RM plc (RM.)
RM plc: Half year trading update

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24 June 2025

RM plc

Half year trading update

- Progress on improving profitability, on course to meet FY25 expectations
- RM Assessment's platform revenue showing strong growth
- Supportive agreement with lenders to extend existing £70m facility to July 2027
- Triennial pension valuation for closed defined benefit schemes moves from deficit to surplus

RM plc ("RM", the "Company"), a leading global educational technology ("EdTech"), digital learning and assessment solution provider, is pleased to provide a trading update for the six months ended 31 May 2025 ("H1 25").

Trading update

Adjusted operating profit in H1 25 is expected to be in a range of £0.7-0.9m (H1 24 restated[1]: £0.3m loss) with adjusted EBITDA of £3.3-£3.5m (H1 24 restated: £2.4m)[2], reflecting continued progress on margin improvement and cost control, with annual cost savings of £20m+ delivered to date. As in previous years, profit is largely weighted towards H2, and RM remains on course to meet full year management expectations for adjusted operating profit and adjusted EBITDA.

This strong profit performance comes despite H1 25 revenue being moderately lower year-on-year at £73.0-£73.5m (H1 24 restated: £78.3m), largely reflecting the impact of ongoing UK schools budget pressures and the delay of government funding for key initiatives in Technology, as well as that of tariffs on TTS's US business, which accounts for circa 2% of group revenues.

RM's Assessment division continues to be the Group's key strategic growth driver, and saw revenue increase on H1 24, with core platform revenue up by 18% and total recurring revenue up by 20%. The contracted orderbook continued to grow from its already record £95.7m at the end of 2024, thanks to further contract renewals and wins. Further strategic wins are expected to land in H2, with Assessment revenue growth expected to offset the temporary decline in TTS and Technology by the end of the year.

Extension of banking facility and net debt

The Company entered into discussions with its lenders to extend its current facility by a further year. The discussions have now successfully concluded, and an agreement has been secured with the lenders to extend the existing £70m facility to July 2027. In conjunction with the extension, the Company has reset its covenants including the extension of the term of the quarterly minimum last twelve months ("LTM") EBITDA covenant tests to November 2026, along with the leverage ratio and interest cover covenants. Other terms of the facility remain materially unchanged.

Net debt increased by £7.9m to £59.6m in H1 25 from the 2024 year end, similar to the £7.1m increase in the same period last year. This is the combined effect of the normal business seasonal cash flow, with improved underlying EBITDA being offset by the continued investment in RM's global accreditation platform, now branded RM Ava. RM Ava will allow the Group to capitalise on the significant growth opportunities and the global shift toward digital assessment, enabling revenue growth, sustainable profitability and cash generation. This, in turn, will support management's continued focus on reducing net debt in the near to medium term.

Defined benefits pension schemes

In March 2025 the triennial valuations for RM's closed defined benefits pension schemes were completed. These valuations, dated 31 May 2024, showed a combined technical provisions surplus of £10.5m, representing a marked improvement on the 2021 valuations (deficit of £21.6m). As a result, no further contributions are required beyond the remaining £1.8m from the 2023 agreement with the Trustee. In the longer term, the Group will work with the Trustee to assess derisking strategies for the schemes.

Mark Cook, CEO, commented:

"I am pleased to report that RM continues to be on a strong trajectory following our FY24 results, with profitability improving and increased momentum across our core Assessment business, despite less favourable market conditions in our other divisions, as previously guided. We remain on track to achieve our targets for the year, and I am excited about the new opportunities that the recent launch of RM Ava opens up for the business, our customers and learners globally.

Our lenders continue to be very supportive of our strategy as reflected by the latest extension of our banking facility to July 2027. On top of this, the positive outcome of our defined benefits pension scheme valuation strengthens our financial position moving forwards."

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<u>Notes to Editors:</u>

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 outcomes.

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, connectivity and technology and bespoke services to UK schools and colleges.

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[1] Restated adjusted operating loss for H1 24 excludes £0.3m of Consortium losses from the reported loss of £0.6m, following Consortium's closure in early FY24, and adjusted revenue from continuing operations in H1 24 excludes £0.9m relating to Consortium.

[2] Restated adjusted EBITDA is an Alternative Performance Measure, stated after adjusting items. It has been amended to exclude share-based payment charges. H1 24 EBITDA has been restated for this amendment (£0.3m SBP excluded) and also excludes £0.3m of Consortium losses which have been reclassified as discontinued operations.

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