Closing the gap between current and future workforce capability

ltg learning technologies group

Learning Technologies Group plc

2019 Final Results

Jonathan Satchell
Chief Executive

Neil Elton
Chief Financial Officer

16 April 2020

2019 Strategic and Operational Highlights

Strategic Highlights

- Excellent progress towards achieving our 2021 strategic goals

- Acquisition of BreezyHR in April 2019:

    - leading talent acquisition SaaS platform that deepens LTG's presence in 'SMB' market

    - complements PeopleFluent enterprise solution

- Acquisition of Open LMS on 31 March 2020 provides foundation in open-source LMS market with numerous cross-selling opportunities; immediately earnings enhancing

Operational Highlights

- Increased recurring revenue; improved margins; strong cash generation

- Emphasis on generating profit from mature software businesses to invest in R&D and high-growth opportunities

- Successful launch of Instilled LXP and VectorVMS mobile app

- Cross-selling initiatives; increased success in delivering comprehensive software and services solutions to large corporates
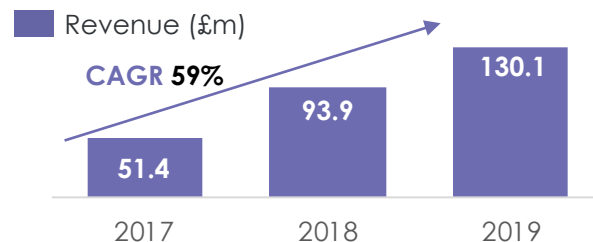
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2019 Financial Highlights: strong delivery and balance sheet

Revenue

2019: £130.1m

+39%

(2018: £93.9m)

Revenue (£m)

CAGR **59%**

2017	2018	2019
51.4	93.9	130.1

Organic Revenue*

2019: £54.1 m

(2018: £49.8m)

S&P +6% (+11% 3 Year CAGR)

C&S +4% (+5% 3 Year CAGR)

Adjusted EBIT

2019: £41.0m

+58%

(2018: £26.0m)

Adjusted EBIT (£m)
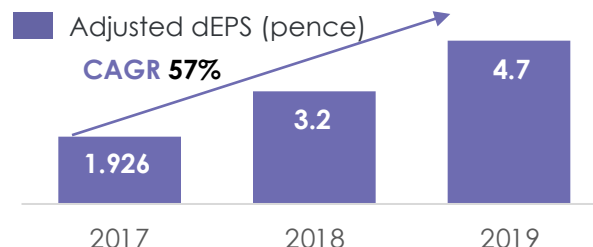
CAGR **80%**

2017	2018	2019
12.7	26.0	41.0
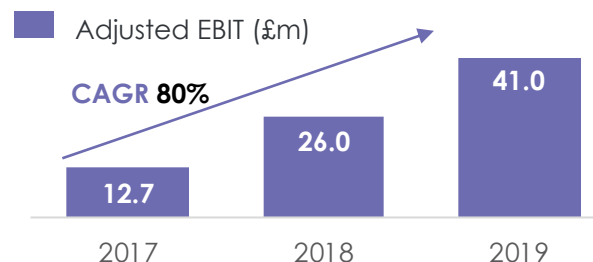
Adjusted EBIT Margin

2019: 31.5%

(2018: 28.0%)

Adjusted dEPS

2019: 4.736 pence

+ 47%

(2018: 3.232 pence)

Adjusted dEPS (pence)

CAGR **57%**

2017	2018	2019
1.926	3.2	4.7

Net Cash/(Debt)

2019: + £3.8m

(2018: -£11.5m)

Plus headroom in committed loan facilities of $21.0m

On a constant currency basis and excluding acquired PeopleFluent business, CSL contract and rental income

Figures reported on a statutory basis: PeopleFluent acquisition completed on 31 May 2018, Watershed acquisition completed on 15 November 2018 and BreezyHR acquisition completed 17 April 2019.
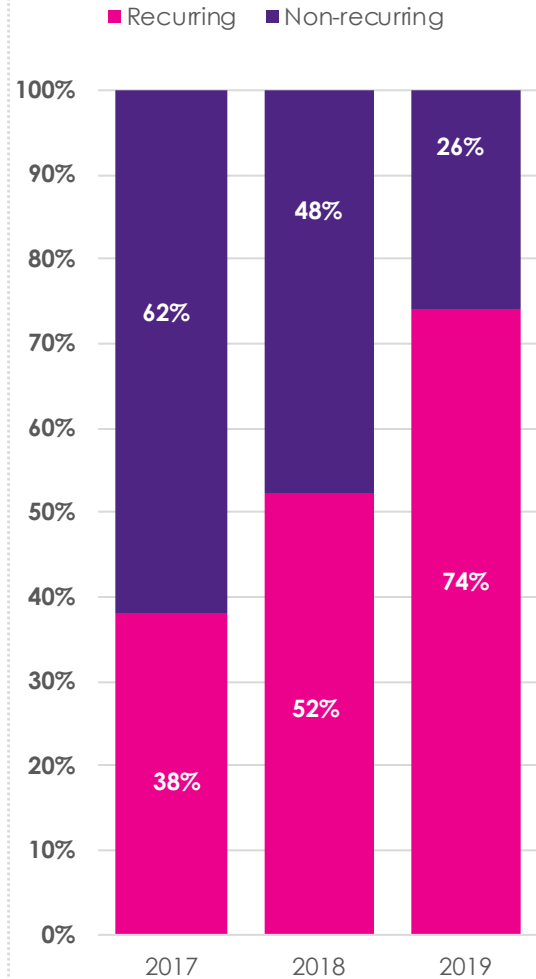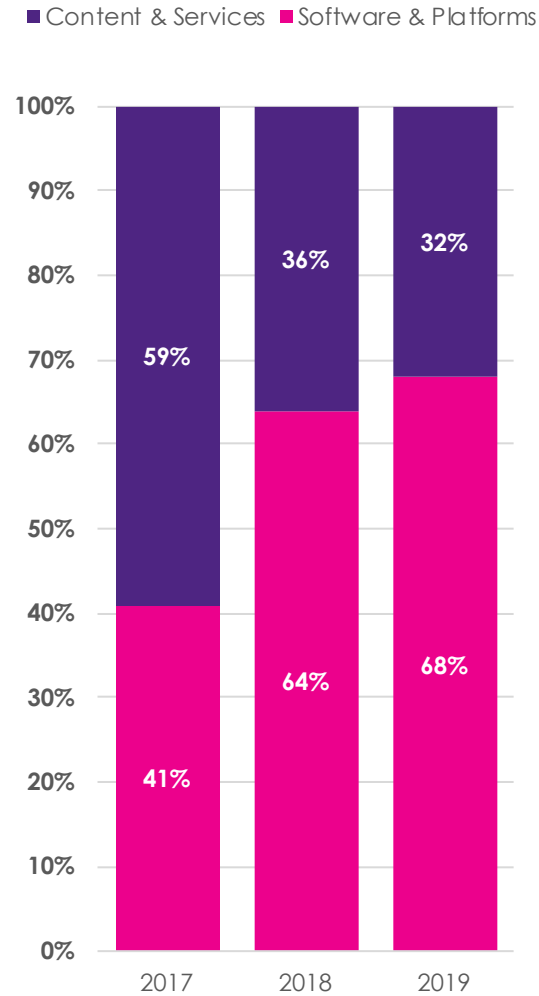
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Financial Highlights Review

Neil Elton
Chief Financial Officer

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Revenue: enhanced sustainability and diversification of earnings

Increasing recurring revenue

■ Recurring ■ Non-recurring

Year	Recurring	Non-recurring
2017	38%	62%
2018	52%	48%
2019	74%	26%

Revenue shift

■ Content & Services ■ Software & Platforms

Year	Software & Platforms	Content & Services
2017	41%	59%
2018	64%	36%
2019	68%	32%

LTG's top 10 clients

■ Top Client ■ Clients 2-10 ■ Others

Year	Top Client	Clients 2-10	Others
2017	13%	25%	62%
2018	3%	12%	85%
2019	2%	10%	88%
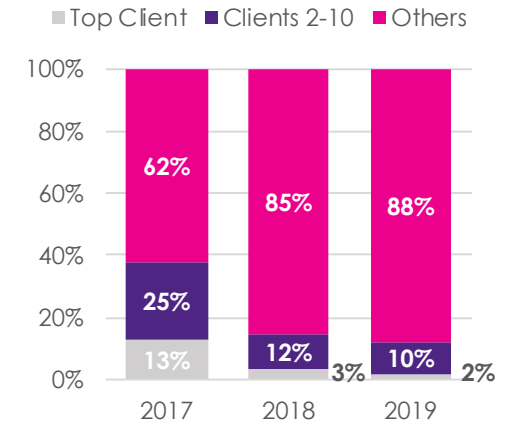
Increasing international footprint

■ UK ■ US ■ ROW

Year	UK	US	ROW
2017	54%	30%	16%
2018	27%	56%	17%
2019	20%	65%	15%

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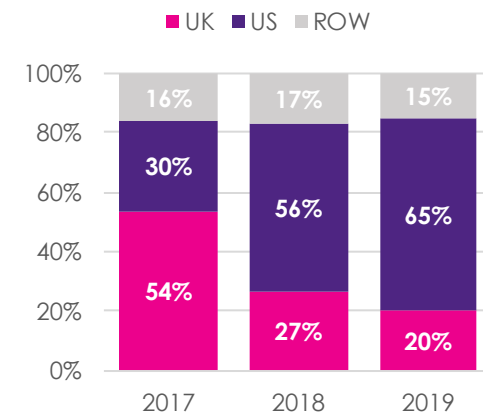
Divisional Performance: Software & Platforms/Content & Services

Software & Platforms

(£m) ■ Revenue

	2018	2019
100.0	60.0	~88
80.0		
60.0		
40.0		
20.0		
0.0		

(£m) ■ EBIT ● EBIT Margin
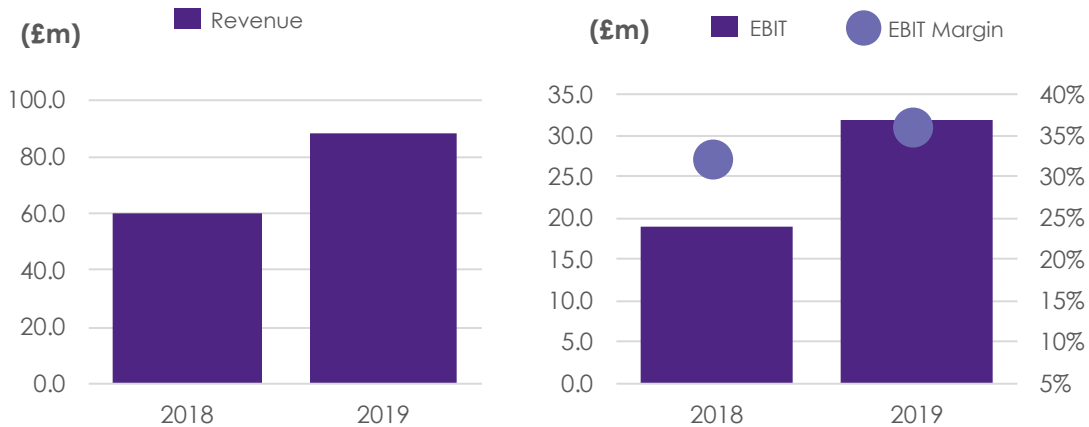
- YOY revenues increased by 48%; BreezyHR contributed c8 months with a full year impact from PeopleFluent and Watershed

- Most customers take multi-year licences, invoiced and paid annually

- Increased retention rates in acquired PeopleFluent business

- 6-9 months enterprise software sales cycle

- Margins increased from 32% to 36%

Content & Services

(£m) ■ Revenue

(£m) ■ EBIT ● EBIT Margin
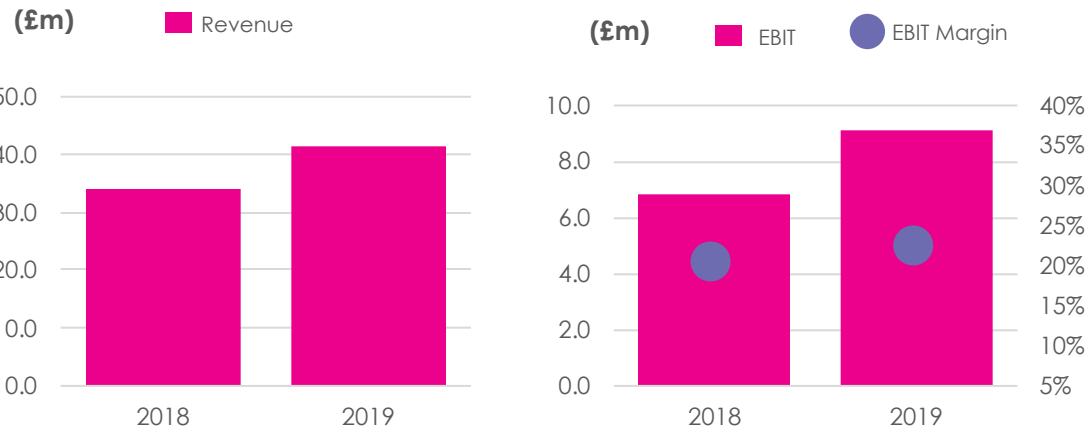
- YOY revenues increased by 21% primarily through full year impact of PeopleFluent

- LEO, Eukleia & Preloaded increased revenues by 8% YOY

- PeopleFluent Learning professional services revenue declined by £0.7m after ceasing LMS customisation projects

- 4-6 weeks content/services sales cycle

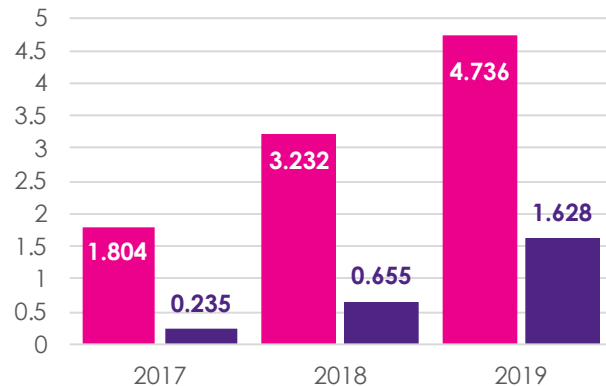- Margins increased from 20% to 23%

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Quality of Earnings: strong margins and EPS growth

Strong margin growth

EBIT ---▲--- **EBIT margin**

Year	EBIT	EBIT margin
2015	3.1	15.6%
2016	6.3	22.3%
2017	12.7	24.7%
2018	26.0	27.7%
2019	41.0	31.5%
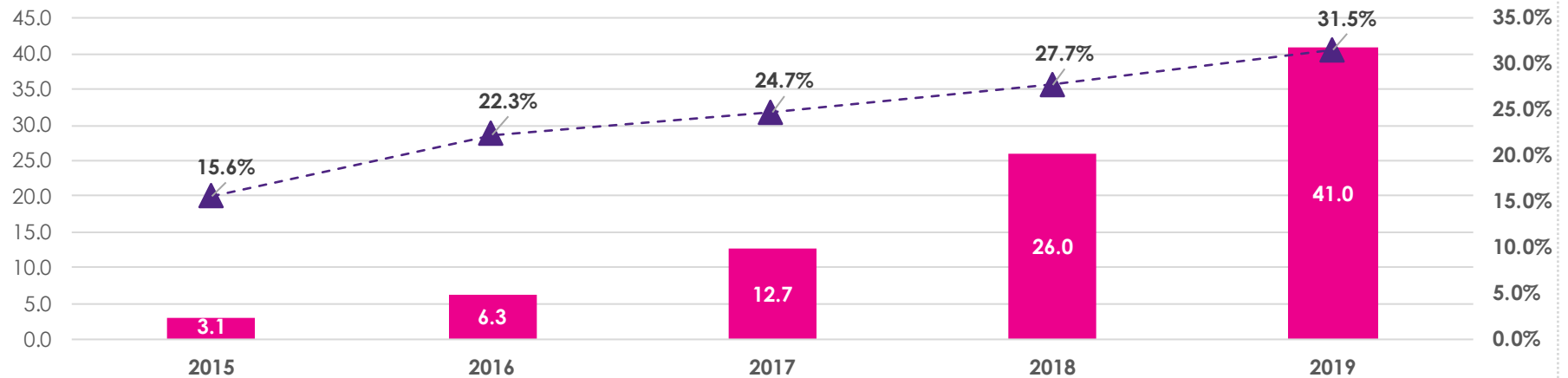
Strong EPS growth

■ Adjusted dEPS ■ Basic EPS

Year	Adjusted dEPS	Basic EPS
2017	1.804	0.235
2018	3.232	0.655
2019	4.736	1.628

Dividend Per Share

■ DPS ■ DPS Postponed ● Dividend cover

Year	DPS	DPS Postponed	Dividend cover
2017	0.3		6.01
2018	0.5		6.46
2019		0.75	6.31

ROCE*

Year	ROCE
2017	13.32%
2018	11.01%
2019	16.44%
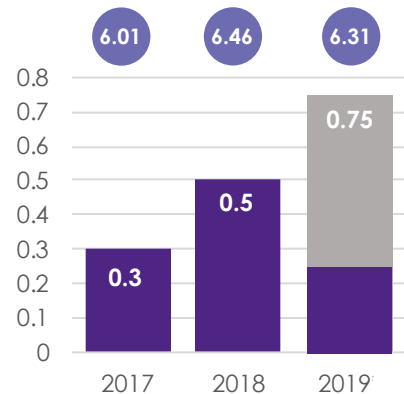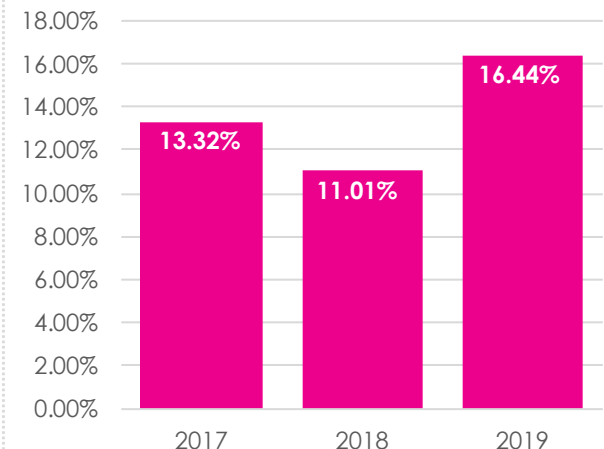
Return On Capital Employed ('ROCE') = Adjusted EBIT / (Assets – Current Liabilities)

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Cash Flow and Financing: continuing strong cash conversion

2019 Cash Flow Bridge

£m

	£'m
Cash cost of acquisition net of cash acquired	(8.8)
Transaction costs	(0.2)
Net Cash on acquisition of BreezyHR	(9.0)

■ Cash outflows   ■ Cash inflows   ● Net debt

Chart values:
- 2018 c/fwd
- Operating cashflows: 40.2
- Development of intangibles: (5.7)
- Purchase of PPE: (0.7)
- IFRS 16 lease payments: (3.3)
- Net cash on acquisition of BreezyHR: (9.0)
- Dividends paid: (4.0)
- Deferred contingent consideration and earn-outs paid: (2.3)
- Issue of shares: 0.7
- Currency changes: (0.6)
- 2019 c/fwd

Operating cash conversion* as % of adjusted EBITDA

2016	2017	2018	2019
92%	101%	83%	84%
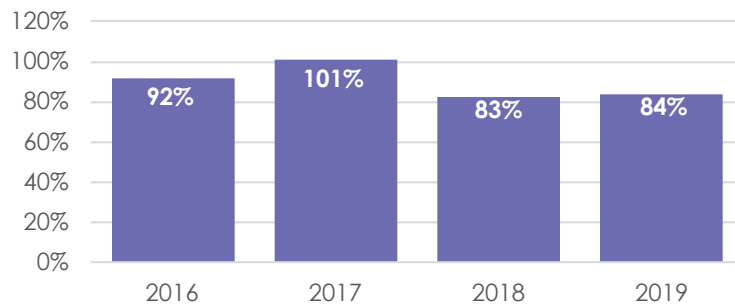
New Bank Debt Facility

- **5 year loan** with Silicon Valley Bank and Barclays Bank from May 2018

- **$63m facility** includes $42m term loan and $21m RCF

- Additional uncommitted **$28m accordion** facility

- Financial covenants:

    - Cash Flow cover >1.0 / Leverage <2.75

- **Net cash of £3.8m** at 31 December 2019 (2018: net debt of £11.5m)

*Operating cash conversion % is calculated by dividing operating cash flows (adjusted for acquisition-related deferred consideration payments, transaction and integration costs, interest and tax paid, exceptional realised FX gains, payments of lease liabilities and the movement of deferred upfront investment outflows relating to the CSL project) by adjusted EBITDA.

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Accounting policy changes:
IFRS16 and share based payment charge

With effect from 1 January 2019 the Group has adopted a new accounting standard: IFRS16 – Leases and has elected to report Adjusted EBIT inclusive of share based payment charge.

	2018	2019
	£'000	£'000
Adjusted EBIT pre accounting policy changes	27,245	43,255
Adjusted EBIT margin (%)	29.0%	33.2%
Share Based Payment charge adjustment	(1,254)	(3,111)
IFRS16 adjustment	-	878
Revised Adjusted EBIT	25,991	41,022
Revised Adjusted EBIT margin (%)	27.7%	31.5%
Adjusted diluted earnings per share (pence) pre accounting policy changes	3.232	4.673
Revised adjusted diluted earnings per share (pence)	3.232	4.733

	1 Jan 2019	31 Dec 2019
	£'000	£'000
Right of use asset	11,938	9,864
Lease liability	14,465	11,957
Of which:		
Current liability	2,831	2,880
Non-Current liability	11,634	9,077

LTG Strategic Review

Jonathan Satchell
Chief Executive

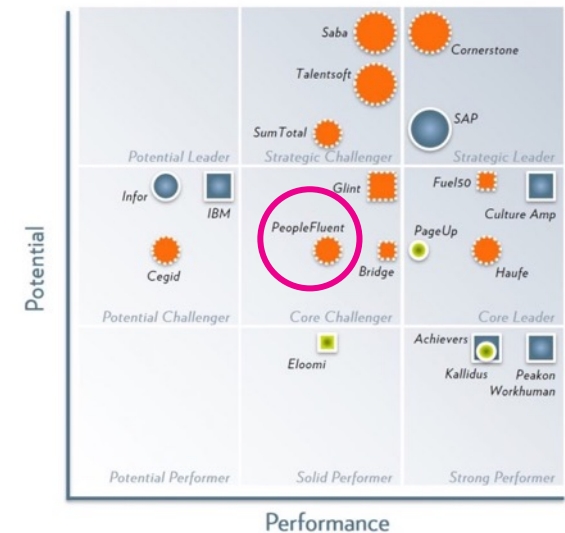# LTG in the corporate digital talent management and learning markets

LTG - Strategic Leader
Jan 2020

PeopleFluent - Core Leader
Jan 2020

PeopleFluent - Core Challenger
Oct 2019

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Fosway Group: Europe's #1 learning analyst, Glossary – see appendix
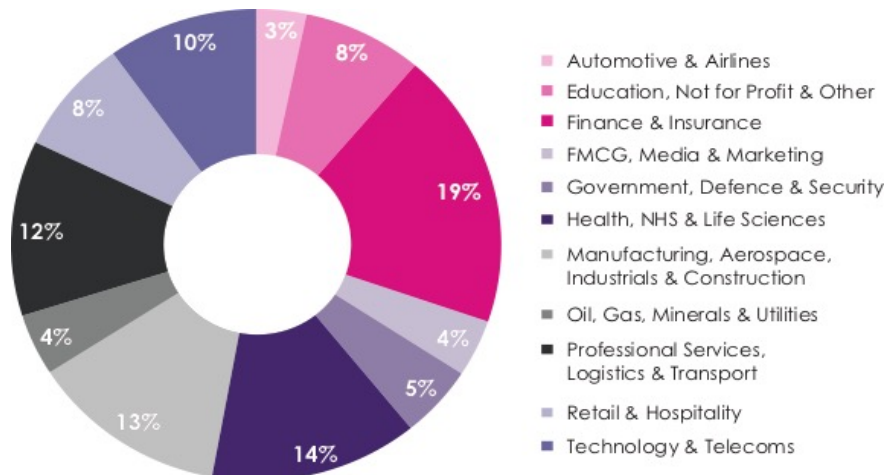
Scale and Diversity:
leveraging the power of LTG's talent and learning solutions

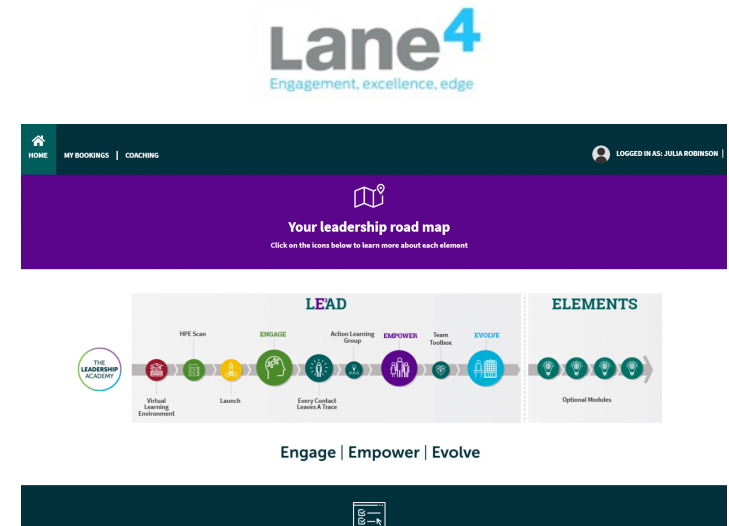### Cross Sell Opportunity – leveraging opportunities of scale

		2018	2019	Change	
No of products per Client	LTG Average	1.2	1.3	8%	▲
	Top 10 Clients	3.2	4.1	28%	▲

LTG Sales by sector 2019 – strength in diversity

- 3% ■ Automotive & Airlines
- 8% ■ Education, Not for Profit & Other
- 19% ■ Finance & Insurance
- 4% ■ FMCG, Media & Marketing
- 5% ■ Government, Defence & Security
- 14% ■ Health, NHS & Life Sciences
- 13% ■ Manufacturing, Aerospace, Industrials & Construction
- 4% ■ Oil, Gas, Minerals & Utilities
- 12% ■ Professional Services, Logistics & Transport
- 8% ■ Retail & Hospitality
- 10% ■ Technology & Telecoms

Partnering to provide blended solutions

Sellafield – Leadership Development

Engage | Empower | Evolve

Selborne - Royal Navy

Bid for 12 year contract

Learning & Talent
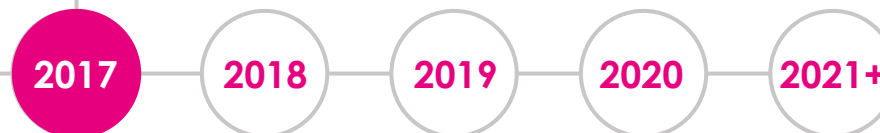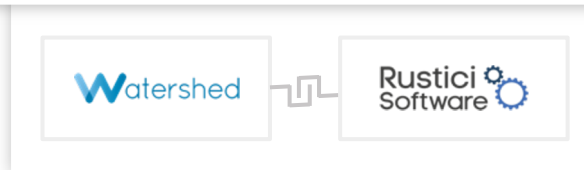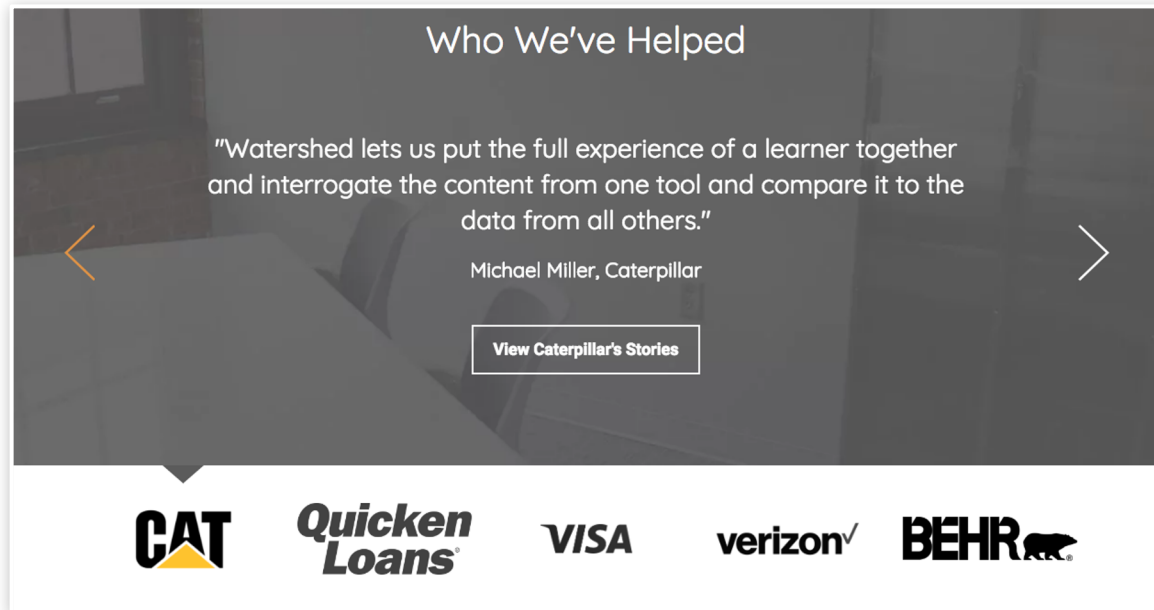# Software & Platforms

Standalone best-in-class businesses being joined for
coherent data driven picture across Learning and Talent.

R&D and Results

Watershed and Rustici integration.
Enabled many of the biggest customer sales including Caterpillar to underpin 2019 39% growth.

Who We've Helped

"Watershed lets us put the full experience of a learner together and interrogate the content from one tool and compare it to the data from all others."

Michael Miller, Caterpillar

View Caterpillar's Stories

CAT · Quicken Loans · VISA · verizon✓ · BEHR

Watershed — Rustici Software

2017 2018 2019 2020 2021+

R&D and Results

Original sale of Gomo to Shell.
Integration/cross-sale for a global academy with design/content services from LEO.

| 2017 | 2018 | 2019 | 2020 | 2021+ |
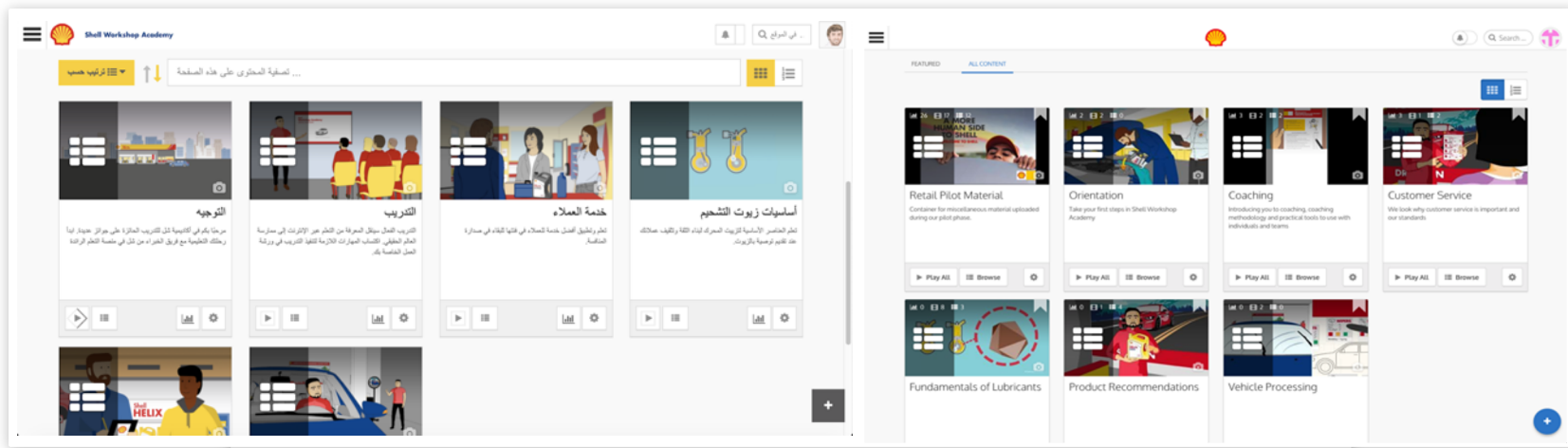
R&D and Results

Watershed cross-sell of Instilled.
Integration creates mid-market product–set.

MID-MARKET

SOUTHERN GLAZER'S
WINE AND SPIRITS

Watershed ⎍ instilled

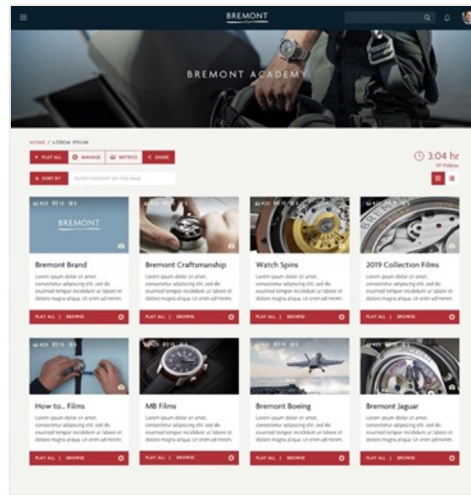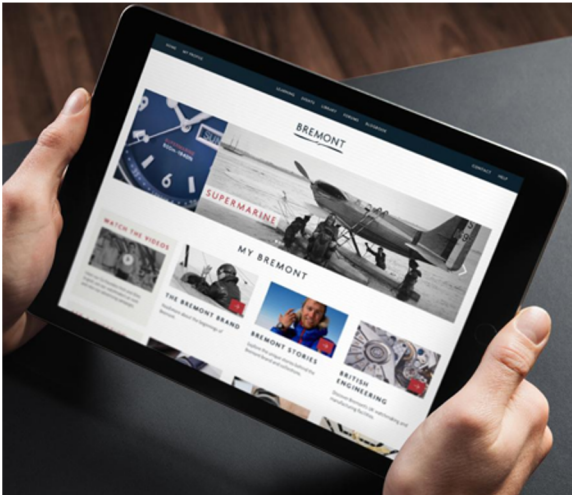2017   2018   **2019**   2020   2021+

R&D and Results

Cross sale by LEO.
Enabling luxury watch maker reach 4,000 people in watch outlets across the world.

MID-MARKET

Watershed — Rustici Software — LEO — instilled

BREMONT CHRONOMETERS

2017 2018 **2019** 2020 2021+

R&D and Results

Going mobile for contingent workforce capability.
Already implemented by more than 30 customers.

IMPLEMENTED BY > 30 CUSTOMERS

2017   2018   **2019**   2020   2021+

R&D and Results

2020: a significant step.
Enabling all content from the Learning Management System
to be surfaced in the Learning Experience Platform.

2017 — **2018** — **2019** — **2020** — **2021+**
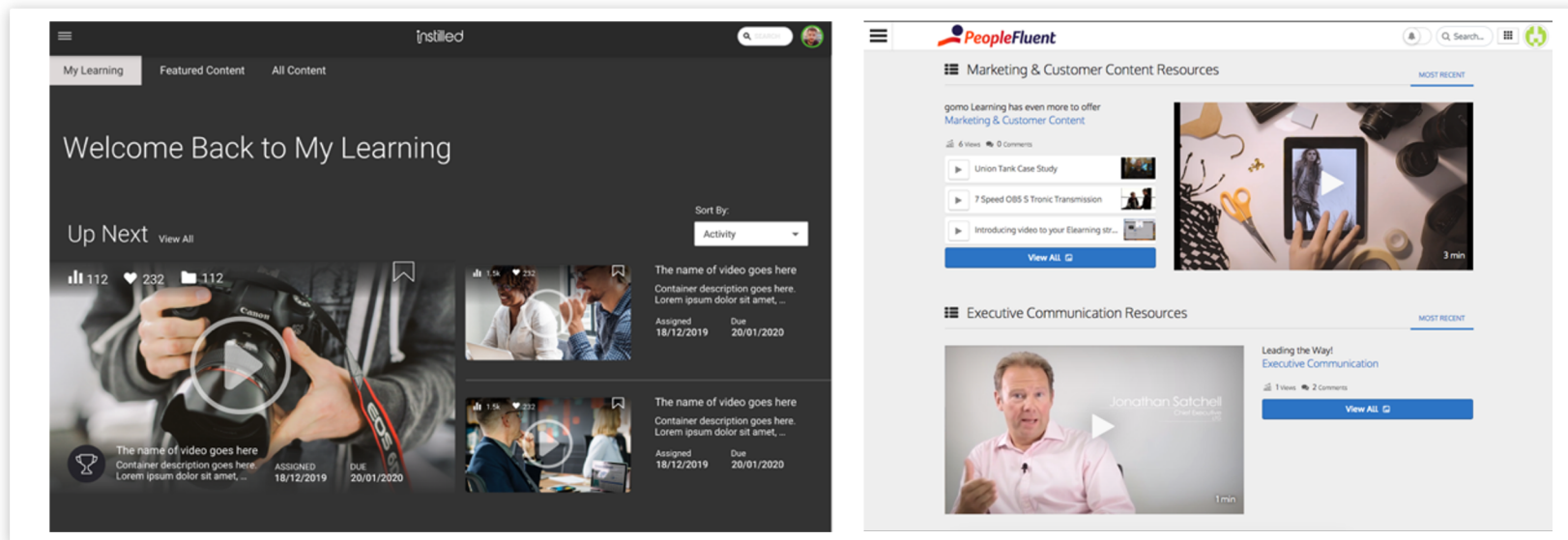
R&D and Results

2020: delivering immersive learning for safety training.
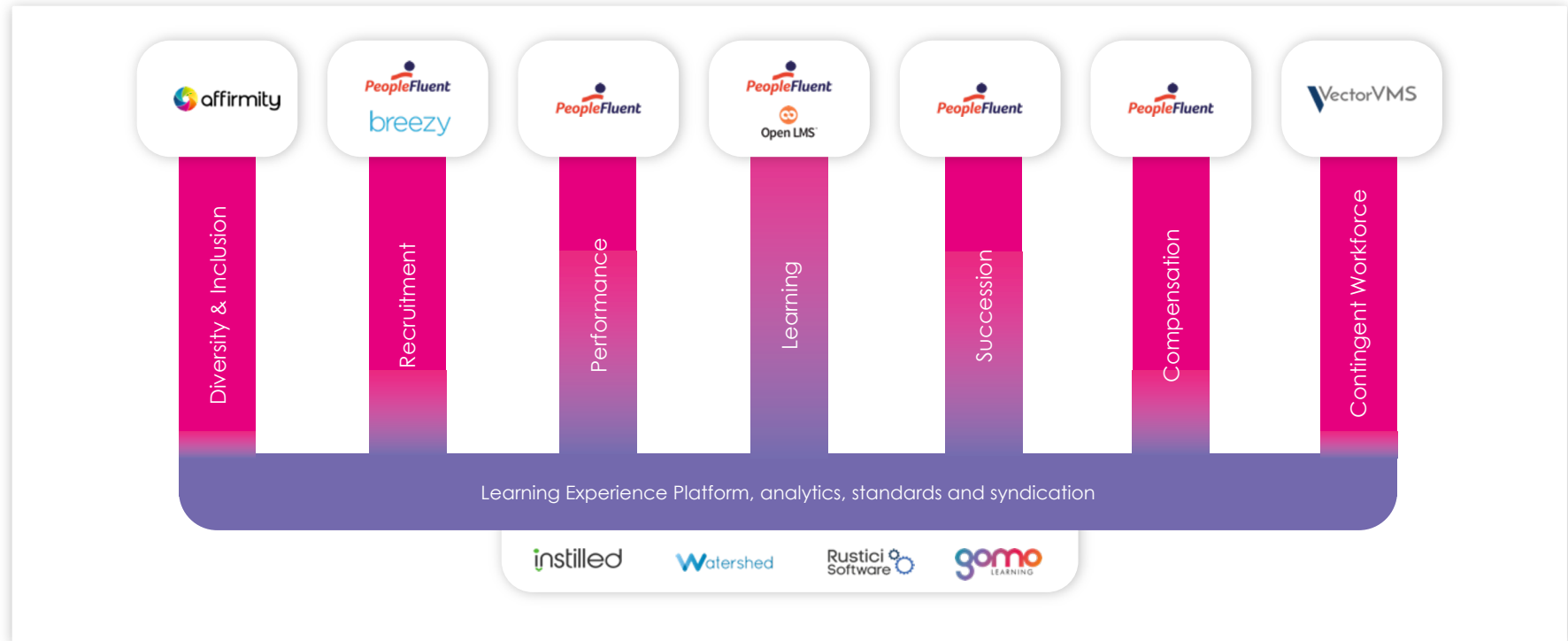Data-driven proof that people can work under pressure/perform critical processes.

R&D and Results

2021 and beyond.
Enhance data-driven picture across learning and talent
via further R&D and selected acquisitions.

affirmity — Diversity & Inclusion

PeopleFluent breezy — Recruitment

PeopleFluent — Performance

PeopleFluent Open LMS — Learning

PeopleFluent — Succession

PeopleFluent — Compensation

VectorVMS — Contingent Workforce

Learning Experience Platform, analytics, standards and syndication

instilled   Watershed   Rustici Software   gomo LEARNING

2017 — 2018 — 2019 — 2020 — **2021**

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Open LMS

SaaS Delivery of Open Source

SaaS delivery of Moodle the world's most popular LMS creates massive cross sell whitespace
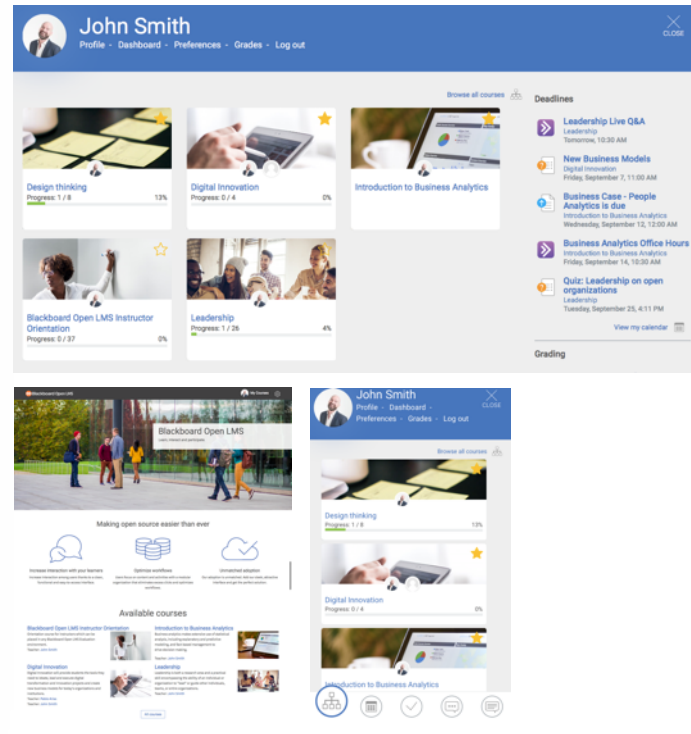
650+
SaaS Clients

2,000,000 Users
In 100+ countries

**Acquired:
31 March 2020**
c.$16m revenues and c.70% recurring subscription fees

- Expands LTG presence in learning continuum
  - K12
  - Higher Ed
  - Lifelong Learning

- Reseller opportunity of Blackboard portfolio into global Moodle market

- Acquisition opportunities to accelerate growth

- Investment in sales and marketing will drive organic growth

- Highly efficient SaaS platform scales with low COGs increase

Middlesex University London

United Kingdom
45,000 learners

UNIVERSITAT DE BARCELONA

Spain
61,000 learners

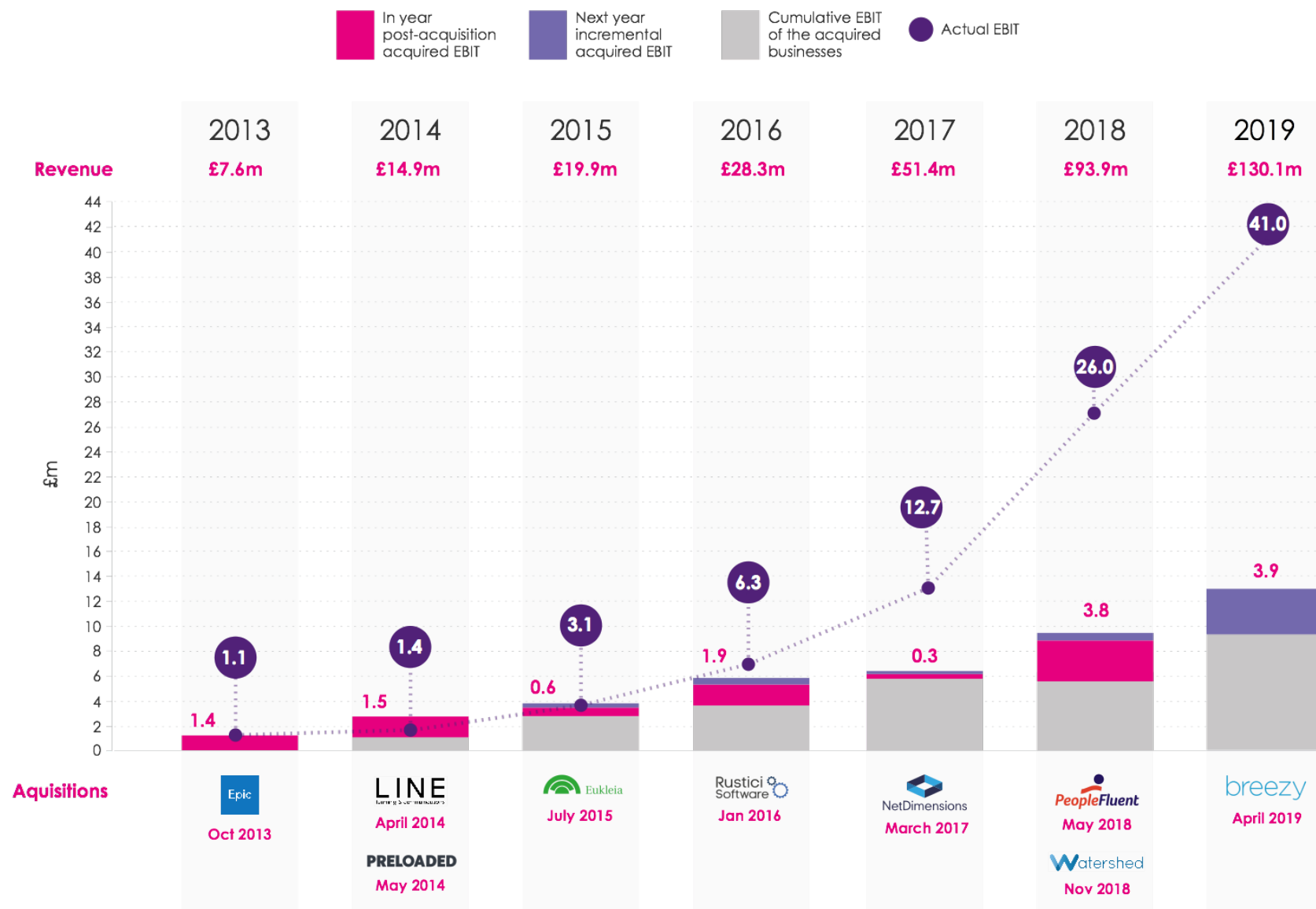**SCC SOUTHEASTERN COMMUNITY COLLEGE**

United States
50,000 learners

TAFE

Australia
105 university network for vocational training
100,000+ learners

Improving the operating models of the businesses we acquire

Legend:
- ■ In year post-acquisition acquired EBIT
- ■ Next year incremental acquired EBIT
- ■ Cumulative EBIT of the acquired businesses
- ● Actual EBIT

	2013	2014	2015	2016	2017	2018	2019
Revenue	£7.6m	£14.9m	£19.9m	£28.3m	£51.4m	£93.9m	£130.1m

Actual EBIT: 1.1 (2013), 1.4 (2014), 3.1 (2015), 6.3 (2016), 12.7 (2017), 26.0 (2018), 41.0 (2019)

In year post-acquisition acquired EBIT: 1.4 (2013), 1.5 (2014), 0.6 (2015), 1.9 (2016), 0.3 (2017), 3.8 (2018), 3.9 (2019)

Aquisitions

- Epic — Oct 2013
- LINE (Learning & Communications) — April 2014
- PRELOADED — May 2014
- Eukleia — July 2015
- Rustici Software — Jan 2016
- NetDimensions — March 2017
- PeopleFluent — May 2018
- Watershed — Nov 2018
- breezy — April 2019

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Corporate Governance:
leading change in workforce performance improvement; a focus on 'ESG'

Investing in our communities

- Group and local charitable initiatives; matching of staff contributions

- Long-time sponsor of Learn Appeal; industry led initiative to help disadvantaged communities

Taking care of our people

- Extensive staff support programs including LTG's own talent and management solutions

- Regular Group communications, staff-surveys and feedback

- All staff participate in bonus schemes; high take-up of UK and US share save plans in LTG shares align staff and shareholders (2019: >50% take-up by staff)

Meeting the expectations of stakeholders

- Strong corporate governance and shareholder engagement;

  - Consultation on Remuneration policy

- Extensive training for all staff; ISO accreditations and Federal Contractor compliance in US

- Focus on data security standards including UK Cyber Essentials, Privacy Shield, GDPR and CCPA

Environmental sustainability

- Rationalisation of office facilities; appropriate work from home practices

- Rationalisation of data-centres: outsourced model reduces carbon footprint and excess capacity

- Reduced corporate travel: roll-out of digital communication solutions

Corporate Governance:
leading change in workforce performance improvement; a focus on 'ESG'

LTG empowers corporates and governments to drive their ESG agendas

- LTG is a leader in improving workforce improvement to help drive business success

- Empowering workers to take control of their learning and talent development

- Enabling corporates and governments to help transform in a rapidly changing world

- Shift from carbon-intensive practices to digital solutions

E3G

"I just wanted to thank you again for all your hard work on the Green Investment Bank learning strategy. It was a real pleasure working with all of you. We handed you a difficult task, particularly in terms of the timeframe, and you delivered for us"

The Humanitarian Leadership Academy was created by Save the Children UK in 2015 to establish an international network of partners that could respond quickly to emergencies in disaster-prone countries.

"It's not every company that's willing to support a charity on this level. It's an incredible story that's really changing lives. People have careers because of the access to learning that the PeopleFluent Learning LMS provides."

Actions in response to COVID-19:

- Work with **Resuscitation Council UK** to deliver healthcare e-learning course to all former **NHS** clinicians returning to NHS in response to the COVID-19 pandemic via the 'Your NHS Needs You' scheme

- Content designed in **Gomo** and delivered through free 6-month **Instilled** LXP licence to 100,000+ clinicians

- **Instilled** LXP offered to corporates on 3-month free trial to enable them to connect their remote workforces

- To date c.30 businesses have signed up for this initiative.

Actions in response to COVID-19

Prioritising our staff, clients and partners

- All staff working-from-home and ban on international travel with effect from 16 March

- Initiated measures to encourage continued interaction between colleagues: regular one-on-one and team calls, on-line social events, and a weekly 'all-hands' call

- On-line welfare programs and support through the HR service desk

- Postponed Director cash bonuses until market conditions normalise but honoured substantial bonus payments to staff reflecting their significant and positive contribution in 2019

Sustaining our position of financial strength

- LTG continues to take prudent approach to profitability and liquidity

- Substantial reduction in expenditure including marketing programs, travel, facilities and capex spend

- Salary increases postponed until 2021, termination of majority of contractors, recruitment freeze and deferred salary program initiated with effect from 1May

- Postponement of proposed final dividend of 0.50 pence per share until market conditions normalise

- $4m of deferred BreezyHR consideration following exceptional performance in 2019 funded through issue of shares in lieu of cash payment at end March 2020

- Combined cash saving in 2020 from these measures in excess of £20m

Summary and Outlook

Summary

- Increased recurring revenue; strong margins and cash generation

- Diversification of client base and revenues with increased presence in US market

- LTG enables businesses to manage the remote learning and talent development of their workforces

- Well positioned to capture long term structural growth opportunity

- Open LMS acquired on 31 March 2020 has strong sales pipeline in open-source LMS SaaS market

Outlook

- Current financial year has started well and in line with management expectations

- No material impact from COVID-19 on YTD performance but expect that C&S projects will be impacted, new business wins and cash receipts delayed as customers manage their own cash positions

- Strong balance sheet; gross cash of £25m at 31 March 2020 following acquisition of Open LMS (debt leverage of c0.3x)

- Plan for £20m+ in cash savings in 2020 actioned; access to non-committed debt facility of $28m

We are confident that in taking swift action in response to COVID-19 the Company will maintain a robust balance sheet and ensure access to ample liquidity, even in a severe downside scenario

Appendices

LTG's unique offering:
specialist talent management and learning solutions

CONTENT & SERVICES

LEO
Learning services – content and blends, learning campaigns, capability building and system implementation.

| 30+ Years Experience | 850+ Clients |

Eukleia
Learning services for global risk and compliance – specialists in training for financial services and investment banking.

| 1m+ eLearning users per year | 9 out of the top 10 European banks served |

PRELOADED
Immersive learning – play with purpose, learning games, augmented and virtual reality.

| 300m Game Plays | 8 Major Global Awards in 2018 |

SOFTWARE & PLATFORMS

PeopleFluent
Integrated talent management in the cloud – recruitment, performance succession, compensation and learning solutions.

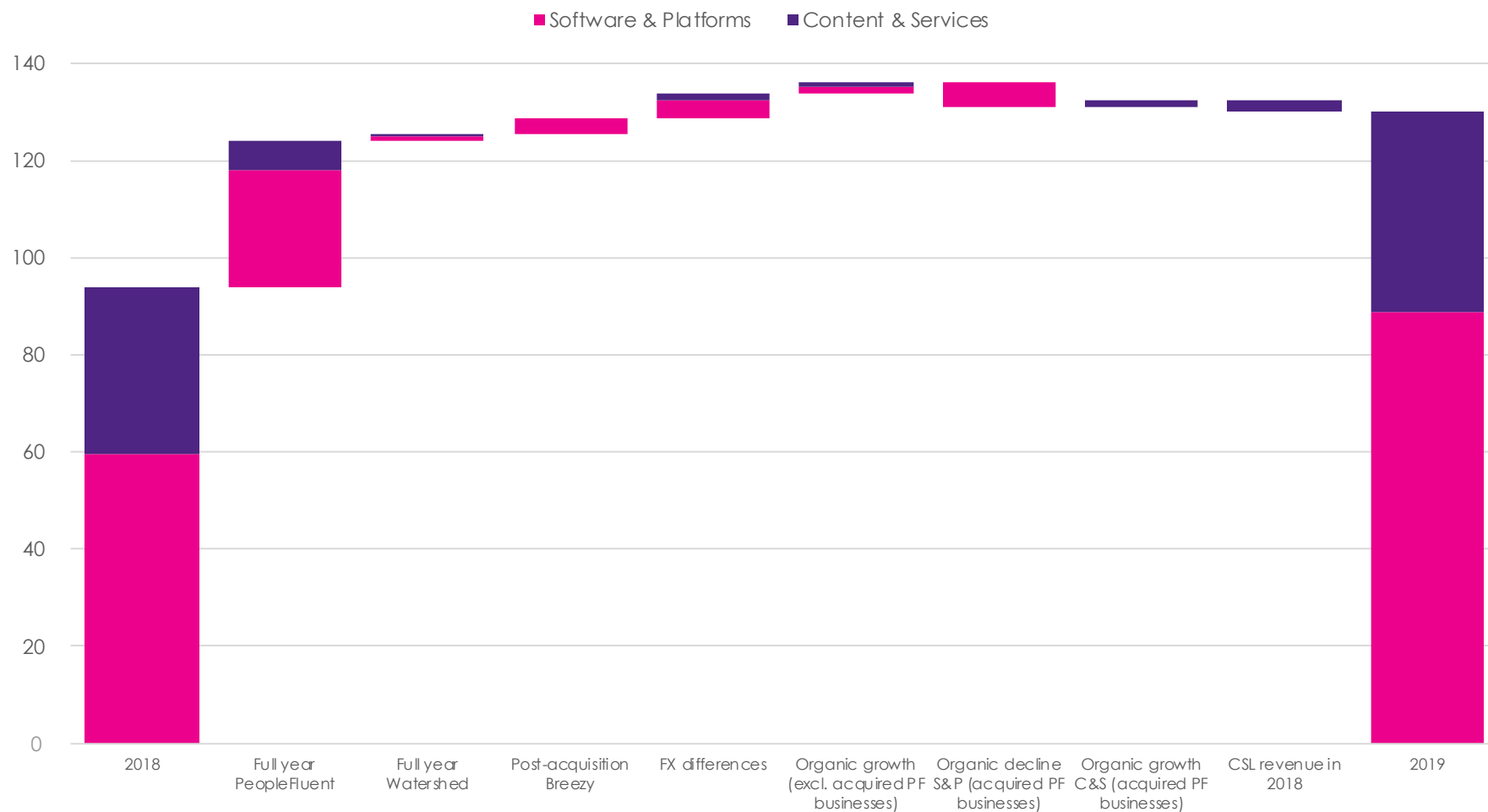| 1500+ Clients | 25m+ Active Users |

breezy
Talent acquisition software – feature-rich, intuitive and user-friendly functionality addressing SMB market.

| 15m Candidates Managed | 10,000 Clients in 72 Countries |

instilled
Learning experience platform – supports modern learning objectives by delivering content when and where learners need it – no distractions.

| 30+ customers in year 1 | 1.1m Users in year 1 |

gomo LEARNING
Learning creation and distribution – feature-rich, intuitive and user friendly functionality addressing SMB market

| 40m+ LTM Recruiting Unique Visitors | 5.8m+ Active Users |

Rustici Software
Technical interoperability – world leader in interoperability and technical standards.

| 400+ Learning platforms & content providers | 80+ Organizations and Government Agencies |

Watershed
Analytics and measurement – industry-leading learning record store with powerful visualisation for management decision-making.

| 114% Annual Growth of Subscription Revenues | 225m+ Learning Experiences Analyzed |

affirmity
Workforce compliance and diversity – U.S. market-leader for affirmative action planning.

| ~950 Customers | 25% Share of US Affirmative Action Plans Produced |

VectorVMS
Contingent workforce management systems – to control costs, maintain compliance, and drive efficiency.

| 175+ Customers | $4bn+ Annual Spend Managed |

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2019 Revenue Bridge

Revenue Bridge

Legend: ■ Software & Platforms ■ Content & Services

Categories (x-axis): 2018, Full year PeopleFluent, Full year Watershed, Post-acquisition Breezy, FX differences, Organic growth (excl. acquired PF businesses), Organic decline S&P (acquired PF businesses), Organic growth C&S (acquired PF businesses), CSL revenue in 2018, 2019

Y-axis: 0, 20, 40, 60, 80, 100, 120, 140

Consolidated Statement of Comprehensive Income

£'000	2019	2018	% Change
Revenue	130,103	93,891	39%
Operating Expenses	(113,462)	(89,932)	
Operating profit	16,641	3,959	
Adjusted EBIT	41,022	25,991	58%
Adjusted EBIT margin	31.5%	27.7%	
Amortisation of acquired intangibles	(20,872)	(15,193)	
Acquired intangibles written down	-	(681)	
Acquisition related deferred consideration and earn-outs	(3,509)	(3,761)	
Integration costs	-	(2,397)	
Operating profit	16,641	3,959	
Costs of acquisition	(249)	(2,621)	
Share of losses of associates / joint ventures	-	(132)	
Loss on disposal of fixed assets	(2)	-	
Fair value movement on contingent consideration	-	183	
Charge on contingent consideration	(248)	(54)	
IFRS 16 finance expense	(468)	-	
Interest payable on borrowings	(1,487)	(1,512)	
Net foreign exchange differences on financing activities	-	3,608	
Interest receivable	111	10	
Profit before taxation	14,298	3,441	
Taxation	(3,426)	730	
Profit for the period	10,872	4,171	

Consolidated Statement of Financial Position

£'000	31 Dec 2019	31 Dec 2018
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,687	2,144
Right of use assets	9,864	-
Intangible assets	228,468	242,458
Deferred tax	4,761	2,858
Other receivables	833	582
	245,613	248,042
CURRENT ASSETS		
Trade receivables	28,911	34,314
Other receivables, deposits and prepayments	2,478	3,897
Amounts recoverable on contracts	4,699	3,397
Amounts due from related parties	18	7
Cash and bank balances	42,032	26,794
Restricted cash balances	330	336
	78,468	68,745
TOTAL ASSETS	324,081	316,787
CURRENT LIABILITIES		
Lease liabilities	2,880	-
Trade and other payables	62,994	72,470
Borrowings	6,344	6,602
Corporation tax	2,386	1,631
	74,604	80,703
NON CURRENT LIABILITIES		
Lease liabilities	9,077	-
Deferred tax	25,257	26,299
Borrowings	31,858	31,657
Other long-term liabilities	8,443	9,008
Provisions	853	301
	75,488	67,265
TOTAL LIABILITIES	150,092	147,968
Total Equity Attributable to the Owners of the Parent	173,989	168,819

Consolidated Statement of Cash Flows

£'000	2019	2018
Profit before taxation	14,298	3,441
Adjustments for:		
Share-based payments	3,111	1,254
Amortisation and depreciation	26,977	17,300
Acquisition related deferred consideration and earn-outs	3,509	3,761
Payment of acquisition-related deferred consideration and earn-outs	(2,321)	(3,166)
Others	2,094	2,186
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES	**47,668**	**24,776**
Net Working Capital changes	(4,834)	(4,252)
Interest received and income tax paid	(5,856)	(792)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**36,978**	**19,732**
Acquisition of subsidiaries net of cash acquired	(8,764)	(107,436)
PPE and IP development	(6,377)	(4,082)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(15,141)**	**(111,518)**
Issue of share capital net of share issue costs	664	83,708
Proceeds from borrowings	16,057	47,110
Repayment of bank loans	(15,468)	(25,803)
Contingent consideration payments	-	(193)
Dividends paid	(4,007)	(2,395)
NET CASH FLOWS FROM/(USED) IN FINANCING ACTIVITIES	**(6,029)**	**102,427**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**15,808**	**10,641**
Exchange (losses) / gains on cash	(570)	491
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**42,032**	**26,794**

Five-year financial summary

Year ended 31 December	2015	2016	2017	2018	2019
Revenue (£'000)					
Existing business	17,409	22,004	38,894	51,813	126,614
Acquisitions in period	2,496	6,259	12,459	42,078	3,489
	19,905	**28,263**	**51,353**	**93,891**	**130,103**
Growth	33%	42%	82%	83%	39%
Adjusted EBIT (£'000)	**3,132**	**6,342**	**12,669**	**25,991**	**41,022**
Growth	127%	102%	100%	105%	58%
Margin	16%	22%	25%	28%	32%
EPS (pence)					
Basic	0.256	(0.317)	0.235	0.655	1.628
Diluted	0.239	(0.317)	0.225	0.641	1.584
Adjusted - Diluted	**0.756**	**1.184**	**1.926**	**3.232**	**4.736**
Growth	102%	57%	63%	68%	47%
Dividend (pence)					
Interim	0.05	0.07	0.09	0.15	0.25
Final	0.10	0.14	0.21	0.35	0.50*
Total	**0.15**	**0.21**	**0.30**	**0.50**	**0.75**
Growth	50%	40%	43%	67%	50%
Net Cash/(Debt) (£'000)	**7,305**	**(8,486)**	**1,048**	**(11,465)**	**3,830**

*Proposed and deferred

Acquisitions

	LINE [†]	Preloaded	Eukleia	Rustici	Watershed	NetDimensions	PeopleFluent	BreezyHR
Description	Blended elearning solutions	Developer of 'games with purpose'	E-learning GRC services to financial services sector	Digital learning inter-operability solutions	Learning analytics developer (xAPI)	Solutions provider of talent and learning management systems	Solutions provider of talent, workforce compliance and vendor management systems	Talent acquisition SaaS solutions
Location	London and Sheffield	London	London	Nashville, USA	Nashville, USA	Hong Kong	Waltham, USA	Jacksonville, USA
Ownership	100%	100%	100%	100%	100%	100%	100%	100%
Acquisition Date	April 2014	May 2014	July 2015	January 2016	Nov 2018	March 2017	May 2018	April 2019
Consideration	£'000	£'000	£'000	$'000	$'000	£'000	$'000	$'000
Initial - cash	5,130	1,605	6,822	20,509‡	2,509	53,600	142,102	12,700
Initial - shares	3,870	609	1,500	6,186‡	-	-	-	-
Deferred (Balance sheet)	-	2,226	§	§	2,981	-	-	§
Deferred (capped) *	-	3,400	3,500	11,000	7,527	-	-	18,000
Fair value of previously held investment	-	-	-	-	2,021	-	-	-
Total (per Balance sheet)	9,000	4,440	8,322	24,078	7,511	53,600	142,102	12,000
Total (capped)	9,000	5,614	11,822	37,695	12,057	53,600	142,102	30,000

* Includes earn-out bonuses

† Merged with Epic in July 2014 to form LEO

‡ Includes transaction bonus payable to staff

§ Treated as post-combination remuneration so not capitalised on acquisition

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Key Clients

Board of Directors: extensive experience

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 a global, fast growing, full service digital learning company.

Neil Elton
Chief Financial Officer

Neil Elton is a Chartered Accountant and was appointed as Chief Financial Officer of LTG in November 2014. An experienced Finance Director, he has helped successfully build a number of fast-growing listed companies.

He joined from Science Group plc, a Cambridge-based technology research and development company, where he was Finance Director from 2010 to 2014. Before that he was Finance Director at Concateno plc, the European leader in drugs-of-abuse testing (2007-2010) and Mecom Group plc, the European media group (2005-2007).

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 e-learning.

He sits on the advisory boards of ELIG ('European Learning Industry Group) and the LPI ('Learning and Performance Institute').

ltg learning technologies group

Board of Directors: extensive experience
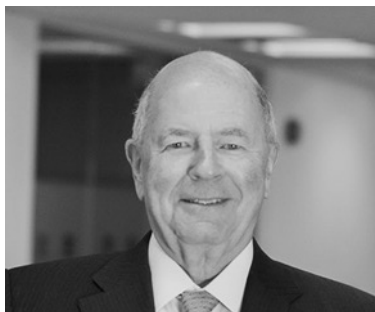
Andrew Brode
Non-executive Chairman

Andrew Brode is a Chartered Accountant and was a former chief executive of Wolters Kluwer (UK) Plc from 1978 to 1990. 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 of RWS Group, Europe's largest technical translations group, in the Top 10 of AIM companies.

He is also a non-executive director of a number of private equity-financed media companies. He acquired Epic together with Jonathan Satchell (Chief Executive) in 2008.

Leslie-Ann Reed
Independent Non-executive Director

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 plc; Induction Healthcare Group plc and Centaur Media plc for which she also serves as Chair of the Audit Committee.

Leslie-Ann is the Chair of the Audit Committee of LTG and sits on the Remuneration Committee.

Aimie Chapple
Independent Non-executive Director

Aimie Chapple was a Senior Partner at Accenture, working with clients in the UK, US and around the world for over 25 years. In 2019, Aimie was appointed Divisional Chief Executive Officer Capita Customer Management with teams in the UK, Germany, Switzerland, Ireland, Poland, India and South Africa.

She also continues to be active in the wellness area, and works as a coach with a number of tech and wellness entrepreneurs and start-up organisations.

Aimie is Chair of the Remuneration Committee of LTG and sits on the Audit Committee.

Claire Walsh
Company Secretary

Claire Walsh was admitted as a Solicitor in 2006 and is Head of Legal at LTG. Claire was appointed as Company Secretary on 1 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).

Glossary

Term	Definition
Augmented Reality	A technology that superimposes a computer-generated image on a user's view of the real world.
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 elearning, face-to-face training, resources, video and any other type of learning technology.
Civil Service Learning ('CSL')	Provides learning and development for all civil servants.
Cloud-based authoring	elearning 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.
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 technologies	The broad range of communication, information and related technologies that can be used to support learning, teaching, and assessment.
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.
EPIC and LINE	LINE was merged with the original business, Epic, to form LEO, a market-leading learning technologies firm with unrivalled capability to provide custom solutions to its corporate and government clients.
Big Data	Collecting vast amounts of information to predict the movements of market segments.
Rich data	Collecting vast amounts of information to predict consumer behaviour.
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.
Tin Can API	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.
xAPI	As above; increasingly used as the official name of this new standard.