

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.



26 September 2024

**Malvern International PLC
("Malvern" the "Company")**

Interim results for the six months ended 30 June 2024

Malvern International plc (AIM: MLVN), the global learning and skills development partner, announces its interim results for the six months ended 30 June 2024 ("H1 2024" or the "Period").

H1 2024 results

- Underlying revenues¹, excluding agent commission, increased 22% to £5.10m (H1 2023: £4.18m).
- Underlying operating profit was £0.39m (H1 2023: underlying operating profit £0.50m).
- Statutory profit after tax for H1 2024 was £0.14m (H1 2023: profit £0.22m).
- Statutory earnings per share was 0.57p (H1 2023: statutory profit 0.91p).
- Cash at 30 June 2024 was £1.31m (FY 2023: £2.20 and H1 2023: £2.12m).
- The Group continues to reduce its debt with BOOST&CO with £2.02m remaining at the period end (FY 2023: £2.24m, H1 2023: £2.60m).

Operating highlights

- University Pathways student numbers increased by 59% in H1 2024 to 794 students (H1 2023: 500 students) studying in our centres, delivering revenue and profit growth.
- Significant growth in Juniors ELT, with student numbers increasing by 37% in 2024 to 3,405 students (2023: 2,478 students) during the peak summer season. Approximately 95% of revenues will be recognised in H2 2024.
- Compared to a 66% rebound in H1 2023, adult ELT centre revenue growth for H1 2024 was flat, delivering a loss for the division due to the fixed cost base of our year round centres.
- Appointed senior sales staff in H1 2024 to support Junior and adult English Language Teaching (ELT) student numbers and revenue growth.

¹. Total underlying revenues and operating profit are detailed in note 4.

Commenting on the results and prospects, Richard Mace, Chief Executive Officer, said:

"Our performance in H1 2024 reflects the investment made across the business over the past three years. This investment is ongoing, and we are currently in a transition phase where top-line revenue growth is fueling further investment in our sales and marketing, teaching, and back-office functions, setting the stage for accelerated growth in 2025. Whilst Pathways and Juniors are thriving due to strong demand, our adult ELT centres are not experiencing equal growth. We are taking measures to address this, including launching low-season and academic group programmes to improve staff and centre utilisation throughout the year at our permanent schools.

Looking ahead, our forward bookings and revenue visibility for H2 2024 and early 2025 provide confidence in Malvern's short- and long-term prospects, with growth anticipated across all divisions in 2025."

For further information please contact:

Malvern International Plc
Richard Mace - Chief Executive Officer

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Notes to Editors:

Malvern International is a learning and language skills development partner offering international students essential

Malvern International is a learning and language skills development partner, offering international students essential academic and English language skills, cultural experiences and the support they need to thrive in their academic studies, daily life and career development.

University Pathways - on and off-campus university pathway programmes helping students progress to a range of universities, as well as in-sessional and pre-sessional courses.

Adult ELT at Malvern House Schools- British Council accredited English Language Teaching at English permanent UK registered centres in London and Manchester.

Junior ELT - fully-immersive residential English language centres and bespoke language programmes for 13 to 18 year-old students with a choice of high-quality locations.

For further investor information go to www.malverninternational.com.

Chief Executive's review

Malvern has seen a significant improvement in revenues, student numbers and mix, and business pipeline in H1 2024, and we are pleased to have posted a small profit for the Period.

Financial review

Underlying revenues, excluding agent commission, increased to £5.10m (H1 2023: £4.18m). Revenue growth was driven by higher student numbers in University Pathways and, to a lesser extent, by Junior summer centres, where revenue is predominately recognised in July and August (H2 2024).

Underlying operating profit was £0.39m (H1 2023: £0.50m) due to increased strategic investment in people, travel and marketing activities.

Staff costs increased by £0.56m in H1 2024 compared to H1 2023. This rise included £0.09m for additional summer centres staffing to accommodate the higher numbers of Junior students, £0.14m for new sales staff, £0.07m in additional bonus accruals, £0.03m in staff settlement costs, £0.07m in additional recruitment costs and the remainder in salary increases and new operational staff. Travel expenses also increased by £0.12m in H1 2024 as a result of intensified business development and sales and marketing efforts to accelerate revenue and profit growth across all divisions.

Statutory operating profit was £0.35m (H1 2023: £0.40m).

We remain profitable before tax, achieving an underlying profit of £0.18m (H1 2023: £0.34m). The statutory profit per share from operating activities was 0.57p (H1 2023: 0.91p).

We continue to maintain tight cost controls whilst making strategic investments to increase the depth of our teams, systems and processes to support our growth plans.

Cash balances at 30 June 2024 were £1.31m (31 December 2023: £2.20m and 30 June 2023: £2.12m). This reduction was due to the delay in Junior summer centre receivables, which fell into H2 2024. As at the date of this interim announcement, the majority of the Junior's receivables has now been collected.

We continue to pay down the BOOST&CO debt, which stood at £2.02m at the period end, down from £2.24m as of 31 December 2023. No payments were made to reduce the BOOST&CO debt in H1 2023.

Operating review

University Pathways

The number of students studying in our University Pathways programmes in H1 2024 (794 students) was significantly higher than H1 2023 (500 students). Of these, 783 students were enrolled at the University of East London (UEL) International Study Centre.

The performance in student recruitment is driven by our expanded international sales team and our expertise in managing and converting the student pipeline from across the world. We continue to invest in staffing and operational arrangements, focusing on learning, teaching and pastoral excellence to maximise student attainment and progression. This investment will increase once we have successfully concluded negotiations with UEL for a contract longer than the current one year.

Junior ELT

Junior Summer Centres continued to produce significant revenue growth combined with high-quality delivery. Approximately 5% of revenues from our Junior ELT centres is recognised in H1 2024, with the remainder falling in the six months to 31 December 2024.

We successfully delivered eight centres (2023: five centres) over the summer season to 3,405 students (2023: 2,478 students), with feedback noting the high-quality delivery. This result produced significant revenue growth with a more diversified nationality mix, with growth from China, Taiwan, and MENA.

Adult ELT

Revenues from ELT teaching delivered to adults at our year round centres in Manchester and London King's Cross were flat compared to the same period in 2023. This is a mature market compared to Junior ELT with greater overseas competition, and the sector has yet to recover fully to pre-pandemic levels and is now at approximately 80% of the 2019 peak. Our school's fixed-cost base means that the division is currently running at an operating loss. Without a sudden and unexpected increase in adult student numbers short-term change is unlikely.

The Group is taking measures to address this situation, and we hope to see significant improvements in 2025. Following our investment in our ELT sales and marketing team, we are improving the quality of our engagement with our agent network. We are also focusing on increasing year-round staff and premises utilisation with the development of low-season group programmes.

Investment in sales and marketing

During the Period, we were pleased to appoint Maya Frost as our new Marketing Director and Matthew Hird as Global Sales

Director for ELT programmes. Both Maya and Matt have considerable experience in international student recruitment. In addition, we have appointed several new senior sales staff in key recruitment and under-represented markets.

These investments are crucial to growing the business and maintaining our market position since both Pathways and the ELT market face increased competition from UK and non-UK destinations. We welcome the Labour Government's decision to maintain the Graduate Visa Route in its current form, ensuring the UK continues to be an attractive destination for international students. With universities increasingly reliant on international students to cover their costs and enable them to sustain publicly funded teaching and research activities, we are pleased that the uncertainty has been lifted.

Summary and outlook

We are pleased with our performance in H1 2024, having taken advantage of improved market conditions following our investment in the business over the last three years. Pathways and Junior ELT continue to be the strongest performing divisions in terms of revenue and profit growth, and we are addressing the issues we face in our adult ELT division.

Approximately 490 students will start courses in September 2024 at the Group's University of East London ("UEL") International Student Centre, compared to 450 students in 2023. This solidifies the Group's partnership with UEL as one of the UK's largest and most successful University Pathway centres.

The investment in business development has resulted in discussions with several potential university partnerships in the UK and the US, some of which are at an advanced stage. The opportunities offer different models, including providing a comprehensive Pathway programme and exclusive direct recruitment contracts. Additionally, discussions regarding a renewed contract remain ongoing with UEL, and the Board anticipates an update on this before the end of the year.

Junior revenues for the full year are expected to increase by 62% to £6.05m (2023: £3.72m), with £5.73m to be recognised in H2 2024, underpinning the Group's full-year revenues. The Junior ELT market is expected to grow, and our investment in our ELT sales and marketing teams will enable us to harness the available opportunities. For 2025 we are developing new academic and low-season programmes to target a broad range of international markets and their respective national holiday seasons to improve our income profile during the year.

Whilst the adult ELT industry has yet to fully recover from the pandemic, there is an opportunity for us to take a greater share of this market. We have recruited new sales staff to cover Europe, Spanish Latin America, and the Far East. Given the long ELT recruitment cycle, we don't expect to see a material upturn until 2025.

Student numbers and revenues are growing steadily, and we have the skills in house to drive our growth strategy and expand the business significantly. With this solid foundation, we are increasingly confident in growing all areas of the business.

Richard Mace

Chief Executive Officer

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

	30-Jun-24 (£'000)			30-Jun-23 (£'000)			31-12-23 (£'000)	
	Underlying*	Non-underlying	Statutory	Underlying	Non-underlying	Statutory	Underlying	Underlying
Revenue								
Sale of services	5,098	—	5,098	4,177	294	4,471	10,650	
Agent commission income	1,038	—	1,038	380	—	380	936	
Total revenue	6,136	—	6,136	4,557	294	4,851	11,586	
Direct costs								
Cost of goods sold	(1,599)	3	(1,596)	(1,504)	(195)	(1,699)	(5,192)	(1,504)
Agent commission expenses	(1,043)	—	(1,043)	(326)	(13)	(339)	(894)	(326)
Total direct costs	(2,642)	3	(2,639)	(1,830)	(208)	(2,038)	(6,086)	(1,830)
Gross profit	3,494	3	3,497	2,727	86	2,813	5,500	
Other income	38	—	38	35	—	35	52	
Administrative expenses								
Other operating expenses	(1,201)	(10)	(1,211)	(952)	(65)	(1,017)	(2,041)	(952)
Depreciation & amortisation	(158)	1	(157)	(156)	(23)	(179)	(311)	(156)
Salaries & employee benefits	(1,780)	(35)	(1,815)	(1,151)	(102)	(1,253)	(2,695)	(1,151)
Share based payments	—	—	—	—	—	—	—	
Operating profit/(loss)	393	(41)	352	503	(104)	399	505	(104)

Finance costs	(210)	(3)	(213)	(170)	(7)	(177)	(360)	
Profit/(Loss) before tax	183	(44)	139	333	(111)	222	145	(
Income tax credit/(charge)	—	—	—	2	—	2	—	
Profit/(loss) for the year being total comprehensive income attributable to owners of the parent	183	(44)	139	335	(111)	224	145	(

Profit/(Loss) per share (in pence)

	30-Jun-24 (£'000)			30-Jun-23 (£'000)			31-Dec-23 (£'000)	
	Underlying	Non-underlying	Statutory	Underlying	Non-underlying	Statutory	Underlying	Non-underlying
Total Comprehensive income/(expense) for the year after tax	183	(44)	139	335	(111)	224	145	(3)
Earnings per share	0.75	(0.18)	0.57	1.37	(0.45)	0.92	0.59	(1)

* See note 4 for a reconciliation of underlying.

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2024**

	As at 30 June 2024	As at 30 June 2023	As at 31 December 2023
	£'000	£'000	£'000
	Unaudited	Unaudited	Audited
Non-current assets			
Property, plant and equipment	66	28	68
Goodwill	1,419	1,419	1,419
Right-of-use assets	1,554	2,046	1,711
	3,039	3,493	3,198
Current assets			
Inventory	16	—	8
Trade receivables	1,874	706	441
Other receivables and prepayments	3,087	1,310	919
Cash and bank balances	1,311	2,119	2,196
	6,288	4,135	3,564
Total Assets	9,327	7,628	6,762
Non-current liabilities			
Term loan	1,299	1,623	1,812
Warrants	415	190	415
Lease liability	1,733	2,307	2,086
Deferred tax liabilities	(6)	10	—
	3,441	4,130	4,313

Current liabilities

Trade payables	739	460	1,496
Contract liabilities	5,730	3,574	2,460
Other payables and accruals	1,820	1,400	1,523
Provision for income tax	—	(2)	—
Term loan	651	888	313
Lease liabilities	563	588	419
	9,503	6,908	6,211

Total Liabilities

12,944	11,038	10,524
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Equity

Share capital	11,324	11,331	11,324
Share premium	6,798	6,798	6,798
Other reserve	12	-	12
Retained earnings	(21,751)	(21,539)	(21,896)
Total Equity	(3,617)	(3,410)	(3,762)
Total Equity and Liabilities	9,327	7,628	6,762

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 June 2024**

	Share Capital	Share Premium	Retained Earnings	Other Reserve	Attributable to Equity Holders of the Company
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	11,324	6,798	(21,763)	7	(3,634)
Total comprehensive income for the period	—	—	224	—	224
Balance as at 30 June 2023	11,324	6,798	(21,539)	7	(3,410)
New shares from share-based payments including EMI Options	—	—	—	5	5
Add: Tax adjustments for prior years	—	—	27	—	27
Total Comprehensive income for the period	—	—	(384)	—	(384)
Balance at 31 December 2023	11,324	6,798	(21,896)	12	(3,762)
Deferred tax adjustments 2023	—	—	6	—	6
Total comprehensive income for the period	—	—	139	—	139
Balance at 30 June 2024	11,324	6,798	(21,751)	12	(3,617)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 June 2024**

Six
months

	ended 30 June 2024 £'000 Unaudited	Six months ended 30 June 2023 £'000 Unaudited	Year ended 31 December 2023 £'000 Audited
Cash flows from operating activities			
Profit/(loss) after tax	145	224	(160)
Deferred tax adjustment for 2023	(6)	—	—
Adjustments for:			
Depreciation of tangible assets	157	179	536
Fair value movements	—	—	131
Share based payments	—	—	5
Loss on disposal of tangible assets	—	—	1
Impairment of trade receivables	(90)	54	23
Release of accruals adjustment for depreciation charges related to early termination	12	—	(12)
Finance cost	213	177	192
Increase in stocks	(8)	—	(8)
Taxation	—	—	17
Interest paid	(80)	—	(143)
	343	634	582
Changes in working capital			
Decrease/(increase) in debtors & prepayments	(3,512)	(529)	158
Increase in creditors	2,822	1,108	1,219
Net cash (used in)/ generated from operating activities	(347)	1,213	1,959
Cash flows from investing activities			
Purchase of property, plant and equipment	(9)	(7)	(58)
Net cash used in investing activities	(9)	(7)	(58)
Cash flows from financing activities			
Decrease in finance lease liabilities	(298)	(269)	(557)
Additional loan	22	—	44
New share issue	—	—	—
Term loan - net	(253)	—	(374)
Net cash used in financing activities	(529)	(269)	(887)
Net increase/(decrease) in cash and cash equivalents	(885)	937	1,014
Cash and cash equivalents at beginning of period / year	2,196	1,182	1,182
Cash and cash equivalents at end of period / year	1,311	2,119	2,196

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 June 2024

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

2. Significant accounting policies

The Group's unaudited interim results for the six months ended 30 June 2024 ("Interim Results") are prepared in accordance with the Group's accounting policies which are based on the recognition and measurement principles of the UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. As permitted, the Interim Results have been prepared in accordance with the AIM rules and not in accordance with IAS 34 "Interim financial reporting" and therefore the interim information is not in full compliance with International Accounting Standards.

The financial information for the six months ended 30 June 2024 and 30 June 2023 has not been audited and does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006.

3. Profit/(Loss) per share

4. Reconciliation of Statutory information to underlying information

The following table includes details of non-underlying items and reconciles statutory information to underlying information:

[illegible]

Statutory Results	4,471	380	4,851	(2,038)	2,813	399	(177)	222
Malvern House Brighton ^(a)	(294)	—	(294)	208	(86)	104	7	111
Underlying Results	4,177	380	4,557	(1,830)	2,727	503	(170)	333

	Sale of services	Agent commission income	Total revenue	Direct costs	Gross profit	Operating Profit	Finance costs	(Loss) / profit before tax
December 2023	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Statutory results	11,322	936	12,258	(6,537)	5,721	47	(192)	(145)
Malvern House Brighton ^(a)	(672)	—	(672)	451	(220)	325	(168)	157
Share based payments ^(d)	—	—	—	—	—	5	—	5
Warrants ^(e)	—	—	—	—	—	226	—	226
Loan write-back ^(c)	—	—	—	—	—	(97)	—	(97)
Underlying results	10,650	936	11,586	(6,085)	5,501	506	(360)	146

a. Malvern House Brighton

During 2023 the Directors of the Company announced its decision to close Malvern House Brighton. The decision was made following a review of the viability of the school, informed by current operations, overhead costs, projected student numbers, financial performance and the further investment required for the school to achieve profitability which it had yet to do.

b. Staff restructuring costs

The management of the Group are completing a staff review to ensure that we are using our resources as efficiently as possible.

c. Malaysia liquidation & loan write-back

Minor liquidator costs to close out the remaining issues from the Group's former Malaysian entity.

d. Share-based payments

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

e. Warrants

As part of the term loan, BOOST & Co. was issued warrants over 1,725,113 shares. These warrants are exercisable at the Strike Price at any time over the following 10 years since the inception of term loan in August 2019. The warrants are revalued at fair value annually, any movement is expensed in the Consolidated Statement of Comprehensive Income.

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