



# Helping Organisations Transform Through Their People



**Learning Technologies Group plc**

**2023 Interim Results**

**Jonathan Satchell**  
Chief Executive

**Kath Kearney-Croft**  
Chief Financial Officer

26 September 2023

# H1 2023 Results

## Strategic Highlights

- Resilient, diversified business model reflected in long-term, major contract wins
- Solid performance from SaaS and long-term contracts, representing 72% of H1 2023 revenue
- As indicated previously, challenging macro backdrop impacting transaction and project-based work
- Significant improvement in GPLX KPIs after Q1, back on track after resolution of one-off issues after integration

## Financial Highlights

- Reported revenues up 2% to £284.6 million (H1 2022: £277.8 million continuing operations)
- Adjusted EBIT slightly down 1% to £43.1 million (H1 2022: £43.6 million continuing operations)
- Resilient recurring revenues offset by lower transactional volumes, as previously highlighted, resulting in flat revenues on an organic constant currency basis: Content & Services up 2% and Software & Platforms down 5%
- Good cash performance driving ongoing deleveraging and supporting a planned voluntary debt repayment of \$25 million on 29 September 2023, for an expected \$0.4 million benefit in Q4 2023
- Robust balance sheet with net debt of £108.4 million at 30 June 2023 (FY 2022: £119.8 million) and net debt : EBITDA ratio of 0.9x (FY 2022: 1.1x), allowing for select accretive acquisitions



# Financial Highlights Review



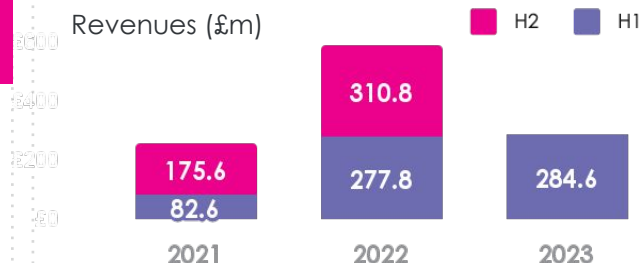
**Kath Kearney-Croft**  
*Chief Financial Officer*

# H1 2023 Financial Highlights: resilient performance delivered

## Revenue

**H1 2023: £284.6m**

+2.4%  
(H1 2022: £277.8m)



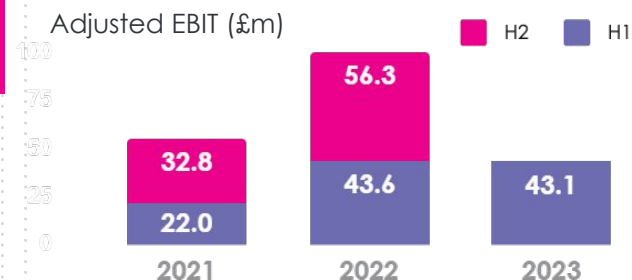
## Organic Revenue \*

**+0.1%**  
C&S +1.8%  
S&P (4.7)%

## Adjusted EBIT

**H1 2023: £43.1m**

(1.1)%  
(H1 2022: £43.6m)



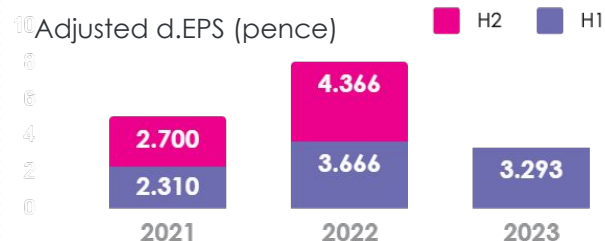
## Adjusted EBIT Margin

**H1 2023: +15.1%**  
(H1 2022: +15.7%)

## Adjusted dEPS

**H1 2023: 3.293 pence**

(10.2)%  
(H1 2022: 3.666 pence)



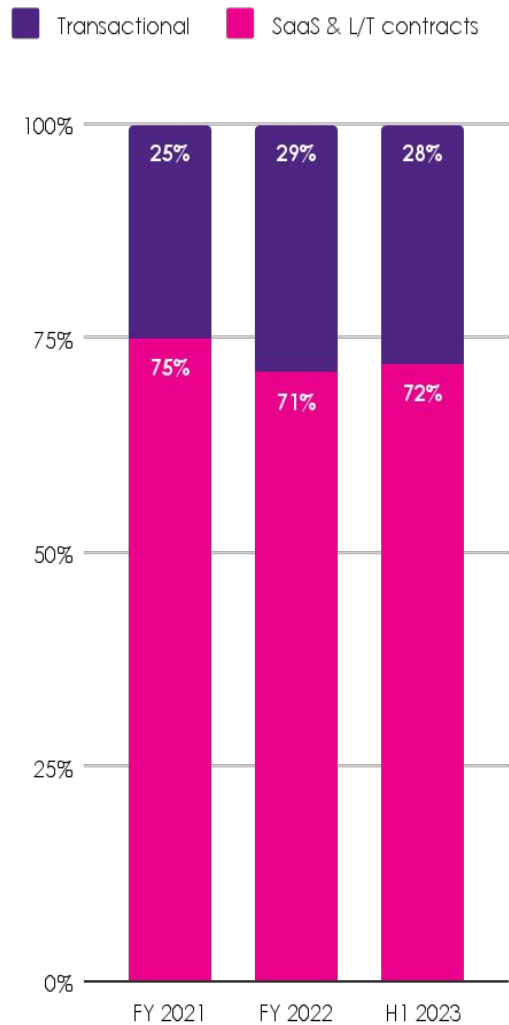
## Net Debt

**H1 2023 £108.4m**  
(H1 2022: £145.3m)

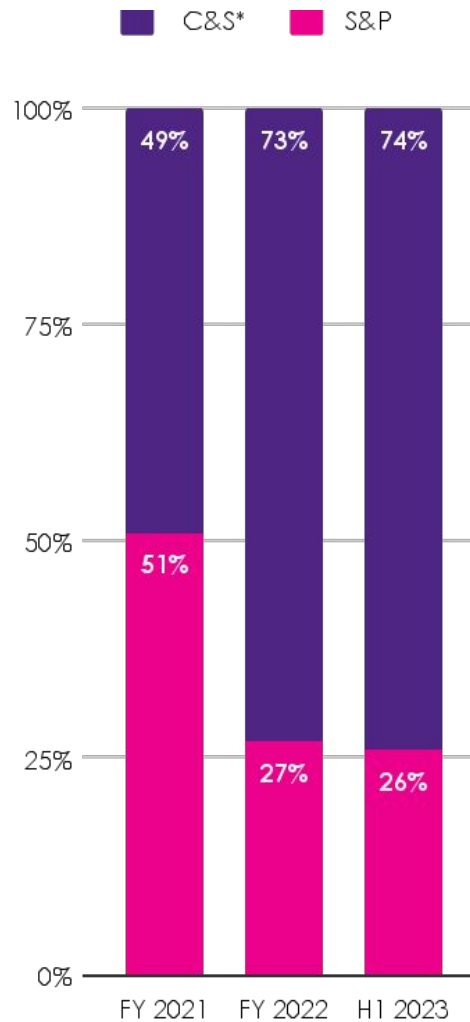
2022 Revenue, Adjusted EBIT & Adjusted dEPS restated on continuing operations basis  
\*On a constant currency basis.

# Revenue: highly predictable and diversified

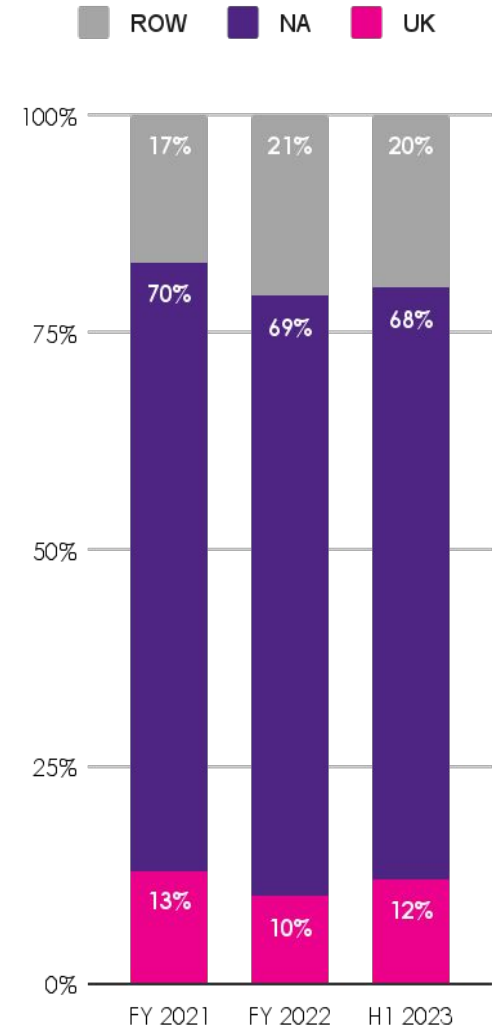
Long-term visibility



Divisional revenue

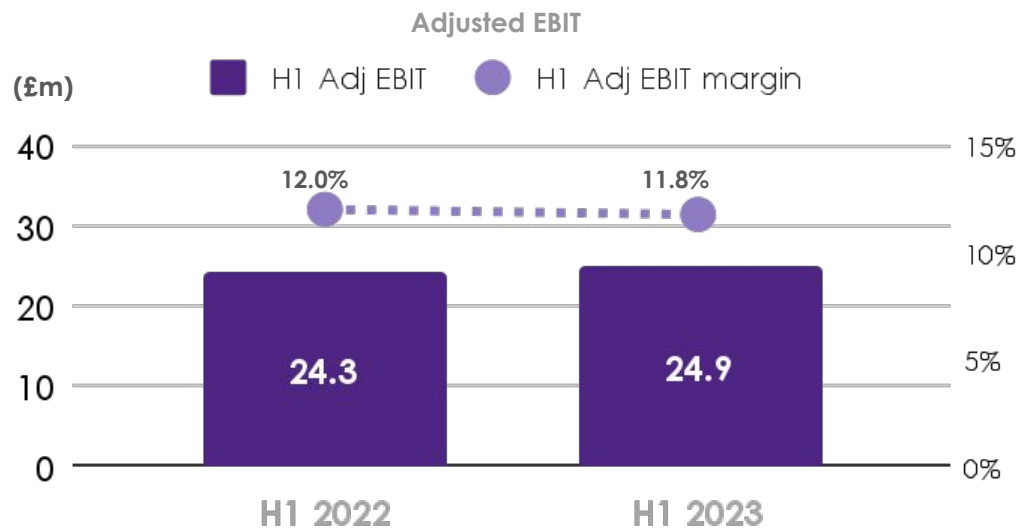
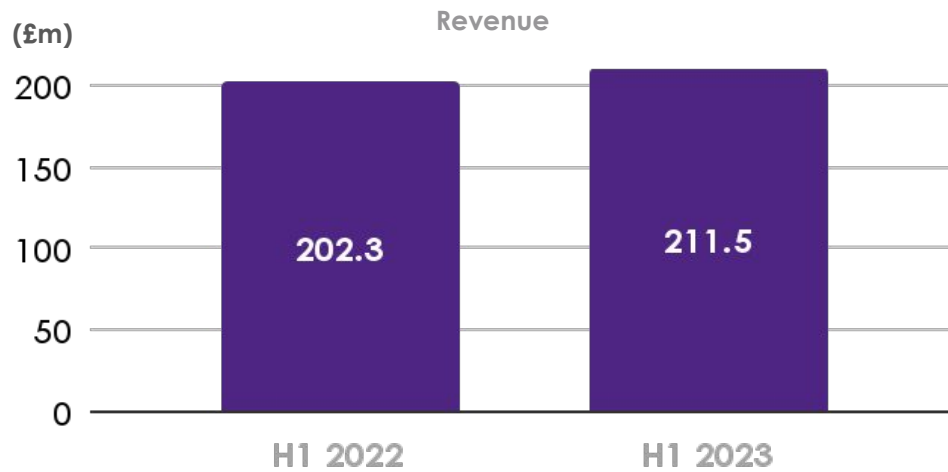


Diversified international footprint



\*Includes GP Strategies, acquired 14 October 2021

# Divisional Performance: Content & Services



- Organic revenue growth of 1.8%
- Following the reorganisation and integration of LEO and PDT into GP Strategies, the Content & Services division is comprised of GP, Affirmity and PRELOADED.
- H1 2023 Revenue of £211.5m. Moderate growth in GP Strategies due to the lengthening sales cycles and macro environment impact on transactional and project-based work.
- Strong growth in PRELOADED and Affirmity driven by significant client contracts and an improved client renewal rate, respectively.
- Adjusted EBIT increased by 2.5% supported by strong revenue growth in the Affirmity business and subdued by the temporary GPLX challenges in GP Strategies.
- Adjusted EBIT margins broadly in line with prior year 11.8%.

# Divisional Performance: Software & Platforms



- Organic revenue decline of 4.7%
- PeopleFluent declined as expected, lower revenue in Breezy due to soft transactional revenue and higher churn in Reflektive from technology sector clients, partially offset by continued good growth in Rustici and Bridge.
- Adjusted EBIT decreased 5.7% driven by revenue decline.
- Adjusted EBIT margin at 24.8% due to a decline in revenues resulting in operational deleverage.

# Cash Flow & Conversion

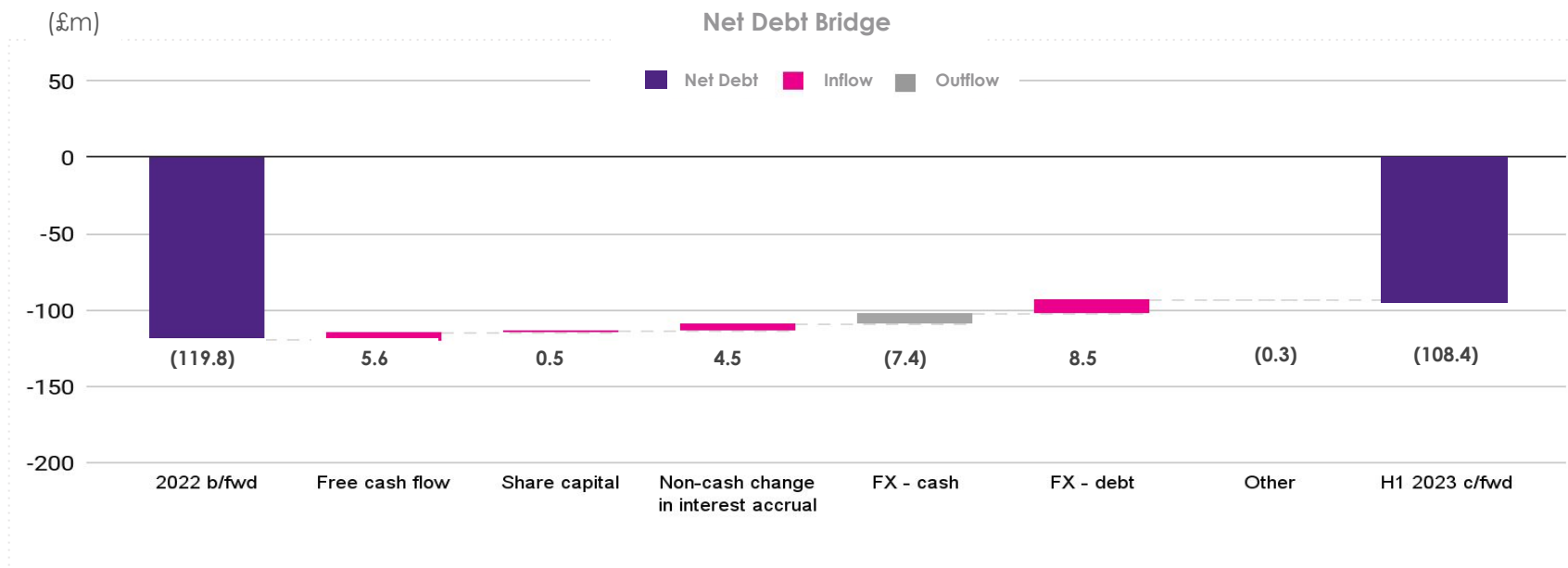
(£m)	H1 2023	H1 2022*	Variance
Statutory operating profit	23.2	21.4	1.8
Adjusting items	19.9	22.7	(2.8)
<b>Adjusted EBIT</b>	<b>43.1</b>	<b>44.1</b>	<b>(1.0)</b>
Depreciation & Amortisation	7.1	7.8	(0.7)
Share based payment charges	3.1	4.1	(1.0)
(Dec) / Inc working capital	(12.1)	(17.7)	5.6
Capital expenditure	(7.2)	(5.0)	(2.2)
Lease liabilities	(3.2)	(4.0)	0.8
Other	(2.8)	(3.0)	0.2
<b>Adjusted operating cash flow</b>	<b>28.0</b>	<b>26.3</b>	<b>1.7</b>
<i>Cash conversion</i>	<b>65%</b>	<b>60%</b>	<b>5% pts</b>
Net Interest paid	(10.6)	(3.7)	(6.9)
Tax paid	(5.9)	(8.2)	2.3
Integration & transaction costs	(1.2)	(2.3)	1.1
Earnout	(4.7)	(6.2)	1.5
Proceeds from asset sale	-	2.3	(2.3)
<b>Free cash flow</b>	<b>5.6</b>	<b>8.2</b>	<b>(2.6)</b>

- Adjusted operating cash flow £1.7m higher
- Stronger cash conversion improving from 60% to 65% including lower comparable investment in working capital
- Full year cash conversion expected to return to c.80% level and cash generation to be H2 weighted
- Net interest paid increase includes £4.5m related to interest cost for H2 2022, in order to benefit from a fixed interest rate for that period.
- Lower tax payments due to a timing of payments
- Integration & transaction costs primarily relate to the GP Strategies acquisition
- £4.7m earnout payments relate to Breezy and eCreators
- Proceeds from asset sale relate to the disposal of the NAS JV completed in April 2022

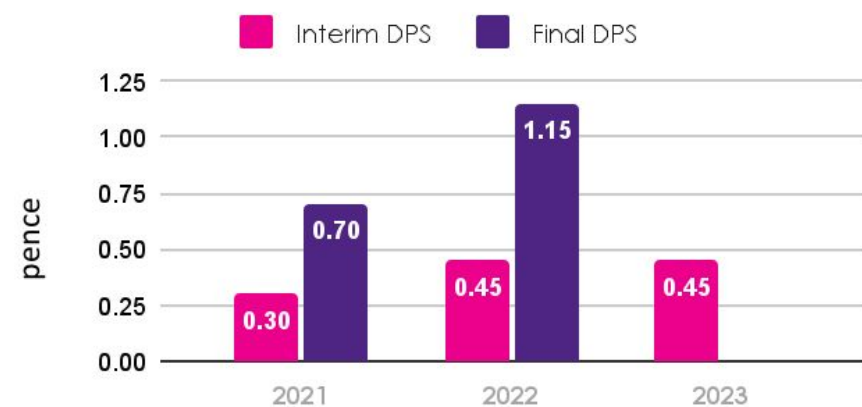
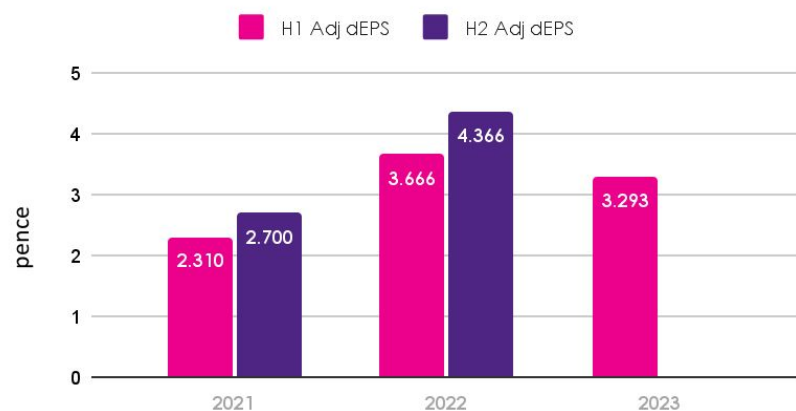
\*As reported in H1 2022



# Net Debt Position & Dividend



## EPS & DPS



# Selected FY23 Guidance

## 2023 Finance charge and debt

- Estimated finance charge c.7% for remainder of the year at current rate expectations (floating)
- Planned voluntary debt repayment of \$25 million (29 September 2023), for an expected interest benefit of \$0.4 million in Q4 2023
- H2 average gross debt H2 \$220 million post voluntary debt repayment

## 2023 adjusted tax rate

- Adjusted effective tax rate c.27%

## Foreign exchange translation

- USD/GBP 1 cent change in average rate for the year = c.£0.9m FY 2023 adjusted EBIT impact

## Non-core assets

- UK Apprenticeship business presented as a discontinued business
- Non-core asset in GP classified as held for sale on the balance sheet and included in continuing operations until disposal



# LTG Strategic Review



**Jonathan Satchell**  
*Chief Executive*

# Content and Services

## GP Strategies

- Momentum - wins in diverse markets including financial services, telco, food & drink, automotive and technology
- Cross-selling - separate wins alongside OpenLMS and Bridge; 12 current bids in excess of \$5m up to \$35m across varied end markets, all with potential for cross-sell
- Automotive - win for major customer in Australia; cross-sell win (GP and OLMS) and bid (Bridge and Watershed)
- Single source re-contracting or competitive wins for all 2023 major renewal customers - including 5 year extension for major client
- Largest ever single sale of Leadership development made this summer rolling out in '23 and '24 (>\$2m).

## PRELOADED

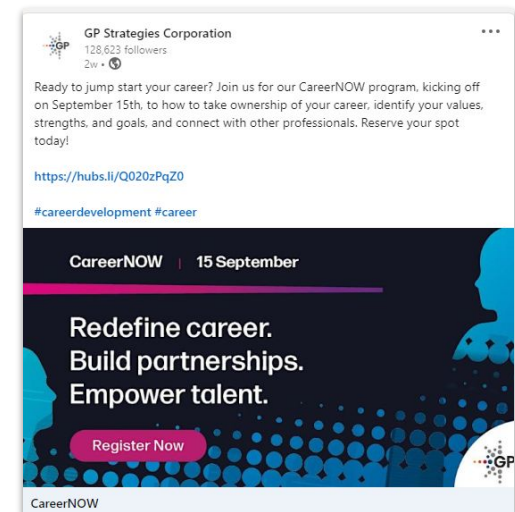
- Defining use of immersive technologies and gamification for major global tech and entertainment corporations
- Innovation driving project wins - AI win for US entertainment firm; win for major toy company
- Awards - serial winner in 2023 (Webby, Serious Play, Clio)

## Affirmity

- Four notable new wins across public and private sector in Q1 and strong pipeline

# Content and Services

- Awards across the full spectrum of our services: Leadership development, sales performance, DE&I, compliance, skill development, blended learning, simulation, games, performance support, custom content
- ContentFlex launched - leadership development
- CareerNow launched - More than 300 registrants from initial launch
- Compliance Fundamentals launched
- Combined learning measurement offer launched



# GPLX progress

- Learning Experience division (LX) under control and under new management
- Significant improvement in all major KPIs since Q2. Margin improvement 270 bps July/Aug v. H1

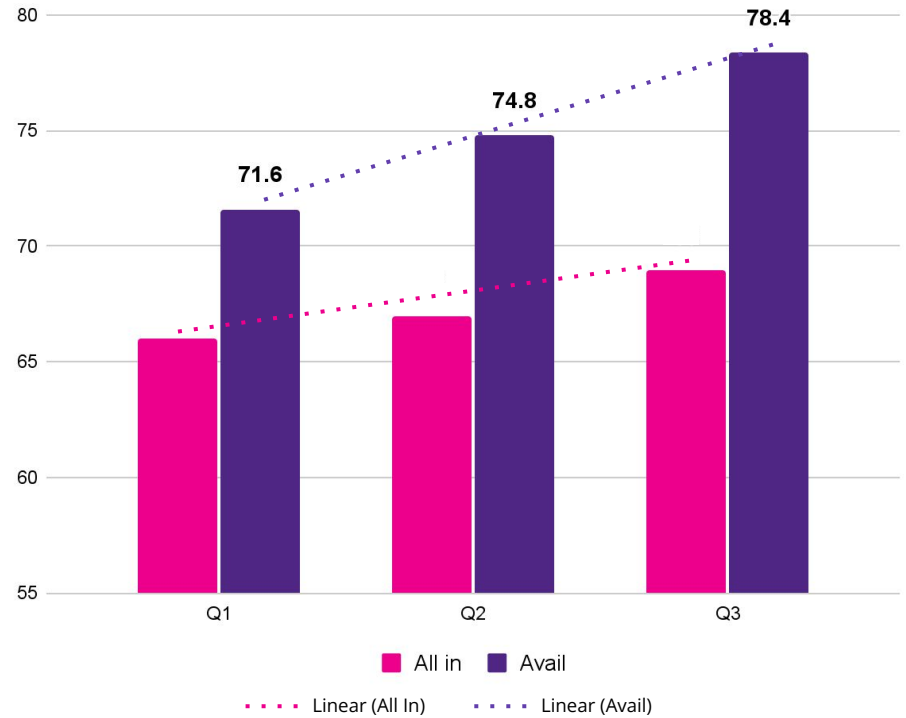
## Structure & Employee Engagement

- Global SVP, NAM VP, Head of Sales, Regional Heads now in place
- Stabilised Global / Regional Sales Teams and GTM messaging
- Budget/H2/Management/Production/Sales Metrics deployed
- Account Ownership, Sales and Revenue targets deployed
- Employee Engagement Global & Regional Focus Plans initiated
- Executive Sponsor (LX SVP/CEOs) Contact made with Core Clients

## Business Measures Improving Core Financials

- ↑ Revenue
- ↑ Cross Profit %
- ↑ Contribution Margin
- ↓ Overhead Costs
- ↑ Income %

## Quarterly Utilisation



**LX has 241 new project STARTS in July-mid Sep, across 110 accounts with contract Value of \$18.2M**

# Software & Platforms

## Selected highlights

- PeopleFluent: major expansion with global hospital group and notable win for Compensation product for Big Four firm in Australia (also used in the UK)
- Open LMS: launching proprietary eCommerce solution in Q4, leading the debate on AI learning management for education and notable sale to Spanish Broadcaster
- Rustici: major expansion with US Government department and Proofpoint.com sale
- Watershed: 100% of 2023 renewals successful and wins in luxury automotive, education and US state
- Breezy: MRR growth, in spite of headwinds in US recruitment market, bodes well for economic recovery
- VectorVMS: launch of talent mapping AI / Machine Learning into VMS application, going live with two customers in September '23
- Bridge: core product has exceeded 2022 bookings in every month of 2023; average deal for new wins has grown significantly in 2023 to date

# Software & Platforms - Bridge

- Continuing product development plan at pace
- With the inclusion of Reflektive functionality this is becoming a compelling learning *and* performance product for mid-market and divisions / partners of enterprise clients
- Ease-of-use getting recognition



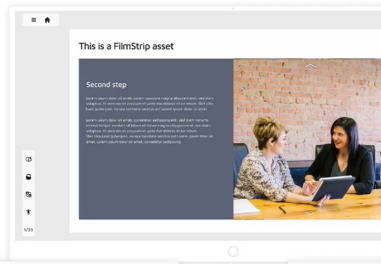
Products ▾ Solutions ▾ Plans Case Studies

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## Bridge Is Recognized as a Customer Experience Champion in Learning Management

Raleigh, North Carolina » 12 Sep 2023 » Learning News » Bridge

Info-Tech's Software Reviews named Bridge an Emotional Footprint Champion in the Learning Management Midmarket category based on customer satisfaction and product impact.



Award-winning L&D platform **Bridge** is proud to be recognized as a champion in customer experience by Info-Tech's SoftwareReviews in its latest **Learning Management System Emotional Footprint** ranking.

As a top-scoring learning platform, users highly rate their experience, earning Bridge a +81% Net Emotional Footprint Score.

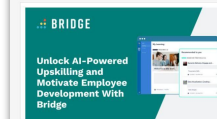
The SoftwareReviews Emotional Footprint rating is informed by customer feedback and ranks products based on emotional response ratings in over 20 areas of the vendor relationship, including:



## Unlock AI-Powered Upskilling and Motivate Employee Development With Bridge

Raleigh, North Carolina » 27 Jul 2023 » Learning News » Bridge

Bridge's new upskilling platform, **Skills Plus**, adds AI-based automation to the employee development processes.



L&D technology platform **Bridge** has expanded its suite of learning and development tools to include an upskilling platform, **Skills Plus**. This latest addition to the Bridge toolkit, which includes an **LMS, performance management system, and employee engagement software**, combines a substantial in-built skills library with AI-powered skills and learning recommendations.

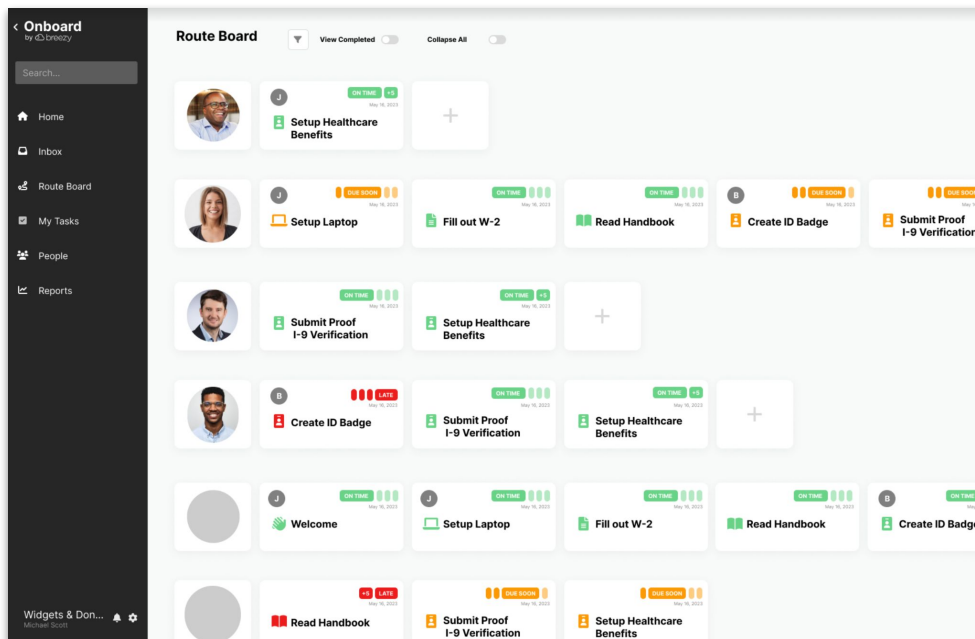
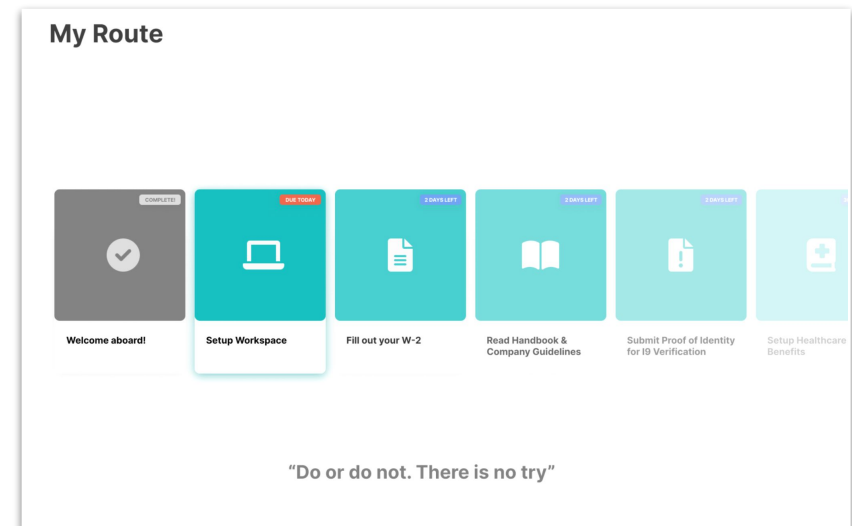
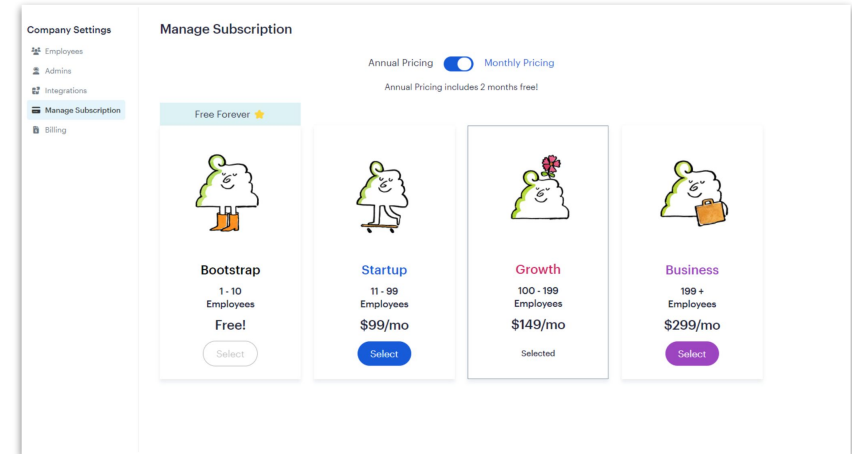
Bridge launches **Skills Plus**, an upskilling platform powered by Lightcast data, where AI recommendations match learners with

**Skills Plus** provides learners with the information and opportunities they need in order to upskill in line with the latest skills requirements for both current and future job roles. The platform also automates the skills training



# Software & Platforms - Breezy

- Breezy has made significant progress in Product development in 2023
- Driven by customer demand Breezy is launching Breezy Perform in October as full self-service product
- So that the business can cover the full employee lifecycle in the SMB market the business will launch Breezy Onboarding at the end of 2023



# AI update

## Significant progress with group-wide focus

- The group is well-placed to benefit from AI and we continue to make progress with our strategy
- AI Advisory Board and specialist partners in place for specific acceleration
- Numerous projects, trials and policies underway across the Group
- As part of our long-term strategy, we will consider adding AI technology businesses who need access to market



Helping largest clients train their own AI models across learning and talent

Launched AI Consulting framework

Launching AI learning programme in October 2023

Character-based AI (PRELOADED) introduced to largest GP client



Launched AI enabled skills product in June 2023 (see earlier)



Launching AI driven facility in September 2023 to help improve the sourcing and screening of candidates



Launching an AI translation, easy editing facility based on OpenAi subscription integration in Q4 2023

# Summary and Outlook

## Summary

- Resilient, diversified model reflected in major contract wins and extensions
- Solid performance from SaaS and long-term contracts (72% H1 revenues)
- Challenging macro backdrop continues to impact transactional and project-based work
- Robust balance sheet allows for voluntary debt prepayments and select accretive acquisitions
- FY23 performance expected to be in line with expectations
- Significantly improved exit run-rate EBIT margin for GP Strategies of c.17% as Q1 issues have been fixed

## Outlook

Jonathan Satchell, Chief Executive Officer of Learn Technologies Group, said:

*“LTG remains uniquely placed to capture growth opportunities in a >\$100 billion addressable market as a result of our scale and breadth in digital learning and talent management. Our balance sheet supports investment and accretive acquisitions that fit with our business model, whilst also allowing us to make a voluntary debt repayment. Demand from organisations to recruit, motivate and retain the best talent, allied with improvements from our commercial transformation programme in GP Strategies, support our confidence of meeting analyst estimates for FY23.”*



# Q&A

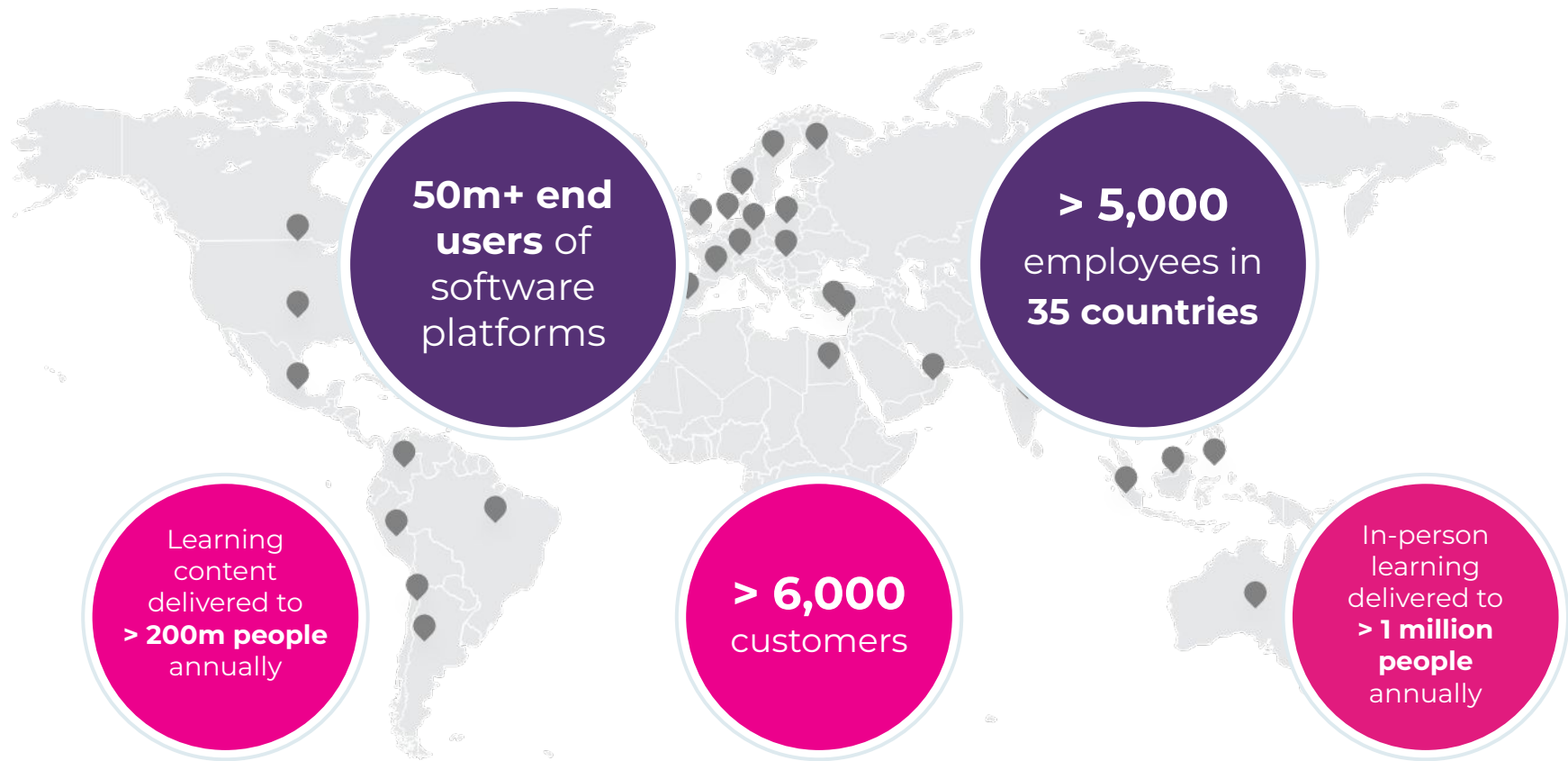


**Thank you**



# Appendix

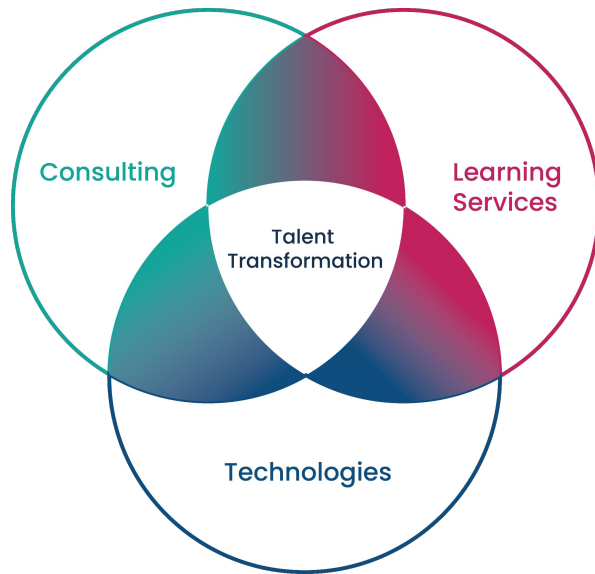
## We have unparalleled global reach and scale



LTG product family and partner technologies



## Our unique value is in the intersection of these areas



Consulting	Learning Services	Technologies
<ul style="list-style-type: none"> <li>• Organisational Performance &amp; Skills Strategy</li> <li>• Learning Technology Consulting</li> <li>• Measurement &amp; Analytics Consulting</li> <li>• Strategic Learning Consulting</li> <li>• Organizational Design</li> <li>• Change Management</li> <li>• Talent Strategy</li> <li>• L&amp;D Transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Managed Learning Services</li> <li>• Learning Experience Design</li> <li>• Immersive &amp; XR</li> <li>• Leadership Development</li> <li>• Diversity, Equity, &amp; Inclusion</li> <li>• Sales Training</li> <li>• Technology Adoption</li> <li>• Technology Implementation</li> <li>• Workforce Technical Solutions</li> <li>• Event Management</li> </ul>	<ul style="list-style-type: none"> <li>• Talent Acquisition</li> <li>• Onboarding</li> <li>• Authoring</li> <li>• Learning &amp; Performance</li> <li>• Talent Management</li> <li>• Succession/Talent mobility</li> <li>• Learning Analytics</li> <li>• Diversity, Equity, &amp; Inclusion</li> </ul>

Cross sell: every major bid out of GP now contains cross-sell of services and/or technology



# Deep Client Relationships

Increasing cross-selling and client expansion opportunities in a large global market

## Top 15 Clients

93%

We deliver more than one service

14  
Years

Average tenure

7

Use an LTG technology

## Strategic market demand

No.1

Reason why people quit their job in 2022: lack of career development and advancement<sup>1</sup>

90m

Shortfall in available people in the western workforce by 2030

## Cross selling opportunity

+29%

More GP clients with LTG products and services in 2022 compared to 2021

168

of the Global 500

86

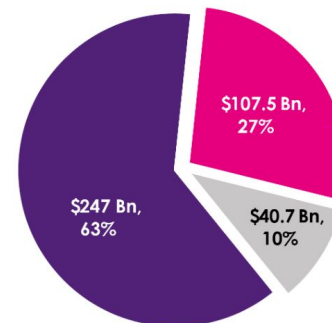
of LTG top 500 clients with more than one product or service: big opportunity

New & emerging clients

5+

New multi-year GP clients signed in 2022 that will rise to Top 50 status in 2023

2023  
\$395.2 Billion  
Internal ■ External ■ Tuition

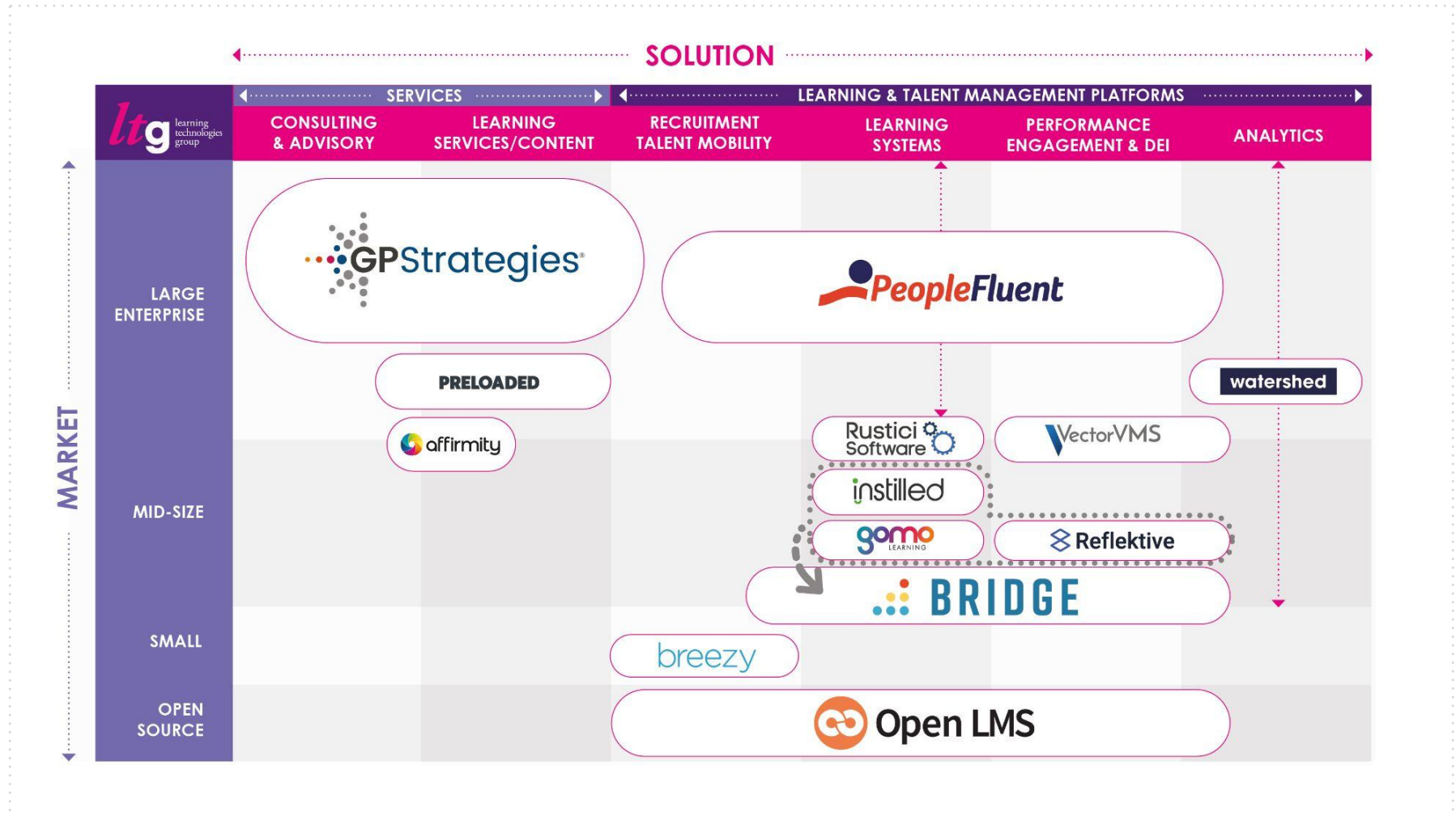


\$107bn

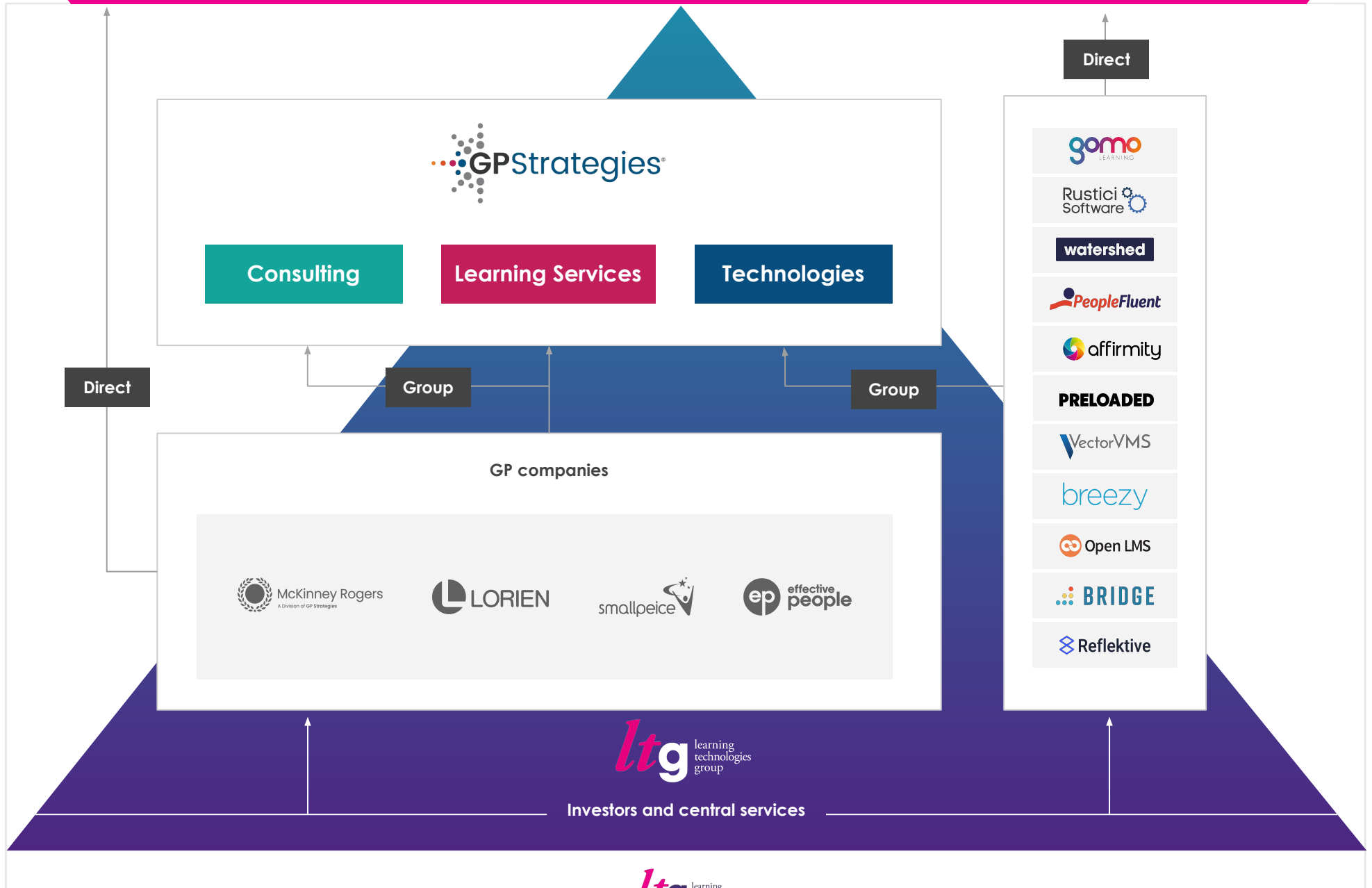
Addressable market for LTG businesses

# LTG's unique offering

Specialist talent management and learning solutions that address the entire market ecosystem



# The Company

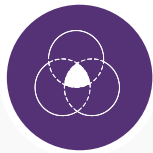
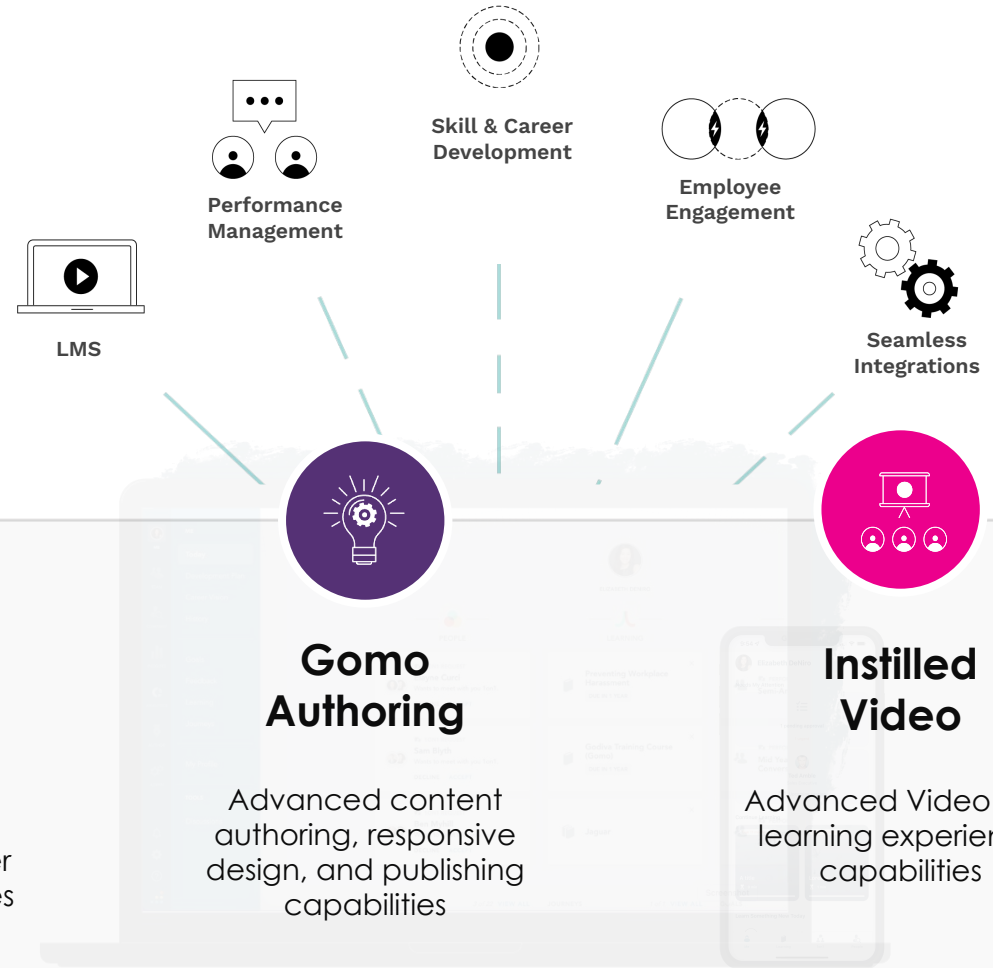


# Product Integration

## Learning + Performance Platform



Expanding Bridge existing capabilities by leveraging LTG technologies and integrating advanced capabilities for a connected experience across learning, performance, & talent



### Patheer Talent Marketplace

AI-driven talent mobility, skills ontology, matching, recommendations, projects and mentoring



### Reflektive Performance

Performance mgmt, calibration, check-ins, engagement and career development capabilities



### Gomo Authoring

Advanced content authoring, responsive design, and publishing capabilities



### Instilled Video

Advanced Video and learning experience capabilities



# ESG - Supporting Clients Make a Positive Impact



## Empowering our clients to achieve their ESG priorities

Reducing the need to travel for learning by providing learning systems to more than 16 million people in 62 countries, including a number of global charities such as Humentum, which provides more than 150 learning programmes to the NGO community globally.

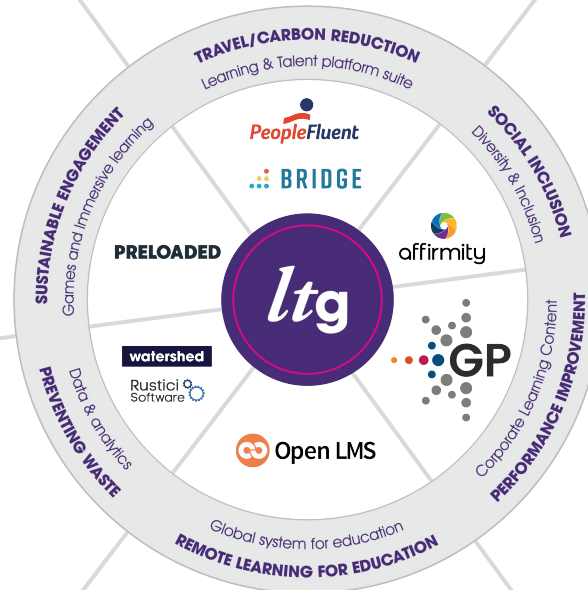
Helping over 1,200 companies achieve workforce equity through solutions that optimise affirmative action and diversity, equity and inclusion programmes.

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

Using data to make learning more efficient and saving waste – impacting c200 million people globally.

Reaching 4 million Higher and Further Education students globally so they can receive high-quality, interactive learning remotely.

Providing Environmental, Social and Governance learning content for 5 million people globally, making people safer (courses include Health & Safety, Cyber & Data Security, Tackling Modern Day Slavery and Anti-Harassment) and supporting compliance needs through topics including Personal Ethics, Whistleblowing, Anti-Bribery, Consumer Protection and Diversity Equity & Inclusion.





# ESG Progress



## 2022 Achievements

Successfully aligned the GP Strategies' ESG management framework with the LTG Group ESG framework including ESG governance, objectives, measurement data and policies.

- Supported Mercedes-Benz with their launch of a brand-immersion experience initiative for its electric vehicle sub-brand, Mercedes-EQ.
- Developed a Group-wide Environmental Policy, standardised our data collection and improved our formal environmental reporting.
- Reduced our leased office space by an additional 18%, which is a key reduction driver for our energy use and emissions.
- GP Strategies' received CDP Climate Change score of B-, above the global average of C in the specialized professional services category.
- Appointment of a Director of Talent Development to lead the Company's Talent strategy and build out of the Learning and Development team.
- Transitioned to the Bridge Platform, our own learning technology, to support our performance conversations and end of year appraisals, and deliver our training and development.
- Enhanced our offering to support colleagues suffering from stress and reinforced our digital learning pathways and courses to support overall wellbeing.
- Aligned client and supplier agreements on data protection to the Schrems II requirements.
- Expanded ISO 27001 (Information Security) certification to include the majority of our SaaS businesses.

### Our Key ESG Initiatives



Supporting clients in making a positive ESG impact



Taking care of our people



Effective environmental sustainability



Continuing improvement in privacy and security standards



Meeting stakeholder expectations on governance

# Acquisitions

	Open LMS	eCreators	eThink	Reflektive	PDT Global	Bridge	GP Strategies
<b>Description</b>	Open-source learning management systems	Open-source learning management systems	Open-source learning management systems	Performance management software	Online diversity and inclusion training solutions	Learning, performance and skills development platform	Global workforce transformation provider
<b>Location</b>	Various	Melbourne, Australia	Delaware, USA	San Francisco, USA	London, UK	Various	Various
<b>Ownership</b>	100%	100%	100%	100%	100%	100%	100%
<b>Acquisition Date</b>	April 2020	October 2020	December 2020	February 2021	February 2021	March 2021	October 2021
<b>Consideration</b>	\$'000	AUD\$'000	\$'000	\$'000	£'000	\$'000	\$'000
<b>Initial - cash</b>	27,159	5,996	19,133	13,677	13,417	47,549	392,035
<b>Initial - shares/options</b>	-	-	-	-	-	-	163
<b>Deferred (Balance sheet)</b>	-	§	§	-	§	-	‡
<b>Deferred (capped) *</b>	-	6,500	15,990	-	6,100	-	885
<b>Fair value of previously held investment</b>	-	-	-	-	-	-	-
<b>Total (per Balance sheet)</b>	27,159	5,996	19,133	13,677	13,417	47,549	392,198
<b>Total (capped)</b>	27,159	12,496	35,123	13,677	19,517	47,549	393,083
* Includes earn-out bonuses							
‡ Treated as post combination share based payment charge so not capitalised on acquisition							
§ Treated as post-combination remuneration so not capitalised on acquisition							

## Five-year financial summary

Year ended 31 December	2018	2019	2020	2021	2022
<b>Revenue (£'000)</b>					
Existing business	51,813	126,614	120,116	146,848	596,902
Acquisitions in period	42,078	3,489	12,208	111,378	-
	<b>93,891</b>	<b>130,103</b>	<b>132,324</b>	<b>258,226</b>	<b>596,902</b>
Growth	83%	39%	2%	95%	131%
<b>Adjusted EBIT (£'000)</b>	<b>25,991</b>	<b>41,022</b>	<b>40,348</b>	<b>54,754</b>	<b>100,943</b>
Growth	105%	58%	-2%	36%	84%
Margin	28%	32%	30%	21%	17%
<b>EPS (pence)</b>					
Basic	0.655	1.628	2.450	1.959	3.857
Diluted	0.641	1.584	2.382	1.878	3.710
<b>Adjusted - Diluted</b>	<b>3.2320</b>	<b>4.351</b>	<b>4.294</b>	<b>5.010</b>	<b>8.121</b>
Growth	69%	43%	-1%	17%	62%
<b>Dividend per share (pence)</b>					
Interim	0.15	0.25	0.25	0.30	0.45
Final	0.35	0.50*	0.50	0.70	1.15
<b>Total</b>	<b>0.50</b>	<b>0.75</b>	<b>0.75</b>	<b>1.00</b>	<b>1.60</b>
Growth	67%	50%	-%	33%	60%
<b>Net (Debt)/Cash/(Debt) (£'000)</b>	<b>(11,465)</b>	<b>3,830</b>	<b>70,202</b>	<b>(141,412)</b>	<b>(119,811)</b>

\*Proposed and deferred



# Glossary

Authoring tool	Computer software which allows its user to create multimedia applications capable of manipulating one or more multimedia objects allowing a non-programmer to easily create software with programming features.
Blended learning	A solution which combines multiple delivery methods, including e-learning, face-to-face training, resources, video and any other type of learning technology.
Cloud-based authoring	e-learning authoring that is free from the constraints of typical desktop solutions. Users access authoring software over the Internet via a secure, affordable hosted system with no worries about software set-up, IT configurations, desktop installs, or missing software licenses.
e-learning	The use of electronic media and information and communication technologies in education and includes all forms of educational technology in learning and teaching.
e-learning interoperability standards	Interoperability is the ability of different information technology systems and software applications to communicate, exchange data, and use the information that has been exchanged.
Gamification	The application of typical elements of game playing (e.g. point scoring, competition with others, rules of play) to other areas of activity, typically as an online marketing technique to encourage engagement with a product or service.
GRC	Governance, risk and compliance.
Immersive Learning	Generally used to mean learning using new XR (Extended Reality) technologies like Virtual Reality (VR), Augmented Reality (AR) and Mixed Reality (MR).
LMS - Learning Management System	A learning management system is a software application for the administration, documentation, tracking, reporting and delivery of electronic educational technology (also called e-learning) courses or training programme.
Learning Record Store	A data store system that serves as a repository for learning records of individual learners. This includes formal and informal learning such as activity and social learning.
Learning and Talent technologies	The broad range of technologies that can be used to support the full employee lifecycle: recruitment, onboarding, performance, learning (and assessment), compensation and succession.
Moodle™	An open-source Learning Management System used across private, public and not-for-profit organisations to deliver and track their learning. Highly customisable and benefits from the contributions of the open source community.
Open Source	Code created by a community that can be hosted and charged for on service basis, but is free of licence.
SaaS	Software as a Service, sometimes referred to as "software on demand" is software that is deployed over the internet and/or is deployed to run behind a firewall on a local area network or personal computer.
SCORM	The de facto industry standard for e-learning interoperability, which enables online learning content and management systems to communicate and work together.
xAPI	The Experience API (xAPI), also known as the Tin Can API, is a software specification that allows learning content and learning systems to speak to each other to record and track learning experiences.
XR	A 'catch all' term (EXtended Reality) for new immersive technologies (see 'Immersive Learning' above)



**How can we help you?**

Discussion