Learning Technologies Group plc

ANNUAL REPORT 2023

For the year ended 31 December 2023

learning technologies group

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The Annual Report and Accounts contains certain forward-looking statements regarding the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing contained in this Annual Report and Accounts should be construed as a profit forecast.

Helping Organisations Transform Through Their People

Our purpose

We are a market leader in learning and talent development and we work as a strategic partner, helping our customers transform through their people. We do this via a combination of consulting, services and technologies.

Highlights

- GP Strategies has more than doubled profit since joining LTG in 2021, driven by margin progression, a successful transformation plan and operational improvements to GPLX in H2 2023.
- Renewed all major client contracts >$10m and expanded revenue in LatAm and Middle East.
- Actively managed our portfolio including the sale of Lorien Engineering Solutions which completed in January 2024.
- Further streamlined and strengthened the commercial operation by integrating Watershed into Rustici, LEO into GP Strategies and Reflektive into Bridge.
- Established Group wide AI task force launching several AI enhanced software products in 2024 and leading on educating our Fortune 500 client base on a "Human + AI" future.
- Achieved significant impact by providing learning to over 200 million people during the year.
- Revenue of £562.3 million and adjusted EBIT of £98.5 million in line with consensus expectations, reflecting a slight decline (2)% in constant currency revenue and (1)% adjusted EBIT.
- Statutory profit before tax increased 13% to £45.6 million.
- Resilient revenue performance in the context of the macroeconomic climate - with 73% of revenue underpinned by durable SaaS and long-term contracts.
- Adjusted EBIT margin increased to 17.5% in FY23 from 17% in FY22.
- GP Strategies' EBIT margin c.15% in H2 and exit run-rate c. 17% in line with previous guidance.
- Record net cashflow from operations during the year of £79.5m driving swift deleveraging to 0.7x prior to incorporating proceeds from disposal of Lorien received in 2024, with continued good cash generation in Q1 2024.
- Progressive dividend policy: final dividend increased by 5% to 1.21p. Full-year dividend 1.66p (+4%).

Who we are

We are a global provider of Learning & Talent technologies and services with a focus on the estimated $100 billion global external corporate training market. We have a strong track record of driving organic revenue growth and profit while also investing in the future through innovation, content, software and systems. This approach when combined with selective acquisitions provides cross-selling and margin improvement opportunities which helps drive sustainable value for our stakeholders. The Group has over 5,000 employees in 36 countries around the world and annual revenue in excess of £550 million.

What we do

We play a valuable and important role in society. As a business, we help our customers manage and develop human capital. Our products and services have provided efficient learning to more than 200 million people globally during 2023.

See page 9 for more information on our impact on society.

Our key ESG initiatives

LTG's Environmental, Social & Governance (ESG) framework and initiatives are focused around measurable impact across all core tenants of environmental, social, and corporate governance. We detail our ESG business strategy in the following sections:

1. The Environmental Journey – reducing negative impacts
2. Social – Taking care of our people and world
3. Governance – meeting stakeholder expectations
4. Enterprise risk management, data privacy and security – reducing risks in the digital frontier
5. Climate-related Financial Disclosure

See page 31 for our ESG report.

Items presented relate to continuing operations unless otherwise stated

Revenue
£562.3m
2022: £588.6m

Adjusted EBIT*
£98.5m
2022: £99.9m

Adjusted, diluted EPS*
7.803p
2022: 7.996p

Adjusted operating cash flow conversion*
88%
2022: 82%**

Organic revenue growth/(decline)
(2)%
2022: 2%

Statutory operating profit
£58.7m
2022: £50.5m

Basic EPS**
3.724p
2022: 3.857p

Net debt*/**
£78.6m
2022: £119.8m

*For details of Alternative Performance Measures see Glossary on page 145
** from continuing and discontinued operations

Chairman's Statement

"LTG continues to make good progress in the go-to-market strategy unveiled in 2022, maintaining strong client retention and delivering resilient performance in a challenging macroeconomic environment."

Introduction

Learning Technologies Group plc (LTG) has delivered stable operational results, with revenue on a constant currency basis and adjusted EBIT marginally below 2022 for continuing operations. This resilient performance is testament to the significant number of long-term contracts (73% of revenue from continuing operations) which robustly underpin revenue. Adjusted diluted Earnings per share was broadly in line with prior year for continuing operations, benefiting from a lower adjusted effective tax rate and lower dilutive potential ordinary shares.

The Group has continued to further improve its operating margins despite softness in transactional revenues, while continuing to deliver very strong cash generation. It should be noted that these are fundamental values of the Group, balanced against investing for organic growth. The Group has achieved a compound annual growth rate (CAGR) in revenue of 50% from 2014 to 2023. Furthermore, our adjusted EBIT and adjusted diluted EPS have shown similar or higher levels of growth, with CAGRs of 54% and 40% respectively, over the same period from 2014 to 2023. Statutory operating profit has a CAGR of 78% over the 2014-2023 period and diluted EPS has a CAGR of 40% since 2015.

Revenue	Adjusted EBIT	Adjusted diluted EPS
50%	**54%**	**40%**
CAGR 2014-2023	CAGR 2014-2023	CAGR 2014-2023

In 2023, our commitment to executing a new comprehensive go-to-market strategy yielded significant results. Our concerted efforts, which are aimed at delivering a broad and comprehensive offering, not only showcased our value proposition but also translated into tangible benefits for our clients. The result was continued upsell opportunities and the cultivation of stronger client relationships. This success underscores our dedication to providing unparalleled value and ensuring a cohesive experience for our clients.

ESG

At LTG, we recognise that embracing ESG (Environmental, Social and Governance) is our responsibility and is imperative to our business. Our commitment to ESG is rooted in our belief that environmental stewardship, social responsibility and effective governance inform critical decision-making processes and influence multiple facets of our operations. As global markets accelerate towards net zero, the effective management of ESG risks is paramount. By proactively addressing environmental challenges, fostering social inclusivity and upholding the highest governance standards, we strengthen our resilience against potential risks and uncertainties. Our commitment is further demonstrated this year through the hiring of a dedicated ESG manager who will continue to drive our tactical initiatives and overall strategy in this space.

In parallel, not only are we delivering progress on the development of our ESG programme, but we also provide solutions. Many of our clients rely on us as partners to help meet the ESG demands that exist within their own environments. We respond through many of our offerings, specifically through the creation of custom content, our Diversity, Equity and Inclusion (DE&I) work and our ESG training.

This year, we have prepared our annual ESG report in line with regulations, incorporating aspects of the Task Force on Climate-related Financial Disclosures (TCFD).

Further details of LTG's environmental initiatives and performance in 2023 are set out on pages 42 to 46.

The Board

There were no changes to the LTG plc Board in 2023. Our Board currently consists of eight members and officers, of which four are non-executive directors. The Board notes the recommendations of the Hampton-Alexander and Parker reviews in relation to increasing Board and senior management gender and ethnic diversity, and it takes these into consideration when making appointments. Four of our Board members are women, representing 50%, exceeding the Hampton-Alexander target for FTSE 100 and FTSE 250 Boards. We are proud to have 43% of our wider executive and senior leadership positions held by women, also exceeding the Hampton-Alexander target.

As a Board, we take our governance responsibilities seriously and believe these allow the Group to pursue its strategy with more pace and less risk. The approach to our wide range of responsibilities is set out in the Chairman's Introduction to the Corporate Governance Report on pages 47 to 54.

Dividend and capital allocation

The Board remains committed to a capital allocation policy that prioritises investment in the business to drive growth, selectively acquiring value-enhancing businesses and return of cash to shareholders primarily through a progressive dividend policy. Given the resilient operational performance during the year, the Board is pleased to announce it is recommending a final dividend of 1.21 pence per share (2022: 1.15 pence).

Together with the interim payment of 0.45 pence, this gives a total dividend for the year of 1.66 pence, an increase of 4% on the prior year.

If approved, the final dividend will be paid on 28th June 2024 to all shareholders on the register on 7th June 2024.

People

Our greatest asset is our people, and their dedication fuels our success. In the past year, we implemented multiple HR initiatives, strengthening relationships with our senior leaders and the employee population, addressing feedback from our engagement surveys with action and fostering an environment where individuals thrive. Our dedication to the well-being and growth of our employees is not just a corporate ethos but a strategic imperative that directly contributes to the sustainability of our business. On behalf of the Board, I express appreciation and thanks to our employees for their dedication and hard work through the year.

In addition, the promotion and appointment of seasoned leadership during 2023 including co-CEOs in GP Strategies, a Chief Information Officer and new leadership in Open LMS, elevated our capabilities in focusing and driving the business forward. Rigorous planning, robust risk management and the adoption of certain practices have fortified our ability to weather unforeseen challenges. Our Chief Customer Strategy Officer continued to be instrumental in cultivating and nurturing relationships with new and existing clients. Through a collaborative approach, our team has fostered connections while embarking on an educational journey, informing our clients about the transformative capabilities of Artificial Intelligence (AI) and how it can create efficiencies both practically and commercially.

Looking forward

In alignment with our clients, we see the integration of AI as a critical component of our future strategy. Integrating AI will enable us to make better decisions, improve our operational efficiency, innovate our products and services, and enhance our customer and learner experience, ultimately unlocking opportunities to create value for our shareholders. GP Strategies is leading on educating clients on AI enabling their teams, and our software and platform businesses are developing AI-enhanced products. We have recently launched educational sessions for our customers and are in the process of developing and launching a range of AI innovation across our services and products.

We remain confident in the structural growth drivers in the learning and talent development industry and the attractive prospects for LTG through expanding its client base, innovating across software and services, enhancing AI capabilities and through expanding acquisitions. However, as a result of the pause on acquisitions in 2022 and 2023, combined with continued active portfolio management, including the disposal of Lorien alongside the subdued macroeconmic environment, the Board has concluded that the 2025 goal to achieve run-rate revenue of £850 million and £175 million run-rate adjusted EBIT is no longer appropriate. We remain cautiously optimistic on the macro outlook and our continued strong cash generation and balance sheet strength gives the Board confidence in returning to value-accretive acquisitions in 2024 and beyond.

The Board is optimistic of making further progress in 2024. Despite the obstacles presented by the macroeconomic landscape, we are steadfast in our commitment to navigating and overcoming these challenges. Through our offerings and with our talented teams, we are well positioned to meet the learning and talent development needs that exist in the market. The Board remains confident in the Group's ability to consistently deliver results and we look forward to the continued success and growth ahead.

Andrew Brode
Chairman
15th April 2024

Case Study
Professional Accreditation/Finance

GPStrategies® BRIDGE Rustici Software

AICPA & CIMA

AI-powered learning delivered to over 600,000 AICPA & CIMA members globally by GP Strategies and LTG

The challenge

The American Institute of Certified Public Accountants and Chartered Institute of Management Accountants (AICPA & CIMA) is the premier professional association for accountants in the US and UK with over 600,000 members.

Before engaging GP Strategies and LTG, AICPA & CIMA's legacy learning platform was a custom-developed solution that required several layers of unique functionality to deliver its learning and assessment services. Development costs had grown exponentially, partly to account for this complex functionality and partly to compensate for gaps in available support.

As a small team in a highly regulated, high-consequence industry, AICPA & CIMA's training department recognised that it needed to move towards commercial products that allowed for scalable integration and better support coverage. It aimed to provide an industry-leading user experience by enhancing content discoverability while reducing costs.

The solution

The combined power of GP Strategies' (GP) services and several LTG technology companies made this vision possible by implementing game-changing AI capabilities alongside a range of platforms, products, and professional services from across the group.

A new learning ecosystem was created with Bridge's LMS and Rustici Software's Content Controller technology at its core. GP provided substantial implementation support and AI enablement.

Bridge LMS was critical to reducing friction when accessing training courses, while Rustici Content Controller provided a robust means to enforce content licensing. GP's proposal estimated that this new system would reclaim $2.5 million per year in previously lost content licensing revenue.

GP also helped the team temporarily scale up for migration and testing. Custom plugins were created to track proprietary content, while integration work allowed AICPA & CIMA to take advantage of new product features and updates from Bridge and Rustici without requiring additional tailored adjustments.

Early in deployment, it became clear that only a minority of AICPA & CIMA's 3,000 courses had adequate and updated tags and descriptions. This metadata allows the learning ecosystem's new tagging functionality to work optimally. GP addressed this traditionally time-consuming process by implementing AI to streamline metadata creation, thus adding an extra layer of precision.

The results

After first deployment, AICPA & CIMA experienced the following:

- A reduction in the number of clicks needed to access important content (from seven to one). This has greatly improved the learner experience by removing significant friction.
- A new dashboard and tracking feature, which has heightened learner awareness of outstanding compliance requirements. Content tagged to specific fields of study and continuing professional education (CPE) credits has also allowed learners to quickly close any required gaps.
- Additional monetisation of curated learning journeys and branded cohort learning portals.
- Increased revenue due to enhanced accessibility of content, facilitating easier consumption for members.

"GP Strategies has become a trusted vendor partner in transforming and evolving our complex commercial learning ecosystem. Our 600,000 members and students globally expect a comprehensive modern learning experience for their upskilling needs in this digital age. GP has the critical expertise in digital platforms, products, analytics and professional services, enabling us to scale and execute our transformation vision."

- Michael Grant, Senior Director of Learning Innovation and Assessment at AICPA & CIMA

Case Study
Insurance/Finance

watershed

A Multinational Insurance Company

Efficiently aggregating and organising training data to meet strict compliance requirements, avoid regulatory fines and prove the value of training programmes.

The challenge

A multinational insurance company listed on the Fortune 500, Watershed's client has a critical requirement in a certain Canadian state to prove a minimum level of employee engagement in professional development activities. The organisation must reinvest a certain percentage of total payroll in eligible training expenditures – any underspend must be paid as a "fine" to a central industry learning fund. Similar, but less stringent requirements, exist in other jurisdictions in which the organisation does business, including the UK and Ireland.

The state's regulations require the logging of total training activity, including those with a digital footprint within the Learning Management System (LMS), as well as "offline" activities such as face-to-face training and event attendance. The organisation must also be able to cross-reference this logged activity with each learner's salary, in order to calculate the value of each individual's time spent in training. Historically, the organisation had used a manual and highly time-consuming process to achieve this. It therefore sought a solution that allowed the quick and efficient aggregation of data for 30,000 global employees from across a vast learning ecosystem consisting of three content platforms, four authoring tools, as well as Human Resources Information System (HRIS) data.

The solution

The organisation uses the Learning Record Store (LRS) functionality of the Watershed platform to automatically capture and calculate the time individuals spend on training activities. The LRS collates usage data from a number of different learning, video and content authoring systems prior to aggregation and sorting. These systems use a variety of data export methods, and Watershed handles these disparate statement formats through a number of custom connectors (programmed with input from the client, and the individual platform creators). These ecosystem-wide datasets are then turned into meaningful, visual insights with Watershed's Learning Analytics Platform (LAP) functionality.

Watershed's client had previously faced a challenge with some of its historic learning data – records of completions existed, but these learning activities did not have time attributed to them. To attribute a time to this historic learner activity, specialist software was used to assign average read times. Watershed's reporting helped highlight any data anomalies (i.e. longer than expected read times) to ensure thorough testing and therefore data fidelity. This ensured these historic activities could be claimed as payroll spend for the purpose of the state's law.

The results

As a result of using Watershed, the organisation has a solution that saves time and money while proving it's meeting the training requirements of the jurisdictions in which it does business – avoiding tens of thousands of dollars in potential fines annually.

Impressively, the organisation has been able to prove that it's significantly exceeding its training hours requirements. Within the regulations, it can actually carry over excess hours to subsequent compliance years. This means that based on 2022 hours alone, it can now prove that it is compliant beyond 2024.

The successful trial in the Canadian region meant this reporting could be scaled up to the UK and Ireland, adjusting the HRIS data by region and core metrics to measure total time, rather than % of payroll. This scalable solution future-proofs the organisation for expansion into other regions, and the addition of new learning systems and data sources as their ecosystem evolves in the future.

Case Study

Marketing/Professional Services

BRIDGE

Adwise

Revamping employee development and performance frameworks to improve staff retention

The challenge

Adwise is a full-service digital marketing agency based in the Netherlands. As part of its commitment to staff development, Adwise created a four-step vision ("identify, train, coach and celebrate"), and sought a software partner that could facilitate every step of its design. It additionally required an all-in-one platform, equally capable of housing e-learning courses, boosting performance management-related processes and creating a culture of feedback.

The solution

As an employee development solution infused with learning and performance management, the Bridge platform is uniquely positioned to consolidate Adwise's new employee development framework within a single space.

Bridge's Learning Management System (LMS) has allowed the organisation to assemble a large and growing number of courses and learning materials. Within this environment, employees can also work with their coaches to identify the right learning resources for their current needs.

Meanwhile, Bridge's performance management toolkit ensures every learner is assigned a coach, and is given the ability to formally create, document and track their career development plans, with desired skills, goals, tasks and courses. Prior to its Bridge partnership, Adwise's employee development plans were more informal, and managers were unable to visualise them through a convenient, integrated interface.

Finally, Bridge's feedback capabilities – including skills feedback and start-stop-continue feedback – ensure employee development milestones can be celebrated while offering a sense of direction for future development.

The results

By using Bridge's employee engagement tool, Adwise has documented a 20% increase in employee engagement – and this is reflected in the company's 97.1% retention rate.

Furthermore, Adwise employees have had 30% more growth-centred conversations and the company has also seen a 10% increase in internal promotions since it began its relationship with Bridge.

Throughout Adwise's learning cycle, Bridge helps streamline and automate HR processes, resulting in a 50% reduction in HR administrative costs. Adwise is now able to onboard employees 30% faster, setting new hires on the path to a rewarding, development-first culture from the very beginning of their journey at the company.

"Bridge is like a breath of fresh air. We've been working with other tools, but none of those tools offered a combination of personal development plans, training courses and feedback mechanisms. Bridge gives me a better overview because everything's combined in one tool."

- Marloes de Jong, Senior Performance Manager, Adwise

Case Study
Finance

peoplefluent

Close Brothers

Improving efficiency and modernising award cycles with flexible and user-friendly compensation management software

The challenge

Close Brothers is a merchant banking group providing lending, savings, securities trading and wealth management services to organisations in the UK. With approximately 4,000 employees across three divisions, Close Brothers needed to move away from the complex, labour-intensive spreadsheets it had been using for years.

Recognising the need to modernise and improve the efficiency of its compensation process, Close Brothers decided it needed a modern compensation management system capable of streamlining its award cycle process. It needed the process of switching from its legacy method to the new system to be as simple as possible. Additionally, the group needed a tool that could assist its remuneration committee with compensation statistics and reports while keeping data secure.

The solution

In 2017, Close Brothers selected PeopleFluent Compensation as its compensation management system. For Close Brothers, PeopleFluent Compensation not only quickly and efficiently deals with the organisation's headcount requirements but the PeopleFluent team also provided a vision for how the solution would serve the organisation's future needs.

An open dialogue about system implementation considerations and potential future use cases has continued throughout Close Brother's relationship with PeopleFluent. Accordingly, in 2022, Close Brothers chose to integrate PeopleFluent's performance management solution, PeopleFluent Performance, alongside PeopleFluent Compensation.

PeopleFluent Compensation's flexible and user-friendly interface is especially appealing to Close Brothers. Operating in the cloud, the software automatically saves users' work every minute, keeping records safe and preventing HR teams from having to start lost work over again, which could be both reputationally damaging and costly.

The results

With the help of PeopleFluent Compensation, Close Brothers now has a modern, streamlined process for its compensation cycles. Though the process update was a significant undertaking due to the number of employees and different divisions involved, employees outside of the HR department are not aware that there has been a major change.

PeopleFluent Compensation's user-friendly interface makes working through award cycles more efficient, as the legacy, spreadsheet-based process would need to be checked many times over to ensure that formulae had been correctly inputted and that calculations were accurate. As the software is purpose-built for these kinds of computations, the HR department no longer needs to run manual checks on a huge array of spreadsheet formulae. Consequently, the team has found itself with more time for data-focused conversations regarding compensation strategy and alignment with its business goals.

"We talk more strategically because PeopleFluent Compensation's ease of use gives us the space and time to do so. We're not spending time concerned about whether the system's performing. We know it's doing what we want it to"

- Ben Ward, HR Systems and Data Manager,
Close Brothers Banking Division

Case Study

Technology

Rustici Software

Alarm.com

Unifying customer education delivery, analytics and IP control across a wide range of audiences and standards with Rustici Software's Content Controller

The challenge

Alarm.com is a US-based residential and commercial property security and automation business with global reach. In addition to its in-house customer support department, it has a network of over 10,000 dealer partners and 100,000 individual learners reliant on product training covering the installation and operation of its security hardware and software systems.

Alarm.com required a way to distribute its courseware in varying standards to external dealers and partners' learning management systems (LMSs) while simultaneously providing access to the same content to an internal customer support department assisting these external partners. Historically, it relied on a highly siloed and manual process to export multiple versions of its courses and used a file-sharing program to transmit files to customers.

These time-consuming procedures relied on a strict bimonthly maintenance window utilising complex spreadsheets in order to ensure course updates remained manageable. Inevitably, Alarm.com sought to reduce its content management burden while ensuring learners and partners could receive up-to-date training.

The solution

With Rustici Software's Content Controller, Alarm.com streamlined training delivery to its internal and partners' learning platforms. It allows for updates to be pushed centrally and changes logged automatically. Alarm.com can make alterations without disrupting content delivery, ensuring learners always have the newest course version.

Crucially, Content Controller helps Alarm.com simplify its administration of the diverging learning file standards required by its different audiences. A central, always up-to-date version is maintained in Alarm.com's preferred format and can be automatically dispatched out in different versions as needed by partners, as and when changes are made.

Alarm.com also benefits from:

- Content Controller's content licensing features, guaranteeing IP control while providing courses to its external partners and allowing Alarm.com to automatically enable and disable access to content.
- Content Controller's "Equivalents" feature, assisting with Alarm.com's expanding global presence, and allowing for multiple language versions of its courses to be compiled into a single file.
- Content Controller's built-in Learning Record Store (LRS) allows the company to access more granular analytical insights as it pushes all data points to a single end-point, removing the need for custom integrations or manual processes to get LMS data.

The results

Since implementing Content Controller, Alarm.com has spent less time administering its courses and is now free to focus on creating new content. In 2023 alone, the company increased content created by over 400% from the previous year.

Significant time has been saved by creating one source of truth for the internal customer support department and external partners' audiences. Maintenance downtime has been reduced to virtually zero when updating courses. Alarm.com's partners report an improved overall experience now they can guarantee learners are accessing the most up-to-date version of their courses.

"Content Controller has really streamlined our content management to the point that we don't have to spend as much time doing it and don't depend on a single content manager. Our team is now agile enough that anybody can go in and manage content themselves, so Content Controller has saved us money in that regard. More importantly, it's allowed us to spend our time focusing on other things, like developing content instead of managing it."

- Ian McConnell, Manager, Learning Innovation and Operations

Case Study
Buildings Technology

A Buildings Technology Business

How pivoting from in-house to outsourced affirmative action plan production provided by Affirmity ensured the retention of high-value federal contracts

The challenge

Affirmity's client is a buildings technology, software and services company that has 100,000 employees in 150 countries. The client has worked with Affirmity since 2002. As a US federal contractor, the organisation must produce affirmative action plans (AAPs) for each of its operating locations. These AAPs (which are similar to "positive action" measures in the UK and EU) outline and evidence an organisation's ongoing programme of efforts to provide equal employment opportunities regardless of gender, race, disability or veteran status.

Until recently, the client had managed its extensive affirmative action programme in-house, creating 260 plans annually using Affirmity's CAAMS® software. In early 2023, a newly implemented HR Management System (HRMS) prompted a significant data auditing effort for the 2022/23 reporting year. With outside expertise already required to uncover any questions or concerns, and in combination with a wave of resourcing changes, it was decided that outsourcing all aspects of production to an external contractor was the most logical way forward.

The client additionally has a high degree of organisational complexity across its various product lines and teams. The way personnel data is packaged requires a precise and strategic approach.

The solution

Affirmity was able to quickly pivot and take over the programme by providing its outsourcing services based on the client's new requirements. Though impending reporting deadlines imposed a compressed timescale on the Affirmity team, it managed a smooth transition to the new arrangement and ensured that the reporting integrity was preserved.

Affirmity's work includes full validation of all data supplied from the client's systems, and submission of affirmative action plans, as well as disability and veteran-specific reporting to the US government. As the client was new to outsourcing this essential work, Affirmity took a consultative approach and was able to highlight areas for further consideration and process improvements.

The results

As changes occurred that required further alterations to reporting, the Affirmity team proved ready and able to consult, and to work with the organisation to adjust plans in a way that would continue to meet the expectations for government reporting. Affirmity's assistance has enabled the client to maintain compliance with affirmative action targets, ensuring it successfully continues to maintain its multi-million dollar contracts with US government entities.

We Empower Our Customers to Achieve Their ESG Priorities

Learning Technologies Group plays a pivotal role in Human Capital Development, offering tailored solutions that align seamlessly with Environmental, Social, and Governance (ESG) principles.

LTG empowers its clients and enhances their operational resilience by providing ethical compliance solutions, organisational enhancements, technical performance solutions and systems security training. LTG's portfolio of digital learning, talent mobility, workforce transformation and talent management platforms positively impacts millions of individuals worldwide. Over 60 million people directly benefit from LTG's offerings, while Rustici's interoperability software connects an additional 200 million learners, bridging more than 75% of the world's learning systems. LTG champions environmentally conscious practices. Our virtual and online training solutions minimise travel, reducing the carbon footprint. We align with flexible work models, promoting sustainability.

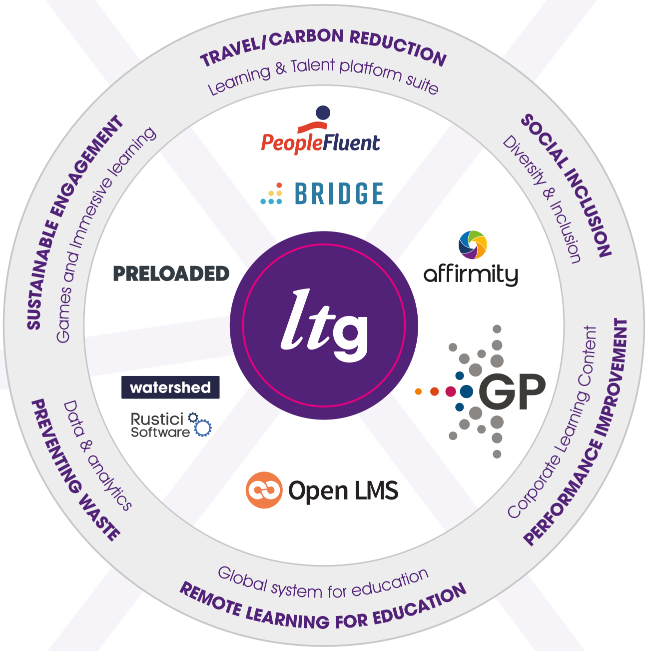
Travel/carbon reduction: LTG reaches learners through virtual instructor-led training events whenever possible. When in-person training is necessary, we adopt a Think Global, Act Local approach, developing regional trainer pools to minimise travel.

Social inclusion: LTG offers a comprehensive range of Diversity, Equity, and Inclusion (DE&I) courses globally. Our facilitators guide learners from comprehension to reflection and action.

Using play, and new technologies to make complex subject matters engaging and understandable to global audiences - be that climate change, sustainability, mental health, well-being, hygiene, enterprise skills or educational learning.

Reducing the need to travel for learning by providing learning systems to more than 19 million people.

Helping more than 750 companies measure diversity. A US market leader in Affirmative Action planning reporting and analysis.



Providing Environmental, Social and Governance learning content globally, making people safer (Health & Safety, Cyber & Data Security, Tackling Modern Day Slavery, Anti-Harassment) and supporting compliance needs through topics including Personal Ethics, Whistleblowing, Anti-Bribery, Consumer Protection and Diversity & Inclusion.

Using data to make learning more efficient and saving waste - impacting c.200 million people globally.

Reaching Higher and Further Education students globally so they can receive high-quality, interactive learning remotely.

Performance improvement: LTG collaborates closely with clients to drive measurable performance enhancements. Key ingredients include strategic alignment, operational excellence, and value creation.

Remote learning: Our solutions are optimised for iOS and Android devices, allowing learners to complete their training anywhere.

Preventing waste: We provide digital portals with clear interfaces where learners can track their learning journey and access content. This eliminates the need for printed course materials, reducing waste.

Sustainable engagement: We employ an innovative array of methodologies and sustainable technologies. From augmented and virtual reality experiences, gamification and micro-learning, to cataloguing, tracking, and reporting systems leveraging cloud technology.

LTG's commitment to ESG principles underscores its dedication to sustainable growth, social responsibility, and positive impact. The following stories of our work with Pancare Foundation and Art Fund showcase this commitment.

Case Study - **ESG**

Non-Profit

Pancare Foundation

Delivering essential onboarding training in time-efficient e-learning formats to better support charity volunteers

The challenge

The Pancare Foundation is an Australian charity focused on improving lives and outcomes for people impacted by upper gastrointestinal cancers. Open LMS's partnership with Pancare Foundation was prompted by the loss of HR manager Leanne Drummy, a long-serving employee at Open LMS acquisition eCreators who sadly passed away in February 2020 after living with stomach cancer.

The Pancare Foundation has over 300 volunteers who provide hundreds of hours of work in communities across Australia annually. In order to ensure that individuals are fully equipped to help service users, they must first complete Pancare's volunteer onboarding programme. Historically, this programme has been delivered online by Pancare's Head of Operations, who has many competing priorities.

Pancare sought a new solution, one that would free up valuable time while helping the foundation better coordinate session timing across Australia's states. The mixed technical abilities of the volunteers, who are anywhere between 18 to 80 years old, was also a consideration.

The solution

Open LMS provides its Learning Management System (LMS) pro bono, allowing for the delivery of a range of new e-learning courses. These onboarding materials give volunteers the flexibility to complete the training at any time, testing their knowledge and ensuring they feel prepared to attend fundraising and community events while helping users of Pancare's services and advocating on their behalf.

Course content was written by Pancare's Head of Operations, ensuring accurate, subject matter expert-informed insight. This content was placed into a clean, visually engaging layout by Open LMS. A light-touch approach to interactive elements was agreed upon, mindful that some of Pancare's less technically adept volunteers may find the courses challenging to navigate.

Pancare has additionally created a separate onboarding course for its employees. Crucially, Open LMS allows for volunteer and employee curriculums to be maintained separately: user data is kept safely isolated, and volunteers aren't shown employee courses (and vice versa).

The results

In the first year of operation, Pancare Foundation's revitalised onboarding programme has been completed by around 110 volunteers, with another 70+ registered for future training. The separate track for Pancare employees has also been completed by 91% of those who started the course.

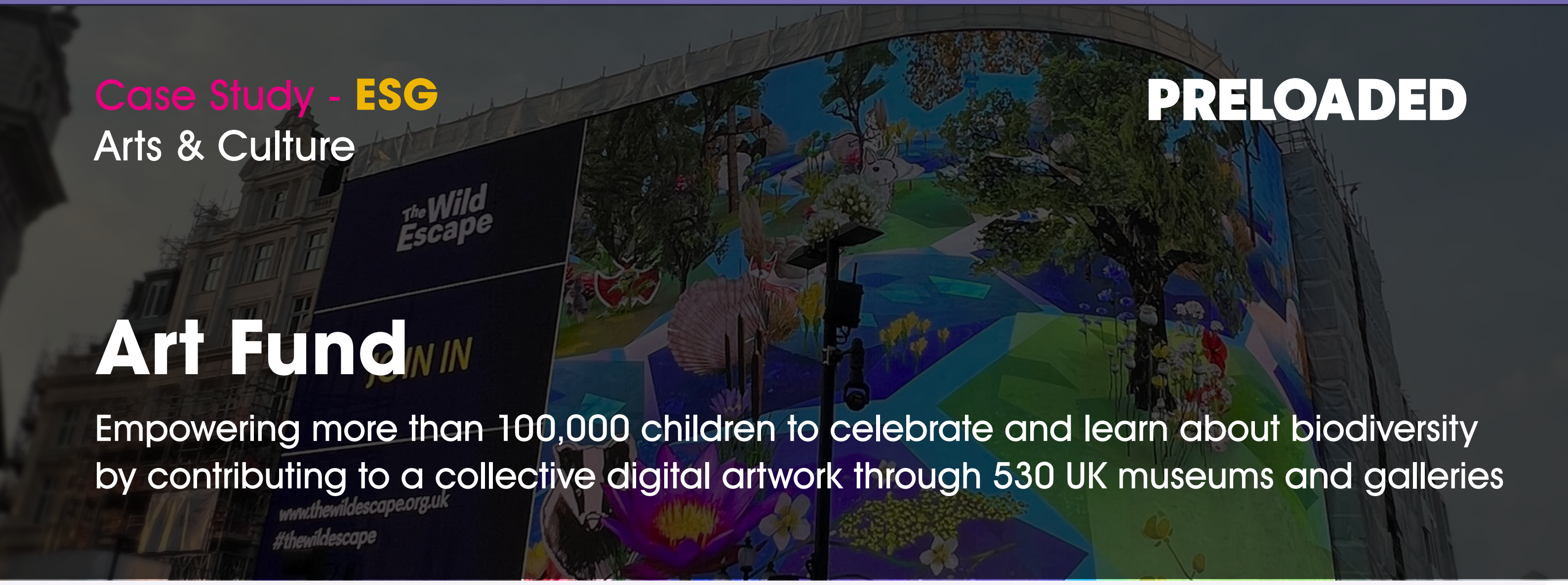
Feedback from volunteers has been extremely positive, focusing on the ease of use and overall high quality of the learning materials. Volunteers indicate that because the content is easy to understand and digest, it helps them feel confident and comfortable when speaking to the public.

Pancare has also been able to shift its live onboarding programmes online, freeing the Head of Operations up for other tasks while ensuring visibility on course access and completions.

Open LMS continues to implement changes to the courses as the information around Pancare and the cancers it covers evolves.

"I've had many volunteers come back and say, "wow". They'd volunteered previously for Pancare, before we'd put in our new process and materials, some have also interacted with other volunteer programmes in other foundations. They've been totally blown away by the professionalism and the quality of the training."

- Bernie Muscat, Head of Operations, Pancare Foundation



Case Study - **ESG**

Arts & Culture

PRELOADED

Art Fund

Empowering more than 100,000 children to celebrate and learn about biodiversity by contributing to a collective digital artwork through 530 UK museums and galleries

The challenge

Biodiversity loss is one of the foremost challenges facing our planet. Art Fund is a charity that raises money for art acquisitions and commissions that help connect audiences to museums and galleries across the UK. With hundreds of thousands of children visiting museums every year, Art Fund recognised the unique opportunity to inspire today's young people to respond creatively to the global environmental challenge.

The solution

Art Fund chose PRELOADED to develop a new interactive digital artwork that would launch on Earth Day 2023 as a centrepiece of its wider project, called The Wild Escape. The resulting space, The Wild World, is an ever-expanding collective digital artwork that puts children's creativity at the forefront. PRELOADED designed a tool that allows children to photograph and digitise creatures that they create and then "release" into a biodiverse digital ecosystem to wander alongside creations made by other children.

Once "released", children can search and find their individual drawings and explore how they wander through diverse habitats and have whimsical encounters with other creatures. This open and imaginary ecosystem grows with every contribution made, so children can witness the collective impact of their artistic work on a living and expanding canvas, while learning about real-world ecosystems.

The browser-based Wild World portal eschews a UI-heavy approach to present a layered landscape, utilising various effects to create a sense of visual depth. As users click or touch and drag to navigate, plant life is procedurally generated into existence, an appropriate soundscape is rendered, and the landscape is populated with animal creations that can be watched while roaming. The PRELOADED team consciously chose a patchwork art style reminiscent of the "blocky" virtual worlds currently popular with the target audience.

PRELOADED conducted regular user testing at schools and museums in order to simplify the flow of the user journey and identify any barriers to access. The scale of the project required a reappraisal of the role of technology in museums: rather than tailored on-site experiences, a decision was made to go with digital tools that were inclusive of all museum locations and audiences.

The results

Collaborating closely with multiple stakeholders and partners, PRELOADED was able to design a simple and accessible experience. The Wild World ran from 22 April 2023 until the end of autumn across 530 museums and galleries, as well as being used within a wider school network. Over 100,000 young people participated in The Wild World workshops. The wider project reached 16.9 million people via social media, with a further 12 million encountering out-of-home promotion at sites across the UK. 50 million people were reached via broadcast and other media channels. The project was a winner in the Connectivity category at The Lovie Awards.

"The team at PRELOADED have been wonderful collaborators. With so many exceptional digital projects being created by the museum and gallery sector, we're grateful to PRELOADED for their ambition and dedication to work with us on a project that is available to a large number of organisations operating in different ways, scales and capacities, as well as to the public at large."

Jo Paton Htay, Project Director, The Wild Escape for Art Fund

Growth Strategy and Business Model

LTG has a strong track record of driving growth and delivering award-winning results to our customers in the increasingly complex area of global-scale learning and talent management.

While 2023 was a challenging year, with corporates delaying purchasing decisions combined with subdued discretionary spend affecting revenues, to achieve nearly the same outcome for revenue and adjusted EBIT as 2022 is a sign of our resilience and disciplined approach to operational excellence.

With the further embedding of GP Strategies into the group, significant R&D achievements, especially with Bridge, and some energising changes in leadership the business heads into 2024 in good shape.

The market

The pressure on our customers and prospects to become excellent 'learning and talent' providers is increasing. The ability of individuals and teams to navigate the complexities in the 'age of intelligence' is paramount to success as global boards grapple with whether their business will have the right skills/talent to be competitive in the future.

While macroeconomic conditions have been difficult for our industry in 2023, LTG has been able to build the foundations so as to benefit from the future return of the market. The timing of this remains uncertain but we believe we will be one of the first to benefit from an increase in confidence for two reasons: First, our exposure to the US market (LTG generates ca70% of contracts from North America) which is the economy widely expected to emerge first; and second because Learning and Development has historically been one of the first sectors to bounce back after an economic downturn.

This last point is supported by structural tailwinds seen in recent C-Suite surveys (see box).

This means that businesses need to become excellent at designing and delivering learning to be competitive in the future. It also means learning needs to be relevant to the business strategy, while also being aligned to people's career aspirations. This is where the combination of LTG businesses is well positioned, both at the enterprise and mid-market scale.

"CEO top internal focus for the year is to continue to attract and retain talent, and they're willing to keep spending on upskilling their existing workforces over the next two to three years."

- © The Conference Board® C-Suite Outlook 2023

CFOs see 'persistent labour shortages' as a top three risk and 'Investment in workforce skills (such as retraining and upskilling employees)' as a top three investment "to increase as a whole over the next 12 months and five years relative to current levels."

- © The Deloitte CFO survey 2023

"By a wide margin, surveyed companies report that investing in learning and training on the job and automating processes are the most common workforce strategies which will be adopted to deliver their organisation's business goals in the next five years."

- © World Economic Forum, Future of Jobs Survey 2023

Our positioning

2023 has given the business a good basis for 2024, 2025 and beyond with:

- 73% long-term visibility of group revenues.
- Renewal of all larger multi-year contracts with a value greater than $10m that were due for renewal in 2023. Note: in 2024 we do not have larger scale contract renewals in-year which gives us a firm base to build on with growth from future wins when the market picks up.
- An attractive overall go-to-market. Customers fully appreciate that they can come to us for thinking, the fullest range of learning and talent services and the technology (ours combined with others) in one place. (See AICPA case study).

GP

GP Strategies will continue to strengthen its role as the central LTG go-to-market brand while also executing the following initiatives to support future growth:

- Intensify the role of the Global Client Partners (GCPs) to seek out opportunities for cross-selling (services and products) into their largest customers.
- Increase the exposure to the market for all GP services with an emphasis on Managed Learning Services (MLS), GP Learning Experience (LX) and the overall consulting offer; all powered by ground breaking AI innovation.
- Geographic expansion to leverage existing infrastructure in Latin America, APAC and the Middle East.
- Focus on the skills revolution, especially within the technical and craft training market in the US, driven by US Government investment in 'reshoring' industries to mitigate global supply change risk, for which GP heritage is well positioned.
- Sustained focus on leadership and DE&I product sales, building on the success from the end of 2023 (with its largest ever single sale of the leadership suite) and the launch of a new senior leader product called Leadership Evolution.
- Scaling the AI Academy following the success of the initial roll-out in Q4 2023 of "AI + Human Learning Series for Learning Leaders". This 4-part blended learning programme attracted 55 attendees from more than 20 multinationals and government departments.

While GP Strategies is at the forefront of the central LTG go-to-market brand, each of the other LTG businesses holds its own growth strategy and direct market access that can be summarised as follows:

Rustici Software	Revenue growth continues to follow the 60/40 rule: existing vs new customers. Existing customer growth comes from increased licence fees as usage of the software products increases. Content Controller will continue to represent that largest YOY growth in the product suite as new markets and use cases continue to emerge for the content distribution software. In 2024, Rustici will play a significant role in group AI product R&D.
watershed	Watershed growth will leverage both direct sales and an increased focus on partnerships in 2024, with more focus on working closely with GP Strategies to increase the visibility of Watershed with its customer base.
Open LMS	Open LMS will be focusing on distinguishing its workplace and education products, aligning thought leadership and customer use case messaging and development of the extended enterprise/association credential market.
BRIDGE	The Bridge growth strategy for 2024 is about taking advantage of product enhancements released in 2023, increasing average deal size, and increasing the number of prospects in the pipeline.
peoplefluent	The Peoplefluent strategy is focused on navigating a path to YOY Revenue and EBIT stabilisation over the next 24 months. It has identified the Learning and Talent Management products as key opportunities to achieve this through the development of a new application framework. This will enable the development of modern, competitive, user experiences and innovative AI-driven capabilities, which will come to market in Q3 2024.
breezy	Breezy's strategy is underpinned by the launch of Breezy Perform in Q1 2024 and Breezy Onboarding in Q3 2024, together with enhancements to the existing Applicant Tracking System (ATS) and AI partnering to stimulate growth and make the product stickier in periods of low hiring.
VectorVMS	VectorVMS's growth strategy is based on delivering a refocused business development team, an increased focus on channel partners and a dedicated team to drive direct sales together with AI and direct sourcing partnerships.
affirmity	Through the strong base provided by retention of existing clients, Affirmity is able to continue its growth rate of around 9% by adding new services and expanding the outsourcing service now being increasingly demanded by its customers (see case study).
PRELOADED	Having secured some high-profile global technology and entertainment customers in 2023 the business will grow the value of its core accounts with an account strategy predicated on the building of (new) LiveOps services, teams and infrastructure.

Our business model provides a range of advantages for a variety of stakeholders. We deliver a highly skilled and trained workforce to our customers, resulting in higher levels of employee fulfilment, improved retention rates and better performance.

As we get back to growth, we will generate increased revenue and profits, leading to healthy levels of cash flow that we can reinvest in innovation and value-creating acquisitions. We see ample opportunities to capitalise on a market that remains fragmented. By delivering exceptional value to our customers and stakeholders, we remain confident in our ability to achieve sustained success over the medium and long term.

Strategic Report:
Chief Executive's Review

"Our resilience shows the benefit of our SaaS and long-term contracts – representing 73% of revenue – and laser-focus on margin."

Market-leader in workplace learning and talent management

LTG is a leader in workplace learning and talent management, helping more than c. 6,000 organisations address a fast-evolving business landscape. The group is a portfolio of profitable software and services businesses in talent management and learning with a common go-to-market strategy.

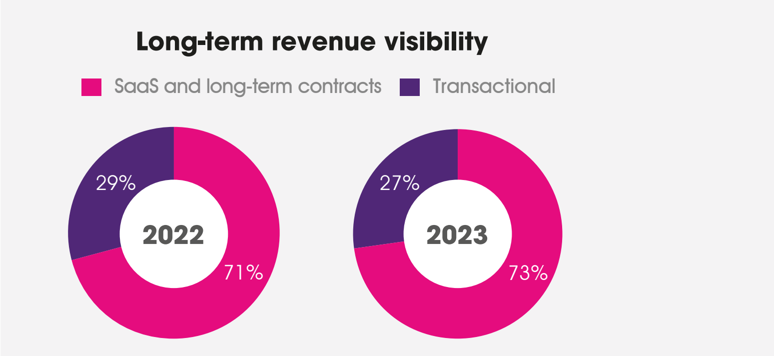
Our comprehensive suite of products and services integrate with our customers, bridging the skills gap between the present and the future workforce and delivering tangible outcomes. When appropriate, we offer solutions and services from across our businesses, leveraging our combined go-to-market strategy to reinforce our current global market presence and drive growth.

As part of our ongoing active portfolio management, where businesses do not fully align with our strategy we look to recycle the capital towards our core focus on talent management and learning. This is demonstrated by our disposal of the non-core Lorien Engineering Solutions and a carve-out of the external staffing business of TTi Global in recent months.

Resilient performance with strong margin progression and cash generation

LTG delivered a resilient performance in 2023. Revenues and adjusted EBIT from continuing operations were in line with consensus expectations, falling marginally on a constant currency basis by 2% and 1%, respectively. Revenues were £562.3 million and adjusted EBIT from continuing operations was £98.5 million, including the impact of a slight FX headwind. Margin progression to 17.5% (2022: 17.0%) was driven by our focus on profitability and a significant improvement within GPLX in H2.

Our performance in a challenging macro backdrop shows the strength of our SaaS and long-term contracts – representing 73% of revenue – and a laser-focus on margin. This meant we were able to absorb the impact of lower transactional and project-based revenues linked to the challenging macroeconomic backdrop. The restructuring programme we implemented cost £2.5 million with an ongoing annual benefit of £9.5 million. With these proactive measures, we are well-positioned to maintain our resilient performance in uncertain markets and benefit from more favourable conditions as they arise.



We continued our strong track record of cash generation with adjusted operating cash flow conversion of 88%. Because of our excellent cash generation, we are able to make substantial investments in innovation – including AI – to support our customers' learning and talent management needs.

GP Strategies commercial transformation complete and supporting our market leadership

In the period following the transformational acquisition of GP Strategies in 2021 – which added significant strength and depth to our market leadership in learning and talent development – GP Strategies has more than doubled in profit. LEO Learning and PDT Global were integrated into GP Strategies in January 2023, which caused some challenges which were successfully addressed in H2. The combination has significantly bolstered our market offering as one of the world's largest custom content and learning experience design offering, alongside our leadership in talent transformation. The continued commercial improvement in GP Strategies, with exit margins at c.17% in line with our previous guidance and margins of c.15% in H2, reflects our focus on operational improvement. This underlines our track record of improving the profitability and operating model of businesses we acquire.

Active portfolio management

LTG accelerated the active management of its portfolio in 2023, making two non-core disposals – Lorien Engineering Solutions for $21.4 million on cash and debt free basis (subject to customary adjustments and completed in 2024), and the staffing business of TTi Global for $0.8 million. These businesses were part of GP Strategies when it was acquired by LTG in 2021 but did not fit with our strategic focus on learning and talent management. Proceeds from the disposals have further strengthened our balance sheet and supported our swift deleveraging. Our balance sheet and excellent cash generation underpin our intent to return to being acquisitive in 2024. As previously indicated, our focus is on acquiring profitable software companies that fit with our strategic focus on learning and talent management. Where appropriate, we will continue to recycle capital from businesses that do not fully align with that strategic focus.

Given the temporary pause on bolt-on acquisitions in FY22 and FY23 during the transformation of GP Strategies, and focus on deleveraging and active portfolio management in a lower organic growth environment, the Board has concluded the 2025 goal to achieve run-rate revenues of £850 million and £175 million run-rate adjusted EBIT is no longer appropriate.

Large addressable market opportunity

We are strategically positioned to capitalise on a substantial and expansive global learning and talent market estimated to be worth approximately $396 billion in 2024[1]. The products and services we offer cater to a diverse array of industries and sectors, tapping into a broad and growing demand for innovative solutions. This market comprises internal, external and tuition markets, and with our go-to-market and integrated businesses, we have a powerful combined offering that can address the >$100 billion external corporate training segment of this market[2].

We are well placed to capitalise on the ongoing evolution of workforce dynamics fuelled by demographic shifts, technological advances and the ever-changing nature of skills required in the modern workplace. With change a constant, the demand for sophisticated learning and talent solutions is growing on a global scale. At LTG, we provide businesses with the tools to align strategic objectives with workforce learning and development across all facets of the employee lifecycle. Our suite of analytics tools also enables us to monitor the performance of these solutions, providing customers with transparent insights into the efficacy and return on investment of our services and software.

Our approach not only enhances operational efficiency but also positions us at the forefront of driving value to our customers through unified and effective solutions rather than fragmented systems. Our teams are working hard to strategically position ourselves to address the diverse needs of this expansive market, staying ahead of the ever changing landscape of global learning and talent management.

Investment case

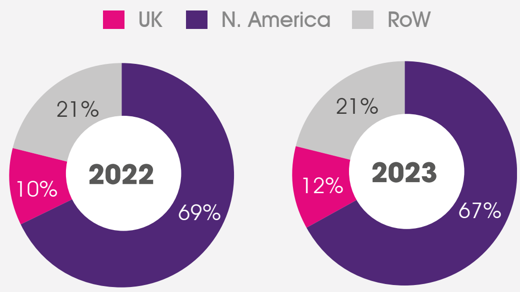
Our demonstrated track record in value creation highlights our aptitude in both organic growth over the medium term and margin enhancement. Additionally, our strategic pursuit of acquisitions has not only expanded our capabilities and market reach but has consistently contributed to accretive earnings. This has resulted in robust cash flow generation, underpinning swift deleveraging and a progressive dividend policy.

1. Training Industry, Inc. Research Data 2023 estimated totals as of January 18, 2024
2. Training Industry, Inc. Learning Services Market 2023 data – March 5th 2024

The main drivers that have enabled us to deliver a robust financial performance over a sustained period are as follows:

- Our **strategic positioning** provides considerable access to the expanding digital training markets, representing the future landscape of learning and development. These markets are experiencing good growth, positioning us to capitalise on profitable opportunities. In parallel, our commitment to supporting learning is fortified by robust data analytics, empowering our customers to quantifiably measure the effectiveness of their initiatives.
- Our **portfolio of businesses** has products that bring best-in-class specialist expertise, including learning, performance, learning analytics, succession, compensation, vendor management, recruitment and immersive virtual, augmented and mixed reality experiences, complemented by expert advisory and consulting through cross-selling. This makes us well-placed to help customers 'join up' their learning and talent management activities. We are regarded as a thought leader in a fast-paced and evolving market.
- Our **highly skilled workforce** comprises seasoned professionals adept at providing LTG's diverse range of product offerings. This expertise enables us to provide seamlessly integrated solutions incorporating our products and services tailored to meet our customers' talent transformation requirements.
- Our **expansive global presence,** with 5000 employees in 36 countries enables us to both attract new customers and enhance relationships with existing ones. Through our local presence, we deliver training programmes finely tuned to align with regional cultures and specific needs, ensuring optimal results. This dual approach not only broadens our market reach but also demonstrates our commitment to meeting our clients where they are in their learning and talent transformation journey.

Revenue by geography



- Our **longstanding partnerships** and extensive expertise have given us a robust presence in industries marked by rigorous regulations and high-stakes implications. These markets are challenging to enter and the training needs within them are intricate, mandatory and critical for success. These include the automotive, financial and insurance, defence, aerospace and technology markets.

Strategic Report (continued)

For the year ended 31 December 2023

- Our **investments to drive innovation** in learning through software solutions. Our commitment to continuous improvement underscores our dedication to optimising performance.
- Our proven ability to **drive operational improvement** – both in our pre-existing businesses and those we acquire – and maintain close control of costs supports margin progression over the long-term.

The demand for our services and software is intensifying as the imperative for training and development becomes increasingly critical across various industries. This is delivered through a high proportion of predictable and recurring revenue streams, comprising SaaS subscriptions and long-term service contracts.

Creating value through AI and investment in innovation

Harnessing AI to support customer needs

LTG has good capabilities in AI and is investing more to ensure we are in the optimal position to work with clients as they train their own workforces.

We firmly believe the future workforce will be 'human + AI' to give our customers innovative solutions, drive efficiency and enhance their overall experience. Our AI innovations aim to optimise processes and create value, ultimately contributing to increased client engagement and satisfaction.

In many areas across the business, we are trialling AI solutions in collaboration with customers to ensure a more adaptive, targeted and personalised approach to learning and talent management. Specifically, from a services perspective, GP Strategies is investing in R&D innovation (e.g. Content AIQ[3]) and educating customers. For example: 'Human+AI - Practical Learning for Learning Leaders'[4], First ran in 2023. Human+AI was then the subject of a customer forum hosted at the MetLife building in New York in March 2024 with several Fortune 500 companies attending[5]. Meanwhile our Software and Platforms businesses are bringing AI-enhanced products to market throughout 2024, such as Rustici Software which provides AI innovation to the 500+ learning applications and content publishers that it serves worldwide.

Investment in innovation

Dedicating resources to innovation is a top priority in our capital allocation strategy, and our track record speaks to our ability to generate value in this area. A key element of our investment strategy involves leveraging value from complementary technologies obtained through strategic mergers and acquisitions. Our approach allows us to deliver distinctive and comprehensive capabilities to our customers.

We adhere to a cautious, lower-risk strategy in innovation by applying our existing technologies to markets whenever possible.

During 2023, we continued to make investments consistent with our strategy. Examples include:

- Continued integration between Bridge, Gomo and Instilled to enhance and sell Bridge Advanced Authoring and Bridge Advanced Video;
- Major investments in enterprise LMS functionality by way of GPiLearn+;
- Reflektive market and adoption information drove enhancements to Bridge's performance tool capabilities. These included peer feedback, new recognition features and the ability to sell as a standalone module;
- Building out Bridge with Patheer technology to develop Skills+, leveraging third-party data and AI to match employees to skills, job titles to skills, and skills to content within the learning management system. The combined technology of Bridge and Patheer supercharges the connections with features that are in high demand in the market, taking advantage of recent advances in scalable AI web services;
- Investment and focus on AI with a task force dedicated to understanding the transformative capabilities that exist and how we can practically apply this to our offerings to meet the needs of our clients. In 2024, we will:
  - **Increase our upskilling efforts for our internal teams;**
  - **Launch AI enablement and adoption tools for our customers including Content IQ;**
  - **Build out our IP offerings on AI for customers focusing on upskilling the L&D team as well as offerings for employees across the organisation;**
  - **Expand our partnerships with leaders in the AI space to bring exciting new AI services, tools and specialised teams.**
- There has been considerable effort in implementing our go-to-market strategy, with new combined product and service offerings in:
  - **Learning experience design;**
  - **Enhanced managed learning services;**
  - **A combined consulting and measurement approach.**

Our capacity to seamlessly blend our offerings allows us to provide comprehensive solutions and cross-selling opportunities to our customers. We remain committed to strategic investments in our products, aimed at enhancing our offerings to meet the evolving needs of our customers.

3. www.gpstrategies.com/solutions/consulting/artificial-intelligence-consulting-solutions/learning-content-aiq
4. www.gpstrategies.com/solutions/consulting/artificial-intelligence-consulting-solutions/human-plus-ai-training-program/
5. www.gpstrategies.com/2024-client-forum/

Non-core assets

In December 2022 we disclosed that a non-core asset had been identified for disposal. We are pleased to report that we signed a definitive agreement on 5 December 2023 to sell our Lorien division, based within GP Strategies, to NIRAS, a Danish engineering consultancy headquartered in Denmark. The sale of this business subsequently closed on January 2, 2024.

We also confirmed in December 2023 we had completed a carve-out of the external staffing business of TTi Global, part of GP Strategies, for a cash consideration of approximately $0.8 million. A number of client staffing contracts (for high quality engineering and technical roles) and people were transferred to Premier Staffing Solution in October 2023.

People

Our people stand as our most valuable asset, and it is their unwavering dedication that propels our success. In 2023, we implemented several HR initiatives with the goal of enriching the employee experience, boosting morale and achieving our organisational goals. We re-launched an enterprise-wide engagement survey and implemented a comprehensive action planning process, enabling us to seamlessly incorporate feedback received into our priorities and planning during the second half of the year. This led to a more enhanced onboarding programme for new employees, a new in-house-designed People Leader Essentials programme, an improved performance management programme and a leader conversation series that provided our colleagues with access to leadership from around the business on a variety of topics that they expressed interest in hearing more about. We undertook a restructuring in late 2023 as part of our ongoing commitment to drive operational improvement and margin progression while retaining our breadth and depth of skills and IP.

Environmental, Social and Governance

ESG initiatives remain at the forefront of our business process and strategy, enabling our customers to manage and develop their human capital in a way that is fully aligned with ESG principles. As we continue to focus on our own performance, we report on our scope 1, 2 and 3 Greenhouse Gas (GHG) emissions. There was a 13.5% decrease in our total GHG emissions in 2023 driven primarily by rationalised office usage and a reduction in business and commuting travel. We made further progress in our targets including launching a Group-wide sustainable procurement policy, closed our largest in-house physical data centre (making further progress to reduce scope 3 emissions) and continued to make progress in GHG emission assessments including developing long-term net zero projections.

During 2024 the Board has approved participation in, and we have submitted a signatory letter to, UN Global Compact Group. We will work to further progress our sustainability journey and provide an update in our 2024 results.

For more information on our ESG priorities and progress see page 31.

Outlook

LTG delivered a resilient performance in 2023 despite a challenging macroeconomic backdrop. This shows the benefit of our SaaS and long-term contracts – representing 73% of revenues – and laser-focus on margin. We are seeing the benefits of the full integration of our transformational acquisition of GP Strategies, which has strengthened our market leadership in learning and talent management.

Our subscription and long-term contracted revenue supports our expectation of delivering a resilient performance again this year in a macroeconomic backdrop which continues to be challenging. 2024 revenues are therefore expected to be line with 2023 (after disposals) while continuing to drive growth in Adjusted EBIT. Given the strength of our balance sheet, we are poised for a return to earnings accretive acquisitions in 2024 that fit with our strategy, as part of our active portfolio management. Longer term, our market leadership in workplace learning and talent management supports our confidence of igniting underlying revenue growth as the macroeconomic backdrop recovers.

Jonathan Satchell

Chief Executive

15th April 2024

Strategic Report:
Chief Financial Officer's Review

Financial results

Revenue

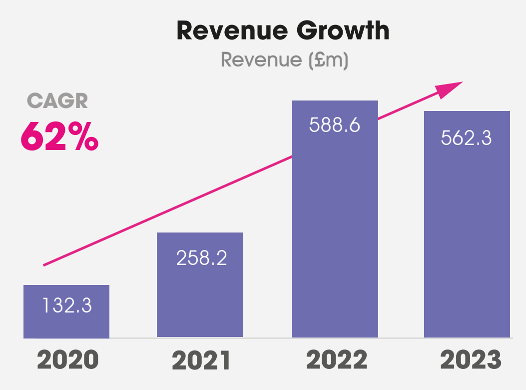
Group revenue from continuing operations decreased by 2% on a constant currency basis to £562.3 million (2022: £588.6 million), a resilient performance in the face of a challenging macroeconomic backdrop affecting transactional and project-based work. Discontinued operations reflect the non-core UK Apprenticeship business following its closure as announced in December 2022.

As of 2023 interim reporting, reporting divisions have been updated to reflect internal reporting on a business unit basis, and the revised format is consistent with that used by the Chief Operating Decision Maker. Following the reorganisation and integration of LEO and PDT into GP Strategies, the Content & Services division now includes all three businesses in addition to Affirmity and PRELOADED. The Software and Platforms division reflects the results for the Product companies. The categorisation of the companies under the division heading is outlined below. Note 4 to the accounts includes a restatement of the prior year's comparative results.

Our Content and Services division revenue (74% of Group revenue) marginally declined by 1% on a constant currency basis with strong growth in PRELOADED and Affirmity. The growth in these two brands was more than offset by GP Strategies decline of 2% on a constant currency basis, due to the temporary H1 integration challenges in GPLX, and the macroeconomic climate slowing sales cycles and project-based revenues.

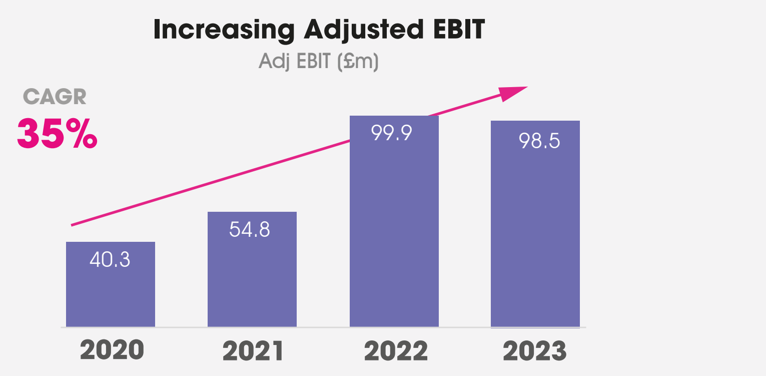
There was 4% constant currency revenue decline in the Software & Platforms division (26% of Group revenue). This comprised of expected lower revenue in PeopleFluent, and Reflektive due to softness in technology sector customers and the strategy to migrate customers to a version of Reflektive within Bridge. In addition, there was a softening in revenues in VectorVMS, a contingent workforce management business, and Breezy, a leading-edge talent acquisition platform business. Rustici continued to deliver strong growth and there was good growth in Bridge, a learning and performance management solutions business.

As a proportion of Group revenue, SaaS-based subscription and long-term contract revenue increased to 73% (2022: 71%).



Adjusted Earnings Before Interest and Tax (EBIT) and operating profit

Adjusted EBIT from continuing operations decreased marginally by 1% to £98.5 million (2022: £99.9 million) which included a small full-year foreign exchange headwind. The Group's Adjusted EBIT margin was higher at 17.5% (2022: 17.0%), driven primarily by a combination of operational leverage in the Software & Platforms division and supported by higher exit margins in GP Strategies following a successful continuation of the commercial transformation strategy despite the temporary H1 challenges in GPLX.



Included within adjusted EBIT was a share-based payment charge of £4.4 million (2022: £6.7 million, excluding £0.5 million acquisition related charge), lower than the prior year due to lapsed options related to senior leavers and performance criteria not being met.

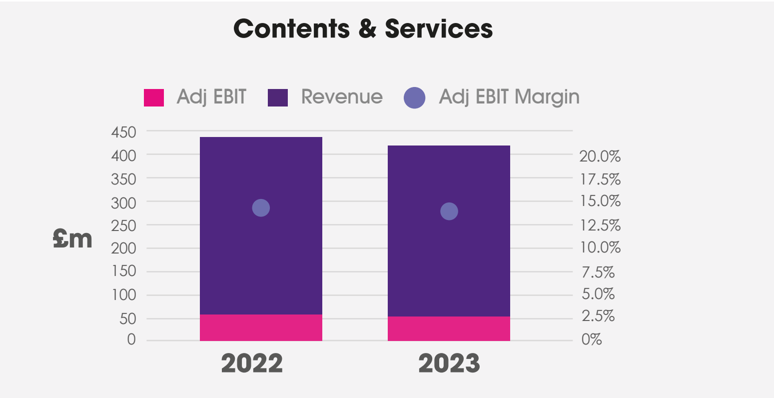
Also included within adjusted EBIT was an amortisation charge for internally generated development costs which increased to £8.8 million (2022: £7.5 million), as set out in note 14 on page 101. As relevant projects are completed, they are amortised over their useful economic lives, with the increase in the amortisation charge reflecting the increased investment in capitalised development costs as we innovate additional product features in the Product Companies. The Group does not include £11.1 million (2022: £12.0 million) of amortisation of acquired software and IP within adjusted EBIT due to an expectation that the quantum exceeds that which would have been incurred if internally developed, and therefore is not representative of a true ongoing cost of the business.

The Group's statutory operating profit was £58.7 million (2022: £50.5 million), including the sale of our Brazil joint venture, the external staffing business of TTi Global and other adjusting items totalling £39.8 million (2022: £49.4 million), discussed in more detail on page 92.

Divisional review

Content & Services

Content & Services comprises GP Strategies, PRELOADED and Affirmity. GP Strategies is a global workforce transformation provider of organisational and technical performance learning solutions. PRELOADED is a BAFTA-winning immersive games studio. Affirmity provides a portfolio of software, consulting services and blended learning solutions to help US-based enterprise and mid-market companies measure diversity, build inclusive workforces and operate effective DE&I and affirmative action programmes.



In January 2023, LEO and PDT Global were integrated with GP Strategies. PRELOADED and Affirmity have not been integrated and will remain separate brands within the Content & Services reporting segment.

Content & Services comprised 74% (2022: 74%) of 2023 Group revenue. In 2023, 65% (2022: 62%) of the revenue in Contents & Services was related to long-term contracts, reported within SaaS & long-term contracts in segment note 4.

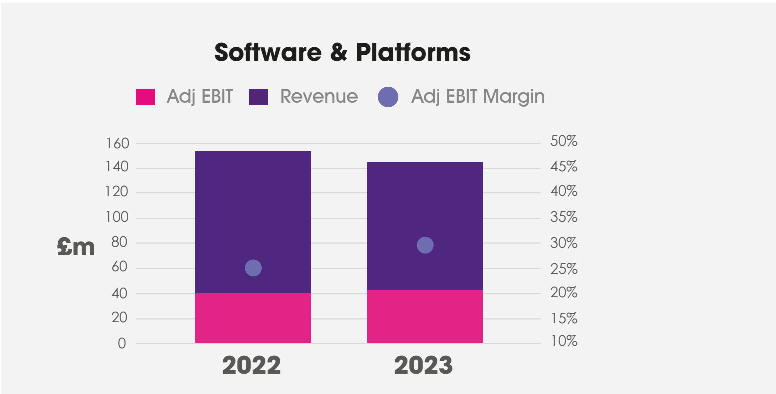
Revenue decreased to £418.0 million (2022: £434.4 million), reflecting the slowdown in spending in transaction and project-based work due to the macroeconomic climate, and integration challenges in GPLX in the GP Strategies business in the first half of the year. This was partially offset by strong revenue growth in PRELOADED due to key relationships with major global technology and entertainment brands unlocking more significant engagements in 2023, and Affirmity delivering a continued strong performance through the year.

Adjusted EBIT also decreased to £56.4 million (2022: £59.9 million), driven by the temporary challenges in GPLX in the first half of 2023. The adjusted EBIT margin was 13.5% (2022: 13.8%).

Statutory profit before tax was £25.9 million (2022: £25.0 million) after deducting adjusting items, including amortisation of acquired intangibles, transaction costs relating to asset held for sale, integration costs, earn-out charges, loss on disposal of right-of-use assets, profit on sale of joint venture, restructuring costs and finance expenses.

Software & Platforms

The Software & Platforms division comprises of SaaS and on-premise solutions as well as hosting, support and maintenance services. PeopleFluent provides cloud-based talent management solutions and services to large-enterprise clients that require recruiting, performance, succession, compensation, learning and organisation charting capabilities beyond what is available within their current HR systems. Breezy provides a largely self-service SaaS talent acquisition solution aimed at small and medium-sized businesses. Bridge is an employee-focused learning and performance platform operating in the higher growth, mid-market with proven potential to move into sectors of the enterprise market. Rustici Software is a global expert in e-learning interoperability software. Open LMS provides the largest scale capability in the global open-source Moodle™ services market. VectorVMS is a market-leading SaaS-based technology for the contingent workforce.



Software & Platforms comprised 26% (2022: 26%) of 2023 Group revenue. In 2023, 96% (2022: 95%) of the revenue in Software & Platforms was related to SaaS-based subscriptions and long-term contracts.

Revenue decreased to £144.3 million (2022: £154.2 million) with a constant currency decline of 4% driven by the expected decline in PeopleFluent, a reduction in Reflektive revenue due to a combination of softness in technology sector customers and the strategy to migrate customers to a version of Reflektive within Bridge, weaker demand in VectorVMS due to reduced contract labour usage and lower healthcare rates, and softness in Breezy as transactional business related to the SME US labour market remained subdued. These challenges were partially offset by continued strong growth in Rustici and good growth in Bridge.

The PeopleFluent product line, which has good functionality and is highly configurable, continues to be well-embedded with its larger and more complex corporate customers. It is expected that customers requiring its more complex functionality will continue to use the product. In 2023, opportunities to upsell and cross-sell additional products in performance, compensation and succession solutions, increased long-term contract revenue. This was made possible due to the expertise of the team, the relationships built with customers, and our ability to support their goal of doing more with our products.

Strategic Report (continued)

For the year ended 31 December 2023

Breezy provides a largely self-service SaaS talent acquisition solution aimed at small and medium-sized businesses. As the business dealt with 44% lower transactional demand than 2022, significant efforts were made to control costs and avoid the effect of operational deleverage, resulting in similar EBIT margins despite the lower revenue. The macro impact on Breezy's transactional revenues masks 4% underlying growth in Platform hosting revenue for the full year.

Open LMS performance was muted as educational establishments realigned their requirements in a post-COVID environment. However, despite this, recurring revenue by year end increased by c.1% with new sales and expansions expected to benefit growth into 2024.

Rustici, the e-learning standards business, continued to enjoy strong growth. On-premise renewals, new customers and continued demand for Content Controller and Rustici Engine contributed to the strong performance.

Adjusted EBIT improved in the year to £42.1 million (2022: £40.0 million) as operational leverage and reduced central costs, particularly reduced facility costs, benefitted this reporting segment. Adjusted EBIT margin improved to 29.2% (2022: 25.9%).

Statutory profit before tax increased to £19.7 million (2022: £15.5 million) after deducting adjusting items, including amortisation of acquired intangibles, integration costs, earn-out charges, loss on disposal of right-of-use assets, restructuring costs and finance expenses.

Statutory operating profit

The Group's statutory operating profit was £58.7 million (2022: £50.5 million), including adjusting items of £39.8 million (2022: £49.4 million), as set out in note 5 on page 92, comprised of:

- An amortisation charge for acquired intangibles of £32.7 million (2022: £35.7 million);

Amortisation of acquired intangible costs, including acquired software and IP, are excluded from the adjusted results of the Group since the costs are non-cash charges arising from investing activities. As such, they are not considered reflective of the core trading performance of the Group.

- Impairment of goodwill and intangibles of nil (2022: £8.0 million);

Impairment of goodwill and intangibles are excluded from the adjusted results of the Group since the costs are one-off, non-cash charges. The 2022 impairment related to the closure of the non-core UK Apprenticeship business in early 2023 announced on 19th December 2022.

- Integration costs of £2.4 million (2022: £3.5 million);

The costs of acquiring and integrating subsidiaries purchased in the year or in prior periods, deemed to be incremental costs not part of the normal course of business. In 2023, this includes £2.4 million of integration costs related to the continued integration of GP Strategies. The integration costs in 2022 included staff-related costs such as retention bonuses, severance and recruitment costs as well as consulting costs.

- Restructuring costs and provision of £2.5 million (2022: nil);

Restructuring provision of £2.5 million relating to severance incurred, or the liability created by year end are excluded from the adjusted results as they are restructuring in nature and not part of the normal operating costs of the ongoing Group. £1.7 million was paid in 2023.

- Loss on disposal of right-of-use assets £2.2 million (2022: £0.2 million):

Loss on disposal of right-of-use assets are excluded from the adjusted results of the Group since the costs are one-off, non-cash charges related to an abandoned lease that cannot be sub-let.

- Costs relating to asset held for sale £0.5 million (2022: nil):

On 2 January 2024, the Group sold the Lorien business for \$21.4 million (£16.8 million) on a cash and debt-free basis (subject to customary adjustments) for an estimated gain of \$15.0 million (£11.8 million). The only impact in these financial statements are costs in relation to the sale.

- Earn-out charges of £0.2 million (2022: £3.3 million):

The cost of earn-out charges are mechanisms included in the purchase agreements of business combinations, primarily related to Learning Media Services Ltd and Patheer in 2023, and Breezy and eCreators in 2022. The former owners of each respective business are required to remain employed by the Group and as such the earn-out is considered to be post-combination remuneration, rather than contingent consideration which would be included in the purchase consideration of each respective acquisition.

- £0.6 million other income (2022: £1.5 million);

Other income includes amounts received in relation to the carve-out of the external staffing business of TTi Global, part of GP Strategies, for a cash consideration of approximately \$0.8 million. A number of client staffing contracts (for high-quality engineering and technical roles) and people were transferred to Premier Staffing Solutions in October 2023.

- £0.4 million profit on sale of joint venture (2022: £1.2 million);

On 5 September 2023, the Group sold its 17% investment in Leo Brasil Tecnologia Educacional LTDA for 3 million Brazilian Real, realising a gain on sale of £0.4 million (see note 15). On 18th April 2022, the Group sold its 10% investment in National Aerospace Solutions LLC for proceeds of \$3.0m (£2.3 million), realising a gain on sale of £1.2 million.

- £0.3 million Cloud computing configuration and customisation costs (2022: £0.7 million);

Cloud computing configuration and customisation costs reflects the impact of a change in accounting policy following review of IFRIC guidance issued in March 2021 relating to capitalisation of cloud computer software implementation costs. Where there is no underlying intangible asset over which we retain control, the Group recognises configuration and customisation costs as an expense.

Discontinued operations

Discontinued operations reflect the results of the UK Apprenticeship business following the closure announced in December 2022. The £3.1m loss on discontinued operations, net of tax, reflects closure costs incurred which were not provided for in the 2022 financial statements and which were partially expected to be covered by contracted revenue (see note 11).

Net finance charge and profit before tax

The net finance charge was £13.1 million (2022: £10.0 million), with the increase driven by the higher rates and partially offset by the lower average debt in the year.

After the profit on sale of joint venture and net finance charge, adjusted profit before tax for continuing operations was £85.4 million (2022: £88.9 million) and statutory profit before tax for continuing operations was £45.6 million (2022: £40.5 million).

Taxation charge

The adjusted tax charge was £21.6 million (2022: £24.3 million), resulting in an effective tax rate of 25% (2022: 27%). The statutory tax charge was £13.0 million (2022: £10.1 million).

In 2022, the Group completed a tax study to confirm the availability of US federal losses and recognised a deferred tax asset for losses of £5.5 million, of which £2.6 million was utilised in 2022 and £2.9 million expected to be utilised over the subsequent three-year period in line with the forecast period prepared for the Group. In 2023, the Group has continued to apply this principle and has recognised deferred tax assets of £0.6 million representing an additional year of availability in line with the forecast period. In 2023, the Group similarly completed a tax study to confirm the availability of US state losses in respect of these acquisitions and recognised a deferred tax asset of £1.0 million for losses expected to be utilised over the same subsequent three-year period. In subsequent years, the Group will consider recognition of the further deferred tax assets on the remaining losses on an annual basis.

The reduction in the effective tax rate to 25% in 2023 from 27% in 2022 reflects the recognition of a deferred tax asset related to the US state losses noted above.

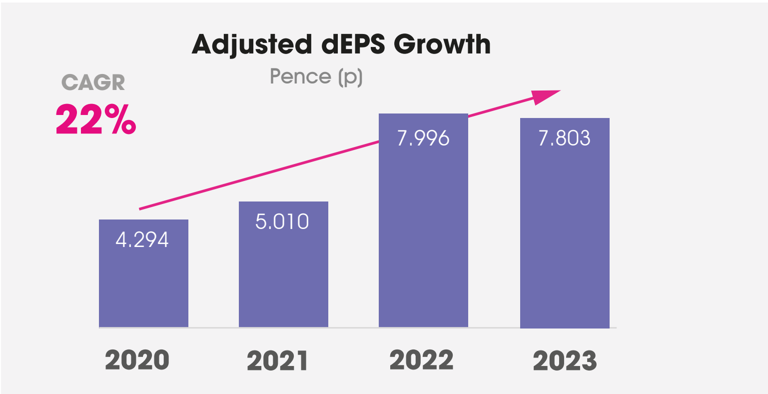
Foreign exchange

The Group is exposed to a number of currencies resulting from its geographical spread, with the majority of exposure to the US Dollar. The weakening of the US Dollar since December 2022 has resulted in a FX headwind for the Group and £20.2 million (2022: £31.0 million gain) exchange differences on translating foreign operations within other comprehensive income largely due to retranslation of foreign operations as well as £22.6 million of foreign currency loss generated on goodwill and acquired intangibles (note 14). This is largely due to a significant proportion of these items being designated in USD.

Earnings Per Share

Adjusted diluted EPS from continuing operations decreased marginally to 7.803 pence (2022: 7.996 pence for continuing operations) driven by a marginal decrease in adjusted EBIT and higher net finance expenses partially offset by a lower adjusted effective tax rate and a lower number of shares outstanding. Adjusted diluted EPS for total operations is 7.427 pence (2022: 8.121 pence).

On a statutory basis, basic EPS for total operations decreased to 3.724 pence (2022: 3.857 pence).



Cash generation

As per the Consolidated Statement of Cash Flows, cash generated from operations finished strongly at £96.1 million (2022: £92.1 million) and net cash flows from operating activities were £79.5 million (2022: £71.9 million).

There was a cash outflow from working capital of £9.6 million (2022: £18.4 million cash outflow) primarily driven by a c.£7 million reduction in the short-term bonus accrual compared to 2022. Debtor days decreased to 79 days (2022: 81 days) and combined debtor work-in-progress and deferred income days (combined days) increased to 45 days (2022: 41 days). The combined days metric benefits from payments being received annually in advance for recurring software licences.

Strategic Report (continued)

For the year ended 31 December 2023

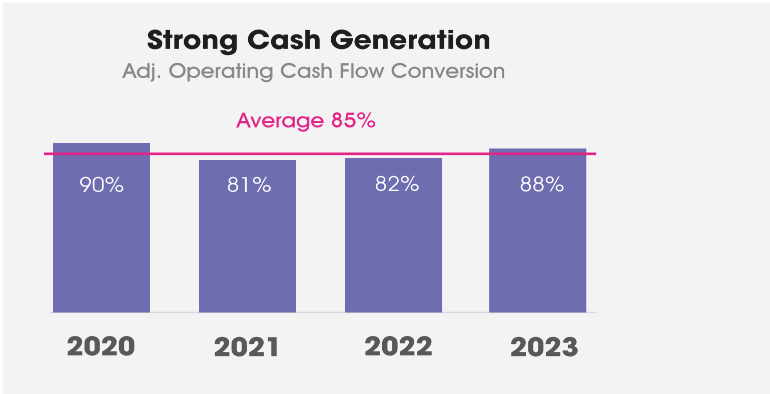
Free cashflow[1] was £44.4 million (2022: £50.3 million[2]), £5.9 million lower than 2022. Cash conversion[1] was strong at 88% (2022: 82%[2]), as set out below.

	FY23	FY22[2]	Variance
	£m	£m	£m
Statutory operating profit	58.7	50.5	8.2
Adjusting items	39.8	50.4	(10.6)
Adjusted EBIT[1]	98.5	100.9	(2.4)
Depreciation & amortisation	14.1	13.9	0.2
Share-based payment charges	4.4	6.7	(2.3)
Dec / (Inc) working capital	(9.6)	(18.4)	8.8
Capital expenditure	(14.1)	(11.6)	(2.5)
Lease liabilities	(5.7)	(7.3)	1.6
Other	(1.3)	(1.0)	(0.3)
Adjusted operating cash flow[1]	86.3	83.2	3.1
Cash Conversion	88%	82%	6%pts
Net interest paid	(15.7)	(4.3)	(11.4)
Tax paid	(16.6)	(20.2)	3.6
Restructuring costs	(1.7)	-	(1.7)
Integration costs	(2.4)	(3.8)	1.4
Earnout & contingent consideration	(4.6)	(6.9)	2.3
Cash flow used in discontinued operations	(1.4)	-	(1.4)
Other income	0.6	-	0.6
Cash costs related to asset held for sale	(0.5)	-	(0.5)
Proceeds from asset sale	0.4	2.3	(1.9)
Free cash flow	44.4	50.3	(5.9)

Net interest paid increased to £15.7 million (2022: £4.3 million) due to higher interest rates on a lower average gross debt, and £4.5 million interest from 2022 paid in 2023 due to actions taken in 2022 to benefit from a fixed interest rate at a time of increasing rates. £1.6 million in interest expense relating to 2023 is payable in 2024.

Net corporation tax payments decreased to £16.6 million (2022: £20.2 million) primarily due to the timing of tax payments. Restructuring cash costs of £1.7 million related to resizing the organisation to a more challenging macroenvironment, the reduction in transaction and project-related costs and structural decline in PeopleFluent. £2.4 million (2022: £3.8 million) in integration costs related to the continued integration in 2023 of GP into the Group, including moving LEO and PDT into GP Strategies. Payments of acquisition-related contingent consideration and earn-outs related to Breezy and eCreators totalled £4.6 million in 2023, and £6.9 million related to Breezy, Watershed, eCreators and eThink in 2022. Cash flow from discontinued operations of £1.4 million related to the UK Apprenticeship business, and cash costs related to asset held for sale of £0.5 million for the Lorien business.

There were cash outflows used in investment activities of £13.7 million (2022: £9.3 million) comprising of £12.9 million (2022: £10.0 million) of outflows relating to capitalised investment in internally generated IP, £1.2 million (2022: £1.6 million) from investment in property, plant and equipment, and £0.4 million (2022: £2.3 million) cash inflow from the sale of the investment in Leo Brasil Tecnologia Educacional LTDA. The 2022 cash inflow of £2.3 million relates to the sale of NAS joint venture in April 2022.



Net cash outflows from financing activities were £84.9 million (2022: £58.8 million). This includes £51.3 million repayment of bank loans, including $25 million voluntary additional payment in September 2023. In addition, net interest of £15.7m (2022: £4.3 million) was paid and there were £0.5 million (2022: £1.0 million) of proceeds from the issue of ordinary share capital, net of share issue costs. There were also lease and lease interest payments of £5.7 million (2022: £7.3 million), and dividend payments of £12.7 million (2022: £9.1 million).

Capital allocation, funding priorities and dividend

The Board remains committed to a capital allocation policy that prioritises investment in the business to drive growth, selectively acquiring value enhancing businesses and return of cash to shareholders, primarily through a progressive dividend policy.

The Board's progressive dividend policy, while taking into account earnings cover, also considers other factors such as the expected underlying growth of the business, its capital and other investment requirements. The strength of the Group's balance sheet and its ability to generate cash are also considered.

The Group considers these factors in the context of the Group's Principal Risks, which are set out on pages 25 to 26, and the overall risk profile of the Group.

Given the operational performance during a challenging year and strong cash generation, the Board is recommending a final dividend of 1.21 pence per share (2022: 1.15 pence). The total cash cost of the final dividend is approximately £9.5 million.

1. Alternative performance measures used by the Group are defined in the Glossary on page 145
2. As reported.

Together with the interim dividend of 0.45 pence (2022: 0.45 pence), this gives a total dividend for the year of 1.66 pence, an increase of 4% on the prior year.

If approved, the final dividend will be paid on 28th June 2024 to all shareholders on the register on 7th June 2024.

Net debt and gearing

At 31 December 2023, the Group's net debt was £78.6 million (31 December 2022: £119.8 million), excluding £11.3 million (31 December 2022: £14.9 million) of lease liabilities. On a constant currency basis, net debt was £82.7 million on 31 December 2023 at the 2022 rate.

The Group's net debt comprised £151.1 million of debt (31 December 2022: £214.7 million) and £72.5 million of cash (31 December 2022: £94.8 million).

The Group's debt is made up of a term facility loan with an original commitment of $265.0 million available to the Group until October 2025. The facility also includes a $50.0 million (£39.3 million at year-end exchange rates) Revolving Credit Facility and a $50 million (£39.3 million at year-end exchange rates) uncommitted accordion, both available to July 2025. The Revolving Credit Facility and the accordion facility remained undrawn in both 2022 and 2023. For further details of the Group's debt facility see note 23 on page 110.

The Group's covenant basis net debt/adjusted EBITDA ratio as at 31 December 2023 was 0.7 times (2022: 1.1 times).

Sale of Lorien Engineering Solutions

On 2 January 2024, LTG completed the disposal of non-core asset Lorien Engineering Solutions for a cash consideration of $21.4 million on a cash and debt-free basis (subject to customary adjustments) which further supports the Group's swift deleveraging.

There have been no other notifiable events between 31 December 2023 and the date of this Annual Report.

Balance sheet

The Group has a strong balance sheet with total shareholder equity of £427.2 million at 31 December 2023 (31 December 2022: £426.3 million). This is equivalent to 54.0 pence per share (2022: 54.0 pence per share). Key movements on the balance sheet in 2023 include:

- Intangible assets – intangible fixed assets have decreased £52.2 million. This is largely due to additions of £12.9 million offset by amortisation charge on intangible assets of £41.6 million and net foreign exchange losses of £23.5 million.
- The Group has a substantially reduced net debt position of c.£78.6 million (31 December 2022: net debt £119.8 million), reflecting strong cash generation which has contributed to the continued deleveraging of the balance sheet.

Prior period adjustment

We have identified the need to make a correction to the presentation of the 2022 and 2021 balance sheets where goodwill and deferred tax of £15.8 million at 31 December 2022 and £14.1 million at 31 December 2021 should not have been recognised under IAS 12 as the book basis and tax basis of acquired intangible assets were equal for certain US acquisition in 2016, 2020 and 2021. The adjustment reflects the tax efficient acquisition structure of the relevant acquisitions and tax amortisation deductions were taken for tax years 2020-2022 based on acquired intangible assets recognised.

The Group has restated the presentation of the 2022 balance sheet to reflect this correction. For details of the presentational changes made, refer to note 36. The presentational changes made have no impact on reported revenue or profit, or cash generation in the years and no material impact on net assets.

Key Performance Indicators (KPIs)

The Group's KPIs are revenue and organic revenue growth, adjusted EBIT, cash conversion and adjusted diluted EPS. A discussion of performance against each KPI is contained within the narrative above.

The profitability of the business, which has a relatively low fixed-cost base, is managed primarily via the divisional revenue review, with secondary measures addressing employee utilisation and project margin reviews in Content & Services and in GP Strategies.

Cash flow is reviewed at a Group level, aided by rolling cash forecasts and monitoring cash balances. There is a focus on working capital which is reviewed primarily against debtor days and combined debtor, WIP and deferred income days measures.

Adjusted diluted EPS, as well as incorporating all the elements of the above KPIs, is additionally impacted by the Group's treasury and taxation activities. These activities are carried out within the Group's finance team and seek to manage the Group's net finance and taxation charge.

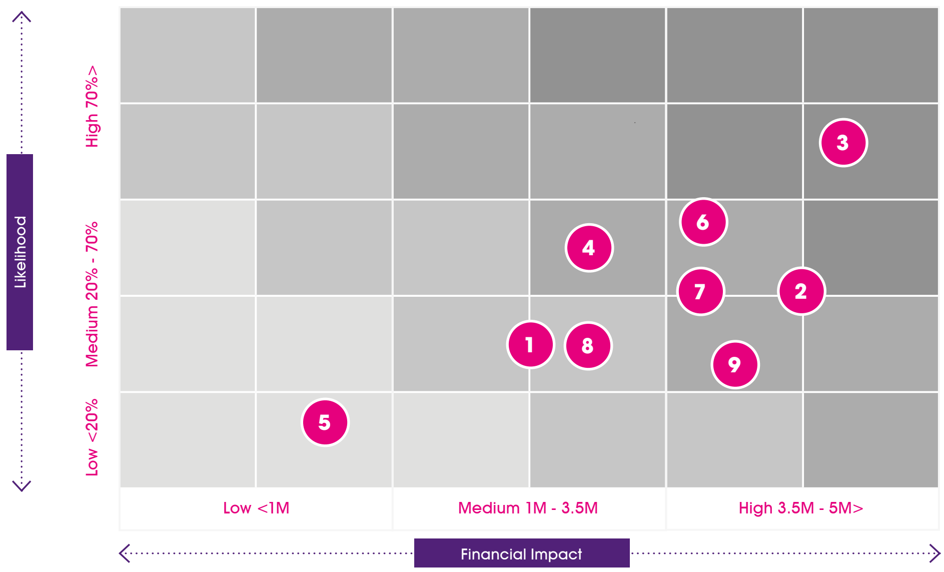
Kath Kearney-Croft

Chief Financial Officer

15th April 2024

Principal Risks and Uncertainties

The Directors undertake regular reviews of the risk and uncertainties facing the Group, including new and emerging risks, and consider the likelihood and impact on the Group of those risks in order to put in place mitigating actions. During 2022, as a result of the Group's increased reach, offerings and revenues, the methodology utilised by Directors to rate and categorise risk was revised to better align with the Group's size and activities. In addition to the financial risks discussed in note 32, the Directors consider that the principal risks and uncertainties facing the Group and a summary of the key measures taken to mitigate those risks are as follows:



STRATEGIC RISKS
- ▶ 1. Client contractual risks
- ▲ 2. Brand reputational risks

OPERATIONAL RISKS
- ▲ 3. Breaches of IT and information systems
- ▼ 4. Integrating acquisitions

PEOPLE RISKS
- ▼ 5. Attracting and retaining talented staff

FINANCIAL RISKS
- ▲ 6. Macroeconomic factors
- ▶ 7. Currency, debt and interest rate risk

LEGAL AND COMPLIANCE RISKS
- ▲ 8. Legal and regulatory changes

CLIMATE RISKS
- ▶ 9. Sustainability

Trend: ▲ , ▼ or ▶

Context and potential impact	Mitigation
STRATEGIC RISKS	
1. Client contractual risk (stable) The Group offers a wide variety of products and services with different risk profiles and in different countries, to a diverse customer base, many of which operate in regulated sectors and/or will seek to contract under their own terms and conditions. At times, the business is subject to client and government audits with respect to assurance around quality and compliance. As a result of US Government contracts representing a high portion of the Group's revenue, the business must operate processes and procedures to ensure compliance with applicable regulations. The Group continues to expand through acquisition, which includes the transfer of customer contracts from the acquired business, which may present new or different contractual obligations.	The Group assigns account executives to foster relationships with key clients, and within market sectors and geographies. Competitive re-compete initiatives are forecast and managed to maximise success. Regulated market sectors are regularly monitored to maintain compliance with legislative requirements. Through operational and legal review, the Group ensures well defined contract terms and obligations and skilled Project Managers are assigned to ensure quality and deliver results. In acquired businesses, client contractual risks are assessed during acquisition due diligence and addressed as part of the transformation and integration work stream for acquired businesses. The Board has approved the creation of a new government subsidiary to ensure compliance with the Foreign Ownership, Control, or Influence regulations (FOCI) within a ringfenced business unit.
2. Brand reputation risk (increasing) The Group recognises that brand recognition, reputation and customer and supplier confidence is of great importance. Reputation is a valuable intangible asset for any business and is based on image, trust and credibility in the eyes of key stakeholders. A compromised reputation can swiftly erode stakeholder trust, leading to tangible, adverse effects on the organisation. Failure to maintain our reputation for delivering high quality products and services could lead to a decline in sales and revenue if customers were to choose to do business with competitors, could affect our ability to attract and retain key talent, or could damage our relationships with suppliers and other external partners, potentially leading to business disruption and increased costs. Negative brand reputation can spread quickly through industry relationships and social media platforms, making it increasingly essential for companies to protect and maintain their brand strategy.	The Group has a collaborative and transparent approach with clients and external partners, and aims to continuously meet customers' operational specifications, quality standards and delivery schedules. The Group strives to exceed customer expectations and maintain its reputation as a leader in the learning and talent management marketplace by offering a diverse set of superior platforms, content and services. Strategic planning is undertaken to forecast and execute activities that will develop and maintain client demand. The Group continually evaluates its performance, seeks feedback from customers, employees and shareholders, performs market research, and utilises trade group research to anticipate client needs and develop action plans to continually improve its services. The Group formulates accurate and clear messaging to prevent misinformation from spreading and is delivering AI innovation across both services and products through targeted R&D and selective partnering and acquisitions.
OPERATIONAL RISKS	
3. Breaches of IT and information systems (increasing) To meet customer, supplier and operational needs, our IT infrastructure needs to be robust, reliable and secure. Our delivery of efficient and effective solutions is dependent on our use of relevant and reliable technologies. There is potential for disruption to our products, services and operations from risks relating to cybercrime, malware, phishing, denial of service, social engineering, loss or theft of devices and data exposure. In addition, the prevalence of Artificial Intelligence (AI) is such that we are increasing our ongoing focus and prioritisation of data privacy and protection activities. If unmanaged, these risks could adversely impact the company's ability to deliver high quality systems, services and client experiences, with impacts ranging from reputational and financial damage to critical operations being compromised.	In parallel to building IT roadmaps for platforms, technology tooling, business solutions and management information, there are many administrative and technical controls employed by the IT, Software and Platform companies and Legal teams to monitor and mitigate risks, and ensure platforms and products are robust, reliable and secure. Systems are carefully selected to meet long-term operational objectives. Data protection policies and protocols are enforced to safeguard data and meet data protection standards across jurisdictions in which the Group operates. The Group has a central data privacy team in place. Access to sensitive data is restricted and closely monitored. Staff are required to complete information security and data protection training programmes annually. Business processes are kept under review and the IT function carries out internal and external audits including penetration testing and random phishing testing. It is also responsible for updating and testing the Group's disaster recovery and business continuity plans based on changes to tools, technologies and procedures as well as current business operations. (Continued on following page)

The Group holds an appropriate level of cyber-insurance. A cyber security programme of work has been created and is under constant review at Board level to ensure plans are optimised to best mitigate cyber risks. To mitigate financial risk, the Oracle NetSuite ERP system is entering its final phase to replace smaller and older legacy systems within the LTG SaaS businesses. Within GP Strategies the majority of the company use the Oracle Cloud Fusion ERP system, with the business benefitting from the system's aligned processes. Integration of APAC region entities to Oracle Fusion is ongoing to ensure all entities are using one platform within GP strategies.

4. Integrating acquisitions (decreasing)

The Group aims to identify strategic acquisition targets, but recognises that acquisitions can deliver lower than expected return on investment. Failure to effectively plan and execute our acquisition strategy may result in reduced sales, revenue and profits, and could result in unanticipated impairment charges. Integrating acquisitions is challenging and may require merging businesses with existing operations and operating under foreign ownership rules. Challenges include providing an open and inclusive company culture, achieving business synergies and organisational structural changes, and standardising IT systems and business processes.

Potential acquisition targets are identified and assessed for strategic, operational and cultural fit through a structured due diligence process. Professional advisors are consulted by the Group's finance, legal, HR, IT and executive teams to assist in evaluating the risks and benefits prior to developing a business and capital allocation plan for Board approval. The Group structures acquisition purchase terms to incentivise and retain key staff. Integration plans are developed to provide efficient operating procedures, deploy best practices and ensure delivery of expected benefits. Plans are implemented by experienced cross-functional teams of stakeholders and subject matter experts to maximise likelihood of success.

PEOPLE RISKS

5. Attracting and retaining talented staff (decreasing)

Our most important asset is our talented staff. We recognise that the future success of our business is dependent on attracting, developing, motivating and retaining our people. LTG and its operating companies strive to be excellent employers with outstanding development opportunities, competitive total rewards and a culture of creativity and inclusivity. Failure to attract and retain key talent could negatively impact the Group's ability to innovate and grow and could lead to decreased productivity, or undermine customer relationships. The market remains competitive for top talent despite the uncertain macroeconomic conditions. We are also exposed to wage inflation. AI will change the nature of work and employees will demand more flexibility. While there is a greater influx of talent in the market, LTG's diverse product and service solutions often require niche skill sets and experiences to meet customer expectations and performance obligations.

We routinely benchmark ourselves against our peers and adapt best practices to ensure success in recruiting, hiring and maintaining a highly competent and engaged workforce. To manage hiring for specialist roles we have activated several successful strategies to source top talent, including expansion of our presence on hiring platforms, external talent pooling and hiring in other countries. We continue to focus on appointing high quality candidates to replace leavers or fill new roles, and continuously focus on employee development through training and other employee engagement measures. We employ technology solutions to improve the employee experience in areas such as performance enablement, engagement surveys and new HR programmes.

FINANCIAL RISKS

6. Macroeconomic factors (increasing)

At Board, Executive and Finance level, the Group remains apprised of macroeconomic factors which could affect the Group such as heightened geopolitical uncertainties, elevated interest rates and inflationary pressures, particularly wage inflation. These factors could lead to changes in demand, growth rates and the attractiveness of clients and markets, due to the Group's extensive geographical presence and diverse client base.

The Group monitors the changing macroeconomic environment and continually evaluates potential risks. Due to the Group's increased global presence, action can be taken to reallocate resources and work where needed to minimise disruption, maintain quality, preserve financial performance and ensure the safety of our people.

7. Currency, debt and interest rate risk (stable)

Following the acquisition of GP Strategies, the Group now operates in 36 countries. The global nature of the Group's business means it is exposed to volatility in currency exchange rates in respect of foreign currency denominated transactions, and the translation of net assets and income statements of foreign subsidiaries. The Group is exposed to a number of foreign currencies, the most significant being the US Dollar. Due to its loan facilities, the Group is also exposed to the risk of increase in the base rates of the US Federal Reserve. The Group is required to comply with the covenants under its debt financing facility. If the covenants were breached, the lender could take action against the Group. This could include the lender using its security taken over the Group's assets to repay the outstanding loan facilities, thus adversely impacting shareholders.

The Group regularly monitors its ongoing compliance with the terms of its loan facility. As at the end of December 2023, the group's net debt position has improved year over year from £119.8m in 2022 to £78.6m by 31 December 2023, as a result of strong cash generation from the Group's operations. This position improved further following the divestment of the Lorien business on 2nd January 2024 for $21.4m enterprise value. The Group avoids over-reliance on single-source customers, suppliers and banking relationships. A treasury function is maintained to monitor cash and liquidity and ensure optimum returns on cash balances. Contracts are transacted and cash balances are maintained in the functional currency of the local operation, which serves as a natural hedge. The Group continually monitors its outstanding Accounts Receivable.

LEGAL AND COMPLIANCE RISKS

8. Legal and regulatory changes (increasing)

The pace and demands of legal and regulatory risk has increased due to the expanded employee population, diversity of services and complex customer contract requirements. As the Group's global presence expands, it must ensure compliance with regulatory requirements within the jurisdictions in which the Group operates. Failure to meet contract terms and conditions, regulatory reporting requirements, or statutory compliance obligations could result in an adverse impact on our revenues, financial loss, fines, penalties or reputational damage.

The Group's executive team together with the legal team take a global approach and take appropriate actions to monitor regulatory requirements, develop compliance strategies and implement risk-mitigating policies and procedures including whistleblower hotlines, mandatory contract reviews, corporate responsibility and business sanctions policies, security standards and privacy reviews. Management appoints individuals to key roles within the business who are sufficiently knowledgeable in the legal aspects of their function to ensure requirements are met or guidance is sought when needed. The Group's key roles include members of the Executive teams and a designated data protection team.

CLIMATE RISKS

9. Sustainability (stable)

There is growing focus on sustainability from a range of our stakeholders, including customers, providers of capital (investors and banks) and employees, as well as increasing regulatory and reporting requirements related to sustainability and ESG. The Board and Executive recognise the need for the management and reporting of the Group's sustainability framework, performance and targets, which if unmanaged, could impact our ability to attract and retain customers, employees and capital.

The Group has a broad reaching ESG response in place, as detailed in the Group's ESG report, which we are enhancing further through a number of initiatives aimed at improving our sustainability ratings. We have set an ambition of being net zero by 2050 or sooner. Failure to meet targets may lead to reputation damage alongside loss of customer revenue and result in higher costs due to the expansion of carbon pricing. While we will endeavour to meet our ambition, success relies on some aspects beyond our direct control. For instance, the ability to fully decarbonise our Scope 2 emissions is dependent on the decarbonisation of local grids and/or adoption of renewable energy supply by our landlords. The Company's ability to reduce its Scope 3 emissions relies on our data centre suppliers decarbonising successfully. Further, other Scope 3 value chain emissions is reliant on development of new green technologies. Residual emissions are also dependent on a developed carbon dioxide removals market. We are undertaking the necessary steps to develop our transition plan to reduce emissions in line with a Paris Agreement-aligned pathway. The Group continues to improve the resilience and business continuity of its office network and supply chain and has transitioned to virtual and hybrid-working models as deemed appropriate.

Strategic Report:
S172 statement

The Directors must comply with the duties set out in Section 172(1) of the UK Companies Act 2006.

A Director of a Company must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

a. The likely consequences of any decision in the long term

b. The interests of the Company's employees

c. The need to foster the Company's business relationships with suppliers, customers and others

d. The impact of the Company's operations on the community and the environment

e. The desirability of the Company maintaining a reputation for high standards of business conduct, and,

f. The need to act fairly as between members of the Company

The Directors consider that they have fulfilled their duties in accordance with Section 172(1) of the UK Companies Act 2006 and have acted in a way in which is most likely to promote the success of the company for the benefit of its members as a whole.

The Directors have identified key stakeholders as being our employees; our customers; our shareholders; our suppliers and partners; and the communities in which we operate.

We recognise that our engagement strategy for these key stakeholders is crucial to our success. The way in which we engage with these stakeholders and account for their interests is set out below.

Our employees

Engagement and communication strategy

We implement multiple strategies to engage and communicate with our employees in a meaningful and impactful way. We recognise that our employees are not just contributors but are also key stakeholders in our company. To this end, we actively involved them in day-to-day decision-making processes, ensuring that their voices are heard and their insights valued.

At the executive level, three of our Executive Directors and our Company Secretary are employees each bearing substantial responsibility for overseeing staff across various locations within the Group. Their positions provide valuable insights, allowing for effective alignment of our corporate strategies and operations.

Our Executive Board is comprised of the Executive Directors and Company Secretary as well as our Chief Operating Officer, Co-Chief Executive Officers and Chief Revenue Officer of GP Strategies, all of whom have operational and management oversight and responsibilities. This gives them critical insights into the needs and experiences of our employees and the intricacies of our daily business operations.

The Executive Board actively interacts with and solicits feedback from employees that is relayed and communicated to the Board of Directors. In addition, employees and members of the Executive Board regularly meet with the Board members in person and virtually, at company events, formally in the office, and through formal presentations that are given by individual business leaders and subject matter experts to the Board, the Audit Committee and the Remuneration Committee.

Every employee across every group and division is invited to attend regular "All company updates" where our Chief Executive provides a candid overview on business and financial performance, strategic insights, and current and global matters that may affect our employees both regionally and globally, such as the current financial climate. This communication strategy was implemented during the COVID-19 pandemic and has been critical in ensuring that our employees are well informed and abreast of our corporate strategy. We will continue to deploy this layered communication and engagement approach as it has proven effective and continues to be well received by employees.

We conduct regular surveys, where employees are encouraged to provide anonymous and helpful feedback. The results are analysed by the HR team and presented to the Executive Board and the Directors to provide an honest assessment of our employee experience. We will soon be launching a group-wide engagement survey to further employee feedback.

We remain committed to DE&I measures and value the unique perspectives, innovation, and experiences that create a cohesive, socially responsible and forward-thinking organisation. We leverage both our HR leadership and our access to leading expertise in this area by way of our own products and services.

To continue to attract the best talent and foster a commitment to our collective success, we offer an opportunity for our employees to participate in sharesave schemes that allow them to purchase shares in the Company at a discounted rate. Senior staff may be offered share options that will vest upon achieving specific company objectives.

We offer a dedicated whistleblowing hotline and reporting service that empowers employees to voice their concerns anonymously, ensuring a culture of honesty and integrity.

As part of our continued corporate strategy for 2023-2025 approved by the Board in November 2022, we have committed to a goal of becoming an 'employer of choice'. We aim to achieve this objective through the following actions:

- **Strategic talent acquisition:** Understanding our competition for top talent allows us to craft a competitive offer that sets us apart in the marketplace.
- **Compelling employee value proposition:** Offering a competitive mix of benefits, incentives and opportunities to attract and retain top talent in the industry.
- **Leading by example in people development:** Committing to personal growth, career development and talent mobility.
- **Empowering leaders in career development:** Equipping team leaders and managers at LTG to make 'people and career development' an integral part of everyday work life.
- **Championing diversity and inclusion:** Fostering an inclusive workplace where diversity is celebrated, innovation thrives, and progress in DE&I is a reality.
- **Cultivating a collaborative culture:** Evolving organisational practices to embrace a highly collaborative and cohesive work environment.
- **Leadership development initiatives:** Developing a robust pipeline of both seasoned and emerging leaders through the launch of our New Manager Essentials course and enhancement of our LTG Leadership Framework programme.
- **Skills-based career development:** Adopting a skills-based approach, leveraging our own talent mobility products for employee career development and advancement.

Accounting for interests

We have again offered leading online learning courses to our employees in a diverse range of subjects for those seeking to participate in external training.

Our customers

Engagement and communication strategy

At LTG, we understand the pivotal role our customers play as key stakeholders, forming the cornerstone of our position as a market leader. Our strategies are carefully aligned with the interests of our customers, underpinning every decision we make.

Our acquisition of GP Strategies continues to yield benefits, extending our reach to a broader global market. This expansion allows us to meet our customers' needs more effectively, particularly in their local jurisdictions, reinforcing our commitment to global service excellence.

Our ongoing efforts are focused on building and strengthening relationships with prominent global technology firms, esteemed academic institutions and major contractors to government agencies. These relationships are vital to our mission, allowing us to unite our expertise with the unique capabilities of these entities to deliver unparalleled value.

In 2023, we deepened our commitment to customer engagement. Through the use of targeted satisfaction surveys, detailed account reviews and comprehensive product feedback, we gathered crucial insights. This feedback is a vital part of our executive discussions, directly influencing the directives passed down to our management teams.

Data security remains a top priority for our customers and, accordingly, has significantly influenced our product and service development plans, as well as our security management programme. In 2023, we consolidated our security responsibilities under the leadership of our VP of Information Security. This strategic move ensures uniformity and enhanced strategic planning across all our product security roadmaps.

The global economic conditions in 2023 have reaffirmed our commitment to fiscal responsibility. This approach is fundamental to our operations, ensuring our resilience in the face of unforeseen challenges and supporting our ability to make strategic decisions and acquisitions that meet our customers' evolving needs.

We have also continued our rigorous commitment to security through comprehensive audits, including ISO 27001/27002 and SOC Type II, across our business units. In 2023 we obtained an ISO 27701 Privacy Certificate for all LTG SaaS brands and business units. Please see the ESG section on page 31 for more information about this significant accomplishment. These initiatives play a crucial role in protecting both our interests and those of our clients, guiding our security strategies and enabling effective risk management. Our approach is a testament to our unwavering commitment in exceeding the expectations of our customers, partners, and stakeholders, as we uphold our reputation for trust, innovation, and customer-focused excellence.

Strategic Report (continued)

For the year ended 31 December 2023

Accounting for interests

Customer feedback has been essential input for our go-to-market strategy.

In response to customer feedback, we evolve to improve and develop our services to provide the best possible user experience. Our adaptation further allows us to maintain our strategic goal of providing market-leading products and services.

Our shareholders

Engagement and communication

Throughout the year we provide opportunities for our current and prospective investors to engage and communicate with us. We provide regular updates to the market on our operations and financials.

In our journey towards broader market reach and deeper investor connections, we are actively leveraging our relationships with advisors. This strategy is aimed at expanding our network of institutional investors and enriching our market insights. Furthermore, our focus extends beyond borders as we deepen ties with European and US institutional investors, broadening our global investor base. The announcement of our go-to-market strategy was to ensure coherence, consistency and clarity for all stakeholders. Our go-to-market strategy is not only a part of our brand identity but a tool for strong communication across various platforms. We remain attentive and adaptable to changing market conditions and evolving investor needs. We are also well-prepared to meet emerging corporate governance and regulatory requirements. We aim to align our corporate governance practices with the progressive nature of our business. In every aspect of our operations, we strive to maintain a balanced, transparent and engaging relationship with our shareholders, ensuring they are well-informed and confident in the strategic direction of our company and our ability to meet new corporate governance and regulatory activities as they arise.

Accounting for interests

At LTG, our commitment to accounting for shareholder interests remains steadfast. We continue to manage risks effectively, operate with fiscal responsibility and rigorously follow our growth and development strategy to deliver projected results. A significant part of our strategic focus includes investment in Environmental, Social and Governance (ESG) initiatives, which play a pivotal role in informing our strategic decisions.

In 2022, investor feedback emphasised the need for enhanced visibility into our ESG and corporate strategy. Addressing this, we provided detailed presentations of our strategy at the Capital Markets Day, setting new strategic targets and advancing our ESG programme.

We have maintained a balanced, transparent and engaging relationship with our shareholders throughout the year, providing regular updates on our operations and financials. By accounting for the interests of our shareholders in our decision-making processes, we have enhanced our reputation and performance and contributed to our resilience.

Our suppliers and partners

The role of our suppliers and partners is integral to the growth strategies and global operations of LTG. Each supplier is assigned a specific point of contact for streamlined communication, while partners are managed by dedicated account managers to ensure regular and open dialogue.

We maintain high standards for our suppliers and partners through rigorous due diligence and effective contract management. Our partnership programmes, reviewed regularly, ensure alignment with our policies and standards.

In line with our commitment to responsible business practices, we continue to ensure timely payments to our suppliers and partners, maintaining a standard 30-day payment term, particularly for smaller enterprises.

We continue to require all suppliers and partners involved in our client services to adhere to baseline security standards through our supplier security management program implemented in 2022. This initiative bolsters LTG's data protection and security efforts, further safeguarding our customers' interests.

Our community

Our strategic goals underscore the importance of contributing to our communities and utilising our capabilities and technologies to support those in need. The ESG Committee, comprising our Chief Financial Officer, Chief Strategy Officer, General Counsel and Company Secretary, oversees community engagement and provides feedback to the Executive Board and Directors.

Through the ESG Committee, LTG engages with employees to identify charitable organizations and initiatives to support, ensuring our community engagement is meaningful and responsive to local needs. Our community and environmental engagement strategy was aligned with the interests of our customers, shareholders, and employees, as well as our mission to foster positive, tangible change in the lives of those around it. Whilst we support our other charitable initiatives we are continuing to work on establishing the LTG Foundation. The Board has approved participation in the United Nations Global Compact, and the CEO has submitted a signatory letter to the UN Global Compact Group.

Non-financial and sustainability information statement

We report in line with Companies Strategic Report Climate-related Financial Disclosure Regulation, which requires us to incorporate Task Force on Climate-related Financial Disclosures (TCFD)-aligned disclosures in respect of the financial year ended 31 December 2023. This disclosure can be found starting on page 42.

Accounting for interests

Focusing on the social component of our deep-rooted ESG (Environmental, Social and Governance) goals, LTG and its Directors take pride in our philanthropic efforts, particularly in giving back to the communities where our employees live and work. This allows us to extend our influence beyond advancements within our industry to sow seeds that foster positive, tangible change in the lives of those around us.

This continues to be exemplified by facilitating and encouraging employee community fundraisers at our various offices around the world as well as giving employees the time and space to do so. LTG continues to offer matched fundraising to increase the impact our employee fundraisers have on their local communities. More information on this can be found in the report of the ESG committee starting on page 31.

Jonathan Satchell

Chief Executive

15th April 2024

Environmental, Social and Governance ('ESG') Report

Introduction

LTG is pleased to share an update on its steadfast commitment and journey towards comprehensive Environmental, Social and Governance (ESG) excellence. Our focus remains on fostering measurable and lasting impact rather than chasing fast trends.

In navigating the complex landscape of climate action, we are steadfast in our commitment to a long-term ESG journey. On this path, we prioritise initiatives that enhance the well-being of our employees, recognising their integral role in our success. Simultaneously, we remain vigilant in minimising our ecological footprint, acknowledging the urgent need for responsible corporate practices. Our approach is rooted in collaboration, not just within the organisation but also across the broader value chain, understanding that collective efforts amplify our impact.

Furthermore, we are actively seeking alignment with international protocols to ensure our sustainability efforts are globally recognised and contribute to a harmonised approach in addressing climate challenges. By embracing international standards, we demonstrate our commitment to being a responsible global organisation.

This year, we have achieved several strategic ESG targets, showcasing our commitment to measurable progress. Those that we could not entirely fulfill in 2023, we are continuing to pursue as a target in 2024. We continue to be ambitious but pragmatic in our solutions, ensuring that our initiatives serve both our people and the planet. In order to ensure the success of the intent behind our ESG commitments, we also remain flexible to adjust targets to fit any internal organisation restructuring or external market demands. The most important objective is to ensure that we continue to future-proof our company against nonfinancial risks.

Alignment to international protocol and standards

In the past, LTG has voluntarily reported on our approach to climate change management with reference to some of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures. This year, as an AIM-listed company, we are required to comply with the Companies Act Climate-related Financial Disclosure reporting requirements[1], which incorporates aspects of TCFD recommendations in respect of the financial year ended 31 December 2023.[2] More detail can be found in the Climate-related Financial Disclsoure section on page 42.

Our key ESG initiatives

LTG's ESG framework and initiatives are focused around measurable impact across all core tenants of environmental, social and corporate governance. We detail our ESG business strategy in the following sections:

1. The Environmental Journey – reducing negative impacts
2. Social – taking care of our people and world
3. Governance – meeting stakeholder expectations
4. Enterprise risk management, data privacy and security – reducing risks in the digital frontier
5. Climate-related financial disclosure

We provide further detail on what each objective means for our business and customers and outline our performance and management of these important areas below.

Achievements in 2023

Our progress in 2023 is testament to our dedication to building a resilient, responsible and impactful future. The following is a summary of our achievements in the past year:

The environmental journey – reducing negative impacts.
FY23 Achievements:

- Closed our largest in-house physical data centre in March 2023, further reducing operating emissions (Scope 2).
- Continued enhancement of Group GHG emissions assessment, developing long-term net zero projections.

Social - taking care of our people and world.
FY23 achievements:

- Implemented a Group-wide Sustainable Procurement Policy, incorporating material sourcing risks and ESG commitments and/or operational objectives for suppliers.
- GP Strategies launched its pilot Sustainable Procurement Survey.

1. The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (legislation.gov.uk)

2. In considering the consistency of our disclosure with the TCFD Recommendations and Recommended Disclosures we have referred to the Non-binding Guidance; available from Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs (publishing.service.gov.uk)

- Launched a Group-wide Employee Engagement Survey, measuring satisfaction and other indicators of engagement across our business, supported by a disciplined approach to action planning and progress tracking.
- Strengthened the Group performance enablement process to proactively address development planning and well-being.
- Delivered development of our in-house designed People Leader Essentials programme.

Enterprise risk management, data privacy and security – reducing risks in the digital frontier. FY23 achievements:

- Brought all of our SaaS businesses under ISO 27001 (Information Security) certification.
- Cyber Essential Plus certification obtained within GP Strategies.

Targets for 2024

Our dedication extends beyond ephemeral shifts, aiming to create enduring positive effects that benefit our valued employees, mitigate negative impacts on the planet and ensure sustainable shareholder value.

In 2024, we look forward to another chapter in the sustainability journey with the following targets:

- Become a corporate signatory of the United Nations Global Compact.
- Obtain updated feedback from Group-wide employee engagement survey as a continued annual endeavor.
- Continue to implement actions from the employee engagement survey, encouraging leadership support of organisational priorities aligned with local needs.
- Create a project-specific carbon emissions reduction plan.
- Create a sub-committee to address value chain emissions, and the exploration of renewable energy.
- Continue progress on closing a second GP Strategies physical data centre, transferring data to the cloud, therein reducing emissions and promoting long-term data resiliency.
- Deliver on a Group-wide holistic cyber risk mitigation plan, combining best practices and processes between LTG and GP Strategies.
- Commit over £50k to philanthropy efforts, as guaranteed combined payment for each office or hub location based on headcount.
- Commit an additional £10k per year to various charities as part of employee volunteer incentive effort at HandsOn UK.

We measure success not merely by the trends of the moment but by the enduring positive outcomes we create. As we continue to make progress on our ESG targets, we intend to maintain each success for years to come.

The environmental journey - reducing negative impacts

In navigating the complex landscape of climate action, we are steadfast in our commitment to long-term climate targets. We recognise that while LTG operates in a low-emissions intensity industry, the real impact of our collective actions will be felt across value chains over the years to come. We also know that the journey to a more environmentally sustainable future is not a sprint but a marathon, and our approach is rooted in measured and sustained progress.

We are cognisant of the urgency surrounding climate issues, and our long-term outlook is aligned with the profound transformations required to address them. Our commitment to net zero[3] by 2050 is aligned with the UK government commitment. This target represents a larger strategic imperative that shapes the decisions, investments and innovations of a multitude of stakeholders across our value chain and we will continue to review opportunities to reduce emissions throughout. We will be seeking renewable energy supply for our office locations, reducing our data centre reliance and leveraging data centres that use efficient or renewable energy. Once near net zero, the Group will look to other opportunities to address residual emissions, such as carbon dioxide removals (i.e. "stored" or "embodied" carbon). To see more information about relative risks and opportunities with the net zero transition, see our Climate-related financial disclosures risks section on page 42.

As we venture on the path to discover what net zero looks like for our business, we continue to demonstrate our commitment to be a partner on the global marketplace's decarbonisation journey. This is demonstrated in our commitment to our suppliers to provide additional sustainability metrics and, where possible, make customer-specific commitments. As a partner, we are committed to doing what we can to reduce emissions, seeking assistance from marketplace partners to mitigate what we cannot. For us, transparency in our Greenhouse Gas (GHG) inventory reporting is important as it will narrate our progress through emissions reduction and demonstrate where market collaboration in the form of carbon removals is necessary.

Current commitments and reduction targets:

In working with our clients, partners and the wider LTG Group we have established two targets that we are committed to achieving:

- Group-wide: net zero by 2050.
- GP Strategies, subsidiary level: Scope 1, 2, 3 reduction of 55% by 2030 from 2019 baseline.

Achievements for 2023:

- Continued enhancement of Group GHG emissions assessment, developing long-term net zero projections.
- Closure of our largest in-house physical data centre in March 2023, further reducing operating emissions.

3. Net zero is defined as a target at relevant Scopes 1, 2 and 3 categories. LTG target aligns with UK Government Procurement Policy Note PPN 06/21 "Taking Account of Carbon Reduction Plans on the Procurement of Major Government Contracts".

ESG Report (continued)

For the year ended 31 December 2023

Targets for 2024:

- Create a project-specific carbon emissions reduction plan.
- Create a sub-committee to address value chain emissions, and the exploration of renewable energy.

Group-wide GHG inventory

Per provision of a Streamlined Energy and Carbon Reporting (SECR) statement, GP Strategies Ltd (UK) is the only current UK legal entity required to report Greenhouse Gas (GHG) emissions. GP Strategies Ltd (UK) submits an independent report on subsidiary carbon emissions to meet the SECR requirements.

Our Group total carbon footprint is calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard, with additional guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required. We go beyond minimum disclosure to voluntarily report on total Group emissions and to include Scope 3 GHG (Greenhouse Gas) emissions in addition to Scopes 1 and 2. Our carbon intensity ratio is calculated by dividing our emissions by our organisation-specific metric. We are not a manufacturing organisation nor real estate portfolio, so the best metric is sales revenue. As a multi-national business, with products serving many countries, the best revenue metric determined is revenue per customer per geographic location.

Total Group tonnes CO2 emissions (tCO2e) 2022 and 2023 by Scope and per £m revenues (+/- 1)

GHG Emissions (tCO2e)	2023			2022
	UK	Global (excl UK)	Group Total	**Group Total
Scope 1 (tCO2e)	28	121	149	202
Scope 2 (tCO2e)	57	496	553	948
Scope 3 (tCO2e)	1,377	8,112	9,489	10,634
Data Centres	*16*	*80*	*96*	*162*
Business Travel	*288*	*1,753*	*2,041*	*2,429*
Commuting	*217*	*1,562*	*1,779*	*2,424*
*Upstream Purchased Goods and Services**	*856*	*4,717*	*5,573*	*5,618*
Total tCO2e	1,462	8,729	10,191	11,784
Intensity measure (Group turnover) per £'m	67.8	494.5	562.3	-
GHG Emissions Intensity ratio (per Group turnover) per £'m	21.6	17.7	18.1	-

*GP Strategies entities only.
**Group total updated to reflect new methodologies.

Reduction in Group-wide Scope 1 and Scope 2 emissions came from overall reduction in rationalised office usage. Total Group office square footage reduced 31% in 2023 compared to 2022, accounting for this related footprint decrease. Reduction in data centre footprint was result of transition to cloud software and closure of physical data centre. Other changes in data came from overall improvement Scope 3 emissions data quality.

Reduction of our office footprint and value chain emissions remain key to our net zero target. Risks associated with the path to achieve this target are outlined in the Climate-related Financial Disclosure Regulation section. Limitations restricting LTG from achieving its net zero ambition are outlined in reference to Group-specific Scope 1, 2 and 3 emissions on page 45.

When reviewing our 2023 GHG Inventory, we found areas of improvement for data quality. We have appropriately adjusted the 2022 baseline in accordance to this data improvement. We will re-assess our Scope 3 upstream and downstream emissions annually and report material emissions accordingly. We will also continue to evaluate our office needs within our hybrid workforce to drive down our Scope 1 and 2 emissions.

We source our electricity data on an office-by-office basis by consulting with our utility providers, or where we occupy offices in buildings with shared services, by estimating our proportionate share of the building's emissions. Our measured Scope 3 (indirect) emissions are primarily employee commuting, business travel and data centre usage on behalf of customers. Employee commuting data is determined through a variety of methodologies, including surveys of staff to determine their mode of transport to work. Business travel data for the Group is aggregated from our facilities ticketing system and travel partner reporting from which we calculate business travel carbon emissions. Information on data centre emissions is sourced from our outsourced data centre providers.

Waste and recycling

LTG makes a concerted effort across all operations to reduce its waste and electronic business equipment (e-waste), to limit the amount of waste sent to landfill. Office locations have recycling facilities, where available, and facility managers are encouraged to take advantage of local initiatives. We continue to seek avenues of reporting for Group office recycling by waste stream (paper, plastic, electronics).

Recycling of business equipment (e-waste) is the responsibility of our Central Services IT team. In line with the Waste Electrical and Electronic Equipment recycling (WEEE) directive, we make every effort to recycle equipment. When applicable, old IT equipment is wiped of data and the equipment offered to employees.

Reporting to the Climate Disclosure Project (CDP)

This past reporting cycle, LTG reported to the Climate Disclosure Project (CDP) for the first time. LTG (excluding GP Strategies subsidiary) scored as follows:

- LTG Climate Score: C

Our largest subsidiary, GP Strategies, also reports independent initiative progress to the Climate Disclosure Project (CDP). The latest 2023 CDP scores are as follows:

- GP Strategies Climate Score: B

GP Strategies' Climate Score improved year-on-year, from "B-" score in 2022 to the "B" score in 2023. The 2023 reporting cycle was the first time that LTG (excluding its GP Strategies subsidiary) reported its Climate Score. We look forward to identifying hot spots in the scoring categories, seeking year-on-year improvement in those areas.

Environmental policy and compliance

Our operations continue to comply with legal requirements relating to the environment in areas where the Group conducts its business.

We continue to embrace our Group-wide Environmental Policy, as it standardised our data collection and improved our formal environmental reporting. As stated in the report, we are pleased to extend environmental policies at LTG in 2023 with a Group-wide Sustainable Procurement Policy. This policy incorporates material sourcing risks and ESG commitments and/or operational objectives for suppliers.

Social - taking care of our people and our world

LTG is a global operation serving clients in 62 countries, employing over 5,000 talented professionals of many nationalities, diverse backgrounds and experiences. As we commit to our customers to create an environment where their employees can develop, feel empowered and thrive in the workplace, we are also committed to our own people and communities. To meet this commitment, it is essential that we build a workplace culture that reinforces our mission of transforming lives and making a difference, and that we honour the communities where we live and serve.

Our progress in 2023

- Reactivation of the employee engagement survey to measure satisfaction and other indicators of engagement across our business supported by a disciplined approach to action planning and progress tracking.
- Strengthening the Group performance enablement process to proactively address development planning and well-being.
- Implementing a Group-wide Sustainable Procurement Policy, incorporating material sourcing risks and ESG commitments and/or operational objectives for suppliers. In parallel, GP Strategies launched its pilot Sustainable Procurement Survey.
- Delivering progress in our in-house designed People Leader Essentials programme.

LTG is proud of the work it has done in recent years to capture and publish a wide-net of DE&I metrics, and commit to fostering inclusive spaces for our employees. The next step is to maintain momentum. We continue to monitor our DE&I metrics and nurture existing inclusivity programmes. This steady effort will ensure that we deeply embed these values into our culture.

In 2024, we will continue to engage our workforce for feedback on how to continue to build inclusive spaces through our employee engagement survey. We will also

ESG Report (continued)

For the year ended 31 December 2023

continue our corporate philanthropy efforts as well as promote opportunities for employees to volunteer in their communities.

Social targets for 2024

- Continue soliciting feedback with annual Group-wide employee engagement survey.
- Continue to implement actions from employee engagement survey, encouraging leadership to support organisational priorities aligned with local needs.
- Commit over £50k to philanthropy efforts, as guaranteed combined payment for each office or hub location based on headcount.
- Commit an additional £10k per year to various charities as part of employee volunteer incentive effort at HandsOn UK.

Our colleagues

In 2023, our overall staffing level for the year was lower than the prior year within the Group, due in part to a continued focus on the GP commercial transformation strategy resulting in increased utilisation and productivity efforts.

On the whole, LTG does not have employees which are members of a union, with exception of GP Strategies' TTi China business which is a unionised subsidiary.

LTG Group total employee headcount as of 31 December	Total Group	
	2023	2022
UK	799	734
North America	2,275	2,536
Asia	1,014	1,061
Europe	342	342
Rest of World	571	563
Grand Total	5,001	5,236

Annual employee engagement survey

In 2023, the Executive Board approved a reactivation of the employee engagement survey to measure satisfaction and other indicators of engagement across our business. To deliver on this, LTG engaged our internal consulting practice that designs and deploys engagement surveys for our customers to manage our own internal, confidential survey implementation. With this refreshed survey design, we introduced a set of new indices to track our progress relative to engagement, senior leadership, line management, inclusion and well-being. The survey allowed us to provide access to anonymised results at the team level and better position leaders to act quickly in targeting actions that uniquely meet the engagement needs of their respective teams, ultimately driving business performance.

Learning and talent management

LTG is a world leader in digital learning and training workforce talent. As such, we recognise that educating and retaining a highly skilled workforce is key to business success. This is why we are committed to the continual development of our colleagues, investing time and money for the benefit of both the Group and our colleagues.

In 2023, we continued to invest in training and developing our staff through internally designed and delivered training courses and workshops, facilitating development conversations supported by additional resources housed on our performance and learning management platform alongside global staff access to published content libraries. In our goal to implement People Leader Essentials, we have maintained GP Strategies' in-house leadership programming. Additionally, we have created LTG's active leadership blended learning programme. As of the end of 2023, LTG's full leadership learning programme is prepared and ready for launch in 2024.

This year, we strengthened the performance enablement process across the Group to proactively address development planning and well-being. In 2024, we will continue to place emphasis on performance enablement through regular manager/employee conversations documented in our portal to help build upon career development, employee satisfaction and overall engagement.

While we initially aimed to have a full launch of our inclusion learning pathway across the Group, we will continue progress with this initiative in 2024.

Additionally, we continue to strive to maintain 100% completion code of ethics training across the Group. We monitor completion of required courses, and inform management of incomplete courses, working with local management to ensure completion of required courses. We also provided required employee training for improved organisational effectiveness across a range of topics such as:

- Crisis Management
- Export and Trade Compliance
- Code of Conduct
- Information Security
- Records Management
- Unlawful Harassment and Discrimination
- Anti-Bribery and Anti-Corruption

Educational assistance

Full-time employees are encouraged to take an active role in articulating their educational needs and should seek to make an active contribution to further their own professional development. In support of this, LTG offers several programmes in the United States and in the UK to partially reimburse continued education. Continued education includes tuition, professionally accredited courses and vocational courses.

Recognition and incentives

LTG continues to deliver its performance management process which is designed to provide positive reinforcement and feedback and align colleague performance to business unit goals.

The Group offers an annual ShareSave scheme in several markets that allows colleagues to participate in the growth of LTG's business through the purchase of discounted shares. This is made available for all colleagues of newly acquired businesses, where local circumstances allow. The Group also operates share option schemes for senior leaders that reward the achievement of demanding performance targets. Options typically vest over a period of four years.

LTG has launched several other cash awards in recognition of outstanding achievements in product and service innovation, cross-selling initiatives and successful hiring referrals. We also provide several incentives, including team social budgets, long-term service awards and regular staff 'shout-outs'.

Full-time salaried employees have regular PTO options. LTG and its subsidiaries have adopted a hybrid-working model (working from home/office), and continue to support a remote workforce where conducive for the business and colleague.

Diversity, equity and inclusion ('DE&I')

We believe that the diversity of our workforce is a key point of strength, making the company a more vibrant and dynamic place to work and hence more successful as a business. Our goal is to create an environment in which all colleagues are able to be their best selves and can reach their full potential. To enable this ambition, we empower a workplace that embraces diversity, encourages inclusive behaviours and fosters creativity and innovation. Importantly, we do not tolerate discrimination or harassment (sexual or non-sexual) in any form.

We take great care to ensure that our employment policies are non-discriminatory and that all appointments and promotions are based solely on merit. Our DE&I policies are designed to ensure that our approach to business is to the benefit of all our stakeholders. All our colleagues and applicants are treated fairly and equally, regardless of their age, race, ethnicity, gender, sexual orientation, religious affiliation, generation, disability, personality type, political opinion, trade union membership and thinking style. We believe that all our people have a fundamental right to respect and dignity in the workplace.

In 2023, we continued the efforts of our Inclusion, Diversity, Equity and Accountability (IDEA) Council, led by GP Strategies' Chief People Officer, in identifying ways the company could become more diverse and inclusive throughout all levels. The IDEA Council plays a key role in actively supporting processes and programmes that amplify the benefits of greater diversity, equitable practices and inclusive behaviours.

Colleagues are invited to actively participate in monthly, voluntary, colleague-led employee resource groups (ERGs). ERGs are affinity groups held across the entire LTG Group that foster diverse, inclusive workplaces aligned with our organisational mission, values, goals, business practices and objectives. ERGs provide colleagues with a network of other colleagues that may share similar life and professional experiences. ERG meetings are typically held once a month. Different ERGs include: Asians & Asian Americans in Business, Black in Business, LGBTQ+, Family and Well-being, People Living with Disabilities, Veterans and Women in Business – with all communities welcoming and encouraging ally participation.

We continued to evaluate our hiring practices to help achieve our goal of becoming a more inclusive workforce. We also took steps towards ensuring that interviewing teams are comprised of individuals from diverse backgrounds.

Gender

We are pleased to highlight that the number of women in executive roles increased compared to 2022, within LTG and GP Strategies. The structure of our Board and Executive management means we meet the Hampton-Alexander Review recommendations for FTSE 350 companies of 40% representation of women on Boards and in Executive Committee and Direct Reports, post combination. With 50% of our Board being women, LTG also exceeds the UK's Financial Conduct Authority's (FCA) recommendation that for all listed companies, at least 40% of the Board should be women.

LTG Group gender ratio by role (+/- 1%)

	Total Group		LTG				GP Strategies*			
	2023		2023		2022		2023		2022	
Job Classification	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Board of Directors	50%	50%	50%	50%	50%	50%	n/a	n/a	n/a	n/a
Board of Directors, Executive Level and Senior Level	57%	43%	65%	35%	60%	40%	56%	44%	60%	40%
Executive Level and Senior Level	57%	43%	65%	35%	61%	39%	56%	44%	n/a	n/a
Executive Level	61%	39%	63%	37%	76%	24%	60%	40%	68%	32%
Senior Level	56%	44%	66%	34%	55%	45%	55%	45%	59%	41%
First-Line Managers	53%	47%	68%	32%	66%	34%	44%	56%	51%	49%
Professionals	57%	43%	56%	44%	58%	42%	57%	43%	58%	42%
Technicians	86%	14%	85%	15%	86%	14%	100%	0%	100%	0%
Sales Workers	51%	49%	58%	42%	63%	37%	48%	52%	48%	52%
Administrative Support Workers	34%	66%	17%	83%	19%	81%	36%	64%	36%	64%
Service Workers	62%	36%	67%	33%	69%	31%	50%	50%	50%	50%

*Excluding TTi subsidiary.

Gender pay equity

Our people are at the heart of everything we do at LTG. We celebrate the diversity of thought, experience and skill of our global workforce. LTG remains focused on helping team members fulfil their potential internally and ensuring talent acquisition is open to all. We track pay equity across our global enterprise to ensure employees are paid fairly regardless of gender.

In 2023, the gender pay gap for LTG in the United Kingdom was 8.55%.[1]

Ethnicity

We monitor our ethnic diversity annually and strive to make the company as diverse and inclusive as possible. Diverse representation at all levels of the organisation is essential for our success, and we acknowledge more work is required in attracting, growing and retaining top diverse talent, particularly at the executive and senior management levels. This will continue to be a focus in 2024.

The Board notes the recommendations of the Parker Review for FTSE 250 companies in relation to increasing Board and senior executive ethnic diversity by 2024, and it takes this into consideration when making appointments.

LTG Group ethnicity ratio by role (+/- 1%)

	LTG						GP Strategies					
Job Classification	Asian	Black	Hispanic	Indigenous	Mixed	White	Asian	Black	Hispanic	Indigenous	Mixed	White
Executive/Senior Level Officials and Managers	0%	0%	3%	0%	6%	90%	0%	11%	4%	0%	0%	86%
First/Mid-Level Officials and Managers	6%	2%	5%	0%	2%	84%	1%	6%	3%	0%	3%	88%
Professionals	9%	9%	3%	1%	5%	73%	3%	8%	7%	1%	2%	79%
Technicians	21%	1%	4%	0%	3%	72%	0%	13%	0%	0%	13%	73%
Sales Workers	2%	6%	4%	0%	2%	85%	0%	7%	0%	0%	0%	93%
Administrative Support Workers	20%	20%	10%	0%	0%	50%	1%	8%	9%	0%	5%	75%
Service Workers	0%	0%	0%	0%	0%	100%	0%	50%	0%	0%	0%	50%
Total FY 2023 (FY 2022)	10% (13%)	6% (4%)	4% (3%)	0% (2%)	4% (3%)	77% (75%)	3% (33%)	8% (3%)	6% (3%)	1% (1%)	3% (1%)	80% (58%)

1. Excludes GP Strategies UK subsidiary.

Health and safety

The Group endeavours to safeguard the health, safety and well-being of our people, whether working in our offices or working from home. We ensure that the working environment is safe and conducive to healthy colleagues who are able to balance work and family commitments. We believe that a more proactive, innovative and wide-ranging approach to health and safety has distinct benefits. It builds trust and improves productivity and efficiency, which in turn increases staff engagement, boosts retention and helps colleagues to stay happy, healthy and productive.

The LTG Executive Committee has overarching responsibility for the Group's Health & Safety at Work policy, which is reviewed regularly by the Board and the Group CEO. The Group-wide Quality Health Safety and Environment (QHSE) department is responsible for implementing health and safety and environmental policy, and monitoring environmental and health and safety efforts. Our combined health, safety and environmental management system (HSEMS) measures and monitors the type and frequency of accidents and incidents, alongside compliance with HSE legislation. As well as ensuring that we comply with the relevant health and safety legislation, as part of the internal audit process, the QHSE team takes a proactive approach to health and safety management including integrating new acquisitions. Through the QHSE Service desk and intranet site, staff around the globe can report HSE accidents, incidents and near misses, request a risk assessment and undertake mandatory health and safety training.

LTG undertakes regular health and safety risk assessments in all locations: event-driven risk assessments resulting from major changes in legislation or the way we work as required; workstream-driven (regular) risk assessments of the workplace; and incident-driven risk assessments following serious incidents. In addition, we provide ergonomic assessments to assess and correct workstation setups if colleagues are reporting discomfort or have a medical issue that may benefit from workstation optimisation. We are pleased to report that our health and safety incident statistics are low, and that there were no reportable incidents under local legislation and no employment-related deaths in 2023 at our LTG product companies or GP Strategies.

LTG Group health and safety statistics

	2023	2022	2021
Reportable* incidents (LTG) [most severe]	0	0	N/A
Reportable* incidents (GP Strategies) [most severe]	0	0	N/A
Recordable** incidents (LTG)	0	0	1
Recordable** incidents (GP Strategies)	6	0	4
OSHA Lost Time Incidents (GP Strategies)	1	0	0
OSHA Lost Time Incident Rate*** (GP Strategies)	0.07	0	0

*Reportable incidents are defined as incidents that result in a fatality, or injuries that result in in-patient hospitalisation, amputation, loss of an eye, etc. Reported to either OSHA (United States) or HSE (UK).

**Recordable incidents are defined as incidents that result in attention further than first aid.

***Lost Time Incidents are defined as any incident that leads to an employee missing one or more days of work, and are calculated by (Lost Time Incidents x 200,000)/Total hours worked

ESG Report (continued)

For the year ended 31 December 2023

Stress and mental health

We recognise that providing support for wellness at work is an essential component of caring for our people. In 2023, we maintained our overall offering to support colleagues suffering from stress and reinforced awareness of our well-being hub as well as digital learning pathways and collections of courses to support overall well-being. We also maintained mental health first aid (MHFA) initiatives in 2023 with dedicated, trained mental health first aiders who provide confidential and dedicated support for any colleague who may need one-to-one support. In addition, we offer Employee Assistance Programmes to provide colleagues with support in a range of areas, including well-being, financial and legal advice through confidential helplines.

Our world

In an interconnected world, where businesses operate across borders and supply chains stretch globally, respecting rights and living our principles is not just a moral imperative but a strategic necessity. As LTG strives for excellence, we recognise that our actions impact not only our employees but also the communities we serve, our partners and the environment. By embedding these principles into our corporate fabric, we not only fulfill our ethical responsibilities but also contribute to sustainable development and social progress.

Human rights

LTG holds such a high regard for its reputation and our culture that it takes a zero-tolerance approach to bribery and corruption, and is committed to acting professionally, fairly and with integrity in all business dealings. We support the Modern Slavery Act 2015 and vehemently refuse to engage in any form of slavery or human trafficking activities. We are committed to respecting human rights in accordance with international human rights principles.

Value chain

The Group launched a sustainable procurement policy intending to illuminate and inform the Group on important aspects of its larger supply chain. The policy maintains baseline sustainability criteria encompassing carbon emission data, energy data, supply chain management, distribution data, disposal data and a modern slavery statement.

Further in 2023, LTG's largest subsidiary, GP Strategies, piloted the Group's first Sustainable Procurement Survey. The voluntary survey examines our suppliers' responses on a variety of topics including business Code of Conduct and carbon emissions calculations. Results from this pilot survey will inform future strategy on Group sustainable procurement.

Group philanthropy

LTG undertakes several local charitable initiatives each year, with the Group often matching staff contributions. In 2023, local charitable initiatives included raising £51,000 for office donations and setting aside £24,000 budgeted for staff match charities.

LTG partnership with HandsOn London

In 2023, we budgeted an additional £10,000 for work with HandsOn London. The organisation arranges corporate teams to volunteer together through their Corporate Social Responsibility (CSR) programmes. HandsOn London community volunteers supports many projects across London.

GP Strategies holiday 'Adopt a Family' programme partnership with Ulman Foundation

For 13 years now, through our partners at the Ulman Foundation, GP Strategies has been helping bring a little holiday joy to families that have been dealing with the challenges of a cancer diagnosis to one of the family members. GP Strategies helps these families "outsource Christmas" through charity, allowing these families with the stress, physical strain and the financial pressure of illness, to celebrate the holiday.

All in all, GP Strategies raised $7,175 USD, with $4,275 USD going to families in need this holiday season and $2,900 USD going to the Ulman Foundation through the company matching gift programme.

Governance - meeting stakeholder expectations

At LTG, we take pride in delivering responsible governance both within our organisation and across relationships with external business partners. Through corporate governance, we establish and implement robust processes and policies prioritising transparency, accountability and ethical conduct among all employees, partners and suppliers.

As outlined in our Code of Conduct, we adhere to high level ethics and commitment to a culture of honesty, integrity, trust and respect. Our customers, employees, investors and other stakeholders have the same or similar exacting standards. This is why it is important to continue to meet or exceed their expectations in each of these areas. While compliance with all applicable laws and regulations is of paramount importance in the avoidance of severe losses from reputational damage or fines, good business ethics are essential to our day-to-day operations and relationships. A culture of honesty, integrity, trust and respect allows each member of our staff to take pride in the work that they are doing.

As we look forward to 2024, we hope to expand our responsibilities to the following:

Governance targets for 2024:

- Become a corporate signatory of the United Nations Global Compact.

We have already made headwinds on this target. The Board has approved participation, and the CEO has submitted a signatory letter to the UN Global Compact Group.

LTG recognises a need for convergence plans to centralise the ESG standards and frameworks currently adopted by LTG and its largest subsidiary, GP Strategies. The ESG committee is working to align current policies and programmes within GP and LTG. Aligning programmes with larger international protocols, such as the United Nations Global Compact, will streamline existing efforts cross-enterprise.

While looking forward to 2024, LTG is proud to maintain governance processes that align all internal ethics policies and moral statements.

Business ethics: applicable policies and code of conduct

LTG promotes a culture of honesty, integrity, trust and respect and all members of staff are expected to operate in an ethical manner in all their dealings, whether internal or external. We do not tolerate behaviour which goes against this or which could result in reputational damage to the business. To achieve this, we have in place a number of policies and corporate training courses that encompass anti-bribery and corruption, as well as ethics. We also maintain our Modern Slavery Statement, created in 2022 and reviewed and approved by the Board annually.

A code of conduct is a vital part of LTG's compliance efforts. We have in place a Code of Conduct that serves as the backbone of all business ethics with the Group. It acts as a communication tool, conveying the organisation's values to various stakeholders—employees, customers, business partners and investors, fostering a sense of accountability. To abide by these standards in 2023, all permanent employees receive annual compliance training, which includes training on our Code of Conduct.

Whistleblower policy

One way to demonstrate our commitment to business ethics is to have an atmosphere of accountability for us as an organisation and for every member of our staff, including contractors and temporary staff. To foster this, we believe that employees should be able to raise and flag concerns of a violation of our policies or standards without fear of recourse. To provide this confidence, we maintain a well-publicised, confidential, anonymous whistleblowing programme, available in local languages and administered through an independent third party (SafeCall) to guarantee that any employee concerns on ethical conduct will be heard. Similarly, GP Strategies has a formal Business Conduct and Ethics Hotline programme administered by a third party (EthicsPoint), which allows employees to communicate anonymously and confidentially via the internet or telephone, 24 hours a day, seven days a week. In 2023, no cases were handled by SafeCall and one case on EthicsPoint whistleblowing systems (2022: zero and 4, respectively).

Business ethics oversight

Oversight for ethical conduct sits with the Audit Committee, which assists the Board in overseeing the Group's internal controls. At an executive level, the ESG Committee ensures ethical practices and standards are upheld across the Group. The Committee regularly reviews the Group's Code of Business Conduct, internal processes and training as well as the specific policies relating to anti-bribery and corruption, anti-slavery, business ethics and whistleblowing.

Tax status

LTG commits to full tax compliance with all applicable laws and regulations as it is of paramount importance in the avoidance of severe losses from reputational damage or fines.

Federal contractor status

We value our work as a 'federal contractor' where our businesses contract with US federal agencies and even as a federal subcontractor where we indirectly provide services in support of US federal agencies. We understand the additional requirements that come with this distinction and comply with those obligations. These include ensuring that our recruitment practices support the hiring of a diverse and inclusive workforce. As a prime contractor to the US federal government, GP Strategies complies with all regulations and requirements.

ISO certifications and audit

Our QHSE Team is highly experienced in ISO certifications and offers audit services across the Group as required. The QHSE team is also able to share best practice across the Group and provide project management and consultancy services across a range of ISO certifications. These services are particularly useful for Group companies holding or seeking to obtain ISO/IEC 27001:2013 and following GxP manufacturing practices.

ESG Report (continued)

For the year ended 31 December 2023

Enterprise risk management, data privacy and security – reducing risks in the digital frontier

We are pleased to continue to report the advances we've made regarding cybersecurity within our organisation. The dedicated efforts, strategic investments and collaborative initiatives have fortified our defences and positioned us as a resilient and responsible entity. As we celebrate these achievements, we remain vigilant and committed to continuous improvement, recognising that the landscape for cybersecurity is ever-evolving. Our journey is ongoing, and we pledge to adapt, innovate and safeguard not only our operations but the trust of our stakeholders.

Our progress in 2023

- Closure of our largest in-house physical data centre in March 2023, further reducing operating emissions (Scope 2) – final works ongoing with completion expected in H1 2024.
- Bringing all our SaaS businesses under ISO 27001 (Information Security) certification.
- Cyber Essentials Plus certification obtained for GP Strategies.

Cyber Governance

The Board of Directors is responsible for the Group's data security and information security policies. Information security and cyber risks are a principal risk at a Group level in recognition of the personal data handled both as a data controller and on behalf of customers because of the growth of the Group. Our employees and customers trust us to safeguard the personal data that they share with us or as part of our products and services. Data privacy and security is a pillar of the services that we provide and the Group has continued to assess, improve and audit its privacy and security processes in 2023 to further strengthen this pillar. This work remains a top priority for the wider company.

Cybersecurity and data management targets for 2024

Continue progress on closing a second physical data centre, transferring data to the cloud, therein reducing emissions and promoting long-term data resiliency.

- Sharing of best practices between LTG and GP business units
- Projects to improve cybersecurity risk profile including:
  - Cyber Essentials Plus renewal
  - Data Loss Prevention implementation continuation
  - Embedding of multi-factor authentication (MFA) and single sign-on (SSO)
  - Refresh and updates to security-related training materials (ongoing education initiatives)
  - Phishing simulations
  - Penetration testing

We recognise that as the Group continues to grow, scalable capabilities such as security and privacy management remain absolutely vital. Strength in numbers means aligning our requirements and moving to operate as one significant unit versus many smaller ones.

Climate-related financial disclosure

Introduction

As an AIM-listed company, we are required to prepare our annual ESG disclosure in line with Climate-related Financial Disclosure Regulation (2022), which incorporates aspects of the Task Force on Climate-related Financial Disclosures (TCFD) review of climate-related considerations.

We consider our climate-related financial disclosures to be consistent with all the regulation-referenced Task Force on Climate-related Financial Disclosure recommendations, and that they are therefore compliant with the referenced regulation. We have set out our disclosures against each TCFD Recommended Disclosure and in doing so have covered the key aspects of both the recommended disclosures and the related recommendations.[1] We have made disclosures that take into consideration references made to the materiality of information in the Recommendations related to Strategy and Metrics & Targets. In determining materiality, we considered where climate impacts relevant to our organisation have the potential to influence the economic decision-making of our shareholders. We have also, where appropriate, considered the TCFD guidance and other supporting materials referred to in the Regulation. In the following sections below, we describe elements of our plans for the transition to a decarbonised economy as we seek to execute our strategy.

As explained in the subsections below, we consider our strategy, particularly in reference to our commitment to net zero, to be consistent with the goals of the Paris Agreement. The strategy has been developed taking into consideration, among other things, strategic time horizons, which themselves take account of climate commitments and pledges made by countries in which we operate alongside a range of other factors.

In preparing our disclosures we have made several judgements, and while we are satisfied that they are consistent with the Regulation disclosure, we will continue to evaluate our options for future climate risk disclosures. We will monitor relevant external guidance as it evolves and consider opportunities to enhance our disclosure.

The following section outlines our existing approach to climate change management:

Governance

Board level

At LTG, the Board has overall responsibility for sustainability issues including the oversight of climate-related matters and effective management of climate-related risks and opportunities, in line with the responsibility to monitor any issues which impact strategy, risk management and operations of the Group. The CFO supports the Board in this regard with designated responsibility for the oversight of the Group's ESG initiatives, including climate change. The Group does not operate in an emissions-intensive industry. Certain strategic actions and potential capital expenditures, which have the dual benefit of improving operating efficiency and also reducing energy use and emissions, are monitored by the Board, such as the rationalisation of both our office estate and reduction of our in-house servers. KPIs corresponding to Group emissions and energy use, as outlined in Metrics & Targets (page 46), are tracked and reported annually. In addition, the Board receives two updates per annum on ESG, climate change and sustainability issues. From a risk perspective, the Board designates overall risk management, including climate risks, to the Audit Committee which reports any changes in Principal Risks back to the Board. Climate risks and sustainability is one of the Group's Principal Risks. Further details of the Group's risk management process are outlined in page 43.

Management level

At management level, our CFO is the chair of the ESG Committee and has designated responsibility for executive oversight of the Group's ESG strategy, including climate change. The Committee also includes the Group's Chief Operating Officer and General Counsel and ESG Manager. The Committee meets regularly to oversee and coordinate ESG initiatives and has responsibility for putting the Group's ESG framework into practice, setting performance objectives, aligning to best practice, reporting, monitoring our progress and implementing the recommendations of the Board. Example initiatives include energy-saving measures and efforts to reduce business travel unless client directed. The Committee monitors climate-related issues with the support of senior functional representatives (e.g. from Finance and Operations).

ESG and climate change organisation structure

1. In preparing the disclosures we referenced to the TCFD implementation guidance 'Annex: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures' (2021); available from Publications | Task Force on Climate-Related Financial Disclosures (fsb-tcfd.org)

ESG Report (continued)

For the year ended 31 December 2023

Risk management

Due to the multi-divisional structure of the business, the Group's risk management process provides an overarching Group-wide framework which also allows flexibility in the face of risks that are specific to certain business divisions. Divisional risk managers are responsible for risk identification, evaluation and management at the business division level and risk registers are maintained at each business division. Divisional risk managers are directed and supported by the Head of QHSE and the internal audit team, which regularly reviews divisional risk registers and maintains the Group's risk register. Group risks are reviewed by the executive team to ensure that they continue to remain relevant. Any material changes to the Group's Principal Risks or material changes to emerging risks are highlighted to the Audit Committee who review the effectiveness of the risk management process and systems of internal control. Climate related risks are identified on page 44.

Risk assessment is standardised across the Group based on a universal risk questionnaire. All risks are assessed on a 5x5 matrix incorporating an assessment of both impact and likelihood, resulting in an overall risk rating, allowing for the prioritisation of risks (see below). Risks are collated in the risk register under six key categories (security and fraud, compliance, operational, financial and economical, macroeconomic and reputational). Climate-related risks identified below are operational or reputational. Details including the expected risk trend over time, the intended risk treatment and details of the risk tracking and review process are added. Risks are reviewed on a regular basis, thereby allowing for refinement and quantification over time and to allow for the inclusion of potential emerging risks.

Risk impact is assessed for financial, operational, legal and regulatory, reputational and human resource impacts. We use the scale for financial impact in the disclosure of our quantified risk exposure.

Impact Rating	High	Medium-High	Medium	Low-Medium	Low
Financial	>£5m	£3.5m-£5m	£2m-£3.5m	£1m-£2m	Up to £1m

Climate-related risks and opportunities have been assessed using the existing Group risk management framework to allow for their relative significance in relation to other Group risks to be determined and to enable the integration of climate-related risks into the Group risk management framework.

Strategy

LTG defines time horizons as follows, in consideration of our existing property leases which relate to the physical risk exposure of the Group, the fact that climate-related issues only manifest over the long term and to incorporate the time horizon to meet our net zero ambition for 2050 or sooner:

- **Short term:** Now to 2025, in line within our current strategic planning and our shortest office leases.
- **Medium term:** 2025 to 2027, aligned with our medium-term office leases.
- **Long term:** 2027 to 2050, aligned to our net zero ambition and also the longer-term physical impacts of climate change.

LTG considers climate-related risks and opportunities in all physical (e.g. extreme weather events or sea level rise) and transition risk categories (current and emerging) whether they occur within our own operations, or upstream and downstream of the Group, and within our short-, medium- or long-term time horizons. Transition risks are those associated with the transition to a lower-carbon global economy (e.g. policy and legal actions, technology changes, market responses and reputational considerations).

We used three climate-related scenarios to help understand the resilience of the business to climate change, looking toward 2050. The Net Zero 2050 (NZE) aligns with our own Group net zero ambition, and is the most optimistic outlook. The Stated Policies Scenario (STEPS) and RCP 8.5 scenario range from bad to worst case scenario in terms of exposure to negative climate-related risks. Further detail on these scenarios is as follows:

- **Net zero 2050 (NZE)[1]:** An ambitious scenario which maps out a trajectory consistent with limiting the global temperature increase to less than 1.5°C in 2100 from pre-industrial levels by achieving net zero CO2 emissions by 2050. This is included as it informs the decarbonisation pathways used by the Science Based Targets initiative (SBTi), which validates corporate net zero targets and ambitions.
- **Stated policies scenario (STEPS)[1]:** A scenario which outlines a combination of physical and transition risk

1-2. IEA (2022). World Energy Outlook 2022, IEA, Paris

3. IPCC (2014). Climate Change 2014: AR5 Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

impacts as temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a base case pathway with a trajectory implied by today's policy settings.

- **RCP 8.5[2]:** A bad case scenario where global temperatures rise between 4.1-4.8°C by 2100. This scenario is included for its extreme impacts on physical climate risks as the global response to mitigating climate change is limited.

Our current analysis and quantification of climate-related risks and opportunities indicates that our net exposure is Low-Medium on both the business model and strategy given we operate in the technology business, and our risk mitigation, strategy, disclosure and ambition for net zero provides financial resilience and strategic robustness to climate change. We believe that a fundamental change to the business strategy, financial planning or budgets as a result of climate change is not likely to be required and there are no effects of climate-related matters reflected in judgements and estimates applied in the financial statements as a result. We will continue to develop our analysis as new data becomes available, both internally and externally, and we will continue to monitor our climate exposures and action plans through the Group's risk management framework. Further details on our climate-related risks and opportunities are below.

Risks

Four key climate-related risks that could have a limited financial impact on the organisation have been identified. These are discussed in greater detail below, including how they impact the business, strategy and financial planning. Any related scenario implications are outlined.

Risk	1. Carbon pricing in our operations and our value chain	2. Pressure from customers to decarbonise	3. Reputational risks linked to sustainability performance and reporting	4. Limitations restricting LTG from achieving its net zero ambition
Type	Transition (current and emerging regulation)	Transition (market), policy and legal, reputation	Transition (market), policy and legal, reputation	Transition (market), reputation
Area	Own operations, upstream	Downstream	Own operations, downstream	Upstream
Primary potential financial impact	Higher costs associated with energy and other inputs	Reputation, fewer business opportunities	Reputation, higher cost of capital	Reputation, higher cost of capital, fewer business opportunities
Time horizon	Medium-term	Medium-term	Medium-term	Medium-term
Likelihood	Likely	Likely	Unlikely	Unlikely
Impact	Low	Medium-High	Medium-High	Low
Location or service most impacted	Across the Group	Across the Group	Across the Group	Across the Group
Metrics used to track risk	Scope 1, 2 and 3 emissions	Scope 1, 2 and 3 emissions	Scope 1 and 2 emissions, external ESG ratings (e.g. sustainalytics)	Scope 3 (upstream)

1. Carbon pricing in our operations and our value chain

For our operational emissions, carbon prices represent a risk of higher energy prices (carbon tax) and for our principal value chain emissions from our data centre suppliers, carbon pricing mechanisms could result in the supplier passing on the added cost to LTG.

The International Energy Agency ('IEA') forecasts that carbon prices (US$/tCO2e) relevant to LTG under NZE and STEPS scenarios are projected to increase as below. The regions in the table represent the highest price scenario in each time horizon (worst case). Applying these carbon prices to our reported emissions for 2024 results in a Low impact in both scenarios and in all timeframes. This is also absent of any future mitigation actions or material changes to the business and assumes the full impact of carbon prices is passed onto LTG.

ESG Report (continued)

For the year ended 31 December 2023

	Carbon price estimates (US$/tCO2e)		
Scenario – STEPS	2030	2040	2050
European Union	90	98	113
Scenario – NZE	2030	2040	2050
Advanced economies with net zero emission pledges	140	205	250

From World Energy Outlook (2022): https://www.iea.org/reports/world-energy-outlook-2022

Current mitigations: LTG intends to explore the voluntary carbon market in FY24. With that project, we hope to identify contractual mechanisms that will mitigate the future costs of our climate commitments.

2. Pressure from customers to decarbonise

Climate change management and evidencing emissions reduction is a rising requirement within commercial discussions with our customers. Failure to meet stakeholder expectations may lead to reputational issues or lower revenue. Loss of some clients or a major client is classified as a Medium-High risk. LTG has set up the organisational structure to manage climate change (see above). Our operational footprint is low, but one of our biggest challenges to decarbonise is within business travel, where, despite customer pressure to decarbonise, we also face the requirement to travel to deliver in-person training. The key component of our upstream emissions (data centres and purchased goods) is outside of our direct influence, in the value chain. Nevertheless, we recognise the requirement to develop and deliver on a credible plan to transition the business to net zero.

Current mitigations: LTG has piloted initiatives to instigate transparency with our supply chain, by seeking renewable energy options and surveying suppliers' relevant emissions reduction projects. LTG launched a pilot of a sustainable procurement survey, and launched our Group-wide Sustainable Procurement Policy. We intend to continue this survey and explore other mechanisms of value chain decarbonisation in a formal report to be completed in FY24.

3. Reputational risks linked to sustainability performance and reporting

LTG has an obligation to its investors, regulators and other stakeholders (outside of customers), to communicate progress against sustainability targets. The Group has not experienced any adverse interaction on climate change to date.

Combined with likelihood, our overall quantification of this risk is Low-Medium. We will continue to monitor trends and regulation to ensure we are in line with stakeholder expectations on our climate-related performance. We recognise the requirement to develop a credible plan to transition the business to net zero in line with the UK's decarbonisation plan and endeavour to communicate progress in the near future.

Current mitigations: In FY23 the Group hired an ESG manager to assist with the external interface of Group sustainability reporting. As part of their duties, the manager will work to identify specific reputational risks.

4. Limitations restricting LTG from achieving its net zero ambition

LTG has set an ambition of being net zero by 2050 or sooner. Failure to meet targets may lead to reputation damage alongside loss of customer revenue and result in higher costs due to the expansion of carbon pricing (see Risk 1). While we will endeavour to meet our ambition, success relies on some aspects beyond our direct control. For instance, the ability to fully decarbonise our Scope 2 emissions is dependent on the decarbonisation of local grids and/or adoption of renewable energy supply by our landlords. LTG's ability to reduce its Scope 3 emissions relies on our data centre suppliers decarbonising successfully, which appears on track. The Group operates with short-term leases, making it feasible to move operations where it is difficult to switch to renewable energy supply.

Outside of these shortlisted risks, climate-related risks which were deemed immaterial to the Group include:

- Physical risk on own operations (risk exposure is limited, sites are not primarily owned with no critical infrastructure, the Group has insurance and work-from-home procedures are established).
- Physical risks for suppliers (large multi-nationals with multiple locations).
- Physical risks for customers (revenues are not concentrated to large customers with single site risks).
- Technology risk (limited risk of service redundancy).

Opportunities

Three key climate-related opportunities that could have a limited financial impact on the organisation have been identified.

Opportunity	1. Managing resource efficiency	2. Online training provision to enable customers to reduce their carbon footprint	3. Renewable energy
Type	Resource efficiency	Markets	Energy source
Area	Operations	Downstream	Operations
Primary potential financial impact	Decreased costs	Increased business opportunities	Decreased costs
Time horizon	Short-term	Medium-term	Short to Medium-term
Likelihood	Very likely	Likely	Likely
Impact	Low-Medium	Medium-High	Low
Location or service most impacted	Office buildings	Global	Office buildings
Metrics used to track risk	Energy use and water use	Revenue from digital learning	% Renewable energy usage

1. Managing resource efficiency

LTG is utilising existing regulatory mechanisms such as Streamlined Energy Carbon Reporting (SECR) and the Energy Savings Opportunity Scheme (ESOS) to identify areas of improvement in office energy efficiency. This year, we reported a modest reduction in Scope 1 and Scope 2 emissions (tCO_2e). The majority of this reduction is the result of planned closure of unneeded office space, due to wider LTG strategic transition to work-from-home and hybrid-working environments. This strategic transition saves the company operational money from leases and utilities.

2. Online training provision to enable customers to reduce their carbon footprint

LTG is a recognised world leader in employee training. In FY23 it has leveraged this to create an ESG-specific content offering at GP Strategies. This is in addition to other sustainability-related content offerings already available at LTG. GP Strategies has plans to continue to promote this educational service, and captialise on the emerging ESG market through FY24.

3. Renewable energy

LTG is utilising existing regulatory mechanisms such as Streamlined Energy Carbon Reporting (SECR) and the Energy Savings Opportunity Scheme (ESOS) to identify areas of improvement in office energy efficiency. Locally, the Group has leveraged renewable energy in office spaces. In FY23 the Group has had at least one office certified to 100% renewable energy, which reduced overall utility costs. LTG has plans to continue to utilise renewable energy, where possible.

Metrics and targets

The Group has announced its commitment to achieve net zero by 2050 or sooner across all scopes and is seeking to develop a transition plan that will address this long-term ambition. In the meantime, we will continue to review opportunities to reduce emissions throughout our operations and value chain given our commitment. In response to specific customer expectations and requirements, GP Strategies targets a 55% combined reduction in Scope 1, 2 and relevant Scope 3 emissions by 2030, from a 2019 base year. For more information, see formal greenhouse gas reporting through the Group GHG Inventory on page 33.

The Group has reviewed the Taskforce for Climate Related Financial Disclosure (TCFD) annex which includes relevant metrics for the industry. We will keep the annex under review and intend to report out any new KPIs in the future.

Corporate Governance Report

Introduction from the Chairman

The section below outlines how LTG seeks to apply the principles of the 2018 QCA Corporate Governance Code and how its application supports the Group's medium- to long-term success.

Establish a strategy and business model which promote long-term value for shareholders	LTG's aim is to build a portfolio of complementary businesses and a full-service digital learning and talent management offering. This is to be achieved through a combination of strong organic growth as well as strategic acquisitions that complement the current business. We intend to expand our offering organically, through strategic partnerships and via acquisitions. A focus on research and development (R&D) will enable innovation through creative design and the latest technologies, including Artificial Intelligence, as LTG continues to place digital at the heart of comprehensive blended learning. A strong partner network enables the business to deliver expertise beyond internal capability to meet the needs of its customers, many of which are in the large corporate and government sectors. LTG's acquisition strategy places emphasis on broadening geographical reach and technical capability. We continue to develop, evolve and innovate our portfolio of brands in a highly fragmented expanding e-learning sector to ensure that LTG remains differentiated from its competitors. The Board aims to achieve these objectives through the adoption of innovative techniques and working practices, through the economies of scale offered by its global central service teams, and by targeted investment in technology and strategic acquisitions. The Board aims to deliver on its medium- and long-term growth targets by concentrating on customer retention rates, successful account management, strong profit margin generation and cash flow conversion. The Board has set itself cautious debt leverage targets as part of its M&A strategy.
Seek to understand and meet shareholder needs and expectations	The Directors seek to build relationships with shareholders using a variety of communication channels. The CEO and CFO meet with major shareholders and present to analysts after the full-year and interim results announcements. The Directors issue trading updates as appropriate. The Company encourages investors to address questions and comments to LTG management through the investorenquiries@ltgplc.com link on the corporate website. The Board also seeks to use the Annual General Meeting to communicate with shareholders, and to give them the opportunity to ask questions and present their views to the whole Board.
Consider wider stakeholder and social responsibilities and their implications for long-term success	LTG takes its responsibilities as a corporate citizen seriously. The Board's primary goal is to create shareholder value, but in a responsible way which serves all stakeholders. Further information on our ESG activities can be found on page 31 and Section 172(1) on page 27.

Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board is responsible for the Group's risk management and undertakes a systematic review of key risks and uncertainties with input from the Audit Committee and key leaders in the business. The Board seeks to embed risk management and to facilitate the implementation of risk management measures throughout the Group's businesses, and to ensure that all acquired operations are speedily integrated with Group best practice. The Audit Committee assists the Board in reviewing the systems of internal control. The Board and Group approach to risk is set out in the Audit Committee report and the most recent 'Principal Risks and Uncertainties' are identified in the Annual Report on page 25. A comprehensive risk register was developed in 2018 which is reviewed at regular intervals by operational, financial and legal management. As a result of these reviews, mitigating actions are proposed, implemented and their effectiveness regularly monitored, as well as any changes to the underlying risks identified. The Audit Committee formally reviews the key risk register changes on an annual basis.
Maintain the Board as a well-functioning, balanced team led by the Chairman	The Chairman is responsible for the effective management of the Board. The composition and effectiveness of the Board is reviewed regularly. With effect from 2018, a 'Board Effectiveness Review' has been completed regularly by the Remuneration Committee, and the results debated at the appropriate Board meeting. This review includes an assessment of whether the Board has functioned in compliance with this principle through assessing, inter alia, Directors' level of skills and experience, the Board's performance, review of Company strategy, and the quantity and quality of Board meetings. A Board Effectiveness review for 2022 was completed in 2023 which concluded that the Group has a well-run Board with a strong and healthy dynamic.
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	This is part of the 'Board Effectiveness Review' outlined above. A summary of the experience, skills and capabilities of each of the Board of Directors can be found at ltgplc.com/about/the-board-of-directors/
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	This is part of the 'Board Effectiveness Review' outlined above.

Corporate Governance Report (continued)

Promote a corporate culture that is based on ethical values and behaviours	The Board recognises that its prime responsibility is to promote the success of the Group for the benefit of its members as a whole. The Board also understands that it has a responsibility towards employees, partners, customers and suppliers. The Group has a strong ethical culture, always challenging itself to improve and always seeking to meet or exceed the expectations of employees, partners, customers, suppliers and shareholders. To continue its success, and to fulfil its ambition to remain the global leader in technology-driven workplace learning and talent management solutions, the Board recognises that it is vital to continue attracting and retaining the best talent. To do this, LTG works hard to create an environment in which employees at all levels can thrive, develop and achieve their ambitions, but to do so in ways that first and foremost promote the Group's values of honesty, trust, loyalty and working together, with a healthy balance of competition and cooperation. The Group has an anti-bribery policy which each of its businesses has implemented, in addition to adequate procedures to prevent bribery as described by the Bribery Act 2010. The Group also has in place a whistleblowing policy and offers anonymous whistleblowing hotlines to its employees.
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board as a whole is responsible for directing, providing appropriate advice, and supervising the Company's business strategy, and is responsible to shareholders for the Group's financial and operational performance, as well as its risk management. The Board delegates the development and implementation of Group strategy and day-to-day management issues to the Executive Directors. The Board reviews and approves the Group's strategy, budgets and corporate actions. High-level strategic decisions are discussed and taken by the full Board. Investment decisions (above a de minimis level) are taken by the full Board. Operational decisions are taken by the Managing Directors within the framework approved in the annual financial plan and within a framework of Board-approved authorisation levels. The Board typically meets at least 11 times a year to consider a formal schedule of matters, including the operating performance of the business, and to review LTG's financial plan and business model. The Board is comprised of a Non-Executive Chairman, three Executive Directors and three Non-Executive Directors. The Company Secretary attends all Board and Committee meetings. The Board considers that the Non-Executive Directors bring an independent judgement to bear, and is satisfied that between the Directors, it has an effective and appropriate balance of independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors have access to the advice and services of the Company Secretary and other independent professional advisers as required. The Company Secretary role is performed by the General Counsel. The Company Secretary is assisted by an in-house legal department and outside advisers in fulfilling her responsibilities. Non-Executive Directors have access to key members of staff and are entitled to attend management meetings in order to familiarise themselves with all aspects of LTG. It is the responsibility of the Chairman and the Company Secretary to ensure that Board members receive sufficient and timely information regarding corporate and business issues to enable them to discharge their duties. Details are set out in the Section 172(1) statement and on subsequent pages.

Chair's Governance Statement

The Chair has overall responsibility for corporate governance. The Company applies the 2018 QCA Code to support its medium- and long-term success. The Company's governance structures and practices are aligned with the expectations set out in the 2018 QCA Code.

Our subsidiary, GP Strategies Corporation, has mitigated its non-US ownership through an agreement between the US Government, GP Strategies Corporation and Learning Technologies Group plc. As part of this arrangement, outside directors with subject matter expertise and experience have been appointed to the Board of GP Strategies Corporation who form part of a Government Security Committee. The Government Security Committee monitors the company's compliance with US Government Security and Export regulations.

Corporate Governance Report (continued)

Board of Directors

The Directors of the Company who served during the year were:

Director	Role at 31 December 2023	Date of appointment	Board Committee	
Andrew Brode	Non-Executive Chairman	8 November 2013		
Leslie-Ann Reed	Non-Executive Director	24 June 2014	A	R
Aimie Chapple	Non-Executive Director	3 September 2018	A	R
Simon Boddie	Non-Executive Director	1 October 2020	A	R
Jonathan Satchell	Chief Executive	8 November 2013		
Kath Kearney-Croft	Chief Financial Officer	1 December 2021		
Piers Lea	Chief Strategy Officer	24 June 2014		

Board Committee abbreviations are as follows: **A** = Audit Committee; **R** = Remuneration Committee
The Company Secretary in 2023 was Claire Walsh.

Andrew Brode
Non-Executive Chairman

Andrew Brode is a Chartered Accountant and a former chief executive of Wolters Kluwer (UK) plc. In 1990, he led the management buy-out of the Eclipse Group, which was sold to Reed Elsevier in 2000. In 1995, he led the management buy-in, and is Non-Executive Director and former Chairman (1995-2023) of RWSGroup plc, Europe's largest technical translations group, listed in the Top 10 of AIM companies. He is also Non-executive Chairman of AIM quoted GRC International Group. He acquired Epic Group Limited ('Epic') together with Jonathan Satchell in 2008.

Leslie-Ann Reed
Independent Non-Executive Director / Audit & Risk Committee Chair / Remuneration Committee

Leslie-Ann Reed is a Chartered Accountant and was formerly CFO of the online auctioneer Go Industry plc. Prior to this, she served as CFO of the B2B media group Metal Bulletin plc, and as an adviser to Marwyn Investment Management. After a career at Arthur Andersen, she held senior finance roles both in the UK and internationally at Universal Pictures, Polygram Music, Warner Communications Inc. and EMI Music. Her current Non-executive Directorships include Bloomsbury Publishing and Frontier Developments plc where she serves as SID and Centaur Media plc. She serves as Chair of the Audit Committee for the above companies.

Aimie Chapple
Independent Non-Executive Director / Remuneration Committee Chair / Audit & Risk Committee

Aimie Chapple is the VP Operations (COO) at UCL (University College London). Previously she was a Senior Partner and Chief Innovation Officer (UKI) at Accenture, working with clients and leading teams in the UK, US, India and around the world for over 25 years. She also served as the Chief Executive Officer at Capita Experience. Aimie continues to be active in the wellness area, and occasionally coach tech and wellness entrepreneurs and start-up organisations.

Simon Boddie

Independent Non-Executive Director / Audit & Risk Committee / Remuneration Committee

Simon Boddie has been on the Boards of FTSE 250 businesses for 15 years. He is currently the Chief Financial Officer of the University of Oxford and Non-Executive director of Oxford Science Enterprises, a company that funds science spin-outs, founded by leading academics from Oxford University. Previous positions include Chief Financial Officer at Coats Group plc, the world's leading industrial thread manufacturer and FTSE 250 member and Group Finance Director of Electrocomponents plc, a FTSE 250 global multi-channel provider of industrial and electronic products and solutions.

Jonathan Satchell

Chief Executive

Jonathan Satchell has worked in the training industry since 1992. In 1997, he acquired EBC, which he transformed from a training video provider to a bespoke e-learning company. The company was sold to Futuremedia in 2006. He became interim MD of Epic in 2007 and the following year he acquired the Company with Andrew Brode. He oversaw the transformation of Epic from a custom content e-learning company to the global, fast-growing, full-service learning and performance business that LTG has become.

Kath Kearney-Croft

Chief Financial Officer

Kath Kearney-Croft is a Chartered Management Accountant and holds an MBA from Alliance Manchester Business School. Highly commercial with broad global experience in a series of financial leadership roles, Kath has a strong track record of relationship building and engagement. Prior to joining LTG, Kath's roles included Interim CFO at SIG, Group Finance Director of the Vitec Group, and a number of financial leadership roles at Rexam PLC, including Group Finance Director prior to its acquisition by Ball Corporation Inc. in July 2016. She also previously held a number of operational finance roles in the UK and US at The BOC Group plc.

Piers Lea

Chief Strategy Officer

Piers Lea founded LINE Communications Holdings Limited in 1989, which was acquired by LTG in April 2014. He has over 30 years' experience in distance learning and communications and is widely considered a thought leader in the field of learning and performance enabled by technology. He helps both government and large corporates work out how they deliver talent transformation and define the ingredients required to deliver. This experience underpins LTG's strategic direction.

Claire Walsh

Company Secretary

Claire Walsh was admitted as a Solicitor in England and Wales in 2006 and is General Counsel at LTG. Claire was appointed as Company Secretary in December 2019. Her prior experience includes advising on corporate, technology and data protection matters as a Partner at City law firm Cannings Connolly, and serving as Deputy General Counsel and director at Liquidity Services, Inc. (NASDAQ: LQDT).

Corporate Governance Report (continued)

The workings of the Board

Board composition and roles

The Board is comprised of the Non-Executive Chairman and three other Non-Executive Directors, together with the Chief Executive, Chief Financial Officer and Chief Strategy Officer, who are all Executive Directors.

The Board meets at least 11 times a year and met 14 times during 2023 (2022: 14).

The Board meets regularly with senior leaders of the business and with the Company's advisors.

Appointments

New Board members follow a thorough onboarding process, including meeting with key management and receiving training from the nominated advisor.

The Board has resolved to appoint a Senior Independent Director in 2024.

All Directors are subject to annual re-election by shareholders at LTG's AGM.

The service agreements for each of the Directors are available for inspection at LTG's registered office in London.

Directors' and officers' insurance

The Group holds appropriate insurance to cover its directors and officers against the costs of defending themselves in civil proceedings taken against them in their capacity as a director or officer of LTG and its subsidiaries.

Conflicts of interest

Directors are required to make the relevant disclosures at each Board meeting on any conflicts of interest they may have with the Group. During the period ended 31 December 2023, no Director had a material interest in any contract with the Group other than their Service Contract and as set out in note 30 on related party transactions.

Board effectiveness

The Committee has undertaken to carry out a Board evaluation every three years. In May 2023, the Board completed a formal Board Performance review using an external service provider. As an AIM listed company, the review is fully aligned to the QCA code. Survey queries fell into three main categories including growth delivery, maintaining a dynamic management framework and building trust. Categories were distilled further, focusing on topics such as the Group's strategy to promote long-term shareholder value, its relationship with shareholders and other key stakeholders, the performance of the Board and the standing committees, fit-for-purpose governance structures, and performance and succession. Board members identified a number of recommendations and areas of further focus. The results of the review identified a well-run Board with a strong and healthy dynamic ready to shift focus onto a more strategic agenda. The recommendations from the Board Effectiveness Review were ongoing assessment of threats; consideration of the resourcing impacts of various options; ongoing review of strategic goals and their implementation; focus on succession planning, both for Non-Executive and Executive directors; risk appetite and assessments.

Director independence and training

LTG ensures directors have the necessary skills to form independent conclusions and make informed decisions. LTG provides training opportunities for directors on a variety of appropriate and timely subjects, including the UK government's commitment to reform audit and the corporate governance framework (commonly referred to as the 'BEIS' proposal) and informative sessions from internal IT and ESG team members.

Board committees

The Board maintains three standing committees, namely the Audit & Risk, Remuneration and ESG Committees. Matters normally reserved for a Nominations Committee are considered by the full Board.

The minutes of all sub-committees are circulated for review and consideration by all relevant Directors, supplemented by oral reports from the Committee Chairs at Board meetings.

Audit & Risk Committee

The Audit & Risk Committee is chaired by Leslie-Ann Reed and currently comprises Leslie-Ann Reed, Aimie Chapple and Simon Boddie. The Audit & Risk Committee met seven times during 2023 (2022: 9). The Company Secretary is invited to the Audit & Risk Committee meetings. Further details on the Audit & Risk Committee are provided in the Report of the Audit & Risk Committee.

Remuneration Committee

The Remuneration Committee is chaired by Aimie Chapple and currently comprises Aimie Chapple, Leslie-Ann Reed and Simon Boddie. The Remuneration Committee met two times during 2023 (2022: 1). The Company Secretary is invited to the Remuneration Committee meetings. Further details on the Remuneration Committee are provided in the Report of the Remuneration Committee.

ESG Committee

The ESG Committee is chaired by the Chief Financial Officer who raises ESG initiatives with the Board. The ESG Committee met three times during 2023 (2022: 3). Further details on the ESG Committee are provided in the ESG Report.

Meetings of the Board and sub-committees during 2023 were as follows:

	Board meetings	Audit and Risk committee	Remuneration committee	ESG committee
Number of meetings held in 2023	14	7	2	3
Andrew Brode	14	-	-	-
Leslie-Ann Reed	14	7	2	-
Aimie Chapple	13	7	2	-
Simon Boddie	14	7	2	-
Jonathan Satchell	14	-	-	-
Kath Kearney-Croft	14	7*	-	3
Piers Lea	14	-	-	-
Claire Walsh	14	7*	2	3

*Attendance to at least part of meeting by invitation

Report of the Audit & Risk Committee

We set out below the report of the Audit & Risk Committee ('the Committee') for the year ended 31 December 2023. This report details the Audit & Risk Committee's responsibilities and key activities over the period.

Composition

The Audit & Risk Committee comprises three independent non-executive directors with diverse skills and experiences. The biographies are shown on page 51. All Committee members have significant current and past executive experience in various sectors and two members have recent and relevant financial experience as required by the provisions of the QCA Corporate Governance Code. This range and depth of financial and commercial experience enables the Committee to deal effectively with the matters they are required to address and to challenge management when necessary.

Meetings and reporting

The Executive Directors, representatives of the external auditor, the Company Secretary and other Group executives regularly attend meetings at the invitation of the Committee. The Committee members' attendance can be seen on page 54 of the Annual Report.

Meetings are held throughout the year and timed to align with the overall financial reporting timetable. At least once during the year, the Committee meets separately with the external auditor without management, and the Chair is in regular direct contact with the external auditor and the Chief Financial Officer.

Terms of reference

The Committee undertakes its duties in accordance with its terms of reference which are regularly reviewed to ensure that they remain fit for purpose and in line with best-practice guidelines. The Audit Committee's terms of reference were updated in 2022 and are available on the Company's website at www.ltgplc.com.

Roles and responsibility

The Committee oversees LTG's financial reporting process on behalf of the Board. LTG's management has the primary responsibility for the financial statements and for maintaining effective internal controls over financial reporting. In fulfilling its oversight responsibilities, the Committee reviews and discusses the financial information published by the Group with the external auditor and management, to ensure it properly reports its activities to stakeholders in a way that is fair, balanced and understandable. The Committee has access to the financial expertise of the Group and its auditor and can seek professional advice at the Company's expense if required.

Fair, balanced and understandable accounts

The Committee considers and reviews the accounting principles, policies and practices adopted in the preparation of public financial information and examines documentation relating to the Annual Report, Interim Report, preliminary announcements and other related reports. The Committee has given due consideration as to whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy and can confirm that this is the case.

Activities of the committee

During 2023 and up until the date of this report, the Audit Committee undertook the following activities to ensure the integrity of the Group's financial statements and formal announcements:

- Reviewed and discussed, together with the Board, each financial reporting announcement made by the Group, including the annual and interim results.
- Received and reviewed reports and updates from management on the internal controls, business continuity planning and cybersecurity; and discussed areas for improvement.
- Reviewed the principal risks facing the Group which are described in the Principal Risks and Uncertainties section on pages 25 to 26, which also explains how each risk is managed and mitigated.
- Undertook regular reviews of the status of disputes and litigation across the Group, including the relevant provisions that had been made in the Group's accounts
- Reviewed the accounting treatment and proposed disclosures for discontinued businesses and assets held for sale.
- Reviewed the accounting and prior disclosures for prior period adjustments.
- Received and discussed a Group tax update with the Group Director of Tax.
- Reviewed and received updates for the Internal Audit plan.
- Reviewed and discussed the changes associated with the Group reorganisation following the move of LEO Learning and PDT to GP Strategies.
- Reviewed the independence and objectivity of the external auditor.
- Reviewed and agreed upon the reappointment and remuneration of the external auditor.

- Reviewed and agreed upon the external auditor's strategy in advance of the audit for the year, including their approach to key audit matters.
- Discussed the report received from the external auditor regarding its audit in respect of the prior year, which included comments on significant financial reporting judgements and its findings on internal controls.
- Received and reviewed an update from the external auditor on the UK Government's planned reform on audit and corporate governance.
- Assessed the external auditor's effectiveness through meetings with management, the external auditor and a review of the completed audit.
- Received and reviewed an update from the newly appointed ESG Manager on the Group's ESG work and preparation for the ESG disclosure in line with Climate-related Financial Disclosure Regulation in the 2023 Annual Report & Accounts.
- Reviewed compliance with International Financial Reporting Standards ('IFRS').
- Regularly met with management, including the Chief Financial Officer, to discuss the ongoing results and performance of the business.

Significant judgements

The most significant financial reporting judgements considered by the Committee and discussed with the external auditor during the year were as follows:

Carrying value of goodwill and other intangibles

The Group considers the carrying value of goodwill on at least an annual basis or when there is an indicator of impairment. Management prepared a paper which concluded that no indicators exist and that sufficient headroom exists within the Group's value-in-use models.

The Committee reviewed this paper which included challenging the key assumptions: revenue growth rates, forecasting accuracy, cash flow projections and discount rates. The Group has not recognised any goodwill impairment in the current or prior year for the remaining cash generating units. See note 14 to the financial statements for further information.

Revenue recognition

The Committee considered and determined there had been no changes with respect to the revenue recognition policy applied during the year, particularly given the stability in its business portfolio. The policy includes the treatment of Software as a Service (SaaS) licence contracts, term/perpetual licences, support and maintenance contracts, consulting/professional service contracts and platform development/project implementation contracts. The Committee also received and reviewed the 2023 Audit Completion Report from the external auditor on its findings on the accounting treatment for revenue recognition. The Committee was satisfied the financial statements had been prepared in line with the revenue recognition policy. Further details on the Group's Revenue Recognition policy are included in note 2 to the financial statements.

Going concern

The Committee considered whether it was appropriate to prepare the financial statements on a going concern basis after reviewing a report setting out the going concern review undertaken by management which forms the basis of the Board's going concern conclusion.

The Group's net cash flow from operating activities remained strong at £79.5m (2022: £71.9m). Including investing and financing cashflows, the Group ended the year with net debt of £78.6m (2022: £119.8m).

The Committee has reviewed forecasts to cover the 12 months from approval of the financial statements based on the Group's budget with downside scenarios explored and covenants were not expected to be breached. The Committee has also taken into consideration the $50m (£37m) of unused facilities which are available up to July 2025. The Committee has concluded that the adoption of the going concern basis is appropriate.

Adjusting items

The adjusting items for 2023 are detailed on page 92.

The Committee assesses the appropriateness of all alternative performance measures disclosed as adjusting and the impact these have on the presentation of the Group's results. The Committee is satisfied that they do not inappropriately replace or obscure IFRS measures. Further details on adjusting items are included in notes 2 and 5 to the financial statements.

New accounting standards

No new accounting standards were introduced during the year that had a significant impact on the Group's consolidated financial statements.

As an AIM-listed company, 2023 is the first year the Group has prepared our annual ESG disclosure in line with Climate-related Financial Disclosure Regulations, which incorporates aspects of the Task Force on Climate-related Financial Disclosures (TCFD) review of climate-related considerations.

Report of the Audit & Risk Committee (continued)

Management and internal controls

The Group's corporate objective is to maximise long-term shareholder value. In doing so, the Directors recognise that creating value is the reward for taking business risks. The Board's policy on risk management encompasses all significant business risks to the Group, including financial, operational and compliance risks, which could undermine the achievement of business objectives.

The Group's management is responsible for the identification, assessment and management of risk and emerging risk, as well as for designing and operating the system of internal controls. While the Committee has delegated authority for internal control and risk, the Board is ultimately responsible. The Committee has assessed management's identification of risk and concluded that appropriate mitigating actions are being taken.

The Board considers risk assessment and control to be fundamental to achieving its corporate objectives within an acceptable risk/reward profile and confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and the effectiveness of related controls. The principal risks and uncertainties of the Group are set out in the Strategic Report on page 25.

The risk management process enables the identification, assessment and prioritisation of risk through discussions with executive management. Risks are reviewed by the executive team and other senior leadership teams to ensure that they continue to remain relevant. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources, including infringement of IP, sales channels, investment risk, staff retention, disruption in information systems, natural catastrophe and regulatory requirements. LTG engages third-party advisors to carry out financial due diligence on acquisitions where appropriate. A risk that can seriously affect the performance or reputation of the Group is termed a principal risk and is aligned to the Group's strategic objectives.

The risk-related reviews carried out by the Committee during the year included reviewing the output from the Group's risk review process to identify, evaluate and mitigate risks and considered whether changes in risk profile were complete and adequately addressed.

The preparation of the consolidated financial statements of the Company is the responsibility of the Chief Financial Officer and is overseen by the Committee with overall responsibility resting with the Board. This includes responsibility for ensuring appropriate internal controls are in place over financial reporting processes and related IT systems. Due to the limitations that are inherent in any system of internal control, such a system is designed to manage rather than eliminate the risks of failure to achieve business objectives and provides only reasonable and not absolute assurance against material misstatement or loss.

The internal controls system is kept under regular review. Taking each of the areas of focus below:

- Control environment – LTG is committed to high standards of business conduct and seeks to maintain these standards across all of its operations. There are policies in place for the reporting and resolution of suspected fraudulent activities. LTG has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve its objectives.
- Management information systems – Group businesses participate in periodic operational/strategic reviews and annual plans. The Board actively monitors performance against the plan. Forecasts and operational results are consolidated and presented to the Board on a regular basis. Through these mechanisms, performance is continually monitored, risks identified in a timely manner, their financial implications assessed, control procedures re-evaluated and corrective actions agreed and implemented.
- Main control procedures – LTG has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the exposure to loss of assets and fraud. Measures taken include segregation of duties and reviews by management.
- Monitoring and corrective action – there are clear and consistent procedures in place for monitoring the system of internal financial controls.

This process, which operates in accordance with the FRC guidance, was maintained throughout the financial year, and has remained in place up to the date of the approval of these financial statements. The Board, via the Committee, has reviewed the systems and processes in place in meetings with the Chief Financial Officer and external auditors during 2023.

The auditor, as part of its work, has also considered internal controls relevant to the preparation of the financial statements. Where the auditor has highlighted any deficiencies in the internal controls, management takes responsibility to ensure the recommendations are reviewed and processes and policies are updated as appropriate. In addition, the Committee is rigorous in its challenges to both executive management and the external auditor as to the appropriateness of the operational and financial controls.

In addition to the key audit matters as set out in the Independent Auditor's Report (see pages 68 to 75), the auditor also specifies other risks, estimates and judgements and details the work performed to satisfy itself that these have been properly reflected in the financial statements. Details of financial risks are set out in note 32.

Internal audit

During 2022, the company established an internal audit function to enhance its system of risk assessment and internal control and the internal audit team remained in place in 2023. The Audit Committee maintains responsibility for oversight of the internal audit function and for approving its annual mandate and plan. Assigned functions include risk assessment, enhancement of internal control and internal audit. Internal audit activities are carried out based on assessed risks, and appropriate flexibility is maintained to allow for changes to plan. Results of internal audit activities are regularly reported to and considered by the Committee. The Committee also monitors the company's financial reporting procedures, discusses finance and IT control environments, and receives regular fraud, whistleblowing, and cybersecurity updates.

The company received a whistleblower report in 2023. The matter was investigated by the internal audit term and resolved.

External audit and independence

The Committee is responsible for approving the external auditor's terms of engagement, scope of work, the process for the interim agreed-upon procedures and the annual audit. The Committee also meets with the auditor to review the written reports submitted and the findings of its work. The Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor.

Outside of the formal Committee meetings, Committee members also meet with the external auditor and with individual members of the Group's executive management, principally to discuss the risks and challenges faced by the business and, most importantly, how these are being addressed. The auditors and senior finance team members regularly attend Committee meetings.

The Committee, at least annually, assesses the independence, tenure and quality of the external auditor.

Non-audit services

In order to safeguard the independence and objectivity of the external auditor, the Committee reviews the nature and extent of the non-audit services supplied. Pre-approval is required for any non-audit work from the Committee. During the year, BDO LLP provided no services to the Group other than the audit and audit-related (interim agreed-upon procedures) services.

Report of the Remuneration Committee

Summary statement

The members of the Remuneration Committee are Aimie Chapple (Chair), Leslie-Ann Reed and Simon Boddie. All members are Independent Non-Executive Directors. The Remuneration Committee monitors the remuneration policies of LTG to ensure that they are aligned with LTG's business objectives. Its terms of reference include the recommendation and execution of policy on Executive Director remuneration. The remuneration of the Non-Executive Directors is a matter for the Board, excluding the Non-Executive Directors. The remuneration of the Chairman is a matter for the Remuneration Committee. Andrew Brode waived all remuneration for 2023 and receives remuneration for his services in 2024. All Non-Executive Directors receive a base salary and the Committee Chairs receive an additional fee. The service contracts and letters of appointment of the Directors include the following terms:

	Date of contract	Notice period (months)
Executive Directors		
Jonathan Satchell	8 November 2013	6
Kath Kearney-Croft	8 November 2021	6
Piers Lea	25 June 2014	6
Non-Executive Directors		
Andrew Brode	8 November 2013	1
Leslie-Ann Reed	25 June 2014	1
Aimie Chapple	3 September 2018	1
Simon Boddie	21 September 2020	1

There are no additional financial provisions for termination. The Executive Directors are employed on a full-time basis and the Non-Executive Directors are required to provide sufficient time to fulfil their duties, including time to prepare for and attend Board and Committee meetings and to meet with employees, shareholders and other stakeholders. All Directors put themselves up for re-election on an annual basis at the Company's Annual General Meeting.

Our approach to total reward includes a) lower quartile market base salaries, balanced with b) stretching short-term incentives (bonus) which take us to a market competitive position. In order to ensure LTG executives have an appropriate focus on both in-year and long-term goals, we introduced a long-term incentive plan in 2021 (the LTIP) that vests over a four- and five-year period to support our longer-term growth ambitions measured by a combination of total shareholder return (2/3 of award) and earnings per share (1/3 of award).

As noted in the 2022 Annual Report, the LTIP was introduced following the appointment and receipt of advice from a third-party consultant, consultation with the Company's nominated advisor and a further consultation with the Company's ten largest shareholders.

All shareholders were invited to vote on the remuneration policy at the 2023 AGM and 97.6% of shareholders voted in favour of it.

The terms of the LTIP are summarised below:

The grant of share options with an option price of £0.00375 per share (the "Awards") to the following Executive Directors and PDMRs:

Executive Directors:

- Jonathan Satchell, Chief Executive: 6,000,000
- Kath Kearney-Croft, Chief Financial Officer: 3,000,000
- Piers Lea, Chief Strategy Officer: 3,000,000

PDMRs:

- Claire Walsh, General Counsel and Company Secretary: 1,500,000
- Nick Bowyer, Chief Operating Officer: 2,000,000

The Awards will vest: 50% on the fourth anniversary of the grant date and 50% on the fifth anniversary of the grant date, and in each case subject to the satisfaction of challenging performance conditions, which are summarised below. All awards are subject to a holding period which will end on the fifth anniversary of the grant date. 66.67% of the Award Shares will be subject to the following TSR performance conditions:

Equivalent CAGR of TSR During the Performance Period	% of Award Shares Subject to the TSR Performance Condition Capable of Vesting
	(i.e. expressed as a percentage of 66.67% of the total number of Shares originally subject to the Award)
10% or less p.a.	0%
Between 10% p.a. and 20% p.a.	Straight-line Vesting between 0% and 50%
20% p.a.	50%
Between 20% p.a. and 25% p.a.	Straight-line Vesting between 50% and 100%
25% p.a. or more	100%

33.3% of the Award Shares will be subject to the following EPS Performance Conditions:

"EPS" means adjusted diluted earnings per share which is calculated by taking the adjusted profit after tax of the Company divided by the average weighted number of shares outstanding and assuming conversion of all potentially dilutive shares (including those resulting from share options/awards and deferred consideration payable in shares where the contingent conditions have been met).

For the purpose of this calculation, adjusted profit after tax is calculated by excluding the following elements:

a. Amortisation of acquired intangibles
b. Profit/loss on disposal of fixed assets
c. Profit/loss on the disposal of right-of-use assets
d. Acquisition-related share-based payment charges, contingent consideration and earn-outs
e. Fair value movement on contingent consideration
f. Net foreign exchange profit/loss arising due to business acquisitions and disposals
g. Acquisition costs
h. Integration costs
i. Cloud computing configuration and customisation costs
j. Share of profit/(loss) of investments
k. Other income deemed not part of the normal course of business

The tax arising on any of the above adjusted items is excluded from the calculation of EPS. Share-based payments will be included in the above EPS calculation, i.e. EPS will be calculated after any share-based payment costs have been charged. The Company can apply discretion regarding calculation of EPS in order to cater for impairment charges; one-off foreign exchange gains/losses; joint venture profit/loss; share of profit/loss of investments as well as any other unforeseen eventualities. However, application of such discretion shall be subject to prior Audit Committee and Remuneration Committee approval.

Report of the Remuneration Committee (continued)

Equivalent CAGR of EPS during the Performance Period	% of Award Shares subject to the EPS Performance Condition capable of Vesting
	(i.e. expressed as a percentage of 33.33% of the total number of Shares originally subject to the Award)
10% or less p.a.	0%
Between 10% p.a. and 20% p.a.	Straight-line Vesting between 0% and 50%
20% p.a.	50%
Between 20% p.a. and 25% p.a.	Straight-line Vesting between 50% and 100%
25% p.a. or more	100%

Annual Report on Remuneration

This Annual Report on Remuneration sets out the information about the remuneration of the Directors of the Company, for the year ended 31 December 2023 and arrangements for the year ending 31 December 2024. The Directors of the Company are considered to be the key management personnel of the Group. Piers Lea remains the Company's Chief Strategy Officer and Executive Director and has moved to a part-time position with effect from January 2024.

Directors' emoluments and benefits include:

Year ended 31 December 2023	Salary or fees	Bonuses	Pension contribution	Gain on exercise of share options	Total
	£'000	£'000	£'000	£'000	£'000
Andrew Brode	-	-	-	-	-
Jonathan Satchell	342*	-	14	-	356
Kath Kearney-Croft	332	-	10	-	342
Piers Lea	225	-	7	-	232
Leslie-Ann Reed	55**	-	-	-	55
Aimie Chapple	55**	-	-	-	55
Simon Boddie	52	-	-	-	52
	1,061	**-**	**31**	**-**	**1,092**

*Jonathan Satchell received an additional payment of £5k as salary in error that was repaid to the Company in April 2024.

**Leslie Ann Reed and Aimie Chapple, as Chairs of the Audit and Remuneration Committee respectively, received an incremental £3k for their additional responsibilities.

Key management remuneration for the Directors listed above (Audited)	2023	2022
	£'000	£'000
Short-term employee benefits	1,092	1,866
Long-term employee benefits	-	-
Share-based payments	2,524	2,526
Total key management remuneration	**3,616**	**4,392**

	Base Salary in 2023	Base Salary in 2024
	£'000	£'000
Executive Directors		
Jonathan Satchell	337	348
Kath Kearney-Croft	332	342
Piers Lea	225	232 FTE*
Non-Executive Directors		
Andrew Brode	-	100
Leslie-Ann Reed	55	57
Aimie Chapple	55	57
Simon Boddie	52	54

*Piers Lea is employed on a part-time basis in 2024.

The 2023 Executive Bonus Scheme rules are set out below and include details of the maximum and actual bonus levels achieved. Bonuses in the year were to be awarded based on a combination of achievement of Adjusted EBIT ('EBIT') and organic revenue growth targets for the Group, based on budget assumptions at the beginning of the year (the 'original target'). These targets are equivalent to annual bonus targets set for other LTG staff who are incentivised based on the results of the Group rather than a specific business unit. An on-target achievement for each of EBIT and organic revenue growth would result in 80% of Base Salary being awarded as a bonus. Any additional bonus is awarded wholly based on further incremental organic revenue growth, subject to on-target EBIT margins being maintained on the higher revenue achieved. The maximum bonus payable is capped at 150% of base salary. No EBIT or revenue bonus would be payable if actual EBIT was less than target EBIT. The revenue and EBIT targets are adjusted at the reasonable discretion of the Remuneration Committee to account for events such as acquisitions or disposals. The specific targets are not given in this report as that information is deemed commercially sensitive. The bonus is paid at 80% on hitting target, 20% for strategic personal goals where targets are met, and then up to a total 150% if LTG exceeds financial targets.

	Maximum			Achieved		
	CEO	CFO	CSO	CEO	CFO	CSO
Total as a % of Base Salary	150%	150%	150%	0%	0%	0%

Report of the Remuneration Committee (continued)

Directors' interests in the shares of the Company at 31 December 2023 and 31 December 2022 are as follows:

LTG Ordinary shares of £0.00375 each	Options				Shares	
	2023	2022	2023	2022	2023	2022
	Weighted Average Exercise Price (pence)		Number		Number	
Andrew Brode	-	-	-	-	117,098,930	117,098,930
Jonathan Satchell	0.375	0.375	6,000,000	6,000,000	72,963,160	73,263,160
Leslie-Ann Reed	-	-	-	-	5,220,422	5,220,422
Piers Lea	0.375	0.375	3,000,000	3,032,667	8,546,697	8,714,030
Kath Kearney-Croft	0.375	0.375	3,000,000	3,000,000	96,782	73,850
Aimie Chapple	-	-	-	-	15,200	-
	0.375	**0.375**	**12,000,000**	**12,032,667**	**203,941,191**	**204,370,392**

No options were granted to Executive Directors in 2022.

In 2021, the LTIP awards were granted to Executive Directors, as summarised above.

Jonathan Satchell was granted 6,000,000 options in December 2021 subject to two separate vesting criteria. 4,000,000 of the LTIP awards are based on the vesting criteria of achieving greater than 10% compound annual growth rate ('CAGR') of total shareholder return ('TSR') with awards vesting on a straight-line basis up to 100% at 25% p.a. or more of growth. The remaining 2,000,000 of LTIP awards are based on the vesting criteria of achieving greater than 10% CAGR of EPS with awards vesting on a straight-line basis up to 100% at 25% p.a. or more of growth.

Key management remuneration	Type	Number	Equivalent CAGR of TSR/EPS	Exercise Price
				Pence
31 December 2023	LTIP	4,000,000	TSR	0.375
31 December 2023	LTIP	2,000,000	EPS	0.375
		6,000,000		**0.375**

Piers Lea and Kath Kearney-Croft were each granted 3,000,000 options in December 2021 subject to two separate vesting criteria. 2,000,000 of the LTIP awards are based on the vesting criteria of achieving greater than 10% compound annual growth rate ('CAGR') of total shareholder return ('TSR') with awards vesting on a straight-line basis up to 100% at 25% p.a. or more of growth. The remaining 1,000,000 of LTIP awards are based on the vesting criteria of achieving greater than 10% CAGR with awards vesting on a straight-line basis up to 100% at 25% p.a. or more of growth.

Key management remuneration	Type	Number	Equivalent CAGR of TSR/EPS	Exercise price
				Pence
31 Dec 2023	LTIP	2,000,000	TSR	0.375
31 Dec 2023	LTIP	1,000,000	EPS	0.375
		3,000,000		**0.375**

Directors' emoluments and benefits are stated for the Directors of Learning Technologies Group plc only. The amounts shown were recognised as an expense during the year. The CEO's salary in 2023 represented 7.6 times the median salary of all employees in LTG (2022: 6.8 times).

There were no other short-term or long-term benefits, post-employment benefits or termination benefits paid to Directors in either of the years ended 31 December 2022 or 31 December 2023.

Directors' Report

For the year ended 31 December 2023

The Directors present their report on the Group, together with the audited Consolidated Financial Statements for the year ended 31 December 2023.

Principal activities

The principal activity of the Group is the provision of talent and learning solutions, content, services and digital platforms to the corporate and government markets. The principal activity of LTG is that of a parent holding company which manages the Group's strategic direction and underlying subsidiaries, including GP Strategies Corporation.

Cautionary statement

The review of the business and its future development in the Strategic Report has been prepared solely to provide additional information to shareholders to assess the Group's strategy and the potential for this strategy to succeed. It should not be relied on by any other party for any other purpose. The review contains forward-looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of the reports and should be treated with caution due to the inherent uncertainties associated with such statements.

Results and dividends

The results of the Group are set out in detail on page 76.

At the time of LTG's admission to AIM in November 2013, the Board stated that it would pursue a progressive dividend policy. On 14 July 2023, the Company paid a final dividend of 1.15 pence per share in respect of the year ended December 2022. On 27 October 2023, the Company paid an interim dividend of 0.45 pence per share (2022: 0.45 pence per share). The Directors propose to pay a final dividend of 1.21 pence per share for the year ended 31 December 2023, equating to a total payout in respect of the year of 1.66 pence per share.

Business review and future developments

Details of the business activities can be found in the Strategic Report.

Political donations

The Group made no political donations during the year (2022: £nil).

Financial instruments and risk management

Disclosures regarding financial instruments are provided within the Strategic Report and note 32 to the Financial Statements.

Capital structure

Details of the Company's share capital, together with details of the movements therein are set out in note 26 to the Financial Statements. The Company has one class of ordinary share which carries no right to fixed income.

Research and development

Please refer to the 'Creating value through AI and investment in innovation' section of the Strategic Report on page 15.

Post-balance sheet events

Details of post-balance sheet events can be found in note 34 to the Consolidated Financial Statements.

Workforce policies and employment engagement

We are committed to the investment in our staff at all levels to ensure a culture of continuous improvement. In order to attract and retain a high calibre of employees, we provide various employee benefit packages including performance-related bonuses and Sharesave plans in order to align employee interests with the long-term strategic objectives of the Group. We are committed to our equality and diversity policies and seek regular feedback and engagement from our workforce. Further information regarding our work policies and engagement can be found in the Social section of the ESG report.

Directors' interests in shares and contracts

Directors' interests in the shares of LTG at 31 December 2023 and 31 December 2022 are disclosed in the Report of the Remuneration Committee. Directors' interests in contracts of significance to which LTG was a party during the financial year are disclosed in note 30.

Substantial interests

As at 31 December 2023, LTG has been advised of the following significant interests (greater than 3%) in its ordinary share capital:

Shareholder	Ordinary shares held	% held
Andrew Brode	117,098,930	14.81
Jonathan Satchell	72,963,160	9.23
Liontrust Asset Management	82,392,298	10.42
Octopus Investments	62,539,192	7.91
Janus Henderson Investors	39,148,549	4.95
Liontrust Sustainable Investments	32,778,224	4.14

Except as referred to above, the Directors are not aware of any person who held an interest of 3% or more of the issued share capital of the company or could directly or indirectly, jointly or severally, exercise control.

Annual General Meeting

The Annual General Meeting ('AGM') will be held at the Company's registered office on 30 May 2024. The notice of the AGM, which will be sent to shareholders in advance of the meeting, will contain the full text of the resolutions to be proposed and the venue for the meeting.

Change of registered office

The Company changed its registered office to 3 New Street Square, London, EC4A 3BF on 11th March 2024.

Independent auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that BDO, LLP be reappointed will be proposed at the Annual General Meeting.

Provision of information to auditors

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's auditors are unaware, and
- That Director has taken all steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Signed by order of the Board:

C. Walsh

Claire Walsh

Company Secretary
15th April 2024

Directors' Responsibilities Statement in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. The Directors have elected to prepare the Consolidated Financial Statements in accordance with UK-adopted International Financial Reporting Standards (IFRSs) and with applicable law, and the Company Financial Statements in accordance with UK Generally Accepted Accounting Practice including Financial Reporting Standard 102. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether they have been prepared in accordance with IFRSs as adopted by the UK, subject to any material departures disclosed and explained in the Financial Statements
- Prepare the Financial Statements on the going concern basis unless it is not appropriate to assume that the Company and the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements.

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

Opinion on the financial statements

In our opinion:

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

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

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

An overview of the scope of our audit

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

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

Our involvement with component auditors

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

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

Climate change

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

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

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

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

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

Key audit matters

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

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

Key audit matter
Revenue recognition 2023: £562m (2022: £589m) See accounting policy in note 2 and related disclosures in note 4.
We identified two ways in which we considered the financial statements may be materially misstated due to revenue recognition, either as a result of error or fraud: • Firstly, where revenues are recognised over time based on percentage completion assessed on costs, estimation is required in relation to open contracts at year end to assess the percentage of completion and therefore the revenue to be recognised (Content and Services revenue). • Secondly, some contracts contain multiple performance obligations which require identification and may be recognised over a number of financial periods. The risk over such contracts is raised where significant levels of manual intervention is required by management in order to recognise revenue appropriately (Software and Platforms revenue). Revenue recognition for open percentage of completion contracts and other contracts which require significant manual intervention is therefore considered to be a key audit matter.

How the scope of our audit addressed the key audit matter

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

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

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

Key observations:

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

Our application of materiality

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

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

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

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

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

Component materiality

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

Reporting threshold

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

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	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. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • The Parent Company financial statements are not in agreement with the accounting records and returns; or • Certain disclosures of Directors' remuneration specified by law are not made; or • We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Non-compliance with laws and regulations

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

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

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

Our procedures included the following:

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

Fraud

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

Our procedures included the following:

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

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

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

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

Use of our report

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

Leighton Thomas

(Senior Statutory Auditor)
for and on behalf of

BDO LLP
Statutory Auditor
London
15th April 2024

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	Year ended 31 Dec 2023	Year ended 31 Dec 2022
		£'000	£'000
Revenue	4	562,305	588,587
Operating expenses		(499,642)	(532,743)
Share-based payment charge		(4,381)	(6,693)
Profit on sale of joint venture	15	425	1,242
Share of profit from equity accounted investment	5	-	155
Operating profit		58,707	50,548
Analysed as:			
Adjusted EBIT		98,539	99,925
Adjusting items included in Operating profit	5	(39,832)	(49,377)
Operating profit		58,707	50,548
Finance expenses	6	(14,132)	(10,475)
Finance income	6	1,032	429
Profit before taxation from continuing operations	7	45,607	40,502
Income tax charge	10	(13,015)	(10,075)
Profit after taxation from continuing operations		32,592	30,427
Loss on discontinued operations, net of tax	11	(3,138)	(21)
Profit for the year		29,454	30,406
Other comprehensive income: Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		(20,169)	30,961
Total comprehensive income for the year attributable to owners of the parent Company		9,285	61,367
Earnings per share attributable to owners of the parent from continuing operations:			
Basic (pence)	12	4.121	3.860
Diluted (pence)	12	3.985	3.712
Adjusted earnings per share attributable to owners of the parent from continuing operations:			
Basic (pence)	12	8.069	8.314
Diluted (pence)	12	7.803	7.996
Earnings per share attributable to owners of the parent from continuing and discontinued operations:			
Basic (pence)	12	3,724	3.857
Diluted (pence)	12	3.601	3.710
Adjusted earnings per share attributable to owners of the parent from continuing and discontinued operations:			
Basic (pence)	12	7.680	8.443
Diluted (pence)	12	7.427	8.121

Consolidated Statement of Financial Position

As at 31 December 2023

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

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

The notes on pages 81 to 138 form an integral part of these Consolidated Financial Statements.
The balance sheet for the year ended 31 December 2022 has been restated as described in note 36.

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

Kath Kearney-Croft
Chief Financial Officer
15th April 2024

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. General information

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

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

2. Summary of material accounting policies

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

a) Basis of preparation

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

Going concern

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

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

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

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

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

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

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

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

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

I. 10% and 25% reductions in revenues;

II. increasing customer payment days (DSO) by 15 days;

III. combining 10% reduction in revenues and increasing DSO by 15 days;

IV. increasing costs by 8% from H1 2024; and

V. modelling high cost inflation above that in (IV) above to determine the level where a covenant breach could occur.

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

Changes in accounting policies

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

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

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

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

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

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

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

Alternative performance measures

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

Adjusting items

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

(b) Basis of consolidation

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

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

(c) Joint arrangements and associates

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

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

(d) Intangible assets

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

Goodwill

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

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

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

Acquisition-related intangible assets

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

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

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

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

Research and development expenditure

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

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

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

Capitalised development expenditure is amortised on a straight-line method over a period of between three and five years when the products or services are ready for sale or use. In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount. The amortisation charge is recognised within operating expenses.

(e) Functional and foreign currencies

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

(iii) Foreign operations

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

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

(f) Financial instruments

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

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

(i) Financial assets

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

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

- **Loans and receivables financial assets**

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

(ii) Financial liabilities

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

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

(iii) Equity instruments

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

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

(g) Impairment

(i) Impairment of financial assets

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

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

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

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

(ii) Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss immediately.

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

(h) Income taxes

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

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

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

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

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

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

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

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

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

(i) Cash and cash equivalents

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

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

Reporting of cash flows

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

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

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

(j) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

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

(k) Revenue from contracts with customers

Group revenue represents the fair value of the consideration received or receivable for the rendering of services and sale of software licencing, net of value added tax and other similar sales-based taxes, rebates and discounts after eliminating intercompany sales. The nature of the Group's sales means there are no refunds or returns, and no warranties are offered.

(i) Content & Services

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

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

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

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

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

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

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For the year ended 31 December 2023

(ii) Software & Platforms

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

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

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

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

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

Critical accounting estimates and judgements

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

In making its estimation as to the amounts recoverable on contracts, management considers estimates of anticipated revenues and costs from each contract and monitors the need for any provisions for losses arising from adjustments to underlying assumptions if this indicates it is appropriate. The amount of profit or loss recognised on a contract has a direct impact on the Group's results and carrying value of amounts recoverable on contracts. The Directors are satisfied that their judgement is based on a reasonable assessment of the future prospects for each contract.

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

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

(l) Operating segments

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

(m) Share-based payment arrangements

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

(n) Leases

The Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets generally comprise IT equipment and small items of office furniture.

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

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

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

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

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

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

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

3. Summary of critical accounting estimates and judgements

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

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

Notes to the Consolidated Financial Statements (continued)

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

(i) Judgements

Revenue recognition

See note 2 (k).

Adjusting items

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

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

(ii) Estimates

Business combinations and associated acquisition accounting

Contingent Consideration

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

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

Impairment reviews

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

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

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

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

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

Deferred tax

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

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

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

Impairment loss on trade receivables

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

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

4. Segment analysis

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

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

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

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

Geographical information

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

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

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

Notes to the Consolidated Financial Statements (continued)

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Revenue and expenses by nature

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

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

1. Includes additions from business combinations. Refer to note 14.
2. The total assets figure is inclusive of deferred tax assets in each of the periods above, with the 2022 balances being restated as described in note 36.

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

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

Information about major customers

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

5. Adjusting items

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

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

6. Finance income and expenses

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

7. Profit before taxation

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

8. Staff costs

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

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

9. Directors' remuneration, interests and transactions

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

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

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

10. Income tax

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

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

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

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

In 2022 the Group completed a tax study to confirm the availability of US federal losses acquired with the PeopleFluent and Reflektive acquisitions and determined that tax effected losses amounting to £24.7 million were available for recognition, consisting of £12.9 million for the period 2022-2038 and £11.8 million to be carried forward indefinitely. The Group considered both positive and negative evidence available and recognised a deferred tax asset for losses of £5.5 million, of which £2.6 million was utilised in 2022 and £2.9 million expected to be utilised over the subsequent three-year period in line with the forecast period prepared for the Group. In 2023 the Group has continued to apply this principle and has recognised deferred tax assets of £0.6 million representing an additional year of availability in line with the forecast period. In 2023, the Group similarly completed a tax study to confirm the availability of US state losses in respect of these acquisitions and recognised a deferred tax asset of £1.0m for losses expected to be utilised over the same subsequent three-year period.

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

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

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

11. Loss on discontinued operations, net of tax

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

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

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

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

12. Earnings per share

	31 Dec 2023		31 Dec 2022	
	Continuing operations	Total Operations	Continuing operations	Total Operations
	Pence	Pence	Pence	Pence
Basic earnings per share	4,121	3,724	3,860	3.857
Diluted earnings per share	3.985	3.601	3,712	3.710
Adjusted basic earnings per share	8.069	7,680	8,314	8.443
Adjusted diluted earnings per share	7.803	7.427	7,996	8.121

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

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

In order to give a better understanding of the underlying operating performance of the Group, an adjusted earnings per share has been included. Adjusted earnings per share is stated after adjusting the profit after tax attributable to equity holders of the Group for certain charges as set out in the table below. Adjusted diluted earnings per share has been calculated to also include the contingent shares payable as deferred consideration on acquisitions where the future conditions have not yet been met, as shown below.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

14. Intangible assets

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

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

The above intangible assets are held as security as part of the fixed and floating charge over the assets of the Group, refer to note 23 for further details of the Group's borrowings.

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

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

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

Annual impairment review

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

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

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

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

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

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

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

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

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

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

Sensitivity analysis

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

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

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

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

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

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

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

Customer contracts & relationships, branding and acquired software and IP

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

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

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

Internal software development

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

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

15. Investments accounted for using the equity method

Joint ventures

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

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

LEO Brasil Tecnologia Educacional Ltda

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

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

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

National Aerospace Solutions, LLC

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

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

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

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

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For the year ended 31 December 2023

16. Trade receivables

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

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

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

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

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

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

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

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

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

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

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

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

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

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For the year ended 31 December 2023

17. Other receivables and prepayments

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

Sundry receivables includes rent deposits and other sundry receivables.

18. Amount recoverable on contracts

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

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

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

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

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

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

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

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

20. Deferred tax assets/(liabilities)

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

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

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

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

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

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

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

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

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

21. Trade and other payables

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

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

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

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

22. Other long-term liabilities

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

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

23. Borrowings

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

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

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

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

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

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

The bank loan is secured by a fixed and floating charge over the assets of the Group and is subject to financial covenants that are tested quarterly based on a calendar year.

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

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

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

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

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

Net debt reconciliation

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

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

24. Lease liabilities

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

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

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

Additional profit or loss and cash flow information

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

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

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25. Provisions

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

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

26. Share capital

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

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

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

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

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

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

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27. Share-based payment transactions

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

(a) Share option plans

As part of its strategy for executive and key employee remuneration, on Admission to AIM the Company established a Share Option Scheme under which share options may be granted to officers and employees or members of the Group. Under the rules of the Share Option Scheme, the Company may grant EMI options and/or unapproved options. Prior to the reverse takeover by LTG in November 2013, Epic Group Limited ran their own share option scheme. Option holders in this plan either exercised their options or modified them into share options in the new scheme, such that they had a neutral effect on the option holders immediately before and after the amendment of the options.

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

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

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

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

Unapproved share option plan:

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

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

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

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

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

(b) Sharesave Option Scheme

In the UK, the Company established the 2016, 2017, 2018, 2019, 2020, 2022 and 2023 Learning Technologies Group plc Sharesave Scheme in April 2016, April 2017, April 2018, April 2019, October 2020, July 2022 and May 2023, respectively. In October 2020 the Company established a Colombian share save scheme. The schemes enables UK and Colombian permanent employees of the Group to buy shares in the Company at a discount on maturity of a three-year savings contract, unless they are made redundant, in which case they can exercise their options, at the time of redundancy. The savings are held with the Yorkshire Building Society and the Link Group for UK employees and with Alianza Fiduciaria S.A for Colombian employees.

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

Sharesave Option Scheme:

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

(c) Employee Stock Purchase Plan

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

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

Employee Stock Purchase Plan:

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

(d) Employee Share Ownership Plan

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

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

Employee Share Ownership Plan:

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28. Subsidiaries of the Group

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

Company	Country of registration or incorporation	Registered office	Principal activity	Percentage of ordinary shares held by Company
Held indirectly by Learning Technologies Group Plc:				
Team Core Investments No.10 Proprietary Limited	South Africa	Co-Work at Midstream, Midlands Office Park West, Mount Quray Road Midstream Estates, Centurion, 0181 South Africa	Holding company	100%
GP Strategies Korea Y.H.	South Korea	Regus - Virtual Office: 16th Floor, Gangnam Building, 1321-1 Seocho-dong, Seocho-gu Seoul, 137-070 Republic of Korea	Custom training & consulting services	100%
TTI Global Consultancy S.L.	Spain	Avd/ JOSEPH TARRADELLAS Nº123, 9, 08029 BARCELONA	Custom training & consulting services	100%
GP Strategies Sweden AB	Sweden	P.O. Box 16285 103 25 Stockholm Sweden	Custom training & consulting services	100%
GP Strategies Switzerland GmbH	Switzerland	Registered Address Service: c/o Markus Alder Thouvenin Rechtsanwälte & Partner Klausstrasse 33 8034 Zürich	Custom training & consulting services	100%
GP Strategies Taiwan Ltd.	Taiwan	The Great Taipei Business Center Co., Ltd. 12F.-8, No. 155, Sec. 1 Keelung Rd., Xinyi Dist. Taipei City, Taiwan	Custom training & consulting services	100%
GP Strategies (Thailand) Co., Ltd.	Thailand	Office No. 3071, 3/F, Summer Hill, 1106 Sukhumvit Road, Phrakhanong, Klongtoey, Bangkok 10110, Thailand	Custom training & consulting services	100%
GP Strategies Automotive (Thailand) Co., Ltd.	Thailand	1739/1 Soi Sukhumvit 66/1, Prakanong Tai Sub-district, Prakanong District, Bangkok 10260	Automotive training services	100%
GP Strategies Danışmanlık Limited Şirketi	Turkey	Regus (Virtual Office): Hakki Yeten Cad. Selenium Plaza No: 10/c Kat: 5-6, 34349 Fulya, Besiktas, Istanbul	Custom training & consulting services	100%
GP Strategies Middle East FZ-LLC	United Arab Emirates (UAE)	P.O.Box 502139 Office 306, Block 12 Dubai International Academic City Dubai, UAE	Custom training & consulting services	100%
GP Strategies Middle East Training L.L.C	United Arab Emirates (UAE)	Exponenta Business Center Crystal Tower 10th Floor, Unit no. 1001-29 P.O. Box: 34534 Business Bay, Dubai, UAE	Custom training & consulting services	49%
General Physics (UK) Ltd.	United Kingdom	Oakwood Registered Address Service: 3rd Floor, 1 Ashley Road Altrincham, Cheshire United Kingdom WA14 2DT	Custom training & consulting services	100%
GP Strategies Holdings Limited	United Kingdom	Oakwood Registered Address Service: 3rd Floor, 1 Ashley Road Altrincham, Cheshire United Kingdom WA14 2DT	Holding company	100%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

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

29. Reserves

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

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

The reverse acquisition reserve was created in accordance with IFRS 3 'Business Combinations'. The reserve arises due to the elimination of the Company's investment in Epic Group Limited. Since the shareholders of Epic Group Limited became the majority shareholders of the enlarged group, the acquisition is accounted for as though there is a continuation of the legal subsidiary's financial statements. In reverse acquisition accounting, the business combination's costs are deemed to have been incurred by the legal subsidiary.

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

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

30. Related party transactions

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

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

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

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

Remuneration of Directors and other transactions

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

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

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

Transactions with joint venture

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

31. Dividends paid

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

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

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

32. Financial instruments

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

(a) Financial risk management policies

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

(i) Market risk

(i) Foreign currency risk

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Foreign currency risk sensitivity analysis

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

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

(ii) Interest rate risk

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

Interest rate risk sensitivity analysis

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

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

(ii) Credit risk

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

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

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

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

Credit risk concentration profile

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

Exposure to credit risk

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

Ageing analysis

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

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

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

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

Trade receivables that are past due but not impaired

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

(iii) Liquidity risk

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

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

Ageing analysis

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

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

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

(b) Capital risk management

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

(c) Classification of financial instruments

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

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

(d) Reconciliation of liabilities arising from financing activities

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

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

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

(e) Fair values of financial instruments

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

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

- **Level 1 -** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2 -** Fair value measurements are those derived from inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly (derived from prices); and
- **Level 3 -** Fair value measurements are those derived from the valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value of the contingent consideration is calculated using actual and forecast results to value the amount which will be payable according to the earnout metrics on acquisitions. These liabilities are discounted to their present value using the Group's weighted average cost of capital of 10%. Both the future cash flows and discount rate used are unobservable inputs. Management believes that reasonably possible changes to the unobservable inputs would not result in a significant change in the estimated fair value.

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

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

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

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

33. Assets and liabilities classified as held for sale

In December 2022, the Group decided to dispose the non-core Lorien Engineering business as soon as practicable and communicated this decision internally and to investors on 19 December 2022. This business was acquired as part of the GP Strategies acquisition in October 2021.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

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

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

34. Events since the reporting date

Sale of Lorien business

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

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

35. Audit exemption provided to certain UK Group subsidiaries

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

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

36. Prior period adjustment

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

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

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

Changes to associated note disclosures

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2023

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

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

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

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

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

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

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

Company Statement of Financial Position

(Registered number: 07176993)
As at 31 December 2023

	Note	31 Dec 2023	31 Dec 2022
		£'000	£'000
Non-current			
Investment in subsidiaries	3	181,867	168,299
		181,867	**168,299**
Current assets			
Trade and other receivables	4	388,281	433,116
Cash and bank balances		392	1,900
Restricted cash balances		928	500
		389,601	**435,516**
Current liabilities			
Trade and other payables	7	34,623	40,706
Net current assets		**354,978**	**394,810**
Total assets less current liabilities		**536,845**	**563,109**
Non-current liabilities			
Trade and other payables	8	120,984	177,944
Net assets		**415,861**	**385,165**
Capital and reserves			
Share capital	5	2,967	2,962
Share premium	6	318,698	318,183
Merger reserve	6	9,714	9,714
Share-based payment reserve	6	18,974	14,714
Translation Reserve	6	(18,810)	-
Retained profits		84,318	39,592
		415,861	**385,165**

Capital and reserves includes total comprehensive income for the year of the parent company, of £38.5 million (2022: £12.0 million).

The notes on pages 141 to 144 form an integral part of these Financial Statements.

The Financial Statements on pages 139 to 144 were approved and authorised for issue by the Board of Directors on 15th April 2024 and were signed on its behalf by:

Kath Kearney-Croft

Chief Financial Officer

15th April 2024

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Share capital	Share premium	Merger reserve	Share-based payment reserve	Translation Reserve	Retained profits	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022		**3,034**	**317,074**	**9,714**	**11,148**	**-**	**36,675**	**377,645**
Profit for the year		-	-	-	-	-	11,979	11,979
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**11,979**	**11,979**
Issue of shares		8	1,029	-	-	-	-	1,037
Reserves transfer		(80)	80	-	-	-	-	-
Payment of dividends		-	-	-	-	-	(9,062)	(9,062)
Credit to equity for equity settled share-based payments		-	-	-	6,693	-	-	6,693
Credit to equity treated as consideration for equity settled share-based payments		-	-	-	542	-	-	542
Distributions in respect of cancelled share options		-	-	-	(3,669)	-	-	(3,669)
Transactions with owners		**(72)**	**1,109**	**-**	**3,566**	**-**	**(9,062)**	**(4,459)**
At 31 December 2022		**2,962**	**318,183**	**9,714**	**14,714**	**-**	**39,592**	**385,165**
Profit for the year		-	-	-	-	-	57,340	57,340
Other comprehensive (expense) / income		-	-	-	-	(18,810)	-	(18,810)
Total comprehensive (expense) / income for the period		**-**	**-**	**-**	**-**	**(18,810)**	**57,340**	**38,530**
Issue of shares	5	5	515	-	-	-	-	520
Payment of dividends		-	-	-	-	-	(12,652)	(12,652)
Credit to equity for equity settled share-based payments		-	-	-	4,381	-	-	4,381
Distributions in respect of cancelled share options		-	-	-	(121)	-	-	(121)
Exercise of share options through Trust		-	-	-	-	-	38	38
Transactions with owners		**5**	**515**	**-**	**4,260**	**-**	**(12,614)**	**(7,834)**
At 31 December 2023		**2,967**	**318,698**	**9,714**	**18,974**	**(18,810)**	**84,318**	**415,861**

Notes to the Company Financial Statements

For the year ended 31 December 2023

1. General information

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

2. Summary of significant accounting policies

(a) Basis of preparation

The Company's Financial Statements have been prepared in accordance with applicable law and accounting standards in the United Kingdom and under the historical cost accounting rules (Generally Accepted Accounting Practice in the United Kingdom).

The Directors have assessed the Company's ability to continue in operational existence for the foreseeable future in accordance with the FRC guidance on the going concern basis of accounting and reporting on solvency and liquidity risks (April 2016). It is considered appropriate to continue to prepare the Financial Statements on a going concern basis.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a Profit and Loss account in these separate Financial Statements. The profit attributable to members of the Company for the year ended 31 December 2023 is £57,340,000 (year ended 31 December 2022: profit of £11,979,000).

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments.

(b) Fixed asset investments

Fixed asset investments in Group undertakings are carried at cost less any provision for impairment.

(c) Foreign currencies

With effect from 1 January 2023, the Company's functional currency is United States Dollar as this is the prevailing currency in which the entity operates.

The presentational currency of the Company remains Pounds Sterling as the Company is listed on the AIM market and this is the currency of consolidation for the wider Group.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

(d) Cash and cash equivalents

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

(e) Income taxes

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

(f) Pensions

The policy for the Company's defined contribution plan can be found in note 2 of the Consolidated Financial Statements.

(g) Share-based payment arrangements

The policy for the Company's share-based payment arrangements can be found in note 2 of the Consolidated Financial Statements.

3. Investment in subsidiaries

	2023	2022
	£'000	£'000
Cost		
At 1 January	**168,299**	**161,064**
Additions	39,536	7,235
Disposals	(17,578)	-
Exchange differences	(8,390)	-
At 31 December	**181,867**	**168,299**
Amortisation/impairment:		
At 1 January	**-**	**-**
Provision for impairment	-	-
Disposals	-	-
At 31 December	**-**	**-**
Net Book Value	**181,867**	**168,299**

Additions in the year relates to the recognition of share-based payment transactions between the Company and its subsidiaries as well as a purchase of a subsidiary of the Group from another subsidiary, and subsequent sale to another entity of the Group.

Details of the Company's subsidiaries as at 31 December 2023 are set out in note 28 to the Consolidated Financial Statements.

4. Trade and other receivables

	31 Dec 2023	31 Dec 2022
		£'000
Amounts due from subsidiary undertakings	388,092	432,643
Prepayments	189	473
	388,281	**433,116**

5. Share capital

Details of the Company's authorised, called-up and fully paid share capital are set out in note 26 to the Consolidated Financial Statements.

The ordinary shares of the Company carry one vote per share and an equal right to any dividends declared.

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2023

6. Reserves

The share-based payment reserve arises from the requirement to value share options in existence at the fair value at the date they are granted. It is the recognition of the fair value over the vesting period.

The share premium account represents the amount received on the issue of ordinary shares by the Company, other than those recognised in the merger reserve described below, in excess of their nominal value and is non-distributable.

The merger reserve represents the amount received on the issue of ordinary shares by the Company in excess of their nominal value on acquisition of subsidiaries where merger relief under section 612 of the Companies Act 2006 applies. The merger reserve consists of the merger relief on the issue of shares to acquire Line Communications Holding Limited on 7 April 2014, Preloaded Limited on 12 May 2014, Eukleia Training Limited on 31 July 2015 and Rustici Software LLC on 29 January 2016.

The translation reserve are the translation differences arising on the presentation of the results of the Company in Pounds Sterling, whereas with effect from the 1 January 2023 the functional currency of the Company was deemed to be United States Dollars.

7. Trade payables: amounts falling due within one year

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Trade creditors	162	255
Other creditors and accruals	2,069	2,091
Corporation tax	2,301	1,646
Borrowings	30,091	36,714
	34,623	**40,706**

8. Trade payables: amounts falling due after more than one year

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Borrowings	120,984	177,944
	120,984	**177,944**

Refer to note 23 to the Consolidated Financial Statements for further details of the Company's borrowings.

9. Related party transactions

The only key management personnel of the Company are the Directors. Details of their remuneration are contained in note 9 to the Consolidated Financial Statements.

The following transactions with subsidiaries occurred in the year

	31 Dec 2023	31 Dec 2022
	£'000	£'000
Opening amount due from related parties	432,643	439,021
Amounts repaid by related parties	(63,380)	(54,325)
Management recharges	3,489	1,583
Interest charged on loans	5,871	9,391
Dividend income	26,000	-
Foreign exchange differences	(16,531)	36,973
	388,092	**432,643**

The amounts owing to/from related parties are unsecured and repayable on demand.

10. Share-based payments

Details of the Group share-based plans are contained in note 27 to the Consolidated Financial Statements.

The Company operates an approved share option plan. The Company's share-based payment arrangements are summarised below.

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

No options were exercised during the year (2022: nil options). No options were granted, forfeited or expired during the year (2022: nil).

The number of options that are exercisable at 31 December 2023 is nil (2022: nil).

Share-based payments which were expensed in the entity and taken to equity in the year ended 31 December 2023, amounted to £nil (year ended 31 December 2022: £nil). The remaining difference between the share-based payments which were expensed as per note 27 and the entity, relate to the options over the Company's share capital held by employees of subsidiaries.

11. Dividends paid

Disclosure of dividends paid can be found in note 31 to the Consolidated Financial Statements.

12. Subsequent events

Disclosures in relation to events after 31 December 2023 are shown in note 34 to the Consolidated Financial Statements.

Glossary

Alternative Performance Measures

In reporting financial information, the Group presents alternative performance measures, "APMs", which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures. The key APMs that the Group uses are outlined below.

	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Income Statement Measures			
Adjusted EBIT	Operating profit	Adjusting items	Adjusted EBIT excludes adjusting items. A reconciliation from Adjusted EBIT to Operating profit is provided in the Consolidated Statement of Comprehensive Income on page 76.
Adjusting items	None	Refer to definition	Items which are not considered part of the normal operating costs of the business are separately disclosed because of their size, nature or incidence are treated as adjusting. The Group believes the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance. An explanation of the nature of the items identified as adjusting is provided in note 5 to the financial statements.
SaaS and long-term contracts	Revenue	Refer to note 4	SaaS and long-term contract revenue is defined as the revenue streams of the Group that are predictable and expected to continue into the future upon customer renewal.
Transactional	Revenue	Refer to note 4	Transactional revenue is defined as the revenue streams of the Group that arise from one-off fees or services that may or may not happen again.
Balance Sheet Measures			
Net cash or debt	None	Refer to note 23	Net cash / debt is defined as cash and cash equivalents and short-term deposits, less bank overdrafts and other current and non-current borrowings. A reconciliation is provided in note 23 to the financial statements.
Total equity per share	None	Refer to definition	Calculated as Total Equity at the end of the period/year divided by the number of shares on issue at the end of the period/year, The shares on issue at 31 December 2022 were 789,824,841 and 791,160,022 at 31 December 2023, please refer to note 26.
Cash Flow Measures			
Adjusted operating cash flow	None	Refer to definition	Cash flow in the period after accounting for operating activities and capital expenditure.
Cash conversion	None	Refer to definition	Adjusted operating cash flow as a percentage of Adjusted EBIT.
Free cash flow	None	Refer to definition	Cash flow in the period after accounting for operating activities, investing activities, lease payments, interest and tax.

Company Information

Directors

Andrew Brode, Non-Executive Chairman
Jonathan Satchell, Chief Executive
Kath Kearney-Croft, Chief Financial Officer
Piers Lea, Chief Strategy Officer
Simon Boddie, Non-Executive Director
Aimie Chapple, Non-Executive Director
Leslie-Ann Reed, Non-Executive Director

Company Secretary

Claire Walsh

Company number

07176993

Registered address

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Chartered Accountants and Statutory Auditors
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- Toronto, ON

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Cyprus
- Limassol

Denmark
- Copenhagen

Egypt
- Cairo

Finland
- Helsinki

France
- Mougins

Germany
- Munich

Hungary
- Budapest

India
- Bangalore
- Chennai

Ireland
- Dublin

Japan
- Tokyo

Malaysia
- Kuala Lumpur

Mexico
- Mexico City

Netherlands
- Hoofddorp

Peru
- Lima

Philippines
- Pasig City
- San Fernando

Poland
- Kraków
- Wrocław

Portugal
- Lisbon

Romania
- Bucharest

Singapore
- Singapore

South Africa
- Johannesburg

Spain
- Barcelona

Sweden
- Stockholm

Switzerland
- Zurich

Taiwan
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Thailand
- Bangkok

Turkey
- Istanbul

UAE
- Dubai

UK
- Brighton
- London
- Reading
- Sheffield
- Solihull
- Stirling
- Stockport

US
- Bloomington, IN
- Chatsworth, CA
- Columbia, MD
- Franklin, TN
- Hamilton Township, NJ
- Irvine, CA
- Irving, TX
- Raleigh, NC
- Salt Lake City, UT
- Tampa, FL
- Troy, MI

The company is registered in England and Wales under company number 07176993.
The company's registered office is 3 New Street Square, London, EC4A 3BF.