TRIBAL

Tribal Group plc
("Tribal" or "the Group")

Preliminary Results for the year ended 31 December 2020

Tribal (AIM: TRB), a leading provider of software and services to the international education market, today announces its preliminary results for the year ended 31 December 2020.

Financial highlights

- Annual Recurring Revenue ("ARR") committed at the period end increased 13.4% to £47.5m (2019: £41.9m constant currency), providing a strong basis for future growth
- Group revenue of £73.0m (2019: £77.6m constant currency), reflecting impact of Covid-19 on Education Services segment
    - Core Student Information Systems revenue £56.9m (2019: £58.0m constant currency)
    - Education Services £16.1m (2019: £19.6m constant currency)
- Resilient profit performance, with Adjusted Operating Profit (EBITDA) of £14.9m (2019: £14.9m constant currency)
    - Adjusted EBITDA margin increased to 20.4% (2019: 19.2% constant currency)
- Statutory Profit after tax for the year increased to £6.4m from a loss of £(3.0)m in 2019
- Strong operational cash conversion of 122% (2019: 105%), with positive free cash flow of £5.2m (2019: 5.3m)
- Spend on product development increased to £6.8m (2019: £6.2m) in line with the Group's Edge strategy
- Net cash of £9.5m (2019: £16.5m), following the payment of £8.1m for the one off settlement of the platform dispute, with no debt, and all furlough and temporary tax deferral benefits repaid in the year
- Proposed final dividend of 1.2p, in addition to the one-off interim dividend paid in year of 1.1p, which replaced the cancelled 2019 proposed final dividend (2019: nil)

Operational highlights

- Strong sales performance in the final quarter of the year, adding to the Group's ARR
- Signed the Group's largest SITS:Vision contract to date, worth approximately £17m over eight years, with Nanyang Technological University, a Top 50 world university, expanding the Group's footprint in South East Asia and adding to the Group's revenue visibility for future years
- Launch and first sales of fully managed Tribal:Cloud solution to both existing and new customers, including King's College London in the UK and the University of Sydney in Australia
    - At 31 December, Cloud services including Tribal:Cloud contributed £8.1m to Group ARR (2019: £6.5m)
- Considerable progress with Tribal Edge, the Group's next-generation cloud solutions:
    - Launched first Edge module, Tribal Edge Submissions, subsequently sold to all of the Group's 12 university customers in Australia and TAFE New South Wales
    - Completed the first version of the next module: Tribal Edge Admissions which will be available to a number of smaller universities as early adopters in the first half of 2021
    - At 31 December, Tribal Edge contributed £2.1m to ARR (2019: £1.5m)
- Successfully moved to remote delivery of existing customer implementations in response to Covid-19

Outlook

- The Group has had a positive start to trading in 2021 compared to 2020 and now anticipates performance for the year to be slightly ahead of the Board's expectations

Mark Pickett, Chief Executive, commented:

"I am delighted to report on a year of considerable evolution and operational progress at Tribal. Against the backdrop of Covid-19, we have delivered against all of our strategic goals, while protecting our employees and customers. The swift actions taken to mitigate the impact of Covid-19 on the business resulted in a continued strong financial performance, and we have emerged a stronger business, with an increased customer base and geographic footprint and a growing market opportunity.

"We have entered the current financial year with increased levels of revenue visibility due to the strong sales performance in the latter part of 2020, a strengthened position in the significant South East Asia market and a considerably expanded addressable market through the launch of Tribal:Cloud and imminent launch of Tribal Edge Admissions.

"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 continue to position ourselves at the forefront of this evolution in our industry, providing for an exciting future for Tribal. We have a growing pipeline of opportunities across both existing and new customers. The Group has traded in line with Board expectations at the start of the year and we are confident in our ability to execute against our strategic roadmap."

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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.

This Statement has been prepared for and is addressed only to our shareholders as a whole and should not be relied on by any other party or for any other purpose. Tribal, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this Statement is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This Statement may contain forward-looking statements. Any forward-looking statement has been made by the directors in good faith based on the information available to them up to the time of approval of this Statement and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information. To the extent that this Statement contains any statement dealing with any time after the date of its preparation, such statement is merely predictive and speculative as it relates to events and circumstances which are yet to occur and therefore the facts stated and views expressed may change. Tribal undertakes no obligation to update these forward-looking statements.

Chairman's statement

I look back on 2020 as a turning point for Tribal in its transition to an "as-a-service" provider of cloud focussed software and solutions to the global education market. We have a clear proposition to help guide our customers on their journey to a fully managed software service in the public cloud, and the investments made over the last few years are starting to deliver new product and sales momentum to existing and new customers.

Our student management systems, including SITS:Vision for Higher Education, continue to attract new customers and expand our customer base in new and existing territories. Our customers are increasingly taking products as a managed service in the public cloud and planning migration to our cloud-native Tribal Edge modules as they are released.

Existing customers are increasingly moving to our fully managed Tribal:Cloud solution as a pathway to Tribal Edge, with notable sales to King's College London in the UK and the University of Sydney in Australia.

We increased our South East Asia footprint during the year, adding Nanyang Technological University, a Top 50 world university, as our first customer in Singapore. Their student information system will include SITS:Vision, Tribal:Cloud and Dynamics CRM software with a migration route to Tribal Admissions and other Tribal Edge modules.

During the year we completed and sold the first internally developed Tribal Edge module Tribal Edge Submissions, which was delivered to all 12 of our university customers in Australia on a SaaS basis. We also completed the first version of Tribal Edge Admissions which will be made available to a number of smaller universities as early adopters in the first half of 2021.

Financial performance

I am pleased to report on considerable progress against our key Annual Recurring Revenue ("ARR") metric and a good profit performance for the year despite the impact of Covid-19 particularly on Education Services revenue for the year.

ARR committed as at 31 December 2020 increased 12% to £47.5m (2019: £42.3m) thanks to a strong sales performance in the second half of the year, increasing revenue for future years but having minimal benefit to 2020 results.

Tribal delivered Adjusted EBIT of £11.8m (2019: £11.7m) and reduced Adjusted EBITDA of £14.9m (2019: £15.4m) on a reduced revenue of £73.0m (2019: £78.2m), however adjusted EBITDA Margin increased to 20.4% (2019 : 19.6%).

The Statutory Profit after tax for the year increased to £6.4m from a loss of £(3.0)m in 2019. Tribal has shown strong growth in a challenging year, with a profit increase of 3% from £6.2m in 2019 after excluding the one-off cost of £9.2m incurred in 2019 in settlement of the platform dispute.

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 2020 of 1.2p which is expected to be paid at the end of July 2021. Tribal paid a one-off interim dividend of 1.1p per share in recognition of the proposed dividend for the year ended 31 December 2019 being cancelled due to Covid-19. The combined dividend for the year was 2.3p per share. (2019: nil) however, it is Tribal's expectation that only a final dividend will be paid going forward.

Strong cash balances have been maintained and the Group ended the year with net cash, after paying £8.1m in settlement of the platform dispute, of £9.5m (2019: £16.5m), with no debt drawn, and all furlough and temporary tax deferral benefits repaid in the year.

Covid-19

Tribal was not immune to the impact of Covid-19 with the global pandemic affecting the time and resource capacity of universities, elongating sales cycles and reducing in-year new sales revenue. We reacted quickly to the pandemic by closing our offices in March 2020 to protect the health and safety of our teams which remains our utmost priority. We equipped all employees to work from home and deliver remotely to our customers; this proved to be very successful with our customers, and we aim to maintain a high level of remote delivery into the future.

Our teams showed great understanding and commitment during a challenging year, agreeing to move to a four day working week which lasted for three months. I would like to thank them for their hard work and continued support. We opened a consultation on new ways of working and a significant number of employees have moved to new remote working contracts. We have started to adapt our offices to this new way of working, with increased collaboration and meeting space, and modern technology such as Microsoft Surface Hubs.

As with many sectors, the pandemic has accelerated the education sector's move towards the SaaS method of IT consumption, as academic institutions wish to benefit from the 24/7 remote service access and expert support it provides. We anticipate this will be a continued driver for interest in our Tribal: Cloud and Tribal Edge solutions moving forward.

Board

We were pleased to announce on 9 March 2021 the appointment to the Board of Diane McIntyre as Chief Financial Officer, with effect from 1 June 2021. Through her time at Sky, Vodafone and Cable and Wireless Diane has gained in depth commercial experience of fast-paced global organisations and I am confident she will be a valuable addition to our team. The Board would like to thank Paul Simpson, Acting CFO, for his leadership of the finance team over the last two years and his contribution to the success of Tribal. We wish Paul all the best for the future.

Environment, Social and Governance (ESG)

Tribal has always been committed to activities that benefit the environment and society, under pinned by good governance. Our mission is to "Empower the world of education"; with education being a key action in the United Nation's Sustainable Development Goals.

During the year we have defined ESG activities that we will report on in the future. There will be two activities for each pillar (environment, social and governance). I am very pleased to announce that we will be supporting 'Student Minds' as our student wellbeing partner for 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. Tribal has committed to creating a formal ESG Committee in 2021, which will be chaired by Nigel Halkes.

Strategy and outlook

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

The focus for the year ahead is to continue to grow ARR, migrate customers to Tribal:Cloud and deliver our first customers on Tribal Edge Admissions.

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 Tribal 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.

We are continuing to build strong momentum with our customers and look positively to the year ahead.

Richard Last
Chairman

Chief Executive's review

I am delighted to report on a year of considerable evolution and operational progress at Tribal. Against the backdrop of Covid-19, we have delivered against all of our strategic goals, while protecting our employees and customers. The swift actions taken to mitigate the impact of Covid-19 on the business resulted in a continued strong financial performance, and we have emerged a stronger business, with an increased customer base and geographic footprint and a growing market opportunity.

Our purpose is to enable student success through our expertise, services and cloud solutions. Our vision is to empower the world of education. To achieve this, we will strive to research, develop and deliver the products, services and cloud 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. Through these activities, we will meet our business goal, to be a pure-play Ed. Tech. SaaS company, with global reach.

Strategy

At the end of last year we 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 Tribal 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.

I am pleased that all of these goals were achieved in the year with continued sales of all our products to new customers, including our largest ever SITS sale expanding our presence in South East Asia; we completed and sold our first Tribal Edge module, Tribal Submission, and finished the first version of Tribal Edge Admissions, a key SIS module for universities; and, we have expanded our cloud proposition with Tribal:Cloud with notable sales in the second half of the year.

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 Tribal Edge in the public cloud and moving our product offering to "as-a-service".

SUSTAIN: existing products and revenues

- **Student Management Systems**
  To continue to invest in and sell our core student management systems to new customers and deliver additional functionality to existing customers in Higher and Further education.
- **Support and Maintenance**
  To provide excellence of customer support services for these products to protect our ARR from Support and Maintenance.
- **Long-term contracts**
  To support our long-term contract customers who use bespoke versions of our core student management systems through quality of service delivery.
- **Education Services**
  To maintain high quality contract delivery to our Education Services customers and develop and enhance our proposition in new and existing geographies.

GROW: Tribal Edge and moving to "as-a-Service"

- **Tribal Edge**
  To develop new products on the Tribal Edge platform in the public cloud, to new and existing geographies with a new paradigm of "as-a-Service" solutions; delivering Tribal Edge Admissions as the first significant module to migrate existing SITS customers to the Tribal Edge platform.
- **Tribal:Cloud**
  To provide public cloud delivery, optimised for existing Tribal products and managed "as-a-Service" allowing customers to make the most of the benefits of the cloud with existing products in advance of migrating to Tribal Edge.
- **Tribal Transform**
  To deliver Tribal Transform: Edge Readiness products and services providing leading practice to navigate customers along the journey to the Tribal:Cloud and Tribal Edge.

We have already started to see success with this new 'Sustain and Grow' strategy during the year.

Key Performance Indicators ("KPIs")

To support the 'Sustain and Grow' strategy we monitor a number of KPIs to ensure we deliver on our goals:

1. **Institutions taking next generation "as-a-service" offerings in the public cloud:**
   We now have 13 Higher Education customers taking these services including the addition of Sydney University and Kings College London as fully managed SITS customers in the public cloud;

2. **Sales of Tribal Edge modules:**
   We have completed 13 sales of the Tribal Edge Submissions module to all 12 of our Higher Education customers in Australia and TAFE New South Wales in Vocational Learning.

3. **Growth in ARR from existing and new products and customers:**
   ARR increased to £47.5m committed at the period end with £2.1m (2019: £1.5m) relating to Tribal Edge and £8.1m (2019: £6.5m) to Tribal:Cloud (including cloud hosting).

4. **Improvement in profit margin from enhanced sales and continued cost efficiency:**
   Adjusted EBITDA profit margin increased to 20.4% despite a 6% fall in revenue due to Covid-19 impact on sales.

2020 in summary

Student Information Systems
Student Information Systems, our segment targeting the further and higher education sectors through our software offerings, delivered a resilient performance in the period with increased profits against a slightly reduced revenue, largely due to the impact of Covid-19 on sales to new and existing customers in the middle of the year. The Group had a positive end to the year, closing a number of significant sales to new and existing customers, and expanding into new territories in South East Asia.

Across the year Tribal won four new SITS:Vision Student Information Systems customers. The year began positively with the addition of Kaplan Business School Australia and Chartered Accountants Australia and New Zealand. These deals were closed prior to the onset of the global pandemic, Covid-19. As described in the Chairman's statement, Covid-19 had a significant impact on the education market during the year, slowing down sales to existing customers as spending paused and elongating the sales process with new customers. The implementation of contracts was initially disrupted, however the Group swiftly moved to successful remote delivery.

Strong close to the year
The disruption of Covid-19 began to ease in the final quarter of the year as UK students returned to education and took up their places. Tribal ended the year with the addition of two new SITS:Vision customers: Arden University in the UK, and Nanyang Technological University in Singapore.

Our success with Nanyang Technological University validates Tribal's strategy to provide complete, integrated Student Information Systems managed in the public cloud, covering the complete student journey, from pre-admission through to graduation. The £16.9m, eight year contract encompasses SITS in the Tribal:Cloud and Tribal Edge products, together with Tribal Student Marketing & Recruitment and Tribal Student Support & Welfare.

The implementation of SITS:Vision to recent new customers continued during the year. In the UK we commenced work with the University of Northampton, and continued to work at Glasgow Caledonian University, University of Bristol, Canterbury Christ Church University, University of Sheffield and the University of Portsmouth. In Australia we commenced work with both Kaplan Business School Australia and Chartered Accountants Australia and New Zealand, and continued to work with University of Malay in Malaysia.

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 this will include Tribal:Edge as part of the solution.

Launch of Tribal:Cloud
The Group's cloud offering was enhanced in the year through the launch of Tribal:Cloud, enabling all existing products to be hosted and managed by Tribal in the public cloud, resulting in cost efficiencies for our customers whilst significantly increasing Tribal's share of wallet. There were two significant Tribal:Cloud sales in the second half of the year to existing customers: the University of Sydney in Australia and King's College London in the UK, and a growing pipeline across our existing customer base.

Tribal Edge
We continued to deliver on our Tribal 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, Tribal Edge provides a competitive differentiator in targeting and acquiring new customers. In addition, it protects Tribal's customer base into the future 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.

Tribal Edge Submissions, the first Tribal Edge product, was launched on schedule during the year, and successfully sold to all 12 of our current Australian University customers, as well as to TAFE New South Wales. Our continued investment in Tribal Edge has seen the first version of Tribal Edge Admissions completed in December; it will be released to early adopters in the first half of 2021.

Tribal Dynamics, which provides Customer Relationship Management ("CRM") solutions including Student Recruitment and Student Welfare using Microsoft Dynamics functionality, forms part of the Tribal Edge offering. We have made good progress in enhancing this solution since we acquired the business in 2018 and had a number of sales in the year to new and existing customers across Higher and Further Education: University of Aberdeen, University of Sterling University of Worcester, Aberystwyth University, HCUC, Royal Veterinary College (University of London) and Nescot College. We have a good pipeline of interest for further sales.

Our other software solutions - Ebs
Our ebs software, which predominantly focuses on the Further Education and Vocational Learning markets but increasing being considered by smaller universities, continued to perform strongly. We won a number of significant new customers in the UK including Cambridge Education Group, City of Wolverhampton College, the University of Gibraltar and Highlands College in Jersey. The latter being a full ebs implementation in the Tribal:Cloud. We also concluded the largest ever ebs implementation at College Northern Ireland. In Australia we added Literacy Aotearoa and in New Zealand Carey Baptist College. The majority of new sales are now delivered on a subscription basis.

In Australia ebs is also used by the New South Wales Technical and Further Education colleges ("TAFEs") at over 130 campuses. This contract has seen a significant amount of work in the year completing upgrades to the software as part of their OneTAFE programme which has brought together the 11 TAFEs onto one common platform. However, as previously announced, the TAFE NSW contract will come to an end in the near future.

A version of ebs has been successfully used by the Department of Education ("DoE") schools in New South Wales, Australia. This contract supports around 2,000 schools and continues to run at a mature state.

SchoolEdge
In addition to the DoE schools, we support a further 1,800 schools in Australia with our SchoolEdge solution giving a combined total of nearly 4,000 schools using Tribal student management software, representing approximately one third of Australian schools. Two of the school's dioceses (New South Wales and Victoria), which represent about 800 schools, continue to look to migrate their customers away to a new product provider, however this is progressing slowly and some of the schools have opted to sign extensions with Tribal. For those schools that do move Tribal is offering a migration and archiving solution for existing records.

Maytas
Our Maytas software, which supports work-based learning and apprenticeship management providers in the UK and is increasingly of interest to Higher Education institutions providing degree apprenticeships, had a good sales year. In the year we added Siemens Energy and Skills4Pharmacy in the private sector, and De Montfort University Leicester and Anglia Ruskin University in Higher Education. We also completed our largest ever Maytas implementation project with Sopra Steria/Construction Industry Training Board (CITB).

Education Services

In Education Services our team proved their adaptability in the face of Covid-19, with the key assurance, training and inspections contracts in the UK, US and New Zealand continuing largely remotely.

The major contracts with the Department of Education in the UK, National Centre for Excellence in the Teaching of Maths ("NCETM") in the UK and the New York State Education Department inspections contract in the US largely performed as planned and adapted quickly to the impacts of Covid-19 with the majority of work able to be delivered remotely. The inspections contract with ADEK in the Middle East was paused due to Covid-19 school closures but is expected to resume upon relaxation of Covid-19 restrictions. The benchmarking and student surveys work continued; however, the larger Student Barometer survey for the southern Hemisphere had to be delayed to 2021.

The contract with the New Zealand Tertiary Education Commission ("TEC") was extended for a further year, and we continued to provide consultancy to a number of states in the US.

The Evolution of the Education market and Tribal's market strength

There are four key factors driving the evolution of the Higher Education market globally. As well as dealing with the impact of a global pandemic, it is evident that education is becoming increasingly competitive, following a legacy of inefficiency, poor adaptability and cost. Rising student expectations in an increasingly modern world, have meant that there has been an increase in expectation of success across a student's lifecycle and support to student's wellbeing and mental health. Pressurised service delivery has led to a redirection of focus to providing value sooner, together with more student centric services, remote delivery, and access to blended learning. A drive towards SaaS has also propelled a change in the education market, with service access and support from experts requested 24/7 and a need for new point solutions to be deployed rapidly with immediate value and impact.

Through the investment in the expansion of our offering, Tribal is well placed to meet these evolving market needs.

Tribal's software is market leading both in functionality and market share. Ours SITS student management software is the market leader in its class, offering the most fully functioning, robust and resilient student management systems. The product has been developed over the last 20 years, it contains over 20 million lines of code, and we continue to invest significantly in the software, maintaining and building out new functionality.

We have leading market shares in the geographies in which we operate. In the UK over 60% 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 South East Asia we support the largest public and the largest private universities in Malaysia, and in 2020 we have expanded into Singapore with Nanyang Technological University.

We will continue to focus on growth in these geographies and Tribal Edge will allow us to expand further into new geographies with its multi-lingual capability, and its modular approach allowing expansion into the North America markets in Canada, where we already support three universities, and the US.

Our people differentiate Tribal in the market and are key to our success. Their depth of domain knowledge in our products built 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.

2021 outlook

Tribal enters the current financial year with increased levels of revenue visibility due to the strong sales performance in the latter part of 2020, a strengthened position in the significant South East Asia market and a considerably expanded addressable market through the launch of Tribal:Cloud and imminent launch of Tribal Edge Admissions.

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, expanding our addressable market opportunity through a wider offering to upsell to existing customers and enhanced ability to enter new geographies. We have a growing pipeline of opportunities across both existing and new customers, and are confident on our ability to execute against our strategic roadmap, growing ARR and profit margins.

The safety and well-being of the Group's employees and customers remains a priority, as we continue to monitor the impact of Covid-19 both on Tribal and Education as a whole. I would like to take this opportunity to thank our teams for their continued hard work and dedication.

The Group has had a positive start to trading in 2021 compared to 2020 and now anticipates performance for the year to be slightly ahead of the Board's expectations. We are confident in continued positive momentum as we deliver on our growth strategy.

Mark Pickett
Chief Executive Officer

Financial review

Results

£m	2020	2019 Reported	Constant Currency 2019[2]	Change constant currency	Change constant currency %
Revenue	73.0	78.2	77.6	(4.6)	(5.9)%
Student Information Systems	56.9	58.6	58.0	(1.1)	(1.9)%
Education Services	16.1	19.6	19.6	(3.5)	(17.9)%
Gross Profit	38.6	39.2	39.6	(1.0)	(2.5)%
Gross Profit Margin	53.0%	50.1%	51.0%	-	200bp
Adjusted Operating Profit [1] (Before Central Overheads)	24.4	23.8	23.3	1.1	5.0%
Student Information Systems	21.0	19.7	19.1	1.9	10.0%
Education Services	3.4	4.2	4.2	(0.8)	(18.0)%
Central Overheads [3]	(8.8)	(8.3)	(8.4)	(0.4)	(3.5)%
Net foreign exchange losses	(0.7)	(0.1)			
Adjusted Operating Profit (EBITDA) [1]	14.9	15.4	14.9	-	0.1%
Adjusted Operating Margin (EBITDA) [1]	20.4%	19.6%	19.2%	-	120bp
Statutory Profit/(Loss) before Tax	8.5	(2.9)	(3.4)	11.9	350.0%
Statutory Profit/(Loss) after Tax	6.4	(3.0)	(3.5)	9.9	283.1%
Annual Recurring Revenue	47.5	42.3	41.9	5.6	13.4%

1. Adjusted Operating Profit and Adjusted Operating Margin are in respect of continuing operations and excludes charges reported in "Other items" of £3.0m (2019: £14.4m), refer to note 6 in the Financial Statements and before Interest, Tax, Depreciation and Amortisation
2. 2019 results adjusted are updated for constant currency - the Group has applied 2020 foreign exchange rates to 2019 results to present a constant currency basis, when applied to 2019 results there is a reduction in Revenue of £0.6m, a reduction to Adjusted Operating Profit (before Central Overheads) of £0.5m and Adjusted Operating Profit of £0.5m.
3. Central Overheads are made up of costs that are not directly attributable to either Student Information Systems or Education Services.

The Revenue and Adjusted Operating Profit by segment in the table shows the reported results for FY2020 and FY2019, and the FY2019 results restated to "constant currency" using 2020 rates to exclude foreign currency impact. The change percentages shown are on the 2019 constant currency numbers. All comparatives reported below are on a constant currency basis.

Annual Recurring Revenue

Annual Recurring Revenue (ARR) is a key financial metric of the Group and an area of strategic focus. Our aim is to grow Annual Recurring Revenue through the delivery of an increasing proportion of Software as a Service contracts, providing increase quality of earnings. ARR represents committed revenue as at 31 December 2020 and comprises, Support & Maintenance Fees and Cloud Services together with Subscription License fees where the license revenue is received over the life of the contract. This has increased by 13.4% to £47.5m (2019: £41.9m constant currency: £42.3m reported), representing 74.2% of Software & Related revenue and 59.5% of total Group revenue (2019: 71.8% and 53.8% respectively). Growth has been generated in both Support & Maintenance revenues and Cloud revenues, where we continue to see increased demand from customers.

Revenue

As anticipated, revenue in the year reduced 5.9% to £73.0m (2019: £77.6m constant currency, adjusted for the negative impact of foreign exchange of £0.7m; £78.2m as reported), predominantly as a result of the impact of COVID-19 on the Education services segment. The Group's core Student Information Systems segment revenue held up well, decreasing by only 1.9% to £56.9m (2019: £58.0 constant currency; £58.6m reported). Education Services revenue decreased by 17.9% to £16.1m (2019: £19.6m constant currency; £19.6m reported) as a result of certain on-site projects being suspended during the Covid-19 period.

The Group has chosen to present its results in the CEO Review on a constant currency basis to give a true reflection of year-on-year performance and account for the adverse impact of foreign exchange movements in the year. Approximately 42% of Tribal's income in the year was generated outside the UK and is therefore subject to foreign exchange movement. During 2020, the continued strengthening of sterling, particularly against the Australian dollar, has impacted revenue. Consistent with reporting last year, the results for 2019 have been adjusted to reflect the foreign exchange rates prevailing during 2020 to provide a "constant currency" comparative.

Note this 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" in the Chief Executive's Review.

Adjusted Operating Profit (EBITDA)

The Adjusted Operating Profit (EBITDA) was £14.9m (2019: £14.9m constant currency; £15.4m reported). The Adjusted Operating Margin (EBITDA) increased to 20.4% (2019: 19.2% constant currency; 19.6% reported).

Central Overheads, representing costs in HR, IT, Finance, Marketing and Management that aren't directly attributable to lines of business increased by £0.6m to £8.8m (2019: £8.4m constant currency; £8.3m reported), primarily due to accounting for holiday pay as we allowed all employees the option to carry forward up to 5 days annual leave due to Covid-19. 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 their existing work supporting ebs and SchoolEdge and business services. This has enabled us to improve margin without impacting the Group's ability deliver on customer contracts and generate growth. The Group continues to identify cost saving measures and effectively manages its cost base.

Statutory Profit/(Loss) after Tax

The Statutory Profit after Tax for the year increased to £6.4m (2019: Loss £3.0m reported). Excluding the increased cost of £9.1m incurred in 2019 as a result of the platform dispute, Tribal shows strong growth, with a normalised Statutory Profit after Tax increase of 3% from £6.1m in 2019.

Segmental performance

The Group provides software and non-software related services to educational customers, both public and private. These services are managed across two lines of business (segments), Software Information Systems (SIS) and Education Services (ES). The majority of software sales are across our core Student Information Systems business together with a small amount of software sales in Education Services, reported under Other.

Student Information Systems (SIS) 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, Malaysia and Canada. Products and offerings are split between License & Development Services, Support & Maintenance, Implementation, and Cloud Operations.

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.

Student Information Systems (SIS)

£m	2020	2019 Reported	Constant Currency 2019	Change constant currency	Change constant currency %
Total Revenue	56.9	58.6	58.0	(1.1)	(1.9)%
License & Development Fees	6.1	6.4	6.4	(0.3)	(4.0)%
Support & Maintenance Fees	33.0	32.6	32.1	0.8	2.6%
Implementation Services	11.1	12.8	12.6	(1.5)	(12.0)%
Cloud Services	6.2	6.0	6.0	0.2	2.7%
Other Services	0.5	0.8	0.8	(0.3)	(40.0)%
Adjusted Operating Profit	21.0	19.7	19.1	1.9	10.0%
Adjusted Operating Margin	36.9%	33.6%	32.9%	-	40bp

Student Information Systems revenue decreased by 1.9% to £56.9m (2019: £58.0m constant currency; £58.6m reported).

The market for the replacement of student information systems in the UK, Australia and wider APAC region has proved to be resilient with Tribal adding new customers in the UK and Australia, as well expanding its presence in South East Asia with a new customer in Singapore.

License & Development fees relate to the sale of new software licenses as well as customer paid enhancements (development fees) to previous sales. Tribal's core Student Information Systems products include:

- SITS (Student Information Technology System) used by around 60% of universities in the UK, including 50% of the Russell Group universities, as well as universities in Australia, New Zealand, Malaysia, Singapore, Canada, Southern Ireland, Hungary and Malta;
- Tribal Dynamics, a suite of customer relationship management (CRM) based solutions;
- Callista, a bespoke student management system implemented in 11 Australian universities;
- ebs (education business system) used by colleges and training institutes in the UK (including Northern Ireland);
- Maytas, for training providers and apprenticeship providers;
- Student Engage, a social collaboration mobile technology application sold across all markets;
- School Edge and ebs Schools used by around 4,000 schools in Australia.

In addition, non-SIS software sales includes K2 (asset management software) and Software Solutions (bespoke software development). These are businesses that operate profitably and continue to be supported, although there is limited investment in future development of the solutions and little proactive sales and marketing activity.

License & Development fees revenue fell slightly compared to the previous year to £6.1m (2019: £6.4m constant currency; £6.4m reported). Under IFRS 15 license revenue is recognised as the software is implemented on a percentage complete basis, resulting in the revenue from larger implementations taking up to four years to recognise. The strong sales performance in the final quarter of the year will benefit revenue in future years however only a small amount was recognised in 2020. There have been new sales in Further Education (FE) although the revenue on these sales have continued to be impacted by the move to subscription selling where the license is bundled with the support and maintenance fee which is paid for and recognised over the life of the contract, rather than upfront.

Implementation services deliver the technical implementation of our software products at customer sites, typically working alongside customer teams. Implementation projects vary in length, and range from a small number of days, to more than two years for more complex projects. Revenues are typically based on day rate fees, although we sometimes operate under fixed fee contracts for defined implementation scopes. Revenue reduced to £11.1m (2019: £12.6m constant currency; £12.8m reported) reflecting disruption caused by Covid-19 as customers moved to remote working, as well as delays to the sales cycle. This was particularly noticeable in the UK as revenue decreased by 32% to £5.8m. In APAC revenue increased by 30% to £4.9m benefitting from the two large SITS sales at the start of the year pre-Covid-19 to Kaplan Business School Australia and Chartered Accountants Australia and New Zealand.

Support & Maintenance fees in the period increased by 2.6% to £33.0m (2019: £32.1m adjusted; £32.6m reported). This reflects the strong retention rates in our customer base and new customers added in the year.

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 in a public cloud, as well IT managed services. Demand continued to increase for cloud services across all markets with the majority of customers now managed in the public cloud. Revenue increased by 2.7% to £6.2m (2019: £6.0m constant currency; £6.0m reported).

Other software & related services include revenue from the conferences that Tribal provides to customers in the Higher Education and Further Education sectors, and research and development tax credits (RDEC) received in the UK in relation to product development work undertaken.

The Annual Recurring Revenue reported in year for 2020 in SIS, which relates to Support & Maintenance, Cloud services and Subscription license/support sales, increased by 5% to £42.2m (2019: £40.2m constant currency; £40.7m reported) and represents 74% of SIS revenue (2019: 69%). Support and maintenance renewals have minimal attrition and the demand for cloud services continues to grow.

The Adjusted Operating Profit in Student Information Systems increased by 10.0% to £21.0m (2019: £19.1m constant currency; £19.7m reported) and Adjusted Operating Margin increased to 36.9% (2019: 32.9% constant currency; 33.6% reported). The improvement in both profit and margin is driven by increased revenue in Support & Maintenance and Cloud services, together with improvements in efficiency in implementation services from delivering remotely to customers.

Education Services (ES)

£m	2020	2019 Reported	Constant Currency 2019	Change constant currency	Change constant currency %
Total Revenue	16.1	19.6	19.6	(3.5)	(17.9)%
School Inspections & Related Services	11.4	13.9	13.9	(2.5)	(18.5)%
Surveys & Data Analytics	2.2	3.3	3.2	(1.0)	(33.6)%
Information Management Services	0.3	0.3	0.3	-	(2.4)%
Asset management and software solutions	2.3	2.1	2.1	0.2	8.6%
Adjusted Operating Profit	3.4	4.2	4.2	(0.8)	(18.0)%
Adjusted Operating Margin	21.3%	21.2%	21.4%	-	10bps

Education Services revenue decreased by 17.9% to £16.1m (2019: £19.6m constant currency; £19.6m reported).

The revenue from **School Inspections & Related Services** decreased by 18.5% to £11.4m (2019: £13.9m constant currency; £13.9m reported) .

School inspections & related services are delivered globally with sales in the UK, North America, the Middle East, Australia and New Zealand. Inspection services are provided to government and non-government bodies in the UK, US and Middle East. These tend to be multi-year contracts with fixed and variable pricing elements. Related complementary services include training for prospective quality assurance inspectors, training and software tools for school leaders to prepare for inspections, online professional development tools for teachers to enhance their professional development, and other similar offerings.

The key contracts in the UK with the Department of Education in the UK, the National Centre for the Excellence of Teaching Mathematics and the Advance Maths Support Programme, and with the New York State Education Department (NYSED) in the US largely continued as planned quickly moving to a remote delivery model. Covid-19 did disrupt the inspections element of the contract with NYSED and the large school inspections contract in the Middle East with ADEK due to school closures, as well as impacting new business revenue.

The revenue for **Surveys & Data Analytics** fell by 33.6% to £2.2m (2019: £3.2m constant currency; £3.3m reported).

Surveys & data analytics, which includes benchmarking, provides a range of services for managers of universities, colleges and schools to assess and enhance the quality of education they provide and improve their operational performance. These services are provided globally, the largest product being the International Student Barometer which is performed annually for each of the Northern and Southern hemispheres.

Covid-19 impacted the volume of benchmarking projects in the year, and the International Student Barometer for the Southern hemisphere was delayed into 2021.

The revenue from **Asset Management (K2) and Software Solutions**, increased by 8.6% to £2.3m (2019: £2.1m constant currency; £2.1m reported). Asset Management benefitted from increased royalties from its contract supporting the governments will archive programme. These two businesses continue to operate profitably however, they are non-core with limited investment benefits and will reduce over time.

The Adjusted Operating Profit in Education Services decreased by 18.0% to £3.4m (2019: £4.2m constant currency; £4.2m reported), however the Adjusted Operating Margin remained consistent at 21.3% (2019: 21.4% constant currency; 21.2% reported).

Product Development

£m	2020	2019 Reported	Change
Product Development	11.6	10.7	8%
Of which capitalised	6.8	6.1	10%
Tribal Edge	6.6	5.9	11%
Tribal Dynamics	0.2	0.2	(14)%
Of which expensed	4.8	4.6	4%
SITS	1.0	1.5	(55)%
ebs	1.8	1.4	19%
Maytas	0.1	0.2	(44)%
SchoolEdge	0.3	0.4	(24)%
Tribal Dynamics	0.6	0.2	59%
Other	1.0	0.9	20%
Of which Amortised	1.2	1.4	(21)%

The Group spent £11.6m on Product Development, of which £6.6m was capitalised in relation to Tribal Edge and £0.2m was capitalised in relation to Tribal Dynamics. (2019: £10.7m spent, £6.1m capitalised). The net P&L charge after removing capitalised spend was £4.8m (2019: £4.6m), and £3.6m excluding amortisation (2019: £3.2m). 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.

The Group continued to invest in the Tribal Edge platform, the next generation, cloud-based platform for student information systems in the Higher Education and Further Education & Colleges sectors. Capitalised Product Development spend increased to £6.6m (2019: £5.9m) as the Tribal Edge development team increased in size and completed its first modules in the year, Tribal Submissions and the first version of Tribal Admissions.

The Group also undertakes client funded product development work in relation to the Callista student management system on behalf of a group of 11 universities in Australia.

Geographic revenue

£m	**2020**	**2019 Reported**	**2019 Constant Currency**	**Change constant currency**	**Change constant currency %**
Total Revenue	73.0	78.2	77.6	(4.6)	(6.0)%
UK	42.5	47.4	47.4	(4.9)	(12)%
Asia Pacific	24.2	23.5	22.9	1.3	5%
Rest of world[1]	6.3	7.3	7.3	(1.0)	(15)%

1. Including USA, Canada and Middle East.

Tribal's key geographic markets are the UK (58% of total revenue), Asia Pacific including Australia, New Zealand and Malaysia (33%); and, North America and the rest of the world including Middle East (9%).

UK revenues reduced 11.7% due to new implementations coming to an end in the year, a limited pipeline for new implementations as well as reduced sales in the schools market. This was partially offset by strong delivery of UK based Education Services contracts.

Asia Pacific revenues increased by 5.4%, primarily due to new implementations beginning in the year as a result of new wins in the period.

Revenue for the Rest of the world reduced by 15.0%, due to the temporary pause of larger QAS contracts in the Middle East and the rephasing of ongoing work into 2021 as a result of Covid-19.

TRIBAL

Key Performance Indicators (KPIs)

£m	2020	2019 Reported	2019 Constant Currency	Change constant currency	Change constant currency %
Revenue	73.0	78.2	77.6	(4.6)	(5.9)%
- Student Information Systems	56.9	58.6	58.0	(1.1)	(1.9)%
- Education Services	16.1	19.6	19.6	(3.5)	(17.9)%
Adjusted Operating Profit (EBITDA)[1]	14.9	15.4	14.9	-	0.1%
Adjusted Operating Margin[1]	20.4%	19.6%	19.2%	-	120bp
Annual Recurring Revenue (ARR)	47.5	42.2	41.9	5.6	13.4%
Committed Income (Backlog)	144.4	133.6			
Operating Cash Conversion[2]	122%	105%	105%	-	170bp
Free Cash Flow[2]	5.2	5.3	5.3	(0.1)	(1.4)%
Staff Retention	92.3%	87.9%			
Revenue/Average FTE	£87.7k	£92.0k			

1. Adjusted Operating Profit and Adjusted Operating Margin are in respect of continuing operations and excludes charges reported in "Other items" of £3.0m (2019: £14.4m), refer to note 6 in the Financial Statements. EBITDA is calculated by taking the Adjusted Operating Profit after the allocation of Central Overheads and excludes Interest, Tax, Depreciation and Amortisation.
2. Excluding the platform dispute settlement of £8.1m

Committed Income (Backlog)
The Committed Income (backlog) relates to the total value of orders which have been signed on or before, but not delivered by 31 December 2020. 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 2020 this increased to £144.4m (2019: £133.6m reported). The majority of the increase relates to the significant contract wins in SIS.

Annual Recurring Revenue (ARR)

£m	2020	2019 Reported	Change	Change %
Support & Maintenance	34.8	33.7	1.1	3.3%
Subscription License	2.5	0.6	1.9	307.1%
Tribal:Cloud	8.1	6.5	1.6	23.4%
Tribal Edge	2.1	1.5	0.6	41.7%
ARR	47.5	42.3	5.2	12.2%

The Annual Recurring Revenue (ARR) represents committed revenue as at 31 December 2020 and includes Support & Maintenance fees paid on all software, License sold on a subscription (non perpetual) basis, Cloud hosting service and Tribal Edge sales. The 2019 ARR is restated to include License sold on a subscription basis. Overall the Annual Recurring Revenue total increased by 12.2% to £47.5m (2019: £42.3m reported).

Operating cash conversion
Operating cash conversion is calculated as net cash from operating activities after tax as a proportion of adjusted operating profit excluding the settlement of the platform dispute. In 2020, operating cash conversion was 122% (2019: 105% reported).

Free cash flow
Free cash flow is included as a key indicator of the cash that is generated by the Group and available for further investment or distribution. It is calculated as net cash from operating activities less capital expenditure and less capitalised development costs (excluding acquired intellectual property). In 2020, free cash flow excluding the one off settlement of the platform dispute was £5.2m (2019: £5.3m reported).

Headcount and staff retention

	2020	2019	Change
Headcount	893	879	14
UK	602	618	(16)
Asia Pacific	277	245	32
Rest of world[1]	14	16	(2)
Full Time Equivalent (FTE)	832	850	(18)

1. Including USA, Canada and Middle East.

Our overall workforce has increased by 16% to a total headcount of 893 from 879 at 31 December 2019.

The total Full Time Equivalent (FTE) headcount has decreased by 18 FTEs to 832 (2019: 850 FTEs). The Revenue per Average FTE metric is slightly lower than prior year at £87.7k for 2020 (2019: £92.0k). On an operational headcount basis (excluding Product Development), the revenue per FTE for 2020 is £153.4k (2019: £104.6k).

We note, though, that despite the extent of change within the Group, our staff retention has marginally increased to 92.3% (2019: 87.9%).

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 not be 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. 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 2020, share based payment charges (including employer related taxes) totalled £1.8m (2019: £1.7m), and are excluded from the Adjusted operating profit.

  On 7 July 2020, 482,143 nil-cost share options were granted to Mark Pickett under the terms of the 2010 LTIP. On 7 July 2020, 1,876,000 share options were granted to senior management under the Company share option plan.

- Amortisation of IFRS 3 intangibles
  The amortisation charge in relation to IFRS 3 intangible assets of £1.0m (2019: £1.3m) 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.

- Restructuring and associated costs

These costs relate to the restructuring of the Group's operations and the charge for the year is £0.5m (2019: £0.8m) due to planned restructures at the start of the year. There are no restructuring provisions recognised as at 31 December 2020.

Net cash and cashflow

£m	2020	2019	2018	Change
Net cash flow from operating activities	5.5	12.4	14.2	(6.9)
Net cash outflow from investing activities	(9.2)	(13.2)	(6.2)	4.0
Net cash outflow from financing activities	(3.3)	(2.9)	(1.9)	(0.4)
Net (decrease)/increase in cash & cash equivalents	(7.0)	(3.7)	6.1	(3.3)
Cash & cash equivalents at beginning of the year	16.5	20.0	14.1	(3.5)
Cash & cash equivalents at end of period	9.5	16.3	20.2	(6.8)
Less: Effect of foreign exchange rate changes	-	0.2	(0.2)	(0.2)
Net cash & cash equivalents at end of period	9.5	16.5	20.0	(7.0)

Cash and cash equivalents at 31 December 2020 were £9.5m (2019: £16.5m).

Operating cash inflow for the period was £5.5m (2019: £12.4m). The working capital movement excluding the one off settlement increased to £0.4m (2019: £0.3m), as a result of strong cash management including a significant reduction in trade debtors and trade payables.

Cash outflow from investing activities was £9.2m (2019: £13.2m). The Group has seen a decrease in capital expenditure spend on equipment costs (2020: £0.4m; 2019: £0.6m). Spend on product development increased to £7.1m (2019: £6.3m) in line with the Group's Edge strategy. The Group made a payment of £1.7m for deferred consideration (2019: £0.5m), this was in respect of the first Earn Out from the acquisition of Crimson Consultants in May 2019.

Cash outflow from financing activities increased to £3.3m (2019: £2.9m). The Group made an interim dividend payment of 1.1p per share in the year with £2.3m returned to shareholders. In line with IFRS 16, rent payments previously recognised in net operating profit from operating activities are now shown as payment of lease liabilities within net cash outflows from financing activities £1.0m. Bank loan arrangement fees and interest in the period totalled £0.3m as a result of the £10m facility agreed in January 2020. This is offset with the issue of shares (£0.2m) to satisfy exercises of share-based payment schemes.

Finance costs and funding arrangements

Net finance costs increased to £0.2m in the year (2019: £0.1m). 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 exercise was approved by HSBC on 16 March 2021. The facility was put in place to cover general corporate and working capital requirements of the Group and was fully drawn down in March 2020 but was repaid in full before 31 December 2020. 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 September 2021 and October 2021 respectively. At 31 December 2020 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 and GBP. These contracts expired in the year and generated a net change in fair value of £0.1m. The Group will continue to manage foreign exchange exposure during 2021.

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 2020 of 1.2p, pending approval at the AGM on 27 April 2021. The anticipated payment date is 29 July 2021, with an associated record date of 9 July 2021 and ex-dividend date of 8 July 2021. Tribal paid a one-off interim dividend of 1.1p per share in recognition of the proposed dividend for the year ended 31 December 2019 being cancelled due to Covid-19. The combined dividend for the year was 2.3p per share. (2019: nil) however, it is Tribal's expectation that only a final dividend will be paid going forward.

Going concern

Tribal had cash and cash equivalents of £9.5m at the end of 2020 plus access to an undrawn UK and Australian overdraft of £2.0m and $AUD 2.0m respectively. This is after £0.1m of furlough benefits and all temporary tax deferrals were repaid in full before the 31 December 2020. As noted above the Group entered into a £10m facility to cover general corporate and working capital requirements of the Group. 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.

We responded to the challenges presented by the Covid-19 pandemic and we transitioned quickly and efficiently to remote working. The changes customers have seen from our delivery of work across the business has been well received and demonstrates our ability to adapt and change as a business but still serve customers. It also demonstrates the benefits of remote working to the business both in terms of reduction of travel costs and increase in productivity which we expect to continue to benefit the business into the future post-Covid-19. Any medium to longer-term effects or changes resulting from Covid-19 on education institutions will become clearer over time and we continue to closely monitor the ongoing impact of Covid-19 on a regular basis.

Tribal'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 revenue, which is annual recurring (repeat) income and represents half of our total annual revenue, 2/3 of our software revenue, provides a level of protection and certainty to the business. We expect this position to continue.

The Group had a positive end to the year, closing a number of significant sales to new and existing customers, and expanding into new territories in South East Asia. 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.

Our success with Nanyang Technological University validates Tribal's strategy to provide complete, integrated Student Information Systems managed in the public cloud, covering the complete student journey, from pre-admission through to graduation. The £16.9m, eight year contract encompasses SITS in the Tribal:Cloud and Tribal Edge products, together with Tribal Student Marketing & Recruitment and Tribal Student Support & Welfare and provides a significantly stronger position as we head into 2021 and beyond.

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 were able to adapt our delivery to a remote model very quickly. 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 or next year. Whilst we have seen revenue decrease in 2020 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 2021 and we have recently extended both the AMSP and NPQ contracts until Q3 2022 and Q4 2022 respectively thus increasing revenues going forward.

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 available facility. Management would also introduce cost saving measures to mitigate the impact on profit and cash if necessary. We do though remain positive about the medium and longer term prospects for the Group. Based on this assessment they have a reasonable expectation that adequate financial resources will continue to be available for at least 12 months from the date of approval of the financial statements.

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. 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 Group's 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 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 £3.1m (2019: £2.5m) and the adjusted effective tax rate was 27% (2019: 22%). This includes the impact of higher rates of taxation arising in overseas jurisdictions.

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 7 July 2020, 4,278,143 share options were granted to senior management, excluding Mark Pickett. On 7 July 2020, 482,143 nil-cost share options were granted to Mark Pickett as part of his ongoing remuneration.

The shares issued during the year in order to satisfy exercises of share-based payment schemes were as follows: 3,405,998 issued on 16 January 2020, 1,223,241 issued on 6 February 2020 and 150,000 issued on 12 June 2020. In addition 1,339,286 shares were issued on 13 June 2020 to the vendors of Sky Software Pty as part of the deferred consideration payable.

As at 31 December 2020, there were 205,698,309 shares issued (2019: 199,579,784).

Related parties

Transactions with related parties during the period are set out in note 31 of the Annual Report.

Earnings per share (EPS)

Adjusted diluted earnings per share from continuing operations before other costs and intangible asset impairment charges and amortisation, which reflects the Group's underlying trading performance, decreased by 10% to 4.0p (2019: 4.4p) due to the increase of the overseas current tax charges.

Statutory earnings per share (diluted) increased by 307% to 3.1p (2019: (1.5)p) as a result of the statutory profit made in the year of £6.4m (2019: statutory loss £(3.0)m).

Pension obligations

At 31 December 2020, 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 Parent Company. The trustees of the pension funds are required by law to act in the interest of the funds and of all relevant stakeholders in the schemes. The trustees of the pension funds are responsible for the investment policy with regard to the assets of the funds.

Across the pensions schemes, the combined deficit calculated under IAS19 at the end of the year totalled £0.9m (2019: deficit of £0.5m), with gross assets of £8.3m and gross liabilities of £9.2m (2019: £7.7m and £8.3m respectively). Total actuarial (losses)/gains recognised in the consolidated statement of comprehensive income are (£0.4)m (2019: £0.5m).

Risks

Financial risks

The main financial risks the Group faces relate to the continued sales of our software, where a trading downturn puts a strain on the operating cash flow, credit risk arising from contractual delays or scope changes, fluctuations in interest rates, and foreign exchange risk.

Operating cash flow risk

The Group benefits from significant annually recurring revenue which is received throughout the year. A 12 month rolling cash flow forecast is updated on a monthly basis to help identify any risk in future operating cash flows.

Credit risk
The credit risk arising from contractual delays or scope changes is reviewed monthly by the PLC Board. The Group seeks to reduce the risk credit losses arising from non-payment by our customers. This risk is closely monitored by the Credit & Collections team, which form part of Group Finance. Tribal incurred no material credit losses during 2020.

Interest rate risk
At the end of 2020, Tribal had no bank loan indebtedness. However, the Group is exposed to interest rate risk because entities in the Group hold cash and cash equivalents at floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, and forward rate agreements and interest swaps may be used, where appropriate, to achieve the desired mix of fixed and floating rate debt. There are no open derivative financial instruments at the year end.

Foreign exchange risk
Tribal's reporting currency is Sterling. A number of its subsidiaries have different functional currencies, so movement in the value of Sterling versus the currency used by the Group's international operations will affect its reported results, and the value of assets and liabilities on the consolidated balance sheet. Tribal's principal currency exchange exposure is to the Australian dollar although as at 31 December 2020, the Group was also exposed to movements in the rates between Sterling and the US dollar, United Arab Emirates Dirhams and New Zealand dollar.

The Group reduces its exposure to currency fluctuation on translation by typically managing currencies at Group level using bank accounts denominated in the principal foreign currencies for payments and receipts. The Group seeks to optimise the matching of currency surpluses generated to the foreign currency needs of the wider Group, and where there is a sufficient visibility of currency needs, forward contracts are used to hedge exposure to foreign currency fluctuations. The Group does not use financial instruments of a speculative nature and the Group's treasury function does not act as a profit centre. The volatility of sterling as a result of Brexit discussions heightens the foreign exchange risk.

The Group Finance team oversees the management of foreign exchange risk, and policies and procedures approved by the Board.

Cyber Risk
The Group relies on technology in our day-to-day business. These systems are potentially vulnerable to service interruptions and data breaches from attacks by malicious third parties, or from intentional or inadvertent actions by our employees. Failure to protect against the threat of cyber-attack could adversely impact the systems performing critical functions which could lead to a significant breach of security or contracts, jeopardising sensitive commercial or personal data and financial transactions of the Group.

The Group has invested in the protection of its data and IT systems from the threat of cyber-attack. Cyber security training is mandatory for all employees and a formal policy exists to minimise this risk. Furthermore, the Group ensures compliance with ISO and GDPR standards and there is a formal data breach process in place adopted by the Board.

Paul Simpson
Acting Chief Financial Officer

TRIBAL

Consolidated Income Statement
For the year ended 31 December 2020

	Note	Adjusted £'000	Other items (see note 4) £'000	Year ended 31 December 2020 Total £'000	Adjusted £'000	Other items (see note 4) £'000	Year ended 31 December 2019 Total £'000
Continuing operations							
Revenue	2	72,954	–	72,954	78,210	–	78,210
Cost of sales		(34,322)	–	(34,322)	(39,028)	–	(39,028)
Gross profit		38,632	–	38,632	39,182	–	39,182
Total administrative expenses		(26,831)	(2,693)	(29,524)	(27,530)	(14,098)	(41,628)
Operating profit/(loss)	2	11,801	(2,693)	9,108	11,652	(14,098)	(2,446)
Investment income	5	53	–	53	59	–	59
Finance costs	6	(345)	(307)	(652)	(162)	(344)	(506)
Profit/(loss) before tax		11,509	(3,000)	8,509	11,549	(14,442)	(2,893)
Tax (charge)/credit	7	(3,156)	1,005	(2,151)	(2,518)	2,448	(70)
Profit/(loss) attributable to the owners of the parent		8,353	(1,995)	6,358	9,031	(11,994)	(2,963)
Earnings per share							
Basic	9	4.1p	(1.0)p	3.1p	4.6p	(6.1)p	(1.5)p
Diluted	9	4.0p	(0.9)p	3.1p	4.4p	(5.9)p	(1.5)p

All activities are from continuing operations.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Profit/(loss) for the year	6,358	(2,963)
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit pension schemes	(438)	490
Deferred tax on measurement of defined benefit pension schemes	89	(83)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	1,120	(627)

Other comprehensive income/(expense) for the year net of tax	771	(220)
Total comprehensive income/(expense) for the year attributable to equity holders of the parent	7,129	(3,183)

Consolidated Balance Sheet
As at 31 December 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Goodwill	10	26,661	25,879
Other intangible assets	11	24,376	19,469
Property, plant and equipment		1,069	1,438
Right-of-use assets		3,342	4,110
Net investment in lease		174	220
Deferred tax assets		4,829	4,462
Contract assets		22	129
		60,473	55,707
Current assets			
Trade and other receivables	12	11,036	10,791
Net investment in lease		46	46
Contract assets		3,951	3,864
Current tax assets		–	2
Cash and cash equivalents	15	9,520	16,463
		24,553	31,166
Total assets		85,026	86,873
Current liabilities			
Trade and other payables	13	(6,052)	(7,027)
Accruals		(7,480)	(14,437)
Contract liabilities		(23,078)	(22,940)
Current tax liabilities		(2,861)	(1,864)
Lease liabilities		(1,020)	(933)
Provisions		(265)	(450)
		(40,756)	(47,651)
Net current liabilities		(16,203)	(16,485)
Non-current liabilities			

Other payables	13	(40)	(1,970)
Deferred tax liabilities		(1,250)	(1,093)
Contract liabilities		(330)	(78)
Retirement benefit obligations		(958)	(540)
Lease liabilities		(2,551)	(3,286)
Provisions		(923)	(936)
		(6,052)	(7,903)
Total liabilities		(46,808)	(55,554)
Net assets		38,218	31,319
Equity			
Share capital		10,285	9,979
Share premium		15,951	15,539
Other reserves		26,926	26,029
Accumulated losses		(14,944)	(20,228)
Total equity attributable to equity holders of the parent		38,218	31,319

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Other reserves £'000	Accumulated losses £'000	Total equity £'000
Balance as at 31 December 2018	9,803	15,539	25,020	(14,982)	35,380
Loss for the year	–	–	–	(2,963)	(2,963)
Other comprehensive expense for the year	–	–	–	(220)	(220)
Total comprehensive expense for the year	–	–	–	(3,183)	(3,183)
Issue of equity share capital	176	–	–	–	176
Equity dividend paid	–	–	–	(2,147)	(2,147)
Credit to equity for share-based payments	–	–	1,042	–	1,042
Foreign exchange difference on share-based payments	–	–	(33)	–	(33)
Tax credit on credit to equity for share-based payments	–	–	–	84	84
Contributions by and distributions to owners	176	–	1,009	(2,063)	(878)
Balance 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	239	–	–	–	239
Equity dividend paid	–	–	–	(2,254)	(2,254)
Credit to equity for share-based payments	–	–	1,339	–	1,339
Share options exercised	67	412	(479)	–	–
Foreign exchange difference on share-based payments	–	–	37	–	37
Tax credit on credit to equity for share-based payments	–	–	–	409	409
Contributions by and distributions to owners	306	412	897	(1,845)	(230)
At 31 December 2020	10,285	15,951	26,926	(14,944)	38,218

Consolidated Cash Flow Statement
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Net cash from operating activities	15	5,461	12,359
Investing activities			
Interest received		6	51
Purchases of property, plant and equipment		(356)	(577)
Expenditure on intangible assets		(7,129)	(6,300)
Payment of deferred consideration for acquisitions		(1,732)	(485)
Net gain on forward contracts		41	–
Acquisition of investments in subsidiaries - cash consideration		–	(5,904)
Acquisition of investments in subsidiaries - cash acquired		–	34
Net cash outflow from investing activities		(9,170)	(13,181)
Financing activities			
Interest paid		(259)	(119)
Loan arrangement fees		(65)	–
Proceeds on issue of shares		239	176
Payment of lease liabilities		(980)	(865)

Proceeds from sub-leases	52	52
Equity dividend paid	(2,254)	(2,147)
Net cash used in financing activities	(3,267)	(2,903)
Net decrease in cash and cash equivalents	(6,976)	(3,725)
Cash and cash equivalents at beginning of year	16,463	19,974
Effect of foreign exchange rate changes	33	214
Cash and cash equivalents at end of year	9,520	16,463

Notes to the Financial Statements

1. General information

The basis of preparation of this preliminary announcement is set out below.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2020 or 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the Registrar of Companies and those for 2020 will be delivered following the Company's annual general meeting. The auditor BDO LLP has reported on the statutory financial statements for the year ended 31 December 2020 and the audit report was unqualified.

Whilst the financial information included in this preliminary announcement has been completed in accordance with International Financial Reporting Standards (IFRSs), this announcement itself does not contain sufficient information to comply with IFRSs. The financial information has been prepared on the historical cost basis, except for financial instruments.

Copies of this announcement can be obtained from the Company's registered office at King's Orchard, 1 Queen Street, Bristol BS2 0HQ.

The full financial statements which comply with IFRSs will be posted to shareholders on or around 2 April 2021 and are available to members of the public at the registered office of the Company from that date, and are now available on the Company's website: www.tribalgroup.com.

2. Revenue for contracts with customers

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

31 December 2020	UK £000	Australia £000	Other APAC £000	North America and rest of the world £000	Total £000
License and development fees	5,633	263	112	103	6,111
Implementation services	5,800	4,226	628	465	11,119
Support & maintenance	15,472	15,280	1,317	916	32,985
Cloud services	5,210	800	42	133	6,185
Other services	462	26	1	4	493
Schools inspections & other related services (QAS)	9,330	-	198	4,377	13,905
i-graduate survey & data analytics	558	254	1,069	275	2,156
	42,465	20,849	3,367	6,273	72,954

31 December 2019	UK £000	Australia £000	Other APAC £000	North America and rest of the world £000	Total £000
License and development fees	5,992	152	149	80	6,373
Implementation services	8,591	2,610	1,135	417	12,753
Support & maintenance	14,869	15,656	1,254	843	32,622
Cloud services	5,154	752	26	111	6,043
Other services	804	20	–	–	824
Schools inspections & other related services (QAS)	11,689	–	1,054	5,095	17,838
i-graduate survey & data analytics	327	333	403	694	1,757
	47,426	19,523	4,021	7,240	78,210

Net contract liabilities

	Contract Asset/(Liability) 2020 £000	Contract Asset/(Liability) 2019 £000
Opening contract balance post IFRS 15	(19,025)	(17,752)
Of which released to income statement	18,750	17,112
New billings and cash in excess of revenue recognised	(19,161)	(18,385)
Closing contract balance	(19,436)	(19,025)

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.

License revenue is recognised over the duration of the project implementation period on a percentage completion basis based on timesheet data of actual days delivered versus number of expected days for the project.

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

The amount of incremental costs to obtain a contract which extends over a period of more than 12 months has been recognised as an asset in prepayments totalling £0.3m (2019: £0.2m) and will be released in line with the total contract revenue. No amount has been impaired at 31 December 2020 or 2019.

Remaining performance obligations

License revenue is recognised over the duration of the project implementation period on a percentage completion basis. For large deals, which may typically have an implementation period of two years or more, the recognition of License revenue is spread over an extended period, rather than immediate upfront recognition.

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 2020	2021 £000	2022 £000	2023 £000	Thereafter £000	Total £000
License and development fees	6,416	5,084	3,881	765	16,146
Implementation services	9,451	5,488	146	–	15,085
Support & maintenance	34,204	23,823	10,994	741	69,762
Cloud services	7,252	6,552	4,003	2,972	20,779
Other services	155	254	231	–	640
Schools inspections & other related services (QAS)	12,374	4,098	2,113	1,308	19,893
i-graduate survey & data analytics	1,534	413	128	23	2,098
	71,386	45,712	21,496	5,809	144,403

At 31 December 2019	2020 £000	2021 £000	2022 £000	Thereafter £000	Total £000
License and development fees	4,364	2,826	1,439	36	8,665
Implementation services	7,680	703	208	–	8,591
Support & maintenance	32,894	29,362	11,012	293	73,561
Cloud services	5,629	4,888	2,048	146	12,711
Other services	300	174	23	–	497
Schools inspections & other related services (QAS)	13,875	7,633	3,862	2,850	28,220
i-graduate survey & data analytics	696	278	281	70	1,325
	65,438	45,864	18,873	3,395	133,570

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

	2020 £'000	2019 £'000
Continuing operations		
Sales of services	72,954	78,210
Total revenue	72,954	78,210

Sales of services are defined as education related systems or solutions and consultancy services. 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 £0.5m (2019: £0.6m) related to software license revenues recognised as a result of a periodic review of our license entitlement resulting from changes in our customers' enrolled student numbers.

There is no revenue in respect of discontinued operations.

3. Business segments

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

- Student Information Systems (SIS) represents the delivery of software and subsequent maintenance and support services and the activities through which we deploy and configure our software for our customers; and
- Education Services (ES) representing 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, being the Chief Executive. Inter-segment sales are charged at prevailing market prices.

	Revenue		Adjusted Segment Operating Profit	
	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Student Information Systems	56,895	58,615	19,572	17,937
Education Services	16,059	19,595	3,326	4,014
Total	72,954	78,210	22,898	21,951
Unallocated corporate expenses			(11,097)	(10,299)
Adjusted operating profit			11,801	11,652
Amortisation of software and customer contracts & relationships (see note 4)			(1,021)	(1,331)
Other items (see note 4)			(1,672)	(12,767)
Operating profit/(loss)			9,108	(2,446)
Investment income			53	59

Finance costs	(652)	(506)
Profit/(loss) before tax	8,509	(2,893)
Tax charge	2,151	(70)
Profit/(loss) after tax	6,358	(2,963)

Depreciation and amortisation is allocated to segment profits and is included in adjusted segment operating profit as above. The amount included in SIS is £1.4m (2019: £1.8m) and within Education Services £0.1m (2019: £0.1m).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1 of the Annual Report. 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 6% (2019: 4%) have arisen from the Segments largest customer; within SIS revenues of approximately 6% (2019: 7%) have arisen from the Segments largest customer.

Geographical information

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

	2020 £'000	2019 £'000
UK	42,465	47,426
Australia	20,724	19,523
Other Asia Pacific	3,492	4,021
North America	2,572	3,127
Rest of the world	3,701	4,113
	72,954	78,210

Non-current assets (excluding deferred tax)

	2020 £'000	2019 £'000
UK	39,632	34,657
Australia	15,214	15,607
Other Asia Pacific	695	892
North America	88	64
Rest of the world	15	25
	55,644	51,245

4. Other items

	2020 £'000	2019 £'000

Acquisition related costs	814	(237)
Platform dispute	–	(9,133)
Employee related share option charges (including employer related taxes)	(1,815)	(1,717)
– Write off of business systems	–	(646)
– Legacy defined benefit schemes	(123)	(90)
– Other legal costs	(36)	(150)
– Restructuring and associated costs	(512)	(794)
Other items	(671)	(1,680)
Amortisation of software and customer contracts & relationships	(1,021)	(1,331)
Total administrative expenses	(2,693)	(14,098)
Other financing costs	(307)	(344)
Total other items before tax	(3,000)	(14,442)
Tax on other items	1,005	2,448
Total other items after tax	(1,995)	(11,994)

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 acquisition of Tribal Dynamics Holdings Limited in the period total £nil (2019: £237,000). Under IFRS3 these amounts were expensed as are not eligible for capitalisation. These are considered to be one off costs in the previous year. In 2020 accounting for changes in the fair value of the deferred consideration have been remeasured at relevant reporting dates as part of the earn-out agreement, and the corresponding gain has been recognised in the income statement (2020: (£814,000): 2019: £nil).

Platform dispute: Amounts relating to the Platform dispute and the agreement to settle the dispute for past royalties and associated legal costs in the period total £nil (2019: £9,133,000). An accrual of £8,200,000 was made in 2019 to settle all historic liabilities and outstanding legal costs. The dispute has now been settled and all amounts paid and accruals released.

Employee related share option charges. The numbers above include:

- share based payments plus foreign exchange £(37,000): (2019: £33,000);
- the movement in associated employers taxes accrual (2020: £153,000: 2019: £(52,000));
- the amounts accrued and paid on dividends on share options that have met performance conditions (2020: £195,000: 2019: £155,000). 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 (2020: £128,000: 2019: £572,000). 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 the previous year the Group upgraded its accounting system to Microsoft Dynamics D365 to allow the Group's finance team to access new functionalities and thus providing operating efficiencies. After the successful upgrade the remaining life of AX 2012 was reviewed and management concluded that this asset should be fully impaired in line with IAS 36 paragraph 12(e) due to the obsolescence of the asset (2020: £nil: 2019: £646,000) (see note 11);
- 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 administration charges (2020: £123,000: 2019: £90,000);
- 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 (2019: £150,000). The amounts expensed are the excess not covered by the Group's Insurance policy. All costs have now been fully settled in 2020; and
- restructuring and associated costs relate to the restructuring of the Group's operations (2020: £572,000: 2019: £794,000).

Amortisation of software and customer contracts and relationships: Amortisation arising on the fair value of intangible assets acquired is separately disclosed. (2020: £1,021,000: 2019: £1,331,000).

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 (2020: £307,000: 2019: £344,000).

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.

5. Investment income

	2020 £'000	2019 £'000
Other interest receivable	6	51
Fair value movement on forward exchange contract	41	–
Interest receivable on leased assets	6	8
Total investment income	53	59

6. Finance costs

	2020 £'000	2019 £'000
Interest on bank overdrafts and loans	147	4
Loan arrangement fees	65	–
Net interest payable on retirement benefit obligations	10	27
Interest expense on lease liabilities	123	131
Adjusted finance costs	345	162
Unwinding of discounts	307	344
Other finance costs	307	344
Total finance costs	652	506

7. Tax

	2020 £'000	2019 £'000
Current tax		
UK corporation tax	67	–
Overseas tax	1,800	1,299
Adjustments in respect of prior years	33	(406)
	1,900	893
Deferred tax		
Current year	188	(1,143)
Adjustments in respect of prior years	63	320
	251	(823)
Tax charge on profits	2,151	70

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

	2020 £'000	2019 £'000
Profit/(loss) before tax on continuing operations	8,509	(2,893)
Tax charge/(credit) at standard UK rate of 19% (2019: 19%)	1,617	(550)
Effects of:		
Overseas tax rates	654	349
Expenses not deductible for tax purposes	134	268
Adjustments in respect of prior years	96	(86)
Additional deduction for R&D expenditure	(11)	8
Share scheme costs	30	18
Fixed assets ineligible depreciation	(47)	(18)
Utilisation of unrecognised tax losses	5	(7)
Effect of changes in tax rates	(327)	88
Tax expense for the year	2,151	70

In addition to the amount charged to the income statement a current tax credit of £66,000 (2019: £nil) and a deferred tax credit of £343,000 (2019: £84,000) has been recognised directly in equity during the year in relation to share schemes. A deferred tax credit of £89,000 (2019: charge of £83,000) 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 2020. Under IFRIC 23 management have reviewed this uncertain tax provision and in line with the new standard 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% (2019: 19%). Tax for other jurisdictions is calculated at the prevailing rates prevailing in the respective jurisdictions.

Deferred tax on temporary differences and tax losses at the balance sheet date is calculated at the substantively enacted rates at which the temporary differences and tax losses are expected to reverse. The main rate of UK corporation tax reduced from 20% to 19% from 1 April 2017. A further reduction in the UK corporation tax rate of 17%, effective from 1 April 2020, was substantively enacted in a prior period so it's effect was reflected in the Group's balance sheet as at 31 December 2019. A change in the corporation tax rate, so that it remains at 19% rather than reducing it to 17% from 1 April 2020, was announced in the 2020 budget and substantively enacted prior to 31 December 2020. Therefore it is recognised in the current period.

8. Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the year ended for the year ended 31 December 2020 of 1.1 pence (final dividend for the year ended 31 December 2019: 1.1 pence) per share	2,254	2,147
Proposed final dividend:		
Proposed final dividend for the year ended 31 December 2020 of 1.2 pence (year ended 31 December 2019: 1.2 pence) per share	2,470	2,451

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

No dividend was paid in 2020 relating to FY19. The Board took the decision to pay an interim dividend of 1.1p per share on 8 December 2020, relating to FY20. The Board has proposed a final dividend in respect of the year ended 31 December 2020 of 1.2p . Together with the one-off interim dividend of 1.1p per share paid on 8 December 2020, this makes a combined dividend for the year of 2.3p per share (2019: 1.2p per share).

9. Earnings per share

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

	2020 thousands	2019 thousands
Weighted average number of shares outstanding:		
Basic weighted average number of shares in issue	203,986	196,626
Weighted average number of employee share options	4,230	7,241
Weighted average number of shares outstanding for dilution calculations	208,216	203,867

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 12,796,406 (2019: 5,281,859) This includes 1,028,396 options in the 2019 SAYE Scheme (2019: 1,116,879).

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:

	2020 £'000	2019 £'000
Net Profit/(loss)	6,358	(2,963)
Earnings per share		
Basic	3.1p	(1.5)p
Diluted	3.1p	(1.5)p
Adjusted Net Profit	8,353	9,031
Adjusted earnings per share		
Basic	4.1p	4.6p
Diluted	4.0p	4.4p

	Profit/(loss) for the year		Earnings per share	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Profit/(loss) for the year attributable to equity shareholders	6,358	(2,963)	3.1p	(1.5)p
Add back:				
Amortisation of IFRS intangibles (net of tax)	800	1,003		
Share based payments	1,376	1,009		
Unwinding of discounts	307	344		
Platform dispute	–	9,133		
Movement in deferred consideration	(814)	–		
Other items (net of tax)	326	505		
Total adjusting items (net of tax)	1,995	11,994	1.0p	6.1p
Adjusted earnings	8,353	9,031	4.1p	4.6p

10. Goodwill

	2020 £'000	2019 £'000
Cost		
At beginning of year	107,110	101,748
Additions	–	5,870
Exchange differences	782	(508)
At end of year	107,892	107,110

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	26,661	25,879
At beginning of year	25,879	20,517

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:

	2020 £'000	2019 £'000
Student Information Systems (SIS)	23,127	22,345
Education Services (ES)	3,534	3,534
	26,661	25,879

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 2021. 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 cashflows. The growth assumption is 2% per annum for SIS (2019; 2%) and 2% for ES (2019: 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 11.0% (2019: 9.3%). 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 36% and 189% would trigger an impairment in SIS and ES respectively. A decline in growth rate to (26%) in SIS and (155%) 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 £104.3 million and £21.7 million in SIS and ES respectively.

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

11. Other intangible assets

	Software £'000	Customer contracts & relationships £'000	Acquired Intellectual Property £'000	Development costs £'000	Business systems £'000	Software licenses £'000	Total £'000
Cost							
At 1 January 2019	7,414	6,945	1,873	30,507	6,415	1,486	54,640
Acquisitions	2,718	1,607	–	–	–	–	4,325
Additions	–	–	–	6,141	156	3	6,300
Disposals	–	–	–	–	(1,480)	–	(1,480)
Exchange differences	(301)	(128)	–	(135)	(8)	–	(572)
At 31 December 2019 and 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	10,293	8,620	1,873	43,619	5,319	1,489	71,213
Amortisation							
At 1 January 2019	6,563	5,287	561	22,577	5,509	1,425	41,922
Charge for the year	861	470	98	1,412	223	60	3,124
Disposals	–	–	–	–	(834)	–	(834)
Exchange differences	(287)	(80)	–	(96)	(5)	–	(468)
At 31 December 2019 and 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	8,141	6,299	734	25,255	4,920	1,488	46,837
Carrying amount							
At 31 December 2020	2,152	2,321	1,139	18,364	399	1	24,376
At 31 December 2019	2,694	2,747	1,214	12,620	190	4	19,469

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 5 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 £0.4m (2019: £0.2m). During 2019 management took the decision to write off the AX finance system (£0.6m) following a successful implementation of the new D365 system which has now been capitalised. This system is being amortised over a period of ten years and has eight years left. Phase II of the D365 implementation is now underway. During 2020 £227,000 has been capitalised. This implementation is expected to be completed late 2021 and amortisation will commence then.

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 CGU's. The use of this method requires the estimation of future cashflows and the determination of a discount rate in order to calculate the present value of the cashflows.

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

An intangible asset of £1,873,000 has been recorded under Acquired intellectual property. The Wambiz code has been incorporated within the new app/Engage platform of Tribal Edge, the amortisation time frame of this is expected to be fifteen years in line with the rest of Tribal Edge. The UEL of this asset was changed from 5 to 15 years in the previous year in accordance with IAS 8.36.

12. Trade and other receivables

	2020 £'000	2019 £'000
Amounts receivable for the sale of services	7,701	8,070
Less: loss allowance	(231)	(441)
	7,470	7,629
Other receivables	413	330
Prepayments	3,153	2,832
	11,036	10,791

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.

13. Trade and other payables

	2020 £'000	2019 £'000
Current		
Trade payables	892	800
Other taxation and social security	2,522	3,156
Other payables	1,246	1,378
Deferred contingent consideration	–	1,693
Deferred non-contingent consideration	1,392	–
	6,052	7,027
Non-current		
Deferred contingent consideration	–	1,939
Other payables	40	31
	40	1,970
Total	6,092	8,997

The average credit period taken for trade purchases is 12 days (2019: 10 days). For most suppliers, no interest is charged on the trade payables for the first 30 days from the date of invoice. Thereafter, in some cases, interest may be charged on the outstanding balances due to certain suppliers at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within a reasonable time frame. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Other payables are split as follows:

	2020 £'000	2019 £'000
Goods received not invoiced	564	538
Other creditors	682	840
	1,246	1,378

Deferred non-contingent consideration reflects amounts in respect of the acquisition of Tribal Dynamics Limited, payable by 31 March 2021. The amount has been calculated upon the performance of this entity in the year to 31 December 2020 and the resultant payment is due under the Sale and Purchase Agreement.

14. Borrowings

As at 31 December 2020 the Group has the following committed borrowing facilities: a £2.0m committed overdraft facility in the UK and a $AUD 2.0m committed overdraft facility in Australia. The UK overdraft is committed for a 12 month period ending September 2021, and the Australian overdraft committed for a 12 month period ending October 2021. As at 31 December 2020, the Group had cash and cash equivalents of £9.5m (2019: £16.5m).

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 3 year £10m multi-currency revolving facility with HSBC with the option to extend to a further 2 years. The first option to exercise was approved by HSBC on 16 March 2021 with no significant changes to note. The loan was fully drawn down in 2020 and repaid in full before 31 December 2020.The facility was put in place to cover general corporate and working capital requirements of the Group.

15. Notes to the cash flow statement

	2020 £'000	2019 £'000
Operating profit/(loss) from continuing operations	9,108	(2,446)
Depreciation of property, plant and equipment	734	879
Depreciation of right-of-use assets	1,059	1,043
Amortisation and impairment of other intangible assets	2,289	3,770
Share based payments	1,339	1,042
Movement in deferred consideration	(815)	–
Research and development tax credit	(214)	(176)
Net pension (credit)/charge	(30)	3
Other non-cash items	552	(428)
Operating cash flows before movements in working capital	14,022	3,687
(Increase)/decrease in receivables	(255)	2,248
(Decrease)/increase in payables	(7,461)	6,245
Net cash from operating activities before tax	6,306	12,180
Tax (paid)/received	(845)	179
Net cash from operating activities	5,461	12,359

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

	2020 £'000	2019 £'000
Continuing operations	6,306	12,180