

## RM plc

## Final Results for the year ended 30 November 2023

**Solid transformation progress, business stabilised and clear strategic path to deliver growth**

RM plc ('RM'), a leading global educational technology ('EdTech'), digital learning and assessment solution provider, reports its full year results for the year ended 30 November 2023 and outlines its new strategic development programme following a fundamental review of the business by its newly established leadership team.

**Stabilised the business and made significant operational progress following severely demanding operational challenges**

- Consortium business ceased trading in December 2023 following FY23 losses of c.£10m.
- Over-specified ERP system implementation permanently ceased to avoid significant additional costs.
- Two into one distribution centre consolidation commenced, realising £1.5m annualised savings.
- Transformation driven restructuring delivering additional annualised savings of £8.5m, as announced, with further gross annualised cost synergies of £10m identified and commencing in FY24, with plans to reinvest £5m in the business to support growth.
- Established and embedded new leadership team alongside the completion of a thorough strategic review of the business.

**Clear strategy unveiled – to become a leading EdTech company serving global customers**

- Strategic Plan unveiled to build a Global Accreditation Platform to take advantage of the education transformation towards fully on-screen examinations. Strategic Portfolio Roadmap of RM developed IP, products and solutions delivered to accreditors, educators and directly to learners for adjacent solutions.
- Further international expansion with strategic aim of capturing the significant future growth opportunities in the \$222 billion Global EdTech market<sup>1</sup>.
- New wins with strategic customers as foundation customers move towards fully digital assessment and accreditation processes. New wins are proof of the expertise and customer appeal of the new RM.
- RM signs amended and extended agreement with lenders in support of strategy.
- Move towards a streamlined and customer-centric target operating model, creating greater agility and gross cost synergies of £20m.

**Financial highlights**

- Revenue from continuing operations<sup>2</sup> of £195.2m, down 8.9% (FY22: £214.2m), revenue growth of 8.7% in the strategic RM Assessment business and 5.8% in TTS International partially offsetting revenue decline of 42.8% in the troubled Consortium business and challenges in UK schools budgets impacting revenues for Technology managed services and TTS UK.
- Adjusted operating profit from continuing operations decreased by 96.0% to £0.3m (FY22: £7.5m) predominately driven by the lower trading volumes in the Consortium business and increased Corporate costs linked to rebuilding the finance and management teams, offset by the various divisional savings initiatives commenced during the year.
- Excluding the recently closed Consortium business, the Group had revenues of £175.9m (FY22: £180.4m) and adjusted operating profit of £10.0m (FY22: £12.5m) in the year. Exceptional impairment costs of £38.9m relate to the closure of the Consortium school supply business in December 2023. Total exceptional costs of £46.9m comprise £41.4m non-cash and £5.4m cash.
- Adjusted EBITDA of £7.0m (FY22: £12.9m).
- Statutory loss of £(29.1)m (FY22: loss of £14.5m) driven by a £10.4m impact from adjusted loss before tax, a £38.9m impairment relating to the decision to close the Consortium business offset by lower ERP

replacement programme and warehouse strategy costs, a £10.6m gain from the sale of IP addresses and a £13.4m gain on the sale of RM Integris and RM Finance, and a £1.8m tax charge.

- Adjusted net debt of £45.6m (HY23: £52.0m) reflecting improved profitability in H2, lower exceptional spend following actions taken to cease ERP implementation and closure of Consortium.

1. Source: IMARC Group
2. Continuing operations for the years ended 30 November 2023 and 2022 include the results of RM's TTS, Consortium, Assessment and Technology businesses. Continuing operations excludes the results of the RM Integris and RM Finance businesses which were sold on 31 May 2023 and have been included in discontinued operations.

### **New strategy unveiled to build a simpler, customer-centric business**

- Simplified business will focus on end customers: learners, educators, and accreditors.
- Further gross annualised cost savings of £10m to be realised through a number of strategic initiatives identified including a new target operating model in FY24, with up to £5m reinvested annually in Sales & Marketing to support the new strategy. This is in addition to the £10m annualised cost savings already announced and delivered in FY23.
- Plans to further simplify group, de-leverage, return to growth, and enrich the RM products and solutions to greater profitability.
- A new Strategic Portfolio Roadmap to build a broader platform of RM owned and developed IP, products, and solutions to capture the digital transformation opportunity across the world of learning, educating and accrediting – to include a Global Accreditation Platform and adjacent digital solutions in development aimed at an untapped global learner customer base. Strong focus on RM owned and designed IP with target to become 80% of revenue.
- International expansion in the Global EdTech market by leveraging RM's existing global footprint, following British and international curricula.
- Build upon the company's 50-year history of EdTech knowledge and innovation by investing in employee capability, learning, development and EdTech expertise.

### **Current trading and FY24 outlook**

Trading in the first months of the year has been in line with our expectations and full-year outlook remains in line with market expectations. The ongoing business is expected to recover a significant proportion of the lost Consortium revenue. During FY24 we expect to operate within our banking covenants for adjusted net debt, allowing for working capital and capital expenditure required to fund our future growth plans, plus continuing interest payments and committed pension contributions.

### **Mark Cook, Chief Executive of RM, said**

*"Following a turbulent period, we have taken decisive action to transform and stabilise RM, including the difficult decision to cease trading in the Consortium business, permanently close down the EVO ERP system and consolidate our distribution centre estate.*

*"With the business in an improved financial and operational position, I am delighted to unveil our new strategic plan to deliver growth. This will create a simpler and more customer-centric business, with a focus on investing in RM-owned and designed IP, to take advantage of structural digital growth drivers across the education sector in the UK and internationally.*

*"While we have made significant progress over the past year there is still much to be done, but I am confident that our newly appointed and invigorated management team can build on RM's 50-year heritage of innovation and capture the scale of the global growth opportunity we see.*

*"I'd like to take this opportunity to thank all my colleagues and stakeholders for their hard work and support during what has been both a challenging but transformational period for the business."*

## Financial summary

| £m                                                           | FY23    | FY22    | Variance |
|--------------------------------------------------------------|---------|---------|----------|
| Revenue from continuing operations                           | 195.2   | 214.2   | (8.9%)   |
| Loss before tax from continuing operations                   | (41.2)  | (20.8)  | 98.1%    |
| Discontinued operations <sup>1</sup>                         | 14.2    | 1.6     | 787.5%   |
| Statutory loss after tax                                     | (29.1)  | (14.5)  | 100.7%   |
| Diluted EPS from continuing operations                       | (51.8)p | (19.3)p | 168.4%   |
| <b>Adjusted performance measures<sup>2</sup>:</b>            |         |         |          |
| Adjusted operating profit from continuing operations         | 0.3     | 7.5     | (96.0%)  |
| Adjusted operating profit margin                             | 0.2%    | 3.5%    | (3.3%)   |
| Adjusted EBITDA                                              | 7.0     | 12.9    | (45.7%)  |
| Adjusted (loss)/profit before tax from continuing operations | (5.2)   | 5.3     | (198.1%) |
| Adjusted diluted EPS from continuing operations              | (15.8)p | 4.2p    | (476.2%) |
| Adjusted net debt <sup>3</sup>                               | 45.6    | 46.8    | 2.6%     |

<sup>1</sup> Discontinued operations include the results and net gain on disposal arising from the sale of the RM Integrus and RM Finance Businesses and related assets on 31 May 2023.

<sup>2</sup> Throughout this statement, adjusted operating profit, adjusted EBITDA, adjusted (loss)/profit before tax and adjusted EPS are Alternative Performance Measures, stated after adjusting items (See Note 3) which are identified by virtue of their size, nature and/or 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. Adjusting items are identified by virtue to the size, nature or incidence at a segment level and their treatment is applied consistently year-on-year.

<sup>3</sup> Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts (see Note 3). Lease liabilities of £16.5m (2022: £19.1m) are excluded from this measure as they are not included in the measurement of adjusted net debt for the purpose of covenant calculations (see Note 13).

## Presentation details

A presentation by Management for investors and analysts will be published on the company website later this morning at <https://www.rmplc.com/>.

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## Notes to Editors:

### About RM

RM was founded in 1973, with a mission to improve the educational outcomes of learners worldwide. 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 outcome.

RM is focused on delivering a consistently high-quality digital experience, acting as a trusted consultative partner to provide solutions that deliver real impact for learners worldwide. Our three businesses include:

- Assessment - a global provider of assessment software, supporting exam awarding bodies, universities, and governments worldwide to digitise their assessment delivery.
- TTS (Technical Teaching Solutions) – an established provider of education resources for early years, primary schools, and secondary schools across the UK and to 80 countries internationally.
- Technology - a market-leading advisor and enabler of ICT software, technology and bespoke services to UK schools and colleges.

## **Chief Executive's Statement**

### **Group Performance Overview**

#### **A year of stabilising, simplifying, and strengthening**

##### **2023 in review**

When I joined RM in January 2023, the business was facing unprecedented operational challenges which have impacted our financial performance in the year. We took considered, but decisive actions to address these issues through our Transformation programme, as well as embarking on a cost reduction and efficiency drive across our entire business. As we closed the year these inherited challenges have now been addressed, and we emerge with clarity on our strategic direction with a more focused stable platform for future growth and strategic development.

During the year, through our actions, we mitigated the considerable negative financial impact of Consortium, which continued to hold back the overall performance of the Group, culminating in the difficult decision in November to cease trading in the loss-making business, which stopped taking orders at the end of December 2023. This decision has also avoided further losses with additional cost benefit, already reflected in market expectations for FY24. Following the failed go-live of the over-specified ERP system within Consortium in FY22, we permanently closed down the roll out to the Group, capping the budget over runs and subsequently cancelled the project, to avoid significant additional costs. This decision to cease trading in Consortium will allow RM Resources' management to focus on its successful TTS business, which is profitable and has significant international growth potential. In the second half of the year, we focused on strengthening RM's internal capabilities and leadership team, implemented further significant cost savings, and secured the support of our lenders for our future strategic plans (details of which can be found below). This includes: commencing a two into one distribution centre consolidation, realising £1.5m annualised savings and a Transformation driven restructure delivering additional annualised savings of c.£8.5m, as announced at our half year results. The closure of Consortium has culminated in non-cash goodwill and asset impairments of £38.9m.

The new management team's focus on the foundational strengths, intellectual property, and assets of the business will drive RM's return to revenue and profitability growth. The strength of our underlying business is demonstrated by the major strategic and long-term customer contracts we have won in our Assessment business towards the end of the year which are core to RM's strategic growth plans.

### **Financial and operational performance**

As expected, our financial performance reflected the impact of the critical actions taken to stabilise the business, and I am pleased that we finished the year in line with our updated guidance, following the decisive cost actions taken in the second half. Our Group revenue was £195.2m, down 8.9%, reflecting the continued decline in Consortium trading, challenges in UK schools' budgets which impacted our TTS UK and Technology managed services revenues, but with growth across both our Assessment and TTS International businesses. Adjusted operating profit from continuing operations was £0.3m, and adjusted EBITDA was £7.0m. We finished the year with a slightly improved adjusted net debt position of £45.6m.

The new management team made significant inroads into the transformation and continuous improvement programme. These management actions have provided a more stable business, identified cost savings, and started on the road of continuous efficiency improvements across the entire business. The underlying RM business today (ex-Consortium) is healthy, with FY23 revenue of £175.9m (FY22: £180.4m) and adjusted operating profit of £10.0m (FY22: £12.5m), with strong revenue and margin growth prospects in the UK and internationally. With trading ceased in the loss-making Consortium business, we expect to see a measured improvement to our financial performance going forward.

#### *Divisional performance*

The **RM Assessment** division, a global leader in platform delivery of digital assessment and exam marking solutions continues to grow, with revenue increased by nearly 9% to £42.3m (FY22: £38.9m) and adjusted

operating profit up 39% to £10.3m (FY22: £7.4m), an adjusted operating margin of 24.2% (FY22: 18.9%), reflecting the emerging opportunities in the global digital assessment market.

This business has made strong progress throughout the year, with continuing successful delivery of live exam and marking sessions worldwide, including the first full session delivery for three new clients across school exams, vocational exams, and learners training for accountancy qualifications.

Customer contract renewal performance continued to be strong throughout the year with over £16m of renewals in FY23 and only one small contract loss. We also achieved 8 contracts for new services with new and existing clients, expanding our set of solutions within support of schools, further education, and professional qualifications.

The business' focus on leading customers through the journey to digital assessment maturity was recognised by an award at the e-Assessment Association conference, for the 'Most Innovative Use of Technology in Assessment' for its exam malpractice service, commending our commitment to overcoming the challenges of digital adoption in the education industry.

The year ended on a high with two further contracts in the professional qualifications market at 'preferred bidder' status, and post year end we achieved preferred bidder status with another two major strategic customers for their long-term digital transformation programmes, providing good momentum into FY24.

Following the closure of Consortium, our **RM Resources** division now consists solely of our flagship brand **TTS** which operates both within the UK and internationally. TTS's UK business was also impacted by challenges in UK schools' budgets. The business collaborates with teachers and educational experts from across the globe to create unique and innovative learning resources and learning environments for children in more than 100 countries. This includes the TTS programming journey, which is an innovative robotics range designed to develop computational thinking and programming skills, from early years to primary and for children with special educational needs. Our FY23 performance includes the Consortium business, now closed, with revenue of £19.3m, down 43% (FY22: £33.7m) and an adjusted operating loss of £9.7m (FY22: loss of £5.0m).

TTS International saw a strong performance in the year with continued growth in key market territories through our international schools and distributors channels. The business remains focused on the continued development of its own designed TTS product ranges, which drive continued growth worldwide, and access to Education Ministries and Government bodies with greater buying power. The growth in TTS International is being built from a platform of 130 global distributors in 115 countries serving tens of thousands of schools and educators.

Our **RM Technology** division is a strategic partner for schools, helping them to drive more engaged learning, more collaborative teaching, and better outcomes through technology. We completed the redesign of the business' operating model and improved its efficiency during the year, and the sale of RM Integris and Finance was also completed, generating net cash proceeds of £10.8m. As anticipated, the Technology division returned to profitability in the second half as a result of the impact of the cost savings initiated earlier in the year, and on the back of higher revenue largely from "Connect the Classroom" projects. It is expected to be sustainably profitable on an ongoing basis.

Revenue was £57.7m, down 5.3% (FY22: £60.9m), reflecting a challenging market for managed services due to pressures on school budgets due to inflation and infrastructure, although revenue grew marginally in the second half. Adjusted operating profit was £0.7m (FY22: £2.2m), reflecting a return to profitability following the losses incurred in the first half. Given the efficiency improvements made during the year we expect adjusted operating margin to improve going forward from the 1.3% achieved in FY23.

We were pleased to have extended our relationships with Education Scotland (Glow) and Brooke Weston Trust (BWT). Customer retention remains strong at 95% with more customers starting to explore and take an interest in other product lines as part of our upsell program and we are excited by the opportunities to grow our new managed and professional services portfolio in FY24. The focus remains on Multi Academy Trusts and public sector customers (e.g. local authorities) and internationally offering managed services, 'tech in a box' solutions.

## New Strategic Plan

### Creating a leading global educational technology, digital learning and assessment solution provider

RM started its journey in 1973 as a pioneer of EdTech in Oxford, building computers and networks for the education sector, as technology emerged as a key business enabler. Our educational resources have been supplied to support school curricula with hundreds of RM own-designed products, resources and solutions supporting accreditors, such as awarding bodies, and educators such as teachers; growing internationally to support country wide education curricula in the Americas, Middle East and Australia.

The assessment of a learner's abilities is a key element of RM's solution set and this is evolving from end point assessment (i.e. the exam or awarding point) for both paper-based and online marking into a full end to end digital process for the collation and marking of exams and ongoing assessment towards the end point exam. RM is enhancing its current accreditation platform to enable global scale and end-to-end digital process that transitions all paper exams to be authored and delivered on screen over the next 10 years – this will enable our customers to have 100% of exams on screen by the turn of the decade, with the exciting possibilities that digital examinations bring for innovative new ways to assess students.

Today, RM is a partner of choice for thousands of educators globally, with 50 years of educational experience and being a trusted advisor to learners, educators, and accreditors.

As we plan for the future RM, our core ambition will be to support learners with a 'lifetime of learning experience' with the purpose of enriching the lives of learners globally. Core to the future of RM are the digital solutions that support a learner's assessment of progress towards an examination, as well as the accreditor's ability to provide a platform to enable and enhance their examination assessment.

These new guiding principles underpin our new strategy:

- Build a Global Accreditation Platform to enable end-to-end digital examinations, authoring and accreditations.
- Building a more customer-centric company focused on accreditors, educators, and adjacent learner direct solutions.
- High proportion of RM designed and owned IP in the delivered product and solution portfolio.
- Build on the global opportunity embedded within our deep experience of the British and other international curricula from our customer base.
- Addressing the needs of learners, educators, and accreditors, while supporting the lifetime of learning, from pre-school to higher education and professional qualifications.
- Realising growth opportunities in the \$222 billion Global EdTech market through international expansion.

#### *Product and Solution Roadmap*

RM operates in the Global EdTech market valued at \$222 billion, which has structural growth drivers, strong market positions and, as a result of the continued advancement of technology across the education sector, is expected to grow at a CAGR of c.12% from 2024 to 2032. Key market drivers include the digitalisation of assessment, the expansion of technology in education worldwide and a continued focus on developing IP resources, particularly for the early years and SEN sectors.

There is a digital transformation taking place in the assessment area of EdTech and RM is very well placed to support accreditors' digital transformation journey over the next decade. We have been providing platform solutions such as Assessor© and Assessment Master© to enable our global customers to embark on a digital transformation of their learning, marking and end-to-end business process. RM's 50 years of knowledge and experience is being encapsulated in an advisory and consulting capability that will enable our customers and prospects to tap into RM's research, innovation, and development centres.

With the support of RM's lenders and funding from the transformation driven cost savings, the strategy programme will look to enhance and build out these core EdTech solutions, supported by our teams in UK, Europe, Middle East, America, Australia, and Asia. This investment will consist of re-investment of cost savings into the capability of Sales & Marketing and go-to-market initiatives within the customer facing units to support global growth plans.

### *FY24 Strategic Programme actions*

RM has evolved over time, creating three EdTech businesses, serving markets in the UK, Europe, Middle East, America, Australia, and Asia, with a central group structure. With our clearer core strategy and a clean line of sight to the three customer groups – learners, educators, and accreditors – the business will continue to have three customer facing go-to-market units but only with their associated marketing and sales costs. To support the new strategy, a new Target Operating Model will be introduced during the coming year, flattening the internal back office corporate functions which will focus on core processes to enable the optimum customer solution, creating additional gross cost synergies of c.£10m, with £5m to be reinvested in Sales & Marketing to support growth.

We have the right people, the right core solutions, a global market opportunity, and a shared ambition across the organisation to deliver a higher performing, more profitable RM. Whilst we have achieved much in the last year, there is still much to be done and our turnaround will take some time to translate to a high performing new RM business, with good progress expected from FY25.

### **Board and Senior Leadership changes**

Following the operational and liquidity challenges of FY22 it was necessary to review the expertise and relevant experience of the Board and the Executive Committee to have a technology and growth mindset as RM embarked on its strategic transformation.

Simon Goodwin joined the Board and Executive Committee as Chief Financial Officer in August 2023. Simon brings over 15 years of experience in finance leadership roles and will be central to the Group's strategy and helping to drive value across the business.

Further Executive Committee appointments during FY23 included: Gauri Chandra as CEO of our India operations in January 2023; Dr Grainne Watson to the new role of Chief Digital Officer in June 2023; Sarah Fawsitt as our new Chief People Officer in September 2023; followed by Daniel Fattal who was appointed in November 2023 as Director of Legal and Company Secretary.

These new additions, along with six out of seven board members being appointed in FY23, provide us with a senior leadership team that contains a broad range of talent and relevant experiences to help drive the business forward.

### **Financial review**

Having joined RM during Q4 of the financial year, I was immediately impressed by the decisive decisions that Mark and the Board had already made to combat the financial challenges that the business faced. Together we then made the difficult decision to cease trading in the loss-making Consortium business shortly after the end of the financial year; ending a lengthy period of financial losses and significant distraction for the Resources division and RM as a whole.

FY23 was a challenging year financially for RM; caused primarily, by the material underperformance of the Consortium business. However, RM was also impacted by an increasingly challenging domestic education market; characterised by falling budgets and competing demands for expenditure, as UK schools dealt with cost inflation and infrastructure challenges. That pressure directly impacted TTS' UK business, as well as the RM Technology business; both of which saw revenues decline. Internationally, FY23 was a much more encouraging year with significant growth in both TTS International and the RM Assessment business.

Despite these extremely challenging circumstances, we managed to close the year with a small, but positive adjusted operating profit from continuing operations and in line with the market expectations which were updated at the Half Year. Actions taken to increase efficiency and to reduce the cost base of the business have contributed to that result and will have further benefit as we head into FY24.

RM's long term banking partners, HSBC and Barclays continued to demonstrate their support for the business throughout the year. Our lenders have granted waivers to EBITDA covenants during H2, have demonstrated pragmatism in their handling of soft liquidity covenant breaches from the end of the year, and have swiftly

granted an extension to our banking facility, which now runs to July 2026, with a new set of covenants better aligned to the business' outlook.

We ended FY23 with an adjusted net debt slightly improved on FY22, and, again, in line with the half year guidance. One off cash generation from the sale of RM Integris, RM Finance, and excess IPv4 licences; was offset by the reversal of significant working capital decisions taken at the end of FY22, as well as higher interest payments and meeting our pension obligations.

Finally, as previously identified, the financial control environment within RM was below the required standard, as a result of the business' focus over several years on the failed rollout of the Evo ERP project. The RM finance team have worked extremely hard to support the business during this challenging year, but to also make improvements to this controls environment. While there is still further improvement required, I am confident that the team will continue to demonstrate the required focus and diligence, and that we will deliver further improvements through the coming year.

#### Financial performance

| £m                                                           | FY23    | FY22    | Variance |
|--------------------------------------------------------------|---------|---------|----------|
| Revenue from continuing operations                           | 195.2   | 214.2   | (8.9%)   |
| Loss before tax from continuing operations                   | (41.2)  | (20.8)  | 98.1%    |
| Discontinued operations <sup>1</sup>                         | 14.2    | 1.6     | 787.5%   |
| Statutory loss after tax                                     | (29.1)  | (14.5)  | 100.7%   |
| Diluted EPS from continuing operations                       | (51.8)p | (19.3)p | 168.4%   |
| <b><u>Adjusted performance measures<sup>2</sup>:</u></b>     |         |         |          |
| Adjusted operating profit from continuing operations         | 0.3     | 7.5     | (96.0%)  |
| Adjusted operating profit margin                             | 0.2%    | 3.5%    | (3.3%)   |
| Adjusted EBITDA                                              | 7.0     | 12.9    | (45.7%)  |
| Adjusted (loss)/profit before tax from continuing operations | (5.2)   | 5.3     | (198.1%) |
| Adjusted diluted EPS from continuing operations              | (15.8)p | 4.2p    | (476.2%) |
| Adjusted net debt <sup>3</sup>                               | 45.6    | 46.8    | 2.6%     |

<sup>1</sup> Discontinued operations include the results and net gain on disposal arising from the sale of the RM Integris and RM Finance Businesses and related assets on 31 May 2023.

<sup>2</sup> Throughout this statement, adjusted operating profit, adjusted EBITDA, adjusted (loss)/profit before tax and adjusted EPS are Alternative Performance Measures, stated after adjusting items (See Note 3) which are identified by virtue of their size, nature and/or 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. Adjusting items are identified by virtue to the size, nature or incidence at a segment level and their treatment is applied consistently year-on-year.

<sup>3</sup> Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts (see Note 3). Lease liabilities of £16.5m (2022: £19.1m) are excluded from this measure as they are not included in the measurement of adjusted net debt for the purpose of covenant calculations (see Note 13).

### Divisional performance

Following the decision by management to separately monitor the results of the Consortium and TTS brands in June 2023, the previously reported RM Resources segment has been allocated between the RM TTS segment, which continues to be operated by the Group, and the RM Consortium segment which is being closed. Prior year revenue and adjusted operating profit/(loss) comparatives have been restated accordingly.

| £m                               | FY23           | FY 22   | Variance |
|----------------------------------|----------------|---------|----------|
| <b>RM TTS:</b>                   |                |         |          |
| Revenue                          | <b>75.9</b>    | 80.6    | (5.8%)   |
| TTS                              | <b>52.2</b>    | 58.2    | (10.3%)  |
| International                    | <b>23.7</b>    | 22.4    | 5.8%     |
| Adjusted operating profit        | <b>6.0</b>     | 7.8     | (23.1%)  |
| Adjusted operating profit margin | <b>7.9%</b>    | 9.7%    | (1.8%)   |
| <b>RM Consortium:</b>            |                |         |          |
| Revenue                          | <b>19.3</b>    | 33.7    | (42.8%)  |
| Adjusted operating (loss)/profit | <b>(9.7)</b>   | (5.0)   | 94.0%    |
| Adjusted operating profit margin | <b>(50.3%)</b> | (14.8%) | (35.5%)  |
| <b>RM Assessment:</b>            |                |         |          |
| Revenue                          | <b>42.3</b>    | 38.9    | 8.7%     |
| Adjusted operating profit        | <b>10.3</b>    | 7.4     | 39.0%    |
| Adjusted operating profit margin | <b>24.2%</b>   | 18.9%   | 5.3%     |
| <b>RM Technology:</b>            |                |         |          |
| Revenue:                         | <b>57.7</b>    | 60.9    | (5.3%)   |
| Adjusted operating profit        | <b>0.7</b>     | 2.2     | (65.5%)  |
| Adjusted operating profit margin | <b>1.3%</b>    | 3.6%    | (2.3%)   |

Group revenue from continuing operations decreased by 8.9% to £195.2m (FY22: £214.2m) largely driven by lower trading volumes in the UK elements of the Resources division, with the continued decline of the Consortium business, challenging market conditions in the TTS UK business, and lower services revenue in the Technology division following contract losses in FY22. FY22 also included £1.3m revenue related to the sale of IPv4 addresses that have subsequently been classified as other income. RM Assessment & the TTS International business both grew year on year, up 8.7% and 5.8% respectively, following new contract wins and increased sales activity.

Adjusted operating profit from continuing operations decreased by 96.0% to £0.3m (FY22: £7.5m) predominately driven by the lower trading volumes in the Consortium business and increased Corporate costs linked to rebuilding the finance and management teams, offset by the various divisional savings initiatives commenced during the year.

RM TTS revenues decreased by 5.8% to £75.9m (FY22: £80.6m) driven by challenging UK education market conditions. Whilst overall TTS declined year-on-year, the International business saw growth of 5.8% with strong performance in the distributor channel. Divisional adjusted operating profit decreased to £6.0m (FY22: £7.8m) and adjusted operating margin decreased to 7.9% (FY22: 9.7%) driven predominantly by lower revenue volumes.

RM Consortium revenues decreased by 42.8% to £19.3m (FY22: £33.7m) as the business struggled to recover from the past mismanagement of the IT implementation programme and challenging education market conditions. Divisional adjusted operating loss increased to £9.7m (FY22: loss of £5.0m) and adjusted operating margin decreased to a loss of 50.3% (FY22: loss of 14.8%) reflecting the lower revenue performance.

RM Assessment revenues improved by 8.7% to £42.3m (FY22: £38.9m) driven by contract wins in FY22 and FY23 and a year-on-year increase in marking and test volumes. Divisional adjusted operating profit increased to £10.3m (FY22: £7.4m) and adjusted operating margin increased to 24.2% (FY22: 18.9%) driven by increased revenue, improved efficiency in hosting, and contractor costs linked to data study contracts in FY22 not repeating.

RM Technology revenues decreased by 5.3% to £57.7m (FY22: £60.9m) reflecting contract losses in the Service business in FY22 and the inclusion of £1.3m relating to the sales of excess IPv4 address in H1 FY22. Subsequent sales have been classified as other income. Divisional adjusted operating profit decreased to £0.7m (FY22: £2.2m) and adjusted operating margin decreased to 1.3% (FY22: 3.6%). Excluding the £1.3m IPv4 sales, adjusted operating profit and margin were in line with FY22 reflecting the actions management have taken to improve the efficiency of the business in H2 given the lower revenue volumes.

Adjusted loss before tax was £5.2m (FY22: profit of £5.3m), which was due to higher losses in Consortium and increased Corporate costs relating to the rebuild of the management and finance teams.

Statutory loss after tax was £29.5m (FY22: loss of £14.5m), which was driven by the £10.4m impact from adjusted loss before tax (see above), a £38.9m impairment relating to the decision to close the Consortium business, offset by lower ERP replacement programme and warehouse strategy costs, a £10.6m gain from the sale of IP addresses (see adjusting items below), a £13.4m gain on the sale of RM Integriris and RM Finance, and a £1.8m tax charge.

Adjusted diluted loss per share was (15.9)p (FY22: earnings per share of 4.2p).

#### RM Consortium closure

On 24 November 2023, the Group announced the decision to close the RM Consortium business, part of the RM Resources division, with trading ceasing on 8 December 2023 after which all unfulfilled orders were cancelled.

Following the announcement of the closure of the Consortium business and the subsequent termination of the ERP replacement programme, management performed an impairment review resulting in the Group recognising a total impairment charge of £38.9m, including £10.6m of goodwill relating to the RM Consortium business (see Note 10), £17.8m of intangible assets including all remaining Consortium brand and ERP assets, £5.9m of property, plant and equipment at the RM Consortium warehouse, £2.8m of RM Consortium inventory write downs to net realisable value, £0.7m of other current assets, and an onerous contract provision of £1.5m in respect of IT licences associated with the Group's ERP solution.

In addition, the previously reported RM Resources segment has been allocated between the RM TTS segment, which continues to be operated by the Group, and the RM Consortium segment which is being closed. Prior year revenue and adjusted operating profit/(loss) comparatives have been restated accordingly.

The liquidation of RM Consortium inventories continues and is expected to be completed during the second half of the 2024 financial year, after which the Group expects to treat the RM Consortium business as discontinued for financial reporting purposes.

### 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                                                         | FY23        | FY22  |
|------------------------------------------------------------|-------------|-------|
| Amortisation of acquisition-related intangible assets      | 1.7         | 1.8   |
| Impairment of RM Consortium assets <sup>1</sup>            | 38.9        | -     |
| Restructuring costs <sup>2</sup>                           | 2.7         | 0.3   |
| Configuration of SaaS licences (ERP) <sup>3</sup>          | 3.1         | 17.4  |
| Independent business review related costs                  | 0.5         | -     |
| Dual running costs related to investment strategy          | -           | 5.4   |
| Impairment of ERP solution                                 | -           | 2.2   |
| Onerous provision for IS licences                          | -           | 1.2   |
| Disposal related costs                                     | -           | 0.8   |
| <b>Total adjustments to administrative expenses</b>        | <b>46.9</b> | 29.1  |
| Sale of IP addresses <sup>4</sup>                          | (10.6)      | (2.8) |
| Gain on disposal of operations                             | (0.2)       | -     |
| Gain on sale of property                                   | -           | (0.2) |
| <b>Total adjustments</b>                                   | <b>36.1</b> | 26.1  |
| Tax impact                                                 | (6.0)       | (6.5) |
| <b>Total adjustments after tax – continuing operations</b> | <b>30.1</b> | 19.6  |
| Gain on disposal of discontinued operations <sup>5</sup>   | (13.4)      | -     |
| <b>Total adjustments after tax</b>                         | <b>16.7</b> | 19.6  |

<sup>1</sup> Includes £10.6m of goodwill impairment (see Note 10), £17.4m of impairment of other intangible assets, £5.9m of impairment of property, plant and equipment, £2.8m of inventory write downs, £0.7 write off of other current assets and an onerous contract provision of £1.5m in respect of IT licences.

<sup>2</sup> Restructuring costs of £2.7m of which £0.6m related to the Group's decision to close the RM Consortium business.

<sup>3</sup> The configuration and customisation costs relating to the ERP replacement programme, which have been expensed in accordance with IAS 38: Intangible Assets and IFRIC agenda decisions but have been treated as adjusting items as they were a significant component of the Group's warehouse strategy. These costs total £2.7m (2022: £17.4m) based on the development work undertaken.

<sup>4</sup> Income generated following the completion of the sale of IP addresses.

<sup>5</sup> During the year Group completed the disposal of the Integrus and Finance business which generated a gain on sale of operations of £13.4m.

### Inventory

Inventories decreased by 47.0% to £14.0m (FY22: £26.4m) primarily as a result of improved working capital management and the closure of the RM Consortium business.

### Corporate Costs

Corporate costs in the period were £7.0m, up from £4.9m in 2022, as a result of the rebuilding of the management and finance teams.

### Taxation

The total tax charge for the year for continuing operations was a £2.1m charge (FY22: £4.7m credit). There are multiple tax effects influencing the tax rate in income, costs, deferred tax effects and the impact of no tax charge in the discontinued businesses. These effects are explained in more detail in the tax note (see Note 6) in the Financial Statements.

### Disposals

During the prior year, the Group agreed to sell the RM Integrus and RM Finance businesses from within the RM Technology Division, completed on 31 May 2023, which generated a net gain on sale of operations of £13.4m during the year ended 30 November 2023. The performance of these businesses in both 2023 and 2022 have been classified and presented as discontinued operations within the Financial Statements. In the year these businesses generated £2.4m of revenue (FY22: £4.9m) and £0.8m of adjusted operating profit (FY22: £1.6m).

### Cash flow, Net Debt and Lender Agreement

On a statutory basis, net cash outflow from operating activities was £10.6m (FY22: £20.8m) which included 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. This includes £4.5m (FY22: £4.5m) of deficit recovery payments made to the Group's defined benefit pension schemes during the year.

Adjusted net debt closed the year at £45.6m (FY22: £46.8m) as the £10.6m net cash outflow from operating activities (see above), £5.0m (FY22: £2.3m) of interest paid, £1.7m of facility arrangement fees and £3.4m of lease repayments were offset by proceeds from the sale of the RM Integrus and RM Finance businesses (£10.9m) and the sale of IP addresses (£10.7m).

In March 2023, the Group secured an agreement with lenders to extend the existing £70.0m facility to 5 July 2025, subject to the addition of a further '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.

In April 2023, the Group agreed with the Trustee 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 lower than 3.2x at that date. No such payment was made during the year ended 30 November 2023. See Note 13 for further details.

The business operated within its existing financial covenants for the first half of 2023 but indicated that a breach was expected for the facility's LTM EBITDA covenant from the third quarter of the year ended 30 November 2023 in its interim financial statements. EBITDA waivers were granted by lenders for the August and November 2023 periods and the Group continues to comply with the conditions of each lender with regards to any waivers and the respective facility agreement. At the end of November 2023, the minimum EBITDA covenant required was £8.6m versus actual EBITDA of £7.0m. In addition, during November 2023, the soft liquidity covenant limit was forecast to be exceeded for the first time, resulting in a meeting held with lenders under the terms of the facility.

Since the year end, the Group has secured an agreement with Lenders, which extends the existing £70.0m facility to July 2026. 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 & Consortium) covenant test from February 2024 to November 2025, which is then replaced by a quarterly EBITDA leverage test and interest cover, which are required to be below and above 4x respectively from February 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 a step-down period applying from 15 September 2024 to 24 October 2024 and 1 January 2025 to 21 March 2025, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m.

### Balance Sheet

The Group had net assets of £17.8m at 30 November 2023 (FY22: £60.6m). The balance sheet includes non-current assets of £81.5m (FY22: £133.3m), of which £38.5m (FY22: £49.4m) is goodwill and £12.8m (FY22: £24.0m) relates to the Group's defined benefit pension scheme which is discussed further below.

Operating PPE, intangible and right-of-use assets total £27.8m (FY22: £57.8m) and includes acquired brands, customer relationships and Intellectual property as well as costs relating to the warehouse consolidation and IT implementation programme. The reduction during the year is largely due to the impairment arising from the

Group's decision to close its loss-making RM Consortium business in November 2023 including £10.6m in respect of goodwill (see Note 10), £17.8m in respect of intangible assets and £5.9m in respect of property, plant, and equipment.

IP Address assets utilised as part of the Connectivity business are included at £nil cost.

Net current assets of £8.9m (FY22: net current liabilities of £49.2m) includes borrowings of £nil (FY22: £48.7m) following their reclassification to non-current liabilities during the year (see below) and a number of lower balances predominately resulting from the IT systems implementation programme and the closure of the RM Consortium business, including inventory, trade receivables and trade payables.

Non-current liabilities of £72.6m (FY22: £23.4m) includes borrowings of £53.7m (FY22: £nil) following the reclassification from current liabilities during the year (see above) and lease liabilities of £14.3m (FY22: £16.0m) which is 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, see note 13) leverage to less than 1x for two consecutive quarters, and therefore we are not currently able to recommend the payment of a final dividend. The Board understands the importance of dividends to our shareholders and are clear that reinstating the dividend is a key milestone on our recovery path.

RM plc is a non-trading investment holding Company and derives its profits from dividends paid by subsidiary companies. The Company has £nil (FY22: £30.8m) distributable reserves as at 30 November 2023. The Directors regularly review the Group's capital structure and dividend policy, ahead of announcing results and during the annual budgeting process, looking at longer-term sustainability. The Directors do so in the context of the Company's ability to execute the strategy and to invest in opportunities to grow the business and enhance shareholder value.

The dividend policy is influenced by a number of the principal risks identified in the table of 'Principal and Emerging Risks and Uncertainties' detailed within the Group's 2023 Annual Report which could have a negative impact on the performance of the Group or its ability to distribute profits.

### Pension

The Company operates two defined benefit pension schemes ("RM Education Scheme" and "Care Scheme") and participates in a third, multi-employer, defined benefit pension scheme (the "Platinum Scheme"). All schemes are now closed to future accrual of benefits.

As set out in Note 16, the IAS19 net position (pre-tax) across the Group reduced by £10.2m to a surplus of £12.4m (30 November 2022: £22.6m) with both the RM Education Scheme and the Platinum Scheme being in surplus. The reduction has been driven by a decrease in the value of scheme assets more than offsetting the positive impact of higher discount rates which are based on corporate bond yields.

The 31 May 2021 triennial valuation for the current schemes was completed in 2022, with the total scheme deficit reducing from £46.5m to £21.6m. The deficit recovery payments of £4.4m per annum will continue until the end of 2024, before reducing to £1.2m until the end of 2026 when recovery payments cease.

### Internal Controls

During the year, the Group continued to evolve its control framework following the findings of previous years, with specific focus on controls considered most important to reduce the risk of material misstatements in these accounts. These included supplier statement reconciliations, controls over revenue recognition and balance sheet reconciliations.

The Audit and Risk Committee is being updated regularly with respect to progress related to remediation activities as well as reviewing ongoing control improvements identified. Because a number of controls are only in place from the balance sheet date, no reliance has been placed on those controls for the audit.

The Committee has assessed that the Group still relies on controls that require enhanced documentation and formalisation, and in specific areas, redesign. The control improvement plan is ongoing, and the Committee is engaged in ensuring that management have the appropriate resource and an appropriate remediation timeline.

Management have provided the committee with assurance that where controls were not designed, implemented or operating effectively there were appropriate mitigating actions in place to conclude that the Financial Statements do not contain material errors.

### **Going concern**

The Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for the period to the end of March 2025 which indicate that taking into account reasonably plausible downsides as discussed below, the Company 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.

In assessing the going concern position the Directors have considered the balance sheet position as included on page 20, the headroom to the hard liquidity covenant within the Banking Agreement, and compliance with the LTM EBITDA covenant. Exceeding the hard liquidity or the LTM EBITDA covenant would constitute a material breach of the agreement and consequently the facility would be repayable on demand.

As at 30 November 2023, the Group had adjusted net debt of £45.6m (2022: £46.8m) and drawn facilities of £55.0m (2022: £49.0m). Average adjusted net debt over the year to 30 November 2023 was £55.9m (2022: £46.8m) with a maximum borrowings position of £64.8m (2022: £64.1m). The drawn facilities are expected to fluctuate over the period considered for going concern, but remain within the covenants, and are not anticipated to be fully repaid in this period.

Since the year end, the Group has secured an agreement with Lenders, as detailed above.

The Chief Financial Officer's statement outlines the performance of the Group in the year to 30 November 2023. This statement highlights the material impact of the ongoing issues within the Consortium brand and underperformance relative to prior year forecasts in both the RM Technology and TTS businesses.

For going concern purposes, the Group has assessed a base case scenario that assumes no significant downturn in UK or International markets from that experienced in the year to 30 November 2023 and assumes a broadly similar macroeconomic environment to that currently being experienced.

Revenue growth in the base case is driven from the following key areas:

- Growth from existing customers and new customer wins in the Assessment division;
- Increased hardware and infrastructure revenues in the Technology division, including further wins under the UK government's Connect the Classroom programme; and
- Growth from UK sales and international partnerships, where the base case assumes an increase in market share through customer wins and new product launches as well as higher average order values, in the Resources business.

Operating profit margin growth in the base case includes, in addition to the revenue assumptions outlined above, annualised savings benefit from restructuring programmes commenced in the year to 30 November 2023. As the target operating model changes did not commence until 2024 the impact of these changes are not captured in the base case, rather these are incorporated as an upside in the reasonable worst-case scenario. Net debt is not expected to reduce within the assessment period, as the conversion of profits will be offset by further capital investment, interest and pension payments.

As part of the Group's business planning process, the Board has closely monitored the Group's financial forecasts, key uncertainties, and sensitivities. As part of this exercise, the Board has reviewed a number of scenarios, including the base case and reasonable worst case downside scenarios. 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:

- ☐ In the **Assessment division**, a reduction in revenue arising because of:
  - ☐ A faster runoff of one key contract which has not been renewed;
  - ☐ New contract wins not at preferred bidder status reduced by 50%; and
  - ☐ One-off revenues associated with changing terms on a large multi-year contract delayed to FY25.
- ☐ In the **Technology division**: aligning forecast hardware sales with the average of the last five years, rather than the future growth assumed in the base case, and reducing contract renewal rates by 5%.
- ☐ In the **Resources division**:
  - ☐ UK market share growth does not occur, market continues to decline and revenues delivered by new products are reduced by 50%;
  - ☐ No growth in international revenues; and
  - ☐ Increases in costs associated with new product development, carriage, and an inability to pass on 1.5% of inflationary increases.

The reasonable worst downside case scenarios have the following impact on the base case budget:

- 2024: A revenue reduction of £31.2m, an EBITDA reduction of £8.2m, and cash reduction of £7.5m.
- 2025: A revenue reduction of £41.5m, an EBITDA reduction of £8.4m, and cash reduction of £6.0m.

While the Board believes that all reasonable worst case downside scenarios occurring together is highly unlikely, the Group would continue to comply with covenants under the facility, albeit in February 2025 there would be no headroom on the LTM EBITDA covenant, and in December 2024 limited headroom on the hard liquidity covenant. The Board's assessment of the likelihood of a further downside scenario is remote. Management have undertaken reverse stress testing that demonstrates that even if no sales are made by the TTS business in the month of May 2024, the covenants would still be complied with for that quarter.

The Board has also considered a number of mitigating actions which could be enacted, if necessary, to ensure that reasonable headroom against the facility is maintained in reasonable worst cases and the Group complies with covenants. These mitigating actions include not paying discretionary bonuses, the sale of further IP licences, and extending payment terms with key suppliers, albeit at a much lower level for the latter than were taken in FY23. These are actions that the Group has taken before and therefore the Board are confident of their ability to deliver these mitigating actions if required. Further actions could include reduction in capital expenditure and delaying recruitment. These actions are expected to have little to no implications to the ongoing business in the going concern period.

Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these Financial Statements, having considered both the availability of financial facilities and the forecast liquidity and expected future covenant compliance. For this reason, the Company continues to adopt the going concern basis of accounting in preparing the annual Financial Statements.

### **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 will be detailed within the Group's 2023 Annual Report, which will be issued in April 2024.

### **Directors' Responsibility Statement**

The 2023 Annual Report and Accounts which will be issued in April 2024, contains a responsibility statement in compliance with DTR 4.1.12 of the Listing Rules which sets out that as at the date of approval of the Annual Report on 14 March 2024, the Directors' confirm to the best of their knowledge:

- the Group and unconsolidated Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company, and the undertakings included in the consolidation taken as a whole; and
- the performance review contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and the undertakings including the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

**Mark Cook**

Chief Executive Officer

14 March 2024

**Simon Goodwin**

Chief Financial Officer

## CONSOLIDATED INCOME STATEMENT

| Year ended 30 November 2023                                  |      |                  |                     | Year ended 30 November 2022 (Restated) |                  |                     |               |
|--------------------------------------------------------------|------|------------------|---------------------|----------------------------------------|------------------|---------------------|---------------|
|                                                              | Note | Adjusted<br>£000 | Adjustments<br>£000 | Total<br>£000                          | Adjusted<br>£000 | Adjustments<br>£000 | Total<br>£000 |
| <b>Continuing operations</b>                                 |      |                  |                     |                                        |                  |                     |               |
| Revenue                                                      | 2    | 195,186          | -                   | 195,186                                | 214,167          | -                   | 214,167       |
| Cost of sales                                                |      | (129,103)        | -                   | (129,103)                              | (145,663)        | -                   | (145,663)     |
| Gross profit                                                 |      | 66,083           | -                   | 66,083                                 | 68,504           | -                   | 68,504        |
| Operating expenses                                           |      | (66,612)         | (7,905)             | (74,517)                               | (60,171)         | (26,833)            | (87,004)      |
| Expected credit loss                                         |      | 840              | -                   | 840                                    | (850)            | -                   | (850)         |
| Impairment losses                                            |      | -                | (38,949)            | (38,949)                               | -                | (2,236)             | (2,236)       |
| Profit/(loss) from operations                                |      | 311              | (46,854)            | (46,543)                               | 7,483            | (29,069)            | (21,586)      |
| Finance income                                               | 4    | 1,105            | -                   | 1,105                                  | 614              | -                   | 614           |
| Other income                                                 | 2    | -                | 10,785              | 10,785                                 | -                | 3,010               | 3,010         |
| Finance costs                                                | 5    | (6,585)          | -                   | (6,585)                                | (2,825)          | -                   | (2,825)       |
| (Loss)/profit before tax                                     |      | (5,169)          | (36,069)            | (41,238)                               | 5,272            | (26,059)            | (20,787)      |
| Tax                                                          | 6    | (8,072)          | 6,002               | (2,070)                                | (1,760)          | 6,458               | 4,698         |
| <b>Loss/(profit) for the year from continuing operations</b> |      | <b>(13,241)</b>  | <b>(30,067)</b>     | <b>(43,308)</b>                        | 3,512            | (19,601)            | (16,089)      |
| <b>Discontinued operations</b>                               | 7    | 760              | 13,444              | 14,204                                 | 1,590            | -                   | 1,590         |
| <b>Loss)/profit for the year</b>                             |      | <b>(12,481)</b>  | <b>(16,623)</b>     | <b>(29,104)</b>                        | 5,102            | (19,601)            | (14,499)      |
|                                                              |      |                  |                     |                                        |                  |                     |               |
| Earnings per ordinary share on continuing operation          | 8    |                  |                     |                                        |                  |                     |               |
| - basic                                                      |      | (15.9)p          |                     | (52.0)p                                | 4.2p             |                     | (19.3)p       |
| - diluted                                                    |      | (15.8)p          |                     | (51.8)p                                | 4.2p             |                     | (19.3)p       |
| Earnings per ordinary share on discontinuing operations      | 8    |                  |                     |                                        |                  |                     |               |
| - basic                                                      |      | 0.9p             |                     | 17.1p                                  | 1.9p             |                     | 1.9p          |
| - diluted                                                    |      | 0.9p             |                     | 17.0p                                  | 1.9p             |                     | 1.9p          |
| Earnings per ordinary share on total operations              | 8    |                  |                     |                                        |                  |                     |               |
| - basic                                                      |      | (15.0)p          |                     | (34.9)p                                | 6.1p             |                     | (17.4)p       |
| - diluted                                                    |      | (14.9)p          |                     | (34.8)p                                | 6.0p             |                     | (17.4)p       |
| Paid and proposed dividends per share                        | 9    |                  |                     |                                        |                  |                     |               |
| - Interim                                                    |      |                  |                     | -                                      |                  |                     | -             |
| - Final                                                      |      |                  |                     | -                                      |                  |                     | -             |

The prior year restatement is detailed in Note 17.

Throughout this statement, adjusted profit and EPS measures are stated after adjusting items which are identified by virtue of their size, nature and/or incidence. The treatment of adjusted items is applied consistently period on period and are used by the Board to monitor and manage the performance of the Group (see Note 3 for details).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|                                                                                          |      | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|------------------------------------------------------------------------------------------|------|----------------------------------------|----------------------------------------|
|                                                                                          | Note |                                        |                                        |
| <b>Loss for the year</b>                                                                 |      | <b>(29,104)</b>                        | <b>(14,499)</b>                        |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                |      |                                        |                                        |
| Defined benefit pension scheme remeasurements <sup>1</sup>                               | 16   | (15,771)                               | (12,157)                               |
| Tax on items that will not be reclassified subsequently to profit or loss                | 6    | 2,790                                  | 2,914                                  |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>              |      |                                        |                                        |
| Fair value (loss)/gain on hedged instruments                                             |      | (402)                                  | 4                                      |
| Fair value gain/(loss) on hedged instruments transferred to the income statement         |      | 272                                    | (444)                                  |
| Tax on items that are or may be reclassified subsequently to profit or loss <sup>2</sup> | 6    | -                                      | 11                                     |
| Exchange (loss)/gain on translation of overseas operations                               |      | (287)                                  | 301                                    |
| <b>Other comprehensive expense</b>                                                       |      | <b>(13,398)</b>                        | <b>(9,371)</b>                         |
| <b>Total comprehensive expense attributable to owners of the parent</b>                  |      | <b>(42,502)</b>                        | <b>(23,870)</b>                        |

<sup>1</sup> Year ended 30 November 2023 includes £15,771,000 expense (2022: £12,846,000 expense) in respect of defined benefit pension schemes (see note 16(c)) and £nil (2022: £689,000 gain) in respect of Local Government Pension Schemes (see Note 16(b)).

<sup>2</sup> Principally includes the impact of the Group's cash flow hedges deferred to other comprehensive income during the year.

## CONSOLIDATED BALANCE SHEET

|                                                                         |      | At 30 November 2023 | At 30 November 2022 |
|-------------------------------------------------------------------------|------|---------------------|---------------------|
|                                                                         | Note | £'000               | £'000               |
| <b>Non-current assets</b>                                               |      |                     |                     |
| Goodwill                                                                | 10   | 38,538              | 49,401              |
| Other intangible assets                                                 |      | 5,224               | 25,510              |
| Property, plant and equipment                                           |      | 8,271               | 15,892              |
| Right-of-use asset                                                      |      | 14,275              | 16,364              |
| Defined benefit pension scheme surplus                                  | 16   | 12,796              | 23,959              |
| Other receivables                                                       | 11   | 240                 | 290                 |
| Contract fulfilment assets                                              |      | 1,959               | 1,713               |
| Deferred tax assets                                                     | 6    | 170                 | 174                 |
|                                                                         |      | <b>81,473</b>       | <b>133,303</b>      |
| <b>Current assets</b>                                                   |      |                     |                     |
| Inventories                                                             |      | 13,959              | 26,359              |
| Trade and other receivables                                             | 11   | 32,333              | 36,203              |
| Contract fulfilment assets                                              |      | 1,949               | 1,727               |
| Assets held for sale                                                    | 7    | -                   | 418                 |
| Tax assets                                                              |      | 1,988               | 2,733               |
| Cash and cash equivalents                                               |      | 8,062               | 1,911               |
|                                                                         |      | <b>58,291</b>       | <b>69,351</b>       |
| <b>Total assets</b>                                                     |      | <b>139,764</b>      | <b>202,654</b>      |
| <b>Current liabilities</b>                                              |      |                     |                     |
| Trade and other payables                                                | 12   | (46,372)            | (65,639)            |
| Provisions                                                              | 14   | (2,993)             | (2,142)             |
| Borrowings                                                              | 13   | -                   | (48,728)            |
| Liabilities directly associated with assets classified as held for sale | 7    | -                   | (2,082)             |
|                                                                         |      | <b>(49,365)</b>     | <b>(118,591)</b>    |
| <b>Net current assets/(liabilities)</b>                                 |      | <b>8,926</b>        | <b>(49,240)</b>     |
| <b>Non-current liabilities</b>                                          |      |                     |                     |
| Lease liabilities                                                       | 12   | (14,297)            | (15,998)            |
| Other payables                                                          | 12   | (2,463)             | (3,096)             |
| Provisions                                                              | 14   | (1,749)             | (666)               |
| Deferred tax liability                                                  | 6    | -                   | (2,306)             |
| Defined benefit pension scheme obligation                               | 16   | (411)               | (1,354)             |
| Borrowings                                                              | 13   | (53,651)            | -                   |
|                                                                         |      | <b>(72,571)</b>     | <b>(23,420)</b>     |
| <b>Total liabilities</b>                                                |      | <b>(121,936)</b>    | <b>(142,011)</b>    |
| <b>Net assets</b>                                                       |      | <b>17,828</b>       | <b>60,643</b>       |
| <b>Equity attributable to shareholders</b>                              |      |                     |                     |
| Share capital                                                           | 15   | 1,917               | 1,917               |
| Share premium account                                                   |      | 27,080              | 27,080              |
| Own shares                                                              |      | (444)               | (444)               |
| Capital redemption reserve                                              |      | 94                  | 94                  |
| Hedging reserve                                                         |      | (393)               | (263)               |
| Translation reserve                                                     |      | (868)               | (581)               |
| Retained earnings                                                       |      | (9,558)             | 32,840              |
| <b>Total equity</b>                                                     |      | <b>17,828</b>       | <b>60,643</b>       |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|                                          | Note | Share capital<br>£000 | Share premium<br>£000 | Own shares<br>£000 | Capital redemption reserve <sup>1</sup><br>£000 | Hedging reserve <sup>2</sup><br>£000 | Translation reserve <sup>3</sup><br>£000 | Retained earnings<br>£000 | Total<br>£000 |
|------------------------------------------|------|-----------------------|-----------------------|--------------------|-------------------------------------------------|--------------------------------------|------------------------------------------|---------------------------|---------------|
| At 1 December 2021                       |      | 1,917                 | 27,080                | (444)              | 94                                              | 177                                  | (882)                                    | 59,029                    | 86,971        |
| Loss for the year                        |      | -                     | -                     | -                  | -                                               | -                                    | -                                        | (14,499)                  | (14,499)      |
| Other comprehensive (expense)/income     |      | -                     | -                     | -                  | -                                               | (440)                                | 301                                      | (9,232)                   | (9,371)       |
| Total comprehensive (expense)/income     |      | -                     | -                     | -                  | -                                               | (440)                                | 301                                      | (23,731)                  | (23,870)      |
| Transactions with owners of the Company: |      |                       |                       |                    |                                                 |                                      |                                          |                           |               |
| Share-based payment fair value charges   |      | -                     | -                     | -                  | -                                               | -                                    | -                                        | 40                        | 40            |
| Ordinary dividends paid                  | 9    | -                     | -                     | -                  | -                                               | -                                    | -                                        | (2,498)                   | (2,498)       |
| At 30 November 2022                      |      | 1,917                 | 27,080                | (444)              | 94                                              | (263)                                | (581)                                    | 32,840                    | 60,643        |
| Loss for the year                        |      | -                     | -                     | -                  | -                                               | -                                    | -                                        | (29,104)                  | (29,104)      |
| Other comprehensive income               |      | -                     | -                     | -                  | -                                               | (130)                                | (287)                                    | (12,981)                  | (13,398)      |
| Total comprehensive income               |      | -                     | -                     | -                  | -                                               | (130)                                | (287)                                    | (42,085)                  | (42,502)      |
| Transactions with owners of the Company: |      |                       |                       |                    |                                                 |                                      |                                          |                           |               |
| Share-based payment fair value charges   |      | -                     | -                     | -                  | -                                               | -                                    | -                                        | (364)                     | (364)         |
| Share-based payment - tax                |      | -                     | -                     | -                  | -                                               | -                                    | -                                        | 11                        | 11            |
| Unclaimed dividends                      |      | -                     | -                     | -                  | -                                               | -                                    | -                                        | 40                        | 40            |
| At 30 November 2023                      |      | 1,917                 | 27,080                | (444)              | 94                                              | (393)                                | (868)                                    | (9,558)                   | 17,828        |

<sup>1</sup> The capital redemption reserve arose from the repurchase of issued share capital. It is not distributable.

<sup>2</sup> The Group hedging reserve arises from cash flow hedges entered into by the Group. The reserve is distributable in the entities in which it arises unless it relates to unrealised gains.

<sup>3</sup> The Group translation arises on consolidation from the unrealised movement of foreign exchange on the net assets of overseas entities. This reserve is not distributable.

## CONSOLIDATED CASH FLOW STATEMENT

|                                                                 |      | At 30 November 2023 | At 30 November 2022 |
|-----------------------------------------------------------------|------|---------------------|---------------------|
|                                                                 | Note | £'000               | £'000               |
| <b>Loss before tax from continuing operations</b>               |      | <b>(41,238)</b>     | <b>(20,787)</b>     |
| <b>Profit before tax from discontinuing operations</b>          |      | <b>14,204</b>       | <b>1,590</b>        |
| Gain on disposal of intangible licences                         | 3    | (10,614)            | (2,791)             |
| Gain on disposal of property                                    | 3    | -                   | (221)               |
| Gain on disposal of operations                                  |      | (13,615)            | -                   |
| Finance income                                                  | 4    | (1,105)             | (612)               |
| Finance costs                                                   | 5    | 6,585               | 2,825               |
| <b>Loss from operations, including discontinued operations</b>  |      | <b>(45,783)</b>     | <b>(19,996)</b>     |
| <b>Adjustments for:</b>                                         |      |                     |                     |
| Amortisation and impairment of intangible assets                |      | 31,050              | 4,354               |
| Depreciation and impairment of property, plant and equipment    |      | 11,564              | 5,149               |
| Impairment of inventory and other current assets                |      | 4,476               | -                   |
| Utilisation of contract fulfilment asset                        |      | 2,513               | 2,326               |
| (Gain)/loss on disposal of property, plant and equipment        |      | (265)               | 41                  |
| Loss/(gain) on foreign exchange                                 |      | 570                 | (648)               |
| Share-based payment(credit)/charge                              |      | (364)               | 40                  |
| Increase in provisions                                          |      | 3,825               | 1,469               |
| Defined benefit pension scheme administration cost              | 14   | 6                   | 8                   |
| <b>Operating cash flows before movements in working capital</b> |      | <b>7,592</b>        | <b>(7,257)</b>      |
| Decrease/(increase) in inventories                              |      | 8,624               | (7,304)             |
| Decrease/(increase) in receivables                              |      | 2,804               | (4,095)             |
| Increase in contract fulfilment assets                          |      | (3,035)             | (2,920)             |
| (Decrease)/increase in trade and other payables                 |      | (17,844)            | 5,517               |
| Utilisation of provisions                                       |      | (2,824)             | (1,514)             |
| <b>Cash used by operations</b>                                  |      | <b>(4,683)</b>      | <b>(17,573)</b>     |
| Cash from settlement of derivative instruments                  |      | (879)               | 444                 |
| Defined benefit pension scheme cash contributions               | 16   | (4,496)             | (4,537)             |
| Tax (paid)/credit                                               |      | (397)               | 880                 |
| <b>Net cash used by operating activities</b>                    |      | <b>(10,455)</b>     | <b>(20,786)</b>     |
| <b>Investing activities</b>                                     |      |                     |                     |
| Interest received                                               |      | 9                   | 3                   |
| Proceeds on disposal of intangible licences                     |      | 10,745              | 2,791               |
| Proceeds on disposal of property, plant and equipment           |      | 300                 | 3,299               |
| Proceeds on sale of operations                                  |      | 10,899              | -                   |
| Purchases of property, plant and equipment                      |      | (642)               | (1,575)             |
| Purchases of other intangible assets                            |      | (457)               | (3,627)             |
| <b>Net cash generated from investing activities</b>             |      | <b>20,854</b>       | <b>891</b>          |
| <b>Financing activities</b>                                     |      |                     |                     |
| Dividends unclaimed/(paid)                                      |      | 40                  | (2,498)             |
| Drawdown of borrowings                                          | 13   | 30,167              | 73,000              |
| Repayment of borrowings                                         | 13   | (24,167)            | (44,000)            |
| Borrowing facilities arrangement and commitment fees            |      | (1,716)             | (436)               |
| Interest paid                                                   |      | (4,955)             | (2,312)             |
| Payment of leasing liabilities – capital element                |      | (3,179)             | (3,114)             |
| Payment of leasing liabilities – interest element               |      | (331)               | (347)               |
| <b>Net cash (used by)/generated from financing activities</b>   |      | <b>(4,141)</b>      | <b>20,293</b>       |
| Net increase in cash and cash equivalents                       |      | 6,258               | 398                 |
| Cash and cash equivalents at the beginning of the year          |      | 1,911               | 1,478               |
| Effect of foreign exchange rate changes                         |      | (107)               | 35                  |
| <b>Cash and cash equivalents at the end of the year</b>         |      | <b>8,062</b>        | <b>1,911</b>        |
| Bank overdraft                                                  |      | -                   | -                   |
| Cash at bank                                                    |      | 8,062               | 1,911               |
| <b>Cash and cash equivalents at the end of the year</b>         |      | <b>8,062</b>        | <b>1,911</b>        |

## **1. Preliminary announcement**

The consolidated preliminary results are based on International Financial Reporting Standards (IFRS) as adopted by the EU and were also in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The Group expects to publish a full Strategic Report, Directors' Report and financial statements which will be delivered before the Company's Annual General Meeting on 9 May 2024. The full Strategic Report and Directors' Report and financial statements will be published on the Group's website at [www.rmplc.com](http://www.rmplc.com).

The financial information set out in this preliminary announcement does not constitute the Group's statutory accounts for the year ended 30 November 2023. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's Annual General Meeting.

The 2022 statutory accounts have been restated to reflect a revised split of cost of sales and operating expenses to improve the presentation and comparability of results as set out in Note 17. The auditor's reports on both the 2023 and 2022 accounts were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) of the Companies Act 2006.

This Preliminary announcement was approved by the Board of Directors on 14 March 2024.

### **Consolidated Income Statement presentation**

The Directors assess the performance of the Group using an adjusted operating profit and profit before tax. 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/or 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 assists in providing supplementary information that assists the user to understand the underlying financial performance, position and trends of the Group. Further details are provided in Note 3.

### **Basis of preparation**

The Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. They are prepared on a historical cost basis except for certain financial instruments, share-based payments and pension assets and liabilities which are measured at fair value. In addition, assets held for sale are stated at the lower of previous carrying amount and the fair value less costs to sell. The preparation of Financial Statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The application of these new standards and amendments is not expected to have a material impact on the Group.

### **Going concern**

The Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for the period to the end of March 2025 which indicate that taking into account reasonably plausible downsides as discussed below, the Company 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.

In assessing the going concern position the Directors have considered the balance sheet position as included on page 20, the headroom to the hard liquidity covenant within the Banking Agreement, and compliance with the LTM EBITDA covenant. Exceeding the hard liquidity or the LTM EBITDA covenant would constitute a material breach of the agreement and consequently the facility would be repayable on demand.

At 30 November 2023, the Group had adjusted net debt of £45.6m (2022: £46.8m) and drawn facilities of £55.0m (2022: £49.0m). Average adjusted net debt over the year to 30 November 2023 was £55.9m (2022: £46.8m) with a maximum borrowings position of £64.8m (2022: £64.1m). The drawn facilities are expected to fluctuate over the period considered for going concern, but remain within the covenants, and are not anticipated to be fully repaid in this period.

As set out in note 13, RM Group had a £70.0m (2022: £70.0m) committed bank facility (the facility) at 30 November 2023. At the date of this report, the Group has secured an agreement with Lenders, which extends the existing £70.0m facility to July 2026. This agreement is secured against the shares of each of the obligor companies (except for RM plc) and by way of a fixed and

floating charge over all assets of the obligors, and has reset the covenants under the facility. For going concern purposes the Board have assessed performance against the following covenants:

- A quarterly LTM EBITDA (excluding discontinued operations) covenant test from February 2024 to November 2025, which is then replaced by a quarterly EBITDA leverage test and interest cover, which are required to be below and above 4x respectively from February 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 a step-down period applying from 15 September 2024 to 24 October 2024 and 1 January 2025 to 21 March 2025, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m.

The Chief Financial Officer's statement outlines the performance of the Group in the year to 30 November 2023.

This statement highlights the material impact of the ongoing issues within the Consortium brand and underperformance relative to prior year forecasts in both the RM Technology and TTS businesses.

For going concern purposes, the Group has assessed a base case scenario that assumes no significant downturn in UK or International markets from that experienced in the year to 30 November 2023 and assumes a broadly similar macroeconomic environment to that currently being experienced.

Revenue growth in the base case is driven from the following key areas:

- Growth from existing customers and new customer wins in the Assessment division;
- Increased hardware and infrastructure revenues in the Technology division, including further wins under the UK government's Connect the Classroom programme; and
- Growth from UK sales and international partnerships, where the base case assumes an increase in market share through customer wins and new product launches as well as higher average order values, in the Resources business.

Operating profit margin growth in the base case includes, in addition to the revenue assumptions outlined above, annualised savings benefit from restructuring programmes commenced in the year to 30 November 2023. As the target operating model changes did not commence until 2024 the impact of these changes are not captured in the base case, rather these are incorporated as an upside in the reasonable worst-case scenario. Net debt is not expected to reduce within the assessment period, as the conversion of profits will be offset by further capital investment, interest and pension payments.

As part of the Group's business planning process, the Board has closely monitored the Group's financial forecasts, key uncertainties, and sensitivities. As part of this exercise, the Board has reviewed a number of scenarios, including the base case and reasonable worst case downside scenarios. 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:

- ☐ In the **Assessment division**, a reduction in revenue arising because of:
  - A faster runoff of one key contract which has not been renewed;
  - New contract wins not at preferred bidder status reduced by 50%; and
  - One-off revenues associated with changing terms on a large multi-year contract delayed to FY25.
- ☐ In the **Technology division**: aligning forecast hardware sales with the average of the last five years, rather than the future growth assumed in the base case, and reducing contract renewal rates by 5%.
- ☐ In the **Resources division**:
  - UK market share growth does not occur, market continues to decline and revenues delivered by new products are reduced by 50%;
  - No growth in international revenues; and
  - Increases in costs associated with new product development, carriage, and an inability to pass on 1.5% of inflationary increases.

The reasonable worst downside case scenarios have the following impact on the base case budget:

- 2024: A revenue reduction of £31.2m, an EBITDA reduction of £8.2m, and cash reduction of £7.5m.
- 2025: A revenue reduction of £41.5m, an EBITDA reduction of £8.4m, and cash reduction of £6.0m.

While the Board believes that all reasonable worst case downside scenarios occurring together is highly unlikely, the Group would continue to comply with covenants under the facility, albeit in February 2025 there would be no headroom on the LTM EBITDA covenant, and in December 2024 limited headroom on the hard liquidity covenant. The Board's assessment of the likelihood of a further downside scenario is remote. Management have undertaken reverse stress testing that demonstrates that even if no sales are made by the TTS business in the month of May 2024, the covenants would still be complied with for that quarter.

The Board has also considered a number of mitigating actions which could be enacted, if necessary, to ensure that reasonable headroom against the facility is maintained in reasonable worst cases and the Group complies with covenants. These mitigating actions include not paying discretionary bonuses, the sale of further IP licences, and extending payment terms with key suppliers, albeit at a much lower level for the latter than were taken in FY23. These are actions that the Group has taken before and therefore the Board are confident of their ability to deliver these mitigating actions if required. Further actions could include reduction in capital expenditure and delaying recruitment. These actions are expected to have little to no implications to the ongoing business in the going concern period.

Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these Financial Statements, having considered both the availability of financial facilities and the forecast liquidity and expected future covenant compliance. For this reason, the Company continues to adopt the going concern basis of accounting in preparing the annual Financial Statements.

### **Significant accounting policies**

The accounting policies used for the preparation of this announcement have been applied consistently.

### **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
- EBITDA
- 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 3.

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). These are items which are identified by virtue of either their size or their nature to be important to understanding the performance of the business including the comparability of the results year-on-year. 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.

## **2. Operating Segments**

The Group's business is supplying products, services and solutions to the UK and international education markets. The Chief Executive is the Chief Operating Decision Maker. Information reported to the Group's Chief Executive 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 three operating Divisions: RM Resources, RM Assessment and RM Technology, however, following the decision by management to separately monitor the results of the Consortium and TTS brands in June 2023, the previously reported RM Resources segment has been allocated between the RM TTS segment, which continues to be operated by the Group, and the RM Consortium segment which is being closed. Prior year revenue and adjusted operating profit/(loss) comparatives have been restated accordingly.

The Chief Operating Decision Maker reviews segments at an adjusted operating profit level and adjustments are not allocated to segments. Adjustments includes the impairment of intangible assets as set out in Note 3, which is not allocated by segment nor may be broken out by segment.

A full description of each revenue-generating Division, together with comments on its performance and outlook, is given in the Strategic Report. Corporate Services consists of central business costs associated with being a listed company and non-division-specific pension costs.

This Segmental analysis shows the result and assets 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

| Year ended<br>30 November 2023                | RM<br>TTS <sup>1</sup><br>£000 | RM<br>Consortium<br>£000 | RM<br>Assessment<br>£000 | RM<br>Technology<br>£000 | Corporate<br>Services<br>£000 | Total<br>£000 |
|-----------------------------------------------|--------------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|---------------|
| <b>Revenue</b>                                |                                |                          |                          |                          |                               |               |
| UK                                            | 52,229                         | 19,300                   | 24,756                   | 57,545                   | -                             | 153,830       |
| Europe                                        | 12,757                         | -                        | 10,315                   | 86                       | -                             | 23,158        |
| North America                                 | 4,722                          | -                        | 131                      | 32                       | -                             | 4,885         |
| Asia                                          | 1,049                          | -                        | 1,219                    | -                        | -                             | 2,268         |
| Middle East                                   | 3,730                          | -                        | 157                      | -                        | -                             | 3,887         |
| Rest of the world                             | 1,397                          | -                        | 5,761                    | -                        | -                             | 7,158         |
|                                               | 75,884                         | 19,300                   | 42,339                   | 57,663                   | -                             | 195,186       |
| <b>Adjusted profit/(loss) from operations</b> | 5,946                          | (9,679)                  | 10,252                   | 749                      | (6,960)                       | 311           |
| Finance income                                |                                |                          |                          |                          |                               | 1,105         |
| Finance costs                                 |                                |                          |                          |                          |                               | (6,585)       |
| <b>Adjusted loss before tax</b>               |                                |                          |                          |                          |                               | (5,169)       |
| Adjustments (see Note 3)                      |                                |                          |                          |                          |                               | (36,069)      |
| <b>Loss before tax</b>                        |                                |                          |                          |                          |                               | (41,238)      |

<sup>1</sup> Included in UK are International Sales via UK Distributors of £755,000.

| Year ended<br>30 November 2022<br>(Restated)  | RM<br>TTS <sup>1</sup><br>£000 | RM<br>Consortium<br>£000 | RM<br>Assessment<br>£000 | RM<br>Technology<br>£000 | Corporate<br>Services<br>£000 | Total<br>£000 |
|-----------------------------------------------|--------------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|---------------|
| <b>Revenue</b>                                |                                |                          |                          |                          |                               |               |
| UK                                            | 58,232                         | 33,707                   | 23,324                   | 59,416                   | -                             | 174,679       |
| Europe                                        | 12,907                         | 12                       | 8,153                    | 71                       | -                             | 21,143        |
| North America                                 | 3,555                          | -                        | 142                      | 1,374                    | -                             | 5,071         |
| Asia                                          | 879                            | 1                        | 1,299                    | -                        | -                             | 2,179         |
| Middle East                                   | 3,284                          | 21                       | 167                      | -                        | -                             | 3,472         |
| Rest of the world                             | 1,762                          | 6                        | 5,855                    | -                        | -                             | 7,623         |
|                                               | 80,619                         | 33,747                   | 38,940                   | 60,861                   | -                             | 214,167       |
| <b>Adjusted profit/(loss) from operations</b> | 7,817                          | (5,006)                  | 7,378                    | 2,173                    | (4,879)                       | 7,483         |
| Finance income                                |                                |                          |                          |                          |                               | 614           |
| Finance costs                                 |                                |                          |                          |                          |                               | (2,825)       |
| <b>Adjusted profit before tax</b>             |                                |                          |                          |                          |                               | 5,272         |
| Adjustments (see Note 3)                      |                                |                          |                          |                          |                               | (26,059)      |
| <b>Loss before tax</b>                        |                                |                          |                          |                          |                               | (20,787)      |

<sup>1</sup> Included in UK are International Sales via UK Distributors of £687,000.

## Segmental assets

| At 30 November 2023 | RM<br>TTS<br>£000 | RM<br>Consortium<br>£000 | RM<br>Assessment<br>£000 | RM<br>Technology<br>£000 | Corporate<br>Services<br>£000 | Total<br>£000  |
|---------------------|-------------------|--------------------------|--------------------------|--------------------------|-------------------------------|----------------|
| Segmental           | 28,286            | 17,353                   | 15,067                   | 16,158                   | 39,617                        | 116,481        |
| Other               |                   |                          |                          |                          |                               | 23,283         |
| <b>Total assets</b> |                   |                          |                          |                          |                               | <b>139,764</b> |

| At 30 November 2022 | RM<br>TTS<br>£000 | RM<br>Consortium<br>£000 | RM<br>Assessment<br>£000 | RM<br>Technology<br>£000 | Corporate<br>Services<br>£000 | Total<br>£000  |
|---------------------|-------------------|--------------------------|--------------------------|--------------------------|-------------------------------|----------------|
| Segmental           | 33,373            | 61,499                   | 16,315                   | 10,936                   | 51,640                        | 173,763        |
| Other               |                   |                          |                          |                          |                               | 28,891         |
| <b>Total assets</b> |                   |                          |                          |                          |                               | <b>202,654</b> |

Included within the disclosed segmental assets are non-current assets (excluding defined benefit pension surplus and deferred tax assets) of £61.7m (2022: £109.1m) located in the United Kingdom, £5.8m (2022: £9.0m) located in Australia and £1.0m (2022: £1.0m) located in India. Other non-segmented assets include defined benefit pension surplus, other receivables, tax assets and cash and short-term deposits. Goodwill is included within the Corporate Services segment. Consortium segmental assets include a leased warehouse which has been repurposed to be used by TTS after the year-end.

## 3. Alternative Performance Measures

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

|                                                            | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|------------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Adjustments to operating expenses</b>                   |                                        |                                        |
| Amortisation of acquisition-related intangible assets      | 1,691                                  | 1,839                                  |
| Impairment of RM Consortium assets <sup>1</sup> (a)        | 38,949                                 | -                                      |
| Restructuring costs (b)                                    | 2,678                                  | 254                                    |
| Configuration of SaaS licences (ERP) (c)                   | 3,063                                  | 17,355                                 |
| Independent business review related costs (d)              | 473                                    | -                                      |
| Dual running costs related to investment strategy (e)      | -                                      | 5,372                                  |
| Impairment of ERP solution (f)                             | -                                      | 2,236                                  |
| Onerous provision for IS licences (g)                      | -                                      | 1,168                                  |
| Disposal related costs (k)                                 | -                                      | 845                                    |
| <b>Total adjustments to operating expenses</b>             | <b>46,854</b>                          | <b>29,069</b>                          |
| <b>Other income</b>                                        |                                        |                                        |
| Sale of IP addresses (h)                                   | (10,614)                               | (2,791)                                |
| Gain on disposal of operations (i)                         | (171)                                  | -                                      |
| Gain on sale of property (j)                               | -                                      | (219)                                  |
| <b>Total adjustments to other income</b>                   | <b>(10,785)</b>                        | <b>(3,010)</b>                         |
| <b>Total adjustments</b>                                   | <b>36,069</b>                          | <b>26,059</b>                          |
| Tax impact (Note 6)                                        | (6,002)                                | (6,458)                                |
| <b>Total adjustments after tax – continuing operations</b> | <b>30,067</b>                          | <b>19,601</b>                          |
| Gain on disposal of discontinued operations (k)            | (13,444)                               | -                                      |
| <b>Total adjustments after tax</b>                         | <b>16,623</b>                          | <b>19,601</b>                          |

<sup>1</sup> Includes £10,575,000 of goodwill impairment (see Note 10), £17,431,000 of impairment of other intangible assets, £5,881,000 of impairment of property, plant and equipment, £2,827,000 of inventory write downs, £737,000 write off of other current assets and an onerous contract provision of £1,498,000 in respect of IT licences. See (a) below for further details.

**Adjusted items:**

These are items which are identified by virtue of either their size or their nature 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.

During the year ended 30 November 2023, the Group announced the closure of the RM Consortium business and the consequent termination of the Group's ERP programme which had formed part of the Group's 2018 warehouse strategy to transfer all its previous warehouse operations into one new automated warehouse together with an interlinked ERP solution which was planned to be rolled out to the whole Group. The Group believes that the size, complexity and number of unusual costs associated with these developments, were material to the understanding of the trading performance of the business including the comparability of results year-on-year. As a result, all significant costs relating to these developments have also been treated as an adjustment to profit, consistently period to period.

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) Following the announcement of the closure of the Consortium business and the subsequent termination of the ERP replacement programme, management performed an impairment review resulting in the Group recognising a total impairment charge of £38.9m including £10.6m of goodwill relating to the RM Consortium business (see Note 10), £17.4m of intangible assets including all remaining Consortium brand and ERP assets, £5.9m of property, plant and equipment at the RM Consortium warehouse, £2.8m of RM Consortium inventory write downs to net realisable value, £0.7m of other current assets and an onerous contract provision of £1.5m in respect of IT licences associated with the Group's ERP solution.
- (b) Restructuring costs of £2.7m (2022: £0.3m) of which £0.8m related to the Group's decision to close the RM Consortium business.
- (c) The configuration and customisation costs relating to the ERP replacement programme, which have been expensed in accordance with IAS 38: Intangible Assets and IFRIC agenda decisions but have been treated as adjusting items as they were a significant component of the Group's warehouse strategy. These costs total £2.7m (2022: £17.4m) based on the development work undertaken.
- (d) Independent Business Review related costs totalling £0.5m (2022: £nil) undertaken on behalf of the lenders and pension scheme.
- (e) Dual running costs in 2022 of £5.4m related to the Group's warehouse strategy, which became fully operational that year. Costs included £2.8m associated with the new warehouse including items such as utilities, security and increased warehouse staff to test the new facility and to transfer inventory and £2.6m of IT costs (excluding configuration costs of SaaS licences) being expensed that relate to running of IT systems not yet in use.
- (f) In 2022, the Group impaired £2.2m of ERP replacement programme costs, previously capitalised within the RM Technology Division, which related to functionality that was paused and where the Group had no active plans to proceed to implement.
- (g) In 2022, the Group recognised an onerous contract provision of £1.2m in respect of IT licences associated with its ERP solution.
- (h) Income generated following the completion of the sale of IP addresses totalling £10.6m (2022: £2.8m).
- (i) Gain on disposal of operations of £0.2m (2022: £nil) following the completion of the iCase business disposal.
- (j) In 2022, the Group disposed of a warehouse that was no longer required following the estates strategy review. This warehouse sale generated proceeds of £3.3m and a profit after direct selling costs and costs of moving from the warehouse of £0.2m.
- (k) During the year ended 30 November 2023, the Group completed the disposal of the RM Integris and RM Finance business which generated a gain on sale of operations of £13.4m (2022: loss of £0.8m) representing proceeds of £15.3m (2022: £nil) less £1.9m (2022: £0.8m) of costs associated with the disposal.

Adjusted net debt of £45.6m (2022: £46.8m) is the total of borrowings less capitalised fees of £53.7m (2022: £48.7m) and cash at bank of £8.1m (2022: £1.9m). Lease liabilities of £16.5m (2022: £19.1m) 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 details of the covenant calculations are set out in Note 13.

Average adjusted net debt is calculated by taking the adjusted net debt on a daily basis and dividing by number of days.

The above adjustments have the following impact on the cash flow statement:

|                                              | Year ended 30 November 2023 |            |                     | Year ended 30 November 2022 |            |                     |
|----------------------------------------------|-----------------------------|------------|---------------------|-----------------------------|------------|---------------------|
|                                              | Statutory Measure           | Adjustment | Adjusted cash flows | Statutory Measure           | Adjustment | Adjusted cash flows |
|                                              | £000                        | £000       | £000                | £000                        | £000       | £000                |
| (Loss)/profit before tax                     | (41,238)                    | (36,069)   | (5,169)             | (20,787)                    | (26,059)   | 5,272               |
| (Loss)/profit from operations                | (46,543)                    | (46,854)   | 311                 | (21,586)                    | (29,069)   | 7,483               |
| Cash consumed by operations                  | (4,683)                     | (5,107)    | 424                 | (17,129)                    | (24,480)   | 7,351               |
| Net cash used by operating activities        | (10,455)                    | (5,107)    | (5,348)             | (20,786)                    | (24,480)   | 3,694               |
| Net cash generated from investing activities | 20,854                      | 24,218     | (3,364)             | 891                         | (1,403)    | (512)               |
| Net cash used by financing activities        | (4,141)                     | -          | (4,141)             | 20,293                      | -          | 20,293              |
| Net increase in cash and cash equivalents    | 6,258                       | 19,111     | (12,853)            | 398                         | 23,077     | 23,475              |

The adjustments have the following impact on key metrics:

|                               | Year ended 30 November 2023 |            |                  | Year ended 30 November 2022 (Restated) |            |                  |
|-------------------------------|-----------------------------|------------|------------------|----------------------------------------|------------|------------------|
|                               | Statutory Measure           | Adjustment | Adjusted measure | Statutory Measure                      | Adjustment | Adjusted measure |
|                               | £000                        | £000       | £000             | £000                                   | £000       | £000             |
| Gross profit                  | 66,083                      | -          | 66,083           | 68,504                                 | -          | 68,504           |
| (Loss)/profit from operations | (46,543)                    | (46,854)   | 311              | (21,586)                               | (29,069)   | 7,483            |
| Operating margin (%)          | (23.8)%                     | (24.0)%    | 0.2%             | (10.1)%                                | (13.6)%    | 3.5%             |
| Adjusted EBITDA               | (3,383)                     | (10,372)   | 6,989            | (12,083)                               | (24,994)   | 12,911           |
| (Loss)/profit before tax      | (41,238)                    | (36,069)   | (5,169)          | (20,787)                               | (26,059)   | 5,272            |
| Tax                           | (2,070)                     | 6,002      | (8,072)          | 4,698                                  | 6,458      | (1,760)          |
| (Loss)/profit after tax       | (43,308)                    | (30,067)   | (13,241)         | (16,089)                               | (19,601)   | 3,512            |

  

|                                 |        |  |         |        |  |     |
|---------------------------------|--------|--|---------|--------|--|-----|
| Earnings per share (see Note 8) |        |  |         |        |  |     |
| Basic (Pence)                   | (52.0) |  | (15.9)  | (19.3) |  | 4.2 |
| Diluted (Pence)                 | (51.8) |  | (15.8)) | (19.3) |  | 4.2 |

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.

Adjusted EBITDA is defined as the profit from operations before impairment, amortisation and depreciation costs including £10,575,000 of goodwill impairment (see Note 10), £17,431,000 of impairment of other intangible assets, £2,686,000 of amortisation of other intangible assets, £5,881,000 of impairment of property, plant and equipment, £2,448,000 of depreciation of property, plant and equipment and £3,235,000 of depreciation of right-of-use assets.

The impact of tax is set out in Note 6.

#### 4. Finance income

|                                                               | Note | Year ended<br>30 November 2023 | Year ended<br>30 November 2022 |
|---------------------------------------------------------------|------|--------------------------------|--------------------------------|
|                                                               |      | £000                           | £000                           |
| Bank interest                                                 |      | 9                              | 5                              |
| Other finance income                                          |      | 5                              | 2                              |
| Total income from financial assets measured at amortised cost |      | 14                             | 7                              |
| Net investment income on defined benefit pension scheme       | 16   | 1,091                          | 607                            |
|                                                               |      | 1,105                          | 614                            |

## 5. Finance costs

|                                                           |      | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|-----------------------------------------------------------|------|----------------------------------------|----------------------------------------|
|                                                           | Note |                                        |                                        |
| Borrowing facilities arrangement fees and commitment fees |      | 491                                    | 425                                    |
| Unwinding of discount on provisions                       | 14   | 89                                     | -                                      |
| Net finance costs on defined benefit pension scheme       | 16   | -                                      | 39                                     |
| Foreign exchange                                          |      | 441                                    | -                                      |
| Interest on lease liabilities                             |      | 330                                    | 347                                    |
| Interest on bank loans and overdrafts                     |      | 5,234                                  | 2,014                                  |
|                                                           |      | <b>6,585</b>                           | <b>2,825</b>                           |

Foreign exchange for the year ended 30 November 2023 includes exchange differences arising on an intercompany loan with a foreign subsidiary which is now treated as finance income or finance costs in line with the underlying asset. This represents a new accounting policy. In prior periods, this exchange difference of £80,000 was recorded in operating costs but as the amount is not considered material, management has not restated the prior year results.

## 6. Tax

### a) Analysis of tax (credit)/charge in the Consolidated Income Statement

|                                                                | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|----------------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Current taxation</b>                                        |                                        |                                        |
| UK corporation tax                                             | 296                                    | 303                                    |
| Adjustment in respect of prior years                           | 796                                    | 121                                    |
| Foreign tax                                                    | 479                                    | 495                                    |
| <b>Total current tax charge</b>                                | <b>1,571</b>                           | <b>919</b>                             |
| <b>Deferred taxation</b>                                       |                                        |                                        |
| Temporary differences                                          | (23)                                   | (4,856)                                |
| Adjustment in respect of prior years                           | 527                                    | (109)                                  |
| Overseas tax                                                   | (5)                                    | (652)                                  |
| <b>Total deferred (credit)/charge</b>                          | <b>499</b>                             | <b>(5,617)</b>                         |
| <b>Total Consolidated Income Statement tax charge/(credit)</b> | <b>2,070</b>                           | <b>(4,698)</b>                         |

### b) Analysis of tax (credit)/charge in the Consolidated Statement of Comprehensive Income

|                                                                        | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Deferred tax</b>                                                    |                                        |                                        |
| Defined benefit pension scheme movements                               | (2,790)                                | (2,407)                                |
| Fair value movements of hedging instruments                            | -                                      | (11)                                   |
| Deferred tax relating to the change in rate                            | -                                      | (507)                                  |
| <b>Total Consolidated Statement of Comprehensive Income tax credit</b> | <b>(2,790)</b>                         | <b>(2,925)</b>                         |

c) Reconciliation of Consolidated Income Statement tax charge

The tax charge in the Consolidated Income Statement reconciles to the effective rate applied by the Group as follows:

|                                                                    | Year ended 30 November 2023 |                    |                 | Year ended 30 November 2022 |                    |               |
|--------------------------------------------------------------------|-----------------------------|--------------------|-----------------|-----------------------------|--------------------|---------------|
|                                                                    | Adjusted<br>£000            | Adjustment<br>£000 | Total<br>£000   | Adjusted<br>£000            | Adjustment<br>£000 | Total<br>£000 |
| <b>(Loss)/profit on ordinary activities before tax<sup>1</sup></b> | <b>(4,409)</b>              | <b>(22,625)</b>    | <b>(27,034)</b> | 6,862                       | (26,059)           | (19,197)      |
| Tax at 23.01% (2022: 19%) thereon:                                 | <b>(1,105)</b>              | <b>(5,206)</b>     | <b>(6,221)</b>  | 1,304                       | (4,951)            | (3,647)       |
| Effects of:                                                        |                             |                    |                 |                             |                    |               |
| □ Change in tax rate on carried forward deferred tax assets        | 267                         | -                  | 267             | -                           | -                  | -             |
| □ Expenses not deductible for tax purposes                         | 206                         | 2,446              | 2,652           | 14                          | 100                | 114           |
| □ Non-taxable income                                               | (42)                        | (3,094)            | (3,136)         | -                           | (43)               | (43)          |
| □ Impact of super deduction                                        | -                           | -                  | -               | (56)                        | -                  | (56)          |
| □ Change in rate on current year movements                         | -                           | -                  | -               | 64                          | (1,564)            | (1,500)       |
| □ Other temporary timing differences: UK                           | 2,498                       | (97)               | 2,401           | -                           | -                  | -             |
| □ Other temporary timing differences: Overseas                     | 1,138                       | (51)               | 1,087           | 396                         | -                  | 396           |
| □ Effect of (profits)/losses in various overseas tax jurisdictions | (324)                       | -                  | (324)           | 60                          | -                  | 60            |
| □ Previously recognised deferred tax now unrecognised              | 3,857                       | -                  | 3,857           | -                           | -                  | -             |
| □ Prior period adjustments - UK                                    | 1,259                       | -                  | 1,259           | (153)                       | -                  | (153)         |
| □ Prior period adjustments - overseas                              | 64                          | -                  | 64              | 131                         | -                  | 131           |
| □ Other                                                            | 164                         | -                  | 164             |                             |                    |               |
| <b>Tax (credit)/charge in the Consolidated Income Statement</b>    | <b>8,072</b>                | <b>(6,002)</b>     | <b>2,070</b>    | 1,760                       | (6,458)            | (4,698)       |

<sup>1</sup> Includes discontinued operations

The above reconciliation of tax relates to continuing operations and as set out in Note 7, no corporation tax balances will be impacted by disposal.

d) Deferred tax

The Group has recognised deferred tax assets as these are anticipated to be recognised against future periods.

The major deferred tax assets and liabilities recognised by the Group and the movements thereon are as follows:

|                                                  | Accelerated<br>depreciation<br>£000 | Defined-<br>benefit<br>pension<br>scheme<br>obligation<br>£000 | Share-based<br>payments<br>£000 | Short-term<br>timing<br>differences<br>£000 | Losses<br>£000 | Acquisition-<br>related<br>intangible<br>assets<br>£000 | Total<br>£000 |
|--------------------------------------------------|-------------------------------------|----------------------------------------------------------------|---------------------------------|---------------------------------------------|----------------|---------------------------------------------------------|---------------|
| At 1 December 2021                               | (235)                               | (7,588)                                                        | 236                             | 657                                         | -              | (3,744)                                                 | (10,674)      |
| (Charge)/credit to income                        | (556)                               | -                                                              | (177)                           | 164                                         | 5,842          | 344                                                     | 5,617         |
| Credit/(charge) to other<br>comprehensive income | -                                   | 1,937                                                          | -                               | (319)                                       | 1,307          | -                                                       | 2,925         |
| At 30 November 2022                              | (791)                               | (5,651)                                                        | 59                              | 502                                         | 7,149          | (3,400)                                                 | (2,132)       |
| Credit /charge) to income                        | 1,400                               | (97)                                                           | 16                              | (336)                                       | (4,415)        | 2,933                                                   | (499)         |
| Credit/(charge) to other<br>comprehensive income | -                                   | 2,790                                                          | -                               | -                                           | -              | -                                                       | 2,790         |
| Credit/(charge) to equity                        | -                                   | -                                                              | 11                              | -                                           | -              | -                                                       | 11            |
| <b>At 30 November 2023</b>                       | <b>609</b>                          | <b>(2,958)</b>                                                 | <b>86</b>                       | <b>166</b>                                  | <b>2,734</b>   | <b>(467)</b>                                            | <b>170</b>    |

Analysed on the balance sheet as:

|                            | 2023<br>£000 | 2022<br>£000   |
|----------------------------|--------------|----------------|
| Deferred tax asset         | 170          | 174            |
| Deferred tax liabilities   | -            | (2,306)        |
| <b>At 30 November 2023</b> | <b>170</b>   | <b>(2,132)</b> |

Certain deferred tax assets and liabilities have been offset above.

The Group has recognised deferred tax assets in jurisdictions where these are expected to be recoverable against profits in future periods.

The rate of UK Corporation Tax increased to 25% from 1 April 2023. Taxation for other jurisdictions is calculated at the rates prevailing in the respective territories.

Deferred tax assets and liabilities have been offset where the group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and the deferred tax liabilities relates to income taxes levied by the same tax authority on the same taxable entity.

No deferred tax liability is recognised on temporary differences of £678,000 (2022: £445,000) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax asset of £10,542,000 (2022: £396,000) has not been recognised due to uncertainty that the asset will be utilised in the foreseeable future. This deferred tax asset relates to UK and Australia split and includes £312,000 in respect of tangible and intangible assets, £313,000 in respect of pension schemes, £9,108,000 in respect of tax credits and loss carry forwards and £807,000 of disallowed tax in respect of interest expenses.

## 7. Discontinuing operations and assets held for sale

### Discontinued operations

On 31 May 2023, the Group completed the sale of the RM Integrus and RM Finance Businesses and related assets, to The Key Support Services Limited. Total consideration for the sale was £16.0m on a cash free/debt free basis of which £12.0m was received on completion subject to at £3.3m normalised working capital adjustment and £4.0m receivable subject to satisfaction of certain conditions, including those related to competition clearance in cash, of which £3.5m was received in June 2023 and £0.5m was received in July 2023.

#### Income statement analysis of discontinued operations

|                                                         | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|---------------------------------------------------------|----------------------------------------|----------------------------------------|
| Revenue                                                 | 2,410                                  | 4,871                                  |
| Cost of sales                                           | (988)                                  | (1,894)                                |
| Gross profit                                            | 1,422                                  | 2,977                                  |
| Operating expenses                                      | (662)                                  | (1,387)                                |
| Profit before tax                                       | 760                                    | 1,590                                  |
| Tax                                                     | -                                      | -                                      |
| <b>Profit for the year from discontinued operations</b> | <b>760</b>                             | <b>1,590</b>                           |

#### Gain on disposal of discontinued operations

|                                                             | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|-------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Gain on disposal of discontinued operations before taxation | 15,330                                 | -                                      |
| Costs associated with the disposal                          | (1,886)                                | -                                      |
| <b>Net gain on disposal of discontinued operations</b>      | <b>13,444</b>                          | <b>-</b>                               |

#### Profit for the year from discontinued operations

|                                                        | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|--------------------------------------------------------|----------------------------------------|----------------------------------------|
| Profit for the year from discontinued operations       | 760                                    | 1,590                                  |
| Net gain on disposal of discontinued operations        | 13,444                                 | -                                      |
| <b>Net gain on disposal of discontinued operations</b> | <b>14,204</b>                          | <b>1,590</b>                           |

#### Total comprehensive income for the financial year from discontinued operations

|                                      | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|--------------------------------------|----------------------------------------|----------------------------------------|
| <b>Group</b>                         |                                        |                                        |
| Attributable to owners of the parent | 14,204                                 | 1,590                                  |

#### Cash flows from discontinued operations

During the year, RM Integrus and RM Finance contributed £1,633,000 (2022: £1,533,000) to the Group's net operating cash flows, paid £nil (2022: £nil) in respect of investing activities and paid £nil (2022: £nil) in respect of financing activities. As the sale to Schools Educational Software Limited was an asset sale, cash and corporation tax balances related to the business were retained within the Group. Included in the sale agreement were Group owned intellectual properties and the related assets. These assets are fully amortised and depreciated.

The net gain on disposal of discontinued operations represents the net cash proceeds of £12,672,000, plus net liabilities disposed of £2,658,000 and less costs associated with the disposal of £1,886,000.

## Assets and liabilities held for sale

Details of RM Integrus and RM Finance Business assets and liabilities classified as held for sale in the prior year were as follows:

| Group                                                                          | At<br>30 November 2023<br>£000 | At<br>30 November 2022<br>£000 |
|--------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>Assets:</b>                                                                 |                                |                                |
| Trade receivables                                                              | -                              | 172                            |
| Prepayments                                                                    | -                              | 114                            |
| Accrued income                                                                 | -                              | 132                            |
| <b>Assets classified as held for sale</b>                                      | <b>-</b>                       | <b>418</b>                     |
| <b>Liabilities:</b>                                                            |                                |                                |
| Trade payables                                                                 | -                              | (65)                           |
| Other taxation and social security                                             | -                              | (32)                           |
| Other payables                                                                 | -                              | (31)                           |
| Deferred income                                                                | -                              | (1,954)                        |
| <b>Liabilities directly associated with assets classified as held for sale</b> | <b>-</b>                       | <b>(2,082)</b>                 |

## 8. Earnings per share

|                                                                           | Year ended 30 November 2023           |                                                    |                            | Year ended 30 November 2022           |                                                    |                            |
|---------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------|----------------------------|---------------------------------------|----------------------------------------------------|----------------------------|
|                                                                           | (Loss)/profit<br>for the year<br>£000 | Weighted<br>average<br>number of<br>shares<br>£000 | Pence per<br>share<br>£000 | (Loss)/profit<br>for the year<br>£000 | Weighted<br>average<br>number of<br>shares<br>£000 | Pence per<br>share<br>£000 |
| <b>Basic earnings per ordinary share</b>                                  |                                       |                                                    |                            |                                       |                                                    |                            |
| Basic earnings from continuing operations                                 | (43,308)                              | 83,256                                             | (52.0)                     | (16,089)                              | 83,256                                             | (19.3)                     |
| Adjustments (see Note 3)                                                  | 30,067                                | -                                                  | 36.1                       | 19,601                                | -                                                  | 23.5                       |
| <b>Adjusted basic earnings from continuing operations</b>                 | <b>(13,241)</b>                       | <b>83,256</b>                                      | <b>(15.9)</b>              | <b>3,512</b>                          | <b>83,256</b>                                      | <b>4.2</b>                 |
| Basic earnings from discontinuing operations                              | 14,204                                | 83,256                                             | 17.1                       | 1,590                                 | 83,256                                             | 1.9                        |
| Adjusted basic earnings from discontinuing operations                     | 760                                   | 83,256                                             | 0.9                        | 1,590                                 | 83,256                                             | 1.9                        |
| <b>Diluted earnings per ordinary share</b>                                |                                       |                                                    |                            |                                       |                                                    |                            |
| Basic earnings from continuing operations                                 | (43,308)                              | 83,256                                             | (52.0)                     | (16,089)                              | 83,256                                             | (19.3)                     |
| Effect of dilutive potential ordinary shares - share-based payment awards | -                                     | 343                                                | 0.2                        | -                                     | 1,335                                              | 0.3                        |
| <b>Diluted earnings from continuing operations</b>                        | <b>(43,308)</b>                       | <b>83,599</b>                                      | <b>(51.8)</b>              | <b>(16,089)</b>                       | <b>84,591</b>                                      | <b>(19.0)</b>              |
| Adjustments (see Note 3)                                                  | 30,067                                | -                                                  | 36.0                       | 19,601                                | -                                                  | 23.2                       |
| <b>Adjusted diluted earnings from continuing operations</b>               | <b>(13, 241)</b>                      | <b>83,599</b>                                      | <b>(15.8)</b>              | <b>3,512</b>                          | <b>84,591</b>                                      | <b>4.2</b>                 |
| Basic diluted earnings from discontinuing operations                      | 14,204                                | 83,599                                             | 17.0                       | 1,590                                 | 84,591                                             | 1.9                        |
| Adjusted diluted earnings from discontinuing operations                   | 760                                   | 83,599                                             | 0.9                        | 1,590                                 | 84,591                                             | 1.9                        |

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.

## 9. Dividends

|                                                                                   | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|-----------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Final dividend for the year ended 30 November 2022 – Nil p per share (2021: 3.0p) | -                                      | 2,498                                  |

The Directors do not propose a final dividend for the year ended 30 November 2023.

## 10. Goodwill

|                                         | £000          |
|-----------------------------------------|---------------|
| <b>Cost</b>                             |               |
| At 1 December 2021                      | 58,896        |
| Foreign exchange differences            | 199           |
| At 30 November 2022                     | <b>59,095</b> |
| Foreign exchange differences            | <b>(288)</b>  |
| <b>At 30 November 2023</b>              | <b>58,807</b> |
| <b>Accumulated impairment</b>           |               |
| At 1 December 2021 and 30 November 2022 | 9,694         |
| Impairment charge                       | 10,575        |
| <b>At 30 November 2023</b>              | <b>20,269</b> |
| <b>Carrying amount</b>                  |               |
| <b>At 30 November 2023</b>              | <b>38,538</b> |
| At 30 November 2022                     | 49,401        |

At 30 November 2022, the carrying amount of goodwill was allocated to RM Resources and RM Assessment as set out in the table below.

The decision by management to separately monitor the results of the Consortium and TTS brands in June 2023 required that goodwill previously monitored at the RM Resources CGU level was required to be allocated between Consortium and TTS. This was performed on the basis of the relative values of the two businesses, determined using the relative material profits of the two businesses from 1 June 2023 to 30 November 2023 excluding the second half of FY22 where trading performance was most negatively impacted by the rollout of the Evolution programme. Material profit is defined as revenue less material cost and less other margin factors such as customer rebates, supplier rebates and purchase price variance, and carriage in costs. Goodwill allocated to RM Consortium was £10,575,000 and the remaining goodwill of £31,633,000 was allocated to RM TTS. Following the announcement of the closure of the Consortium business, management performed an impairment review which resulted in the goodwill allocated to RM Consortium of £10,575,000 being fully impaired.

The carrying amount of goodwill is allocated to cash-generating units as follows:

|               | 2023                                 |                                     |                  | 2022                                 |                                     |                  |
|---------------|--------------------------------------|-------------------------------------|------------------|--------------------------------------|-------------------------------------|------------------|
| Group         | Year ended<br>30<br>November<br>£000 | Pre-tax<br>discount<br>rate<br>£000 | Headroom<br>£000 | Year ended<br>30<br>November<br>£000 | Pre-tax<br>discount<br>rate<br>£000 | Headroom<br>£000 |
| RM Resources  | N/A                                  | N/A                                 | N/A              | 42,208                               | 13.2%                               | 16,400           |
| RM TTS        | 31,633                               | 14.2%                               | 811              | N/A                                  | N/A                                 | N/A              |
| RM Assessment | 6,905                                | 14.2%                               | 54,138           | 7,193                                | 12.6%                               | 65,400           |

Further information pertaining to the performance and future strategy of the Divisions can be found within the Strategic Report.

The recoverable amounts of the Cash Generating Units ('CGU') are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the cash flows, the discount rates and the growth rates. Historically the Group has taken cash flow forecasts derived from the most recent annual financial budget approved by the Board, which also contains forecasts for the two years following, and extrapolates cash flows based on terminal rates which align to market growth and inflation expectations. This approach continues to be used to test impairment of the RM Assessment CGU. Given the performance of the Resources division in recent years, the Directors have reassessed the level of uncertainty associated with the cashflow forecasts of TTS in the outer years of that budget. Whilst the company aims to achieve those budgets, the most

supportable (and therefore reliable) budget is that which has been prepared for the purpose of the going concern review. For the purpose of the impairment test of the TTS CGU at 30 November 2023, a value in use has been derived by taking the forecast for the year ended 30 November 2024, removing cashflows which do not comply with the requirements of IAS36, and calculating a terminal value assuming the long-term growth rate and pre-tax discount rate set out below.

The Group monitors its post-tax Weighted Average Cost of Capital and those of its competitors using market data. In considering the discount rates applying to CGUs, the Directors have considered the relative sizes and risks of its CGUs and their relatively narrow operation within the education products and services market. The impairment reviews use a discount rate adjusted for pre-tax cash flows.

### Year ended 30 November 2023

The table below shows key assumptions used in the value in use calculations for the year ended 30 November 2023:

|                       | RM TTS | RM Assessment |
|-----------------------|--------|---------------|
| Pre-tax discount rate | 14.2%  | 14.2%         |
| Long-term growth rate | 2.4%   | 2.4%          |

### RM TTS

If the long term growth rate reduced by 0.18% (i.e. a long term growth rate of 2.22%) or if a pre-tax discount rate increased by 0.2% (i.e. a pre-tax discount rate of 14.4%), the headroom would be eliminated. The FY24 cashflow assumption used in the impairment model is £6m. A reduction of 1.6% would erode headroom.

Given the limited headroom the cashflows, long term growth rates and pre-tax discount rates represent key sources of estimation uncertainty. A material impairment would be recorded if the long term growth rate reduced to 2.11%, the pre-tax discount rate increased to 14.53%, or the cashflow forecasts reduced by 2.6%

The cashflow forecast is also sensitive to costs incurred by the Group on behalf of TTS. The FY24 forecasts do not take into consideration future potential efficiency savings in group costs as those plans were not enacted at 30 November 2023. Central support costs currently allocated to TTS in the FY24 cashflow forecasts total £1.3m. If these costs increased by £100,000, headroom would be eroded.

If the cashflows in RM TTS were to increase over three years in line with the three-year budget, headroom would increase to £14.3m. If the cashflows in RM TTS were to reduce as set out within the reasonable worst-case scenario approved by the Board for inclusion in the going concern review, headroom would be eroded and an impairment of £23.2m would be required to be recorded. The impairment in a mitigated reasonable worst-case scenario would be £17.1m.

### RM Assessment

The sensitivity of the RM Assessment carrying values to reasonably possible changes in key assumptions, including the reasonably possible downside risks applied as part of the going concern review, has been performed and would not cause the carrying value to exceed its recoverable amount. No reasonably possible change in the pre-tax discount rate or long-term growth rate would lead to an impairment and accordingly these sensitivities have not been provided.

### Year ended 30 November 2022

The table below shows key assumptions used in the value in use calculations for the year ended 30 November 2022:

|                       | RM Resources<br>(combined) | RM Assessment |
|-----------------------|----------------------------|---------------|
| Pre-tax discount rate | 13.2%                      | 12.6%         |
| Long-term growth rate | 2.5%                       | 2.5%          |

### RM Resources

The key assumptions used within the cash flow forecasts included:

- ☐ Price rises during the year ended 30 November 2023 ranging from 12% to 14% depending upon the brand;
- ☐ Prices rise during the years ended 30 November 2024 and 2025 ranging from 0% to 3% depending on the brand; and
- ☐ Volume changes during the three years ended 30 November 2025 ranging from a contraction of 8% to growth of 7% dependent upon brand.

The weighted average annualised price increase over the three-year period and the assumed volume increases, along with the change in assumption which, taken in isolation, would give rise to an impairment are set out below.

|                                                                             | Annualised weighted average price increase | Annualised weighted average volume increase |
|-----------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| Assumption in forecasts                                                     | 6.2%                                       | 1.4%                                        |
| Change in forecasts required for carrying value to equal recoverable amount | (1.6%)                                     | (5.5%)                                      |

If the cash flows in RM Resources were to reduce as set out within the reasonable worst-case scenario approved by the Board for inclusion in the working capital and going concern testing, as disclosed in the Annual Report and Accounts for the year ended 30 November 2022, plus a 10% reduction of cash flows in perpetuity, headroom would be eroded and an immaterial impairment would be required to be recorded. If estimated cash flows were to reduce by 15% in every future period an impairment of £1.1m would be required.

No reasonably possible change in the pre-tax discount rate or long-term growth rate would lead to an impairment and accordingly this sensitivity has not been provided.

#### RM Assessment

The sensitivity of the RM Assessment goodwill carrying values to reasonably possible changes in key assumptions, including the reasonably possible downside risks applied as part of the going concern review, has been performed and would not cause the carrying value to exceed its recoverable amount. No reasonably possible change in long-term growth rates or pre-tax discount rates would lead to an impairment and accordingly these sensitivities have not been provided.

#### 11. Trade and other receivables

|                                          | 2023<br>£000  | 2022<br>£000  |
|------------------------------------------|---------------|---------------|
| <b>Current assets</b>                    |               |               |
| Financial assets                         |               |               |
| Trade receivables                        | 21,207        | 24,441        |
| Other receivables                        | 1,160         | 1,934         |
| Accrued income from customer contracts   | 2,860         | 2,288         |
|                                          | <b>25,227</b> | <b>28,663</b> |
| <b>Non-financial assets</b>              |               |               |
| Prepayments                              | 7,106         | 7,540         |
| <b>Total current assets</b>              | <b>32,333</b> | <b>36,203</b> |
| <b>Non-current assets</b>                |               |               |
| Financial assets                         |               |               |
| Other receivables                        | 240           | 290           |
| <b>Total non-current assets</b>          | <b>240</b>    | <b>290</b>    |
| <b>Total trade and other receivables</b> | <b>32,573</b> | <b>36,493</b> |

## 12. Trade and other payables

|                                             | 2023   | 2022   |
|---------------------------------------------|--------|--------|
|                                             | £000   | £000   |
| <b>Current liabilities</b>                  |        |        |
| Financial liabilities                       |        |        |
| Trade payables                              | 16,441 | 34,269 |
| Lease liabilities                           | 2,194  | 3,144  |
| Other payables                              | 2,757  | 2,721  |
| Derivative financial instruments            | 278    | 272    |
| Accruals                                    | 7,708  | 10,516 |
|                                             | 29,378 | 50,922 |
| <b>Non-financial liabilities</b>            |        |        |
| Other taxation and social security          | 4,702  | 3,149  |
| Deferred income from customer contracts     | 12,292 | 11,568 |
|                                             | 46,372 | 65,639 |
| <b>Non-current liabilities</b>              |        |        |
| Financial liabilities                       |        |        |
| Lease liabilities                           |        |        |
| □ due after one year but within two years   | 1,819  | 2,062  |
| □ due after two years but within five years | 4,107  | 4,366  |
| □ after five years                          | 8,371  | 9,570  |
| Non-financial liabilities                   |        |        |
| Deferred income from customer contracts     |        |        |
| □ due after one year but within two years   | 1,027  | 1,357  |
| □ due after two years but within five years | 1,436  | 1,473  |
| □ after five years                          | -      | 266    |
|                                             | 16,760 | 19,094 |
|                                             | 63,132 | 84,733 |

### 13. Borrowings

|                       | 2023<br>£000 | 2022<br>£000 |
|-----------------------|--------------|--------------|
| Bank loan             | 55,000       | 49,000       |
| Less capitalised fees | (1,349)      | (272)        |
| Borrowings            | 53,651       | 48,728       |

At 30 November 2023, the Group had drawn down £55.0m (2022: £49.0m) of the facility.

Bank and professional service fees relating to securing the loan have been capitalised and are amortised over the length of the loan of which £141,000 (2022: £138,000) relates to the unamortised original facility agreement and £1,208,000 is the unamortised arrangement fee relating to the extension during the current year (2022: £134,000).

In March 2023, the Group secured an agreement with lenders to extend the existing £70.0m facility to 5 July 2025, subject to the addition of a further '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.

In April 2023, the Group agreed with the Trustee 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 lower than 3.2x at that date. The definition of adjusted leverage is aligned to the banking facility as set out below. No such payment was made during the year ended 30 November 2023.

The business operated within its existing financial covenants for the first half of 2023 but indicated in its interim financial statements that a breach was expected for the facility's LTM EBITDA covenant from the third quarter of the year ended 30 November 2023. EBITDA waivers were granted by lenders for the August and November 2023 periods and the Group continues to comply with the conditions of each lender with regards to any waivers and the respective facility agreement. At the end of November 2023, the minimum EBITDA covenant required was £8.6m versus EBITDA of £7.0m. In addition, during November 2023, the soft liquidity covenant limit on forecasted liquidity was exceeded for the first time, resulting in a meeting held with lenders under the terms of the facility.

Since the year end, the Group has secured an agreement with Lenders, which extends the existing £70.0m facility to July 2026. This agreement is secured against the shares of each of the obligors (other than RM plc) and by way of a fixed and floating charge over all assets of the obligors, and has reset the covenants under the facility as follows:

- A quarterly LTM EBITDA (excluding discontinued operations & Consortium) covenant test from February 2024 to November 2025, which is then replaced by a quarterly EBITDA leverage test and interest cover, which are required to be below and above 4x respectively from February 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 a step-down period applying from 15 September 2024 to 24 October 2024 and 1 January 2025 to 21 March 2025, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m.

## 14. Provisions

|                                            |                       | Employee-<br>related<br>restructuring | Contract risk<br>provisions | Total        |
|--------------------------------------------|-----------------------|---------------------------------------|-----------------------------|--------------|
| Group                                      | Dilapidations<br>£000 | £000                                  | £000                        | £000         |
| At 1 December 2021                         | 1,450                 | 916                                   | 1,175                       | 3,541        |
| Increase in provisions                     | 219                   | 254                                   | 1,227                       | 1,700        |
| Utilisation of provisions                  | (239)                 | (960)                                 | (317)                       | (1,516)      |
| Release of provisions                      | (159)                 | -                                     | (758)                       | (917)        |
| At 30 November 2022                        | 1,271                 | 210                                   | 1,327                       | 2,808        |
| Increase in provisions                     | 978                   | 2,322                                 | 1,498                       | 4,798        |
| Utilisation of provisions                  | (27)                  | (1,716)                               | (1,160)                     | (2,903)      |
| Reclassification of provision <sup>1</sup> | -                     | -                                     | (30)                        | (30)         |
| Release of provisions                      | (18)                  | -                                     | -                           | (18)         |
| Unwinding of discount on provisions        | 89                    | -                                     | -                           | 89           |
| Foreign exchange                           | (1)                   | -                                     | (1)                         | (2)          |
| <b>At 30 November 2023</b>                 | <b>2,292</b>          | <b>816</b>                            | <b>1,634</b>                | <b>4,742</b> |

1 Contract risk provisions at 1 December 2021 and 30 November 2022 include TUPE unfunded pension related balances of £719,000 and £30,000 respectively, with the movements recognised in Other Comprehensive Income. As set out in Note 16(a), these balances were transferred to defined benefit pension scheme obligations during the year ended 30 November 2023 as they are estimated on an IAS 19 basis.

Dilapidations provisions, which result in the recognition of corresponding right-of-use assets, increased by £1.0m (2022: £0.2m) during the year following the reassessment of dilapidations provisions across the Group's real estate portfolio. Of the £2.3m total dilapidations provisions at 30 November 2023, £1.0m is expected to be utilised in 2024, £0.9m in 2025 and the remainder in 2035. In the prior year, the exit of a lease in accordance with the 2018 estates strategy (see Note 3), resulted in the utilisation and release of provisions noted above. Settlement discussions with landlords are ongoing and the outcome of these could result in an increase or decrease in the dilapidations provision by approximately £0.3m, which would then be fully recognised in the income statement.

Employee-related restructuring provisions refer to costs arising from restructuring to meet the future needs of the Group. As set out in Note 3, following the Group's decision to close the RM Consortium business as well as the continuation of the Group's 2022 transformation programme during 2023, restructuring provisions of £2.2m were recognised during the year ended 30 November 2023, of which £1.6m had been utilised by the year end. In the prior year, the Group completed the sale of warehouses planned in the 2018 estates review and therefore utilised the provision held in 2021 as well as commencing further restructuring of £0.3m as part of the Group's 2022 transformation programme (see Note 3). All of these restructuring activities are expected to be completed during 2024.

Contract risk provisions includes items not covered by any other category of which the majority relates to provisions for onerous IT licence contracts, which increased by £1.5m during the year following the Group's decision to close the RM Consortium business. In the prior year, the provision increased by £1.2m as a result of an onerous contract provision associated with the Group's warehouse strategy, the majority of which was utilised during the year ended 30 November 2023.

### Disclosure of provisions

|                         | 2023         | 2022         |
|-------------------------|--------------|--------------|
| Group                   | £000         | £000         |
| Current liabilities     | 2,993        | 2,142        |
| Non-current liabilities | 1,749        | 666          |
|                         | <b>4,742</b> | <b>2,808</b> |

The non-current liabilities include dilapidations provisions of £1.2m (2022: £0.6m) which are anticipated to be paid over 2-12 years, with the remaining non-current provisions relating to certain contract risk provisions.

## 15. Share capital

| Group                                                            | Ordinary shares of 2 <sup>2</sup> / <sub>7</sub> p |              |
|------------------------------------------------------------------|----------------------------------------------------|--------------|
|                                                                  | Number '000                                        | £000         |
| Authorised, allotted, called-up and fully paid:                  |                                                    |              |
| <b>At 1 December 2021, 30 November 2022 and 30 November 2023</b> | <b>83,875</b>                                      | <b>1,917</b> |

The valuation of the shares is weighted average cost. Ordinary shares issued carry no right to fixed income.

## 16. Pension schemes

### a. Defined contribution schemes

The Group operates or contributes to a number of defined contribution schemes for the benefit of qualifying employees. The assets of these schemes are held separately from those of the Company. The total cost charged to income of £2,427,000 (2022: £2,047,000) represents contributions payable to these schemes by the Group at rates specified in employment contracts. At 30 November 2023 £334,000 (2022: £262,000) due in respect of the current financial year had not been paid over to the schemes.

### b. Local government pension schemes

The Group has TUPE employees who retain membership of local government pension schemes, many of which have a customer contractual guarantee whereby RM reimburses for any IAS 19 deficit when RM ceases to be a participating employer and are therefore accounted for as a defined benefit arrangement, with actuarial movements recognised through Other Comprehensive Income. As a participant in a multi-employer defined benefit pension scheme, the Group estimates the position on an IAS 19 basis by using the most recent triennial valuation but with appropriate and up-to-date actuarial inputs (such as discount rate, CPI/RPI movements), internal information (such as employee related data) but not IAS 19 inputs such as scheme asset and liability movements, mortality assumptions that relate to participating employees. The Group is not the main sponsoring employer in these schemes and therefore does not have an unconditional right to recover surpluses, either during the life of the scheme, when all the members have left the plan or on a plan wind-up. Similarly, the Group is not liable for other entities' obligations in these schemes.

The Group makes payments to these schemes for current service costs in accordance with its contractual obligations. The amount due in respect of these schemes at 30 November 2023 was £62,000 (2022: £40,000). The amounts recognised in the Income Statement and in the Statement of Comprehensive Income in respect of the Local Government Pension Schemes are set out below:

| Group                                                             | Year ended<br>30 November 2023 | Year ended<br>30 November 2022 |
|-------------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                                   | £000                           | £000                           |
| Current service cost                                              | (69)                           | (180)                          |
| <b>Expense recognised in the Income Statement</b>                 | <b>(69)</b>                    | <b>(180)</b>                   |
| Release of Local Government Pension Scheme provisions             | -                              | 689                            |
| <b>Income recognised in the Statement of Comprehensive Income</b> | <b>-</b>                       | <b>689</b>                     |
| <b>(Expense)/income recognised in Total Comprehensive Income</b>  | <b>(69)</b>                    | <b>509</b>                     |

At 30 November 2023, the defined benefit pension scheme obligations liability incorporated information from 23 Local Government Pension Schemes based on the most recent triennial valuations performed as at 31 March 2023 and, based on the assumptions above, led to a calculation of an unfunded liability position as set out below:

| Group                         | Year ended<br>30 November 2023 | Year ended<br>30 November 2022 <sup>1</sup> |
|-------------------------------|--------------------------------|---------------------------------------------|
|                               | £000                           | £000                                        |
| <b>Obligations (unfunded)</b> |                                |                                             |
| At 1 December                 | (30)                           | (719)                                       |
| Actuarial gains/(losses)      | -                              | 689                                         |
| <b>At 30 November</b>         | <b>(30)</b>                    | <b>(30)</b>                                 |

<sup>1</sup> The unfunded liability position for the year ended 30 November 2022 was previously included in provisions (see Note 14 for details) but were transferred to defined benefit pension scheme obligations during the year ended 30 November 2023 as they are estimated on an IAS 19 basis.

### **c. Defined benefit pension schemes**

The Group has both defined benefit and defined contribution pension schemes. There are three defined benefit pension schemes.

#### The Research Machines plc 1988 Pension Scheme (RM Scheme)

The Scheme provides benefits to qualifying employees and former employees of RM Education Limited but was closed to new members with effect from 1 January 2003 and closed to future accrual of benefits from 31 October 2012. The assets of the Scheme are held separately from RM Education Limited's assets in a trustee-administered fund. The Trustee is a limited company. Directors of the Trustee company are appointed by RM Education Limited and by members. The Scheme is a funded scheme.

Under the Scheme, employees were entitled to retirement benefits of 1/60th of final salary for each qualifying year on attainment of retirement age of 60 or 65 years and additional benefits based on the value of individual accounts. No other post-retirement benefits were provided by the Scheme.

The most recent actuarial valuation of Scheme assets and the present value of the defined benefit obligation was carried out for statutory funding purposes at 31 May 2021 by a qualified independent actuary. IAS 19 Employee Benefits (revised) liabilities at 30 November 2023 have been rolled forward based on this valuation's base data.

As at 31 May 2021, the triennial valuation for statutory funding purposes showed a deficit of £15,386,000. The Group agreed with the Scheme Trustees that it will repay this amount via deficit catch-up payments of £3,200,000 per annum until 31 December 2024. The next triennial valuation will be due as at 31 May 2024. At 30 November 2023 there was an amounts outstanding of £266,667 (2022: £266,667) representing one month's deficit payment.

The Company has entered into a pension protection fund compliant guarantee in respect of scheme liabilities. No liability has been recognised for this within the Company as the Directors consider that the likelihood of it being called upon is remote.

#### The Consortium CARE Scheme (CARE Scheme)

Until 31 December 2005, The Consortium for Purchasing and Distribution Limited ("The Consortium", acquired by the Company on 30 June 2017 and now RM Educational Resources Limited) operated a pension scheme (the "Consortium CARE" scheme) providing benefits on both a defined benefit (final salary-linked) and a defined contribution basis. From 1 January 2006, the defined benefit (final salary-linked) and defined contribution sections were closed and all employees, subject to the eligibility conditions set out in the Trust Deed and Rules, joined a new defined benefit (Career Average Revalued Earnings) section. From 28 February 2011 the scheme was closed to future accruals.

The most recent actuarial valuation of Scheme assets and the present value of the defined benefit obligation was carried out for statutory funding purposes at 31 May 2021 by a qualified independent actuary. IAS 19 Employee Benefits (revised) liabilities at 30 November 2023 have been rolled forward based on this valuation's base data.

As at 31 May 2021, the triennial valuation for statutory funding purposes showed a deficit of £6,240,000. The Group agreed with the Scheme Trustees that it will repay this amount via deficit catch-up payments of £1,200,000 per annum until 31 December 2026. The next triennial valuation will be due as at 31 May 2024. At 30 November 2023 there was an amount outstanding of £100,000 (2022: £100,000) representing one month's deficit payment.

#### Prudential Platinum Pension (Platinum Scheme)

The Consortium acquired West Mercia Supplies in April 2012 (prior to the Company acquiring The Consortium). Upon acquisition by The Consortium of West Mercia Supplies, a pension scheme (the Platinum scheme) was set up providing benefits on both a defined benefit (final salary-linked) and a defined contribution basis for West Mercia employees. The most recent full actuarial valuation was carried out by the independent actuaries XPS Pensions Group on 31 December 2021. The scheme is administered within a legally separate trust from The Consortium and the Trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that the scheme assets are appropriately invested. The triennial valuation of the Scheme for statutory funding purposes at 31 December 2021 was a surplus of £71,800.

## Amounts recognised in the Income Statement and in the Statement of Comprehensive Income

| Group                                                              | Note | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|--------------------------------------------------------------------|------|----------------------------------------|----------------------------------------|
| Administrative expenses and taxes                                  |      | (6)                                    | (7)                                    |
| Operating expense                                                  |      | (6)                                    | (7)                                    |
| Interest cost                                                      |      | (8,269)                                | (5,326)                                |
| Interest on scheme assets                                          |      | 9,360                                  | 5,894                                  |
| Net interest income                                                | 4, 5 | 1,091                                  | 568                                    |
| <b>Income recognised in the Income Statement</b>                   |      | <b>1,085</b>                           | <b>561</b>                             |
| Effect of changes in demographic assumptions                       |      | 3,400                                  | 2,053                                  |
| Effect of changes in financial assumptions                         |      | 23,820                                 | 135,098                                |
| Effect of experience adjustments                                   |      | (6,152)                                | (20,544)                               |
| Total actuarial gains                                              |      | 21,068                                 | 116,607                                |
| Return on scheme assets excluding interest on scheme assets        |      | (36,839)                               | (129,453)                              |
| <b>Expense recognised in the Statement of Comprehensive Income</b> |      | <b>(15,771)</b>                        | <b>(12,846)</b>                        |
| <b>Expense recognised in Total Comprehensive Income</b>            |      | <b>(14,686)</b>                        | <b>(12,285)</b>                        |

The effect of changes in financial assumptions is principally due to the increase in the discount rates - see sensitivity information further below. The discount rates have increased as a result of an increase in corporate bond yields over the period, which have led to a lower value being placed on the Schemes' liabilities. This has been more than offset by falls in asset values reflecting low returns on growth assets such as equities, as well as returns on Liability Driven Investment (LDI) holdings which are designed to move in the same way as liabilities following changes to interest rates and market-implied inflation – see LDI information below.

## Reconciliation of the scheme assets and obligations through the year

|                                                              | RM Scheme<br>£000 | CARE Scheme<br>£000 | Platinum Scheme<br>£000 | Total<br>£000 |
|--------------------------------------------------------------|-------------------|---------------------|-------------------------|---------------|
| <b>Assets</b>                                                |                   |                     |                         |               |
| At 1 December 2021                                           | 316,722           | 17,858              | 3,061                   | 337,641       |
| Interest on scheme assets                                    | 5,524             | 316                 | 54                      | 5,894         |
| Return on scheme assets, excluding interest on scheme assets | (123,023)         | (5,335)             | (1,095)                 | (129,453)     |
| Administrative expenses                                      | -                 | 20                  | (27)                    | (7)           |
| Contributions from Group                                     | 3,452             | 1,059               | 26                      | 4,537         |
| Benefits paid                                                | (5,331)           | (625)               | (14)                    | (5,970)       |
| At 30 November 2022                                          | 197,344           | 13,293              | 2,005                   | 212,642       |
| Interest on scheme assets                                    | 8,670             | 602                 | 88                      | 9,360         |
| Return on scheme assets, excluding interest on scheme assets | (34,841)          | (1,721)             | (277)                   | (36,839)      |
| Administrative expenses                                      | -                 | -                   | (6)                     | (6)           |
| Contributions from Group                                     | 3,200             | 1,216               | 80                      | 4,496         |
| Benefits paid                                                | (3,827)           | (725)               | (16)                    | (4,568)       |
| At 30 November 2023                                          | 170,546           | 12,665              | 1,874                   | 185,085       |
| <b>Obligations</b>                                           |                   |                     |                         |               |
| At 1 December 2021                                           | (282,178)         | (22,544)            | (2,568)                 | (307,290)     |
| Interest cost                                                | (4,892)           | (389)               | (45)                    | (5,326)       |
| Actuarial gains/(losses)                                     | 107,713           | 7,661               | 1,235                   | 116,609       |
| Benefits paid                                                | 5,331             | 625                 | 14                      | 5,970         |
| At 30 November 2022                                          | (174,026)         | (14,647)            | (1,364)                 | (190,037)     |
| Interest cost                                                | (7,574)           | (636)               | (59)                    | (8,269)       |
| Actuarial gains/(losses)                                     | 19,386            | 1,512               | 170                     | 21,068        |
| Benefits paid                                                | 3,827             | 725                 | 16                      | 4,568         |
| At 30 November 2023                                          | (158,387)         | (13,046)            | (1,237)                 | (172,670)     |
| <b>Net pension surplus/(deficit)</b>                         |                   |                     |                         |               |
| <b>At 30 November 2023</b>                                   |                   |                     |                         |               |
| Pension deficit                                              | -                 | (381)               | -                       | (381)         |
| Pension surplus                                              | 12,159            | -                   | 637                     | 12,796        |
| <b>Net pension surplus/(deficit)</b>                         | <b>12,159</b>     | <b>(381)</b>        | <b>637</b>              | <b>12,415</b> |
| <b>At 30 November 2022</b>                                   |                   |                     |                         |               |
| Pension deficit                                              | -                 | (1,354)             | -                       | (1,354)       |
| Pension surplus                                              | 23,318            | -                   | 641                     | 23,959        |
| <b>Net pension surplus/(deficit)</b>                         | <b>23,318</b>     | <b>(1,354)</b>      | <b>641</b>              | <b>22,605</b> |

Included within the CARE Scheme obligations is an unfunded liability of £88,000 (2022: £98,000) which is a liability of the Group and not the Scheme.

## Reconciliation of net defined benefit obligation

|                                                                         | Year ended<br>30 November 2023 | Year ended<br>30 November 2022 |
|-------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Group                                                                   | £000                           | £000                           |
| Net surplus/(obligation) at the start of the year                       | 22,605                         | 30,351                         |
| Cost included in Income Statement                                       | 1,085                          | 561                            |
| Scheme remeasurements included in the Statement of Comprehensive Income | (15,771)                       | (12,845)                       |
| Cash contribution                                                       | 4,496                          | 4,538                          |
| <b>Net pension surplus</b>                                              | <b>12,415</b>                  | <b>22,605</b>                  |

## Obligation by participant status

|                  | At<br>30 November 2023 | At<br>30 November 2022 |
|------------------|------------------------|------------------------|
| Group            | £000                   | £000                   |
| Vested deferreds | 133,122                | 145,134                |
| Retirees         | 39,548                 | 44,903                 |
|                  | <b>172,670</b>         | <b>190,037</b>         |

## Value of scheme assets

|                                                |                      | At<br>30 November 2023 | At<br>30 November 2022 |
|------------------------------------------------|----------------------|------------------------|------------------------|
| Group                                          | Fair value hierarchy | £000                   | £000                   |
| Cash and cash equivalents, including escrow    | Level 1              | 20,920                 | 6,691                  |
| Equity instruments                             | Level 2              | 16,796                 | 18,459                 |
| Equity instruments - pooled investment vehicle | Level 3              | 51,729                 | 73,447                 |
| Debt instruments                               | Level 2              | 1,874                  | 2,005                  |
| Liability driven investments                   | Level 1              | -                      | 79,476                 |
| Liability driven investments                   | Level 2              | 76,556                 | 13,270                 |
| Insurance contract                             | Level 3              | 17,210                 | 19,294                 |
|                                                |                      | <b>185,085</b>         | <b>212,642</b>         |

### Liability driven investments (LDI)

The RM Scheme and the CARE Scheme assets include an LDI portfolio totalling £76.6m at 30 November 2023 (2022: £92.7m). The portfolio is valued at market value as no bid valuation is available. The components of the LDI portfolio are determined by the Trustee's investment adviser with the aim to provide a good match to the Scheme's exposure to interest rate and inflation risks within the value of its liabilities.

Liability driven investments are expected to move broadly in line with the rise and fall in liability values, thus providing a degree of protection to the Scheme's funding position.

The Trustees continue to work closely with their investment advisers to regularly rebalance the portfolio in order to maintain a healthy level of collateral backing for the LDI portfolio in light of changes to interest rates and inflation and work to maintain the overall asset allocations broadly in line with the long-term return target. The Trustees are also closely monitoring the Scheme's funding position in light of the recent market volatility.

### Insurance assets

The RM Scheme also holds insurance policies covering benefits for some pensions in payment. The value of these annuities is £17.2m at 30 November 2023 (2022: £19.3m). This value has been calculated using the same assumptions as used to value the liabilities. The method of determining the value of the insurance annuities is determined by projecting the expected benefit payments using the agreed assumptions and then discounting the resulting cash flows back to 30 November 2023.

## Significant actuarial assumptions

| Group                                                             | Year ended<br>30 November 2023                                          | Year ended<br>30 November 2022                             |
|-------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------|
| Discount rate (RM Scheme)                                         | 5.15%                                                                   | 4.40%                                                      |
| Discount rate (CARE Scheme)                                       | 5.15%                                                                   | 4.45%                                                      |
| Discount rate (Platinum Scheme)                                   | 5.10%                                                                   | 4.35%                                                      |
| Rate of RPI price inflation (RM Scheme)                           | 3.10%                                                                   | 3.05%                                                      |
| Rate of RPI price inflation (CARE Scheme)                         | 3.15%                                                                   | 3.10%                                                      |
| Rate of RPI price inflation (Platinum Scheme)                     | 3.10%                                                                   | 3.00%                                                      |
| Rate of CPI price inflation - period before 1 January 2030        | 2.10%                                                                   | 2.05%                                                      |
| Rate of CPI price inflation - period after 1 January 2030         | 3.10%                                                                   | 3.05%                                                      |
| Rate of salary increases (Platinum Scheme)                        | N/A                                                                     | N/A                                                        |
| Rate of pensions increases pre-6 April 1997 service               | 1.50%                                                                   | 1.50%                                                      |
| pre-1 June 2005 service                                           | 2.90%                                                                   | 2.90%                                                      |
| post 31 May 2005 service                                          | 1.95%                                                                   | 1.95%                                                      |
| Post retirement mortality table                                   | S3PA CMI 2022 1.00% 2020 and 2021 weight parameters of 10%, 2022 of 35% | S3PA CMI 2021 1.25% 2020 and 2021 weight parameters of 10% |
| Weighted average duration of defined benefit obligation           | 16 years                                                                | 18 years                                                   |
| Assumed life expectancy on retirement at age 65:                  |                                                                         |                                                            |
| Retiring at the accounting date (male member aged 65)             | 21.0                                                                    | 21.6                                                       |
| Retiring 20 years after the accounting date (male member aged 45) | 21.9                                                                    | 22.8                                                       |

## Expected cash flows

| Group                                                                    | Year ended<br>30 November 2023<br>£000 | Year ended<br>30 November 2022<br>£000 |
|--------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Expected employer contributions for the following year ended 30 November | 4,400                                  | 4,450                                  |
| Expected total benefit payments                                          |                                        |                                        |
| Year 1                                                                   | 4,661                                  | 4,316                                  |
| Year 2                                                                   | 4,926                                  | 4,534                                  |
| Year 3                                                                   | 5,224                                  | 4,791                                  |
| Year 4                                                                   | 5,762                                  | 5,142                                  |
| Year 5                                                                   | 6,299                                  | 5,682                                  |
| Years 6 - 10                                                             | 37,603                                 | 34,679                                 |

During the year ended 30 November 2023, the Group has agreed with the Trustee 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. The definition of adjusted leverage is aligned to the banking facility as set out in Note 13. No such payment was made during the year ended 30 November 2023.

## 17. Prior year restatement

The comparative period Financial Statements have been restated to reflect a revised split of cost of sales and operating expenses to improve the presentation and comparability of results, as set out below.

### Cost of sales and operating expenses

Following a review of costs in the RM Technology division during the year ended 30 November 2023, the split of costs between cost of sales and operating expenses was amended to align more closely with how the division now operates and to improve presentation and comparability of results. The results for the year ended 30 November 2022 above have been adjusted to reflect the impact if this change which was to move £1,215,000 of costs not directly related to the sale of products and services from cost of sales to operating expenses for the year ended 30 November 2022 (2021: £1,157,000).

These adjustments have the following impact on the primary statements for the year ended 30 November 2022 and the year ended 30 November 2021:

### Consolidated Income Statement

|                                                               | Year ended 30 November 2022 |             |                 | Year ended 30 November 2021 |             |              |
|---------------------------------------------------------------|-----------------------------|-------------|-----------------|-----------------------------|-------------|--------------|
|                                                               | As reported                 | Restatement | Restated        | As reported                 | Restatement | Restated     |
|                                                               | £000                        | £000        | £000            | £000                        | £000        | £000         |
| <b>Continuing operations</b>                                  |                             |             |                 |                             |             |              |
| Revenue                                                       | 214,167                     | -           | 214,167         | 206,149                     | -           | 206,149      |
| Cost of sales                                                 | (146,878)                   | 1,215       | (145,663)       | (138,771)                   | 1,157       | (137,614)    |
| Gross profit                                                  | 67,289                      | 1,215       | 68,504          | 67,378                      | 1,157       | 68,535       |
| Operating expenses                                            | (85,789)                    | (1,215)     | (87,004)        | (63,634)                    | (1,157)     | (64,791)     |
| Increase in allowance for receivables                         | (850)                       | -           | (850)           | (157)                       | -           | (157)        |
| Impairment losses                                             | (2,236)                     | -           | (2,236)         | -                           | -           | -            |
| (Loss)/profit from operations                                 | (21,586)                    | -           | (21,586)        | 3,587                       | -           | 3,587        |
| Finance income                                                | 614                         | -           | 614             | 28                          | -           | 28           |
| Other income                                                  | 3,010                       | -           | 3,010           | 1,399                       | -           | 1,399        |
| Finance costs                                                 | (2,825)                     | -           | (2,825)         | (1,396)                     | -           | (1,396)      |
| (Loss)/profit before tax                                      | (20,787)                    | -           | (20,787)        | 3,618                       | -           | 3,618        |
| Tax                                                           | 4,698                       | -           | 4,698           | (1,424)                     | -           | (1,424)      |
| <b>(Loss)/profit from the year from continuing operations</b> | <b>(16,089)</b>             | <b>-</b>    | <b>(16,089)</b> | <b>2,194</b>                | <b>-</b>    | <b>2,194</b> |
| <b>Profit for the year from discontinuing operations</b>      | <b>1,590</b>                | <b>-</b>    | <b>1,590</b>    | <b>2,000</b>                | <b>-</b>    | <b>2,000</b> |
| <b>(Loss)/profit from the year</b>                            | <b>(14,499)</b>             | <b>-</b>    | <b>(14,499)</b> | <b>4,194</b>                | <b>-</b>    | <b>4,194</b> |
| Earnings per ordinary share on continuing operation           |                             |             |                 |                             |             |              |
| - basic                                                       | (19.3)p                     |             | (19.3)p         | 2.6p                        |             | 2.6p         |
| - diluted                                                     | (19.3)p                     |             | (19.3)p         | 2.6p                        |             | 2.6p         |
| Earnings per ordinary share on discontinuing operations       |                             |             |                 |                             |             |              |
| - basic                                                       | 1.9p                        |             | 1.9p            | 2.4p                        |             | 2.4p         |
| - diluted                                                     | 1.9p                        |             | 1.9p            | 2.4p                        |             | 2.4p         |
| Earnings per ordinary share on total operations               |                             |             |                 |                             |             |              |
| - basic                                                       | (17.4)p                     |             | (17.4)p         | 5.0p                        |             | 5.0p         |
| - diluted                                                     | (17.4)p                     |             | (17.4)p         | 5.0p                        |             | 5.0p         |

The prior year adjustment does not impact the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet or Consolidated Cash Flow Statement for the year ended 30 November 2022 or year ended 30 November 2021.

## 18. Post balance sheet events

On 6 March 2024, the Group announced the extension and amendment of the banking facility with its lenders to 5 July 2026, with key changes disclosed in Note 13.

There are no other post balance sheet events.