

RM plc

Preliminary Results for the year ended 30 November 2022

RM plc ("RM"), a leading supplier of technology and resources to the education sector, reports its final results for the year ended 30 November 2022.

Mark Cook, Chief Executive of RM, said:

"RM's performance in FY2022 was materially impacted by the challenges associated with the IT implementation project in our Consortium business. These challenges led to us having to take a number of actions, including suspending the payment of dividends. I recognise that there is much to be done to rebuild value for our stakeholders, but I'm pleased to report that we now have a much more stable financial and operational position, including a renewed banking facility which will run until July 2025.

"My priorities as RM's CEO are clear. Firstly, to continue to strengthen the Company's finances, secondly, to review the IT enterprise architecture and thirdly, to embed a transformation approach across the business. The third priority is about retaining the 50 years of Education IP in the Company, but also to better leverage the product opportunities in the Education sector and ensure a sharper focus on customer excellence and satisfaction.

"While there is much to be done, the business and market fundamentals are positive and the whole team at RM are focussed on delivering for our customers, improving outcomes for learners and unlocking value for all our stakeholders."

Highlights

- Revenue growth of 4% driven by strong growth in RM Assessment and the TTS business in RM Resources
- Adjusted operating profit* of £7.5m (2021: £16.5m) from continuing operations impacted by IT implementation in RM Resources and RM Technology division turnaround
- Adjusted operating profit of £9.1m including discontinuing operations associated with the RM Integris and RM Finance businesses
- A further £2.8m of IPv4 addresses sold in the second half were treated as other income
- Statutory loss of £14.5m (2021: profit of £4.2m) reflects the level of adjusting items primarily associated with the IT implementation
- Adjusted Net Debt** increased to £46.8m (2021: £18.3m) reflects lower profits and exceptional spend
- No dividend proposed as condition of extended banking facility
- Business now on a more stable footing on which to leverage transformation programme to deliver improved shareholder value:
 - IT implementation in Consortium now complete following significant challenges
 - £70m banking facility extended to July 2025 with revised covenants
 - £8.5m of surplus IPv4 addresses sold in December 2022 to reduce net debt levels
 - Proposed sale of RM Integris and RM Finance businesses will raise up to £16m and simplify portfolio within RM Technology

£M	2022	2021	Variance
Revenue from continuing operations	214.2	206.1	+4%
Adjusted* operating profit from continuing operations	7.5	16.5	-55%
Adjusted* operating profit margin	3.5%	8.0%	-4.5pp
Adjusted* profit before tax from continuing operations	5.3	15.1	-65%
Profit from discontinued operations	1.6	2.0	-20%
Statutory profit/(loss) after tax	(14.5)	4.2	-
Adjusted* diluted EPS from continuing	4.2p	14.0p	-9.8p

operations			
Diluted EPS from continuing operations	(19.3)p	2.6p	-
Dividend per share	-	4.7p	-
Adjusted Net debt**	46.8	18.3	
IAS 19 Pension surplus/(deficit)	22.6	30.4	

* Throughout this statement, adjusted operating profit and EPS are stated after adjusting items (See Note 2) which are identified by virtue of their size, nature and/or incidence. The treatment of adjusted items is applied consistently period on period and is consistent with the way that underlying trading performance is measured by management.

** Alternative performance measure, see Note 2.

Notes to Editors:

RM provides market-leading products and services to educational institutions, exam bodies and international governments which improve, simplify and support education and learning.

The education sector is transforming, and RM is well positioned to capitalise on this through its three divisions.

- RM Resources is the established provider of education resources for early years, primary schools, and secondary schools across the UK and to 80 countries internationally.
- RM Assessment (formerly RM Results) is a leading provider of assessment software, supporting exam awarding bodies, universities, and governments worldwide to digitise their assessment delivery.
- RM Technology (formerly RM Education) is a market-leading supplier of ICT software, technology and services to UK schools and colleges.

Presentation and live webcast details

A presentation for analysts and investors will be held today at 9.00am. The audio and slide presentation will be webcast live and on demand at the following website:

<https://www.investis-live.com/rmplc/64146e954aa86d150050e0cf/rmak>

The webcast will also be accessible via a live conference call:

United Kingdom (Local)	+44 20 3936 2999
United Kingdom (Toll-Free)	+44 808 189 0158
Access Code:	645206

For additional details and registration for the webcast, please contact Headland Consultancy on +44 203 805 4822 / rm@headlandconsultancy.com.

Posting of Annual Report and Accounts

RM will post the Annual Report and Accounts 2022. It will be available for inspection at the National Storage Mechanism which is located at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and available to view or download in pdf format from the Company's website at <https://www.rmplc.com/reports>

Contacts:

RM plc

Mark Cook, Chief Executive Officer

Emmanuel Walter, Chief Financial Officer (interim)

Tarryn Riley, Head of Investor Relations (interim)

Headland Consultancy (PR adviser to RM)

0203 805 4822

Stephen Malthouse (smalthouse@headlandconsultancy.com)

Chloe Francklin (cfrancklin@headlandconsultancy.com)

Jemma Savage (jsavage@headlandconsultancy.com)

Chair Statement

Overview

2022 was a difficult year for the Group, dominated by the challenging deployment of the new IT system into the Consortium brand of the Resources Division. This impacted customer service in that part of the business and the financial performance of the Group overall as additional costs were incurred, putting the Group under unnecessary financial stress.

Thanks to the determination and hard work of the team, the situation is now under control. A stable footing both financially and from a systems perspective has been established. Notwithstanding the significant impact of this event on profit and shareholder value, the Group delivered 4% revenue growth, including the highest ever revenues from the Assessment Division and TTS Resources brand.

This is my first annual statement since taking over as Chair and it is helpful to set out my perspective on the Group and our priorities. RM has market leading positions, channel strength and a good product and market fit across its portfolio. The business operates in an important and resilient marketplace and is well positioned to deliver sustainable growth in response to a number of positive structural trends in the education market. However, as the team had already acknowledged, there is a need for a period of transformation to improve the way in which RM is structured and executes in order to be able to deliver effectively on these opportunities.

A requirement to change

With this in mind, at the start of the year, the Company laid out a reset of its strategy with a 2-year transition phase, with the aims of simplifying and focussing its portfolio, strengthening the leadership team and restructuring the Technology Division.

Progress continues in each of these areas, including the announcement of the sale of the RM Integris and Finance products from the Technology Division for up to £16m. However, the implementation phase of the internal IT system replacement and warehouse consolidation and automation programme, in development since 2018, has been a substantial setback. The difficulties in deployment and subsequent remediation of these in the Consortium business dominated the management agenda in the second half of the year and led to an even greater urgency to bring about change.

Now on a platform to progress

In response, the business has now stabilised the IT platform and made the final deployment in the Consortium business to complete this phase of the programme. A new interim Chief Technology Officer has been appointed and the wider implementation programme has been paused to enable management to reconsider the wider IT architecture. A new interim Chief Financial Officer, Emmanuel Walter, has been appointed, bringing greater financial rigour and control. To respond to the liquidity challenges the Group has been facing, the business accelerated the sale of some surplus assets of Internet Protocol v4 (IPv4) addresses from its connectivity business and restructured its £70m banking facility which is now extended to July 2025. It will also benefit from the strategic sale of the RM Integris and RM Finance businesses mentioned earlier which is anticipated to complete in the first half of 2023.

This provides a sound footing on which to continue to develop the business and focus on optimising the portfolio value of a Group that delivers significant value in the education sector. I have been

working closely with the leadership team to identify the necessary actions to unlock that value and will continue to ensure that they have the Board's full support to do so.

Thanks to the team

Navigating this year has required exceptional efforts from so many of the people within the RM business and I have been impressed by their resilience and passion for our purpose and for their customers and on behalf of the Board I would like to thank the whole team.

We have continued to evolve the Board and leadership of the Group. Most notably, Mark Cook joined as Chief Executive Officer in January 2023, replacing Neil Martin who stepped down after 7 years with the Group. Mark brings with him important experience in transformation and creating shareholder value. Paul Dean will be retiring as Chair of the Audit and Risk Committee after the publication of the FY2022 preliminary results and will be replaced by Richard Smothers who joined the Board in January 2023. As mentioned, Emmanuel Walter joined as interim Chief Financial Officer in July 2022.

I would like to thank Neil and Paul for their contributions to RM and wish them both well in the future.

To support continuity through a period of change, the Company has agreed to extend the term of Patrick Martell's appointment as the senior independent Non-Executive Director by one year to 31 December 2023 which will take him into his tenth year with the Group.

During the last year, the Board has had to step up in what has been a dynamic and testing environment. I'm thankful to my fellow Board members for their efforts and commitment during this period helping RM to steer a path to a more stable position.

Dividend

A condition of the new extended and amended banking facility agreement has been to restrict dividend distribution until the Company has reduced its net debt to Last Twelve Months (LTM) EBITDA (post IFRS 16) leverage to less than 1x for two consecutive quarters and therefore, we are not able to recommend the payment of a 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.

Outlook

The macroeconomic backdrop remains challenging with inflation continuing to put pressure on our own operations and on school budgets. However, RM now has the benefit of a stable operating and financial platform on which to focus more fully on rebuilding and optimising shareholder value from its portfolio and I am confident in the positive progress that will be made.

Helen Stevenson

Chair

Chief Executive Officer's statement

I am pleased to have joined RM at an important point for the Group. The attraction of the role was clear with a business in a socially important and resilient sector and with strong market positions. The organisation has a deep and rich heritage in the Education sector and will celebrate 50 years of trading in 2023. It is a sector that is experiencing structural change, most notably associated with the use of technology which was advanced through its experience during the pandemic in 2020 and 2021, and this creates an interesting growth opportunity and positive inflection point for RM.

At the same time, RM acknowledged in last year's annual report, that it is a business that needs to change. I have spent the best part of my career working in technology businesses and leading business transformations. My priority is clear, to work with the Board and the leadership team to bring that experience to bear with the objective of building value for all our stakeholders. There is much to be done, but the work by the team over the last 6 months, has put RM back on a much firmer financial and operational footing, and I am committed to ensuring that the Group takes full advantage of the opportunities in its chosen markets.

2022 Performance

Despite a disappointing bottom line financial performance in 2022 with profitability levels materially below that of previous years, the top line gave cause for encouragement. Revenue growth was 4% and the Assessment Division and the TTS resources brand delivered record revenues benefitting from UK and international sales growth. As we have noted previously, profitability in 2022 was negatively impacted by increased costs related to the IT implementation and inflation impacts on costs, in particular international freight costs that were several multiples higher than pre-pandemic levels, combined with ongoing drag from the Technology Division pending benefits from its turnaround.

The impact of the IT implementation challenges was broader than just profitability. The requirement to stabilise the operational performance in Consortium and to fix the implementation issues drove materially higher levels of borrowing than planned. Dividends were suspended as a consequence alongside further actions to prioritise net debt, such as the accelerated sale of IPv4 addresses in the second half.

I recognise that there is much to be done to rebuild value for all our stakeholders, but we start 2023 with a more stable financial and operational position.

- Banking support has been secured with an extension of our £70m credit facility to July 2025 with covenants that are manageable within our outlook.
- The IT implementation programme is now stable with the completion of the implementation of the new system into Consortium with the Digital e-commerce platform going live in the early part of 2023.
- The proposed sale of the RM Integris and RM Finance businesses from the Technology Division for up to £16m supports the turnaround activity and simplification of the Division.
- In addition, further restructuring work is ongoing to refocus activities and to bring greater commercial clarity and simplification.

Transformation approach to Continuous Improvement

My near-term focus will be to continue to strengthen the Group finances alongside looking at the value creation path ahead. I am working with the management team to pinpoint all opportunities that drive enterprise value utilising our expertise in the education sector, product design and the potential from a digital transformation. We are focussed on building shareholder and enterprise value in a short time frame and as a result building operating margin in each of the divisions.

My initial observation of RM is that it has great people, customers, and a long heritage of education knowledge to design, build and deliver products and services to UK and international customers.

As we go through this inflection point and transformation of the business, we want to retain the 50 years of Education IP in the Company, bringing in new talent where needed to leverage the product opportunities in the Education sector and having a laser focus on Customer Excellence and satisfaction.

This approach will be supported with a culture of continuous improvement embedded across the organisation as part of our transformation plan and allow us to serve our education customers with care and compassion but, at the same time, with ruthless operational efficiencies from behind the scenes.

We will review our enterprise architecture to fit the needs of the strategy and the future operating model and this in turn will unlock value drivers relating to operations, working capital, and overhead.

This transformation programme will become the one stop shop to keep all of our stakeholders updated on our progress and the framework against which I will hold myself and the management team to account regarding execution.

Looking ahead at the priorities

The market fundamentals and trends that underpin the current strategy are clear and well founded and create opportunity for RM.

- Increasing use of technology in education
- Digital delivery of assessment
- Aggregated school procurement

These trends are providing opportunity in the near term and will only strengthen further over time. They played a role in helping the business deliver revenue growth in 2022, particularly in a number of the contract wins delivered in the Assessment and Technology Divisions.

I see RM as having autonomous operating divisions with strong market positions and channel strength in their own right and where the corporate governance offers a control framework in which our business leaders have clear decision-making authority. As a result, the central overhead functions should be small and use short lines of communication to ensure prompt and unambiguous decision making. These functions will also provide specialist resource that provides synergy and access to expertise and a programme management cadence for the overall transformation execution.

I will continue to evaluate and review the strategy and core operating business units over the coming months alongside the continuous improvement work that is in progress.

IT Programme

Given the delays and overspend associated with the Group IT programme, a priority is to reset these plans. The programme is at a natural review point following the completion of the implementation of the end-to-end system into the Consortium resources brand in the early part of 2023. We have also implemented ServiceNow into the Technology Division and Group IT and an updated HR system across the Group.

The front-end website of the system, back-end support and automated distribution centre will bring great value to the Consortium business and represent a step change in its digital and operational capabilities and customer experience, providing a wealth of new functionality, automation and data transparency.

This new digital experience ranges from the simplicity of customer self-service options and improved product shopping list functionality to new product comparison and predictive search functionality. This is coupled with personalised content for specific customer account types, and a shared shopping basket across complex users.

With the IT system now fully implemented into Consortium, we will use the period of stability and reduced spend levels to remove the dependency of expensive 3rd party resources that were heavily used through the implementation phase and develop our own capabilities to retain knowledge and IP inside RM.

Importantly, we will review the IT enterprise architecture and structural requirements of the wider business alongside a review of the future operating model. We will be open minded about what is required in each area rather than assume that the current architecture is deployed throughout and no further deployment phases are planned in 2023.

Revenue and Gross Margin development

We continue to see growth opportunities in each division. These are in part from leveraging the structural growth opportunities that exist around the increasing use of technology and the clearer customer targeting of larger School buying groups that are increasing through the academisation process in English Schools. Furthermore, there are opportunities associated with continuing to improve execution and the development of a more commercial culture.

There is a specific focus on gross margin development which is of increased importance given the inflationary backdrop. All areas of the business have been challenged to improve their commercial response to managing indexation, pricing and account management which is being centrally coordinated and reviewed.

There is also a focus on customer and product profitability and ensuring that all contractual relationships are profitable for the Group. This is a key aspect of the turnaround in the Technology Division.

Spend and Working Capital

There are a number of initiatives in train around improving working capital cycles and inventory management and reviewing spending plans across the Group. It is important to me that we mirror the spending behaviour of our customers where budgets are currently challenged or uncertain as a result of the macroeconomic backdrop and ensure that all of our spend is essential. We have established a Technology Board to review all plans in this area across the Group covering structures, spend, licensing and asset management and also a Staffing Board to regularly review all hiring decisions and employment levels.

People

Talent and culture remain a focus and RM has a strong purpose-led culture and committed employees who care about education and learners. This has been immediately evident to me throughout my early interactions with people regularly demonstrating that they care about the work that we do within education. On behalf of the Executive team, I would like to thank everyone in RM for their incredible commitment through 2022 and the warm welcome that they have shown me and I look forward to working with them in the year ahead.

Outlook

The government continues to make education a priority and it is one of the few departments that has received increased funding. The wider macroeconomic backdrop however continues to create uncertainty and challenges for school budgets with higher than expected pay increases, persistently high energy prices and high inflation. In turn this puts pressure on our own operations and, as outlined, ensuring we have the right cost base will remain a key priority.

That said, growth is expected in each of our divisions in the year ahead. The Resources Division is most sensitive to inflationary environments, but we are optimistic for the recovery in the Consortium brand following the disruption of the previous year now that we have a stable and materially improved technology platform with strong digital capabilities. We also expect the international markets to be more resilient and continue the strong underlying growth we have experienced over a number of years.

Assessment should continue to grow on the back of a good year in 2022 and has the benefit of new customer wins from the previous year and a positive marketplace.

The Technology Division should benefit from the turnaround actions taken in 2022 and, although this work is ongoing, it is now more effectively and commercially organised aligning its go-to-market structure with its product verticals. Technology will focus more on profitability and operating margin and benefits from some positive wins in 2022 and is focussed on key government funded initiatives such as the Connect the Classroom connectivity programme where it has a strong presence. We also expect to conclude the sale of the RM Integris and RM Finance businesses in the first half of 2023 which has required significant effort and commitment over the last year.

I am personally energised about the opportunities ahead and driving enterprise value at RM. While there is much to be done, the business and market fundamentals are positive and the whole team at RM are focussed on delivering for our customers, improving outcomes for learners and unlocking value for all our stakeholders.

Mark Cook

Chief Executive Officer

Chief Financial Officer's statement

Overview

RM's results and financial performance for the year have been heavily impacted by the IT implementation program and its rollout for the Consortium brand in the RM Resources division. Trading disruption and elevated program costs have materially impacted performance for the year compared to 2021 and increased the net debt position.

Group revenue from continuing operations increased by 3.9% to £214.2m (2021: £206.1m) with all divisions either flat or growing in 2022 despite the disruption caused by the IT implementation programme. The return of UK School exams and customer and volume growth in RM Assessment resulted in a 22% (£7.1m) increase in divisional revenue. RM Resources revenues were flat on 2021 with strong growth of 40% (£6.5m) in international revenues, and 10% (£5.2m) in the TTS brand, before being negatively impacted by the IT implementation disruption within the Consortium brand with revenues reduced by 26% (£11.7m).

Adjusted operating profit² from continuing operations decreased by 55% to £7.5m (2021: £16.5m) predominately driven by the disruption from the IT Programme implementation which in addition to reducing revenues inflated warehouse and distribution costs. In addition, the Group continued to experience higher freight costs and high wage inflation pressure throughout the year, most significantly in India.

The Group recorded a Statutory operating loss from continuing operations of £21.6m, a decrease of £25.2m from the 2021 profit of £3.6m. The loss is driven by the increased costs associated with our large capital programs and in particular the IT implementation process for the Consortium brand. Adjustments also include costs incurred as part of the divestment of the RM Integris and RM Finance businesses announced in November 2022 and planned restructuring activities. These costs are partially offset by the sale of £2.8m of surplus IPv4 addresses and a small gain (£0.2m) on the sale of a freehold property in the period.

In the year the Group agreed to sell the RM Integris and RM Finance businesses from within the RM Technology division for a consideration of up to £16m. This transaction is subject to shareholder approval which is in progress. The performance of these businesses in both 2022 and 2021 have been classified and presented as discontinued operations within the financial statements. In the year the businesses generated £4.9m of revenue (2021: £4.7m) and £1.6m of adjusted operating profit (2021: £2.0m). In addition, the Group disposed of a small declining legacy software product called iCase from within the RM Assessment division for \$AUD 0.2m. Transactions costs of £0.8m were incurred in the year associated with disposal activities.

Adjusted net debt closed the year at £46.8m (2021: £18.3m). Adjusted cash generated¹ from operations was £7.5m (2021: £18.1²m), including the negative impact of the disruption within the Consortium brand, with the IT implementation in that area of the business significantly reducing operating cash inflows. The £28.5m (2021: £17.0m) net debt increase for the year included £28.3m (2021: £22.6m) of spend associated with our capital programs. The implementation of the programs for the Consortium brand will complete in the first half of 2023, with further implementation activity subject to an on-going review led by the new Chief Executive.

Following the end of the financial year, RM concluded two important activities that further improve the financial position of the Group;

- In December 2022, the Group sold a portion of their Internet Protocol v4 (IPv4) addresses for a total consideration of £8.5m in cash.
- In March 2023, the Group secured an agreement with Lenders to extend the existing £70m facility to July 2025. This agreement includes re-setting covenants under the facility as described in the Treasury section.

¹ Adjusted cash generated from continuing operations is defined as cash from operations excluding the impact of adjustments which includes major investment costs including dual run costs, proceeds on sale of non-core assets, and other property related items. Further details can be found in Note 2.

² 2021 cashflow adjusted to reflect the reclassification of customer development activity from contract fulfilment assets to intangibles as set out in Note 14.

Group Financial Performance

Income statement

£m	2022			2021		
	Adjusted ²	Adjustment ¹	Statutory	Adjusted ²	Adjustment ¹	Statutory

Revenue	214.2	-	214.2	206.1	-	206.1
Operating profit/(loss)	7.5	(29.1)	(21.6)	16.5	(12.9)	3.6
Profit/(Loss) before tax	5.3	(26.1)	(20.8)	15.1	(11.5)	3.6
Tax	(1.8)	6.5	4.7	(3.3)	1.9	(1.4)
Profit/(Loss) after tax from continuing operations	3.5	(19.6)	(16.1)	11.8	(9.6)	2.2
Profit after tax from discontinued operations ³	1.6	-	1.6	2.0	-	2.0
Profit/(Loss) after tax	5.1	(19.6)	(14.5)	13.8	(9.6)	4.2

1. Adjustments reflect the amortisation of acquisition related intangible assets; major investment costs including dual run costs, profits on sale of non-core assets, and other property related items. Further details can be found in Note 2.

2. Non-GAAP measures. See Note 2

3. Discontinued activities relate to the RM Integrus and RM Finance businesses and the i-Case product.

Group revenue from continuing operations increased by 3.9% to £214.2m (2021: £206.1m).

UK revenues from continuing operations, outside of Consortium, increased £9.5m to £141.1m being 7.2% higher than prior year. However, the brand disruption in Consortium led to an overall revenue decline of 1.3%. Total International revenues from continuing and discontinued operations were up to £10.3m.

Adjusted operating profit margins from continuing operations² reduced to 3.5% (2021: 8.0%). Adjusted operating profit from continuing operations reduced by 55% to £7.5m (2021: £16.5m). Statutory operating profit from continuing operations decreased by £25.2m to a £21.6m loss (2021: profit of £3.6m).

To provide an understanding of business performance excluding the effect of significant change programmes and material transactions, certain costs are identified as 'adjustments' ² to business performance.

In 2022 Adjusted items comprised the following:

	2022	2021
	£m	£m
Amortisation charges associated with acquisition related intangible assets	1.8	2.0
Disposal related costs ¹	0.8	-
Dual running property & licence costs ²	5.4	2.1
IT platform costs incurred and expensed ²	17.4	8.3
Impairment of IT Capital Programme ³	2.2	-
Onerous provision for IS licenses	1.2	-
Onerous lease commitments	-	0.5
Restructuring costs	0.3	-
Total adjustments to administrative expenses	29.1	12.9
Gain on sale of property ⁴	(0.2)	(1.4)
Sale of IPv4 addresses ⁵	(2.8)	-
Total adjustments⁶	26.1	11.5

¹ Costs incurred directly as part of the disposal of the RM Integrus and RM Finance businesses from its Technology division.

²Adjusted items relate to spending on our two large capital programmes. These items have been disclosed as adjustments because they are material to the relevant segment and only exist through to the completion of the capital programme.

³ The group has impaired elements of the IT capital programme costs, previously capitalised, which relate to functionality that is paused where the Group has no current active plans to proceed to implement. This impairment may be reversed if the Group subsequently implements this functionality.

⁴ In the year the final owned warehouse facility was disposed as part of the warehouse consolidation project for £3.3m, generating a £0.2m profit on disposal. In 2021 another warehouse was disposed of as part of the same program for consideration of £3.2m, generating a profit on sale of £1.4m

⁵ In the year the Group accelerated sales of surplus IPv4 assets, generating £2.8m in proceeds from its Connectivity business over and above the ordinary levels seen in each of the previous five years

⁶ Non-GAAP measures. See Note 2

Reflecting the elevated adjusted items, statutory profit before tax from continuing operations fell to a £20.8m loss (2021: profit of £3.6m) after deducting net interest charges of £2.2m (2021: £1.4m) in relation to the Group's credit facility and finance costs related to the defined benefit pension schemes and adding back £2.8m of other income related to additional IPv4 address sales made in the second half of the year and £0.2m for the gain on the sale of a freehold property.

The total tax charge for the year for continuing operations was a £4.7m credit (2021: £1.4m cost). 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 Note 5c.

Statutory profit after tax from continuing operations decreased by £18.3m to a loss of £16.1m (2021: profit of £2.2m).

Operations classified as discontinued at the year-end generated £1.6m of profit after tax (2021: £2.0m). Reported Group profit after tax decreased by £18.7m to a loss of £14.5m (2021: profit of £4.2m).

Adjusted diluted earnings per share from continuing operations decreased to 4.2 pence (2021: 14.0 pence). Statutory basic and diluted earnings per share from continuing operations were a loss of 19.3 pence (2021: 2.6 pence).

Cash flow

Adjusted net debt¹ closed the year at £46.8m (2021: £18.3m). Adjusted cash generated from operations² was £7.5m (2021: £18.1³m), including the negative impact of the disruption within the Consortium brand, with the IT implementation in that area of the business significantly reducing operating cash. On a statutory basis, net cash outflow from operating activities was £20.8m.

The £28.5m net debt increase for the year included £28.3m (2021: £22.6m) of spending associated with our capital programs. This exceptional spend was offset by:

- Accelerated sales of £2.8m of surplus IPv4 assets from its Connectivity business over and above the ordinary levels seen in each of the previous five years
- The sale of the remaining owned property for £3.3m as part of the warehouse consolidation project.

Cash outflows for the year also include contributions to the defined benefit pension schemes of £4.5m (2021: £4.5m), net interest payments of £2.3m (2021: £0.6m), a dividend payment of £2.5m (2021: £3.9m), leasing charges of £3.5m (2021: £3.9m) offset by tax credits of £0.9m (2021: £0.1m payment).

¹ Non-GAAP measures. See Note 2

² Adjusted cash generated from operations is defined as cash from operations excluding the impact of adjustments which includes major investment costs including dual run costs, proceeds on sale of non-core assets, and other property related items. Further details can be found in Note 2.

³Restated as described in Note 14 for held for sale assets and a reclassification of contract fulfilment costs to intangibles.

Balance Sheet – continuing operations

The Group had net assets of £60.6m at 30 November 2022 (2021: £87.0¹m). The balance sheet includes Non-current assets of £133.3m (2021: £146.2¹m), of which £49.4m (2021: £49.2m) is Goodwill and £24.0m (2021: £35.0m) relates to the Groups defined benefit pension scheme which is discussed further below.

Operating PPE, intangible and right of use assets total £57.8m (2021: £60.2¹m) and includes acquired brands, customer relationships and Intellectual property as well as costs relating to the warehouse consolidation and IT implementation programs. IP Address assets utilised as part of the Connectivity business are included at nil cost.

Net current liabilities of £49.2m (2021: £1.4m) includes borrowings of £48.7m (2021: £19.7m included in non-current liabilities which are classified as current, see treasury section for further information) and a number of elevated balances predominately resulting from the IT systems implementation program particularly Inventory, trade receivables and trade payables.

Non-current liabilities of £23.4m (2021: £57.8m) includes lease liabilities of £19.1m (2021: £21.1m) which is predominately associated with the Group utilisation of properties including the new Harrier Park warehouse. See point above on borrowings which have been classified as current liabilities in 2022 but in non-current in 2021. Deferred tax liabilities of £2.3m (2021: £10.8m) primarily comprises deferred tax liabilities on the net pension surplus and acquisition related intangibles of £9.1m (2021: £11.3m) offset in 2022 by a recoverable deferred tax asset relating to taxable losses incurred during the year of £7.1m.

¹Restated as described in Note 14 for held for sale assets and a reclassification of contract fulfilment costs to intangibles.

Divisional performance

RM Resources

RM Resources provides education resources and supplies to schools and nurseries in the UK and internationally. Products supplied are a mix of own-designed items, own branded and third-party products.

Continuing Operations £m	2022	2021
TTS	58.3	53.1
Consortium	33.6	45.3
International	22.4	16.0
RM Resources revenue	114.4	114.4
RM Resources adjusted operating profit	2.8	10.1

RM Resources revenues were flat at £114.4m (2021: £114.4m) with strong TTS UK and International sales being offset by an £11.7m (25.8%) reduction in Consortium brand revenue driven by the disruption caused by the IT programme implementation in the year. UK education revenue decreased by 6.6% (TTS up 9.8%, Consortium down 25.8%), with international revenues up £6.5m, 40.4%.

International sales comprise two key channels, international distributors, through which RM Resources sells its own-developed products to over 80 countries, and international schools to whom it sells a broader portfolio of educational supplies. International revenues increased by 40.4% to £22.4m (2021: £16.0m), benefiting from reduced COVID related disruption and an increase in the product range offered internationally.

Divisional adjusted operating profit decreased to £2.8m (2021: £10.1m) and adjusted operating margins decreased to 2.5% (2021: 8.8%). The division was primarily impacted by the challenges associated with the IT programme implementation which reduced revenues and increased costs associated with warehouse, distribution and staffing expenditure. The Division also experienced elevated freight costs in the year which did start to decrease through the second half.

RM Assessment

RM Assessment provides IT software and end-to-end digital assessment services to enable online exam marking, online testing and the management and analysis of educational data. Customers include government ministries, exam boards and professional awarding bodies in the UK and overseas.

Continuing Operations £m	2022	2021
RM Assessment revenue	38.9	31.9

RM Assessment provides IT software and end-to-end digital assessment services to enable online exam marking, testing and the management and analysis of educational data. Customers include government ministries, exam boards, professional awarding bodies and Universities in the UK and internationally.

Revenue from continuing operations increased by 22% on the prior year to £38.9m (2021: £31.9m) driven by a full year of UK school examinations in 2022 and expansion in customer numbers and volumes.

Adjusted operating profit from continuing operations increased by 29% on the prior year to £7.4m (2021: £5.7m), with operating margins increasing to 18.9% (2021: 17.9%), benefitting from the increased revenues. Operating costs were higher than planned primarily driven by elevated costs on a small number of development contracts and higher than anticipated wage inflation in India.

In the year, the division agreed to the sale of a small declining legacy software product, i-case, for \$AUD 0.2m, which was acquired as part of the SoNET acquisition in 2019. It delivered £0.5m (2021: £0.6m) of revenue and £0.2m (£0.3m) of adjusted operating profit in 2022.

RM Technology

RM Technology provides ICT software and services to UK schools and colleges.

Continuing Operations £m	2022	2021
Services	55.0	53.6
Digital Software Platforms	5.9	6.3
RM Technology revenue	60.9	59.9
RM Technology adjusted operating profit	2.2	5.1

Revenue from continuing operations increased by £1.0m, 1.7% to £60.9m (2021: £59.9m) benefitting from a new large multi-year infrastructure contract driving growth in Services.

The Division sold £1.3m of IPv4 addresses in the year (2021: £0.4m) as part of an ongoing programme of selling surplus assts to the growth needs of the Connectivity business which it has done in the previous five years. These sales have been included in the revenue above. During the second half of the year, the Division accelerated the sale of a further £2.8m of IPv4 surplus addresses to support the liquidity of the wider Group. Due to the nature of these sales, they have been classified as adjusting other income and not included in revenue or adjusted earnings. Further sales of £8.5m were made subsequent to year end.

Adjusted operating profit from continuing operations decreased by 57% to £2.2m (2021: £5.1m), the primary driver being lower gross margins which reflects a less favourable product and customer mix, which also reduced operating efficiencies due to higher staffing costs.

In the year the division announced the sale of the RM Integris and RM Finance businesses for consideration of up to £16m. In the year ended 30 November 2022 these businesses generated £4.9m of revenue (2021: £4.7m) and £1.6m of adjusted operating profit (2021: £2.0m) and are classified as discontinued operations and therefore not included in adjusted operating profit. Assets (£0.4m) and liabilities (£2.2m) associated with the RM Integris and RM Finance businesses are held for sale at the balance sheet date.

Services

The Services offering is primarily the provision of IT outsourcing and associated technology services (managed services) and managed broadband connectivity to UK schools and colleges. Total Services revenues improved by 2.6% to £55.0m (2021: £53.6m) with managed services, hardware, and infrastructure revenues improving 4.7% (2021: declining 4%) to £42.4m (2021: £40.5m). This was driven by the benefit of a new large multi-year infrastructure contract won in the year. Connectivity revenue decreased 3.8% (2021: 9%) to £12.6m (2021: £13.1m).

Digital Software Platforms

The Digital Software Platform offering covers a number of cloud-based products and services such as RM Unify (authentication and identity management system) and RM SafetyNet (internet filtering software) as well as other content and network software offerings. Digital Platforms revenues from continuing operations decreased marginally to £5.9m (2021: £6.3m).

Dividend

A condition of the new extended and amended banking facility has been to restrict dividend distribution until the Company has a net debt to LTM EBITDA (post IFRS 16) leverage below 1x for two consecutive quarters and therefore we are not able to recommend the payment of a final dividend.

A final 2021 dividend of 3.0p per share, £2.5m was paid in 2022.

RM plc is a non-trading investment holding Company and derives its profits from dividends paid by subsidiary companies. The Company has £30.8m (2021: £35.8m) of distributable reserves, as at 30 November 2022, available to support dividends in the future when the facility restrictions are lifted. 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' set out above which could have a negative impact on the performance of the Group or its ability to distribute profits.

Treasury Management

In the period to 31 May 2022 the Company's banking facility was extended to July 2024, with the terms of the facility being held consistent with those of the prior agreement. The debt facilities at 31 May 2022 were subject to financial covenants of a maximum of 2.5 times. Net Debt/adjusted LTM EBITDA (pre-IFRS 16) and at least 4 times interest cover/adjusted LTM EBITDA (pre IFRS16). On 31 May 2022 the results of the covenant tests were 2.61 and 13.73 respectively.

Subsequent to 31 May 2022 the lenders agreed to amend the net debt/ adjusted LTM EBITDA (pre-FRS16) covenant to 3.0x at May 2022 and November 2022 and made it clear there was no intention of accelerating all or any part of the loan repayments. However as this was outside of the control of the Directors at 31 May 2022, borrowings were classified as current liabilities at the balance sheet date.

Prior to the end of the year, the Group entered discussions with lenders to extend the facility by a further year to July 2025 and to review the timing and type of covenant testing. As part of this process the lenders postponed the 30 November covenant test timing, however despite no breach of the facility agreement at the balance sheet date the borrowings have been classified as current liabilities as at 30 November 2022.

Since the year-end, the Group has secured an agreement with Lenders which extends the existing £70m facility to July 2025. This agreement provides lenders a fixed and floating charge over the shares of all obligor companies (except for RM plc) and has reset the covenants under the facility as follows:

- a quarterly LTM EBITDA (post IFRS16) covenant test from May 2023 to November 2024 which is then replaced by a quarterly LTM EBITDA (post IFRS16) leverage test and interest cover both of which are required to be below 4x from February 2025.
- Subject to the sale of the RM Integris and RM Finance businesses and receipt of at least £10m of proceeds, an additional liquidity covenant will come into effect. This covenant would include both a 'hard' and a 'soft' liquidity covenant. The 'hard' covenant requires the Company to have liquidity greater than £7.5 million on the last business day of the month and liquidity not be below £7.5 million at the end of two consecutive weeks within a month.

The 'soft' covenant requires the Company to have liquidity greater than £12.5 million at any point during the cash flow forecast period. Unlike the 'hard' covenant, a breach of the 'soft' covenant does not constitute an event of default under the Facility Agreement but, instead, requires the Company to notify the Lenders of the breach and be available to discuss plans to increase liquidity.

Treasury activities are managed centrally for the Group including banking relationships and foreign currency hedging. The Group has foreign currency-denominated costs that outweigh foreign currency-denominated revenues and therefore increased currency volatility creates an exposure. This is primarily attributed to US Dollar and Indian rupee exposure. This risk is managed through currency hedging against exchange rate movements, typically 12 months into the future. The Group is also working to rebalance its exposure by growing its foreign currency-denominated sales ahead of its costs to reduce the currency imbalance and more naturally hedge this risk over time.

Defined Benefit Pension Schemes

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.

The IAS19 net position (pre-tax) across the Group reduced by £7.7m to a surplus of £22.6m (2021: £30.4m) with both the RM Education Scheme and the Platinum Scheme being in surplus. The reduction has been driven by actual inflation experience over the period and a decrease in the value of Scheme assets more than offsetting the positive impact of higher discount rates which is based on corporate bond yields.

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

Since the year-end, the Group has agreed further positions with the Trustee of the current schemes. The agreement provides the main two pension 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 at bi-annual intervals starting on August 2024 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 outlined above.

The Group has also agreed to pay a one-off additional contribution of £0.1m to the Platinum Scheme.

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 May 2024 which indicate that taking into account reasonably plausible downsides as discussed below, the Company has 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 and the level of available finance not drawn down.

At 30 November 2022, the Group had net debt of £46.8m (November 2021: £18.3m) and drawn facilities of £49.0m (November 2021: £20m). RM Group has a £70m (2021: £70m) committed bank facility ("the facility") at the date of this report and the details of an extension and amendment to the facility are included in the Treasury section of the CFO section. Further details are set out in Note 31. Liquidity headroom at 30 November 2022 was £23.2m (2021: £47.9m). Average net debt over the year to 30 November 2022 was £46.8m (2021: £15.8m) with a maximum borrowings position of £64.1m (2021: £29.7m). The drawn facilities are expected to fluctuate over the period considered for going concern and are not anticipated to be fully repaid in this period.

Since the year-end, the Group has secured an agreement with Lenders, which extends the existing £70m facility to July 2025. This agreement provides lenders a fixed and floating charge over the shares of all obligor companies (except for RM plc) 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 (post IFRS16) covenant test from May 2023 to November 2024
- a 'hard' liquidity covenant test requiring the Company to have liquidity greater than £7.5 million on the last business day of the month and liquidity not be below £7.5 million at the end of two consecutive weeks within a month. As outlined in the previous Treasury Management section, this covenant test is conditional on the sale of the RM Integris and RM Finance businesses.

The Chief Financial Officer's statement outlines the performance of the Group in the year to 30 November 2022. This statement highlights the material impact of the IT implementation in the Consortium brand of RM Resources, where the disruption materially reduced revenues and elevated costs in what was already a challenging market backdrop of inflationary pressures on school budgets. The Assessment division benefited from the first full UK exam series since 2019 and expanded customer numbers and volumes and the remainder of the RM Resources division delivered a strong performance with TTS UK revenues growing 10% and International revenues 40%. Despite the reduction in operating cash flows caused by the IT implementation disruption the Group generated £6.4m of adjusted operating cash in the year.

However, the resulting impact was a materially reduced operating performance versus 2021, with the Group making an operating loss for the year and reporting a significant elevation of the Net Debt position.

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 2022 and assumes a broadly similar macroeconomic environment to that currently being experienced.

The base case reflects shareholders voting in favour of the sale of the RM Integris and RM Finance businesses from the RM Technology Division. The net proceeds of the Sale, when received, will provide the Group with additional liquidity to strengthen the Continuing Group's balance sheet and reduce indebtedness as well as support the Group's strategy to build a more focused, sustainable business for the long-term.

As discussed in detail within this report the IT implementation in the Consortium brand significantly impacted the performance of the Group in 2022. The base case reflects the finalisation of this project within the Consortium brand in time for schools peak buying season. There are no further IT program implementations included in the base case in the outlook period.

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

- Reduced Consortium disruption in 2023 following finalisation of the IT implementation, although volumes in the three-year budget period are not expected to return to 2019 levels.
- New contract wins in RM Assessment and RM Technology and increased hardware and infrastructure revenues in RM Technology associated with the UK government's three-year Connect the Classroom program for which they have provided £150m in funding.
- International volume growth in the RM Resources business, although this is modelled below that seen in 2022.

Overall margins in the base budget are flat from 2022 to 2023 and a marginal increase in 2024. The increase in FY24 is largely the result of revenue growth, revenue mix and some underlying service delivery improvements.

Adjusted net debt reduces materially within the assessment period which is largely the result of £8.5m of IPv4 address sales (which have already occurred) and the proceeds from the sale of the RM Integris and RM Finance businesses. The base budget includes investment required to maintain the existing customer base and enable the growth modelled and does not include the payment of dividends.

There are working capital initiatives built into the underlying budget, which are focussed on aligning to the pre COVID and pre-IT implementation run rate positions rather than seeking to go further. There is no further management of working capital modelled within the base case.

Under the base case, taking account of available facilities and existing cash resources and the net proceeds of the Sale, the working capital available to the Continuing Group is sufficient to meet its liabilities as they fall due for at least 12 months from the date of this report.

If the Sale were not to proceed and the Group's results over the relevant period continue to be in line with the Company's current expectations, it is not expected to be in breach of the financial covenants contained in its financing documents and would have sufficient liquidity headroom at all times within the 12-month period.

In connection with the Sale and 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 a base case and reasonable worst case downside scenario, both where the Sale does proceed and where the Sale does not proceed. This scenario includes:

RM Resources

- School budgets are more challenged than expected and schools focus on essentials leading to a 10% reduction in TTS brand volumes in 2023 and 2024 taking them below 2022 in both years. Consortium brand revenues are also decreased by 10% in 2024.
- IT system implementation timelines are extended reducing revenues by c.20% in the Consortium brand through the peak period in 2023 taking them below 2022 levels
- International volume growth is materially below that seen in 2022, with expected growth reduced by one half
- Consortium overdue receivables remain elevated until the half year 2023 and the business experiences a higher volume of returns than is usual for the business resulting from the IT implementation challenges. This scenario results in a c.£4m reduction in liquidity headroom.

RM Technology

- Removal of revenue growth in the RM Technology business reflecting a more challenging market environment related to new hardware and infrastructure wins. This results in a c9% reduction in 2023 revenues and c7% in 2024, resulting in 2023 revenues being below those in 2022.

RM Assessment

- Pipeline delays and reduced conversion in the RM Assessment division reduces new business revenues by c90% in 2023 and c80% in 2024. This reduces revenue growth in the base case down to contracted positions.

Central Corporate

- Central efficiency targets are not achieved in 2023 or 2024 which increase central costs in 2023 to be 15% above 2022 and in line with 2022 in 2024.

Other

- The £4m contingent portion of the proceeds from the sale of the RM Integris and RM Finance businesses is not received.
- Central bank interest rates are maintained above 4% for the entire assessment review period

While the Board believes that all reasonable worst case downside scenarios occurring together is highly unlikely, under these combined scenarios and shareholders voting in favour of the sale of the RM Integris and RM Finance businesses, the Group would continue to have reasonable headroom against the Facility and comply with covenants.

Were the Sale not to proceed for any reason and the Group performed in line with its reasonable worst case downside scenarios the Group would have sufficient, but limited, liquidity headroom, and the covenants would not be breached in the 12 months following the date of this report.

The Board's assessment of the likelihood of a further downside scenario is remote, particularly with the positive progress on finalising the IT Implementation in Consortium at the date of this report. The Board has reviewed the downside scenario which would result in liquidity and covenant breaches outlined below.

In addition to the reasonable worst-case scenario the Board have performed a reverse stress test and in that scenario the first covenant that would breach would be the liquidity covenant in September 2023 in the circumstance that the sale were not to proceed and the RM resources revenue for that period were to reduce by a further 9% from the reasonable worst case scenario. The Board consider the possibility of this scenario occurring to be highly remote.

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 all cases and the Group complies with covenants. These mitigating actions are expected to have little to no implications to the ongoing business and include (but are not limited to) reducing un-committed spend, delaying recruitment and executing further IPv4 sales.

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.

Internal Control

Management acknowledged that control improvements were required entering the year which were outlined in the Audit and Risk Committee report in 2021. This was compounded during the year by the operational disruption caused by the challenges associated with the IT system implementation and further control findings identified during the half year results review.

As a result, a more thorough review and reset of the internal control environment was initiated utilising specialist external resource, reporting directly to the new Interim CFO, with the remit to review all aspects of the internal control framework.

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, and while progress has been made, these continue into 2023.

Management, based on the controls review detailed above, 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.

This is outlined in more detail in the Audit and Risk Committee report.

Directors' Responsibility Statement

The 2022 Annual Report and Accounts which will be issued in March 2023, 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 29 March 2023, 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.

Emmanuel Walter

Chief Financial Officer (interim)
29 March 2023

**CONSOLIDATED INCOME
STATEMENT
for the year ended 30 November
2022**

Year ended 30 November 2022				Year ended 30 November 2021			
		Adjusted	Adjustments	Total	Restated	Restated	Restated
	Note	£000	£000	£000	Adjusted	Adjustments	Total
		£000	£000	£000	£000	£000	£000
Continuing operation							
Revenue	2	214,167	-	214,167	206,149	-	206,149
Cost of sales		(146,878)	-	(146,878)	(138,771)	-	(138,771)
Gross profit		67,289	-	67,289	67,378	-	67,378
Operating expenses		(58,956)	(26,833)	(85,789)	(50,752)	(12,882)	(63,634)
Increase in allowance for receivables		(850)	-	(850)	(157)	-	(157)
Impairment losses		-	(2,236)	(2,236)	-	-	-
Profit / (loss) from operations		7,483	(29,069)	(21,586)	16,469	(12,882)	3,587
Finance income	3	614	-	614	28	-	28
Other income	3	-	3,010	3,010	-	1,399	1,399
Finance costs	4	(2,825)	-	(2,825)	(1,396)	-	(1,396)
Profit / (loss) before tax		5,272	(26,059)	(20,787)	15,101	(11,483)	3,618
Tax	5	(1,760)	6,458	4,698	(3,282)	1,858	(1,424)
Profit / (loss) for the year from continuing operation		3,512	(19,601)	(16,089)	11,819	(9,625)	2,194
Profit for the year from discontinuing operations		1,590	-	1,590	2,000	-	2,000
Profit / (loss) from the year		5,102	(19,601)	(14,499)	13,819	(9,625)	4,194
Earnings per ordinary share on continuing operations							
- basic	6	4.4p		(19.3)p	14.2p		2.6p
- diluted	6	4.3p		(19.3)p	14.0p		2.6p
Earnings per ordinary share on discontinuing operations							
- basic	6	1.9p		1.9p	2.4p		2.4p
- diluted	6	1.9p		1.9p	2.4p		2.4p
Earnings per share on total operations							
- basic		6.1p		(17.4)p	16.6p		5.0p
- diluted		6.0p		(17.4)p	16.4p		5.0p
Paid and proposed dividends per share							
	7						
- interim				-			1.70p
- final				-			3.00p

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 is consistent with the way that underlying trading performance is measured by management (see Note 2 for details). The restatement is detailed in Note 14.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 November 2022**

		Year ended 30 November 2022	Year ended 30 November 2021
	Note	£000	£000
(Loss) / profit for the year		(14,499)	4,194
Items that will not be reclassified subsequently to profit or loss			
Defined Benefit Pension Scheme remeasurements	13	(12,157)	44,860
Tax on items that will not be reclassified subsequently to profit or loss	5	2,914	(10,364)
Items that are or may be reclassified subsequently to profit or loss			
Fair value (loss)/ gain on hedged instruments		(440)	242
Tax on items that are or may be reclassified subsequently to profit or loss	5	11	(45)
Exchange gain / (loss) on translation of overseas operations		301	(180)
Other comprehensive (expense) / income		(9,371)	34,513
Total comprehensive (expense) / income		(23,870)	38,707

CONSOLIDATED BALANCE SHEET

		At 30 November 2022	Restated * At 30 November 2021	Restated * At 30 November 2020
	Note	£000	£000	£000
Non-current assets				
Goodwill		49,401	49,202	49,322
Intangible assets		25,510	26,088	20,870
Property, plant and equipment		15,892	16,217	8,423
Right of Use asset		16,364	18,018	19,391
Defined Benefit Pension Scheme surplus	13	23,959	35,037	665
Other receivables	8	291	82	63
Contract fulfilment assets		1,713	1,486	1,566
Deferred tax assets	5	173	156	5,333
		133,303	146,286	105,633
Current assets				
Inventories		26,359	19,055	18,594
Trade and other receivables	8	36,203	33,661	31,271
Contract fulfilment assets		1,727	1,360	728
Assets held for sale		418	3,034	4,793
Tax assets		2,733	3,665	2,633
Cash at bank		1,911	3,560	5,941
		69,351	64,335	63,960
Total assets		202,654	210,621	169,593
Current liabilities				
Trade and other payables	9	(65,639)	(61,695)	(61,817)
Tax liabilities		-	-	(163)
Provisions	11	(2,142)	(2,066)	(435)
Overdraft		-	(2,082)	(2,480)
Borrowings		(48,728)	-	-
Liabilities directly associated with assets classified as held for sale		(2,082)	-	-
		(118,591)	(65,843)	(64,895)
Net current (liabilities) /assets		(49,240)	(1,508)	128,855

Non-current liabilities

Other payables	9	(19,094)	(21,072)	(20,987)
Provisions	11	(666)	(1,475)	(3,998)
Deferred tax liability		(2,306)	(10,830)	(3,339)
Defined Benefit Pension Scheme obligation	13	(1,354)	(4,686)	(19,318)
Borrowings	10	-	(19,744)	(4,779)
		(23,420)	(57,807)	(52,421)
Total liabilities		(142,011)	(123,650)	(117,316)
Net assets		60,643	86,971	52,277

Equity attributable to shareholders

Share capital	12	1,917	1,917	1,917
Share premium account		27,080	27,080	27,080
Own shares		(444)	(444)	(841)
Capital redemption reserve		94	94	94
Hedging reserve		(263)	177	(65)
Translation reserve		(581)	(882)	(702)
Retained earnings		32,840	59,029	24,794
Total equity		60,643	86,971	52,277

* The prior year has been restated please refer to Note 14

**CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY
for the year ended 30 November 2022**

Note	Share capital £000	Share premium £000	Own shares £000	Capital redemption reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Total £000
At 1 December 2020 - as restated	1,917	27,080	(841)	94	(65)	(702)	24,794	52,277
Profit for the year- restated	-	-	-	-	-	-	4,194	4,194
Other comprehensive income/(expense)	-	-	-	-	242	(180)	34,451	34,513
Total comprehensive income/(expense)	-	-	-	-	242	(180)	38,645	38,707
Transactions with owners of the Company:								
Share-based payment awards exercised	-	-	397	-	-	-	(397)	-
Share-based payment fair value charges	-	-	-	-	-	-	(100)	(100)
Deferred Tax on Share-based payments	-	-	-	-	-	-	-	-
Ordinary dividends paid 7	-	-	-	-	-	-	(3,913)	(3,913)
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 income/(expense)	-	-	-	-	(440)	301	(9,232)	(9,371)
Total comprehensive income/(expense)	-	-	-	-	(440)	301	(23,731)	(23,870)
Transactions with owners of the Company:								
Share-based payment fair value charges	-	-	-	-	-	-	40	40
Deferred Tax on Share-based payments	-	-	-	-	-	-	-	-
Ordinary dividends paid 7	-	-	-	-	-	-	(2,498)	(2,498)
At 30 November 2022	1,917	27,080	(444)	94	(263)	(581)	32,840	60,643

The restatement is detailed in Note 14.

CONSOLIDATED CASH FLOW STATEMENT

		Restated	
for the year ended 30 November 2022		Year ended 30 November 2022	Year ended 30 November 2021
	Note	£000	£000
(Loss) /profit before tax from continuing operations		(20,787)	3,618
Profit before tax from discontinuing operations		1,590	2,000
Proceeds on disposal of intangible licences		(2,791)	-
Gain on disposal of property		(221)	(1,399)
Finance income	3	(612)	(28)
Finance costs	4	2,825	1,396
(Loss)/ profit from operations, including discontinued operations		(19,996)	5,587
Adjustments for:			
Amortisation and impairment of intangible assets		4,354	2,406
Depreciation and impairment of property, plant and equipment		5,149	4,281
Utilisation of contract fulfillment asset		2,326	1,446
(Gain)/ loss on disposal of property, plant and equipment		41	(50)
Loss/(gain) on foreign exchange derivatives		(204)	64
Share-based payment (credit)/ charge		40	(100)
(Decrease) / increase in provisions		1,469	(353)
Defined Benefit Pension Scheme administration cost	13	8	52
Operating cash flows before movements in working capital		(6,813)	13,333
(Increase) / decrease in inventories		(7,304)	(460)
(Increase) / decrease in receivables		(4,095)	(2,318)
(Increase) in contract fulfilment assets		(2,920)	(1,999)
Movement in payables			
- increase in trade and other payables		5,517	1,177
- utilisation of provisions	11	(1,514)	(528)
Cash (used in) / generated from operations		(17,129)	9,205
Defined benefit pension scheme cash contributions	13	(4,537)	(4,450)
Tax credited / (paid)		880	(135)
Net cash inflow from operating activities		(20,786)	4,620
Investing activities			
Interest received		3	28
Proceeds on disposal of intangible licences		2,791	-
Proceeds on disposal of property, plant and equipment		3,299	3,214
Purchases of property, plant and equipment		(1,575)	(8,024)
Purchases of other intangible assets		(3,627)	(7,805)
Net cash used in investing activities		891	(12,587)
Financing activities			
Dividends paid	7	(2,498)	(3,913)
Drawdown of borrowings	10	73,000	58,000
Repayment of borrowings	10	(44,000)	(43,000)
Borrowing facilities arrangement and commitment fees		(436)	(497)
Interest paid		(2,312)	(675)
Payment of leasing liabilities		(3,461)	(3,889)
Net cash generated by/ (used in) financing activities		20,293	6,026
Net (decrease) /increase in cash and cash equivalents		398	(1,941)
Cash and cash equivalents at the beginning of the year		1,478	3,461
Effect of foreign exchange rate changes		35	(42)
Cash and cash equivalents at the end of the year		1,911	1,478

Bank overdraft	-	(2,082)
Cash at bank	1,911	3,560
Cash and cash equivalents at the end of the year	1,911	1,478

The restatement is detailed in Note 14.

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 25 May 2023. The full Strategic Report and Directors' Report and financial statements will be published on the Group's website at 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 2022. Statutory accounts for 2021 have been delivered to the Registrar of Companies and those for 2021 will be delivered following the Company's annual general meeting. The 2022 statutory accounts are amended for the restatement of certain customer contract fulfilment costs being reclassified as intangible assets as set out in Note 14. The auditor's reports on both the 2022 and 2021 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 29 March 2023.

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 2.

Basis of preparation

The financial statements have been prepared on the 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.

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

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 May 2024 which indicate that taking into account reasonably plausible downsides as discussed below, the Company has 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 and the level of available finance not drawn down.

At 30 November 2022, the Group had net debt of £46.8m (November 2021: £18.3m) and drawn facilities of £49.0m (November 2021: £20m). RM Group has a £70m (2021: £70m) committed bank facility ("the facility") at the date of this report

and the details of an extension and amendment to the facility are included in the Treasury section in the CFO statement. Further details are set out in Note 10. Liquidity headroom at 30 November 2022 was £23.2m (2021: £47.9m). Average net debt over the year to 30 November 2022 was £46.8m (2021: £15.8m) with a maximum borrowings position of £64.1m (2021: £29.7m). The drawn facilities are expected to fluctuate over the period considered for going concern and are not anticipated to be fully repaid in this period.

Since the year-end, the Group has secured an agreement with Lenders, which extends the existing £70m facility to July 2025. This agreement provides lenders a fixed and floating charge over the shares of all obligor companies (except for RM plc) 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 (post IFRS16) covenant test from May 2023 to November 2024
- a 'hard' liquidity covenant test requiring the Company to have liquidity greater than £7.5 million on the last business day of the month and liquidity not be below £7.5 million at the end of two consecutive weeks within a month.

The Chief Financial Officer's statement outlines the performance of the Group in the year to 30 November 2022. This statement highlights the material impact of the IT implementation in the Consortium brand of RM Resources, where the disruption materially reduced revenues and elevated costs in what was already a challenging market backdrop of inflationary pressures on school budgets. The Assessment division benefited from the first full UK exam series since 2019 and expanded customer numbers and volumes and the remainder of the RM Resources division delivered a strong performance with TTS UK revenues growing 10% and International revenues 40%. Despite the reduction in operating cash flows caused by the IT implementation disruption the Group generated £6.4m of adjusted operating cash in the year.

However, the resulting impact was a materially reduced operating performance versus 2021, with the Group making an operating loss for the year and reporting a significant elevation of the Net Debt position.

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 2022 and assumes a broadly similar macroeconomic environment to that currently being experienced.

The base case reflects shareholders voting in favour of the sale of the RM Integrus and RM Finance businesses from the RM Technology Division. The net proceeds of the Sale, when received, will provide the Group with additional liquidity to strengthen the Continuing Group's balance sheet and reduce indebtedness as well as support the Group's strategy to build a more focused, sustainable business for the long-term.

As discussed in detail within this report the IT implementation in the Consortium brand significantly impacted the performance of the Group in 2022. The base case reflects the finalisation of this project within the Consortium brand in time for schools peak buying season. There are no further IT program implementations included in the base case in the outlook period.

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

- Reduced Consortium disruption in 2023 following finalisation of the IT implementation, although volumes in the three-year budget period are not expected to return to 2019 levels.
- New contract wins in RM Assessment and RM Technology and increased hardware and infrastructure revenues in RM Technology associated with the UK government's three-year Connect the Classroom program for which they have provided £150m in funding.
- International volume growth in the RM Resources business, although this is modelled below that seen in 2022.

Overall margins in the base budget are flat from 2022 to 2023 and a marginal increase in 2024. The increase in FY24 is largely the result of revenue growth, revenue mix and some underlying service delivery improvements.

Adjusted net debt reduces materially within the assessment period which is largely the result of £8.5m of IPv4 address sales (which have already occurred) and the proceeds from the sale of the RM Integrus and RM Finance businesses. The base budget includes investment required to maintain the existing customer base and enable the growth modelled and does not include the payment of dividends.

There are working capital initiatives built into the underlying budget, which are focussed on aligning to the pre COVID and pre-IT implementation run rate positions rather than seeking to go further. There is no further management of working capital modelled within the base case.

Under the base case, taking account of available facilities and existing cash resources and the net proceeds of the Sale, the working capital available to the Continuing Group is sufficient to meet its liabilities as they fall due for at least 12 months from the date of this report.

If the Sale were not to proceed and the Group's results over the relevant period continue to be in line with the Company's current expectations, it is not expected to be in breach of the financial covenants contained in its financing documents and would have sufficient liquidity headroom at all times within the 12-month period.

In connection with the Sale and 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 a base case and reasonable worst case downside scenario, both where the Sale does proceed and where the Sale does not proceed. This scenario includes:

RM Resources

- School budgets are more challenged than expected and schools focus on essentials leading to a 10% reduction in TTS brand volumes in 2023 and 2024 taking them below 2022 in both years. Consortium brand revenues are also decreased by 10% in 2024.
- IT system implementation timelines are extended reducing revenues by c.20% in the Consortium brand through the peak period in 2023 taking them below 2022 levels
- International volume growth is materially below that seen in 2022, with expected growth reduced by one half
- Consortium overdue receivables remain elevated until the half year 2023 and the business experiences a higher volume of returns than is usual for the business resulting from the IT implementation challenges. This scenario results in a c.£4m reduction in liquidity headroom.

RM Technology

- Removal of revenue growth in the RM Technology business reflecting a more challenging market environment related to new hardware and infrastructure wins. This results in a c9% reduction in 2023 revenues and c7% in 2024, resulting in 2023 revenues being below those in 2022.

RM Assessment

- Pipeline delays and reduced conversion in the RM Assessment division reduces new business revenues by c90% in 2023 and c80% in 2024. This reduces revenue growth in the base case down to contracted positions.

Central Corporate

- Central efficiency targets are not achieved in 2023 or 2024 which increase central costs in 2023 to be 15% above 2022 and in line with 2022 in 2024.

Other

- The £4m contingent portion of the proceeds from the sale of the RM Integris and RM Finance businesses is not received.
- Central bank interest rates are maintained above 4% for the entire assessment review period.

While the Board believes that all reasonable worst case downside scenarios occurring together is highly unlikely, under these combined scenarios and shareholders voting in favour of the sale of the RM Integris and RM Finance businesses, the Group would continue to have reasonable headroom against the Facility and comply with covenants.

Were the Sale not to proceed for any reason and the Group performed in line with its reasonable worst case downside scenarios the Group would have sufficient, but limited, liquidity headroom, and the covenants would not be breached in the 12 months following the date of this report.

The Board's assessment of the likelihood of a further downside scenario is remote, particularly with the positive progress on finalising the IT Implementation in Consortium at the date of this report. The Board has reviewed the downside scenario which would result in liquidity and covenant breaches outlined below.

In addition to the reasonable worst-case scenario the Board have performed a reverse stress test and in that scenario the first covenant that would breach would be the liquidity covenant in September 2023 in the circumstance that the sale were not to proceed and the RM resources revenue for that period were to reduce by a further 9% from the reasonable worst case scenario. The Board consider the possibility of this scenario occurring to be highly remote.

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 all cases and the Group complies with covenants. These mitigating actions are expected to have little to no implications to the ongoing business and include (but are not limited to) reducing un-committed spend, delaying recruitment and executing further IPv4 sales.

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.

Liquidity

Should the sale proceed as expected, for a liquidity breach to occur, Group revenue and EBITDA would be required to fall by £44.7m and £18.2m respectively in 2023 and £54.9m and £22.2m respectively in 2024. The Board considers this scenario to be highly remote in terms of likelihood of occurrence. Should the sale not occur, which the Board considers to be highly unlikely, the required revenue and EBITDA reduction is less significant at £41.7m and £17.0m respectively in 2023 and £50.9m and £20.6m respectively in 2024.

Covenants

Should the sale proceed, as expected, for a covenant breach to occur Group revenue and EBITDA would be required to fall by £25.9m and £10.7m respectively in 2023. In the scenario that the sale does not occur EBITDA is increased, and the required scenario is more severe requiring a revenue and EBITDA reduction of £29.4m and £12.1m respectively in 2023.

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 all cases and the Group complies with covenants. These mitigating actions are expected to have little to no implications to the ongoing business and include (but are not limited to) reducing discretionary spend, delaying recruitment and executing further IPv4 sales.

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 operating profit
- 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
- Net debt
- Average net debt
- Loan covenants

Further explanation of what each APM comprises and reconciliations between Statutory reported measures and adjusted measures are shown in Note 2.

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.

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. 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 is structured into three operating divisions: RM Resources, RM Assessment and RM Technology. The Chief Operating Decision Maker review segments at an adjusted operating profit level and adjustments are not allocated to segments. Adjustments includes the impairment of intangible asset, 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.

During the year, the Group has conditionally agreed to sell the RM Integris and RM Finance Business within RM Technology. The segment information reported on the next pages does not include any amounts for these discontinuing operations.

Segmental results

Year ended	RM Resources* £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Revenue					
UK	91,939	23,324	59,416	-	174,679
Europe	12,919	8,153	71	-	21,143
North America	3,555	142	1,374	-	5,071
Asia	880	1,299	-	-	2,179
Middle East	3,305	167	-	-	3,472
Rest of the world	1,768	5,855	-	-	7,623
	114,366	38,940	60,861	-	214,167
Adjusted profit/(loss) from operations	2,811	7,378	2,173	(4,879)	7,483
Investment income					614
Other income					-
Finance costs					(2,825)
Adjusted profit before tax					5,272
Adjustments (see Note 6)					(26,059)
Profit before tax					(20,787)

Year ended	RM Resources* £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Revenue					
UK	98,446	18,847	59,625	-	176,918
Europe	8,849	6,104	86	-	15,039
North America	1,882	-	138	-	2,020
Asia	772	1,036	-	-	1,808
Middle East	2,004	159	-	-	2,163
Rest of the world	2,469	5,724	8	-	8,201
	114,422	31,870	59,857	-	206,149
Adjusted profit/(loss) from operations	10,073	5,706	5,098	(4,408)	16,469
Investment income					28

Finance costs	(1,396)
Adjusted profit before tax	15,101
Adjustments	(11,483)
Profit before tax	3,618

Adjustments to cost of sales and administrative expenses

	Year ended 30 November 2022	Restated* Year ended 30 November 2021
	£000	£000
Adjustments to administrative expenses		
Amortisation of acquisition related intangible assets	1,839	2,010
Disposal related costs	845	-
Dual running costs related to investment strategy	5,372	2,064
Configuration of SaaS licenses (ERP)	17,355	8,337
Impairment of ERP solution	2,236	-
Onerous provision for IS licenses	1,168	-
Onerous lease	-	471
Restructuring costs	254	-
Total adjustments to administrative expenses	29,069	12,882
Other income		
Sale of property	(219)	(1,399)
Sale of IP addresses	(2,791)	-
Total adjustments to other income	(3,010)	(1,399)
Total adjustments	26,059	11,483
Tax impact (Note 5)	(6,458)	(1,858)
Total adjustments after tax	19,601	9,625

*The prior year has been restated to show sale of property as other income rather than adjustments to administrative expenses. See Note 14.

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 to clearly communicate with the investment analyst community 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.

Other 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.

In 2018, following a large acquisition in the Resources division, the Group announced a new warehouse strategy which involved the disposal of 5 warehouses (including 3 warehouses from the newly acquired group of companies) into one new automated

warehouse. Interlinked with the automation software was a requirement to change the ERP solution. The Group believes that whilst this programme spans a number of years, its size, complexity and number of unusual costs and income are 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 or income relating to this programme have been treated as an adjustment to profit, consistently period to period. Whilst this programme is ongoing, the Group have paused certain elements of this programme at the end of the year, and so do not anticipate further dual run elements in future years.

During the year, and prior year this programme included the following costs and income:

- Dual run related costs during the period of (£2.8m 2021:£1.0m), relate to costs associated with the new warehouse that is not yet fully operational but was acquired at the end of November 2020. These costs include items such as utilities, security and increased warehouse staff to test the new facility and to transfer inventory. Other dual run costs include IT costs (excluding configuration costs of SaaS licenses) being expensed that relate to running of IT systems not yet in use (£2.6m) and a provision for onerous license contracts of £1.2m (2021: £1.1m).
- During the period the Group disposed of one of the assets reclassified as Held for Sale at 30 November 2020, which was a warehouse that was no longer be 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.
- In the prior year a warehouse sale generated proceeds of £3.2m and a profit after direct selling costs and costs of moving from the warehouse of £1.4m.
- The configuration and customisation costs relating to our ERP programme "Evolution", which represents a significant investment. These costs total £17.8m (2021:£8.3m) including the tax credits of £0.5m (2021:£0.2m) recoverable based on the development work undertaken in Evolution.

In addition to the warehouse programme, the Group believes the following items to be significantly large enough and unusual in their incidence to impact the understanding of the performance of the Group if not adjusted. In the year ended 30 November 2022, these items comprised:

- The Group has agreed a disposal, subject to shareholder approval (anticipated in H1 2023) for our MIS and Finance businesses. The costs incurred in this process are treated as an adjustment to profit (£0.8m).
- The group has impaired elements of the ERP programme costs, previously capitalised (£2.2m), which relate to functionality that is paused where the Group has no current active plans to proceed to implement. This impairment may be reversed if the Group subsequently implements this functionality.
- The Group commenced a transformation programme in 2022 and has expensed £0.3m of redundancy costs in the year.

During the year ended 30 November 2021 other items comprised:

- The impairment of a right of use asset and onerous service charges relating to a leased office, which no longer met our requirements following a change in working practises after the COVID-19 pandemic (£0.5m). The costs relating to the new replacement leased office that meets working practises requirements is included in the segmental results.

Net debt is the total of borrowings (£48.7m (2021: £19.7m)), cash at bank (£1.9m (2021: £3.6m)) and overdraft (£nil (2021: £2.1m)) which was £46.8m as at 30 November 2022 (2021: £18.3m). Lease liabilities of £19.1m (2020: £20.9m) are excluded from this measure as they are not included in the measurement of net debt for the purpose of covenant calculations. Net debt is a key metric measured by management as it is used in covenant calculations. Accordingly, and as set out in Note 31 following the updates to arrangements with our banking syndicate the definition the Group applies to Net Debt will change in FY23 to include the impact of IFRS16 lease liabilities as the new covenants will be calculated on this basis. The details of our covenant calculations are set out in Note 10, and is based on an EBITDA basis (Earnings (being Adjusted Operating profit) before interest, tax, depreciation and amortisation).

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

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

	2022	2022	2022	2021	2021	2021
	Statutory measure	Adjustment	Adjusted cash flows	Statutory measure	Adjustment	Adjusted cash flows
Profit before tax (£000)	(20,787)	26,059	5,272	3,618	11,483	15,101
Profit from operations (£000)	(21,586)	29,069	7,483	3,587	12,882	16,469
Cash generated from operations	(17,129)	24,480	7,351	9,205	8,916	18,121
Net cash inflow from operating activities	(20,786)	24,480	3,694	4,620	8,916	13,536
Net cash used in investing activities	891	(1,403)	(512)	(12,587)	10,427	(2,160)
Net cash used in financing activities	20,293	-	20,293	6,026	-	6,026
Net increase in cash and cash equivalents	398	23,077	23,475	(1,941)	19,343	17,402

Adjusted cash conversion percentage is defined as adjusted cash inflow from operating activities as a percentage of adjusted profit before tax.

The adjustments have the following impact on key metrics:

	2022	2022	2022	2021	2021	2021
	Statutory measure	Adjustment	Adjusted measure	Statutory measure	Adjustment	Adjusted measure
Gross profit (£000)	67,289	-	67,289	67,378	-	67,378
Profit from operations (£000)	(21,586)	(29,069)	7,483	3,587	(12,882)	16,469
Operating margin (%)	-10.0%	-14.0%	3.0%	2.0%	-6.0%	8.0%
EBITDA (£'000)	(12,083)	(26,059)	13,976	10,274	(12,882)	23,156
Profit before tax (£000)	(20,787)	(26,059)	5,272	3,618	(11,483)	15,101
Tax (£000)	4,698	6,458	(1,760)	(1,424)	1,858	(3,282)
Profit after tax (£000)	(16,089)	(19,601)	3,512	2,194	(9,625)	11,819
Earnings per share (see Note 6)						
Basic (Pence)	4.2	-	(19.3)	14.2	-	2.6
Diluted (Pence)	4.2	-	(19.3)	14.0	-	2.6

Adjusted operating profit is defined as the profit before operations excluding the adjustments referred to above. Operating margin is defined as the operating profit as a percentage of revenue. EBITDA is defined as the profit from operations before amortisation and depreciation costs. The impact of tax is set out in Note 5.

3. Investment and other income

	Year ended 30 November 2022	Restated Year ended 30 November 2021
	£000	£000
Finance income:		
Bank interest	5	24
Net finance income on defined benefit pension scheme	607	-
Other finance income	2	4
Finance income	614	28
Other income:		
Sale of property	219	1,399
Sale of IP addresses	2,791	-
Other income	3,010	1,399
Total finance and other income	3,624	1,427

4. Finance costs

	Year ended 30 November 2022	Year ended 30 November 2021
	£000	£000
Borrowing facilities arrangement fees and commitment fees	425	462
Net finance costs on defined benefit pension scheme	39	254
Interest on lease of Right of Use assets	347	361
Interest on bank loans and overdrafts	2,014	319
	2,825	1,396

5. Tax

a) Analysis of tax charge in the Consolidated Income Statement

	Year ended 30 November 2022	Year ended 30 November 2021
	£000	£000
Current taxation		
UK corporation tax	301	442
Adjustment in respect of prior years	121	(58)
Overseas tax	495	(94)
Total current tax charge	917	290
Deferred taxation		
Temporary differences	(4,854)	1,398
Adjustment in respect of prior years	(109)	(258)
Overseas tax	(652)	(6)
Total deferred (credit)/ charge	(5,615)	1,134
Total Consolidated Income Statement tax (credit) / charge	(4,698)	1,424

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

	Year ended 30 November 2022	Year ended 30 November 2021
	£000	£000
UK corporation tax		
Defined benefit pension scheme	-	(800)
Share based payments	-	(10)
Pension escrow account	-	(328)
Deferred tax		
Defined benefit pension scheme movements	(2,407)	9,310
Defined benefit pension scheme escrow	-	328
Share based payments	-	42
Fair value movements of hedging instruments	(11)	45
Deferred tax relating to the change in rate	(507)	1,822
Total Consolidated Statement of Comprehensive Income tax (credit) / charge	(2,925)	10,409

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 2022			Year ended 30 November 2021		
	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Profit/(loss) on ordinary activities before tax*	6,862	(26,059)	(19,197)	17,101	(11,483)	5,618
Tax at 19% (2021: 19%) thereon:	1,304	(4,951)	(3,647)	3,249	(2,182)	1,067
Effects of:						
- change in tax rate on carried forward deferred tax assets	-	-	-	(27)	788	761
- other expenses not deductible for tax purposes	14	100	114	(52)	-	(52)
- non-taxable gains	-	(43)	(43)	-	(266)	(266)
- impact of super deduction	(56)	-	(56)			
- change in rate on current year movements	64	(1,564)	(1,500)			
- other temporary timing differences	-	-	-	212	-	212
- overseas tax losses not recognised	396	-	396	-	-	-
- effect of profits/losses in various overseas tax jurisdictions	60	-	60	18	-	18
- Prior period adjustments - UK	(153)	-	(153)	(60)	(198)	(258)
- Prior period adjustments - overseas	131	-	131	(58)	-	(58)
Tax charge/(credit) in the Consolidated Income Statement	1,760	(6,458)	(4,698)	3,282	(1,858)	1,424

*Includes discontinued operations

d) Deferred tax

The Group has recognised deferred 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:

Group	Accelerated tax depreciation £000	Defined benefit pension scheme obligation £000	Share-based payments £000	Short-term timing differences £000	Losses		Acquisition related intangible assets £000	Total £000
					£000			
At 1 December 2020	329	3,543	519	942	-		(3,339)	1,994
(Credit)/charge to income	(564)	-	(241)	77	-		(405)	(1,133)
(Charge)/ credit to other comprehensive income	-	(11,131)	(42)	(362)	-		-	(11,535)
At 30 November 2021	(235)	(7,588)	236	657	-		(3,744)	(10,674)
(Charge)/credit to income	(556)	-	(179)	164	5,842		344	5,615
(Charge)/ credit to other comprehensive income	-	1,937	-	(319)	1,307		-	2,925
At 30 November 2022	(791)	(5,651)	57	502	7,149		(3,400)	(2,134)

Certain deferred tax assets and liabilities have been offset above.

6.Earnings per share

	Year ended 30 November 2022			Year ended 30 November 2021		
	Profit for the year £000	Weighted average number of shares '000	Pence per share	£000	Weighted average number of shares '000	Pence per share
Basic earnings per ordinary share						

Basic earnings from continuing operations	(16,089)	83,256	(19.3)	2,194	83,150	2.6
Adjustments (see Note 2)	19,601	-	23.5	9,625	-	11.6
Adjusted basic earnings from continuing operations	3,512	83,256	4.2	11,819	83,150	14.2
Basic earnings from discontinuing operations	1,590	83,256	1.9	2,000	83,150	2.4
Adjusted basic earnings from discontinuing operations	1,590	83,256	1.9	2,000	83,150	2.4
Diluted earnings per ordinary share						
Basic earnings	(16,089)	83,256	(19.3)	2,194	83,150	2.6
Effect of dilutive potential ordinary shares: share based payment awards	-	1,335	0.3	-	1,302	(0.0)
Diluted earnings from continuing operations	(16,089)	84,591	(19.0)	2,194	84,452	2.6
Adjustments (see Note 2)	19,601	-	23.2	9,625	-	11.4
Adjusted diluted earnings from continuing operations	3,512	84,591	4.2	11,819	84,452	14.0
Basic diluted earnings from discontinuing operations	1,590	84,591	1.9	2,000	84,452	2.4
Adjusted diluted earnings from discontinuing operations	1,590	84,591	1.9	2,000	84,452	2.4

7.Dividends

Amounts recognised as distributions to equity holders were:

	Year ended 30 November 2022 £000	Year ended 30 November 2021 £000
Final dividend for the year ended 30 November 2022 - 3.0 p per share (2021: 3.0p)	2,498	2,497
Interim dividend for the year ended 30 November 2022 - nil p per share (2021: 1.70 p)	-	1,416
	2,498	3,913

The Directors do not propose a final dividend for the year ended 30 November 2022.

8.Trade and other receivables

	2022 £000	2021 £000
Current		
Financial assets		
Trade receivables	24,441	21,792
Other receivables	1,934	1,629
Derivative financial instruments	-	164
Accrued income from customer contracts	2,288	2,463
Amounts owed by Group undertakings	-	-
	28,663	26,048
Non-financial assets		
Prepayments	7,540	7,613
	36,203	33,661

Non-current**Financial assets**

Amounts owed by Group undertakings

Other receivables

-

-

291

82

291

82

36,494

33,743

9.Trade and other payables

2022

2021

£000

£000

Current liabilities**Financial liabilities**

Trade payables

34,269

21,277

Lease liabilities

3,144

3,126

Other payables

2,721

2,968

Derivative financial instruments

272

-

Accruals

10,516

15,368

50,922

42,739

Non-financial liabilities

Other taxation and social security

3,149

4,604

Deferred income from customer contracts

11,568

14,353

65,639

61,696

Non-current liabilities**Financial liabilities**

Lease liabilities

- due after one year but within two years

2,062

1,993

- due after two years but within five years

4,366

4,975

- after five years

9,570

10,835

Non-financial liabilities:

Deferred income from customer contracts:

- due after one year but within two years

1,357

1,496

- due after two years but within five years

1,473

1,138

- after five years

266

635

19,094

21,072

84,733

82,768

10.Borrowings

2022

2021

£000

£000

Bank loan

(49,000)

(20,000)

Add capitalised fees

272

256

Borrowings

(48,728)

(19,744)

In the period to 31 May 2022 the facility was extended to July 2024, with the terms of the facility being held consistent with those of the prior agreement. The debt facilities at 31 May 2022 were subject to financial covenants of a maximum of 2.5 times. Net Debt/adjusted EBITDA and at least 4 times interest cover/adjusted EBITDA. On 31 May 2022 the results of the covenant tests were 2.61 and 13.73 respectively.

Subsequent to 31 May 2022 the lenders agreed to amend the net debt/ adjusted EBITDA covenant to 3.0x at May 2022 and November 2022 and made it clear there was no intention of accelerating all or any part of the loan repayments. However as

this was outside of the control of the Directors at 31 May 2022, borrowings were classified as current liabilities at the balance sheet date.

Prior to the end of the year, the Group entered discussions with lenders to extend the facility by a further year to July 2025 and to review the timing and type of covenant testing. As part of this process the lenders postponed the 30 November covenant test timing, however despite no breach of the facility agreement at the balance sheet date the borrowings have been classified as current liabilities as at 30 November 2022.

11.Provisions

Group	Dilapidations & onerous lease £000	Employee- related restructuring £000	Contract risk provisions £000	Total £000
At 1 December 2020	1,236	1,028	2,169	4,433
Utilisation of provisions	(90)	(80)	(358)	(528)
Release of provisions	-	(33)	(806)	(839)
Increase in provisions	316	-	170	486
Impact of foreign exchange	(12)	1	-	(11)
At 30 November 2021	1,450	916	1,175	3,541
Utilisation of provisions	(239)	(960)	(317)	(1,516)
Release of provisions	(159)	-	(758)	(917)
Increase in provisions	219	254	1,227	1,700
At 30 November 2022	1,271	210	1,327	2,808

Employee-related restructuring provisions refer to costs arising from restructuring to meet the future needs of the Group. As described in Note 2, the Group completed the sale of warehouses planned in the 2018 estates review and has therefore utilised the provision held in 2021. The Group commenced further restructuring of £0.3m and this is anticipated to be utilised within H1 2023 as set out in Note 2.

Contract risk provisions includes items not covered by any other category of which the most significant items are the risk provisions from ended long term contracts of £0.2m (2021: £1.1m) and onerous IT license contracts that have been made during the year of £1.2m (2021: £nil). During 2022, the release of £667,000 (2021: £806,000) primarily relates to market movements in year that relate to our LGPS contracts.

Dilapidations increased by £219,000 during the year and the increase is reflected as an addition in Right of Use assets. A further lease was exited in the year (in accordance with the 2018 estates strategy (see Note 2) which utilised £239,000 and released a further £159,000 provision held.

During the year the overall movement on long term provisions was a decrease of £718,000 (2021: decrease of £2,523,000). This is primarily relating to TUPE pension schemes provision based on the Group's estimated impact of market movements from the last published (2019) triennial data. In the current year the movement in the TUPE pension related balance has been taken through Other Comprehensive Income.

12.Share capital

	Ordinary shares of 2½p	
	'000	£000
Allotted, called-up and fully paid:		
At 30 November 2020, 2021 and 2022	83,875	1,917

13.Pensions

a. Defined contribution scheme

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 £2,047,000 (2021: £2,255,000) represents contributions payable to these schemes by the Group at rates specified in employment contracts. At 30 November 2022 £262,000 (2021: £257,000) 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. The Group makes payments to these schemes for current service costs in accordance with its contractual obligations. The total costs charged to income for these schemes was £180,000 (2021: £165,000). The amount due in respect of these schemes at 30 November 2022 was £40,000 (2021: £77,000). The balance sheet liability is included within provisions and incorporates information from over 15 local government pension schemes. The provision is calculated by reference to the latest published triennial valuations and the Group discloses the net position of the Group's estimated share of assets and liabilities, rolled forward by taking known cash contributions, market movements in GILTs and CPI, and average asset returns from the LGPS website. Together these assumptions have led to the calculation of a surplus at 30 November 2022 (2021: liability of £715,000). The Group discloses the net position of the Group's estimated share of assets and liabilities. The surplus is not recognised as the Group does not have a right to recovery.

There is judgment in determining the appropriate accounting treatment for the participation in these schemes as either a defined benefit or defined contribution scheme, in particular as to whether actuarial and investment risk fall in substance on the Company.

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 Ltd 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 2022 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 (31 May 2018: £40,600,000). 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 2022 there were amounts outstanding of £266,667 (2021: £308,000) for one month's deficit payment and £nil (2021: £nil) for Scheme expenses.

The parent company RM plc 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 Ltd ("The Consortium", acquired by the Company on 30 June 2017 and now RM Educational Resources Ltd) 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 2022 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.

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 2018. The results of the full valuation were adjusted and rolled forward to form the basis for the current year valuation. 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 valuation of the scheme at 31 December 2018 was a surplus of £213,000 (31 December 2015: deficit £70,000).

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

	Year ended 30 November 2022	Year ended 30 November 2021
	£000	£000
Administrative expenses and taxes	(7)	(52)
Operating expense	(7)	(52)
Interest cost	(5,326)	(4,827)
Interest on Scheme assets	5,894	4,573
Net interest income/ (expense)	568	(254)
Income/ (expense) recognised in the Income Statement	561	(306)
Effect of changes in demographic assumptions	2,053	620
Effect of changes in financial assumptions	135,098	(3,203)
Effect of experience adjustments	(20,544)	847
Total actuarial gains/ (losses)	116,607	(1,736)
Return on Scheme assets excluding interest on Scheme assets	(129,453)	46,596
(Expense) / income recognised in the Statement of Comprehensive Income	(12,846)	44,860
(Expense) / income recognised in Total Comprehensive Income	(12,285)	44,554

The total expense recognised in the Statement of Total Comprehensive Income comprise the £12.8m above offset by a release of £0.6m relating to LGPS provisions.

The effect of changes in financial assumptions is principally due to the significant increase in the discount rates - see sensitivity information further below. The discount rates have significantly 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 broadly matched by a corresponding fall in asset values. The asset returns over the period reflect 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 further below.

Reconciliation of the Scheme assets and obligations through the year

	RM scheme	CARE scheme	Platinum scheme	Year ended 30 November 2022	Year ended 30 November 2021
	£000	£000	£000	£000	£000
Assets					
At start of year	316,722	17,858	3,061	337,641	287,061
Interest on Scheme assets	5,524	316	54	5,894	4,573
Return on Scheme assets excluding interest on Scheme assets	(123,023)	(5,335)	(1,095)	(129,453)	46,596
Administrative expenses	-	20	(27)	(7)	(52)
Contributions from Group	3,452	1,059	26	4,537	4,450
Contributions from employees	-	-	-	-	-
Benefits paid	(5,331)	(625)	(14)	(5,970)	(4,987)
At end of year	197,344	13,293	2,005	212,642	337,641
Obligations					
At start of year	(282,178)	(22,544)	(2,568)	(307,290)	(305,714)
Interest cost	(4,892)	(389)	(45)	(5,326)	(4,827)
Actuarial (losses)	107,713	7,661	1,234	116,608	(1,736)
Benefits paid	5,331	625	14	5,970	4,987
Past service cost (GMP)	-	-	-	-	-
Current service costs	-	-	-	-	-
Contributions from employees	-	-	-	-	-
At end of year	(174,026)	(14,647)	(1,364)	(190,037)	(307,290)
Pension deficit	-	(1,354)	-	(1,354)	(4,686)
Pension surplus	23,318	-	641	23,959	35,037
Net pension surplus/ (deficit)	23,318	(1,354)	641	22,605	30,351

Reconciliation of net defined benefit obligation

	Year ended 30 November 2022	Year ended 30 November 2021
	£000	£000
Net surplus /(obligation) at the start of the year	30,351	(18,653)
Cost included in Income Statement	561	(306)
Scheme remeasurements included in the Statement of Comprehensive Income	(12,844)	44,860
Cash contribution	4,537	4,450
Net pension surplus	22,605	30,351

Obligation by participant status

	Year ended 30 November 2022	Year ended 30 November 2021
	£000	£000
Active	-	1,611
Vested deferreds	145,134	243,139
Retirees	44,905	62,540
	190,039	307,290

Value of Scheme assets

	Fair Value hierarchy	Year ended 30 November 2022	Year ended 30 November 2021
		£000	£000
Cash and cash equivalents, including escrow	Level 1	6,691	542

Equity instruments	Level 1	-	129,809
Equity instruments	Level 2	18,459	27,529
Equity instruments	Level 3	73,447	-
Debt instruments	Level 2	2,005	3,061
Liability driven investments	Level 1	79,476	-
Liability driven investments	Level 2	13,270	150,147
Insurance contract	Level 3	19,294	26,553
		212,642	337,641

Significant actuarial assumptions

	Year ended 30 November 2022	Year ended 30 November 2021
Discount rate (RM scheme)	4.40%	1.75%
Discount rate (CARE scheme)	4.45%	1.75%
Discount rate (Platinum scheme)	4.35%	1.75%
Rate of RPI price inflation (RM Scheme)	3.05%	3.15%
Rate of RPI price inflation (CARE Scheme)	3.10%	3.15%
Rate of RPI price inflation (Platinum Scheme)	3.00%	3.15%
Rate of CPI price inflation - period before 1 January 2030	2.05%	2.15%
Rate of CPI price inflation - period after 1 January 2030	3.05%	3.15%
Rate of salary increases (Platinum scheme)	NA	NA
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%	2.05%
	S3PA CMI	
	2021 1.25% .	
Post retirement mortality table	2020 and 2021 weight parameters of 10%	S2PA CMI 2020 1.25%
Weighted average duration of defined benefit obligation	18 years	24 years
Assumed life expectancy on retirement at age 65:		
Retiring at the accounting date (male member aged 65)	21.6	21.9
Retiring in 20 years after the accounting date (male member aged 45)	22.8	23.3

14. Restatement for accounting error and classification

The comparative period financial statements are being restated to reflect three prior year errors, being

1. During the year certain customer contract fulfilment assets have been reassessed as fulfilling the capitalisation criteria of IAS38, which should be applied prior to an IFRS15 evaluation of contract assets. Restated figures as at 30 November 2021 reflect the reclassification of £2,682k that was previously capitalised within Contract fulfilment assets to Intangible assets. Restated figures as at 30 November 2020 reflect the reclassification of £1,854k that was previously capitalised within Contract fulfilment assets to Intangible assets. There is no impact on income statement, current assets or any other balance sheet line items from this restatement as the asset is still under development.
2. We have restated revenue for prior periods to correct for a mechanical error, which arose from previous forecasts of exam script volumes not being updated at a point when the actual volumes were known. The aggregate impact of this correction is to reduce revenues recognised in periods prior to the year ended 30 November 2022 by £538k and to increase contract liabilities recognised by £538k. A restatement to reduce retained earnings as at 1 December 2020 by £538k has been made, with an equivalent increase in contract.

3. The income from sale of property in FY21 (£1,399k) is also reclassified from operating expenses to other income as shown below.

Results from discontinuing operations, together with the assets or liabilities expected to be disposed of have also been reclassified as held for sale in the prior year.

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

Year ended 30 November 2021				
Consolidated Income Statement	As reported £000	Discontinued operations(1) £000	Restatement Impact(2)	Restated £000
Revenues	210,853	(4,704)	-	206,149
Cost of Sales	(140,220)	1,449	-	(138,771)
Gross Profit	70,633	(3,255)	-	67,378
Operating expenses	(63,647)	1,255	(1,399)	(63,791)
Profit from operations	6,986	(2,000)	(1,399)	3,587
Investment income	28	-	-	28
Other income	-	-	1,399	1,399
Finance costs	(1,396)	-	-	(1,396)
Profit before tax	5,618	(2,000)	-	3,618
Tax	(1,424)	-	-	(1,424)
Profit/ (loss) for the year from continuing operations	4,194	(2,000)	-	2,194
Profit from the year from discontinuing operations	-	2,000	-	2,000
Profit/ (loss) for the year from continuing operations	4,194	-	-	4,194

(1) Impact of discontinued operations; (2) Impact of restatements

There is no impact on the consolidated statement of income.

Year ended 30 November 2021					Year ended 30 November 2020			
Consolidated Balance Sheet	As reported £000	Discontinued operations(1) £000	Restatement Impact(2)	Restated £000	As reported £000	Discontinued operations(1) £000	Restatement Impact(2)	Restated £000
Non-current assets								
Goodwill	49,202	-	-	49,202	49,322	-	-	49,322
Intangible assets	23,405	-	2,683	26,088	19,016	-	1,854	20,870
Property, plant and equipment	16,217	(85)	-	16,132	8,423	-	-	8,423
Right of Use asset	18,018	-	-	18,018	19,391	-	-	19,391
Defined Benefit Pension Scheme surplus	35,037	-	-	35,037	665	-	-	665
Other receivables	82	-	-	82	63	-	-	63
Contract fulfilment assets	4,169	-	(2,683)	1,486	3,420	-	(1,854)	1,566
Deferred tax assets	156	-	-	156	5,333	-	-	5,333
	146,286	(85)	-	146,201	105,633	-	-	105,633
Current assets								
Inventories	19,055	-	-	19,055	18,594	-	-	18,594
Trade and other receivables	33,865	(323)	(204)	33,338	31,475	-	(204)	31,271
Contract fulfilment assets	1,360	-	-	1,360	728	-	-	728
Held for sale asset	3,034	408	-	3,442	4,793	-	-	4,793
Tax assets	3,665	-	-	3,665	2,633	-	-	2,633
Cash at bank	3,560	-	-	3,560	5,941	-	-	5,941
	64,539	85	(204)	64,420	64,164	-	(204)	63,960

Total assets	210,825	-	(204)	210,621	169,797	-	(204)	169,593
Current liabilities								
Trade and other payables	(61,369)	2,021	(326)	(59,674)	(61,491)	-	(326)	(61,817)
Tax liabilities	-	-	-	-	(163)	-	-	(163)
Provisions	(2,066)	-	-	(2,066)	(435)	-	-	(435)
Overdraft	(2,082)	-	-	(2,082)	(2,480)	-	-	(2,480)
Liabilities held for sale	-	(2,021)	-	(2,021)	-	-	-	-
	(65,517)	-	(326)	(65,843)	(64,569)	-	(326)	(64,895)
Net current (liabilities) /assets	(978)	85	(530)	(1,423)	(405)	-	(530)	(935)
Non-current liabilities								
Other payables	(21,072)	-	-	(21,072)	(20,987)	-	-	(20,987)
Provisions	(1,475)	-	-	(1,475)	(3,998)	-	-	(3,998)
Deferred tax liability	(10,830)	-	-	(10,830)	(3,339)	-	-	(3,339)
Defined Benefit Pension Scheme obligation	(4,686)	-	-	(4,686)	(19,318)	-	-	(19,318)
Borrowings	(19,744)	-	-	(19,744)	(4,779)	-	-	(4,779)
	(57,807)	-	-	(57,807)	(52,421)	-	-	(52,421)
Total liabilities	(123,324)	-	(326)	(123,650)	(116,990)	-	(326)	(117,316)
Net assets	87,501	-	(530)	86,971	52,807	-	(530)	52,277
Equity attributable to shareholders								
Share capital	1,917	-	-	1,917	1,917	-	-	1,917
Share premium account	27,080	-	-	27,080	27,080	-	-	27,080
Own shares	(444)	-	-	(444)	(841)	-	-	(841)
Capital redemption reserve	94	-	-	94	94	-	-	94
Hedging reserve	177	-	-	177	(65)	-	-	(65)
Translation reserve	(882)	-	-	(882)	(702)	-	-	(702)
Retained earnings	59,559	-	(530)	59,029	25,324	-	(530)	24,794
Total equity	87,501	-	(530)	86,971	52,807	-	(530)	52,277

Consolidated Cash Flow Statement	Year ended 30 November 2021			
	As reported £000	Discontinued operations(1) £000	Restatement Impact(2)	Restated £000
Profit before tax from continuing operations	5,618	(2,000)	-	3,618
Profit before tax from discontinuing operations		2,000		2,000
Investment income	(28)	-	-	(28)
Other income	-	-	(1,399)	(1,399)
Finance costs	1,396	-	-	1,396
Profit from operations	6,986	-	(1,399)	5,587
Adjustments for:				
Amortisation and impairment of intangible assets	2,406	-	-	2,406
Depreciation and impairment of property, plant and equipment	4,281	-	-	4,281
Utilisation of contract asset	-	-	1,446	1,446
(Gain)/ loss on disposal of property, plant and equipment	(1,449)	-	1,399	(50)
(Gain) on foreign exchange derivatives	64	-	-	64
Share-based payment charge	(100)	-	-	(100)
Increase/(decrease) in provisions	(353)	-	-	(353)

Defined Benefit Pension Scheme administration cost	52	-	-	52
Operating cash flows before movements in working capital	11,887	-	1,446	13,333
Decrease /(increase) in inventories	(460)	-	-	(460)
Decrease in receivables	(2,318)	-	-	(2,318)
(Increase) in contract fulfilment assets	(1,381)	-	(618)	(1,999)
Movement in payables				
- increase/ (decrease) in trade and other payables	1,177	-	-	1,177
- utilisation of provisions	(528)	-	-	(528)
Cash generated from operations	8,377	-	828	9,205
Defined benefit pension scheme cash contributions	(4,450)	-	-	(4,450)
Tax paid	(135)	-	-	(135)
Net cash inflow from operating activities	3,792	-	828	4,620
Investing activities				
Interest received	28	-	-	28
Proceeds on disposal of property, plant and equipment	3,214	-	-	3,214
Purchases of property, plant and equipment	(8,024)	-	-	(8,024)
Purchases of other intangible assets	(6,977)	-	(828)	(7,805)
Net cash used in investing activities	(11,759)	-	(828)	(12,587)
Financing activities				
Dividends paid	(3,913)	-	-	(3,913)
(Repayment)/ drawdown of borrowings	15,000	43,000	-	58,000
Borrowing facilities arrangement and commitment fees	(497)	-	-	(497)
Interest paid	(675)	-	-	(675)
Payment of leasing liabilities	(3,889)	-	-	(3,889)
Net cash (used in)/ generated by financing activities	6,026	43,000	-	49,026
Net increase in cash and cash equivalents	(1,941)	43,000	-	41,059
Cash and cash equivalents at the beginning of the year	3,461	-	-	3,461
Effect of foreign exchange rate changes	(42)	-	-	(42)
Cash and cash equivalents at the end of the year	1,478	43,000	-	44,478

15. Post balance sheet events

On 28 March 2022, the Group agreed to amend and extend the bank facility with our lenders to July 2025, with key changes including removing the £30m accordion. This new agreement will provide the lenders fixed and floating charges over the shares of all obligor companies (except for RM plc). Obligor companies comprise all trading and holding companies in the group except for RM Education Solutions India Pvt Limited. Financial covenants from May 2023 to November 2024 will be on a minimum EBITDA basis on a rolling 12 months and then revert to a 4 times interest cover/EBITDA (post IFRS16). A condition of the new extended and amended banking facility agreement has been to restrict dividend distribution until the company has reduced its net debt to EBITDA leverage to less than 1x for two consecutive quarters.

There are no other post balance sheet events.