Full Year Results

2024

Mark Cook, Chief Executive Officer
Simon Goodwin, Chief Financial Officer

Agenda

- FY24 overview
- Financial review
- Strategy and future direction

FY24 overview

Mark Cook, CEO

FY24 overview

A year of transformation and progress towards delivering our strategy

Good trading performance

- Adjusted operating profit improved to £8.6m (FY23*: £0.3m)
- Adjusted EBITDA increased from £7.0m to £13.1m, clearing path to growth *
- Assessment contracted order book more than doubled to £95.7m (FY23: £40.8m)
- 99% core RM Assessment contracts renewed in FY24 (78% of total annual revenue) with a healthy FY25 pipeline
- Two major customers secured for the Global Accreditation Platform - International Baccalaureate (IB) and Cambridge University Press & Assessment (CUPA)
- RM Technology's shift in focus to longer-term contract awards contributed to a significantly improved adjusted operating profit
- TTS revenue impacted by temporary slowdown of international orders, while UK sales grew 2.8%, outperforming a tough market without discounting
- Revenue from continuing operations down due to strategic assessment wins offset by the expected ending of non-core legacy contracts

* Comparison to FY23 originally reported including Consortium loss.

FY24 overview

A year of transformation and progress towards delivering our strategy

A simpler and more profitable business

- Consortium business closure leading to all parts of the group being profitable*
- £10.6m of further annualised cost savings achieved
- Improved profitability through a simplified operating model, greater operational efficiencies and a lower cost base
- Platform strategy on track – building a world-leading assessment platform, generating high-margin subscription revenue in a growing market
- Focus on reducing net debt

* On an adjusted basis

Financial review

Simon Goodwin, CFO

FY24 financial summary

£166.1m

Revenue (5.5%)
from continuing operations

£13.1m

Adjusted* EBITDA
+87.2%
compared to FY23
as originally reported

- Improved profitability through a simplified operating model, greater operational efficiencies and a lower cost base
- **£8.6m** adjusted Operating Profit, compared to £0.3m last year as originally reported
- Further **£10.6m** of annualised cost savings initiated in year
- **£13.3m** of exceptional costs
- Adjusted[1] net debt £51.7m (+13.3%)
- Comfortably operated within banking covenants
- IAS19 Pension surplus £20.5m (+65.3%)

* Adjusted EBITDA is before discontinued operations, restructuring costs and other adjustments.
1 Adjusted net debt is defined as the total of borrowings less capitalised fees, cash, cash-equivalents and overdrafts.

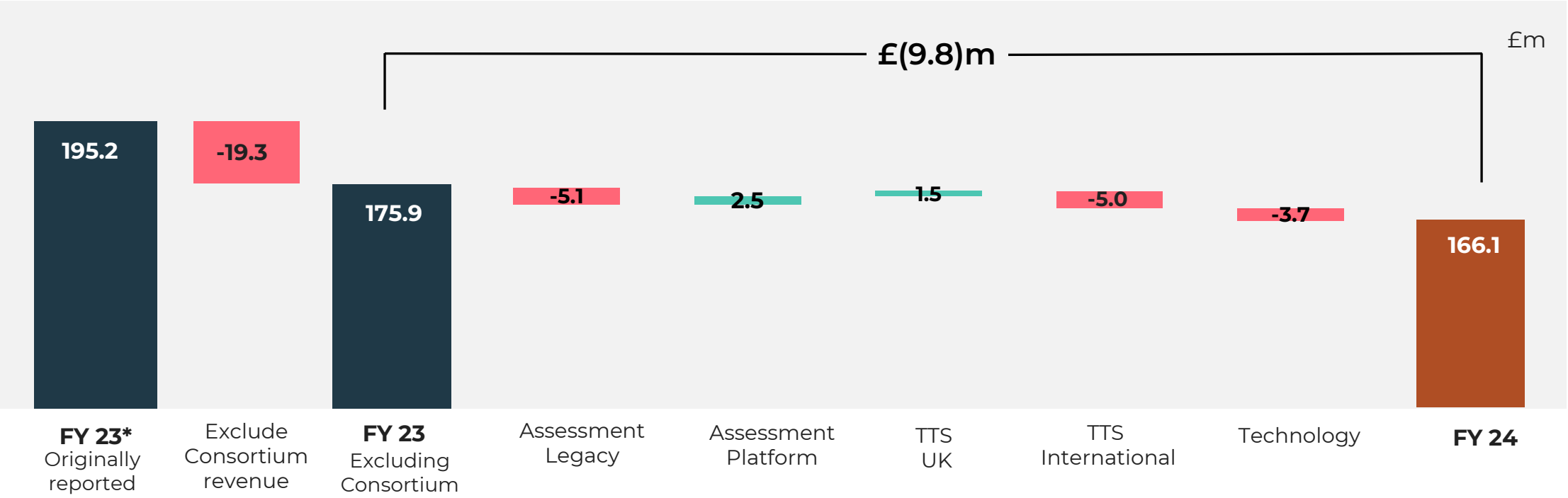
Summary income statement

£m	FY 2024 Continuing	FY 2024 Discontinued[1]	FY 2024 Total	FY 2023 Continuing	FY 2023 Discontinued[1]	FY 2023 Total	Variance Total
Revenue	166.1	1.0	167.1	175.9	21.7	197.6	(30.5)
Divisional contribution	32.8	(1.7)	31.1	32.0	(5.1)	26.9	4.2
Divisional contribution margin	19.8%	n/a	18.6%	18.2%	n/a	13.6%	5.0%
Adjusted* operating profit	8.6	(1.7)	6.9	9.3	(8.2)	1.1	5.8
Adjusted* operating margin	5.2%	n/a	4.1%	5.3%	n/a	0.5%	3.6%
Net finance costs	(6.2)	-	(6.2)	(5.5)	-	(5.5)	(0.7)
Adjusted* profit /(loss) before tax	2.4	(1.7)	0.7	3.8	(8.2)	(4.4)	5.1
Tax	7.4	0.4	7.8	(7.9)	(0.2)	(8.1)	15.9
Adjusted* profit /(loss) after tax	9.8	(1.2)	8.6	(4.1)	(8.4)	(12.5)	21.1
Adjustments (after tax)	(13.7)	0.4	(13.3)	6.6	(23.2)	(16.6)	3.3
(Loss)/profit after tax	(3.9)	(0.9)	(4.7)	2.6	(31.7)	(29.1)	24.4
Adjusted* diluted EPS	11.7p	(1.5)p	10.2p	(4.9)p	(10.1)p	(15.0)p	25.2p

- Interest costs reflect debt facility charges and net finance income from the defined benefit pension schemes
- Adjustments (after tax) primarily relate to £4.6m of restructuring costs linked to implementation of the Target Operating Model, and £9.3m impairment of TTS goodwill linked to the closure of Consortium and uncertainty in UK schools budgets
- FY24 tax credit includes the impact of the recognition of deferred tax assets

1. Discontinued operations reflects the income statement for Consortium which ceased operations in FY24 and RM Integris & Finance which were sold in FY23.
* Adjusted operating profit and adjusted (loss)/profit before and after tax are before discontinued operations, the amortisation and impairment of acquisition related intangible assets, and restructuring cost.

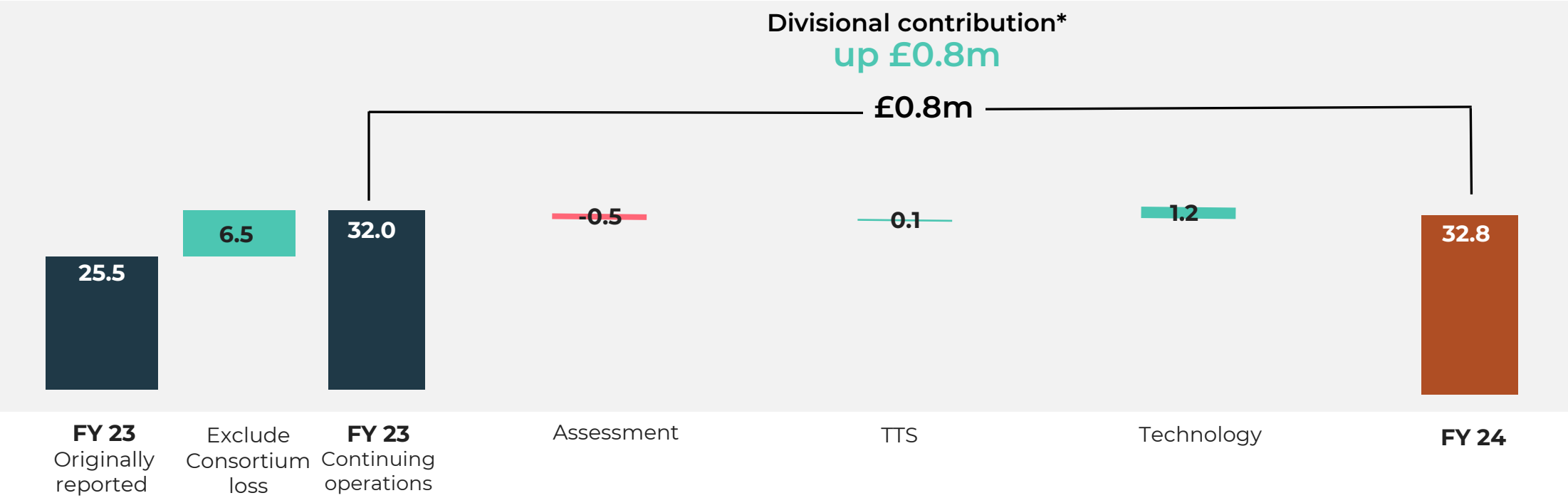
Revenue



- Assessment revenue on legacy projects down 42.9% due to expected run-off
- Assessment revenue from underlying recurring contracts up 10.0%
- TTS UK revenue grew 2.8% despite challenging core UK education market
- TTS international key markets affected by election disruption and budgetary uncertainty
- Technology revenue down 6.4% reflecting expected annualised impact of contract losses in Services and Connectivity business

* FY23 Originally reported including Consortium revenue.

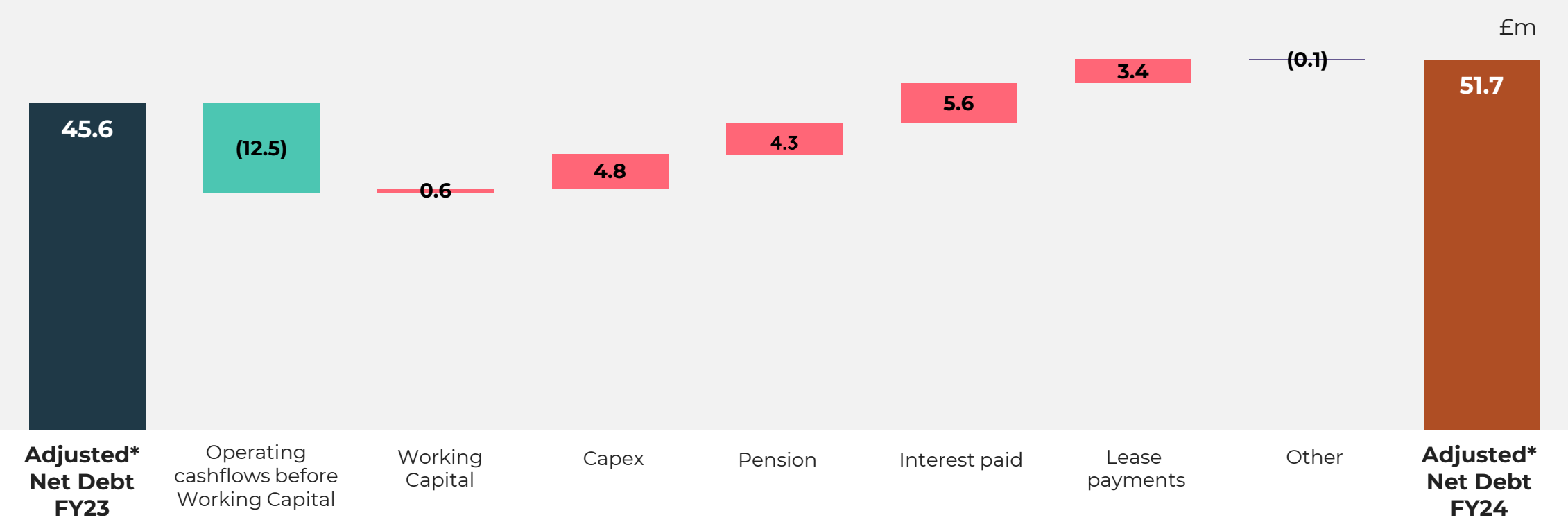
Divisional contribution



- TTS contribution increased £0.1m to £8.9m. Sherwood Park distribution centre closed and operations consolidated into Harrier Park
- Assessment contribution down £0.5m to £14.4m due to lower revenue and increased investment in sales and marketing
- Technology contribution up £1.2m to £9.5m despite declining revenue, due to cost savings and restructuring

*Divisional contribution is adjusted operating profit before the allocation of corporate overheads.

Cashflow



- Adjusted net debt £51.7m - better than market expectations
- Positive Operating Cashflows including Working Capital +£11.9m, compared to -£4.7m in FY23
- Pension deficit recovery payments reduce to £1.2m in each of next two years and then cease
- Increase in Capex, principally related to investment in the Global Accreditation Platform

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

Financial outlook and guidance

- FY25 revenue from continuing operations expected to grow with the impact of new contracts signed in FY24, although pressure from UK schools' budgets remains
- Further profitability growth anticipated
  - Revenue growth will benefit bottom line profitability
  - Full year impact of latest cost savings will have further positive impact; no material new cost savings expected
  - Increased investment in 'Go To Market' activity to fuel growth ambitions will continue
  - Lower cost inflation but impact of NI changes and normalised management incentive schemes
- FY25 year-end adjusted net debt – no material change
  - Restructuring costs and pension contributions materially reduce
  - Triennial Valuation of Pension Schemes concluded with no new contributions to the schemes required
  - Continued Capex investment planned, especially in Global Accreditation Platform
  - High interest payments remain biggest anticipated cash outflow
- The move from paper to digital assessments will result in significant increased profitability per assessment as these contracts progress into the medium term; facilitated by current investment in the Global Accreditation Platform

Strategy and future direction

Mark Cook, CEO

RM overview

Our customers

Learners

We help learners globally through their entire education journey from Early Years through to Higher Education and Professional Qualifications.

Educators

Our managed services in the UK help schools run effectively.

Accreditors

We help accreditors provide unbiased and secure courses, assessments and results.

Assessment

A global leader in platform delivery of digital assessment and exam marking solutions for accreditors, educators and learners.

Revenue
£39.7m

TTS

A developer and supplier of award-winning innovative curriculum-aligned learning resources.

Revenue
£72.4m

Technology

A provider of IT managed services and value-added IT reseller solutions to schools, authorities and trusts.

Revenue
£54.0m

Global customer base

Become a trusted long-term partner through our reliable delivery, deep education domain knowledge and intuitively designed solutions that meet the needs of customers and the learners they serve

Market dynamics

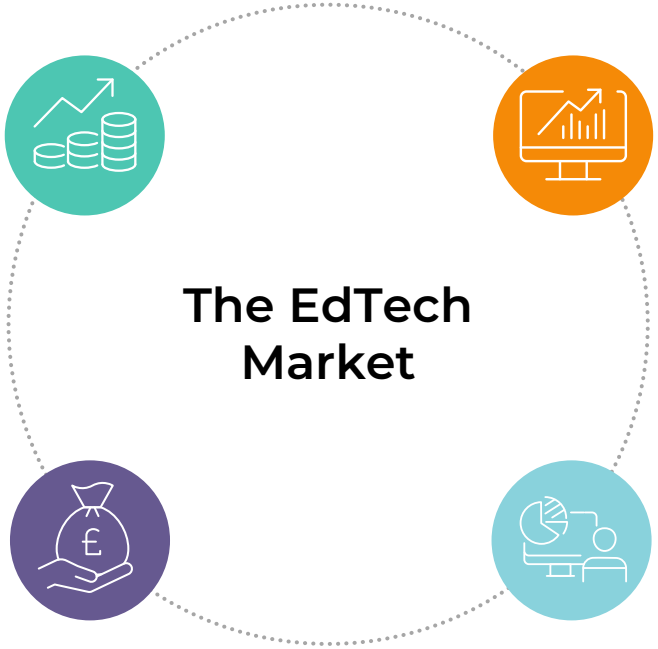
Operating in the high-growth global EdTech market, driven by the need to modernise learning experiences for a changing world

UK Investment

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

Value

Market size forecast to increase USD **$170.8 billion** at a CAGR of 15.9% 2024-2029



Drivers of Growth

New tech available for online & distance learning

Shift towards fully digital assessments

Key segments

Hardware, software and content

Hardware accounts for majority share

Vision and drivers

Building on our heritage, our goal is to become the leading global EdTech software platform, supporting clients as they transition from paper to digital and transforming the future of education

Vision

- One clear go to market approach
- Products and services from early years to adulthood
- Fully digital Global Accreditation Platform
- One global growth plan
- Unified portfolio roadmap

What we're going to do

- Invest in the digital transformation of education
- Focus on RM USPs and digital transformation opportunity in education
- Showcase a clear set of products and solutions for learners, educators and accreditors

Where we're going to be

- A leading global EdTech business
- Value 2-3 x today
- De-leveraged with double-digit growth and EBITDA 3 x today

Strategic approach

01

Seizing the global opportunity
Capitalising on the growing EdTech market

02

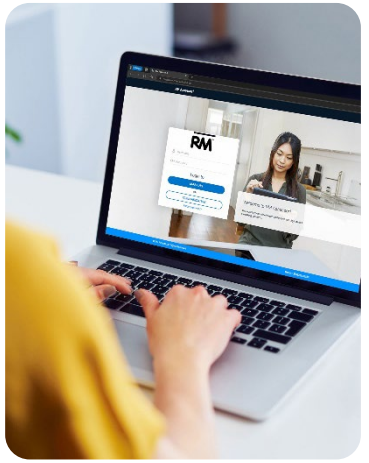
Empowering a lifetime of learners
Products and solutions for early years to professionals

03

Targeting Accreditors, Educators & Learners
Partnering to transform education for the digital age

04

Delivering a Global Accreditation Platform
Powering end-to-end digital assessment and marking

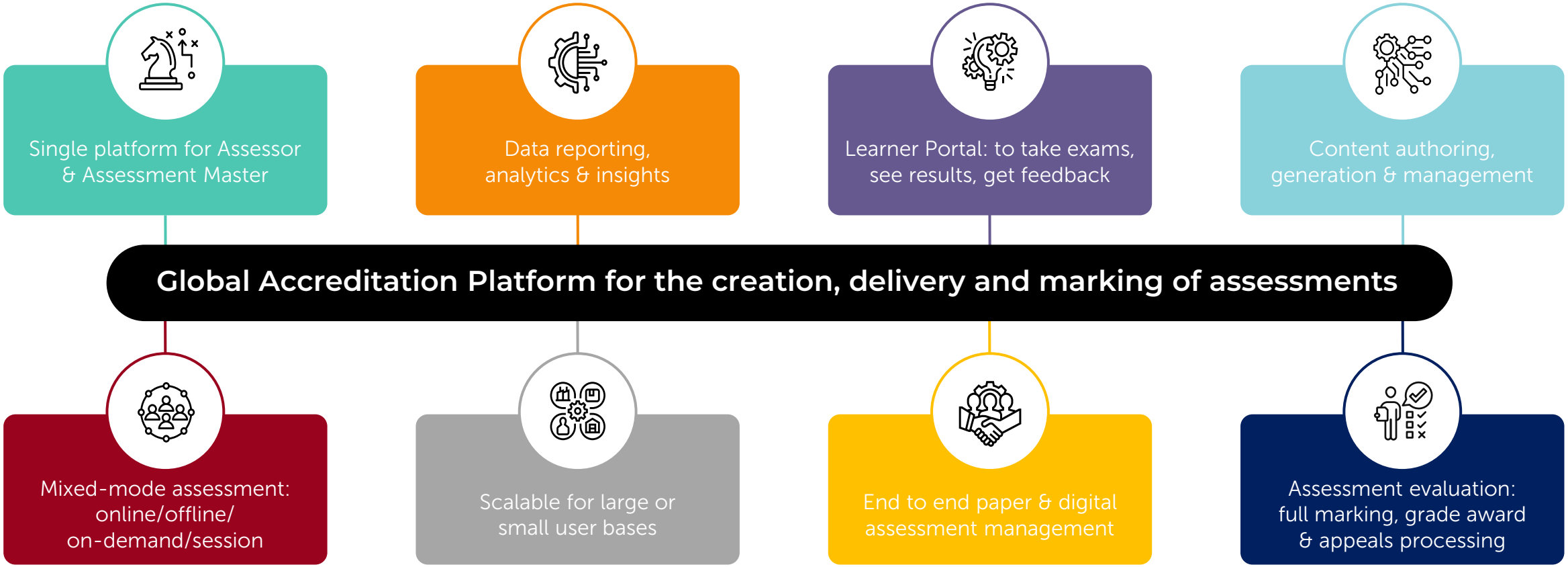


05

Leveraging owned and designed IP
Majority of revenue generated from proprietary solutions

Global Accreditation Platform

Enabling seamless, end-to-end digital assessment and marking for accreditors while driving material margin improvements for RM



Paper to digital transformation

Case study

The International Baccalaureate

Building on our 15-year partnership with IB, RM significantly expanded our contract to include the transformational delivery of their Diploma and Career-Related Programmes as digital assessments.

"We have a long history with RM and have now entered into partnership to deliver digital assessments which are a key part of the IB strategy. Digital assessment opens the door to the variety of possibilities the digital transformation gives – not only giving knowledge to students, but making sure they get the skills, the capabilities, the agency and willingness to make a difference in the world – and to find meaningful ways to assess what they are really capable of doing."

Olli-Pekka Heinonen
Director General,
The International Baccalaureate

Case study

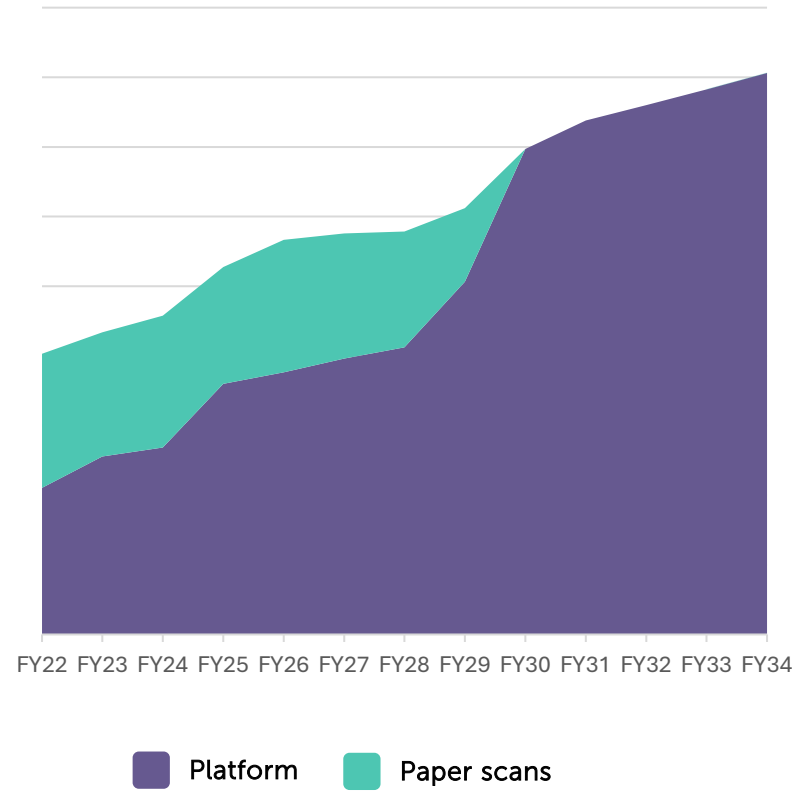
Cambridge University Press & Assessment

Our latest contract with CUPA extends our 15-year e-marking partnership for a further five years and will see a number of digital mock exams beginning to be taken using RM's Global Assessment Platform.

"Our number one priority is ensuring that learners are getting the highest quality assessment experience possible. We are really pleased with how our work with RM over the past 15 years has contributed to this through e-marking, and we are looking forward to the possibilities that digital assessments can bring for our exams and learners. Digital exams can be more suited to how students learn, and this work will ensure that our assessments continue to equip learners with the knowledge, skills and understanding they need to achieve their life goals."

Mark Maddocks
Chief Information Officer,
Cambridge University Press & Assessment

The journey to digital – an illustrative example



Further innovations and releases

400+ developers creating tailored innovations to meet the evolving needs of accreditors, educators and learners

New in 2024

124 own-developed products launched: in key strategic areas of early years, special educational needs and robotics

45% own IP in new product development

NX Generation Services: revolutionising IT support for educators by moving away from traditional break/fix model

Delivering managed services and ICT solutions to 6000 UK schools and trusts

New AI large language model: deployed on website, optimising connections between learning products and the national curriculum

AI linking 9000+ products to the national curriculum

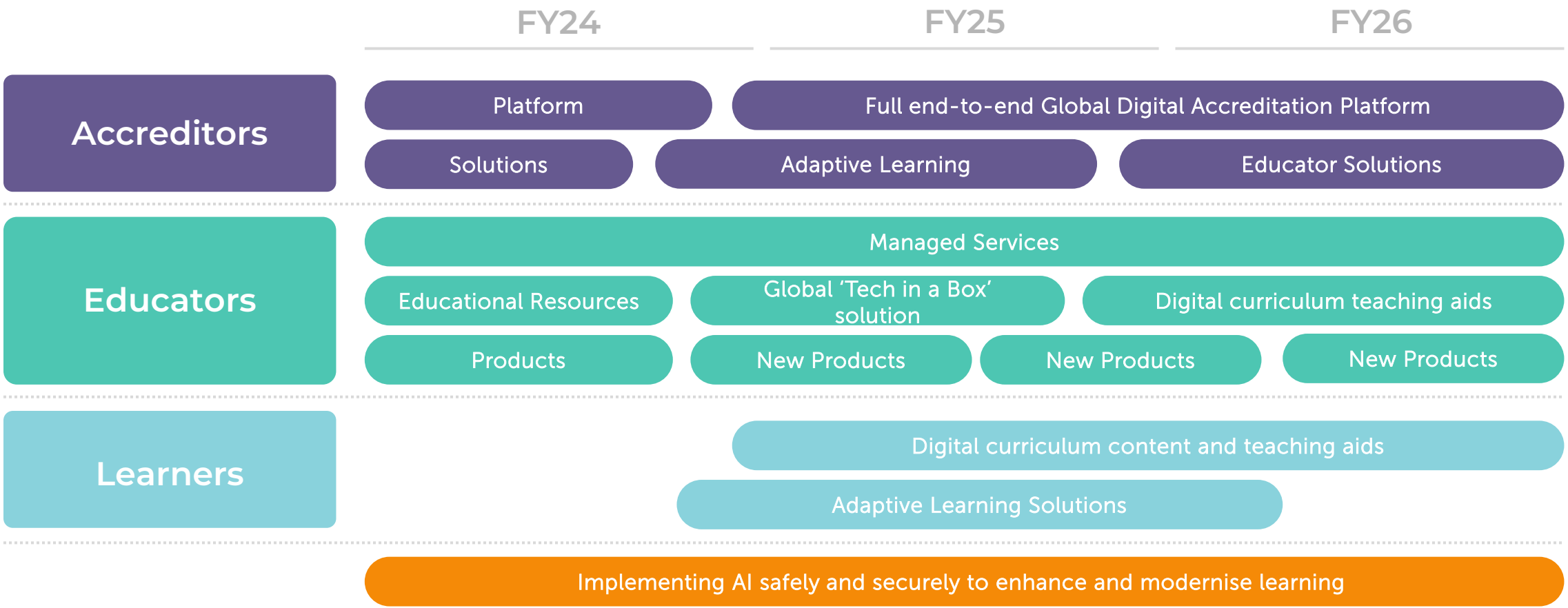
2025

AI Proof of Concepts: demonstrating AI is as effective and more consistent than human marking and completed in a fraction of the time

AI 1.76 points within average human markers on English language assessment

Portfolio roadmap

Investing in big solutions built for accreditors and educators, with adjacent learner direct solutions



Future outlook

Intention to become the leading global EdTech software platform

- Current trading and full year outlook in line with expectations
- Stronger order book and reduced cost base put the business in a more competitive position

Priorities for FY25

- Securing further contracts for the Global Accreditation Platform
- Further investing in the platform and additional curriculum product launches
- Ongoing focus on reducing net debt

Thank you

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