



Full Year Results 2023

Thursday, 14 March 2024

Mark Cook

Chief Executive Officer

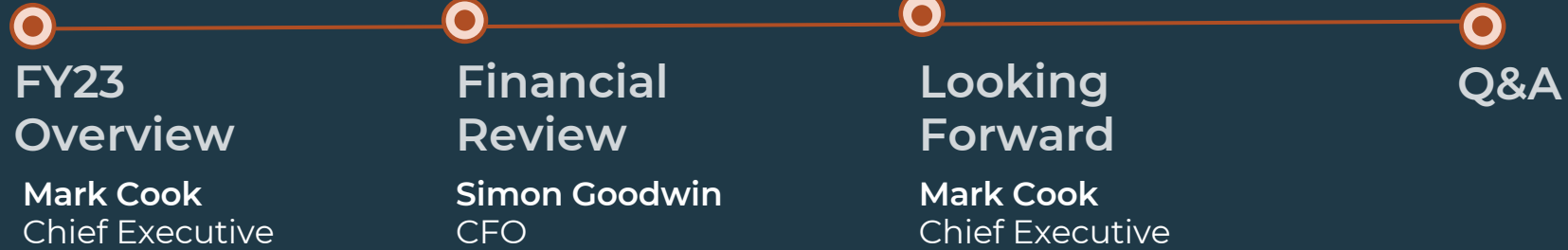
Simon Goodwin

Chief Financial Officer

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Agenda





FY23 Overview

Mark Cook, CEO



FY23 Overview

Financial results impacted by Consortium under performance, business stabilised

- EVO IT system & Consortium business permanently ceased, distribution centres consolidated, TTS unleashed
- FY23 delivered in line with guidance at operating profit £0.3m and EBITDA £7.0m
- Revenue of £195.2m, down 8.9% YoY; strong performance from Assessment, with 8.7% growth from new contract wins and TTS International customers, with growth of 5.8%
- Significant liquidity covenant headroom, with adjusted net debt² of £45.6m
 - Signed 'Amend & Extend' agreement with Lenders to July 2026
- FY23 2nd half - Improved profitability and normalised working capital

> Decisive action taken to address legacy issues and costs

1. Adjusted operating profit is before discontinued operations, the amortisation of acquisition related intangible assets, dual run costs, configuration of SaaS licenses (ERP) and restructuring costs.

2. Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts.

FY23 Overview

New strategic, operational and management change enabled to unlock value in RM

- Strategic plan unveiled to become leading EdTech company serving global customers
 - New long term customer contracts to support Global Accreditation Platform
- New highly skilled leadership in place with focus on delivery, culture and business capability
 - Complex projects delivered on time and to plan
- Transformation programme identified annualised cost savings of £10m, £4m realised in FY23, and further £10m identified from FY24
- FY24 clear priorities aligned to strategic plan
- RM today in much better health to address continuous improvement required

> Transformation programme delivering annualised cost savings of £20m

RMTMplc

Financial Review

Simon Goodwin, CFO



FY23 financial summary

£195.2m

Revenue (8.9%)
£175.9m excluding
consortium (2.3%)

£0.3m

**Adjusted* operating
profit (96.0%)**
£10.0m excluding
consortium (20.0%)

- **£7.0m** EBITDA, down 45.7%
- **£10m** of annualised cost savings initiated in year
- **£46.9m** of exceptional costs, offset by £24.2¹m of gains from sale of assets
 - **£43.2m** of costs relating to closure of Consortium & Evo project
 - **£5.4m** cash / **£41.4m** non-cash
- Adjusted* net debt £45.6m (2.6%)
- IAS19 Pension surplus £12.4m (45.2%)
- **P9 & P12 EBITDA covenants waived by Lenders**
- **£70m banking facility amended & extended to July 2026**

* Adjusted operating profit is before discontinued operations, the amortisation of acquisition related intangible assets, dual run costs, configuration of SaaS licenses (ERP) and restructuring costs. Adjusted net debt is defined as the total of borrowings less capitalised fees, cash, cash-equivalents and overdrafts.

¹ Includes £10.6m gain from the sale of IP addresses and a £13.4m gain on the sale of RM Integris and RM Finance.

Summary Income Statement

£m	FY 2023			FY 2022			Variance
	Continuing ¹	Discontinued ²	Total	Continuing ¹	Discontinued ²	Total	Total
Revenue	195.2	2.4	198.0	214.2	4.9	219.1	(21.1)
Adjusted* operating Profit	0.3	0.8	1.1	7.5	1.6	9.1	(8.0)
Adjusted* operating Margin	0.2%	33%	1%	4%	33%	4%	37%
Net finance costs	(5.5)	-	(5.5)	(2.2)	-	(2.2)	(3.3)
Adjusted* (loss)/profit before tax	(5.2)	0.8	(4.4)	5.3	1.6	6.9	(11.3)
Tax	(8.1)	-	(8.1)	(1.8)	-	(1.8)	(6.3)
Adjusted* (loss)/profit after tax	(13.2)	0.8	(12.4)	3.5	1.6	5.1	(17.5)
Adjustments (after tax)	(30.1)	13.4	(16.7)	(19.6)	-	(19.6)	2.5
(Loss)/profit after tax	(43.3)	14.2	(29.1)	(16.1)	1.6	(14.5)	(15.0)
Adjusted ³ diluted EPS	(15.9)p	0.9p	(15.0)p	4.2p	1.9p	6.0p	(21.0)p

- Interest costs reflect debt facility charges and net finance income from the defined benefit pension schemes
- FY23 tax charge includes the impact of derecognition of deferred tax assets

Adjustments (after tax) include:

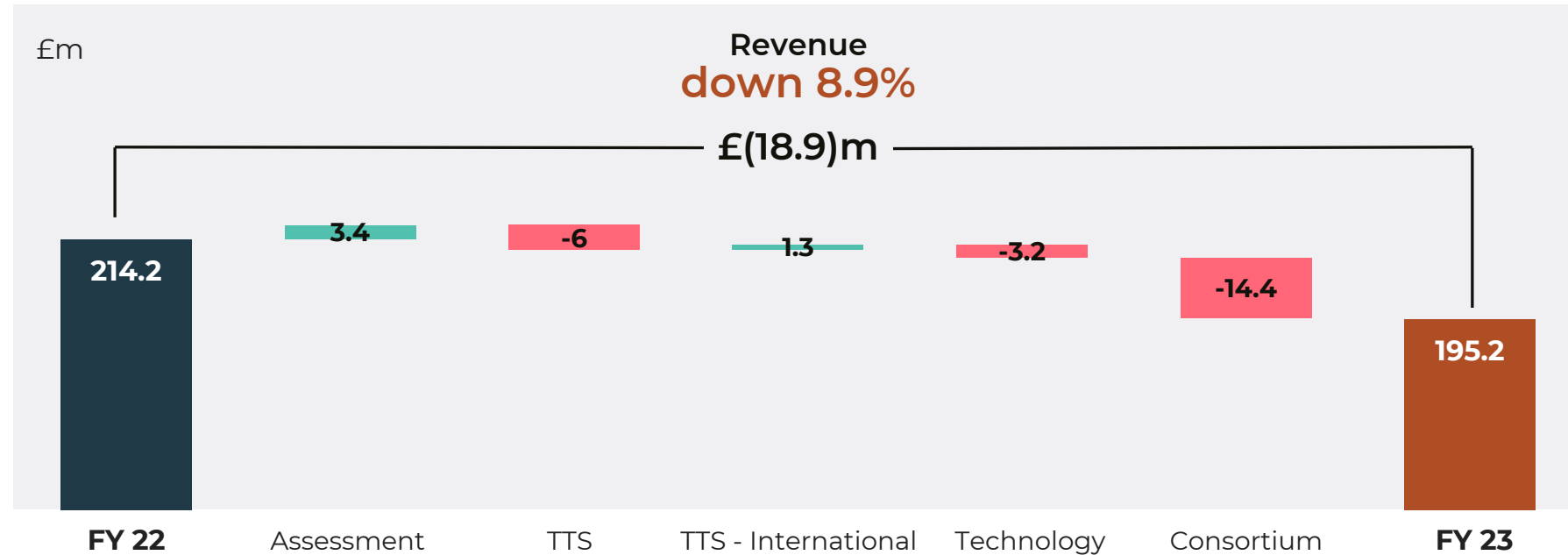
- £(38.9)m impairment of Consortium assets
- £13.4m gain on disposal of RM Integris & Finance
- £10.6m profit on sale of IPv4 addresses
- £(2.7)m restructuring costs
- £(3.1)m configuration of SaaS licenses
- £(1.7)m amortisation of acquisition-related intangible assets
- £(0.5)m costs relating to new banking agreement
- £0.2m gain on disposal of operations
- £6.0m tax impact of above

1. Continuing operations includes Consortium business which ceased trading after the end of the financial year

2. Discontinued operations reflect the income statement for RM Integris & Finance prior to sale

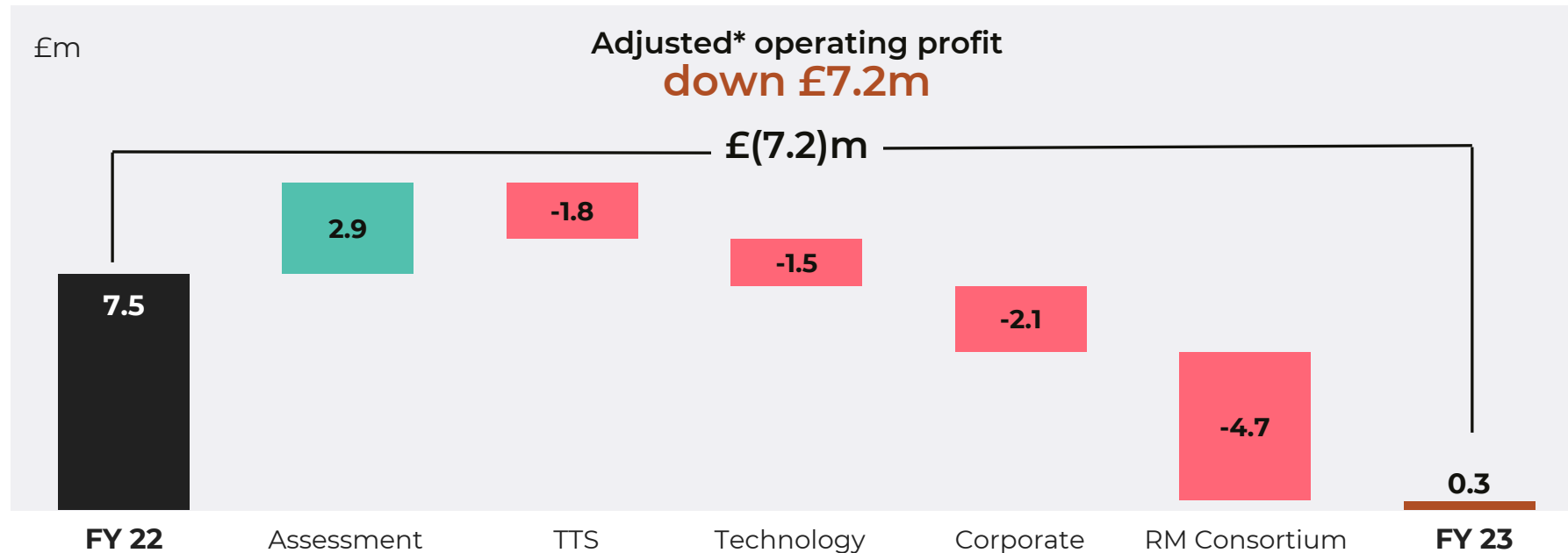
* Adjusted operating profit and adjusted (loss)/profit before and after tax are before discontinued operations, the amortisation of acquisition related intangible assets, dual run costs, configuration of SaaS licenses (ERP) and restructuring cost

Revenue



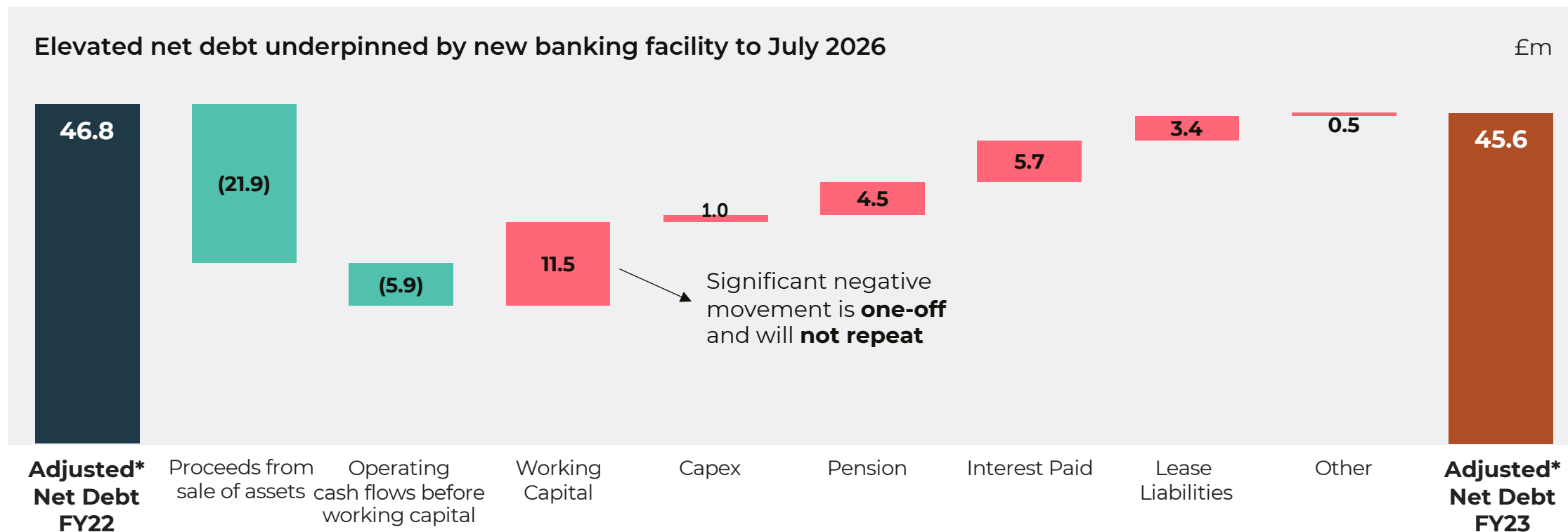
- **Assessment** up 9% on prior year benefitting from further volume growth with existing customers and additional contract wins
- **TTS** down 10% on prior year with growth in International (up 6%) offset by lower trading volumes in Consortium following the significant disruption of IT implementation in 2022 and challenging market conditions impacting TTS UK
- **Technology** down 5% on prior year driven by lower Services revenues following the loss of a number customers in the prior year. FY22 result also included £1.3m relating to sale of IPv4 assets
- **Consortium** down 43% on prior year

Adjusted* operating profit



- **Assessment profits** were up £2.9m to £10.3m driven by 9% revenue growth and improved operational efficiency
- **TTS and TTS International profits** of £6.0m, down from a profit of £7.8m, driven by challenging UK education market conditions, offset by growth in International business
- **Technology profit** of £0.7m, down £1.5m of which £1.3m is relating to IPv4 sales included in FY22, lower Services revenues, offset by cost saving initiatives.
- **Corporate Costs** increased costs associated with rebuilding finance function and management team
- **Consortium loss** of £9.7m, up from a loss of £5.0m

Cashflow



- Adjusted net debt £45.6m (FY22: £46.8m)
- Proceeds from sale of RM Integris & Finance, £10.8m, IPv4 addresses, £10.6m, and iCASE product, £0.1m
- Working capital outflow primarily linked to bringing supplier payments up to date following cash protection activities ahead of FY22 year-end, not repeated ahead of FY23 year end
- The £70m banking facility was amended and extended until July 2026 with updated covenants reflecting the future business projections

* Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts.

Financial outlook & guidance

- **FY24 revenue from the ongoing business expected to grow with high single digit %**
- **Significant changes to ongoing cost base:**
 - £6m benefit to FY24 from annualisation of £10m of cost saving initiatives initiated in FY23
 - Partial in year benefit from £10m of new cost savings to be delivered during FY24
 - Increased investment in 'Go To Market' activity to fuel growth ambitions
 - Headwinds of cost inflation and impact of normalised management incentive schemes
- **FY24 year-end adjusted net debt - will remain comfortably within covenants**
 - Working capital requirements of a return to growth business
 - Pension and interest payments
 - Capex investments in products and solutions



Looking forward

Mark Cook, CEO

RM plc
original pioneers of
EdTech Oxford,
England
since 1973

New RM

Vision

To enable the improvement of educational outcomes around the world

Purpose

To enrich the lives of learners

Values

Trust, Innovation, Responsibility,
Enjoyment, Customer focus

- > **Our purpose is still valid – EdTech provides greater global opportunities**

RM vision and drivers



> A company that has 3-4X the value today, de-leveraged, dividend paying, double digit growth and EBITDA 5x today

Education landscape and EdTech opportunities

Education Challenges

01 The Challenges

- Access to quality Education
- Funding
- Teacher shortages
- Educational disparities
- Equipping learners for AI future

EdTech Market



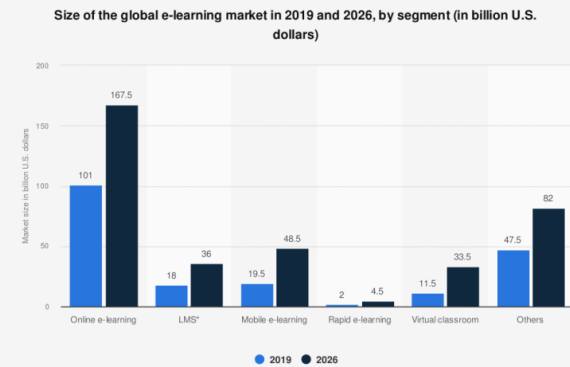
Education Opportunities

02 The Opportunities

- Online learning
- Immersive learning
- Gamification
- AI learning
- Mobile Apps
- Open Education

Global E-learning Market 2019 vs 2026

- The E-learning market is growing more than any other segment in the market buoyed both by new technologies and changing consumer behaviour.
- Adaptive learning is a goal for many companies
- Providing platforms where content can be delivered is also still growing



Sources: Statista estimates; Global Market Insights; © Statista 2022
Additional Information: Worldwide; Statista estimates; Global Market Insights; 2019

RM strategic pillars

01



Global Opportunity

Curriculum focused across the world, \$222bn EdTech market.



02



Lifetime of Learners

Products and solutions from early life to professional



03



Accreditors Educators, Learners,

Customer centric business enabling digital education



04



Global Accreditation Platform

Enabling E2E digital assessment



05



Owned, designed IP

Majority of revenue from RM own IP

Our global customer reach



RM products & solutions support

>10m students
Globally

28,000 Schools, Nurseries and Trusts
world-wide

115 countries
Network of 130
Global distributors

> Global Opportunity via Curricula focussed across the world, \$222bn EdTech market

RM global customer base



➤ Blue Chip long-term customer credentials built on trust, partnership, & deliverables

New customer centric solutions

Assessment

Global platform delivery of exam making and end-to-end assessment process.

- 20m online & marked tests p.a. in 180 countries BUT with 100m pieces of paper scanned p.a.



Global market leader in bespoke designed curriculum and education resources.

- 28,000 schools Internationally, 45% IP in new product development

Technology

Platform based managed services, ICT solutions to authorities and education trusts

- 6,000 UK schools and trusts

Accreditors

Full end-to-end Digital Accreditation Platform with SaaS offering

Solutions for formative assessment

Educators

Integrating Curriculum learning content

Global ICT 'Tech in a box' solution

Learners

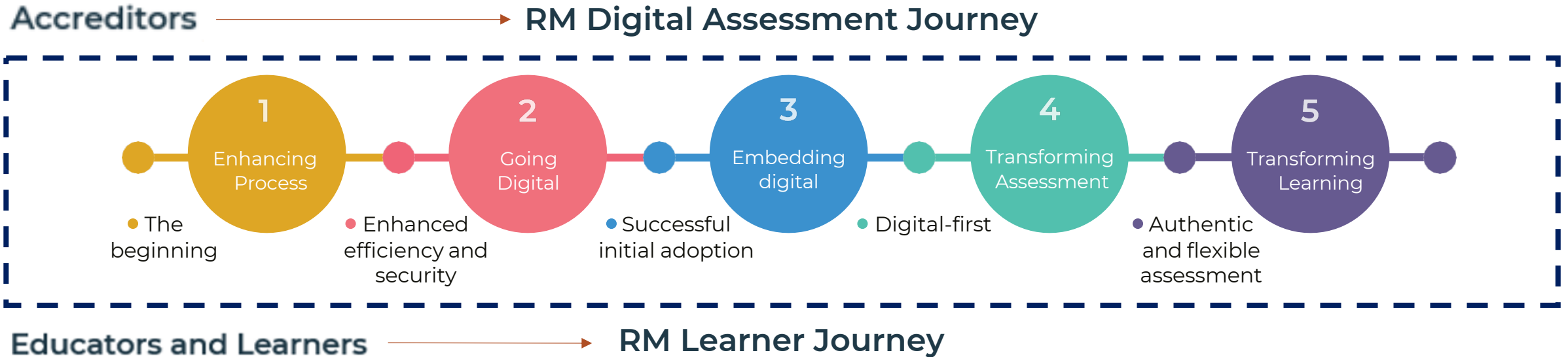
Formative assessment solutions

Integrated Curriculum learning content

Solutions for adaptive learning

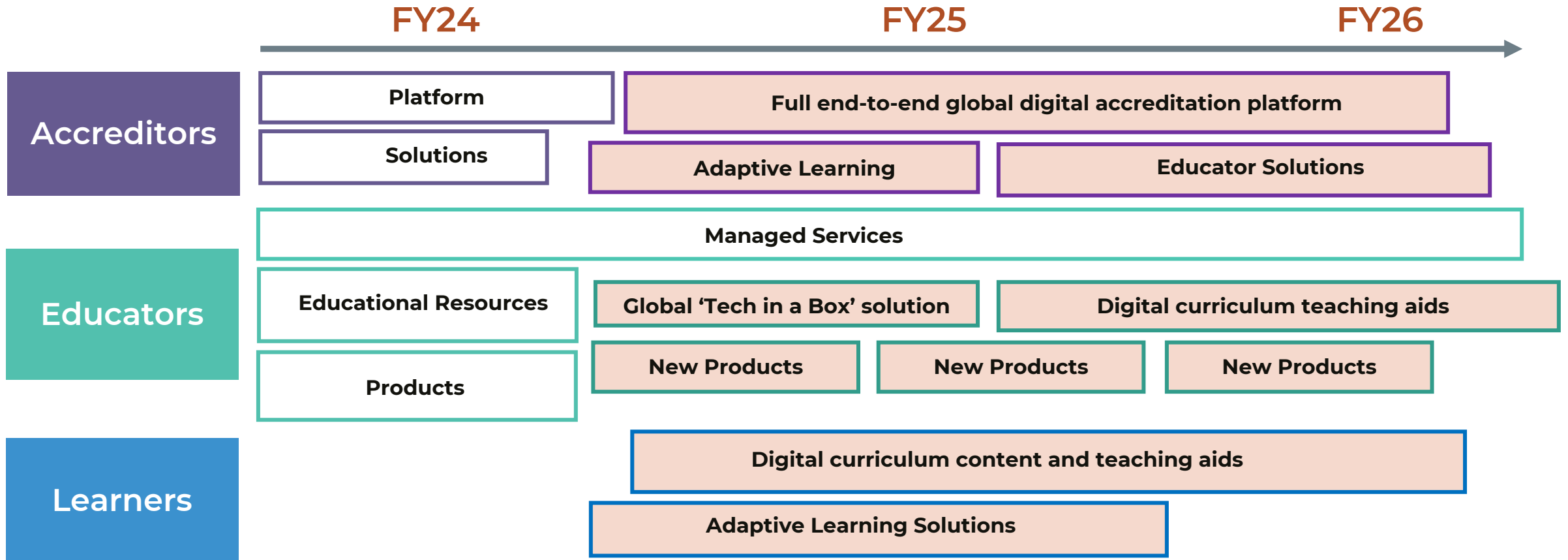
Education is on a digital transformation

We innovate approaches to digital assessments across practice, progress, evidence collection and exams, and we work with customers throughout the lifelong learning journey.



➤ **RM essential Assessment partner to world's leading awarding and digital education consumers**

RM Portfolio Roadmap



> Big solution build for Accreditors and Educators with adjacent Learner direct solutions



Summary

Mark Cook, CEO

Summary

New strategic and operational change enabled to unlock value in RM

- New highly skilled leadership in place with focus on delivery, culture and business capability
- Complex projects delivered on time and to plan
- New long term customer contracts to support Global Accreditation Platform
- Transformation programme identified £20m of cost savings
- Clear strategy to become leading EdTech company serving Global customers
- FY24 clear priorities aligned to strategic plan

A company that has 3-4x value today

A de-leveraged, dividend paying company, with double-digit growth and EBITDA 5x today

Appendix

Global EdTech Market

Value

Global market worth **US\$222bn*** in 2023

CAGR

c.12% globally from 2024-32

The EdTech Market

UK Investment

Investment in EdTech in UK, with a covid peak of \$609m in 2021

Drivers of Growth

New Tech available for Online & Distance Learning

Key segments

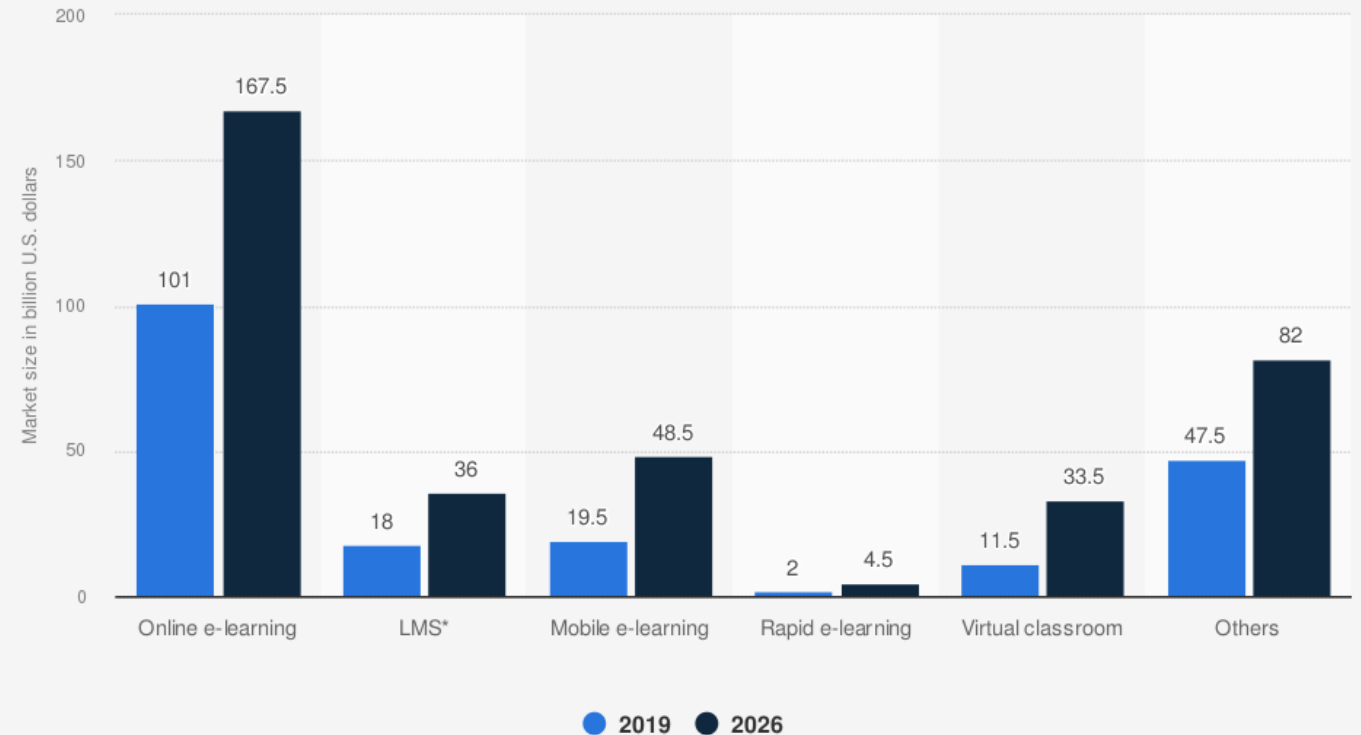
Hardware, software and content
Hardware accounts for majority share

Global E-learning Market

2019 vs 2026

- The E-learning market is growing more than any other segment in the market buoyed both by new technologies and changing consumer behaviour.
- Adaptive learning is a goal for many companies
- Providing platforms where content can be delivered is also still growing

Size of the global e-learning market in 2019 and 2026, by segment (in billion U.S. dollars)



Sources

Statista estimates; Global Market Insights
© Statista 2022

Additional Information:

Worldwide; Statista estimates; Global Market Insights; 2019

Income Statement

£m	FY 2023			FY 2022		
	Adjusted	Adjustments	Total	Adjusted	Adjustments	Total
Revenue	195.2	-	195.2	214.2	-	214.2
Cost of sales	(129.1)	-	(129.1)	(145.7)	-	(145.7)
Gross profit	66.1	-	66.1	68.5	-	68.5
Gross profit %	33.9%		33.9%	32.0%		32.0%
Operating expenses	(65.8)	(46.9)	(112.7)	(61.0)	(29.1)	(90.1)
Profit/(loss) from operations	0.3	(46.9)	(47.0)	7.5	(29.1)	(21.6)
Other income	-	10.8	10.8	-	3.0	3.0
Net finance costs	(5.5)	-	(5.5)	(2.2)	-	(2.2)
(Loss)/profit before tax	(5.2)	(36.1)	(41.2)	5.3	(26.1)	(20.8)
Tax	(8.0)	6.0	(2.1)	(1.8)	6.5	4.7
(Loss)/profit for the year from continuing operations	(13.2)	(30.1)	(43.3)	3.5	(19.6)	(16.1)
Discontinuing operations	0.8	13.4	14.2	1.6	-	1.6
(Loss)/profit for the year	(12.5)	(16.6)	(29.1)	5.1	(19.6)	(14.5)
Diluted earnings per ordinary share from continuing operations	(15.9)p		(52.0)p	4.2p		(19.3)p

Balance Sheet

£m	30 November 2023	30 November 2022
Goodwill	38.5	49.4
Intangible assets	5.2	25.5
Property, plant & equipment	8.3	15.9
Defined benefit pension surplus	12.8	24.0
Other receivables	0.2	0.2
Right-of-use assets	14.3	16.4
Contract fulfilment assets	2.0	1.7
Deferred tax assets	0.2	0.2
Total non-current assets	81.5	133.3
Inventories	14.0	26.4
Trade and other receivables	32.3	36.2
Contract fulfilment assets	1.9	1.7
Held for sale asset	-	0.4
Tax assets	2.0	2.7
Cash and cash equivalents	8.1	1.9
Total current assets	58.3	69.3
Total assets	139.8	202.6
Borrowings	(53.7)	(48.7)
Other current liabilities (including tax liabilities)	(49.4)	(69.9)
Defined benefit pension obligations	(1.7)	(0.7)
Other non-current liabilities	(17.2)	(24.1)
Total liabilities	(121.9)	(143.4)
Net assets / total equity	17.8	59.2

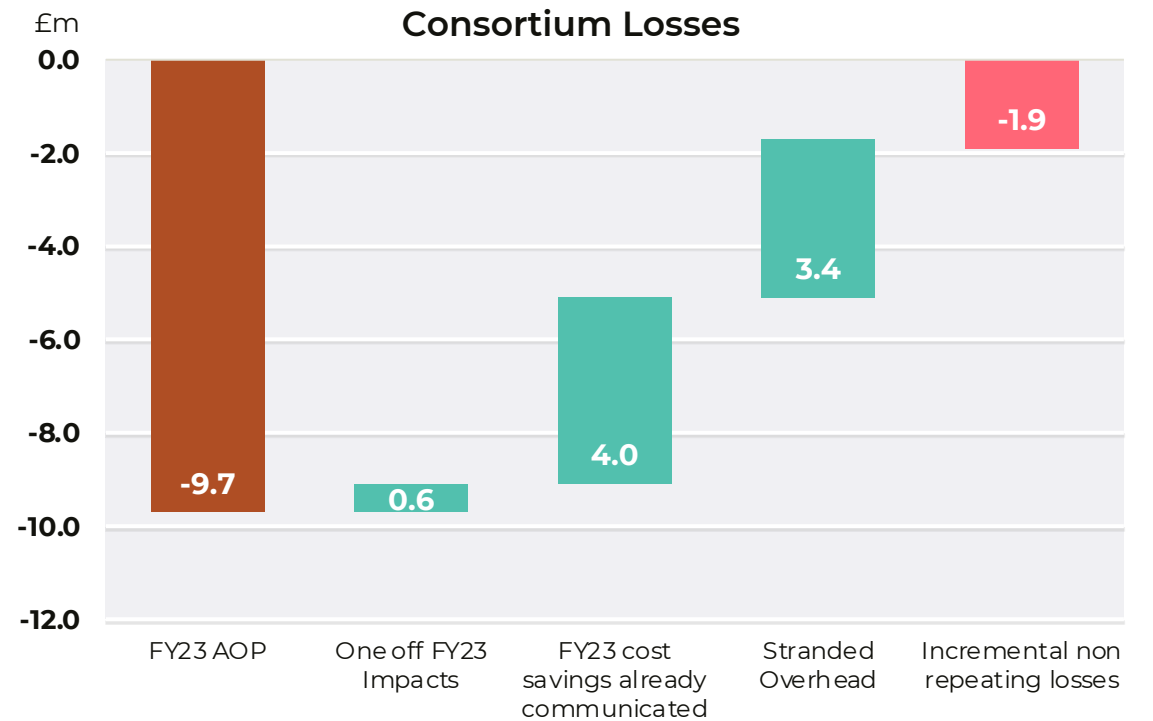
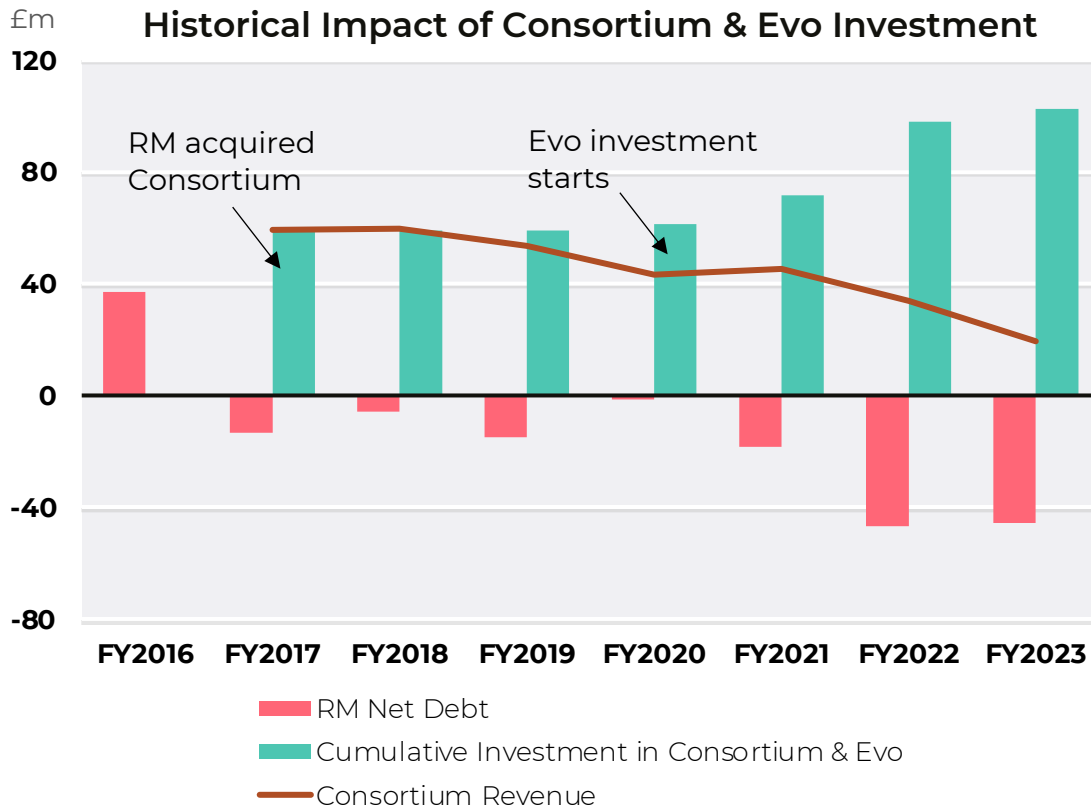
Cashflow

£m	FY 2023	FY 2022
(Loss)/profit from operations, including discontinued operations	(41.2)	(20.0)
Depreciation, amortisation and impairments	47.1	9.5
Increase in provisions	3.8	1.5
Utilisation of contract fulfilment asset	2.5	2.3
Other adjustments	(4.6)	(0.2)
Operating cash flows before movements in working capital	7.6	(6.9)
Decrease/(Increase) in inventories	8.6	(7.3)
Decrease/(Increase) in receivables	2.8	(4.1)
Increase in contract fulfilment assets	(3.0)	(2.9)
(Decrease)/increase in payables	(17.8)	5.5
Utilisation of provisions	(2.8)	(1.5)
Cash used by operations	(4.7)	(17.2)
Defined benefit pension contribution	(4.5)	(4.5)
Tax (paid)/credited	(0.4)	0.9
Net cash used by operating activities	(10.5)	(20.8)
Proceeds on disposal of intangible licences and PPE	11.0	6.1
Proceeds on disposal of operations	10.9	-
Purchases of intangible licences and PPE	(1.1)	(5.2)
Net cash generated from investing activities	20.9	0.9
Drawdown of borrowings	6.0	29.0
Payment of leasing liabilities	(3.5)	(3.5)
Interest and fees paid	(6.7)	(2.7)
Dividends paid	-	(2.5)
Net cash (used by)/generated by financing activities	(4.1)	20.3
Net increase in cash and cash equivalents	6.3	0.4

Consortium closure

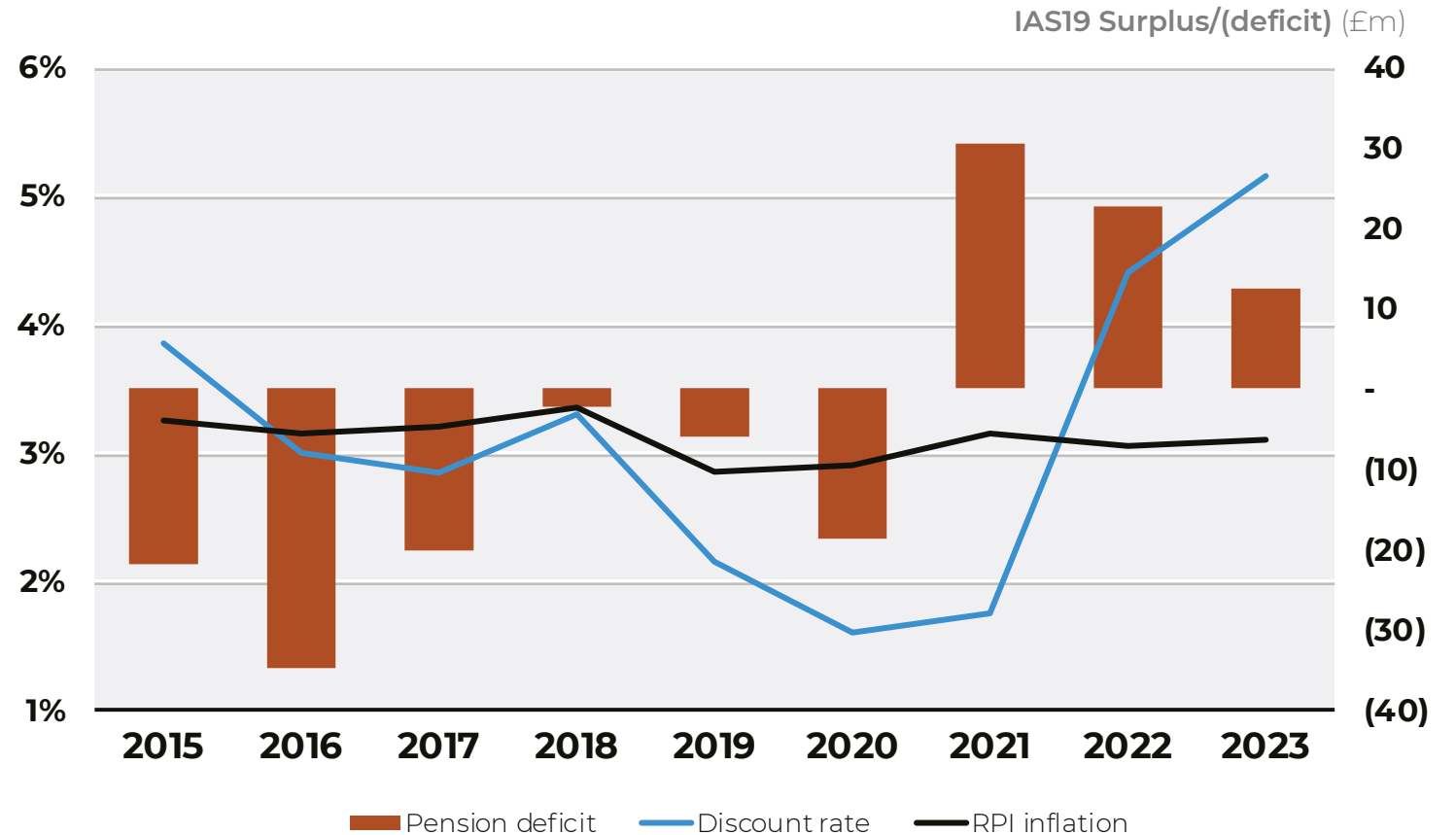
The decision to close the Consortium business ends a prolonged period of declining performance and significant investment which has damaged the RM business.

Significant actions had already been taken to reduce the Consortium losses; however, its closure should still deliver a reasonable, incremental improvement to future profitability



Pension

- IAS19 pension surplus reduced by £10.2m to a £12.4m surplus.
- Reduction in the surplus has been driven by a decrease in the value of Scheme assets more than offsetting the positive impact of higher discount rates.
- Deficit recovery payments maintained at £4.4m per annum until the end of 2024 before reducing to £1.2m until the end of 2026 when recovery payments cease.



➤ IAS19 pension position remains in surplus; triennial valuation concluded

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