

Independent Auditor's Report to the Members of Learning Technologies Group plc

Opinion on the financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Learning Technologies Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the notes to the Consolidated financial statements, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the Company financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- A critical evaluation of the Director's assessment of the entity's ability to continue as a going concern to 30 June 2025, a period of at least 12 months from the date of approval of the financial statements by:
 - Evaluating the process the Directors followed to make their assessment, including confirming the assessment and underlying projections were prepared by appropriate individuals with sufficient knowledge of the detailed figures as well as an understanding of the entities markets, strategies, and risks;
 - Testing the arithmetical accuracy of the going concern model prepared by management to support the Directors' assessment and the underlying calculations within;
 - Understanding, challenging, and corroborating the key assumptions included in their cash flow forecasts against prior year, our knowledge of the business and industry, and the current economic climate, including the impact of inflation;
 - Assessing the accuracy of prior year forecasts against results for the year;
 - Enquiring of the Directors and review of board minutes for any key events in the going concern period that may have been omitted from cash flow forecasts and assessing the impact these could have on forecast cash flows and cash reserves;
 - Assessing stress test scenarios and challenging whether other reasonably possible scenarios could occur and including these where appropriate;
 - Confirming that sensitised cashflow forecasts prepared by the Directors included the preparation of a reverse stress test to analyse the level of increase in cost inflation that could be sustained before a covenant breach or liquidity shortfall would be indicated. We considered the reasonableness of the assumptions used in the sensitised cashflow forecasts using our knowledge of the business and industry;
 - Confirming the financing facilities, repayment terms and financial covenants to supporting documentation. We reviewed the Director's assessment of covenant compliance throughout the forecast period, including compliance within sensitised forecasts;
- Review of the post year-end cash position to assess any potential deterioration in balances held; and

Independent Auditor's Report to the Members of Learning Technologies Group plc (continued)

- Considering the adequacy of the disclosures relating to going concern included within note 2 of the financial statements against the requirements of the accounting standards and consistency of the disclosures against the forecasts and going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast

significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Coverage	95% (2022: 93%) of Group revenue 82% (2022: 89%) of Group total assets 68% (2022: 71%) of Group adjusted profit before tax from continuing operations		
Key audit matters	Revenue recognition Impairment of goodwill and other intangibles Impairment of goodwill and other intangibles is no longer considered to be a key audit matter due to the headroom on impairment tests for all CGUs and therefore the impact of estimates and judgements made by management is reduced.	2023 ✓	2022 ✓
Materiality	Group financial statements as a whole £3.7m (2022: £4m) based on 4.3% (2022: 4.4%) of adjusted profit before tax from continuing operations (2022: based on total operations as there were no discontinued operations). Adjusting items are set out in note 5 to the financial statements.		

An overview of the scope of our audit

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

We identified 18 components of which 5 were identified as significant based on their financial contribution. Where a component was considered significant it was subject to a full scope audit by the Group audit team (2 significant components) or a member of the BDO International network in the US (3 significant components). The Group audit team also performed specified audit procedures over revenue and revenue related accounts for two components and specified audit procedures over capitalised development costs for one component. The group audit team's work on other components comprised of analytical procedures.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Issuing detailed audit instructions in order to direct the materiality, risk assessment, scope and approach of the audit;
- Physical attendance with the US component team and local management in the US at the planning and completion stage of the audit for planning discussions and clearance meetings as well as numerous virtual meetings; and
- We performed a detailed review of the submitted reporting deliverables and reviewed the work undertaken by our component auditor by reviewing their working papers, and findings.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Company's and Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group and Company operate and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Company's and Group's commitment as set out in the annual report and financial statements may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment.

We also assessed the consistency of managements disclosures included as 'Other Information'/'Statutory Other Information' on the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

Key audit matters

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

Independent Auditor's Report to the Members of Learning Technologies Group plc (continued)

Key audit matter

Revenue recognition 2023: £562m (2022: £589m) See accounting policy in note 2 and related disclosures in note 4.

We identified two ways in which we considered the financial statements may be materially misstated due to revenue recognition, either as a result of error or fraud:

- Firstly, where revenues are recognised over time based on percentage completion assessed on costs, estimation is required in relation to open contracts at year end to assess the percentage of completion and therefore the revenue to be recognised (Content and Services revenue).
- Secondly, some contracts contain multiple performance obligations which require identification and may be recognised over a number of financial periods. The risk over such contracts is raised where significant levels of manual intervention is required by management in order to recognise revenue appropriately (Software and Platforms revenue).

Revenue recognition for open percentage of completion contracts and other contracts which require significant manual intervention is therefore considered to be a key audit matter.

How the scope of our audit addressed the key audit matter

For all components which have Content and Services revenue, we selected a sample of contracts recognised on a percentage of completion and open at the year end. For each sample, we verified the basis and accuracy of the period in which revenue was recognised, checked the costs recognised to date had been appropriately allocated to contracts and obtained detailed confirmations from project managers, outside of the finance teams, to check the amounts accounted for were in line with their understanding of how the projects were progressed at the year-end date. We also performed margin analysis to ensure that changes to budgets were in line with expectations. Additionally, where projects had been completed in the year, we ensured that no cost had been allocated to them post year end.

For GP Strategies only, which is included in the Content and Services segment, we also tested the operating effectiveness of key controls over the revenue cycle.

For components which have Software and Platforms revenue, we selected a sample of contracts, and obtained and reviewed the customer signed contracts or other evidence of customer authorisation to critically assess if all performance obligations, including where there are multiple performance obligations, and the relevant periods have been identified appropriately, in line with the requirements of the relevant accounting framework (IFRS 15). Revenue was recalculated for each performance obligation to ensure that revenue recognised for each contract was appropriate.

Key observations:

Through performing these procedures, we consider that the judgements made in the revenue recognition for open percentage of completion contracts, and other contracts where significant levels of manual intervention by management was required, were materially appropriate.

Our application of materiality

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

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

Independent Auditor's Report to the Members of Learning Technologies Group plc (continued)

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

	Group financial statements		Parent company financial statements	
	2023 (£m)	2022 (£m)	2023 (£m)	2022 (£m)
Materiality	3.7	4.0	1.5	1.95
Basis for determining materiality	4.3% of adjusted profit before tax from continuing operations.	4.4% of adjusted profit before tax	41% of group materiality	49% of group materiality
Rationale for the benchmark applied	We consider adjusted profit before tax from continuing operations (2022: adjusted profit before tax) to be the most appropriate measure for the basis of materiality given it is a key performance indicator for the users of the financial statements. Adjustments to profit before tax are included in note 5 to the financial statements. 2022 basis was total adjusted profit before tax as there were no discontinued operations disclosed in the 2022 Group financial statements.		2% of total assets capped at 41% (2022: 49%) of Group materiality. This was calculated as a percentage of Group materiality for Group reporting purposes given the assessment of aggregation risk	
Performance materiality	2.59	2.8	1.05	1.37
Basis for determining performance materiality	70% of materiality set by the audit team with reference to the level of adjustments identified in the prior year, level of sampling work required and the number of components.		70% of materiality set by the audit team with reference to the level of adjustments identified in the prior year, level of sampling work required and the number of components.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of between 7% and 86% (2022: 5% and 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £275,000 to £3,200,000 (2022: £220,000 to £3,600,000). In the audit of each component, we further applied performance materiality levels of 70% (2022: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £148,000 (2022 £160,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

<p>Strategic report and Directors' report</p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> The information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and The Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<p>Matters on which we are required to report by exception</p>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or The Parent Company financial statements are not in agreement with the accounting records and returns; or Certain disclosures of Directors' remuneration specified by law are not made; or We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Non-compliance with laws and regulations

We have obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company, and the industry in which they operate. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the applicable accounting frameworks, the Companies Act 2006, AIM rules,

Independent Auditor's Report to the Members of Learning Technologies Group plc (continued)

industry specific regulation and employment and taxation laws and regulations in the jurisdictions in which the Group operates.

Our procedures included the following:

- Reviewing the adequacy and appropriateness of tax provisioning by agreeing the data used in the calculations to audited schedules tested by our internal tax specialists and discussing the judgements taken with the Group's internal tax teams;
- Agreeing the financial statement disclosures to underlying supporting documentation; and
- Understanding how the Group and Parent Company are complying with those legal and regulatory frameworks, by making enquires of management and those responsible for legal and compliance procedures. We corroborated our enquires through our review of board minutes and papers provided to the Audit Committee.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be in relation to management override of controls, and revenue recognition (see Key Audit Matters section above for the risks identified and procedures undertaken to address the risk in relation to revenue recognition).

Our procedures included the following:

- Enquiring of management and those charged with governance, including the General Counsel, from across the Group to understand where they considered there was a susceptibility to fraud and whether they were aware of any actual or suspected frauds;
- Obtaining an understanding of the processes and controls that the Group and parent company have established to address fraud risks identified, or that otherwise prevent, deter, and detect fraud; and how management monitors that processes and controls;
- Journal entry testing, with a focus on unusual transactions based on our knowledge of the business, as well as testing a sample of randomly selected journals for which supporting evidence was received; and
- Directing the testing plan of the component auditor to ensure consistency of approach, challenge, and corroboration.

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

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

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

This description forms part of our auditor's report.

Use of our report

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

Leighton Thomas

(Senior Statutory Auditor)

for and on behalf of

BDO LLP

Statutory Auditor

London

15th April 2024

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	Year ended 31 Dec 2023	Year ended 31 Dec 2022
		£'000	£'000
Revenue	4	562,305	588,587
Operating expenses		(499,642)	(532,743)
Share-based payment charge		(4,381)	(6,693)
Profit on sale of joint venture	15	425	1,242
Share of profit from equity accounted investment	5	-	155
Operating profit		58,707	50,548
Analysed as:			
Adjusted EBIT		98,539	99,925
Adjusting items included in Operating profit	5	(39,832)	(49,377)
Operating profit		58,707	50,548
Finance expenses	6	(14,132)	(10,475)
Finance income	6	1,032	429
Profit before taxation from continuing operations	7	45,607	40,502
Income tax charge	10	(13,015)	(10,075)
Profit after taxation from continuing operations		32,592	30,427
Loss on discontinued operations, net of tax	11	(3,138)	(21)
Profit for the year		29,454	30,406
Other comprehensive income: Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		(20,169)	30,961
Total comprehensive income for the year attributable to owners of the parent Company		9,285	61,367
Earnings per share attributable to owners of the parent from continuing operations:			
Basic (pence)	12	4.121	3.860
Diluted (pence)	12	3.985	3.712
Adjusted earnings per share attributable to owners of the parent from continuing operations:			
Basic (pence)	12	8.069	8.314
Diluted (pence)	12	7.803	7.996
Earnings per share attributable to owners of the parent from continuing and discontinued operations:			
Basic (pence)	12	3.724	3.857
Diluted (pence)	12	3.601	3.710
Adjusted earnings per share attributable to owners of the parent from continuing and discontinued operations:			
Basic (pence)	12	7.680	8.443
Diluted (pence)	12	7.427	8.121

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	31 Dec 2023	Restated 31 Dec 2022
		£'000	£'000
Non-current assets			
Property, plant and equipment	13	2,217	2,857
Right-of-use assets	13	6,812	11,808
Intangible assets	14	493,016	545,214
Deferred tax assets	20	6,147	4,077
Other receivables, deposits and prepayments	17	2,093	1,874
Investments accounted for under the equity method	15	-	-
Amounts recoverable on contracts	18	-	1,303
		510,285	567,133
Current assets			
Trade receivables	16	107,962	136,025
Other receivables, deposits and prepayments	17	14,374	16,765
Amounts recoverable on contracts	18	25,757	33,221
Inventory		1,260	2,432
Corporation tax receivable		5,155	-
Amount owing from related parties	30	-	59
Cash and bank balances	19	72,522	94,847
Restricted cash balances	19	2,389	2,608
		229,419	285,957
Assets in disposal groups classified as held for sale	33	8,007	8,369
Total assets		747,711	861,459
Current liabilities			
Lease liabilities	24	4,423	5,082
Trade and other payables	21	133,950	180,634
Borrowings	23	30,091	36,714
Provisions	25	2,026	1,602
Corporation tax payable		8,237	602
ESPP scheme liability		995	500
		179,722	225,134

	Note	31 Dec 2023	Restated 31 Dec 2022
		£'000	£'000
Non-current liabilities			
Lease liabilities	24	6,913	9,792
Deferred tax liabilities	20	5,744	11,500
Other long-term liabilities	22	405	3,517
Borrowings	23	120,984	177,944
Corporation tax payable	10	756	1,431
Provisions	25	621	1,857
		135,423	206,041
Liabilities directly associated with assets in disposal groups classified as held for sale	33	5,335	3,984
Total liabilities		320,480	435,159
Net assets		427,231	426,300
Equity			
Share capital	26	2,967	2,962
Share premium	29	318,698	318,183
Merger reserve	29	31,983	31,983
Reverse acquisition reserve	29	(22,933)	(22,933)
Share-based payment reserve	29	18,974	14,714
Foreign exchange translation reserve	29	5,560	25,729
Retained earnings		71,982	55,662
Total equity attributable to the owners of the parent		427,231	426,300

The notes on pages 81 to 138 form an integral part of these Consolidated Financial Statements.

The balance sheet for the year ended 31 December 2022 has been restated as described in note 36.

The Financial Statements on pages 76 to 138 were approved and authorised for issue by the Board of Directors on 15th April 2024 and signed on its behalf by

Kath Kearney-Croft

Chief Financial Officer

15th April 2024

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Share capital	Share premium	Merger reserve	Reverse acquisition reserve	Share-based payment reserve	Translation reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022		3,034	317,114	31,983	(22,933)	11,148	(5,232)	36,224	371,338
Profit for the period		-	-	-	-	-	-	30,406	30,406
Exchange differences on translating foreign operations		-	-	-	-	-	30,961	-	30,961
Total comprehensive income for the period		-	-	-	-	-	30,961	30,406	61,367
Issue of shares net of share issue costs		8	1,029	-	-	-	-	-	1,037
Reserves transfer		(80)	40	-	-	-	-	40	-
Credit to equity for equity settled share-based payments		-	-	-	-	6,693	-	-	6,693
Credit to equity treated as consideration for equity settled share-based payments		-	-	-	-	542	-	-	542
Distributions in respect of cancelled share options		-	-	-	-	(3,669)	-	-	(3,669)
Tax charge on share options		-	-	-	-	-	-	(1,946)	(1,946)
Dividends paid		-	-	-	-	-	-	(9,062)	(9,062)
Transactions with owners		(72)	1,069	-	-	3,566	-	(10,968)	(6,405)
Balance at 31 December 2022		2,962	318,183	31,983	(22,933)	14,714	25,729	55,662	426,300
Profit for the period		-	-	-	-	-	-	29,454	29,454
Exchange differences on translating foreign operations		-	-	-	-	-	(20,169)	-	(20,169)
Total comprehensive income / (expense) for the period		-	-	-	-	-	(20,169)	29,454	9,285
Issue of shares net of share issue costs	26	5	515	-	-	-	-	-	520
Credit to equity for equity settled share-based payments		-	-	-	-	4,381	-	-	4,381
Distributions in respect of cancelled share options		-	-	-	-	(121)	-	-	(121)
Tax charge on share options		-	-	-	-	-	-	(520)	(520)
Exercise of share options through Trust	26	-	-	-	-	-	-	38	38
Dividends paid	31	-	-	-	-	-	-	(12,652)	(12,652)
Transactions with owners		5	515	-	-	4,260	-	(13,134)	(8,354)
Balance at 31 December 2023		2,967	318,698	31,983	(22,933)	18,974	5,560	71,982	427,231

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	Year ended 31 Dec 2023	Year ended 31 Dec 2022
		£'000	£'000
Cash flows from operating activities			
Profit before taxation from continuing operations		45,607	40,502
Loss before taxation from discontinued operations	11	(3,488)	(26)
Adjustments for:			
Loss on disposal of PPE and right-of-use assets		2,163	230
Share-based payment charge		4,381	7,235
Amortisation of intangible assets	14	41,551	43,183
Depreciation of plant and equipment	13	1,492	2,141
Depreciation of right-of-use assets	13	3,741	4,343
Impairment of goodwill and acquired intangibles	14	-	7,958
Finance expenses	6	518	573
Interest on borrowings	6	13,614	9,102
Acquisition-related contingent consideration and earn-outs	5	224	3,273
Fair value movement on contingent consideration	5	-	(21)
Payment of acquisition-related contingent consideration and earn-outs		(4,636)	(6,139)
Profit on sale of joint venture	15	(425)	(1,242)
Share of profit in equity accounted investment	15	-	(155)
Interest income	6	(1,032)	(429)
Other non-cash items		2,000	-
Operating cash flows before working capital changes		105,710	110,528
Decrease / (Increase) in trade and other receivables		21,692	(6,521)
Decrease / (Increase) in inventory		1,052	(1,210)
Decrease in amount recoverable on contracts		8,269	3,647
Decrease in payables		(40,581)	(14,317)
Cash generated from operations		96,142	92,127
Income tax paid		(16,649)	(20,180)
Net cash flows from operating activities		79,493	71,947
Cash flows used in investing activities			
Purchase of property, plant and equipment	13	(1,192)	(1,641)
Development of intangible assets	14	(12,883)	(9,966)
Sale of investment in associates and joint ventures	15	425	2,300
Net cash flows used in investing activities		(13,650)	(9,307)
Cash flows used in financing activities			
Dividends paid	31	(12,652)	(9,062)
Repayment of bank loans	23	(51,315)	(38,458)
Interest paid		(16,714)	(4,609)
Interest received		1,032	352
Issue of ordinary share capital net of share issue costs	26	520	1,037
Contingent consideration payments in the period		-	(705)
Interest paid on lease liabilities	24	(546)	(614)
Payments for lease liabilities	24	(5,192)	(6,719)
Net cash flows used in financing activities		(84,867)	(58,778)
Net (decrease) / increase in cash and cash equivalents		(19,024)	3,862
Cash and cash equivalents at beginning of the year		94,847	83,850
Exchange (losses) / gains on cash		(3,301)	7,135
Cash and cash equivalents at end of the year	19	72,522	94,847

The notes on pages 81 to 138 form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. General information

Learning Technologies Group plc ('the Company') and its subsidiaries (together, 'the Group') provide a range of talent and learning solutions, content, services and digital platforms, to corporate and government clients. The principal activity of the Company is that of a holding company for the Group, as well as performing all administrative, corporate finance, strategic and governance functions of the Group.

The Company is a public limited company, which is listed on the AIM Market of the London Stock Exchange and domiciled in England and incorporated and registered in England and Wales. The address of its registered office is 3 New Street Square, London, England, EC4A 3BF. The registered number of the Company is 07176993.

2. Summary of material accounting policies

The material accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied unless otherwise stated.

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Going concern

The Directors report that the going concern basis is appropriate for a period of at least 12 months from the approval of these financial statements. The Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. These are supplemented when required by additional drawings under the Group's committed \$50.0 million revolving credit facility (RCF) and an uncommitted \$50.0 million accordion facility, which are available until 2025.

The Group also has a debt facility dated 15 July 2021 with HSBC UK Bank plc, HSBC Innovation Bank Limited, Barclays Bank PLC, Fifth Third Bank NA and the Governor and Company of the Bank of Ireland.

This facility comprises of a Term Facility A committed facility, with an original commitment of \$265.0 million available to the Group until October 2025, a \$50.0 million committed Revolving Credit Facility (£39.3 million at the year-end exchange rate), and a \$50.0 million uncommitted accordion facility (£39.3 million at the year-end exchange rate), both available until July 2025.

The term facility attracts variable interest based on LIBOR plus a margin of between 1.5% and 2.75% per annum based on the Group's leverage to December 2022, following this it attracts SOFR plus the margin discussed above and an adjusted credit spread until repaid.

In addition, a 12-month extension request is available to the Group for Term Facility A and the RCF.

Term Facility A is repayable with quarterly instalments, starting December 2022, of \$9.6 million (c £7.5 million at the year-end exchange rate) with the balance repayable on the expiry of the loan in October 2025. On 29 September 2023, the Group made an voluntary additional repayment of \$25.0 million on the term loan.

The Group continues to hold a strong liquidity position overall at 31 December 2023, with gross cash and cash equivalents of £72.5 million and net debt of £78.6million (see note 23) (31 December 2022: gross cash was £94.8 million and net debt of £119.8 million). Whilst there are a number of risks to the Group's trading performance as summarised in the 'Principal risks and uncertainties' section on pages 25 to 26, the Group is confident of its ability to continue to access sources of funding in the medium term.

The Directors report that they have re-assessed the principal risks, reviewed current performance and forecasts, combined with expenditure commitments, including capital expenditure, business acquisitions, and borrowing facilities. The Group's forecasts demonstrate it will generate profits and cash in the going concern period, which runs to 30 June 2025. In addition, the Group continues to have sufficient cash reserves to enable it to meet its obligations as they fall due, as well as operate within its banking covenants, for a period of at least 12 months from the date of signing of these financial statements.

The Group has also assessed a range of downside scenarios to assess if there is a significant risk to the Group's liquidity position. The forecasts and scenarios prepared consider our trading experience to date and we have modelled downside scenarios such as:

- I. 10% and 25% reductions in revenues;
- II. increasing customer payment days (DSO) by 15 days;
- III. combining 10% reduction in revenues and increasing DSO by 15 days;
- IV. increasing costs by 8% from H1 2024; and
- V. modelling high cost inflation above that in (IV) above to determine the level where a covenant breach could occur.

The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the Annual Report, having undertaken a review of the detailed forecasts for the going concern period and the impact this forecast has on the Group's gross cash, net

debt and ability to meet bank covenants under the existing facilities agreement.

Changes in accounting policies

(i) New standards, interpretations and amendments adopted from 1 January 2023

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2023 are:

Amendments to IAS 7	Demand deposits with restrictions on use arising from a contract with a third party
Amendments to IAS 12	International tax reform - pillar two model rules
Amendments to IFRS 15	Principal vs Agent: Software reseller
Amendments to IAS 37	Negative low emissions vehicle credits
Amendments to IAS 32	Special Purpose Acquisition Companies (SPAC): Classification of public shares as financial liabilities or equity
Amendments to IFRS 17	Transfer of insurance coverage under a group of annuity contracts
Amendments to IFRS 17 and IAS 21	Multi-currency groups of insurance contracts
Amendments to IFRS 9 and IFRS 16	Lessor forgiveness of lease payments

The Group has considered the above new standards and amendments and has concluded that, they are either not relevant to the Group or they do not have a significant impact on the Group's consolidated financial statements.

(ii) New standards, interpretations and amendments not yet effective

At the date of authorisation of these consolidated Group financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the UK). Management is currently assessing the impact of these new standards on the Group.

Amendments to IAS 1	Classification of non-current liabilities with covenants and information provided relating to liabilities subject to these conditions.
Amendments to IAS 7 and IFRS 7	Disclosures to enhance the transparency of supplier finance arrangements and their effect on the company's liabilities, cash flows and exposure to liquidity risk.
Amendments to IAS 21	Lack of exchangeability relating to foreign currency transactions and operations.
Amendments to IFRS 16	Leases in sale and leaseback

Alternative performance measures

The Group has identified certain alternative performance measures ("APMs") that it believes will assist the understanding of the performance of the business. The Group believes that Adjusted EBIT, adjusting items, total equity per share and net cash / debt provide useful information to users of the financial statements. The terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measures and are discussed further in the Glossary on page 145.

Adjusting items

The Group has chosen to present an adjusted measure of profit and earnings per share, which excludes certain items which are separately disclosed due to their size, nature or incidence, and are not considered to be part of the normal operating costs of the Group. These costs (refer to note 5) may include the financial effect of adjusting items such as, inter alia, restructuring costs, impairment charges, amortisation of acquired intangibles, costs relating to business combinations, one-off foreign exchange gains or losses, integration costs, acquisition-related share-based payments charges, contingent consideration and earn-outs, cloud computing configuration and customisation costs, the share of profit in equity accounted investments, profit on sale of a joint venture and fixed asset or right-of-use asset disposal gains or losses.

(b) Basis of consolidation

A subsidiary is defined as an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations accounted for under the acquisition method and merger relief has been taken on recognising the shares issued on acquisition, where applicable.

Under the acquisition method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Consolidated Financial Statements. The cost of acquisition is measured at the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

in exchange for control of the acquiree. Any excess of the purchase consideration of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Goodwill, if any, is not amortised but reviewed for impairment at least annually. If the consideration is less than the fair value of assets and liabilities acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition-related costs are expensed as incurred.

Intra-Group transactions, balances and unrealised gains on transactions are eliminated. Intra-Group losses may indicate an impairment which may require recognition in the consolidated financial statements. Where necessary, adjustments are made to the Financial Statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(c) Joint arrangements and associates

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures and they are, along with the Group's associates, accounted for using the equity method.

Interests in joint ventures and associates are recognised at cost adjusted by the Group's share of the post-acquisition profits or losses and any impairments, where appropriate. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures and associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures and associates.

(d) Intangible assets

All intangible assets, except goodwill, are stated at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill

Goodwill represents the amount by which the fair value of the cost of a business combination exceeds the fair value of the net assets acquired. Goodwill is not amortised and is stated at cost less any accumulated impairment losses.

In the period of acquisition, goodwill may be presented based on provisional calculations and adjustments made subsequently within the measurement period as permitted under IFRS 3 Business Combinations reflecting new information obtained about facts and circumstances that were in existence at the acquisition date.

The recoverable amount of goodwill is tested for

impairment annually or when events or changes in circumstance indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognised immediately in the income statement. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Acquisition-related intangible assets

Net assets acquired as part of a business combination includes an assessment of the fair value of separately identifiable acquisition-related intangible assets, in addition to other assets, liabilities and contingent liabilities purchased.

In the period of acquisition, acquisition-related intangible assets may be presented based on provisional calculations and adjustments made subsequently within the measurement period as permitted under IFRS 3 Business Combinations reflecting new information obtained about facts and circumstances that were in existence at the acquisition date.

These assets are amortised on a straight-line basis over their useful lives which are individually assessed.

Branding	2-10 years
Customer contracts and relationships	2-12 years
Acquired software and intellectual property	2-10 years

Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised only if it meets the criteria for capitalisation under IAS 38.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in subsequent periods.

Capitalised development expenditure is amortised on a straight-line method over a period of between three and five years when the products or services are ready for sale

or use. In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount. The amortisation charge is recognised within operating expenses.

(e) Functional and foreign currencies

(i) Functional and presentation currency

The individual Financial Statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The Consolidated Financial Statements are presented in Pounds Sterling, which is the Group's presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except when deferred in equity as qualifying net investment hedges.

(iii) Foreign operations

Assets and liabilities of foreign operations are translated to Pounds Sterling at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at the average rate of exchange. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the foreign exchange translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period. Exchange differences are recognised in other comprehensive income.

(f) Financial instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(i) Financial assets

On initial recognition, financial assets are classified as financial assets at amortised cost unless criteria are met for classifying and measuring the asset at fair value through profit or loss, or fair value through other comprehensive income.

Management determines the classification of its financial assets at initial recognition.

- **Loans and receivables financial assets**

Trade receivables and other receivables are held within a business model whose objective is to collect contractual cash flows which are solely payments of principals and interest and therefore classified as subsequently measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Group's loans and receivables financial assets comprise 'trade and other receivables' and cash and cash equivalents included in the Consolidated Statement of Financial Position.

(ii) Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through the profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as fair value through profit or loss unless they are designated as hedges.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability,

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

and the difference in the respective carrying amounts is recognised in the profit or loss.

(iii) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised when paid.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(g) Impairment

(i) Impairment of financial assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period based on the deterioration of credit risk since initial recognition. An allowance for credit losses is recognised based on potential shortfalls in future cash flows discounted to present value multiplied by the likelihood of the shortfalls occurring.

An impairment loss in respect of loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Group has adopted the simplified expected credit loss model for its trade receivables and contract assets, as required by IFRS 9 to assess impairment. For further information see note 16.

(ii) Impairment of non-financial assets

The carrying values of intangible assets are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when

there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(h) Income taxes

Income tax for each reporting period comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company being entities within the US, UK and Denmark; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis,

or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted cash reflects amounts held by the Group that are designated for specific purposes and therefore unavailable for general use by the Group.

Reporting of cash flows

The Group reports cash inflows and outflows gross and any drawdowns and repayments of the Group's RCF that have been made during the period are disclosed within financing activities.

The Group has elected to present payments in relation to acquisition-related contingent consideration as operating cash flows when they relate to payments made to employees in respect of post-combination remuneration. Acquisition-related contingent consideration paid to former owners that do not continue to be employed by the Group are disclosed within financing activities.

The Group has elected to present interest paid and interest received from financial assets held for cash management purposes as financing cashflows.

(j) Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate.

(k) Revenue from contracts with customers

Group revenue represents the fair value of the consideration received or receivable for the rendering of services and sale of software licencing, net of value

added tax and other similar sales-based taxes, rebates and discounts after eliminating intercompany sales. The nature of the Group's sales means there are no refunds or returns, and no warranties are offered.

(j) Content & Services

Revenue within the Group's Content & Services division comprises of content, consulting, technical, platform development and the provision of training which are provided under fixed-price and time and materials contracts. Fixed-price contracts are recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case contract revenue is only recognised to the extent of contract costs incurred that are recoverable. This is because either the Group is creating an asset with no alternative use to it and the contract contains the right to payment for work completed to date, or the customer is simultaneously receiving and consuming the benefits of the Group's services as it performs them. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss. The stage of completion is determined based on the proportion of contract costs incurred compared to total estimated contract costs.

The cost-based method is used to determine the percentage of completion because, as management has significant expertise in this approach, they are able to assess the stage of completion and margin of a project on an accurate and consistent basis.

Business development costs incurred as part of our bid or tender process are expensed as incurred. Only if and when a project is won and contracted are project costs accounted for within long-term contracts through operating expenses. There are no material costs incurred during the period between the contract being awarded and service delivery commencing.

For fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, an amount recoverable on contracts asset is recognised. Conversely, if the payments exceed the services rendered, a liability is recognised. If the contract is time- and materials-based and includes an hourly fee, revenue is recognised over time in the amount to which the Group has the right to invoice.

Contract work in progress is stated at costs incurred, less those amounts transferred to profit or loss, after deducting foreseeable losses and payments on accounts not matched with revenue.

Amounts recoverable on contracts are included in current assets and represent revenue recognised in excess of payments on account.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

(ii) Software & Platforms

Revenue from subscriptions such as SaaS, "right to access" licences, hosting and support and maintenance is recognised evenly over the contractual period of the licence as the customer simultaneously receives and consumes the benefits of the Group's services.

Perpetual licences and on-premise software licences where all material obligations of the Group to the customer have been met on the delivery of the licence are recognised at the point in time when the software has been delivered to the customer as these meet the definition of "right to use" licences.

Some contracts include multiple deliverables, such as platform professional services with the delivery of a licence. However, the professional services do not significantly customise the software and the promises in the contract are not highly interdependent, so these are recognised as separate performance obligations. Contracts may also include an on-premise software licence with support and maintenance services. The customer can benefit from both services on their own or with other readily-available resources and the software is functional upon transfer of the licence key, so these are recognised as separate performance obligations. Where multiple deliverables are concluded not to be distinct, they are combined with another deliverable until the distinct performance obligation definition is met. Where a contract includes multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices where available. Where these are not directly observable, they are estimated based on expected cost plus margin.

Platform professional services are fixed-price contracts recognised on the percentage of completion method.

Incremental contract costs are capitalised and amortised on a consistent basis with the pattern of transfer of the service to which the asset relates.

Critical accounting estimates and judgements

For services revenue, the stage of completion is determined based on the proportion of contract costs incurred compared to total estimated contract costs. The outcome of a project can be determined with reasonable certainty when a project budget is agreed, which sets out milestones and costs for all project deliverables. Staff and contractors record their actual time and external costs spent on each project, which is regularly reviewed against budget.

In making its estimation as to the amounts recoverable on contracts, management considers estimates of anticipated revenues and costs from each contract and monitors the need for any provisions for losses arising from adjustments to underlying assumptions if this indicates it is appropriate. The

amount of profit or loss recognised on a contract has a direct impact on the Group's results and carrying value of amounts recoverable on contracts. The Directors are satisfied that their judgement is based on a reasonable assessment of the future prospects for each contract.

During the year to 31 December 2023, management reviewed the contracts in place and did not note any contracts where there was specific increased estimation uncertainty. Management has reviewed contracts that were ongoing at the prior year end and there were no significant adjustments to the budgeted margin.

Where the stand-alone selling price of support and maintenance services bundled in an on-premise licence contract are not observable, management allocates the transaction price to the distinct performance obligations based on expected cost plus margin. The basis of this calculation is derived from historic experience and data.

(l) Operating segments

The Group operates as two reportable segments, the Content & Services division and the Software & Platforms division. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(m) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 27 to the Consolidated Financial Statements.

(n) Leases

The Group as a lessee

The Group leases various offices and IT equipment. Rental contracts are typically made for fixed periods of six months to 10 years but may have extension options.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months) and lease of low-value assets.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Impairment policy above.

For leases acquired as part of a business combination, the lease liability is measured at the present value of the remaining lease payments. The right-of-use asset is measured at the same amount as the lease liability adjusted to reflect favourable or unfavourable terms of the lease when compared to market terms.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases

with a lease term of 12 months or less without a purchase option. Low-value assets generally comprise IT equipment and small items of office furniture.

(o) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

3. Summary of critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

the revision and future periods if the revision affects both current and future periods.

(i) Judgements

Revenue recognition

See note 2 (k).

Adjusting items

The Group has chosen to present an adjusted measure of profit and earnings per share, which excludes certain items which are separately disclosed due to their size, nature or incidence, and are not considered to be part of the normal operating costs of the Group. These costs may include the financial effect of adjusting items such as, inter alia, restructuring costs, impairment charges, amortisation of acquired intangibles, costs relating to business combinations, one-off foreign exchange gains or losses, integration costs, acquisition-related share-based payment charges, contingent consideration and earn-outs, cloud computing configuration and customisation costs, fair value movements on contingent consideration, the share of profit in equity accounted investments, profit or loss on sale of joint ventures, closure provisions and losses and fixed asset, right-of-use asset and lease liability disposal gains or losses. The Group believes that it provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance. The adjusted measures are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measures.

The classification of items as adjusting requires significant management judgement. The definition of adjusting items has been applied consistently year on year. Further details of adjusting items are provided in note 5.

(ii) Estimates

Business combinations and associated acquisition accounting

Contingent Consideration

The agreements, made in 2021, to acquire The People Development Team Limited ('PDT Global') and Moodle News LLC include provision for the Group to pay additional consideration to the selling shareholders in future years conditional on the achievement of challenging incremental revenue or other specific growth targets. We have evaluated each agreement in accordance with IFRS 3 to determine whether these payments should be included as part of the business combination or post-combination remuneration expensed to the income

statement. All agreements, with the exception of Moodle News, include conditions for continuing employment, therefore we have concluded that these payments should be charged to the income statement.

The acquisition-related contingent consideration and earn-out liabilities may include estimates of future financial performance against targets. When estimating the future financial performance, we use Board-approved budgets and, if the timeframe goes beyond available budgets, reasonable growth rates are assessed for each business thereafter.

Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets (goodwill) and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill impairment testing is an area involving management estimates, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- Growth in adjusted EBIT;
- Long-term growth rates; and
- The selection of discount rates to reflect the risks involved.

The adjusted EBIT is calculated on the same basis as the adjusted EBIT within the Statement of Comprehensive Income. The Group prepares and approves a detailed annual budget, which is used to prepare cash flow forecasts that extrapolate revenues, net margins and cash flows for the following four years based on forecast growth rates of the CGUs. Cash flows beyond this five-year period are also considered using the long-term growth rate.

See note 14 for details of how these estimates and judgements have been applied.

Deferred tax

Income tax expense, deferred tax assets and liabilities and liabilities for unrecognised tax benefits reflect management's best estimate of current and future taxes to be paid. The Group is subject to income taxes in the UK, US and several other foreign jurisdictions.

The deferred tax balances relate to temporary differences arising between the tax bases of assets and liabilities

and their carrying amounts in the Financial Statements. Deferred tax assets are recognised to the extent that it is probable that the future taxable profits will allow the deferred tax assets to be recovered. In evaluating the Group's ability to recover deferred tax assets in the jurisdiction from which they arise, management considers all available positive and negative evidence, including historic and projected future performance, and external market factors.

See note 20 for details of how these estimates and judgements have been applied.

Impairment loss on trade receivables

IFRS 9 requires management to recognise an impairment of trade receivables by applying a methodology using expected credit losses. Management must estimate any provision based on its assessment of the impact of macroeconomic factors on the Group's customers, as well as any other available information which may impact a specific customer or group(s) of customers deemed to share certain characteristics.

See note 16 for details of how these estimates and judgements have been applied.

4. Segment analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision maker (which takes the form of the Board of Directors of the Company), in order to allocate resources to the segment and to assess its performance.

The Directors of the Company consider there to be two reportable segments, being the Content & Services division and the Software & Platforms division. A majority of sales were generated by the operations in North America in the year ended 31 December 2023 and in the year ended 31 December 2022.

For income and expenses relating to the Group's administrative functions that are not directly attributable to a reporting segment, these are apportioned based on revenue.

SaaS, long-term contract and transactional revenue is defined in the Glossary on page 145.

Geographical information

The Group's revenue from external customers and non-current assets by geographical location are detailed below.

	UK	Mainland Europe	North America	Asia Pacific	Rest of the world	Total
	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2023						
Revenue from continuing operations	67,826	73,804	374,279	21,064	25,332	562,305
Revenue from discontinued operations	34	-	-	-	-	34
Total Revenue	67,860	73,804	374,279	21,064	25,332	562,339
Non-current assets	36,132	709	450,479	16,472	346	504,138
31 December 2022						
Revenue from continuing operations	58,679	71,637	407,343	21,824	29,104	588,587
Revenue from discontinued operations	8,315	-	-	-	-	8,315
Total Revenue	66,994	71,637	407,343	21,824	29,104	596,902
Non-current assets (restated)	31,017	569	511,876	19,177	417	563,056

The total non-current assets figure is exclusive of deferred tax assets in each of the periods above, with the 2022 balances being restated as described in note 36.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Revenue and expenses by nature

The Group's revenue and expenses by nature from continuing operations and total assets is analysed as follows:

	Content & Services				Software & Platforms					Total
	Global services	Regional services	Other technical	Total	On-premise Software Licences	Hosting & SaaS	Platforms Professional Services & Other	Support & Maintenance	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
31 Dec 2023										
SaaS and long-term contracts	87,220	179,783	2,285	269,828	30,684	100,212	3,925	3,429	138,250	408,078
Transactional	21,529	98,520	28,131	148,180	-	58	5,989	-	6,047	154,227
Total revenue	108,749	278,303	30,956	418,008	30,684	100,270	9,914	3,429	144,297	562,305
Depreciation & amortisation				(5,516)					(8,562)	(14,078)
Adjusted EBIT				56,416					42,123	98,539
Amortisation of acquired intangibles				(15,065)					(17,641)	(32,706)
Acquisition-related adjusting items				(2,395)					(239)	(2,634)
Other adjusting items				(3,330)					(1,162)	(4,492)
Finance expenses				(9,736)					(3,364)	(13,100)
Profit before tax				25,890					19,717	45,607
Additions to intangible assets ¹				-					12,883	12,883
Total assets ²				555,836					191,875	747,711
31 Dec 2022										
SaaS and long-term contracts	89,405	175,359	5,395	270,159	29,925	108,909	4,106	3,952	146,892	417,051
Transactional	29,530	99,105	35,557	164,192	-	85	7,259	-	7,344	171,536
Total revenue	118,935	274,464	40,952	434,351	29,925	108,994	11,365	3,952	154,236	588,587
Depreciation & amortisation				(6,544)					(7,400)	(13,944)
Adjusted EBIT				59,902					40,023	99,925
Amortisation of acquired intangibles				(15,833)					(19,890)	(35,723)
Acquisition-related adjusting items				(4,619)					(2,991)	(7,610)
Other adjusting items				(7,023)					979	(6,044)
Finance expenses				(7,414)					(2,632)	(10,046)
Profit before tax				25,013					15,489	40,502
Additions to intangible assets ¹				445					9,521	9,966
Total assets (restated) ²				635,718					225,741	861,459

1. Includes additions from business combinations. Refer to note 14.

2. The total assets figure is inclusive of deferred tax assets in each of the periods above, with the 2022 balances being restated as described in note 36.

Effective within this report, there are changes to the grouping of businesses within the reportable segments, as well as a consolidation of the reporting segments themselves. This was performed following internal reorganisation and is consistent with the format of the internal reporting used by the Chief Operating Decision Maker. The prior year's comparative results have been represented to align under this updated presentation.

Adjusted EBIT is the main measure of profit reviewed by the Chief Operating Decision Maker.

Information about major customers

In the year ended 31 December 2023 and the year ended 31 December 2022, no customer accounted for more than 10% of reported revenues.

5. Adjusting items

These items are included in normal operating costs of the business, but are significant cash and non-cash expenses that are separately disclosed because of their size, nature or incidence. It is the Group's view that excluding them from Operating Profit gives a better representation of the underlying performance of the business in the period. Further details of the adjusting items are included in note 2.

	Note	31 Dec 2023 £'000	31 Dec 2022 £'000
Adjusting items included in Operating Profit:			
Acquisition-related costs:			
Amortisation of acquired intangibles		32,706	35,723
Acquisition-related contingent consideration and earn-outs		224	3,273
Acquisition-related share-based payment charge		-	542
Fair value movement on contingent consideration		-	(21)
Transaction costs		-	304
Integration costs		2,410	3,512
Total acquisition related costs		35,340	43,333
Other adjusting items:			
Impairment of goodwill and intangibles		-	7,958
Loss on disposal of property, plant and equipment		124	5
Loss on disposal of right-of-use assets		2,039	228
Profit on sale of joint venture	15	(425)	(1,242)
Cloud computing configuration and customisation costs		292	719
Restructuring costs		2,537	-
Costs relating to asset held for sale	33	529	-
Other income		(604)	(1,469)
Share of profit of equity accounted investments		-	(155)
Total other adjusting items		4,492	6,044
Total adjusting items		39,832	49,377

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

As outlined above, the material adjustments are made in respect of:

- Amortisation of acquired intangibles – the cost of £32.7 million (2022: £35.7 million) is excluded from the adjusted results of the Group since the costs are non-cash charges arising from investment activities. As such, they are not considered reflective of the core trading performance of the Group.
- Impairment of goodwill and intangibles – these costs were excluded from the adjusted results of the Group in 2022 as the costs were one-off charges related to closure of the non-core UK apprenticeship business in early 2023, as announced in 2022.
- Restructuring costs relate to the resizing of the organisation aligning to a more challenging macro economic environment.
- Acquisition-related share-based payments, contingent consideration and earn-outs – these costs are excluded from the adjusted results since these costs are also associated with business acquisitions and represent post-combination remuneration, which is not included in the calculation of goodwill and also not considered part of the core trading performance of the Group.
- Fair value movement on contingent consideration – similar to the above, any adjustments to contingent consideration through profit or loss are excluded from adjusted results on the basis that it is non-cash non-operational income or costs.
- Other income in 2023 relates a carve-out of the external staffing business of TTI Global, part of GP Strategies, for a cash consideration of approximately \$800k. In 2022 the income related to amounts received in relation to a contract. In both cases, these are considered adjusting items due to the quantum and non-recurring nature.
- Cloud computing configuration and customisation costs reflects the impact of a change in accounting policy following review of IFRIC guidance issued in March 2021 relating to capitalisation of cloud computing software implementation costs. Where there is no underlying intangible asset over which we retain control, the Group recognises configuration and customisation costs as an expense.
- Transaction and integration costs - the costs of acquiring and integrating subsidiaries purchased. These costs associated with completed acquisitions are excluded from the adjusted results on the basis they are directly attributable to investment activities, rather than the core trading activities of the Group. Included within the £2.4 million integration costs is £1.2 million incremental labour cost and £1.2 million relating to various system integrations, insurances and legal and professional fees.

6. Finance income and expenses

		31 Dec 2023	31 Dec 2022
		£'000	£'000
Finance expenses	Net foreign exchange loss arising from term loans	-	800
	Interest on borrowings	13,614	9,102
	Interest on lease liabilities	518	573
	Total	14,132	10,475
Finance income	Credit on contingent consideration	-	(77)
	Interest receivable	(1,032)	(352)
	Total	(1,032)	(429)
	Net finance expense	13,100	10,046

7. Profit before taxation

Profit before taxation is arrived at after charging/
(crediting):

	Note	31 Dec 2023	31 Dec 2022
		£'000	£'000
Amortisation of software development costs	14	8,845	7,460
Amortisation of acquired intangibles	14	32,706	35,723
Impairment of goodwill and acquired intangibles	14	-	7,958
Fees payable to the company's auditor and its associates for the audit of the Group's annual accounts		1,922	1,987
Other fees payable to auditors:			
- Interim statement review		26	25
Depreciation	13	5,233	6,484
Directors' fees (including compensation for loss of office)	9	1,061	1,836
Directors' pension contributions	9	31	24
Lease expense – short-term leases exempt from IFRS 16		217	594
Acquisition-related contingent consideration and earn-outs		224	3,273
Interest income		(1,032)	(352)

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Total research & development costs	23,521	23,145
Of which capitalised development costs	12,883	9,966
<i>Capitalisation ratio</i>	55%	43%
Amortisation of capitalised development costs	8,845	7,460
Research & development costs (including amortisation) recognised in the income statement	19,483	20,639

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

8. Staff costs

	31 Dec 2023	Restated 31 Dec 2022
The average monthly number of employees was:	No.	No.
Production	4,608	4,838
Administration	498	549
Management	7	7
	5,113	5,394
Aggregate remuneration (including Directors):	£'000	£'000
Wages and salaries (including bonuses)	264,695	274,658
Social security costs	40,815	44,469
Share-based payments	4,381	7,235
Pension costs	3,216	3,422
	313,107	329,784

The aggregate remuneration for 2022 has been restated due to errors in data collation in the prior year, identified and amended through improvements in supplemental reporting. Wages and salaries as reported in 2022 were £273,708,000 now restated as £274,658,000 (increase £950,000), social security costs as reported were £49,890,000 now restated as £44,469,000 (decrease £5,421,000) and pension costs as reported were £8,404,000 now restated £3,422,000 (decrease £4,982,000). There is no change to or impact on the income statement.

9. Directors' remuneration, interests and transactions

Directors' remuneration, interests and transactions are disclosed in the Report of the Remuneration Committee.

The aggregate remuneration of key management personnel of the Group is as follows:

	31 Dec 2023	31 Dec 2022
Aggregate remuneration of key management personnel	£'000	£'000
Wages and salaries (including bonuses)	894	1,692
Social security costs	210	193
Share-based payments	2,523	2,526
Pension costs	31	24
	3,658	4,435

10. Income tax

Of the total income tax expense as set out in the table below, £13,015,000 relates to taxation on continuing operations (2022: expense £10,075,000) and £350,000 relates to tax credit on discontinuing operations (2022: credit £5,000).

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Current tax expense:		
- UK current tax on profits for the year	5,502	(282)
- Adjustments in respect to prior years	(1,029)	2,522
- Foreign current tax on profits for the year	16,441	19,193
Total current tax	20,914	21,433
Deferred tax (note 20)		
- Origination and reversal of temporary differences	(12,158)	(7,459)
- Adjustments in respect to prior years	2,129	(3,597)
- Change in deferred tax rate	1,780	(307)
Total deferred tax	(8,249)	(11,363)
Income tax expense	12,665	10,070

The increases in UK current tax primarily relate to the increase in intercompany interest income between the UK and US arising from changes in interest rates which were on average 6.7%, increased from the prior year average of 3.4%

The 'changes in tax rate' reflect the remeasuring of temporary differences. This primarily arises as a result of adjustments to the deferred tax rate applied to the amortisation of acquired intangibles deferred tax liabilities recognised at the consolidated level of £2.1 million and favourable impact from US of £0.3 million due to the change in the blended tax rate derived from state income apportionment as well as fluctuations in state tax rates.

In 2022 the Group completed a tax study to confirm the availability of US federal losses acquired with the PeopleFluent and Reflektive acquisitions and determined that tax effected losses amounting to £24.7 million were available for recognition, consisting of £12.9 million for the period 2022-2038 and £11.8 million to be carried forward indefinitely. The Group considered both positive and negative evidence available and recognised a deferred tax asset for losses of £5.5 million, of which £2.6 million was utilised in 2022 and £2.9 million expected to be utilised over the subsequent three-year period in line with the forecast period prepared for the Group. In 2023 the Group has continued to apply this principle and has recognised deferred tax assets of £0.6 million representing an additional year of availability in line with the forecast period. In 2023, the Group similarly completed a tax study to confirm the availability of US state losses in respect of these acquisitions and recognised a

deferred tax asset of £1.0m for losses expected to be utilised over the same subsequent three-year period.

The Group has identified and reflected adjustments in respect to prior years deferred tax expense amounting to £2.1 million, primarily arising in the US in respect of recognition of deferred tax liabilities of amount £1.9 million related to goodwill and intangibles, and other prior year adjustments of net amount £0.2 million.

The current year deferred tax credit of £12.2 million, arising from the origination and reversal of temporary differences, primarily relates to the deferred tax liability release associated with acquired intangible amortisation and impairments amounting to £8.8 million, net deferred tax assets arising in the US of amount £3.0 million and other net timing differences of £0.4 million. The temporary differences arising in the US consist of deferred tax assets in respect of provisions amounting to £4.3 million, the deferred tax asset in respect of capitalised R&D of amount £2.5 million, offset by utilisation of deferred tax losses of £1.6 million, accelerated tax depreciation of amount £2.2 million, deferred revenue £1.1 million and other net timing differences of £0.1 million.

The £0.8 million non-current corporation tax liability is in relation to amounts payable over eight years by GP Strategies Corporation and TTI Global, Inc. in relation to 2017 US tax reform, decreased from the prior year amount payable of £1.4 million. This will be fully settled by 2025.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group is as follows:

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Profit before taxation from continuing and discontinued operations	42,119	40,476
Tax calculated at the domestic tax rate of 23.5% (2022: 19.00%):	9,898	7,690
Tax effects of:		
Expenses not deductible for tax purposes	1,896	2,147
Adjustments to corporation tax in respect of prior years	(1,029)	2,522
Adjustments to deferred tax in respect of prior years	2,129	(3,597)
Recognition of previously unrecognised losses	(1,000)	-
Effect of differences in tax rates	771	1,308
Income tax expense	12,665	10,070

The aggregate current and deferred tax directly charged to equity amounted to £520,000 (2022: charge £1,946,000).

11. Loss on discontinued operations, net of tax

The tables below show the results of the discontinued operations which are included in the Group Income Statement and Group Statement of Cash Flows, respectively.

The discontinued operations relate to the closure of non-core operations. Prior to 31 December 2022, management announced that it planned to exit the UK apprenticeship business which then ceased trading on 31 March 2023.

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Revenue	34	8,315
Operating Expenses	(3,522)	(8,341)
Operating Loss	(3,488)	(26)
Analysed as:		
Adjusted EBIT	(3,425)	1,018
Adjusting items included in Operating loss	(63)	(1,044)
Operating Loss before taxation	(3,488)	(26)
Taxation	350	5
Loss after taxation	(3,138)	(21)

Statement of cash flows	31 Dec 2023	31 Dec 2022
	£'000	£'000
Cash flow from operating activities		
Loss before taxation	(3,488)	(26)
Adjustments for:		
Loss / (profit) on disposal of PPE, right-of-use assets and lease liabilities	3	(3)
Other non-cash items	2,000	-
Net cash used in operating activities	(1,485)	(29)
Net cash (used in) / from investing activities	(3)	3
Net cash used in discontinued operations	(1,488)	(26)

12. Earnings per share

	31 Dec 2023		31 Dec 2022	
	Continuing operations	Total Operations	Continuing operations	Total Operations
	Pence	Pence	Pence	Pence
Basic earnings per share	4,121	3,724	3,860	3,857
Diluted earnings per share	3,985	3,601	3,712	3,710
Adjusted basic earnings per share	8,069	7,680	8,314	8,443
Adjusted diluted earnings per share	7,803	7,427	7,996	8,121

Basic earnings per share is calculated by dividing the profit/loss after tax attributable to the equity holders of the Group by the weighted average number of shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares, namely share options or deferred consideration payable in shares where the contingent conditions have been met.

In order to give a better understanding of the underlying operating performance of the Group, an adjusted earnings per share has been included. Adjusted earnings per share is

stated after adjusting the profit after tax attributable to equity holders of the Group for certain charges as set out in the table below. Adjusted diluted earnings per share has been calculated to also include the contingent shares payable as deferred consideration on acquisitions where the future conditions have not yet been met, as shown below.

Adjusted earnings per share is stated after the impact of the adjusting items disclosed in note 5. The adjusted measures are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measures.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

The calculation of earnings per share from continuing and discontinued operations is based on the following earnings and number of shares.

	2023			2022		
	Profit after tax	Weighted average number of shares	Pence per share	Profit after tax	Weighted average number of shares	Pence per share
	£'000	'000	Pence	£'000	'000	Pence
Basic earnings per ordinary share attributable to the owners of the Parent	29,454	790,920	3.724	30,406	788,295	3.857
Effect of adjustments:						
Total adjusting items (see note 5)	39,895			50,421		
Income tax expense	12,665			10,070		
Effect of adjustments	52,560	-	6.645	60,491	-	7.673
Adjusted profit before tax	82,014	-	-	90,897	-	-
Tax impact after adjustments	(21,272)		(2.690)	(24,338)		(3.087)
Adjusted basic earnings per ordinary share	60,742	790,920	7.680	66,559	788,295	8.443
Effect of dilutive potential ordinary shares:						
Share options	-	26,947	(0.253)	-	31,310	(0.322)
Adjusted diluted earnings per ordinary share	60,742	817,867	7.427	66,559	819,605	8.121
Diluted earnings per ordinary share attributable to the owners of the parent	29,454	817,867	3.601	30,406	819,605	3.710

The calculation of earnings per share from continuing operations is based on the following earnings and number of shares.

	2023			2022		
	Profit after tax	Weighted average number of shares	Pence per share	Profit after tax	Weighted average number of shares	Pence per share
	£'000	'000	Pence	£'000	'000	Pence
Basic earnings per ordinary share attributable to the owners of the Parent	32,592	790,920	4.121	30,427	788,295	3.860
Effect of adjustments:						
Total adjusting items (see note 5)	39,832			49,377		
Income tax expense	13,015			10,075		
Effect of adjustments	52,847	-	6.682	59,452	-	7.542
Adjusted profit before tax	85,439	-	-	88,879	-	-
Tax impact after adjustments	(21,622)		(2.734)	(24,343)		(3.088)
Adjusted basic earnings per ordinary share	63,817	790,920	8.069	65,536	788,295	8.314
Effect of dilutive potential ordinary shares:						
Share options	-	26,947	(0.266)	-	31,310	(0.320)
Adjusted diluted earnings per ordinary share	63,817	817,867	7.803	65,536	819,605	7.996
Diluted earnings per ordinary share attributable to the owners of the parent	32,592	817,867	3.985	30,427	819,605	3.712

13. Property, plant, equipment and right-of-use assets

					Right-of-use assets			
	Computer equipment	Fixtures and fittings	Leasehold improvements	Total	Computer equipment	Property	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 January 2022	1,804	438	1,617	3,859	559	23,347	134	24,040
Reclassifications	1,134	140	(1,274)	-	-	-	-	-
Additions	1,515	103	23	1,641	-	2,062	-	2,062
Foreign exchange differences	2,042	(26)	229	2,245	12	199	-	211
Reclassified as assets held for sale	(236)	(48)	(43)	(327)	-	(278)	-	(278)
Disposals	(591)	(233)	(159)	(983)	(101)	(4,065)	(57)	(4,223)
At 31 December 2022	5,668	374	393	6,435	470	21,265	77	21,812
Additions	1,111	12	69	1,192	102	3,044	-	3,146
Foreign exchange differences	(314)	262	(180)	(232)	(1)	204	-	203
Reclassified as assets held for sale	-	-	-	-	-	74	-	74
Disposals	(1,799)	(28)	(139)	(1,966)	-	(7,109)	-	(7,109)
At 31 December 2023	4,666	620	143	5,429	571	17,478	77	18,126
Accumulated depreciation								
At 1 January 2022	281	124	222	627	186	6,596	13	6,795
Charge for the year	1,619	270	252	2,141	161	4,129	53	4,343
Reclassifications	129	-	(129)	-	-	-	-	-
Reclassified as assets held for sale	(178)	(47)	(43)	(268)	-	(105)	-	(105)
Disposals	(480)	(221)	(148)	(849)	(20)	(987)	(22)	(1,029)
Foreign exchange differences	1,765	(10)	172	1,927	-	-	-	-
At 31 December 2022	3,136	116	326	3,578	327	9,633	44	10,004
Charge for the year	1,189	137	166	1,492	131	3,584	26	3,741
Reclassified as assets held for sale	-	-	-	-	-	1	-	1
Disposals	(1,711)	(27)	(103)	(1,841)	-	(2,432)	-	(2,432)
Foreign exchange differences	(25)	254	(246)	(17)	-	-	-	-
At 31 December 2023	2,589	480	143	3,212	458	10,786	70	11,314
Net book value								
At 31 December 2022	2,532	258	67	2,857	143	11,632	33	11,808
At 31 December 2023	2,077	140	-	2,217	113	6,692	7	6,812

The above property, plant and equipment and right-of-use assets are held as security as part of the fixed and floating charge over the assets of the Group. Refer to note 23 for further details of the Group's borrowings.

The reclassifications in the prior year relate to misclassification of assets acquired as part of a business combination in 2021.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

14. Intangible assets

	Goodwill	Customer contracts & relationships	Branding	Acquired software and IP	Internal Software Development	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2022 (restated)	323,624	188,860	15,277	90,314	26,199	644,274
Additions	-	-	-	-	9,966	9,966
Adjustment related to cloud computing costs	-	-	-	-	(640)	(640)
Reclassified as assets held for sale	(501)	(1,095)	(450)	(28)	-	(2,074)
Impairment	(5,401)	(2,581)	(497)	(59)	-	(8,538)
Foreign exchange differences	33,789	13,937	2,448	9,345	2,291	61,810
At 31 December 2022 (restated)	351,511	199,121	16,778	99,572	37,816	704,798
Additions	-	-	-	-	12,883	12,883
Disposals	-	-	-	-	(124)	(124)
Foreign exchange differences	(16,019)	(4,999)	(794)	(4,606)	(1,825)	(28,243)
At 31 December 2023	335,492	194,122	15,984	94,966	48,750	689,314
Accumulated amortisation						
At 1 January 2022	-	70,947	2,068	23,179	14,838	111,032
Amortisation charged in year	-	20,651	3,056	12,016	7,460	43,183
Reclassified as assets held for sale	-	(182)	(105)	(7)	-	(294)
Impairment	-	(446)	(120)	(14)	-	(580)
Foreign exchange differences	-	2,703	981	1,944	615	6,243
At 31 December 2022	-	93,673	5,880	37,118	22,913	159,584
Amortisation charged in year	-	18,736	2,822	11,148	8,845	41,551
Disposals	-	-	-	-	(115)	(115)
Foreign exchange differences	-	(1,766)	(289)	(1,763)	(904)	(4,722)
At 31 December 2023	-	110,643	8,413	46,503	30,739	196,298
Carrying amount						
At 31 December 2022 (restated)	351,511	105,448	10,898	62,454	14,903	545,214
At 31 December 2023	335,492	83,479	7,571	48,463	18,011	493,016

The Goodwill balances have been restated as at 1 January and 31 December 2022 relating to a prior period adjustment as described in note 36.

The above intangible assets are held as security as part of the fixed and floating charge over the assets of the Group, refer

to note 23 for further details of the Group's borrowings.

Goodwill and acquisition-related intangible assets recognised have arisen from acquisitions. Internal software development reflects the recognition of development work undertaken in-house.

The amortisation charge for the year of £41.6 million (2022: £43.2 million) includes £32.7 million (2022: £35.7 million) relating to acquired intangibles. Amortisation is included within operating expenses in the Statement of Comprehensive Income.

The goodwill acquired in each of the acquisitions is not expected to be deductible for tax purposes except where arising in the US as an acquisition of a single member limited liability company, this is treated as an asset purchase for tax purposes and hence tax deductible.

Annual impairment review

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. Following a change in the aggregation of cash inflow and assets for identifying CGUs discussed above, the Group has eight (2022: nine) CGUs. The carrying amount of goodwill has been allocated as follows:

CGU	Goodwill		Growth rate for years 2 to 5		Post-tax discount rate	
	2023	2022 (restated)	2023	2022	2023	2022
	£'000		%		%	
Content & learning services	2,180	12,712	7%	2%	10.8%	10.7%
Diversity & inclusion	19,434	28,020	5%	6%	10.3%	10.6%
Software solutions	143,568	150,612	2%	4%	10.8%	10.6%
GP Strategies - Global Services	66,586	35,839	4%	5%	10.3%	10.2%
GP Strategies - Americas	87,175	106,894	4%	5%	10.3%	10.1%
GP Strategies - Europe	1,839	2,933	4%	4%	12.0%	10.2%
GP Strategies - AMEA	3,443	2,623	5%	5%	11.2%	10.2%
GP Strategies - Effective People	11,768	12,379	6%	8%	12.0%	10.2%
GP Strategies - SFA	-	-	-	-	-	16.8%
	335,993	352,012				

During the year GP Strategies reorganised its BPO business from Americas CGU to Global Services CGU and comparatives for 2022 have been restated accordingly, in order to align to how the business is managed and monitored, but also due to product and service offerings becoming increasingly interrelated.

The Content & Services and Diversity & Inclusion CGUs have been amended in 2023 to reflect the transfer of trade and assets relating to Leo Learning and PDT to GP Strategies with effect from January 2023.

The difference between the net book value of the Goodwill generated on acquisitions as at 31 December 2023 of £335,492,000 and the £335,993,000 stated above relates to £501,000 of Goodwill relating to assets classified as held for sale (see note 33).

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

regarding the discount rates (being the companies cost of capital), growth rates (based on Board-approved forecasts and estimated growth rates in years 2 to 5) and future EBIT margins (which are based on past experience).

The Group monitors its pre-tax Weighted Average Cost of Capital and those of its competitors using market data. In considering the discount rates applying to CGUs, the Directors have considered the relative sizes, risks and the inter-dependencies of its CGUs. The impairment reviews use a discount rate adjusted for post-tax cash flows.

The Group prepares cash flow forecasts derived from the 2024 financial plan approved by the Board and extrapolates revenues, net margins and cash flows for the following four years based on forecast growth rates of the CGUs. Cash flows beyond this five-year period are also considered in assessing the need for any impairment provisions. The growth rates are based on internal growth forecasts of between 2% and 7% for the first five years. The terminal rate used for the value in use calculation thereafter is 2.0%.

All CGUs have substantial headroom between the calculated value-in-use and the net book value except for the GP Strategies - SFA CGU which has been fully impaired following the Board's announcement in December 2022 regarding closure of the UK apprenticeship business in early 2023. Approximately 80% of operations within the GP Strategies – SFA CGU are being discontinued. The remaining contracts within the CGU are of uncertain longevity and management is not targeting further investment in this area. There is no resultant impairment charge for 2023 (2022: £8.0 million charge).

Sensitivity analysis

A reduction to 0% for the terminal rate applied to the cash flows (with other assumptions remaining constant) would not result in an impairment to any CGU.

A 10% decrease in the 2024 cash flows used in the discounted cash flow model for the value-in-use calculation (with other assumptions remaining constant) would not result in an impairment to any CGU.

A 250bps increase in discount rates used in the discounted cash flow model for the value-in-use calculation (with other assumptions remaining constant) would not result in an impairment to any CGU.

A 10% decrease in the 2024 cash flows and a 250bps increase in the discount rates used in the discounted cash flow model for the value-in-use calculation (with other assumptions remaining constant) would not result in an impairment to any CGU. Our sensitivity analysis has concluded that these changes would not result in an

impairment to any other CGU.

Management do not consider that any reasonably possible changes in the assumptions for the above CGUs would result in an impairment.

As disclosed in note 2, Accounting policies, the forecast cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and it is possible that significant changes to these assumptions could lead to an impairment of goodwill and acquired intangibles. Given the uncertainty surrounding the macroeconomic factors, geopolitical uncertainties and inflationary pressures on the Group's operations and on the global economy, management has considered a range of sensitivities on each of the key assumptions, with other variables held constant. The sensitivities which were each assessed in isolation include applying a 10% reduction in the revenue assumption in the next financial year from the base cash flow projections, increasing the discount rate by 1% and reducing the long-term growth rates to 0%. Under these severe scenarios, the estimated recoverable amount of goodwill and acquired intangibles still exceeded the carrying value of all CGUs.

The sensitivity analysis showed that no reasonably possible change in assumptions would lead to an impairment.

Customer contracts & relationships, branding and acquired software and IP

These intangible assets include the Group's aggregate amounts spent on the acquisition of industry-specific knowledge, software technology, branding and customer relationships. These assets arose from acquisition as part of business combinations.

The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists.

The cost of these intangible assets is amortised over the estimated useful life of each separate asset of between 2 and 12 years.

Internal software development

Internal software development costs principally comprise expenditure incurred on major software development projects and the production of generic e-learning content where it is reasonably anticipated that the costs will be recovered through future commercial activity.

Acquired software and Intellectual Property is amortised over the estimated useful life of between two and ten years.

15. Investments accounted for using the equity method

Joint ventures

The joint venture has share capital consisting solely of ordinary shares, which are held directly by the Group. The nature of the investments is listed below.

Name of entity	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held by Group	
			31 December 2023	31 December 2022
LEO Brasil Tecnologia Educacional Ltda (formerly Epic Brasil Tecnologia Educacional Ltda)	Brazil	Bespoke e-learning	-	17%

LEO Brasil Tecnologia Educacional Ltda

Since 31 December 2021 the Group's proportional ownership in LEO Brasil Tecnologia Educacional Ltda (formerly Epic Brasil Tecnologia Educacional Ltda) has been 17%.

On 5 September 2023, the Group sold its 17% investment for proceeds of R\$3 million (£0.4 million), realising a gain on sale of £0.4 million.

There is no other impact on these financial statements as the investment held had been fully impaired.

National Aerospace Solutions, LLC

The joint venture was acquired through the acquisition of GP Strategies and represents the Group's investment in National Aerospace Solutions, LLC, which has a Test Operations and Sustainment (TOS) Contract for the management and operations of the Arnold Engineering Development Complex in Tullahoma, Tennessee.

On 18th April 2022, the Group sold its 10% investment in National Aerospace Solutions LLC for proceeds of \$3.0m (£2.3 million), realising a gain on sale of £1.2 million.

The impact on the disposal on the financial statements in 2022 is shown in the table below:

	Share of joint venture's net assets - National Aerospace	
	2023	2022
	£'000	£'000
Cost		
At 1 January	-	1,018
Additions from acquisitions	-	-
Share of profit after tax	-	155
Disposals	-	(1,173)
Disbursements	-	-
Foreign exchange differences	-	-
At 31 December	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

16. Trade receivables

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Trade receivables	113,080	140,951
Allowance for impairment losses	(5,118)	(4,926)
	107,962	136,025

The Group's normal trade credit term is 30-60 days. Other credit terms are assessed and approved on a case-by-case basis.

The fair value of trade receivables approximates their carrying amount, as the impact of discounting is not significant. No interest has been charged to date on overdue receivables.

In accordance with IFRS 15, the Group has disclosed trade receivable balances net of the associated contract liabilities, as outlined below. These balances will be shown net until the earlier of either the date the payment becomes due and a receivable is recognised or the date that the services are delivered and an associated contract asset is recognised.

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Contract liabilities offset within trade receivables above	13,099	6,639

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and ageing. The amounts receivables on contacts have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced in the previous period and then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

The expected credit loss rate and the aged gross trade receivables and aged loss allowance as at 31 December are as follows:

31 December 2023	Expected loss rate	Gross trade receivables	Allowance for impairment losses
	%	£'000	£'000
Not past due	-%	97,988	297
Past due:			
Less than three months	8%	5,512	422
Three to six months	31%	1,713	524
Past six months	49%	7,867	3,875
		113,080	5,118

31 December 2022	Expected loss rate	Gross trade receivables	Allowance for impairment losses
	%	£'000	£'000
Not past due	1%	117,464	1,608
Past due:			
Less than three months	5%	12,143	619
Three to six months	7%	2,637	184
Past six months	29%	8,707	2,515
		140,951	4,926

The movement in the allowance for expected credit loss is as below:

	2023	2022
	£'000	£'000
Impairment losses:		
At 1 January	4,926	2,543
Reclassified as assets held for sale	-	11
Additions	763	1,949
Release	(401)	-
Foreign exchange	(170)	423
At 31 December	5,118	4,926

As at 31 December 2023, trade receivables of £1,192,000 (2022: £1,091,000) had lifetime expected credit losses of the full value of the receivables. The receivables due at the end of the financial year relate to 59 customers (2022: 51 customers) and have been fully provided based on the aged profile of the debt or public information available to management indicating the customers may be unable to settle the debt.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

17. Other receivables and prepayments

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Current assets		
Sundry receivables	5,179	6,767
Prepayments	9,195	9,998
	14,374	16,765
Non-current assets		
Sundry receivables	2,093	1,874
	2,093	1,874

Sundry receivables includes rent deposits and other sundry receivables.

18. Amount recoverable on contracts

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Current assets		
Contract assets	25,757	33,221
	25,757	33,221
Non-current assets		
Contract assets	-	1,303
	-	1,303

The Group has applied the provisions of IFRS15 not to disclose information about its remaining performance obligations as revenue is recognised in the amount to which there is a right to invoice

Disclosure of the expected credit losses tables are not included as they are not material.

19. Cash and cash equivalents, restricted cash and short-term deposits

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less:

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Cash and bank balances	72,522	94,847

Restricted cash balances comprise amounts held on behalf of third parties and employees as part of the Employee Stock Purchase Plan ('ESPP'):

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Restricted cash	2,389	2,608

20. Deferred tax assets/(liabilities)

The deferred tax balances relate to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax assets are recognised to the extent that it is probable that the future taxable profits will allow the deferred tax assets to be recovered.

The balances as at 1 January and 31 December 2022 have been restated as per note 36.

The movements in deferred tax assets and liabilities prior to offsetting are shown below:

Deferred tax assets	Share options	Tax losses	Short-term timing differences	Intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022 (restated)	5,660	1,781	9,880	10,268	27,589
Deferred tax (charge)/credit directly to the income statement	(566)	3,469	1,868	(663)	4,108
Deferred tax credited directly to equity	(1,946)	-	-	-	(1,946)
Exchange rate differences, charged directly to OCI	188	144	962	1,242	2,536
Changes in tax rate, credited to the income statement	286	(146)	104	10	254
At 31 December 2022 (restated)	3,622	5,248	12,814	10,857	32,541
Deferred tax (charge)/credit directly to the income statement	(281)	(226)	7,141	(17)	6,617
Deferred tax charged directly to equity	(520)	-	-	-	(520)
Exchange rate differences, charged directly to OCI	2	(151)	308	(531)	(372)
Changes in tax rate, credited to the income statement	4	-	307	(414)	(103)
At 31 December 2023	2,827	4,871	20,570	9,895	38,163

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Deferred tax liabilities	Intangibles	Accelerated tax depreciation	Short-term timing differences	Total
	£'000	£'000	£'000	£'000
At 1 January 2022 (restated)	41,474	788	472	42,734
Deferred tax credit/(charge) directly to the income statement	(7,762)	(1,292)	2,106	(6,948)
Exchange rate differences, charged directly to OCI	4,097	125	9	4,231
Changes in tax rate, charged to the income statement	(70)	(44)	61	(53)
At 31 December 2022 (restated)	37,739	(423)	2,648	39,964
Deferred tax credit/(charge) directly to the income statement	(3,958)	587	(41)	(3,412)
Exchange rate differences, charged directly to OCI	(1,362)	17	876	(469)
Changes in tax rate, charged to the income statement	1,667	(1)	11	1,677
At 31 December 2023	34,086	180	3,494	37,760

The total deferred tax assets and liabilities subject to offsetting are presented below:

	Total deferred tax assets		Total deferred tax liabilities	
	31 Dec 2023	31 Dec 2022 (restated)	31 Dec 2023	31 Dec 2022 (restated)
	£'000	£'000	£'000	£'000
As at 31 December prior to offsetting	38,163	32,541	37,760	39,964
Offset of tax	(32,016)	(28,464)	(32,016)	(28,464)
As at 31 December after offsetting	6,147	4,077	5,744	11,500

The Group has recognised £4.9 million (2022: £5.2 million) of deferred tax assets relating to carried forward tax losses, including those arising in the US of amount £3.1 million. These losses have been recognised as it is probable that future taxable profits will allow these deferred tax assets to be recovered. The Group has performed a continuing evaluation of its ability to recognise deferred tax assets on an annual basis to estimate whether sufficient future taxable income will be generated to permit their use.

Deferred tax assets of £24.6 million, relating primarily to trading losses carried forward arising in the US totalling £86.2 million (2022: £91.9 million), consisting of £31.7 million available for utilisation for the period 2027-38 and £54.5 million to be carried forward indefinitely, continue to be unrecognised. The Group has completed a US federal tax study in 2022 and US state tax study in 2023 that confirms the availability of these losses. The Group has utilised approximately £7.5 million of trading losses (2022: £12.3 million) and recognised deferred tax assets of amount £3.1 million relating to trading losses of £20.9 million that are expected to be utilised in the period 2024-2026.

21. Trade and other payables

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Trade payables	24,979	31,813
Contract liabilities	63,398	99,303
Tax and social security	15,158	22,300
Contingent consideration	20	21
Acquisition-related contingent consideration and earn-outs	145	4,876
Accruals	30,250	22,321
Total	133,950	180,634

The contract liabilities balance relates mainly to the Group's right to access licences, support and maintenance and hosting contracts which are recognised over the contract term as the customer receives and consumes the benefits of the service. All of the current liability contract liabilities balance at 31 December 2022 was recognised as revenue in 2023 and the current contract liabilities balance at 31 December 2023 is expected to be recognised as revenue in 2024.

The acquisition-related contingent consideration and earn-outs balance in 2023 relates to the acquisition of Learning Media Services and Patheer. The 2022 balance relates to the

acquisition of PDT Global, eCreators, eThink and BreezyHR Inc ('Breezy') and were financial instruments held at fair value within the scope of IFRS 9 and were repaid during 2023. The 2023 and 2022 contingent consideration balance relates to Moodle News.

The Group has netted off £13.1 million (2022: £6.6 million) of contract liabilities against its trade receivables balances as outlined in note 16.

22. Other long-term liabilities

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Contract liabilities	405	3,517
Total	405	3,517

The non-current contract liabilities balance relates mainly to the Group's right to access licences, support and maintenance and hosting contracts which are recognised over the contract term as the customer receives and consumes the benefits of the service. The non-current contract liabilities balance at 31 December 2023 is expected to be recognised during 2025.

23. Borrowings

The Group has a debt facility dated 15 July 2021 with HSBC UK Bank PLC, HSBC Innovation Bank Limited, Barclays Bank PLC, Fifth Third Bank NA and The Governor and Company of the Bank of Ireland.

In March 2023, HSBC UK bank plc ("HSBC") acquired Silicon Valley Bank UK Limited ("SVB UK"). SVB UK, now known

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

as HSBC Innovation Bank Limited, a direct wholly-owned subsidiary of HSBC, and which remains as the facility agent and security agent for the debt facility.

The facility comprises of a Term Facility A committed facility, with an original commitment of \$265.0 million available to the Group until October 2025, a \$50.0 million committed Revolving Credit Facility (£39.3 million at the year-end exchange rate) and a \$50.0 million uncommitted accordion facility (£39.3 million at the year-end exchange rate), both available until July 2025. In addition, a 12 month extension request is available to the Group for Term Facility A and the RCF.

The term facility attracts variable interest based on LIBOR plus a margin of between 1.50% and 2.75% per annum, based on the Group's leverage to December 2022, following this it attracts SOFR plus the margin discussed above and an adjusted credit spread until repaid.

Term Facility A is repayable with quarterly instalments, starting December 2022, of \$9.6 million (c £7.5 million at the year-end exchange rate) with the balance repayable on the expiry of the loan in October 2025. During the year the Group also made an voluntary additional repayment of \$25 million (c £20.5 million). There were no utilisations of the Revolving Credit Facility or uncommitted accordion facility in either of the years ended 2023 or 2022.

The bank loan is secured by a fixed and floating charge over

the assets of the Group and is subject to financial covenants that are tested quarterly based on a calendar year.

The financial covenants are that the Group must ensure that its interest cover ratio is at least 4.0 times and its leverage ratio does not exceed 3.0 times. The interest cover and leverage ratio is not a statutory measure and so its basis and composition may differ from other leverage measures published by other companies.

The interest cover ratio is the ratio of adjusted EBITDA, as defined in the agreement, to Finance Charges. The leverage ratio is total net debt on the last day of the relevant period to adjusted EBITDA for that relevant period. Both numerator and denominator in each calculation comprise several adjustments as defined in the debt facility agreement and as such are not directly calculable from the financial statements.

The Group was compliant with all financial covenants throughout the year and as at 31 December 2023, the Group's interest cover was 8.34 (2022: 12.90) and its leverage ratio was 0.71 (2022: 1.08).

The lease liabilities have arisen on adoption of IFRS 16 and are secured by the related underlying assets. See note 32 for the undiscounted maturity analysis of lease liabilities at 31 December 2023.

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Current interest-bearing loans and borrowings	30,091	36,714
Non-current interest-bearing loans and borrowings	120,984	177,944
Current lease liabilities	4,423	5,082
Non-current lease liabilities	6,913	9,792
Total	162,411	229,532

Net debt reconciliation

Net debt, which excludes lease liabilities, can be analysed as follows:

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Cash and cash equivalents	72,522	94,847
Borrowings:		
- Revolving credit facility	-	-
- Term loan	(151,075)	(214,658)
Net debt	(78,553)	(119,811)

24. Lease liabilities

This note provides information for leases where the group is a lessee.

	2023	2022
	£'000	£'000
At 1 January	14,874	21,845
Additions	4,346	1,948
Interest expense	546	614
Lease payments (principal and interest)	(5,738)	(7,333)
Disposals	(3,204)	(2,367)
Liabilities in disposal group held for sale	(76)	(175)
Foreign exchange movements	588	342
At 31 December	11,336	14,874

The split of the lease liabilities due in less than and greater than one year is presented in note 23.

Additional profit or loss and cash flow information

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Income from subleasing office premises	3	256
Total cash outflow in respect of leases in the year	(5,738)	(7,333)
Expense related to short-term leases not accounted for under IFRS 16	(217)	(594)
Additions to right-of-use assets	3,147	2,062

The Group's accounting policy for leases is set out in note 2. Details of income statement charges are set out in note 7. The right-of-use asset categories on which depreciation is incurred are presented in note 13. Interest expense incurred on lease liabilities is presented in note 6. The maturity of undiscounted future lease liabilities are set out in note 32.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

25. Provisions

	Property provisions (1)	Litigation and regulation provisions (2)	Onerous contract provisions (3)	Closure & restructuring provisions (4)	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	1,075	6,489	1,024	-	8,588
Released to the income statement	(34)	(3,769)	(643)	-	(4,446)
Paid in the year	(143)	(2,260)	-	-	(2,403)
Additions	204	-	-	1,047	1,251
Foreign exchange movements	(99)	461	107	-	469
At 31 December 2022	1,003	921	488	1,047	3,459
Released to the income statement	(87)	(320)	(475)	-	(882)
Paid in the year	(37)	-	-	(1,733)	(1,770)
Additions	6	208	-	1,792	2,006
Foreign exchange movements	(65)	(43)	(13)	(45)	(166)
At 31 December 2023	820	766	-	1,061	2,647
Current	199	766	-	1,061	2,026
Non-current	621	-	-	-	621
Total provisions	820	766	-	1,061	2,647

1. The Group is party to a number of leasehold property contracts. Provision has been made for the unavoidable non-rent costs on those leases where the property is now vacant. As a result of the implementation of IFRS 16, the rental elements of certain property provisions are now included within lease liabilities. In addition, the Group has provided for dilapidation costs expected to be incurred at the end of property leases.
2. Litigation and regulation provisions relate to estimates for potential liabilities which may arise in the Group as a result of client claims and past practices. Whilst the nature of legal claims means that the timing of settlement can be uncertain, we expect all claims to be settled in the next 1 to 2 years. Whilst the provisions are based on management's best estimate of the likely liability for obligations that exist at the year end date, the maximum potential exposure could be materially higher than the provisions made as there is a range of potential outcomes.
3. Onerous contract provisions relate to provisions made for certain software contracts where the unavoidable costs of meeting the obligation under the contract, exceed the economic benefits expected to be received under the contract.
4. Closure and restructuring provisions relate to redundancy costs and facility obligations in relation to the closure of the UK apprenticeship business, announced prior to 31 December 2022, given the nature of the customer relationships and quality of the offering in the business do not match the high standards elsewhere in the Group. The UK apprenticeship business ceased trading on 31 March 2023. In 2023, the redundancy provisions relate to resizing the organisation due to a more challenging macro economic environment.

26. Share capital

	Number of shares	Share capital	Share premium	Merger reserve	Total
		£'000	£'000	£'000	£'000
Shares were issued during the year as follows:					
At 1 January 2023	789,824,841	2,962	318,183	31,983	353,128
Shares issued on the exercise of options	1,335,181	5	515	-	520
At 31 December 2023	791,160,022	2,967	318,698	31,983	353,648

The par value of all shares is £0.00375. All shares in issue were allotted, called up and fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

On 3 March 2015 the Group incorporated Learning Technologies Group (Trustee) Limited, a wholly owned subsidiary of the Company. The purpose of the company is to act as an Employee Benefit Trust ('EBT') for the benefit of current and previous employees of the Group.

At 31 December 2023 the EBT held 304,340 (2022: 404,340) ordinary shares in the Company. The movement during the year related to the exercise of share options, with the effective cost being immaterial.

A total of 1,335,181 (2022: 2,181,866) ordinary shares were issued during the course of the year as a result of the exercise of employee share options.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

27. Share-based payment transactions

The Group operates an approved and unapproved share option plan and a number of contributory Sharesave schemes. The Group's share-based payment arrangements are summarised below.

(a) Share option plans

As part of its strategy for executive and key employee remuneration, on Admission to AIM the Company established a Share Option Scheme under which share options may be granted to officers and employees or members of the Group. Under the rules of the Share Option Scheme, the Company may grant EMI options and/or

unapproved options. Prior to the reverse takeover by LTG in November 2013, Epic Group Limited ran their own share option scheme. Option holders in this plan either exercised their options or modified them into share options in the new scheme, such that they had a neutral effect on the option holders immediately before and after the amendment of the options.

There is no limit on the number of shares, or the percentage of issued share capital, that can be used by the Company for share options. The rules of the Share Option Scheme do not comply with the ABI's guidelines on policies and practices in respect of executive remuneration.

Approved share option plan - Enterprise Management Incentive ('EMI'):

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		pence		pence
At 1 January	380,545	3.947	922,045	11.942
Granted by Company	-	-	-	-
Forfeited	-	-	-	-
Cancelled	-	-	(525,000)	17.63
Exercised during the year	(343,945)	2.72	(16,500)	15.50
At 31 December	36,600	15.50	380,545	3.947

EMI options are granted to employees of the Group and vesting criteria are subject to challenging performance targets such as share price growth or other criteria such as annual sales. Except where agreed by the Board, options will lapse if an option holder ceases to be an employee of the Group. All EMI options are settled by equity.

Unapproved share option plan:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		pence		pence
At 1 January	27,846,574	66.35	29,204,641	84.460
Granted by Company	2,205,000	0.375	7,445,000	0.375
Forfeited	(7,225,743)	77.10	(4,641,667)	96.41
Cancelled	(400,000)	71.43	(3,100,001)	50.88
Exercised during the year	(1,047,500)	49.97	(1,061,399)	15.53
At 31 December	21,378,331	56.62	27,846,574	66.35

Unapproved options are granted to employees of the Group and vesting criteria are subject to challenging performance targets such as revenue and Adjusted EBIT growth or other criteria such as annual sales. Except where agreed by the Board, options will lapse if an option holder ceases to be an employee of the Group. All unapproved options are settled by equity.

Long-term Incentive ('LTIP') share option plan:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		pence		pence
At 1 January	18,216,667	0.375	15,500,000	0.375
Granted by Company	-	-	2,716,667	0.375
Forfeited	(1,200,000)	0.375	-	-
Exercised during the year	-	-	-	-
At 31 December	17,016,667	0.375	18,216,667	0.375

LTIP options are granted to senior management of the Group and are subject to challenging performance targets such as a achieving different levels of compound annual growth rates across both total shareholder return ('TSR') and adjusted diluted earnings per share ('EPS'). The awards vesting date is split with 50% in four years and 50% in five years.

(b) Sharesave Option Scheme

In the UK, the Company established the 2016, 2017, 2018, 2019, 2020, 2022 and 2023 Learning Technologies Group plc Sharesave Scheme in April 2016, April 2017, April 2018, April 2019, October 2020, July 2022 and May 2023, respectively. In October 2020 the Company established a Colombian share save scheme. The schemes enables UK and Colombian permanent employees of the Group to buy

shares in the Company at a discount on maturity of a three-year savings contract, unless they are made redundant, in which case they can exercise their options, at the time of redundancy. The savings are held with the Yorkshire Building Society and the Link Group for UK employees and with Alianza Fiduciaria S.A for Colombian employees.

Each member of the scheme may save a fixed amount of up to £500 (\$COL 2,500,000) per month for three years at the end of which period, each employee may buy shares at a fixed price of 29.6, 40.8, 68.4, 55.0, 94.7, 99.4 and 81.1 pence per share respectively (the 'Option Price'), being a discount of 20% on the share price as of 26 April 2016, 20 April 2017, 11 April 2019, 9 April 2020, 9 October 2020, 1 July 2022 and 12 May 2023, respectively. At the end of three years, an employee may either opt to buy shares at the Option Price or take the savings in cash.

Sharesave Option Scheme:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		pence		pence
At 1 January	3,221,496	97.64	1,426,781	78.684
Granted by Company	1,160,400	81.12	2,446,211	99.4
Forfeited	(1,345,850)	99.10	(119,855)	96.12
Exercised during the year	(43,736)	58.85	(531,641)	55.22
At 31 December	2,992,310	91.36	3,221,496	97.64

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

(c) Employee Stock Purchase Plan

The Company established the Learning Technologies Group plc U.S. and Canada 2019, 2020, 2022 and 2023 Employee Stock Purchase Plan (ESPP) in May 2019, November 2020, July 2022 and May 2023, respectively. The scheme enables US and Canadian permanent employees of the Group to buy shares in the Company at a discount on maturity of a two-year savings contract. The savings are held by Learning Technologies Group Inc. and treated as restricted cash.

Each member of the scheme may save a fixed amount each month over the two-year period, at the end of

which each employee may buy shares at a fixed price of 70.6, 102.0, 94.61 and 86.2 pence per share (the 'Option Price'), being a discount of 15% on the share price as of 17 May 2020, 2 November 2020, 1 July 2022 and 12 May 2023. No participant may purchase more than 40,000 shares during an offering period. At the end of two years, a participant's option to purchase shares will be exercised automatically on the purchase date provided that the fair market value of the shares is greater than the purchase price, otherwise the accumulated payroll deductions held on behalf of a participant will be repaid promptly.

Employee Stock Purchase Plan:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		pence		pence
At 1 January	2,615,108	95.33	811,944	102.00
Granted by Company	891,839	86.20	2,473,989	94.61
Forfeited	(734,395)	94.10	(176,006)	97.12
Exercised during the year	-	-	(494,819)	102.00
At 31 December	2,772,552	90.58	2,615,108	95.33

(d) Employee Share Ownership Plan

The Company established the LTG Peak Performance Trust ('PPT') in December 2020. The scheme enables Australian permanent employees of the Group to buy shares in the Company at a discount on maturity of a one-year savings contract, with an additional two-year savings contract available upon remaining in the scheme each year. The savings are held by Succession Plus Australia.

Each member of the scheme may save AUD416.67 each month over the one-year period, at the end of which each employee may buy shares at a discount of 15% on the share price at the time of acquisition. At the end of year one, a participant's option to purchase shares will be exercised automatically on the purchase date. In years two and three, an increased monthly purchase limit of AUD625.00 and AUD716.67 is available to employees who have remained in the scheme in the prior years.

Employee Share Ownership Plan:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		pence		pence
At 1 January	5,675	139.456	15,108	139.456
Granted by Company	-	-	-	-
Forfeited	(5,675)	139.456	(905)	139.456
Exercised during the year	-	-	(8,528)	139.456
At 31 December	-	-	5,675	139.456

At 31 December 2023, options granted to subscribe for ordinary shares of the Company, and the valuation criteria, are as follows:

Date of grant	Number of shares under option			Exercise price	Remaining vesting period	Fair value of options	Life	Volatility
	Approved scheme	LTIP / Unapproved scheme	Sharesave scheme / ESPP					
				Pence		Pence	Years	Percent
Mar-2014	36,600	-	-	15.500	-	8.76	10	45%
May-2017	-	1,400,000	-	37.500	-	29.63	10	34%
Dec-2017	-	500,000	-	60.114	-	30.10	10	38%
Jul-2018	-	1,000,000	-	102.000	-	52.61	10	38%
Aug-2018	-	2,000,000	-	103.490	-	56.14	10	40%
Aug-2018	-	1,050,000	-	103.490	Jan-24	56.14	10	40%
Aug-2018	-	1,050,000	-	103.490	Jan-25	56.14	10	40%
Apr-2019	-	-	7,513	55.100	-	35.12	3	66%
Apr-2019	-	2,424,998	-	75.200	-	55.64	10	68%
Apr-2019	-	1,216,666	-	75.200	Jan-24	55.64	10	68%
Apr-2019	-	966,667	-	75.200	Jan-25	55.64	10	68%
Apr-2020	-	945,000	-	115.000	-	74.82	10	56%
Apr-2020	-	150,000	-	115.000	Jan-25	74.82	10	56%
Oct-2020	-	245,000	-	0.375	Jan-24 to Jan-26	110.04	10	52%
Oct-2020	-	1,000,000	-	114.300	Jan-24 to Jan-26	62.03	10	52%
Oct-2020	-	100,000	-	120.00	-	65.46	10	52%
Nov-2020	-	-	674,141	94.7000	-	50.97	3	52%
Nov-2020	-	-	227,522	102.000	-	41.89	2	52%
Aug-2021	-	15,500,000	-	0.375	Jan-25 & Jan-26	51.97 to 117.54	10	42%
Jan-2022	-	4,875,000	-	0.375	Jan-25 & Jan-26	93.8	10	42%
Jun-2022	-	-	1,663,209	94.61	Jun-24	31.78	2	42%
Jun-2022	-	-	1,150,253	99.40	Jun-25	34.99	3	42%
Jul-2022	-	250,000	-	0.375	May-25 to Jul-25	101.97	10	42%
Sep-2022	-	1,516,667	-	0.375	Jan-25 & Jan-26	27.61 to 153.18	10	42%
Jan-2023	-	2,205,000	-	0.375	Jan-26 to Jan-28	62.38 & 105.46	10	48%
Jun-2023	-	-	881,821	86.2	Jun-25	31.78	2	46%
Jun-2023	-	-	1,160,400	81.12	Jun-26	30.87	3	46%
Totals	36,600	38,394,998	5,764,862					

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

An option-holder has no voting or dividend rights in the Company before the exercise of a share option.

The weighted average share price at grant date of options granted during the year in the LTIP Share Option Scheme at grant date was £Nil (2022: £1.083) and the estimated fair value of each share option granted was £Nil (2022: £0.695).

The weighted average share price at grant date of options granted during the year in the Unapproved Share Option Scheme at grant date was £1.204 (2022: £1.714) and the estimated fair value of each share option granted was £0.839 (2022: £0.946).

The weighted average share price at grant date of the Sharesave Scheme was £0.966 (2022: £1.119) and the estimated fair value of each share option was £0.309 (2022: £0.350). It is assumed that 50% of members will remain in the Group after three years.

The weighted average share price at grant date of the ESPP was £0.966 (2022: £1.119) and the estimated fair value of each share option was £0.273 (2022: £0.323). It is assumed that 50% of members will remain in the Group after two years.

The weighted average share price at grant date of the PPT was £Nil (2022: £Nil) and the estimated fair value of each share option was £Nil (2022: £Nil). It is assumed that 50% of members will remain in the Group after one year.

A 0.26% - 0.29% (2022: 0.26% - 0.29%) risk-free interest rate has been assumed for the unapproved, ESPP or Sharesave schemes. The estimated fair value was calculated by applying a Black-Scholes option pricing model. The expected volatility of the Group's share price is calculated based on an assumption of historical volatility.

The LTIP awards have been valued using a Stochastic model for the TSR element, the Black-Scholes option pricing model for the EPS element and a Chaffee model for the one year holding period. A 0.73% risk free interest rate has been used for the awards vesting in four years and a 0.82% risk free interest rate has been used for the awards vesting in five years.

The option life factored into the model for EMI and Unapproved options is 10 years, for Sharesave scheme options 3 years, for ESPP options 2 years and for PPT options 1 year.

The expense and equity reserve arising from share-based payment transactions recognised in the year ended 31 December 2023 was £4,381,000 (year ended 31 December 2022: £7,235,000).

The weighted average share price at the date of exercise of options under the EMI Share Option Scheme was £1.408 (2022: £1.288).

The weighted average share price at the date of exercise of options under the Unapproved Share Option Scheme was £1.283 (2022: £1.322).

The weighted average share price at the date of exercise of options under the Sharesave Scheme was £1.503 (2022: £1.088).

The weighted average share price at the date of exercise of options under the ESPP Scheme was £Nil (2022: £1.123).

The weighted average share price at the date of exercise of options under the PPT was £Nil (2022: £1.122).

The number of options that are exercisable at 31 December 2023 is 8,756,633 (2022: 7,161,907).

28. Subsidiaries of the Group

The subsidiaries of the Group, all of which are private companies limited by shares, as at 31 December 2023, are as follows:

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by Company
Held directly by Learning Technologies Group Plc:				
Learning Technologies Group Holdings (UK) Limited	England and Wales	Projects The Lanes, Nile House, Nile Street, Brighton BN1 1HW	Holding company	100%
Learning Technologies Group (Trustee) Limited	England and Wales	Projects The Lanes, Nile House, Nile Street, Brighton BN1 1HW	Employee Benefit Trust	100%
Learning Technologies Group Holdings Limited	England and Wales	Projects The Lanes, Nile House, Nile Street, Brighton BN1 1HW	Holding company	100%
Learning Technologies Acquisition Corporation	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	Holding company	100%

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by Company
Held indirectly by Learning Technologies Group Plc:				
Leo Learning Inc	USA	c/o Corporation Service Company, 80 State Street, Albany, NY 12207	Bespoke e-learning	100%
Preloaded Limited	England and Wales	The Arts Building, Morris Place, London, N4 3JG	Educational games	100%
Learning Technologies Group (UK) Limited	England and Wales	Projects The Lanes, Nile House, Nile Street, Brighton BN1 1HW	Bespoke e-learning	100%
Eukleia Training Limited	England and Wales	Projects The Lanes, Nile House, Nile Street, Brighton BN1 1HW	Bespoke e-learning	100%
Rustici Software LLC	USA	c/o Corporation Service Company, 2908 Poston Avenue, Nashville, TN 37203	e-learning interoperability	100%
Watershed Systems Inc	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	SaaS learning analytics platform	100%
Learning Technologies Group (Hong Kong) Limited	Hong Kong	21/F, Fairmont House, 8 Cotton Tree Lane, Central Hong Kong	e-learning software licencing and services	100%
NetDimensions, Inc.	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	e-learning software licencing and services	100%
NetDimensions (UK) Limited	England and Wales	Projects The Lanes, Nile House, Nile Street, Brighton BN1 1HW	e-learning software licencing and services	100%
NetDimensions (China) Limited	Hong Kong	21/F, Fairmont House, 8 Cotton Tree Lane, Central Hong Kong	e-learning software licencing and services	100%
Learning Technologies Group Pty Limited	Australia	Level 4, 91 William Street, Melbourne VIC 3000	e-learning software licencing and services	100%
NetDimensions Asia Limited	Hong Kong/Philippines	R21/F, Fairmont House, 8 Cotton Tree Lane, Central Hong Kong	e-learning software licencing and services	100%
NetDimensions Services Asia Limited	Philippines	16/F, Robinsons Cyberscape Gamma, Topaz and Ruby Roads, Ortigas Center, Pasig City, Philippines	e-learning software licencing and services	100%
Learning Technologies Group GmbH	Germany	Dieningholt 9, 59387 Ascheberg, Germany	e-learning software licencing and services	100%
E-Creators Pty Ltd.	Australia	Level 3, 210 Albert Road South Melbourne, VIC 3205	SaaS learning management system	100%
NetDimensions (Holdings) Limited	Cayman Islands	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Dormant	100%
Gomo Learning Limited	England and Wales	Projects The Lanes, Nile House, Nile Street, Brighton BN1 1HW	Mobile e-learning	100%
PeopleFluent Holdings Corp.	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	Holding company	100%
Learning Technologies Group Inc.	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	Integrated talent management and learning solutions	100%
Learning Technologies Group (Canada) Inc	Canada	305 Victoria Avenue, Suite 401, Westmount, Quebec H3Z2N2	Integrated talent management and learning solutions	100%
Bedford HCIT Holdings Corp	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	Holding company	100%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by Company
Held indirectly by Learning Technologies Group Plc:				
Gomo Learning Inc.	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	Video distribution software	100%
PeopleFluent Limited	England and Wales	Projects The Lanes, Nile House, Nile Street, Brighton BN1 1HW	Integrated talent management and learning solutions	100%
Learning Technologies Group Brasil Servicos de Tecnologia Ltda	Brazil	Alameda ITU 215, Conj 52 Sala 7, Jardim Paulista, 01421001 São Paulo	SaaS learning management system	100%
LTG UK MEX SDRL	Mexico	Montecito 38, Piso 16, Oficina 27. WTC, Napoles, Benito Juarez, 03810 CDMX, Mexico	SaaS learning management system	100%
Learning Technologies Group (Colombia) S.A.S.	Colombia	Cr 7 #71 52 To A of 706 Bogotá D.C.	SaaS learning management system	100%
Breezy HR, Inc.	USA	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	SaaS talent acquisition platform	100%
eThink Education LLC	USA	c/o Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808	SaaS learning management system	100%
eThink Education Limited	England and Wales	15 Fetter Lane, Ground Floor London EC4A 1BW ¹	SaaS learning management system	100%
Reflektive, Inc.	USA	c/o Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808	Integrated talent management solutions	100%
Reflektive Labs Private Limited	India	2nd and 3rd Floors, No. 61, 2nd Cross, Residency Road, Bangalore 560025, Karnataka, India	Integrated talent management solutions	100%
Reflektive Solutions D.O.O.	Serbia	Old Town, Belgrade, Gospodar Jovanov 23b/1, 11000	In liquidation	100%
getBridge LLC	USA	c/o The Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808	Integrated talent management solutions	100%
Learning Technologies Group Kft.	Hungary	c/o HABEMUS Kft. Homokos u. 68. 2049 Diósd	Integrated talent management solutions	100%
Learning Media Services	England and Wales	15 Fetter Lane, Ground Floor, London EC4A 1BW ¹	Non-trading	100%
The People Development Team	England and Wales	15 Fetter Lane, Ground Floor, London EC4A 1BW ¹	Diversity & Inclusion	100%
LTG PPT Nominees Pty Ltd.	Australia	Level 4, 91 William Street, Melbourne VIC 3000	Corporate trustee	100%
LTG Peak Performance Trust	Australia	Level 4, 91 William Street, Melbourne VIC 3000	Employee unit trust	N/A
GP Strategies Argentina S.R.L.	Argentina	Uruguay 775 Piso 8° Ciudad Autónoma de Buenos Aires	Custom training & consulting services	100%
GP Strategies Australia Pty Limited	Australia	Level 24, 1 O'Connell Street, Sydney NSW 2000, Australia	Custom training & consulting services	100%
TTI International (Australia) Pty Ltd	Australia	Level 24, 1 O'Connell Street, Sydney NSW 2000, Australia	Custom training & consulting services	100%
GP Bahamas Ltd	Bahamas	C/O Dupuch & Turnquest & Co. 308 East Bay Street P.O. Box N-8181 Nassau, Bahamas	Holding company	100%
GP Treinamento Brasil Ltda	Brazil	Nex Coworking Rua Francisco Rocha, 198 Studio 09 Batel - 80420-130 Curitiba - PR, BRAZIL	Custom training & consulting services	100%

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by Company
Held indirectly by Learning Technologies Group Plc:				
TTI – Inovações em Treinamento Ltda.	Brazil	Alameda Caulim, 115 Salas 1024 e 1025 – Torre Gate Bairro Cerâmica São Caetano do Sul, SP CEP 09531-195	Custom training & consulting services	100%
GP Strategies Canada ULC	Canada	1212-1175 Douglas Street, Victoria, BC V8W 2E1, Canada	Custom training & consulting services	100%
GP Strategies Chile Ltda	Chile	Camino Lonquen 13070 La Casona San Bernardo Santiago, Chile	Custom training & consulting services	100%
GP Strategies Capacitación Chile Ltda	Chile	Camino Lonquen 13070 La Casona San Bernardo Santiago, Chile	Custom training & consulting services	100%
TTI Consulting (Beijing) Limited	China (Beijing)	Room07, Floor23, Tower1, No. 36 Xiaoyun Road, Chaoyang District, Beijing, China	Custom training & consulting services	100%
GP (Shanghai) Co., Ltd.	China (Shanghai)	Room 501A, No. 20 Jiang Chang Road 1228, Jing'an District, 200072 Shanghai, China	Custom training & consulting services	100%
GP Strategies Colombia Ltda	Colombia	Carrera 9A No. 99-02 Edificio Citibank Oficina 811, Bogotá, Colombia	Custom training & consulting services	100%
GP Strategies Cyprus Limited	Cyprus	195, Arch. Makariou III Ave., Neocleous House, 3030, Limassol, Cyprus	Custom training & consulting services	100%
Effective people (formerly GP Strategies Nordic A/S)	Denmark	Øster Allé 56, 1. th, 2100 København Ø, Copenhagen, Denmark	Custom training & consulting services	100%
GP Strategies Denmark ApS	Denmark	Øster Allé 56, 1. th, 2100 København Ø, Copenhagen, Denmark	Custom training & consulting services	100%
GP Strategies Egypt, LLC	Egypt	Unit 101, 13 Mohamed Ali Gannah Street – Garden City – Cairo	Custom training & consulting services	100%
GP Strategies France S.A.R.L	France	45 Allée des Ormes - BP1200 06250 Mougins CEDEX FRANCE	Custom training & consulting services	100%
GP Strategies Finland Oy	Finland	Bulevardi 3, 00120 HELSINKI Finland	Custom training & consulting services	100%
GP Strategies Deutschland GmbH	Germany	Max-Planck-Str. 3, High-Tech-House 85716 Unterschleißheim Germany	Custom training & consulting services	100%
GP Strategies (Hong Kong) Limited	Hong Kong	Level 19, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong	Custom training & consulting services	100%
GP Strategies Hungary Kft	Hungary	1136 Budapest, Tatra u. 12/B. 2. em. 2, Hungary	Custom training & consulting services	100%
GP Strategies India Pvt. Ltd.	India	No. 4/363 Kandanchavadi Block B, 1st & 2nd floor (Max Fashion Building) Old Mahabalipuram Road, Chennai, Tamil Nadu INDIA 600096	Custom training & consulting services	99%
Total Training Innovations Private Limited	India	F-7, Laxmi Mills, Shakti Mills Lane, off Dr. E. Moses Road, Mahalakshmi (west), Mumbai, Maharashtra, India - 400011	Custom training & consulting services	99%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by Company
Held indirectly by Learning Technologies Group Plc:				
GP Strategies Ireland Limited	Ireland	Registered Address Service: c/o DHKN Limited 78 Merrion Square Dublin D02R251	Custom training & consulting services	100%
GP Strategies Japan G.K.	Japan	413 the SOHO, 2-7-4 Aomi, Koto-Ku Tokyo, JAPAN	Custom training & consulting services	100%
TTI - Japan Corporation	Japan	413 the SOHO, 2-7-4 Aomi, Koto-Ku Tokyo, JAPAN	Custom training & consulting services	100%
GP Strategies Malaysia Sdn. Bhd.	Malaysia	ZICO Registered Address Service: Level 13A-6, Menara Milenium Jalan Damansara, Pusat Bandar Damansara 50490 Kuala Lumpur Malaysia	Custom training & consulting services	100%
General Physics Corporation Mexico, S.A. de C.V.	Mexico	Av. Ejército Nacional #769 2nd floor, Suite 219 Colonia Ampliacion Granada Alcandia Miguel Hidalgo Ciudad de México, Mexico 11520	Custom training & consulting services	100%
Trabajo Total Integrado, S.A. de C.V.	Mexico	Av. Ejército Nacional #769 2nd floor, Suite 219 Colonia Ampliacion Granada Alcandia Miguel Hidalgo Ciudad de México, Mexico 11520	Custom training & consulting services	100%
GP Strategies Netherlands B.V	Netherlands	Polarisavenue 130 – 148 2132 JX Hoofddorp NETHERLANDS	Custom training & consulting services	100%
TTI Peru S.A.C.	Peru	German Schreiber 291 Oficina 301 Lima, Peru	Custom training & consulting services	100%
GP Strategies Philippines, Inc.	Philippines	Unit 301 3rd FLR Midway Court, 241 EDSA BrgyY Wack Wack Greenhills East, Mandaluyong City 1554 Philippines	Custom training & consulting services	100%
TTI Global Philippines, Inc.	Philippines	2/F Unit 210, Building C, Aria Place, Jose Abad Santos Avenue, Dolores, San Fernando City, Pampanga, Philippines	Custom training & consulting services	40%
GP Strategies Poland sp. z.o.o	Poland	ul. Strzegomska 138 54-429 Wroclaw	Custom training & consulting services	100%
Treinova Portugal, Unipessoal Ltda	Portugal	Avenida António Augusto de Aguiar n° 19 – 4° Dto., Sala B, 1050-012 Lisboa (Parish Avenida Novas)	Custom training & consulting services	100%
GP Strategies Performance Training S.R.L.	Romania	Charles de Gaulle Plaza, 15 Charles de Gaulle Square, 1st District Bucharest, 011857 Romania	Custom training & consulting services	100%
GP Strategies Singapore (Asia) Pte. Ltd.	Singapore	18 Robinson Road Level 02-03 Singapore 048547	Custom training & consulting services	100%
TTI Global Consultancy South Africa Proprietary Limited	South Africa	Co-Work at Midstream, Midlands Office Park West, Mount Quray Road Midstream Estates, Centurion, 0181 South Africa	Custom training & consulting services	100%
Team Core Investments No. 8 Proprietary Limited	South Africa	Co-Work at Midstream, Midlands Office Park West, Mount Quray Road Midstream Estates, Centurion, 0181 South Africa	Custom training & consulting services	100%

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by Company
Held indirectly by Learning Technologies Group Plc:				
Team Core Investments No.10 Proprietary Limited	South Africa	Co-Work at Midstream, Midlands Office Park West, Mount Quray Road Midstream Estates, Centurion, 0181 South Africa	Holding company	100%
GP Strategies Korea Y.H.	South Korea	Regus - Virtual Office: 16th Floor, Gangnam Building, 1321-1 Seocho-dong, Seocho-gu Seoul, 137-070 Republic of Korea	Custom training & consulting services	100%
TTI Global Consultancy S.L.	Spain	Avd/ JOSEPH TARRADELLAS N°123, 9, 08029 BARCELONA	Custom training & consulting services	100%
GP Strategies Sweden AB	Sweden	P.O. Box 16285 103 25 Stockholm Sweden	Custom training & consulting services	100%
GP Strategies Switzerland GmbH	Switzerland	Registered Address Service: c/o Markus Alder Thouvenin Rechtsanwälte & Partner Klausstrasse 33 8034 Zürich	Custom training & consulting services	100%
GP Strategies Taiwan Ltd.	Taiwan	The Great Taipei Business Center Co., Ltd. 12F.-8, No. 155, Sec. 1 Keelung Rd., Xinyi Dist. Taipei City, Taiwan	Custom training & consulting services	100%
GP Strategies (Thailand) Co., Ltd.	Thailand	Office No. 3071, 3/F, Summer Hill, 1106 Sukhumvit Road, Phrakhanong, Klongtoey, Bangkok 10110, Thailand	Custom training & consulting services	100%
GP Strategies Automotive (Thailand) Co., Ltd.	Thailand	1739/1 Soi Sukhumvit 66/1, Prakanong Tai Sub-district, Prakanong District, Bangkok 10260	Automotive training services	100%
GP Strategies Danışmanlık Limited Şirketi	Turkey	Regus (Virtual Office): Hakkı Yeten Cad. Selenium Plaza No: 10/c Kat: 5-6, 34349 Fulya, Besiktas, Istanbul	Custom training & consulting services	100%
GP Strategies Middle East FZ-LLC	United Arab Emirates (UAE)	P.O.Box 502139 Office 306, Block 12 Dubai International Academic City Dubai, UAE	Custom training & consulting services	100%
GP Strategies Middle East Training L.L.C	United Arab Emirates (UAE)	Exponenta Business Center Crystal Tower 10th Floor, Unit no. 1001-29 P.O. Box: 34534 Business Bay, Dubai, UAE	Custom training & consulting services	49%
General Physics (UK) Ltd.	United Kingdom	Oakwood Registered Address Service: 3rd Floor, 1 Ashley Road Altrincham, Cheshire United Kingdom WA14 2DT	Custom training & consulting services	100%
GP Strategies Holdings Limited	United Kingdom	Oakwood Registered Address Service: 3rd Floor, 1 Ashley Road Altrincham, Cheshire United Kingdom WA14 2DT	Holding company	100%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by Company
Held indirectly by Learning Technologies Group Plc:				
GP Strategies Ltd	United Kingdom	Oakwood Registered Address Service: 3rd Floor, 1 Ashley Road Altrincham, Cheshire United Kingdom WA14 2DT	Custom training & consulting services	100%
GP Strategies Training Ltd.	United Kingdom	Oakwood Registered Address Service: 3rd Floor, 1 Ashley Road Altrincham, Cheshire United Kingdom WA14 2DT	Custom training & consulting services	100%
GP Strategies Automotive Limited	United Kingdom	Oakwood Registered Address Service: 3rd Floor, 1 Ashley Road Altrincham, Cheshire United Kingdom WA14 2DT	Automotive repair services	100%
GP Strategies Corporation	United States	251 Little Falls Drive Wilmington, Delaware 09808	Custom training & consulting services	100%
GP International Holdings LLC	United States	251 Little Falls Drive Wilmington, Delaware 09808	Holding company	100%
GP International Holdings 2 LLC	United States	251 Little Falls Drive Wilmington, Delaware 09808	Holding company.	100%
TTi Global, Inc.	United States	6001 North Adams, Suite 185, Bloomfield Hills, MI 48304	Custom training & consulting services	100%
Worldwide Staffing Solutions, Inc.	United States	3229 Dunstable Drive, Land O'Lakes, FL 34638	Holding company	100%
Staffing Latin America, Inc.	United States	848 First Avenue, Suite 300 Naples, FL 34102	Holding company	100%
GP Strategies South Africa Pty Ltd.	South Africa	Work at Midstream, Midlands Office Park West, Mount Quray Road Midstream Estates, Centurion, 0181 South Africa	Custom training & consulting services	100%
GP Strategies Government Solutions, Inc.	United States	251 Little Falls Drive Wilmington, Delaware 09808	Custom training & consulting services	100%

1. Subsequent to the period end the registered address was changed from 15 Fetter Lane, Ground Floor London EC4A 1BW to 3 New Street Square, London, England, EC4A 3BF.

29. Reserves

The share premium account represents the amount received on the issue of ordinary shares by the Company in excess of their nominal value and is non-distributable.

The merger reserve arose on the acquisition of Learning Technologies Group (UK) Limited (formerly LEO Learning Limited and Epic Performance Improvement Limited) by Epic Group Limited in 1996, and the Company's reverse acquisition of Epic Group Limited. The merger reserve also includes the merger relief on the issue of shares to acquire Line Communications Holding Limited on 7 April 2014, Preloaded Limited on 12 May 2014, Eukleia Training Limited on 31 July 2015 and Rustici Software LLC on 29 January 2016.

The reverse acquisition reserve was created in accordance with IFRS 3 'Business Combinations'. The reserve arises due

to the elimination of the Company's investment in Epic Group Limited. Since the shareholders of Epic Group Limited became the majority shareholders of the enlarged group, the acquisition is accounted for as though there is a continuation of the legal subsidiary's financial statements. In reverse acquisition accounting, the business combination's costs are deemed to have been incurred by the legal subsidiary.

The share-based payment reserve arises from the requirement to value share options in existence at the grant date. It is the recognition of the fair value over the vesting period (see note 27).

The translation reserve represents cumulative foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

30. Related party transactions

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Amount owing (from)/to joint venture/associate:		
Current		
Trade balances with joint venture	-	(59)
Total	-	(59)

The amounts due to related parties were unsecured, interest-free and repayable on demand.

Balances and transactions between the Company and its subsidiaries are eliminated on consolidation and are not disclosed in this note. Balances and transactions between the Group and other related parties are disclosed below.

As at 31 December 2023, the Group had no joint ventures or associates (note 15).

Remuneration of Directors and other transactions

During the year there were no material transactions between the Company and the Directors, other than their emoluments (disclosed in note 9) and the payments described below.

The Directors of the Company are considered to be the key management personnel of the Group.

Andrew Brode is the Chairman of LTG and RWS Holdings plc. During the normal course of business, the Group purchased translation services from subsidiaries of RWS Holdings plc ("RWS Group") totalling £704,000 in the year ended 31 December 2023 (2022: £455,000). The amount due/acrued to RWS Group at 31 December 2023 was £47,000 (31 December 2022: £29,000). These balances are included in trade and other payables (refer to note 21).

Transactions with joint venture

During the year, in the normal course of business, the Group purchased services from its joint venture, LEO Brazil, totalling £nil (2022: £Nil) and received licence fee income, totalling £nil (2022: £25,000).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

31. Dividends paid

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Final dividend paid	9,094	5,515
Interim dividend paid	3,558	3,547
Total	12,652	9,062

On 27 October 2023 the Company paid an interim dividend of 0.45 pence per share (2022: 0.45 pence per share) amounting to a total dividend payment of £3.6 million. The Directors propose to pay a final dividend of 1.21 pence per share for the year ended 31 December 2023, equating to a total payment in respect of the year of 1.66 pence per share (2022: 1.60 pence per share).

The proposed final dividend of 1.21 pence per share, amounting to a final dividend of c. £9.5m, is not included as a liability in these financial statements and, subject to shareholder approval, will be paid on 28th June 2024 to shareholders on the register at the close of business on 7th June 2024. The final dividend will be paid gross.

32. Financial instruments

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

(a) Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(i) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Pounds Sterling. The currencies giving rise to this risk are primarily the United States Dollar and Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the respective currencies.

The loan from HSBC UK Bank, HSBC Innovation Bank Limited, Barclays Bank, Fifth Third Bank and the Governor and Company of the Bank of Ireland (note 23) was designated as a hedging instrument in a net investment hedge. As a result, the foreign exchange gains and losses on the loan are taken to the other comprehensive income to be offset against the foreign exchange gains and losses arising on the retranslation of the net assets of foreign operations.

The carrying amounts of the Group's foreign currency denominated financial assets and liabilities at the end of year were as follows:

	Country	Currency	31 Dec 2023		31 Dec 2022	
			Financial assets	Financial liabilities	Financial assets	Financial liabilities
			£'000		£'000	
	United States	Dollar	97,338	161,773	145,149	231,854
	Brazilian	Real	5,088	253	2,991	110
	Hong Kong	Dollar	4,018	225	5,600	51
	Euro		17,949	3,295	24,918	3,434
	Swiss	Franc	1,942	1,076	1,960	821
	Canadian	Dollar	1,328	19	2,344	166
	Australian	Dollar	3,608	55	5,053	206
	Philippines	Peso	313	21	249	19

		31 Dec 2023		31 Dec 2022	
		£'000		£'000	
Country	Currency	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Colombian	Peso	965	67	982	99
Mexican	Peso	3,948	394	3,314	694
Japanese	Yen	1,376	181	2,096	137
Singapore	Dollar	1,116	141	784	24
New Zealand	Dollar	122	-	-	-
Hungarian	Forint	115	-	282	82
United Arab Emirates	Dirham	375	82	577	44
Czech	Koruna	13	9	4	7
Danish	Krone	6,631	2,123	3,751	1,900
Polish	Zloty	1,503	98	1,095	63
Qatari	Rial	4	-	5	-
Indian	Rupee	2,463	186	1,229	241
Malaysian	Ringgit	142	12	175	19
Chinese	Yuan	4,758	886	4,470	1,136
Argentine	Pesos	131	16	328	43
Egyptian	Pound	311	-	289	-
Swedish	Krona	182	4	104	3
Turkish	Lira	168	64	286	28
Taiwanese	Dollar	327	-	114	1
Thai	Baht	1,471	490	1,066	58
Chilean	Peso	-	-	330	11
Romanian	Leu	35	9	70	30
Peruvian	Sol	147	3	110	1
South Korean	Won	9	8	2	1
South African	Rand	1,394	2	867	49
Norwegian	Krone	19	1	-	3
		159,309	171,493	210,594	241,335

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to possible changes in the relative values of the above financial assets and liabilities held in foreign currencies to which the Group is exposed as at the end of each year, with all other variables held constant. We have disclosed the material sensitivities above £100,000 below:

Currency	31 Dec 2023		31 Dec 2022	
	£'000		£'000	
	Strengthened by 10% increase/ (decrease)	Weakened by 10% increase/ (decrease)	Strengthened by 10% increase/ (decrease)	Weakened by 10% increase/ (decrease)
United States Dollar	(6,444)	6,444	(8,671)	8,671
Euro	1,465	(1,465)	2,148	(2,148)
Swiss Franc	87	(87)	114	(114)
Canadian Dollar	131	(131)	218	(218)
Australian Dollar	355	(355)	485	(485)
Polish Zloty	141	(141)	103	(103)
Chinese Yuan	387	(387)	333	(333)
Japanese Yen	120	(120)	196	(196)
Brazilian Real	484	(484)	288	(288)
Danish Krone	451	(451)	185	(185)
Hong Kong Dollar	379	(379)	555	(555)
Mexican Peso	355	(355)	262	(262)
Thai Baht	98	(98)	101	(101)
Indian Rupee	228	(228)	99	(99)
South African Rand	139	(139)	82	(82)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

Interest rate risk sensitivity analysis

The Group's external borrowings at the balance sheet date comprise loan facilities on floating interest rates at a margin over a base LIBOR or SOFR. The Group considers the exposure to interest rate risk acceptable.

If the interest rates had been 50 basis points higher and all other variables were held constant, the Group's profit for the year ended 31 December 2023 and net assets at that date would decrease by £957,000 (2022: £836,000). This is attributable to the Group's exposure to movements in interest rate on its variable borrowings

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on the shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have a low risk profile as the Group has the right to bill the customer for work completed to date.

The expected loss rates are based on the historic payment profiles of sales and the credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information. Different loss rates have been calculated and applied to different business units, products and geography. The loss allowance calculated is detailed in note 16.

Credit risk concentration profile

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics (2022: No significant credit risk exposure). The Group defines major credit risk as exposure to a concentration exceeding 10% of a total class of such asset.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of each reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:

	31 Dec 2023	31 Dec 2022
	£'000	£'000
United Kingdom	16,757	24,104
North America	77,460	95,702
Europe	15,881	8,812
Asia Pacific	9,056	11,856
Middle East and Africa	1,371	1,120
South and Central America	5,654	5,996
Contract liabilities netted off (see note 16)	(13,099)	(6,639)
Allowance for impairment losses	(5,118)	(4,926)
	107,962	136,025

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Ageing analysis

The ageing analysis of the Group's trade receivables is as follows:

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Not past due	97,988	117,464
Past due:		
Less than three months	5,512	12,143
Three to six months	1,713	2,637
Past six months	7,867	8,707
Gross amount	113,080	140,951

Trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Collective impairment allowances are determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to experience of past defaults.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantial companies with good collection track record and no recent history of default.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. There is no seasonality to the Group's liquidity risk.

The Group manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through both short- and long-term cash flow forecasts. The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. All current liabilities are repayable within one year.

Ageing analysis

The table below summarises the maturity profile of the Group's financial liabilities, including interest payments, where applicable based on contractual undiscounted payments:

	Less than 1 year	1-2 years	2-3 years	>3 years	Total
	£'000	£'000	£'000	£'000	£'000
Year ended 31 December 2023					
Trade payables	24,979	-	-	-	24,979
Borrowings	30,091	30,277	90,707	-	151,075
Contingent consideration	20	-	-	-	20
Lease payments	3,542	2,668	1,332	5,152	12,694
	58,632	32,945	92,039	5,152	188,768
Year ended 31 December 2022					
Trade payables	31,647	164	-	2	31,813
Borrowings	36,714	31,848	31,848	114,248	214,658
Contingent consideration	21	-	-	-	21
Lease payments	5,108	9,515	7,273	8,383	30,279
	73,490	41,527	39,121	122,633	276,771

Refer to note 23 for a reconciliation of the Group's net debt position and details of the debt facilities available to the Group.

(b) Capital risk management

The Group defines capital as the total equity of the Group attributable to the owners of the parent company and net funds.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to provide funds for merger and acquisition activity.

The facility comprises of a Term Facility A committed facility, with an original commitment of \$265.0 million available to the Group until October 2025, a \$50.0 million committed

Revolving Credit Facility (£39.3 million at the year-end exchange rate) and a \$50.0 million uncommitted accordion facility (£39.3 million at the year-end exchange rate), both available until July 2025. In addition, a 12 month extension request is available to the Group for Term Facility A and the RCF. This is the only external debt finance of the Group.

The Company made dividend distributions of 1.60 pence per share during the year ended 31 December 2023 (2022: 1.15 pence per share).

Total equity increased from £426.3 million to £427.2 million during the year and net funds decreased from net debt of £119.8 million to net debt of £78.6 million.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

(c) Classification of financial instruments

Financial assets	31 Dec 2023	31 Dec 2022
	£'000	£'000
Financial assets at amortised cost		
Trade receivables	107,962	136,025
Amounts recoverable on contracts	25,757	34,525
Amount owing by related parties	-	59
Cash and bank balances	72,522	94,847
	206,241	265,456

Financial liabilities	31 Dec 2023	31 Dec 2022
	£'000	£'000
Fair value through the profit and loss:		
Contingent consideration	20	21
	20	21
At amortised cost:		
Trade payables	24,979	31,813
Borrowings	151,075	214,658
Lease liability	11,336	14,874
	187,390	261,345

(d) Reconciliation of liabilities arising from financing activities

	Note	1 January 2023	Net financing cashflows	Interest paid	Fair value movement	Interest accrued	Net additions	Foreign exchange movement	31 December 2023
Borrowings	23	214,658	(51,315)	(16,714)	-	13,614	-	(9,168)	151,075
Lease liabilities	24	14,874	(5,192)	(546)	-	546	1,065	589	11,336
Contingent consideration	21, 22	21	-	-	-	-	-	(1)	20

	Note	1 January 2022	Net financing cashflows	Interest paid	Fair value movement	Interest accrued	Net additions	Foreign exchange movement	31 December 2022
Borrowings	23	225,262	(38,458)	(4,609)	-	9,102	-	23,361	214,658
Lease liabilities	24	21,845	(6,719)	(614)	-	614	(594)	342	14,874
Contingent consideration	21, 22	768	(705)	-	(21)	(77)	-	56	21

Refer to note 23 for details of the loan covenants attached to the loan from HSBC UK Bank, HSBC Innovation Bank Limited, Barclays Bank, Fifth Third Bank and the Governor and Company of the Bank of Ireland.

(e) Fair values of financial instruments

The financial assets and financial liabilities maturing within the next 12 months approximate their fair values due to the relatively short-term maturity of the financial instruments.

The Group holds certain financial instruments on the statement of financial position at their fair value. The following table provides an analysis of those that are measured subsequent to initial recognition at fair value through profit or loss, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** - Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** - Fair value measurements are those derived from inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly (derived from prices); and
- **Level 3** - Fair value measurements are those derived from the valuation techniques that include inputs for

the asset or liability that are not based on observable market data (unobservable inputs). The fair value of the contingent consideration is calculated using actual and forecast results to value the amount which will be payable according to the earnout metrics on acquisitions. These liabilities are discounted to their present value using the Group's weighted average cost of capital of 10%. Both the future cash flows and discount rate used are unobservable inputs. Management believes that reasonably possible changes to the unobservable inputs would not result in a significant change in the estimated fair value.

There have been no transfers between these categories in the current or preceding year.

There is no adjustment to the fair value of contingent consideration during the year (2022: credit of £21,000 which was recognised within operating expenses included in Operating Profit and treated as an adjusting item for the purposes of calculating Adjusted EBIT, refer to note 5 for further details).

31 Dec 2023	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Contingent consideration	-	-	-	-
Total	-	-	-	-

31 Dec 2022	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Contingent consideration	-	-	21	21
Total	-	-	21	21

33. Assets and liabilities classified as held for sale

In December 2022, the Group decided to dispose the non-core Lorien Engineering business as soon as practicable and communicated this decision internally and to investors on 19

December 2022. This business was acquired as part of the GP Strategies acquisition in October 2021.

Following its classification as held for sale the asset group is held at the lower of fair value less costs to sell and net book value.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Non-current assets		
Goodwill	501	501
Intangible assets	1,279	1,279
Property, plant and equipment	66	58
Right-of-use assets	97	173
	1,943	2,011
Current assets		
Trade receivables	5,079	5,299
Other receivables, deposits and prepayments	136	82
Amounts recoverable on contracts	849	977
	6,064	6,358
Assets in disposal groups classified as held for sale	8,007	8,369
Current liabilities		
Lease liabilities	-	77
Trade and other payables	5,238	3,809
	5,238	3,886
Non-current liabilities		
Lease liabilities	97	98
Liabilities directly associated with assets in disposal groups classified as held for sale	5,335	3,984

The net assets of the Lorien Engineering business held for sale as at 31 December 2023 exclude deferred tax assets of £25,000 (2022: £39,000) and current tax liabilities of £659,000 (2022: £412,000) which remain within the Group tax position.

The Group recovered greater than the net book value from the eventual sale which occurred on 2 January (note 34).

34. Events since the reporting date

Sale of Lorien business

On 2 January 2024, the Group sold the Lorien business for a cash consideration of \$21.4 million (£16.8 million) on a cash and debt free basis. The net proceeds after customary adjustments are expected to be \$19.7 million (£15.5 million) resulting in an estimated gain of \$15.0 million (£11.8 million).

The only impact in these financial statements are costs in relation to the sale of £529,000 (note 5). These balances are subject to finalisation of the completion accounts.

35. Audit exemption provided to certain UK Group subsidiaries

The Company is providing certain wholly owned UK subsidiaries (as disclosed in note 28 and which are included within these Group consolidated financial statements) with guarantees of their respective debts in the form prescribed by section 479c of the Companies Act 2006 ("The Act") such that they can claim exemption from requiring an audit in accordance with section 479A of the Act. These guarantees cover all the outstanding actual and contingent liabilities of these companies as at 31 December 2023:

Subsidiary	Company No.
Learning Media Services Ltd	06762544
GP Strategies Automotive Ltd	11524006

36. Prior period adjustment

The Company has identified the need to make a correction to the 2022 and 2021 balance sheets where deferred tax liabilities and goodwill amounting to £15.8 million as at 31 December 2022 and £14.1 million as at 31 December 2021 should not have been recognised under IAS 12 as the book basis and tax basis of acquired intangible assets were equal for certain US acquisitions in 2016, 2020 and 2021. The

adjustment reflects the tax efficient structure of the relevant acquisitions and tax amortisation deductions were taken for tax years 2020-2022 based on acquired intangible assets recognised.

The Group has restated the balance sheet and associated note disclosures as at 31 December 2022 and as outlined below. There is no material impact on the cash flow statements or net assets.

	31 Dec 2022	Adjustments	Restated 31 Dec 2022
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	2,857	-	2,857
Right-of-use assets	11,808	-	11,808
Intangible assets	560,972	(15,758)	545,214
Deferred tax assets	4,084	(7)	4,077
Other receivables, deposits and prepayments	1,874	-	1,874
Investments accounted for under the equity method	-	-	-
Amounts recoverable on contracts	1,303	-	1,303
	582,898	(15,765)	567,133
Non-Current liabilities			
Lease liabilities	9,792	-	9,792
Deferred tax liabilities	27,265	(15,765)	11,500
Other long-term liabilities	3,517	-	3,517
Borrowings	177,944	-	177,944
Corporation tax payable	1,431	-	1,431
Provisions	1,857	-	1,857
	221,806	(15,765)	206,041

Changes to associated note disclosures

	31 Dec 2022	Adjustments	Restated 31 Dec 2022
	£'000	£'000	£'000
Note 14 - Goodwill			
Goodwill - cost			
At 1 January 2022	337,754	(14,130)	323,624
Reclassified as assets held for sale	(501)	-	(501)
Impairment	(5,401)	-	(5,401)
Foreign exchange differences	35,417	(1,628)	33,789
At 31 December 2022	367,269	(15,758)	351,511

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Note 20 - Deferred tax assets	Share options	Tax losses	Short-term timing differences	Intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	5,660	1,781	9,880	5,237	22,558
Deferred tax (charge)/credit directly to the income statement	(566)	3,469	1,868	(923)	3,848
Deferred tax credited directly to equity	(1,946)	-	-	-	(1,946)
Exchange rate differences, charged directly to OCI	188	144	962	650	1,944
Changes in tax rate, credited to the income statement	286	(146)	104	(25)	219
At 31 December 2022	3,622	5,248	12,814	4,939	26,623

Adjustments - Deferred tax assets	Share options	Tax losses	Short-term timing differences	Intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	-	-	-	5,031	5,031
Deferred tax (charge)/credit directly to the income statement	-	-	-	260	260
Deferred tax credited directly to equity	-	-	-	-	-
Exchange rate differences, charged directly to OCI	-	-	-	592	592
Changes in tax rate, credited to the income statement	-	-	-	35	35
At 31 December 2022	-	-	-	5,918	5,918

Restated - Deferred tax assets	Share options	Tax losses	Short-term timing differences	Intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022 (restated)	5,660	1,781	9,880	10,268	27,589
Deferred tax (charge)/credit directly to the income statement	(566)	3,469	1,868	(663)	4,108
Deferred tax credited directly to equity	(1,946)	-	-	-	(1,946)
Exchange rate differences, charged directly to OCI	188	144	962	1,242	2,536
Changes in tax rate, credited to the income statement	286	(146)	104	10	254
At 31 December 2022 (restated)	3,622	5,248	12,814	10,857	32,541

Note 20 - Deferred tax liabilities	Intangibles	Accelerated tax depreciation	Short-term timing differences	Total
	£'000	£'000	£'000	£'000
At 1 January 2022	51,235	127	472	51,834
Deferred tax credit/(charge) directly to the income statement	(9,900)	585	2,106	(7,209)
Exchange rate differences, charged directly to OCI	5,206	51	9	5,266
Changes in tax rate, charged to the income statement	-	(148)	61	(87)
At 31 December 2022	46,541	615	2,648	49,804

Adjustments - Deferred tax liabilities	Intangibles	Accelerated tax depreciation	Short-term timing differences	Total
	£'000	£'000	£'000	£'000
At 1 January 2022	(9,761)	661	-	(9,100)
Deferred tax credit/(charge) directly to the income statement	2,138	(1,877)	-	261
Exchange rate differences, charged directly to OCI	(1,109)	74	-	(1,035)
Changes in tax rate, charged to the income statement	(70)	104	-	34
At 31 December 2022	(8,802)	(1,038)	-	(9,840)

Restated - Deferred tax liabilities	Intangibles	Accelerated tax depreciation	Short-term timing differences	Total
	£'000	£'000	£'000	£'000
At 1 January 2022 (restated)	41,474	788	472	42,734
Deferred tax credit/(charge) directly to the income statement	(7,762)	(1,292)	2,106	(6,948)
Exchange rate differences, charged directly to OCI	4,097	125	9	4,231
Changes in tax rate, charged to the income statement	(70)	(44)	61	(53)
At 31 December 2022 (restated)	37,739	(423)	2,648	39,964

The impact on the 31 December 2021 balance sheet is to reduce Goodwill by £14.1 million (note 14), reduce deferred tax liabilities prior to offsetting £9.1 million and increase deferred tax asset of £5.0 million prior to offsetting (note 20). After offsetting, the increase in deferred tax assets was £14.1m with no corresponding change in the deferred tax liability. There is no material impact on net assets, cash flow or reserves in 2021.