

A snowy owl is shown in flight, its wings spread wide, against a vibrant blue background. The owl's feathers are white with dark speckles. The background features a network of glowing blue dots connected by lines, creating a digital or technological feel. The overall composition is dynamic and modern.

Empowering the world of education



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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.

For more information see our website:
www.tribalgroup.com



Financial and Operational Highlights

Financial Performance

20.5%

Adjusted Operating Margin (EBITDA)¹

2020: 20.8%

5.7p

Adjusted Earnings per Share¹

2020: 4.1p

51.5%

Gross Profit Margin

2020: 53.1%

11.0%

Statutory Operating Margin

2020: 12.5%

3.4p

Statutory Earnings Per Share

2020: 3.1p

Note: comparatives are in constant currency

1. Adjusted Operating Profit, Adjusted Operating Margin and Adjusted Earnings per Share is in respect of continuing operations which excludes 'Other Items' charges of £5.4m 2020: charge of £3.0m).

Revenue

£81.1m

2021 **£81.1m**

2020 **£73.0m**

Adjusted Operating Profit (EBITDA)

£16.6m

2021 **£16.6m**

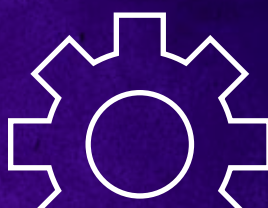
2020 **£14.9m**

Statutory Profit After Tax

£7.0m

2021 **£7.0m**

2020 **£6.4m**



Operational Performance

£50.3m

Annual Recurring Revenue³

2020: £47.0m

£172.5m

Committed Income (Order Book)⁴

2020: £142.6m

£100.1k

Revenue per Operational FTE⁵

2020: £99.8k

104%

Operating Cash Conversion²

2020: 97%

£5.4m

Free Cash Flow

2020: £5.4m

£5.9m

Net Cash

2020: £9.5m

2. Operating Cash Conversion is calculated as net cash from operating activities before tax from continuing operations, excluding the cash outflow of £1.7m on the Veritas programme, as a proportion of adjusted operating profit (EBITDA).

3. Annual Recurring Revenue is defined as the software related Support and Maintenance fees and 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 & Maintenance, where it is contracted on an annual recurring basis).

5. Revenue/Average Operational FTE is the average FTE for the year excluding average FTE associated with capitalised Product Development. In 2021 126.1 FTE were capitalised (2020: 96.6)



Chairman's Statement



I am pleased to report another year of significant progress at Tribal. We are successfully delivering on our transition to an “as-a-service” provider of cloud focussed software and solutions to the global education market, growing our engagements with existing customers while generating significant new wins, both in the UK and internationally.

These successes are flowing through into growth in our Annual Recurring Revenue (ARR) and provide the Board with confidence to continue investment in our technology, people and operations to ensure we are well-positioned to capitalise on the continuing evolution of the global education market.

During the year, we launched our new five-year objectives for the business, targeting a doubling of ARR, both organically and through select strategic acquisitions, an improving EBITDA margin, delivery of all major Edge modules, entry into new geographies through the Edge offering, and significant expansion of the customer base. We have seen good progress in the

year against these objectives and with an increasing frequency of new business wins.

During the year Tribal acquired two businesses; Semestry Ltd and Eveoh's "My Timetable" for a combined consideration of £6.8m. These businesses complement our existing portfolio and form part of our Edge offering to the Higher Education market.

We continue to invest in the development of Edge and have made positive progress on the Admissions module for which we have four universities taking the product as early adopters.

Financial Performance

Tribal has seen another year of considerable progress against our key performance indicators.

Closing ARR committed as at 31 December 2021 increased by 7% to a record high of £50.3m (2020: £47.0m constant currency, £47.5m reported), revenue for the year increased by 10.6% to £81.1m (2020: £73.4m constant currency, £73.0m reported) and Adjusted EBITDA increased by 9.2% of £16.6m (2020: £15.2m constant currency, £14.9m reported). Our Cloud and Edge products delivered substantial organic revenue growth of 31% and 50% respectively. Committed sales order book as at 31 December 2021 amounted to £172.5m (2020: £142.6m constant currency, £144.4m reported). Diluted earnings per share for the year grew to 3.2 pence per share compared to 3.1 pence per share in 2020.

Tribal's Statutory Profit before tax remained stable at £8.6m (2020: £8.5m reported).

The Group's cash balance remained strong with net cash of £5.9m at year end (2020: £9.5m) after net capitalised development costs of £10.2m, the net payment of £6.4m on acquisitions and deferred consideration payments and £2.5m of dividends paid, with no debt drawn at the end of the year.

Dividend

Tribal remains committed to a continuing dividend policy and the Board is pleased to propose a final dividend in respect of the year ended 31 December 2021 of 1.3p which is expected to be paid at the end of July 2022.

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, we formed an ESG Committee in 2020, chaired by Non-Executive Director, Nigel Halkes. The ESG Committee identified six priority focus areas for the Group for 2021, each with key initiatives and objectives for the year and appropriate ownership from across our Executive Management

Team. While we are still at the early stages of the implementation of many of these programmes, we are committed to their sustained delivery and will continue to build on our activities in 2022. You can read a full report on these priority areas within the ESG section of the Annual Report.

People

The progress we have made is a tribute to our employees' talent, expertise and belief in our proposition, and this year, this has never been more true. Their energy and commitment to providing world-class education software and services throughout the pandemic has not wavered and I would like to thank all our staff across the globe for their hard work. As we move into what we hope to be a post-pandemic environment our priority remains on ensuring the wellbeing of each employee and we will continue to invest in our people, providing them with the tools, training and support to allow them to realise their potential.

Janet Tomlinson, Head of Tribal Education Services retired on 9 December 2021, we would like to thank her for her many years of excellent service, and we wish her well for the future.

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 growing portfolio of Tribal products from our core student management systems, to Tribal:Cloud and Edge is resonating well with both our existing and new customers. We are focused on delivering our newly launched 5 year plan, however, as previously reported, over the next two years we are likely to experience lower levels of growth as historic contracts draw to a close but we continue to see opportunities to drive ARR growth.

Notwithstanding this, with a growing number of new customer wins, contract extensions, cross sell opportunities and a clear strategy and record sales pipeline, the Board believes that the opportunities for Tribal are significant and we view the future positively.



Richard Last
Chairman

Case Study

Edge Product Offerings

Robust and adaptable products and services





Te Whare Wānanga o Awanuiārangi selects Tribal to improve student experience from enquiry and enrolment to graduation and alumni

Te Whare Wānanga o Awanuiārangi is a publicly owned tertiary education institution based in Whakatane, New Zealand which provides education in a Māori cultural context to 6,000 students. The organisation's vision is to pursue knowledge to the greatest depths and its broadest horizons, and to empower the descendants of Awanuiārangi and all Māori to claim and develop their cultural heritage.

The Challenge:

- Improve and personalise the student experience from enquiry, application and enrolment through to graduation and alumni
- Improve service delivery by managing quality, reducing risk and cutting turnaround times
- Create efficiencies for the organisation by improving reporting and lines of communication and reducing time and cost caused by workarounds

Wiremu Doherty, CEO, Awanuiārangi, said:

"Our current SMIS plateaued in its ability to service the needs of our staff and students. We looked for a replacement system that would improve the student experience from their first enquiry to graduation, increase our accessibility to information and enable us to better manage our programs."

The Solution:

- Integrated solution, combining our Edge products with EBS.
- The core Student Management System (SMS) will be based on Tribal's ebs, hosted in the Tribal Cloud integrated with Tribal's Student Marketing and Recruitment, Event Management and Alumni Management Solutions.

- The solution provides a full 360-degree view of the student from initial enquiry to alumni management.

Awanuiārangi will also adopt Tribal's Student Engage mobile app as a private social network to connect the entire Wānanga community. It will engage students, staff, departments and businesses and provide students with a secure collaborative space to learn and support each other.

The Benefits:

The Tribal suite of products will empower both Te Whare Wānanga o Awanuiārangi's staff and students to receive a personalised view of relevant information. Taura (students) can track their study, including their enrolments, finance, results, timetables and attendance, while staff will be able to view relevant information such as links to their timetables, students and the courses they teach – all in one place. The new reporting solution offers a valuable data mining tool which will provide contextualised information visually.

Steve Exley, Tribal's General Manager – New Zealand, said:

"We're delighted that Te Whare Wānanga o Awanuiārangi has chosen to adopt a full suite of Tribal solutions to manage the student journey. It is a significant win for Tribal, being the first customer in New Zealand to adopt our Student Marketing and Recruitment, Event Management and Alumni Management Solutions as well as the Student Engage App. We are pleased to be on the journey with Awanuiārangi and are looking forward to continuing the relationship and kicking off the implementation."

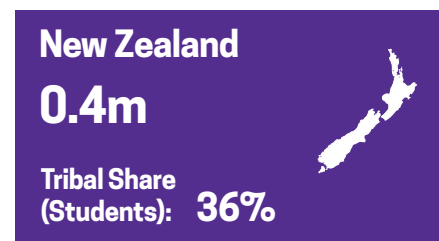
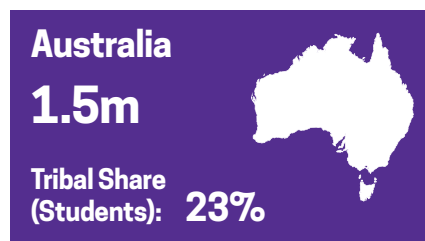
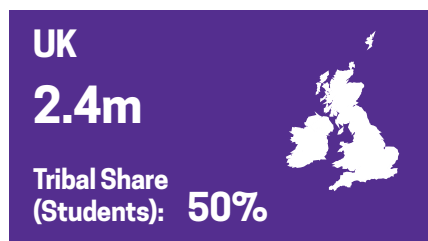


Our Markets

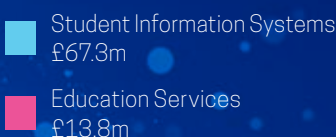
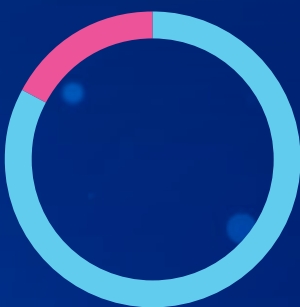
Geographic growth potential (Higher Education student numbers)



Current markets



Revenue by business area



Opportunities

The three key goals within our Strategy, supported by Tribal's five-year objectives enable us to maximise our opportunity for growth.




Tribal Edge is revolutionising the Student Information Systems (SIS) market by offering modular, next-generation, cloud-native solutions. Each module provides value and can be delivered to customers rapidly to meet today's needs. Tribal Edge moves away from bespoke development and unique processes to providing standard technologies that encapsulate leading practice. Tribal Edge delivers simpler more efficient, and more effective business solutions globally.

With significant numbers of untapped institutions globally, our next-generation cloud based product offering enables

shorter implementation cycles which can be delivered remotely unlocking a breadth of opportunity across the world to both new and existing customers.



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 pages 16-17
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 pages 16-17
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 pages 16-17



Our Business Model

Market leading student information solutions

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 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



Highly skilled people with deep domain expertise



Culture that places customers at the heart of what we do

Underpinning how we operate

Our values See page 37

How we maximise value creation

Our strategy for profitable growth is outlined on page 16

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:

Marketing & Recruitment

Student Support & Wellbeing

Admissions

Enrolment

Business Engagement

Learning & Studying

Graduation & Alumni Engagement

Assessments & Examinations

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

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.

Self assessment & Review

Quality Mark

Early Years & School Inspections

Student Experience Barometer

School Improvement

Destination of Leavers Surveys

Professional Learning

Operational Benchmarking

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.

Chief Executive's Review



2021 was a year of positive strategic and financial progress, in which we delivered against key milestones in our transition to a SaaS business, while maintaining our market leading position in our core geographic markets and supporting our growing customer base.

With an increasing rate of new wins and customer extensions, we are starting to see 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 and providing for an exciting future.

Our areas of focus in 2021 were to grow ARR, secure more Tribal:Cloud contracts, migrate more customers to our cloud services, and launch Edge Admissions – all of which have been achieved. We also continued to benefit from strong customer retention and cash generation, providing us with a robust financial platform from which to invest in capturing our expanding opportunity.

Throughout the year we invested in our people and operations to deliver on Tribal's growing customer footprint across the globe; we have evolved our operational model to ensure service levels are maintained and scalability for long term growth.

This positive progress and the move of the education sector towards the SaaS delivery model, means we have entered the new year with a record sales pipeline, reflecting the continuing investment by the education sector and our expanded offering.

Market Drivers

The higher education market continues to evolve as anticipated and the drivers of this evolution, heightened by the pandemic, remain the same, providing a positive backdrop for our evolving product offering.

The education sector is now becoming increasingly competitive, efficient and adaptable, with organisations needing to compete for students. The expectations of students are rising, particularly in the areas of wellbeing and mental health. Institutions increasingly need to consider elements such as blended learning and the remote delivery of services. This emergence of online and collaborative learning has led to the significant expansion of the higher education market in recent years, which has ultimately provided greater opportunities and offerings to students worldwide. As such, it is now necessary for a business to introduce its innovative solutions to market at speed in order to capture the expanding market opportunity.

The Tribal:Cloud and Edge family of modules specifically address each of these issues, enabling education institutions to focus less on maintaining legacy IT hardware and software, and more time focusing on the recruitment, engagement and success of their students.

2021 has demonstrated there is a clear market appetite for our solutions and the full proposition of Tribal products is resonating well with our customers. Through the investment in the expansion of our offering, Tribal is well placed to meet these evolving market needs and grow market share globally.

Strategy

Our objective 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.

As a demonstration of our ambition, in 2021, we launched our new five-year objectives shown to the right.

To achieve these ambitious targets, our strategy has four growth pillars: Innovating with our existing products; delivering our existing products "as-a-service" in the Tribal Cloud; developing a next-generation, modular cloud-native product set, Edge; and complementing organic growth with selective M&A.

Our Strategy

At the end of last year I set out our strategy for the year with three key goals:

- 1. to continue to drive new sales through our portfolio of products in existing and new geographies;**
- 2. to deliver on the Edge strategy which provides a compelling vision to new and existing customers to embrace our next-generation, best-of-breed Student Information System (SIS) solutions; and**
- 3. to support our new and existing customers in taking advantage of cloud technologies by broadening the portfolio of value-add solutions and services offered.**

Our strategy has been refined and expanded upon during the year to build on this progress and to form our new 'Sustain and Grow' strategy for the next three years. The focus is to SUSTAIN our existing products and revenues, and GROW new products and revenues by delivering Edge in the public cloud and moving our product offering to 'as-a-service'.

Tribal 2025: Five-year Objectives

1. Increase ARR

Double the Annual Recurring Revenue (being 15% Compound Annual Growth Rate "CAGR")

- ARR at end 2020: £47.5m
- Includes bolt-on acquisitions
- Ramps up over 5 years

2. Improve EBITDA

EBITDA margin at low-30s%

- EBITDA at end 2020: 20%
- Multi-tenanted, SaaS solution
- Edge fully rolled out will drive margins in mid-30s

3. Complete Edge

Deliver all major modules of Edge

- Broadly complete ecosystem, incl bolt-on acquisitions
- Conclude accelerated Product Development spend

4. Grow globally

Double # of Higher Education markets

- 10% of revenue from new addressable global markets
- Markets (2020): UK, Aus, NZ, Canada, Malaysia, Singapore

5. Build customer position

Double # of Higher Education customers & share-of-wallet

- All customers on Tribal:Cloud and/or adopting Edge
- Increase "share-of-wallet" Double Rev / Customer



For more information
See pages 16-17

Chief Executive's Review continued

We have made positive progress in each of these areas, including the winning of further SITS:Vision customers, our existing market leading software, the successful transition of an additional two flagship customers into the Tribal:Cloud, the marketing launch of Admissions, including the winning of four Admissions customers, and the successful acquisition of two additional cloud modules to add to our Edge product family.

The growth in ARR was 7% in the year. We are pleased with these 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.

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-third of universities, and in New Zealand three of the eight universities. In Southeast Asia, we support the largest public and the 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 Edge will allow us to expand further into new geographies once the modules are released, due to its more easily digestible modular approach.

Semestry and Eveoh Acquisitions

We were pleased to complete two small acquisitions in the year.

In April 2021 we acquired Semestry, a supplier of cloud based scheduling software to the higher education market, expanding the Group's Edge family of products and taking the business into new geographies. Semestry services over 20 customers across five countries in Europe. Since acquisition, Semestry has secured 8 new customers, growing Semestry ARR by 37%, representing an acceleration of its historic growth rate.

The module was further enhanced in November with the acquisition of Eveoh's "My Timetable". The platform allows institutions to publish personalised student and staff timetables, via the web or their mobile device and is currently in use at more than forty institutions in Europe and the UK.

The products can be sold across Tribal's extensive customer base, as universities seek to increase engagement with their students and offer more personalised experiences.

We continue to explore investment opportunities to scale the business and enter into new geographies and expand our Edge family.

2021 Operational Review

People

Tribal relies on the talent and expertise of its people. Our success as a growing international business is a tribute to our people's energy, commitment and know-how. Their depth of domain knowledge in the sector over three decades is unrivalled and we have an innate understanding of the education market, developed through working in partnership with our customers and operating in senior roles for leading education institutions. We continue to invest in our people, providing them with the tools and training to support and allow them to realise their potential, with clear alignment to our Group objectives.

The key initiatives enabling our people to develop their true potential includes, our bespoke competency framework, which underpins a range of Career Pathways. Through our 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.

As well as focusing on the performance, development and success of our existing people, a key part of our people strategy involves investing in early talent programmes across the business; bringing in new recruits who learn and work in some of our key job families including Product Development and Customer Support. This included between 25 and 30 active or former apprentices who have secured formal qualifications whilst at the same time establishing a solid foundation of practical work experience from which to build their career with us and contribute to our ongoing success.

Communication with our people and maintaining wellbeing is crucial, especially as we continue to feel the impact of the pandemic. We have focused on supporting all aspects of our people's health and wellbeing providing ongoing and additional support through our Employee Assistance Programme.

We have now reopened our offices and following consultation with our employees, the teams are embracing the new form of hybrid working.

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 positive performance in the year, growing customer numbers, revenue, and profits, and has entered the new financial year with a record pipeline of opportunities. We continue to win new customers for our existing on premise offering, transition existing customers into our cloud offerings, and sign the first contracts for our Edge offerings.

Key new customers include University of West London and Southampton Solent University in the UK, and internationally: Te Whare Wānanga o Awanuiārangī in New Zealand, Middlesex University in Dubai and Universiteit Leiden in The Netherlands.

We were delighted to close a number of significant sales to existing customers, transitioning their existing on-premise Tribal SITS software, SITS:Vision, into the Tribal:Cloud, a managed cloud environment. These include five-year contracts with the University College London for £3m and The University of Warwick for £3.5m. 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.

Our largest SITS deal to date, worth approximately £17m over eight years, with Nanyang Technology University launched in early 2021 and project implementation will continue to progress throughout 2022. The partnership encompassing SITS:Vision, Tribal:Cloud and Edge products, demonstrates the relevance of Tribal's broad suite of offerings.

We also completed the first sales of our newly developed Cloud-based Edge Admissions module, to Aberystwyth University and the University for the

Creative Arts. The solution can be integrated with the SITS Student Management System, or any other SMS, providing the Group with a significant addressable market. Sales of the Dynamics based Edge Student Recruitment and Student Welfare modules have developed and have a growing pipeline.

In December, we concluded contract renewal discussions with our Australian university customers on the Callista Software platform. Of the eleven universities, nine have elected to renew. The five-year agreements provide an evolutionary path towards the Edge, Cloud delivered SaaS ecosystem and provide a strong foundation of long-term visible revenue, with £5.8m ARR, in the Australian market.

As the Group transitions to a SaaS delivery model, we have introduced some additional metrics to measure progress towards key objectives.

£m	2021	2020 Constant currency	Change %
Annual Recurring Revenue (ARR) ⁴	50.3	47.0	7%
Monthly Recurring Revenue (MRR) ¹	4.3k	3.7k	16%
Gross Revenue Retention (GRR) ²	93%	92%	1%
Net Revenue Retention (NRR) ³	106%	103%	3%

1. Calculated as the monthly recurring revenue as at 31 December
2. Calculated as a percentage of recurring revenue retained from existing customers at 1 January including contract expiry, cancellations or downgrades in the year
3. 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
4. ARR is a forward looking metric representing committed revenues as at 31 December 2021 and includes Support & Maintenance fees paid on all software, License sold on a subscription basis, Cloud services and Edge sales.

MRR has increased 16% to £4.3k (2020: £3.7k). 20pp of the increase is driven by the acquisitions of Semestry and Eveoh's "My Timetable", the remaining increase is organic growth from significant new wins including Nanyang Technological University, Te Whare Wānanga o Awanuiarangi, Solent University and University of West London.

GRR has increased 1pp to 93% (2020: 92%). In 2021 and 2020, a third of the movement relates to churn on SchoolEdge customers. We have also seen a decline in some of our other services as customers move away from our bespoke products.

NRR increased by 3pp to 106% (2020: 103%). This growth is predominantly due to cloud migrations sold to Kings College London, University of Warwick, University College London and Universiti Teknologi Petronas and Dynamics sales made to 8 existing customers. Annual inflationary increases applied to customer renewals also contribute to NRR growth.

Education Services (ES)

Education Services trading performance remained stable throughout the year, despite the impact of the ongoing pandemic. The team continued remote delivery of the key assurances, training, and inspections in the UK, US and New Zealand. The business has a good pipeline of opportunities for the new financial year which will enable Education Services to deliver new revenue in 2022.

In the UK, the main contracts continued to operate at consistent levels. Work on the National Professional Qualifications (NPQ) moderations, Advanced Mathematics Support Programme (AMSP) and National Centre for the Excellence of Teaching Mathematics (NCETM), professional development and training all continued to be successfully delivered remotely with the gradual return of some face-to-face events in the second half of the year. These contracts are subject to retender in 2022.

School closures in the US continued to hamper business development opportunities. The New York State Education Department (NYSED) contract had a solid performance as we worked closely with NYSED to ensure continued delivery despite the restrictions from the pandemic.

In the Middle East, the ADEK contract resumed at a reduced level in the final quarter of 2021 compared to three months full delivery in early 2020. No further revenues are expected from the ADEK contract as this has now come to an end. The decrease in ADEK revenues were offset with smaller contract wins in Bahrain, however due to the flexible cost model and variable cost base our margin was somewhat protected.

2022 Areas of Focus

We anticipate 2022 will be a pivotal year for Tribal, as we see momentum building in our pipeline and across our industry as it moves towards SaaS and cloud offerings. We will focus on transitioning more of our existing customers to the Tribal:Cloud, the sale of further Edge modules and the delivery of our first early adopter Admissions customers. We will also continue to develop new customer relationships globally and look for complementary partnerships and acquisitions, to accelerate our expansion.

We are transitioning to a new target operating model which will underpin the structures and capabilities required of a SaaS business. This includes the introduction of two new executive roles focusing on Customer Success and Service Delivery. The new target operating model will be supported by the implementation of new SaaS financial systems and processes.

2022 Outlook

We have a strong sales pipeline as we enter the current financial year, giving us the confidence to continue to invest in our product expansion strategy to achieve our long-term financial goals. The Group has traded in line with Board expectations since the start of the new financial year and is seeing continued positive sales momentum. We expect continuing revenue growth in our strategic products with improving margins over time as we gain scale, but this will be offset in the next couple of years by declining revenues from our higher margin, historic Australian government contracts and non-core schools systems contracts. While cognisant of inflationary cost pressures, the Board remains confident in delivering results for 2022 in line with current expectations.

We believe the education market globally is becoming more attuned to the benefits of SaaS and cloud offerings and presents a supportive market backdrop, as we release new offerings to the market and increase our sales and marketing activities.

The Group remains focused on its key strategic priorities during 2022 and we remain confident in our ambition and ability to deliver on our growth strategy.



Mark Pickett
Chief Executive Officer

Tribal's Growth Strategy

Our objective is to

provide **education technology** to customers globally, as-a-service.

Key benefits of our strategy:

An expanded, modular product offering will enable us to increase the size of our addressable market, through:

- increased revenue per customer
- increased number of customers
- easier entry into a greater number of geographies
- ability to target the customer base of competing solutions
- enable a partners programme
- It will increase our margins as we benefit from the scalability of the cloud
- Students will benefit from the increased digital and personalised engagement with universities
- Universities will be able to focus on education provision and not IT, delivering an enhanced, personalised service to their students



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

Key measures

- Growth in ARR
- New customer wins

Progress in 2021

- Committed Annual Recurring Revenue increased by 7% to £50.3m (2020: £47.0m).
- New business wins for all existing products plus increased traction of the successful migration of key customers to Tribal:Cloud.
- New customers include University of West London and Southampton Solent University in the UK, Te Whare Wānanga o Awanuiārangi in New Zealand, Middlesex University in Dubai and Universiteit Leiden in the Netherlands.



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

Key measures

- ARR from Cloud services
- Number of Tribal Cloud customers

Progress in 2021

- Notable 5-year contract wins with University College London and The University of Warwick.



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

- Create an expanded higher education ecosystem of next generation modules to meet all areas of student engagement with universities
- We have developed the Edge platform, on which module applications can be built or acquired modules can be integrated through simple API integrations. This is now complete
- We are now developing modular applications that cover all the areas of engagement between universities and students. These will be 'best of breed' products, able to be bought either with the Edge platform and other modules, or independently
- Universities no longer want to buy all their requirements from a single vendor, in one monolithic system. They want choice of modules and vendors. The modules can therefore be sold both to existing Tribal customers and customers of competing SIS vendors
- These will be 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 will 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 be more appropriate for a partner model, as they will be smaller, more digestible offerings
- The modules will provide the opportunity for increased upsell to existing customers
- The modules will enable more rapid adoption and faster implementation times

Key measures

- Number of modules sold

Progress in 2021

- 11 new Dynamics deals in the UK and 3 in APAC highlights the relevance of Edge products globally
- Positive progress on new modules with the marketing launch of Admissions, and the delivery of our first four early adopter customers
- Expansion of our Global Delivery Centre in Malaysia to support the growing SE Asia business and Global Delivery Model



Mergers and Acquisitions

- Support geographic expansion, our organic growth will be complemented through tactical acquisitions, of additional modular technology, to add to our Edge ecosystem, or to enable cross-sell to the large Tribal customer base
- Gain market share to build mass in our target geographies

Key measures

- Sales and ARR growth of acquired businesses

Progress in 2021

- The acquisition of Semestry Ltd and Eveoh's "My Timetable" in the year added cloud based scheduling to our Edge product offering which enabled expansion of the business into new geographies.
- We won several new accounts and cross sold into existing customers

Financial Review

Results

£m	2021	2020 Reported	Constant Currency 2020 ³	Change constant currency	Change constant currency %
Revenue	81.1	73.0	73.4	7.7	10.6%
Student Information Systems	67.3	59.4	60.0	7.3	12.1%
Education Services	13.8	13.5	13.4	0.4	3.5%
Gross Profit	41.8	38.6	38.9	2.9	7.4%
Gross Profit Margin	51.5%	53.0%	53.1%		(1.5)pp
Adjusted Operating Profit (EBITDA)^{1,2} (Before Central Overheads)	25.8	24.5	24.8	1.0	4.0%
Student Information Systems	23.6	22.3	22.9	0.7	3.1%
Education Services	2.2	2.1	1.9	0.3	15.8%
Central Overheads ⁴	(9.2)	(8.8)	(8.8)	(0.4)	(4.0)%
Net foreign exchange gain/(losses)	0.1	(0.8)	(0.8)	0.9	112.5%
Adjusted Operating Profit (EBITDA)^{1,2}	16.6	14.9	15.2	1.4	9.2%
Adjusted Operating Margin (EBITDA)^{1,2}	20.5%	20.4%	20.8%		(0.3)pp
Statutory Profit before Tax	8.6	8.5	8.5	0.1	0.7%
Statutory Profit after Tax	7.0	6.4	6.4	0.6	8.6%
Annual Recurring Revenue	50.3	47.5	47.0	3.3	7.0%

1. Adjusted Operating Profit and Adjusted Operating Margin are in respect of continuing operations and excludes charges reported in "Other items" of £5.4m (2020: £3.0m), 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. 2020 results adjusted are updated for constant currency - the Group has applied 2021 foreign exchange rates to 2020 results to present a constant currency basis, when applied to 2020 results there is an increase in Revenue of £0.4m, an increase to Adjusted Operating Profit (before Central Overheads) of £0.3m and Adjusted Operating Profit of £0.3m.

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 2021 and 2020, and the 2020 results restated to "constant currency" using 2021 rates to exclude foreign currency impact. The change percentages and comparatives are shown on the 2020 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 in the year increased 10.6% to £81.1m (2020: £73.4m constant currency, adjusted for the impact of foreign exchange of £0.4m; £73.0m as reported). On a like for like basis, excluding Semestry revenue of £1.2m (2020: £nil), the increase in total revenue was 8.9%.

The Group's Student Information Systems segment performed well, increasing by 12.1% to £67.3m (2020: £60.0m constant currency; £59.4m reported). 10.1pp of the increase was driven by a strong performance due to new customer wins across a range of offerings, the remaining 2.0pp was attributable to Semestry revenue.

Education Services revenue increased by 3.5% to £13.8m (2020: £13.4m constant currency; £13.5m reported) as a result of projects gaining momentum as the impact of the pandemic eased.

Approximately 40% of Tribal's revenue in the year was generated outside the UK and is therefore subject to foreign exchange movement.

Gross Profit has increased 7.4% to £41.8m (2020: £39.1m constant currency, £38.6m reported) whilst the margin percentage has decreased to 51.5% (2020: 53.3% constant currency, 53.3% reported). The main percentage decrease is due to an increase in sales of our Edge products which have a lower

initial margin whilst we build scale and invest in sales teams and due to low margins from the Nanyang Technological University (NTU) contract implementation phase.

Adjusted Operating Profit (EBITDA)

The Adjusted Operating Profit (EBITDA) increased £1.4m to £16.6m (2020: £15.2m constant currency; £14.9m reported). The Adjusted Operating Margin (EBITDA) decreased to 20.5% (2020: 20.8% constant currency; 20.4% reported).

Central Overheads, representing costs in HR, IT, Finance, Marketing and Management that aren't directly attributable to lines of business increased by £0.4m to £9.2m (2020: £8.8m constant currency; £8.8m reported). The increase was primarily due to additional property costs as offices gradually re-opened in 2021 following the easing of pandemic restrictions and increased global insurance costs 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 2022.

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 Profit after Tax

The Statutory Profit after tax for the year increased by 8.6% to £7.0m (2020: £6.4m reported). Excluding the costs of the Veritas Programme, a one-off project, in year of

£1.7m, as noted on page 24, the underlying profit increase was 35.9%. The tax charge reduced to £1.6m (2020: £2.1m reported) due to the release of uncertain tax provisions previously required, the effective tax rate before these releases was 19% (2020: 25%).

Segmental performance

The Group provides software and non-software related services to the international educational market. These services are managed across two divisions, Software Information Systems (SIS) and Education Services.

As the Group's explicit strategy is to transition to a pure cloud-based SaaS business, we have enhanced our segmental revenue disclosure to highlight our Edge and Cloud services. In addition, we now differentiate "Other software and services" which will continue to be supported but where further investment will be limited and mainly consists of historic Australian Government contracts with bespoke software and services.

The table on page 21 shows the changes in more detail.

Student Information Systems (SIS)

£m	2021	2020 Reported	Constant Currency 2020	Change constant currency	Change constant currency %
Foundation Support & Maintenance	26.0	25.2	25.5	0.5	1.9%
Foundation Software	5.4	4.4	4.5	0.9	21.3%
Cloud Services	6.8	5.2	5.2	1.6	31.5%
Edge	3.4	1.7	1.7	1.7	101.9%
Professional Services	12.7	9.2	9.3	3.4	36.8%
Core Revenue	54.2	45.7	46.0	8.2	17.8%
Other Software & Services	13.1	13.7	14.0	(0.9)	(6.3)%
Total Revenue	67.3	59.4	60.0	7.3	12.2%
Adjusted Operating Profit	23.6	22.3	22.9	0.7	3.1%
Adjusted Operating Margin	35.0%	37.6%	38.1%		(3.1)pp

Student Information Systems focusses 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 by 12.2% to £67.3m (2020: £60.0m constant currency; £59.4m reported). We note that 2021 and 2020 reported numbers now include revenue and costs of Asset Management, Software Solutions and Information Managed Services, which were previously in Education Services, as it more closely aligns to the Software segment, of which revenue was 2021: £2.7m, (2020: £2.6m constant currency and reported) and associated operating margin was 2021: £1.6m, (2020: £1.3m constant currency and reported). Revenue generated from our core product offerings increased 17.8% to £54.2m (2020: £46.0m constant currency, £45.7m reported) however revenue from our other software and services declined 6.3% to £13.1m (2020: £14.0m constant currency, £13.7m 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 (SITS, Callista, ebs, Maytas, K2 and SID) increased 1.9% in the period reflecting strong retention rates in our customer base and new customers in the year.

Foundation Software includes the sale of new perpetual and subscription software licenses on our Foundation products. Revenue in the period increased 21.3% to £5.4m (2020: £4.5m constant currency, £4.4m 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 West London and Southampton Solent University in the UK, and internationally: Te Whare Wānanga o Awanuiāraangi in New Zealand, Middlesex University in Dubai and Universiteit Leiden in the Netherlands.

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

Financial Review continued

Cloud revenues have continued to increase and are up 31.5% to £6.8m (2020: £5.2m constant currency and reported). The main cloud hosting services revenue increased as 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, a managed environment. Notably five-year contracts with University College London and The University of Warwick which demonstrates interest in moving to the public cloud from customers across all markets remains high. 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.

Edge revenues saw a significant increase of 102% to £3.4m (2020: £1.7m constant currency, £1.7m reported). The main contribution to the increase in revenue was generated from the successful acquisition of Semestry and Eveoh's "My Timetable", contributing 50pp of the increase in total Edge revenue. In addition, Dynamics had a strong year closing eleven new deals in the UK and three in APAC, including Te Whare Wānanga o Awanuiārangi in New Zealand, Brunel University, and the University of St Andrews in the UK, highlighting the relevance of Edge products globally. The Group also completed the first sales of its newly developed Cloud-based Edge Admissions module, including Aberystwyth University and the University for the Creative Arts. Admissions is the first significant module on the Edge platform. The solution can be integrated with the SITS Student Management System, or any other SMS, providing the Group with a significant addressable market.

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 typically based on a day rate fee, although some contracts are performed under a fixed fee for defined implementation scope. Professional services have continued to be delivered remotely and the team has been bolstered by the Global Delivery Centre (GDC) in Kuala Lumpur, Malaysia.

Revenue increased by 36.8% to £12.7m (2020: £9.3m constant currency, £9.2m reported) primarily as result the NTU contract in Singapore which was won in late December 2020.

Other Software & Services declined 6.3% to £13.1m (2020: £14.0m constant currency, £13.7m reported). These revenues include historic Australian government contracts, SchoolEdge, Data Managed Services, Software Solutions and Information Managed Services. In the year increased revenues from Software Solutions offset a decline in SchoolEdge revenues. While these products continue to operate profitably, they are non-core with limited investment plans and revenues will reduce over time.

Adjusted Operating Profit increased by 3.1% to £23.6m (2020: £22.9m constant currency; £22.3m reported) and Adjusted Operating Margin decreased to 35.0% (2020: 38.1% constant currency; 37.6% reported). SIS margin reduced due to a product mix impact, with increased Edge sales which have a lower initial margin whilst we build scale and invest in sales teams and low margins from the NTU contract implementation phase due to its size and complexity.

Annual Recurring Revenue (ARR)

£m	2021	2020 Reported	Constant Currency 2020	Change	Change %
Foundation – Support & Maintenance	24.7	25.9	25.7	(1.0)	(3.9)%
Foundation – Subscription	3.8	2.5	2.5	1.3	53.8%
Cloud Services	8.2	6.6	6.6	1.6	24.1%
Edge	4.5	1.9	1.8	2.6	138.9%
Core Product ARR	41.2	36.9	36.7	4.5	12.4%
Other Software & Services	9.1	10.6	10.3	(1.2)	(12.0)%
Total ARR	50.3	47.5	47.0	3.3	7.0%

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 increased by 7% to £50.3m (2020: £47.0m constant currency, £47.5m reported). 4% of the growth is organic and the remaining 3% of the growth is due to the successful acquisition of Semestry and Eveoh's "My Timetable".

The 4% organic revenue growth is driven by 9pp of new software sales and the successful migration of key customers to the Tribal:Cloud, offset by a 5pp decrease which is largely attributable to the loss of two Callista customers and reduction in historic Government contracts.

In December 2021, we concluded contract renewal discussions with our eleven Australian university customers on the Callista Software platform, of which nine have elected to renew. The five-year agreements provide a pathway to integrate the established Callista software with Edge. While this represents a £1.0m drop in ARR, these multi-year renewals provide a strong base of long-term committed revenue.

Education Services (ES)

£m	2021	2020 Reported	Constant Currency 2020	Change constant currency	Change constant currency %
School Inspections & Related Services	11.1	11.4	11.2	(0.1)	(1.1)%
I-graduate – Surveys & Data Analytics	2.7	2.1	2.1	0.5	27.4%
Total Revenue	13.8	13.5	13.4	0.4	3.5%
Adjusted Operating Profit	2.2	2.1	1.9	0.3	15.8%
Adjusted Operating Margin	16.3%	15.7%	14.5%	1.7%	170bps

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 3.5% to £13.8m (2020: £13.4m constant currency; £13.5m reported).

The revenue from **School Inspections & Related Services** decreased by 1.1% to £11.1m (2020: £11.2m constant currency; £11.4m reported).

In the UK, the main contracts continued to operate at consistent levels largely delivered remotely. Revenue from the National Professional Qualifications (NPQ) contract was somewhat reduced in 2021 because of the phasing of the contract being weighted more toward 2020, this was offset by the increase in National Centre for the Excellence of Teaching Mathematics (NCETM) revenue because of the recovery from Covid-19 allowing face-to-face events to resume in 2021.

The New York State Education Department (NYSED) contract had a solid performance as we worked closely with the NYSED to ensure activity continued over the summer in 2021 ensuring some of the contract value lost due to Covid-19 in 2020 was recovered in year. The Performance Review Program for Initial License (PRPIL) picked up in the year with a significant increase in licenses sold in 2021 compared to 2020 as a result of schools re-opening in the US.

In the Middle East, the ADEK contract resumed at a reduced level in the final quarter of 2021 compared to three months full delivery in early 2020. No further revenues are expected from the ADEK contract. The decrease in ADEK revenues were offset by smaller one-off contract wins in Bahrain however due to the flexible cost model and variable cost base our margin was somewhat protected.

The revenue from **Surveys & Data Analytics** increased by 27.4% to £2.7m (2020: £2.1m constant currency; £2.1m reported). The volume of benchmarking projects recovered slightly from the impact of Covid-19 as the International Student Barometer for the Southern Hemisphere, delayed from 2020 was delivered in 2021, albeit with lower participant numbers than normal, as a direct impact of reduced numbers of international students in the Southern Hemisphere.

The Adjusted Operating Profit in Education Services increased by 15.8% to £2.2m (2020: £1.9m constant currency; £2.1m reported), the Adjusted Operating Margin also increased 1.7pp to 16.3% (2020: 14.5% constant currency; 15.7% reported), this increase is largely due to the variable cost model it operates and the mix of higher margin contracts offsetting the impact of the lower margin ADEK contract which was completed at the end of 2021.

Mapping of Revenue Streams

The table below highlights how previously reported revenue streams have been updated to show more detail and moved to provide clarity. Foundation products include SITS, Callista, ebs, Maytas and SID. Edge products include Admissions, Submissions, Engage, Dynamics and Semestry. Bespoke Software relates to historic Australian government contracts.

Segment	Previous Reported revenue streams	Sub Sections	Changes
Student Information Systems (SIS)	License & Development fees	Foundation Software	Shown as new separate line
		Edge	Shown as new separate line
		Bespoke software and SchoolEdge	Moved to Other Software & Services
	Support & Maintenance	Foundation Support and Maintenance	Shown as new separate line
		Bespoke software and AchoolEdge Support and Maintenance	Moved to Other Software & Services
	Implementation Services, renamed Professional Services		
	Cloud Services	Cloud Services	Shown as new separate line
		Bespoke Software and Data Managed Services	Moved to Other Software & Services
	Other services, renamed Other Software and Services		Includes new products as noted above/below
Education Services	School inspections & related services		
	Surveys & Data Analytics, renamed I-graduate - Surveys & Data Analytics		
	Information Management Services		Moved to Other Software & Services
	Asset Management		Split across 'Foundation Software', 'Foundation Support & Maintenance', 'Implementation Services' and 'Cloud Services'
	Software Solutions		Moved to Other Software & Services

Financial Review continued

Product Development

£m	2021	2020 Reported	Change
Product Development	15.9	11.6	27%
Of which capitalised	10.2	6.8	33%
Edge	10.1	6.8	33%
Other Products	0.1	—	100%
Of which expensed	5.8	4.8	17%
Foundation Products	2.9	2.8	3%
Edge	2.2	1.3	40%
Other Products	0.7	0.6	—
Amortisation	0.9	1.2	(25%)

The Group spent £15.9m on Product Development, of which £10.1m was capitalised in relation to Edge, including Dynamics and Semestry. (2020: £11.6m spent, £6.8m capitalised, £4.8m expensed) and £0.1m (2020: £nil) was capitalised in relation to E-Evidence, a new application for Education Services to streamline inspections. The net P&L charge after removing capitalised spend was £5.8m (2020: £4.8m). We continue to invest in our Foundation products, adding new modules and additional functionality as well as statutory updates, the costs of which are expensed.

We continued to deliver on 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. 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 saw the marketing launch of Admissions in July 2021 and the first sales began to come through. Capitalised Product Development spend increased to £10.1m (2020: £6.8m) as the Edge development team increased in size in the year. A review of the Group's capitalisation to date has been undertaken resulting in £0.9m of pre-2021 capitalised costs being expensed as we have clarity on our future Edge offering, increasing the net P&L charge to £5.8m (2020: £4.8m). We continue to invest in our Foundation products, adding new modules and additional functionality as well as statutory updates, the costs of which are expensed.

Key Performance Indicators (KPIs)

£m	2021	2020 Reported	2020 Constant Currency	Change constant currency	Change constant currency %
Revenue	81.1	73.0	73.4	7.8	10.6%
– Student Information Systems	67.3	56.9	60.0	7.3	12.1%
– Education Services	13.8	16.1	13.4	0.5	3.5%
Adjusted Operating Profit (EBITDA) ¹	16.6	14.9	15.2	1.4	9.2%
Adjusted Operating Margin ¹	20.5%	20.4%	20.8%	–	(0.3)pp
Annual Recurring Revenue (ARR)	50.3	47.5	47.0	3.2	7%
Committed Income (Order Book)	172.5	144.4	142.6	29.8	20.9%
Operating Cash Conversion ²	104%	97%	97%	–	7pp
Free Cash Flow ³	5.4	5.4	5.4	–	0.2%
Staff Retention	86.9%	92.3%	–	–	–
Revenue/Average Operational FTE ²	£100.1k	£99.2k	£99.8k	£0.3k	0.3%

1. Adjusted Operating Profit and Adjusted Operating Margin are in respect of continuing operations and excludes charges reported in "Other items" of £5.4m (2020: £3.0m), 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. Revenue/Average Operational FTE is the average FTE for the year excluding average FTE associated with capitalised Product Development. In 2021 126.1 FTE were capitalised (2020:96.6)

3. Comparative restated – refer to Free Cash Flow section below

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 2021. This represents the best estimate of business expected to be delivered and recognised in future periods and includes 2 years of Support & Maintenance revenue. At 31 December 2021 this increased to £172.5m (2020: £144.4m reported). 76% of the increase relates to the 5-year contract extension with nine universities within the Callista group in Australia. The remainder of the increase is attributable to Semestry.

Operating cash conversion

Operating cash conversion is calculated as net cash from operating activities before tax as a proportion of adjusted operating profit (EBITDA) excluding the cash outflow of £1.7m on the Veritas programme. In 2021, operating cash conversion was 104% (2020: 97% reported). In prior years' operating cash conversion was calculated using EBITA rather than EBITDA, this has been changed to align more closely with the most relevant profit measure. The 2020 comparison has been restated and excludes the one-off settlement of the platform dispute payment of £8.1m as disclosed in 2020.

Free cash flow

Free cash flow is included as a key indicator of the cash that is generated 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 2021 and 2020 was consistent at £5.4m, investment in product development increased £3.1m however, was offset with £3.0m proceeds on shares sold to satisfy exercises of share-based payment schemes. In prior years' free cash flow was calculated based on net cash from operating

activities less capital expenditure and less capitalised development costs (excluding acquired intellectual property), the prior year comparative has been restated to reflect the change in definition. In 2020, free cash flow excluded the one-off settlement of the platform dispute of £8.1m.

Net of cash acquired, the Group paid £4.1m as initial consideration of Semestry Limited, which included £0.8m of deferred consideration paid in October 2021. The final deferred consideration relating to the Dynamics acquisition of £1.3m was paid in March 2021.

Full Time Equivalent (FTE) and staff retention

	2021	2020	Change
UK	651	587	64
Asia Pacific	317	282	35
Rest of world ¹	14	10	4
Full Time Equivalent (FTE)	982	879	103

¹ Including USA, Canada and Middle East.

Our overall workforce has increased by 11.7% to a total FTE of 982 from 879 at 31 December 2020. This is after adding an additional 35 heads following the acquisition of Semestry Limited and Eveoh's "My Timetable" an increase of 15 FTE in our Global Delivery Centre in Malaysia and 30 additional FTE in our Edge team as we accelerate delivery in line with the product development roadmap.

On an operational FTE basis (excluding Capitalised Product Development), the revenue per average operational FTE increased to 100.1k (2020: £99.8k constant currency, £99.2k reported).

We note, though, that despite the extent of change within the Group, our staff retention has only decreased to 87.0% (2020: 92.3%).

Financial Review continued

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 2021, share based payment charges (including employer related taxes) totalled £1.6m (2020: £1.8m), and are excluded from the Adjusted operating profit. On 28 June 2021, 479,591 nil-cost share options were granted to Mark Pickett (275,510) and Diane McIntyre (204,081) 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 £0.9m (2020: £1.0m) 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":
During 2020 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 £1.7m of costs that would have previously been capitalised do not meet the criteria to be capitalised as a software intangible and have been expensed to the income statement, of which £0.2m was incurred in 2020.

Net cash and cashflow

£m	2021	2020	Change
Net cash flow from operating activities	13.9	5.5	8.4
Net cash outflow from investing activities	(16.9)	(9.2)	(7.7)
Net cash outflow from financing activities	(0.4)	(3.3)	2.9
Net (decrease)/increase in cash & cash equivalents	(3.4)	(7.0)	(3.5)
Cash & cash equivalents at beginning of the year	9.5	16.5	(6.9)
Cash & cash equivalents at end of period	6.1	9.5	(3.4)
Less: Effect of foreign exchange rate changes	(0.2)	-	(0.2)
Net cash & cash equivalents at end of period	5.9	9.5	(3.6)

Cash and cash equivalents at 31 December 2021 were £5.9m (2020: £9.5m).

Operating cash inflow for the period was £13.9m (2020: £5.5m). Excluding the one-off settlement of £8.2m in 2020 the cash inflow would have been £13.7m compared to £5.5m. The working capital movement in year increased to £1.4m, (2020: £0.4m excluding the one-off settlement of £8.2m) due to strong collection of debtors at year end.

Cash outflow from investing activities was £16.9m (2020: £9.2m). The increased headcount has seen an increase in capital expenditure spend on equipment costs (2021: £0.6m; 2020: £0.4m). Spend on product development increased to £10.2m (2020: £7.1m) in line with the Group's product investment programme. The Group made a payment of £2.1m for deferred consideration (2020: £1.7m), of which £1.3m was the final earn-out from the Dynamics acquisition, the remaining £0.8m was an initial earn out payment for Semestry. The Group made an upfront net payment of £4.2m in respect of the acquisition of Semestry Limited in April 2021.

Cash outflow from financing activities decreased to £0.4m (2020: 3.3m). The Group paid a final dividend of 1.2p per share in the year with £2.5m returned to shareholders. Bank loan arrangement fees and interest in the period totalled £0.2m (2020: £0.2m). This is offset with the proceeds from the issue of shares totalling £3.2m (2020: £0.2m) to satisfy exercises of share-based payment schemes.

Funding arrangements

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. The first option to extend was approved by HSBC on 15 March 2021, the second extension was approved by HSBC on 5 January 2022, effective 21 January 2022. The facility was put in place to cover general corporate and working capital requirements of the Group, as at 31 December 2021 none 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 2022 and October 2022 respectively. At 31 December 2021 both overdrafts were available but undrawn. To offset the impact of movements in foreign exchange the Group entered into three forward contracts to hedge the movement between AUD:GBP and USD:GBP. These contracts expired in the year and generated a net change in fair value of £0.2m (2020: £0.1m). The Group will continue to manage foreign exchange exposure during 2022.

Shareholders returns and dividends

Tribal remains committed to a progressive dividend policy and the Board is pleased to propose a final dividend in respect of the year ended 31 December 2021 of 1.3p, pending approval at the AGM on 4 May 2022. The anticipated payment date is 28 July 2022, with an associated record date of 24 June 2022 and ex-dividend date of 23 June 2022. In July 2021 Tribal paid a final dividend of 1.2p per share in recognition of the year ended 31 December 2020. The Board intends to continue a progressive dividend policy, with a single dividend payment each year following annual results.

Going concern

Tribal had cash and cash equivalents of £5.9m at the end of 2021 plus access to an undrawn UK and Australian overdraft of £2.0m and \$AUD 2.0m respectively. 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 £10m facility to cover corporate merger and acquisition activity and, if required, temporary working capital requirements of the Group.

Tribal's main business is software related through the provision of Student Information Systems (SIS) to education institutions globally. Revenue is generated from the sale of software licenses and related implementation work, and the ongoing provision of support & maintenance and cloud/hosting services. The Group benefits from strong annual recurring revenues and cash generation, it also has a significant pipeline of committed income as it enters 2022 which provides a good level of protection and certainty to the business. While the Group's net current liability position has increased to £20.9m from £16.2m in 2020, it is still being driven by the recognition of IFRS 16 lease liabilities as current liabilities of £0.9m, the deferred consideration recognised relating to the Semestry and Eveoh acquisitions of £1.3m and net current contract liabilities of £17.4m relating to deferred customer revenue recognised in accordance with IFRS 15.

The Group had a positive end to the year, 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 assessing the Company's going concern position and the Group's ability to provide the necessary financial support, the Directors have considered all relevant facts and latest forecasts and assessment of the risks faced by the Group, considering reasonably possible changes in trading performance. 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 so remote it does not have a significant impact on the Groups ability to continue as a going concern. Accordingly, after making enquiries and receiving confirmation of Group support as set out above, the directors have a reasonable expectation that 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 continuing operations was £2.2m (2020: £3.1m) and the adjusted effective tax rate was 16% (2020: 27%). The decrease was due to the release of uncertain tax provisions previously required, the effective tax rate before these releases was 19% (2020: 25%).

As the Group continues to operate 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 is likely to be higher than the standard rate of UK corporation tax.

Share options and share capital

On 28 June 2021, 479,591 share options were granted to Mark Pickett (275,510) and Diane McIntyre (204,081) as part of their ongoing remuneration.

The shares issued during the year in order to satisfy exercises of share-based payment schemes totalled 4,676,064. The exercise cost of 5p, 79.6p and 80p per share for the LTIP's resulted in cash receipts of £3.2m, refer to Note 22.

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, increased by 39% to 5.7p (2020: 4.1p) due to the increase in adjusted profit before tax and the reduced tax charge in the year. of the overseas current tax charges.

Statutory basic earnings per share increased by 10% to 3.4p (2020: 3.1p) as a result of the statutory profit increase in the year to £7.0m (2020: statutory profit £6.4m).

Pension obligations

At 31 December 2021, the Group operated two defined benefit pension schemes for the benefit of certain deferred employees of its subsidiaries in the UK which are closed to new members. These schemes are administered by separate funds that are legally separated from the Parent Company and relate to a historic contract within Education Services. The trustees of the pension funds are required by law to act in the interest of the funds and of all relevant stakeholders in the schemes. The trustees of the pension funds are responsible for the investment policy with regard to the assets of the funds.

Across the pension schemes, the combined deficit calculated under IAS19 at the end of the year reduced 78% to £0.2m (2020: deficit of £0.9m), with gross assets of £8.8m and gross liabilities of £9.0m (2020: £8.3m and £9.3m respectively). Total actuarial gains/(losses) recognised in the consolidated statement of comprehensive income are £0.7m (2020: (£0.4)m).



Diane McIntyre
Chief Financial Officer

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.	<p>The Group continues to pursue expansion both organically and through acquisition, as we transition to becoming a pure play Ed Tech SAAS business.</p> <p>Such transformation may present various challenges such as:</p> <ul style="list-style-type: none"> 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 <p>Failure can lead to impairment of assets acquired, reputational damage and impact overall financial performance of the group.</p>	<p>The Group has an experienced management team and performance against strategy is closely monitored, with oversight by the Board.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Project and Service Delivery Delivery of major projects and ongoing software and service delivery may not meet customer's expectations or contractual requirements.	<p>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.</p> <p>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.</p> <p>A failure to deliver can lead to increased implementation costs, disputed invoices, penalty payments, reputational damage and an impact on other ongoing projects.</p>	<p>Strong controls are maintained to ensure successful project delivery and reviews project progress monthly at Executive Management level with Board oversight.</p> <p>The Group engages with premium cloud computing suppliers (e.g. Microsoft Azure and Amazon AWS) the architecture and contracts of which facilitates high level response SLAs and a quick recovery in the event of a single region failure.</p> <p>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.</p> <p>The Group has responded quickly to external shocks such as the Global Pandemic and the executive team have established processes to enable quick and effective decision making.</p>

Risk Title	Risk Description	Mitigation
Innovation and Technology The Group's software development programme needs to deliver to customer's requirements and keep pace with market developments.	<p>Our customers face increasing pressure to provide the best student experience and outcomes and require flexible cloud native, SAAS software solutions.</p> <p>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.</p> <p>A failure to deliver will result in lower sales, higher churn reputational damage and obsolete products.</p>	<p>The Edge product development roadmap is focused on ensuring the Group can fulfil our customer demands.</p> <p>The Group continues to investment in its internal engineering and product-development capability to enable delivery in line with the product roadmap.</p>
Information Management and Data Security Security breaches, cyber-attacks or outages could harm the Group by disrupting our internal and customers operations.	<p>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.</p> <p>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.</p>	<p>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.</p>
People Failure to attract and retain skilled sales, software development and other key operational employees could harm the Group's performance.	<p>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.</p> <p>Increased staff turnover and vacancies may hinder our ability to manage operations effectively and impact sales, product development or software implementations.</p>	<p>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.</p> <p>The Group's commitment to improving the diversity within our workforce will assist overall performance and help to widen our pool of potential candidates.</p>
Legal & Regulatory Requirements	<p>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.</p>	<p>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.</p> <p>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.</p>

Stakeholder Engagement

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



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 require 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.

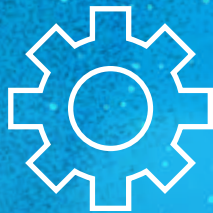
The Board acknowledges that some decisions will not necessarily result in a positive outcome for all our stakeholders, however, it always strives to act in the best interest of the Group and to be fair and balanced in its approach to stakeholder management. The needs of different stakeholders are always 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	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Investor information including the annual report, investor presentations, including the annual capital markets day presentation and announcements are available on the Company's website.</p>
Employees	<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
Customers & Suppliers	<p>Delivering our strategic priorities and ensure 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.</p>	<p>The Group has regular communication via email, newsletters and the Group's website that includes news and regular blogs for all stakeholders to view.</p> <p>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.</p> <p>We hold an annual conference, Empower, for all customers globally where sessions are run to update customers on our suite of products and services. During Covid-19 this conference was run remotely but will be looking to re-instate face to face conferences when restrictions allow.</p>

Q&A with Management

Well positioned in a growing market



Chloe Payne
Director of HR

Diane McIntyre
Chief Financial Officer

Q What role do you think the pandemic has had on how the business has evolved in the last 18 months?

A

Chloe:

It's been difficult seeing some of our colleagues struggle with such difficult circumstances brought about by the pandemic. We worked hard to provide individualised support and ensure we had mechanisms in place, but there has been a lot outside of our control and that can be hard. On the plus side, we have seized the opportunity to really cement what was already a very flexible culture and to be bold about enabling our people to make permanent choices about where and when they work. Our flexibility has become a core part of our employee value proposition.

A

Diane:

To add to that, from an operations perspective, as a global business we have always worked remotely to some extent, but the experience has shown both us and our customers that we can increase the amount we deliver remotely, to both increase efficiency and reduce our carbon footprint. We've also seen a big increase in our customers' focus on student wellbeing over this difficult period and this is an important part of our product roadmap.

Q How do you think the business has responded to having more of a focus on ESG or has that always been a part of the Company?

A

Chloe:

Tribal has always been a responsible business, our roots in Education means that many colleagues are driven by a passion for making a difference and that's what took them to Tribal. For me, having a focus and a formal ESG Committee is about ensuring we are pushing ourselves to be as good as we can be. That is about looking outwards to ensure we can learn from others and continually striving to improve and measure those improvements.

A

Diane:

It has been clear to me that the fundamental ideas have always been core to Tribal's values. For example, before I joined, I remember listening to Janet Tomlinson, the former MD of our Education Services business at the time, talking about the work we completed with schools that needed some extra guidance and support to improve their teaching in English and Maths, and it made me realise just how important our projects can be. I have seen that spirit replicated across the organisation.

Q What are the most exciting challenges or opportunities that lie ahead for Tribal?

A

Chloe:

2022 is a pivotal year for us, real momentum has been built and customers are beginning to buy next generation solutions – our challenge is ensuring that we continue to build our capacity and capability to deliver and exceed our customers' expectations whilst maintaining focus on our continued investments in new products. It's really exciting, as we can really see a validation of our strategy driving that momentum.

A

Diane:

As Chloe says, our operational teams are focused on ensuring our customers have a great experience as they move to Tribal:Cloud, whilst other teams are focused on our longer term opportunities from our Edge product set and increasing our global presence. Seeing early shoots of success from our early adopters for example is incredibly motivating, while we keep our target of doubling ARR firmly in our mind.

Q

Chloe, having been with Tribal for 10 years, what are the most profound changes you have seen in the business over that time?

A

Chloe:

The business I joined then, is not the Tribal of today. I joined an Education business with a very broad portfolio, now Tribal is first and foremost a software business, entirely focussed around our goal of becoming an EdTech SaaS business.

Q

Diane, you are now nearly a year into your time with Tribal, what do you think the Company's key strengths are to enable delivery of its strategy?

A

Diane:

Our deep understanding of the education sector and the passion of our people. Every day I see our teams absolutely committed to ensuring our clients get the best out of the products. And then in the background, the management team are focused on our transition to a SaaS model, and the changes we need to make so we can efficiently deliver an excellent service to our customers. I see these elements as sitting at the heart of our success.

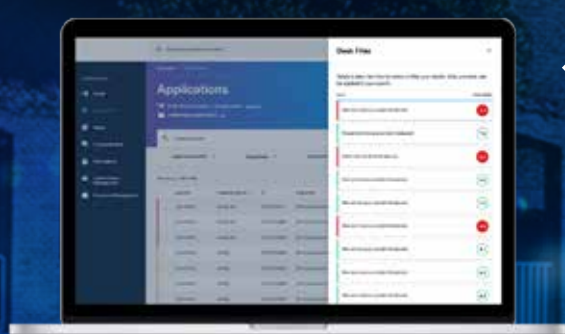
Case Study

Acquiring Semestry



Empowering students through smart technology





Aarhus University & Semestry: Improving student and teacher experiences with their schedules.

Aarhus University (AU) is a dynamic, modern, highly-international university that excels at creating value through knowledge, new insights, and collaboration. And through their partnership with Semestry, AU is on its way to achieving their strategic goal of offering "research-based education of the highest international quality."

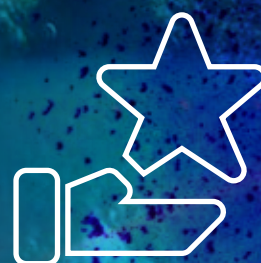
"AU knew that it must consolidate its timetabling solutions into a unified solution in order to provide greater support for scheduling processes and workflows. Our goal? Greater flexibility, increased personalisation and user centredness, and greater space optimization."
Said Arnold Boon, University Director at Aarhus University.

"With Semestry, AU gains smart scheduling technology that empowers institutional responses to complex constraints so we can deliver the right schedules for everyone"
continued Arnold.

Aarhus University is realizing the benefits of a single timetabling solution, including:

- Personalised timetables that offer a greater degree of self-management for students and teachers
- Increased transparency into scheduling and room usage across the institution
- More efficient planning and process optimization for timetablers

The result is better, more accessible and personalised timetables for students as well as improved timetabler views into schedules and room availability across faculties and departments. And the next step for Aarhus University? The implementation of ExamTime to handle the planning of the university's exams.



Environmental, Social and Governance Report

Tribal has always been committed to activities that benefit the environment and society, under-pinned 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 six priority areas

Alongside these two core tenets and as part of our journey to continually improve our approach and performance, Tribal created a formal ESG Committee in 2021, chaired by Non-Executive Director, Nigel Halkes, to ensure effective oversight and investment in these increasingly important areas. The Committee meets on a quarterly basis and members also include CFO Diane McIntyre and HR Director Chloe Payne.

In early 2021 the Committee formalised six priority areas for the Group going forward. Each area has key initiatives and objectives for the coming year and appropriate ownership from across our Executive Management Team. We have also 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 will be formed to implement our initiatives across the Group, including Finance, Human Resources and Governance.

In order to understand best practice, we are learning from other companies and have engaged a third-party business in the community to help monitor and understand our position with ESG.

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
	Commitment to minimal paper Now met	Supporting student welfare Ongoing	Global ISO certification Ongoing
	Cloud consumption New	Charity: Job Coaching Scheme New	
UN SDGs	 	  	



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

The ongoing impact of the pandemic requiring remote working and virtual meetings, meant our travel continued to reduce in 2021. 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 in July 2021. To oversee this, we hired a Global Travel Manager in October who has helped to refresh our global travel policy to ensure the continuing adoption of a "remote first" model for service delivery. On top of this, in November 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. Although many of our employees have already changed their contracts to stay as remote workers permanently, when travel cannot be avoided, we continue to look for new ways to offset our emissions with reductions elsewhere.

Key initiative: commitment to minimal paper: now met

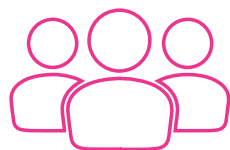
We are focused on finding ways to reduce our overall resource consumption. By the end of 2021, we met our commitment to going paperless, a key initiative we had launched in 2020, by ceasing or reducing contracts with all printer-photocopiers globally to minimum operational levels. We have also continued to invest in equipment that will significantly reduce our need for printing when delivering our services.

New Key initiative: cloud consumption

Now that we have met our paperless initiative, we are switching one of our focus areas to cloud computing consumption. This year we have hired a Cloud Optimisation director to oversee our cloud computing consumption in 2022. This is to ensure we are not wasting energy by having too many servers running that we do not need.

Tribal's cloud hosting providers, Amazon Web Services (AWS) and Microsoft, are also committed to building a sustainable business for customers and the planet. 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.

Environmental, Social and Governance Report continued



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

Development, retention and recruitment strategies at all levels of the business have a strong emphasis on diversity. In 2021, Tribal turned its internal focus to developing policies and strategies in the area of talent acquisition to ensure the business is attracting a more diverse applicant pool. The team also focused on ensuring systems exist to measure progress, helping increase accountability and delivering improvement. We now have the tools to examine how our focus on driving diversity and improving the gender balance is tracking on a month by month basis.

Whilst the recruitment process is key, it is also important to pay attention to turnover and the retaining of talent to ensure the efforts in driving diversity in hiring are not then undone. Our data confirms we do not experience this problem at Tribal and so we can be confident that our continuing progress in hiring diverse talent will translate in to progress in actual representation.

Throughout the year, we also made significant progress in the hiring rate of BAME employees and continue to develop our strategy to attract and retain the right talent.

In 2021, 23% of our hiring has been of BAME employees, compared to our current baseline representation of 8%. This has resulted in BAME employee numbers in the business increasing to 11% in 2021 from 8%.

In 2021 we became a signatory of the Tech Talent Charter, a commitment by over 650 UK organisations to a set of undertakings that aim to deliver greater inclusion and diversity in the UK tech workforce.

Gender pay equality

Since 2018, Tribal has published its Gender Pay Gap statutory report for UK employees. In our forthcoming Gender Pay Gap report to be published in April 2022, we will explain the steps we are taking to balance gender pay as we continue to strive for equality across all groups. Our new recruitment processes are having a positive effect on the organisation's overall make up and diversity of its employees.

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 an organisation wide 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 has 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.

Through charitable support

We supported 'Student Minds' throughout 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.

In 2022, we will also be working with Māori Education Trust (MET) which will provide Tribal with an opportunity to demonstrate our support for an underrepresented section of the population in higher education within New Zealand. It will also offer future opportunities as MET seek to grow their offering of scholarships and bring on board more partners. The scholarship under Tribal Education Ltd will provide Tribal with clear visibility in supporting Māori equity and will align to Te Pūkenga and the wider sector's priorities.

Tribal also continues to allow employees to take an additional day's leave to volunteer and support charitable causes and for 2022 we have signed up to national Job Coaching programme run by Business in the Community to make it more accessible for our people to make use of the time we give them and to connect with opportunities to make a positive impact.

Improving education

Our professional development and training work with the National Centre for the Excellence of Teaching Mathematics (NCETM) is contributing to improving education for children across the UK. This includes our involvement in Numberblocks, a series of short programmes on the BBC aimed at helping preschool age children develop early understanding of numbers.

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.

Environmental, Social and Governance Report continued



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: compliance: 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 2021, the Group launched a risk framework system and built on its aim to achieve a globalised certification with ISO Compliance broadening to Australia and the Philippines. Being globally aligned and certified is important for mitigating our risks and assuring our customers. In 2022, we will look to expand our ISO scope for subsidiaries and refresh our Business Continuity plans.

Bribery, corruption and whistleblowing

Tribal provides training to all staff on Anti-bribery and Corruption. We have engaged a third party to act as an independent whistleblowing contact for all our staff should they deem it necessary.

Key initiative: data: ongoing

In 2022 the new finance and subscriptions system will go live across the Group, enabling staff to be repurposed to higher value activity, a stronger governance process and improved reporting capability for our SaaS product sets.

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 2021 are presented as follows.

In 2021, our Scope 1 and Scope 2 emissions were 102.17 tCO₂e and Scope 3 emissions were 14.73 tCO₂e. The greatest contributors to Scope 1 and Scope 2 operational emissions are the electricity and gas used in powering our buildings. Scope 3 emissions are attributed to fuel used in employees' cars on business use. Our intensity ratio (Scope 1, 2 & 3 emissions relative to revenue) is 1.45 tCO₂e/£m. Tribal Group plc is an unquoted large company for the purpose of SECR, we are therefore only required to report on UK energy use.

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: 2021 energy consumption

Area	Category	Sub-category	2021 consumption	2020 consumption	Change	Units
Electricity	Electricity	Purchased electricity	469,517	464,912	4,605	kWh
Gas	Stationary combustion	Natural gas	133,536	63,944	69,592	kWh
Transport fuel	Combustion of fuel used in personal cars on business use		54,981	56,807	(1,826)	kWh

Table 2: Scope 1, 2 and 3 intensity ratio

Year ended 31 December 2021	Scope 1	Scope 2	Scope 3	Total
Tonnes of CO ₂ e	2.48	99.69	14.73	116.90
Percentage	2%	85%	13%	100%
Emissions intensity relative to revenue (tCO ₂ e/£m)	0.03	1.24	0.18	1.45
Year ended 31 December 2020	Scope 1	Scope 2	Scope 3	Total
Tonnes of CO ₂ e	11.76	108.39	55.67	175.83
Percentage	6%	62%	32%	100%
Emissions intensity relative to revenue (tCO ₂ e/£m)	0.16	1.48	0.76	2.41

Energy efficiency action

During 2021, due to the pandemic, Tribal offices were closed for a large proportion of the year and travel was significantly reduced. Throughout this time, we ensured that energy usage was reduced to minimum levels by switching off all electrical equipment not in use and reducing heating/cooling levels to a minimum. We renewed our energy contracts to energy from renewable sources and reduced multi-function printers in our UK offices to the minimum required for operational efficiency. In September we commenced a sustainability audit in conjunction with Business in the Community (BITC) to help inform and support our Carbon Net Zero journey. We employed a Global Travel Manager in October to promote travel mindfulness as travel remobilises and have invested further in technology to support remote meetings. In November, we introduced a salary sacrifice scheme for electric vehicles to employees.



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.

Case Study

Tribal Cloud

King's College's journey to the Cloud to deliver success



King's College London moves their Tribal Student Information System (SITS) to be run by Tribal as a service from the cloud.

Introduction:

Tribal and King's College London have delivered a hugely significant SITS Cloud migration project which ends over two decades of KCL running SITS on premise.

The challenge:

Through its commitment to exceptional education, impactful research and genuine service to society, KCL is creating positive change in the communities it serves. Its strategic vision sets ambitious targets for educating the next generation of change-makers, and its business systems need to support that vision.

Discovery workshops and stakeholder meetings helped identify the challenges KCL faced in providing the most appropriate systems to deliver the best possible experience for its students.

People

Maintaining an on-premise SITS implementation requires time from highly skilled staff detracting from focussing on improving administrative processes and student experience.

System availability

Transferring responsibility for the system availability, performance, maintenance and upgrades means KCL staff can focus on deriving increased value from the application. New features can be more quickly and easily accessible so that the service develops in line with KCL's needs.

Change

The on-premise infrastructure cannot scale and flex sufficiently with large-scale, fast changes in demand and the SITS Client was not as responsive for a home-based workforce as it was on campus.

The solution:

With previous success in migrating and managing student information systems in the cloud, Tribal was uniquely positioned to help KCL address these challenges.

By moving SITS to the cloud and managing it as a service, Tribal were able to take care of the day to day monitoring, upgrading and patching of the systems, freeing KCL staff to focus on improving use of the application.

The purpose-built architecture provides a more connected, agile, resilient and secure platform, providing quicker access to advances in technology, the ability to scale and flex for the planned and unplanned, and assured security design with proactive monitoring and scanning.

The benefits:

A combined delivery team enabled easier and faster end-users access and improved SITS performance. Faster processes have helped with increased student numbers. UCAS data can be uploaded within minutes rather than hours, meaning more time can be spent analysing the data and making informed decisions in the admissions process.

Phase two will see the optimisation of all remaining system interfaces and further transformation and functional improvements.

KCL Director of Education and Student Solutions, John Harris said:

"A massive thank you to everybody involved in making the SITS migration happen – it's a huge improvement in terms of speed, and it's going to make life much easier. As we head into September, their lives will be hugely benefited by not having to wait for the system to respond."

KCL Chief Information Officer, Nick Leake added:

"It has improved performance, it has provided us with resilience, it has improved some of our interfaces, and it has demonstrated that a committed group of people working well together can deliver a major project on one of our most critical systems in a record time. This project has also provided a major step forward for us to make further improvements to our student related processes."

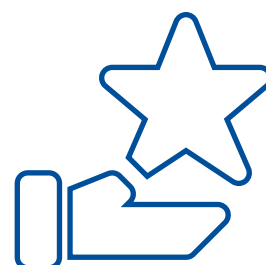
"We loaded the UCAS data into SITS within 23 minutes – something that previously took hours to complete."

"Given the complexity of the migration and the number of different parties involved, this is a phenomenal achievement and a testament to excellent collaboration and project work across faculties, SED, IT, Tribal and Tribal's suppliers."

With SITS running in the cloud KCL will be able to take advantage of the latest technology in the new modules rolled out on the Edge platform as all their system interfaces will be optimised to connect to Edge.

Board of Directors

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



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, 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.



Key to Committee Membership**N** Nomination Committee**R** Remuneration Committee**A** Audit Committee**E** ESG Committee**Diane McIntyre**
Chief Financial Officer**E****Appointed**

Diane joined Tribal on 1 June 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 42



Diane McIntyre

Chief Financial Officer

Appointed

Diane joined Tribal on 1 June 2021

Experience

See biography on page 43



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.



Janet Tomlinson

Managing Director – Education Services

Appointed

Janet joined Tribal at the end of 2009 and retired at the end of 2021.

Experience

Janet was Director of Education and Children's Services in Oxfordshire. Janet has chaired a range of regional partnership Boards, including Children's Trusts, Safeguarding Boards, Education Action Zones and Creative Partnerships. She has also advised the Government on the educational impact of migration and on school inspection policy businesses.



Mark Wilson

Chief Operating Officer

Appointed

Mark joined Tribal in December 2016

Experience

Mark initially joined as the Managing Director for the EMEA region. Mark is an experienced business leader having spent over 20 years in national and international roles in software and services businesses. In that time he has enjoyed great success driving transformation and helping his clients maximise the value to their organisations of deploying technology enabled solutions.



Peter Croft

Managing Director – APAC Region

Appointed

Peter joined Tribal in September 2017.

Experience

Peter leads the Asia Pacific business with a focus on delivering growth and benefits driven customer experiences. Peter has over 20 years' experience in successful leadership of IT enterprises in the APAC region, and has held Directorships in Australian, UK, US and Malaysian technology companies.



Corporate Governance Statement

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 8 – 11
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 28 – 29 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 28 – 29 Pages 34 – 39
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 26 – 27
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 Nominations Committee.	Pages 42 – 43 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.	Page 47
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 34 – 39
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 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 responsibility 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 page 50 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. Established in 2020, 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 34 to 39 contains further information on the Committee's role and activities.

Remuneration Committee

The Committee, chaired by Richard Last, 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 51 to 55 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 56 contains further information on the Committee's role and activities.

Corporate Governance Statement continued

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	11	3	2	4	3
Meetings attended by members:					
Richard Last	11	2*	2	4	3
Roger McDowell	11	3	2	4	–
Nigel Halkes	11	3	2	4	3
Mark Pickett	11	3*	2*	4	2
Diane McIntyre (Joined 01 June 2021)	5	2*	–*	–*	2
Paul Simpson (Resigned 30 June 2021)	6	1*	2*	–*	–

*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 16 March 2022.

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 2020 and the half year report and accounts for 2021, 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 27 April 2021.

Financial reporting and statutory audit

The Committee has reviewed with both management and the external auditors the half year and 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 half year review and 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 approach to their work on the half year results was also discussed and agreed. 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.

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 fourth 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 2021 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. The Committee reviewed the revenue recognition judgements taken, specifically the key judgements applied to variable consideration, 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.

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 and 27 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 they are happy 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 apprised of new and revised accounting standards including the impact on the Group.

Approved by the Audit Committee on 16 March 2022.



Nigel Halkes

Chairman, Audit 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 53. 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 100% 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 2021.
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.

Remuneration Committee Report continued

Director changes

Diane McIntyre was appointed Chief Financial Officer of Tribal Group plc on 1 June 2021. There have been no other 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	2022 AGM	–
Roger McDowell	Senior Non-Executive Director	17 November 2015	2022 AGM	3 months
Nigel Halkes	Non-Executive Director	20 January 2020	2022 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.

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 2021, which took effect from 1 January 2021 are as follows. These exclude any expenses which the Non-Executive Directors may incur in relation to their duties.

	From 1 January 2022	From 1 January 2021	Increase
Non-Executive Chairman	£111,600	£110,000	£1,600
Senior Non-Executive Director	£57,000	£55,100	£1,900
Non-Executive Director	£56,250	£55,100	£1,150

INFORMATION SUBJECT TO AUDIT

Remuneration payable for the financial year ending 31 December 2021:

Director	Salary ⁴	Benefits ¹	Bonus ²	SBP ³	Pension ⁴	Total 2021	Total 2020
Mark Pickett	270,000	387	415,283	281,175	26,260	993,105	977,775
Diane McIntyre ⁵	116,667	217	100,000	28,231	5,833	250,948	–
Richard Last	110,000	–	–	–	–	110,000	104,500
Roger McDowell	55,100	–	–	–	–	55,100	52,345
Nigel Halkes	55,000	–	–	–	–	55,000	49,659

1. Benefits include private medical insurance and private fuel.

2. The bonus includes 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 £0.1m (see Note 7).

3. 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 7).

4. The fixed element of Directors remuneration includes salary and pension, all other elements are variable.

5. Diane McIntyre's figures relate to the period from 1 June 2021 to 31 December 2021.

Long Term Incentives Plan (LTIP) awards

On 28 June 2021 the Remuneration Committee approved LTIP awards to Mark Pickett and Diane McIntyre.

	Type	Number of shares	Face value ¹	Performance condition	Performance period	% Vesting at threshold
Mark Pickett	Nil-Cost Option	275,510	£270,000 (100% of salary)	Adjusted operating profit	Measured over 3 years to 31 December 2023	80% of LTIP
Diane McIntyre	Nil-Cost Option	204,081	£200,000 (100% of salary)	Adjusted operating profit	Measured over 3 years to December 2023	80% of LTIP

1. Face value calculated based on share price on 28 June 2021 (98p).

Remuneration Committee Report continued

Share award interests

The interests in share options were as follows:

	At 1 January 2021	Granted	Lapsed	Exercised	At 31 December 2021	Exercise price	Price on date of grant	Date from which exercisable	Expiry date
Mark Pickett									
LTIP – 30 June 2017	247,678	–	–	247,678	–	Nil	83.8p	June 2020	June 2027
LTIP – 22 May 2018	251,256	–	–	251,256	–	Nil	79.6p	May 2021	May 2028
LTIP – 7 June 2019	716,552	–	–	–	716,552	Nil	71.0p	June 2022	June 2029
LTIP – 7 July 2020	482,143	–	–	–	482,143	Nil	56.0p	July 2023	July 2030
LTIP – 28 June 2021	–	275,510	–	–	275,510	Nil	98.0p	June 2024	June 2031
Diane McIntyre									
LTIP – 28 June 2021	–	204,081	–	–	204,081	Nil	98.0p	June 2024	June 2031

The closing share price at 31 December 2021 was 101.25p and during the year ranged from 88.75p to 110.00p. There have been no variations to the terms and conditions or performance criteria for share awards during the financial year.

Annual percentage change in Directors' remuneration compared to FTE employees

	Year-on-year percentage change in remuneration				
	2021	2020 ¹	2019	2018	2017
Group FTE employees	936	832	850	873	820
Average Remuneration/FTE £'000	54	52	53	52	60
Average FTE Employees percentage change	3%	(2%)	2%	(13%)	14%
Directors percentage change²					
Mark Pickett	4%	1%	30%	10%	42%
Richard Last	5%	(35%)	19%	23%	100%
Roger McDowell	5%	(5%)	0%	0%	100%
Nigel Halkes	11%	100%	–	–	–
Diane McIntyre	–	–	–	–	–

1. Includes 3 months at 80% pay as a mitigating action to Covid-19.

2. Includes remuneration for the matching shares with the nominal value paid to participants as a bonus. Basic fees are consistent year on year.

INFORMATION NOT AUDITED

Directors' shareholdings

The table below sets out the Directors' current shareholdings as at 31 December 2021. The shareholding guideline for the Chief Executive Officer is to hold two times base salary in stock (excluding invested LTIP's) within no more than five years of appointment.

Director	Beneficially owned	% of salary/ share value held	LTIP options	Share matching plan option
Mark Pickett	876,175	329%	1,474,205	–
Diane McIntyre	–	–	204,081	–
Richard Last	2,995,726	2757%	–	–
Roger McDowell	2,975,726	5468%	–	–
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 2021.

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 ABL principle, which requires that all commitments must not exceed 10% of the issued share capital in any rolling 10 year period. Given the Company's issued share capital, the number of employees and the level of participation in the LTIP, the Committee believe that operating a single 10% in 10 year limit for all share plans remains appropriate. The Group's position against the dilution limit at 31 December 2021 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 16 March 2022.



Roger McDowell
Chairman, Remuneration 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 14 June 2021.

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, including the appointment of a permanent Chief Financial Officer.

We are pleased to strengthen the Board and Executive Committee with the appointment of Diane McIntyre as Chief Financial Officer, with effect from 1 June 2021. Diane was appointed following an external search using an independent recruitment agency.

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 continues to focus on maintaining 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 Committee conducted a review of its succession plans during the year, particularly in relation to Education Services following the retirement of Janet Tomlinson, former Managing Director of Education Services.

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

Directors' Report

The Directors present their report and audited consolidated financial statements for the year ended 31 December 2021.

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 33.

Results and dividends

The profit for the year, after taxation, amounted to £6,993,000 (2020: profit of £6,358,000). Tribal remains committed to a continuing dividend policy and as explained in the Chairman's statement, the Directors propose a final dividend of 1.3p per share for the year ended 31 December 2021, subject to approval at the AGM on 4 May 2022 (2020 combined dividend: 2.3p per share).

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 bring our Tribal Edge product to market. This underpins our commitment to a dividend that remunerates shareholders over the long term whilst ensuring we have adequate financing to meet other stakeholder commitments. It is Tribal's expectation that only a final dividend will be paid going forward.

Business model and strategy

The business model and strategy section, pages 10 and 11 and pages 16 and 17; 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 up to a further two years. The first option to exercise was approved on 16 March 2021, the second extension was approved by HSBC on 25 January 2022, effective 21 January 2022. The facility was put in place to cover general corporate and working capital requirements of the Group, this was drawn down in the year but was repaid in full before 31 December 2021. In addition to this, the Group has a £2.0m committed overdraft facility in the UK and a \$2.0m committed overdraft facility in Australia. The UK overdraft is committed for a 12-month period ending August 2022 and the Australian overdraft committed for a 12-month period ending October 2022. At the end of 2021, none of the overdraft facility was drawn down. 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 30 of the financial statements.

Acquisition

Tribal Group plc acquired Semestry Limited on 1 April 2021 and the assets and business of Eveoh BV on 1 October 2021. Both acquisitions were financed through existing cash resources. The initial cash consideration was £4.5m and £0.1m respectively and both acquisitions had further contingent consideration amounts paid in the year of £1.5m and £0.7m respectively based on the annual recurring revenue growth of the acquired businesses.

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 34 to 39 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 26 and 27. Risks of a financial nature are addressed in Note 30 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 28 and 29.

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.

Directors' Report continued

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 42 and 43. 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 UK Corporate Governance Code, 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 51 to 55.

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 4,676,064 shares (2020: 6,118,525 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 34 to 39.

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 are 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 £15.9m (2020: £11.6m) of which £10.1m (2020: £6.8m) was capitalised.

Post balance sheet events

There have been no significant events to report since the date of the balance sheet except for those shown in note 34.

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 4 May 2022. 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 46 to 49 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 he ought to have taken as a Director in order to make himself 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

16 March 2022

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 2021 and of the Group's profit 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 2021 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. 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 included:

We obtained the going concern assessment, approved by the Directors, including detailed cash flow forecasts up to March 2023 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 with HSBC (note 1) to check that the Group has sufficient funds to settle the deferred consideration due of £1.6m (note 18) for Semestry Limited and Eveoh BV while at the same time maintaining adequate working capital to continue daily operations as normal. We assessed the impact on banking covenants to determine if they would be breached if the drawn down of all facilities were to occur.

We assessed the appropriateness of sensitivity analyses prepared by management over the Group's cash flow forecasts including the effects of adverse movements in revenue, the gross margin and an increase in expenditure to determine the 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.

We assessed management's assumptions in the going concern forecast including revenue growth, profit margin, and funding and covenant compliance headroom availability with reference to the historical accuracy of management's forecasts, comparing the current forecasts against post year end actual results and committed revenue contracts.

We assessed the effect of contract liabilities on the net current liability position by considering the costs to deliver the products and services, as well as deferred costs in order to realise revenue held as a contract liability.

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% (2020: 100%) of Group profit before tax		
	100% (2020: 100%) of Group revenue		
	99% (2020: 99%) of Group total assets		
Key audit matters	2021	2020	
	Revenue measurement – Implementation services revenue stream	✓	
	Cloud computing costs within intangibles	✓	
	Revenue recognition – iGraduate and data analytics revenue stream		✓
	Revenue recognition – iGraduate and data analytics revenue stream is no longer considered to be a key audit matter because the appropriate point of revenue recognition was determined in 2020 with no ongoing key audit matters in the current year.		
Materiality	Group financial statements as a whole		
	£550,000 (2020: £560,000) based on 5% of Adjusted profit before tax (2020: 6% 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 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.

Independent Auditor's Report continued

to the members of Tribal Group plc

Key audit matter

Revenue measurement – Implementation services revenue stream

(Refer to notes 1 and 3 to 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 variable consideration to be included in the transaction price.

In light of the judgements and assessments required to be made by management in this area particularly in relation to constraining the variable consideration and the complexities of the applicable accounting standard, we have determined that revenue measurement in relation to the implementation revenue stream is a key audit matter.

How the scope of our audit addressed the 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 revenue was appropriately recognised in accordance with the requirements of applicable accounting standards.
- Assessed the judgements made by management in determining the appropriate allocation of fixed and variable consideration and constraining the variable consideration against the requirements of the applicable accounting standards.
- Obtained management's method of calculating variable consideration and assessed this against the requirements of the 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 variable consideration and comparing this to management's calculations.
- Reviewed the contract margin calculations prepared to identify onerous contracts to determine whether the required provision has been made for a sample of contracts.
- 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 compared this against the total expected number of days for the project.
 - reviewing management's forecasted costs for the projects against actual costs incurred to date and performed a review of historical forecasting on a sample of contracts to confirm the historical accuracy of the project managers and management's forecasts.

Key observations:

Based on the procedures performed, we consider the revenue recognition for the Implementation services revenue stream to be appropriate.

Key audit matter**Cloud computing costs within intangibles**

Refer to notes 1, 5 and 14 to the financial statements)

Judgement is required in determining whether implementation costs in a Software as a Service contract and costs incurred during the development phase of the project should be expensed or capitalised as an intangible asset per the IFRIC Update March 2021 on Configuration or Customisation Costs in a Cloud Computing Arrangement.

In light of the judgements and assessments required to be made by management in this area, including the capitalised costs in previous financial years, we have determined that the capitalisation of cloud computing costs is a key audit matter.

How the scope of our audit addressed the key audit matter

As part of our audit procedures, we:

- Obtained management's assessment on the impact of the IFRIC update and assessed the judgements made by management against the guidance provided in the IFRIC update in determining the appropriate accounting treatment for the Tribal Edge development costs and D365 implementation costs incurred in the current year.
- Tested a sample of the implementation costs to invoices and assessed whether these costs have been expensed as appropriate in accordance with the applicable accounting standard.
- Tested a sample of capitalised development costs in the year to invoices and timecards and assessing whether these costs have met the criteria to be capitalised in accordance with the applicable accounting standards.
- Assessed the judgements made by management in identifying potential capitalised implementation costs in the opening balances of intangible assets against the guidance provided in the IFRIC update to check that all costs previously capitalised still meet the criteria of the IFRIC Update.
- Reviewed the consistency of the disclosures with the judgements made by management.

Key observations:

Based on the procedures performed, we consider the accounting treatment of cloud computing costs within intangibles 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	
	2021 £	2020 £	2021 £	2020 £
Materiality	550,000	560,000	350,000	350,000
Basis for determining materiality	5% (2020: 6%) of Adjusted* profit before tax		3.75% of net assets, capped at 63.6% (2020: 62.5%) 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.		As a non-trading holding entity, net assets is a key measure for stakeholders based on market practice and investor expectations. Materiality was capped at 63.6% (2020: 62.5%) of Group materiality given the assessment of the component's aggregation risk.	
Performance materiality	396,000	392,000	252,000	245,000
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% (2020: 70%) 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% (2020: 70%) 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.

Independent Auditor's Report continued

to the members of Tribal Group plc

Component materiality

We set materiality for each component of the Group based on a percentage of between 63.6% 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 £350,000 to £385,000. In the audit of each component, we further applied performance materiality levels of 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 £11,000 (2020: £11,200). 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	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> 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. <p>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.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> 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.

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 framework, 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. 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 assessed 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. With regards to the fraud risk in revenue recognition, our procedures included those set out in the key audit matters section above.

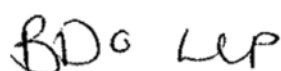
We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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/auditors responsibilities. 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.

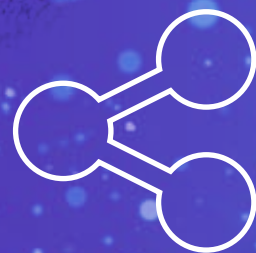
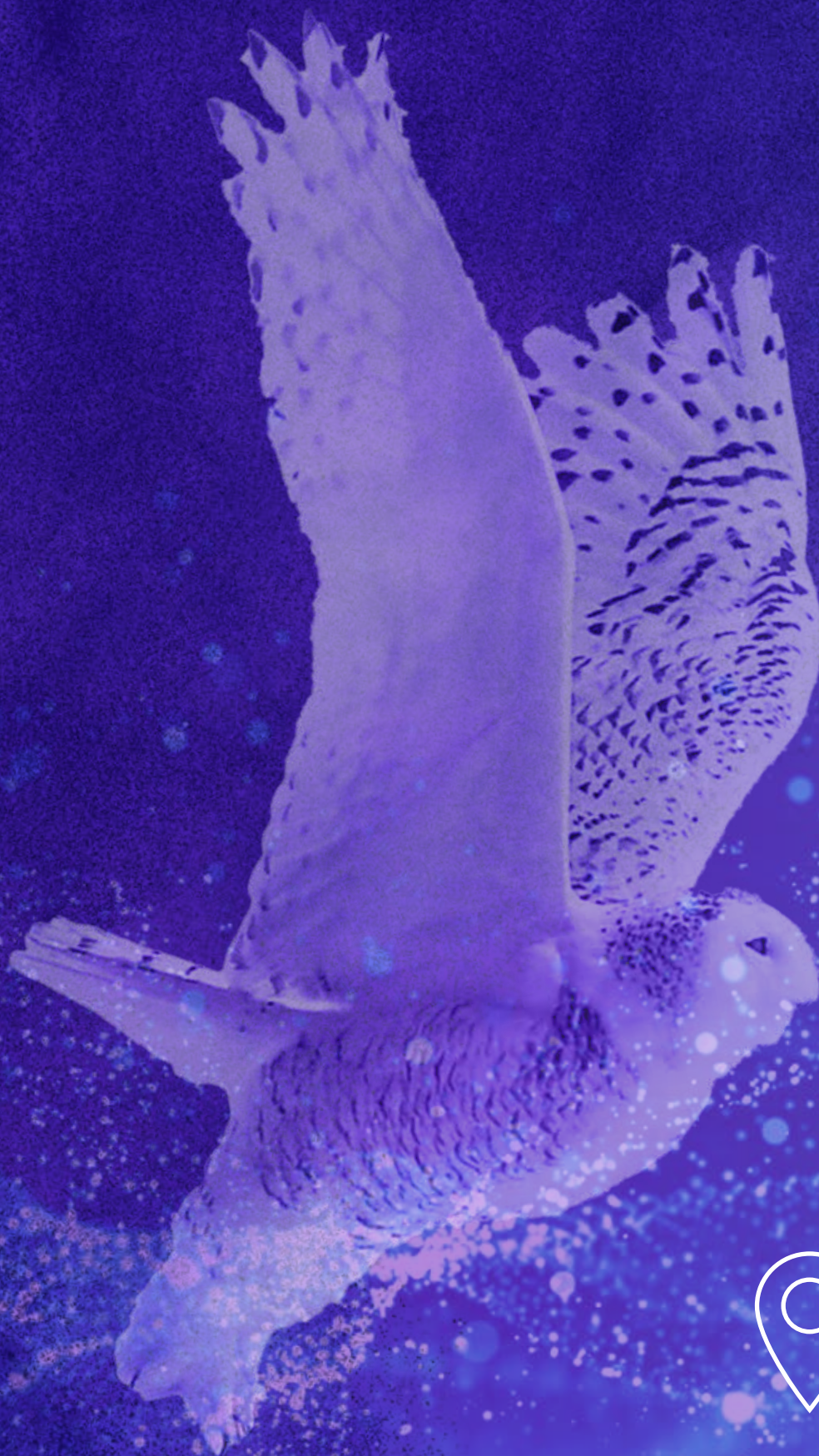


Sarah Applegate (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Bristol, UK

16 March 2022

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





Financial Statements



Financial Statements

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Consolidated Income Statement

For the year ended 31 December 2021

		Year ended 31 December 2021			Year ended 31 December 2020		
	Note	Adjusted £'000	Other items (see Note 6) £'000	Total £'000	Adjusted £'000	Other items (see Note 6) £'000	Total £'000
Continuing operations							
Revenue	3	81,148	–	81,148	72,954	–	72,954
Cost of sales		(39,335)	–	(39,335)	(34,322)	–	(34,322)
Gross profit		41,813	–	41,813	38,632	–	38,632
Total administrative expenses		(27,846)	(5,079)	(32,925)	(26,831)	(2,693)	(29,524)
Operating profit/(loss)	4,6	13,967	(5,079)	8,888	11,801	(2,693)	9,108
Investment income	8	255	–	255	53	–	53
Finance costs	6,9	(230)	(299)	(529)	(345)	(307)	(652)
Profit/(loss) before tax		13,992	(5,378)	8,614	11,509	(3,000)	8,509
Tax (charge)/credit	6,10	(2,240)	619	(1,621)	(3,156)	1,005	(2,151)
Profit/(loss) attributable to the owners of the parent		11,752	(4,759)	6,993	8,353	(1,995)	6,358
Earnings per share							
Basic	12	5.7p	(2.3)p	3.4p	4.1p	(1.0)p	3.1p
Diluted	12	5.5p	(2.3)p	3.2p	4.0p	(0.9)p	3.1p

All activities are from continuing operations.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit for the year		6,993	6,358
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	26	728	(438)
Deferred tax on measurement of defined benefit pension schemes	21	(131)	89
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(917)	1,120
Other comprehensive (expense)/income for the year net of tax		(320)	771
Total comprehensive income for the year attributable to equity holders of the parent		6,673	7,129

Consolidated Balance Sheet

As at 31 December 2021

	Note	2021 £'000	Restated* 2020 £'000
Non-current assets			
Goodwill	13	28,582	26,661
Other intangible assets	14	35,947	24,376
Property, plant and equipment	15	962	1,069
Right-of-use assets	25	2,309	3,342
Net investment in lease	25	–	174
Deferred tax assets	21	5,233	4,243
Contract assets		1,610	22
		74,643	59,887
Current assets			
Trade and other receivables	16	10,602	11,036
Net investment in lease	25	–	46
Contract assets		6,178	3,951
Cash and cash equivalents	17	5,924	9,520
		22,704	24,553
Total assets		97,347	84,440
Current liabilities			
Trade and other payables	18	(6,081)	(4,660)
Accruals		(9,253)	(7,480)
Contract liabilities		(23,571)	(23,078)
Current tax liabilities		(2,456)	(2,861)
Lease liabilities	25	(878)	(1,020)
Provisions	20	(1,349)	(1,657)
		(43,588)	(40,756)
Net current liabilities		(20,884)	(16,203)
Non-current liabilities			
Other payables	18	(131)	(40)
Deferred tax liabilities	21	(2,953)	(1,250)
Contract liabilities		(1,864)	(330)
Retirement benefit obligations	26	(215)	(958)
Lease liabilities	25	(1,449)	(2,551)
Provisions	20	(807)	(923)
		(7,419)	(6,052)
Total liabilities		(51,007)	(46,808)
Net assets		46,340	37,632

* see note 20 and note 21

Consolidated Balance Sheet continued

As at 31 December 2021

	Note	2021 £'000	Restated* 2020 £'000
Equity			
Share capital	23	10,519	10,285
Share premium		18,961	15,951
Other reserves	24	27,978	26,926
Accumulated losses		(11,118)	(15,530)
Total equity attributable to equity holders of the parent		46,340	37,632

* see note 21

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

The financial statements on pages 68 to 126 were approved by the Board of Directors and authorised for issue on 16 March 2022 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 2021

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated losses £'000	Total equity £'000
Balance as at 31 December 2019		9,979	15,539	26,029	(20,228)	31,319
Profit for the year		–	–	–	6,358	6,358
Other comprehensive income for the year		–	–	–	771	771
Total comprehensive income for the year		–	–	–	7,129	7,129
Issue of equity share capital	23	239	–	–	–	239
Equity dividend paid	11	–	–	–	(2,254)	(2,254)
Credit to equity for share-based payments	22	–	–	1,339	–	1,339
Share options exercised	23	67	412	(479)	–	–
Foreign exchange difference on share-based payments	22	–	–	37	–	37
Tax credit on credit to equity for share-based payments	10	–	–	–	409	409
Contributions by and distributions to owners		306	412	897	(1,845)	(230)
Balance at 31 December 2020 as previously reported		10,285	15,951	26,926	(14,944)	38,218
Impact of prior year adjustment*	10,21	–	–	–	(586)	(586)
Balance at 31 December 2020 restated		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
At 31 December 2021		10,519	18,961	27,978	(11,118)	46,340

* see note 21

Consolidated Cash Flow Statement

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Restated* Year ended 31 December 2020 £'000
Net cash from operating activities	27	13,889	5,461
Investing activities			
Interest received		–	6
Purchases of property, plant and equipment	15	(563)	(356)
Expenditure on intangible assets	14	(10,224)	(7,129)
Payment of deferred consideration for acquisitions		(2,180)	(1,732)
Acquisition of investments in subsidiaries – cash consideration	32	(4,512)	–
Acquisition of investments in subsidiaries – cash acquired	32	317	–
Net gain on forward contracts		249	41
Net cash outflow from investing activities		(16,913)	(9,170)
Financing activities			
Interest paid		(165)	(259)
Loan arrangement fees		(45)	(65)
Loan drawdown		15,000	10,000
Loan repayment		(15,000)	(10,000)
Proceeds on issue of shares	23	3,244	239
Payment of lease liabilities	25	(987)	(980)
Proceeds from sub-leases	25	52	52
Equity dividend paid	11	(2,505)	(2,254)
Net cash used in financing activities		(406)	(3,267)
Net decrease in cash and cash equivalents		(3,430)	(6,976)
Cash and cash equivalents at beginning of year		9,520	16,463
Effect of foreign exchange rate changes		(166)	33
Cash and cash equivalents at end of year	17	5,924	9,520

*The prior year column has been restated to show the total drawdown and repayment of the loan, see note 19.

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 127. 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 8 to 41. 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 126 have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial information has been prepared on the historical cost basis, except for contingent consideration and share-based payments which are recognised at fair value.

The preparation of financial statements in conforming 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):

IFRS 17	Insurance contracts
Amendments to IAS 1 and Practice Statement 2	Disclosure of accounting policies
Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IAS 12	Deferred tax arising from single transaction
Amendments to IAS 8	Accounting policies – changes in estimates and errors

None of the above standards are expected to have a material impact on the Group.

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

Tribal had cash and cash equivalents of £5.9m at the end of 2021 plus access to an undrawn UK and Australian overdraft of £2.0m and \$AUD 2.0m respectively. 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 £10m facility to cover corporate merger and acquisition activity and, if required, temporary working capital requirements of the Group.

Tribal's main business is software related through the provision of Student Information Systems (SIS) to education institutions globally. Revenue is generated from the sale of software licenses and related implementation work, and the ongoing provision of support & maintenance and cloud/hosting services. The Group benefits from strong annual recurring revenues and cash generation, it also has a significant pipeline of committed income as it enters 2022 which provides a good level of protection and certainty to the business. While the Group's net current liability position has increased to £20.9m from £16.2m in 2020, it is still being driven by the recognition of IFRS 16 lease liabilities as current liabilities of £0.9m, the deferred consideration recognised relating to the Semestry and Eveoh acquisitions of £1.3m and net current contract liabilities of £17.4m relating to deferred customer revenue recognised in accordance with IFRS 15.

The Group had a positive end to the year, 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.

The Company has guaranteed the year-end liabilities of its subsidiaries.

In assessing the Company's going concern position and the Group's ability to provide the necessary financial support, the Directors have considered all relevant facts and latest forecasts and assessment of the risks faced by the Group, considering reasonably possible changes in trading performance. 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 so remote it does not have a significant impact on the Groups ability to continue as a going concern. Accordingly, after making enquiries and receiving confirmation of Group support as set out above, the directors have a reasonable expectation that 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.

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 fair values of the component parts are established, and revenue recognised for each separable element in line with the relevant policy above. 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 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.

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.

Notes to the Financial Statements continued

1. Accounting policies continued

Revenue recognition continued

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.

Deferred contingent consideration

The Group has deferred contingent consideration obligations arising from acquisitions.

The accounting for changes in the fair value of deferred contingent and non-contingent consideration, that do not qualify as measurement period adjustments, and for which consideration is classified as an asset or liability, are remeasured at subsequent reporting dates at fair 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). Right-of-use assets are depreciated using the straight-line method from the lease 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 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 an average of 3 to 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.

Internally generated intangible assets are amortised on a straight-line basis over their useful economic lives of 3 to 15 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

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:

- Acquired 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.

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.

Notes to the Financial Statements continued

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. 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. 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.

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 and 2021 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, less overdrafts payable on demand which have a right of offset against cash balances. 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 cash flows are not probable.

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 £28.6m (2020: £26.7m). 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 £27.6m (2020: £18.4m). 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.

Notes to the Financial Statements continued

2. Critical accounting judgements and sources of estimation uncertainty continued

Other intangible assets (Business systems)

The carrying value of business systems is £0.2m (2020: £0.4m). Judgement is required to assess whether costs meet the criteria for capitalisation set out in IAS 38 (with the exception of cloud computing costs which are expensed as incurred), 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.

Revenue recognition

The Group's revenue recognition policies are disclosed in Note 1. In some cases, particularly in relation to software delivery programmes on which we are engaged in a number of international settings, judgement is required to determine the most appropriate measure of the fair value 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.

Acquisition accounting

The Group acquired Semestry Limited on 1 April 2021 with an element of the consideration being deferred and contingent on the future annual recurring revenue (ARR) growth of the acquired business. Judgement is required to estimate the recurring revenue which determines the level of provision for deferred contingent consideration that is required. As part of the accounting for the acquisition of Semestry Limited judgement has been used to identify the fair value of intangible assets totalling £2.9m, relating to software, and customer contracts and relationships (see note 32).

The Group incorporated a Dutch legal entity on 14 September 2021 (Semestry Netherlands BV) for the purpose of acquiring the assets and business of Eveoh BV on 1 October 2021. An element of the consideration has been deferred and is contingent on the future annual recurring revenue (ARR) growth of the acquired business. Judgement is required to estimate the recurring revenue which determines the level of provision for deferred contingent consideration that is required. As part of the accounting for the acquisition of the assets of Eveoh BV judgement has been used to identify the fair value of intangible assets totalling £0.7m, relating to software, and customer contracts and relationships (see note 32).

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. For 2021 reporting Asset Management, Software Solutions and Information Managed Services revenue is now included in SIS as it more closely aligns with the Software side of the business. This totals £2.7m and was previously included within Education Services. 2020 has been updated for comparison with £2.6m revenue being reassigned.

31 December 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

31 December 2020	UK £000	Australia £000	Other APAC £000	North America and Rest of the world £000	Total £000
Foundation – Support & Maintenance	15,529	7,316	1,455	916	25,216
Foundation – Software	4,119	79	146	103	4,447
Cloud Services	4,211	772	42	134	5,159
Edge	1,522	104	–	–	1,626
Professional Services	5,778	2,322	635	465	9,200
Core SIS	31,159	10,593	2,278	1,618	45,648
Other software & services	3,754	10,008	23	13	13,798
Total SIS	34,913	20,601	2,301	1,631	59,446
Schools inspections & other related services (QAS)	6,976	–	–	4,377	11,353
i-graduate survey & data analytics	574	249	1,066	266	2,155
Total ES	7,550	249	1,066	4,643	13,508
Total	42,465	20,850	3,366	6,273	72,954

Notes to the Financial Statements continued

3. Revenue for contracts with customers continued

Net contract liabilities

	Contract asset/ (liability) 2021 £000	Contract asset/ (liability) 2020 £000
Opening contract balance	(19,435)	(19,025)
Of which released to income statement	19,128	18,750
New billings and cash in excess of revenue recognised	(17,340)	(19,160)
Closing contract balance	(17,647)	(19,435)

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 30.

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 (2020: £0.3m) and will be released in line with the total contract revenue. No amount has been impaired at 31 December 2021 or 2020.

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 2021

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

At 31 December 2020

	2021 £000	2022 £000	2023 £000	Thereafter £000	Total £000
Foundation – Support & Maintenance	25,374	18,197	10,310	738	54,619
Foundation – Licence	3,498	2,692	2,065	470	8,725
Cloud	6,093	5,644	3,562	2,972	18,271
Edge	2,087	2,118	1,695	285	6,185
Professional Services	11,272	7,061	146	–	18,479
Core SIS	48,324	35,712	17,778	4,465	106,279
Other software & services	9,154	5,488	1,477	13	16,132
Total SIS	57,478	41,200	19,255	4,478	122,411
Schools inspections & other related services (QAS)	12,374	4,098	2,113	1,308	19,893
i-graduate survey & data analytics	1,534	414	128	23	2,099
Total ES	13,908	4,511	2,241	1,331	21,991
TOTAL	71,386	45,712	21,496	5,809	144,403

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

	2021 £'000	2020 £'000
Continuing operations		
Sales of services	81,148	72,954
Total revenue	81,148	72,954

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 £0.8m (2020: £0.5m) 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. For 2021 reporting Asset Management, Software Solutions and Information Managed Services revenue is now included in SIS as it more closely aligns with the Software side of the business. This totals £2.7m and was previously included within ES. 2020 has been updated for comparison with £2.6m revenue being reassigned. 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.

Notes to the Financial Statements continued

4. Business segments continued

	Revenue		Adjusted segment operating profit	
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Student Information Systems	67,306	59,446	22,404	20,851
Education Services	13,842	13,508	2,229	2,047
Total	81,148	72,954	24,633	22,898
Unallocated corporate expenses			(10,666)	(11,097)
Adjusted operating profit			13,967	11,801
Amortisation of software and customer contracts & relationships (see Note 6)			(947)	(1,021)
Other items (see Note 6)			(4,132)	(1,672)
Operating profit			8,888	9,108
Investment income			255	53
Finance costs			(529)	(652)
Profit before tax			8,614	8,509
Tax charge			(1,621)	(2,151)
Profit after tax			6,993	6,358

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 £1.1m (2020: £1.4m) and within Education Services £nil (2020: £0.1m).

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 4% (2020: 6%) have arisen from the segment's largest customer; within SIS revenues of approximately 4% (2020: 6%) have arisen from the segment's largest customer.

Geographical information

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

	2021 £'000	2020 £'000
UK	48,975	42,465
Australia	20,485	20,850
Other Asia Pacific	5,824	3,366
North America	3,149	2,572
Rest of the world	2,715	3,701
	81,148	72,954

Non-current assets (excluding deferred tax)

	2021 £'000	2020 £'000
UK	54,314	39,632
Australia	13,391	15,214
Other Asia Pacific	1,637	695
North America	68	88
Rest of the world	-	15
	69,410	55,644

5. Operating profit for the year

	Note	2021 £'000	2020 £'000
Operating profit for the year is stated after charging/(crediting):			
Staff costs (excluding amounts capitalised)	7	43,969	39,770
Depreciation and other amounts written off in PPE	15	650	734
Depreciation of right-of-use assets	25	985	1,059
Amortisation of software and customer contracts & relationships	14	947	1,021
Amortisation of software licenses	14	1	3
Amortisation of business systems	14	24	20
Amortisation of development costs and acquired Intellectual Property	14	1,008	1,245
Write off of development costs	14	905	-
Internal systems transformation programme "VERITAS"	14	1,715	-
Net impairment gain on trade receivables	16	(44)	(210)
Research and development expenditure		6,763	6,094
Net foreign exchange (gains)/losses		(110)	769

The analysis of auditors' remuneration is as follows:

	2021 £'000	2020 £'000
Fees payable to the Company's current auditors for the audit of the Company's Annual Report	186	150
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	156	126
Total audit fees	342	276
- audit related assurance services	8	8
- non audit related assurance services	5	-
Total non-audit fees	13	8
Total auditor's remuneration	355	284

Non-audit fees in 2021 and 2020 (2021: £8,000; 2020: £8,000) arose as a result of the half year review, and in 2021 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.

Notes to the Financial Statements continued

5. Operating profit for the year continued

Alternative Performance Measures (APM) continued

	2021 £'000	2020 £'000	Change £'000
Statutory Operating profit	8,888	9,108	(220)
Amortisation of Development cost and acquired Intellectual Property	1,008	1,245	(237)
Amortisation of other intangibles	25	23	2
Depreciation on Property, Plant & Equipment	650	735	(85)
Depreciation of right-of use assets	985	1,059	(74)
Amortisation of software and customer contracts & relationships	947	1,021	(74)
Other exceptional costs	2,504	(143)	2,647
Employee related share option charges	1,628	1,815	(187)
Adjusted Operating Profit (EBITDA)	16,635	14,863	1,772

6. Other items

	2021 £'000	2020 £'000
Acquisition related costs	(765)	814
Employee related share option charges (including employer related taxes)	(1,628)	(1,815)
– Internal systems transformation programme “VERITAS”	(1,715)	–
– Legacy defined benefit schemes	–	(123)
– Other legal costs	–	(36)
– Restructuring and associated costs	(24)	(512)
Other items	(1,739)	(671)
Amortisation of software and customer contracts & relationships	(947)	(1,021)
Total administrative expenses	(5,079)	(2,693)
Other financing costs	(299)	(307)
Total other items before tax	(5,378)	(3,000)
Tax on other items	619	1,005
Total other items after tax	(4,759)	(1,995)

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 legal and due diligence costs of the acquisition of Semestry Limited, and the acquisition of Eveoh BV’s assets into Semestry Netherlands BV in the period total £832,000 (2020: £nil). Under IFRS 3 these amounts were expensed as they are not eligible for capitalisation. These are considered to be one-off costs in the year. In 2021 accounting for changes in the fair value of the contingent deferred consideration have been remeasured at relevant reporting dates as part of the earn-out agreement with Tribal Dynamics Limited, and the corresponding gain has been recognised in the income statement (2021: £(67,000); 2020: £(814,000))

Employee related share option charges. The numbers above include:

- share-based payments (see Note 22) plus foreign exchange (2021: £27,000; 2020: £(37,000));
- the movement in associated employers taxes accrual (2021: £494,000; 2020: £153,000);
- the amounts accrued and paid on dividends on share options that have met performance conditions (2021: £(10,000); 2020: £195,000). 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 (2021: £65,000; 2020: £128,000). Under Companies Act 2006 rules a nominal value must be paid to issue new shares, however under the rules of the LTIP and Matching Shares Schemes the Company will pay the nominal value to the participants as a bonus.

Other items are detailed below:

- during 2020 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, £181,000 of costs capitalised in 2020 have been expensed to the income statement alongside £1,534,000 of costs in 2021. The upgrade is material and non-recurring in nature;
- legacy defined benefit schemes relate to the Prudential Platinum and Federated Pension Funds to which no current Tribal employee is a member. Costs arising relate to additional funding and administration charges (2021: £nil; 2020: £123,000);
- legal costs associated with the data breach in Tribal Campus, an Australian subsidiary of the Group, announced on 12 August 2019, amounted to £36,000 in 2020. The amounts expensed are the excess not covered by the Group's Insurance policy. All costs were fully settled in 2020; and
- restructuring and associated costs relate to the restructuring of the Group's operations (2021: £24,000; 2020: £512,000).

Amortisation of software and customer contracts and relationships: Amortisation arising on the fair value of intangible assets acquired is separately disclosed. (2021: £947,000; 2020: £1,021,000).

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 (2021: £299,000; 2020: £307,000).

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.

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:

	2021 number	2020 number
Selling, operations and marketing	848	798
Finance and administration	88	95
	936	893

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	44,224	38,452
Social security costs	4,179	3,288
Other pension costs	2,022	1,717
Restructuring costs	185	556
Share option charge*	1,068	1,534
	51,678	45,547

* Includes £(10,000) (2020: £195,000) amounts paid and accrued on dividends on share options that have met performance conditions.

The total payroll costs above include £7,709,000 (2020: £5,777,000) capitalised as development costs.

Net interest expense relating to pension schemes of £14,000 (2020: £10,000) and administrative expenses of £23,000 (2020: £23,000) are reported elsewhere and are therefore excluded from the figures above.

Notes to the Financial Statements continued

8. Investment income

	2021 £'000	2020 £'000
Other interest receivable	–	6
Fair value movement on forward exchange contract	249	41
Interest receivable on leased assets	6	6
Total investment income	255	53

9. Finance costs

	2021 £'000	2020 £'000
Interest on bank overdrafts and loans	70	147
Loan arrangement fees	45	65
Net interest payable on retirement benefit obligations	14	10
Interest expense on lease liabilities	101	123
Adjusted finance costs	230	345
Unwinding of discounts	299	307
Other finance costs	299	307
Total finance costs	529	652

10. Tax

	2021 £'000	2020 £'000
Current tax		
UK corporation tax	(319)	67
Overseas tax	2,017	1,800
Adjustments in respect of prior years	(103)	33
	1,595	1,900
Deferred tax		
Current year	(2)	188
Adjustments in respect of prior years	28	63
	26	251
Tax charge on profits	1,621	2,151

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:

	2021 £'000	2020 £'000
Profit before tax on continuing operations	8,614	8,509
Tax charge at standard UK rate of 19% (2020: 19%)	1,637	1,617
Effects of:		
Overseas tax rates	688	654
Expenses not deductible for tax purposes	190	134
Adjustments in respect of prior years	(74)	96
Additional deduction for R&D expenditure	(13)	(11)
Share scheme costs	(174)	30
Fixed assets ineligible depreciation	(47)	(47)
Utilisation of unrecognised tax losses	84	5
Movement in tax provision	(371)	-
Effect of changes in tax rates	(299)	(327)
Tax expense for the year	1,621	2,151

In addition to the amount charged to the income statement a current tax credit of £53,000 (2020: £66,000) and a deferred tax charge of £395,000 (2020: credit of £343,000) together with the prior year deferred tax credit of £586,000 (relating to a reduction in the 2020 deferred tax asset due to the reduced expected future deductions available in relation to Share Schemes, see note 21) has been recognised directly in equity during the year in relation to Share Schemes.

A deferred tax charge of £131,000 (2020: credit of £89,000) 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 no progress in the Care UK case in the year to 31 December 2021. Under IFRIC 23 management have reviewed this uncertain tax provision and do not consider it appropriate to make any adjustments due to the lack of progression in the year.

The income tax expense for the year is based on the UK statutory rate of corporation tax for the period of 19% (2020: 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%. Where the underlying timing differences are expected to unwind before 1 April 2023, the deferred tax on those balances have continued to be calculated at 19%.

11. Dividends

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2020 of 1.2 pence (Interim dividend for the year ended 31 December 2020: 1.1 pence) per share	2,505	2,254
Proposed final dividend:		
Proposed final dividend for the year ended 31 December 2021 of 1.3 pence (year ended 31 December 2020: 1.2 pence) per share	2,735	2,470

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

Notes to the Financial Statements continued

12. Earnings per share

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

	2021 thousands	2020 thousands
Weighted average number of shares outstanding:		
Basic weighted average number of shares in issue	207,934	203,986
Weighted average number of employee share options	7,047	4,230
Weighted average number of shares outstanding for dilution calculations	214,981	208,216

Diluted earnings per share only reflects the dilutive effect of share options for which vesting criteria have been met.

The maximum number of potentially dilutive shares, based on options that have been granted but have not yet met vesting criteria, is 7,125,172 (2020: 12,796,406). This includes 876,512 options in the 2019 SAYE Scheme (2020: 1,028,396).

The adjusted basic and diluted earnings per share figures shown on the consolidated income statement on page 68 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:

	2021 £'000	2020 £'000
Net profit	6,993	6,358
Earnings per share		
Basic	3.4p	3.1p
Diluted	3.2p	3.1p
Adjusted net profit	11,752	8,353
Adjusted earnings per share		
Basic	5.7p	4.1p
Diluted	5.5p	4.0p

	Profit for the year		Earnings per share	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Profit for the year attributable to equity shareholders	6,993	6,358	3.4p	3.1p
Add back:				
Amortisation of IFRS intangibles	1,083	800	-	-
Share-based payments	1,400	1,376	-	-
Internal systems transformation programme "VERITAS"	1,460	-	-	-
Unwinding of discounts	299	307	-	-
Movement in deferred consideration	(67)	(814)	-	-
Other acquisition costs	832	-	-	-
Other items (net of tax)	(248)	326	-	-
Total adjusting items	4,759	1,995	2.3p	1.0p
Adjusted earnings	11,752	8,353	5.7p	4.1p

13. Goodwill

	2021 £'000	2020 £'000
Cost		
At beginning of year	107,892	107,110
Additions	2,543	–
Exchange differences	(622)	782
At end of year	109,813	107,892
Accumulated impairment losses		
At beginning of year	81,231	81,231
At end of year	81,231	81,231
Net book value		
At end of year	28,582	26,661
At beginning of year	26,661	25,879

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:

	2021 £'000	2020 £'000
Student Information Systems (SIS)	25,048	23,127
Education Services (ES)	3,534	3,534
	28,582	26,661

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 2022. 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 (2020: 2%) and 2% for ES (2020: 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 10.8% (2020: 11.0%). 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 31% and 301% would trigger an impairment in SIS and ES respectively. A decline in growth rate to (22%) in SIS and (110%) 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 £103.9 million and £16.5 million in SIS and ES respectively.

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

Notes to the Financial Statements continued

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 2020	9,831	8,424	1,873	36,513	5,083	1,489	63,213
Additions	–	–	–	6,902	227	–	7,129
Exchange differences	462	196	–	204	9	–	871
At 31 December 2020 and 1 January 2021	10,293	8,620	1,873	43,619	5,319	1,489	71,213
Acquisitions (note 33)	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	12,233	9,753	1,873	54,013	818	1,488	80,178
Amortisation							
At 1 January 2020	7,137	5,677	659	23,893	4,893	1,485	43,744
Charge for the year	535	486	75	1,170	20	3	2,289
Exchange differences	469	136	–	192	7	–	804
At 31 December 2020 and 1 January 2021	8,141	6,299	734	25,255	4,920	1,488	46,837
Acquisitions (note 33)	–	–	–	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	8,305	6,606	809	26,399	624	1,488	44,231
Carrying amount							
At 31 December 2021	3,928	3,147	1,064	27,614	194	–	35,947
At 31 December 2020	2,152	2,321	1,139	18,364	399	1	24,376

Software and customer contracts and relationships have arisen from acquisitions and are amortised over their estimated useful lives, which are 3 to 8 years and 3 to 12 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, business systems and software licenses are all included within administrative expenses.

Included within Business systems are finance systems with a carrying value of £0.2m (2020: £0.4m). Phase I of the D365 implementation was fully capitalised and is being amortised over a period of ten years. The Veritas programme commenced in October 2020 and 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. In line with IAS 38 £181,000 of costs capitalised in 2020 no longer meet the criteria to be capitalised as a software intangible and have been expensed to the 2021 income statement. All costs in 2021 have also been expensed in 2021.

In addition a review of all business systems was undertaken in the year and £4.3m of fully depreciated assets have been written off as no longer in use.

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

A review of the Group's capitalisation to date has been undertaken resulting in £0.9m of early capitalised costs being expensed, as the Group now has clarity on the future Edge offering. The "Dynamics" product has now been incorporated into Edge (included within development costs) and the amortisation time frame of this is expected to be fifteen years in line with the rest of Edge. Subsequently management have changed the UEL of this asset from 5 to 15 years in accordance with IAS 8.36. This has been treated as a change in accounting estimate from 1 January 2021 and therefore prior periods have not been adjusted as it is not considered practical to do so. The net impact of this change in accounting estimate is a reduction in the amortisation charge of £88,000. The future impact of this change is not considered material.

The impairment testing allocates all assets relating to specific CGUs, including goodwill, other intangibles, property, plant and equipment and net current assets and liabilities. Semestry and Eveoh acquired assets have been allocated to the SIS CGU.

15. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and other equipment £'000	Total £'000
Cost			
At 1 January 2020	3,103	5,788	8,891
Additions	–	356	356
Disposals	–	(13)	(13)
Exchange differences	50	129	179
At 31 December 2020 and 1 January 2021	3,153	6,260	9,413
Additions	5	558	563
Exchange differences	(49)	(121)	(170)
At 31 December 2021	3,109	6,697	9,806
Accumulated depreciation and impairment			
At 1 January 2020	2,677	4,776	7,453
Charge for the year	135	599	734
Exchange differences	39	118	157
At 31 December 2020 and 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	2,919	5,925	8,844
Net book value			
At 31 December 2021	190	772	962
At 31 December 2020	302	767	1,069

There are £8.5m (2020: £7.7m) worth of assets that are fully depreciated within property, plant and equipment.

Notes to the Financial Statements continued

16. Trade and other receivables

	2021 £'000	2020 £'000
Amounts receivable for the sale of services	5,629	7,701
Less: loss allowance	(187)	(231)
	5,442	7,470
Other receivables	693	413
Prepayments	4,467	3,153
	10,602	11,036

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 (2020: 30 days). The Group sells the majority of its services to the public sector or related bodies and institutions, and as such there is a low incidence of default experience.

Of the total trade receivables balance at the end of the year there were three customers (2020: none) who held balances outstanding of more than 5% (2021: £1.2m; 2020: £nil). The average age of receivables is 31 days (2020: 44 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 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

At 31 December 2020 the lifetime expected loss allowance for trade receivables is as follows:

	Expected loss rate	Gross carrying amount £'000	Loss provision £'000
Current	1%	5,669	67
30–60 days	4%	760	29
60–90 days	6%	205	13
90–180 days	17%	801	55
180+ days	25%	266	67
Total		7,701	231

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

	2021 £'000	2020 £'000
Balance at the beginning of the year	231	441
IFRS 9 expected credit loss adjustment	(34)	(52)
Amounts written off during the year	(81)	(45)
Unused amounts reversed	71	(113)
Balance at the end of the year	187	231

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 £0.7m (2020: £0.8m).

17. Cash and cash equivalents

Cash and cash equivalents of £5.9m (2020: £9.5m) 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, however one of the Group's main banks has been downgraded in the period. The following table has been sourced from Moodys credit ratings.

	2021 £'000	2020 £'000
Aa3	440	700
A1	1,273	8,157
A2	3,047	–
A3	1,113	613
Baa2	51	50
	5,924	9,520

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

	2021 £'000	2020 £'000
Cash and cash equivalents	5,924	9,520

Notes to the Financial Statements continued

18. Trade and other payables

	2021 £'000	2020 £'000
Current		
Trade payables	1,712	892
Other taxation and social security	2,728	2,522
Other payables	1,641	1,246
	6,081	4,660
Non-current		
Other payables	131	40
	131	40
Total	6,212	4,700

The average credit period taken for trade purchases is 17 days (2020: 12 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:

	2021 £'000	2020 £'000
Goods received not invoiced	826	564
Other creditors	815	682
	1,641	1,246

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 period ending August 2022 and October 2022 respectively. As at 31 December 2021, the Group had cash and cash equivalents of £5.9m (2020: £9.5m).

At the year-end there was £2.0m available but undrawn in respect of the UK overdraft facility and \$AUD 2.0m available but undrawn in respect of the Australian overdraft facility.

On 21 January 2020 the Group entered into a three-year £10m multi-currency revolving facility with HSBC with the option to extend to a further two years. The first option to extend was approved by HSBC on 15 March 2021, the second extension was approved by HSBC on 5 January 2022, effective 21 January 2022. The loan was fully drawn down in 2021 and repaid in full before 31 December 2021. The facility was put in place to cover general corporate and working capital requirements of the Group.

20. Provisions

	Property related £'000	Deferred Contingent Consideration £'000	Other £'000	Total £'000
At 1 January 2021	1,030	1,392	158	2,580
On acquisition of subsidiary	32	1,639	–	1,671
Net release of provision	(31)	(67)	3	(95)
Unwinding of discount	15	299	–	314
Utilisation of provision	(107)	(2,180)	–	(2,287)
Exchange rate movement	(19)	–	(8)	(27)
At 31 December 2021	920	1,083	153	2,156

The provisions are split as follows:

	Property related £'000	Deferred Contingent Consideration £'000	Other £'000	Total £'000
2021				
Within one year	113	1,083	153	1,349
After more than one year	807	–	–	807
Total	920	1,083	153	2,156
2020				
Within one year	107	1,392	158	1,657
After more than one year	923	–	–	923
Total	1,030	1,392	158	2,580

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 at 2.65%.

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

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 2021 reflects amounts in respect of the acquisition of Semestry Limited and the assets of Eveoh BV. The amounts have been calculated upon the performance of the entities in the year to 31 December 2021 and the resultant payments are due under the Sale and Purchase Agreements. Deferred contingent consideration amounts to £564,000 for Semestry Limited and £519,000 for the assets of Eveoh BV. At 31 December 2020 there was £1,392,000 of deferred contingent consideration due to the owners of Tribal Dynamics Limited. During 2021 a final payment of £1,325,000 was made with the remaining balance credited to the income statement (see note 6).

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

Deferred contingent consideration was misclassified as Other payables in Trade and other payables in 2020. £1,392,000 has been reclassified as a provision in 2020 as this better reflects the nature of the balance.

Notes to the Financial Statements continued

21. Deferred tax

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

	2021 £'000	Restated 2020 £'000
Deferred tax assets		
Short-term timing differences	1,593	1,022
Share-based payments	688	668
Tax losses	2,899	2,371
Retirement benefit schemes	53	182
	5,233	4,243
Deferred tax liabilities		
Depreciation in excess of capital allowances	(1,143)	(309)
Intangible assets	(1,810)	(941)
	(2,953)	(1,250)
	2,280	2,993

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 £2,899,000 (2020: £2,371,000) on tax losses carried forward in the UK of £13,072,000 (2020: £12,477,000). The Group has losses of £1,092,000 (2020: £195,000) in the UK on which no deferred tax has been recognised. The Group and Company have no further unrecognised deferred tax assets or liabilities.

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 2020	434	91	2,844	3,369
Foreign exchange differences	55	–	(26)	29
(Charge)/credit to income statement	(798)	2	545	(251)
Items taken directly to equity	–	–	343	343
Charge recognised in consolidated statement of comprehensive income	–	89	–	89
At 31 December 2020 as previously reported	(309)	182	3,706	3,579
Prior year equity adjustment	–	–	(586)	(586)
At 31 December 2020 restated	(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
Credit recognised in consolidated statement of comprehensive income	–	(131)	–	(131)
At 31 December 2021	(1,143)	53	3,370	2,280

The prior period adjustment of £586,000 relates to a reduction in the 31 December 2020 deferred tax asset due to the reduced expected future deductions available in relation to Share Schemes; in addition to an adjustment in respect to the reversal of intra-group recharges capitalised. These arose due to an inaccuracy in the inputs in the prior year calculations. The balances impacted are deferred tax asset and accumulated losses.

Included in other temporary differences are deferred tax assets of £2,899,000 (2020: £2,371,000) relating to tax losses carried forward and other timing differences of £2,281,000 (2020: £2,276,000). The balance also includes a deferred tax liability, in relation to intangible assets of £1,810,000 (2020: £941,000).

The (charge)/credit taken to the income statement for items in 'other temporary differences' is split as follows: Tax losses £528,000 (2020: £46,000); Intangible assets £(137,000) (2020: £(152,000)); Share schemes £(171,000) (2020: £(157,000)); and other timing differences £(246,000) (2020: £(282,000)).

The deferred tax assets are expected to be settled as follows: £513,000 less than 12 months from 31 December 2021 and £4,720,000 greater than 12 months from 31 December 2021. The deferred tax liabilities are all expected to reverse greater than 12 months from 31 December 2021.

During the period, legislation was substantively enacted to increase the UK corporation tax rate to 25% with effect from 1 April 2023. Where relevant, the deferred tax balances have been restated at the future effective rate of 25%. This has had an impact in the period of a charge of £355,000 (2020: £nil). Of this £299,000 of the impact has been charged to the income statement and is included within the total charge to the income statement of £26,000 (2020: £251,000) disclosed above.

22. Share-based payments

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

	2021 £'000	2020 £'000
2019 SAYE	40	47
LTIPs awarded in 2021	66	–
LTIPs awarded in 2020 (2 year vesting)	485	220
LTIPs awarded in 2020	270	181
LTIPs (incorporating the CSOP) awarded in 2019	175	261
LTIPs (incorporating the CSOP) awarded in 2018	47	445
LTIPs (incorporating the CSOP) awarded in 2017	(31)	222
Total	1,052	1,376

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. As at 31 December 2021 19,329 options had been exercised by employees deemed as good leavers.

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.

Notes to the Financial Statements continued

22. Share-based payments continued

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.

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.

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 509,000 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 shares lapsed as part of the 2019 performance condition was not met.

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.

LTIPs awarded in 2018 (including the CSOP)

Awards in 2018 were made to Mark Pickett (251,256). These awards were granted subject to performance conditions based on the Group's Adjusted Operating Profit for the year ended 31 December 2018 and continued employment. These awards vested on 22 May 2021 and were exercised in June 2021.

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 2021 1,996,415 options were exercised.

LTIPs awarded in 2017 (including the CSOP)

Awards in 2017 were made to Mark Pickett (247,678). These awards were granted subject to a time-limit condition and continued employment. These awards vested on 29 June 2020 and were exercised in April 2021.

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 2021 2,011,386 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 2021 150,000 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 2021	1,920	£0.05	3,799	£0.05	7,875	£0.77	1,029	£0.58
Exercised during the year	(509)	£0.05	(649)	£0.05	(4,008)	£0.80	(19)	£0.58
Granted during the year	–	–	479	£0.05	–	–	–	–
Lapsed during the year	(100)	£0.05	(400)	£0.05	(1,228)	£0.75	(133)	£0.58
Outstanding at 31 December 2021	1,311	£0.05	3,229	£0.05	2,639	£0.73	877	£0.58
Exercisable at 31 December 2021	427	£0.05	75	£0.05	957	£0.80	–	–
Weighted average remaining contractual life (years)	0.5	–	0.5	–	6.7	–	0.5	–
Weighted average share price at date of exercise	–	£1.00	–	£1.00	–	£1.02	–	£0.97

* 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.

Notes to the Financial Statements continued

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 and 2021 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	30 June 2017*	2 July 2017	26 March 2018	22 May 2018	7 June 2019
Type of grant	LTIPs	LTIPs	LTIPs (inc CSOP)	LTIPs (inc CSOP)	LTIPs	LTIPs
Share price	£0.505	£0.838	£0.78	£0.796	£0.78	£0.71
Exercise price	£0.05	£0.05	£0.80	£0.796	£0.05	£0.05
Expected dividend yield	0%	0%	0%	1%	1%	1.57%
Risk-free interest rate	0.14%	0.14%	0.14%	0.14%	0.14%	1.04%
Expected volatility	68%	61%	61%	61%	74%	26%
Term (years)	3.0	3.0	5.0	5.0	5.0	5.0
Option fair value	£0.316	£0.79	£0.407	£0.374	£0.664	£0.61
Expiry date	27 June 2026	30 June 2027	2 July 2027	26 March 2028	22 May 2028	06 June 2029
No of options issued	3,591,020	1,935,351	3,535,000	3,975,000	590,452	760,563
No of options outstanding	75,000	–	112,675	844,169	–	716,552

Date of grant	7 June 2019	16 Sept 2019	1 October 2019	7 July 2020	7 July 2020*	28 June 2021
Type of grant	LTIPs (inc CSOP)	LTIPs (inc CSOP)	SAYE	LTIPs	LTIPs	LTIPs
Share price	£0.71	£0.615	£0.647	£0.56	£0.59	£0.98
Exercise price	£0.71	£0.615	£0.582	£0.05	£0.05	£0.05
Expected dividend yield	1.57%	1.79%	1.79%	2.12%	2.12%	2.28%
Risk-free interest rate	1.04%	1.04%	1.04%	0.40%	0.40%	0.85%
Expected volatility	26%	26%	24%	26%	24%	26%
Term (years)	5.0	5.0	3.0	5.0	2.0	5.0
Option fair value	£0.32	£0.28	£0.108	£0.46	£0.51	£0.83
Expiry date	06 June 2029	15 Sept 2029	30 April 2023	06 July 2030	30 June 2030	28 June 2031
No of options issued	2,600,000	300,000	1,116,879	2,358,143	1,920,000	479,591
No of options outstanding	1,381,820	300,000	876,512	1,958,143	1,311,000	479,591

* 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

	2021 number	2021 £'000	2020 number	2020 £'000
Allotted, called up and fully paid				
At beginning of the year	205,698,309	10,285	199,579,784	9,979
Issued during the year	4,676,064	234	6,118,525	306
At end of the year	210,374,373	10,519	205,698,309	10,285

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

4,676,064 shares were issued during the year in order to satisfy exercises of share-based payment schemes. The exercise costs of 5p, 79.6p and 80p per share for the LTIPs resulted in cash receipts of £3.2m.

24. Other reserves

	Capital reserve £'000	Merger reserve £'000	Own share reserve £'000	Share-based payment reserve £'000	Total £'000
At 1 January 2020	9,545	11,304	(856)	6,036	26,029
Movement in relation to share-based payment (net)	–	–	–	897	897
At 31 December 2020 and 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	9,545	11,304	(326)	7,455	27,978

The capital reserve of £9.5m (2020: £9.5m) resulted from a share exchange when Tribal Group plc was listed in February 2001.

The merger reserve of £11.3m (2020: £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 (2020: £58.7m) in respect of related acquisitions deemed to be impaired.

The own share reserve of £(0.3)m (2020: £(0.9)m) represents the cost of 318,692 shares (2020: 827,692) in Tribal Group plc held by the Employee Share Ownership Trust (EBT) to satisfy certain options under the Group's share option schemes. During 2021 509,000 shares were sold from the EBT 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.

Notes to the Financial Statements continued

25. 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

	2021 £'000	2020 £'000
Balance at 1 January	3,342	4,110
Additions to right-of-use assets	445	298
Depreciation charge for year	(985)	(1,059)
Disposals during the year	(439)	(76)
Exchange differences	(54)	69
Balance at 31 December	2,309	3,342

Lease liabilities

	2021 £'000	2020 £'000
Maturity analysis		
Less than one year	931	1,096
One to five years	1,301	2,357
More than five years	215	279
Total undiscounted lease liabilities at 31 December	2,447	3,732
Current	878	1,020
Non-current	1,449	2,551
Lease liabilities included in the consolidated balance sheet at 31 December	2,327	3,571

	2021 £'000	2020 £'000
Balance at 1 January	3,571	4,219
Additions	262	449
Lease payments	(985)	(980)
Interest expense	(100)	(112)
Disposals during the year	(455)	(69)
Exchange differences	34	64
Balance at 31 December	2,327	3,571

	2021 £'000	2020 £'000
Amounts recognised in the consolidated income statement		
Interest on lease liabilities	100	123
Interest received on leased assets	(6)	(6)
Depreciation on right-of-use assets	985	1,059
Expenses relating to short term leases	54	43
Expenses relating to leases of low-value assets	25	34
	1,158	1,253

	2021 £'000	2020 £'000
Amounts recognised in the consolidated cash flow statement		
Interest	100	112
Principal	987	980
Total cash outflow for leases	1,087	1,092

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 2021, management does not intend to exercise termination options (i.e., break clauses) in the existing leases. Total lease payments of £31,000 (2020: £32,000) 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 £405,000 (2020: £397,000) compared to total lease payments of £1,087,000 (2020: £1,092,000).

As a lessor

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

	2021 £'000	2020 £'000
Finance income on the net investment in the lease	52	52

During 2021 the Group sub-leased an office building and classified the sub-lease as a finance lease. In December 2021 the tenant exercised their right to break the sub-lease.

Maturity analysis	2021 £'000	2020 £'000
Less than one year	–	52
One to five years	–	182
Total undiscounted lease payments receivable at 31 December	–	234
Current	–	46
Non-current	–	174
Net investment in the lease at 31 December	–	220

26. 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 2021 was £2.0m (2020: £1.7m), of which £2.0m (2020: £1.7m) related to defined contribution schemes and £nil (2020: £nil) to defined benefit schemes. Contributions amounting to £0.4m (2020: £0.3m) were payable to the funds at the year end and are included in current liabilities.

Defined benefit schemes

At 31 December 2021, 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. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 December 2018.

The Tribal Education section of the Prudential Platinum Pension Fund had five deferred members at the year-end. The weighted average duration of the Defined Benefit Obligation is 31 years (2020: 32 years). Employer contributions amounting to £52,000 were paid in the year ended 31 December 2021 (2020: £53,000). The accounting figures have been calculated using the valuation as at 31 December 2018, updated on an approximate basis to 31 December 2021 by a qualified independent actuary.

Notes to the Financial Statements continued

26. Retirement benefit schemes continued

Scheme 2 – the Federated Pension Plan

Tribal Education Limited, a Group subsidiary, participates in the Federated Pension Plan (FPP), 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 2018.

The Tribal Education section of the Federated Pension Plan had 80 deferred members and 81 pensioners/dependents at the year-end. The weighted average duration of the Defined Benefit Obligation is 23 years (2020: 23 years). Employer contributions amounting to £nil were paid in the year ended 31 December 2021 (2020: £nil). The accounting figures have been calculated using the valuation as at 5 April 2018, updated on an approximate basis to 31 December 2021 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:

	2021 % per annum	2020 % per annum
Inflation	2.50-3.50	2.10-3.30
Salary increases	-	-
Rate of discount	1.9	1.4
Pension in payment increases	2.50-3.50	2.10-3.30

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

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 2041	88.4	90.5

The mortality assumptions adopted at 31 December 2020 imply the following life expectations:

	Males	Females
Aged 60 in 2020	86.7	88.8
Aged 60 in 2040	88.3	90.4

The analysis of the schemes' assets at the balance sheet date was as follows:

	2021 £'000	2020 £'000
Equities	5,569	5,240
Corporate Bonds	2,959	2,790
Gilts	178	158
Cash	84	79
Total fair value of scheme assets	8,790	8,267

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 13%
Rate of inflation	Increase by 0.5%	Increase by 11%
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:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	(9,005)	(9,225)
Fair value of scheme assets	8,790	8,267
Deficit in schemes	(215)	(958)
Liability recognised in the balance sheet	(215)	(958)

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

	2021 £'000	2020 £'000
Fair value of scheme assets at beginning of year	8,267	7,745
Expected return on assets	115	146
Actuarial gains due to investment returns different from the return implied by the discount rate	503	493
Contributions by employer	52	53
Benefits paid	(124)	(147)
Administration expenses	(23)	(23)
Fair value of scheme assets at end of year	8,790	8,267

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

	2021 £'000	2020 £'000
Defined benefit obligation at beginning of year	9,225	8,285
Interest cost	129	156
Actuarial gain – experience	10	(6)
Actuarial loss – demographic assumptions	30	29
Actuarial loss – financial assumptions	(265)	908
Benefits paid	(124)	(147)
Defined benefit obligation at end of year	9,005	9,225

The Group's contribution rate for 2021 and 2020 for the Prudential Platinum Fund and for the Federated Pension Plan was 0%

The Group expects to make contributions of £52,000 to the defined benefit schemes during the next financial year.

Notes to the Financial Statements continued

26. Retirement benefit schemes continued

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

	2021 £'000	2020 £'000
Administration expenses	23	23
Recognised in arriving at operating profit	23	23
Other finance costs/(income)		
Interest on pension scheme liabilities	129	156
Expected return on pension scheme assets	(115)	(146)
Net finance expense	14	10
Total charge to income statement	37	33

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

	2021 £'000	2020 £'000
Actual return less expected return on pension scheme assets	503	493
Experience gains and losses arising on the scheme liabilities	(10)	6
Changes in assumptions underlying the present value of scheme liabilities	235	(937)
Total actuarial gains/(losses) recognised in the consolidated statement of comprehensive income	728	(438)

Cumulative actuarial losses in the year to 31 December 2021 recognised in the consolidated statement of comprehensive income since 1 April 2004 are £165,000 (In the year to 31 December 2020: cumulative losses of £893,000). The history of experience adjustments is as follows:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Present value of defined benefit obligations	(9,005)	(9,225)	(8,285)	(7,848)	(12,731)
Fair value of scheme assets	8,790	8,267	7,745	6,846	11,013
Deficit in the scheme	(215)	(958)	(540)	(1,002)	(1,718)
Experience adjustments arising on scheme assets:					
Amount	503	493	812	(593)	484
Percentage of the scheme assets	6%	6%	10%	(9%)	4%
Experience adjustments arising on scheme liabilities:					
Amount	(10)	6	780	98	118
Percentage of the present value of the scheme liabilities	–	–	9%	1%	1%

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

27. Notes to the cash flow statement

	2021 £'000	2020 £'000
Operating profit from continuing operations	8,888	9,108
Depreciation of property, plant and equipment	650	734
Depreciation of right-of-use assets	985	1,059
Amortisation and impairment of other intangible assets	1,980	2,289
Share-based payments	1,078	1,339
Movement in contingent deferred consideration	(67)	(815)
Research and development tax credit	(204)	(214)
Net pension credit	(29)	(30)
Other non-cash items	874	552
Operating cash flows before movements in working capital	14,155	14,022
Increase in receivables	(3,093)	(255)
Increase/(decrease) in payables	4,472	(7,461)
Net cash from operating activities before tax	15,534	6,306
Net tax paid	(1,645)	(845)
Net cash from operating activities	13,889	5,461

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

	2021 £'000	2020 £'000
Continuing operations	15,534	6,306

28. Analysis of net cash

	2021 £'000	2020 £'000
Cash and cash equivalents (Note 17)	5,924	9,520
Net cash	5,924	9,520

Analysis of changes in net cash	2021 £'000	2020 £'000
Opening net cash	9,520	16,463
Net decrease in cash and cash equivalents	(3,430)	(6,976)
Effect of foreign exchange rate changes	(166)	33
Closing net cash	5,924	9,520

Notes to the Financial Statements continued

29. 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 £1.2m (2020: £0.1m). 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 33, 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 £60,736,000 (2020: £46,027,000). These are inclusive of intercompany liabilities.

30. 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 and 24.

Gearing ratio

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

	2021 £'000	2020 £'000
Net cash	5,924	9,520
Equity	46,340	38,218
Net cash to equity ratio	12.8%	24.9%

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.

	Financial assets measured at amortised cost £'000	Financial Liabilities measured at amortised cost £'000	Financial Liabilities measured at FVTPL £'000	Total £'000
31 December 2021				
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**	–	1,576	–	1,576
Accruals	–	9,253	–	9,253
Deferred contingent consideration	–	–	1,083	1,083
	–	10,829	1,083	11,912

31 December 2020	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	9,520	–	–	9,520
Trade receivables and other receivables*	7,883	–	–	7,883
	17,403	–	–	17,403
Financial liabilities				
Trade payables and other payables**	–	2,138	–	2,138
Accruals	–	7,480	–	7,480
Deferred contingent consideration	–	–	1,392	1,392
	–	9,618	1,392	11,010

* 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 2021 and 2020 contingent deferred consideration amounts. The undiscounted value of the contingent deferred consideration is £1,267,000 (2020: £1,476,000) versus a discounted value of £1,083,000 (2020: £1,392,000).

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 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
31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial liabilities at fair value				
Deferred contingent consideration	–	–	1,392	1,392
	–	–	1,392	1,392

For the movement in deferred contingent consideration please refer to note 20.

There are no financial assets held at fair value (2020: £nil).

Notes to the Financial Statements continued

30. 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 2021 (2020: 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 2021 (2020: 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 2021 £'000	31 December 2020 £'000	31 December 2021 £'000	31 December 2020 £'000
Euros	333	153	1	6
Australian dollar	2,051	4,666	13	–
United States dollar	1,212	582	262	149
Saudi Arabian riyal	89	88	–	–
South African rand	–	84	–	–
New Zealand dollar	671	1,008	–	2
Canadian dollar	78	722	–	2
Philippine peso	185	256	–	1
United Arab Emirates dirham	931	265	–	–
Malaysian ringgit	424	479	–	–
Bahraini dinar	207	350	–	8
Singapore dollar	926	19	55	–
	7,107	8,672	331	168

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 £738,000 (2020: £847,000). 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 2021 (2020: 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 three customers (2020: nil) who held balances outstanding of more than 5% (2021 £1.2m; 2020: £nil).

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 2021 or 31 December 2020 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 2021 and 31 December 2020 was determined as follows for both trade receivables and contract assets:

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	7,373	–	–	–	–	7,373
General loss allowance	68	19	41	21	38	187

31 December 2020 £'000	Current	30-60	61-90	91-180	180+	Total
Expected loss rate	1%	4%	6%	7%	25%	
Trade receivables	5,669	760	205	801	266	7,701
Contract assets	3,973	–	–	–	–	3,973
General loss allowance	67	29	13	55	67	231

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 2021 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.

Notes to the Financial Statements continued

30. Financial instruments continued

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 2021 was £nil (2020: £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 £2.0m and \$2.0m at the balance sheet date and no interest is being incurred on this balance (2020: £nil). The Group expects to meet its obligations from operating cash flows. The Group also had cash balances at 31 December 2021 of £5.9m (2020: £9.5m) as detailed in Note 17. Interest is received on this at applicable bank rates.

On 21 January 2020 the Group entered into a three-year £10m multi-currency revolving facility with HSBC with the option to extend to a further two years. The first option to extend was approved by HSBC on 15 March 2021, the second extension was approved by HSBC on 5 January 2022, effective 21 January 2022. The loan was fully drawn down in 2021 and repaid in full before 31 December 2021. The facility was put in place to cover general corporate and working capital requirements of the Group.

31. 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 28 June 2021, Tribal Group plc (the Company) granted nil-cost options over a total of 479,591 Ordinary Shares (representing approximately 0.20% of the Company's issued shares) to Mark Pickett (275,510) and Diane McIntyre (204,081) 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 2021, 2022 and 2023. The options may not be exercised before 28 June 2024.

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

	2021 £'000	2020 £'000
Salaries and short-term employee benefits	2,524	2,874
Termination benefits	26	70
Share-based payments	732	901
	3,282	3,845

Included within Directors' salaries and short-term employee benefits are pension costs of £26,000 (2020: £25,000) in respect of accruals and payments made to one (2020: 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 51 to 55 and form part of these audited financial statements. Arrangements with the Group's pension schemes are set out in Note 26.

32. Acquisition of subsidiary

On 1 April 2021, Tribal Group plc acquired 71.25% of the issued share capital of Semestry Limited (Semestry), a company incorporated in the UK that is a leading supplier of cloud based scheduling and timetabling software to the higher education market. On 4 May 2021, the Group acquired the remaining 28.75 %.

The Acquisition expands Tribal's product portfolio, adding Scheduling and Timetabling capability to the Group's Tribal Edge ecosystem of Higher Education solutions; this provides additional upsell opportunity to the Group's existing and new customers as well as cross-sell opportunities for Tribal's existing applications into Semestry's existing customer base.

This transaction has been accounted for by the acquisition method of accounting. This comprises an initial cash consideration of £4.5m and a deferred contingent cash consideration of £1.5m (the discounted figure at acquisition being £1.1m) which is payable on the annual recurring revenue (ARR) growth of the acquired business. As per the Sale and Purchase agreement, deferred contingent consideration can be satisfied over a two year period from completion. The first payment of £854,000 was made in October 2021 after review of the ARR growth in the period to September 2021.

The carrying amount of each class of Semestry Limited's assets before combination is set out below

	Book value £'000	Fair value adjustments £'000	Acquisition adjustments £'000	Provisional fair value £'000
Intangible assets	871	–	2,874	3,745
Tangible assets	14	(14)	–	–
Trade and other receivables	357	46	–	403
Cash and cash equivalents	317	–	–	317
Trade and other payables	(173)	(52)	–	(225)
Contract liabilities	(466)	–	–	(466)
Deferred tax liabilities	–	–	(546)	(546)
Net assets/(liabilities) acquired	920	(20)	2,328	3,228
Goodwill arising on acquisition				2,383
Consideration – Satisfied by				
Initial cash consideration				4,466
Deferred contingent consideration				1,145
				5,611

The initial consideration paid to Semestry was satisfied through existing cash balances. The acquisition led to a net cash out-flow taking into account the cash acquired of £4,149,000.

Intangible assets arising on acquisition are in respect of customer relationships and contracts £1.0m and software £1.9m, together with £0.9m of assets that relate to the net book value of the capitalised development costs of the Semestry product.

The goodwill arising on acquisition is attributable to synergies, the assembled workforce, and potential relationships.

Semestry Limited contributed revenue of £1.1m and operating profit of £0.7m to the Group for the period between the date of acquisition and the balance sheet date. Acquisition related costs amounted to £0.7m and have been expensed through the income statement.

Had the acquisition occurred on 1 January 2021, the Group's revenue would have increased by £0.3m and its operating profit increased by £0.1m.

Tribal Group incorporated a Dutch legal entity on 14 September 2021 (Semestry Netherlands BV) for the purpose of acquiring the assets and business of Eveoh BV on 1 October 2021. Eveoh BV is a supplier of cloud timetabling software to the higher education market. The software allows institutions to publish personalised student and staff timetables, via the web or their mobile device and is currently in use at more than forty institutions in Europe and the UK.

The software will be integrated with the recently acquired Semestry timetabling and scheduling solutions and will be applicable across Tribal's extensive customer base, as universities seek to increase engagement with their students and offer more personalised experiences.

Notes to the Financial Statements continued

32. Acquisition of subsidiary continued

The transaction has been accounted for by the acquisition method of accounting. This comprises an initial cash consideration of £0.1m and a deferred contingent cash consideration of £0.7m (the discounted figure at acquisition being £0.5m) which is payable on the annual recurring revenue (ARR) growth of the acquired business. Deferred contingent consideration is expected to be satisfied in 2021 and 2022.

The carrying amount of each class of Eveoh BV assets before combination is set out below:

	Book value £'000	Fair value adjustments £'000	Acquisition adjustments £'000	Provisional fair value £'000
Intangible assets		–	720	720
Tangible assets	9	(9)	–	–
Trade and other payables		(17)		(17)
Contract liabilities	(126)	–	–	(126)
Deferred tax liabilities	–	–	(197)	(197)
Net assets/(liabilities) acquired	(117)	(26)	523	380
Goodwill arising on acquisition				160
Consideration – Satisfied by				
Initial cash consideration				46
Deferred contingent consideration				494
				540

The initial consideration paid was satisfied through existing cash balances. The acquisition led to a net cash out-flow.

Intangible assets arising on acquisition are in respect of customer relationships and contracts £298,000 and software £422,000.

The goodwill arising on acquisition is attributable to synergies, the assembled workforce, and potential relationships.

Semestry Netherlands BV contributed revenue of £74,000 and operating loss of £25,000 to the Group for the period between the date of acquisition and the balance sheet date. Acquisition related costs amounted to £145,000 and have been expensed through the income statement.

33. 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 2021.

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	Netherdale Industrial Estate, Galashiels, TD1 3EY, 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	West 7–8 Federal Mills Park, 3–35 Mackey Street, Geelong, North Victoria, 3215, Australia	Education related systems and solutions	–	100%
Tribal Campus PTY Limited	West 7–8 Federal Mills Park, 3–35 Mackey Street, Geelong, North Victoria, 3215, Australia	Education related systems and solutions	–	100%
Tribal Group PTY Limited	West 7–8 Federal Mills Park, 3–35 Mackey Street, Geelong, North Victoria, 3215, Australia	Education related systems and solutions	–	100%
Callista Software Services PTY Limited	West 7–8 Federal Mills Park, 3–35 Mackey Street, Geelong, North 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%
Human Edge 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 Measure 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	West 7–8 Federal Mills Park, 3–35 Mackey Street, Geelong, North Victoria, 3215, Australia	Dormant Company	–	100%

34. Post balance sheet events

On 21 January 2020 the Group entered into a three-year £10m multi-currency revolving facility with HSBC with the option to extend to a further two years. The first option to extend was approved by HSBC on 15 March 2021, the second extension was approved by HSBC on 5 January 2022, effective 21 January 2022. The loan was fully drawn down in 2021 and repaid in full before 31 December 2021. The facility was put in place to cover general corporate and working capital requirements of the Group.

Company only Balance Sheet

As at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed			
Investments	37	84,762	77,774
Right of use assets		169	–
Total fixed assets		84,931	77,774
Current assets			
Debtors	38	7,705	6,732
Deferred tax assets	39	1,279	878
Cash at bank and in hand		5	23
Total current assets		8,989	7,633
Total assets		93,920	85,407
Creditors: amounts falling due within one year	40	(43,534)	(35,767)
Net current liabilities		(34,545)	(28,134)
Total assets less current liabilities		50,386	49,640
Creditors: amounts falling due after one year	40	(108)	–
Net assets		50,278	49,640
Capital and reserves			
Called up share capital	41	10,519	10,285
Share premium	42	18,961	15,951
Merger reserve	42	11,304	11,304
Own share reserve	42	(326)	(856)
Share-based payment reserve	42	7,455	6,933
Retained earnings:			
At 1 January	42	6,023	9,145
Loss for the year attributable to the owners	42	(1,230)	(919)
Equity dividend paid	42	(2,505)	(2,254)
Other changes in retained earnings	42	77	51
At 31 December	42	2,365	6,023
Equity shareholders' funds		50,278	49,640

Notes 35 to 45 form part of these financial statements.

The financial statements on pages 120 to 126 of Tribal Group plc (registered number 04128850) were approved by the Board of Directors and authorised for issue on 16 March 2022. 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 2020		9,979	15,539	11,304	(856)	6,036	9,145	51,147
Loss and total comprehensive expense for the year		-	-	-	-	-	(919)	(919)
Issue of share capital	23	239	-	-	-	-	-	239
Share options exercised		67	412	-	-	(479)	-	-
Equity dividend paid	11	-	-	-	-	-	(2,254)	(2,254)
Credit to equity for share-based payments	22	-	-	-	-	1,339	-	1,339
Foreign exchange differences on share-based payments	22	-	-	-	-	37	-	37
Tax on credit to equity for share-based payments		-	-	-	-	-	51	51
Contributions by and distributions to owners		306	412	-	-	897	(2,203)	(588)
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 31 December 2021		10,519	18,961	11,304	(326)	7,455	2,365	50,278

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 100 (Financial Reporting Standard 100) 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. 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 loss for the Company (before dividends paid) amounted to £1.2m (2020: £0.9m). Dividends paid amounted to £2,505,000 (2020: £2,254,000). The independent auditors' remuneration for audit services to the Company was £161,000 (2020: £150,000).

37. Investments

	Shares in subsidiary undertakings £'000	Long-term loans £'000	Total £'000
Cost			
At 1 January 2020	22,682	54,248	76,930
Capital contribution relating to share-based payments	626	–	626
Additional investment in subsidiary	218	–	218
At 31 December 2020 and 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	30,514	54,248	84,762

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 Note 33 to the consolidated financial statements.

38. Debtors

	2021 £'000	2020 £'000
Amounts owed by Group undertakings	7,472	6,449
Other debtors	233	180
Current tax	–	103
	7,705	6,732

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

	2021 £'000	2020 £'000
Deferred taxation		
At start of year	878	855
Charge to income statement	356	38
Items taken directly to equity	45	(15)
At end of year	1,279	878

The deferred tax asset is analysed as follows:

	2021 £'000	2020 £'000
Share schemes	194	148
Other temporary differences	1,085	730
	1,279	878

Included in other temporary differences are deferred tax assets of £1,047,000 (2020: £714,000) relating to tax losses carried forward and other timing differences of £38,000 (2020: £16,000).

Deferred tax assets are all non-current assets.

40. Creditors

Amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to Group undertakings	41,778	33,772
Trade and other creditors	161	199
Accruals	425	404
Lease liabilities	87	–
Contingent deferred consideration provision (see note 20)	1,083	1,392
	43,534	35,767

All amounts owed to Group undertakings are unsecured and have no fixed repayment date. No interest is charged and amounts are repayable on demand.

Notes to the Company Balance Sheet continued

40. Creditors continued

Amounts falling due after one year

	2021 £'000	2020 £'000
Lease liabilities	89	–
Other liabilities	19	–
	108	–

41. Called up share capital

	2021 number	2021 £'000	2020 number	2020 £'000
Allotted, called up and fully paid				
At beginning of the year	205,698,309	10,285	199,579,784	9,979
Issued during the year	4,676,064	234	6,118,525	306
At end of the year	210,374,373	10,519	205,698,309	10,285

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

4,676,064 shares were issued during the year in order to satisfy exercises of share-based payment schemes. The exercise costs of 5p, 79.6p and 80p per share for the LTIPs resulted in cash receipts of £3.2m.

Details of options in respect of shares outstanding at 31 December 2021 are as follows:

Employee share option schemes:	Number outstanding '000	Exercise price payable	Date from which exercisable
2016 LTIP	75	£0.05	June 2019
2019 LTIP	716	£0.05	June 2022
2020 LTIP	1,958	£0.05	July 2023
2020 LTIP	1,311	£0.05	July 2021
2021 LTIP	479	£0.05	June 2024
	4,539		
2017 LTIP (inc CSOP)	1,127	£0.80	July 2020
2018 LTIP (inc CSOP)	844	£0.796	March 2021
2019 LTIP (inc CSOP)	1,382	£0.71	June 2022
2019 LTIP (inc CSOP)	300	£0.615	September 2022
	3,653		
2019 SAYE	877	£0.582	November 2022
Total Tribal Group plc share option schemes	9,069		

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 31 December 2019 and 1 January 2020	11,304	15,539	(856)	6,036	9,145
Loss for the year	–	–	–	–	(919)
Equity dividend paid	–	–	–	–	(2,254)
Share options exercised	–	412	–	(479)	–
Charge to equity for share-based payments	–	–	–	1,339	–
Foreign exchange differences on share-based payments	–	–	–	37	–
Tax on charge to equity for share-based payments	–	–	–	–	51
At 31 December 2020 and 1 January 2021	11,304	15,961	(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	11,304	18,961	(326)	7,455	2,365

The merger reserve of £11.3m (2020: £11.3m) relates to the premium arising on shares issued subject to the provisions of section 612 of the Companies Act 2006.

The own share reserve of £(0.3)m (2020: £(0.9)m) represents the cost of 318,692 shares (2020: 827,692) in Tribal Group plc held by the Employee Share Ownership Trust (EBT) to satisfy certain options under the Group's share option schemes. During 2021 509,000 shares were sold from the EBT 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 2021 (2020: £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 £1.2m (2020: £0.1m). 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 33, 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 £60,735,758 (2020: £46,026,750). These are inclusive of intercompany liabilities.

Notes to the Company Balance Sheet continued

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 30 to the consolidated financial statements.

	Financial assets measured at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Financial liabilities measured at FVTPL £'000	Total £'000
31 December 2021				
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
31 December 2020				
Financial assets				
Cash	23	–	–	23
Debtors*	6,469	–	–	6,469
	6,492	–	–	6,492
Financial liabilities				
Creditors	–	34,375	–	34,375
Deferred contingent consideration	–	–	1,392	1,392
	–	34,375	1,392	35,767

* 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:

	2021 Number	2020 Number
	3	3

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	1,034	849
Social security costs	81	56
Other pension costs	32	25
Share option charge	387	369
	1,534	1,299

Cost of Directors' emoluments were incurred by the Company and are included in the Remuneration report on pages 51 to 55.

Company Information

Tribal Group plc

Registered in England and Wales
Company number: 04128850

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Company Information continued

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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

4 May 2022

Tribal Group plc

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Tribal Group plc

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