Empowering the world of education

Tribal Group plc

Half year results
for the six months
ended 30 June 2021

Tribal Group plc

("Tribal" or "the Group")

Interim Results for the six months ended 30 June 2021 (unaudited)

Tribal (AIM: TRB), a leading provider of software and services to the international education market, is pleased to announce its interim results for the six months ended 30 June 2021.

Results 6 months to 30 June	2021 H1	2020 H1 Reported	2020 H1 Constant Currency[4]	Change Constant Currency[4]	Change % Constant Currency[4]
Revenue	**£39.3m**	£38.2m	£39.0	£0.3m	1%
Annual Recurring Revenue (ARR) at period end [1] (versus 31 Dec 2020)	**£49.6m**	£47.5m	£47.2m	£2.4m	5%
Adjusted Operating Profit (EBITDA) [2, 3]	**£9.2m**	£8.1m	£8.6m	£0.6m	7%
Adjusted Operating Profit Margin (EBITDA) [2]	**23.3%**	21.3%	22.0%	-	130bps
Adjusted Free Cash Flow [5]	**£4.2m**	£4.3m	£4.3m	£(0.1)m	(2)%
Net Cash	**£4.3m**	£6.7m	£6.7m	£(2.4)m	(36)%
Statutory Profit after Tax	**£4.4m**	£3.8m	£3.8m	£0.6m	17%
Earnings per Share (diluted)	**2.1p**	1.9p	1.9p	0.2p	10%

Operational Highlights

- Continued strong sales performance, adding four new SIS customers across Tribal's range of software offerings in the first six months of the year, including in the UK: Solent University, Liverpool City Council Adult Education; and internationally: Te Whare Wānanga o Awanuiārangi in New Zealand and Middlesex University in Dubai
- Additional product sales to existing Tribal customers include University of St Andrews, Brunel University London and The University of Warwick. We have also announced our first two sales for Edge Admissions to Aberystwyth University and the University for the Creative Arts
- Acquisition of Semestry Limited in April 2021 for £4.5m, expanding the Edge family of cloud solutions
- Continued investment in our offering, people and operations, to capitalise on the growing activity within the education market, including £4.5m investment in Edge product development

Financial Highlights (constant currency)

- Annual Recurring Revenue (ARR) of £49.6m, an increase of 5% since year end, of which 3% is organic growth and 2% due to acquisitions
- Group Revenue up 1% to £39.3m, SIS revenue increased 4%, while Education Services decreased 11% due to the impact of Covid-19
- Adjusted Operating Profit (EBITDA) performance increased 7% to £9.2m
- Adjusted Operating Margin (EBITDA) improved to 23%, up 130bps from prior year
- Statutory profit after tax increased 17% to £4.4m
- Net Cash of £4.3m, lower than prior periods due to £4.5m Semestry acquisition and Edge product development, the remaining loan drawdown of £2.5m will be repaid in full in August 2021.

Outlook

Following the strong first half performance, the Board is increasingly confident in a successful outcome for the year, slightly ahead of market expectations.

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[1] Annual Recurring Revenue (ARR) at period end includes Support & Maintenance fees, Cloud Services and Subscription Licence and is assessed as contracted ARR at 30 June 2021 and 31 December 2020, of which is still to be delivered.

[2] Adjusted Operating Profit and Adjusted Operating Margin is in respect of continuing operations which excludes "Other Items" charges of £1.5m (2020 H1: charge of £1.0m) refer to note 5 in this report

[3] EBITDA is calculated by taking the Adjusted Operating Profit after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation

[4] 2020 H1 results restated to "constant currency" using 2021 rates to exclude foreign currency impact

[5] Adjusted free cash flow is cash from operating activities before tax less any significant one-off items (the one-off settlement to the Platform provider of £8.1m in H1 2020) and is presented excluding non-development capital expenditure

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Mark Pickett, Tribal's CEO, commented: "Tribal has enjoyed another period of good progress, as we deliver on our cloud expansion opportunity, providing technology to empower the world of education. We have secured a high level of new customer wins, reflecting the increasing activity levels within the education sector and enter the second half in a strong position with increased levels of recurring revenue and a growing pipeline. We continue to invest in our people and operations to deliver on our growing customer footprint. With a clear strategy in place and growing proof of the demand for our cloud offerings, we look to the future with increased confidence."

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About Tribal Group plc

Tribal Group plc is a pioneering world-leader of education software and services. Its portfolio includes Student Information Systems; a broad range of education services covering quality assurance, peer review, benchmarking and improvement; and student surveys that provide the leading global benchmarks for student experience. Working with Higher Education, Further and Tertiary Education, schools, Government and State bodies, training providers and employers, in over 55 countries; Tribal Group's mission is to empower the world of education with products and services that underpin student success.

TRIBAL

Business Review

Introduction

We have continued to execute successfully on our growth strategy, launching Edge Admissions, our second Edge module, on time in July 2021 at Tribal's Empower conference, successfully completing the acquisition of Semestry Ltd, adding scheduling and timetabling solutions to our Edge family, and adding a further eight new customers across our Student Information Systems offerings.

The growing success of our cloud transition can now be seen in the steady growth of our recurring revenues, as we build our underlying base of contracts. As a result of the high level of customer wins at the end of 2020 and into 2021, our backlog of contracted work has grown considerably, reflecting the strategic shift in the education sector. We continue to benefit from strong customer retention and cash generation, providing for a robust financial platform from which to invest in capturing our expanding opportunity.

The financial impact of Covid-19 and the changing expectations of students mean that never has the need for cloud-based solutions for the Education market been more pressing. We are benefitting from growing level of activity across the sector, as the market shifts to a new way of operating, and new priorities rise to the fore, such as the pastoral care of students and digital transformation. With our market leading products, as well as our innovation roadmap, we continue to position ourselves at the forefront of this evolution in our industry, providing for an exciting future for Tribal.

Strategy Update

We continue to make good progress towards our goal of being a pure-play education technology SaaS company, with a global reach.

Our strategy of 'Sustain and Grow' will see us sustain our existing products and revenues while growing new products and revenues by delivering Edge in the public cloud and offering our existing products as a fully managed cloud SaaS service.

The market appetite for our solutions and standardisation with a public cloud focus is positive, and the full proposition of Tribal products from our core student management systems, to Tribal:Cloud and Edge is resonating well with our customers. It will take time for full adoption of these solutions by our customers given the annual cycle around the academic year, however we continue to believe the long-term opportunity remains significant.

Our key areas of focus in the period were to grow ARR, migrate customers to our cloud services and deliver our first customers on Edge Admissions – all of which have been achieved. Our focus for the second half of the year will be on securing more Tribal:Cloud contracts, further Edge Admissions customers and continuing to drive early adoption of Edge.

Semestry acquisition

We were delighted to announce the acquisition of Semestry Limited in April, a supplier of cloud based scheduling and timetabling software to the higher education market. The acquisition expands our Edge family of products, increasing our addressable market, cross sell opportunities and taking us into new geographies. Semestry services over 20 customers across five countries in Europe. We have secured three new customers since acquisition, have seen a growing pipeline of opportunities, and are investing in the scalability of the organisation to take advantage of the growing number of opportunities.

We remain selective in our approach to acquisition opportunities which will focus on cloud-based solutions, as well as building a partner ecosystem of best-of-breed solutions which maximises the value-add for our current customers.

TRIBAL

Innovation

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 Student Information System (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 has seen the full launch of Edge Admissions in July and the first sales are beginning to come through.

Now that the programme to develop the core next generation student management system on the Edge platform is established, we are starting to leverage our investment in the platform to develop next-generation added value modules that are fully integrated with our Edge architecture but can also can be used with existing products such as SITS:Vision in appropriate markets. This provides a faster return on investment but also protects our competitive position.

We are also developing much closer relationships with our customers through the adoption of our Tribal Cloud services (where we provide our existing products as a fully managed cloud SaaS service) and that is enabling us to leverage our technology and knowledge of best practice so that our customers can gain more value from our products and services.

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 period, growing customer numbers, revenue and profits and has entered the second half of the year with a healthy pipeline of opportunities.

Revenues for Student Information Systems grew to £31.1m (2020: £29.8m on constant currency), delivering Adjusted Operating Profit reduction of (1)% to £12.0m (2020: £12.1m on a constant currency). The increase in Revenue is offset by increased costs impacting the Operating Profit as a result of one-off temporary cost savings in H1 20 relating to Covid-19 for example staff moving to a 4-day week in May and June.

SITS:Vision

The Group has closed a number of new deals for SITS:Vision Student Information Systems, demonstrating its ongoing market leading position, and its newly launched cloud offerings, signing the University of Solent within the period and University of West London post period end. Following the onset of Covid-19, the Group moved to remote delivering and implementation and all these contracts have successfully commenced.

We have also begun implementation of our largest SITS deal to date, worth approximately £17m over eight years, with Nanyang Technological University, a Top 50 world university secured in the prior year. The contract also encompasses SITS in the Tribal:Cloud and Edge products, together with Student Marketing & Recruitment and Student Support & Welfare.

Callista

Our Callista student information system software, which is used by 11 of our Australian University customers, representing almost 25% of Australian universities, continued to perform well completing the third year of a four-year contract extension. Discussions have commenced for the next extension to the contract and is expected to include Edge as part of the solution.

Tribal:Cloud

Following the launch last year of our Tribal:Cloud solution, enabling all existing products to be provided as a fully managed SaaS service by Tribal in the public cloud, we were delighted to add the University of Warwick to our growing list of Tribal:Cloud customers. 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.

Edge: Admissions

Following the launch of Edge Submissions, the first Edge module in 2020, we successfully launched the second major module, Edge Admissions in July 2021 and secured the first two customers: Aberystwyth University, an existing Tribal customer using the Dynamics solution and the University of the Creative Arts, an existing SITS customer. Admissions is the first significant module on the Edge platform, delivering staff and prospective students, the solutions and tools they need to succeed in the ever-evolving world of education. The solution can be integrated with the SITS Student Management System, or any other SMS, providing the Group with a significant addressable market.

Edge: Student Recruitment and Student Welfare

Sales of the Dynamics based Edge Student Recruitment and Student Welfare modules have developed, with sales made to Te Whare Wānanga o Awanuiārangi in New Zealand, Brunel University and the University of St Andrews in the UK in the period.

Ebs

Our ebs software, which predominantly focuses on the Further Education and Vocational Learning markets but increasingly being considered by smaller universities, continued to perform strongly. The Group won two new ebs contracts during the period, Te Whare Wānanga o Awanuiārangi in New Zealand and Liverpool City Council Adult Education.

Education Services (ES)

While our Education Services business continued to be impacted by the global school closures globally, due to the Covid-19 pandemic, the team maintained the key assurance, training and inspections contracts in the UK, US and New Zealand largely remotely. The business has a good pipeline of opportunities for the second half and is well positioned once Covid-19 closures ease.

In the UK the main contracts continued to operate at the same level with work on 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 continue to be successfully delivered remotely.

Despite continued school closures due to Covid-19 in the US, we have been able to deliver to plan on the New York State Education Department (NYSED) contract. The Performance Review Program for Initial Licensure (PRPIL) in Massachusetts experienced lower teacher license sales in H1 but this is expected to pick up in H2. In the Middle East there has been a significant reduction in inspections compared to last year as the ADEK contract continues to be paused, this was partially offset by smaller contract wins in Bahrain, albeit at lower levels than previous years.

Two existing customers extended their contracts in the period – the DfE Quality Assurance of National Professional Qualifications for an additional 18 months and the DfE Advanced Mathematics Support Programme for 15 months. We also won and delivered in H1 2021 a number of new short-term contracts, including, British Embassy in Bahrain to support school improvement, the Ministry of Education in Bahrain for capability assessment and the Cayman Islands Government to provide remote mathematics training, all of which generated significant margins which offset the reduction in revenue seen in H1 2021.

Adjusted Operating Profit in Education Services increased to £2.2m (H1 2020: £1.8m constant currency) on a 10.7% reduction in Revenue to £8.2m (H1 2020: £9.2m constant currency) demonstrating the resilience of the business, pro-active cost management undertaken and continued remote delivery.

Operations and people

We are continually evolving our people agenda to enhance the Group's growth and transformation as a business. Our agenda is focused on fuelling performance with a clear alignment to our Group objectives. We want to ensure that every employee has the clarity of purpose, motivation, support, and recognition to execute on those goals. We are a fast paced, dynamic organisation focused on the future and we have big ambitions, with people who are deeply committed with the drive to succeed.

Our evolving operational model is built upon our increasing focus on customer success and alignment to Tribal's 'as-a-service' transition. The opening of our new global delivery centre in Kuala Lumpur, Malaysia in 2020 is already actively delivering live implementations and the continued expansion of our development centre in Manila has seen it grow by 26% in the last year. Together, these teams provide the full development resource for a product or a long-term contract. It is the creation of these centres of excellence that will enhance our ability to scale efficiently for growth and to allow us to drive continued investment in strategic capabilities for value creation.

Our investment in technical and business architecture capability is also crucial in connecting our solution to the customer problem, accelerating their time to value whilst laying the foundation for customer success. In 2020 we instigated our Veritas internal transformation programme, which is focused on driving simplifications, standardisation, and optimisation right across our value chain. This will deliver real return on investment in 2022 and beyond.

Tribal held its inaugural ESG Committee Meeting in April 2021 and agreed Terms of Reference to ensure Board advocacy, structure and focus of responsible business practices prospered. We have seen good progress over the last six months and we look forward to presenting our ESG report a the year end.

In March 2020, we announced our partnership with Student Minds, the UK charity aspiring to transform the state of student mental health, so that all in higher education can thrive. Since then, we have been delighted to enhance our involvement further by becoming an official Communications Champion for Student Space, a service set up by Student Minds to help students find the support they need during the Coronavirus pandemic. Becoming a Champion involves an additional commitment to support student mental health, by promoting Student Space to our networks. We have embraced the expanded role and seen it as a real opportunity to contribute to the Student Minds mission in a practical and meaningful way, by using our platform within the education community to build valuable awareness and extend the reach and impact of the charity.

Some of our ESG initiatives have become core areas of focus within parts of our operation and we are adopting a long-term view in embedding sustainable change and improvement. For example, considering our aspiration to become a more diverse organisation we recognise the need to be prepared to reconsider every aspect of how we attract, select and recruit talent. We have now developed a new Recruitment Charter which puts empowering inclusive practice as one of two core aims, laying out a set of principles that will guide the review and improvement of our practices. In June, we became a signatory of the Tech Talent Charter and made a public commitment and a series of pledges in relation to our approach to recruitment and retention, sharing of data and best practices. We look forward to becoming active members of the tech community addressing the challenges and opportunities as we strive to become more diverse.

Tribal is proud to be certified to both the ISO 9001:2015 and ISO/IEC 27001:2013 standards, demonstrating our commitment to:

- Consistently delivering products and services that meet both customer and statutory/regulatory requirements.
- Helping keep information secure, ensuring the continuity of our operations, and making better business decisions by addressing risks and opportunities.
- Ensuring we have a focus on the continual improvement of our products, services, and internal governance systems.

Having already achieved certification across our UK operations, for both standards, we extended the scope of our certification earlier this year to include our operations in Australasia and the Philippines. This not only further demonstrates our commitment to identifying and implementing best practice across our business, but also gives us consistency in our approach towards the management of quality and information security globally.

We have now reopened our offices and following consultation with our teams have returned to three days a week in the office. The teams are embracing the new form of hybrid working, continuing to restrict travel wherever possible, as has proven so successful during the pandemic.

Outlook

Tribal has enjoyed another period of strong progress, as we deliver on our cloud expansion opportunity, providing technology to empower the world of education. We have secured a high level of new customer wins, reflecting the increasing activity levels within the education sector and enter the second half in a strong position with an increased level of recurring revenue and a growing pipeline. We continue to invest in our people and operations to deliver on our growing customer footprint. With a clear strategy in place and growing proof of the demand for our cloud offerings, we look to the future with increased confidence. Following the strong first half performance, the Board is confident in a successful outcome for the year, slightly ahead of market expectations.

Financial review

Results 6 months to 30 June £m	2021 H1	2020 H1 Reported	2020 Constant Currency	Change Constant Currency	Change Constant Currency %
Revenue	**39.3**	38.2	39.0	0.3	1%
Student Information Systems	**31.1**	29.0	29.8	1.3	4%
Education Services	**8.2**	9.2	9.2	(1.0)	(11)%
Adjusted Operating Profit (before Central Overheads)[1]	**14.2**	13.4	13.9	0.3	2%
Student Information Systems	**12.0**	11.3	12.1	(0.1)	(1)%
Education Services	**2.2**	2.1	1.8	0.4	23%
Central Overheads[2]	**(5.0)**	(5.3)	(5.3)	0.3	5%
Adjusted Operating Profit (EBITDA) [1]	**9.2**	8.1	8.6	0.6	7%
Adjusted Operating Margin (EBITDA) [1]	**23.3%**	21.3%	22.0%	-	130bps

1 Adjusted Operating Profit and Adjusted Operating Margin is in respect of continuing operations and exclude charges reported in 'Other items' of £1.5m (2020 H1: £1.0m), refer to note 5 in this report, and before Interest, Tax, Depreciation and Amortisation.

2. Central overheads are made up of costs that are not directly attributable to either Student Information Systems or Education Services.

Over 40% of Tribal's income is generated outside the UK and is therefore subject to foreign exchange movement. Overall, there was a favourable impact on last year's results due to foreign exchange fluctuations of £0.8m in Revenue and £0.5m in Adjusted Operating Profit, due particularly to the Group's exposure to the Australian dollar, which was on average 7% weaker against GBP sterling in 2021 H1 compared with 2020 H1.

The Revenue and Adjusted Operating Profit by segment in the table shows the reported results for 2021 H1 and 2020 H1, and the 2020 H1 results restated to "constant currency" using 2021 rates to exclude foreign currency impact. The growth percentages shown are on the 2020 constant currency numbers. All comparatives reported below are on a constant currency basis.

Revenue

In the six months ended 30 June 2021 the Group's Revenue was up 1% to £39.3m (2020 H1: £39.0m). Student Information Systems increased by 4% to £31.1m (2020 H1: £29.8m) helped by a good performance in EMEA and a strong start to delivery in Singapore following the Nanyang Technological University contract win at the end of 2020. Education Services decreased by 11% to £8.2m (2020 H1: £9.2m) mainly due to the impact of Covid-19 on contracts in the Middle East with most activities paused; this was partially offset by continued strong delivery on the US contracts and a steady delivery of benchmark and student surveys.

Adjusted Operating Profit (EBITDA)

Adjusted Operating Profit (before Central Overheads) increased by 2% to £14.2m (2020 H1: £13.9m). Adjusted Operating Profit (EBITDA) increased 7% to £9.2m (2020 H1: £8.6m) and Adjusted Operating Margin increased to 23% (2020 H1: 22%).

Student Information Systems remained largely flat decreasing by 1% to £12.0m (2020 H1: £12.1m). Revenue increased because of new contract wins and contractual uplifts however, this was offset by increased staff costs in H1 compared to prior year as the one-off cost savings from staff reducing to a 4-day week were not repeated. Education Services increased by 23% to £2.2m (2020 H1: £1.8m) mainly due to the impact of Covid-19 on contracts in the Middle East with most activities paused and the delivery of a number of new short-term contracts in H1 21 which generated significant margins offsetting the reduction in revenue seen in H1 21.

Central overheads, representing costs in HR, IT, Finance, Marketing and Management that aren't directly attributable to lines of business totalled at £5.0m (2020 H1: £5.3m), including the improved impact of foreign exchange in the period of (£0.1m) (2020 H1: £0.5m). We continue to focus on reducing these costs and have grown our Manila office in the Philippines to help support certain finance and HR processes, alongside the existing work of supporting ebs, SchoolEdge and business services. This has enabled us to improve margin without impacting the Group's ability to deliver on customer contracts and generate growth. The Group continues to identify cost saving measures and effectively manages its costs base and foreign currency exposure.

Statutory Profit After Tax was £4.4m (2020 H1: £3.8m) and Diluted Earnings Per Share (EPS) were 2.1p (2020 H1: 1.9p).

Net Cash and Adjusted Free Cash Flow

At the end of the period, the Group had Net Cash of £4.3m (2020 FY: £9.5m; 2020 H1: £6.7m) and Adjusted Free Cash Flow of £4.2m (2020 H1: £4.3m). Collections continued throughout the period with minimal delays to payment terms. The Group continues to benefit from the timing of working capital requirements as the business works to a remote delivery model, improving on efficiency and reducing time and costs previously associated with on-site delivery. The Group paid £4.5m as initial consideration of Semestry Limited and paid deferred consideration of £1.3m relating to the acquisition of Tribal Dynamics.

The Group has bank facilities of £10m of which £2.5m was drawn down as at 30 June 2021 (2020 H1: £10m) and will be repaid in full in August 2021.

Student Information Systems

Overall Adjusted Operating Profit decreased to £12.0m (2020 H1: £12.1m) and Adjusted Operating Margin decreased to 38% (2020 H1: 40%).

License and development revenue increased to £4.1m (2020 H1: £3.3m). In line with IFRS 15, License revenue on larger contracts is recognised as the implementation progresses and fees relate to sale of new software licenses as well as customer paid enhancements (development fees) on previous sales. Tribal has seen a slight change in revenue recognition profiles from the move to subscription selling, whereby the License is combined with the Support and Maintenance fee which is paid for and recognised throughout the life of the contract, rather than up front. There is an increasing amount of subscription (recurring) revenue, with £2.7m (2020 H1: £1.4m) recognised in the period.

Implementation revenue decreased marginally to £6.4m (2020 H1: £6.6m) due to slight contract delays due to Covid-19. Revenues are typically based on day rate fees although occasionally we operate under fixed fee contracts for defined implementations.

Support & Maintenance revenue remained consistent at £16.8m (2020 H1: £16.8m). This reflects the new license and account management sales achieved, together with the contractual annual inflationary uplift offset by a reduction in our Long-Term contracts.

Cloud Services revenue continued to increase across all markets at £3.7m (2020 H1: £2.9m). The main cloud hosting services revenue increased with interest from customers in moving to the public cloud remaining high; however, some sales have been delayed as customers have needed to focus on short term issues because of Covid-19.

Education Services

School Inspections and Related Services revenue decreased to £5.4m (2020 H1: £6.6m) largely due to the ADEK contract continuing to be paused in the Middle East as a result of school closures due to Covid-19. There have been a number of smaller contracts delivered in the period offsetting the shortfall from ADEK.

Surveys and Benchmarking revenue remained consistent at £1.3m (2020 H1: £1.2m). Surveys revenue was fractionally ahead as the International Student Barometer for the southern hemisphere caught up after being delayed until 2021 due to Covid-19, along with a number of smaller international surveys. Benchmarking revenue remained at the same level as last year.

Asset Management (K2) and Software Solutions revenue increased to £1.4m (2020 H1: £1.3m), primarily due to royalties due to increased end-consumer demand on a Software Solutions contract.

Overall Adjusted Operating Profit increased to £2.2m (2020 H1: £1.8m) and Adjusted Operating Margin increased to 27% (2020 H1: 20%). The variable cost base offset the impact of reduced revenue on the contracts in the Middle East with the majority of the work performed by contractors in addition to improved efficiencies of the remote delivery model.

Key Performance Indicators (KPIs)

The Group monitors its performance using the KPIs in the table below.

KPIs 6 months to 30 June	2021 H1	2020 H1 Reported	2020 Constant Currency	Change Constant Currency	Change Constant Currency %
Revenue	**£39.3m**	£38.2m	£39.0m	£0.3m	1%
Adjusted Operating Profit (EBITDA)[2, 3]	**£9.2m**	£8.1m	£8.6m	£0.6m	7%
Adjusted Operating Margin (EBITDA)[2, 3]	**23.3%**	21.3%	22.0%	-	130bps
Annual Recurring Revenue (ARR) at period end[1]	**£49.6m**	£47.5m	£47.2m	£2.4m	5%
Committed Income (backlog)[4,5]	**£144.3m**	£144.4m	£142.6m	-	-
Adjusted Free Cash Flow [6]	**£4.2m**	£4.3m	£4.3m	£(0.8)m	(20)%
Operating Cash Conversion	**66%**	68%	68%	-	(200)bps
Staff Retention	**95%**	92%	-	-	-
Revenue / Average FTE [5] (£'000s: annualised)	**£87.6k**	£87.7k	-	-	-

1 Annual Recurring Revenue (ARR) at period end includes Support & Maintenance fees, Cloud Services and Subscription Licence and is assessed as contracted ARR at the 30 June 2021 and 31 December 2020, of which some is still to be delivered.

2 Adjusted Operating Profit and Adjusted Operating Margin is in respect of continuing operations which excludes "Other Items" charges of £1.5m (2020 H1: charge of £1.0m) refer to note 5 in this report

3 EBITDA is calculated by taking the Adjusted Operating Profit after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation

4 Committed income (backlog) relates to the total value of orders which have been signed on or before, but not delivered by, 30 June 2021. This is reported on an IFRS15 basis and represents the best estimate of business expected to be delivered and recognised in future periods, and includes License sales, Implementation work and two years of Support & Maintenance revenue

5 2020 committed income and revenue / average FTE comparatives are as at 31 December 2020

6 Adjusted free cash flow is cash from operating activities before tax less any significant one off items (the one-off settlement to the Platform provider of £8.1m in H1 2020) and is presented excluding non-development capital expenditure

Annual Recurring Revenue (ARR) at period end, which represents annual Support & Maintenance fees paid on all software and Cloud hosting services, and License sold on a subscription basis contracted at the 30 June 2021, increased by 5.0% on a constant currency basis to £49.6m (2020 FY: £47.2m). The growth includes the benefit of new license sales in 2020 and contractual inflationary uplifts applied annually.

Committed Income (backlog) relates to the total value of orders which have been signed off on or before, but not delivered by 30 June 2021. This represents the best estimate of business expected to be delivered and recognised in future periods and includes two years of Support and Maintenance revenue. As of 30 June 2021 this increased to £144.3m (2020 FY: £142.6m). The majority of the increase relates to the new wins and contract extensions in SIS offset by work delivered in the first half of the year.

Product Development Costs: The Group spent £7.3m on product development, of which £4.4m was Edge capitalisation and £0.1m was Tribal Dynamics capitalisation (2020 H1: £5.2m spent; £3.0 capitalised in relation to Edge and £0.1m in relation to Tribal Dynamics). The net P&L charge after removing capitalised spend was £2.8m (2020 H1: £2.9m), and £2.3m excluding amortisation (2020 H1: £2.2m). We continue to invest in our core products, including SITS, ebs, SchoolEdge, Dynamics and Maytas adding new modules and additional functionality as well as statutory updates.

Items excluded from adjusted profit figures: Certain items not directly related to the trading business or regarded as exceptional in nature have been removed from the adjusted profit figure and disclosed as "Other Items" on the Income Statement to provide greater understanding of the Group's underlying performance.

During 2021, a review of other items was carried out to identify the true nature of the components of financial performance. As part of the review it was decided that pension scheme administration fees and redundancy costs are now included as part of the Group's underlying trading activities, unless part of an approved restructuring programme.

The main adjustments are as follows:

- **Employee-related Share Option charges** (including employer related taxes) increased to £1.1m (2020 H1: £0.6m) and are excluded from the Adjusted Operating profit. The charges in the current year relate to the Long-Term Incentive Plan options (LTIPs) which were granted to the executive and senior management teams in 2018, 2019 and 2020 and increase in related national insurance accrual, in addition some option holders were entitled to a dividend equivalent.

- **Amortisation of IFRS3 Intangibles** charge in relation to IFRS3 intangible assets of £0.3m (2020 H1: £0.6m) 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, this was determined in the year the acquisition took place.

- **Acquisition costs** of £0.6m (2020 H1: £nil) include amounts relating to corporate activity in the period, specifically the acquisition of Semestry Ltd.

Net Cash and Cash flow

Net cash at 30 June 2021 was £4.3m (2020 H1: £6.7m).

Cash flow 6 months to 30 June £m	2021 H1	2020 H1 Reported
Net cash from operating activities before tax	5.1	(3.7)
Net tax paid	(1.1)	(0.1)
Net cash from operating activities after tax	**4.0**	**(3.8)**
Capitalised product development	(4.7)	(3.2)
Capital expenditure	(1.0)	(0.2)
Acquisition of Semestry Limited	(4.5)	-
Cash acquired on acquisition of subsidiary	0.3	-
Deferred consideration	(1.3)	(1.7)
Gross proceeds on issue of shares	2.6	0.2
Loan arrangement fees & interest	(0.1)	(0.1)
Loan drawdown	2.5	10.0
Net repayment of lease liabilities	(0.5)	(0.5)
Net gain on forward contracts	0.2	-
Net (decrease)/increase in cash & cash equivalents	**(2.4)**	**0.7**
Cash & cash equivalents at beginning of the year	**9.5**	**16.5**
Cash & cash equivalents at end of period	**7.1**	**17.2**
Less: Effect of foreign exchange rate changes	**(0.3)**	**(0.5)**
Cash & cash equivalents at end of period	**6.8**	**16.7**
Borrowings	**(2.5)**	**(10.0)**
Net Cash & cash equivalents at the end of the period	**4.3**	**6.7**

Operating Cash Inflow was £4.0m (2020 H1: £(3.8)m, last year includes £8.1m paid in respect of the final settlement of the platform provider dispute in 2020. Cash conversion was 66% compared to (2020 H1: 68% after excluding the settlement. We continue to have strong collections and continued improvements in working capital. Most Support & Maintenance and Cloud Services renewals are invoiced and collected towards the end of the calendar year, and cash conversion is expected to normalise in the second half of the year.

Adjusted free cashflow equals net cash from operating activities before tax £5.1m (2020 H1: £(3.7)m) less all non-development capital expenditure £1m (2020 H1 £0.2m).

Share Options and Share Capital: The shares issued during the period were in order to satisfy exercises of share-based payment schemes. 3,872,410 shares were issued between January and June 2021. The exercise costs resulted in cash receipts of £2.6m. As at 30 June 2021, there were 209,570,719 shares issued (2020 FY: 205,698,309).

Earnings per share: Diluted earnings per share increased by 10% to 2.1p (2020 H1: 1.9p). Adjusted diluted earnings per share from continuing operations before other costs, including intangible asset amortisation, restructuring costs and share based payment charges, this reflects the Group's underlying trading performance, increased by 22% to 2.8p (2020 H1: 2.3p).

Dividends: The final dividend for 2020 of 1.2p was paid by the Company in July 2021. A one-off interim dividend of 1.1p per share was paid in December 2020. The Board remains committed to a progressive dividend policy and it is Tribal's expectation that only a final dividend will be paid going forward. The combined dividend for 2020 was 2.3p per share. (2019: nil per share).

TRIBAL

Condensed consolidated income statement
For the six months to 30 June 2021

	Note	Adjusted £'000	Other (note 5) £'000	Six months ended 30 June 2021 Total £'000	Adjusted £'000	Other (note 5) £'000	Six months ended 30 June 2020 Total £'000
Continuing operations							
Revenue	4	39,290	-	39,290	38,183	-	38,183
Cost of sales		(18,146)	-	(18,146)	(17,912)	-	(17,912)
Gross profit		21,144	-	21,144	20,271	-	20,271
Total administrative expenses		(13,337)	(1,988)	(15,325)	(13,704)	(1,529)	(15,233)
Operating profit/(loss)	4	7,807	(1,988)	5,819	6,567	(1,529)	5,038
Investment income		217	-	217	8	-	8
Finance costs	6	(118)	-	(118)	(176)	(185)	(361)
Profit/(loss) before tax		7,906	(1,988)	5,918	6,399	(1,714)	4,685
Tax (charge)/credit	7	(2,025)	533	(1,492)	(1,640)	733	(907)
Profit/(loss) attributable to the owners of the parent		5,881	(1,455)	4,426	4,759	(981)	3,778
Earnings per share							
Basic	8	2.9p	(0.8)p	2.1p	2.3p	(0.4)p	1.9p
Diluted	8	2.8p	(0.7)p	2.1p	2.3p	(0.4)p	1.9p

All activities are from continuing operations

TRIBAL

Condensed consolidated income statement
For the year to 31 December 2020

	Note	Adjusted £'000	Other (note 5) £'000	Year ended 31 December 2020 £'000
Revenue	4	72,954	-	72,954
Cost of sales		(34,322)	-	(34,322)
Gross profit		38,632	-	38,632
Total administrative expenses		(26,831)	(2,693)	(29,524)
Operating profit/(loss)	4	11,801	(2,693)	9,108
Investment income		53	-	53
Finance costs	6	(345)	(307)	(652)
Profit/(loss) before tax		11,509	(3,000)	8,509
Tax (charge)/credit	7	(3,156)	1,005	(2,151)
Profit/(loss) attributable to the owners of the parent		8,353	(1,995)	6,358
Earnings per share				
Basic	8	4.1p	(1.0)p	3.1p
Diluted	8	4.0p	(0.9)p	3.1p

Condensed consolidated statement of comprehensive income and expense
For the six months to 30 June 2021

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Profit for the period	4,426	3,778	6,358
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit pension schemes	-	-	(438)
Deferred tax on measurement of defined benefit pension schemes	57	-	89
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(654)	1,113	1,120
Other comprehensive (expense)/income for the period net of tax	(654)	1,113	771
Total comprehensive income for the period attributable to equity holders of the parent	3,829	4,891	7,129

Condensed consolidated balance sheet

As at 30 June 2021

	Note	**30 June 2021 £'000**	30 June 2020 £'000	31 December 2020 £'000
Non-current assets				
Goodwill	9	31,276	26,505	26,661
Other intangible assets	10	29,614	21,444	24,376
Property, plant and equipment		1,066	1,262	1,069
Right of use assets		2,805	3,664	3,342
Net investment in lease		151	197	174
Deferred tax assets		4,544	4,380	4,829
Contract assets		152	22	22
		69,608	57,474	60,473
Current assets				
Trade and other receivables	11	12,968	10,752	11,036
Net investment in lease		46	46	46
Contract assets		5,627	4,237	3,951
Current tax assets		4	26	-
Cash and cash equivalents (excluding bank overdrafts)	17	6,791	16,739	9,520
		25,436	31,800	24,553
Total assets		95,044	89,274	85,026
Current liabilities				
Trade and other payables	12	(6,859)	(6,340)	(6,052)
Contract liabilities		(22,959)	(19,938)	(23,078)
Accruals		(7,641)	(6,490)	(7,480)
Current tax liabilities		(2,653)	(2,457)	(2,861)
Lease liabilities		(907)	(999)	(1,020)
Provisions	13	(203)	(362)	(265)
		(41,222)	(36,586)	(40,756)
Net current liabilities		(15,786)	(4,786)	(16,203)
Non-current liabilities				
Contract liabilities		(582)	(316)	(330)
Retirement benefit obligations		(958)	(540)	(958)
Lease liabilities		(2,085)	(2,882)	(2,551)
Other payables	12	(182)	(30)	(40)
Deferred tax liabilities		(1,534)	(1,021)	(1,250)
Borrowings	17	(2,500)	(10,000)	-
Provisions	13	(932)	(908)	(923)
		(8,773)	(15,697)	(6,052)
Total liabilities		(49,995)	(52,283)	(46,808)
Net assets		45,049	36,991	38,218
Equity				
Share capital	14	10,479	10,285	10,285
Share premium		18,363	15,951	15,951
Other reserves		27,556	26,025	26,926
Accumulated losses		(11,349)	(15,270)	(14,944)
Total equity attributable to equity holders of the parent		45,049	36,991	38,218

TRIBAL

Condensed consolidated cash flow statement
for the six months to 30 June 2021

	Note	**Six months ended 30 June 2021 £'000**	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Net cash from/(used in) operations	16	3,994	(3,804)	5,461
Investing activities				
Interest received		-	5	6
Purchases of property, plant and equipment		(356)	(146)	(356)
Expenditure on intangible assets		(5,281)	(3,189)	(7,129)
Acquisition of Investments in subsidiaries	14	(4,524)	-	-
Cash acquired on acquisition of subsidiary	14	317	-	-
Payment of deferred contingent consideration for acquisitions		(1,326)	(1,732)	(1,732)
Net gain on forward contracts		214	-	41
Net cash outflow from investing activities		(10,956)	(5,062)	(9,170)
Financing activities				
Interest paid		(66)	(46)	(259)
Loan arrangement fees		(45)	(65)	(65)
Draw down on Bank loan		2,500	10,000	-
Equity dividend paid		-	-	(2,254)
Proceeds on issue of shares		2,606	239	239
Proceeds from sub-leases		26	26	52
Payment of lease liabilities		(511)	(546)	(980)
Net from/(cash used) in financing activities		4,510	9,608	(3,257)
Net (decrease)/increase in cash and cash equivalents		(2,452)	742	(6,976)
Net cash and cash equivalents at beginning of period		9,520	16,463	16,463
Effect of foreign exchange rate changes		(277)	(466)	33
Net cash and cash equivalents at end of period	17	6,791	16,739	9,520

TRIBAL

Condensed consolidated statement of changes in equity
For the six months to 30 June 2021

	Note	Share Capital £'000	Share Premium £'000	Other reserves £'000	Accumulated losses £'000	Total Equity £'000
Balance at 31 December 2019		9,979	15,539	26,029	(20,228)	31,319
Profit for the period		-	-	-	3,778	3,778
Other comprehensive income for the period		-	-	-	1,113	1,1133
Total comprehensive income for the period		-	-	-	4,891	4,891
Issue of equity share capital		239	-	-	-	239
Credit to equity for share-based payments		-	-	446	-	446
Share options exercised		67	412	(479)	-	-
Tax credit on credit to equity for share-based payments		-	-	-	67	67
Foreign exchange difference on share-based payments		-	-	29	-	29
Contributions by and distributions to owners		306	412	(4)	67	781
Balance at 30 June 2020		10,285	15,951	26,025	(15,270)	36,991
Profit for the period		-	-	-	2,580	2,580
Other comprehensive expense for the period		-	-	-	(342)	(342)
Total comprehensive income for the period		-	-	-	2,238	2,238
Issue of equity share capital		-	-	-	-	-
Equity dividend paid		-	-	-	(2,254)	(2,254)
Credit to equity for share-based payments		-	-	893	-	893
Tax credit on credit to equity for share-based payments		-	-	-	342	342
Foreign exchange difference on share-based payments		-	-	8	-	8
Contributions by and distributions to owners		-	-	901	(1,912)	(1,011)
Balance at 31 December 2020		10,285	15,951	26,926	(14,944)	38,218
Profit for the period		-	-	-	4,426	4,426
Other comprehensive expense for the period		-	-	-	(597)	(597)
Total comprehensive income for the period		-	-	-	3,829	3,829
Issue of equity share capital		194	2,412	-	-	2,606
Credit to equity for share-based payments		-	-	650	-	650
Tax charge on credit to equity for share-based payments		-	-	-	(234)	(234)
Foreign exchange difference on share-based payments		-	-	(20)	-	(20)
Contributions by and distributions to owners		194	2,412	630	(234)	3,002
Balance at 30 June 2021		10,479	18,363	27,556	(11,349)	45,049

Notes to the condensed consolidated financial information
for the six months to 30 June 2021

1. General information

The condensed consolidated financial information for the six months ended 30 June 2021 was approved by the Board of Directors on 12 August 2021. This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2020 were approved by the Board of Directors on 17 March 2021. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts: its report was unqualified, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting policies

The condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority.

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020 which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were as stated within the consolidated financial statements for the year ended 31 December 2020.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020.

3. Going concern

Tribal had net cash and cash equivalents of £4.3m at the end of H1 2021, this includes £2.5m drawdown of the £10m bank facility. The Group has a £10m facility to cover general corporate and working capital requirements of the Group, 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.

The Group's main business is software related through the provision of Student Information Systems (SIS) to education institutions in the UK, Australia, and a number of other overseas locations. Revenue is generated from the sale of software licenses and related implementation work, and the ongoing provision of support & maintenance and cloud/hosting services.

To date the support & maintenance and cloud/hosting services have been unaffected. Customers have continued to pay for the services, all of which can and are being delivered remotely. This income, which is annual recurring revenue (ARR) represents over half of our total annual revenue, and provides a good level of forward visibility to the business. We expect this position to continue.

3. Going concern (continued)

The Group had a positive start to the year, closing a number of significant sales to new and existing customers. The financial impact of Covid-19 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.

Tribal's other business area, Education Services (ES), provides training, inspections, surveys and benchmarking to education institutions globally. The larger UK and US contracts in ES mostly continued unaffected by Covid-19 as we continue remote delivery. The temporary closure of schools, particularly in the Middle East, has caused delays to the delivery of inspections work until the schools re-open. We have seen some delays on surveys and benchmarking with projects delayed to later in the year. Whilst we have seen revenue decrease in 2021 our profit margins have a degree of protection as we operate a variable cost model. We expect paused contracts in the UAE to resume in H2 2021.

As part of this assessment, management have included various sensitivities to better understand the impact to the business, this includes but is not limited to, a decrease in revenue, a decrease in cash receipts and the impact of meeting our covenant requirements should we draw down on the full available facility. Management could also introduce cost saving measures to mitigate the impact on profit and cash, if necessary.

Adoption of the going concern basis

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, taking into account reasonably possible changes in trading performance. 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 the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

4. Segmental analysis

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

Student Information ("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; 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, software solutions, facilities and asset management.

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. Inter-segment sales are charged at prevailing market prices.

	Total Revenue			**Adjusted segment operating profit**		
	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £000
Student Information Systems	31,116	28,973	56,895	11,307	10,546	19,572
Education Services	8,174	9,210	16,059	2,209	2,021	3,326
Total	39,290	38,183	72,954	13,516	12,567	22,898
Unallocated corporate expenses				(5,709)	(6,000)	(11,097)
Adjusted operating profit				7,807	6,567	11,801
Amortisation of IFRS 3 intangibles (see note 6)				(339)	(575)	(1,021)
Other items				(1,649)	(923)	(1,672)
Operating profit				5,819	5,038	9,108

Depreciation and amortisation is allocated to segment profits and is included in adjusted segment operating profit as above. The amount included in SIS is £0.7m (30 June 2020: £0.8m; 31 December 2020 £1.4m) and within Education Services £nil (30 June 2020: £0.1m; 31 December 2020: £0.1m).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment, without the 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% (31 December 2020: 6%) have arisen from the Segments largest customer: within SIS revenues of approximately 4% (31 December 2020: 6%) have arisen from the Segments largest customer.

4. Segmental analysis(cont.)

Geographical information:

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

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
UK	23,117	22,235	42,465
Australia	10,582	10,324	20,724
Other Asia Pacific	2,627	1,655	3,492
North America	1,795	1,606	2,572
Rest of the world	1,169	2,363	3,701
	39,290	38,183	72,954

5. Other items

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Acquisition and other related costs	(575)	-	-
Changes in fair value of deferred consideration payable	67	267	814
Employee related share option charges (including employer related taxes)	(1,126)	(575)	(1,815)
-Legacy Defined benefit schemes	(15)	(64)	(123)
-Other legal costs	-	(77)	(36)
-Restructuring and associated costs	-	(474)	(512)
Other items	(15)	(615)	(671)
Amortisation of software and customer contracts and relationships	(339)	(606)	(1,021)
Total administrative expenses	(1,988)	(1,529)	(2,693)
Other financing costs	-	(185)	(307)
Total other items before tax	(1,988)	(1,714)	(3,000)
Tax on other items	533	733	1,005
Total other items after tax	(1,455)	(981)	(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 relating to the acquisition of Semestry Limited in the period total £565,000 (30 June 2020: £nil; 31 December 2020: £nil) and other merger and acquisition costs. Under IFRS3 these amounts have been expensed as they are not eligible for capitalisation.

Accounting for changes in the fair valuation of the deferred consideration payable to the previous owners of Tribal Dynamics Holdings Limited were measured at relevant reporting dates as part of the earnout agreement, and the corresponding gain recognised in the income statement (30 June 2021: £67,000; 30 June 2020: £267,000; 31 December 2020: £814,000)).

5. Other items (cont.)

Employee related share option charges. The numbers above include:

- share based payments (30 June 2021: £671,000; 30 June 2020: £475,000; 31 December 2020: £1,375,000) plus foreign exchange (30 June 2021: £20,000); 30 June 2020: £(29,000); 31 December 2020: £(37,000));
- the movement in associated employers taxes accrual (30 June 2021: £408,000; 30 June 2020: £8,000; 31 December 2020: £153,000);
- the amounts accrued and paid on dividends on share options that have met performance conditions (30 June 2021: £5,000; 30 June 2020: £nil; 31 December 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 (30 June 2021: £62,000; 30 June 2020: £121,000; 31 December 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 include:

- legacy defined benefit schemes relate to the Prudential Platinum and Federated Pension Funds to which no current Tribal employee is a member. Costs in 2021 relate solely to top-up fees, whereas in 2020 they also included administration charges (30 June 2021: £nil; 30 June 2020: £64,000; 31 December 2020: £123,000).

Amortisation of software and customer contracts and relationships: Amortisation arising on the fair value of intangible assets acquired is separately disclosed. (30 June 2021: £339,000; 30 June 2020: £606,000; 31 December 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 (30 June 2021: £nil; 30 June 2020: £185,000; 31 December 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.

During 2021 a review of other items was carried out to identify the true nature of the components of financial performance. .As part of the review it was decided that pension scheme administration fees and redundancy costs are now included as part of the Group's underlying trading activities, unless part of an approved restructuring programme

6. Finance costs

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Interest on bank overdrafts and loans	19	46	147
Loan arrangement fees	45	65	65
Net interest payable on retirement benefit obligations	-	-	10
Interest expense on lease liabilities	54	65	123
Adjusted Finance costs	118	176	345
Unwinding of discounts	-	185	307
Other finance costs	-	185	307
Total finance costs	118	361	652

7. Tax

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Current tax			
UK Corporation tax	-	-	67
Overseas tax	1,091	821	1,800
Adjustments in respect of prior periods	(1)	-	33
	1,090	821	1,900
Deferred tax			
Current period	445	86	188
Adjustments in respect of prior periods	(43)	-	63
	402	86	251
Tax charge on profits	1,492	907	2,151

In addition to the amount charged to the income statement a current tax credit £nil (30 June 2020: £nil; 31 December 2020: £66,000) and a deferred tax charge of £234,000 (30 June 2020: credit of £67,000; 31 December 2020: credit of £343,000) has been recognised directly in equity in relation to share schemes. A deferred tax credit of £57,000 (30 June 2020: £nil; 31 December 2020: £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.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

8. Earnings per share

Earnings per share and diluted earnings per share are calculated by reference to a weighted average of ordinary shares calculated as follows:

	Six months ended 30 June 2021 Thousands	Six months ended 30 June 2020 thousands	Year ended 31 December 2020 thousands
Basic weighted average number of shares in issue	206,362	203,109	203,986
Weighted average number of Employee share options	4,530	1,152	4,230
Weighted average number of shares outstanding for dilution calculations	210,892	204,261	208,216

Diluted earnings per share only reflects the dilutive effect of share options for which performance 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 8,827,863 (31 December 2020: 12,796,406). This includes 962,261 options in the 2019 SAYE Scheme (31 December 2020: £1,028,396).

The adjusted basic and diluted earnings per share figures shown on the condensed consolidated income statement 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.

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Net profit	4,426	3,778	6,358
Earnings per share			
Basic	2.1p	1.9p	3.1p
Diluted	2.1p	1.9p	3.1p
Other items after tax (note 5)	1,445	981	1,995
Earnings per share			
Basic	(0.8)p	(0.4)p	(1.0)p
Diluted	(0.7)p	(0.4)p	(0.9)p
Adjusted Net profit	5,881	4,759	8,353
Adjusted earnings per share			
Basic	2.9p	2.3p	4.1p
Diluted	2.8p	2.3p	4.0p

9. Goodwill

	£'000
Cost	
At 1 January 2021	107,892
Acquisitions (see note 14)	5,100
Exchange differences	(485)
At 30 June 2021	112,507
Accumulated impairment losses	
At 1 January 2021	81,231
At 30 June 2021	81,231
Net book value	
At 30 June 2021	31,276
At 31 December 2020	26,661

The Group tests annually for impairment, or more frequently if there are indicators that goodwill could be impaired. At the half year, a review has been undertaken to ascertain if any indicators have arisen of potential impairments. Based on the review performed, no impairment indicators that would require an impairment review have been noted.

10. Other intangible assets

	Software £'000	Customer contracts and relationships £'000	Acquired intellectual property £'000	Development costs £'000	Business systems £'000	Software licences £'000	Total £'000
Cost							
At 1 January 2021	10,293	8,620	1,873	43,619	5,319	1,489	71,213
On acquisition of subsidiary	-	-	-	1,262	-	-	1,262
Additions	-	-	-	4,680	601	-	5,281
Exchange differences	(286)	(122)	-	(127)	(4)	-	(539)
At 30 June 2021	10,007	8,498	1,873	49,434	5,916	1,489	77,217
Amortisation							
At 1 January 2021	8,141	6,299	734	25,255	4,920	1,488	46,837
On acquisition of subsidiary	-	-	-	392	-	-	392
Charge for the period	170	169	38	482	13	-	872
Exchange differences	(286)	(86)	-	(122)	(4)	-	(498)
At 30 June 2021	8,025	6,382	772	26,007	4,929	1,488	47,603
Carrying amount							
At 30 June 2021	1,982	2,116	1,101	23,427	987	1	29,614
At 31 December 2020	2,152	2,321	1,139	18,364	399	1	24,376

Software and customer contract and relationships have arisen from acquisitions, and are amortised over their estimated useful lives, which are 3-8 years and 3-12 years respectively. The amortisation period for development costs incurred on the Group's product development is 5 to 15 years, based on the expected life-cycle of the product. Amortisation of development costs is included within cost of sales; the amortisation for software, customer contracts and relationships and business systems is included within administrative expenses.

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11. Trade and other receivables

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Amounts receivable for the sale of services	8,259	7,767	7,701
Less: loss allowance	(109)	(121)	(231)
	8,150	7,646	7,470
Other receivables	709	358	413
Prepayments	4,109	2,748	3,153
	12,968	10,752	11,036

12. Trade and other payables

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Current			
Trade payables	777	812	892
Other taxation and social security	3,029	2,081	2,522
Other payables	1,577	1,629	1,246
Deferred contingent consideration	1,476	-	-
Deferred non-contingent consideration	-	1,818	1,392
	6,859	6,340	6,052
Non-current			
Other payables	182	30	40
	182	30	40
Total	7,041	6,370	6,092

13. Provisions

	Property related £'000	Other £'000	Total £'000
At 1 January 2021	1,030	158	1,188
Increase in provision	12	2	14
On acquisition of subsidiary	15	-	15
Utilisation of provision	(65)	-	(65)
Exchange rate movement	(13)	(4)	(17)
At 30 June 2021	979	156	1,135

The provisions are split as follows:

	Property related £'000	Other £'000	Total £'000
Within one year	47	156	203
More than one year	932	-	932
Total	979	156	1,135

13. Provisions (cont.)

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 dilapidation costs arising from exiting leasehold properties, under IAS 37.

Other provision relates to the recoverability of input VAT in the Philippines.

14. Acquisition of subsidiary

On 31 March 2021, the Group 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 %.

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 which is payable on the annual recurring revenue (ARR) growth of the acquired business. Deferred contingent consideration that is expected to be satisfied in FY21.

Due to the timing of the acquisition, the acquisition accounting adjustments were not complete as at 30 June 2021, however, will be finalised prior to 31 December 2021.

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

	Book value £'000	Fair value adjustments £'000	Provisional fair value £'000
Intangible assets	899	(29)	870
Tangible assets	14	(14)	-
Trade and other receivables	357	48	405
Cash and cash equivalents	317	-	317
Trade and other payables	(640)	(52)	(692)
Net assets acquired	947	(47)	900
Goodwill arising on acquisition (note 10)			5,100
Consideration			
Satisfied by:			
Initial cash consideration			4,524
Deferred contingent consideration			1,476
			6,000

The initial cash consideration paid to Semestry was satisfied through existing cash balances.

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14. Acquisition of subsidiary (cont.)

Semestry Limited contributed revenue of £0.3m and operating profit of £0.1m to the Group for the period between the date of acquisition and the balance sheet date. Acquisition related costs amounted to £0.6m.

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.

15. Share capital

	Six months ended 30 June 2021 number	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 number	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 number	Year ended 31 December 2020 £'000
Allotted, called up and fully paid						
At beginning of the period	205,698,309	10,285	199,579,784	9,979	199,579,784	9,979
Issued during the period	3,872,410	194	6,118,525	306	6,118,525	306
At end of the period	209,570,719	10,479	205,698,309	10,285	205,698,309	10,285

The Company has one class of ordinary shares of 5p which carry no right to fixed income.

The shares issued during the period were in order to satisfy exercises of share-based payment schemes. 3,872,410 shares were issued between January and June 2021. The exercise costs of 5p per share resulted in cash receipts of £2.6m.

16. Notes to the cash flow statement

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Operating profit from continuing operations	5,819	5,038	9,108
Depreciation of property, plant and equipment	345	360	734
Depreciation of right-of-use assets	478	523	1,059
Amortisation and impairment of other intangible assets	872	1,297	2,289
Share based payments	650	446	1,339
Movement in deferred consideration	(67)	(267)	(815)
Research and development tax credit	(81)	(100)	(214)
Net pension credit	-	-	(30)
Other non-cash items	696	866	552
Operating cash flows before movements in working capital	8,712	8,163	14,022
(Increase)/decrease in receivables	(3,417)	687	(255)
Decrease in payables	(180)	(12,507)	(7,461)
Net cash from/(used in) operating activities before tax	5,115	(3,657)	6,306
Net tax paid	(1,121)	(147)	(845)
Net cash from/(used in) operating activities	3,994	(3,804)	5,461
Net cash from/(used in) operating activities before tax can be analysed as follows:			
Continuing operations	5,115	(3,657)	6,306

17. Analysis of net cash

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Cash and cash equivalents	6,791	16,739	9,520
Borrowings	(2,500)	(10,000)	-
Net cash	4,291	6,739	9,520

Analysis of changes in net cash

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Opening net cash	9,520	16,463	16,463
Increase in bank loans	(2,500)	(10,000)	-
Net (decrease)/increase in cash and cash equivalents	(2,452)	742	(6,976)
Effect of foreign exchange rate changes	(277)	(466)	33
Closing net cash	4,291	6,739	9,520

18. Contingent liabilities

From time to time the Group is subject to potential litigation claims. On the basis of legal advice, claims are being robustly contested as to both liability and quantum. A provision of £nil (30 June 2020: £0.1m, 31 December 2020: £nil) has been made for defending these claims, where appropriate.

The Company and its subsidiaries have provided performance guarantees issued by their banks on their behalf, in the ordinary course of business totalling £0.8m (30 June 2020: £1.7m, 31 December 2020: £0.1m). These are not expected to result in any material financial loss.

19. 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.

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.

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Short-term employee benefits	745	874	2,874
Termination benefits	26	-	70
Share-based payments	494	521	901
	1,265	1,395	3,845

20. Seasonality

The overall performance for the second half of the year will be lower than for the first half as a result of historical trends of the phasing of delivery of work across both SIS and Education Services.

Responsibility statement

The Directors' confirm that these condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report

The Directors of Tribal Group plc are listed in the Tribal Group plc Report and accounts for the 12 month period ended 31 December 2020. A list of current Directors is maintained on the Tribal Group plc website: www.tribalgroup.com.

The Directors are responsible for the maintenance and the integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Mark Pickett
Chief Executive

12 August 2021