MALVERN INTERNATIONAL PLC

Annual Report 2023

Visit our website for further information
https://www.malverninternational.com

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HIGHLIGHTS

For the year ended 31 December 2023

Malvern International is a learning and language skills development partner. Courses are delivered at schools in London and Manchester, and at partner campuses.

"Malvern's robust performance in 2023 surpassed the wider market, which continues to recover toward 2019 levels. We achieved year-on-year revenue growth across all three divisions, with exceptional performances from University Pathways and strong growth in Juniors. These results have enabled us to make strategic investments in our people and systems, which are crucial as we prepare for the next stage of development.

Forward bookings and revenue visibility for 2024 and into 2025 are building. Additionally, we are diversifying our business mix by introducing new high-end academic programmes and offering out-of-season language programmes.

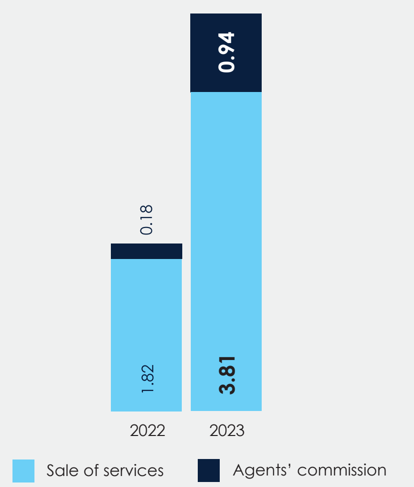
Over the past year, we have assembled a high-performance leadership team, adding momentum to the business and supporting our growth aspirations. With a clear strategic direction, we are well-positioned for continued success."

Richard Mace, Chief Executive Officer

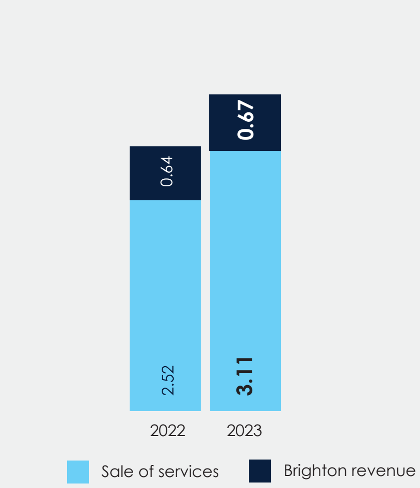
Highlights

- Significant turnaround in the business from Underlying* loss of £1.07m in 2022 to a profit of £0.15m
- Underlying revenue, excluding agent commission, grew 86.8% to £10.65m (2022: £5.70m). Agent commission which passes directly to the Group's agents was £0.94m (2022: £0.18m)
- Revenues increased in all areas of the Group to a total of £12.26m, with strongest performances from Higher Education and Juniors
- Strong revenue growth resulted in an Underlying operating profit of £0.51m (2022 loss: £0.79m)
- Underlying profit per share was 0.60 pence (2022 Underlying loss: 4.88 pence)
- The Statutory loss for the year was £0.16m (2022 loss: £1.08m)
- Initiated the repayment of Company debt in 2023, which stood at £2.24m at year end (2022: £2.60m)
- Assembled a high-performance team and continued investment in people, sales and marketing, and finance functions to support growth aspirations

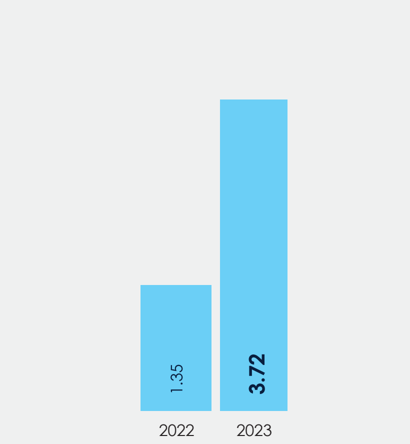
PATHWAYS/HIGHER EDUCATION REVENUE (£m)



ELT REVENUE (£m)



JUNIORS REVENUE (£m)



* Underlying numbers exclude the results of the closed Brighton school, the charge for warrants and share based payments and the write-back of an historical loan. See note 11 for a reconciliation.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

"I would like to express my gratitude to the Malvern team for guiding the business from a £1.07m Underlying loss in 2022 to a Underlying profit of £0.15m in 2023, and significantly reducing the Statutory loss of £1.08m in 2022 to £0.16m loss in 2023."

Mark Elliott, Chairman

This turnaround underscores the considerable effort made to bolster management, expand the sales and marketing team, enhance the quality of our education and student support, and establish robust systems to facilitate the growth in student numbers.

It is promising to note that we initiated the repayment of Company debt in 2023, which stood at £2.24m at year end (2022: £2.60m). While we are making positive progress, the debt remains a substantial burden on the business, making it a primary objective for us to expedite its repayment. Doing so will both improve cash flow and boost profits.

Thanks to the momentum in our businesses and the support for our growth aspirations, we have brought two highly successful and seasoned members onto our Executive Management Team. Stephen Harvey and Matt Hird, both distinguished leaders in their fields, join us with strong track records in developing university partnerships and English language businesses respectively.

Our international study centre at UEL has now become one of the larger Pathways centres in the UK based on student numbers, following an outstanding intake for 2023/24. While bookings for the 2024/25 academic year are anticipated to soften slightly, they are progressing as planned. Additionally, we are continuing discussions for a longer-term arrangement with the university.

The deep sector knowledge brought by our recent appointments is aiding our negotiations with several universities. As a result, we are confident in our capacity to secure new Pathways contracts, which are crucial for achieving more consistent financial performance in the future.

The Juniors division is going from strength to strength. To grow this further, we are targeting the Chinese market to provide immersive language and cultural camps. We plan to offer winter programmes to coincide with the Chinese New Year and Latin American holiday season, as well as introducing high-end Easter academic programmes. This strategic approach will collectively reduce our dependency on the summer peak season.

The Board sees potential for significant growth at Malvern. In 2023, we took steps to reinforce our back office and accounting systems, expanding our administrative team in Nepal. This enhancement will facilitate the administration of students as numbers increase, while maintaining robust financial controls. We will be investing further in our sales, marketing, business development and accreditations to build profitable growth.

The Board notes the recent changes to the QCA code and is taking steps to ensure Malvern complies with the updated principles that come into force next year. In the meantime, we are embracing early adoption by voting on re-election of all Directors and on Directors' remuneration at this year's Annual General Meeting.

Currently, our student numbers and early bookings give us encouragement on our performance for 2024. With our numbers going in the right direction and the momentum in the business, we expect to have the resources needed to continue building a significant business.

Mark Elliott
Chairman

9 April 2024

AT A GLANCE

Malvern International's purpose is to provide, with our partners, students from around the world with opportunities to reach their full potential via access to transformational learning, teaching and support.

We offer international students essential academic and English language skills, cultural experiences and the support they need to thrive in their academic studies, daily life and career development.

50,000+
Students trained*

120+
Nationalities taught*

3
Study locations

malvern house LONDON

malvern MANCHESTER

University of East London

* Since foundation.

Malvern has undergone a great deal of change in recent years, focusing and growing the UK operations. The Company has emerged stronger than ever, with a clear strategy, a highly experienced Executive Management Team ("EMT"), sales and marketing function, agent network and improved governance structures.

2018/19

- Acquisition of Communicate Language School Manchester
- University Partnerships with UEL commences
- Sale of Malaysian business and increased focus on UK operations

2020

- Appointment of Richard Mace, heralding a change in management and build-up of the UK team
- Closure of Singapore business, allowing a clear focus on UK operations
- Launch of NCUK International Foundation Year programme

2021

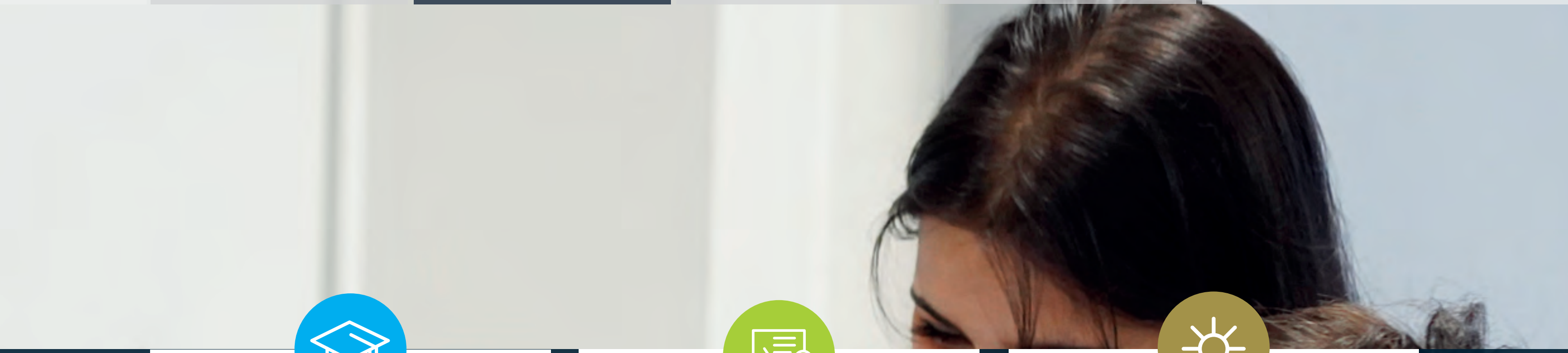
- EMT strengthened with appointment of CFO and Centre Director of UEL International Student Centre
- £1.70m raised via capital markets to fund growth

2022

- Debt restructuring to facilitate recovery
- Awarded five-year contract as UEL's preferred supplier to recruit from China

2023

- Five-year student recruitment partnership with University of Chichester
- Return of Juniors and University Pathways student number growth post COVID-19
- EMT strengthened with appointment of Chief Development Officer, ELT and Juniors Sales Director and HR Business Partner



Higher education and university partnerships

Offering
On and off-campus University Pathways programmes helping students progress to a range of universities.

Description
Pre-university, foundation and pre-masters level courses for international students joining UK universities.

Courses
Undergraduate and postgraduate foundation programmes in:

- Business and management
- Accounting and finance
- Humanities and social science, and
- Engineering and science

International Year One in business and engineering.

In-sessional and pre-sessional courses.

Locations
UEL, NCUK, Malvern House London.

English Language Schools

Offering
British Council accredited, English UK registered schools in London and Manchester.

Description
A range of interactive language programmes ranging from General English to Content and Language Integrated Learning ("CLIL") teaching programmes.

Courses
General English, English for professionals, exam preparation for International English Language Testing System ("IELTS") and Cambridge.

Locations
- London
- Manchester

Junior and summer camp programmes

Offering
English language and travel experience for secondary school students under the Language in Action brand.

Description
Fully-immersive summer residential language camps and bespoke group programmes for 13 to 18 year olds.

Courses
General English and cultural experiences.

Locations
Summer study centres.

Supported by our centralised services

Online student learning – Student recruitment
Marketing – Human resources
Finance – Quality assurance

BUSINESS MODEL

We are a student-centred organisation, putting the needs and academic progression of our students first. In doing so, our business is able to thrive, providing opportunities to form partnerships, offer employment and career opportunities, and deliver value to our investors.

Group inputs

People

The Group counts over 153 members of staff, made up of 63 teaching staff and 90 support and leadership members.

Premises

Malvern's education centres provide a high-quality focus points for our student body.

Technology

Malvern has developed its own online education platform, offering online courses and additional learning support in the event of another COVID lockdown. The Group has a central student management and accounting system.

Financial investment

Access to the capital markets enables the Group to grow the business through internal investment on new products, new locations, and acquisitions.

What we offer

Excellent quality, accredited education

Malvern's success and growth is reliant on maintaining its reputation as a quality educator. All our staff have access to training and development and we continually look for ways to improve our educational services.

Flexibility for students

Malvern's courses are available in multiple locations giving students access to a variety of experiences during their learning. Students can choose the time they commit to their education, whether it is part-time, full-time, or evening classes.

Sustainable growth in student numbers

The Group aims to grow its student body organically by building its reputation as a quality educator, expanding its product offering, acquiring established complementary education business, and providing an unrivalled student experience.

Underpinned by

A strong culture of innovation and efficiency with no compromise to the quality of education.

Targeting profitable markets while maintaining student nationality mix.

Long-term partnerships

The Group continually improves and expands the range of products and services offered directly or in collaboration with its partners, including universities, corporate customers, and accreditors. Its partnerships with regional distribution and sales agent networks are key to student recruitment.

An inclusive community

Many of Malvern's students are living and learning in a foreign country. They rely on Malvern to help find accommodation, organise outings and social events, and to make the most of their cultural experience. Malvern education centres act as a social, support, and information hub for students and staff bodies.

Strong cost control

The Group maintains tight cost controls across all its operations to ensure efficient use of the resources available.

Varied courses and high-quality and results-driven teaching.

Embedded quality control processes, formalised risk management, and strong IT infrastructure.

Stakeholder outcomes

Students

We create value for students by offering them qualifications and language skills that support them throughout their lives. We are strongly student centred, ensuring continued progression in learning.

Partners

Our education products and services are an important student recruitment tool for our partners and expands their own geographic reach. We support students so that they are better prepared and have the right qualifications and skills to embark on their chosen courses.

Shareholders

Our aim is to deliver long-term shareholder value through capital gain and, in time, through the payment of dividends.

Staff

We offer long-term career opportunities for our staff in a rewarding and innovative environment.

OUR MARKETS

The UK remains the second most popular study destination for international students after the US. The international education market in the UK can be broadly categorised into two segments: Higher Education ("HE") and English Language Training ("ELT"). Both sectors have promising long-term growth prospects.

The UK International Education Strategy aims to attract 600,000 HE students to the UK annually. With 679,970 students in 2021/22, the UK has met this international student target for two consecutive years. The most recent data available indicates that total education revenue exports for 2021/22 reached £25.6 billion. The Government recognises that achieving its 2030 revenue target of £35 billion requires an average annual increase of 3% in education exports. Key to meeting this target is the expansion of international students in HE and Further Education at the UK's prestigious institutions, along with supporting all education sub-sectors including ELT and the Juniors market.

International Higher Education ("IHE")

Chart 1: IHE student enrolments

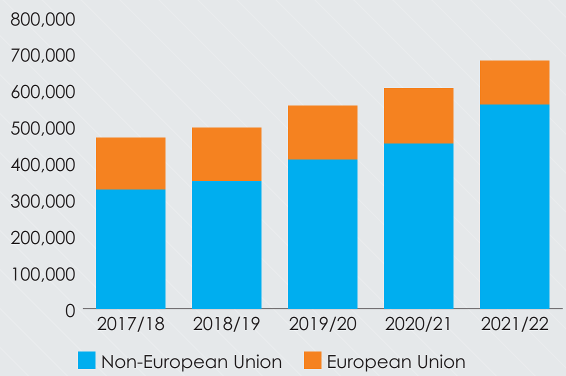
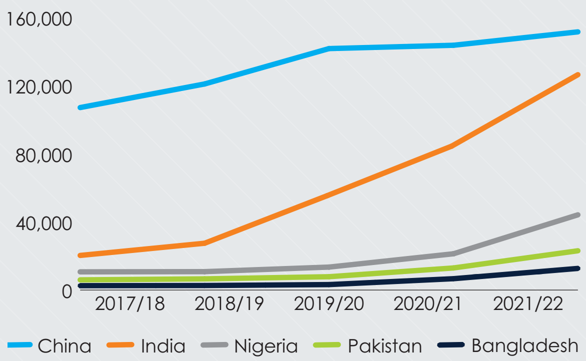


Chart 2: IHE student enrolments



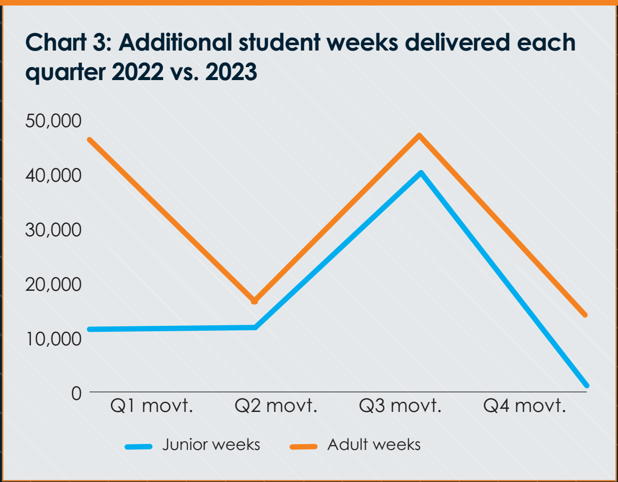
IHE is a growing market in the UK with Government-set student number and revenue targets. The sector is supported by the Government in the form of student visas, aimed at making studying in the UK attractive to international students. UK graduates have the right to stay in the UK to work for two years once they have completed a UK higher education qualification (including Bachelor and Master's degree), and three years if they have completed a PhD.

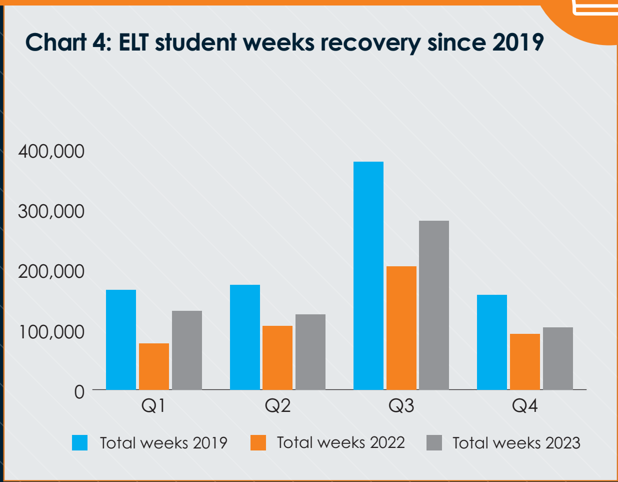
The Government's UK International Education Strategy aims to have 600,000 IHE students enrolled each year by 2030. This target was achieved well-ahead of schedule in the 2020/21 academic year, leading to calls to raise the target to one million IHE students.

Malvern's sales and marketing strategy focuses around the recruitment of non-European students, which make up over 80% of total IHE students in the UK (Chart 1). The Company targets the largest and fastest growing student sending markets, including China, India, and Nigeria (Chart 2). Together, these three countries account for 58% of non-European students (2020/21: 55%).

Sources:
- HESA, Higher Education Student Statistics: UK, 2021/22 – Where students come from and go to study
- BONARD, Quarterly Intelligence Cohort, Executive Summary 2022 and 2023 prepared on behalf of English UK for Q1, Q2, Q3, & Q4
- HM Government International Education Strategy: global potential, global growth, March 2019
- HM Government International Education Strategy, 2023 progress update

English Language Training ("ELT")*





The ELT market comprises two segments: adult courses and junior provision in the form of summer camps. Market research typically groups these two audiences together, despite their differing recruitment strategies and business models. Both segments experience peak seasons during the summer months, but adult ELT tends to be more evenly spread throughout the year.

In 2023, the global ELT market was estimated to have recovered to approximately 85% of its 2019 levels, falling short of the 100+% expected recovery (Charts 3 and 4). This slow return of ELT students is believed to be influenced by changes in visa policies. While the current visa requirements have a less direct impact on ELT than HE, student sentiment towards studying in the UK has been affected, particularly in the aftermath of Brexit, resulting in a slowdown in student mobility. Additionally, the rising cost of air travel has led to a decrease in overall numbers, but has also increased the length of stays.

As we step into 2024, bookings are showing promising signs of returning to pre-pandemic levels. This positive trend is shared by Malvern and the Group's key agents, with early bookings, especially in the Juniors market, displaying robust growth.

The UK International Education Strategy recognises the pivotal role UK ELT plays in international trade-led activities. Therefore, the Department for International Trade and the British Council continue to utilise their networks to promote and support ELT overseas, in collaboration with English UK, of which Malvern is a member.

Since 2020, there are fewer British Council accredited ELT schools. This presents an opportunity for Malvern to capture a larger market share, reassess its pricing strategies, and consider expanding its presence through consolidation.

A longstanding challenge in the UK ELT market is that students from key source markets are improving their English proficiency through in-country English-language teaching. To remain competitive and to demonstrate the value of studying English abroad to younger students, Malvern is investing in developing specialised academic education programmes tailored to core sending markets.

* Figures relate to a like-for-like which is based on data from 119 reporting centres.

OUR STRATEGY

As a global learning and skills development partner, the Group's vision is to invest in and develop its operating businesses in the education sector, to establish centres of excellence, and to deliver long-term growth and sustainable profit.

In 2023, the Executive Management Team evolved the strategy in the context of the Group's potential to take advantage of the UK Government's UK international education strategy which aims to achieve £35 billion in education exports per year, recruiting over 600,000 students to the UK.

1 Grow revenue through existing business streams

We grow our revenue by increasing the number of international students we recruit and teach, and increasing the time they spend with us.

We do this by:

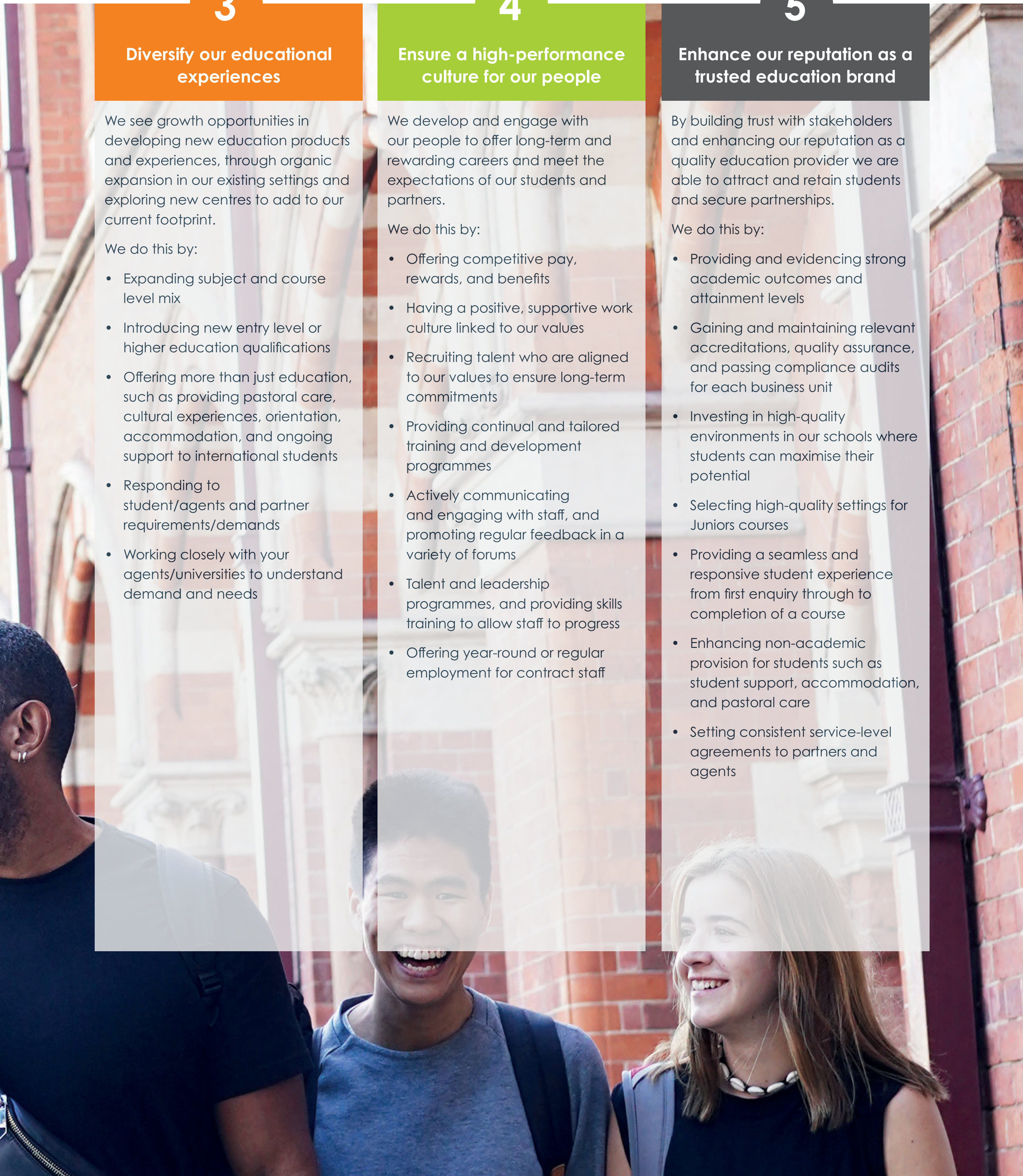
- Leveraging our success with UEL to secure new partnerships with higher education institutions
- Enhancing our value proposition to potential partners
- Optimising course fee revenues and reaching full capacity in our schools and settings
- Improving the effectiveness of lead generation, conversion and admissions, and maintaining strong relationships with sending country embassies
- Diversifying source countries and nationality mix by expanding the agent network, increasing direct sales to students, and having a substantive digital presence
- Demonstrating excellence in delivery via student satisfaction metrics and progression rates

2 Drive financial performance

This is a key priority. The Group continues to strengthen its financial position as top-line performance improves.

We do this by:

- Driving top-line performance and high-margin business
- Reducing historical creditor balances
- Repaying debt to release cash and boost profits
- Improving cash balances
- Applying strong expenditure controls



3 Diversify our educational experiences

We see growth opportunities in developing new education products and experiences, through organic expansion in our existing settings and exploring new centres to add to our current footprint.

We do this by:

- Expanding subject and course level mix
- Introducing new entry level or higher education qualifications
- Offering more than just education, such as providing pastoral care, cultural experiences, orientation, accommodation, and ongoing support to international students
- Responding to student/agents and partner requirements/demands
- Working closely with your agents/universities to understand demand and needs

4 Ensure a high-performance culture for our people

We develop and engage with our people to offer long-term and rewarding careers and meet the expectations of our students and partners.

We do this by:

- Offering competitive pay, rewards, and benefits
- Having a positive, supportive work culture linked to our values
- Recruiting talent who are aligned to our values to ensure long-term commitments
- Providing continual and tailored training and development programmes
- Actively communicating and engaging with staff, and promoting regular feedback in a variety of forums
- Talent and leadership programmes, and providing skills training to allow staff to progress
- Offering year-round or regular employment for contract staff

5 Enhance our reputation as a trusted education brand

By building trust with stakeholders and enhancing our reputation as a quality education provider we are able to attract and retain students and secure partnerships.

We do this by:

- Providing and evidencing strong academic outcomes and attainment levels
- Gaining and maintaining relevant accreditations, quality assurance, and passing compliance audits for each business unit
- Investing in high-quality environments in our schools where students can maximise their potential
- Selecting high-quality settings for Juniors courses
- Providing a seamless and responsive student experience from first enquiry through to completion of a course
- Enhancing non-academic provision for students such as student support, accommodation, and pastoral care
- Setting consistent service-level agreements to partners and agents

OPERATING REVIEW

"Our performance across the three divisions is allowing us to make strategic investments in our people and systems. These are crucial as we prepare for the next stage of growth and expansion."

Richard Mace, Chief Executive Officer

Higher education and University Pathways

Our expansion of the International Student Centre at UEL has positioned it as one of the larger UK Pathway centres. Student intake at the International Study Centre at the UEL saw an impressive 66% growth, increasing from 461 for the 2022/23 academic year to 766 for 2023/24. This resulted in a 109% increase in revenue in 2023, net of agent commission income which passes directly through to our UEL Pathway agents.

The success of our student recruitment efforts has been accompanied by consistently high levels of student attainment and satisfaction. This success has become a prominent feature of our contract with the university and is pivotal in our ongoing discussions with UEL regarding a potential longer-term contract for the 2025/26 academic year and beyond.

Recognising the vital role that international students play in the financial sustainability of many universities, we are leveraging our success with UEL by exploring potential partnerships with other institutions. As part of this initiative, we reviewed the university partnership value proposition and sales structure.

We are actively engaging in conversations with several potential university partners to expand our reach and impact in the IHE sector.

English Language Training ("ELT")

Our adult ELT revenue from both our Manchester and London schools increased 23.4%, ahead of industry levels.

We experienced growth in the MENA region, driven by a diverse mix of group bookings, sponsored students, and self-funded individuals. Additionally, we achieved positive results in other regions such as Brazil, Taiwan, and Turkey.

In 2023, the UK ELT industry saw an 83% return to 2019 levels, indicating bookings are reverting to pre-pandemic patterns.

We decided to close our Brighton school due to the lack of expected growth, exacerbated by challenges related to COVID-19, and the necessity for additional investment to ensure its success. The break in our property lease presented an opportunity for us to redirect our focus on our core schools in London and Manchester.

Recognising the growing demand, we have expanded our homestay providers in Manchester and have plans to do the same in London, where there is a shortage of available providers. Additionally, we are actively building our study abroad agent network and investing in digital advertising to bolster our direct marketing efforts and student recruitment initiatives.

Malvern Juniors

Malvern Juniors, operating under the Language In Action brand, has outperformed the wider Junior market. Despite the market returning to 90% of pre-pandemic levels, we have gained market share and experienced growth well ahead of the recovery curve.

In 2023, we achieved record student numbers with revenue growing 175.6% on the prior year with 2,478 students from five Junior summer centres with four in London and one in Manchester (2022: 975 students from three centres).

Most of our students (85%) hailed from Italy, with growing numbers from Taiwan (4%) and the MENA region (4%), and the remainder consisting of a mix of other nationalities. Encouragingly, pre-bookings for 2024 indicate growth across all our key markets.

Looking ahead to 2024, we are expanding to nine summer centres with a significant increase in students from the China and Taiwan markets. To address potential constraints on accommodation, we are exploring the possibility of hosting more students by diversifying our portfolio of locations and centre experiences.

To differentiate and expand our offerings further, we are developing new high-end academic Juniors programmes introducing off-season groups in January, February, and Easter. This strategic move aims to reduce our dependency on the summer peak season. Marketing efforts for these programmes will begin in 2024 for delivery in 2025.

Our people

Throughout the year, we strategically expanded our team with key appointments, enhancing the commercial capability of each of our three business divisions and bolstering operational support.

Stephen Harvey, a highly successful and seasoned individual in his field, has joined as Chief Development Officer focusing on growing the University Pathways division.

In ELT and Juniors, Matt Hird has joined as Director of Sales, bringing a wealth of experience in the sector. Emiliano Sallustri has transitioned to a new role as Commercial Director of ELT taking charge of operational delivery and expansion of the ELT division.

We have welcomed a new Head of Juniors with extensive experience in the China market. Their insights and industry knowledge will be crucial as we expand the programmes we deliver to Chinese students and as we prepare to launch new high-end academic programmes.

Lastly, we are delighted to have Kelly McGrath join us as HR Business Partner, leading the evolution of our HR strategy and implementing structures to support business growth. In 2023, our HR focus was on mapping out our human capital requirements, following a "right people, in the right place at the right time" approach. This has involved workforce planning, examining the roles we need to fill, and conducting a training needs analysis. We also reviewed our recruitment strategy to ensure we hire talent aligned with our values.

Looking ahead to 2024, we will continue to invest in our people as an essential component of our business growth and our dedication to delivering high-quality education.

Financial and student administration

Throughout the year, we have focused on strengthening our operational foundations and financial management, building robust systems, and investing in core functions.

We have made investments in developing and enhancing our accounting and control systems. These improvements are aimed at ensuring greater efficiency, accuracy, and transparency. Through diligent financial management, we have successfully reduced historical creditor balances. This demonstrates our commitment to sound financial practices and our focus on improving our financial position.

We have expanded our administrative function in Nepal to a 25-strong team, significantly enhancing our financial reporting capabilities and the management of student data and related processes. This centralisation has enabled more efficient and consistent student management practices. Additionally, it provides the Group with 24-hour customer support, improving our services for students and partners alike.

Furthermore, the Nepalese team's support in recruiting students from the South Asia market into our University Pathways programme is proving highly beneficial. This support is featuring in our discussions with potential new partners, demonstrating our commitment to expanding their reach into untapped markets.

Sales and marketing

We are continuing our investment in the sales and marketing team resources, recognising their pivotal role in our growth. We are also focused on fostering a closer connection with student delivery, arranging visits to campuses and settings so that our sales team better understands our market. Improving the student journey life cycle from the first enquiry to course completion is a priority. We are evolving our processes to measure our performance in this area and we are refining our processes and systems to maximise conversions.

In addition, we are investing in our school environments to provide a conducive and modern learning space for our students. Enhancing our agent relationships remains a focus, and we have introduced new service level agreements to ensure effective communication and partnership with them.

Outlook

Over the past year, our strong performance has allowed us to invest in assembling a high-performance leadership team. We have successfully attracted top talent with significant track records and industry profiles who share our ambitious growth plans. This has enhanced the momentum in the business, positioning us for continued success.

We are closely monitoring UK visa and immigration policies, as changes in these areas can have a significant impact on our operations, particularly within our University Pathways business. As a result, we are making strategic investments in people, products, and locations to enhance the business mix. We are diversifying our offerings by developing new academic programmes for Juniors, and expanding our entry-level and HE qualification course offerings. We are also actively pursuing a pipeline of opportunities in the University HE sector.

I am confident that we will see further growth in revenue and Underlying profit in FY2024.

Richard Mace
Chief Executive Officer

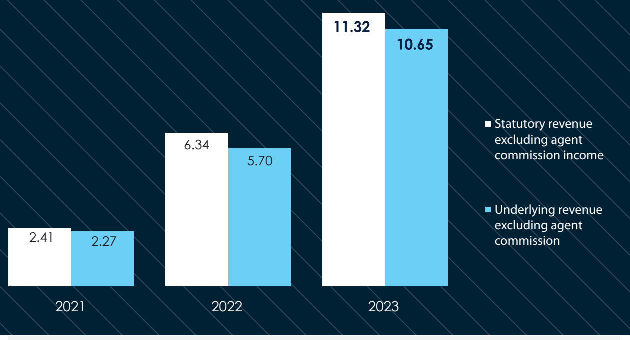
9 April 2024

KEY PERFORMANCE INDICATORS

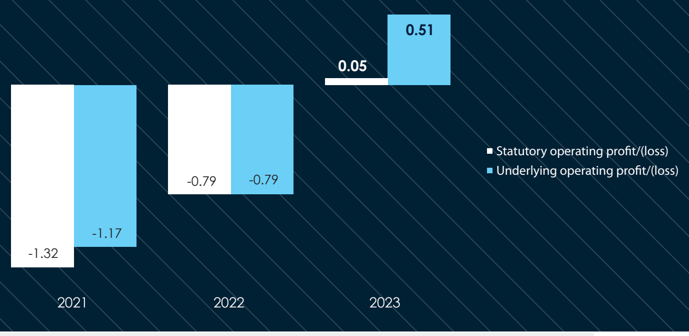
FINANCIAL KPIs

Financial KPIs are presented as Underlying and Statutory. Underlying numbers exclude the results of the closed Brighton school, the charge for warrants and share based payments and the write-back of an historical loan. See note 11 for a reconciliation.

REVENUE (£m)



OPERATING PROFIT/(LOSS) (£m)

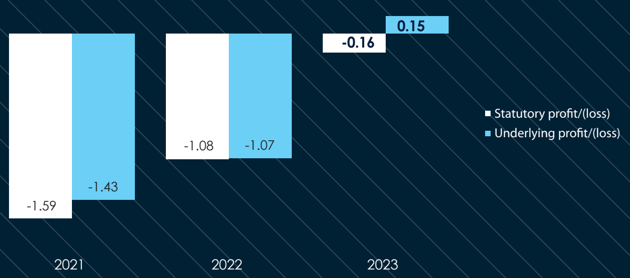


Performance: Statutory revenue excluding agent commission income increased 78.5% year on year. Adding these together, total Statutory revenue was £12.26m (2022: £6.51m).

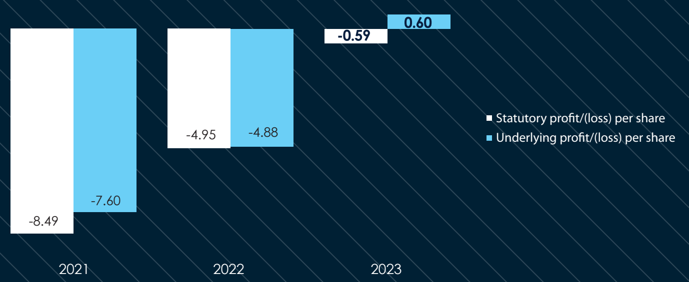
Underlying revenue excluding agent commission income increased 86.8% year on year. Agent commission income, which passes directly through to our UEL Pathway agents was £0.94m (2022: £0.18m).

Performance: Strong revenue growth supported the turnaround from a loss in 2022 to an operating profit in 2023 at both a Statutory and Underlying operating level.

PROFIT/(LOSS) FOR THE YEAR (£m)



LOSS PER SHARE (pence)

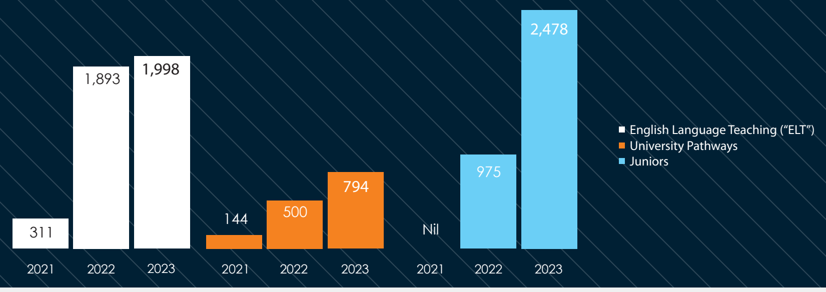


Performance: The net loss position improved year on year as a result of top-line performance as the business continued to recover post-pandemic.

Performance: The Statutory loss per share is calculated using weighted average number of shares in issue during the period of 2,442,400 (2022: 21,915,119). The Underlying profit per share was 0.60 pence (2022 loss: 4.88 pence).

NON-FINANCIAL KPIs

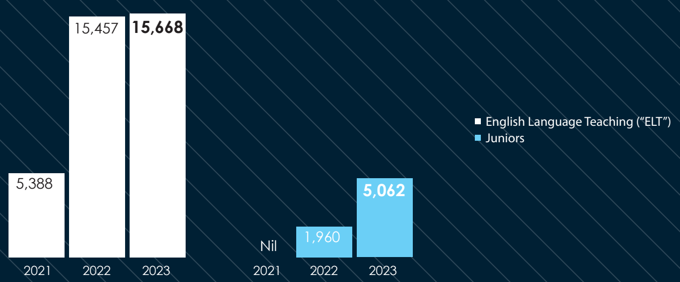
STUDENT NUMBERS



Number of students who have undergone tuition for a minimum of ten hours per week during the course of the year.

Performance: ELT numbers saw moderate growth during the year. University Pathways saw a significant jump in student numbers for the 2023/24 academic year driven by the UEL. The Juniors division performed well ahead of 2022 as summer programmes returned in earnest. These figures are expected to continue into 2024 as we introduce more programmes targeting the Chinese market.

STUDENT WEEKS



Total number of weeks delivered to students who undergo a minimum of ten hours per week including in-class and online courses. This metric is relevant to ELT students only.

Performance: As expected, the average number of student weeks for ELT remained consistent with 2022 at eight weeks. The average length of Juniors programmes increased from approximately ten days to 14 days.

The Juniors division typically offers students two weeks of immersive English language tuition and cultural experiences.

FINANCIAL REVIEW

"Revenues have increased across all areas of the Group. The strongest performing areas continue to be Higher Education ("HE") and Juniors."

Daniel Fisher, Chief Financial Officer

Financial performance

Underlying revenue, excluding agent commission income which passes directly to our UEL Pathway agents, increased 86.8% to £10.65m (2022: £5.70m). Revenues have increased across all areas of the Group. Statutory revenue for the year was £11.32m (2022: £6.34m). The strongest performing areas continue to be HE and Juniors. Strong revenue performance delivered an Underlying operating profit of £0.51m (2022 loss: £0.79m).

The Underlying profit for the year was £0.15m (2022 loss: £1.07m), resulting in a Underlying profit per share of 0.60 pence (2022 loss: 4.88 pence). The growth of HE and Juniors are currently the key drivers of profitability. The combination of 231 students on our January 2023 UEL Pathway, and 447 students in September 2023, was a key factor in achieving Underlying profitability for the Group. Pleasingly, the Juniors contribution to profit is also growing year on year.

The Statutory loss for the year was £0.16m (2022 loss: £1.08m). The loss can be attributed to the year end revaluation of warrants which resulted in a £0.23m expense in the Consolidated Statement of Comprehensive Income. The revaluation movement is due to the share price of the Group more than doubling in 2023. In addition, the Brighton school was closed during the year. Brighton contributed a £0.18m loss to the Group's consolidated Statutory loss for the year. The Group also released an historical loan liability which resulted in a credit in the Consolidated Statement of Comprehensive Income of £0.10m.

Operating costs

Group Underlying salaries and benefits in 2023 were £2.69m against £1.89m in 2022. This rise can be attributed to increased sales staff, and student facing staff to deal with the large increase in student numbers during the year. In addition, market challenges around cost of living, salary expectations, and staff retention have also contributed to a rise in our wage bill. Total Statutory operating expenses were £5.19m (2022: £3.45m).

Our investment in the business is fulfilling our strategic aims of continued revenue growth and de-risking the Group away from over-reliance on large customers and key regions. Spending on sales and marketing activities (excluding salaries) totalled £0.41m in 2023 (2022: £0.25m). An increase of £0.18m was incurred on new sales, marketing, and business development staff compared to the prior year with a large portion of this spent in H2. This is expected to increase as we onboard more senior sales staff in 2024.

Consolidated Statement of Financial Position

We continue to make incremental improvements on the Consolidated Statement of Financial Position. Top-line revenue growth has translated to an improved cash position. A true representation of this improvement was evidenced during the year when the Group's BOOST&Co. debt was reduced from £2.60m to £2.24m in 2023 – the first time that the Group has been able to reduce the debt. We anticipate a further reduction of the BOOST&Co. debt across 2024.

In addition, a large historical PAYE balance (£0.23m) was also repaid in full during the year. This leaves the London rent arrears, currently on a payment plan, as the only COVID-related supplier balance outstanding.

The cash balance at the end of the financial year was £2.20m (2022: £1.18m). This increase was due to the late invoicing (£0.84m) to us of accommodation costs. We continue to manage expenditure tightly. In addition, debtor days have reduced which is important for our working capital and growth requirements.

Daniel Fisher
Chief Financial Officer

9 April 2024

RISK MANAGEMENT AND PRINCIPAL RISKS

To effectively manage risk, the Group maintains a risk register. The risk register serves as a centralised repository documenting all identified risks and the strategies and controls for mitigation. The register allows for ongoing monitoring and review of risks, ensuring proactive measures are in place to mitigate their impact. The Group's risk register was created in consultation with the senior management team and the Directors. The process involves:

1. Identifying risks
2. Categorising risks
3. Assessing the likelihood and impact
4. Assigning risk owners
5. Developing mitigation and controls

The register is reviewed quarterly at both Board and Executive team level. Risk owners are responsible for notifying the Executive team and Board of any unfavourable changes to the likelihood and impact of identified risks.

Principal risks

Financial exposures — Risk level: High

Description

The Group faces a number of financial exposures which could potentially impact future operations such as credit risk primarily in respect of its trade receivables, reliance on one customer, margin pressures, currency movements in key markets, and liquidity.

Mitigation

The Group has strengthened its cash collection processes and carries out regular credit check. Sales reports and financial performance are reviewed at monthly management meetings. Detailed cash flow forecasts are monitored and reviewed. Exposure to credit risk is mitigated by evaluating the granting of credit, close monitoring, and the management of collections from trade receivables. The Group has access to borrowing facilities and fundraising activities. These might be attractive in certain circumstances to provide additional working capital and fund growth opportunities.

Regulatory and compliance changes — Risk level: Medium

Description

From time to time, Malvern is subject to regulatory changes and enforcement, which can have a significant impact to the Group through diminished student enrolments.

The Board is mindful that its partners and governing bodies can potentially withdraw accreditation if the Company does not meet the required standards.

Certain staff and third parties have access to market or price sensitive information for which early or untimely release could have a material impact on contract negotiations and/or reputation of the Company.

Mitigation

Management regularly assess exposures in each territory and for each product offering, and takes advice from immigration solicitors specialising in education providers to make adjustments.

The Company ensures it has the correct accreditations in place in order to operate. A register of accreditations and renewal dates is maintained.

An ongoing programme of internal assessment is carried out to ensure the Group maintains standards in an "always-ready" approach for planned and un-planned assessments by governing bodies. Each centre has an individual responsible for quality assurance.

Staff members are regularly appraised of what information is in the public domain and what constitutes prices sensitive information. All staff and third parties where appropriate are subject to confidentiality and non-disclosure agreements.

Competition and commercial changes — Risk level: Medium

Description	Mitigation
The Group faces the risk of strong short-term competition in the form of intermittent price discounting, loss of major customers to competition, and loss of key staff due to a competitive labour market.	The management monitors closely forward bookings to identify any changes to anticipated sales and monitors competitor pricing, in order to adjust its own pricing and remain competitive. The Group has a strong focus on adding value and reducing costs to customers. Team succession plans have been put in place and remuneration packages have been reviewed to support staff retention.

Reputational risks — Risk level: Low

Description	Mitigation
Maintaining Malvern's reputation as a quality education provider is vital to the success of the Company. A loss in confidence from accreditors, partners, and customers could have an immediate and profound impact on the business and its ability to recruit and retain staff.	The Board ensures it has the required accreditation and licences to operate (see above for regulatory and compliance changes). The Group has clear policies on responsible and ethical behaviour and has a zero-tolerance policy on corruption and bribery. These policies are displayed in every school and online. The Group provides induction training and regular training to all staff. The Group has clear incident management and crisis management strategies and procedures. The Group has clear incident management and crisis management strategies and procedures.

Occupational health, safety, and wellbeing — Risk level: Medium

Description	Mitigation
Student or staff members are injured in one of our working environments or when under our care.	Risk assessments are undertaken for all working environments. The Group has an accident and incident reporting and investigation process in place. Changes to procedures are communicated and training is carried out regularly.

Operational risks — Risk level: Medium

Description	Mitigation
The Group collects, maintains, transmits, and stores data about its students and employees, including personally identifiable information. However, the Group's security measures may not detect or prevent all attempts to breach such security measures and protocols. A breach of such security measures and protocols could result in third parties gaining unauthorised access to customer and/or employee data stored by the Group, which could expose the Group to litigation, regulatory action, and other potential issues.	The Group has a data protection policy and limits the access of users to sensitive information. Group IT is managed by a dedicated IT support company which also manages cyber security. The management will be reviewing its cyber security action plan in 2024.

STAKEHOLDER ENGAGEMENT

Directors' Section 172(1) Statement

The Board is collectively responsible for the decisions made towards the long-term success of the Company and how the strategic, operational, and risk management decisions have been implemented throughout the business is detailed in this Strategic Report.

The Company's main stakeholders are identified in the Business Model on page 6, being staff (employees), students (customers), partners (either customers or joint venture partners), and shareholders.

We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered in the Company's decision making, and the formulation of its strategy.

Key decisions made in 2023 to meet stakeholder expectations:

- Developed the Group strategy to take advantage of market opportunities and support business growth. See page 10 for further details
- Reviewed our people strategy, recruitment plans, and staff policies to align to our values and ensure a high-performance culture
- Evolved our customer and student journey to ensure a quality life cycle from first contact to graduation
- Appointed key staff members to support and build partnership relationships
- Reviewed the University Partnerships value proposition and sales structure to make it more attractive to potential university customers
- Agreed to evolve our corporate social responsibility strategy in 2024

Staff

As an educational services business, Malvern's strength derives from the commitment, capability, and cultural diversity of its employees. The Company adopts a policy of diversity at all levels including candidate selection, role assignment, and individual career development. The Company encourages the participation of all employees in the operation and development of the business by offering open access to senior management, including the Executive Directors, and through regular communications through road shows and the intranet.

Group policies are regularly reviewed and updated and communicated to all staff and are easily accessed via the Company intranet.

The Group incentivises employees through share based incentives and the payment of bonuses and commissions linked to performance objectives. Where appropriate these objectives are linked to profitability.

We continue to focus on enhancing our colleagues' personal development, with performance appraisals leading to a training needs analysis for our each staff member.

Our EMT (see page 22) is charged with driving the delivery of our strategy as set out on page 10.

The Nomination and Remuneration Committee oversees and makes recommendations of Executive remuneration and any long-term share based incentives. The Board encourages management to improve employee engagement and to provide necessary training in order to use their skills in the relevant areas in the business.

Students

Our purpose, mission, and values place our students at the heart of all of our operations, and their success is key to our future strategic developments. We proactively seek student feedback around every aspect of our operations, including regular surveys and informal discussions with individuals and groups of students.

We integrate this continual informal feedback with more formal mechanisms, such as student representative groups and course committees and similar forums in our University Partnerships. We report back to our students as to how their views have informed developments within our centres via regular two-way dialogue, and ensure the closeness of relationships between staff and students continues to be identified within accreditation and inspection reports as a strength within Malvern.

Partners

The Board acknowledges that a strong business relationship with partners, customers, and agents is a vital part of our growth strategy. These relationships are informed by our interactions with our students as detailed above.

Within our student recruitment function, we are in continuous contact with our agent and sponsor partners. We arrange to meet with key partners on a regular basis, and take part in industry events to help facilitate joint discussions.

We are members of a range of educational organisations, such as English UK, where we meet with peers and discuss areas of common concern and key developments for our business. We are looking to expand our reach in terms of partner organisations to help realise our strategic goals.

Within our University Partnerships division, we will continue to solidify joint governance and management arrangements with our partners. We continue to participate in regular joint operations meetings covering China, admissions, space, student performance, and recruitment. These meetings will ensure that recruitment, admissions, and compliance are working efficiently to maximise student numbers, progression, and to ensure a quality student experience. Our meetings ensure alignment between our role as a service provider and UEL's goals, and enable us to discuss opportunities and challenges collectively.

Whilst day-to-day business operations are delegated to the EMT, the Board sets directions with regard to new business ventures and initiatives.

Suppliers

The Board upholds ethical business behaviour across the Group and encourages management to seek comparable business practices from all suppliers doing business with the Company. For more information please see the Corporate Social Responsibility ("CSR") statement on page 27.

Community

The Board recognises its responsibility towards the community and environment and it is Group policy to be a good corporate citizen wherever it operates.

The Group adopts a proactive approach towards community education-driven initiatives, particularly where they involve the education of those less fortunate. The Group is currently involved with RefuAid, offering free language courses to refugees.

More detail can be found in the CSR statement in this report on page 27.

Shareholders and debtholders

The Board places equal importance on all investors and recognises the significance of transparent and effective communications. As an AIM listed company we are required to provide fair and balanced information in a way that is understandable to all stakeholders and particularly our shareholders, with clear information on the Group's activity, strategy, and financial position. Details of how the Company communicates with its shareholders can be found in the Chairman's Corporate Governance Statement on page 26.

Maintaining high standards of business conduct

The Company has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") and the Board recognises the importance of maintaining a good level of corporate governance, which together with the requirements to comply with the AIM Rules, ensures that the interests of the Company's stakeholders are safeguarded. The Board notes the changes to the QCA Code announced in November 2023 and is taking steps to ensure continued compliance ahead of the current financial year.

The Board has decided to be an early adopter of significant changes to the QCA Code, this includes:

1. All Directors to retire every year.
2. The Directors' Remuneration Report is to be voted on every year.
3. Every three years Directors' remuneration policy will be voted on.

The Board seeks to ensure that ethical behaviour and business practices are implemented across the business. Anti-corruption and anti-bribery training are compulsory for all staff and contractors. The anti-bribery statement and policy is contained in the Group's Employee Manual. The Group's expectation of honest, fair, and professional behaviour is reflected in this and there is zero tolerance for bribery and unethical behaviour by anyone relating to the Group.

The importance of making all employees feel safe in their environment is maintained and a Whistleblowing policy is in place to enable staff to confidentially raise any concerns freely and to discuss any issues that arise. Strong financial controls are in place and are well documented.

On behalf of the Board

Mark Elliott
Chairman

9 April 2024

CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

The Board of Directors

The Board is responsible for formulating, reviewing, and approving the Group's strategy, budget, and corporate actions.

Mark Elliott, Non-Executive Chairman

Date of appointment: 1 July 2019

Mark is a Chartered Accountant who has had a long executive career in the education, technology, and corporate finance sectors, including finance and management roles operating in Europe, the USA, and South Africa. He has extensive AIM experience having brought two technology companies to the market together with associated fund raises. He brings with him a strong knowledge in governance, public markets, and investor relations.

External appointments: Chairman of AIM listed Journeo Plc and trustee of two charities, the Clockmakers' Charity, and the Metropolitan Drinking Fountain and Cattle Trough Association.

Committees: Audit and Risk (Chairman) and Nomination and Remuneration

Alan Carroll, Non-Executive Director

Date of appointment: 1 October 2019

Alan has over 25 years' experience in the information systems industry, including working in a senior capacity in the development of the Ministry of Defence's Information System Strategy and then as a senior sales manager and adviser to a number of major software and systems integration companies. He is the founder and Managing Director of Ultris Limited, a niche software and services organisation operating in the confidential government sector. In addition, he was appointed as an independent Non-Executive Director at Ideagen Plc when it listed in July 2012 at a market capitalisation of £13m and was a Board member chairing the audit and remuneration committees until the company was acquired by HG Capital for £1.1bn in July 2022. He was also a non-executive director at Goal Group Limited, a private UK listed company. Alan was voted Non-Executive Director of the year in the May 2019 Money Week Mello awards.

External appointments: Ultris Limited

Committees: Nomination and Remuneration (Chairman) and Audit and Risk

Richard Mace,
Chief Executive Officer

Date of appointment: 30 June 2020

Richard Mace was formerly the co-owner of the Communicate School of English, Manchester which he co-founded in 2013 before it was acquired in July 2018 by Malvern. He was responsible for overseeing year-on-year growth in the business in terms of student numbers, revenue, and EBITDA. In addition he successfully built a well-trusted brand, established an international B2B sales agency network, set up digital marketing strategies, introduced and developed IT systems, and successfully gained British Council and Independent Schools Inspectorate accreditations.

Prior to founding Communicate, Richard worked in telecoms for large organisations such as Vodafone.

Committees: n/a

Daniel Fisher,
Chief Financial Officer

Date of appointment: 6 December 2021

Daniel Fisher was appointed to the Board of Directors having worked as Malvern's head of finance since January 2021. Before joining Malvern, Daniel held a number of financial leadership roles including European Financial Controller of Newell Brands plc, Group Financial Controller of QANTM Intellectual Property Ltd., and Head of Finance/ Financial Controller of FPA Patent Attorneys Pty. In addition to leading an SME in Australia through a successful IPO as Head of Finance, Daniel's listed company experience at group level also includes management of audits for a multinational SME and merger and acquisition transactions.

Daniel attends Audit and Risk Committee meetings by invitation.

Committees: n/a

Executive Management Team ("EMT")

In addition to the CEO and CFO, the EMT consists of senior members of Malvern's management team, who all have significant experience in working the international education sector and are charged with delivering the Group strategy as set out on page 10.

The EMT is dedicated to help drive the strategic growth of the organisation with an unwavering focus on delivering quality education and student experience. With a clear vision and mission to continue to change the lives of international students through the power of education, the EMT works to ensure that quality curricula, teaching, and partnerships are central to every aspect of the business.

The EMT is in daily communication and meets formally fortnightly to discuss progress against set objectives, raise any concerns and potential risks to the business, business development, and performance against internal budgets. Any material concerns are raised and communicated to the Board and, where necessary, are discussed at scheduled Board meetings.

To facilitate the execution of the Group Strategy, staff accountable for Malvern's business divisions and functional areas hold Monthly Business Review ("MBR") meetings, involving staff from each area, to report and review progress being made and key developments.

Stephen Harvey
Chief Development Officer

Stephen Harvey is responsible for growing Malvern's global network of University and Higher Education partnerships.

With 40 years of successful teaching, research, policy, governance, and senior management experience in the global education sectors, Stephen has held the positions of Non-Executive Director at Sannam S4; Founder and Global Managing Director of Cambridge Education Group's ONCAMPUS Higher Education Pathways Division; Head of Higher Education Advisory Services at KPMG UK; Project Manager, UK Government Department for Education Strategy and Innovation Unit and UK Managing Director of Study Group. He is currently as Trustee of Cumberland Lodge.

Simon Fitch
Centre Director – UEL International Study Centre

Simon is accountable for our provision of high-quality, student-centred, operations at our University of East London ("UEL") International Study Centre and supporting the development of Pathways programmes across the Group.

Simon has spent his career in a range of educational settings, and has senior level experience in universities, schools, and pathway organisations, including having previously directed a Foundation Student Centre. Simon is also a board member of FOCUS, an organisation devoted to simplifying the relocation journey for families and students coming to the UK.

Ashleigh Veres
Director of Student Recruitment

With more than twelve years in student recruitment and marketing, Ashleigh works diligently to develop and execute sales strategy for the Group. Working closely with our university partners to realise shared goals, and with a keen focus on the development of partnerships with internationally-focused partners, Ashleigh is a strong advocate for the opportunities that international education provides students.

Ashleigh is responsible for leading the Global Recruitment Unit and managing the marketing for the organisation.

Matt Hird
Director of Sales ELT and Juniors

Matt Hird brings a wealth of experience to the team with 20 years in commercial education, specialising in ELT programmes in the UK, USA, and Canada with organisations such as Oxford International Education Group and David Game College Group. His expertise spans across Adult and Juniors programmes, as well as English-plus programmes and bolt-on courses.

In his previous roles Matt successfully built global sales teams, increased student numbers, grew revenues, and built brand awareness through high-quality delivery and service. He has access to an established global agent network across all markets, with a recent focus on South Asia and Africa. As a seasoned sales leader, Matt excels in creating and implementing effective structures, processes, and clear Key Performance Indicators ("KPIs") for success.

Emiliano Sallustri
Commercial Director of ELT

Emiliano transitioned into a new role in 2023, to become the strategic lead for the growth and development of our ELT division; adult and junior centres ("Language In Action"). With a strong background in the travel language industry, Emiliano works closely with key sponsors and partners to ensure that we offer exciting and innovative learning opportunities for individuals and groups.

Emiliano was the co-founder of Language In Action brand of junior schools that came into the Malvern Group in 2019.

Kelly McGrath
MCIP, Human Resources Business Partner

Kelly has over 15 years' HR experience and is a Member of the Chartered Institute of Personnel Development. She is responsible for the development and delivery of the People Strategy. Kelly works with the Executive Team to define and deliver business growth plans. A true HR generalist and People Partner, Kelly gained experience within the Manufacturing and Aerospace industries before making the move to education and supports all areas of the business but is particularly passionate about people development and engagement.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

Dear Shareholder,

As Non-Executive Chairman, I am responsible for instilling high standards of corporate governance within the Company. It is my responsibility to ensure the effectiveness of the Board on all aspects, including good governance in dealing with all of our stakeholders. This includes ensuring that Board meetings are held in an open manner, that the Directors receive accurate, timely, and clear information, and allowing sufficient time for agenda items to be discussed. I am also responsible for ensuring the Company has effective communications with shareholders and relaying any shareholder concerns to fellow Directors.

The Board is committed to applying high standards of corporate governance and evolving them as the business grows. The Company has adopted the Quoted Companies Alliance Code ("QCA") to provide a framework against which to do this, it being the most appropriate recognised governance code for the size and structure of the Group.

Workings of the Board

The Directors consider seriously the effectiveness of the Board, its Committees, and individual performance. The Board is responsible for formulating, reviewing, and approving the Company's strategy, budgets, and corporate actions.

At the date of the report, the Board has four members, comprising two Non-Executive Directors and two Executive Directors. Biographies and roles of the Directors are set out on page 22.

The Directors believe that the Board as a whole has a range of commercial and professional skills which enable it to discharge its duties and responsibilities effectively. The independent Non-Executive Directors ensure that independent judgement is brought to Board discussions and decisions. All Directors are encouraged to use their independent judgement and to challenge all matters whether strategic or operational.

The Board meets formally at least twelve times a year with additional ad-hoc Board meetings as the business demands. The Board is responsible for setting and monitoring Group strategy, reviewing trading performance, and formulating policy on key issues. The time commitment formally required by the Group is an overriding principle that each Director will devote as much time as is required to carry out the roles and responsibilities that the Director has agreed to take on.

There is a strong flow of communication between the Directors. Board meeting agendas are set in consultation with both the CEO and Chairman, with consideration being given to both standing agenda items and the strategic and operational needs of the business.

Comprehensive Board papers are circulated well in advance of meetings, giving Directors ample time to review the documentation and enabling an effective meeting. Minutes are drawn up to reflect a true record of the discussions and decisions made. Resulting actions are tracked for appropriate delivery and follow up. The Board maintains close dialogue by email, telephone, and conference calls between scheduled meetings. The frequency of communications at Board level in 2023 was maintained at a similar level of the previous year. The Board was in regular consultation with regards to the Group's cash resources in order to monitor and manage cash outflows, implementing strict cash control measures and remaining in close contact with our debt provider.

New Directors receive a comprehensive, formal, and tailored induction to the Group's operations including corporate governance, the legislative framework, and visits to Group premises. The Non-Executive Directors ensure that their knowledge of best practices and regulatory developments is continually up to date by attending relevant seminars and conferences.

Attendance at meetings during 2023

Director	Board meetings (12 meetings held)	Audit and Risk Committee (3 meetings held)	Nomination and Remuneration Committee (3 meetings held)
Mark Elliott	12	3	3
Alan Carroll	12	3	3
Richard Mace	12	—	—
Daniel Fisher	12	—	—

Strategy and risk management

A description of the Group's business model and strategy can be found on pages 6 and 10 and the key challenges in their execution are detailed in the Chairman's Statement on page 3 and Operating Review on page 12. The Board is responsible for establishing and maintaining the Group's systems of internal financial controls and importance is placed on maintaining robust operational controls.

The Audit and Risk Committee (see page 35) has responsibility for the oversight of the Group's risk management, internal controls and procedures, and for determining the adequacy and efficiency of internal control and risk management systems. The Board continuously monitors and upgrades its internal control procedures and risk management mechanisms and conducts an annual review, where it assesses both for effectiveness. This process enables the Board to determine if the risk exposure has changed during the year and these disclosures are included in the Annual Report. In setting and implementing the Group's strategies, the Board, having identified the risks, seeks to limit the extent of the Group's exposure to them having regard to both its risk tolerance and risk appetite. Further details on the Group's risk management and internal controls can be found on pages 17.

Matters reserved for the Board

The Board has a formal schedule of matters reserved for its specific approval which includes:

- *Strategy and management*: review and approval of long-term Group strategic, operational, and financial matters such as proposed acquisitions and divestments
- *Financial reporting*: approval of the annual accounts and Interim Report, the annual budget, significant transactions, major capital expenditure
- *Internal controls*: ensuring maintenance of a sound system of internal control and risk management
- *Finance*: raising new capital or major financing facilities, operating and capital expenditure budgets
- *Communications*: approval of resolutions put forward to shareholders, approval of circulars, and approval of press releases concerning matters decided by the Board
- *Board membership and other appointments*
- *Delegation of authority*: division of responsibilities between the Chairman, CEO, and CFO, including the CEO's and CFO's authority limits and the establishment of Board committees and approval of terms of reference of Board committees

The Board delegates specific responsibilities to two Committees:

- The Audit and Risk Committee
- The Nomination and Remuneration Committee

Both committees have formal written terms of reference. These terms of reference are available on the Group's website.

The Audit and Risk Committee

The Audit and Risk Committee comprises the two Non-Executive Directors, Mark Elliott (Chairman) and Alan Carroll. The Audit and Risk Committee meets at least three times a year. Details of the responsibilities of the Audit and Risk Committee are set out on page 35. Where necessary, specialist external consultants are used to assist the Committee.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the two Non-Executive Directors, Mark Elliott and Alan Carroll (Chairman). Details of the responsibilities of the Nomination and Remuneration Committee are set out on page 32. Where necessary external recruitment consultants are used to assist the Committee.

Election and re-election of Directors

Directors, including those that have been appointed since the last Annual General Meeting ("AGM"), submit themselves for re-election each year at the Annual General Meeting, as set out in the Directors' Report on page 29 and in the separate Notice of Annual General Meeting sent to all shareholders.

Board evaluation

Annual appraisals are held of each Director, providing feedback and reviewing any training or development needs. Each member of the Board takes responsibility for maintaining their skill set. All Directors have the opportunity to undertake relevant training and attend relevant seminars and forums at the Company's expense.

The Board are aware of the importance of diversity amongst its members, which includes roles and experience with other boards and organisations. This forms part of any recruitment consideration if the Board concludes that replacement or additional Directors are required.

Corporate culture and social responsibility

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is aware that the tone and culture set by the Board greatly impacts all aspects of the Group and the way that employees behave.

The corporate governance arrangements that the Board has adopted are designed to ensure that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board.

The Group's activities are centred on addressing customer needs. Therefore, the importance of sound ethical values and behaviours, as well as open and respectful dialogue with employees, customers, and other stakeholders, is crucial to the ability of the Group to achieve its corporate objectives successfully. The Board places great importance on these aspects of corporate governance and seeks to ensure that it flows through all the Group's activities.

The Board assessment of the culture within the Group is one where there is respect for all individuals, open dialogue amongst all levels of staff and individuals, and a commitment to provide the best service possible to the Group's customers.

The Group is committed to ensuring that the highest quality of teaching and education standards are embedded in the services it provides. The Group provides the highest levels of service standards in order to maintain long-term partnerships with its customers and sales agents. This is reflected in the growth of the customer base, and the ability to maintain existing and form new partnerships that support the overall growth of the business.

The Group has in place a range of policies to ensure these standards are maintained and that the Group's corporate culture is well understood by all individuals and adopted into everyday behaviours. These policies form part of the Group's Employee Handbook and are updated and reviewed on a regular basis.

Details on corporate social responsibility can be found on page 27.

Internal controls

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. Internal control systems and procedures are reviewed annually and are designed to meet the needs of the Group and the risks to which it is exposed. The procedures are designed to manage rather than eliminate risk faced by the Group, and can only provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Directors have established with a view to providing effective internal controls are as follows:

Management structure and delegated authority

Authority is delegated to the EMT through Group authorisation limits on a structured basis, ensuring that proper management oversight exists at the appropriate level. The composition of the EMT with biographies can be found on page 22. EMT meetings are held fortnightly and are attended by other senior management members as required. Regular updates are provided by the heads of divisions and operations. Any key issues from these meetings are reported to the Group Board.

Control environment

The Group's control environment is the responsibility of the Directors and managers at all levels. A review of the key risks facing the business and the effectiveness of the Group's internal controls is performed annually.

Monitoring systems used by the Board

The Board reviews the Group's performance against budgets on a monthly basis. The Group's cash flow is monitored monthly by the Board.

Shareholder communications

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy, and financial position, and regards regular communications with shareholders as one of its key responsibilities. The Group is committed to engaging with shareholders and this effort is led by the Chairman and CEO.

A clearly laid out investor relationship strategy is in place. The primary communication tool with shareholders is through the Regulatory News Service ("RNS") on regulatory matters and matters of material substance.

The Group's website provides details of the Company's Annual Report and Notices of AGMs are available to all shareholders along with the Interim Report and investor presentations.

In order to gauge shareholder sentiment, the Company meets with the key shareholders typically every six months, normally at the time of the final and interim results and when necessary.

The Board is aware of the need to protect the interests of minority shareholders and balancing these interests with those of more substantial shareholders. The Company holds an open Q&A session at every AGM and encourages all existing and potential shareholders to contact Board members at other times of the year. This communication allows the Board to understand shareholders' views, and to ensure that the strategies and objectives of the Group are aligned with shareholders. In its decision making, the Board has regard to the ascertained expectations and needs of its shareholders in accordance with its Statutory and fiduciary duties.

The Company welcomes shareholder contact at any time and contact details can be found on the website at www.malverninternational.com

Mark Elliott
Chairman

9 April 2024

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the year ended 31 December 2023.

Principal activities

The principal activities of Malvern International Plc are to provide quality education services, preparing students and learners to meet the demands of a professional life. Courses are delivered in the UK and focus on English language teaching and preparing students for higher education.

A detailed explanation of the Company's principal activities can be found on page 4.

Business model

The Company's business model is to:

- Provide language teaching direct to its students through its two UK based language schools
- Grow its language student base through direct sales and via third-party agents
- Form long-term partnerships with higher education institutions to deliver pre-university foundation classes on behalf of its partners. We aim to offer our services more efficiently than our partners can themselves
- Provide short immersive English language and cultural camps year round generally to foreign high school students

We compete in the market by offering excellent quality and competitively priced education. The Company's growth is driven by organic growth through the acquisition of new customers and, when appropriate, acquiring established businesses operating in the same or related markets.

Details of the Company's business model can be found on page 6. The Company benefits from operating in a market which has long-term growth prospects. More information on our markets can be found on page 8.

Strategic priorities

As a global learning and skills development partner, the Group's vision is to invest in and develop its operating businesses in the education sector, to establish centres of excellence, and to deliver long-term growth and sustainable profit.

Each year the Board and management set strategic priorities, and monitors performance against them throughout the year. The strategy and strategic priorities are set out on page 10.

Review of the business and future developments

A review of the business and its outlook, including commentary on the KPIs, can be found in the Strategic Report on page 2 to 20. The principal risks and uncertainties facing the Company are included on page 17. The Company's social, environmental, and ethical policies are set out in the Chairman's Corporate Governance Statement on page 26. A summary of the outlook for the Group is given within the Chairman's Statement on page 3.

Group results

The Group Underlying profit before taxation for the year was £0.15m (2022: Underlying loss £1.07m). Statutory loss before taxation for the year was £0.14m (2022: Statutory loss £1.08m).

Dividends

The Directors do not recommend a dividend (2022: £nil).

Capital structure

The Company has ordinary shares of 1 pence and deferred shares of 5 pence, 1 pence, and 0.1 pence in issue. The shares are listed on AIM, a sub-market of the London Stock Exchange. Holders of ordinary shares are entitled to vote at Company meetings, to receive dividends and to the return of their capital in the event of liquidation.

Holders of deferred shares have limited rights. Limitations on the rights of deferred shares include no entitlement to vote at general meetings and deferred shares are not freely transferable.

Going concern

The financial statements have been prepared on a going concern basis. The Directors consider the going concern basis to be appropriate having paid due regard to the Group and Company's projected results during the twelve months from the date the financial statements are approved and the anticipated cash flows, availability of loan facilities, and mitigating actions that can be taken during that period.

Pleasingly, the Group produced an Underlying profit for the year of £0.27m (2022: loss £1.07m).

The significant revenue growth seen in H2 2023, in combination with the visibility of University Pathways revenue in H1 2023, gives the Board confidence about Malvern's short and long-term prospects.

In the Higher Education ("HE") division, student numbers are up 59% (including non-ISC students) on the prior academic year (2022/23 vs 2023/24), which reflects the ongoing investment in this division. Junior summer camps continue to experience rapid growth, delivering £3.72m (2022: £1.35m) in revenue to the Group in 2023. Pre-bookings for 2024 summer camps are also very encouraging being of the order of c.£6.5m which gives the Directors further confidence in both profit and cash flow predictions.

The Group generated sufficient cash during the year to begin reducing the BOOST&Co. debt from £2.60m to £2.24m.

BOOST&Co., acting on behalf of IL2 (2018) Sarl, have again provided a letter of comfort to provide ongoing financial support to the Group for any short-term working capital requirement should that become necessary. It is the present policy of BOOST&Co. to ensure that the Group has adequate financial resources to meet its obligations and to enable it to continue as a going concern for a period of at least twelve months from the date of the signing of the financial statements. To assist with the lumpy nature of our cash flow we have also agreed with BOOST&Co. to vary the timing of these payments during 2023.

Profit and cash flow projections for the Group Company indicate that the Group is expected to maintain profitability in 2024. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Despite significant revenue growth in 2023 and forecasts for 2024, UK and global macroeconomic factors continue to create uncertainty in the Group's forecasts. The continued commitment from the Group's lenders in the form of letter of support provides confidence to the Group in respect of future funding. However, there still remains a material uncertainty with respect to the going concern status of the Group.

Subsequent events

Details of subsequent events can be found in note 28 of the financial statements.

Directors

Biographical information for each of the Directors is set out on page 22, together with details of the date of appointment, membership of Board committees and any external appointments.

The Company's Articles of Association requires that each Director retire from office and seek re-election after the general meeting at which they were last appointed and every year thereafter.

Directors' interests in shares

The Directors' beneficial interest in the ordinary share capital of the Company are set out within the Remuneration Report on page 34.

Substantial shareholders

As at 31 December 2023, the Company was aware of the following major shareholders representing 3% or more of voting rights attached to the issued ordinary share capital of the Company.

	Number of ordinary shares 1p	Percentage held
Lombard Odier Asset Management (Europe) Limited	3,166,721	12.96%
Chris Woodgate	2,005,169	8.20%
IL2 (2018) – BOOST&Co.	1,996,187	8.17%
Mr Richard Mace	1,844,802	7.55%
Edward Roskill	1,201,754	4.92%
SPREADEX Limited	787,400	3.22%
Alan Carroll	751,826	3.08%

Directors' and officers' liability insurance and indemnity

The Company has purchased insurance to cover its Directors and officers against their costs in defending themselves in any legal proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings.

Corporate social responsibility

The Group recognises its corporate social responsibilities and reports on these in a separate statement of social, environmental, and ethical policies on page 27.

This statement covers the Group's Employment Policies, Environmental Policy, and Health and Safety Policy.

Political donations

There were no political donations made by the Group during the year (2022: none).

Directors' responsibilities

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

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations. They are also responsible for ensuring that the Strategic Report and the Directors' Report and other information included in this Annual Report and financial statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Malvern International Plc website is the responsibility of the Directors; the work carried out by the auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Auditor

Cooper Parry Group Limited ("Cooper Parry") is the Company's appointed External Auditor and responsible for auditing the Company's financial statements for the financial year to 31 December 2023.

Statement of disclosure to the Independent Auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware. Each Director has confirmed that they have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Annual General Meeting

The resolutions to be proposed at the AGM will appear in the Notice of the AGM together with the explanatory notes. This will be circulated with the Annual Report when sent to all shareholders.

ON BEHALF OF THE BOARD

Mark Elliott
Chairman

9 April 2024

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee is a standing committee of the Board of the Company and is comprised of two Non-Executive Directors, Alan Carroll (Chairman) and Mark Elliott.

The Committee's primary objectives are to ensure that remuneration arrangements are aligned with the strategy and culture of the Company and its subsidiaries. To this end, it ensures the Company's remuneration policy encourages and rewards performance against strategic priorities, as well as the right behaviours, values, and culture.

The Committee also ensures that there is a robust process for the appointment of new Board Directors and senior management positions. It works closely with the Company's Board of Directors and external advisers to identify the skills, experience, personal qualities, and capabilities required for the next stage in the Company's development, linking the Company's strategy to future changes on the Board.

Within the terms of reference for the Nomination and Remuneration Committee, as approved by the Board, the responsibilities of the Committee are as follows:

- To consider the nomination and appointment, remuneration and bonus plans of the Group CEO and Group CFO
- To review any letter of resignation from the Group CEO or Directors of the Company, and any questions of resignation or dismissal
- To review whether there is reason (supported by grounds) to believe that the Senior Managers of the Group are not suitable for continued employment
- To review the statement with regard to the Remuneration and Nomination polices of the Group for inclusion in the Annual Report and report the same to the Board
- To consider any other functions as may be agreed between the Committee and the Board
- To review the Board and Board Committees' effectiveness. The Committee members keep themselves fully informed of all relevant developments and best practice by reference to the QCA's Remuneration Committee guide

Attendance at meetings

Details of attendance at meetings by the committee members can be found on page 26.

Matters considered in 2023

During the year, the Committee considered the following matters:

- The issuance of share options to key staff as part of the Group incentive plan
- Review of Executive Director remuneration

Remuneration policy

Malvern aims to recruit, motivate, and retain high-calibre Executives capable of achieving the objectives of the Group and to encourage and reward appropriately superior performance in a manner which enhances shareholder value. The Company operates a remuneration policy which ensures that there is a clear link to business strategy and close alignment with shareholder interests and current best practice. The policy aims to ensure that senior executives are rewarded fairly for, and commensurate to, their respective individual contributions to the Group's performance. At this point in time the Group continues to evolve having undergone significant reorganisation to ensure its short, medium, and longer-term commercial viability. Remuneration has been set at levels consistent with achieving this aim. Accordingly, overall remuneration is below average levels for those charged with ensuring the success of the Group's transition from a position of a continuum of losses to one of consistent and growing profitability and will be subject to regular review as the Group achieves its targets. Details of remuneration paid to Executive Directors are set out on page 33. Remuneration for FY2024 is at page 34.

QCA Compliance

Commencing from the next AGM the Directors' Remuneration Report will be voted on every year. Additionally, the Directors' remuneration policy will also be voted on every three years commencing with the 2025 AGM. It should be noted that in both instances the vote is of advisory status and not binding.

Non-Executive Directors' remuneration

The Board determines the remuneration of all Independent Non-Executive Directors with the fees being set at a level to attract individuals with the necessary experience and ability to contribute to the Group. Details of all emoluments paid to Non-Executive Directors of the Company are set out on page 33. Remuneration for FY2024 is on page 34.

The Non-Executive Directors do not receive bonuses and are entitled to be reimbursed for reasonable expenses incurred by them in carrying out their duties as Directors of the Company.

The Board, with the assistance of the Nomination and Remuneration Committee, reviews the remuneration level of Non-Executive Directors on an annual basis to ensure it remains competitive in attracting suitable talent. All Board appointments are made subject to the Company's Articles of Association.

Directors' service contracts

Contractual arrangements for Directors are as follows:

	Contract date	Notice period
Richard Mace	30 June 2020	6 months
Daniel Fisher	6 December 2021	6 months

Contractual arrangements for Non-Executive Directors are as follows:

	Date of letter of appointment	Notice period
Mark Elliott	1 July 2019	1 month
Alan Carroll	2 October 2019	1 month

In line with latest guidance on the QCA Code, all Directors are subject to re-election at the AGM every year. Accordingly, Mark Elliott, Alan Carroll, Richard Mace, and Daniel Fisher are required to submit themselves for re-election at the next AGM.

Other than the notice periods afforded to the Directors, there are no special provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

Directors' remuneration

Details of individual Directors' emoluments and remuneration who served in 2023 are as follows:

	Salary and fees £	**Benefits £**	**Pension £**	**Other £**	**Share-based payments £**	**Total 2023 £**	Total 2022 £
Richard Mace	110,000	—	—	—	1,472	**111,472**	111,080
Alan Carroll	30,000	—	—	—	—	**30,000**	30,000
Mark Elliott	50,000	—	—	—	—	**50,000**	50,000
Daniel Fisher	90,063	—	—	—	1,002	**91,065**	83,110
Total	280,063				2,474	**282,537**	274,190

Share option scheme

In order to retain, incentivise and align the interests of employees with certain performance targets and strategic goals, the Company introduced an EMI share option scheme in 2020. All options are settled in equity, automatically lapse five years after the date of grant and generally lapse if an option holder ceases to be a Company employee.

The Company awarded 287,500 ordinary shares of 1 pence each in the capital of the Company, pursuant to the Company's EMI share option scheme (the "EMI Options") to certain employees during the year. The EMI Options granted, when added to the previously granted EMI Options of 2,140,000, represent 8.75% of the existing issued share capital of the Company.

As at 31 December 2023 options under these schemes, including those held by Directors, were outstanding over:

	2023		**2022**	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at beginning of the year	**1,965,000**	**15.54p**	1,460,000	17.00p
Issued during the year	**287,500**	**23.50p**	575,000	10.00p
Forfeited during the year	**112,500**	**—**	70,000	—
Outstanding at the end of the year	**2,140,000**	**17.01p**	1,965,000	15.54p

Executive Directors' remuneration for FY2024

	Salary/Bonus £
Richard Mace	140,000/40,000
Daniel Fisher	110,000/20,000

Bonus to be awarded on achievement of budgeted revenue and profit targets.

Non-Executive Directors' annual fees for FY2024

	Fees £
Mark Elliott	70,000
Alan Carroll	45,000

Directors' interest in shares

The beneficial interests of the Directors who served during the year and their families in the ordinary share capital of the Company are shown below:

Direct interests

	At beginning of the year	At end of the year
Richard Mace	1,474,620	1,775,802
Alan Carroll	180,633	480,600
Mark Elliott	315,820	582,277
Daniel Fisher	50,000	68,750

Indirect interests

	At beginning of the year	At end of the year
Marzena Mace	69,000	69,000
Louise Carroll	264,526	264,526

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is a sub-committee of the Board and comprises two Non-Executive Directors, with Mark Elliott as Chairman.

The Audit and Risk Management Committee meets at least three times a year. The External Auditor and Executive Directors attend when appropriate at the invitation of the Committee. The External Auditor meets separately with the Audit Committee on request, without the presence of the Executive Directors, to ensure open communication. The primary objectives of the Committee are to assist the Board in discharging its Statutory duties and responsibilities relating to the accounting and financial reporting practices of the Group and to assist the Board in their responsibilities to identify, assess, and monitor key business risks to mitigate adverse impacts on achieving strategic objectives with a view to safeguard shareholders' investments and the Group's assets. In addition, the Committee assists the Board in:

- Complying with specified accounting standards and required disclosure as administered by AIM, relevant accounting standards bodies, and any other laws and regulations as amended from time to time
- Presenting a balanced and understandable assessment of the Group's position and prospects
- Establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditor, and overseeing and appraising the quality of audit conducted by the Company's External Auditor and reviewing the independence of the External Auditor
- Determining the adequacy of the Group's administrative, operating, accounting, and financial controls and internal controls

Attendance at meetings

Attendance at the meetings can be found in the table on page 26.

External Auditor

In order to ensure an appropriate balance between audit quality, objectivity and independence, and cost effectiveness, the Audit and Risk Management Committee reviews the nature of all services, including non-audit work, provided by the External Auditor each year. In 2023, the Company reappointed Cooper Parry Group Limited (Cooper Parry) as its auditor in order to conduct the audit of the Company's financial statements for the financial year to 31 December 2023.

Significant issues relating to the financial statements and Board reporting

The Audit Committee reviewed the following issues for the year under review:

- Review of the information provided to monthly Board meetings
- Reviewed the Annual and Interim Report and financial statements of the Group, and the clarity of disclosures made
- Oversaw the relationship with the External Auditor, including a review of the External Auditor's findings during the audit in relation to the year ended 31 December 2023
- Reviewed the Group's Risk Register
- Reviewed the External Auditor's Audit Plan in relation to the year ended 31 December 2023

Going concern

The Committee reviewed forecasts and analysis prepared by executive management in support of the Going Concern Statement and agreed with management's approach and findings.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALVERN INTERNATIONAL PLC

Opinion

We have audited the financial statements of Malvern International 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 and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

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 loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 are independent of the group and 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

In order to assess the risks identified, the engagement team performed an evaluation of identified components and to determine the planned audit responses based on a measure of materiality, calculated by considering the significance of components as a percentage of the group's total revenue and loss before taxation and the group's total assets.

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

In establishing the overall approach to the group audit, we assessed the audit significance of each reporting unit in the group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results. We identified three individually significant components.

We performed a full-scope audit of the financial statements of the parent company, Malvern International plc, and the two UK trading subsidiaries, providing 100% coverage of revenues and results before tax for these components. The operations that were subject to full-scope audit procedures made up 100% of consolidated revenues, 100% of total assets and 100% of consolidated loss before taxation. Malvern House Group Limited is subject to review-scope audit procedures which made up £Nil of the consolidated revenue, £Nil of total assets and £Nil loss of consolidated loss before tax. We applied analytical procedures to the Statements of Financial Position and Income Statements of the entities comprising the remaining operations of the group, focusing on applicable risks identified as above, and their significance to the group's balances.

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 year and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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.

Risk Description	Our response to the risk
Revenue recognition: As detailed in note 3 to the financial statements, Significant Accounting Policies, the group's revenue is generated from the provision of education services and comprises a number of related income streams. Due to the timing of course payments there is often an element of deferred income arising from differences between the timings of cash flows and provision of services. As a result, there is some complexity with regards to revenue recognition for the group.	We have assessed accounting policies for appropriateness and consistency with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. We have obtained an understanding of processes through which the businesses initiate, record, process and report revenue transactions. We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle. A sample of course bookings throughout the year have been vouched from the booking system to attendance records, sales invoices and to nominal postings, including recalculating any deferred income required at year end across the trading subsidiaries. We tested for understatement of deferred income in sales transaction testing and for overstatement of deferred income in valuation testing of liabilities. Manual journals impacting revenue nominal codes have been selected for further testing when certain risk criteria have been met. We performed analytical review of revenue against the prior year and any known expectations. Our procedures did not identify any material misstatements in the revenue recognised during the year.
Going concern The group has been heavily impacted by the global pandemic and resulting restrictions, in particular the travel restrictions which impacted student numbers attending courses. The group is further impacted by general macroeconomic conditions, such as the cost of living crisis, and continues to be loss making.	We have obtained the assessment made by management and the Board regarding the group's ability to continue as a going concern. We have reviewed the letter of support provided by third parties. We have reviewed the assumptions used in management's assessment and sensitised key assumptions used. We reviewed debt agreements currently in place to assess compliance with repayment terms. We discussed with management and the Board any additional industry factors or other issues which could impact the group's ability to continue as a going concern. We reviewed the relevant disclosures included in the Annual Report for consistency with our knowledge of the business. We concur with management's assessment that the business is a going concern, but draw attention to the material uncertainty highlighted within our audit report.

Risk Description	Our response to the risk
Valuation of non-current assets The group balance sheet has a goodwill asset of £1.4m as well as right-of-use assets of £1.9m. Since the group continues to be loss making and there remain challenging economic conditions, judgement continues to exist in respect of recoverability of non-current assets, as well as significant levels of estimation involved in the calculation of their value in use.	We have obtained and reviewed the impairment review prepared by management in relation to non-current assets. We have assessed the key assumptions used in those impairment review calculations, being, the discount rate applied, and growth assumptions within trading forecasts, by comparing to industry data and historical group financial performance. We have performed sensitivity analysis over the key assumptions listed above and reviewed available headroom and/or indications of impairment arising from the use of different assumptions. We have reviewed the completeness and consistency of disclosures in relation to non-current assets within the annual report. Overall, based on the findings from our audit procedures, we are comfortable that the carrying values of goodwill and non-current assets on the consolidated balance sheet are not impaired as at 31 December 2023.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group financial statements as a whole was set at £173,800. This has been determined with reference to the benchmark of the group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 1.5% of group revenue. Performance materiality has been set at 80% of group materiality. We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £8,700, in addition to other identified misstatements that warranted reporting on other qualitative grounds.

The materiality for the parent company financial statements as a whole was set at £43,900 and performance materiality represents 80% of materiality. This has been determined with reference to the parent company's net assets, which we consider to be an appropriate measure for a holding company with investments in trading subsidiaries. Materiality represents 1% of net assets as presented on the face of the parent company's Statement of Financial Position.

Material uncertainty relating to going concern

We draw attention to note 2 (v) in the financial statements which indicates that due to the current and developing impact on the business of the current UK and worldwide macroeconomic environment, these circumstances create uncertainty in the profit and cash flow projections of the group. As stated in note 2 (v), these events or conditions, along with other matters set out in note 2 (v), indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging management on key assumptions included in their forecasts including performing sensitivity analysis;
- Considering the potential impact of forecast scenarios on the forecast cash position;
- Reviewing debt agreements currently in place to check terms have been appropriately considered and modelled in the cash flow forecasts;

- Reviewing the letter of support provided by third parties;
- Reviewing management's disclosures in the financial statements.

From our work we noted that the group has positive cash balances and forecasts indicate that the group will continue to be able to meet its liabilities as they fall due.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information included in the annual report. 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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 set out on page 40, 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.

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:

Our assessment focused on key laws and regulations the group has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK adopted international accounting standards, and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addresses the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located 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.

Katharine Warrington
Senior Statutory Auditor

For and on behalf of Cooper Parry Group Limited
Chartered Accountants and Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 9 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2023 Underlying £	2023 Non-Underlying £	2023 Statutory £	2022 Underlying £	2022 Non-Underlying £	2022 Statutory £
Revenue							
Sale of services	4	**10,650,073**	**671,767**	**11,321,840**	5,695,287	639,739	6,335,026
Agent commission	4	**936,089**	**—**	**936,089**	176,576	—	176,576
Total revenue		**11,586,162**	**671,767**	**12,257,929**	5,871,863	639,739	6,511,602
Direct costs							
Cost of services sold		**(5,191,668)**	**(429,722)**	**(5,621,390)**	(3,029,539)	(330,130)	(3,359,669)
Agent commission expense		**(893,784)**	**(21,473)**	**(915,257)**	(175,988)	(22,791)	(198,779)
Total direct costs		**(6,085,452)**	**(451,195)**	**(6,536,647)**	(3,205,527)	(352,921)	(3,558,448)
Gross profit		**5,500,710**	**220,572**	**5,721,282**	2,666,336	286,818	2,953,154
Other income	5	**51,631**	**—**	**51,631**	81,831	2,913	84,744
Salaries and employee benefits	6	**(2,694,714)**	**(191,125)**	**(2,885,839)**	(1,887,222)	(176,141)	(2,063,363)
Depreciation of plant and equipment	12	**(311,314)**	**(223,964)**	**(535,278)**	(325,879)	(46,578)	(372,457)
Other operating expenses	8	**(2,040,566)**	**(259,128)**	**(2,299,694)**	(1,327,653)	(59,427)	(1,387,080)
Share-based payments	26	**—**	**(5,133)**	**(5,133)**	—	(3,745)	(3,745)
Operating profit/(loss)		**505,747**	**(458,778)**	**46,969**	(792,587)	3,840	(788,747)
Finance costs	7	**(359,921)**	**168,170**	**(191,751)**	(276,801)	(18,285)	(295,086)
Profit/(loss) before tax		**145,826**	**(290,608)**	**(144,782)**	(1,069,388)	(14,445)	(1,083,833)
Income tax charge	9	**—**	**(15,256)**	**(15,256)**	—	—	—
Profit/(Loss) for the year being total comprehensive income/(expenses) attributable to owners of the parent		**145,826**	**(305,864)**	**(160,038)**	(1,069,388)	(14,445)	(1,083,833)

	Note	2023 Underlying £	2023 Non-Underlying £	2023 Statutory £	2022 Underlying £	2022 Non-Underlying £	2022 Statutory £
Total comprehensive income/(expense) for the year		**145,826**	**(305,864)**	**(160,038)**	(1,069,388)	(14,445)	(1,083,833)
Attributable to:							
Equity holders of the parent		**145,826**	**(305,864)**	**(160,038)**	(1,069,388)	(14,445)	(1,083,833)

	Note	2023 Underlying £	2023 Non-Underlying £	2023 Statutory £	2022 Underlying £	2022 Non-Underlying £	2022 Statutory £
Profit/(loss) per share attributed to equity holders of the Company (in pence)							
Basic	10	**0.60**	**(1.19)**	**(0.59)**	(4.88)	(0.07)	(4.95)
Diluted	10	**0.60**	**(1.19)**	**(0.59)**	(4.88)	(0.07)	(4.95)

The notes on pages 49 to 73 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

	Note	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
TOTAL ASSETS					
Non-current assets					
Property, plant, and equipment	12	**68,310**	30,662	**—**	—
Goodwill	14	**1,419,350**	1,419,350	**—**	—
Investment in subsidiaries	13	**—**	—	**1,419,350**	1,419,350
Right-of-use assets	12	**1,710,534**	2,215,076	**—**	—
Total non-current assets		**3,198,194**	3,665,088	**1,419,350**	1,419,350
Current assets					
Trade receivables	15	**440,541**	405,051	**—**	—
Other receivables and prepayments	16	**918,994**	1,135,990	**116,485**	41,771
Amounts due from subsidiaries		**—**	—	**70,403**	—
Cash and cash equivalents	17	**2,196,499**	1,181,631	**2,273**	13,101
Inventories		**8,166**	—	**—**	—
Total current assets		**3,564,200**	2,722,672	**189,161**	54,872
Total assets		**6,762,394**	6,387,760	**1,608,511**	1,474,222

Consolidated and Company Statement of Financial Position continued

	Note	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
EQUITY AND LIABILITIES					
Non-current liabilities					
Term Loan	21	**1,811,784**	2,052,808	**1,765,039**	1,997,540
Warrants	21	**415,281**	189,762	**415,281**	189,762
Lease liabilities	21	**2,086,428**	2,624,792	**—**	—
Deferred tax liabilities	9	**—**	10,279	**—**	—
Total non-current liabilities		**4,313,493**	4,877,641	**2,180,320**	2,187,302
Current liabilities					
Trade payables	17	**1,495,664**	416,944	**96,730**	788
Contract liabilities	18	**2,460,265**	2,199,570	**—**	—
Other payables and accruals	19	**1,523,053**	1,640,517	**184,781**	96,984
Amounts due to subsidiary		**—**	—	**3,410,452**	1,262,410
Lease liabilities	21	**418,267**	450,726	**—**	—
Term Loan	21	**313,484**	436,341	**296,236**	415,044
Total current liabilities		**6,210,733**	5,144,098	**3,988,199**	1,775,226
Total liabilities		**10,524,226**	10,021,739	**6,168,519**	3,962,528
Equity attributable to equity holders of the Company					
Share capital	22	**11,323,899***	11,323,899*	**11,323,899***	11,323,899*
Share premium	23	**6,797,950**	6,797,950	**6,797,950**	6,797,950
Other reserves		**12,190***	7,057*	**12,190***	7,057*
Retained earnings	23	**(21,895,871)**	(21,762,885)	**(22,694,047)**	(20,617,212)
Total equity		**(3,761,832)**	(3,633,979)	**(4,560,008)**	(2,488,306)
Total equity and liabilities		**6,762,394**	6,387,760	**1,608,511**	1,474,222

* The share-based payments are reclassed to other reserves from the share capital and share capital figures are restated.

The Statutory loss for the year as per the financial statements of the parent company at 31 December 2023 was £2,076,836 (2022: Loss £1,185,496).

The notes on pages 49 to 73 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 9 April 2024 and were signed on its behalf by:

Richard Mace

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital* £	Share Premium £	Retained Earnings £	Other Reserves	Convertible loan note reserve £	Total £
Balance at 1 January 2022	11,213,679	6,603,839	(20,679,052)	3,312	28,822	(2,829,400)
Direct costs relating to issue of shares	—	(24,500)	—		—	(24,500)
Total comprehensive expense for the year	—	—	(1,083,833)		—	(1,083,833)
Convertible loan note reserve transferred to share premium	—	28,822	—		(28,822)	—
New share issue	25,009	175,000	—		—	200,009
Share-based payments (EMI Options)	—	—	—	3,745	—	3,745
Convertible loan notes	85,211	14,789	—		—	100,000
Balance at 31 December 2022	11,323,899	6,797,950	(21,762,885)	7,057	—	(3,633,979)
Total comprehensive expenses for the year	**—**	**—**	**(160,038)**		**—**	**(160,038)**
Add: tax adjustments for prior years	**—**	**—**	**27,052**		**—**	**27,052**
Share-based payments (EMI Options)		**—**	**—**	**5,133**	**—**	**5,133**
Balance at 31 December 2023	**11,323,899**	**6,797,950**	**(21,895,871)**	**12,190**	**—**	**(3,761,832)**

* The Share-based payments are reclassed to other reserves from the share capital and share capital figures are restated.

The notes on pages 49 to 73 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital* £	Share Premium £	Retained Earnings £	Other Reserves	Convertible loan note reserve £	Total £
Balance at 1 January 2022	11,213,679	6,603,839	(19,431,716)	3,312	28,822	(1,582,064)
Direct costs relating to issue of shares	—	(24,500)	—	—	—	(24,500)
Total comprehensive expense for the year	—	—	(1,185,496)	—	—	(1,185,496)
New share issue	25,009	175,000	—	—	—	200,009
Convertible loan notes	85,211	14,789	—	—	—	100,000
Convertible loan note reserve transferred to share premium	—	28,822	—	—	(28,822)	—
New share from share-based payments (incl. EMI Options)	—	—	—	3,745	—	3,745
Balance at 31 December 2022	11,323,899	6,797,950	(20,617,212)	7,057	—	(2,488,306)
New share from share-based payment (incl. EMI Options)	—	**—**		**5,133**	**—**	**5,133**
Total comprehensive expense for the year	**—**	**—**	**(2,076,835)**	—	**—**	**(2,076,835)**
Balance at 31 December 2023	**11,323,899**	**6,797,950**	**(22,694,047)**	**12,190**	**—**	**(4,560,008)**

* The share-based payment are reclassed to other reserves from the share capital and share capital figures are restated.

The notes on pages 49 to 73 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2023 £	2022 £
Cash flows from operating activities		
Loss after income tax from	**(160,038)**	(1,083,833)
Adjustments for:		
Depreciation of tangible assets	**523,938**	372,457
Fair value movements – warrants	**225,518**	(40,019)
Fair value movements – loan write-back	**(94,216)**	—
Share-based payments	**5,133**	3,745
Profit/(loss) on disposal of tangible assets	**1,141**	504
Loss on disposal of discontinued operations	**—**	—
Impairment of trade receivables	**23,116**	113,583
Increase in stocks	**(8,166)**	—
Finance cost	**191,752**	295,086
Interest paid	**(142,610)**	(41,117)
Tax paid	**16,771**	—
	582,339	(379,594)
Changes in working capital:		
(Increase)/decrease in receivables	**158,389**	(659,746)
Increase/(decrease) in payables	**1,219,396**	2,171,471
Net cash flows used in operating activities	**1,960,124**	1,132,131
Cash flows from investing activities		
Purchases of property, plant, and equipment	**(58,184)**	(14,545)
Net cash used in investing activities	**(58,184)**	(14,545)
Cash flows from financing activities		
Repayment of lease liabilities	**(557,017)**	(473,359)
New equity issued	**—**	175,509
Additional loan	**43,679**	—
Term Loan	**(373,734)**	(15,275)
Net cash generated by financing activities	**(887,072)**	(313,125)
Net change in cash and cash equivalents	**1,014,868**	804,461
Cash and cash equivalents at the beginning of the year	**1,181,631**	377,170
Exchange losses on cash and cash equivalents	**—**	—
Cash and cash equivalents at the end of the year	**2,196,499**	1,181,631

The notes on pages 49 to 73 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	2023 £	2022 £
Cash outflows from operating activities		
Loss before income tax	**(2,076,836)**	(1,185,496)
Share-based payments	**5,133**	3,745
Fair value movements – warrants	**225,518**	(40,019)
Fair value movements – loan write-back	**(94,216)**	—
Finance cost	**58,609**	90,701
Interest paid	**—**	(27,500)
	(1,881,792)	(1,158,569)
Change in working capital		
(Increase)/decrease in receivables	**(74,714)**	71,018
Increase/(decrease) in payables	**183,739**	(209,435)
Decrease in amounts due from subsidiaries	**2,077,641**	1,088,877
Net cash used in operating activities	**304,874**	(208,109)
Cash flows from financing activities		
Repayment of Term Loan	**(359,381)**	—
New loan	**43,679**	—
New equity issued	**—**	175,509
Net cash used in financing activities	**(315,702)**	175,509
Cash flows from financing activities		
Net decrease in cash and cash equivalents	**(10,828)**	(32,600)
Cash and cash equivalents at the beginning of the year	**13,101**	45,701
Cash and cash equivalents at the end of the year	**2,273**	13,101

The notes on pages 49 to 73 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Malvern International Plc (the "Company") is a public limited company incorporated in England and Wales on 8 July 2004. The Company was admitted to the AIM on 10 December 2004. Its registered office is 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT. The registration number of the Company is 05174452.

The principal activity of the Group is to provide an educational offering that is broad and geared principally towards preparing students to meet the demands of business and management. The specific principal activities of the subsidiary companies are set out in note 13 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. Significant accounting policies

i. Basis of preparation

These financial statements of the Group and Company are prepared on a going concern basis, in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations issued by the International Accounting Standards Board ("IASB") and adopted by the United Kingdom, in accordance with the Companies Act 2006.

The parent company's financial statements have also been prepared in accordance with UK-adopted IFRS and the Companies Act 2006. The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

ii. Basis of consolidation

The Group financial statements consolidate the accounts of Malvern International Plc and all of its subsidiary undertakings made up to 31 December 2023. The Consolidated Statement of Comprehensive Income includes the results of all subsidiary undertakings for the period from the date on which control passes. Control is achieved where the Company (or one of its subsidiary undertakings) obtains the power to govern the financial and operating policies of an investee entity so as to derive benefits from its activities.

iii. New Standards adopted for the year ended 31 December 2023

The following amendments to Standards were applicable during the year but did not have a material impact on the Group:

- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

Standards, amendments, and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group.

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments, or Interpretations have been adopted early by the Group.

Management anticipate that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments, and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

iv. Alternative performance measures ("APMs")

The consolidated financial statements include APMs as well as Statutory measures. The APMs used by the Group 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. All APMs relate to the current year results and comparative periods where provided. This presentation is also consistent with the way that financial performance is measured by management and reported to the Board, the basis of financial measures for senior management's compensation schemes, and provides supplementary information that assists the user in understanding the financial performance, position, and trends of the Group. See note 11 for a reconciliation of Statutory information to Underlying information.

v. Going concern

The financial statements have been prepared on a going concern basis. The Directors consider the going concern basis to be appropriate having paid due regard to the Group and Company's projected results during the twelve months from the date the financial statements are approved and the anticipated cash flows, availability of loan facilities, and mitigating actions that can be taken during that period.

As forecast, the Group produced a Underlying profit for the year, £145,826 (2022: Underlying loss £1,069,388).

The significant revenue growth seen in H2 2023, in combination with the visibility of University Pathways revenue in H1 2024, gives the Board confidence in Malvern's short- and long-term prospects.

In the Pathways division, student numbers are up 59% on the prior academic year (2022/23 vs 2023/24), which reflects the ongoing investment in this division. Junior summer camps continue to experience rapid growth, delivering £3.7m (2022: £1.3m) in revenue to the Group in 2023. Pre-bookings for 2024 summer camps are also very encouraging, c.£6.5m is forecast, which gives the Directors further confidence in both profit and cash flow predictions.

The Group generated sufficient cash during the year to begin reducing the BOOST&Co. debt from £2.6m to £2.2m.

BOOST&Co., acting on behalf of IL2 (2018) Sarl, have again provided a letter of comfort to provide ongoing financial support to the Group for any short-term working capital requirement should that become necessary. It is the present policy of BOOST&Co. to ensure that the Group has adequate financial resources to meet their obligations and to enable it to continue as a going concern for a period of at least twelve months from the date of the signing of the financial statements. To assist with the lumpy nature of our cash flow, we have also agreed with BOOST&Co. to vary the timing of these payments during 2024.

Profit and cash flow projections for the Group indicate that the Group is expected to maintain profitability in 2024. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Despite significant revenue growth in 2023 and forecasts for 2024, UK and global macroeconomic factors continue to create uncertainty in the Group's forecasts. The continued commitment from the Group's lenders in the form of the letter of support provides confidence to the Group in respect of future funding. However, there still remains a material uncertainty with respect to the going concern status of the Group.

vi. Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that they may be a change in any of these elements of control.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the Consolidated Statement of Comprehensive Income in the year of acquisition.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All significant intra-group transactions, balances, income, and expenses are eliminated on consolidation.

vii. Subsidiary company

Investment in subsidiaries is stated in the financial statements of the Company at cost less any provision for impairment losses. The financial statements of subsidiaries acquired are consolidated in the financial statements of the Group from the date that control commences until the date control ceases, using the acquisition method of accounting.

viii. Functional and presentational currency

The consolidated financial statements have been presented with Pounds Sterling as the presentational currency, as the Company is incorporated in England and Wales with Sterling denominated shares which are traded on the Alternative Investment Market ("AIM").

Items included in the financial statements of each subsidiary of the Group are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The primary functional currency of the Group is UK Pound Sterling.

ix. Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated using the exchange rate prevailing at the date of the Statement of Financial Position. Non-monetary assets and liabilities are measured using the exchange rates prevailing at the transaction dates, or in the case of the items carried at fair value, the exchange rates ruling when the values were determined. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and translation of foreign currency denominated assets and liabilities are recognised in the Statement of Comprehensive Income.

Assets and liabilities of the entities having functional currency other than the presentational currency are translated into Sterling equivalents at exchange rates ruling at the Statement of Financial Position date. Revenues and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of transactions. All resultant differences are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences were recognised in the Statement of Comprehensive Income as part of the gain or loss on disposal.

x. Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation policy, useful lives, and residual values are reviewed at least annually, for all asset classes to ensure that the current method is the most appropriate.

Expenditure incurred after the property, plant, and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Comprehensive Income. Expenditure for additions, improvements, and renewals is capitalised when it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be realised from the use of the items of property, plant, and equipment beyond their originally assessed standard of performance.

Depreciation is calculated based on the straight line method to write off the cost of property, plant, and equipment less their estimated residual value over their estimated useful economic lives as follows:

- Classroom and office equipment is depreciated over 3 to 10 years according to the estimated life of the asset
- Leasehold improvements are depreciated over the period of the lease up to a maximum of 25 years
- Property with lease terms of 50 years of less are depreciated over the remaining period of the lease

xi. Impairment of tangible and intangible assets excluding goodwill

An assessment is made at Statement of Financial Position date as to whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its fair value less costs to sell. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the Statement of Comprehensive Income in the period in which it arises unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the Statement of Comprehensive Income in the year in which it arises unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation increase.

xii. Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating sub-groups expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the 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 subsequent years.

xiii. Financial assets, loans, and receivables

Financial assets

Financial assets are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Financial assets are amortised when the contractual rights to the cash flows from the financial assets have expired or have been transferred. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the Statement of Comprehensive Income.

Financial assets at amortised cost

Financial assets held within a business model whose objective is to collect contractual cash flows which are solely payments of principals and interest are classified and 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 financial assets at amortised cost comprise "trade and other receivables", related parties, and cash and cash equivalents included in the Consolidated Statement of Financial Position.

xiv. Impairment of financial assets

The Group assesses the expected credit losses for all debt instruments (other than those categorised at fair value through profit or loss) on a forward-looking basis.

An impairment loss in respect of financial assets is recognised in the Statement of Comprehensive Income 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 the Statement of Comprehensive Income.

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 15.

xv. Revenue recognition

Revenue is recognised on the following basis:

Courses are provided over time based on period stated on the contract with students. As such revenue for various services is recognised in the following way:

- Course/accommodation fees – revenue is spread over the duration of the course as stated in the contract, as this fairly represents the value of services provided. Deposits received in respect of future courses/accommodation fees are treated as deferred income at the point of receipt. Contract liabilities relate to course and accommodation fees received in advance and are recognised in the Statement of Comprehensive Income based on classes conducted and accommodation provided
- Agent commission income – agent commission income is spread over the duration of the course as stated in the contract, as this fairly represents the value of services provided
- Registration/application/examination fees/course materials – revenue is spread over the duration of the course as stated in the contract, as this fairly represents the value of services provided
- Student activities are recognised at the point in time that the activity takes place

The transaction price is the course fee net of any discounts and third-party commission. Any variable consideration is constrained in estimating contract revenue as is highly probable that there will not be a future reversal in the amount of revenue recognised when the final amounts of any variations have been determined.

In certain circumstances refunds may be granted as per the Group's refunds terms and conditions. Consideration will be given to the length of the course studied. Deferred income is adjusted for any undelivered study. In some cases, a course may be deferred.

Students are required to pay fees in advance unless a payment plan has been agreed.

xvi. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits with an initial maturity of less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

xvii. Trade and other payables

Trade and other payables, which are normally settled on 30 to 90-day term, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

xviii. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax movements.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the Statement of Financial Position.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised based on tax rates and tax laws that have been enacted or substantially enacted by the Statement of Financial Position date. Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

xix. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation.

xx. Employees' benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the Statement of Comprehensive Income as incurred.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave because of services rendered by employees up to the year end.

xxi. Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share premium.

Where ordinary shares will be issued as part of deferred purchase consideration then:

- Where the number of shares to be issued has been fixed, then such deferred consideration will be classified as equity
- Where the number of shares to be issued is dependent on certain performance criteria being met, then such deferred consideration will be classified as liability at inception

xxii. Borrowing costs

Borrowing costs incurred to finance the development of property, plant, and equipment are capitalised during the period that is required to complete and prepare the asset for its intended use. The capitalised costs are depreciated over the useful life of the property, plant, and equipment.

Other borrowing costs, including interest cost and foreign exchange differences, on short-term borrowings are recognised on a time-apportioned basis in the Statement of Comprehensive Income using the effective interest method.

xxiii. Segmental reporting

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. All operating segments' operating results are regularly reviewed by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segmental results are reported to the Board and include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

xxiv. Warrants

In certain circumstances the Group will issue warrants over shares. The warrants currently in issue are carried at fair value through profit and loss ("FVPL") and are categorised under level 3 of the fair value hierarchy. The judgements and estimates made in respect of calculating the fair value for these warrants are disclosed further in this section.

xxv. Share-based payments and share options

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. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate or the probability of equity instruments eventually vesting, with a corresponding increase in equity. Fair value is measured using a Black-Scholes and Monte Carlo pricing model as appropriate, according to the nature of the relevant scheme. The resulting charge to the Statement of Comprehensive Income requires assumptions to be made regarding future events and market conditions. Due to the complexity of the Monte Carlo model, the Group utilises a third-party option valuation service to run the simulation.

The number of options expected to vest is adjusted only for expectations of leavers prior to vesting. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

See note 26 for additional information on these schemes.

xxvi. Other income

Other income relates to all income not incurred in the ordinary trading activities of the Group.

Rental and related income is recognised on an accruals basis in the period it relates to.

Research and development credits are recognised in the period the benefit is received as that is considered to be the point at which the amount can be reliably estimated.

Grants are accounted under the accruals model. Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure. Government grants relating to the receipt of Coronavirus Job Retention Scheme and the Coronavirus Additional Relief Funding ("CARF") income is included within other income in the Consolidated Statement of Comprehensive Income.

xxvii. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements, estimates, and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates, and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

xxviii. Stock and inventory

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Work in progress is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

xxix. Leases

The Group's leases primarily relate to properties and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Property leases will often include extension and termination options, open market rent reviews, and uplifts.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the individual lessee company's incremental borrowing rate considering the duration of the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. The lease liability is recalculated using a revised discount rate if the lease term changes as a result of a modification or reassessment of an extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is typically depreciated on a straight line basis over the lease terms.

Judgements

Useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant, and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. The specific estimates used in calculating impairment are detailed in note 15.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The specific estimates used in calculating impairment are detailed in note 27.

Evaluation of contract liabilities (deferred income)

The Group reviews the fees raised at the end of relevant periods to evaluate those amounts that cover the future provision of education not yet delivered to estimate and evaluate the amount of contract liabilities/deferred income to be recognised in a future period.

Impairment of receivables

The Group and Company reviews the impairment of its financial assets, including the trade receivables balance. The Group estimates and evaluates impairment methodology using the simplified approach of the expected credit loss model based on default rate percentage of similar product type assets (provision matrix) and grouping the trade receivables based on shared characteristics, including line of business.

Classification of items as non-Underlying

Underlying measures represent trading results before non-Underlying items which are defined in note 11. The Directors believe that presentation of the Group's results in this way is relevant to assist the user in understanding the financial performance, position, and trends of the Group, as non-Underlying items are identified by virtue of their size, nature, and/or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board, the basis of financial measures for senior management's compensation schemes, and provides supplementary information that assists the user in understanding the Underlying trading results. In determining whether an event or transaction is non-Underlying, the Directors consider both quantitative and qualitative factors such as the nature of the item and the frequency or predictability of occurrence. The decision to classify items as either Underlying or non-Underlying is judgemental and requires careful consideration to ensure that the accounts provide a useful indicator of the performance of the Group.

Income taxes

Significant judgement is required in determining the capital allowance, deductibility of certain expenses, and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Judgement is made in the evaluation in respect of the fair value of any deferred tax asset recognised in respect of taxable losses carried forward.

Warrants

The Group determines the fair value of warrants using appropriate modelling. Judgement is required in determining a model to use to fair value warrants. Based on the nature of warrants, the Group has determined that the Black-Scholes model is an appropriate model to use. The specific estimates used in calculating fair value are detailed in note 21.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The resulting charge to the Statement of Comprehensive Income requires assumptions to be made regarding future events and market conditions. Judgement is required in determining the most appropriate valuation model and the most appropriate inputs into the model including the level of volatility of the Group's share price, market conditions, and the expected life of the option.

3. Lessee accounting

The Group reviews its lease periods annually and extends periods where a lease extension is reasonably certain or reduces periods where a lease termination is reasonably certain.

i) Amounts recognised in the Statement of Comprehensive Income:

	2023 £	2022 £
Interest expense and similar charges		
Interest expense	**(10,836)**	194,399
Operating and administrative expenses		
Depreciation of right-of-use assets	**504,542**	338,650
Total expensed to Statement of Comprehensive Income	**493,706**	533,049

ii) Right-of-use assets

	At 31 December 2023 £	At 31 December 2022 £
Balance as at the beginning of the year	**2,215,076**	2,553,726
Depreciation of right-of-use assets	**(504,542)**	(338,650)
Balance as at the end of the year	**1,710,534**	2,215,076

iii) Lease liabilities

	At 31 December 2023 £	At 31 December 2022 £
Current liability	**418,267**	450,726
Non-current liability	**2,086,428**	2,624,792
Total liability	**2,504,695**	3,075,518

iv) Lease payments

The total lease rent amount payable (excl. VAT) in the year was £553,925 (2022: £473,360). The total amount paid in the year was £557,017 (2022: £473,359). The overpayment is due to catch up payments owed from previous periods.

4. Revenue

i) Sale of Services

	2023 £	2022 (restated)* £
Course fees	**9,753,210**	5,161,759
Application fees, registration, and examination fees	**170,468**	143,148
Training fees, course materials, and others	**125,264**	64,865
Accommodation fees	**1,272,898**	965,254
	11,321,840	6,335,026

ii) Agent Commission Income

	2023 £	2022 £
Agents Commission Income	**936,089**	176,576

* Agent commission income was previously recognised as part of Sales of Services. This commission income is received from a university partner. A significant portion is then passed directly to the Group's agents.

iii) Segments

The Directors consider that the Group has a single business segment, being the sale of education services. The operations of the Group are managed centrally with Group-wide functions covering sales and marketing, finance, and administration. Geographically, operations are all UK based. Revenue from customers who individually accounted for more than 10% of total Group revenue amounted to £4,366,043 (2022: £1,779,821).

5. Other income

	2023 £	2022 £
Rental income	**32,400**	44,020
R&D credits	**19,231**	—
Government subsidies*	**—**	40,724
	51,631	84,744

* Government subsidies include an amount received from council grants.

6. Staff remuneration and benefits

	2023 £	2022 (restated)*** £
Staff* salaries and related costs**	**2,557,433**	1,759,230
Directors' remuneration (Executive Directors)	**200,063**	192,500
Directors' fees (Non-Executive Directors)	**80,000**	80,000
Staff training and welfare	**14,609**	5,518
Pension	**33,734**	26,115
	2,885,839	2,063,363
Share based remuneration – staff****	**2,659**	2,055
Share based remuneration – Directors****	**2,474**	1,690
	5,133	3,745
Highest paid Director		
Remuneration and benefits	**111,472**	111,080

Average number of employees	Number	Number
Lecturers	**72**	52
Marketing staff	**22**	14
Operational and administration staff	**46**	51
	140	117

* Staff here includes both employees and contract staff. While contract staff are not employees, they make up a significant portion of the total workforce therefore the staff costs make more sense with contractors included.

** Salaries and related costs are not inclusive of lecturers.

*** Restated to correct an error. In 2022, Staff Salaries in this table was incorrectly showing as £1,760,920, it should have been £1,759,230.

**** Share based remuneration expenses related to EMI share options (ref Note 26).

The average number of employees is calculated based on the number of full or part-time employees on the payroll each month.

7. Finance costs

	2023 £	2022 £
Interest on leases (IFRS 16)*	**147,084**	213,333
Brighton Interest charge and adjustment for early lease termination*	**(168,170)**	(18,284)
Interest on Term Loan	**212,694**	68,368
Interest on convertible loan notes	**—**	24,555
Other finance costs**	**143**	7,114
	191,751	295,086

* Includes an adjustment to Right of Use of Asset and the Lease Liability for the early termination of the Brighton lease. Interest on the lease liability was reduced by £187,072 and Depreciation on Right of Use of Asset was increased by £165,891.

** Other Finance costs are restated to exclude Brighton interest charges.

8. Operating expenses

	2023 £	2022 £
Auditor's remuneration:		
– Fees payable to the Company's auditor for Statutory audit	**51,675**	41,000
– Fees payable to the Company's auditor for Statutory audit of subsidiary company	**37,495**	32,500
– Non-audit fees for taxation compliance fees	**9,500**	8,570
Administrative and market expenses	**1,887,783**	1,123,930
Expected credit losses – trade receivables	**181,939**	221,099
Fair value movement – warrants	**225,518**	(40,019)
Fair value movement – Loan write-back	**(94,216)**	—
	2,299,694	1,387,080

9. Income tax

Tax expense attributable to the results is made up of:

	2023 £	2022 £
Current year tax	**—**	—
Deferred taxation charge	**—**	—
	—	—

Notes to the Financial Statements continued

The reconciliation of the current year tax expense and the product of accounting profit multiplied by the Statutory tax rate is as follows:

	2023 £	%	2022 £	%
Accounting loss before tax from continuing operations	**(160,038)**		(1,083,833)	
Profit/(Loss) before tax from discontinued operations	**—**		—	
Loss for the year before tax	**(160,038)**		(1,083,833)	
Income tax at the Statutory rate	**(37,609)**	**23.5**	(205,298)	19.0
Adjustments of income tax in respect of prior years				
Deferred tax asset not recognised	**—**		205,298	
Current year adjustment to deferred tax asset	**—**	**—**	—	—
Income tax charge	**—**		—	
Income tax charge in the Consolidated Statement of Comprehensive Income	**—**		—	

The Group's income tax liability is subject to agreement by the tax authorities of the respective countries in which the companies in the Group operate. Temporary differences arising from investment in subsidiary and associated companies are considered as insignificant to the Group.

	2023 £	2022 £
Analysis of provision for deferred taxation:		
Balance at the beginning of the year*	**10,279**	10,279
Deferred taxation for the year	**11,754**	—
Balance at the end of the year	**22,033**	10,279
Deferred tax asset	**(22,033)**	—
Deferred tax liability	**22,033**	10,279
Balance at the end of the year	**—**	10,279

* The deferred tax liability was recognised in 2019 in Communicate English School.

The Group has tax losses in excess of £5.66m (2022: £5.5m) which are available to offset against future profits.

Deferred tax assets have been recognised as it is sufficiently certain that taxable profit will be available against which these available tax losses can be utilised in the future.

10. Loss per share

The basic and diluted Statutory loss per share attributable to equity holders of the Company is based on the Statutory loss attributable to shareholders of £160,038 (2022: Statutory loss of £1,083,833) and the weighted average number of ordinary shares in issue during the year of 24,442,400 shares (2022: 21,915,119 shares). The Statutory loss per share (in pence) attributed to shareholders is 0.59 (2022: Statutory loss per share of 4.95).

11. Reconciliation of Statutory information to Underlying information

Underlying information is provided because the Directors consider that it provides assistance in understanding the Group's Underlying performance. Further details in relation to APMs are contained within note 1.

The following table includes details of non-Underlying items and reconciles Statutory information to Underlying information:

2023	Revenue £	Direct costs £	Gross profit £	Operating profit £	Finance costs £	(Loss)/Profit before tax £
Statutory results	**12,257,929**	**(6,536,647)**	**5,721,282**	**46,969**	**(191,751)**	**(144,782)**
Malvern House Brighton[a]	**(671,767)**	**451,195**	**(220,572)**	**325,392**	**168,170**	**157,222**
Share-based payments[b]	**—**	**—**	**—**	**5,133**	**—**	**5,133**
Warrants[c]	**—**	**—**	**—**	**225,518**	**—**	**225,518**
Loan write-back[d]	**—**	**—**	**—**	**(97,265)**	**—**	**(97,265)**
Underlying results	**11,586,162**	**(6,085,452)**	**5,500,710**	**505,747**	**(359,921)**	**145,826**

2022	Revenue £	Direct costs £	Gross profit £	Operating loss £	Finance costs £	Loss before tax £
Statutory results	6,511,602	(3,558,448)	2,953,154	(788,747)	(295,086)	(1,083,833)
Malvern House Brighton[a]	(639,739)	352,921	(286,818)	27,866	18,285	46,151
Share-based payments[b]	—	—	—	3,745	—	3,745
Warrants[c]	—	—	—	(35,451)	—	(35,451)
Underlying results	5,871,863	(3,205,527)	2,666,336	(792,587)	(276,801)	(1,069,388)

(a) Malvern House Brighton

During the year the Directors of the Group announced its decision to close Malvern House Brighton. The decision was made following a review of the viability of the school, informed by current operations, overhead costs, projected student numbers, financial performance, and the further investment required for the school to achieve profitability which it had yet to do.

(b) Share-based payments

The Company has an Enterprise Management Incentive share option scheme for certain Directors and employees. Under the scheme, participants have been awarded options to acquire up to a prescribed level of shares.

(c) Warrants

As part of the Term Loan, BOOST&Co. was issued warrants over 1,725,113 shares. These warrants are exercisable at the Strike Price at any time over the following ten years since the inception of Term Loan in August 2019. The warrants are revalued at fair value annually, any movement is expensed in the Consolidated Statement of Comprehensive Income.

(d) Loan write-off

A loan associated with the Group's past business activities in Malaysia was written off during the year.

12. Property, plant, and equipment

	Classroom and office equipment	Equipment and property	
		Right-of-use assets property	Total
	£	£	£
Cost			
Opening balance, 1 Jan 2022	**408,549**	**3,544,655**	**3,953,204**
Additions	14,545	—	14,545
Disposals	(1,373)	—	(1,373)
Closing balance, 31 Dec 2022	**421,721**	**3,544,655**	**3,966,376**
Additions	**58,184**	**—**	**58,184**
Disposals	(1,320)	—	(1,320)
Closing balance, 31 Dec 2023	**478,585**	**3,544,655**	**4,023,240**
Accumulated depreciation			
Opening balance, 1 Jan 2022	**358,122**	**990,929**	**1,349,051**
Charge for the year	33,807	338,650	372,457
Disposals	(870)	—	(870)
Closing balance, 31 Dec 2022	**391,059**	**1,329,579**	**1,720,638**
Charge for the year	19,216	323,529	342,745
Brighton Depreciation Charge and adjustment for early termination	—	181,013	181,013
Closing balance, 31 Dec 2023	**410,275**	**1,834,121**	**2,244,396**
Net book value at 31 December 2023	**68,310**	**1,710,534**	**1,778,844**
At 31 December 2022	30,662	2,215,076	2,245,738

* The Lease in Brighton terminates in March 2024. The ROU and lease liability have been adjusted in December 2023 to give the effect of the termination.

13. Investment in subsidiary companies

Company	2023 £	2022 £
Investment in subsidiaries		
Unquoted equity shares, at cost		
As at the beginning of the year	**7,681,847**	7,681,847
Disposals	**—**	—
As at the end of the year	**7,681,847**	7,681,847
Provision against the cost of investment in subsidiaries		
As at the beginning of the year	**6,262,497**	6,262,497
Disposal	**—**	—
As at the end of the year	**6,262,497**	6,262,497
Net book value at the end of the year	**1,419,350**	1,419,350

The Company owns 100% share capital of the following companies:

Communicate English School Limited (UK).

Malvern House Group Limited (UK).

Malvern House International Limited (UK) is 100% owned by Malvern House Group Limited. For the purpose of Malvern House Group Limited, the Group has decided to take advantage of parental corporate guarantees under s479A of the Companies Act, allowing entities to take audit exemptions and present unaudited Statutory financial statements.

In liquidation

SAA Global Education Centre Pte Ltd (Singapore).

Malvern International Academy Pte Ltd (Singapore).

Malvern Language Academy Pte Ltd (Singapore).

14. Goodwill

	2023 £	2022 £
Cost		
Balance as at the beginning of the year	**1,419,350**	1,419,350
Balance as at the end of the year	**1,419,350**	1,419,350

Goodwill arose on the acquisition of Communicate English School Limited in 2018. Annual impairment reviews are undertaken each year using discounted future cash flows to ensure the carrying value is recoverable.

The recoverable amount of this CGU is in excess of the carrying value of £1,419,350, therefore no impairment is required. The following assumptions were used to calculate the amount recoverable:

- Discounted Cash Flow model produced modelling cash flow for Communicate over five years
- Terminal value applied to cash flow from year 6 onwards
- Discount rate of 10% applied reflecting the WACC of the Group
- Dynamic growth rate applied, ranging from 6% in 2023, reflecting additional growth of the anticipated bounce-back from lockdown impacted trade, to 3% annual growth at the end of the five year time horizon, consistent with industry data
- Sensitivities around the model: a 0.1% increase in the discount rate has an impact of approximately £34k in headroom

15. Trade receivables

	2023 £	2022 £
Trade receivables	**440,541**	405,051

At 31 December 2023, the exposure to credit risk for trade receivables was as follows:

	2023 £	2022 £
Trade receivables are denominated in the following currencies:		
UK – Pound Sterling	**440,541**	405,051

Notes to the Financial Statements continued

	2023 £	2022 £
Not yet due and not impaired	**74,598**	5,450
Past due but not impaired		
– Past due 0 to 3 months	**267,781**	210,173
– Past due 3 to 6 months	**31,134**	105,872
– Past due over 6 months	**67,028**	83,556
	440,541	405,051
Impaired trade receivables	**200,231**	223,347
Less: Allowances for impairment loss	**(200,231)**	(223,347)
	440,541	405,051

A reconciliation of changes in the record of impairments of receivables is provided below.

	2023 £	2022 £
Balance at the beginning of the year	**223,347**	336,930
Movement in the year	**(23,116)**	(113,583)
Balance as at the end of the year	**200,231**	223,347

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

These are no contract assets within trade and other receivables.

16. Other receivables and prepayments

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Rent deposits	**36,500**	36,500	**—**	—
Prepayments and accrued income	**850,481**	1,067,222	**88,946**	14,232
Other debtors	**32,013**	32,268	**27,539**	27,539
	918,994	1,135,990	**116,485**	41,771

17. Cash and cash equivalents

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Cash and cash equivalents	**2,196,499**	1,181,631	**2,273**	13,101

18. Trade payables

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Trade payables	**1,495,664**	416,944	**96,730**	788

19. Contract liabilities

Contract liabilities are deferred revenue representing amounts billed on account of revenues where performance obligations have not been met for recognition of revenue. Contract liabilities relate to course fees received in advance and recognised in the Statement of Comprehensive Income based on classes and examinations conducted in the subsequent financial year.

The amount of £2,199,570 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2023.

	2023 £	2022 £
Contract liabilities	**2,460,265**	2,199,570

	2023 £
Opening balance	**2,199,570**
Deferred income recognised during the year	**(2,199,570)**
Course fees received in respect of subsequent financial year	**2,460,265**
Closing balance	**2,460,265**

20. Other payables and accruals

	Group		**Company**	
	2023 £	2022 £	**2023 £**	2022 £
Other payables	**204,457**	104,574	**94,629**	17,608
Payroll Tax and Other Statutory Liabilities	**335,389**	313,052	**54,687**	50,310
Accrued expenses	**983,207**	1,222,891	**35,465**	29,066
	1,523,053	1,640,517	**184,781**	96,984

21. Financial liabilities

	Group		**Company**	
	2023 £	2022 £	**2023 £**	2022 £
Non-current liabilities				
Term Loan	**1,811,784**	2,052,808	**1,765,039**	1,997,540
Warrants	**415,281**	189,762	**415,281**	189,762
Lease liabilities	**208,428**	2,624,792	**—**	—
	2,435,493	4,867,362	**2,180,320**	2,187,302
Current liabilities				
Term Loan	**313,484**	436,341	**296,236**	415,044
Lease liabilities	**418,267**	450,726	**—**	—
Trade and other payables	**1,495,664**	2,057,461	**96,730**	97,772
	2,227,415	2,944,528	**392,966**	512,816
Total	**4,662,908**	7,811,890	**2,573,286**	2,700,120

Term Loan

In August 2019, Malvern received a Term Loan from BOOST&Co. for £2,600,000. This loan originally carried an interest rate as the higher of (a) 10% per annum, or (b) 8% per annum plus LIBOR. The loan was restructured in March 2022, the new terms includes a twelve month payment and interest holiday with monthly payments commencing from March 2023 over a five-year period, with the interest being set at 7% for the first two years and 10% for the subsequent three years. There are no early repayment penalties on this facility.

During 2020, the Group took advantage of the Government-backed Bounce Back Loan Scheme ("BBLS"), benefiting from a total of £100,000 to be repaid over a six-year period with a 2.5% fixed rate of interest. The first twelve months of this lending facility are free of any obligation to pay capital or interest. The balance outstanding at 31 December 2023 is £63,993 (2022: £76,566).

Warrants

As part of the Term Loan, BOOST&Co. were issued warrants over 1,725,113 shares. These warrants are exercisable at the Strike Price at any time over the following ten years since the inception of the Term Loan in August 2019.

As at the date of the financial position, the Group has fair valued these warrants at £415,281. The following estimates were used to calculate this fair value:

- Annualised volatility of 83% and 144% at the inception of Term Loan and at the year end respectively, calculated using share price volatility over a preceding 19-year period
- Maturity of 5.6 years applied, reflecting the duration over which BOOST&Co. could exercise these warrants
- Risk free rate of 3.64%, being the Yield on UK five-year Government bonds
- Strike Price of £0.10, being the 28-day average share price preceding the date (i.e. 27 Aug 2019) of drawdown

22. Share capital

	Allotted, called up and fully paid				
	No. of ordinary shares	Nominal value of ordinary shares	No. of deferred shares	Nominal value of deferred shares	Nominal value of all shares
At 31 December 2022 – 0.1p ordinary shares and 0.1p, 1p & 5p deferred shares	24,442,400	**244,424**	**3,025,620,350**	**11,079,475**	**11,323,899**
Additions during the year –	—	—	—	—	—
At 31 December 2023 – 0.1p ordinary shares and 0.1p, 1p & 5p deferred shares	24,442,400	**244,424**	**3,025,620,350**	**11,079,475**	**11,323,899***

* Excludes the accumulated share-based payment balance. The share-based payments are booked in to equity under Other Reserves for, £12,190 (2022: £7,057).

The Company has an Enterprise Management Incentive share option scheme for certain Directors and employees.

23. Reserves

The Company has the following types of reserves:

(i) Share premium reserve

	2023 £	2022 £
Balance as at the beginning of the year	**6,797,950**	6,603,839
Issue of new shares	**—**	175,000
Fund raising expenses	**—**	(24,500)
Convertible loan notes	**—**	14,789
Convertible loan note reserve transferred to share premium	**—**	28,822
Balance as at the end of the year	**6,797,950**	6,797,950

The share premium reserve arises where shares have been issued at a price more than the nominal value of 1 pence less any costs of the issue.

(ii) Retained earnings

	Group		Company	
	2023 £	2022 £	**2023 £**	2022 £
At the beginning of the year	**(21,762,885)**	(20,679,052)	**(20,617,212)**	(19,431,716)
Tax adjustments from prior year	**27,052**	—	**—**	—
Loss for the year	**(160,038)**	(1,083,833)	**(2,076,835)**	(1,185,496)
At the end of the year	**(21,895,871)**	(21,762,885)	**(22,694,047)**	(20,617,212)

Retained earnings represent the accumulated surplus or deficit of distributable reserves.

(iii) Convertible loan note reserve

	Group		Company	
	2023 £	2022 £	**2023 £**	2022 £
At the beginning of the year	**—**	28,822	**—**	28,822
Changes in the present value	**—**	(28,822)	**—**	(28,822)
At the end of the year	**—**	—	**—**	—

24. Related party transactions

Details of key management personnel and Directors' fees and emoluments were as follows:

	2023 £	2022 £
Key management personnel		
Directors' remuneration:		
– Salaries and bonuses	**200,063**	192,500
– Directors' fees	**80,000**	80,000
– Share-based payments	**2,474**	1,690
	282,537	274,190

25. Financial instruments

Financial risk management objectives and policies

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in markets conditions and the Group's activities.

The Group holds the following financial instruments:

	Notes	Pound Sterling
2023		
Financial assets at amortised cost		
Cash and cash equivalent	17	**2,196,499**
Trade receivables	15	**440,541**
Other debtors	16	**918,995**
Total financial assets		**3,556,035**
Financial liabilities at amortised cost		
Trade and other payables	18,20	**1,495,664**
Borrowings	21	**2,125,268**
Lease liabilities	21	**2,504,695**
Financial liabilities at FVPL		
Warrants	21	**415,281**
Total financial liabilities		**6,540,908**
Net position		**(2,984,873)**

2022		
Financial assets at amortised cost		
Cash and cash equivalent	17	1,181,631
Trade receivables	15	405,051
Other debtors	16	1,135,990
Total financial assets		**2,722,672**
Financial liabilities at amortised cost		
Trade and other payables	18,20	2,057,461
Borrowings	21	2,489,149
Lease liabilities	21	3,075,518
Financial liabilities at FVPL		
Warrants	21	189,762
Total financial liabilities		**7,811,890**
Net position		**(5,089,218)**

(i) Credit risk

Exposure to the credit risks are monitored on an ongoing basis. The Group does not require collateral in respect of financial assets.

The carrying amount of trade and other receivables and related party balances and cash represent the Group's maximum exposure to credit risk. Cash and cash balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of customers to make payments when due. 34% (2022: 82%) of the Group's account receivables are made up of individual students, 7% (2022: 18%) relates to large funding organisations such as universities. All trading activities are concentrated in Europe. The analysis of aging debtors is provided in note 15.

(ii) Liquidity risk

The Group seeks to adopt a prudent liquidity risk management by maintaining sufficient cash and having adequate amounts of credit facilities. Due to the nature of the Group's operations, the Group aims at maintaining flexibility in funding by keeping committed credit facilities available.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay.

	On demand or within one year £	Within 2 to 10 years £
2023		
Trade payables	**1,495,664**	**—**
Other payables and accruals	**1,523,053**	**—**
Term Loan	**313,484**	**1,811,784**
Lease liabilities	**418,267**	**2,086,428**
Warrants	**—**	**415,281**
Total	**3,750,468**	**4,313,493**
2022		
Trade payables	416,944	—
Other payables and accruals	1,640,517	—
Term Loan	436,341	2,052,808
Lease liabilities	450,726	2,624,792
Warrants	—	189,762
Total	2,944,528	4,867,362

(iii) Foreign currency risk

The Group's investments in overseas subsidiaries and associated companies which have been closed/discontinued after announcement in August 2020 and therefore Group exposure is no longer a material risk. The differences arising from such translation are recorded under the foreign currency translation reserve. The Group does not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions as the Directors believe that the risks arising from fluctuations in foreign currency exchange rates are not significant.

(iv) Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to the Group's bank overdraft facility and Term Loan. A change in interest rate at the reporting date would not materially affect income or reserves. For 2023, there was none to report.

The tables below set out the Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Fixed rate interest bearing £	Non-interest bearing £	Total £
At 31 December 2023			
Assets			
Trade and other receivables	**—**	**1,359,535**	**1,359,535**
Cash and bank balances	**—**	**2,196,499**	**2,196,499**
Total assets	**—**	**3,556,034**	**3,556,034**
At 31 December 2023			
Liabilities			
Trade and other payables	**—**	**3,018,716**	**3,018,716**
Borrowings	**2,125,268**	**—**	**2,125,268**
Lease liabilities	**2,504,695**	**—**	**2,504,695**
Warrants	**—**	**415,281**	**415,281**
Total liabilities	**4,629,963**	**3,433,997**	**8,063,960**
At 31 December 2022			
Assets			
Trade and other receivables	—	1,541,041	1,541,041
Cash and bank balances	—	1,181,631	1,181,631
Total assets	—	2,722,672	2,722,672
At 31 December 2022			
Trade and other payables	—	2,057,461	2,057,461
Borrowings	2,489,149	—	2,489,149
Lease liabilities	3,075,518	—	3,075,518
Warrants	—	189,762	189,762
Total liabilities	5,564,667	2,247,223	7,811,890

(v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and short-term borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other financial assets and liabilities are as disclosed in the respective notes.

(vi) Reconciliation of liabilities arising from financing activities

			CASH		NON-CASH			
	1 January 2023	Additional loan	Net financing cash flows	Interest paid	Fair value movement	Reclassified	Unwinding of interest	31 December 2023
Term Loan	**2,489,149**	**43,679**	**(373,734)**	**1,790**	**(94,216)**	**—**	**58,600**	**2,125,268**
Warrants	**189,762**	**—**	**—**	**—**	**225,518**	**—**	**—**	**415,280**
IFRS 16 - "Lease Liability"	**3,075,518**	**—**	**(557,017)**	**—**	**—**	**(187,072)**	**173,266**	**2,504,695**

			CASH		NON-CASH			
	1 January 2022	Additional loan	Net financing cash flows	Interest paid	Fair value movement	Reclassified	Unwinding of Interest	31 December 2022
Term Loan	2,600,821	—	(15,274)	—	(156,981)	—	60,583	2,489,149
Warrants	72,801	—	—	—	(35,451)	152,412	—	189,762
Convertible loan notes	275,885	—	(178,102)	—	—	(100,000)	2,217	—
IFRS 16 - "Lease Liability"	3,354,478	—	(473,359)	—	—	—	194,399	3,075,518

(vii) Capital risk management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, cash and bank balances and equity attributable to holders of ordinary shares of the Company comprising issued capital, other reserves and retained earnings as disclosed in the financial statements. The Board of Directors reviews the capital structure regularly and at the minimum on a yearly basis.

The Group monitors its debt-to-equity ratio which was calculated as follows.

	Group		Company	
	2023 £	2022 £	**2023 £**	2022 £
Loans	**2,125,268**	2,489,149	**2,061,275**	2,412,584
Lease liabilities	**2,504,695**	3,075,518	**—**	—
Total debt	**4,629,963**	5,564,667	**2,061,275**	2,412,584
Less: Cash and cash equivalents	**(2,196,499)**	(1,181,631)	**(2,273)**	(13,101)
Net debt	**2,433,463**	4,383,036	**2,059,002**	2,399,483
Total equity	**(3,761,832)**	(3,633,979)	**(4,560,008)**	(2,488,306)
Debt to equity	**0.65**	1.21	**0.45**	0.96

Financial assets are disclosed in notes 15 to 17. The Group's principal financial assets are bank balances, trade and other receivables.

Loan covenants

The Group's does not have any specific financial covenants to comply with its major debt provider.

26. Share-based payments and share options

The Company has an Enterprise Management Incentive share option scheme for certain Directors and employees. Under the scheme, participants have been awarded options to acquire up to a prescribed level of shares following a three year vesting period if the Company's share price has met the pre-determined target conditions. There are two market-based conditions, each accounting for 50% of the share options awarded to the employee. In addition, the mid-market share price of the Company on the AIM Market of the London Stock Exchange, must stay at or above the exercise price, for 40 consecutive business days.

The Group used the Black-Scholes valuation framework for all share options awarded pre-2023. These options have also been valued using the Monte Carlo valuation method to validate the reasonableness of the results. The results from the Monte Carlo valuation were not considered materially different from the Black-Scholes valuation.

The inputs into the Black-Scholes model as at 31 December 2023 are as follows:

Grant date	EMI Options	Exercise price (pence)	Strike price on grant date (pence)	Vesting period (years)	Expected volatility	Risk free rate	Fair value	Deemed probability of achieving market condition
02/12/2020	336,250	50	15	3	12.30%	0.35%	0.34	5.02%
02/12/2020	336,250	90	15	3	12.30%	0.35%	0.74	0.37%
07/01/2022	50,000	50	15	3	11.98%	0.35%	0.35	5.30%
07/01/2022	50,000	90	15	3	11.98%	0.35%	0.75	0.37%
18/01/2022	60,000	50	15	3	11.98%	0.35%	0.35	5.30%
18/01/2022	60,000	90	15	3	11.98%	0.35%	0.75	0.37%
01/09/2022	283,750	60	22	3	10.45%	0.26%	0.38	1.10%
01/09/2022	283,750	110	22	3	10.45%	0.26%	0.87	0.00%

As with options containing performance-based market targets, the probability of achieving the set condition is factored into the determination of the value. These will not be re-measured at subsequent reporting dates.

The vesting probabilities presented are products of lognormal distribution modelling over a three year period to determine the likelihood of the vesting condition being reached, based off the scaled mean and standard deviation from a prior 365-day period.

The Group has used the Monte Carlo valuation framework for all share options awarded in 2023.

The inputs into the Monte Carlo model as at 31 December 2023 are as follows:

Grant date	EMI Options	Hurdles (pence)	Strike price on grant date (pence)	Expiry (years)	Volatility	Option price (pence)	Share price (pence)
30/11/2022	287,500	60	10	5	50%	2.93	12
30/11/2022	287,500	110	10	5	50%	1.34	12
15/11/2023	143,750	115	23.5	5	70%	10.4	24.5
15/11/2023	143,750	115	23.5	5	70%	10.4	24.5

For options with hurdles, early exercise is assumed to take place as soon as the 40-day hurdle requirement is triggered after the three year vesting period. The Monte Carlo simulation uses 50,000 iterations to enhance the accuracy of the predicted outcome.

Year ended 31 December 2023

	Number of options	Weighted average strike price
Outstanding at 1 January 2023	**1,965,000**	**15.54p**
Granted during the year	**287,500**	**23.5p**
Exercised during the year	**—**	**—**
Forfeited during the year	**112,500**	**—**
Outstanding at 31 December 2023	**2,140,000**	**17.01p**
Exercisable	**—**	**—**

Of the options outstanding at 31 December 2023, 860,000 (2022: 892,500) options have an exercise price of 15 pence, 567,500 (2022: 567,500) options have an exercise price of 22 pence, 425,000 (2022: 575,000) options have an exercise price of 10 pence, and 287,500 (2022: 575,000) options have an exercise price of 23.5 pence.

The aggregate charge for share options recognised in the Group financial statements in the year was £5,133 (2022: £3,745).

27. Intangible assets

	Brands £	Customer List £	Domain Name £	Development Assets £	Contract Assets £	Total £
Acquisition costs						
Closing balance, 31 Dec 2022	2,489,886	274,637	12,242	434,545	508,000	3,719,310
Closing balance, 31 Dec 2023	**2,489,886**	**274,637**	**12,242**	**434,545**	**508,000**	**3,719,310**
Accumulated amortisation						
Closing balance, 31 Dec 2022	2,489,886	274,637	12,242	434,545	508,000	3,719,310
Closing balance, 31 Dec 2023	**2,489,886**	**274,637**	**12,242**	**434,545**	**508,000**	**3,719,310**
Net book value, 31 Dec 2023 and 31 Dec 2022	—	—	—	—	—	—

In accordance with IAS 36, the Board has reviewed all ongoing cash-generating units, and has carried out full impairment of the carrying value of the assets as at 31 December 2019. As a result there are no intangible assets recorded in financial statements as of 31 December 2023.

28. Subsequent events

In March 2024, the Company issued BOOST&Co. warrants over 115,583 ordinary shares (as adjusted by the share reorganisation in October 2022) in accordance with the terms of the debt restructuring announced on 4 March 2022. The warrants have an exercise price of 1.06 pence (as adjusted by the share reorganisation in October 2022).

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Date of Annual General Meeting
20 May 2024

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