrates the enduring strength of the Group as we executed against our growth strategy, winning new customers,

transitioning existing customers to the Cloud, and successfully piloting our newly developed native cloud product, Tribal Admissions.

We have entered 2024 very much on the front foot, with a clear strategic focus, to evolve Tribal at pace to become an EdTech SaaS business, which will in turn drive growth in high margin recurring SaaS revenue and protect our operating profit margins."

*Market expectations: Net Debt(excluding leases): £9.8m, Revenue: £84.2m, Adjusted EBITDA: £12.5m

Tribal Group plc Tel: +44 (0) 117 311 5293
Mark Pickett, Chief Executive Officer
Diane McIntyre, Chief Financial Officer & Company Secretary

Investec Bank plc (NOMAD & Joint Broker) Tel: +44 (0) 20 7597 5970
Virginia Bull, Nick Prowting, Tom Brookhouse

Singer Capital Markets Limited (Joint Broker) Tel: +44 (0) 20 7496 3000
Shaun Dobson, Tom Salvesen, Alex Bond

Alma Strategic Communications Tel: +44 (0) 203 405 0205
Caroline Forde, Hannah Campbell

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.

Chair’s Statement

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

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

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

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

Dividend

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

People

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

Outlook

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

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

Richard Last
Chair

Chief Executive's review

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

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

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

Strategy

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

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

Product development

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

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

NTU update

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

Student Information Systems (SIS)

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

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

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

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

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

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

Education Services (ES)

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

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

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

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

Operations and people

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

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

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

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

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

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

Focus for 2024

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

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

Mark Pickett
Chief Executive Officer

Financial review

Results

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

1. 2022 Gross profit margin, Adjusted EBITDA and Adjusted EBITDA margin are all restated due to a change in accounting policy in 2023 to 'exceptionals'. As a result, certain items of income or expense previously included as 'exceptionals' have been classified as underlying; Items reclassified are employee related share option charges, including employer related taxes (2023: £446,000; 2022: £450,000).
2. Adjusted EBITDA and Adjusted EBITDA Margin are in respect of continuing operations and are calculated by taking the Adjusted EBITDA after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation and exceptional items of £2.9m (2022: £2.1m), refer to Note 4.
3. 2022 results updated for constant currency – the Group has applied 2023 foreign exchange rates to 2022 results to present a constant currency basis. On a constant currency basis there is a decrease in Revenue of £0.5m and an increase to Adjusted EBITDA (before Central Overheads) of £0.2m.
4. Central Overheads are made up of costs that are not directly attributable to either Student Information Systems or Education Services.
5. 2022 Adjusted EBITDA has been restated by £0.3m in Student Information Systems and (£0.3m) in Education Services due to a misclassification.

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

Revenue

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

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

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

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

Adjusted EBITDA

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

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

Statutory (Loss)/Profit after Tax

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

Segmental performance

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

Student Information Systems (SIS)

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

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

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

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

Foundation Support & Maintenance fees in the period on our Foundation products (including SITS, Callista, ebs, Maytas, K2 and SID) decreased 0.7% in the period. As previously announced, Victoria University (Callista) exited in Q4 2022 resulting in £0.7m decline in revenues. Several ebs and Maytas customers moved onto Software-as-a-Service (SaaS) contracts in the year, resulting in £0.3m of associated revenues transferring from Foundation Support and Maintenance to Foundation. This has been offset by £0.8m increased revenues from inflationary and student number increases across SITS and Callista.

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

Cloud Services cover the provision of Tribal Cloud, a fully managed public cloud service and other hosting services supporting Tribal products, either in a private cloud, or increasingly in a public cloud. Cloud revenues have continued to increase and are up 23.2% to £10.4m (2022: £8.5m constant currency and reported). As previously discussed, revenue growth in this area is driven by significant sales to existing customers, transitioning their existing on-premise SITS:Vision software, into the Tribal Cloud. During 2023, four additional customers signed up to migrate their on-premise solutions into the cloud including University of the Arts London, University of Wolverhampton, University of Exeter and Royal Veterinary College.

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

Professional Services includes the implementation of all our Foundation and Edge software products at customer sites, typically working alongside customer teams. Implementation projects vary in length and complexity, ranging from a small number of days to more than two years for complex projects. Revenues are either a day rate fee or performed under a fixed fee for defined implementation scope. Professional services have continued to be delivered remotely where appropriate, and the team has been bolstered by the Global Delivery Centre (GDC) in Kuala Lumpur, Malaysia. Professional Services revenue decreased by 16.1% to £9.8m (2022: £11.2m constant currency, £11.7m reported), partly driven by the termination of the NTU contract.

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

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

Education Services (ES)

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

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

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

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

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

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

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

Product development

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

1 2022 restated as the Student Information Desk product (£0.3m) has been restated from other.

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

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

As previously announced, the Edge development team reached its peak of development activities to deliver Tribal Admissions during 2022. The team was reduced part way through 2023 to align to our development strategy, which resulted in a 17% saving in capitalised product development and will reduce further in 2024 with further reductions undertaken in early 2024.

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

Key performance indicators (KPIs)

£m	2023	2022 Reported	2022 Constant currency	**Change constant currency**	**Change constant currency %**
Revenue	85.7	83.6	83.1	2.7	3.2%
- Student Information Systems	68.6	68.2	67.9	0.7	1.1%
- Education Services	17.2	15.4	15.2	1.9	12.7%
Adjusted EBITDA[1]	14.4	7.0	7.2	7.1	99.0%
Adjusted EBITDA Margin[1]	16.8%	8.4%	8.7%	8.1%	8.1pp
Annual Recurring Revenue (ARR)[2]	54.5	51.2	50.2	4.3	8.7%
Gross Revenue Retention (GRR)[3]	91%	91%	91%	0%	0.0pp
Net Revenue Retention (NRR)[4]	102%	103%	103%	(1%)	(1.0)pp
Committed Income (Order Book)	168.8	172.9	170.4	(1.6)	(0.9%)
Operating Cash Conversion[6]	110.5%	89.0%	89.6%	20.9%	23.3pp
Free Cash (Out)/In Flow	(1.4)	(5.3)	(5.3)	3.9	73.2%
Staff Retention	86.2%	83.6%	83.6%	2.6%	2.6pp
Revenue per Operational FTE[5]	£103.2k	£102.0k	£101.4k	£1.8k	1.8%

1. Adjusted EBITDA and Adjusted EBITDA Margin are in respect of continuing operations and exclude charges reported in 'Exceptional items' of £2.9m (2022: £2.1m), refer to Note 4. EBITDA is calculated by taking the Adjusted Operating Profit after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation.

2. Annual Recurring Revenue is a forward-looking metric. Includes exit rate annualised recurring revenue, plus future contracted recurring revenue yet be delivered, and known losses within the next 12 months where customers have given notice

3. GRR is calculated as a percentage of recurring revenue retained from existing customers at 1 January including contract expiry, cancellations or downgrades in the year. NRR is calculated as a percentage of recurring revenue retained from existing customers at 1 January including upsells as well as contract expiry, cancellations or downgrades in the year. NRR for 2022 has been restated, resulting in a decrease of 1pp from the reported value.

4. Committed Income (Order Book) refers to the Total Contract Value of booked sales orders which have not yet been delivered (including two years Support and Maintenance, where it is contracted on an annual recurring basis).

5. Revenue per Operational FTE is the average FTE for the year excluding average FTE associated with capitalised Product Development. In 2023 107.3 FTE were capitalised (2022: 152.3).

6 Operating cash conversion is calculated as net cash from operating activities before tax, excluding cash outflow of £0.8m (2022: £nil) from an aborted takeover and £0.9m (2022:£0.6m) of restructuring costs as a proportion of Adjusted EBITDA excluding the onerous contract provision release of £4.3m (2022: provision created £4.5m)

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

Annual recurring revenue (ARR)

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

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

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

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

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

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

Committed Income (Order Book)

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

Operating cash conversion

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

Free cash flow

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

Full time equivalent (FTE) and staff retention

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

1. Including USA, Canada and Middle East.

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

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

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

Exceptionals

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

A full explanation of 'Exceptional items' is included in Note 4, however the main items are as follows:

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

Net cash and cash flow

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

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

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

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

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

Funding arrangements

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

Shareholders returns and dividends

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

Going concern

As at 31 December 2023, the Group had cash and cash equivalents of £6.8m (2022: £2.9m) and borrowings of £14.0m (2022: £6.3m). The Group has funding arrangements in place as described earlier, also please see Note 13.

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

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

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

Taxation

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

Share options and share capital

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

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

Earnings per share (EPS)

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

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

Pension obligations

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

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

Diane McIntyre
Chief Financial Officer

Consolidated Income Statement
For the year ended 31 December 2023

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

Consolidated statement of comprehensive income

For the year ended 31 December 2023

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

Consolidated balance sheet

As at 31 December 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Goodwill	9	28,524	29,176
Other intangible assets	10	49,894	43,667
Property, plant and equipment		836	1,044
Right-of-use assets		2,117	1,435
Net investment in lease		21	70
Deferred tax assets		4,960	5,064
Retirement benefit scheme assets		81	72
		86,433	80,528
Current assets			
Trade and other receivables	11	13,690	12,505
Net investment in lease		49	47
Contract assets	2	5,918	6,676
Current tax assets		752	421
Cash and cash equivalents		6,797	2,891
		27,206	22,540
Total assets		113,639	103,068
Current liabilities			
Trade and other payables	12	(5,902)	(5,788)

	Note		
Accruals		(9,194)	(8,622)
Contract liabilities	2	(27,732)	(26,004)
Current tax liabilities		(1,541)	(1,145)
Lease liabilities		(713)	(728)
Borrowings	13	–	(35)
Provisions		(1,205)	(5,194)
		(46,287)	(47,516)
Net current liabilities		(19,081)	(24,976)
Non-current liabilities			
Other payables	12	(212)	(209)
Deferred tax liabilities		(2,740)	(2,930)
Contract liabilities	2	–	(141)
Lease liabilities		(1,320)	(721)
Borrowings	13	(14,000)	(6,250)
Provisions		(605)	(483)
		(18,877)	(10,734)
Total liabilities		(65,164)	(58,250)
Net assets		48,475	44,818
Equity			
Share capital		10,611	10,611
Share premium		83	83
Other reserves		28,893	28,598
Accumulated profits		8,888	5,526
Total equity attributable to equity holders of the parent		48,475	44,818

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated (losses)/profits £'000	Total equity £'000
Balance at 31 December 2022		10,519	18,961	27,978	(11,118)	46,340
Loss for the year		–	–	–	(510)	(510)
Other comprehensive income for the year		–	–	–	791	791
Total comprehensive income for the year		–	–	–	281	281
Issue of equity share capital		92	481	–	–	573
Share premium capital reduction		–	(19,359)	–	19,359	–
Equity dividend paid	7	–	–	–	(2,736)	(2,736)
Credit to equity for share-based payments		–	–	589	–	589
Foreign exchange difference on share-based payments		–	–	31	–	31
Tax charge on credit to equity for share-based payments	6	–	–	–	(260)	(260)
Contributions by and distributions to owners		92	(18,878)	620	16,363	(1,803)
Balance at 31 December 2022 and 1 January 2023		10,611	83	28,598	5,526	44,818
Profit for the year		–	–	–	5,294	5,294

Other comprehensive expense for the year		–	–	–	(587)	(587)
Total comprehensive income for the year		–	–	–	4,707	4,707
Equity dividend paid	7	–	–	–	(1,377)	(1,377)
Credit to equity for share-based payments		–	–	295	–	295
Tax credit on credit to equity for share-based payments	6	–	–	–	32	32
Contributions by and distributions to owners		–	–	295	(1,345)	(1,050)
At 31 December 2023		10,611	83	28,893	8,888	48,475

Consolidated cash flow statement
For the year ended 31 December 2023

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

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 2023 or 2022 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 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 2023 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.tribalgroup.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 between revenue streams and segment information.

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

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

Net contract liabilities

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

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

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 £0.3m (2022: £0.5m) and will be released in line with the total contract revenue. No amount has been impaired at 31 December 2023 or 2022.

Remaining performance obligations

The amount of revenue that will be recognised in future periods on revenue contracts entered into prior to 31 December when the remaining performance obligations will be satisfied is analysed as follows: At 31 December 2023

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

At 31 December 2022

	2023 £'000	2024 £'000	2025 £'000	Thereafter £'000	Total £'000
Foundation – Support & Maintenance	**24,635**	**24,472**	**15,783**	**6,389**	**71,279**
Foundation – Software	**5,876**	**5,275**	**3,187**	**134**	**14,472**
Cloud	**8,947**	**8,320**	**5,618**	**2,334**	**25,219**
Edge	**4,648**	**4,560**	**2,996**	**1,263**	**13,467**
Professional Services	**7,093**	**1,303**	**74**	**12**	**8,482**
Core SIS	**51,199**	**43,930**	**27,658**	**10,132**	**132,919**
Other software & services	**7,577**	**3,541**	**1,982**	**9**	**13,109**
Total SIS	**58,776**	**47,471**	**29,640**	**10,141**	**146,028**
Schools inspections & other related services (QAS)	**12,013**	**8,120**	**2,101**	**141**	**22,375**

i-graduate survey & data analytics	2,121	1,033	878	439	4,471
Total ES	14,134	9,153	2,979	580	26,846
TOTAL	72,910	56,624	32,619	10,721	172,874

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

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

Further details of the nature of the services provided are disclosed in Note 3. Sales of goods are not material and are therefore not shown separately. Included in sales of services is £1.3m (2022: £1.7m) related to software license revenues recognised as a result of a periodic review of our license entitlement resulting from changes in our customers' enrolled student numbers.

There is no revenue in respect of discontinued operations.

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 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		Restated * Adjusted segment operating profit	
	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
SIS	68,578	68,161	23,412	12,099
ES	17,172	15,424	2,254	3,496
Total	85,750	83,585	25,666	15,595
Unallocated corporate expenses			(14,360)	(11,596)
Amortisation of acquired software and customer contracts & relationships			(725)	(1,098)
Adjusted operating profit			10,581	2,901
Exceptional items (see Note 4)			(3,320)	(2,122)
Operating profit			7,261	779
Finance income			308	25
Finance costs			(939)	(417)
Profit before tax			6,630	387
Tax charge			(1,336)	(897)
Profit/(loss) after tax			5,294	(510)

* See Note 5

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

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

Geographical information

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

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

Non-current assets (excluding deferred tax)

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

4. Exceptionals

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

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

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

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

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

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

5. Finance Costs

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

6. Tax

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

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

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

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

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

The Group continues to hold appropriate uncertain tax provisions.

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

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

7. Dividends

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

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

8. Earnings per share

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

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

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

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

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

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

* Net profit (before exceptional items) is calculated as below:	2023 £'000	2022 £'000
Operating profit (before exceptional items)	10,581	2,901
Finance income	308	25

Finance costs	(939)	(417)
Operating profit (before exceptional items) before tax	9,950	2,509
Tax charge (before exceptional items)	(1,139)	(2,450)
Net profit (before exceptional items)	8,811	59

9. Goodwill

	2023 £'000	2022 £'000
Cost		
At beginning of year	110,407	109,813
Exchange differences	(652)	594
At end of year	109,755	110,407
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	28,524	29,176
At beginning of year	29,176	28,582

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

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

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

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

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

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

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

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

10. Other Intangible Assets

	Acquired software £'000	customer contracts & relationships £'000	Acquired Intellectual property £'000	Development costs £'000	Business systems £'000	Software licenses £'000	Total £'000

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

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

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

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

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

11. Trade and other receivables

	2023 £'000	2022 £'000

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

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

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

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

Trade receivables

Trade receivables are measured at amortised cost. The average credit terms on sales is 30 days (20221: 30 days). The Group sells the majority of its services to the public sector or related bodies and institutions, and as such there is a low incidence of default experience.

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

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

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

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

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

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

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

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

Contract assets

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

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

12. Trade and other payables

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

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

Other payables are split as follows:

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

13. Borrowings

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

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

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

14. Notes to the cash flow statement

	2023 £'000	2022 £'000
Operating profit from continuing operations	7,261	779
Depreciation of property, plant and equipment	566	623
Depreciation of right-of-use assets	1,004	1,036
Amortisation and impairment of other intangible assets	2,217	2,419
Share-based payments	331	589
Movement in contingent deferred consideration	(115)	–
Research and development tax credit	(141)	(177)
Net pension credit	(9)	(29)

Other non-cash items	(470)	23
Operating cash flows before movements in working capital	10,644	5,263
Increase in receivables	(423)	(808)
(Decrease)/increase in payables	(853)	4,252
Net cash from operating activities before tax	9,368	8,707
Net tax paid	(1,060)	(2,601)
Net cash from operating activities	8,308	6,106

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

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

15. Contingent liabilities

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

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

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