Annual Report
& Accounts 2022

Empowering the world of education

2022

Our Purpose:

TO ENABLE STUDENT SUCCESS THROUGH EXPERTISE, SOFTWARE AND SERVICES.

Our Vision:

To empower the world of education.

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

Our Goal:

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

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Highlights

Financial Performance

Revenue
£83.6m

2022	£83.6m
2021	£81.1m

Gross Profit Margin
37.5%

2022	37.5%
2021	51.5%

Adjusted Earnings per Share[1]
0.6p

*2021 restated

2022	0.6p
2021	5.6p*

Adjusted Operating Profit (EBITDA)[1,2]
£7.4m

2022	£7.4m
2021	£16.6m

Adjusted Operating Margin (EBITDA)[1]
8.9%

2022	8.9%
2021	20.5%

Statutory Earnings Per Share
(0.2)p

*2021 restated

2022	(0.2)p
2021	3.3p

Statutory Operating Margin
1%

2022	1%
2021	11.0%

Statutory (Loss)/Profit After Tax
£(0.5)m

2022	£(0.5)m
2021	£7.0m

Operational Performance

£51.2m
Annual Recurring Revenue[3]
2021: £50.3m

£172.9m
Committed Income (Order Book)[4]
2021: £172.5m

£102.0k
Revenue per Operational FTE[5]
2021: £100.1k

89%
Operating Cash Conversion[6]
2021: 104%

£(5.3)m
Free Cash Flow
2021: £5.4m

1. Adjusted Operating Profit and Adjusted Operating Margin are in respect of continuing operations and exclude charges reported in "Other items" of £3.8m (2021: £5.4m), refer to Note 6 in the Financial Statements.
2. EBITDA is calculated by taking the Adjusted Operating Profit after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation.
3. Annual Recurring Revenue is defined as the Software-related Support and Maintenance fees recurring Cloud Services together with Subscription License fees.
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 2022 152.29 FTE were capitalised (2021: 126.1).
6 Operating cash conversion is calculated as net cash from operating activities before tax, excluding the cash outflow of £1.2m (2021: £1.7m) on the Veritas programme and £0.6m (2021: £nil) of redundancy payments as a proportion of adjusted operating profit (EBITDA) excluding the onerous contract provision of £4.5m (2021: £nil).

MARKET-LEADING STUDENT INFORMATION SOLUTIONS

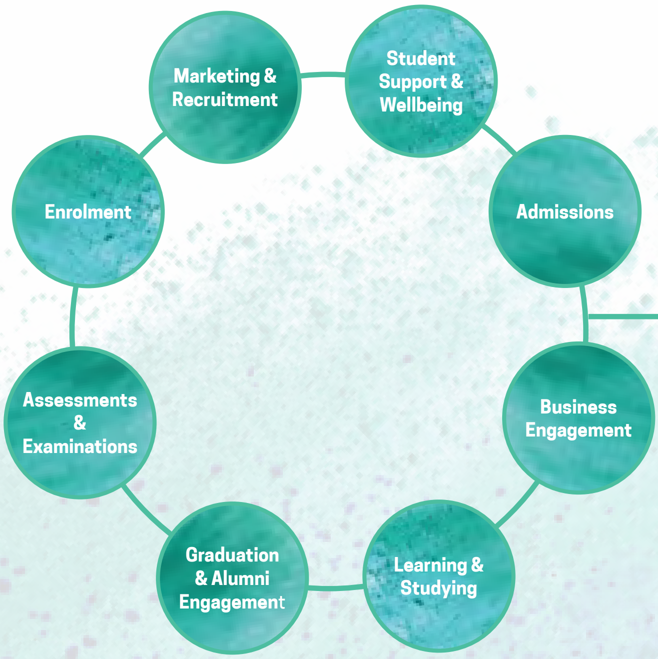
OUR RESOURCES

- Leading market share for Student Information Systems
- Trusted brand respected in education worldwide
- Education services capability complementing student information software
- Market insight from long-standing customer relationships
- Experienced leadership bringing clear business focus
- Skilled people with deep domain expertise
- Culture that places customers at the heart of what we do

OUR SOFTWARE

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

Our modules span:



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

UNDERPINNING HOW WE OPERATE

Our values
See page 34

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

OUR EDUCATION SERVICES

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

GENERATING RETURNS AND ADDED VALUE FOR ALL OF OUR STAKEHOLDERS:

Customers
Solutions to enable managers to enhance the quality of education and improve operational performance, to attract, engage and retain students throughout their learning journeys in a cost-effective and flexible manner.

Students
Supporting a student's life-long learning journey, through enhanced wellbeing, enriched experience beyond the academic curriculum, and seamless interaction with different learning channels (physical and virtual).

Shareholders
Shareholder value and returns from profitable, cash-generative growth with a high proportion of recurring revenue and progressive dividends.

Employees
Interesting and rewarding careers, with the opportunity to work with the leading educational institutes across the globe.

Government agencies / education funders
Independent quality assurance services supporting the development of top-class education provision.

Risk management
See page 36

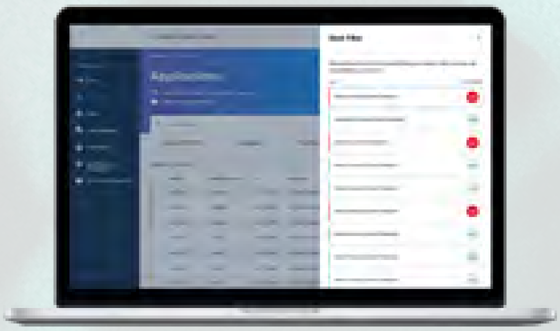
Corporate responsibility
See page 30

How we maximise value creation

Our strategy for profitable growth is outlined on page 8

Case study

ROBUST AND ADAPTABLE PRODUCTS AND SERVICES



University of Waikato uses Tribal's Student Marketing & Recruitment Solution to drive efficiency and transparency through their marketing and recruitment process, increasing student engagement and conversation.

Investor angle

- Up-sell to existing customer base
- Opportunity to attract new customers
- Leading to growth in ARR

The organisation:

The University of Waikato delivers a world-class education and research portfolio. With around 13,000 students and 1,500 staff, the institution has campuses based in Hamilton and Tauranga and has a joint institute with Zhejiang University City College in Hangzhou, China. University of Waikato has been a Tribal customer since 2017 and has been using Tribal's market-leading student management system, SITS:Vision. In 2022 it implemented Tribal's Student Marketing & Recruitment Solution.

The challenge:

The university has traditionally managed several disparate systems for outreach, marketing enquiries and event management. This resulted in an opaque view of an individual's student journey interaction as well as slow and manual processes for university administrators. The organisation increasingly required a solution to ensure that students receive accurate information at just the right points in their application and enrolment journey – aiming to increase enquirer-to-applicant conversions from recruitment campaigns.

The solution:

Following a market review, the university selected the Tribal Student Marketing & Recruitment solution based on several key factors including its ability **for rapid deployment, strong customer references, a large installed user base and ease of integration into the university's student management system, SITS:Vision.**

The Student Marketing & Recruitment solution provides a full 360-degree view of the student, delivering recruitment marketing campaigns and event management across email, text, social media and web channels. In addition, the reporting delivers insights that allow the organisation to develop and monitor key performance indicators and drive efficiency and effectiveness in its recruitment and support functions.

The result:

Tribal Student Marketing & Recruitment creates exceptional experiences **to nurture demand, personalise interactions, and build future student relationships** by providing university staff with the tools to meet recruitment targets in a competitive landscape.

Tricia Finn, Deputy Director, Business Process and Change, University of Waikato, shared, "Tribal's SITS:Vision and Student Marketing and Recruitment offer just **huge potential around business process and improvement.** The visibility of the dashboards and the views is really helpful for both operational contexts in terms of managers managing their team's work, but also in the strategic sense of you know what's helping with conversion."

Mike Calvert, Director of Student Services, University of Waikato, added, "In my role, the real advantage of the Tribal solution was that it has given me some **real data insight.** It's allowed me to understand in much more detail which components of the engagement that we have with students are most effective. Which ones seem to turn the dial in terms of **converting a student from an enquirer to an applicant and from an applicant to ideally an enrolled student.**"

"The fact that the Tribal solution now brings together our engagement strategy into one solution means that we've undoubtedly **realised some significant efficiencies,** and that allows our teams to devote their time to the real value-added work which are the personal touch and the engagement that we have with the students."

SIGNS OF ONGOING PROGRESS

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

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

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

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

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

Financial performance

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

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

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

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

Dividend

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

Environment, Social and Governance (ESG)

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

People

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

Ukraine

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

Outlook

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

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

Richard Last
Chairman

Our Opportunity

What is driving our business

UNIVERSITY CHALLENGE	UNIVERSITY SOLUTION	TRIBAL OPPORTUNITY
Legacy internal SMS unfit for purpose	Public tender for cloud-based commercial SMS	Sell existing products delivered from Public Cloud For more information See page 9
Legacy complexity / lack of agility / security concerns	Leverage Public Cloud and managed services	Tribal:Cloud: providing SIS as-a-service through the public cloud For more information See page 9
Improve Student Experience Improve internal efficiency	Digital transformation to deliver a compelling student experience	Tribal Edge: Cloud-native solutions adding value across a wider solution set For more information See page 9

Tribal's Growth Strategy

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

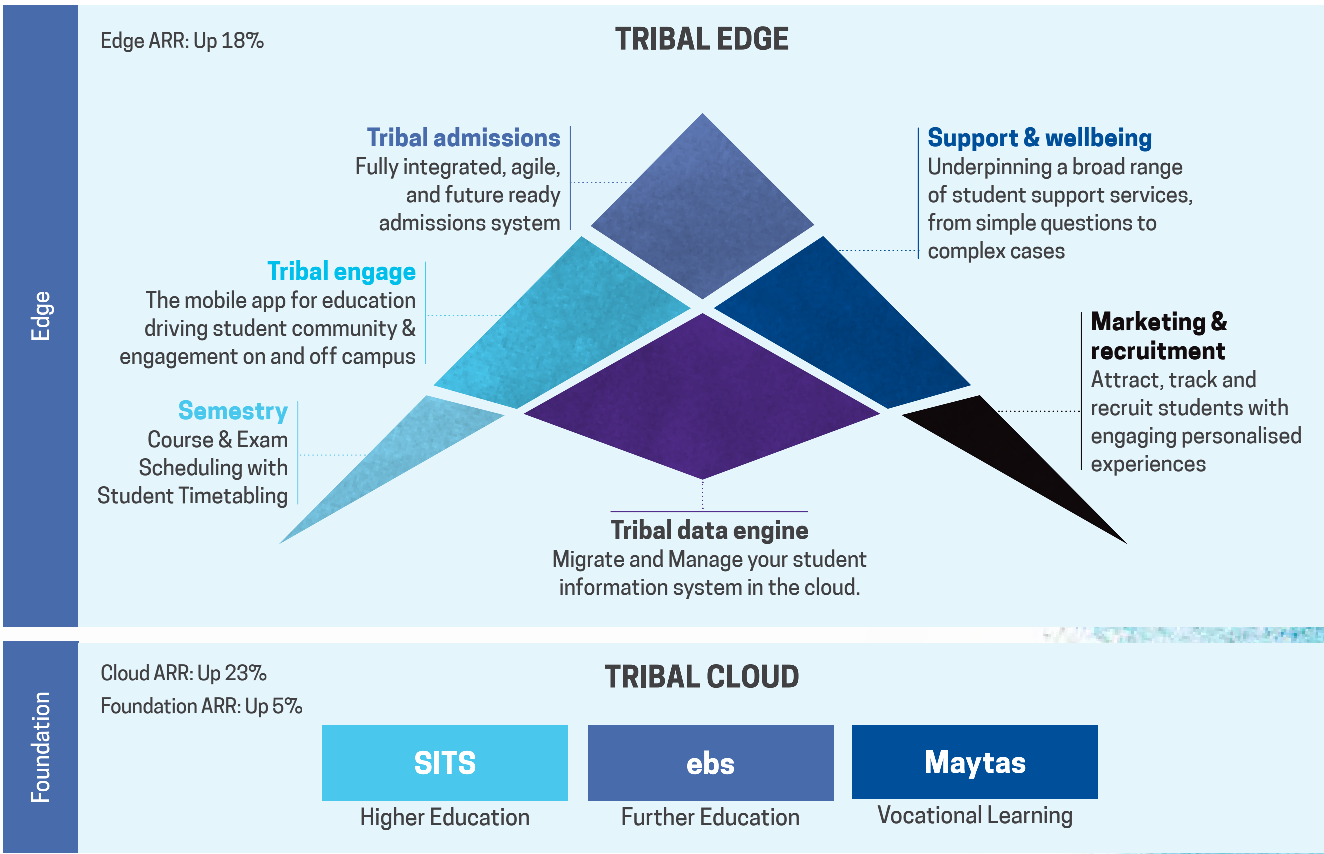
- Expand customer share of wallet by upselling products to our existing customer base.
- Expand addressable market by capitalising on our wider Edge product range.
- Expand geographical reach by localising our existing products and utilising the capabilities of our Edge software.

EXPANDED CUSTOMER SHARE OF WALLET	EXPANDED ADDRESSABLE MARKET	EXPANDED GEOGRAPHICAL REACH
Organic Growth ▪ Strong sales performance across our offerings ▪ Continued high levels of customer retention ▪ Strong pipeline of Tribal:Cloud Migrations	**New Product Sales** ▪ Cross-sell of products into existing customers (e.g. Semestry/Eveoh) ▪ Successful launch of new products, e.g. Tribal Data Engine, bringing analytics capabilities to existing customers	**New Geographies** ▪ Semestry successfully sold across our global footprint ▪ Increasing confidence that Edge development will allow us to expand into new geographies

Tribal's Product Strategy

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

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



Innovating with our existing products

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

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

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

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

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

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

CONTINUED CLOUD MOMENTUM

Introduction

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

NTU contract

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

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

Expanding customer base

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

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

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

Market drivers and addressable opportunity

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

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

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

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

Delivering on our strategy

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

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

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

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

Top line ARR remained flat, the addition of new customers in our core product set increased ARR by 10%, however this was offset by the reduction of revenue from historic Australian government contracts and non-core schools' systems contracts in Australia and the termination of the NTU contract. We are pleased with the continued positive signs of potential and although it will take time for full adoption of our solutions by our customers due to the annual cycle of the academic year, we remain confident in the significant long-term opportunities.

This year's successes included:

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

Chief Executive's review continued

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

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

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

Innovation

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

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

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

Reduction in development spend of future modules

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

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

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

Increased speed of delivery and implementation

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

Geographic expansion

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

Operations and people

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

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

Our evolving operational model, which is built upon our increasing focus on customer success and alignment to Tribal's 'as-a-service' transition, started to prove effective this year. During the year, we made two executive hires focusing on Service Delivery and Customer Success. Paul Davies has been appointed as Global Professional Services Director and Tawfiq Sleett as Global Customer Services Director. Both bring a wealth of experience from global SaaS providers, are focused on improving customer success and have been appointed to the Executive Board. The

Executive Board was further supported by the appointment of Cheryl Watson as the Sales Director in order to focus on continued sales momentum. Cheryl has worked at Tribal for over ten years and has a wealth of experience of our customers and product offerings.

The new target operating model is also now being supported by the implementation of new SaaS financial systems and processes, intended to give our customers a more personalised experience and to maximise the value of each of the Group's products.

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

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

Student Information Systems (SIS)

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

We continued to win new customers and transition existing customers onto our cloud offerings.

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

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

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

Chief Executive's review continued

Notwithstanding the NTU contract, we are pleased overall with the positive signs of potential across Tribal's key geographies, and although it will take time for full adoption of our solutions by our customers due to the annual cycle of the academic year, we remain confident in the significant long-term opportunities.

Education Services (ES)

Tribal Education Services (ES) has been curating and delivering Quality Assurance services to ministries of education and other education agencies around the world for many years, across a wide scope of areas across the education sector. These services include overall school quality, leadership and teaching quality, as well as many specialist areas such as new teacher competence, Early Years, literacy and numeracy.

The appointment of Matt Davis as Managing Director of ES from March 2022, has seen the revision and implementation of a new three-year strategy for the business, targeting sustainable growth between FY23 - FY25. The strategy will initially focus on creating a clearer identity for Education Services within the Tribal group, and in particular articulating the value it creates for our customers: supporting governments and education institutions to deliver on their strategic ambitions to improve the quality and impact of education.

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

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

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

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

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

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

Environmental, Social and Governance (ESG)

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

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

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

2023 areas of focus

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

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

Outlook

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

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

Mark Pickett
Chief Executive Officer

TIMETABLES THAT REACH AND SUPPORT NEW LEARNERS

ARDEN UNIVERSITY DEPLOYS SEMESTRY SMART SCHEDULING SOLUTIONS

Investor Angle

- Up-sell to existing customer base
- Opportunity to attract new customers
- Leading to growth in ARR

Arden University provides the right schedule for everyone

The organisation:

Arden University has a proud heritage of providing flexible and accessible higher education. With study centres across the UK in Manchester, Birmingham, London, and Leeds, as well as in Berlin, Germany, Arden University provides hybrid academic excellence. Using blended learning, they give their students the best of both worlds: a mix of face-to-face teaching combined with high-quality digital content and online learning tools. And they do so with the flexibility and certainty that their learners need to balance study with busy work, carer, and family commitments. As a result, Arden's student growth is the fastest in the UK.

The challenge:

Arden students break down stereotypes, they are often time constrained, and juggling families, careers, caring roles, and non-native English speaking. Timetables have to fit around these lifestyles. Organisationally, the impacts are profound. More operational flexibility, greater levels of academic sourcing, a responsive bench of staff ready to cover for the unforeseen. By providing students with study timings and certainty about their schedules, the Arden team removes unnecessary barriers to learning. Arden is bringing the potential of university education to new communities of learners, revolutionising the traditional university model in terms of access and reach.

The solution:

"Arden selected Semestry in order to be able to deal with the complexity of an academic offering that is tailored to Arden's unique blend of options that enable easy access for learners from all backgrounds and life situations," according to Paula Reilly, Director of Academic Services at Arden University, "the University needs to cope with the complexity and yet establish an operating model that can manage rapid growth and success" continues Paula.

The University is already deploying Tribal SITS:Vision, the UK market-leading student management system. Flexibility, an openness to new practices that bring value or improvements, and a readiness to make decisions, are helping the institution speed through the implementation phases.

With renewed confidence, the University decided to bring forward the scheduling project. The Arden team looked to achieve a consistent approach to publishing timetables to all the systems that need this information and to publish directly to all staff and students.

Focusing on a best-of-breed and modern scheduling solution, Arden has selected Semestry's TermTime and MyTimetable solutions. Importantly for the University, Semestry's consultants are practitioners, with experienced backgrounds in scheduling across education sectors in the UK and internationally.

The result:

"Our goal is a digital 1st overlay to everything we do. We are achieving this with the Semestry MyTimetable publication solution," said Emma Ieda-Smith, Manager of the newly formed Central Timetabling Team at Arden University, "and our team of expert timetablers now collaborate using Semestry TermTime with stakeholders across the entire academic community to produce the highest learner centricity we can in delivering the right timetables for students."

Arden gathers and manages complex data inputs using Semestry. TermTime helps them to transform the gathered data into activities, and to automate routine scheduling tasks, leaving the team to focus on activities that need additional decision-making. "The operating model for our scheduling operations is now tested and proven" notes Emma, "and has been invaluable in supporting our multiple centres and in allowing us to operate internationally."

"We are not done with personalisation and being able to further tailor how we support individual learners," continues Paula "as we build operational excellence, we also establish the foundations to tackle further levels of flexibility and wider preferences, unlocking higher education to many more potential students."

Financial review

Results

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

1. Adjusted Operating Profit and Adjusted Operating Margin are in respect of continuing operations and exclude charges reported in "Other items" of £3.8m (2021: £5.4m), refer to Note 6 in the Financial Statements.
2. EBITDA is calculated by taking the Adjusted Operating Profit after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation.
3. 2021 results adjusted are updated for constant currency - the Group has applied 2022 foreign exchange rates to 2021 results to present a constant currency basis, when applied to 2021 results there is an increase in Revenue of £1.1m, an increase to Adjusted Operating Profit (before Central Overheads) and Adjusted Operating Profit of £0.1m.
4. Central Overheads are made up of costs that are not directly attributable to either Student Information Systems or Education Services.

The financial review presents the reported results for 2022 and 2021, and the 2021 results restated to "constant currency" using 2022 rates to exclude foreign currency impact. The change percentages and comparatives are shown on the 2021 constant currency numbers. The presentation disclosed as "constant currency" is an alternative performance measure and not a statutory reporting measure prepared in line with International Financial Reporting Standards (IFRS) and disclosed as "reported". The Group has chosen to present its results on a constant currency basis to reflect the year-on-year performance and account for the impact of foreign exchange movements in the year.

Revenue

Revenue increased 1.6% to £83.6m (2021: £82.2m constant currency, £81.1m reported). Notwithstanding the NTU contract, the Group's Student Information Systems segment performed well, with significant growth of 29% seen across Cloud and Edge revenue streams driven by new customer wins. This increase was largely offset by the continued delay seen by Professional Services in delivering the implementation phase of the NTU contract.

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

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

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

Adjusted Operating Profit (EBITDA)

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

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

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

Statutory (Loss)/Profit after Tax

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

Segmental performance

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

Student Information Systems (SIS)

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

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

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

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

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

Foundation Software includes the sale of new perpetual and subscription software licenses on our Foundation products.

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

Financial review continued

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

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

Edge revenues saw an increase of 39.6% to £4.8m (2021: £3.4m constant currency and reported), due to sales across our range of products such as Semestry, Support and Wellbeing and Engage.

Professional Services includes the implementation of all our software products at customer sites, typically working alongside customer teams. Implementation projects vary in length and complexity, ranging from a small number of days to more than two years for complex projects. Revenues are either a day rate fee, or performed under a fixed fee for defined implementation scope. Professional services have continued to be delivered remotely where appropriate, in most instances, and the team has been bolstered by the Global Delivery Centre (GDC) in Kuala Lumpur, Malaysia which has grown 39% in the year.

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

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

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

Education Services (ES)

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

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

Education Services revenue increased by 8.7% to £15.4m (2021: £14.2m constant currency; £13.8m reported).

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

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

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

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

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

Product Development

£m	2022	2021 Reported	Change
Product Development	**14.4**	**15.9**	**(10.3)%**
Of which capitalised	**10.3**	**10.2**	**2.3%**
Edge	10.3	10.1	1.4%
Other Products	-	0.1	(100)%
Of which expensed	**4.1**	**5.8**	**(39.1)%**
Foundation Products	2.0	2.2	(11.7)%
Edge	1.3	2.2	(76.3)%
Other Products	0.8	1.3	(48.0)%
Amortisation	1.3	1.0	24.1%

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

We regularly review our Edge strategy, which provides a compelling vision to new and existing customers to embrace our next-generation, best-of-breed, cloud-native SIS solutions, to improve delivery to customers. As a cloud-native SIS, Edge provides a competitive differentiator in targeting and acquiring new customers. In addition, it protects Tribal's customer base by providing the most efficient, lowest cost route to achieve a comprehensive, integrated, open-standards SIS which maximises the student experience and reduces the technical complexity and IT cost for our customers.

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

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

Key Performance Indicators (KPIs)

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

1. Adjusted Operating Profit and Adjusted Operating Margin are in respect of continuing operations and exclude charges reported in "Other items" of £3.8m (2021: £5.4m), refer to Note 6 in the Financial Statements. EBITDA is calculated by taking the Adjusted Operating Profit after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation.
2. ARR is a forward looking metric representing committed revenues as at 31 December 2022 and includes Support & Maintenance fees paid on all software, License sold on a subscription basis, Cloud services and Edge sales.
3. Calculated as a percentage of recurring revenue retained from existing customers at 1 January including contract expiry, cancellations or downgrades in the year.
4. 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.
5. Revenue per Operational FTE is the average FTE for the year excluding average FTE associated with capitalised Product Development. In 2022 152.3 FTE were capitalised (2021: 126.1).
6. Operating cash conversion is calculated as net cash from operating activities before tax, excluding the cash outflow of £1.2m (2021: £1.7m) on the Veritas programme and £0.6m (2021: £nil) of redundancy payments as a proportion of adjusted operating profit (EBITDA) excluding the onerous contract provision of £4.5m (2021: £nil).

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

Annual Recurring Revenue (ARR)

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

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

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

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

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

Committed Income (Order Book)

The Committed Income (Order Book) relates to the total value of orders across SIS and ES, which have been signed on or before, but not delivered by 31 December 2022. This represents the best estimate of business expected to be delivered and recognised in future periods and includes two years of Support & Maintenance revenue. At 31 December 2022 this decreased to £172.9m (2021: £176.6m constant currency, £172.5m reported). Committed Income decreased due to the removal of the NTU contract £5.6m, with the remainder due to the anticipated reduction in historic Australian Government contracts and SchoolEdge churn offset by new contract wins in ES, Cloud and Edge.

Operating cash conversion

Operating cash conversion is calculated as net cash from operating activities before tax, excluding the cash outflow of £1.2m (2021: £1.7m) on the Veritas programme and £0.6m (2021: £nil) of redundancy payments as a proportion of adjusted operating profit (EBITDA) excluding the onerous contract provision of £4.5m (2021: £nil). In 2022, operating cash conversion was 89% (2021: 104% reported). The decrease in operating cash conversion is a result of an increase in non-cash items and the temporary decline in working capital.

Free cash flow

Free cash flow is included as a key indicator of the cash that is generated (or absorbed) by the Group and is available for acquisition related investment, interest and finance charges and, or distribution to shareholders. It is calculated as net cash generated, before dividends, interest and finance charges, deferred consideration, and investments in subsidiaries. Free cash flow in 2022 decreased to and outflow of £(5.3)m (2021: inflow of £5.4m reported), investment in product development increased £0.4m to £10.6m (2021: £10.2m) and proceeds on shares sold to satisfy exercises of share-based payment schemes reduced to £0.6m (2021: £3.2m). Net cash used in operating activities before tax decreased £6.6m to £8.9m (2021: £15.5m).

Full Time Equivalent (FTE) and staff retention

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

1. Including USA, Canada and Middle East.

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

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

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

Items excluded from adjusted profit figures

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

A full explanation of "Other Items" is included in note 6 of the Financial Statements however the main items are as follows:

- Employee-related share option charges:

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

- Amortisation of IFRS 3 intangibles:

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

- Internal Systems Transformation Programme "Veritas":

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

- Restructuring and associated costs:

  These costs relate to the restructuring of the Group's operations to implement the new target operating model as part of the Veritas programme. The charge for the year is £0.6m (2021:£nil) due to planned restructures at the start of the year. There are no restructuring provisions recognised as at 31 December 2022.

Net cash and cash flow

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

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

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

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

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

Funding arrangements

On 21 January 2020 the Group entered into a three year £10m multicurrency revolving facility with HSBC with the option to extend by a further two years, both of which have been exercised with the facility expiring in December 2024. The facility was put in place to cover general corporate and working capital requirements of the Group, as at 31 December 2022 £6.3m (2021: £nil) of the loan was utilised. The Group had a £2m committed overdraft facility in the UK and a AUD$2m committed overdraft facility in Australia, both facilities are committed for a 12-month period ending August 2023 and October 2023 respectively. At 31 December 2022 £0.1m of the UK overdraft was drawn. To offset the impact of movements in foreign exchange the Group entered into three forward contracts to hedge the movement between AUD:GBP. These contracts expired in the year and generated a net change in fair value of £nil (2021: £0.2m). The Group will continue to manage foreign exchange exposure during 2023.

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

Shareholders returns and dividends

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

The Board is proposing a final dividend in respect of the year ended 31 December 2022 of 0.65p, pending approval at the AGM on 30 May 2023. The anticipated payment date is 27 July 2023, with an associated record date of 23 June 2023 and ex-dividend date of 22 June 2023. In July 2022 Tribal paid a final dividend of 1.3p per share in recognition of the year ended 31 December 2021. The Board intends to continue a progressive dividend policy, with a single dividend payment each year following annual results.

Going concern

As at 31 December 2022, the Group had cash and cash equivalents of £2.9m (2021: £5.9m) and borrowings of £6.3m (2021: £nil). The Group had a £2m committed overdraft facility in the UK and a AUD$2m committed overdraft facility in Australia, both facilities are committed on a 12-month rolling period ending August 2023 and October 2023 respectively. At the year-end there was £1.97m available but undrawn in respect of the UK overdraft facility (£35,000 had been drawn down) and $AUD2m available but undrawn in respect of the Australian overdraft facility.

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

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

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

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

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

Taxation

The corporation tax on adjusted profit before tax was £2.9m (2021: £2.2m). The increase was due to the unrecognised deferred tax in respect of the Singapore branch losses, on the basis we do not anticipate future profits to be generated to utilise these losses, and an increase in tax generated in international jurisdictions with a higher rate of corporation tax. It is anticipated that the tax charges on profits in the near- to medium-term future are likely to be higher than the standard rate of UK corporation tax.

Share options and share capital

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

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

Earnings per share (EPS)

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

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

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

Pension obligations

At 31 December 2022, the Group operated two defined benefit pension schemes for the benefit of certain deferred employees of its subsidiaries in the UK which are closed to new members. These schemes are administered by separate funds that are legally separated from the Parent Company and relate to a historic contract within Education Services. The trustees of the pension funds are required by law to act in the interest of the funds and of all relevant stakeholders in the schemes. The trustees of the pension funds are responsible for the investment policy with regard to the assets of the funds.

Across the pension schemes, the surplus calculated under IAS 19 at the end of the year was £0.1m (2021: deficit of £0.2m), with gross assets of £8.1m and gross liabilities of £5.4m (2021: £8.8m and £9.0m respectively). Total actuarial gains recognised in the consolidated statement of comprehensive income are £0.3m (2021: £0.7m). The Company does not have an unqualified right to apply any surplus on one of the schemes and consequently a surplus of £2.6m has not been recognised.

The Strategic Report on pages 1 to 37 was approved on behalf of the Board on 23 March 2022

Diane McIntyre

Chief Financial Officer

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

LONG-TERM BUSINESS SUCCESS

Long-term business success

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

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

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

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

Engaging, consulting and action on the needs of different stakeholders is critical for the development and delivery of a culture and strategy that achieves long-term success. Tribal undertakes meaningful engagement with its stakeholder groups to build trusted, strong relationships and supports the ethos of Section 172 in order to support good decision-making.

Annually, the Board undertakes an in-depth review of the Company's performance against its strategy and five-year objectives. In 2022 this involved a detailed review of the Group's five-year financial model. Once reviewed by the Board, the five-year model and strategy was used to form the financial budget, including investment decisions for the next financial year and future strategic direction of the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long-term and its long-term reputation.

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

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

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

Q&A with Matt Davis, Managing Director of Education Services

SPOTLIGHT ON EDUCATION

Your background

Q Where were you before Tribal Education Services ("ES"), what excited you about this role?

A I joined Tribal from Education Development Trust, an international education non-profit. I worked there for about a decade, first in business development and then running its UK Division, taking oversight of a portfolio of large-scale contracts with the Department for Education. Prior to that I was a teacher and manager for 10 years.

A A couple of things particularly appealed to me about the role at Tribal. It's a business with a great heritage, and one I bumped into often in my previous role. Despite some real strengths, it appeared to me that it was failing to reach its full potential. My view is that some fairly simple changes could make a big difference to performance. The opportunity to lead this, and to challenge myself in a different environment to the one I'd been successful in previously, really excites me.

Education Services

Q What is your vision for Education Services?

A Getting clarity on who we are, what we do and how we deliver value has been the major focus since I started in April 2022. My vision is that Tribal Education Services will be seen as go-to partners for governments and education institutions who need help to deliver on their strategic ambitions to improve education quality and impact. This means managing a rapid transformation from being a highly capable contractor to being a more proactive services business. When we do that, there is potential for significant growth in our key markets and some adjacent ones, and an equally important opportunity for us to increase our impact as a business.

Q What are the key building blocks that give you the confidence in achieving that vision?

A Tribal ES has strong fundamentals. We have some really strong assets related to quality assurance and improvement in education, benchmarking and, latterly, skills and the school-to-work transition. We are well established in markets where we know that customers are buying these kinds of services and there is wider demand, which shows me there is opportunity.

A When we win work, we see customers sticking with us for multiple iterations and extensions of contracts and the team at Tribal have shown real commitment to the organisation and our clients over many years. Thanks to both these things, we can point to a strong track record of getting the job done in a range of different contexts: the ability to deliver at scale is crucial to our success.

Q Have you learnt anything surprising about ES since you joined?

A I was pretty surprised to find out that the first five people I spoke to had almost a century of service at Tribal between them! That's a lot of institutional knowledge and an important balance to my newcomer's view of the business.

Q What innovation has taken place across the division since you started?

A We're setting ourselves up to be more growth oriented with a couple of really important hires, to lead business development and our inspections proposition. And we've also redefined the roles leading each of our four business lines, making it clearer that fostering really positive, proactive relationships with our key customers should be the main focus of their efforts. We've already done a lot in terms of internal processes and operational effectiveness, trying to make sure that we have consistent, repeatable approaches to the main things we do on our larger-scale projects.

Q What has been the achievement you are most proud of this year?

A Obviously it's been brilliant to win new work – we picked up an important contract with the DfE in the UK to quality assure the National Tutoring Programme, for example, as well as large new projects in the UAE and the US – but actually I think it's that I'm beginning to see the signs of a really positive, accountable and ambitious team culture developing.

The bigger picture

Q How and what have educational institutions been looking to change in response to the wider macro-economic climate in the past year?

A Clearly the fiscal environment is going to make buyers in some territories think hard before spending. It's stating the obvious but the current economic situation follows hot on the heels of COVID, which means that a lot of our government customers are looking at issues of education recovery and in particular how to help schools close the gap between children who have largely been able to access education during lockdowns, and those who haven't. They will also want to see that money spent has impact and I suspect workforce sufficiency and quality – in particular retaining teachers and school leaders – will become even more of a challenge in the next couple of years.

Q How has ES evolved to meet those needs?

A These are all areas where Tribal has something to contribute. Governments globally are considering different models for providing more small group and 1:1 tutoring for children who have fallen behind their peers. Thanks to our work on the NTP, we have a unique set of insights into what quality looks like in this type of learning environment which I think can be of real value to commissioners, whether they're governments, schools or parents. We also have important things to say on supporting teachers and leaders to develop and improve, which the research shows is a great way of retaining your workforce and makes them more impactful.

A More generally, we're considering ways to change our delivery model, making us less reliant on expatriate consultants and helping our customers to derive the benefit of our support in ways which builds their capacity to improve too.

Tribal ESG

Q What other roles do you have at Tribal and what do you enjoy about them?

A The role I've particularly enjoyed, if that's the right word, is taking on leadership of the Sustainability aspect of our ESG strategy. It's an issue which I personally care about a lot – and I know many of my colleagues do to – so having the chance to help steer Tribal's strategic approach to these issues has been very welcome. Apart from the obvious need for everybody, businesses included, to be responding to the Climate Emergency, it just makes good business sense. Going back to my previous answer on how we are evolving, seeking ways in which we can deliver the same value in more cost effective, lighter and carbon efficient ways must be good for everyone.

Environmental, Social and Governance Report

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

Our core tenets

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

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

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

Our priority areas

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

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

Ultimate responsibility for Tribal's ESG performance lies with the Board, but as our ESG commitments cement, we will continue to raise awareness amongst all staff members to encourage involvement in our ESG initiatives.

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

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

	ENVIRONMENTAL	SOCIAL	GOVERNANCE
Initiative	**Reduced carbon emissions**	**Diversity & Wellbeing**	**Compliance & Data**
Commitment	**Reduced travel with carbon offset** Ongoing	**Diversity within Tribal** Ongoing	**Internal systems improvements** Ongoing
	Cloud optimisation Ongoing	**Supporting student welfare** Ongoing	**Global ISO certification** Ongoing
	Enhancing sustainability in Supply Chain **New**		
UN SDGs	13 CLIMATE ACTION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	5 GENDER EQUALITY 10 REDUCED INEQUALITIES 3 GOOD HEALTH AND WELL-BEING	

ENVIRONMENTAL

As previously demonstrated by our commitment to the Energy Savings Opportunity Scheme (ESOS), Tribal has been focused on reducing its environmental impact for a number of years. Though the pandemic has allowed us to improve our performance in many of these areas this year, we are determined to change behaviour on an ongoing basis so that such improvements can continue in the long term.

KEY INITIATIVE:

Reduced travel with carbon offset: ongoing

As part of our target to reduce air travel by 25% per head over the next five years, we issued travel guidelines and a travel mindfulness framework to all employees. Our Global Travel Manager has helped to refresh our global travel policy to ensure the continuing adoption of a "remote first" model for service delivery and we have engaged with a new travel management company which includes the opportunity to join Green Travel initiatives whereby air travel can be offset with additional costs on the ticket price.

Towards the end of 2021, we introduced an E-vehicle salary sacrifice scheme for staff with the aim of having at least 10% of employees using the scheme by the end of 2023. We had six cars delivered in the year which saved 5.3 tonnes of CO_2e, as much as 2,674 trees can absorb. The uptake in this scheme was impacted by the global supply shortage of EV components causing excessive lead times. Although many of our employees are remote workers, when travel cannot be avoided, we continue to look for new ways to offset our emissions with reductions elsewhere.

KEY INITIATIVE:

Cloud consumption

Our Cloud Optimisation director has spent the year defining our cloud computing strategy and overseeing our cloud consumption. Focus has been on developing policies and procedures to minimise waste in our cloud consumption by having excess servers running that we do not need. The Cloud commercial team are creating 'baseline plans' to track standard "business as usual" sizings for our SITS customers, meaning engineers can refer to accurate customer data on cloud usage and needs.

Tribal's cloud hosting providers, Amazon Web Services (AWS) and Microsoft, are also committed to building a sustainable business for customers and the planet. Ongoing discussions are being had with our providers about enabling visibility of Carbon Footprint data in order to actively reduce CO_2 emissions. AWS is on path to achieve 100% renewable energy by 2025 and as the world's largest corporate buyer of renewable energy, Amazon uses new renewable energy on the electric grid in Europe to help power its business operations. Microsoft has been carbon neutral across the world since 2012 and commits to being carbon negative by 2030. Its goal is to promote sustainable development and low-carbon business practices globally through its cloud-enabled technologies. Using cloud providers who are also committed to reducing carbon emissions, Tribal expects to see a positive impact on its global server usage and thereby that of its customers going forward.

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

SOCIAL

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

KEY INITIATIVE:

Diversity within Tribal: ongoing

In 2022, we continued to focus on developing our approach to talent acquisition to ensure the business is hiring diversity into the business at representative rates. Throughout the year, we made net positive progress in the recruitment rate of ethnic minority and female employees and continue to develop our strategy to attract and retain the right talent.

The team also focused on ensuring that we have a robust process of governance and oversight of our Equality, Diversity and Inclusion strategy founded upon a robust and data led evidence base. We now have the tools to examine how our focus on driving improvement in the gender and ethnicity balance is tracking on a month by month basis. Furthermore we have robust tracking of key "In, On, Up" employment outcome metrics to ensure that we have strong and informative visibility of measures that matter in the employee life cycle, enabling us to ensure that our interventions are effective across the full employment journey.

It is important to ensure that we have an inclusive organisation where diverse talent is developed, engaged and retained. During 2022 we therefore partnered with external diversity and inclusion experts, Business in the Community, who conducted an organisation-wide employee engagement analysis to provide detailed insight into perceptions of belonging, culture and progression at Tribal. The insight gathered from this survey is driving our 2023 strategic priorities in equality, diversity and inclusion at Tribal ensuring that action plans are directly informed by our colleagues and targeted where they will have most impact.

2022 has seen us further embed our pay equity methodology ensuring that a fair and data driven approach founded on pay equity is a key component of our pay and recognition strategy.

KEY INITIATIVE:

Supporting Student welfare: ongoing

Through Edge

In response to the change in focus towards mental health, accelerated by the global pandemic, and the increasing pressure for student faculties to take a holistic approach to the mental health of their students, Tribal has recognised the need to develop its support services solution offered to universities. SID has been hugely successful and the best-in-class Higher Education ticketing and enquiry management solution for many years, but in order to allow universities to proactively support more students, Tribal has developed the Student Support & Wellbeing solution which enables all forms of student support to be securely managed in the cloud. Universities with high drop-out rates are under pressure to improve retention rates and Tribal's solutions have analytics which provide intelligent intervention to enable staff to predict and intervene when a student is at risk.

The Student Support & Wellbeing solution covers the full welfare agenda, allowing all forms of student support to be managed from within a central record. Through the power of technology, students have been able to get the answers they need, communicate with their lecturers and peers, and manage appointments from a single app. This has enabled universities to improve response times and reduce the queues, ensuring student wellbeing is at the forefront of their approach. The solution helps to bring a student's data together and gives universities all the tools needed to truly understand that individual. In turn this has helped to prevent future issues, spot problems before they happen and improve retention rates.

We have supported 'Student Minds' since 2021. Student Minds is the UK's student mental health charity, empowering students and members of the university community to look after their own mental health, support others and create change. We made a donation to the charity to support its mission to empower students to look after their mental health, support others and create change and align to our desire to make a positive societal impact.

To ensure our contribution extended beyond a passive donation, we also worked in partnership with Student Minds to seek opportunities to further contribute to this worthwhile cause, providing marketing support and using our presence in Higher Education to help the charity extend its reach in to new and varied institutions and stakeholders. We have actively advocated the Student Minds Mental Health Charter in blogs and webinars and invested in customer coffee mornings to facilitate dialogue about the mental health challenge facing the sector.

GOVERNANCE

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

KEY INITIATIVE:
Global ISO certification: ongoing

Across the UK, Tribal has maintained the ISO27001 Standard for Information Security and the ISO9001 Standard for Quality Management for the last several years. In 2022, the Group built on its aim to achieve a globalised certification with ISO Compliance broadening to Australia and the Philippines, in addition to achieving ISO certificates for our most recent acquisitions, Semestry Ltd and Semestry Netherlands. Being globally aligned and certified is important for mitigating our risks and assuring our customers. In 2023 we will maintain our current ISO certifications and bring the Global Delivery Center (GDC), Malaysia, into scope by end 2023, in addition to securing an ISO 22301 certification for Business Continuity by end 2023.

KEY INITIATIVE:
Internal systems improvement: ongoing

In January 2023 the new finance and subscriptions system went live across the Group, following an extensive design, implementation, and data transformation process. The new systems allow process standardisation, automation, enhanced control and integrations enabling staff to be repurposed to higher value activity and a stronger governance process and improved reporting capability for our SaaS product sets.

KEY INITIATIVE:
Enhancing sustainability in Supply Chain

Supply chain management touches all aspects of ESG and is the first shared initiative. In 2022 Tribal introduced its Supplier Management Framework to ensure consistent supplier management throughout the organisation, including effective governance and best practice within its supply chains. The aim of the framework is to support working in partnership with its suppliers, ensuring quality and good management of supply-chain risk.

The focus in 2023 will be to provide training to key procurement personnel within the organisation to further enhance sustainability within the supply chain. This will include engaging and work with 30 of our key suppliers throughout the year to promote and enhance sustainability throughout our supply chains, integrating social and environmental clauses into our supplier contracts and improving our Ratings Agency score in relation to supplier management by 10%. We will develop our internal reporting on sustainable procurement issues including completing a Corporate Social Responsibility risk analysis which will be used in the development and re-issue of our Supplier Code of Conduct and to manage our supply chains accordingly.

Environmental, Social and Governance Report continued

Living up to our values:

Our culture and values

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

Our values are:

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

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

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

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

We continue to run the Tribal Impact awards to recognise those across the Group who have gone above and beyond in living out Tribal's values. The peer-nominated awards were initially introduced to celebrate highly talented people and they are now truly embedded within Tribal's culture, across all geographies.

2022 Key achievements:

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

Environmental

- Awarded a Bronze award from EcoVadis for Sustainability achievements.
- Tribal has committed to planting 25 trees for every new starter Globally via accredited schemes, to date 3,600 trees have been funded.
- Octopus Electric Vehicle car scheme launched in the UK with six cars live, saving 5.3 tonnes of CO_2e, which is as much as 2,674 trees can absorb.
- Supplier Management Framework rolled out to drive the right behaviours in terms of sustainable procurement.

Social

- Measures against long-term targets for representation are moving in the right direction e.g. continued year-on-year increase in both gender and ethnicity representation. Net hiring rate for gender and ethnicity is up.
- Continues to be disparity in turnover and engagement amongst minority groups. The 2022 actions to inform the right long-term strategies and actions are complete, including a global diversity and inclusion survey which is providing important insights into why the differences may be occurring.
- Student Council set up in the year, with two Co-Chairs appointed and eight council members being appointed across Higher and Further Education institutions (six HE and two FE) providing a good forum for feedback on our products.

Governance

- Secured ISO certification for our two recent acquisitions, Semestry UK and Semestry Netherlands.
- Preparations underway to bring the Global Delivery Centre, Kuala Lumpur, into scope in 2023.
- Secured Cyber Essentials+ certification secured for ebs, Maytas, SITS and Edge in December 2022.
- All remaining cloud products and internal IT systems to be certified by end 2023.
- Compliance training completion rate of over 95% globally.
- AWS are supporting Tribal through the 'AWS Practitioner' Course which will provide certification in 'Cloud Economics' to support cost optimisation for Cloud.

Streamlined energy and carbon reporting (SECR)

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

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

In 2022, our Scope 1 and Scope 2 emissions were 88.26 tCO_2e (2021: 102.17 tCO_2e). The greatest contributors to Scope 1 and Scope 2 operational emissions are the electricity and gas used in powering our buildings. In the year we saw an increase in our gas usage as our offices opened fully following a staggered re-opening in 2021 because of the easing of COVID restrictions. This was offset by the reduction in our purchased electricity as we tried, where possible, to reduce surplus property space. The amount of electricity from renewable sources increased to over 40% as we continue to focus on reducing the environmental impact of our offices. Scope 3 emissions are attributed to fuel used in employees' cars on business use.

In 2022 Scope 3 emissions were 50.10tCO_2e (2021: 14.73 tCO_2e), the increase in the year was expected as COVID travel restrictions were lifted and travel began to remobilise. Whilst we continue to operate a remote delivery policy for customer implementations, our sales teams and senior management have been able to travel to customers for in-person meetings. We continue to be cognisant of all travel and operate a mindful travel policy to ensure travel is kept to a minimum where possible.

Our intensity ratio (Scope 1, 2 & 3 emissions relative to revenue) is 1.66 tCO_2e/£m (2021: 1.45 tCO_2e/£m) with Scope 3 emissions driving the increase. Tribal Group plc is an unquoted large company for the purpose of SECR, we are therefore only required to report on UK energy usage.

Tribal have followed the 2019 UK Government environmental reporting guidance. The figures relate to the required elements of each Scope 3 category rather than the optional elements. Tribal have used 2021 UK Government's Conversion Factors for Company Reporting.

Only energy consumed in the UK has been reported and the Group have taken the exemption to exclude emissions and energy consumed outside of the UK and offshore area.

Table 1: 2022 energy consumption

Area	Category	Sub-category	2022 consumption	2021 consumption	Change	Units
Electricity	Electricity	Purchased electricity	251,241	285,836	(34,595)	kWh
		Renewable electricity	183,893	183,682	212	kWh
Gas	Stationary combustion	Natural gas	22,536	13,536	9,000	kWh
Transport fuel	Combustion of fuel used in personal cars on business use		183,484	54,981	128,572	kWh

Table 2: Scope 1, 2 and 3 intensity ratio

Year ended 31 December 2022	Scope 1	Scope 2	Scope 3	Total
Tonnes of CO_2e	4.11	84.15	50.10	**138.36**
Percentage	3%	61%	36%	**100%**
Emissions intensity relative to revenue (tCO_2e/£m)	0.05	1.01	0.60	**1.66**

Year ended 31 December 2021	Scope 1	Scope 2	Scope 3	Total
Tonnes of CO_2e	2.48	89.78	14.73	**71.87**
Percentage	2%	84%	14%	**100%**
Emissions intensity relative to revenue (tCO_2e/£m)	0.03	1.11	0.18	**0.89**

Energy efficiency action

Having successfully transitioned to a “remote-first” business, we remobilised business-essential travel through the introduction of a travel mindfulness framework, ensuring that any business travel enables positive outcome for the organisation.

We continued to rationalise our global Property portfolio, reducing redundant space where practicable to do so. As part of this, we also recycled or repurposed surplus equipment and furniture to local charities for onward use and reviewed print requirements globally, reducing multi-function printers, and installed LED lighting replacement at offices.

Throughout the year, we continued the roll-out of the updated Supplier Management Framework, with a clear focus on sustainable procurement throughout our supply chain and continued to reduce unnecessary consumption across our Cloud Services and support Cloud migration where possible.

Our e-vehicle salary sacrifice scheme continued to expand, achieving a saving of 9 tonnes of CO_2e emissions by 2022 year-end. In November, 2022 we completed an EcoVadis ratings assessment and were awarded a Bronze Award in recognition of sustainability achievement.

Nigel Halkes
Chairman, ESG Committee

CAUTIONARY STATEMENT

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

Principal Risks and Uncertainties

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

Risk Title	Risk Description	Mitigation
Strategic Transformation Failure to successfully implement and manage growth strategies. Movement in year: Same –	The Group continues to pursue expansion both organically and through acquisition, as we transition to becoming a pure-play Ed Tech SaaS business. Such transformation may present various challenges such as: ▪ Increased demands on management attention due to acquisitions and wider product portfolio ▪ Ensuring acquisitions deliver on their growth potential ▪ Entering new geographic markets and evaluating market, legal and regulatory risks ▪ Ensuring the business operations can scale effectively and support our SAAS products Failure can lead to impairment of assets acquired, reputational damage and impact overall financial performance of the group.	The Group has an experienced management team and performance against strategy is closely monitored, with oversight by the Board. In the year we bolstered our executive team, with three refocused roles covering Service Delivery, Customer Success and Sales. Structured working committees and oversight boards are in place to focus on integrating new businesses into the group, manage our internal transformation programme (Veritas) and ensure delivery against our objectives and financial metrics. Veritas will focus on building SaaS business processes, driving simplification, standardisation, and optimisation right across the value chain to enable delivery of our growth targets. Appropriate due diligence is carried out by the Company prior to the identification and completion of an acquisition and incentive/retention schemes are put in place for certain key personal.
Project and Service Delivery Delivery of major projects and ongoing software and service delivery may not meet customer's expectations or contractual requirements. Movement in year: Increased ▲	The Group's activities includes major software installation projects which are typically one to two years in length and involve significant process change to our customers core business operations. The complexity of our customers' systems and ability to change can impact our ability to deliver to contract and require adept project management. Our Tribal:Cloud customers in particular rely on our ability to maintain our service levels and ensure appropriate continuity of service despite potential wider global disruption from pandemics for example, or supply chain issues. A failure to deliver can lead to increased implementation costs, disputed invoices, penalty payments, reputational damage and an impact on other ongoing projects.	Strong controls are maintained to ensure successful project delivery and project progress is reviewed monthly at Executive Management level with Board oversight. The Group engages with premium cloud computing suppliers (e.g. Microsoft Azure and Amazon AWS), the architecture and contracts of which facilitate high-level response SLAs and a quick recovery in the event of a single region failure. The Group maintains a formal Delegation of Authority matrix to ensure appropriate visibility and approval of all customer contracts to ensure liabilities are reasonable and onerous contract clauses are avoided. The Group has been significantly impacted by one customer implementation in Singapore due to changing scope and complexity. The Group will continue to perform internal reviews of implementation projects and learnings will be carried forward to future contracts and ensure appropriate mitigations are put in place.

Risk Title	Risk Description	Mitigation
Innovation and Technology The Group's software development programme needs to deliver to customers' requirements and keep pace with market developments. Movement in year: Increased ▲	Our customers face increasing pressure to provide the best student experience and outcomes and require flexible cloud-native, SaaS software solutions. Challenges arise from the ability to deliver new software products to time, budget and to a sufficient quality to ensure a successful implementation to our customers. A failure to deliver will result in lower sales, higher churn reputational damage and obsolete products.	The Edge product development roadmap is focused on ensuring the Group can fulfil our customer demands. The Group continues to invest in its internal engineering and product development capability to enable delivery to meet customer needs. Over the next three to five years our customers focus will be transitioning their Student Management Systems to the cloud, before expanding into a greater number of next-generation, cloud-native applications. Management have adjusted the product road map accordingly to fit with customer trends while maintaining a competitive advantage on our product offerings.
Information Management and Data Security Security breaches, cyber-attacks or outages could harm the Group by disrupting our internal and customers' operations. Movement in year: Increased ▲	As with other software and cloud-based business there is an increasing risk of our systems being compromised by deliberate attacks or unintentional acts, which could lead to a loss of IP, unauthorised data access or data loss. A successful cyber-attack against our information assets could significantly impact our ability to function and retain and attract business, as well as potential financial penalties from regulators. With a wider geographic presence, there is increased risk from multiple regulatory data protection and information security requirements which need to be closely monitored. A failure to follow requirements could lead to financial penalties, reputational damage and their consequent impact on our overall performance.	The Group operates a Secure Data Centre and continues to implement ISO 27001 certification across the business. Continued investment in security software and training for all staff enforces good practice on data security. In addition, the Group has its own Data Protection Officer who ensures compliance with GDPR. The Group annually renews its cyber insurance to mitigate risks, and works closely with its insurance brokers to navigate an increasingly challenging global insurance market.
People Failure to attract and retain skilled sales, software development and other key operational employees could harm the Group's performance. Movement in year: Increased ▲	Business growth requires key skill sets which are in demand, in product areas such as Tribal:Cloud and Dynamics. With increased inflation and rotation in the market it becomes increasingly important to attract and retain people in our key roles. Increased staff turnover and vacancies may hinder our ability to manage operations effectively and impact sales, product development or software implementations.	The Group has incentive schemes designed to attract, motivate, and retain key employees, whilst encouraging appropriate behaviours. We aim to provide competitive remuneration packages and training for all staff. The Group's commitment to improving the diversity within our workforce will assist overall performance and help to widen our pool of potential candidates.
Legal & Regulatory Requirements Movement in year: Same –	The Group operates across several jurisdictions that have varying legal, tax and compliance requirements. Any non-compliance with customer contract requirements and legislation or regulatory requirements could have an adverse effect on the Group's reputation or financial results.	The Group monitors proposed or adopted legal and regulatory changes, assessing the impact changes have on the business operations and implementing appropriate safeguards to ensure compliance. External advisors are used when required. We operate a no-tolerance culture supported by our values and ethical standards. All relevant training is provided to staff and policies are updated regularly to reflect required changes.

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

Key to Committee Membership

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

Richard Last
Chairman

N R E

Appointed

Richard joined the Board in November 2015.

Experience

Richard is currently Chairman and Non-Executive Director of AIM listed Gamma Communications plc. In addition, Richard is a Non-Executive Director of AIM listed Corero Network Security plc and Non-Executive Chairman of fully listed HYVE Group plc. Richard is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and has over 30 years experience of Public Companies, particularly IT Software and Services and Communications businesses.

Mark Pickett
Chief Executive Officer

N E

Appointed

Mark joined Tribal and the Board in July 2016.

Experience

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

Diane McIntyre
Chief Financial Officer

E

Appointed

Diane joined the Board on 15 September 2021.

Experience

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

Roger McDowell
Senior Independent Director

N R A

Appointed

Roger joined the Board in November 2015.

Experience

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

Nigel Halkes
Non-Executive Director

N R A E

Appointed

Nigel joined the Board in January 2020.

Experience

Nigel is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA). He qualified with EY and had a successful career with EY, retiring as Managing Partner UK and Ireland in 2013. Nigel is a Non-Executive Director of Hargreaves Services plc and was a Non-Executive Director at FreeAgent Holdings plc, a provider of Software as a Service based accounting solutions, from its successful 2016 IPO to its acquisition by RBS in 2018. Nigel continues to take time to develop his Non-Executive leadership skills.

Executive Committee

Mark Pickett
Chief Executive Officer

Appointed

Mark joined Tribal and the Board in July 2016

Experience

See biography on page 38

Diane McIntyre
Chief Financial Officer

Appointed

Diane joined Tribal on 1 June 2021.

Experience

See biography on page 39

Mike Cope
Chief Technology Officer

Appointed

Mike joined Tribal in September 2019

Experience

Mike was formerly Chief Information Officer at University College London (UCL), Mike is an experienced Board level leader, with success in leading businesses during periods of growth. Mike's previous roles saw the delivery of significant strategic change programmes within the IT sector as well as creating an improved customer product rating while reducing IT operation costs.

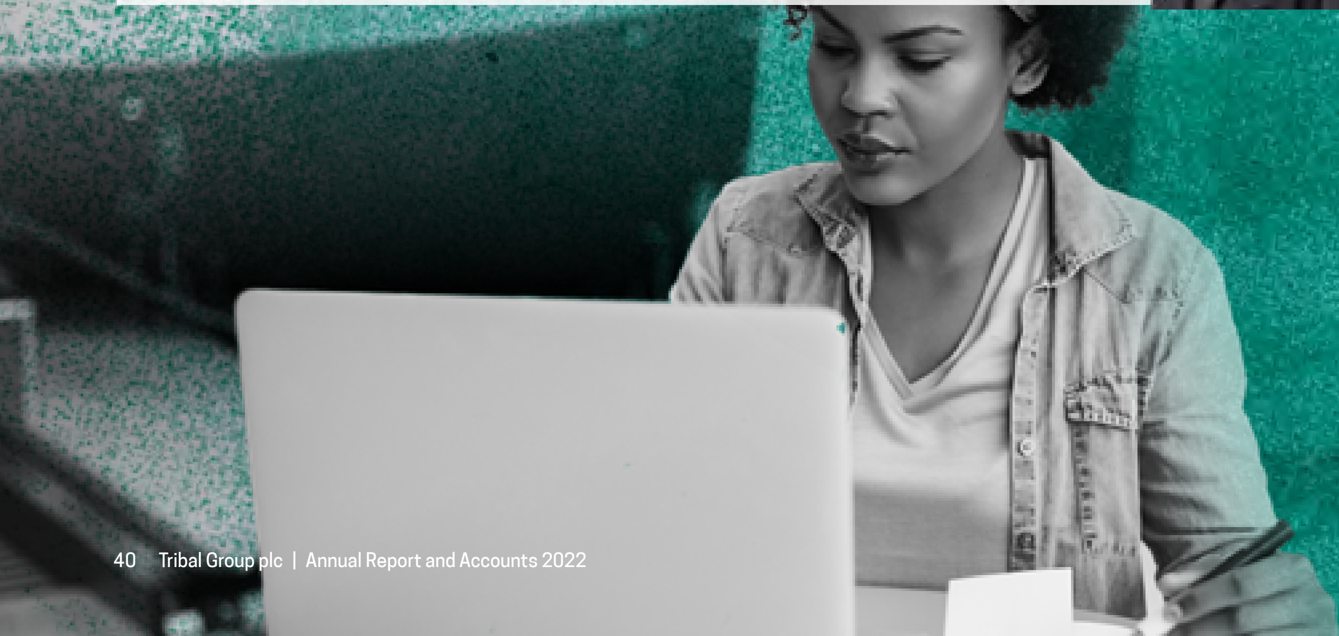
Chloe Payne
Director of HR

Appointed

Chloe joined Tribal's HR team in 2007.

Experience

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



Matt Davis
Managing Director – Education Services

Appointed

Matt joined Tribal in March 2022

Experience

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

Cheryl Watson
Sales Director

Appointed

Cheryl was appointed to the Exec Board in December 2022

Experience

Cheryl is an accomplished sales leader in the education sector, working across all three core education markets. Prior to joining Tribal in 2012, Cheryl held sales director roles at other technology organisations, working with customers in multi-year technology programmes, building appropriate sales teams and processes to support growth.

Tawfiq Sleett
Global Customer Services Director

Appointed

Tawfiq joined Tribal in January 2022

Experience

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

Paul Davies
Global Professional Services Director

Appointed

Paul joined in April 2022

Experience

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

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

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

QCA Code Principle	Explanation	Additional Information
Establish a strategy and business model which promotes long-term value for shareholders	Tribal is a world-class company, providing the expertise, software and services needed by education and business organisations worldwide. Everything we do underpins the experience and success of our customers' students.	Pages 2 to 3 and 8 to 9
Seek to understand and meet shareholder needs and expectations	The CEO and CFO communicate regularly with shareholders, investors and analysts, including at our half-yearly results roadshows. The full Board is available at the Annual General Meeting ('AGM') to communicate with shareholders.	Pages 26 to 27 https://www.tribalgroup.com/investors/governance
Take into account wider stakeholder and social responsibilities and their implications for long-term success	In addition to our shareholders, our customers, contractors, suppliers and employees are our most important stakeholders. We engage with these communities via regular communications in our day-to-day activities, and via formal feedback requests.	Pages 26 to 27 Pages 30 to 35
Embed effective risk management, considering both opportunities and threats, throughout the organisation	Ultimate responsibility for risk management rests with the Board but day-to-day management of risk is delivered through the way we do business and our culture	Pages 36 to 37
Maintain the Board as a well-functioning, balanced team led by the Chair	The Board has four established Committees for Audit, Remuneration, Nomination and ESG. The composition and experience of the Board is reviewed regularly, primarily by the Nomination Committee.	Pages 38 to 39 https://www.tribalgroup.com/investors/directors
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities, including experience of the education, software technology and international markets.	Pages 38 to 41
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Board regularly considers the effectiveness and relevance of its contributions, any learning and development needs and the level of scrutiny of the Senior Management Team.	https://www.tribalgroup.com/investors/governance/management-framework
Promote a corporate culture that is based on ethical values and behaviours	Our Environmental, Social and Governance Report section sets out our corporate values, behaviours and culture, which are reinforced via collaborative working, training and performance management.	Pages 30 to 35
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board is responsible for the Group's overall strategic direction and management, and for the establishment and maintenance of a framework of delegated authorities and controls to ensure the efficient and effective management of the Group's operations. The Board maintains a list of matters reserved for the Board.	https://www.tribalgroup.com/investors/governance/management-framework
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Investors section of our website includes our results, presentations and communications to shareholders. We release the results of general meetings through a regulatory news service and also on the Regulatory News section of our website.	https://www.tribalgroup.com/investors

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

Governance Structure

The plc Board

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

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

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

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

The Board plans to evaluate its performance and that of its Committees through a process of regular dialogue and periodic formal Board evaluations.

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

Board Committees

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

Audit Committee

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

The Audit Committee report on pages 46 to 47 contains further information on the Committee's role and activities.

Environmental, Social and Governance ("ESG") Committee

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

The ESG Committee report on pages 30 to 35 contains further information on the Committee's role and activities.

Remuneration Committee

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

The Remuneration Committee report on pages 49 to 53 contains further information on the Committee's role and activities.

Nomination Committee

The Committee, chaired by Richard Last, meets at least once a year. It leads the process for Board structure, size and composition of the Board and its Committees, and makes recommendations to the Board with regard to any changes required to ensure an appropriate balance of skills, expertise, knowledge, diversity and independence. The Nomination Committee report on page 48 contains further information on the Committee's role and activities.

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

Committee	plc Board	Audit Committee	Remuneration Committee	Nominations Committee	ESG Committee
Number of meetings in period	12	4	3	2	3
Meetings attended by members:					
Richard Last	12	1*	3	2	2
Roger McDowell	12	4	3	2	–
Nigel Halkes	12	4	3	2	3
Mark Pickett	11	2*	3*	2	3
Diane McIntyre	12	4*	3*	2*	3

* By invitation

Executive Board

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

Global Governance Committee

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

Internal controls and risk management

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

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

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

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

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

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

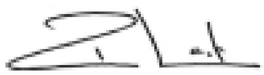
Indexed share price performance

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

Communication with shareholders

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

Approved by the Board of Directors on 23 March 2023.



Richard Last
Chairman

Audit Committee Report

The Audit Committee report details the key activities undertaken during the year.

Activities of the Committee during the year

The Committee's activities have focused on the accuracy of financial reporting and the related statutory audit; and the assessment of internal controls. During the year, the Committee was involved in the reviewing and approving of the Annual Report and Accounts for 2021 and the half year report and accounts for 2022, overseeing the Group's adoption of new and revised accounting standards, continued compliance with the General Data Protection Regulations (GDPR) and Corporate Criminal Offence Rules. In addition, the Committee reviewed the position of the Group's independent external auditors and reappointed BDO LLP at the AGM on 4 May 2022.

Financial reporting and statutory audit

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

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

External audit

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

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

Accounting policies, practices and judgements

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

Going concern

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

Revenue recognition

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

Onerous contracts provision

The Group has multiple complex long term contracts. Specific consideration has been given to the profitability of the NTU contract, in particular assessing the unavoidable costs of meeting our obligations under the contract in excess of economic benefit expected to be received. The committee reviewed judgements relating to the recognition of the onerous contract provision, and it was concluded that the judgements were appropriate.

Goodwill

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

Capitalised product development costs

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

Audit Committee Report continued

Assessment of internal financial control

Management is responsible for putting in place internal financial controls over financial reporting and to protect the business from identified material risks. There is no formal Internal Audit function however the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one. As described on pages 26 to 37 of the Annual Report, the Group has established a framework of risk management and internal control processes, policies and procedures to mitigate risks and the Committee continues to monitor these closely and is happy that they are appropriate for the business. The Committee reconsiders whether such a function is required annually.

New accounting standards

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

Approved by the Audit Committee on 23 March 2023.

Nigel Halkes
Chairman, Audit Committee

Nomination Committee Report

The Committee, chaired by Richard Last, meets at least once a year. It leads the process for Board structure, size and composition of the Board and its Committees, and makes recommendations to the Board with regard to any changes required to ensure an appropriate balance of skills, expertise, knowledge, diversity and independence.

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

Duties

The Committee's principal duties are to:

- monitor the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- give full consideration to succession planning for Directors and other senior Executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

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

Appointments in the year

During the year, the main focus of the Committee has been on succession planning for the Executive Committee and senior management.

We are pleased to strengthen the Executive Committee with the appointment of three new roles focusing on Customer Success, Professional Services and Sales, in additon to the appointment of a new Managing Director in the Education Services business.

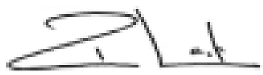
Diversity

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

Succession planning

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

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



Richard Last
Chair of the Nomination Committee

Remuneration Committee Report

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

Remuneration policy

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

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

Element of pay	Purpose and link to strategy	Operation including maximum	Performance criteria
Salary	To attract and retain high-quality individuals with the appropriate skills, experience and knowledge, while also recognising their ongoing performance.	Salaries are reviewed annually or when an individual changes position or responsibility. Salaries for the current year are set out on page 51. All appointments that attract either a base salary of £150,000 or a total remuneration package of £250,000, whichever being the least, must be approved by the Remuneration Committee.	Assessment of personal and corporate performance.
Benefits	To provide a range of cost-effective benefits which are typical market practice.	The main benefits provided include private medical insurance, a death in service benefit of four times salary and private fuel.	None.
Pension	To provide cost-effective long-term retirement benefits which are aligned with market practice.	Contributions of 10% of salary are paid to Executive Directors. An equivalent cash supplement may be paid to an individual if the annual or lifetime allowance has been met or exceeded.	None.
Annual bonus	To incentivise and reward for the achievement of in-year objectives, which are linked to the Group's Adjusted Operating Profit.	An annual cash bonus is payable up to a maximum of 125% of salary for the Chief Executive Officer, and 50% of salary for the Chief Financial Officer, subject to the achievement of performance targets. In all cases, bonus payments are subject to the overriding discretion of the Remuneration Committee.	The Remuneration Committee reviews the performance measures.
Long-term Incentives	To incentivise and reward for the achievement of long-term performance, which is aligned to the generation of shareholder value.	An annual grant of nil-cost options, which vest after three years subject to continued service and the achievement of performance conditions. The plan limit for an award in any year is 200% of base salary. The normal policy will be to grant 100% of base salary to the Chief Executive Officer and Chief Financial Officer. Dividends which accrue on vested awards may be paid as cash, or treated as reinvested and paid in shares.	The Remuneration Committee reviews the performance measures and targets annually. The Remuneration Committee has determined that a target linked directly to the Group's adjusted operating profit (EBITDA) is an appropriate measure for awards granted in 2022.
All employee plans	To encourage broad-based employee shareholding in the Group.	The Save As You Earn Scheme provides all eligible employees with the opportunity to acquire shares at a discounted share price.	None.

Director changes

There have been no Director changes in the year.

The use of performance measures

Annual bonus targets will include financial measures which reflect the performance of the business and are directly linked to the Group's Adjusted Operating Profit.

Long-term incentive performance measures are chosen to be aligned to long-term shareholder value creation by using an adjusted operating profit margin measure.

Directors' service contracts

Details of service agreements and notice periods are as follows:

Name	Director status	Effective date of contract	Expiry	Notice period for both parties
Mark Pickett	Chief Executive Officer	30 June 2016	Ongoing	6 months
Richard Last[1]	Non-Executive Chairman	17 November 2015	2023 AGM	–
Roger McDowell	Senior Non-Executive Director	17 November 2015	2023 AGM	3 months
Nigel Halkes	Non-Executive Director	20 January 2020	2023 AGM	3 months
Diane McIntyre	Chief Financial Officer	01 June 2021	Ongoing	6 months

1. Richard Last has no notice period.

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

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

Policy on payments for loss of office

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

Each Non-Executive Directors' notice period is defined in the table above and no compensation or other benefits are payable other than the potential share-based incentives in respect of Richard Last and Roger McDowell.

Risk

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

Shareholders’ views

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

Non-Executive Director fees

The fees for the year ending 31 December 2022, which took effect from 1 January 2022 are as follows. These exclude any expenses which the Non-Executive Directors may incur in relation to their duties.

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

1.Subject to review in April 2023 in line with the Groups annual pay review process.

Information subject to audit

Remuneration payable for the financial year ending 31 December 2022:

Director	Salary[4]	Benefits[1]	Bonus	SBP[2]	Pension[3]	Total 2022	Total 2021
Mark Pickett	270,000	393	–	779,350	24,210	1,073,953	1,471,974
Diane McIntyre[4]	200,000	1,060	30,000	52,632	10,000	293,692	250,948
Richard Last	111,600	–	–	–	–	111,600	110,000
Roger McDowell	57,000	–	–	–	–	57,000	55,100
Nigel Halkes	56,250	–	–	–	–	56,250	55,000

1. Benefits include private medical insurance and private fuel.
2. The cost reported in remuneration is equivalent to the share-based payment accounting charge incurred in the year, including dividends accruing on LTIPs and matching shares (see Note 6). SBP for Mark Pickett includes gains made on exercise of share options of £537,414 (2021: £478,869) and a notional bonus repaid to the Company in relation to the exercise of share options equivalent to the nominal value of number of shares issued totalling £16,480 (2021: 55,109) (see Note 6)
3. The fixed element of Directors remuneration includes salary and employers pension contributions, all other elements are variable.
4. Diane McIntyre’s figures in 2021 relate to the period from 1 June 2021 to 31 December 2021.

Long-Term Incentives Plan (LTIP) awards

On 11 April 2022 the Remuneration Committee approved LTIP awards to Mark Pickett and Diane McIntyre, of which the 2022 portion did not vest.

	Type	Number of shares	Face value[1]	Performance condition	Performance period	% Vesting at threshold
Mark Pickett	Nil-Cost Option	317,647	£270,000 (100% of salary)	Adjusted operating profit	Measured over 3 years to 31 December 2024	80% of LTIP
Diane McIntyre	Nil-Cost Option	235,294	£200,000 (100% of salary)	Adjusted operating profit	Measured over 3 years to December 2024	80% of LTIP

1. Face value calculated based on share price on 11 April 2022 (85p).

Share award interests

The interests in share options were as follows:

	At 1 January 2022	Granted	Lapsed	Exercised	At 31 December 2022	Exercise price	Price on date of grant	Date from which exercisable	Expiry date
Mark Pickett									
LTIP – 7 June 2019	716,552	–	–	716,552	–	Nil	71.0p	June 2022	June 2029
LTIP – 7 July 2020	482,143	–	(160,714)	–	321,429	Nil	56.0p	July 2023	July 2030
LTIP – 28 June 2021	275,510	–	(91,837)	–	183,673	Nil	98.0p	June 2024	June 2031
LTIP – 11 April 2022	–	317,647	(105,882)	–	211,765	Nil	92.0p	April 2025	April 2032
Diane McIntyre									
LTIP – 28 June 2021	204,081	–	(68,027)	–	136,054	Nil	98.0p	June 2024	June 2031
LTIP – 11 April 2022	–	235,294	(78,431)	–	156,863	Nil	92.0p	April 2025	April 2032

The closing share price at 31 December 2022 was 47p and during the year ranged from 39p to 106p. There have been no variations to the terms and conditions or performance criteria for share awards during the financial year. There are no vested but unexercised options relating to the Directors as at the 31 December 2022. No LTIPS vested in relation to 2022 performance.

Annual percentage change in Directors' remuneration compared to FTE employees

	Year-on-year percentage change in remuneration				
	2022	2021	2020[1]	2019	2018
Group FTE employees	972	936	832	850	873
Average Remuneration/FTE £'000	54	54	52	53	52
Average FTE Employees percentage change[4]	(1)%	3%	(2)%	2%	(13)%
Directors percentage change[2]					
Mark Pickett	(51)%	4%	1%	30%	10%
Richard Last	1%	5%	(35)%	19%	23%
Roger McDowell	3%	5%	(5)%	0%	0%
Nigel Halkes	2%	11%	100%	–	–
Diane McIntyre[3]	17%	–	–	–	–

1. Includes three months at 80% pay as a mitigating action to COVID.
2. Includes remuneration for the matching shares with the nominal value paid to participants as a bonus. Basic fees are consistent year on year.
3. Diane McIntyre's figures in 2021 relate to the period from 1 June 2021 to 31 December 2021.
4. Average percentage change is a result of investment in our GDC and Manila shared service centre.

INFORMATION NOT AUDITED

Directors' shareholdings

The table below sets out the Directors' current shareholdings as at 31 December 2022. The shareholding guideline for the Chief Executive Officer is to hold two times base salary in stock (excluding invested LTIPs) within no more than five years of appointment.

Director	Beneficially owned	% of salary/ share value held	LTIP options
Mark Pickett	1,263,727	220%	716,867
Diane McIntyre	–	–	292,917
Richard Last	3,095,726	1304%	–
Roger McDowell	3,975,726	3278%	–
Nigel Halkes	14,285	26%	–

Note: % of salary/share value held is calculated by reference to the value of the individual's shareholding in Tribal valued at the share price on the close of business on 31 December 2022.

All-employee plans

The Committee believes wider employee share ownership can act as an additional retention and motivation vehicle, and operates a Save As You Earn (SAYE) Scheme. Eligible employees, including the Executive Director, are invited to subscribe for options in the SAYE. The Committee regularly monitors the participation level in the all-employee arrangements.

Position against dilution limit

The share incentive plans operate in line with the ABI principle, which requires that all commitments must not exceed 10% of the issued share capital in any rolling ten-year period. Given the Company's issued share capital, the number of employees and the level of participation in the LTIP, the Committee believes that operating a single 10% in ten-year limit for all share plans remains appropriate. The Group's position against the dilution limit at 31 December 2022 was 8.2%.

Executive Directors external appointments

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

Approved by the Remuneration Committee on 23 March 2023.

Roger McDowell

Chairman, Remuneration Committee

Directors' Report

The Directors present their report and audited consolidated financial statements for the year ended 31 December 2022.

Principal activities

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

The Company acts as a holding company with a number of trading subsidiaries that provide education-related systems, solutions and consultancy services. There was no significant change in this activity during the year. The subsidiary undertakings of the Company are listed in Note 34.

Results and dividends

The loss for the year, after taxation, amounted to £(510,000) (2021: profit of £6,993,000. The Board is proposing a final dividend in respect of the year ended 31 December 2022 of 0.65p, pending approval at the AGM on 30 May 2023. The anticipated payment date is 27 July 2023, with an associated record date of 23 June 2023 and ex-dividend date of 22 June 2023. In July 2022 Tribal paid a final dividend of 1.3p per share in recognition of the year ended 31 December 2021. The Board intends to continue a progressive dividend policy, with a single dividend payment each year following annual results.

Dividend policy

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

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

Business model and strategy

The business model and strategy section, pages 2 and 3 and pages 8 and 9; set out the Company's strategy, business model and key performance indicators.

Long-term financing

On 21 January 2020 the Group entered into a three year £10m multicurrency revolving facility with HSBC with the option to extend by a further two years, both of which have been exercised with the facility expiring in December 2024.The facility was put in place to cover general corporate and working capital requirements of the Group, £6.3m (2021: £nil) was drawn down at 31 December 2022. In addition to this, the Group had a £2m committed overdraft facility in the UK and a AUD$2m committed overdraft facility in Australia, both facilities are committed for a 12-month rolling period ending August 2023 and October 2023 respectively. At the year-end there was £1.97m available but undrawn in respect of the UK overdraft facility (£35,000 had been drawn down) and $AUD2m available but undrawn in respect of the Australian overdraft facility.

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

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

Board effectiveness

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

Environment

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

The ESG Report is on pages 30 to 35 and highlights our initiatives in relation to Environmental, Social and Governance matters concerning the Group.

Principal risks and uncertainties

The Group's principal risks and uncertainties are explained in the Strategic Report on page 36 and 37. Risks of a financial nature are addressed in Note 31 of the financial statements.

Section 172

The Board's responsibilities to promote the success of the Group under Section 172 of the Companies Act 2006, as modified by the Companies (Miscellaneous Reporting) Regulations 2018 are outlined in the Section 172 Statement on pages 26 and 27.

Directors' indemnities

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

Going Concern

Please refer to the going concern statement in the Strategic Report on page 24 for details on the assessment carried out by Directors with regard to going concern.

Directors retiring

The names of the Directors who served during the year and up to the date of signing the financial statements are set out on page 38 and 39. All Directors are required to submit to re-election each year and will be proposed for re-election at the forthcoming AGM.

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

Directors' interests in the Company and share capital information, including share options, are detailed in the Remuneration report on pages 49 to 53.

Share capital

Details of the authorised and issued share capital are shown in Note 23 to the financial statements. The Company has one class of Ordinary Shares, which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. During the year, the Company issued 1,847,373 shares (2021: 4,676,064 Ordinary Shares of 5p).

Branches

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

Employees

Tribal is a business which is highly dependent on its people. We seek to attract, develop and retain high-calibre staff and, as a consequence, our customers can be assured that the service they receive is among the best available. The Group's commitment to its people is discussed in the Environmental, Social and Governance Report on pages 30 to 35.

The Board takes its responsibilities to employee engagement and interests very seriously and ensures any decisions made take into consideration the impact on the Group's employees. Employees' have the opportunity to ask questions regarding all aspects of the business during our regular Group-wide update meetings with the Group's Executive Management team. The Group recognises the value of its employees and where possible seeks to promote internally within the business and aims to empower, where appropriate, employees to aid with decision-making within the Group. Employee interests are considered in full when the Board is making key decisions regarding changes to the business, such as restructuring, acquisitions and streamlining of operating segments. Decisions impacting employees interest are communicated in a timely manner.

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

Research and development

The Group continues to invest in research and development of software products, as set out in Notes 5 and 14 of the financial statements. The investment is predominantly in the Group's next-generation cloud-based Student Information System, Edge. Total research and development expenditure increased to £15.7m (2021: £15.9m) of which £10.3m (2021: £10.2m) was capitalised.

Post balance sheet events

Significant events to report since the date of the balance sheet are disclosed in Note 33.

Future development

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

Annual General Meeting

The Company's AGM will be held on 30 May 2023. The notice convening the AGM and an explanation of the business to be put to the meeting are contained in a separate circular to shareholders.

Independent auditors

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

Directors' responsibility statement

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

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

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

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

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

Website publication

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

Corporate governance

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

Statement of disclosure of information to auditors

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

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

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

Mark Pickett
Chief Executive Officer

Registered number 4128850

23 March 2023

Independent auditor's report

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tribal Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the company only balance sheet, the company only statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Going concern was determined to be a Key Audit Matter for the reasons set out in the Key Audit Matter section of our report. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and our response to the Key Audit Matter is therefore included in the related Key Audit Matter below.

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

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

Overview

Coverage	100% (2021: 100%) of Group profit before tax 100% (2021: 100%) of Group revenue 99% (2021: 99%) of Group total assets		
Key audit matters		2022	2021
	Revenue measurement – Implementation services revenue stream*	×	✓
	Revenue recognition – Implementation services revenue stream	✓	×
	Accounting treatment – NTU contract	✓	×
	Going concern	✓	×
	Defined benefit pension scheme surplus	✓	×
	Cloud computing costs within intangibles**	×	✓
	*The key audit matter "Revenue measurement – Implementation services revenue stream" reported in the prior year has been split between "Revenue recognition – Implementation services revenue stream" and "Accounting treatment – NTU contract" in this report due to additional considerations required on the NTU contract beyond revenue recognition in the current year. **Cloud computing costs within intangibles is no longer considered to be a key audit matter because the appropriate policy for capitalisation of implementation costs was determined in 2021 with no ongoing related matters in the current year.		
Materiality	*Group financial statements as a whole* £360,000 (2021: £550,000) based on 5% of the 3-year average Adjusted profit before tax (2021: 5% of Adjusted profit before tax)		

An overview of the scope of our audit

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

In determining the scope of our audit, we considered the size and nature of each component within the Group to determine the level of work to be performed at each in order to ensure sufficient assurance was obtained to allow us to express an opinion on the financial statements as a whole. The components identified as significant were Tribal Group plc (company only), Tribal Education Ltd and Tribal Group Pty Limited, which were subject to a full scope audit by the Group engagement team. Significant components comprise 90% of revenue and 97% of Group total assets. Procedures over specific balances on the year-end results of the remaining non-significant components were performed by the Group engagement team which then increased the coverage to the percentages detailed in the above table.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – Implementation Services revenue stream (Refer to notes 1, 2 and 3 of the financial statements)	Implementation revenue comprises revenue received for implementing Tribal's off the shelf products as is or configuring it into a bespoke product based on the customer's requirements. Judgement is required in determining the stage of completion for each fixed fee project which is driven by the estimated total implementation time required and the total time spent to date. In light of the judgements and assessments required to be made by management in this area, we have determined that revenue recognition in relation to the implementation revenue stream is a key audit matter.	As part of our audit procedures, we: ▪ Assessed the appropriateness of the Group's revenue recognition policies against the requirements of the applicable accounting standards. ▪ Performed an assessment of a sample of the contracts including the terms and conditions of the implementation services being provided to check that that the revenue recognition policy is appropriate in accordance with the requirements of applicable accounting standards. ▪ Enquired with project managers and directors for the sample of contracts to establish how contracts were progressing against key milestones, the impact of expected delivery times on estimated total implementation time and comparing this to management's calculations. ▪ Assessed the stage of completion and resulting revenue recognised for a sample of contracts by: – agreeing the number of days worked to the timecard system and comparing this against the total expected number of days for the project based on the project trackers. – reviewing management's forecasted time costs for the projects against actual time costs incurred to date and performing a review of historical forecasting on a sample of contracts to confirm the accuracy of the project managers' and management's forecasts. – verifying progress against key milestones on a sample of contracts by viewing correspondence between the customer and Tribal. – verifying the weekly timecard review and sign off performed by the project managers for a sample of contracts, agreeing the time was booked by an assigned project operative on the budget and that the time approved agreed to the underlying timecard. – assessing the monthly contract reviews of forecast time costs performed by the commercial management and finance teams for a sample of contracts, checking that there were appropriate levels of review and challenge of the estimation of forecast time costs. **Key observations:** Based on the procedures performed, we consider the revenue recognition for the Implementation Services revenue stream to be appropriate.

Key audit matter		How the scope of our audit addressed the key audit matter
Accounting treatment – NTU contract (Refer to notes 1, 2, 3, 20, 30 and 33 of the financial statements)	In accounting for the NTU contract, judgement is required in determining the variable consideration to be included in the transaction price, the stage of completion for the fixed fee project and the future expected costs to deliver the contract, impacting the resulting onerous contract provision and contingent liability which has been recognised. In light of the judgements and assessments required to be made by the directors in this area particularly in relation to constraining the variable consideration, estimating the future expected costs to deliver the contract and the complexities of the applicable accounting standards, we have determined that the accounting treatment for the NTU contract is a key audit matter.	As part of our audit procedures, we: ▪ Assessed the judgements made by management in determining the appropriate allocation of fixed and variable consideration and constraining the variable consideration in line with the requirements of the applicable accounting standards. ▪ Obtained from management the milestone billing schedule to confirm that bills raised were in line with the agreed milestones, defined in the contract. ▪ Recalculated the difference between bills raised and total expected cash receivable to confirm the difference related to the refund liability and was recognised in line with the requirements of the applicable accounting standards. ▪ Enquired with project managers and directors to establish how the contract was progressing against key milestones, the impact of expected delivery times on variable consideration and compared this to management's calculations. ▪ Assessed the stage of completion and future expected costs to deliver the contract as per the procedures set out in the Revenue Recognition key audit matter above. ▪ Reviewed the contract margin calculation prepared by management to identify whether the contract is onerous and to determine whether the required provision has been made. ▪ Assessed the completeness of the remaining costs to complete the contract by agreeing the inputs to supporting documentation and performing sensitivity analysis on a range of scenarios to verify the onerous contract provision is complete. ▪ Reviewed correspondence between NTU and Tribal to assess management's position of the anticipated completion date of the implementation of the software and status of contingent liability. **Key observations:** Based on the procedures performed, we consider the accounting treatment for the NTU contract to be appropriate.

Key audit matter		How the scope of our audit addressed the key audit matter
Going concern (Refer to notes 1 of the financial statements)	Judgement is required in determining the budgets and future cash flows to be used in the Directors' going concern assessment. The Group is experiencing increased pressures on cash flows and relies heavily on existing loan facilities. Any significant unexpected cash requirements could potentially lead to breaching covenants or not having sufficient cash resources available to settle liabilities when they fall due. Furthermore, the NTU contract could potentially have a significant impact on the Group's future cashflows. In light of all the factors mentioned above, we have determined that going concern is a key audit matter.	As part of our audit procedures, we: ▪ Obtained the going concern assessment, approved by the Directors, including detailed cash flow forecasts up to 31 March 2024 and where applicable agreed this to third party documentation including signed banking facilities and agreements for deferred consideration. ▪ We inspected the Group's signed revolving facility agreements and conversion of uncommitted accordion with HSBC (note 1) to check that the Group has sufficient funds to settle the deferred consideration due of £184k (note 20) for Eveoh BV while at the same time maintaining adequate working capital to continue daily operations as normal. ▪ Assessed the impact on banking covenants to determine if they would be breached if the draw down of all facilities were to occur. ▪ We assessed the Directors' assumptions in the going concern forecast including revenue growth, profit margin, inflation, funding and covenant compliance headroom availability with reference to the historical accuracy of the Directors' forecasts, comparing the current forecasts against post year end actual results and committed revenue contracts. ▪ Assessed the appropriateness of sensitivity analyses prepared by the Directors over the Group's cash flow forecasts including the effects of adverse movements in revenue, the gross margin, inflation and an increase in expenditure and various possible outcomes for the NTU contract to determine the potential impact on covenant compliance and sufficiency of available cash resources required to settle short term liabilities as they fall due over the next 12 months. ▪ Assessed the effect of contract assets and liabilities on the net current liability position by considering the costs to deliver the services, as well as deferred costs in order to realise revenue held as a contract asset or liability. **Key observations:** Our conclusions are set out in the Conclusions related to going concern section of our report.
Defined benefit pension scheme surplus (Refer to notes 1 and 27 of the financial statements)	Estimation is required in determining the appropriate discount rate, inflation rate and mortality rate used in calculating the defined benefit obligations. Judgement is also required in determining whether there is an unconditional right to the surplus in the scheme. In light of the judgements and estimation required to be made by management in this area, we have determined that the defined benefit pension scheme surplus is a key audit matter.	As part of our audit procedures, we: ▪ Obtained direct confirmation of valuation of the scheme assets from 3rd parties and considered whether the valuation of the assets is appropriate. ▪ Reviewed Service Organisation Controls reports for these 3rd parties and considered whether the description, design and operating effectiveness of the controls included relating to the valuation of these assets were appropriate and whether there were any matters noted that could impact the valuation of the assets. ▪ Involved our independent external pension experts to independently assess and challenge the assumptions used by management's expert in arriving at the scheme obligations valuation. ▪ Reviewed the report produced by the pension experts and addressed any audit action points raised by our independent external pension experts. ▪ Obtained the legal trust deed and reviewed the terms of the trust deed to determine whether a unilateral right to recognise a surplus exists. ▪ Challenged management on the assumptions used to recognise such a surplus or whether the surplus was restricted. ▪ Reviewed management's legal and actuarial advice obtained relating to the recognition of a pension surplus. **Key observations:** Based on the procedures performed, we consider the judgement made in recognising the defined benefit pension scheme surplus to be appropriate.

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	2022 £	**2021 £**	**2022 £**	**2021 £**
Materiality	360,000	550,000	180,000	350,000
Basis for determining materiality	5% (2021: 5%) of the 3-year average Adjusted* profit before tax (2021: Adjusted* profit before tax)		50% (2021: 63.6%) of Group materiality	
Rationale for the benchmark applied	Adjusted profit before tax is a key measure for stakeholders based on market practice and investor expectations. Due to the fluctuation in profits from year to year it was considered appropriate to use a 3-year average.		Materiality was capped at 50% (2021: 63.6%) of Group materiality given the assessment of the components' aggregation risk.	
Performance materiality	258,000	396,000	130,000	252,000
Basis for determining performance materiality	In determining performance materiality, we considered a number of factors including the areas of estimation within the financial statements and history of errors. On this basis performance materiality was set at 72% (2021: 72%) of Group materiality.		In determining performance materiality, we considered a number of factors including the areas of estimation within the financial statements and history of errors. On this basis performance materiality was set at 72% (2021: 72%) of Parent Company materiality.	

* Profit before tax adjusted for acquisition related costs, internal systems transformation programme and other financing costs in note 6 of the financial statements

Component materiality

We set materiality for each significant component of the Group based on a percentage of between 50% and 78% (2021: 63% and 70%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £180,000 to £280,000 (2021: £350,000 to £385,000). In the audit of each component, we further applied performance materiality levels of 72% (2021:72%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £7,200 (2021: £11,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ▪ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▪ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ▪ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ▪ the Parent Company financial statements are not in agreement with the accounting records and returns; or ▪ certain disclosures of Directors' remuneration specified by law are not made; or ▪ we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report continued

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

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

We obtained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and determined that the most significant laws and regulations are the Companies Act 2006, applicable accounting frameworks, AIM Rules and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with the Directors and other management.

We assessed compliance with these laws and regulations through enquiry with management and the Audit Committee, review of reporting to Directors with respect to compliance with laws and regulations, review of board meeting minutes and review of legal correspondence and confirmations. We also reviewed the Group's tax computations and returns and financial statements against the requirements of the relevant tax legislation and applicable accounting framework respectively.

We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur and considered the fraud risk areas to be management override of controls, the risk of fraud in revenue recognition relating to the Implementation Services revenue stream, capitalisation of development costs and classification and accuracy of 'other items'.

In addressing the risk of fraud included in management override of controls, we have performed journals testing based on a set of fraud risk criteria and tested to supporting documentation whilst also verifying the business rationale and assessing whether the judgements made in significant accounting estimates were indicative of potential bias. We also incorporated unpredictability procedures as part of our response to the risk of management override of controls.

In addressing the risk included in 'other items', we have challenged management's assumptions in determining these exceptional costs, to verify that only exceptional and non-trading items are included within the calculation of adjusted profit. To address the fraud risk in the capitalisation of development costs, we have reviewed a sample of capitalised costs in the year, agreeing these to supporting documentation with consideration of whether the capitalisation requirements of the applicable accounting standards have been met.

With regards to the fraud risk in revenue recognition relating to the Implementation Services revenue stream, our procedures included those set out in the key audit matters section above.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

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

BDO LLP

Sarah Applegate

(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Bristol, UK

23 March 2023

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

FINANCI STATEMENTS

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Consolidated Income Statement

For the year ended 31 December 2022

	Note	Adjusted £'000	Other items (see Note 6) £'000	Year ended 31 December 2022 Total £'000	Adjusted £'000	Other items (see Note 6) £'000	Year ended 31 December 2021 Total £'000
Revenue	3	83,585	–	83,585	81,148	–	81,148
Cost of sales		(52,250)	–	(52,250)	(39,335)	–	(39,335)
Gross profit		31,335	–	31,335	41,813	–	41,813
Total administrative expenses		(26,886)	(3,670)	(30,556)	(27,846)	(5,079)	(32,925)
Operating profit/(loss)	4,5,6	4,449	(3,670)	779	13,967	(5,079)	8,888
Investment income	8	25	–	25	255	–	255
Finance costs	6,9	(323)	(94)	(417)	(230)	(299)	(529)
Profit/(loss) before tax		4,151	(3,764)	387	13,992	(5,378)	8,614
Tax (charge)/credit	6,10	(2,907)	2,010	(897)	(2,240)	619	(1,621)
Profit/(loss) attributable to the owners of the parent		1,244	(1,754)	(510)	11,752	(4,759)	6,993
Earnings per share							
Basic	12			(0.2)p			3.3p*
Diluted	12			(0.2)p			3.2p*

All activities are from continuing operations.

*Restated see Note 12

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
(Loss)/profit for the year		(510)	6,993
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	27	262	728
Deferred tax on measurement of defined benefit pension schemes	21	(66)	(131)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		595	(917)
Other comprehensive income/(expense) for the year net of tax		791	(320)
Total comprehensive income for the year attributable to equity holders of the parent		281	6,673

Consolidated Balance Sheet

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill	13	29,176	28,582
Other intangible assets	14	43,667	35,947
Property, plant and equipment	15	1,044	962
Right-of-use assets	26	1,435	2,309
Net investment in lease	26	70	–
Deferred tax assets	21	5,064	5,233
Retirement benefit scheme assets	27	72	–
Contract assets	3	–	1,610
		80,528	74,643
Current assets			
Trade and other receivables	16	12,505	10,602
Net investment in lease	26	47	–
Contract assets	3	6,676	6,178
Current tax assets		421	–
Cash and cash equivalents	29	2,891	5,924
		22,540	22,704
Total assets		103,068	97,347
Current liabilities			
Trade and other payables	18	(5,788)	(6,081)
Accruals		(8,622)	(9,253)
Contract liabilities	3	(26,004)	(23,571)
Current tax liabilities		(1,145)	(2,456)
Lease liabilities	26	(728)	(878)
Borrowings	19	(35)	–
Provisions	20	(5,194)	(1,349)
		(47,516)	(43,588)
Net current liabilities		(24,976)	(20,884)
Non-current liabilities			
Other payables	18	(209)	(131)
Deferred tax liabilities	21	(2,930)	(2,953)
Contract liabilities	3	(141)	(1,864)
Retirement benefit obligations	27	–	(215)
Lease liabilities	26	(721)	(1,449)
Borrowings	19	(6,250)	–
Provisions	20	(483)	(807)
		(10,734)	(7,419)
Total liabilities		(58,250)	(51,007)
Net assets		44,818	46,340

Consolidated Balance Sheet continued

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Equity			
Share capital	23	10,611	10,519
Share premium	24	83	18,961
Other reserves	25	28,598	27,978
Accumulated losses		5,526	(11,118)
Total equity attributable to equity holders of the parent		44,818	46,340

Notes 1 to 34 form part of these financial statements. The Company's registered number is 04128850.

The financial statements on pages 68 to 123 were approved by the Board of Directors and authorised for issue on 23 March 2023 and were signed on its behalf by:

Richard Last
Director

Mark Pickett
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated (losses)/ profits £'000	Total equity £'000
Balance as at 31 December 2020		10,285	15,951	26,926	(15,530)	37,632
Profit for the year		–	–	–	6,993	6,993
Other comprehensive expense for the year		–	–	–	(320)	(320)
Total comprehensive income for the year		–	–	–	6,673	6,673
Issue of equity share capital	23	234	3,010	–	–	3,244
Equity dividend paid	11	–	–	–	(2,505)	(2,505)
Credit to equity for share-based payments	22	–	–	1,078	–	1,078
Foreign exchange difference on share-based payments	22	–	–	(26)	–	(26)
Tax credit on credit to equity for share-based payments	10	–	–	–	244	244
Contributions by and distributions to owners		234	3,010	1,052	(2,261)	2,035
Balance at 31 December 2021		10,519	18,961	27,978	(11,118)	46,340
Loss for the year		–	–	–	(510)	(510)
Other comprehensive income for the year		–	–	–	791	791
Total comprehensive income for the year		–	–	–	281	281
Issue of equity share capital	23, 24	92	481	–	–	573
Share premium capital reduction	24	–	(19,359)	–	19,359	-
Equity dividend paid	11	–	–	–	(2,736)	(2,736)
Credit to equity for share-based payments	22	–	–	589	–	589
Foreign exchange difference on share-based payments	22	–	–	31	–	31
Tax charge on credit to equity for share-based payments	10	–	–	–	(260)	(260)
Contributions by and distributions to owners		92	(18,878)	620	16,363	(1,803)
At 31 December 2022		10,611	83	28,598	5,526	44,818

Consolidated Cash Flow Statement

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Net cash from operating activities	28	6,106	13,889
Investing activities			
Purchases of property, plant and equipment	15	(716)	(563)
Expenditure on intangible assets	14	(10,369)	(10,224)
Payment of deferred consideration for acquisitions	20	(994)	(2,180)
Acquisition of investments in subsidiaries – cash consideration		–	(4,512)
Acquisition of investments in subsidiaries – cash acquired		–	317
Proceeds from sub-leases	26	29	52
Net gain on forward contracts		23	249
Net cash outflow from investing activities		(12,027)	(16,861)
Financing activities			
Interest paid		(229)	(65)
Loan arrangement fees		(9)	(45)
Loan drawdown		8,500	15,000
Loan repayment		(2,250)	(15,000)
Proceeds on issue of shares	23,24	573	3,244
Principal paid on lease liabilities	26	(943)	(1,002)
Interest paid on lease liabilities	26	(60)	(85)
Equity dividend paid	11	(2,736)	(2,505)
Net cash from/(used in) financing activities		2,846	(458)
Net decrease in cash and cash equivalents		(3,075)	(3,430)
Cash and cash equivalents at beginning of year		5,924	9,520
Effect of foreign exchange rate changes		7	(166)
Cash and cash equivalents at end of year	17	2,856	5,924

Notes to the Financial Statements

1. Accounting policies

General information

Tribal Group plc (the Company) is a company incorporated, registered and domiciled in England and Wales in the United Kingdom under the Companies Act. The Company is a public limited company which is listed on the Alternative Investment Market (AIM). The address of the registered office is given on page 124. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in Note 4 and in the Strategic Report on pages 1 to 37. The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements on pages 68 to 123 have been prepared in accordance with UK adopted International Accounting Standards.The financial information has been prepared on the historical cost basis, except for contingent consideration, share-based payments and forward exchange contracts which are recognised at fair value.

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

Adoption of new and revised standards

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

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

Mandatorily effective for periods beginning on or after 1 January 2023:

IFRS 17	Insurance contracts
Amendments to IAS 1 and Practice Statement 2	Disclosure of accounting policies
Amendments to IAS 8	Accounting policies – changes in estimates and error
Amendments to IAS 12	Deferred tax arising from single transaction

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

Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 16	Liability in a sale and leaseback

None of the above standards are expected to have a material impact on the Group or are expected to be early adopted.

Basis of consolidation

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

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

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

Adoption of the going concern basis

As at 31 December 2022, the Group had cash and cash equivalents of £2.9m (2021: £5.9m) and borrowings of £6.3m (2021: £nil). The Group had a £2m committed overdraft facility in the UK and a AUD$2m committed overdraft facility in Australia, both facilities are committed on a 12-month rolling period ending August 2023 and October 2023 respectively. At the year-end there was £1.97m available but undrawn in respect of the UK overdraft facility (£35,000 had been drawn down) and $AUD2m available but undrawn in respect of the Australian overdraft facility.

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

The Group benefits from strong annual recurring revenues and cash generation, it also has a significant pipeline of committed income as it enters 2023 which provides a good level of protection and certainty to the business. While the Group's net current liability position has increased to £25.0m from £20.9m in 2021, the increase is driven by the increase in borrowings of £6.3m and the recognition of an onerous contract provision of £4.0m. The remaining net current liabilities is primarily made up of net contract liabilities of £19.5m (2021: £17.6m) relating to deferred customer revenue recognised in accordance with IFRS 15.

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

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

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

Revenue recognition

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

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

In addition to this, the Group has long-term contracts for the provision of more complex, project-based services including arrangements that involve significant production, modification, or customisation of software. Where the outcome of such long-term project-based contracts can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the project at the balance sheet date. This is measured by the proportion that development time incurred for work performed to date bears to the estimated total development time required. Variations in contract work and claims are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

Variable consideration linked to contract performance and related sales revenue is calculated and recognised based on the probability weighted value of a range of possible outcomes. It is addressed at the beginning of a contract and reviewed annually for qualitative factors. Variable consideration is constrained when it is highly probable that it will reverse in subsequent periods and is accounted for as an adjustment to contract revenue and accrued income.

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

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

1. Accounting policies continued

Revenue recognition continued

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

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

Student Information Systems:

Licence & Development Fees – applies to Foundation Software and Edge

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

Support & Maintenance – applies to Foundation Software and Edge

- Revenue from contracts for software maintenance and support is recognised on a pro rata basis over the contract period, reflecting the Group's obligation to support the relevant software products and update their content over the contract period.

Implementation Services – applies to Professional Services

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

Cloud Services – applies to Cloud Services

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

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

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

Education Services:

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

Refund liability

A refund liability is measured at the amount the entity ultimately expects it will have to return to the customer and such amount is not included in the transaction price. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period and this is included in other payables.

Deferred contingent consideration

The Group has deferred contingent consideration obligations arising from acquisitions.

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

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

Goodwill

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

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

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

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

Merger reserve

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

Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

Business systems

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

Notes to the Financial Statements continued

1. Accounting policies continued

Internally generated intangible assets – research and development costs

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

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

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

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

Intangible assets

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

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

Acquired Intangibles

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

- Aquired Intellectual property – 15 years;
- Acquired Software – 3 to 8 years; and
- Acquired Customer contracts & relationships – 3 to 12 years.

Property, plant and equipment

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

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

Leases

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

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

Short-term leases and leases of low-value assets

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

Sub-leases

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

Other items

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

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

Retirement benefit costs

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

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

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

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

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

Provisions

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

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

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

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

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

1. Accounting policies continued

Foreign currencies

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

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

Share-based payments

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

Fair value is measured by use of an adjusted Black-Scholes model for the 2017, 2018, 2019, 2020, 2021 and 2022 LTIPs (including the CSOP) and the 2019 SAYE, and a Monte-Carlo model for the LTIPs awarded in 2016, as these will vest dependent on market conditions.

Tax

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

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

Financial assets

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

Amortised cost

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

Impairment of financial assets

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

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

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

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

Financial liabilities and equity

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

Equity instruments

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

Financial liabilities

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

Dividends

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

Contingent liabilities

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

2. Critical accounting judgements and sources of estimation uncertainty

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

Goodwill

The carrying value of goodwill at the year-end is £29.2m (2021: £28.6m). An annual impairment review is required under IAS 36 'Impairment of assets' involving judgement of the future cash flows and discount rates for cash-generating units. The Group prepares such cash flow forecasts derived from the most recent budgets approved by the Board of Directors. Further details of the other assumptions used are given in Note 13.

Other intangible assets (Development costs)

The carrying value of development costs is £36.7m (2021: £27.6m). Judgement is required to assess whether costs meet the criteria for capitalisation set out in IAS 38, the useful life of those assets, and subsequently the consideration of the potential need for impairment of these assets, in particular in relation to their expected ability to generate future revenue. Further details of the other assumptions used are given in Note 14.

Onerous contract provision

An onerous contract provision of £4.5m (2021: £nil) was recognised at the year end. This is calculated based on the future expected costs to deliver the contract in excess of revenues. Judgement is required to assess the remaining cost to deliver the contract. See note 20.

2. Critical accounting judgements and sources of estimation uncertainty continued

Revenue recognition

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

3. Revenue for contracts with customers

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

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

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

Net contract liabilities

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

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

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

The amount of incremental costs to obtain a contract which extends over a period of more than 12 months has been recognised as an asset in prepayments totalling £0.5m (2021: £0.5m) and will be released in line with the total contract revenue. No amount has been impaired at 31 December 2022 or 2021.

Remaining performance obligations

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

At 31 December 2022

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

3. Revenue for contracts with customers continued

At 31 December 2021

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

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

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

Further details of the nature of the services provided are disclosed in Note 4. Sales of goods are not material and are therefore not shown separately. Included in sales of services is £1.7m (2021: £0.8m) related to software license revenues recognised as a result of a periodic review of our license entitlement resulting from changes in our customers' enrolled student numbers.

There is no revenue in respect of discontinued operations.

4. Business segments

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

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

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

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

Associated depreciation and amortisation is allocated to segment profits and is included in adjusted segment operating profit as above. The amount included in SIS is £2.6m (2021: £1.1m) and within Education Services £0.1m (2021: £nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. Segment profit represents the profit earned by each segment, without allocation of central administration costs, including Directors' salaries, finance costs and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

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

Geographical information

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

	2022 £'000	**2021 £'000**
UK	51,850	48,975
Australia	18,094	20,485
Other Asia Pacific	5,960	5,824
North America	3,616	3,149
Rest of the world	4,065	2,715
	83,585	81,148

Non-current assets (excluding deferred tax)

	2022 £'000	**2021 £'000**
UK	60,746	54,314
Australia	14,350	13,391
Other Asia Pacific	305	1,637
North America	52	68
Rest of the world	11	–
	75,464	69,410

5. Operating profit for the year

	Note	2022 £'000	2021 £'000
Operating profit for the year is stated after charging/(crediting):			
Staff costs (excluding amounts capitalised)	7	44,719	43,969
Depreciation and other amounts written off in PPE	15	623	650
Depreciation of right-of-use assets	26	1,036	985
Amortisation of software and customer contracts & relationships	14	1,098	947
Amortisation of software licenses	14	–	1
Amortisation of business systems	14	20	24
Amortisation of development costs and acquired Intellectual Property	14	1,301	1,008
Write off of development costs	14	113	905
Internal systems transformation programme "VERITAS"	14	1,321	1,715
Net impairment loss/(gain) on trade receivables	16	7	(44)
Research and development expenditure		5,017	6,479
Net foreign exchange losses/(gains)		114	(110)

The analysis of auditors' remuneration is as follows:

	2022 £'000	2021 £'000
Fees payable to the Company's current auditors for the audit of the Company's Annual Report	246	186
Fees payable to the Company's current auditors and its associates for other services to the Group:		
– the audit of the Company's subsidiaries pursuant to legislation	210	156
Total audit fees	456	342
– audit related assurance services	–	8
– non audit related assurance services	–	5
Total non-audit fees	–	13
Total auditor's remuneration	456	355

Non-audit fees in 2022 were nil. The non-audit fees in 2021 arose as a result of the half year review (£8,000) and as a result of business contingency planning advice (£5,000).

Fees payable to BDO LLP and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Alternative Performance Measures (APM).

A number of non-IFRS adjusted profit measures are used in this annual report and financial statements. Adjusting items are excluded from our headline performance measures by virtue of their size and nature, in order to reflect management's view of the performance of the Group. Summarised below is a reconciliation between statutory results to adjusted results. The Group believes that alternative performance measures such as adjusted EBITDA are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), or based on factors which do not reflect the underlying performance of the business. The adjusted profit after tax earnings measure is also used for the purpose of calculating adjusted earnings per share.

Alternative Performance Measures (APM) continued

	2022 £'000	2021 £'000	Change £'000
Statutory Operating profit	779	8,888	(8,109)
Amortisation of Development cost and acquired Intellectual Property	1,301	1,008	293
Amortisation of other intangibles	20	25	(5)
Depreciation on Property, Plant & Equipment	623	650	(27)
Depreciation of right-of use assets	1,036	985	51
Amortisation of software and customer contracts & relationships (Note 6)	1,098	947	151
Other items (Note 6)	2,122	2,504	(382)
Employee related share option charges (Note 6)	450	1,628	(1,178)
Adjusted Operating Profit (EBITDA)	7,429	16,635	(9,206)

6. Other items

	2022 £'000	2021 £'000
Acquisition related costs	(186)	(765)
Employee related share option charges (including employer related taxes)	(450)	(1,628)
Internal systems transformation programme "VERITAS"	(1,321)	(1,715)
Restructuring and associated costs	(615)	(24)
Amortisation of software and customer contracts & relationships	(1,098)	(947)
Total administrative expenses	(3,670)	(5,079)
Other financing costs	(94)	(299)
Total other items before tax	(3,764)	(5,378)
Tax on other items	2,010	619
Total other items after tax	(1,754)	(4,759)

The Group has adopted a policy of disclosing separately on the face of its Group income statement the effect of any components of financial performance considered by the Directors to be not directly related to the trading business or regarded as exceptional, or for which separate disclosure would assist in a better understanding of the financial performance achieved. Both materiality and the nature and function of the components of income and expense are considered in deciding upon such presentation. As such, 'other items' are not part of the Group's underlying trading activities and include the following:

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

Employee related share option charges. The numbers above include:

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

6. Other items continued

Other items are detailed below:

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

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

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

Taxation: The tax credit arising on the above items is presented on a consistent basis with the underlying cost or credit to which it relates and therefore is also presented separately on the face of the income statement. This includes a release of £1.3m tax provision previously recognised in relation to the Group relief claim from Care UK for the year ended 31 March 2007. See Note 30 for further details.

7. Staff numbers and costs

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

	2022 number	2021 number
Selling, operations, marketing and development	880	848
Finance and administration	92	88
	972	936

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	45,892	44,224
Social security costs	3,957	4,179
Other pension costs	2,005	2,022
Restructuring costs	752	185
Share option charge*	574	1,068
	53,180	51,678

* Includes £(15,000) (2021: £(10,000)) amounts paid and accrued on dividends on share options that have met performance conditions.

The total payroll costs above include £8,461,000 (2021: £7,709,000) capitalised as development costs. £35,307,000 of payroll costs are included in cost of sales and £17,873,000 of payroll costs are included in administrative expenses.

8. Investment income

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

9. Finance costs

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	229	70
Loan arrangement fees	9	45
Net interest payable on retirement benefit obligations	4	14
Interest expense on lease liabilities and dilapidation provisions	81	101
Adjusted finance costs	323	230
Unwinding of discounts	94	299
Other finance costs	94	299
Total finance costs	417	529

10. Tax

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

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

	2022 £'000	2021 £'000
Profit before tax on continuing operations	387	8,614
Tax charge at standard UK rate of 19% (2021: 19%)	74	1,637
Effects of:		
Overseas tax rates	619	688
Expenses not deductible for tax purposes	14	190
Adjustments in respect of prior years	523	(74)
Additional deduction for R&D expenditure	(23)	(13)
Share scheme costs	19	(174)
Fixed assets ineligible depreciation	(14)	(47)
Utilisation of unrecognised tax losses (Note 21)	989	84
Movement in IFRIC 23 tax provision	(1,405)	(371)
Effect of changes in tax rates	101	(299)
Tax expense for the year	897	1,621

In addition to the amount charged to the income statement a current tax credit of £24,000 (2021: £53,000) and a deferred tax charge of £284,000 (2021: £395,000) has been recognised directly in equity during the year in relation to Share Schemes.

10. Tax continued

A deferred tax charge of £726,000 (2021: £131,000) has been recognised in the Consolidated Statement of Comprehensive Income in relation to defined benefit pension schemes.

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

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

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

11. Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2021 of 1.3 pence (Final dividend for the year ended 31 December 2020: 1.2 pence) per share	2,736	2,505
Proposed final dividend:		
Proposed final dividend for the year ended 31 December 2022 of 0.65 pence (year ended 31 December 2021: 1.3 pence) per share	1,379	2,735

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

12. Earnings/(loss) per share

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

	2022 '000	Restated* 2021 '000
Weighted average number of shares outstanding:		
Basic weighted average number of shares in issue	211,627	209,073
Dilutive weighted average number of employee share options	3,236	5,557
Total weighted average number of shares outstanding for dilution calculations	214,863	214,630

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

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

The maximum number of potentially dilutive shares, based on options that have been granted but have not yet met vesting criteria, is 3,328,168 (2021: 7,125,172). This includes 92,157 options in the 2019 SAYE Scheme (2021: 876,512).

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

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

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

13. Goodwill

	2022 £'000	2021 £'000
Cost		
At beginning of year	109,813	107,892
Additions	–	2,543
Exchange differences	594	(622)
At end of year	110,407	109,813
Accumulated impairment losses		
At beginning of year	81,231	81,231
At end of year	81,231	81,231
Net book value		
At end of year	29,176	28,582
At beginning of year	28,582	26,661

Notes to the Financial Statements continued

13. Goodwill continued

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

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

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

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use risk adjusted cash flow projections based on the financial budget approved by management for the period to 31 December 2023. The budget was prepared based on past experience, strategic plans and management's expectation for the markets in which they operate including adjustments for known contract ends, contract related inflationary increases and planned cost savings. The budget was extrapolated over a five-year period in line with previous calculations and to give greater clarity on future cash flows. The growth assumption is 2% per annum for SIS (2021: 2%) and 2% for ES (2021: 2%). Cash flows beyond the budget and extrapolation period were calculated into perpetuity using the same growth rates. These growth rates are in line with the expected average UK economy long-term growth rate.

The cash flows projections are discounted at a pre-tax discount rate of 10.9% (2021: 10.8%). The single discount rate, which is consistently applied for both CGUs, is determined with reference to internal measures and available industry information and reflects specific risks relevant to the Group.

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

A rise in discount rate to 32% and 210% would trigger an impairment in SIS and ES respectively. A decline in growth rate of EBITDA (22%) in SIS and (43.8%) in ES would result in an impairment. Management does not consider these changes possible but considers a slight increase in discount rate to 12% and zero growth may be possible as a result of the current economic environment. As a result of the analysis, there is headroom of £106.3 million and £9.7 million in SIS and ES respectively.

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

14. Other intangible assets

	Acquired Software £'000	Acquired Customer contracts & relationships £'000	Acquired intellectual property £'000	Development costs £'000	Business systems £'000	Software licenses £'000	Total £'000
Cost							
At 1 January 2021	10,293	8,620	1,873	43,619	5,319	1,489	71,213
Acquisitions	2,305	1,289	–	1,237	–	–	4,831
Additions	–	–	–	10,224	–	–	10,224
Disposals	–	–	–	(905)	(4,496)	–	(5,401)
Exchange differences	(365)	(156)	–	(162)	(5)	(1)	(689)
At 31 December 2021 and 1 January 2022	12,233	9,753	1,873	54,013	818	1,488	80,178
Adjustments	–	–	–	23	(30)	–	(7)
Additions	–	–	–	10,294	75	–	10,369
Disposals	–	–	–	(9,171)	(793)	(1,445)	(11,409)
Exchange differences	349	149	–	155	5	1	659
At 31 December 2022	12,582	9,902	1,873	55,314	75	44	79,790
Amortisation							
At 1 January 2021	8,141	6,299	734	25,255	4,920	1,488	46,837
Acquisitions	–	–	–	366	–	–	366
Charge for the year	529	418	75	933	24	1	1,980
Disposals	–	–	–	–	(4,315)	–	(4,315)
Exchange differences	(365)	(111)	–	(155)	(5)	(1)	(637)
At 31 December 2021 and 1 January 2022	8,305	6,606	809	26,399	624	1,488	44,231
Charge for the year	628	470	141	1,160	20	–	2,419
Disposals	–	–	–	(9,058)	(644)	(1,445)	(11,147)
Exchange differences	350	113	–	156	–	1	620
At 31 December 2022	9,283	7,189	950	18,657	–	44	36,123
Carrying amount							
At 31 December 2022	3,299	2,713	923	36,657	75	–	43,667
At 31 December 2021	3,928	3,147	1,064	27,614	194	–	35,947

Software, customer contracts and relationships and intellectual property that have arisen from acquisitions are amortised over their estimated useful lives, which are 3 to 8 years, 3 to 12 years, and 15 years respectively. The amortisation period for development costs incurred on the Group's product development is 3 to 15 years, based on the expected life cycle of the product. Amortisation and impairment of development costs, amortisation for software, customer contracts and relationships, intellectual property, business systems and software licenses are all included within administrative expenses.

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

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

14. Other intangible assets continued

The Group is required to test annually if there are any indicators of impairment. The recoverable amount is determined based on value in use calculations of identified CGUs. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

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

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

15. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and other equipment £'000	Total £'000
Cost			
At 1 January 2021	3,153	6,260	9,413
Additions	5	558	563
Exchange differences	(49)	(121)	(170)
At 31 December 2021 and 1 January 2022	3,109	6,697	9,806
Additions	316	400	716
Disposals	(1,120)	(6,211)	(7,331)
Exchange differences	39	110	149
At 31 December 2022	2,344	996	3,340
Accumulated depreciation and impairment			
At 1 January 2021	2,851	5,493	8,344
Charge for the year	108	542	650
Exchange differences	(40)	(110)	(150)
At 31 December 2021 and 1 January 2022	2,919	5,925	8,844
Charge for the year	123	500	623
Disposals	(1,104)	(6,203)	(7,307)
Exchange differences	35	101	136
At 31 December 2022	1,973	323	2,296
Net book value			
At 31 December 2022	371	673	1,044
At 31 December 2021	190	772	962

There are £2.3m (2021: £8.5m) cost of assets that are fully depreciated within property, plant and equipment.

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

16. Trade and other receivables

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

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

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

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

Trade receivables

Trade receivables are measured at amortised cost. The average credit terms on sales is 30 days (2021: 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 two customers (2021: three) who held balances outstanding of more than 5% (2022: £1.6m; 2021: £1.2m). The average age of receivables is 40 days (2021: 31 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 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

At 31 December 2021 the lifetime expected loss allowance for trade receivables is as follows:

	Expected loss rate	Gross carrying amount £'000	Loss provision £'000
Current	1%	5,024	68
30–60 days	8%	241	19
60–90 days	33%	123	41
90–180 days	16%	134	21
180+ days	36%	107	38
Total		5,629	187

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

	2022 £'000	2021 £'000
Balance at the beginning of the year	187	231
IFRS 9 expected credit loss adjustment	75	(34)
Amounts written off during the year	(12)	(81)
Movements on unused amounts	(56)	71
Balance at the end of the year	194	187

16. Trade and other receivables continued

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 (2021: £0.7m).

17. Cash and cash equivalents

Cash and cash equivalents of £2.9m (2021: £5.9m) comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

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

	2022 £'000	2021 £'000
Aa3	595	440
A1	1,427	1,273
A2	740	3,047
A3	42	1,113
Baa2	52	51
	2,856	5,924

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

	2022 £'000	2021 £'000
Cash and cash equivalents	2,856	5,924

18. Trade and other payables

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

The average credit period taken for trade purchases is 10 days (2021: 17 days). For most suppliers, no interest is charged on the trade payables for the first 30 days from the date of invoice. Thereafter, in some cases, interest may be charged on the outstanding balances due to certain suppliers at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within a reasonable time frame. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Other payables are split as follows:

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

19. Borrowings

The Group had a £2m committed overdraft facility in the UK and a AUD$2m committed overdraft facility in Australia, both facilities are committed for a 12-month rolling period ending August 2023 and October 2023 respectively. As at 31 December 2022, the Group had cash and cash equivalents of £2.9m (2021: £5.9m). At 31 December 2022 £0.1m of the UK overdraft was drawn.

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

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

20. Provisions

	Property related £'000	Deferred Contingent Consideration £'000	Onerous Contracts £'000	Other £'000	Total £'000
At 1 January 2022	920	1,083	–	153	2,156
Net additions/(reductions) to provision	(67)	–	4,497	5	4,435
Unwinding of discount	20	94	–	–	114
Utilisation of provision	(58)	(994)	–	–	(1,052)
Exchange rate movement	18	1	–	5	24
At 31 December 2022	833	184	4,497	163	5,677

The provisions are split as follows:

	Property related £'000	Deferred Contingent Consideration £'000	Onerous Contracts £'000	Other £'000	Total £'000
2022					
Within one year	350	184	4,497	163	5,194
After more than one year	483	–	–	–	483
Total	833	184	4,497	163	5,677
2021					
Within one year	113	1,083	–	153	1,349
After more than one year	807	–	–	–	807
Total	920	1,083	–	153	2,156

20. Provisions continued

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

Property related provision relates to the estimated future dilapidation costs arising from exiting leasehold properties, under IAS 37. This provision is discounted by property and is between 2.65% and 4.72%.

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

Onerous contracts provision relates to a specific contract and represents the unavoidable costs of meeting the obligations under the contract that exceed the economic benefit expected to be received under it.

Deferred consideration reflects amounts in respect of the acquisitions of subsidiary undertakings payable over a period of up to 2 years. Certain amounts are contingent upon the performance of the acquired entities with amounts reflecting management's best estimate of the future profitability of those entities and the resultant payment due under the terms of the Sale and Purchase Agreement. The deferred consideration is discounted at 18%.

Deferred contingent consideration in 2022 reflects the remaining amount in respect of the acquisition of the assets of Eveoh BV. The amounts have been calculated upon the performance of the entities in the year to 31 December 2022 and the resultant payments are due under the Sale and Purchase Agreements. During 2022 payments totalling £430,000 were made. At 31 December 2021 there was £564,000 of deferred contingent consideration due to the owners of Semestry Limited. During 2022 this was fully paid.

The remaining deferred consideration for Eveoh is likely to be paid in 2022 and hence is all classified as current.

21. Deferred tax

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

	2022 £'000	2021 £'000
Deferred tax assets		
Short-term timing differences	1,621	1,593
Share-based payments	301	688
Tax losses	3,142	2,899
Retirement benefit schemes	–	53
	5,064	5,233
Deferred tax liabilities		
Retirement benefit schemes	(19)	–
Depreciation in excess of capital allowances	(1,385)	(1,143)
Intangible assets	(1,526)	(1,810)
	(2,930)	(2,953)
	2,134	2,280

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

The Group has recognised a deferred tax asset of £3,142,000 (2021: £2,899,000) on tax losses carried forward in the UK of £12,568,000 (2021: £13,072,000). The Group has losses of £1,092,000 (2021: £1,092,000) in the UK on which no deferred tax has been recognised. The Group and Company have no further unrecognised deferred tax assets or liabilities. No deferred tax assets have been recognised on the losses in Singapore which have arisen on the inclusion of the onerous contract provision.

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

	Temporary differences on non-current assets £'000	Retirement defined benefit schemes £'000	Other temporary differences £'000	Total £'000
At 1 January 2021	(309)	182	3,120	2,993
Foreign exchange differences	5	–	(20)	(15)
Acquisitions	–	–	(732)	(732)
(Charge)/credit to income statement	(839)	2	811	(26)
Items taken directly to equity	–	–	191	191
Charge recognised in consolidated statement of comprehensive income	–	(131)	–	(131)
At 31 December 2021	(1,143)	53	3,370	2,280
Foreign exchange differences	240	–	(208)	32
(Charge)/credit to income statement	(482)	(6)	660	172
Items taken directly to equity	–	–	(284)	(284)
Credit recognised in consolidated statement of comprehensive income	–	(66)	–	(66)
At 31 December 2022	(1,385)	(19)	3,538	2,134

Included in other temporary differences are deferred tax assets of £3,142,000 (2021: £2,899,000) relating to tax losses carried forward and other timing differences of £1,922,000 (2021: £2,281,000). The balance also includes a deferred tax liability, in relation to intangible assets of £1,526,000 (2021: £1,810,000).

The (charge)/credit taken to the income statement for items in 'other temporary differences' is split as follows: Tax losses £243,000 (2021: £528,000); Intangible assets £283,000 (2021 £(137,000)); Share schemes £(103,000) (2021: £(171,000)); and other timing differences £237,000 (2021: £(249,000)).

The deferred tax assets are expected to be settled as follows: £408,000 less than 12 months from 31 December 2022 and £4,656,000 greater than 12 months from 31 December 2022. The deferred tax liabilities are all expected to reverse greater than 12 months from 31 December 2022.

22. Share-based payments

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

	2022 £'000	2021 £'000
2019 SAYE	23	40
LTIPs awarded in 2022	158	–
LTIPs awarded in 2021	66	66
LTIPs awarded in 2020 (2 year vesting)	185	485
LTIPs awarded in 2020	47	270
LTIPs (incorporating the CSOP) awarded in 2019	141	175
LTIPs (incorporating the CSOP) awarded in 2018	–	47
LTIPs (incorporating the CSOP) awarded in 2017	–	(31)
Total	620	1,052

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

2019 SAYE

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

Eligible employees were invited to subscribe for options over Ordinary Shares of 5p of the Company with an exercise price of 58.2 pence, a 10% discount to the closing average market price of the Ordinary Shares from 3 September 2019 to 5 September 2019. The options have a contract start date of 1 November 2019 and are exercisable between 1 November 2022 and 30 April 2023. During 2022 167,216 options were exercised by employees.

LTIPs awarded in 2022

New awards in 2022 to Mark Pickett (317,647) and Diane McIntyre (235,294) will vest equally over the next 3 years. These awards were granted subject to performance conditions based on the Group's Adjusted Operating Profit for the years ended 31 December 2022, 2023 and 2024. During 2022 184,314 options lapsed as the 2022 performance condition was not met.

Eligible employees on the Executive Board received 294,117 awards under the LTIP Scheme. These will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted Operating Profit for the years ended 31 December 2022, 2023 and 2024. During 2022 98,039 options lapsed as the 2022 performance condition was not met.

In addition 100,592 options were granted to eligible employees under the LTIP Scheme. These awards were granted subject to specific contractual conditions and had to be exercised before 31 December 2022. During the year these options were exercised.

LTIPs awarded in 2021

New awards in 2021 to Mark Pickett (275,510) and Diane McIntyre (204,081) will vest equally over the next 3 years. These awards were granted subject to performance conditions based on the Group's Adjusted Operating Profit for the years ended 31 December 2021, 2022 and 2023. During 2022 159,864 options lapsed as the 2022 performance condition was not met.

LTIPs awarded in 2020

New awards in 2020 to Mark Pickett (482,143) will vest equally over the next 3 years. These awards were granted subject to performance conditions based on the Group's Adjusted Operating Profit for the years ended 31 December 2020, 2021 and 2022. During 2022 160,714 options lapsed as the 2022 performance condition was not met.

Eligible employees on the Executive Board also received 1,876,000 awards under the LTIP Scheme. These will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted Operating Profit for the years ended 31 December 2020, 2021 and 2022. During 2022 446,667 options lapsed as the 2022 performance condition was not met.

In addition 1,920,000 options were granted to eligible employees under the LTIP Scheme. These awards were granted subject to time limit conditions. 50% of the options can be exercised from 1 July 2021 and 50% from 1 July 2022. During the year 193,000 options were exercised.

LTIPs awarded in 2019 (including the CSOP)

New awards in 2019 to Mark Pickett (760,563) will vest equally over the next three years. These awards were granted subject to performance conditions based on the Group's Adjusted Operating Profit for the years ended 31 December 2019, 2020 and 2021. During 2020 44,011 options lapsed as part of the 2019 performance condition was not met. The remaining 716,552 options vested on 7 June 2022 and were exercised in August 2022.

Eligible employees received awards under the CSOP scheme on 7 June 2019 and on 16 September 2019. Those granted in June 2019 can only be exercised after a three-year period if the share price is above 71p, and those granted in September 2019 can only be exercised after a three-year period if the share price is above 61.5p. The options met the three year vesting condition on 7 June 2022 and 16 September 2022 respectively. During the year 345,435 options were exercised.

LTIPs awarded in 2018 (including the CSOP)

Eligible employees received awards under the CSOP scheme on 26 March 2018. These can only be exercised after a three-year period if the share price is above 79.6p. The options met the three-year vesting condition on 26 March 2021. During 2022 220,270 options were exercised.

LTIPs awarded in 2017 (including the CSOP)

Awards in 2017 under the new CSOP scheme (as part of the 2010 LTIP Plan) can only be exercised after a three-year period and if the share price is above 80p. The options met the three-year vesting condition on 2 July 2020. During 2022 12,675 options were exercised.

LTIPs awarded in 2016

Awards in 2016, to eligible employees, vest according to a target share price. The amount of awards that will vest will range between 0% and 100% of those granted based on a target share price between 60p and 80p which could be met at any point over a three year period. These awards have now vested. During 2022 no options were exercised.

Options outstanding during the year are as follows:

	LTIP – nil cost (2 years)		LTIP – nil cost (3 years)		LTIP (inc CSOP)		SAYE	
	Number of options thousands	Weighted average exercise price*	Number of options thousands	Weighted average exercise price*	Number of options thousands	Weighted average exercise price	Number of options thousands	Weighted average exercise price
Outstanding at 1 January 2022	1,311	£0.05	3,229	£0.05	2,639	£0.73	877	£0.58
Exercised during the year	(193)	£0.05	(817)	£0.05	(566)	£0.75	(167)	£0.58
Granted during the year	–	–	947	£0.05	–	–	–	–
Lapsed during the year	(80)	£0.05	(1,185)	£0.05	(211)	£0.79	(106)	£0.58
Outstanding at 31 December 2022	1,038	£0.05	2,174	£0.05	1,861	£0.72	604	£0.58
Exercisable at 31 December 2022	1,038	£0.05	75	£0.05	1,861	£0.72	604	£0.58
Weighted average remaining contractual life (years)	7.5	–	7.6	–	5.7	–	0.3	–
Weighted average share price at date of exercise	–	£0.80	–	£0.78	–	£0.90	–	£0.66

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

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

22. Share-based payments continued

The Group has used a Monte-Carlo valuation model for the LTIPs awarded in 2016 and an adjusted Black-Scholes valuation model for the 2017, 2018, 2019, 2020, 2021 and 2022 LTIP awards (including the new CSOP plan) and 2019 SAYE in order to incorporate discount factors into the fair value to reflect the performance conditions of the LTIP grants. The following table sets out the information about how the fair value of the grants are calculated:

Date of grant	**28 June 2016**	**2 July 2017**	**26 March 2018**	**7 June 2019**	**7 June 2019**	**16 Sept 2019**
Type of grant	LTIPs	LTIPs (inc CSOP)	LTIPs (Inc CSOP)	LTIPs	LTIPs (inc CSOP)	LTIPs (Inc CSOP)
Share price	£0.505	£0.78	£0.796	£0.71	£0.71	£0.615
Exercise price	£0.05	£0.80	£0.796	£0.05	£0.71	£0.615
Expected dividend yield	0%	0%	1%	1.57%	1.57%	1.79%
Risk-free interest rate	0.14%	0.14%	0.14%	1.04%	1.04%	1.04%
Expected volatility	68%	61%	61%	26%	26%	26%
Term (years)	3.0	5.0	5.0	5.0	5.0	5.0
Option fair value	£0.316	£0.407	£0.374	£0.61	£0.32	£0.28
Expiry date	27 June 2026	2 July 2027	26 March 2028	06 June 2029	06 June 2029	15 Sept 2029
No of options issued	3,591,020	3,535,000	3,975,000	760,563	2,600,000	300,000
No of options outstanding	75,000	100,000	450,000	–	1,011,385	300,000

Date of grant	**1 October 2019**	**7 July 2020**	**7 July 2020***	**28 June 2021**	**11 April 2022**	**26 May 2022**	**23 August 2022**
Type of grant	SAYE	LTIPs	LTIPs	LTIPs	LTIPs	LTIPs	LTIPs
Share price	£0.647	£0.56	£0.59	£0.98	£0.92	£0.91	£0.845
Exercise price	£0.582	£0.05	£0.05	£0.05	£0.05	£0.05	£0.05
Expected dividend yield	1.79%	2.12%	2.12%	2.28%	2.68%	2.68%	2.68%
Risk-free interest rate	1.04%	0.40%	0.40%	0.85%	2.02%	2.02%	2.02%
Expected volatility	24%	26%	24%	26%	30%	30%	30%
Term (years)	3.0	5.0	2.0	5.0	5.0	5.0	0.33
Option fair value	£0.108	£0.46	£0.51	£0.83	£0.80	£0.81	£0.79
Expiry date	30 April 2023	06 July 2030	30 June 2030	28 June 2031	11 April 2032	26 May 2032	31 Dec 2022
No of options issued	1,116,879	2,358,143	1,920,000	479,591	552,941	294,117	100,592
No of options outstanding	603,538	1,214,762	1,038,000	319,727	368,627	196,078	–

* These awards have no market based performance conditions.

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

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

23. Share capital

	2022 number	2022 £'000	2021 number	2021 £'000
Allotted, called up and fully paid				
At beginning of the year	210,374,373	10,519	205,698,309	10,285
Issued during the year	1,847,373	92	4,676,064	234
At end of the year	212,221,746	10,611	210,374,373	10,519

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

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

24. Share premium

	Share premium reserve £'000
At 1 January 2021	15,951
Issue of shares	3,010
At 31 December 2021 and 1 January 2022	18,961
Issue of shares	481
Capital reduction	(19,359)
At 31 December 2022	83

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

25. Other reserves

	Capital reserve £'000	Merger reserve £'000	Own share reserve £'000	Share-based payment reserve £'000	Total £'000
At 1 January 2021	9,545	11,304	(856)	6,933	26,926
Transfer between reserves	–	–	530	(530)	–
Movement in relation to share-based payment (net)	–	–	–	1,052	1,052
At 31 December 2021 and 1 January 2022	9,545	11,304	(326)	7,455	27,978
Transfer between reserves	–	–	128	(128)	–
Movement in relation to share-based payment (net)	–	–	–	620	620
At 31 December 2022	9,545	11,304	(198)	7,947	28,598

The capital reserve of £9.5m (2021: £9.5m) resulted from a share exchange when Tribal Group plc was listed in February 2001.

The merger reserve of £11.3m (2021: £11.3m) relates to the premium arising on shares issued subject to the provisions of section 612 of the Companies Act 2006 (previously section 131 of the Companies Act 1985), net of cumulative goodwill impairment of £58.7m (2021: £58.7m) in respect of related acquisitions deemed to be impaired.

The own share reserve of £0.2m (2021: £(0.3)m) represents the cost of 423,000 shares (2021: 318,692) in Tribal Group plc held by the Employee Share Ownership Trust (EBT) to satisfy certain options under the Group's share option schemes. During 2022 297,308 shares were purchased by the EBT, and 193,000 shares were sold to satisfy options granted in 2020 under the LTIP Scheme (see note 22).

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

26. Leases

As a lessee

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

Right-of-use assets

	2022 £'000	2021 £'000
Balance at 1 January	2,309	3,342
Additions to right-of-use assets	1,040	445
Depreciation charge for year	(1,036)	(985)
Disposals during the year	(903)	(439)
Exchange differences	25	(54)
Balance at 31 December	1,435	2,309

Lease liabilities

Maturity analysis	2022 £'000	2021 £'000
Less than one year	761	931
One to five years	744	1,301
More than five years	–	215
Total undiscounted lease liabilities at 31 December	1,505	2,447
Current	728	878
Non-current	721	1,449
Lease liabilities included in the consolidated balance sheet at 31 December	1,449	2,327

	2022 £'000	2021 £'000
Balance at 1 January	2,327	3,571
Additions	823	262
Lease payments	(1,003)	(1,087)
Interest expense	60	85
Disposals during the year	(782)	(455)
Exchange differences	24	(49)
Balance at 31 December	1,449	2,327

	2022 £'000	2021 £'000
Amounts recognised in the consolidated income statement		
Interest on lease liabilities	60	85
Interest received on leased assets	(2)	(6)
Depreciation on right-of-use assets	1,036	985
Expenses relating to short term leases	49	54
Expenses relating to leases of low-value assets	16	25
	1,159	1,143
Amounts recognised in the consolidated cash flow statement		
Interest on lease liabilities	60	85
Principal lease payments	(1,003)	(1,087)
Total cash outflow for leases	943	1,002

The Group has lease contracts for office properties in various countries that the Group operates in. Leases of office properties generally have lease terms between two and ten years. The Group's obligations under its leases are secured by the lessor's title to the leasehold properties. The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised. As at 31 December 2022, management does not intend to exercise termination options (i.e., break clauses) in the existing leases. Total lease payments of £42,000 (2021: £31,000) were potentially avoidable had the Group exercised break clauses at the earliest opportunity.

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

Lease payments for some property leases are subject to annual fixed increase. The total lease payments subject to annual fixed increase are £207,000 (2021: £405,000) compared to total lease payments of £1,003,000 (2021: £1,087,000).

As a lessor

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

	2022 £'000	2021 £'000
Finance income on the net investment in the lease	29	52

During 2022 the Group sub-leased an office building and classified the sub-lease as a finance lease.

Maturity analysis	2022 £'000	2021 £'000
Less than one year	50	–
One to five years	71	–
Total undiscounted lease payments receivable at 31 December	121	–
Current	47	–
Non-current	70	–
Net investment in the lease at 31 December	117	–

27. Retirement benefit schemes

The Group operates a number of defined contribution and defined benefit pension schemes within individual subsidiaries and contributes to certain employees' personal pension plans. The pension charge for the year ended 31 December 2022 was £2.0m (2021: £2.0m), of which £2.0m (2021: £2.0m) related to defined contribution schemes and £nil (2021: £nil) to defined benefit schemes. Contributions amounting to £0.3m (2021: £0.4m) were payable to the funds at the year end and are included in current liabilities.

Defined benefit schemes

At 31 December 2022, the Group operated two defined benefit pension schemes for the benefit of certain deferred employees of its subsidiaries in the UK. These schemes are administered by separate funds that are legally separated from the Company. The trustees of the pension funds are required by law to act in the interest of the funds and of all relevant stakeholders in the schemes. The trustees of the pension funds are responsible for the investment policy with regard to the assets of the funds.

Scheme 1 – the Prudential Platinum Pension Fund

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

The Tribal Education section of the Prudential Platinum Pension Fund had three deferred members and two pensioners at the year-end. The weighted average duration of the Defined Benefit Obligation is 27 years (2021: 31 years). Employer contributions amounting to £53,000 were paid in the year ended 31 December 2022 (2021: £52,000). The accounting figures have been calculated using the valuation as at 31 December 2021, updated on an approximate basis to 31 December 2022 by a qualified independent actuary.

27. Retirement benefit schemes continued

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

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

The Tribal Education section of the Mercer DB Master Trust had 83 deferred members and 71 pensioners/dependents at the year-end. The weighted average duration of the Defined Benefit Obligation is 16 years (2021: 23 years). The Company does not have an unqualified right to apply any surplus in the scheme either on a ongoing basis or upon winding-up of the plan. Consequently a surplus of £2,641,000 has not been recognised in these accounts. Employer contributions amounting to £69,000 were paid in the year ended 31 December 2022 (2021: £69,000). The accounting figures have been calculated using the valuation as at 5 April 2021, updated on an approximate basis to 31 December 2022 by a qualified independent actuary.

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

- Investment risk: movement of discount rate used against the return from plans;
- Interest rate risk: decreases/increases in the discount rate used will increase/decrease the defined benefit obligation; and
- Longevity risk: changes in the estimation of the mortality rates of current and former employees.
- The assets of the funds have been taken at market value and the actuarial assumptions used to calculate scheme liabilities under IAS 19 'Employee Benefits' for both schemes are:

	2022 % per annum	2021 % per annum
Inflation	2.30–3.30	2.50–3.50
Salary increases	–	–
Rate of discount	4.75	1.9
Pension in payment increases	2.30–3.30	2.50–3.50

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

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

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

The mortality assumptions adopted at 31 December 2021 imply the following life expectations:

	Males	Females
Aged 60 in 2021	86.8	88.9
Aged 60 in 2042	88.4	90.5

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

	2022 £'000	2021 £'000
Equities	2,013	5,569
Corporate Bonds	1,670	2,959
Gilts	122	178
Alternative assets	2,278	–
Property	2,014	–
Cash	34	84
Total fair value of scheme assets	8,131	8,790

All equities and corporate bonds are quoted on active markets.

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

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.5%	Decrease by 8%
Rate of inflation	Increase by 0.5%	Increase by 8%
Rate of mortality	Increase by one year	Increase by 2%

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

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

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

	2022 £'000	2021 £'000
Present value of defined benefit obligations	(5,418)	(9,005)
Fair value of scheme assets	8,131	8,790
Surplus/(deficit) in schemes	2,713	(215)
Surplus in scheme not recognised	(2,641)	–
Asset/(liability) recognised in the balance sheet	72	(215)

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

	2022 £'000	2021 £'000
Fair value of scheme assets at beginning of year	8,790	8,267
Expected return on assets	166	115
Actuarial (losses)/gains due to investment returns different from the return implied by the discount rate	(736)	503
Contributions by employer	122	121
Benefits paid	(118)	(124)
Administration expenses	(93)	(92)
Fair value of scheme assets at end of year	8,131	8,790

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

	2022 £'000	2021 £'000
Defined benefit obligation at beginning of year	9,005	9,225
Interest cost	170	129
Actuarial loss – experience	258	10
Actuarial loss – demographic assumptions	14	30
Actuarial gain – financial assumptions	(3,911)	(265)
Benefits paid	(118)	(124)
Defined benefit obligation at end of year	5,418	9,005

The Group's contribution rate for 2022 and 2021 for the Prudential Platinum Fund and for the Mercer DB Master Trust was 0%.

The Group expects to make contributions of £122,000 to the defined benefit schemes during the next financial year.

27. Retirement benefit schemes continued

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

	2022 £'000	2021 £'000
Administration expenses	93	92
Recognised in arriving at operating profit	93	92
Other finance costs/(income)		
Interest on pension scheme liabilities	170	129
Expected return on pension scheme assets	(166)	(115)
Net finance expense	4	14
Total charge to income statement	97	106

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

	2022 £'000	2021 £'000
Actual return less expected return on pension scheme assets	(736)	503
Experience losses arising on the scheme liabilities	(258)	(10)
Changes in assumptions underlying the present value of scheme liabilities	3,897	235
Surplus in scheme not recognised	(2,641)	–
Total actuarial gains recognised in the consolidated statement of comprehensive income	262	728

Cumulative actuarial gains in the year to 31 December 2022 recognised in the consolidated statement of comprehensive income since 1 April 2004 are £97,000 (In the year to 31 December 2021: cumulative losses of £165,000). The history of experience adjustments is as follows:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Present value of defined benefit obligations	(5,418)	(9,005)	(9,225)	(8,285)	(7,848)
Fair value of scheme assets	8,131	8,790	8,267	7,745	6,846
Surplus/(deficit) in the scheme	2,713	(215)	(958)	(540)	(1,002)
Experience adjustments arising on scheme assets:					
Amount	(736)	503	493	812	(593)
Percentage of the scheme assets	(9%)	6%	6%	10%	(9%)
Experience adjustments arising on scheme liabilities:					
Amount	(258)	(10)	6	780	98
Percentage of the present value of the scheme liabilities	5%	–	–	9%	1%

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

28. Notes to the cash flow statement

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

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

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

29. Analysis of net (debt)/cash

	2022 £'000	2021 £'000
Cash and cash equivalents	2,891	5,924
Overdrafts	(35)	–
Borrowings	(6,250)	–
Net (debt)/cash	(3,394)	5,924

Reconciliation of changes in net (debt)/ cash	2022 £'000	2021 £'000
Opening net cash	5,924	9,520
Net decrease in cash and cash equivalents	(3,075)	(3,430)
Borrowings (note 19)	(6,250)	–
Non-cash effect of foreign exchange rate changes	7	(166)
Closing net (debt)/cash	(3,394)	5,924

30. Contingent liabilities

The Company and its subsidiaries have provided performance guarantees issued by its banks on its behalf, in the ordinary course of business, totalling £0.8m (2021: £1.2m). These are not expected to result in any material financial loss and the likelihood of using these guarantees is assessed as remote.

As disclosed in Note 34, Tribal Holdings Limited, Tribal Dynamics Limited, Tribal Dynamics Holdings Limited, Semestry Limited and International Graduate Insight Group Limited have taken advantage of the exemption available under Section 394A/479A of the Companies Act 2006 in respect of the requirements for audit. As a condition of the exemption, the Company has guaranteed the year-end liabilities of these subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year-end were £64,309,000 (2021: £60,736,000). These are inclusive of intercompany liabilities of £60,963,120 (2021: £58,340,634).

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

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

31. Financial instruments

Capital risk management

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

Gearing ratio

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

	2022 £'000	2021 £'000
Net (debt)/cash	(3,394)	5,924
Equity	44,818	46,340
Net (debt)/cash to equity ratio	(7.6%)	12.8%

Significant accounting policies

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

Categories of financial instruments

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

31 December 2022	Financial assets measured at amortised cost £'000	Financial Liabilities measured at amortised cost £'000	Financial Liabilities measured at FVTPL £'000	Total £'000
Financial assets				
Cash and cash equivalents	2,891	–	–	2,891
Trade receivables and other receivables*	8,021	–	–	8,021
	10,912	–	–	10,912

Financial liabilities				
Trade payables and other payables**	–	3,290	–	3,290
Overdrafts	–	35	–	35
Bank loans	–	6,250	–	6,250
Accruals	–	8,622	–	8,622
Deferred contingent consideration	–	–	184	184
	–	18,197	184	18,381

31 December 2021	**Financial assets measured at amortised cost £'000**	**Financial Liabilities measured at amortised cost £'000**	**Financial Liabilities measured at FVTPL £'000**	**Total £'000**
Financial assets				
Cash and cash equivalents	5,924	–	–	5,924
Trade receivables and other receivables*	6,135	–	–	6,135
	12,059	–	–	12,059
Financial liabilities				
Trade payables and other payables**	–	3,353	–	3,353
Accruals	–	9,253	–	9,253
Deferred contingent consideration	–	–	1,083	1,083
	–	12,606	1,083	13,689

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

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

The above tables have been stated at undiscounted values with the exception of the 2022 and 2021 contingent deferred consideration amounts. The undiscounted value of the contingent deferred consideration is £185,000 (2021: £1,267,000) versus a discounted value of £184,000 (2021: £1,083,000).

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

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

31 December 2022	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial liabilities at fair value				
Deferred contingent consideration	–	–	184	184
	–	–	184	184

31 December 2021	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial liabilities at fair value				
Deferred contingent consideration	–	–	1,083	1,083
	–	–	1,083	1,083

For the movement in deferred contingent consideration please refer to note 20. There are no financial assets held at fair value (2021: £nil).

31. Financial instruments continued

Financial risk management objectives

Treasury management is led by the Group finance team, which is responsible for managing the Group's exposure to financial risk. It operates within a defined set of policies and procedures reviewed and approved by the Board. This includes both foreign exchange risk and interest rate risk. The Group's exposure to interest rate fluctuations on its interest-bearing assets and liabilities is selectively managed, using interest rate swaps where appropriate. This is an ongoing risk and the Board will continue with this policy. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. No interest rate swaps were in place at 31 December 2022 (2021: none).

Market risk

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

Foreign currency risk management

The Group undertakes an increasing number of transactions denominated in foreign currencies. Here, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters and the Group enters into forward foreign exchange contracts where appropriate. No forward contracts were in place at 31 December 2022 (2021: none).

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

	Assets		Liabilities	
	31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Euros	806	333	1	1
Australian dollar	1,267	2,051	–	13
United States dollar	1,413	1,212	–	262
Saudi Arabian riyal	138	89	–	–
New Zealand dollar	413	671	–	–
Canadian dollar	32	78	–	–
Philippine peso	58	185	–	–
United Arab Emirates dirham	50	931	–	–
Malaysian ringgit	760	424	–	–
Bahraini dinar	88	207	–	–
Singapore dollar	36	926	141	55
	5,061	7,107	142	331

Foreign currency sensitivity analysis

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

If sterling were to strengthen or weaken by 10% against the relevant foreign currencies, the balances in the table above would give rise to an increase/reduction in profit of £506,000 (2021: £738,000). This sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 10% change in foreign currency rates.

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

Interest rate risk management

The Group is exposed to interest rate risk because entities hold cash deposits. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. There are no hedges in place as at 31 December 2022 (2021: nil).

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk management

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The Group's credit risk is relatively low because a high proportion of trade and other receivables have a sovereign or close to sovereign rating. Of the total trade receivables balance at the end of the year there were two customers (2021: three) who held balances outstanding of more than 5% (2022 £1.6m; 2021: £1.2m).

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. In the absence of any seasonality to the business, 2% increase in defaults was considered appropriate and supportable as the risk of credit losses is relatively low.

Before applying the expected loss rate percentage to each respective ageing category of trade receivables an assessment of specific customers has occurred and these amounts have been excluded from the general loss allowance. The expected credit loss for these customers is separately assessed (using the same logic as above) and relates to customers where the probability of default is higher.

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for both trade receivables and contract assets:

31 December 2022 £'000	Current	30–60	61–90	91–180	180+	Total
Expected loss rate	1%	8%	39%	10%	16%	
Trade receivables	6,502	255	104	252	274	7,387
Contract assets	6,676	–	–	–	–	6,676
General loss allowance	66	19	40	25	44	194

31 December 2021 £'000	Current	30–60	61–90	91–180	180+	Total
Expected loss rate	1%	8%	33%	16%	36%	
Trade receivables	5,024	241	123	134	107	5,629
Contract assets	7,788	–	–	–	–	7,788
General loss allowance	68	19	41	21	38	187

The expected credit losses on trade receivables and contract assets have been calculated using the simplified approach. A reconciliation of closing loss allowances for trade receivables and contract assets as at 31 December 2022 to the opening loss allowances is in Note 16.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include, loans to related parties and key management personnel and other receivables. The loss allowance for other financial assets at amortised cost as at 31 December 2022 was £nil (2021: £nil).

Contract risk management

Contract assets inherently have some contractual risks associated with them related to the specific and ongoing risks in each individual contract with a customer.

Liquidity risk management

The Group manages liquidity risk by maintaining adequate cash reserves and banking facilities, and by continuously monitoring forecast and actual cash flows. The Group has access to committed financing facilities; being a short-term UK overdraft facility of £2.0m and a short-term AUS overdraft facility of $2.0m. The total unused amount was £1.97m and $2.0m at the balance sheet date and no interest is being incurred on this balance (2021: £nil). The Group expects to meet its obligations from operating cash flows. The Group also had cash balances at 31 December 2022 of £2.9m (2021: £5.9m) as detailed in Note 17. Interest is received on this at applicable bank rates.

31. Financial instruments continued

On 21 January 2020 the Group entered into a 3 year £10m multicurrency revolving facility with HSBC with the option to extend by a further 2 years, both of which have been exercised with the facility expiring in December 2024. On 20 February 2023, to manage the short-term working capital requirements, Tribal converted £7m of the £10m uncommitted accordion into its existing loan facility, increasing the total facility to £17m. The facility was put in place to cover general corporate and working capital requirements of the Group, as at 31 December 2022 £6.3m (2021: £nil) of the loan was utilised.

32. Related party disclosures

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

On 11 April 2022, Tribal Group plc (the Company) granted nil-cost options over a total of 552,941 Ordinary Shares (representing approximately 0.3% of the Company's issued shares) to Mark Pickett (317,647) and Diane McIntyre (235,294) under the terms of its 2010 Long-Term Incentive Plan. This award has been granted subject to performance conditions based on the Group's Adjusted Operating Profit for the years ending 31 December 2022, 2023 and 2024. The options may not be exercised before 11 April 2025. During 2022 184,314 options lapsed as the 2022 performance condition was not met.

On 26 May 2022, Tribal Group plc (the Company) granted nil-cost options over a total of 294,117 Ordinary Shares (representing approximately 0.2% of the Company's issued shares) to eligible employees on the Executive Board under the terms of its 2010 Long-Term Incentive Plan. This award has been granted subject to performance conditions based on the Group's Adjusted Operating Profit for the years ending 31 December 2022, 2023 and 2024. The options may not be exercised before 26 May 2025. During 2022 98,039 options lapsed as the 2022 performance condition was not met.

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. The members of the Group Board and the Group's Executive Board are considered to be the key management personnel of the Group.

Remuneration of key management personnel

	2022 £'000	2021 £'000
Salaries and short-term employee benefits	2,601	2,524
Termination benefits	202	26
Share-based payments	302	732
	3,105	3,282

Included within Directors' salaries and short-term employee benefits are pension costs of £24,000 (2021: £26,000) in respect of accruals and payments made to one (2021: one) Director's individual defined contribution pension schemes. Included within share-based payments are amounts paid on dividends on share options that have met performance conditions. Disclosures on Directors' remuneration, share options, long-term incentive schemes, and pension contributions are contained in the Directors' remuneration section within the audited part of the Remuneration report on pages 49 to 53 and form part of these audited financial statements. Arrangements with the Group's pension schemes are set out in Note 27.

33. Post balance sheet events

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

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

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

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

34. Subsidiaries

The Group consists of a Parent Company (limited by shares) Tribal Group plc, incorporated and domiciled in England and Wales and a number of subsidiaries held directly and indirectly by Tribal Group plc, which operate and are incorporated around the world. Tribal Education Limited operates branches in New Zealand, Hungary, and Abu Dhabi. Tribal Group Pty Limited operates a branch out of Singapore.

Tribal Group plc has guaranteed the liabilities of Tribal Holdings Limited, Tribal Dynamics Limited, Tribal Dynamics Holdings Limited, Semestry Limited and International Graduate Insight Group Limited in order that they qualify for the exemption from audit under Section 394A/479A of the Companies Act 2006 in respect of the year ended 31 December 2022.

Information about the composition of the Group at the end of the reporting period is as follows:

Name of entity	Address of the registered office	Nature of business	Proportion of Ordinary Shares held directly by Parent (%)	Proportion of Ordinary Shares held by the Group (%)
Tribal Education Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Education related systems and solutions	100%	100%
Tribal Holdings Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	IP holding Company	100%	100%
International Graduate Insight Group Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Educational consultancy services	–	100%
Tribal Dynamics Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Education related systems and solutions	–	100%
Tribal Dynamics Holdings Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Dormant Company	100%	100%
Semestry Limited	Dundee One, River Court, 5 West Victoria Dock Road, Dundee, D1 3JT, UK	Education related systems and solutions	100%	100%
Semestry Netherlands BV	Lulofsstraat 55, Unit 39, The Hague, NL	Education related systems and solutions	100%	100%
Human Edge Software Corporation PTY Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Education related systems and solutions	–	100%
Tribal Campus PTY Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Education related systems and solutions	–	100%
Tribal Group PTY Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Education related systems and solutions	–	100%
Callista Software Services PTY Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Education related systems and solutions	–	100%
Tribal Middle East WLL Limited	Municipality 3457, Building 1398, Road 4626, Area 346, Sea Front, Manama, Kingdom of Bahrain	Education related systems and solutions	100%	100%
Tribal Group (Malaysia) SDN	12th floor, Menara Symphony, No 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Education related systems and solutions	–	100%
Tribal Systems Canada Limited	1750–1755 West Georgia Street, PO Box 11125, Vancouver, BC, V6E 3PE, Canada	Education related systems and solutions	–	100%
Tribal Software Philippines, INC	Units 1001,1005,1006, 10th floor Cyberpod One, Eton Centris, Barangay Pinahan, Quezon City, Philippines 1100	Education related systems and solutions	–	100%
Class Measures Inc	100 Tower Park Drive, Suite A, Woburn MA 01801, USA	Educational consultancy services	–	100%
Class Measures Limited	Kings Orchard, 1 Queen Street, Bristol, BS2 0HQ, UK	Dormant Company	–	100%
Tribal Group Asset Co Pty Limited	G8 & 9 Glasshouse, 11 Mackey Street, 287-307 Melbourne Road, North Geelong, Victoria, 3215, Australia	Dormant Company	–	100%

Company only Balance Sheet

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	37	85,173	84,762
Right of use assets		174	169
Total fixed assets		85,347	84,931
Current assets			
Debtors	38	2,568	7,705
Deferred tax assets	39	1,142	1,279
Cash at bank and in hand		–	5
Total current assets		3,710	8,989
Total assets		89,057	93,920
Creditors: amounts falling due within one year	40	(30,771)	(43,534)
Net current liabilities		(27,061)	(34,545)
Total assets less current liabilities		58,286	50,386
Creditors: amounts falling due after one year	40	(6,332)	(108)
Net assets		51,954	50,278
Capital and reserves			
Called up share capital	41	10,611	10,519
Share premium	42	83	18,961
Merger reserve	42	11,304	11,304
Own share reserve	42	(198)	(326)
Share-based payment reserve	42	7,947	7,455
Retained earnings:			
At 1 January	42	2,365	6,023
Transfer from share premium	42	19,359	–
Profit/(loss) for the year attributable to the owners	42	3,276	(1,230)
Equity dividend paid	42	(2,736)	(2,505)
Other changes in retained earnings	42	(57)	77
At 31 December	42	22,207	2,365
Equity shareholders' funds		51,954	50,278

Notes 35 to 45 form part of these financial statements.

The financial statements on pages 116 to 123 of Tribal Group plc (registered number 04128850) were approved by the Board of Directors and authorised for issue on 23 March 2023. They were signed on its behalf by:

Richard Last
Director

Mark Pickett
Director

Company only Statement of Changes in Equity

	Note	Called up share capital £'000	Share premium £'000	Merger reserve £'000	Own share reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021		10,285	15,951	11,304	(856)	6,933	6,023	49,640
Loss and total comprehensive expense for the year		–	–	–	–	–	(1,230)	(1,230)
Issue of share capital	23	234	3,010	–	–	–	–	3,244
Share options exercised		–	–	–	530	(530)	–	–
Equity dividend paid	11	–	–	–	–	–	(2,505)	(2,505)
Credit to equity for share-based payments	22	–	–	–	–	1,078	–	1,078
Foreign exchange differences on share-based payments	22	–	–	–	–	(26)	–	(26)
Tax on credit to equity for share-based payments		–	–	–	–	–	77	77
Contributions by and distributions to owners		234	3,010	–	530	522	(2,428)	1,868
At 1 January 2022		10,519	18,961	11,304	(326)	7,455	2,365	50,278
Profit and total comprehensive income for the year		–	–	–	–	–	3,276	3,276
Issue of share capital	23	92	481	–	–	–	–	573
Share options exercised		–	–	–	128	(128)	–	–
Share premium capital reduction	24	–	(19,359)	–	–	–	19,359	–
Equity dividend paid	11	–	–	–	–	–	(2,736)	(2,736)
Credit to equity for share-based payments	22	–	–	–	–	589	–	589
Foreign exchange differences on share-based payments	22	–	–	–	–	31	–	31
Tax on charge to equity for share-based payments		–	–	–	–	–	(57)	(57)
Contributions by and distributions to owners		92	(18,878)	–	128	492	16,566	(1,600)
At 31 December 2022		10,611	83	11,304	(198)	7,947	22,207	51,954

Notes to the Company Balance Sheet

35. Significant accounting policies

Tribal Group plc is a public limited company incorporated and domiciled in England and Wales.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial information has been prepared on the going concern and historical cost basis. The principal accounting policies adopted are the same as those set out in Note 1 to the consolidated financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

36. Profit/(loss) for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The profit for the Company (before dividends paid) amounted to £3.3m (2021: loss of £1.2m). Dividends paid amounted to £2,736,000 (2021: £2,505,000). The independent auditors' remuneration for audit services to the Company was £246,000 (2021: £186,000).

37. Investments

	Shares in subsidiary undertakings £'000	**Long-term loans £'000**	**Total £'000**
Cost			
At 1 January 2021	23,526	54,248	77,774
Capital contribution relating to share-based payments	741	–	741
Acquisition of subsidiary	6,151	–	6,151
Additional investment in subsidiary	96	–	96
At 31 December 2021 and at 1 January 2022	30,514	54,248	84,762
Capital contribution relating to share-based payments	411	–	411
At 31 December 2022	30,925	54,248	85,173

Long-term loans are treated as investments as they are non repayable.

As Tribal Group plc grants share options to employees in subsidiary companies, a notional capital contribution is created in the books of the relevant subsidiary undertaking. This is treated as an investment by Tribal Group plc.

The Directors have considered the value of the above investments and are satisfied that the aggregate value of each investment is not less than its carrying value. The investments in subsidiaries are all stated at cost less provision.

Details of the Company's subsidiaries are given in nNote 34 to the consolidated financial statements.

38. Debtors

	2022 £'000	2021 £'000
Amounts owed by Group undertakings	2,167	7,472
Other debtors	347	233
Current tax	54	–
	2,568	7,705

All amounts owed by Group undertakings are unsecured and have no fixed repayment date. No interest is charged and amounts are repayable on demand. All debtors fall due within one year.

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for Group receivables. The Parent Company has guarantees in place for its UK subsidiaries, and management have assessed each entity's ability to repay amounts owed. As a result, no expected credit loss has been recognised.

39. Deferred tax asset

	2022 £'000	2021 £'000
Deferred taxation		
At start of year	1,279	878
(Credit)/charge to income statement	(59)	356
Items taken directly to equity	(78)	45
At end of year	1,142	1,279

The deferred tax asset is analysed as follows:

	2022 £'000	2021 £'000
Share schemes	81	194
Other temporary differences	1,061	1,085
	1,142	1,279

Included in other temporary differences are deferred tax assets of £1,020,000 (2021: £1,047,000) relating to tax losses carried forward and other timing differences of £41,000 (2021: £38,000).

Deferred tax assets are all non-current assets.

Notes to the Company Balance Sheet

40. Creditors

Amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to Group undertakings	29,875	41,778
Trade and other creditors	82	161
Accruals	448	425
Lease liabilities	93	87
Bank overdraft	89	–
Contingent deferred consideration provision (see note 20)	184	1,083
	30,771	43,534

All amounts owed to Group undertakings are unsecured and have no fixed repayment date. No interest is charged and amounts are repayable on demand.

Amounts falling due after one year

	2022 £'000	2021 £'000
Lease liabilities	82	89
Borrowings	6,250	–
Other liabilities	–	19
	6,332	108

41. Called up share capital

	2022 number	2022 £'000	2021 number	2021 £'000
Allotted, called up and fully paid				
At beginning of the year	210,374,373	10,519	205,698,309	10,285
Issued during the year	1,847,373	92	4,676,064	234
At end of the year	212,221,746	10,611	210,374,373	10,519

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

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

Details of options in respect of shares outstanding at 31 December 2022 are as follows:

Employee share option schemes:	**Number outstanding '000**	**Exercise price payable**	**Date from which exercisable**
2016 LTIP	75	£0.05	June 2019
2020 LTIP	1,215	£0.05	July 2023
2020 LTIP	1,038	£0.05	July 2021
2021 LTIP	320	£0.05	June 2024
2022 LTIP	565	£0.05	April 2025
	3,213		
2017 LTIP (inc CSOP)	100	£0.80	July 2020
2018 LTIP (inc CSOP)	450	£0.796	March 2021
2019 LTIP (inc CSOP)	1,011	£0.71	June 2022
2019 LTIP (inc CSOP)	300	£0.615	September 2022
	1,861		
2019 SAYE	604	£0.582	November 2022
Total Tribal Group plc share option schemes	5,678		

Details of share-based payments are given in Note 22 to the consolidated financial statements.

42. Share premium and other reserves

	Merger reserve £'000	Share premium reserve £'000	Own share reserve £'000	Share-based payment reserve £'000	Retained earnings £'000
At 1 January 2021	11,304	15,951	(856)	6,933	6,023
Loss for the year	–	–	–	–	(1,230)
Issue of share capital	–	3,010	–	–	–
Equity dividend paid	–	–	–	–	(2,505)
Share options exercised	–	–	530	(530)	–
Charge to equity for share-based payments	–	–	–	1,078	–
Foreign exchange differences on share-based payments	–	–	–	(26)	–
Tax on charge to equity for share-based payments	–	–	–	–	77
At 31 December 2021 and 1 January 2022	11,304	18,961	(326)	7,455	2,365
Profit for the year	–	–	–	–	3,276
Issue of share capital	–	481	–	–	–
Share premium capital reduction	–	(19,359)	–	–	19,359
Equity dividend paid	–	–	–	–	(2,736)
Share options exercised	–	–	128	(128)	–
Charge to equity for share-based payments	–	–	–	589	–
Foreign exchange differences on share-based payments	–	–	–	31	–
Tax on charge to equity for share-based payments	–	–	–	–	(57)
At 31 December 2022	11,304	83	(198)	7,947	22,207

The merger reserve of £11.3m (2021: £11.3m) relates to the premium arising on shares issued subject to the provisions of section 612 of the Companies Act 2006.

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

The own share reserve of £0.2m (2021: £(0.3)m) represents the cost of 423,000 shares (2021: 318,692) in Tribal Group plc held by the Employee Share Ownership Trust (EBT) to satisfy certain options under the Group's share option schemes. During 2022 297,308 shares were purchased by the EBT, and 193,000 shares were sold to satisfy options granted in 2020 under the LTIP Scheme (see note 22).

The retained earnings reserve is distributable.

43. Contingent liabilities

A cross-guarantee exists between Group companies in respect of bank facilities which was £nil as at 31 December 2022 (2021: £nil).

In addition the Company and its subsidiaries have provided performance guarantees issued by its bank on its behalf in the ordinary course of business, totalling £0.8m (2021: £1.2m). They are not expected to result in any material financial loss These are not expected to result in any material financial loss and the likelihood of using these guarantees is assessed as remote.

As disclosed in Note 34, Tribal Holdings Limited, Tribal Dynamics Limited, Tribal Dynamics Holdings Limited, Semestry Limited and International Graduate Insight Group Limited have taken advantage of the exemption available under Section 394A/ 479A of the Companies Act 2006 in respect of the requirements for audit. As a condition of the exemption, the Company has guaranteed the year-end liabilities of these subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year-end were £64,309,000 (2021: £60,735,758). These are inclusive of intercompany liabilities of £16,675,082 (2021: £17,286,508).

44. Financial Instruments

All Company risks are aligned to those of the Group. Details of the risks relating to the Group are given in Note 31 to the consolidated
financial statements.

31 December 2022	Financial assets measured at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Financial liabilities measured at FVTPL £'000	Total £'000
Financial assets				
Debtors*	2,167	–	–	2,167
	2,167	–	–	2,167
Financial liabilities				
Overdrafts	–	89	–	89
Bank loans	–	6,250	–	6,250
Creditors	–	30,498	–	30,498
Deferred contingent consideration	–	–	184	184
	–	36,837	184	37,021

31 December 2021	Financial assetsmeasured at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Financial liabilities measured at FVTPL £'000	Total £'000
Financial assets				
Cash	5	–	–	5
Debtors*	7,502	–	–	7,502
	7,507	–	–	7,507
Financial liabilities				
Creditors	–	42,451	–	42,451
Deferred contingent consideration	–	–	1,083	1,083
	–	42,451	1,083	43,534

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

45. Staff numbers and costs

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

	2022 Number	2021 Number
	5	5

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	1,127	1,034
Social security costs	95	81
Other pension costs	34	32
Share option charge	209	387
	1,465	1,534

Cost of Directors' emoluments were incurred by the Company and are included in the Remuneration report on pages 49 to 53.

Company Information

Tribal Group plc

Registered in England and Wales
Company number: 04128850

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Company Information continued

E-communications

As an alternative to receiving documents through the post, shareholders can receive important information online, including annual and half-year reports and notices of meetings. Registering for e-communications also enables shareholders to obtain secure online access to personal shareholding details, change address details and check dividend payments.

To register for e-communications, please visit
https://www.signalshares.com

Duplicate accounts

If you receive two or more copies of the Annual Report and Accounts and/or multiple cheques for each dividend payment, it means that you have more than one shareholder account.

To receive just one Annual Report and Accounts and one cheque for each dividend payment, please contact the Company's registrars, Link Group, on 0371 664 0445, and ask for your accounts to be amalgamated.

(Calls are charged at the standard geographic rate and will vary by provider. If you are outside the United Kingdom, please call +44 371 664 0445. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 8.00 am – 4.30pm, Monday to Friday excluding public holidays in England and Wales.)

Financial calendar

Annual General Meeting

30 May 2023

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