

RM plc
Interim Results for the six months ended 31 May 2024
Strategic plan driving strong progress in contract wins and business transformation

RM plc ('RM'), a leading global educational technology ('EdTech'), digital learning and assessment solution provider, reports its interim results for the six months ended 31 May 2024.

Financial highlights

£m	HY24	HY23	Variance
Revenue from continuing operations	79.2	87.6	(9.6%)
Loss before tax from continuing operations ¹	(6.8)	(3.1)	(121.9%)
Discontinued operations ²	-	10.3	n/a
Statutory (loss)/profit after tax ¹	(6.8)	8.2	(183.0%)
Diluted EPS from continuing operations ¹	(8.1)p	(2.5)p	(224.0%)
Adjusted performance measures³:			
Adjusted operating loss from continuing operations	(0.6)	(4.5)	86.3%
Adjusted EBITDA	1.9	(1.5)	227.2%
Adjusted loss before tax from continuing operations	(3.7)	(6.7)	45.5%
Adjusted diluted EPS from continuing operations	(4.1)p	(6.7)p	38.8%
Adjusted net debt ^{1,4}	52.7	50.7	1.3%

Overview

- HY financial performance reflects the extent of the transformation RM has undergone, and the actions taken to set the business up for growth in the future
- Revenue from continuing operations¹ of £79.2m, down 9.6% (HY23: £87.6m), predominantly reflecting the closure of the Consortium business at the start of the period and to an extent the changing nature of contracts in Assessment won during the first half, for which revenue will be recognised in future periods
- Adjusted operating loss improved by 86.3% to £0.6m (HY23: loss of £4.5m), driven by the closure of the Consortium business and higher underlying profitability of the ongoing business
- Statutory loss after tax of £6.8m (HY23: profit of £8.2m), with the swing reflecting the inclusion in HY23 of £8.5m of income generated from IP sales and a £10.3m gain on the sale of RM Integrus and RM Finance
- Adjusted net debt of £52.7m (FY23: £45.6m / HY23: £50.7m)
- Signed amended and extended banking agreement providing a firm foundation to execute against new strategic plan

Good progress made against the strategic plan set out in March 2024

- Encouraging early momentum in the new business pipeline:
 - In Assessment, contract wins have moved towards longer-term, recurring, contracted relationships, with a contracted order book⁵ of £66.9m - 51% higher than the £44.2m at the start of the period and a pipeline of opportunities valued at £170m
 - Signed a flagship long-term contract with International Baccalaureate to support its move towards fully digital assessment and accreditation processes across all geographies. This win is the first for our Global Accreditation Platform, which lies at the heart of our strategic growth plans
 - Despite H1's revenue dip, TTS had strong growth in France, Switzerland and Ireland where Robotics is a key focus and has an encouraging order book for H2
 - Continued growth from international schools in UAE and a 3-year extension to the GEMS Education contract with exclusivity in early years and primary; RM is also establishing a legal entity in Dubai to better service customers in the region
- Expanded product portfolio across all divisions, powered by own-IP technology and with a strong customer focus:
 - RM Technology launched NX-Generation Services, its first holistic IT services portfolio including AI modules, aimed at Multi-Academy Trust schools to drive efficiencies and technological improvements
 - 100 new products launched by TTS in key strategic areas of Early Years, Special Educational Needs and Robotics during the half, with a further 50 to be released in H2
 - Established RM Consulting, a new business unit which will support Assessment clients moving forward with their digital assessment journey
- Strong progress made in cost-saving programme, with £6.6m of annualised cost savings identified and initiated, on track towards £10m target
- Design work for streamlined target operating model established, which once implemented will create greater agility and gross cost synergies of £4m (being part of the £10m target)

Current trading and outlook

- Reflecting the shift to longer-term recurring contracts in Assessment, leading to revenue on H1 contract wins being accounted for in future periods, and uncertainty regarding the timing of a general election having impacted UK schools' spending in H1, the Board now expects full-year revenue to be broadly flat year on year (excluding Consortium)
- Trading in H2 to date has started on an upward trajectory in line with our expectation for like-for-like revenue decline in H1 to be offset by H2 performance
- Adjusted Operating Profit for the full year is expected to be in line with market expectations
- During FY24 we fully expect to operate within our banking covenants, allowing for working capital and capital expenditure required to fund our future growth plans, alongside continuing interest payments and committed pension contributions

Mark Cook, Chief Executive of RM, said:

"Our first half performance reflects the extent of the transformation RM has undergone, and the action we have taken to set the business up for growth in the future.

"I am delighted that during the period, International Baccalaureate has become a foundation customer of our Global Accreditation Platform for digital assessments, with a long-term strategic relationship. In addition, we have grown the pipeline of assessment platform customers by 70% to £170m, and the Assessment contracted order book by 50%.

"Looking ahead, we see significant opportunities to expand our use of AI, both to create efficiencies within the business and to enhance solutions to drive improved outcomes for educators, assessors and learners with time-saving and adaptive tools.

"This is an exciting period for RM, and although it will take time for the financial benefits to flow through, I am confident that our strategy for growth will deliver for all our stakeholders. I'd like to take this opportunity to thank everyone for their significant contribution and hard work."

Notes

1. HY23 restated for the capitalisation of £1.3m of independent business review costs, previously expensed as described in Note 12.

2. Continuing operations includes the results of RM's TTS, Consortium, Assessment and Technology businesses. Continuing operations excludes the results of the RM Integrus and RM

Finance businesses which were sold on 31 May 2023.

- Throughout this statement, adjusted operating (loss)/profit, adjusted EBITDA, adjusted (loss)/profit before tax and adjusted EPS are Alternative Performance Measures, stated after adjusting items (See Note 4 to the financial statements) which are identified by virtue of their size, nature and/or incidence. The Group reports adjusting items which are used by the Board to monitor and manage the performance of the Group, in order to ensure that decisions taken align with the Group's long-term interests. Adjusting items are identified by virtue to the size, nature or incidence at a segment level and their treatment is applied consistently year-on-year.
- Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts. Lease liabilities of £15.6m (30 November 2023: £16.5m) are excluded from this measure as they are not included in the measurement of adjusted net debt for the purpose of covenant calculations.
- Contracted order book represents secured revenue, supported by a contract, that is yet to be recognised as revenue in the financial statements. We have introduced this metric for our Assessment division to provide greater visibility of the increasing trend towards securing longer-term strategic contractual revenue.

Presentation details

A presentation by Management for investors and analysts is available on the company website at <https://www.rmplc.com/>.

Contacts:

RM plc

investorrelations@rm.com

Mark Cook, Chief Executive Officer

Simon Goodwin, Chief Financial Officer

Fiona O'Nolan, Investor Relations

Headland Consultancy (Financial PR)

+44 203 805 4822

Stephen Malthouse (smalthouse@headlandconsultancy.com)

Chloe Francklin (cfrancklin@headlandconsultancy.com)

Dan Mahoney (dmahoney@headlandconsultancy.com)

Notes to Editors:

About RM

RM was founded in 1973, with a mission to improve the educational outcomes of learners worldwide. More than fifty years on, we are a trusted global EdTech, digital learning and assessment solution provider, transforming learners, educators, and accreditors to be more productive, resilient, and sustainable. Our simple approach enables us to deliver best in class solutions to optimise accreditation outcome.

RM is focused on delivering a consistently high-quality digital experience, acting as a trusted consultative partner to provide solutions that deliver real impact for learners worldwide. Our three businesses include:

- Assessment - a global provider of assessment software, supporting exam awarding bodies, universities, and governments worldwide to digitise their assessment delivery.
- TTS (Technical Teaching Solutions) – an established provider of education resources for early years, primary schools, and secondary schools across the UK and to ministries of education and independent institutions worldwide.
- Technology - a market-leading advisor and enabler of ICT software, technology and bespoke services to UK schools and colleges.

Chief Executive's Review

Business review

I am pleased with our performance in the first half, as RM executes its new Strategic Plan for revenue and profit growth, as announced at our full-year results in March, with a focus on securing longer-term contracts in our core Assessment business. This included the contract with International Baccalaureate to support their move towards fully digital assessment and accreditation processes across all geographies. The business continued to make good progress towards its financial and operational turnaround, and we saw improved margin performance across our customer facing services and products despite some pre-election uncertainty in UK school budget spending and the impact from the Consortium business which ceased trading in December 2023.

We delivered a solid performance in the half following the decisive cost actions taken last year, which continue into FY24. Revenue (excluding Consortium) was £78.3m, down 3.2% (HY23: £80.9m), adjusted operating loss (including Consortium) was £(0.6)m, improved 86.3% (HY23: loss of £(4.5)m), and we grew total Group adjusted EBITDA by 227% to £1.9m (HY23: £(1.5)m). Revenue has been impacted by the continued pressure on UK schools' budgets, with some pre-election uncertainty affecting our Technology and TTS UK businesses, and the changes in our revenue mix, moving towards recurring and longer-term contracts in our Assessment business, where new strategic contract wins in the first half will start to contribute to revenue over a longer time period as customers get access to, and utilise our Global Accreditation Platform. As a result, we now expect revenue for the full year to be broadly flat. Adjusted Operating Profit for the full year remains in line with expectations.

Due to this change in the revenue mix, we are introducing a new Assessment revenue metric, with the contract order book at 31 May 2024 of £66.9m, an increase of over 50% since 30 November 2023, with good momentum in strategic contracts, cross selling to existing customers and customer renewals. The majority of this new revenue is derived from our own IP. In addition, we have a pipeline of active opportunities in Assessment valued at £170m, defined as opportunities where we are preferred bidder or in bid. This strengthening of revenue visibility is largely due to the commitment we have made to building a Global Accreditation Platform for our Assessment clients and our focus on building a stronger sales & marketing function facing into our customer groups.

Strategic Plan update

In March, we unveiled our Strategic Plan for growth, to capitalise on the significant future growth opportunities in the \$222 billion Global EdTech market¹, with our core ambition to support learners with a 'lifetime of learning experience,' enriching the lives of learners globally. We unveiled our intention to become a leading global EdTech company with significant investment in our Portfolio of Products and Solutions for the coming years. This new strategic and operational focus will enable RM to unlock its true value.

Underpinning this transformation are a number of key priorities for FY24 and beyond to deliver on our intent to become a company that has 3-4 times the value that it has today, de-leveraged, a dividend paying company delivering double digit growth with EBITDA 5x that of FY23.

1. Build an organisation for success

As we progress with the delivery of our new strategy, we are reviewing and refining our execution to best enable us to respond in the most agile way to the ever-changing EdTech and education landscape, an approach adopted to ensure we make the right decisions with the right information to create a sustainable business.

We are taking our current global award-winning assessment solution and developing it to become a truly scalable, end-to-end digital accreditation platform. Core to the future of RM, are the digital solutions that support a learner's assessment of progress towards an examination, as well as the accreditor's ability to provide

a platform to enable and enhance their examination assessment to take advantage of the education transformation towards fully on-screen digital examinations.

As announced in May, RM signed a significant new contract expansion with International Baccalaureate ('IB') to deepen its longstanding partnership of more than 15 years. The new agreement includes the transformational delivery of IB's Diploma and Career-Related Programmes as digital assessments, marking a significant milestone for both organisations. For RM, this project is fully aligned with its strategy to build a Global Accreditation Platform that enables the digital transformation towards fully digital on-screen examinations, which in turn will provide IB learners with enhanced opportunities throughout their programmes. In the first half of the financial year, our Assessment business commenced the platform development project with IB as the first foundational customer and we are forming a new development team who will be responsible for the new end-to-end Global Accreditation Platform. In addition to new strategic customer wins, our Assessment business has grown its contract order book to £66.9m as it continues to be the preferred partner of choice to global accreditors.

2. Create clear line of sight to three customer groups – accreditors, educators and learners

In the past RM has spoken about how we are organised rather than the customers we serve. We now have a single clear go to market approach; for our products and solutions, serving customers from early years to industry and professional qualifications with a clear and unified portfolio roadmap, a company ethos that is much simpler with a cleaner line of sight to our customers, and with a new target operating model framework.

The design work to deliver this streamlined and customer-centric target operating model (TOM) commenced in the half, creating greater agility on completion.

Aimed at Multi-Academy Trust schools, our Technology business launched NX-Generation Services - its first holistic IT services portfolio, which includes AI modules and which promotes continual improvement across technology, skills and security. NX-Generation Services will transform education systems, making them more efficient and equitable whilst unlocking cost and time savings for our clients.

3. Develop services and solutions to drive revenue

Supporting this strategy, we have a Strategic Portfolio Roadmap of RM owned and developed IP; with products and solutions to be delivered to accreditors, educators, and directly to learners for adjacent solutions.

A core component of the future RM portfolio is to build, at scale, our Global Accreditation Platform and we already have customers, with new, long-term commitments, as future users of the platform as part of our digital assessment solution.

In June, we announced the launch of RM Consulting, a new business unit which will work with assessors and awarding bodies to help them define, design and deliver digital programmes, maximising the benefits realised for educators and learners alike, and allowing our clients to fully benefit from our well-established expertise in education and the use of technology. RM Consulting will form a key pillar of the Group's growth strategy, working alongside, and being supported by the building of our Global Accreditation Platform.

TTS launched 100 new products in our key strategic areas of Early Years, Special Educational Needs and Robotics during the half, with a further 50 to be released in H2.

We have developed an RM AI large language model that has been implemented with a new AI / human interface, curriculum rich solution. This is now being used to generate content for the TTS website and optimises the linkage between over 8,000 products and the National Curriculum. Using this solution has significantly increased the efficiency of deploying National Curriculum enhanced product descriptions and by adding in National Curriculum content to the AI engine, we will be able to develop further product enhancements aimed at helping teachers improve their teaching resources e.g. subscription model for educators and learners to digital curriculum resources to supplement RM physical resources.

4. Build a stronger financial platform

We are focused on building a stronger financial platform to support our strategic growth plans. In March our lenders gave us their support with an amended and extended banking agreement to 2026. We continue to work hard to deleverage the business through operating cash flow and will continue to seek to reduce this. During the period, we have identified £6.6m of annualised cost savings across a number of operational areas, following a review by our strengthened executive leadership team. We realised £1.8m of annualised savings relating to the closure of the Consortium business on top of the two-into-one distribution centre consolidation which realised £1.5m annualised savings (previously announced). We initiated further areas of efficiency within Assessment, Technology, Group Costs and further consolidated our property portfolio, realising other cost savings of £4.8m. Plans are still in progress to identify further annualised savings in the second half towards the stated target of £10m of annualised savings identified during the current financial year, bringing the total to £20m of annualised savings since I joined RM.

Note:

1. Source: IMARC Group

Building a sustainable organisation

Building RM into a sustainable organisation is a critical outcome of the successful execution of our strategic plans, and our people are fundamental to achieving our plans. Our new Chief People Officer and strengthened Senior Leadership team have made communication and engagement across the organisation a priority. We established a Workforce Engagement Group to coordinate initiatives with Board sponsorship. In our recent Employee Engagement Survey in May, where 84% of the organisation shared feedback with us, our score improved by 7pts to 63. The most significant increases in survey scores were linked to Executive Leadership keeping people informed and communicating an inspiring vision, as well as Company Confidence in that we are focused on long-term success and will have the potential to succeed over the next three years. We have optimised our office footprint – 'mothballing' our London office and a floor of the Head Office in Abingdon, bringing teams together and increasing collaboration, while also reflecting our hybrid working and we closed TTS' distribution centre in Nottingham to increase efficiency.

We have made good progress on our carbon reduction, with additional benefit from the reduced office footprint. In the first half we saw a 417 tonne reduction in our CO₂ emissions, benefiting from our recently signed Zero Carbon Electricity contract. This represents a 27% reduction since FY23.

Financial Review

Group financial performance

£m	HY24	HY23	Variance
Revenue from continuing operations	79.2	87.6	(9.6%)
Loss before tax from continuing operations ¹	(6.8)	(3.1)	(121.9%)
Discontinued operations ²	-	10.3	n/a
Statutory (loss)/profit after tax ¹	(6.8)	8.2	(183.0%)
Diluted EPS from continuing operations ¹	(8.1)p	(2.5)p	(224.0%)
Adjusted performance measures³:			
Adjusted operating loss from continuing operations	(0.6)	(4.5)	86.3%
Adjusted EBITDA	1.9	(1.5)	227.2%
Adjusted loss before tax from continuing operations	(3.7)	(6.7)	45.5%
Adjusted diluted EPS from continuing operations	(4.1)p	(6.7)p	38.8%
Adjusted net debt ^{1,4}	52.7	50.7	1.3%

1. HY23 restated for the capitalisation of £1.3m of independent business review costs, previously expensed as described in Note 12.

2. Continuing operations includes the results of RM's TTS, Consortium, Assessment and Technology businesses. Continuing operations excludes the results of the RM Integrals and RM Finance businesses which were sold on 31 May 2023.

3. Throughout this statement, adjusted operating (loss)/profit, adjusted EBITDA, adjusted (loss)/profit before tax and adjusted EPS are Alternative Performance Measures, stated after adjusting items (See Note 4) which are identified by virtue of their size, nature and/or incidence. The Group reports adjusting items which are used by the Board to monitor and manage the performance of the Group, in order to ensure that decisions taken align with the Group's long-term interests. Adjusting items are identified by virtue of the size, nature or incidence at a segment level and their treatment is applied consistently year-on-year.

4. Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts. Lease liabilities of £15.6m (30 November 2023: £16.5m) are excluded from this measure as they are not included in the measurement of adjusted net debt for the purpose of covenant calculations.

Divisional performance^{1,2}

£m	HY24	HY23	Variance
RM TTS:			
Revenue	33.6	35.4	(5.2%)
TTS	25.2	25.1	0.4%
International	8.4	10.3	(18.8%)
Adjusted operating profit	0.1	1.7	(92.6%)
Adjusted operating profit margin	0.4%	4.7%	(4.3%)
RM Consortium:			
Revenue	0.8	6.7	(87.4%)
Adjusted operating loss	(0.3)	(6.2)	(94.9%)
Adjusted operating profit margin	(37.2%)	(91.9%)	54.7%
RM Assessment:			
Revenue	19.7	19.7	(0.3%)
Adjusted operating profit	2.3	3.2	(28.8%)
Adjusted operating profit margin	11.6%	16.2%	(4.6%)
RM Technology:			
Revenue:	25.1	25.7	(2.4%)
Adjusted operating profit/(loss)	0.8	(0.5)	(275.2%)
Adjusted operating profit margin	3.2%	(1.8%)	5.0%

- Following the decision by management to separately monitor the results of the Consortium and TTS brands in June 2023, the previously reported RM Resources segment has been allocated between the RM TTS segment, which continues to be operated by the Group, and the RM Consortium segment which has ceased trading. Prior period revenue and adjusted operating profit/(loss) comparatives have been restated accordingly.
- Due to the changes in structure of the group, and following the Consortium business ceasing trading, the allocation of central overheads has changed within the period, with both Assessment and TTS taking an increased share versus the prior year.

Group revenue from continuing operations decreased by 9.6% to £79.2m (HY23: £87.6m) reflecting the changing shape of revenue recognition in Assessment, for which revenue will be recognised in future periods, and we ceased trading in the Consortium business at the start of the period. Adjusted revenue excluding Consortium was down 3.2% to £78.3m from £80.9m in HY23.

Adjusted operating loss from continuing operations improved by 86.3% to £(0.6)m (HY23: £(4.5)m) predominately driven by the lower operating loss for Consortium.

RM TTS revenues decreased by 5.2% to £33.6m (HY23: £35.4m) driven by the timing of large International orders and revenue recognition. TTS International (down £1.9m) has built the pipeline for H2 with a growing order book that will convert to revenue in H2, producing growth on a year-on-year basis. While the UK education market continues to be challenging, the business outperformed the market and revenues in the UK were broadly flat year-on-year with market share up to 16.6% (HY23: 15.3%), despite heavy discounting by peers. Following the closure of the Consortium business, TTS has experienced a positive halo effect, benefiting from new customers buying Consortium-like products through TTS, then buying TTS products in addition. Divisional adjusted operating profit decreased to £0.1m (HY23: £1.7m) and adjusted operating margin decreased to 0.4% (HY23: 4.7%) driven predominantly by reduced revenues and due to TTS bearing the full cost of both operating warehouses, prior to the merger into a single warehouse late in H1.

RM Consortium revenues decreased by 87.4% to £0.8m (HY23: £6.7m) following the decision to cease trading in December 2023.

RM Assessment revenues were flat year on year at £19.7m (HY23: £19.7m) driven by natural declines in legacy projects coming to an end (£0.9m), offset by long term contract wins in both FY23 and HY24. These wins drove significant growth in the underlying business from contracted customers (+11%) with both UK (+17%) and International (+9%) revenue streams performing strongly. Divisional adjusted operating profit decreased to £2.3m (HY23: £3.2m) and adjusted operating margin decreased to 11.6% (HY23: 16.2%) driven by increased allocations of corporate overheads.

RM Technology revenues decreased slightly to £25.1m down 2.4% (HY23: £25.7m) reflecting a further stabilisation of the business and the ongoing strategy of focusing on larger MAT customers as opposed to individual schools, within a market which continues to have budgetary challenge and uncertainty arising from the General Election. Divisional adjusted operating profit increased to £0.8m (HY23: loss of £0.5m) and adjusted operating margin increased to 3.2% (HY23: (1.8)%).

Adjusted operating loss improved by 86.3% to £0.6m (HY23: loss of £4.5m) predominately driven by the closure of the Consortium business and higher underlying profitability of the ongoing business.

Further good progress has been made on delivering the target £10m annualised savings, of which £6.6m has been identified and progressed in HY24, mainly from property rationalisation, cost reduction in Technology and Consortium, with the remaining savings to be determined by the end of the financial year.

Adjusted EBITDA increased to £1.9m (HY23: £(1.5)m) reflecting improvement in our operational efficiency.

Loss before tax from continuing operations grew to £6.8m, despite improvements in adjusted operating losses from the closure of the Consortium business and higher underlying profitability of the ongoing business, however the comparable loss of £4.4m in HY23 included £8.5m of income generated from the sale of IP addresses.

Adjusted loss before tax was £3.7m (HY23: £6.7m), which was due to reduced adjusted operating losses in HY24 (see above), partly offset by higher finance costs.

Statutory loss after tax was £6.8m (HY23: profit after tax of £8.2m), which was driven by £3.0m reduced adjusted loss before tax (see above) and the inclusion in HY23 of £8.5m of income generated from the sale of IP addresses and a £10.3m total gain on the sale of RM Integris and RM Finance.

Adjusted diluted loss per share was (4.1)p (HY23: (6.7)p).

RM Consortium closure

On 24 November 2023, the Group announced the decision to close the RM Consortium business, part of the RM Resources division, with trading ceasing on 8 December 2023 after which all unfulfilled orders were cancelled. The liquidation of RM Consortium inventories continues.

Adjusting items

To provide an understanding of business performance excluding the effect of significant change programmes and material transactions, certain costs are identified as 'adjustments' to business performance as set out below:

£m	HY24	HY23
Amortisation of acquisition-related intangible assets	0.2	0.8
Restructuring costs ¹	3.0	0.3
Impairment of RM Consortium assets ²	(0.1)	-
Independent business review related costs ³	-	0.5
Configuration of SaaS licences (ERP) ⁴	-	3.5

Dual running costs related to investment strategy	-	(0.1)
Total adjustments to administrative expenses	3.1	5.0
Sale of IP addresses ⁵	-	(8.5)
Gain on sale of property	-	(0.2)
Total adjustments	3.1	(3.7)
Tax impact	0.3	0.2
Total adjustments after tax – continuing operations	3.4	(3.5)
Gain on disposal of discontinued operations ⁶	-	(9.5)
Total adjustments after tax	3.4	(13.0)

- 1 Restructuring costs in HY24 relate to the implementation of the Group's new Target Operating Model announced last year. The HY23 costs relate to previous initiatives.
- 2 During the six months ended 31 May 2024, the Group released £0.1m of onerous contract provisions previously recognised in the year ended 30 November 2023 as part of the £38.9m charge arising from the announcement of the closure of the Consortium business and the subsequent termination of the ERP replacement programme.
- 3 Independent Business Review related costs undertaken on behalf of the lenders and pension scheme.
- 4 The configuration and customisation costs relating to the ERP replacement programme incurred in the prior period, which were expensed in accordance with IAS 38: Intangible Assets and IFRIC agenda decisions but have been treated as adjusting items as they were a significant component of the Group's historic warehouse strategy. These costs totalled £3.5m in 2023 based on the development work undertaken.
- 5 Income generated in 2023 following the completion of the sale of IP addresses totalling £8.5m.
- 6 During 2023, Group completed the disposal of the Integris and Finance business which generated a gain on sale of operations of £9.5m.

Inventory

Inventories remained broadly flat at £14.4m (FY23: £14.0m) in line with revenues.

Corporate Costs

Corporate costs in the period were £3.5m, up from £2.8m in HY 2023, as a result of increased allocations for certain overhead functions, along with the cost associated with share plan awards for management.

Taxation

The total tax charge for the year for continuing operations was £0.0m (HY23: £0.9m). There are multiple tax effects influencing the tax rate in income, costs, deferred tax effects and the impact of no tax charge in the discontinued businesses.

Cash flow, Net Debt and Lender Agreement

The first half of the financial year is normally a working capital outflow period for the Group, with inventory purchases ahead of the second half peak selling period, with the majority of cash inflow from the examinations sessions also coming in the second half.

This seasonality continued in the first half of 2024 with net cash outflow from operating activities of £0.4m (HY23: £18.1m) during the half. The operating cash outflow in HY23 was offset by proceeds from the sale of further surplus IPv4 assets (£8.5m) and the sale of RM Integris and RM Finance (£8.8m), which completed in the period. These sales were not repeated in HY24.

As a result of this return to more normal seasonal working capital movements, we closed the period at £52.7m of net debt (HY23: £50.7m, FY23: £45.6m), in line with expectations. Since the year end, the Group has secured an agreement with Lenders, which extends the existing £70.0m bank facility to July 2026. The fixed charge over the shares of each of the obligor companies (except for RM plc), and the fixed and floating charge over all assets of the obligor companies granted previously to Lenders, remains in place. Under the amended facility covenants have been reset as follows:

- A quarterly LTM EBITDA (excluding discontinued operations & Consortium) covenant test from February 2024 to November 2025, which is then replaced by a quarterly EBITDA leverage test and interest cover, which are required to be below and above 4x respectively from February 2026; and
- A 'hard' liquidity covenant test requiring the Group to have liquidity greater than £7.5m on the last business day of the month, and liquidity not be below £7.5m at the end of two consecutive weeks within a month, with a step-down period applying from 15 September 2024 to 24 October 2024 and 1 January 2025 to 21 March 2025, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m.

Balance Sheet

The Group had net assets of £12.2m at 31 May 2024 (FY23: £17.8m). The balance sheet includes non-current assets of £83.4m (FY23: £81.5m), of which £38.5m (FY23: £38.5m) is goodwill and £15.4m (FY23: £12.8m) relates to the Group's defined benefit pension scheme which is discussed further below.

Operating PPE, intangible and right-of-use assets total £27.1m (FY23: £27.8m) and includes acquired brands, customer relationships and Intellectual property as well as costs relating to the warehouse consolidation.

Net current liabilities of £0.1m (FY23: net current assets of £8.9m) includes cash and cash equivalents of £nil (FY23: £8.1m) and bank overdrafts of £0.6m (FY23: £nil).

Non-current liabilities of £71.2m (FY23: £72.6m) includes borrowings of £52.1m (FY23: £53.7m) and lease liabilities of £13.3m (FY23: £14.3m) which are predominately associated with the Group utilisation of properties.

Dividend

A condition of the previously extended and amended banking facility agreement remains the same, which was to restrict dividend distribution until the Company has reduced its net debt to LTM EBITDA (post IFRS 16) leverage to less than 1x for two consecutive quarters, and therefore we are not currently able to recommend the payment of a final dividend. The Board understands the importance of dividends to our shareholders and are clear that reinstating the dividend is a key milestone on our recovery path.

Pension

The Company operates two defined benefit pension schemes ("RM Scheme" and "CARE Scheme") and participates in a third, multi-employer, defined benefit pension scheme (the "Platinum Scheme"). All schemes are now closed to future accrual of benefits.

As set out in Note 10, the net IAS 19 surplus increased by £3.0m to £15.4m during the period with the RM Scheme, CARE Scheme and Platinum Scheme now in surplus. The increases were driven by returns on scheme assets and cash contributions, which more than offset the negative impact of higher price inflation assumptions.

The 31 May 2021 triennial valuation for the RM and CARE schemes was completed in 2022, with the total scheme deficit reducing from £46.5m to £21.6m. The deficit recovery payments of £4.4m per annum will continue until the end of 2024, before reducing to £1.2m until the end of 2026 when recovery payments cease.

Internal Controls

During the year, the Group has continued to evolve its commitment to document and embed financial and governance controls. The project, will roll out across the key business processes of purchase-to-pay, order-to-cash, forecast-to-fulfil and record-to-report, and will document the end-to-end workstreams, with education and

reference materials hosted in a dedicated portal, and collate control evidence. Additional resource has been added to the Internal Audit & Internal Controls team in order to carry out regularised walkthroughs of the processes and validate that controls are operating as designed, and the evidence of these controls is appropriate.

As a by-product of providing greater assurance to management over the effectiveness of financial controls, the Group also expects, in time, to transition to a controls-based audit approach.

The Audit and Risk Committee is being updated regularly with respect to progress of the project and ongoing improvements to the control environment. Where controls currently are not designed, implemented, or operating as effectively as they should, management have provided the Committee with assurance that appropriate mitigating actions are in place to conclude that these Financial Statements do not contain material errors.

Going Concern

In assessing the going concern position, the Directors have considered the balance sheet position as included on page 14 and the level of available finance not drawn down. The net current liabilities and adjusted net debt for the Group at 31 May 2024 were £0.1m and £52.7m respectively (30 November 2023: net current assets of £8.9m and £45.6m respectively). RM Group plc has a bank facility ("the facility") which totalled £70.0m at the date of this report. The facility maturity was extended in March 2024 and is committed until July 2026. The terms of the revised facility are as disclosed in Note 31 of the 2023 Annual Report and Financial Statements.

The debt facilities are subject to financial covenants. Details of these covenants can be found in the 'Cash Flow, Net Debt and lender agreement' section above.

The Directors have prepared cash flow forecasts for the period to 12 months from the date of this report which indicate there is headroom for both covenants at each measurement period. A number of reasonably plausible downside scenario sensitivities have been assessed, alongside a review of mitigating actions which are within management's control. If the downside scenarios are all applied together without mitigation actions, which management believe is unlikely, the covenants would remain complied with but without any headroom on the liquidity covenant in December 2024. Applying the mitigating actions the Directors are satisfied that the company would have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of this report.

Further detail on the Directors assessment of going concern, including details in relation to the base assessment and the reasonably plausible downside scenario are set out in Note 1 to the financial statements below.

Principal risks and uncertainties

Pursuant to the requirements of the Disclosure and Transparency Rules, the Group provides the following information on its principal risks and uncertainties. The Board considers that the categories of principal risks and uncertainties which could have a material impact on the Group's performance in the remaining six months of the financial year remain in line with those stated on pages 38 to 41 of the 2023 Annual Report and Financial Statements, which is available at: <https://www.rmplc.com/reports>

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with United Kingdom adopted IAS 34 Interim Financial Reporting;
- the interim management report includes a fair review of the information required by:
 - a. DTR 4.2.4R of the Disclosure Guidance and Transparency Rules, being the condensed set of financial statements have been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole;
 - b. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - c. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

Mark Cook

Chief Executive Officer

15 July 2024

Simon Goodwin

Chief Financial Officer

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 31 May 2024			Six months ended 31 May 2023 (Restated)		
	Note	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Continuing operations							
Revenue	2, 3	79,150	-	79,150	87,564	-	87,564
Cost of sales		(49,083)	-	(49,083)	(60,044)	-	(60,044)
Gross profit		30,067	-	30,067	27,520	-	27,520
Operating expenses		(30,510)	(3,118)	(33,628)	(32,542)	(5,019)	(37,561)
Expected credit loss		(181)	-	(181)	480	-	480
Loss from operations	2	(624)	(3,118)	(3,742)	(4,542)	(5,019)	(9,561)
Finance income		435	-	435	569	-	569
Other income		-	-	-	-	8,702	8,702
Finance costs		(3,484)	-	(3,484)	(2,771)	-	(2,771)
(Loss)/profit before tax		(3,673)	(3,118)	(6,791)	(6,744)	3,683	(3,061)
Tax	5	256	(250)	6	1,149	(202)	947
(Loss)/profit for the period from continuing operations		(3,417)	(3,368)	(6,785)	(5,595)	3,481	(2,114)
Discontinued operations							
	6	-	-	-	757	9,534	10,291
(Loss)/profit for the period		(3,417)	(3,368)	(6,785)	(4,838)	13,015	8,177

Earnings per ordinary share on continuing operations:	7				
- Basic		(4.1)p	(8.1)p	(6.7)p	(2.5)p
- Diluted		(4.1)p	(8.1)p	(6.7)p	(2.5)p
Earnings per ordinary share on discontinuing operations:	7				
- Basic		-	-	0.9p	12.4p
- Diluted		-	-	0.9p	12.2p
Earnings per ordinary share on total operations:	7				
- Basic		(4.1)p	(8.1)p	(5.8)p	9.9p
- Diluted		(4.1)p	(8.1)p	(5.8)p	9.7p

The restatement is detailed in Note 12.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

	Six months ended 31 May 2024 £000	Six months ended 31 May 2023 (Restated) £000
(Loss)/profit for the period	(6,785)	8,177
Items that will not be reclassified subsequently to profit or loss		
Defined benefit pension scheme remeasurements	654	(7,462)
Tax on items that will not be reclassified subsequently to profit or loss	(164)	2,015
Items that are or may be reclassified subsequently to profit or loss		
Fair value gain/(loss) on hedged instruments	32	(669)
Fair value gain on hedged instruments transferred to the income statement	268	380
Tax on items that are or may be reclassified subsequently to profit or loss	-	(15)
Exchange loss on translation of overseas operations	(30)	(11)
Other comprehensive income/(expense)	760	(5,762)
Total comprehensive (expense)/income attributable to owners of the parent	(6,025)	2,415

The restatement is detailed in Note 12.

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET

Note	At 31 May 2024 £000	At 30 November 2023 £000	At 31 May 2023 (Restated) £000
Non-current assets			
Goodwill	38,523	38,538	49,104
Other intangible assets	6,685	5,224	24,446
Property, plant and equipment	7,832	8,271	15,133
Right-of-use asset	12,553	14,275	14,804
Defined benefit pension scheme surplus	15,446	12,796	18,537
Other receivables	239	240	281
Contract fulfilment assets	1,952	1,959	1,582
Deferred tax assets	170	170	10,101
	83,400	81,473	133,988
Current assets			
Inventories	14,432	13,959	24,153
Trade and other receivables	30,827	32,333	33,705
Contract fulfilment assets	1,276	1,949	1,824
Tax assets	1,169	1,988	2,305
Cash and cash equivalents	-	8,062	3,190
	47,704	58,291	65,177
Total assets	131,104	139,764	199,165
Current liabilities			
Trade and other payables	(45,143)	(46,372)	(53,340)
Provisions	(2,042)	(2,993)	(1,314)
Bank overdraft	(577)	-	(2,465)
	(47,762)	(49,365)	(57,119)
Net current (liabilities)/assets	(58)	8,926	8,058
Non-current liabilities			
Lease liabilities	(13,307)	(14,297)	(14,923)
Other payables	(4,190)	(2,463)	(3,058)
Provisions	(1,512)	(1,749)	(592)
Deferred tax liability	-	-	(8,838)
Defined benefit pension scheme obligation	(30)	(411)	(595)
Borrowings	(52,149)	(53,651)	(51,401)
	(71,188)	(72,571)	(79,407)
Total liabilities	(118,950)	(121,936)	(136,526)
Net assets	12,154	17,828	62,639
Equity attributable to shareholders			
Share capital	1,917	1,917	1,917
Share premium account	27,080	27,080	27,080
Own shares	(444)	(444)	(444)
Capital redemption reserve	94	94	94
Hedging reserve	(93)	(393)	(552)
Translation reserve	(898)	(868)	(592)
Retained earnings	(15,502)	(9,558)	35,136

Total equity	12,154	17,828	62,639
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The restatement is detailed in Note 12.

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Own shares £000	Capital redemption reserve ¹ £000	Hedging reserve ² £000	Translation reserve ³ £000	Retained earnings £000	Total £000
At 1 December 2022	1,917	27,080	(444)	94	(263)	(581)	32,840	60,643
Profit for the period (Restated)	-	-	-	-	-	-	8,177	8,177
Other comprehensive expense	-	-	-	-	(289)	(11)	(5,462)	(5,762)
Total comprehensive (expense)/income	-	-	-	-	(289)	(11)	2,715	2,415
Transactions with owners of the Company:								
Share-based payment fair value charges	-	-	-	-	-	-	(419)	(419)
At 31 May 2023 (Restated)	1,917	27,080	(444)	94	(552)	(592)	35,136	62,639
At 1 December 2023	1,917	27,080	(444)	94	(393)	(868)	(9,558)	17,828
Loss for the period	-	-	-	-	-	-	(6,785)	(6,785)
Other comprehensive income/(expense)	-	-	-	-	300	(30)	490	760
Total comprehensive income/(expense)	-	-	-	-	300	(30)	(6,295)	(6,025)
Transactions with owners of the Company:								
Share-based payment fair value charges	-	-	-	-	-	-	254	254
Share-based payment - tax	-	-	-	-	-	-	97	97
At 31 May 2024	1,917	27,080	(444)	94	(93)	(898)	(15,502)	12,154

¹ The capital redemption reserve arose from the repurchase of issued share capital. It is not distributable.

² The Group hedging reserve arises from cash flow hedges entered into by the Group. The reserve is not distributable as the gains and losses are unrealised.

³ The Group translation arises on consolidation from the unrealised movement of foreign exchange on the net assets of overseas entities. This reserve is not distributable.

The restatement is detailed in Note 12.

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Six months ended 31 May 2024 £'000	Six months ended 31 May 2023 (Restated) £'000
Loss before tax from continuing operations		(6,791)	(3,061)
Profit before tax from discontinued operations		-	10,291
Gain on disposal of intangible licences		-	(8,531)
Gain on disposal of operations		-	(9,705)
Finance income		(435)	(569)
Finance costs		3,484	2,771
Loss from operations, including discontinued operations		(3,742)	(8,804)
Adjustments for:			
Amortisation and impairment of intangible assets		255	1,203
Depreciation and impairment of property, plant and equipment		2,456	2,736
Gain on disposal of property, plant and equipment		-	(4)
Loss on foreign exchange		317	1,478
Share-based payment charge/(credit)		254	(419)
Increase in provisions	9	411	331
Defined benefit pension scheme administration cost	10	27	(6)
Operating cash flows before movements in working capital		(22)	(3,485)
(Increase)/decrease in inventories		(473)	2,205
Decrease in receivables		1,507	2,926
Decrease in contract fulfilment assets		727	33
Increase/(decrease) in trade and other payables		298	(15,654)
Utilisation of provisions	9	(1,360)	(1,234)
Cash generated from/(used by) operations		677	(15,209)
Cash consumed by settlement of derivative financial instruments		(268)	(380)

Defined benefit pension scheme cash contributions	10	(2,063)	(2,275)
Tax credit/(paid)		1,225	(241)
Net cash used by operating activities		(429)	(18,105)
Investing activities			
Interest received	94		6
Proceeds on disposal of intangible licences	-		8,531
Proceeds on disposal of property, plant and equipment	-		32
Proceeds on sale of operations	-		8,828
Purchases of property, plant and equipment	(404)		(463)
Purchases of other intangible assets	(1,720)		(279)
Net cash (used by)/generated from investing activities		(2,030)	16,655
Financing activities			
Drawdown of borrowings	1,000		13,000
Repayment of borrowings	(2,000)		(8,717)
Borrowing facilities arrangement and commitment fees	(1,040)		(379)
Interest paid	(2,865)		(2,393)
Payment of leasing liabilities – capital element	(1,096)		(1,024)
Payment of leasing liabilities – interest element	(154)		(158)
Net cash (used by)/generated from financing activities		(6,155)	329
Net decrease in cash and cash equivalents	(8,614)		(1,121)
Cash and cash equivalents at the beginning of the period	8,062		1,911
Effect of foreign exchange rate changes	(25)		(65)
Cash and cash equivalents at the end of the period		(577)	725
Bank overdraft	(577)		(2,465)
Cash at bank	-		3,190
Cash and cash equivalents at the end of the period		(577)	725

The restatement is detailed in Note 12.

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 31 May 2024:

- Are prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34') as issued by the International Accounting Standards Board ('IASB') and as adopted by the United Kingdom;
- Are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the Group's Annual Report and Financial Statements for the year ended 30 November 2023;
- Applies the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's Annual Report and Financial Statements for the year ended 30 November 2023, which were prepared in accordance with UK-adopted International Accounting Standards ('IAS'), with International Financial Reporting Standards ('IFRS') as issued by the IASB, and with the requirements of the UK Companies Act 2006;
- Income taxes are accrued using the tax rate that is expected to be applicable for the full financial year, adjusted for certain discrete items which occurred in the interim period in accordance with IAS 34;
- Include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the periods presented;
- Do not constitute statutory accounts within the meaning of section 434(3) of the UK Companies Act 2006; and
- Were approved by the Board of directors on 15 July 2024.

The information relating to the year ended 30 November 2023 is extracted from the Group's published Annual Report and Financial Statements for that year, which has been delivered to the Registrar of Companies, and on which the auditors' report was unqualified and did not contain any emphasis of matter or statements under section 498(2) or 498(3) of the UK Companies Act 2006.

Deloitte, the Company's auditors, have not undertaken an independent review of the condensed set of financial statements in this interim report, consistent with the same period in the prior year.

The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the period. Actual results could vary from these estimates. These estimates and underlying assumptions 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 the revision and future periods if the revision affects both current and future periods.

Principal risks and uncertainties

Pursuant to the requirements of the Disclosure and Transparency Rules, the Group provides the following information on its principal risks and uncertainties. The Group considers strategic, operational and financial risks and identifies actions to mitigate those risks. Risk management systems are monitored on an ongoing basis. The principal risks and uncertainties detailed within the Group's Annual Report and Financial Statements for the year ended 30 November 2023 remain applicable. This is available from the RM website: www.mplc.com.

The principal risks and uncertainties that could have a significant effect on the Group's financial performance, include the following:

- A range of factors such as adverse market conditions, operational failures, not winning new business, or a lack of investment in our digital capability, could cause a failure to deliver the new strategic programme unveiled in FY2024 to deliver revenue growth, a return to profitability and a reduction in debt.
- The Group's ability to trade may be compromised should there be a lack of cash funds.
- If RM's security controls are inadequate then a cyber-attack on internal or customer-facing systems might be successful.

- If RM fails to maintain the required levels of technical and delivery expertise, then the implementation of sophisticated and complex services to customers, or large-scale business transformation projects, could be threatened.
- Due to RM's dependency on an extensive supply chain, including overseas providers, delivery of products and services could be affected by political, economic and global factors beyond its control.
- A failure to recruit, retain and protect highly skilled employees could have a range of negative operational impacts.
- If the Group does not have adequate monitoring and compliance processes in place, there is a risk that we could become non-compliant with one or more of the many legal and regulatory obligations to which we are subject.
- Since the financial performance of the Assessment and Technology divisions is dependent on the winning and extension of long-term contracts, a failure to invest in developing innovative and industry-leading solutions to enhance our service offering, could weaken our competitiveness.
- Pension scheme deficits could adversely affect the net assets position of the trading subsidiaries RM Education Limited and RM Educational Resources Limited, as could increase costs resulting from the transfer of staff from Local Authority pension schemes.
- The macroeconomic environment which has included high inflation in recent times could impact profitability due to higher costs and constraints on spending by schools and education bodies.

Going concern

The unaudited condensed consolidated financial statements for the six months ended 31 May 2024 have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

At 31 May 2024, the Group had net debt of £52.7m (30 November 2023: £45.6m) and drawn facilities of £54.0m (30 November 2023: £55.0m). Average Group net debt over the six months to 31 May 2024 was £51.9m (year to 30 November 2023: £55.9m) with a maximum borrowings position of £57.4m (year to 30 November 2023: £64.8m).

The Group has a £70.0m (2023: £70.0m) committed bank facility ("the facility") at the date of this report. During the period the Group's debt facilities were subject to financial covenants on a minimum rolling 12-month historical period ("LTM EBITDA") which varied over time (quarter ended May 2024: requirement of £7.5m), a hard liquidity requirement to maintain net debt below £62.5m and a soft liquidity covenant of £57.5m. The soft liquidity covenant was a limit used for lender reporting, whereas breaching the hard liquidity covenant could constitute an event of default.

Due to a deterioration of financial performance of the Consortium business, the Group breached the facility's LTM EBITDA covenant from the third quarter of the financial year ended 30 November 2023. It successfully received waivers from its lenders for both the third and fourth quarters of the financial year.

On 6 March 2024 the Group secured an extension of the existing £70.0m facility to July 2026. This agreement provides lenders a fixed and floating charge over the shares of all obligor companies (except for RM plc), and reset the covenants under the facility. For going concern purposes the Board have assessed the Group's forecast performance against the following covenants:

- A quarterly LTM EBITDA (excluding discontinued operations) covenant test to November 2025, which is then replaced by a quarterly EBITDA leverage test and interest cover test, which are required to be below and above 4x respectively from February 2026; and
- A 'hard' liquidity covenant test requiring the Group to have liquidity greater than £7.5m on the last business day of the month, and liquidity not be below £7.5m at the end of two consecutive weeks within a month, with a step down period applying from 15 September 2024 to 24 October 2024 and 1 January 2025 to 21 March 2025, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m.

The Directors of the Group have prepared cash flow forecasts for the period of 12 months after the date of this report which indicate that taking into account the aggregate impact of reasonably plausible downsides as discussed below, the Group is expected to comply with all debt covenants in place and will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of this report. These cashflows utilise a base case and reasonably possible downside scenario case. For going concern purposes, the Group has assessed a base case scenario that assumes no significant downturn in UK or International markets from that experienced in the year to 30 November 2023 and assumes a broadly similar macroeconomic environment to that currently being experienced.

The drawn facilities are expected to fluctuate over the period considered for going concern, but remain within the covenants, and are not anticipated to be fully repaid in this period.

The Group is assuming revenue growth across all businesses in the base case, driven from the following key areas:

- Growth from existing customers and new customer wins in the RM Assessment division;
- Increased hardware and infrastructure revenues in the RM Technology division; and
- Growth from TTS UK sales and international partnerships, where the base case assumes an increase in market share through customer wins and new product launches as well as higher average order values, in the RM Resources business.

Operating profit margin growth in the base case includes annualised savings from restructuring programmes commenced in the period.

As part of the Group's business planning process, the Directors of the Group have closely monitored the Group's financial forecasts, key uncertainties, and sensitivities. As part of this exercise, the Directors of the Group reviewed a number of scenarios, including the base case and reasonable worst-case downside scenarios.

The aggregate impact of reasonably plausible downsides has been taken together to form a reasonable worst-case scenario that removes a number of the growth assumptions from the base case including:

- In the RM Assessment division, a reduction in revenue arising because of:
 - delay in the delivery of a large contract in H2 FY24;
 - new contract revenues not at preferred bidder status reduced by 50%; and
 - revenues associated with changing terms on a large multi-year contract delayed to FY25.
- In the RM Technology division, aligning forecast hardware sales with the average of the last five years, rather than the future growth assumed in the base case, and reducing contract renewal rates by 5%.
- In the RM Resources division:
 - UK market share growth does not occur, market continues to decline and revenues delivered by new products are reduced by 50%;
 - no growth in international revenues; and
 - increase in costs associated with new product development, carriage, and an inability to pass on 1.5% of inflationary increases.

The reasonable worst-case scenario has the following impact on the base case budget for the Group:

- 2024: A revenue reduction of £12.0m, an EBITDA reduction of £4.6m, and cash reduction of £2.2m.
- 2025: A revenue reduction of £28.2m, an EBITDA reduction of £6.0m, and cash reduction of £7.2m.

While the Directors of the Group believe that all reasonable worst-case downside scenarios occurring together is highly unlikely, the Group would continue to comply with covenants under the facility, albeit in December 2024 with no headroom on the hard liquidity covenant. The Directors of the Group's assessment of the likelihood of a further downside scenario is remote.

The Directors of the Group also considered a number of mitigating actions which could be enacted, if necessary, to ensure that reasonable headroom against the facility and associated covenants is maintained in all cases. These mitigating actions include not paying discretionary bonuses and extending payment terms with key suppliers, albeit at a much lower level for the latter than were taken in FY23.

These are actions the Group has taken before and therefore the Directors are confident of their ability to deliver these mitigating actions if required.

Having considered both the availability of financial facilities and the forecast liquidity and expected future covenant compliance, including the trading results of the Group between the date of the balance sheet and date of signature of this report, the Directors of the Group have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements. For this reason, the Group continues to adopt the going concern basis of accounting in preparing these financial statements.

Alternative Performance Measures (APMs)

In response to the Guidelines on APMs issued by the European Securities and Markets Authority (ESMA) and the Financial Reporting Council (FRC), additional information on the APMs used by the Group is provided below. The following APMs are used by the Group:

- Adjusted profit from operations
- Adjusted operating margin
- Adjusted profit before tax
- Adjusted tax
- Adjusted profit after tax
- Adjusted earnings per share
- Adjusted diluted earnings per share
- Adjusted cash conversion
- Adjusted EBITDA
- Adjusted net debt
- Average adjusted net debt

Further explanation of what each APM comprises and reconciliations between statutory reported measures and adjusted measures are shown in Note 4.

The Board believes that presentation of the Group results in this way is relevant to an understanding of the Group's financial performance (and that of each segment). Underlying performance excludes adjusted items which are identified by virtue of their size, nature and/or incidence. The treatment of adjusted items is applied consistently period on period. This presentation is consistent with the way that financial performance is measured by management, reported to the Board, the basis of financial measures for senior management's compensation schemes and provides supplementary information that assists the user to understand the underlying financial performance, position and trends of the Group.

The APMs used by the Group are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. All APMs relate to the current year results and comparative periods where provided.

New accounting pronouncements adopted

On 1 December 2023, the Group adopted certain new accounting policies, including IFRS 17: Insurance Contracts, Amendment to IAS 8: Definition of Accounting Estimates and Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction, to comply with amendments to IFRS, none of which had a material impact on the consolidated results, financial position or cash flows of the Group. Further details are provided in the Group's Annual Report and Financial Statements for the year ended 30 November 2023.

Key sources of estimation uncertainty

In applying the Group's accounting policies the Directors are required to make estimates and assumptions. Actual results may differ from these estimates. The following are considered key sources of estimation uncertainty:

- **Retirement benefit scheme valuation** – The present value of post-employment benefit obligations is determined on an actuarial basis using various assumptions, including the discount rate, inflation rate and mortality assumptions. Any changes in these assumptions will impact the carrying amount as well as the net pension finance cost or income. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in Note 10.
- **Revenue from RM Assessment contracts which contain variable revenues based on the number of exam scripts**– There is estimation relating to total script volumes to determine the transaction price over the life of the contract and the standalone selling price for scanning and the use of the residual method to determine a value for the provision of technology and support services. The sensitivity analysis related to future script volumes show that if UK and International exams increased by 5% against assumed volumes from 2025 onwards, then revenue in 2024 would be increased by c.£0.3m.

Critical accounting judgements

In applying the Group's accounting policies the Directors are required to make judgements and assumptions, actual results may differ from these. The following are considered key critical accounting judgments:

- **Going concern** – In concluding the going concern assessment was appropriate, the Directors have made a number of significant judgements as set out above.
- **Revenue from RM Assessment contracts** – A number of judgements are made in the application of IFRS 15 Revenue from contracts with customers to certain RM Assessment contracts. The most significant judgements relate to contracts with multiple performance obligations and where there is a variable transaction price based on the number of exam scripts. In these contracts there is judgement in the determination that the provision of technology is a right-to-access arrangement and therefore should be recognised over time. The factors considered in making this judgement were the nature of services provided, including hosting, ongoing maintenance and system support.
- **Revenue from RM Technology contracts** – A number of judgements are made in the application of IFRS 15 Revenue from contracts with customers to certain RM Technology contracts. The most significant judgement relates to the determination that the provision of technology is a right-to access arrangement and therefore should be recognised over time. The factors considered in making this judgement were the nature of services provided, i.e., licensed on a subscription basis, being centrally hosted and the customer is unable to take possession of the software.
- **Recognition of pension surplus** – The Group has determined that when all members leave the various defined benefit pension schemes, any surplus remaining would be returned to the Group in accordance with the trust deed. As such, the full economic benefit of any surplus under IAS 19 is deemed available to the Group and is recognised in the balance sheet.
- **International Baccalaureate AOS** – Management have assessed that as no distinct performance obligation to enable the recognition of revenue had been met at 31 May 2024, development work to date of £3.6m should continue to be recognised as intangible assets in accordance with IAS 38 and £4.0m of amounts received should continue to be recognised as deferred revenue.
- **Classification of adjusting items** – A number of judgements are made in the preparation of these unaudited condensed consolidated financial statements, in the presentation of both certain costs and income as adjustments. The factors considered in making this judgement are the size or nature of the adjustment

and their impact on the segment. These are fully set out in Note 4.

2. Operating Segments

The Group's business is supplying products, services and solutions to the UK and international education markets. The Chief Executive Officer is the Chief Operating Decision Maker. The Chief Operating Decision Maker reviews segments at an adjusted operating profit level and adjustments are not allocated to segments. Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segmental performance is focused on the nature of each type of activity.

The Group was historically structured into three operating Divisions: RM Resources, RM Assessment and RM Technology, however, following the decision by management to separately monitor the results of the Consortium and TTS brands in June 2023, the previously reported RM Resources segment has been allocated between the RM TTS segment, which continues to be operated by the Group, and the RM Consortium segment which has ceased trading.

Typically, two of the divisions are impacted by seasonality trends. RM TTS experiences increased revenues in March, June, July and October in line with customer financial and academic years. In RM Assessment scanning revenues are recognised over the period of the scanning activity and create seasonality depending on the timing of exam sessions and the number and type of examinations being sat. UK government assessment scanning revenues are spread typically between May to July.

This Segmental analysis shows the result of these Divisions. Revenue is that earned by the Group from third parties. Net financing costs and tax are not allocated to segments as the funding, cash and tax management of the Group are activities carried out by the central treasury and tax functions.

Segmental results

Six months ended 31 May 2024	RM TTS ¹ £000	RM Consortium £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Revenue						
UK	25,198	844	11,175	25,004	-	62,221
Europe	5,396	-	5,117	46	-	10,559
North America	1,155	-	11	-	-	1,166
Asia	391	-	429	-	-	820
Middle East	920	-	76	-	-	996
Rest of the world	531	-	2,857	-	-	3,388
	33,591	844	19,665	25,050	-	79,150
Adjusted profit/(loss) from operations	123	(314)	2,281	799	(3,513)	(624)
Finance income						435
Finance costs						(3,484)
Adjusted loss before tax						(3,673)
Adjustments (see Note 4)						(3,118)
Loss before tax						(6,791)

¹ Included in UK are International Sales via UK Distributors of £542,000.

Six months ended 31 May 2023 (Restated) ²	RM TTS £000	RM Consortium £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Revenue						
UK	25,107	6,710	12,014	25,624	-	69,455
Europe	6,480	-	4,383	32	-	10,895
North America	1,608	-	62	19	-	1,689
Asia	440	-	517	-	-	957
Middle East	1,082	-	79	-	-	1,161
Rest of the world	731	-	2,676	-	-	3,407
	35,448	6,710	19,731	25,675	-	87,564
Adjusted profit/(loss) from operations	1,661	(6,169)	3,202	(456)	(2,780)	(4,542)
Finance income						569
Finance costs						(2,771)
Adjusted loss before tax						(6,744)
Adjustments (see Note 4)						3,683
Loss before tax						(3,061)

¹ Included in UK are International Sales via UK Distributors of £315,000.

² The restatement is detailed in Note 12. In addition, following the decision by management to separately monitor the results of Consortium and TTS brands in June 2023, the previously reported RM Resources segment has been allocated between the RM TTS segment, which continues to be operated by the Group, and the RM Consortium segment which has ceased trading. Prior year comparatives have been restated accordingly.

Segmental assets

At 31 May 2024	RM TTS £000	RM Consortium £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Segmental	44,103	125	18,337	12,682	39,112	114,359
Other						16,745
Total assets						131,104

At 30 November 2023	RM TTS £000	RM Consortium £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Segmental	28,286	17,353	15,067	16,158	39,617	116,481
Other						23,283
Total assets						139,764

3. Revenue

Six months ended 31 May 2024	RM TTS Transactional £000	RM Consortium Transactional £000	RM Technology Transactional £000	RM Technology Over Time £000	RM Assessment Over Time £000	Total £000
Supply of products	33,591	844	5,360	-	-	39,795
Rendering services	-	-	2,366	11,832	18,519	32,717
Licences	-	-	2,931	2,561	1,146	6,638
	33,591	844	10,657	14,393	19,665	79,150

Six months ended 31 May 2023 (Restated) ¹	RM TTS Transactional £000	RM Consortium Transactional £000	RM Technology Transactional £000	RM Technology Over Time £000	RM Assessment Over Time (restated) ² £000	Total £000
Supply of products	35,155	6,710	6,782	-	-	48,647
Rendering services	293	-	1,464	12,859	19,301	33,917
Licences	-	-	1,722	2,848	430	5,000
	35,448	6,710	9,968	15,707	19,731	87,564

1. Following the decision by management to separately monitor the results of Consortium and TTS brands in June 2023, the previously reported RM Resources segment has been allocated between the RM TTS segment, which continues to be operated by the Group, and the RM Consortium segment which has ceased trading. Prior year comparatives have been restated accordingly. In addition, to be consistent with the FY23 Annual Report & Financial Statements, certain balances previously recorded in the H1 FY23 interim financial statements as licence revenue have now been restated as rendering of services.

4. Alternative Performance Measures

As set out in Note 1, the Group uses alternative performance measures that the Board believes reflects the trading performance of the Group, and it is these adjusted measures that the Board use as the primary measures of performance measurement during the year.

	Six months ended 31 May 2024 £000	Six months ended 31 May 2023 (Restated) £000
Adjustments to operating expenses:		
Amortisation of acquisition-related intangible assets	235	853
Restructuring costs	(a) 2,966	295
Impairment of RM Consortium assets	(b) (93)	-
Independent business review related costs	(c) 10	473
Configuration of SaaS licences (ERP)	(d) -	3,497
Dual running costs related to investment strategy	(e) -	(99)
Total adjustments to operating expenses	3,118	5,019
Adjustments to other income:		
Sale of IP addresses	(f) -	(8,531)
Gain on disposal of operations	(g) -	(171)
Total adjustments to other income	-	(8,702)
Total adjustments	3,118	(3,683)
Tax impact (Note 5)	250	202
Total adjustments after tax – continuing operations	3,368	(3,481)
Gain on disposal of discontinued operations	(h) -	(9,534)
Total adjustments after tax	3,368	(13,015)

The restatement is detailed in Note 12.

Adjusted items:

These are items which are identified by virtue of either their size or their nature to be important to understanding the performance of the business including the comparability of the results year on year. These items can include, but are not restricted to, impairment; gain on held-for-sale assets and related transaction costs; changes in the provision for exceptional property costs; the gain/loss on sale of operations; and restructuring and acquisition costs.

On 24 November 2023, the Group announced the closure of the RM Consortium business and the consequent termination of the Group's ERP programme which had formed part of the Group's 2018 warehouse strategy to transfer all its previous warehouse operations into one new automated warehouse together with an interlinked ERP solution which was planned to be rolled out to the whole Group. The Group believes that the size, complexity and number of unusual costs associated with these developments, were material to the understanding of the trading performance of the business including the comparability of results year-on-year. As a result, all significant costs relating to these developments have also been treated as an adjustment to profit, consistently period to period.

The amortisation of acquisition related intangible assets is an annual recurring adjustment to profit that is a non-cash charge arising from historical investing activities. This adjustment is made to clearly highlight the amounts relating to historical acquisitions and is in common with peer companies across the technology sector. The income generated from the use of these intangible assets is, however, included in the adjusted profit measures.

The following costs and income were identified as adjusted items:

- Restructuring costs of £3.0m (2023: £0.3m) relating to the implementation of the Group's new Target Operating Model announced last year. £1.2m of these costs relate to impairments and provisions for exited properties to the end of their leases in 2026. £0.7m relate to redundancies which were all paid during the period. £0.4m related to the consolidation of the TTS distribution centre in March 2024.

- b. During the six months ended 31 May 2024, the Group released £0.1m of onerous contract provisions previously recognised in the year ended 30 November 2023 as part of the £38.9m charge arising from the announcement of the closure of the Consortium business and the subsequent termination of the ERP replacement programme, as set out in the Group's Annual Report and Financial Statements for the year ended 30 November 2023.
- c. Independent Business Review related costs undertaken on behalf of the lenders and pension scheme totalled £0.5m in 2023.
- d. The configuration and customisation costs relating to the ERP replacement programme incurred in the prior period, which were expensed in accordance with IAS 38: Intangible Assets and IFRIC agenda decisions but have been treated as adjusting items as they were a significant component of the Group's historic warehouse strategy. These costs totalled £3.5m in 2023 based on the development work undertaken.
- e. Dual run related credits in 2023 of £0.1m related to the Group's warehouse strategy, which became fully operational that year.
- f. Income generated in 2023 following the completion of the sale of IP addresses totalling £8.5m.
- g. Gain on disposal of operations in 2023 of £0.2m following the completion of the iCase business disposal.
- h. During 2023, the Group completed the disposal of the RM Integrus and RM Finance business which generated a gain on sale of operations of £9.5m representing profit of £11.3m less £1.8m of costs associated with the disposal.

Adjusted net debt of £52.7m (30 November 2023: £45.6m) is the total of borrowings less capitalised fees of £52.1m (30 November 2023: £53.7m), bank overdraft of £0.6m (30 November 2023: £nil) and cash at bank of £nil (30 November 2023: £8.1m). Lease liabilities of £15.6m (30 November 2023: £16.5m) are excluded from this measure as they are not included in the measurement of adjusted net debt for the purpose of covenant calculations. Adjusted net debt is a key metric measured by management as it is used in covenant calculations.

The above adjustments have the following impact on key metrics:

	Six months ended 31 May 2024			Six months ended 31 May 2023 (Restated)		
	Statutory Measure £000	Adjustment £000	Adjusted measure £000	Statutory Measure £000	Adjustment £000	Adjusted measure £000
Revenue	79,150	-	79,150	87,564	-	87,564
Loss from operations	(3,742)	(3,118)	(624)	(9,561)	(5,019)	(4,542)
Operating margin (%)	-4.7%	-3.9%	-0.8%	-10.9%	-5.7%	-5.2%
(Loss)/profit before tax	(6,791)	(3,118)	(3,673)	(3,061)	3,683	(6,744)
Tax	6	(250)	256	947	(202)	1,149
(Loss)/profit after tax	(6,785)	(3,368)	(3,417)	(2,114)	3,481	(5,595)
Loss from operations	(3,742)	(3,118)	(624)	(9,561)	(5,019)	(4,542)
Amortisation and impairment of intangible assets	255	235	20	1,203	853	350
Depreciation and impairment of property, plant and equipment	2,456	-	2,456	2,736	-	2,736
Adjusted EBITDA	(1,031)	(2,883)	1,852	(5,622)	(4,166)	(1,456)
Earnings per share:						
Basic (Pence)	(8.1)p		(4.1)p	(2.5)p		(6.7)p
Diluted (Pence)	(8.1)p		(4.1)p	(2.5)p		(6.7)p

The restatement is detailed in Note 12.

Adjusted operating profit is defined as the profit from continuing operations before excluding the adjustments referred to above. Operating margin is defined as the operating profit as a percentage of revenue.

5. Tax

	Six months ended 31 May 2024			Six months ended 31 May 2023 (Restated)		
	Statutory Measure £000	Adjustment £000	Adjusted measure £000	Statutory Measure £000	Adjustment £000	Adjusted measure £000
(Loss)/profit before tax	(6,791)	(3,118)	(3,673)	(3,061)	3,683	(6,744)
Tax charge	6	(250)	256	947	(202)	1,149
Effective tax rate	(0.1)%	6.9%	(7.0)%	(30.9)%	(13.9)%	(17.0)%

The restatement is detailed in Note 12.

For the interim periods, the ETR is calculated by applying a forecast full year ETR to the interim results.

The standard rate of corporation tax in the UK for the period is 25% (2023: 25%).

6. Discontinuing Operations and Assets held for sale

Discontinued operations

On 31 May 2023, the Group completed the sale of the RM Integrus and RM Finance Businesses and related assets, to The Key Support Services Limited. Total consideration for the sale was £16.0 million on a cash free/debt free basis of which £12.0 million was received on completion subject to at £3.3m normalised working capital adjustment and £4.0m receivable subject to satisfaction of certain conditions, including those related to competition clearance in cash, of which £3.5m was received in June 2023 and £0.5m was received in July 2023.

Income statement analysis of discontinued operations

	Six months ended 31 May 2024 £000	Six months ended 31 May 2023 £000
Revenue	-	2,412
Cost of sales	-	(928)

Gross profit	-	1,484
Operating expenses	-	(727)
Profit before tax	-	757
Tax	-	-
Profit for the year from discontinued operations	-	757

Gain on disposal of discontinued operations

	Six months ended 31 May 2024 £000	Six months ended 31 May 2023 £000
Gain on disposal of discontinued operations before taxation	-	11,345
Costs associated with the disposal	-	(1,811)
Net gain on disposal of discontinued operations	-	9,534

Profit for the year from discontinued operations

	Six months ended 31 May 2024 £000	Six months ended 31 May 2023 £000
Profit for the year from discontinued operations	-	757
Net gain on disposal of discontinued operations	-	9,534
Total gain on disposal of discontinued operations	-	10,291

Total comprehensive income for the financial year from discontinued operations

	Six months ended 31 May 2024 £000	Six months ended 31 May 2023 £000
Group		
Attributable to owners of the parent	-	10,291

7. Earnings per share

	Six months ended 31 May 2024			Six months ended 31 May 2023 (Restated)		
	(Loss)/profit for the year £000	Weighted average number of shares £000	Pence per share £000	(Loss)/profit for the year £000	Weighted average number of shares £000	Pence per share £000
Basic earnings per ordinary share						
Basic earnings from continuing operations	(6,785)	83,256	(8.1)	(2,114)	83,256	(2.5)
Adjustments (see Note 4)	3,368	-	4.0	(3,481)	-	(4.2)
Adjusted basic earnings from continuing operations	(3,417)	83,256	(4.1)	(5,595)	83,256	(6.7)
Basic earnings from discontinuing operations	-	83,256	-	10,291	83,256	12.4
Adjusted basic earnings from discontinuing operations	-	83,256	-	757	83,256	0.9
Diluted earnings per ordinary share						
Basic earnings from continuing operations	(6,785)	83,256	(8.1)	(2,114)	83,256	(2.5)
Effect of dilutive potential ordinary shares - share-based payment awards	-	544	-	-	1,420	-
Diluted earnings from continuing operations	(6,785)	83,800	(8.1)	(2,114)	84,676	(2.5)
Adjustments (see Note 4)	3,368	-	4.0	(3,481)	-	(4.2)
Adjusted diluted earnings from continuing operations	(3,417)	83,800	(4.1)	(5,595)	84,676	(6.7)
Basic diluted earnings from discontinuing operations	-	83,800	-	10,291	84,676	12.2
Adjusted diluted earnings from discontinuing operations	-	83,800	-	757	84,676	0.9

The restatement is detailed in Note 12.

In accordance with IAS 33 the diluted loss per share is corrected on the face of the Income Statement to reflect the undiluted figure as a loss should not be diluted.

8. Borrowings

	At 31 May 2024 £000	At 30 November 2023 £000
Bank loan	54,000	55,000
Less: capitalised fees	(1,851)	(1,349)
	52,149	53,651

At 31 May 2024, the Group had drawn down £54.0m (30 November 2023: £55.0m) of the £70.0m committed revolving credit facility, which expires in July 2026. For further details of committed revolving credit facility please see Note 31 in the Group's Annual Report and Financial Statements for the year ended 30 November 2023.

9. Provisions

Group	Dilapidations £000	Employee- related restructuring £000	Contract risk provisions £000	Total £000
At 1 December 2023	2,292	816	1,634	4,742
Increase in provisions	596	-	10	606
Utilisation of provisions	-	(712)	(648)	(1,360)
Release of provisions	(200)	(76)	(194)	(470)
Unwinding of discount on provisions	36	-	-	36
At 31 May 2024	2,724	28	802	3,554

Disclosure of provisions

	At 31 May 2024 £000	At 30 November 2023 £000
Current liabilities	2,042	2,993
Non-current liabilities	1,512	1,749
	3,554	4,742

10. Defined benefit pension schemes

There are three defined benefit pension schemes: The Research Machines plc 1988 Pension Scheme (RM Scheme), The Consortium CARE Scheme (CARE Scheme) and The Prudential Platinum Pension (Platinum Scheme). In addition, the Group has TUPE employees who retain membership of Local Government Pension Schemes, many of which have a customer contractual guarantee whereby the Group reimburses for any IAS 19 deficit when it ceases to be a participating employer and are therefore accounted for as a defined benefit arrangement, with actuarial movements recognised through Other Comprehensive Income.

For further details of each of these schemes please see Note 26 in the Group's Annual Report and Financial Statements for the year ended 30 November 2023.

Reconciliation of net defined benefit obligation

	RM Scheme £000	CARE Scheme £000	Platinum Scheme £000	Local Government Pension Schemes £000	Total £000
Net surplus/(obligation) at 1 December 2023	12,159	(381)	637	(30)	12,385
Cost included in Income Statement:					
Administrative expenses	-	-	(27)	-	(27)
Net interest income	327	(2)	16	-	341
Scheme remeasurements included in the Statement of Comprehensive Income:					
Effect of changes in demographic assumptions	49	10	1	-	60
Effect of changes in financial assumptions	(2,016)	(175)	(2)	-	(2,193)
Effect of experience adjustments	-	(98)	(11)	-	(109)
Return on scheme assets excluding interest on scheme assets	2,540	340	16	-	2,896
Cash contributions	1,427	608	28	-	2,063
Net pension surplus/(obligation) at 31 May 2024	14,486	302	658	(30)	15,416
At 31 May 2024:					
Pension deficit	-	-	-	(30)	(30)
Pension surplus	14,486	302	658	-	15,446
Net pension surplus/(deficit)	14,486	302	658	(30)	15,416
At 30 November 2023:					
Pension deficit	-	(381)	-	(30)	(411)
Pension surplus	12,159	-	637	-	12,796
Net pension surplus/(deficit)	12,159	(381)	637	(30)	12,385

The effect of changes in financial assumptions is principally due to increases in the RPI price inflation assumptions during the period, which have to a higher value being placed on the Schemes' liabilities. This increased liability has been more than offset by higher assets driven by cash contributions and increases in asset values reflecting higher returns on growth assets such as equities.

Significant actuarial assumptions

	RM Scheme	CARE Scheme	Platinum Scheme
Discount rate:			
At 31 May 2024	5.15%	5.15%	5.15%
At 30 November 2023	5.15%	5.15%	5.10%
Rate of RPI price inflation:			
At 31 May 2024	3.25%	3.30%	3.20%
At 30 November 2023	3.10%	3.15%	3.10%

The Group has agreed with the RM Scheme Trustees that it will make catch-up payments of £3,200,000 per annum until 31 December 2024 and with the CARE Scheme Trustees that it will make catch-up payments of £1,200,000 per annum until 31 December 2026.

During the year ended 30 November 2023, the Group agreed with the Trustees of the RM and CARE Schemes to provide the Schemes with a second ranking fixed and floating charge over the shares of all obligor companies (except for RM plc) and a payment of £0.5m each at bi-annual intervals starting on August 2023 which is contingent upon the adjusted debt leverage ratio being less than 3.2x at that date. No such payments were made in August 2023 or February 2024.

11. Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

The Group encourages its Directors and employees to be governors, trustees or equivalent of educational establishments. The Group trades with these establishments in the normal course of its business.

The sole significant related party transaction relates to the provision of contract staff by Searchlight Business Services Limited, of which Mark Cook (the Chief Executive Officer of RM plc) is non-Executive Chairman. In the six months to 31 May 2024 the Group purchased services totalling £0.3m. Mr Cook is not involved in the commercial discussions relating to this supply.

12. Restatement for accounting error and classification

The comparative Interim Results for the six months ended 31 May 2023 have been restated to reflect a prior period accounting error relating to the treatment of £1,342,000 of independent business review costs which were previously expensed to operating profit (and included in adjustments to operating expenses in the Group's alternative performance measures as set out in Note 4), but which should instead have been capitalised as part of the related borrowing facility in accordance with IFRS.

This prior period year accounting error was fully corrected in the results for the year ended 30 November 2023.

In addition:

- The fair value gain/(loss) on hedged instruments and fair value loss on hedged instruments transferred to the income statement in the Condensed Consolidated Statement of Comprehensive Income/(Expense) for the six months ended 31 May 2023 has also been restated as previously these balances were netted.
- The comparative loss on foreign exchange and cash consumed by settlement of derivative financial instruments, and the capital and interest elements of leasing liability payments in the Condensed Consolidated Cash Flow Statement for the six months ended 31 May 2023 have also been restated as previously these balances were netted.

These adjustments have the following impact on the primary statements for the six months ended 31 May 2023:

Condensed Consolidated Income Statement

	Six months ended 31 May 2023		
	As reported £'000	Restatement impact £'000	Restated £'000
Continuing operations			
Revenue	87,564	-	87,564
Cost of sales	(60,044)	-	(60,044)
Gross profit	27,520	-	27,520
Operating expenses	(38,903)	1,342	(37,561)
Expected credit loss	480	-	480
Loss from operations	(10,903)	1,342	(9,561)
Finance income	569	-	569
Other income	8,702	-	8,702
Finance costs	(2,771)	-	(2,771)
Loss before tax	(4,403)	1,342	(3,061)
Tax	947	-	947
Loss for the period from continuing operations	(3,456)	1,342	(2,114)
Discontinued operations	10,291	-	10,291
Profit for the period	6,835	1,342	8,177

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 May 2023		
	As reported £'000	Restatement impact £'000	Restated £'000
Profit for the period	6,835	1,342	8,177
Items that will not be reclassified subsequently to profit or loss			-
Defined benefit pension scheme remeasurements	(7,462)	-	(7,462)
Tax on items that will not be reclassified subsequently to profit or loss	2,015	-	2,015
Items that are or may be reclassified subsequently to profit or loss			-
Fair value loss on hedged instruments	(289)	(380)	(669)
Fair value gain on hedged instruments transferred to the income statement	-	380	380
Tax on items that are or may be reclassified subsequently to profit or loss	(15)	-	(15)
Exchange loss on translation of overseas operations	(11)	-	(11)
Other comprehensive expense	(5,762)	-	(5,762)
Total comprehensive income attributable to owners of the parent	1,073	1,342	2,415

Condensed Consolidated Balance Sheet

	Six months ended 31 May 2023		
	As reported £'000	Restatement impact £'000	Restated £'000
Non-current assets			
Goodwill	49,104	-	49,104
Other intangible assets	24,446	-	24,446
Property, plant and equipment	15,133	-	15,133
Right-of-use asset	14,804	-	14,804
Defined benefit pension scheme surplus	18,537	-	18,537
Other receivables	281	-	281
Contract fulfilment assets	1,582	-	1,582
Deferred tax assets	10,101	-	10,101
	133,988	-	133,988
Current assets			
Inventories	24,153	-	24,153
Trade and other receivables	33,705	-	33,705
Contract fulfilment assets	1,824	-	1,824
Tax assets	2,305	-	2,305
Cash and cash equivalents	3,190	-	3,190
	65,177	-	65,177
Total assets	199,165	-	199,165
Current liabilities			
Trade and other payables	(53,340)	-	(53,340)
Provisions	(1,314)	-	(1,314)
Bank overdraft	(2,465)	-	(2,465)
	(57,119)	-	(57,119)
Net current assets	8,058	-	8,058
Non-current liabilities			
Lease liabilities	(14,923)	-	(14,923)
Other payables	(3,058)	-	(3,058)
Provisions	(592)	-	(592)
Deferred tax liability	(8,838)	-	(8,838)
Defined benefit pension scheme obligation	(595)	-	(595)
Borrowings	(52,743)	1,342	(51,401)
	(80,749)	1,342	(79,407)
Total liabilities	(137,868)	1,342	(136,526)
Net assets	61,297	1,342	62,639
Equity attributable to shareholders			
Share capital	1,917	-	1,917
Share premium account	27,080	-	27,080
Own shares	(444)	-	(444)
Capital redemption reserve	94	-	94
Hedging reserve	(552)	-	(552)
Translation reserve	(592)	-	(592)
Retained earnings	33,794	1,342	35,136
Total equity	61,297	1,342	62,639

Condensed Consolidated Cash Flow Statement

	Six months ended 31 May 2023		
	As reported £'000	Restatement impact £'000	Restated £'000
Loss before tax from continuing operations	(4,403)	1,342	(3,061)
Profit before tax from discontinuing operations	10,291	-	10,291
Gain on disposal of intangible licences	(8,531)	-	(8,531)
Gain on disposal of operations	(9,705)	-	(9,705)
Finance income	(576)	7	(569)
Finance costs	2,778	(7)	2,771
Loss from operations, including discontinued operations	(10,146)	1,342	(8,804)
Adjustments for:			
Amortisation and impairment of intangible assets	1,203	-	1,203
Depreciation and impairment of property, plant and equipment	2,736	-	2,736
Gain on disposal of property, plant and equipment	(4)	-	(4)
Loss on foreign exchange	1,098	380	1,478
Share-based payment credit	(419)	-	(419)

Increase in provisions	331	-	331
Defined benefit pension scheme administration cost	(6)	-	(6)
Operating cash flows before movements in working capital	(5,207)	1,722	(3,485)
Decrease in inventories	2,205	-	2,205
Decrease in receivables	2,926	-	2,926
Decrease in contract fulfilment assets	33	-	33
Increase in trade and other payables	(14,312)	(1,342)	(15,654)
Utilisation of provisions	(1,234)	-	(1,234)
Cash used by operations	(15,589)	380	(15,209)
Cash from settlement of derivative financial instruments	-	(380)	(380)
Defined benefit pension scheme cash contributions	(2,275)	-	(2,275)
Tax paid	(241)	-	(241)
Net cash used by operating activities	(18,105)	-	(18,105)
Investing activities			
Interest received	6	-	6
Proceeds on disposal of intangible licences	8,531	-	8,531
Proceeds on disposal of property, plant and equipment	32	-	32
Proceeds on sale of operations	8,828	-	8,828
Purchases of property, plant and equipment	(463)	-	(463)
Purchases of other intangible assets	(279)	-	(279)
Net cash generated from investing activities	16,655	-	16,655
Financing activities			
Drawdown of borrowings	13,000	-	13,000
Repayment of borrowings	(8,717)	-	(8,717)
Borrowing facilities arrangement and commitment fees	(379)	-	(379)
Interest paid	(2,393)	-	(2,393)
Payment of leasing liabilities – capital element	(1,182)	158	(1,024)
Payment of leasing liabilities – interest element	-	(158)	(158)
Net cash generated from financing activities	329	-	329
Net decrease in cash and cash equivalents	(1,121)	-	(1,121)
Cash and cash equivalents at the beginning of the year	1,911	-	1,911
Effect of foreign exchange rate changes	(65)	-	(65)
Cash and cash equivalents at the end of the year	725	-	725

13. Post balance sheet events

There are no post balance sheet events.

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