

TRIBAL



# Tribal Group Half Year Results 2024

# Empowering the World of Education



## Who We Are

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



## What We Do

**Student Information Solutions (SIS)** to both Higher & Further Education institutes globally

Global provider of Quality Assurance and Benchmarking services for Education



## Who We Help

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

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



## Our Goal

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

**>61%**

SRS Market Share, UK universities

**>25%**

Market Share, Australia & NZ

**>35%**

Market Share, UK FE Colleges

**£9.7m**

Education Services H1 2024 Revenue

**£44.9m**

SIS H1 2024 Revenue

**£54.4m**

H1 2024 ARR

# H1 Overview

## Revenue & EBITDA growth

Successful delivery of cloud contracts secured previously

Cloud Services revenue up 26%

Adj. underlying EBITDA up 7.2%

## Prior pause in new sales

Impacted by corporate activity in 2023 and Universities' funding concerns

Core ARR up 2%

## Business reinvigoration

NTU & Offer period now behind us

Introducing new pricing model to accelerate cloud adoption

Education Services, re-branded Etio, now standalone

## Positive Outlook

Sales pipeline improving

Strong basis of recurring revenues

Confident in FY24 performance

# New wins and successful implementations

## Tribal: Cloud (Migrations)

Successfully growing ARR from existing customers



## Student Management System SITS: Vision (incl Cloud)

Winning new customers in the cloud, potential for expansion



## Student Management System Ebs / Maytas

Winning new customers



## Rapid implementation and delivery



## Tribal Capability & Experience Winning new customers in the cloud, upsell to existing customers



## Etio

High profile renewals and new wins



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# Financial Performance

Diane McIntyre, Chief Financial Officer

# Financial Summary: Steady overall financial performance

**£44.9M**

Revenue up 5.2%  
from £42.7m



**£6.2M**

Cloud revenue up 26%  
from £4.9m



**£54.4M**

ARR up 0.4%  
from £54.2m FY23



**£152.6M**

Committed income down  
9.2% from £168.8m



**£7.4M**

Underlying adjusted  
EBITDA up 7.2%  
from £6.9m<sup>1</sup>



**£4.9M**

Cash Adj EBITDA up 48%  
from £3.3m<sup>2</sup>



**£4.4M**

Adjusted profit before tax  
down £1.7m from £6.1m



**1.9P**

Adjusted basic earning  
per share down from 2.3p



**£10.0m**

Net Debt improved £2.8m  
from £12.9m at H1 2023



**Note:** Numbers shown in constant currency. <sup>1</sup> Underlying adjusted EBITDA excludes £1m positive impact from the net onerous contract provision release in H1 2023 (reported H1 2023: £7.9m constant currency); <sup>2</sup> Cash Adjusted EBITDA is calculated as Adjusted EBITDA less capitalised development costs.

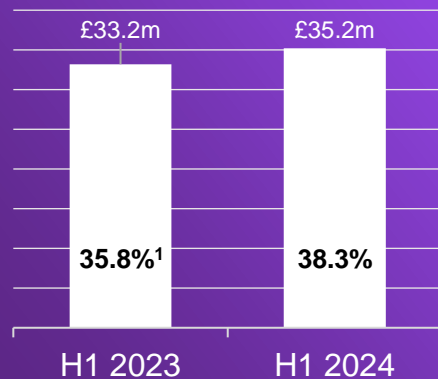
# Segments: Both SIS and ETIO driving increase in revenue

## SIS

Revenues and Operating Margin %

**+6.1%**

- High growth in Cloud revenues at 26%
- Strong growth in Foundation revenues at 7%
- Underlying margin % grew 2.5pp exc. prior year NTU impact <sup>1</sup>

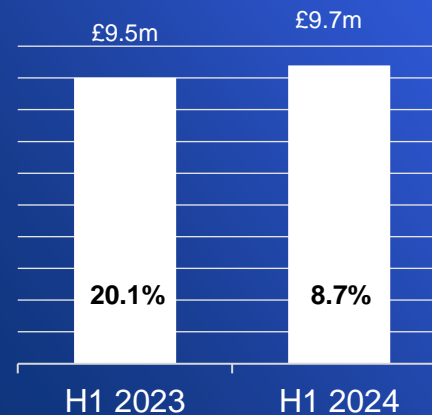


## ETIO

Revenues and Operating Margin %

**+2.2%**

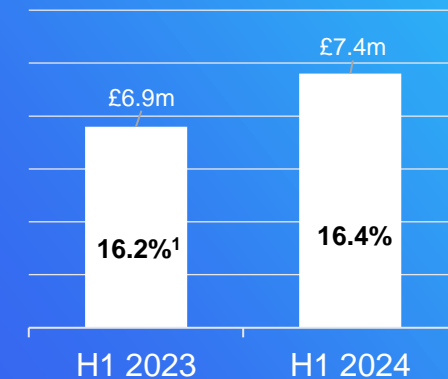
- Revenue growth driven by two UK DFE contracts
- Operating margin % decline due to current higher mix of UK govt projects and investment for future growth



## ADJUSTED EBITDA

**+7.2%**

- Central overheads decreased 2.4% due to lower NTU costs, offset by inflationary increases
- Stable underlying margin %, exc prior year NTU impact <sup>1</sup>



**Note:** Numbers shown in constant currency. Segment operating margin is before central overheads and 'Exceptional items'.

<sup>1</sup> H1 2023 SIS operating margin is shown on an underlying basis excluding £1.3m net benefit from the release of the onerous contract provision. H1 2023 SIS reported margin is 39.9%, and Adjusted EBITDA is 18.5%

# SIS: Cloud and Foundation driving revenue and margin growth

	H1 2024	H1 2023	CHANGE	GROWTH
Foundation Software and Support	17.0	15.9	1.1	6.7%
Cloud Services	6.2	4.9	1.3	26.0%
Edge	2.4	2.8	(0.3)	(12.4)%
Professional Services	4.9	5.0	(0.1)	(2.9)%
<b>Core Revenue</b>	<b>30.4</b>	<b>28.6</b>	<b>1.8</b>	<b>6.5%</b>
Other Software and Services	4.8	4.6	0.2	3.7%
<b>Total Revenue</b>	<b>35.2</b>	<b>33.2<sup>1</sup></b>	<b>2.0</b>	<b>6.1%</b>
<b>Adjusted Operating Profit<sup>1</sup></b>	<b>13.5</b>	<b>11.9<sup>1</sup></b>	<b>1.6</b>	<b>13.4%</b>
<b>Adjusted Operating Margin<sup>1</sup></b>	<b>38.3%</b>	<b>35.8%</b>		<b>2.5pp</b>

**GRR: 94%**

From 90% H1 2023

**NRR: 107%**

from 101% H1 2023

## CORE REVENUE INCREASING BY 6.5%

- Foundation software benefiting from upsells to the base across all product sets
- Cloud includes additional revenue from customer migrations and increasing revenue on existing contracts
- Professional Services in line with prior year

## OTHER SOFTWARE AND SERVICES INCREASED 3.7%

- Inflationary increases and additional project work have offset continued churn for School Edge
- High margin Australian contracts, 'TAFE NSW' and DoE, expected to complete during H2 24. They contributed £2.4m revenue during H1 24.

## OPERATING MARGIN 2.5PP HIGHER

- Reported H1 2023 benefited by £1.3m due to an onerous contract provision release
- Excluding this one-off item, underlying margin increased from 35.8% to 38.3%
- Improvement driven by higher margin foundation revenue growth and cloud cost efficiencies

**Note:** Numbers shown in constant currency.

<sup>1</sup> H1 2023 SIS operating margin in is shown on an underlying basis excluding £1.3m net benefit from the release of the onerous contract provision.

H1 2023 SIS reported margin is £13.2m at 39.9%.



# ARR: Growth in foundation software and support

	H1 2024	2023	CHANGE	GROWTH
Foundation Software and Support	33.7	32.5	1.3	3.3%
Cloud Services	12.9	12.6	0.3	2.7%
Edge	5.5	5.8	(0.4)	(6.7)%
<b>Core products</b>	<b>52.1</b>	<b>50.9</b>	<b>1.2</b>	<b>2.0%</b>
Other Software and Services	2.3	3.3	(1.0)	(31.4)%
<b>TOTAL SIS</b>	<b>54.4</b>	<b>54.2</b>	<b>0.2</b>	<b>0.4%</b>

£54.4m ARR

CORE ARR: 2% growth

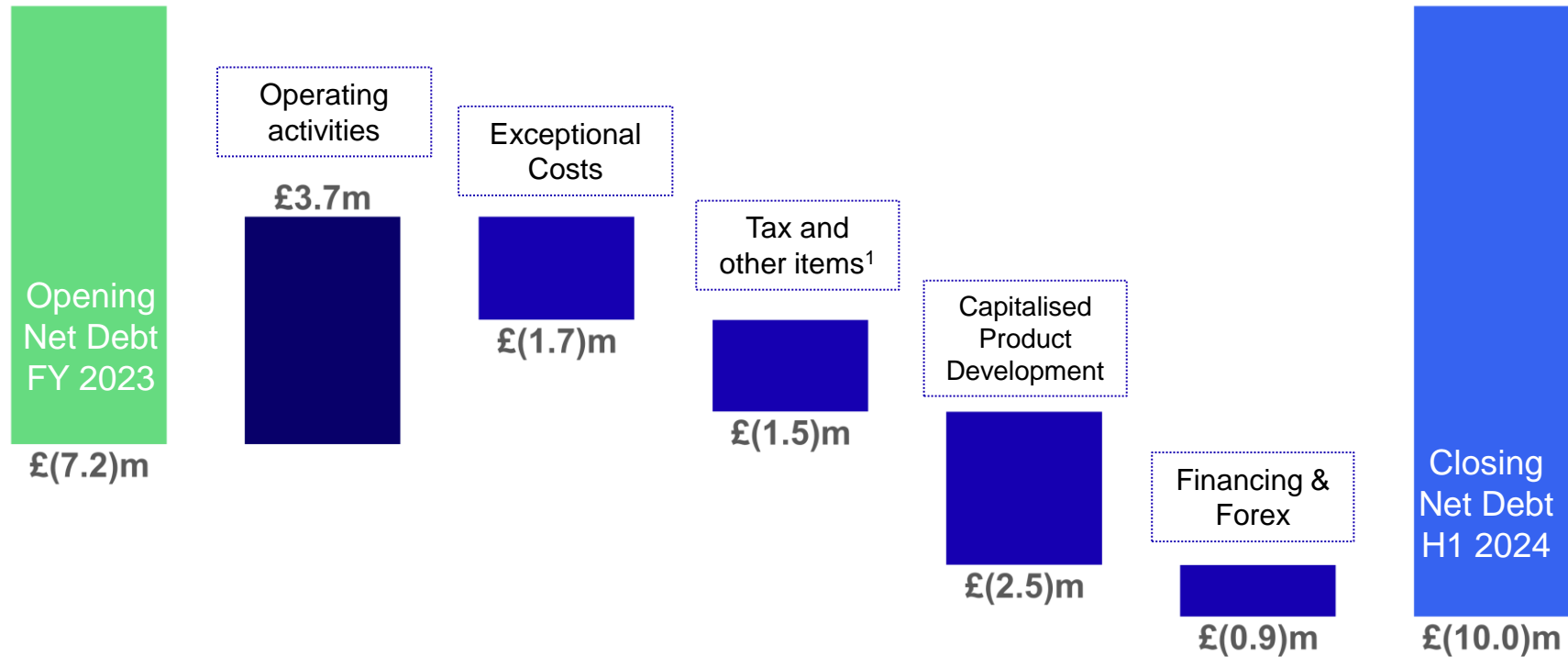
## CORE PRODUCT ARR HAS INCREASED 2.0%

- Growth impacted by offer period
- Foundation software and support growth due to uplifts to the existing base
- Cloud growth driven by uplifts on existing contracts together with one new cloud migration contributing £0.1m ARR
- £0.4m decline in Edge ARR due to delayed contract renewals expected to be recovered by year end

## OTHER SOFTWARE AND SERVICES ARR DROPPED BY 31.4%

- Reduction of £1.0m due to British Council contract expecting to end June 2025
- All major contracts have now been removed and a more gradual decline is expected going forward

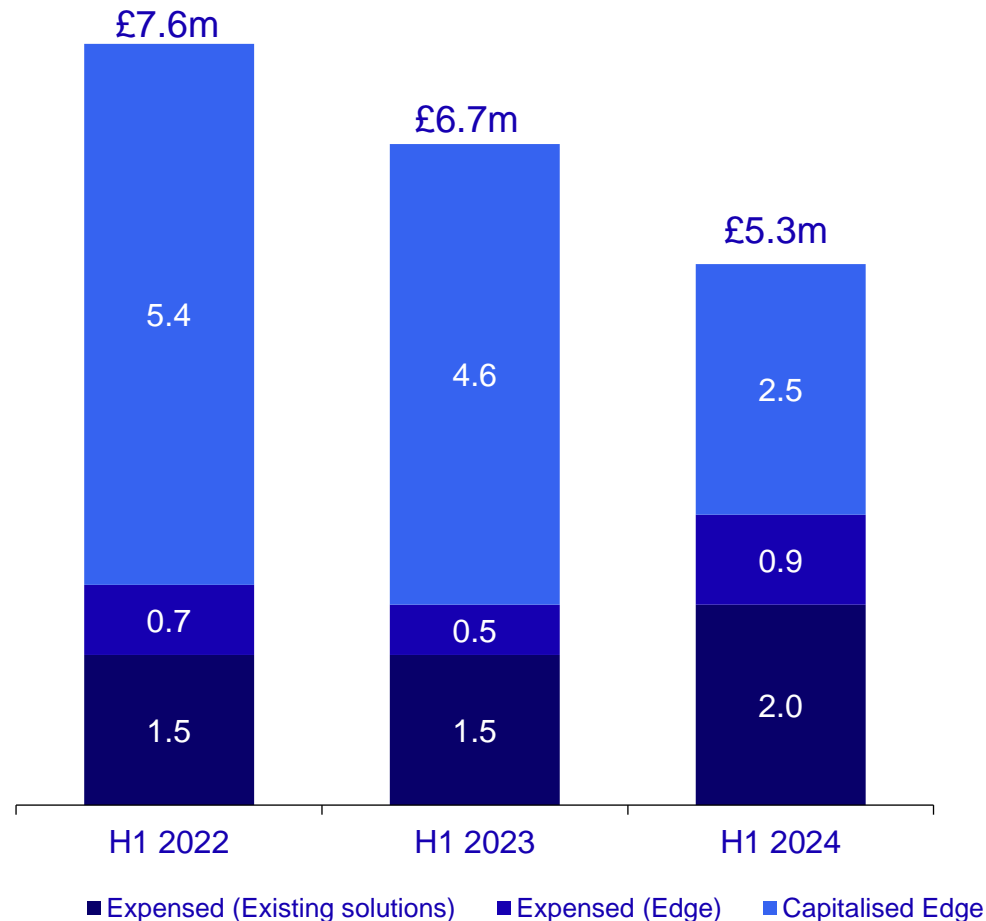
# Cashflow: Recovery in cash from operating activities



**Net Debt increased £2.8m from year end 2023:**

- Cash from operating activities improved substantially from H1 last year which had a (£3.0m) cash outflow
- H1 2024 is impacted by traditional seasonality with lower number of renewals in the first half of the year
- Revolving credit facility of £20m available and a £5m accordion, £12m of facility utilised at H1

# Decreasing Edge investment from peak in 2022



Excludes depreciation and amortisation

## Edge sales

- Edge ARR £5.5m and selected products integrated into new bundled pricing

## Edge investment

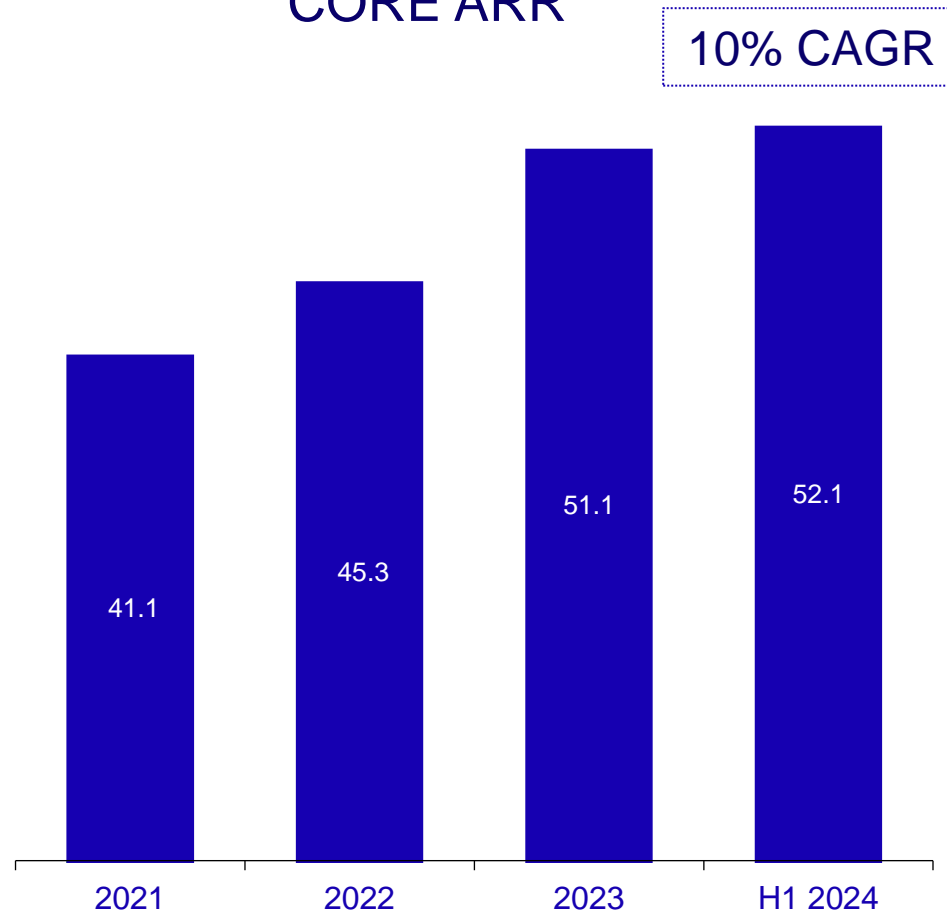
- £49.6m capitalised to date
- 46% decrease in Edge investment from the prior year, with continued reduction in team size
- Admissions go-live expected in the second half of 2025

## Expensed product development

- Expensed product development increased as Edge products: Engage, Submissions and Tribal Data Engine are fully available for sale with no capitalised spend in year

# Executing on our growth strategy

## CORE ARR



### SaaS transformation underway

- Core ARR growing at 10% CAGR since 2021
- Completion of major high margin, non-core contracts now fully reflected in ARR. Associated revenue and margin declines over H2 2024 and into H1 2025.
- Capex investment reducing since 2022
- New pricing strategy launched
- 33 of 126 SITS customers have migrated to the Cloud – provides considerable expansion opportunity

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# Business Update

Mark Pickett, Chief Executive Officer



# What is driving our business

## University Challenge

- Legacy SMS complexity / lack of agility / security concerns
- Unsustainable cost base due to declining number of student applications, both domestic and international

## University Solution

- Reducing costs, including closing non-profitable courses
- Building business case to reduce technical debt on systems and move to cloud managed service

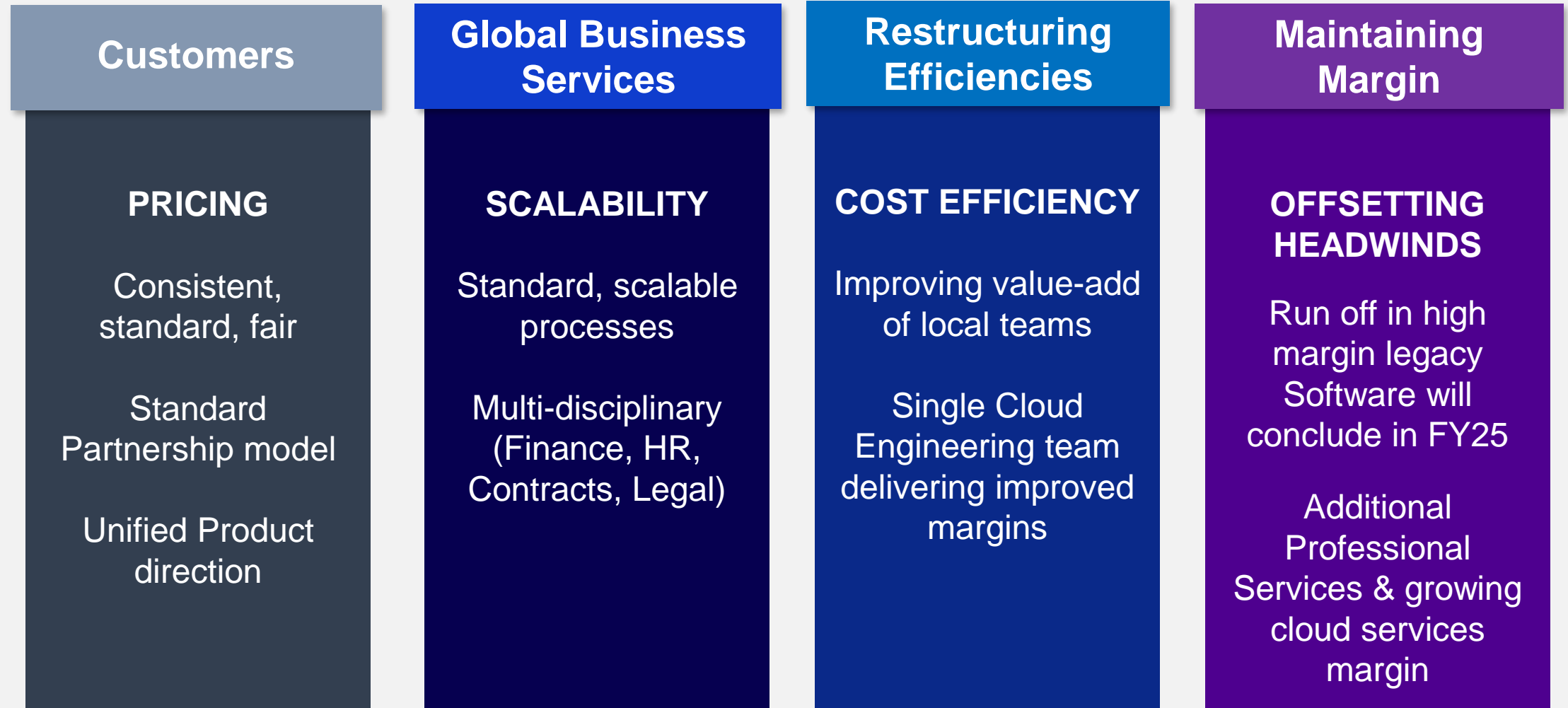
## Tribal Opportunity

- Sell existing products delivered from Public Cloud
- Tribal Cloud – providing SIS as-a-Service through the public cloud
- New pricing model to partner with customers to optimise adoption of cloud and to foster growth

# Key Initiatives



# Driving Efficiency: Simple, standard, scalable

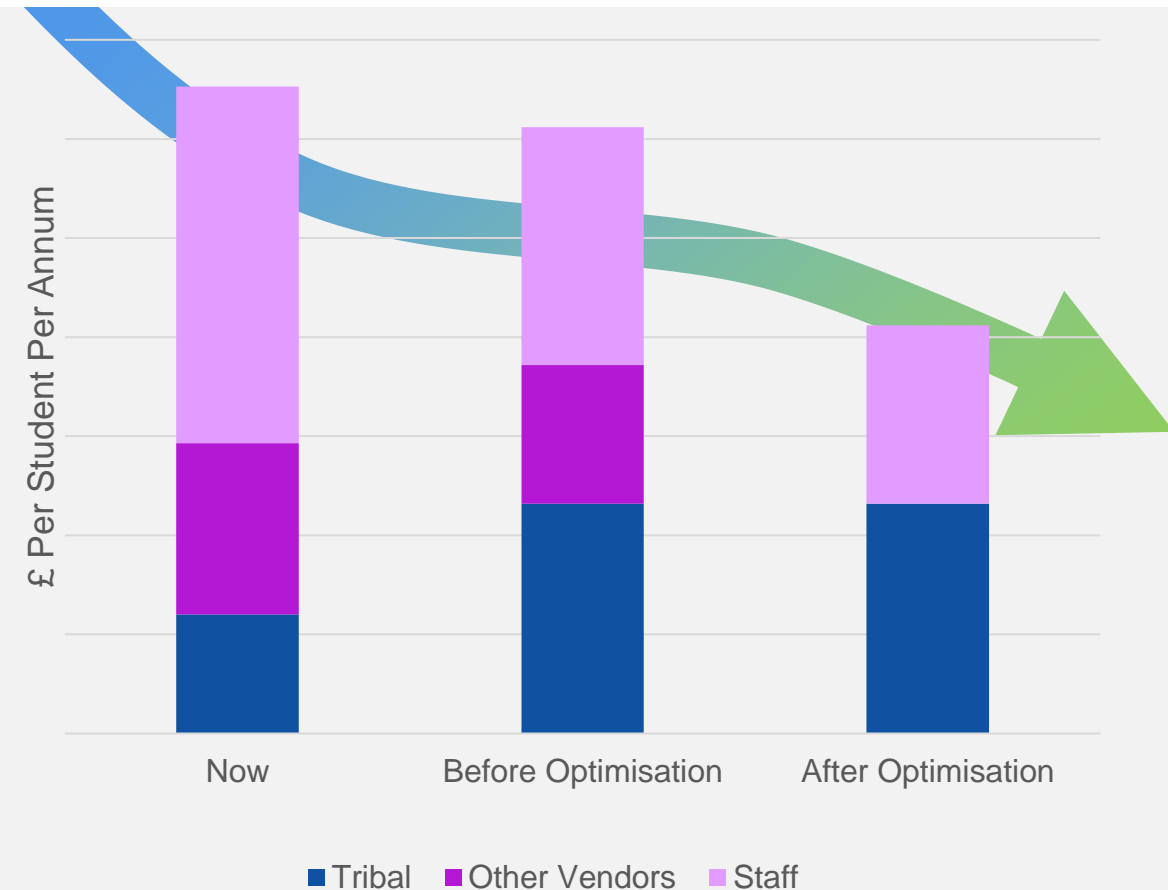




# Tribal Partnership model: Reduce customer's TCO

## Higher Education Full-Service (HEFS):

- Increasing customer support fee to a per student per annum (pspa) basis, set by **'fair market rate'** aligned across all customers.
- Simplify the offering by having a single HEFS license providing customer value over **full bundle of products**
- Provide **services** to support Customer Roadmap to reduce technical debt, optimize SITS and move more swiftly into as-a-Service cloud
- Drive reduction in customer's Total Cost of Ownership, increasing Tribal's share of wallet
- Move customers to HEFS by August 2025
- Value-based pricing allows for introduction of new modules, including Tribal Admissions, into the customer base through a tiered model.



ASSESS

OPTIMISE

ENHANCE



# *Education Services*

Partners with education authorities and organisations to support them in delivering large scale projects which improve the quality and impact of education

- Re-branded and separated from Core SIS
- Further investment into the business
- 2024 impacted by UK General Election & Middle East uncertainty
- Significant opportunities to grow in core markets of UK, Middle East and US
- Continue to invest over 2-3 years then assess strategic options

Elevating Education, Everywhere

# Summary & Outlook for H2 2024

## Focus on ARR

- Grow core ARR, particularly in migration of existing customers to the cloud.
- Work to reinvigorating opportunities following the conclusion of the Ellucian offer process.

## New Pricing Model

- Focus on successful roll-out of new pricing model.
- First customers expected in Q3 2024 with adoption increasing through H2 2025.

## Strong Business Model

- Rebalance revenue towards high-quality SaaS business.
- Drive efficiencies and cost reduction through business transformation will improve margins.

## Outlook

- Intent of universities to adopt cloud technologies remains, but concerns over growing student/funding challenges continue.
- Improving overall sales pipeline.
- Board confident in achieving FY24 results in line with market expectations.

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Q&A

# Case Studies – New Products into Existing Markets

## SITS Cloud Migration

## SITS Re-implementation

Customer Overview

**~£650k**  
ARR Increase

**~4x**  
ARR Increase  
(£0.21m to £0.87m)

**~£160k**  
ARR Increase

**~110%**  
ARR Increase

**~£0.9m**  
Services Revenue

**8 mths**  
Sales Cycle

**~£1.4m**  
Services Revenue

**10 mths**  
Sales Cycle

Key Highlights

- Existing SITS customer
- Complex implementation of SITS that was costly to maintain, optimised in cloud
- Includes upsell of Tribal Data Engine and Interfacing Management-as-a-Service

- Existing SITS customer
- Needed to drive technology strategy to enable future cloud readiness
- Existing 15+ years implementation of SITS
- 30+ satellite systems

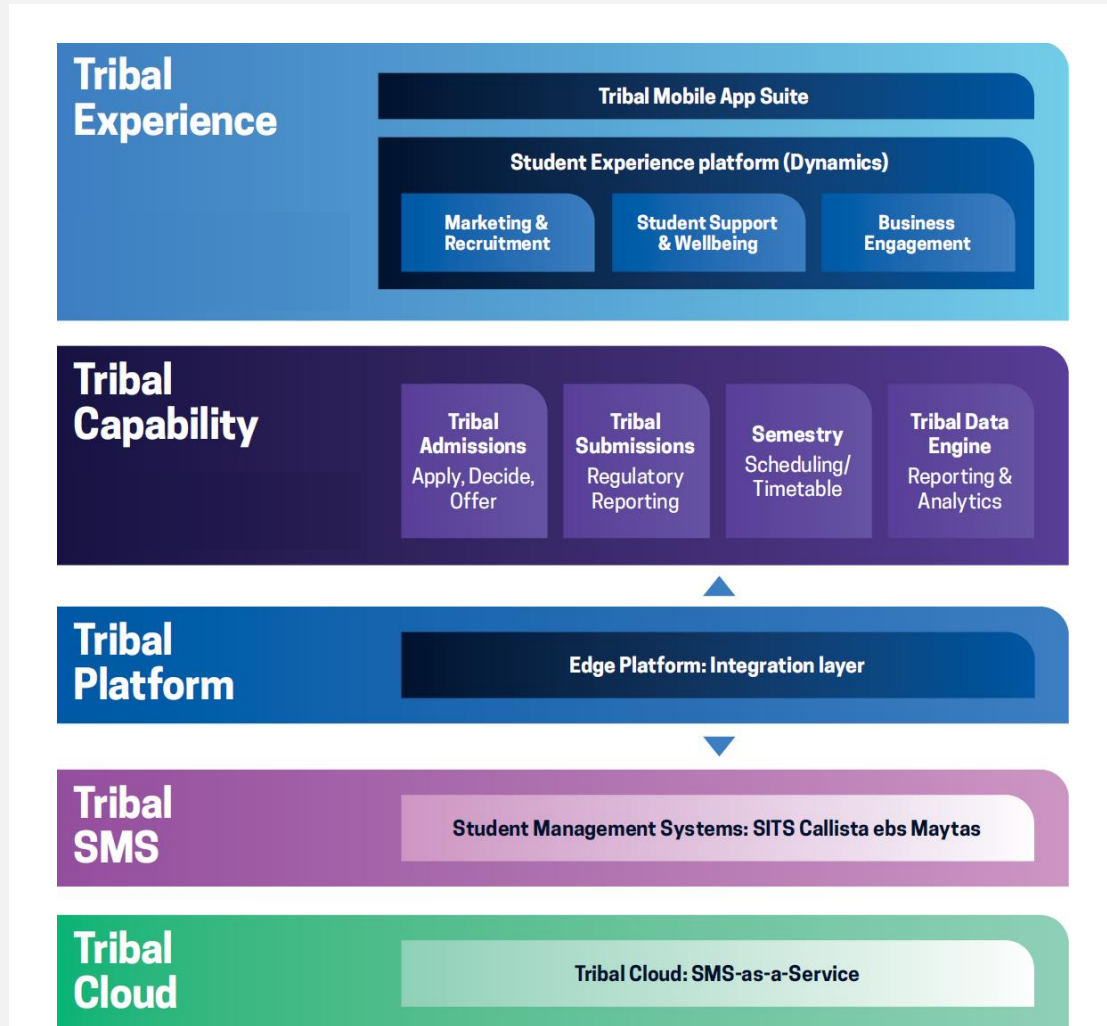


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# Appendix

# Our Student Information System Products



- Bringing market-leading Student Management System products at the core, together with the Edge platform allowing for interoperability with new Capability and Experience offerings
- Provides modern suite of SaaS products to expand existing share
- of customer wallet and addressable market
- Delivering solutions “as-a-Service” in the public cloud as Tribal moves to a Full Service Model
- Pilot implementation of Admissions continuing successfully at Edith Cowen University.

# Our Leadership Team

## TRIBAL BOARD



**RICHARD LAST**  
CHAIR



**MARK PICKETT**  
CHIEF EXECUTIVE OFFICER



**PAUL DAVIES**  
GLOBAL PROFESSIONAL SERVICES  
DIRECTOR



**ADAM FOX**  
CHIEF TECHNOLOGY OFFICER



**CHLOE PAYNE**  
HR DIRECTOR

## TRIBAL EXECUTIVE TEAM



**ROGER MCDOWELL**  
SENIOR INDEPENDENT DIRECTOR



**NIGEL HALKES**  
NON-EXECUTIVE DIRECTOR



**DIANE MCINTYRE**  
CHIEF FINANCIAL OFFICER



**MATT DAVIS**  
MD EDUCATION SERVICES



**TAWFIQ SLEETT**  
CUSTOMER SERVICES DIRECTOR



# Financial Definitions

TERM	DEFINITION
<b>Constant Currency</b>	Prior year reported results restated to “constant currency” using current year rates to exclude foreign currency impact.
<b>Adjusted EBITDA</b>	Operating profit of continuing operations which excludes “Exceptional” charges and before Interest, Tax, Depreciation and Amortisation.
<b>Annual Recurring Revenue (ARR)</b>	ARR at period end is a forward looking metric. Includes exit rate annualised recurring revenue, plus future contracted recurring revenue yet to be delivered, and known losses within the next 12 months where customers have a high probability of ending or have given notice.
<b>Committed Income (Order Book)</b>	Total value of orders (SIS and ES) which have been signed on or before, but not delivered as at the period end date. Representing the best estimate of business expected to be delivered and recognised in future periods and includes 2 years of Support & Maintenance revenue.
<b>Gross Revenue Retention (GRR)</b>	Percentage of recurring revenue retained from existing customers (as at the previous 12 months position) including contract expiry, cancellations or downgrades in the year
<b>Net Revenue Retention (NRR)</b>	Percentage of recurring revenue retained from existing customers (as at the previous 12 months position) including upsells as well as contract expiry, cancellations or downgrades in the year
<b>Operating Cash Conversion</b>	Operating cash conversion is calculated as net cash from operating activities before tax (excluding cash outflow from exceptionals) as a proportion of Adjusted EBITDA excluding onerous contract provision of £4.5m in 2022 and its subsequent release in 2023.
<b>Net Debt</b>	Net debt is calculated as cash and cash equivalents less bank financing (revolving credit facility and overdrafts)

**T R I B A L**

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