RM plc (RM.)
RM plc: Interim Results

15-Jul-2025 / 07:00 GMT/BST

---

15 July 2025

RM plc

Interim Results for the six months ended 31 May 2025

Progress on improving profitability, on course to meet FY25 expectations

RM plc ('RM', the 'Company'), a leading global educational technology ('EdTech'), digital learning and assessment solution provider, reports its interim results for the six months ended 31 May 2025.

Financial highlights

£m	HY25	HY24 as reported	Variance	HY24 restated1	Variance
Revenue from continuing operations	73.2	79.2	(7.6%)	78.3	(6.5%)
Loss before tax from continuing operations	(4.3)	(6.8)	36.8%	(6.6)	34.8%
Discontinued operations1	-	-	-	(0.2)	n/a
Statutory loss after tax	(3.3)	(6.8)	51.5%	(6.8)	51.5%
Diluted EPS from continuing operations	(4.0)p	(8.1)p	50.6%	(7.8)p	48.7%
Adjusted performance measures2:					
Adjusted operating profit/(loss) from continuing operations	0.9	(0.6)	250.0%	(0.3)	400.0%
Adjusted EBITDA excluding share-based payments3	3.5	2.2	59.1%	2.4	45.8%
Adjusted loss before tax from continuing operations	(2.4)	(3.7)	35.1%	(3.4)	29.4%
Adjusted diluted EPS from continuing operations	(2.0)p	(4.1)p	51.2%	(3.7)p	45.9%
Adjusted net debt4	59.6	52.7	13.1%	52.7	13.1%

Highlights

- **Adjusted EBITDA excluding share-based payments increased to £3.5m (HY24 restated: £2.4m) and adjusted operating profit improved by £1.2m to £0.9m (HY24 restated: loss of £0.3m).**
  - Continued progress on margin improvement and cost control, with annualised cost savings of £20m+ delivered to date since the start of the transformation of RM.
  - Revenue from continuing operations[1] of £73.2m, down 6.5% (HY24 restated: £78.3m), reflecting the impact of ongoing UK schools budget pressures in Technology and TTS as well as that of tariffs on TTS's US business, which accounts for c.2% of group revenues.
- **Significantly, Assessment revenue increased, with core platform revenue up by 19% in HY25**
- Statutory loss after tax of £3.3m (HY24: loss £6.8m)
- Adjusted net debt increased to £59.6m (HY24: £52.7m) due to continued investment in the global accreditation platform, now branded RM Ava.
- **Signed extended banking agreement for a further 12 months to July 2027 on broadly similar terms demonstrating supportive banking relationship.**
- **Triennial valuations for closed defined benefits pension schemes showed swing to surplus of £10.5m, meaning no further contributions expected beyond remaining £1.8m as previously agreed.**

Assessment platform showing strong growth

- Launch of RM Ava, the adaptive virtual accreditation platform, in June 2025 enabling integration of all assessment tools into a single sign-on system. The platform will support the global transition to digital assessment and be a key driver of future profitable growth.
- Growth in Assessment's contracted order book,[5] including contracts awarded in H1 and signed in H2, from £95.7m to £106.6m.
- This includes new customer, Trinity College, who has chosen RM to provide assessment solutions using its platform.
- 96% of annualised revenue up for renewal in HY25 was successfully renewed, including SEAB in Singapore, and SACE in Australia, demonstrating customer confidence and improved revenue visibility.

Current trading and outlook

- RM remains on course to meet full year management expectations for adjusted operating profit and adjusted EBITDA.
- As with prior years the Company's seasonal H2 weighting remains and trading in H2 to date has started on an upward trajectory.
- Assessment revenue growth expected to offset the temporary decline in TTS and Technology by the end of the year.
- Further strategic Assessment customer wins are expected to land in H2, building on the H1 momentum.
- Decision to progress with legal and operational separation of the three divisions, to enable strategic flexibility and unlock further cost saving opportunities.

Mark Cook, Chief Executive of RM, said:

"I'm really pleased with the continued progress we're making in positioning RM for sustainable, long-term growth. Our profitability has improved further, driven by stronger margins and the benefits of our cost-saving initiatives. The recent extension of our banking facility also underlines the confidence our lenders have in the actions we are taking and our strategic direction.

"In our Assessment division, RM Ava provides us with a compelling platform in an expanding global market, and we're particularly encouraged by the increase in our contracted order book and customer appetite so far. While ongoing investment in the platform has contributed to the expected increase in net debt, we are confident that this is central to the development of our strategy and will drive significant future growth.

"While UK schools market conditions remain challenging, we see opportunities in both TTS and Technology. We are focused on expanding TTS into international markets and unlocking new contract opportunities for our Technology business, both with multi-academy trusts but also across the broader public sector.

"Our plans to legally and operationally separate our three divisions will enhance our strategic optionality, allowing each business to be more agile and execute more effectively.

"We are building real momentum, and I want to thank all of my colleagues for their continued hard work and commitment in delivering another solid set of results."

Notes

1. Discontinued operations in HY24 restated include the closure of RM Consortium, which occurred during the second half of the year ended 30 November 2024.
2. Throughout this statement, adjusted operating profit/(loss), adjusted EBITDA excluding share-based payments, adjusted loss 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 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. The treatment of adjusted items is applied consistently year-on-year.
3. The definition of adjusted EBITDA has been redefined to exclude share-based payment charges and comparatives have been restated. See Note 4.
4. Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts. Lease liabilities of £14.8m (30 November 2024: £15.0m) are excluded from this measure as they are not included in the measurement of adjusted net debt for the purpose of covenant calculations.
5. Contracted order book represents secured revenue, supported by a contract, that is yet to be recognised as revenue in the financial statements.

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

Daniel Fattal, Company Secretary and 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 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 comprise:

- 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 statement

Progress on improving profitability

Overview

I am very pleased with the strong operational progress made in the first half of FY25 as we continue to execute our strategy. Adjusted operating profit of £0.9m was £1.2m higher than HY24 (restated) through continued margin improvement and the impact of cost savings taking effect. During a period of economic instability which has impacted Technology and TTS revenues, I was delighted to see our core platform revenue in Assessment grow 19% in HY25. We signed a digital assessment contract with new customer, Trinity College, , shortly after H1 which represents another fantastic win for the business. This sets us up well for the remainder of the year to achieve our strategic goal of growing Assessment through a combination of strategic renewals and new business wins, at higher margins by virtue of the increasing trend towards digital-based exams. To support and capitalise on this trend, we officially launched RM's adaptive virtual accreditation platform, now branded RM Ava and progress continues to be made in its development, headed by Dr Grainne Watson.

Our banks remain highly supportive of our strategy and agreed an extension of our facility to July 2027 on similar terms. Despite an improvement in our leverage position through higher EBITDA, net debt remains higher than I would like and increased during H1 following continued planned investment in the Ava platform. We remain committed to significantly reduce debt but on terms that are in the best interests of RM and its stakeholders. Divisional separation activities, explained below, will increase our strategic options and in the meantime, all parts of the group remain cash generative.

After several years of being in deficit, I was pleased to see that our legacy defined benefits pension schemes now show a combined technical provisions surplus of £10.5m based on the latest valuation at 31 May 2024. This reflects the trajectory from the macroeconomic environment in recent years but also the contributions made by RM. As a result, no further contributions are expected beyond the remaining £1.8m from the 2023 agreement with the Trustee.

I would like to thank our people for their continued hard work and commitment. FY24 was a year of transformation during which we made fundamental changes to create a sustainable future for RM and FY25 is developing into a year that delivers real progress to our defined growth strategy.

Divisional Performance

Assessment

The strong momentum in our strategic Assessment division has continued into this year with revenue up 4.1% in HY25 versus HY24. Significantly, when one-off non-core projects are stripped out, platform revenue grew 19% on the back of further customer renewals and wins including SEAB in Singapore and SACE in Australia. Last year we reported that we successfully renewed 99% of core Assessment contracts up for renewal in FY24, demonstrating our stickiness with customers. In HY25 we have secured 96% of the annualised revenue that was up for renewal which is further testament to our world class assessment offering, decades of building customer relationships, and our team working tirelessly to deliver these fantastic outcomes. Our newly launched RM Ava platform is set to strengthen our position further and be a key driver of profitable growth in the future, unlocking digital assessments and delivering higher margins.

Our contracted order book, plus contracts awarded in H1 and signed in H2, has grown from £95.7m at the end of FY24 to £106.6m. This includes winning the Trinity College tender which we are delighted to have secured under contract shortly after H1. The three-year contract will see Trinity College move its c.600,000 mostly digital tests, provided in more than 60 countries, onto our platform and serves as another example of our ability to land strategic opportunities in our core Assessment business. The pipeline into H2 is strong and we expect to land further wins to build on our H1 success, highlighting Assessment's position as the growth engine of RM.

With recent Assessment wins being predominantly digital in nature rather than paper-based, the division's adjusted operating margin has increased from 11.6% to 17.6%. We expect this trend to continue as our customers pivot further towards fully digital exams, enabled by RM Ava deployment.

At the time of writing, we are in the middle of our summer peak exam season, the busiest period for Assessment. Approximately 15 million exams will be marked during this time on our platform and up to 500,000 per day, putting us on track to reach 21 million marked exams for the full year.

Technology

Technology revenue is down by 12.4% due to the continuation of the tough UK schools market highlighted last year leading to a slow start for HY25. Government funded projects, such as Connect the Classroom, generated revenue in HY24 but its relaunch was delayed and only announced in March. We expect the initiative to generate revenue from Q3 and into FY26.

Technology's slow start to the year was exacerbated by the start of managed services contracts won last year being delayed. More positively, the division won the First Federation Managed Service, Connectivity and Filtering contract and ended the period strongly by winning four consecutive managed services tenders, including Hayles Valley Trust schools. We therefore believe that the current decline will be temporary.

TTS

TTS revenue is down by 8.6% primarily due to the tough UK schools' market with a continuation of budget constraints and exacerbated by US sales which were impacted by the implementation of trade tariffs in April. US sales in TTS account for less than 2% of group revenues so this impact is minimal and we are excited about the significant international opportunities in Europe and the Middle East, underpinned by our decision to open an office in Dubai which is now up and running. Even allowing for the drop in US sales, we continue to see further overseas opportunities for H2 which we expect to partly offset the decline in UK sales.

Operationally, the division continues to strengthen following the consolidation from two warehouses into one in FY24 with 84% of orders delivered on time and in full, compared to 49% in HY24, and average Trustpilot scores consistently above 4. TTS launched 104 products in H1, helping us to stand out and evolve our product range.

Launch of RM Ava

A proud milestone in our innovation journey

At the start of June, we announced the official launch of RM Ava, our adaptive virtual accreditation platform (formerly known as the Global Accreditation Platform), in a major step forward for RM's digital assessment-focused growth strategy. RM Ava brings together our world-class tools onto a single, end-to-end solution, with a clear, new identity. The platform is our engine for profitable growth and will cover everything from assessment creation to AI-enhanced marking, with the opportunity to develop new features in the future. Early adoption has been positive, and the platform has also been a key differentiator in unlocking new contract wins. While platform revenue from customers is already helping to fund RM Ava, its development will result in a cash outflow of £6.5m in FY25 (£4.2m in FY24). This cashflow trend will reverse in the coming years as digitisation of assessments ramps up and will continue that way for the foreseeable future.

I mentioned the successful AI marking proof-of-concept ("PoC") project in last year's annual report and we continue to work with customers to explore how AI can be tailored to support their assessment process. We are currently productionising this system to go live in 2026 and are doing further exciting PoCs introducing the ability to mark computational assessments.

RM Ava will allow us to capitalise on the significant growth opportunities and the global shift towards digital assessment, enabling revenue growth, improved profitability and cash generation. This, in turn, will support our continued focus on reducing net debt in the near to medium term.

Separation activities

Unlocking the opportunity

We have formed a plan to operationally separate our three divisions which have been historically linked through shared services, IT systems and the current legal structure.

Separation will create simpler structures, provide greater strategic flexibility, and help to unlock further cost saving opportunities for the group. We are commencing the detailed evaluation on how to maximise cost savings in H2 and I will provide a further update on progress in due course.

Financial Review

Group financial performance

£m	HY25	HY24 as reported	Variance	HY24 restated	Variance
Revenue from continuing operations	73.2	79.2	(7.6%)	78.3	(6.5%)
Loss before tax from continuing operations	(4.3)	(6.8)	36.8%	(6.6)	34.8%
Discontinued operations[1]	-	-	-	(0.2)	n/a
Statutory loss after tax	(3.3)	(6.8)	51.5%	(6.8)	51.5%
Diluted EPS from continuing operations	(4.0)p	(8.1)p	50.6%	(7.8)p	48.7%
Adjusted performance measures[2]:					
Adjusted operating profit/(loss) from continuing operations	0.9	(0.6)	250.0%	(0.3)	400.0%
Adjusted EBITDA excluding share-based payments[3]	3.5	2.2	59.1%	2.4	45.8%
Adjusted loss before tax from continuing operations	(2.4)	(3.7)	35.1%	(3.4)	29.4%
Adjusted diluted EPS from continuing operations	(2.0)p	(4.1)p	51.2%	(3.7)p	45.9%
Adjusted net debt[4]	59.6	52.7	13.1%	52.7	13.1%

1. Discontinued operations in HY24 restated include the closure of RM Consortium, which occurred during the year ended 30 November 2024.
2. Throughout this statement, adjusted operating (loss)/profit, adjusted EBITDA excluding share-based payments, adjusted loss 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 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. The treatment of adjusted items is applied consistently year-on-year.
3. The definition of adjusted EBITDA has been amended to exclude share-based payment charges and comparatives have been restated. See Note 4.
4. Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts. Lease liabilities of £14.8m (30 November 2024: £15.0m) 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

£m	HY25	HY24	Variance
RM TTS:			
Total revenue	**30.7**	33.6	(8.6%)
UK revenue	**22.6**	25.2	(10.3%)
International revenue	**8.1**	8.4	(3.6%)
Divisional contribution	**1.8**	2.0	(10.0%)
Adjusted operating profit	**0.1**	0.1	(0.0%)

Adjusted operating profit margin	**0.3%**	0.4%	(0.1%)
RM Assessment:			
Revenue	**20.5**	19.7	4.1%
Divisional contribution	**6.7**	6.0	11.7%
Adjusted operating profit	**3.6**	2.3	56.5%
Adjusted operating profit margin	**17.6%**	11.6%	6.0%
RM Technology:			
Revenue	**22.0**	25.0	(12.0%)
Divisional contribution	**3.5**	3.9	(10.3%)
Adjusted operating profit	**0.9**	0.8	12.5%
Adjusted operating profit margin	**4.1%**	3.2%	0.9%

All comparatives quoted are as reported, not restated.

Group revenue from continuing operations decreased by 7.6% to £73.2m (HY24: £79.2m). The FY24 reported revenue includes £1.0m of revenue from the final weeks trading of the Consortium business, which was closed in December 2023.

Adjusted operating profit from continuing operations improved by £1.5m to £0.9m (HY24: loss of £0.6m) partially driven by the closure of Consortium which incurred a loss of £0.3m within the FY24 reported numbers. The improved profitability is also as a result of the incremental impact of £20m+ of cost savings that have been achieved in recent years.

RM TTS revenues decreased by 8.6% to £30.7m (HY24: £33.6m). UK revenue declined as UK schools' budgets continue to be squeezed; pleasingly TTS UK held market share. International revenue also declined in the period with the uncertainty around US tariffs on TTS' predominantly Chinese manufactured products having an impact. Material margins declined by 2.8% due to increased levels of promotional activity; however significantly increased operational efficiencies, plus the incremental impact of previous cost savings, resulted in divisional contribution declining by only £0.2m, and TTS' Divisional adjusted operating profit remaining flat at £0.1m (HY24: £0.1m). Adjusted operating margin decreased by 0.1% to 0.3% (HY24: 0.4%).

RM Assessment revenues increased by 4.1% to £20.5m (HY24: £19.7m). The division saw continued strong revenue growth in core platform revenues (+18.6%), as well as in 3rd party scanning revenues (+24.0%); resulting in a total increase of 19.5% in recurring revenue to £17.1m in HY25 (HY24: £14.3m). This growth has largely come from the impact of increased volumes of assessments from existing customers, the majority of whose contracts have been successfully renewed in the last 18 months. The period also saw digital project revenues increase to £1.3m (HY24: £0.5m) primarily from the two major contracts signed with IB & CUPA in FY24. Revenue growth was partially offset by the continued wind down of legacy and other non-core contracts to £2.1m (HY24: £4.8m). On the back of this revenue growth, divisional contribution increased by 11.7% to £6.7m (HY24: £6.0m) and adjusted operating profit increased by 56.5% to £3.6m (HY24: £2.3m), 17.6% of revenue (HY24: 11.6%).

RM Technology revenues decreased by 12.0% to £22.0m (HY24: £25.0m) as a result of significant headwinds in UK schools' budgetary pressures and delays in the announcement of key Government funded project, Connect the Classroom – now expected to impact H2. As a result of these external pressures, transactional revenue declined 23% in the period. Divisional contribution declined by £0.4m to £3.5m (HY24: £3.9m). Adjusted operating profit increased slightly to £0.9m (HY24: £0.8m) and adjusted operating margin increased to 4.1% (HY24: 3.2%).

Adjusted EBITDA excluding share-based payment charges increased to £3.5m (HY24: £2.2m) reflecting improvement in our operational efficiency.

Loss before tax improved to £4.3m (HY24: loss of £6.6m), this £2.3m improvement was delivered by a £1.3m increase in Adjusted Operating Profit from continuing operations and a £1.3m decrease in adjusting items, offset by a £0.3m increase in net financing costs.

Statutory loss after tax was £3.3m (HY24: loss of £6.8m), which was driven by a £1.0m tax credit, mainly as a result of the recognition of deferred tax assets in relation to prior year losses.

Adjusted diluted loss per share was (4.0)p (HY24: (8.1)p).

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	HY25	HY24
Amortisation of acquisition-related intangible assets	**0.1**	0.2
Restructuring costs[1]	**1.7**	3.0
CARE scheme pension costs[2]	**0.1**	-
Total adjustments	**1.9**	3.2
Tax impact	**(0.3)**	0.3
Total adjustments after tax – continuing operations	**1.6**	3.5
Total adjustments after tax – discontinued operations[3]	**-**	(0.1)
Total adjustments after tax	**1.6**	3.4

1 Restructuring costs in HY25 and HY24 relate to the implementation of the Group's new Target Operating Model announced in FY24. This restructuring programme has now concluded.

2 Ongoing costs for the CARE pension scheme are presented as an adjusting item within continuing operations as they are not related to the underlying trading operations of the Group, following the discontinuation of the Consortium business.

3 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.

Inventory

Inventories have increased to £16.6m (FY24: £15.2m) as TTS is holding stock in advance of anticipated large one-off international orders in H2.

Corporate Costs

Total corporate costs reduced by £1.3m to £11.1m (FY24: £12.3m) as a result of the savings programmes delivered; these reductions were partially offset by the cost associated with share plan awards for management. Corporate costs in the period after divisional allocations were £3.6m, slightly up from £3.5m in HY24.

Taxation

The total tax credit for the period for continuing operations was £1.0m (HY24: £0.0m). There are multiple tax effects influencing the tax rate in income, costs, and deferred tax.

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 lower revenues and profitability than H2, as well as inventory purchases ahead of the second half peak selling periods in TTS & Technology; the majority of cash inflow from examinations sessions also comes in the second half.

On a statutory basis, net cash inflow from operating activities was £1.1m (HY24: outflow of £0.4m), which includes £1.2m (HY24: £2.1m) of deficit recovery payments made to the Group's defined benefit pension schemes during the period.

Adjusted net debt at the end of the period was £59.6m (HY24: £51.7m) as the £1.1m net cash inflow from operating activities (see above) was offset by £4.2m of asset purchases (HY24: £2.1m) as we stepped up investment in RM Ava, our Digital Assessment Platform, £2.8m of interest paid (HY24: £2.9m), and £1.4m of lease repayments (HY24: £1.3m).

Since the period end, the Group has secured an agreement with Lenders, which extends the existing £70.0m bank facility to July 2027. 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) covenant test from August 2025 to November 2026, after which it is replaced by a quarterly EBITDA leverage test and interest cover test, which are required to be below 4.5x and above 4x respectively from the quarter ended February 2027; 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 step-down periods applying between the following dates, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m:
    - 23 June to 17 October 2025
    - 1 January to 20 March 2026
    - 14 August to 23 October 2026
    - 8 January to 12 February 2027
    - 9 April to 21 May 2027

Balance Sheet

The Group had net assets of £11.6m at 31 May 2025 (FY24: £17.1m). The balance sheet includes non-current assets of £93.8m (FY24: £90.1m), of which £28.9m (FY24: £29.2m) is goodwill and £19.1m (FY24: £20.5m) relates to the Group's defined benefit pension scheme which is discussed further below.

Operating PPE, intangible and right-of-use assets total £28.5m (FY24: £26.1m) and includes acquired brands, customer relationships, intellectual property, and leases primarily relating to properties used by the Group.

Net current liabilities of £2.2m (FY24: net current assets of £0.2m) includes cash and cash equivalents of £3.4m (FY24: £8.2m) and bank overdrafts of £nil (FY24: £4.3m).

Non-current liabilities of £80.0m (FY24: £73.2m) includes borrowings of £63.0m (FY24: £55.5m) and lease liabilities of £12.7m (FY24: £12.8m) 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. Therefore, we are not recommending the payment of a dividend and are unlikely to in the short-term since our focus is to continue investing in RM's growth.

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 ("Platinum Scheme"). All schemes are now closed to future accrual of benefits.

As set out in Note 10, the net IAS 19 surplus decreased by £1.4m to £19.1m during the period. All three schemes are in surplus. The decrease was driven by returns on assets in the RM scheme underperforming expectations on an IAS19 basis, which was partially offset by contributions and the change in financial assumptions used (specifically the higher discount rate and lower future inflation assumption) which, all else being equal, has reduced the value placed on the liabilities.

The 31 May 2024 triennial valuation for the RM and CARE schemes was approved in March 2025, with the previous total scheme deficit becoming a technical surplus. The deficit recovery payments set by the 31 May 2021 valuation of £4.4m per annum until the end of 2024, which then reduce to £1.2m per annum until the end of 2026, will continue but no further recovery payments will be required after that date.

Internal Controls

During the period management have continued to work on ensuring that financial controls are properly embedded, through a programme of quarterly self-certification by control owners, and independent testing by the Internal Audit & Internal Controls team, who are also expanding the scope of controls to be implemented and tested.

The Board and Audit & Risk Committee are updated regularly with respect to ongoing improvements to the control environment and the outcomes of testing. 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.

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.

Going Concern

In assessing the going concern position, the Directors have considered the balance sheet position as included on page 12 and the level of available finance not drawn down. The net current liabilities and adjusted net debt for the Group at 31 May 2025 were £2.2m and £59.6m respectively (30 November 2024: net current assets of £0.2m and £51.7m 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 June 2025 and is committed until July 2027. The terms of the revised facility are as disclosed in Note 12. 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. While the Directors of the Group believe that all reasonable worst-case downside scenarios occurring together is highly unlikely, under this reasonable worst case scenario without any mitigating actions the Group would continue to comply with the hard liquidity covenant until August 2025, when it would be breached, and the EBITDA covenant until November 2025, when it would be breached. With mitigations applied to the reasonable worst-case scenarios, no breach of either covenant is forecast.

Taking this into account, 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. 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 42 to 45 of the 2024 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	**Simon Goodwin**
Chief Executive Officer	Chief Financial Officer
14 July 2025	

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 31 May 2025			Six months ended 31 May 2024 (restated[1])		
	Note	**Adjusted £000**	**Adjustments £000**	**Total £000**	Adjusted £000	Adjustments £000	Total £000
Continuing operations							
Revenue	2, 3	**73,199**	**-**	**73,199**	78,306	-	78,306
Cost of sales		**(44,790)**	**-**	**(44,790)**	(48,552)	-	(48,552)
Gross profit		**28,409**	**-**	**28,409**	29,754	-	29,754
Operating expenses		**(27,655)**	**(1,905)**	**(29,560)**	(29,883)	(3,211)	(33,094)
Movement in expected credit loss provision		**189**	**-**	**189**	(181)	-	(181)
Profit/(loss) from operations	2	**943**	**(1,905)**	**(962)**	(310)	(3,211)	(3,521)
Finance income		**542**	**-**	**542**	435	-	435
Finance costs		**(3,873)**	**-**	**(3,873)**	(3,484)	-	(3,484)
Loss before tax		**(2,388)**	**(1,905)**	**(4,293)**	(3,359)	(3,211)	(6,570)
Tax	5	**703**	**269**	**972**	256	(250)	6
Loss for the period from continuing operations		**(1,685)**	**(1,636)**	**(3,321)**	(3,103)	(3,461)	(6,564)
Discontinued operations	6	**-**	**-**	**-**	(314)	93	(221)
Loss for the period		**(1,685)**	**(1,636)**	**(3,321)**	(3,417)	(3,368)	(6,785)
Earnings per ordinary share on continuing operations:	7						
- Basic		**(2.0)p**		**(4.0)p**	(3.7)p		(7.8)p
- Diluted		**(2.0)p**		**(4.0)p**	(3.7)p		(7.8)p
Earnings per ordinary share on discontinuing operations:	7						
- Basic		**-**		**-**	(0.4)p		(0.3)p
- Diluted		**-**		**-**	(0.4)p		(0.3)p
Earnings per ordinary share on total operations:	7						
- Basic		**(2.0)p**		**(4.0)p**	(4.1)p		(8.1)p
- Diluted		**(2.0)p**		**(4.0)p**	(4.1)p		(8.1)p

1. HY24 is restated to present the results of RM Consortium within discontinued operations as set out in Note 6.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

	Note	**Six months ended 31 May 2025 £000**	Six months ended 31 May 2024 £000
Loss for the period		**(3,321)**	(6,785)
Items that will not be reclassified subsequently to profit or loss			
Defined benefit pension scheme remeasurements	10	**(3,172)**	654
Tax on items that will not be reclassified subsequently to profit or loss		**791**	(164)
Items that are or may be reclassified subsequently to profit or loss			
Fair value (loss)/gain on hedged instruments		**(275)**	32
Fair value loss on hedged instruments transferred to the income statement		**72**	268
Tax on items that are or may be reclassified subsequently to profit or loss		-	-
Exchange loss on translation of overseas operations		**(190)**	(30)
Other comprehensive (expense)/income		**(2,774)**	760
Total comprehensive expense attributable to owners of the parent		**(6,095)**	(6,025)

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 2025 £000	At 30 November 2024 £000
Non-current assets			
Goodwill		**28,907**	29,172
Other intangible assets		**9,560**	6,818
Property, plant and equipment		**6,874**	7,249
Right-of-use assets		**12,020**	12,014
Defined benefit pension scheme surplus	10	**19,132**	20,498
Other receivables		**361**	245
Contract fulfilment assets		**6,532**	5,661
Deferred tax assets		**10,381**	8,479
		93,767	90,136
Current assets			
Inventories		**16,577**	15,190
Trade and other receivables		**24,890**	21,723
Contract fulfilment assets		**2,934**	2,909
Tax assets		**401**	347
Cash and cash equivalents		**3,375**	8,196
		48,177	48,365
Total assets		**141,944**	138,501
Current liabilities			
Trade and other payables		**(47,869)**	(41,897)
Provisions	9	**(2,540)**	(1,972)
Bank overdraft		**-**	(4,325)
		(50,409)	(48,194)
Net current (liabilities)/assets		**(2,232)**	171
Non-current liabilities			
Lease liabilities		**(12,715)**	(12,816)
Other payables		**(3,566)**	(3,585)
Provisions	9	**(675)**	(1,243)
Defined benefit pension scheme obligation	10	**(30)**	(30)
Borrowings	8	**(62,990)**	(55,524)
		(79,976)	(73,198)
Total liabilities		**(130,385)**	(121,392)
Net assets		**11,559**	17,109
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		**(172)**	31
Translation reserve		**(1,021)**	(831)
Retained earnings		**(15,895)**	(10,738)
Total equity		**11,559**	17,109

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 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 payments	-	-	-	-	-	-	254	254
Tax thereon	-	-	-	-	-	-	97	97
At 31 May 2024	1,917	27,080	(444)	94	(93)	(898)	(15,502)	12,154
At 1 December 2024	**1,917**	**27,080**	**(444)**	**94**	**31**	**(831)**	**(10,738)**	**17,109**

Loss for the period	-	-	-	-	-	-	**(3,321)**	**(3,321)**
Other comprehensive expense	-	-	-	-	**(203)**	**(190)**	**(2,381)**	**(2,774)**
Total comprehensive expense	-	-	-	-	**(203)**	**(190)**	**(5,702)**	**(6,095)**
Transactions with owners of the Company:								
Share-based payments	-	-	-	-	-	-	**541**	**541**
Tax thereon	-	-	-	-	-	-	**4**	**4**
At 31 May 2025	**1,917**	**27,080**	**(444)**	**94**	**(172)**	**(1,021)**	**(15,895)**	**11,559**

[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. It is not distributable as the gains and losses are unrealised.
[3] The Group translation reserve arises on consolidation from the unrealised movement of foreign exchange on the net assets of overseas entities. It is not distributable.

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 2025 £'000**	Six months ended 31 May 2024 (restated[1]) £'000
Loss before tax from continuing operations		**(4,293)**	(6,570)
Loss before tax from discontinuing operations		**-**	(221)
Finance income		**(542)**	(435)
Finance costs		**3,873**	3,484
Loss from operations, including discontinued operations		**(962)**	(3,742)
Adjustments for:			
Research and development expenditure credits		**(50)**	-
Amortisation and impairment of intangible assets		**206**	255
Depreciation and impairment of property, plant and equipment		**1,897**	2,456
Loss on foreign exchange derivatives		**72**	317
Share-based payment charge		**541**	254
Net increase in provisions	9	**470**	411
Defined benefit pension scheme administration cost	10	**73**	27
Operating cash flows before movements in working capital		**2,247**	(22)
Increase in inventories		**(1,387)**	(473)
(Increase)/decrease in receivables		**(3,305)**	1,507
(Increase)/decrease in contract fulfilment assets		**(960)**	727
Increase in trade and other payables		**6,413**	298
Utilisation of provisions	9	**(471)**	(1,360)
Cash generated from operations		**2,537**	677
Cash consumed by settlement of derivative financial instruments		**(73)**	(268)
Defined benefit pension scheme cash contributions	10	**(1,176)**	(2,063)
Tax (paid)/refunded		**(139)**	1,225
Net cash generated from/(used by) operating activities		**1,149**	(429)
Investing activities			
Interest received		**6**	94
Purchases of property, plant and equipment		**(437)**	(404)
Purchases of other intangible assets		**(3,759)**	(1,720)
Net cash used by investing activities		**(4,190)**	(2,030)
Financing activities			
Drawdown of borrowings		**7,000**	1,000
Repayment of borrowings		**-**	(2,000)
Borrowing facilities arrangement and commitment fees		**-**	(1,040)
Interest paid		**(2,795)**	(2,865)
Payment of leasing liabilities – capital element		**(1,231)**	(1,096)
Payment of leasing liabilities – interest element		**(166)**	(154)
Net cash generated from/(used by) from financing activities		**2,808**	(6,155)
Net decrease in cash and cash equivalents		**(233)**	(8,614)
Cash and cash equivalents at the beginning of the period		**3,871**	8,062
Effect of foreign exchange rate changes		**(263)**	(25)
Cash and cash equivalents at the end of the period		**3,375**	(577)
Bank overdraft		**-**	(577)
Cash at bank		**3,375**	-
Cash and cash equivalents at the end of the period		**3,375**	(577)

1. HY24 is restated to present the results of RM Consortium within discontinued operations as set out in Note 6.

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 2025:

- 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 2024;
- Apply 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 2024, 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;
- Accrue income taxes are 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 14 July 2025.

The information relating to the year ended 30 November 2024 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 (issued by Deloitte) 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.

RSM, 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 2024 remain applicable. This is available from the RM website: www.rmplc.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 our growth strategy.
- The Group may be exposed to treasury risks including managing liquidity within the agreed facility arrangements and covenants.
- If the Group's security controls are inadequate it could be vulnerable to a cyber-attack on internal or customer-facing systems.
- If the Group fails to maintain the required levels of technical and delivery expertise, then the delivery of sophisticated and complex solutions to customers, or large-scale business transformation projects, could be threatened.
- If the Group is unable to effectively deliver new and changed solutions at an optimal pace it could lose out on assessment opportunities in a fast-moving market.
- Due to the TTS Division'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 we could become non-compliant with one or more of the many legal and regulatory obligations to which we are subject.
- Failure to manage health and safety increases the risk of injury or death to workers or others, and increases the risk of prosecution and unlimited fines.

Going concern

The unaudited condensed consolidated financial statements for the six months ended 31 May 2025 have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

At 31 May 2025, the Group had net debt of £59.6m (30 November 2024: £51.7m) and drawn facilities of £64.0m (30 November 2024: £57.0m). Average Group net debt over the six months to 31 May 2025 was £58.9m (year to 30 November 2024: £53.8m) with a maximum borrowings position of £64.0m (year to 30 November 2024: £60.7m).

The Group has a £70.0m (2024: £70.0m) committed bank facility ("the facility") at the date of this report. The facility provides lenders a fixed and floating charge over the shares of all obligor companies (except for RM plc). The facility is due to mature on 5 July 2027, following an amendment and extension of the facility for another 12 months on 23 June 2025.

For going concern purposes the Board have assessed the Group's forecast performance against the following covenants which apply for the period of 12 months from the date of this report:

- A quarterly LTM EBITDA (excluding discontinued operations) covenant test to the quarter ended 31 May 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 step down periods applying during the going concern assessment period from 23 June to 17 October 2025 and 1 January to 20 March 2026, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m. These step downs were agreed with the lenders in our ordinary course of relationship management in order to manage potential downside risk. This liquidity limit is the minimum amount the Group must have available under the facility, taking into account cash and the amount left to draw.

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 base case scenario assumes ongoing downturns in UK and International markets as experienced in the year to 30 November 2024 and first half of FY25, and also assumes a broadly similar macroeconomic environment to that currently being experienced. However, it also assumes revenue growth across all businesses in the Group, and profit margin growth including annualised savings from restructuring programmes undertaken in the period. Under the base case, adequate headroom is forecast against the covenants such that there are no breaches within the going concern period of 12 months from the date of this report.

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 delays in significant customer contracts or distributor arrangements, markets and/or market share not growing, reductions in contract wins or renewals, and increases in costs that cannot be passed on to customers. Taken together, the reasonable worst-case scenario applies significant reductions to the revenue, EBITDA and cash figures in the base case forecast.

While the Directors of the Group believe that all reasonable worst-case downside scenarios occurring together is highly unlikely, under this scenario without any mitigating actions the Group would continue to comply with the hard liquidity covenant until August 2025, when it would be breached, and the EBITDA covenant until November 2025, when it would be breached.

Taking into account the associated mitigations that the Directors of the Group are confident could be enacted in the event these reasonable worst-case downside scenarios should occur, 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 mitigations include reducing discretionary spend, delaying capital expenditure and selling surplus IP addresses. These are actions the Group has taken before and therefore the Board is confident of its ability to deliver these mitigating actions if required.

The Board's assessment of the likelihood of a further downside scenario is remote. Management has undertaken reverse stress testing of the base case scenario which shows that, should sales reduce in TTS by £8.6m (12%) or Technology by £10.9m (22%) in the quarter ended 31 August 2025 in isolation, the covenants would still be complied with for that quarter if none of the other downside scenarios were to occur. The timing of this reverse stress test is aligned with the period at which the first covenant is forecast to be breached under the unmitigated downside scenario disclosed above.

Consequently, the Directors of the Group have concluded that the going concern basis of accounting remains appropriate and the financial statements do not require the adjustments that would result if the Group were unable to continue as a going concern.

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 excluding share-based payments
- 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 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.

The definition of Adjusted EBITDA has been redefined to exclude share-based payment charges, in order to allow evaluation of core operating results that are more closely aligned to cashflows. Comparatives have been restated to show the impact of the change. See Note 4.

New accounting pronouncements adopted

On 1 December 2024, the Group adopted certain new accounting policies to comply with amendments to IFRS, including:

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 *Leases*;
- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 *Presentation of Financial Statements;* and
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

None of the above 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 2024.

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.

- **Impairment reviews** – As part of the impairment review of goodwill and investments in subsidiary undertakings, calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including future cash flows (including revenue growth, margin assumptions and corporate costs allocated to the RM TTS cash-generating unit), discount rates and long-term growth rates. Changes in the assumptions could significantly affect the impairment of the RM TTS cash-generating unit and hence reported assets, profits or losses.

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 Assessment Managed Services**– RM Assessment only sells Managed Services together with its marking solution and so there is no observable stand-alone selling price for Managed Services. Management have made a judgement that the transaction price should be allocated to the Managed Services performance obligation based on the expected cost plus a margin. The margin takes into account business margins, market demands and the nature of the customer. A change in the estimated margin may affect the revenue recognised over the life of the contract. If the estimated margin for Managed Services for each contract was increased by 5% then Group revenue for HY25 would be increased by c.£0.6m. If the estimated margin for each contract was reduced by 5% then the HY25 revenue would be reduced by c.£0.5m.

- **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.
- **International Baccalaureate AOS** – On 30 May 2024, a contract modification was signed that allowed management to revisit the performance obligations at contract inception. Management reviewed the performance obligations associated with this contract and judged that two performance obligations had been met, allowing £0.7m of amounts received to be recognised as revenue in the period to 31 May 2025. A further £4.4m continues to be recognised as deferred revenue as management reached the judgement that the new contract does not enable the IB to consume the benefits of the software during the development phase. As the software developed has become increasingly bespoke as the project has progressed, an amount of £3.6m which was initially recognised as an intangible asset was transferred to contract fulfilment assets in FY24. This judgement was made on the basis that the economic benefits from the asset will now be realised through fulfilment of performance obligations on this specific contract with this customer, rather than through alternative uses. The total value of the contract fulfilment asset at 31 May 2025 is £4.2m.

- **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*Employee Benefits* is deemed available to the Group and is recognised in the balance sheet. The net pension surplus at 31 May 2025 of £19.1m is set out in Note 10.

- **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 Chief Operating Decision Maker 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 four operating divisions: RM TTS, RM Assessment, RM Technology and RM Consortium. RM Consortium was classified as a discontinued operation in the second half of FY24 and therefore ceased to be a reportable segment. The HY24 comparatives have been restated.

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 2025	RM TTS[1] £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Revenue					
UK	**22,641**	**9,984**	**21,760**	**-**	**54,385**
Europe	**4,201**	**6,495**	**4**	**-**	**10,700**
North America	**1,061**	**-**	**194**	**-**	**1,255**
Asia	**286**	**958**	**-**	**-**	**1,244**
Middle East	**2,025**	**215**	**-**	**-**	**2,240**
Rest of the world	**525**	**2,850**	**-**	**-**	**3,375**
	30,739	**20,502**	**21,958**	**-**	**73,199**
Adjusted profit/(loss) from operations	**119**	**3,553**	**901**	**(3,630)**	**943**
Finance income					**542**
Finance costs					**(3,873)**
Adjusted loss before tax					**(2,388)**
Adjustments (see Note 4)					**(1,905)**
Loss before tax					**(4,293)**

1 Included in UK are International Sales via UK Distributors of £318,000.

Six months ended 31 May 2024 (restated)[2]	RM TTS[1] £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Revenue					
UK	25,198	11,175	25,004	-	61,377
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	19,665	25,050	-	78,306
Adjusted profit/(loss) from operations	123	2,281	799	(3,513)	(310)
Finance income					435
Finance costs					(3,484)

Adjusted loss before tax	(3,359)
Adjustments (see Note 4)	(3,211)
Loss before tax	(6,570)

1 Included in UK are International Sales via UK Distributors of £542,000.
2 HY24 is restated to present the results of RM Consortium within discontinued operations as set out in Note 6.

Segmental assets

At 31 May 2025	**RM TTS £000**	**RM Assessment £000**	**RM Technology £000**	**Corporate Services £000**	**Total £000**
Segmental	**39,573**	**29,429**	**8,977**	**30,675**	**108,654**
Other					**33,290**
Total assets					**141,944**

At 30 November 2024	RM TTS £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Segmental	40,328	20,985	8,783	30,885	100,981
Other					37,520
Total assets					138,501

Other non-segmented assets include defined benefit pension surplus, tax assets and cash and short-term deposits.

3. Revenue

Six months ended 31 May 2025	**RM TTS Transactional £000**	**RM Technology Transactional £000**	**RM Technology Over Time £000**	**RM Assessment Over Time £000**	**Total £000**
Supply of products	**30,739**	**4,808**	**-**	**-**	**35,547**
Rendering services	**-**	**1,162**	**11,513**	**18,612**	**31,287**
Licences	**-**	**2,724**	**1,751**	**1,890**	**6,365**
	30,739	**8,694**	**13,264**	**20,502**	**73,199**

Six months ended 31 May 2024	RM TTS Transactional £000	RM Technology Transactional £000	RM Technology Over Time £000	RM Assessment Over Time £000	Total £000
Supply of products	33,591	5,360	-	-	38,951
Rendering services	-	2,366	11,832	18,519	32,717
Licences	-	2,931	2,561	1,146	6,638
	33,591	10,657	14,393	19,665	78,306

4. Alternative Performance Measures

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

		Six months ended 31 May 2025 £000	Six months ended 31 May 2024 (restated[1]) £000
Adjustments to operating expenses:			
Amortisation of acquisition-related intangible assets		**120**	235
Restructuring costs	(a)	**1,681**	2,966
Consortium pension costs	(b)	**104**	-
Independent business review related costs	(c)	**-**	10
Total adjustments to operating expenses		**1,905**	3,211
Tax impact (Note 5)		**(269)**	250
Total adjustments after tax – continuing operations		**1,636**	3,461
Adjustments to discontinued operations:			
Reversal of impairment of RM Consortium assets	(d)	**-**	(93)
Total adjustments to discontinued operations		**-**	(93)
Tax impact		**-**	-
Total adjustments after tax – discontinued operations		**-**	(93)

1. HY24 is restated to present the results of RM Consortium within discontinued operations as set out in Note 6.

Adjusted items:

These are items which are identified by virtue of their size, nature and incidence 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.

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:

a. Restructuring costs of £1.7m (2024: £3.0m) relating to the implementation of the Group's new Target Operating Model announced last year. £0.8m of these costs relate to redundancies (of which were £0.4m were paid during the period, and the remainder are expected to be paid before year end) and £0.8m related to professional fees and contractor costs.

b. Ongoing costs for the CARE pension scheme are presented as an adjusting item within continuing operations as they are not related to the underlying trading operations of the Group, following the discontinuation of the Consortium business.

c. Independent Business Review related costs undertaken on behalf of the lenders and pension scheme.

d. 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.

Adjusted net debt of £59.6m (30 November 2024: £51.7m) is the total of borrowings less capitalised fees of £63.0m (30 November 2024: £55.5m), bank overdraft of £nil (30 November 2024: £4.3m) and cash at bank of £3.4m (30 November 2024: £8.2m). Lease liabilities of £14.8m (30 November 2024: £15.0m) 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 2025			Six months ended 31 May 2024 (restated[1])		
	Statutory Measure £000	**Adjustment £000**	**Adjusted measure £000**	Statutory Measure £000	Adjustment £000	Adjusted measure £000
Revenue	**73,199**	**-**	**73,199**	78,306	-	78,306
(Loss)/profit from operations	**(962)**	**(1,905)**	**943**	(3,521)	(3,211)	(310)
Operating margin (%)	**-1.3%**	**-2.6%**	**1.3%**	-4.5%	-4.1%	-0.4%
Loss before tax	**(4,293)**	**(1,905)**	**(2,388)**	(6,570)	(3,211)	(3,359)
Tax	**972**	**269**	**703**	6	(250)	256
Loss after tax	**(3,321)**	**(1,636)**	**(1,685)**	(6,564)	(3,461)	(3,103)
(Loss)/profit from operations	**(962)**	**(1,905)**	**943**	(3,521)	(3,211)	(310)
Amortisation and impairment of intangible assets	**206**	**120**	**86**	255	235	20
Depreciation and impairment of property, plant and equipment	**1,897**	**-**	**1,897**	2,456	-	2,456
EBITDA	**1,141**	**(1,785)**	**2,926**	(810)	(2,976)	2,166
Share-based payments	**541**	**-**	**541**	254	-	254
EBITDA excluding share-based payments[2]	**1,682**	**(1,785)**	**3,467**	(556)	(2,976)	2,420
Earnings per share:						
Basic (Pence)	**(4.0)p**		**(2.0)p**	(7.8)p		(3.7)p
Diluted (Pence)	**(4.0)p**		**(2.0)p**	(7.8)p		(3.7)p

1. HY24 is restated to present the results of RM Consortium within discontinued operations as set out in Note 6.
2. Adjusted EBITDA has been redefined to exclude share-based payments charge as set out in Note 1.

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 2025			Six months ended 31 May 2024 (restated[1])		
	Statutory Measure £000	**Adjustment £000**	**Adjusted measure £000**	Statutory Measure £000	Adjustment £000	Adjusted measure £000
Loss before tax	**(4,293)**	**(1,905)**	**(2,388)**	(6,570)	(3,211)	(3,359)
Tax credit/(charge)	**972**	**269**	**703**	6	(250)	256
Effective tax rate (ETR)	**(22.6)%**	**(14.1)%**	**(29.4)%**	(0.1)%	7.8%	(7.6)%

1. HY24 is restated to present the results of RM Consortium within discontinued operations as set out in Note 6.

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% (2024: 25%).

6. Discontinued Operations and Assets held for sale

Discontinued operations

On 24 November 2023, the Group announced its decision to close the RM Consortium business. By 30 November 2024, the RM Consortium business had completely ceased operations, and the results of the business are therefore presented within discontinued operations for the comparative period.

Income statement analysis of discontinued operations

	Six months ended 31 May 2025 £000	Six months ended 31 May 2024 £000

Revenue	-	844
Cost of sales	-	(531)
Gross profit	-	313
Operating expenses	-	(627)
Impairment write-backs	-	93
Loss before tax	-	(221)
Tax	-	-
Loss for the year from discontinued operations	-	(221)

7. Earnings per share

	At 31 May 2025 Number '000	At 31 May 2024 Number '000
Number of shares in issue (weighted average)	**83,256**	83,256
Potentially dilutive shares (weighted average)	**604**	544
Diluted number of shares (weighted average)	**83,860**	83,800

	Six months ended 31 May 2025			Six months ended 31 May 2024 (restated[1])		
	Adjusted £000	**Adjustments £000**	**Total £000**	Adjusted £000	Adjustments £000	Total £000
Profit for the year						
Continuing operations	**(1,685)**	**(1,636)**	**(3,321)**	(3,103)	(3,461)	(6,564)
Discontinued operations	-	-	-	(314)	93	(221)
Total	**(1,685)**	**(1,636)**	**(3,321)**	(3,417)	(3,368)	(6,785)

	Adjusted Pence	**Total Pence**	Adjusted Pence	Total Pence
Basic earnings per share				
Continuing operations	**(2.0)**	**(4.0)**	(3.7)	(7.8)
Discontinued operations	-	-	(0.4)	(0.3)
Total	**(2.0)**	**(4.0)**	(4.1)	(8.1)
Diluted earnings per share				
Continuing operations	**(2.0)**	**(4.0)**	(3.7)	(7.8)
Discontinued operations	-	-	(0.4)	(0.3)
Total	**(2.0)**	**(4.0)**	(4.1)	(8.1)

1. HY24 is restated to present the results of RM Consortium within discontinued operations as set out in Note 6.

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 2025 £000	At 30 November 2024 £000
Bank loan	**64,000**	57,000
Less: capitalised fees	**(1,010)**	(1,476)
	62,990	55,524

At 31 May 2025, the Group had drawn down £64.0m (30 November 2024: £57.0m) of the £70.0m committed revolving credit facility, which expires in July 2027. For further details of committed revolving credit facility please see Note 12.

9. Provisions

Group	**Dilapidations £000**	**Employee-related restructuring £000**	**Contract risk provisions £000**	**Total £000**
At 1 December 2024	2,636	81	498	3,215
Increase in provisions	**49**	**381**	**184**	**614**
Utilisation of provisions	**(248)**	**(81)**	**(167)**	**(496)**
Release of provisions	**(136)**	-	**(8)**	**(144)**
Unwinding of discount on provisions	**28**	-	-	**28**
Foreign exchange	**(2)**	-	-	**(2)**
At 31 May 2025	**2,327**	**381**	**507**	**3,215**

Disclosure of provisions

	At 31 May 2025 £000	At 30 November 2024 £000
Current liabilities	**2,540**	1,972
Non-current liabilities	**675**	1,243
	3,215	3,215

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 24 in the Group's Annual Report and Financial Statements for the year ended 30 November 2024.

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 2024	18,717	1,107	674	(30)	20,468
Cost included in Income Statement:					
Administrative expenses	**(38)**	**(7)**	**(28)**	**-**	**(73)**
Net interest income	**485**	**34**	**17**	**-**	**536**
Scheme remeasurements included in the Statement of Comprehensive Income:					
Effect of changes in demographic assumptions	**(353)**	**47**	**-**	**-**	**(306)**
Effect of changes in financial assumptions	**16,361**	**1,126**	**183**	**-**	**17,670**
Effect of experience adjustments	**-**	**-**	**-**	**-**	**-**
Return on scheme assets excluding interest on scheme assets	**(19,066)**	**(1,294)**	**(176)**	**-**	**(20,536)**
Cash contributions	**707**	**608**	**28**	**-**	**1,343**
Net pension surplus/(obligation) at 31 May 2025	**16,813**	**1,621**	**698**	**(30)**	**19,102**
At 31 May 2025:					
Pension deficit	**-**	**-**	**-**	**(30)**	**(30)**
Pension surplus	**16,813**	**1,621**	**698**	**-**	**19,132**
Net pension surplus/(deficit)	**16,813**	**1,621**	**698**	**(30)**	**19,102**
At 30 November 2024:					
Pension deficit	-	-	-	(30)	(30)
Pension surplus	18,717	1,107	674	-	20,498
Net pension surplus/(deficit)	18,717	1,107	674	(30)	20,468

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 2025	**5.80%**	**5.70%**	**5.85%**
At 30 November 2024	5.15%	5.10%	5.15%
Rate of RPI price inflation:			
At 31 May 2025	**2.95%**	**3.00%**	**2.95%**
At 30 November 2024	3.10%	3.15%	3.05%

The 31 May 2024 triennial valuation for the RM and CARE schemes was approved in March 2025, with the previous total scheme deficit becoming a technical surplus. The deficit recovery payments set by the 31 May 2021 valuation were £4.4m per annum (£3.2m to the RM scheme and £1.2m to the CARE scheme). The RM scheme payments ceased on 31 December 2024 and the CARE scheme payments will cease on 31 December 2026, with no further recovery payments required after that date.

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 the current or comparative periods.

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 2025 the Group purchased services totalling £0.1m. Mr Cook is not involved in the commercial discussions relating to this supply.

12. Post balance sheet events

On 23 June 2025 the lenders approved an extension and amendment to the Group's revolving credit facility, which will now run to 6 July 2027. The following covenants apply from the approval date to the end of the facility:

- A quarterly LTM EBITDA (excluding discontinued operations) covenant test from August 2025 to November 2026, after which it is replaced by a quarterly EBITDA leverage test and interest cover test, which are required to be below 4.5x and above 4x respectively from the quarter ended February 2027; 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 step-down periods applying between the following dates, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m:
  - 23 June to 17 October 2025
  - 1 January to 20 March 2026
  - 14 August to 23 October 2026
  - 8 January to 12 February 2027
  - 9 April to 21 May 2027

Dissemination of a Regulatory Announcement that contains inside information in accordance with the Market Abuse Regulation (MAR), transmitted by EQS Group.
The issuer is solely responsible for the content of this announcement.

ISIN: GB00BJT0FF39
Category Code: IR
TIDM: RM.
LEI Code: 2138005RKUCIEKLXWM61
Sequence No.: 395865
EQS News ID: 2169590

End of Announcement EQS News Service