

RM plc

Final Results for the year ended 30 November 2024

A year of transformation and major progress towards delivering our strategy

RM plc ('RM', the 'Company'), a leading global educational technology ('EdTech'), digital learning and assessment solution provider, reports its full year results for the year ended 30 November 2024 and provides an update on its strategy.

Financial highlights

£m	FY24	FY23 as reported	Variance	FY23 restated	Variance
Revenue from continuing operations	166.1	195.2	(14.9)%	175.9	(5.5)%
(Loss)/profit before tax from continuing operations	(12.1)	(41.2)	(70.6)%	12.4	n/a
Discontinued operations ¹	(0.9)	14.2	n/a	(31.7)	(97.3)%
Statutory loss after tax	(4.7)	(29.1)	(83.7)%	(29.1)	(83.7)%
Diluted EPS from continuing operations	(4.6)p	(51.8)p	(91.1)%	3.1p	n/a
Adjusted performance measures²:					
Divisional contribution excluding corporate costs ¹	32.8	25.5	28.8%	32.0	2.7%
Divisional contribution margin ¹	19.8%	13.1%	6.7%	18.2%	1.6%
Adjusted operating profit from continuing operations⁵	8.6	0.3	2,663.6%	9.3	(7.8)%
Adjusted operating profit margin	5.2%	0.2%	5.0%	5.3%	(0.1)%
Adjusted EBITDA	13.1	7.0	87.2%	15.0	(12.9)%
Adjusted profit/(loss) before tax from continuing operations	2.4	(5.2)	n/a	3.8	(36.5)%
Adjusted diluted EPS from continuing operations	11.7p	(15.8)p	n/a	(4.9)p	n/a
Adjusted net debt³	51.7	45.6	13.3%	45.6	13.3%

- Adjusted operating profit from continuing operations has improved from £0.3m as reported in the FY23 accounts, to £8.6m in FY24 as a result of increased contribution from our three continuing divisions and the removal of the significant loss-making Consortium division from continuing operations.
- As reported, adjusted EBITDA has increased by 87.2% to £13.1m (FY23: £7.0m); it has declined 12.9% compared to FY23 restated performance since this does not include corporate costs that had been recharged to Consortium but are still incurred (see note 5).
- Revenue compared to that reported in FY23 down 14.9% mostly due to the closure of Consortium early in the year and partly due to the challenging schools market impacting Technology and TTS. Assessment digital platform growth was offset by a small number of non-core legacy contracts coming to an end as planned.
- Net cash generated from operating activities has improved by £18.9m in FY24 to £8.4m cash inflow.
- Adjusted net debt increased to £51.7m, however better than market expectations, and following £6m investment in global accreditation platform, with Banks remaining supportive. The Company has operated within its covenants.

Strategic Assessment business secures substantial wins and renewals

- Contracted order book⁴ of Assessment has more than doubled to £95.7m at end of FY24 (FY23: £40.8m).
- This includes two highly strategic customers, International Baccalaureate ("IB") and Cambridge University Press & Assessment ("CUPA"), that have chosen RM to provide the platform for their groundbreaking transition to digital based assessments, for years to come.
- Successfully renewed 99% of core Assessment contracts up for renewal in FY24 (representing 78% of Assessment annual revenue) providing a bedrock for future growth through our global accreditation platform.
- Global accreditation platform KPIs have strengthened:
 - Assessment digital platform revenue grew 12% year on year, assessment repeatable revenue (including scanning) grew 10% year on year.
 - 21m tests successfully processed through the Assessment platforms (versus 19m in FY23).

- Invested £6m during the year in the development of our strategic new global accreditation platform.

TTS

- TTS has continued to develop exciting products, launching 124 new products using our own IP in FY24.
- AI generated learning tools directly linking our 9,000 TTS products to the national curriculum have enabled TTS to scale products while enhancing the accuracy of content.
- Challenging international markets as various regions experienced budgetary uncertainty as a result of elections.

Technology

- Shift to focus on longer-term contract awards with multi-academy trusts alongside operational and cost efficiencies delivering significantly improved adjusted operating profit.
- Successful managed services contract wins in H2 will deliver positive revenue impact in FY25.

A strong foundation for future growth

- Successful planned closure of the loss-making Consortium business resulting in all parts of the group now delivering adjusted operating profit.
- New operating model and management team now fully established, including appointment of Dr Grainne Watson as COO.
- £10.6million of further annualised cost savings and efficiencies including the closure of unrequired office space, consolidation of our warehousing, and simplification of our operating model to support customer delivery.

Current trading and FY25 outlook

Trading in the first months of the year has been in line with the Board's expectations and the full-year outlook remains in line with market expectations. We remain highly focused on significantly reducing net debt and, at the same time, continuing to invest in our core Assessment business, in particular in the global accreditation platform, which forms the cornerstone of our strategic growth ambitions.

Mark Cook, Chief Executive of RM, said

"This has been a year of transformation for RM, and the success of our strategy is already reflected in the progress we have made driving profitability and growing our contracted order book."

"In Assessment, the development of our global accreditation platform has progressed along with a number of major strategic digital contract awards, while TTS has benefitted from our focus on our owned-IP product development and we have seen the quality of recurring revenues from multi-academy trusts increase in Technology."

"Looking ahead, significantly reducing net debt is a priority, and we are evaluating ways to achieve that while ensuring that we pave the way for sustainable future growth in our core business."

Notes

¹ Discontinued operations in FY23 as reported include the results and net gain on disposal arising from the sale of the RM Integris and RM Finance businesses and related assets on 31 May 2023, and in FY23 restated and in FY24 also include the closure of RM Consortium, which occurred during the year ended 30 November 2024. In FY24 corporate overheads are now allocated over the remaining three divisions, rather than the four that operated in FY23. To aid understanding of the true financial performance of the business, we therefore have added the previously reported FY23 numbers to the Financial Performance table, and added divisional contribution figures to the divisional performance table, which shows the profit contribution each division makes to RM.

² Throughout this statement, adjusted operating profit, adjusted EBITDA, adjusted profit/(loss) before tax, divisional contribution and adjusted diluted EPS are Alternative Performance Measures, stated after adjusting items (See Note 3) which are identified by virtue of their size, nature and incidence. Their treatment is applied consistently year-on-year.

³ Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts (see Note 3). Lease liabilities of £15.0m (2023: £16.5m) are excluded from this measure as they are not included in the measurement of adjusted net debt for the purpose of covenant calculations (see Note 15).

⁴ Contracted order book represents secured revenue, supported by a contract, that is yet to be recognised as revenue in the financial statements. We have introduced this metric for our Assessment division to provide greater visibility of the increasing trend towards securing longer-term strategic contractual revenue.

⁵ FY23 restated adjusted operating profit from continuing operations does not include the proportion of fixed corporate overheads that had been centrally recharged to Consortium but are still mostly incurred by the Company.

Presentation details

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

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Notes to Editors:**About RM**

RM was founded in 1973, with a mission to improve the educational outcomes of learners worldwide. More than fifty years on, we are a trusted Global EdTech, digital learning and assessment solution provider, transforming learners, educators, and accreditors to be more productive, resilient, and sustainable. Our simple approach enables us to deliver best in class solutions to optimise accreditation outcome.

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

- Assessment - a global provider of assessment software, supporting exam awarding bodies, universities, and governments worldwide to digitise their assessment delivery.
- TTS (Technical Teaching Solutions) – an established provider of education resources for early years, primary schools, and secondary schools across the UK and to 114 countries internationally.
- Technology - a market-leading advisor and enabler of ICT software, technology and bespoke services to UK schools and colleges.

Chief Executive's Statement

A year of transformation

2024 in review

It has been a highly transformative year in more ways than one. Our leadership team had its first full year of working together and I am delighted with the progress that has led to significant operational and financial improvements. Following the planned closure of the loss-making Consortium business, we have delivered adjusted operating profit of £8.6m (FY23 reported: £0.3m), ahead of market consensus, and adjusted EBITDA of £13.1m, nearly double last year's reported £7.0m. Statutory loss after tax has reduced by 84% to £4.7m from £29.1m, which is explained further in the CFO's statement. We have secured two of the largest contracts in RM's history with the International Baccalaureate and Cambridge University Press & Assessment, which are at the heart of our strategic focus. We are excited to partner with them on their groundbreaking journey from analogue to digital-based assessment.

Revenue compared to that reported in FY23 was down 14.9% mostly due to the closure of Consortium at the beginning of the year. When Consortium sales are removed, revenue was marginally down (5.5%), due to a challenging UK and international schools market affecting Technology and TTS, and strategic digital platform growth in Assessment offset by the planned ending of non-core legacy contracts. However, crucially, we ended FY24 with a record Assessment contracted order book of £95.7m (FY23: £40.8m), which will convert into revenue from FY25 onwards. We now have an opportunity to expand our portfolio into formative assessment solutions and expand our professional assessment customer base.

Our lenders have continued to be highly supportive of our strategy. We agreed with them an amendment and extension of our £70m facility in H1 to July 2026 (and a further amendment to their covenants in March 2025). We remained well within the hard covenants for the remainder of FY24. Significantly reducing net debt is a key priority and we are evaluating ways to achieve this while continuing to invest in the future growth in our core business.

I would like to extend my thanks and appreciation to all our people for their hard work and commitment during this transformational period. These achievements could not have been realised without their efforts.

Strengthened foundations

Operations and delivery

Our go-to-market offering, shaped to provide transformative assessment solutions, has been aligned towards one global operating model, so we can deliver innovation, modernisation and optimisation outcomes to our customers.

We have conducted in-depth root and branch operational reviews leading to efficiencies and process enhancements across RM, while investing £6m during FY24 in the development of our new global accreditation platform. This has resulted in a shift towards nearshore software development and we now have over 400 developers to redevelop our platform onto a single cloud, capable of delivering all our assessment products and scaling our offering. At the same time, we have maintained strong IT support in RM India for our legacy systems. Our new operating model reflects a business of our size and needs with layers simplified and targeted investment in areas that will be positively felt by our customers. This includes Dr Grainne Watson taking on the enhanced role of Chief Operating Officer, with a strengthened team beneath her, and overseeing operational performance and customer delivery aspects in Assessment, enabling a clearer line of sight from customer to developer.

Our governance has been strengthened through the introduction of three new boards: growth; service and operations; and portfolio and innovation. A major deliverable from these forums is a clear customer development plan, tied to our portfolio roadmap, which shows the products, solutions and functionality being delivered from our platform.

Through these transformations, the foundations of our global accreditation platform have been established, paving the way for profitable and sustainable future growth.

Cost efficiencies

We instigated a review of third-party advisors with actions taken to either insource certain activities, such as investor relations and internal audit, or to pivot to more strategically aligned partners, e.g. corporate brokerage. These actions will bring more intellectual property into RM's management, provide cost reductions and aid future growth. Further annualised cost savings of £10.6 million have been achieved by rationalising our property requirements through the closure of the less utilised London office, consolidating two warehouses into one distribution centre at Harrier Park and streamlining floor space at our Abingdon head office. The full effect of these savings will be realised from FY25.

Divisional performance

Assessment: ready for the transformation to digitisation

As previously announced, FY24 saw us secure groundbreaking contracts with the International Baccalaureate and Cambridge University Press & Assessment. Our long-standing relationship with these foundation customers has been built over several years, with RM having facilitated the marking of several millions of exam scripts through our systems, and we are delighted to have been chosen to work with them in navigating the path towards fully on-screen exams in the coming years. This has been supplemented by key wins, such as NEBOSH, and several contract extensions, including the Scottish Qualifications Authority,

Ireland State Examinations Commissions, and Trends in International Mathematics. These strategic wins and renewals provide a bedrock for our future growth.

As we continue to embark on the transitioning from analogue to digital assessment it was expected that a small number of legacy non-core contracts would end in FY24, impacting year-on-year revenue performance (£42.3m in FY23 to £39.7m in FY24), as we reshape our portfolio for the future. Importantly, digital platform revenue grew 12% year-on-year. Our strategic new wins and renewals, which have fuelled our record £95.7m contracted order book, will largely evolve into higher margin digital assessment revenues in the coming years.

TTS: Increasing UK market share in a tough market

Despite the challenging UK schools' market during FY24, TTS UK sales grew 2.8% (£52.2m to £53.7m) as we increased our market share without blanket wide discounting of prices, unlike competitors. International sales, which account for approximately one quarter of the division, were down by 20.7% (£23.7m to £18.7m) in part due to one-off events overseas such as the US elections and the Spanish floods which stalled or diverted funds to other causes. International order intake has picked up in early FY25 and we expect this trend to continue as the division focuses on the overseas growth strategy which includes the setting up of a legal entity in Dubai.

TTS has continued to develop exciting products with 124 new products using our own IP launched during the year. This includes AI generated learning tools directly linking our 9,000 TTS products to the national curriculum that have enabled us to scale products while enhancing the accuracy of content.

Having completed the closure of the Consortium business and relocated to a single purpose-built distribution centre, TTS is now positioned to take advantage of growth opportunities.

Technology: momentum built with H2 managed services wins

Revenues in the Technology business were down by 6.4% (£57.7m to £54.0m), impacted by a challenging UK schools' market, with budgets held back by election uncertainty for much of the year. This includes the connect the classroom government initiative coming to an end partway during the year compared to a full year of revenue in FY23. However, I was pleased to see the division win several substantial managed services contracts in H2 that will have a full year impact during FY25. These wins are having a marked improvement in the quality of revenues in Technology through recurring, longer-term fees and contract awards with multi academy trusts, such as University of Chichester Academy Trust, rather than individual schools.

The division's adjusted operating profit has increased by over four times compared to FY23, from £0.8m to £3.6m, due to the changing mix of revenue and through driving cost efficiencies.

Strategy to deliver growth

The opportunity

The direction of travel is towards fully digital assessments, providing an opportunity for global growth in RM's platform user base. Last year we highlighted our purpose of enriching the lives of learners globally and that core to our future are digital solutions that support a learner's assessment of progress towards an examination, as well as the accreditor's ability to provide a platform to enable and enhance their assessment. RM operates in the global EdTech market, which is forecast to grow by \$170.8 billion between 2024 and 2029 with the digitalisation of assessment being a key market driver. RM's strengthened foundations, along with FY24 contract wins with global accreditors, have paved the way for delivery of our strategy and we are well positioned to build on this in FY25.

A principal aim of global assessors is to provide an enriched experience for their learners; this aligns seamlessly with RM's purpose. To provide continual improvement of RM's e-marking and e-testing solutions our strategy, under Dr Grainne Watson's leadership, is to develop a single global accreditation platform providing a modular design which has security, resilience and capacity for growth with enhanced customer experience. We have over 400 developers working on the platform which will be capable of delivering full digitalised assessments around the world. Scaling this offering is our focus for FY25 and beyond and we recently launched RM Consulting to provide a journey plan for assessment bodies who are looking to embark on a digital transformation journey.

To date, our Assessment business delivers solutions exclusively to assessors. While they will remain our primary customer, we will continue to invest in the platform over the coming years to provide learner direct content and solutions, in collaboration with our accreditation customers, and formative assessments.

AI has potential to make a significant impact in the formative assessment space, as shown by proof-of-concept projects run by RM, exploring its role in exam marking and feedback. The results demonstrated that AI is not only as effective as human marking but also improves feedback quality – even for essays and long-form answers – while working in a fraction of the time. While integrating AI into high-stakes exam marking would require a shift in perception, its immediate potential lies in classroom-based assessments. AI can provide instant feedback on results, assess performance against the mark scheme, and highlight areas for improvement, readying students for final exams and significantly reducing teacher workloads.

We are currently working with customers on further projects to explore how AI can be tailored to their assessment and qualification processes, modernising learning and improving learner outcomes.

Our future is exciting; it is firmly predicated on being a global curriculum and assessment expert. From an investment perspective we aim to be a leading accreditation software and digital platform provider, for years to come.

CFO's statement

The year started with the closure of the heavily loss-making Consortium business, then continued with significant amounts of reorganisation and cost reduction. All three remaining divisions have faced into significant headwinds in the form of high cost inflation, challenging domestic and international schools' markets and, in RM Assessment, the need to renew a significant proportion of the underlying contract base. Despite these challenges, each division has ended the year with higher profit contribution percentages than in FY23.

The closure of Consortium during the year has impacted the way our financial results are presented, as the prior year's results are restated to remove the statutory reported loss made by Consortium and show it instead in discontinued operations. In FY24 corporate overheads are now allocated over the remaining three divisions, rather than the four divisions that operated in FY23. To aid understanding of the true financial performance of the business, we therefore have added the previously reported FY23 numbers to the Financial Performance table; and added divisional contribution figures to the divisional performance table, which shows the profit contribution each division makes to RM.

Revenue from continuing operations in FY24 declined by 5.5% to £166.1m as a result of market pressures impacting both RM TTS and RM Technology, but also the expected decline in legacy project revenues in RM Assessment. These declines offset positive movement in TTS UK revenues, seeing the business gain market share, and a 12% increase in recurring platform revenues in RM Assessment.

Despite the in-year revenue decline, the business delivered an adjusted operating profit (AOP) of £8.6m (EBITDA £13.1m) compared to the £0.3m (EBITDA £7.0m) reported in FY23, which included a £9.7m loss in respect of Consortium. This 5.2% AOP margin marks a return towards more normal levels of profitability but still contains room for improvement, as many of the cost savings initiated during the year will not fully materialise until later years.

RM Assessment renewed 78% of its long-term contracted revenue in the year and won two major digital transformation contracts with International Baccalaureate (IB) and Cambridge University Press & Assessment (CUPA). The incremental revenue and profit from these new contract wins will not materialise until later in the contract periods as RM Assessment supports these major customers on their journey from paper to digital assessments. In addition, there has been a significant increase in the value of Contract Fulfilment Asset (from £3.9m to £8.6m) on the balance sheet during the year, the revenue from which will be recognised in the future once contractual performance obligations have been met. As a result of these contract renewals and wins, the value of contracted orderbook in RM Assessment has increased 2.3x over the prior year to over £95.7m of future contracted revenue.

In this 'Year of Transformation', we continued to identify and execute on significant cost reductions. In addition to the £10m of annualised cost savings initiated in FY23, we identified and initiated a further £10.6m of cost savings in FY24. Savings initiated in FY24 were partially linked to the closure of Consortium (£3.2m), the consolidation of our warehouses into a single distribution centre in Harrier Park (£2.0m), further consolidation of excess office space (£1.2m), IT savings (£1.9m) and further reductions in third-party and headcount costs as we continued our transformation to a more streamlined target operating model. These cost savings have been partially offset by increased inflation in the UK, the annualised impact of the new Senior Management Team, increased incentive payments due to the return to material profitability, and a reinvestment into sales and marketing capabilities especially in RM Assessment. The cost of this restructuring can be seen within our adjusting items, and we expect to incur further restructuring costs related to the move towards a target operating model in FY25. While the transformation of RM is far from complete, this £20m+ of cost savings initiated so far has set the business up well for future profitable growth but further restructuring projects are expected to be required during the next few years.

The business remains highly leveraged and saw adjusted net debt increase during the year by £6.1m to £51.7m. FY24 saw a return to more normalised levels of working capital movements, but also significant previously agreed contributions to our defined benefit pension schemes (£4.3m), interest payments (£5.6m) and an increase in capital expenditure (£4.8m) primarily linked to investment in building our Global Accreditation Platform. Throughout FY24, RM operated well within its EBITDA and hard liquidity covenants and we remain extremely grateful for the very collaborative way in which our lenders HSBC and Barclays continue to support the business. An agreed deleveraging plan remains underway, and we have already started discussion with our lenders around revised agreements to replace our existing facilities which run until July 2026.

Finally, as previously identified, the financial control environment within RM has been below the required standard, as a result of a lack of focus in previous years. The RM finance team has worked extremely hard during this 'Year of Transformation' to make significant improvements to the control environment. All processes and key controls within the four major sub-functions of finance have been enhanced, documented and monitored during the year. While there is still further work to do, I am confident that as we exit FY24 we have a control environment, that is not only improved, but is now suitable for a business like RM.

Financial performance

£m

		FY23 as originally reported	Variance	FY23 restated ⁴	Variance
Revenue from continuing operations	166.1	195.2	(14.9)%	175.9	(5.5)%
Loss before tax from continuing operations	(12.1)	(41.2)	(70.6)%	12.4	n/a
Discontinued operations ¹	(0.9)	14.2	n/a	(31.7)	(97.3)%
Statutory loss after tax	(4.7)	(29.1)	(83.7)%	(29.1)	(83.7)%
Diluted EPS from continuing operations	(4.6)p	(51.8)p	(91.1)%	3.1p	n/a
Adjusted performance measures²:					
Divisional contribution excluding corporate costs	32.8	25.5	28.8%	32.0	2.7%
Divisional contribution margin	19.8%	13.1%	6.7%	18.2%	1.6%
Adjusted operating profit from continuing operations	8.6	0.3	2,663.6%	9.3	(7.8)%
Adjusted operating profit margin	5.2%	0.2%	5.0%	5.3%	(0.1)%
Adjusted EBITDA	13.1	7.0	87.2%	15.0	(12.9)%
Adjusted profit/(loss) before tax from continuing operations	2.4	(5.2)	n/a	3.8	(36.5)%
Adjusted diluted EPS from continuing operations	11.7	(15.8)	n/a	(4.9)	n/a
Adjusted net debt ³	51.7	45.6	13.3%	45.6	13.3%

- 1 Discontinued operations in FY23 as reported include the results and net gain on disposal arising from the sale of the RM Integrus and RM Finance businesses and related assets on 31 May 2023, and in FY23 restated and in FY24 also include the closure of RM Consortium, which occurred during the year ended 30 November 2024.
- 2 Throughout this statement, adjusted operating profit, adjusted EBITDA, adjusted profit/(loss) before tax and adjusted diluted EPS are Alternative Performance Measures, stated after adjusting items (see Note 3) which are identified by virtue of their size, nature and incidence. Their treatment is applied consistently year-on-year.
- 3 Adjusted net debt is defined as the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts (see Note 3). Lease liabilities of £15.0m (2023: £16.5m) are excluded from this measure as they are not included in the measurement of adjusted net debt for the purpose of covenant calculations (see Note 15).
- 4 The closure of Consortium during the year has required restatement of the prior year to show the reported loss made by Consortium as discontinued operations. In FY24 corporate overheads are now allocated over the remaining three divisions, rather than the four that operated in FY23. To aid understanding of the true financial performance of the business, we therefore have added the previously reported FY23 numbers to the Financial Performance table, and added divisional contribution figures to the divisional performance table, which shows the profit contribution each division makes to RM (see Note 2).

Divisional performance

Divisional contribution has been added as a new metric this year. Divisional contribution is Adjusted operating profit before the allocation of corporate overheads (see Note 2 to the Financial Statements).

£m	FY24	FY23	Variance
RM TTS:			
Total revenue	72.4	75.9	(4.5)%
UK revenue	53.7	52.2	2.8%
International revenue	18.7	23.7	(20.7)%
Divisional contribution	8.9	8.8	0.6%
Divisional contribution margin	12.2%	11.6%	0.6%
Adjusted operating profit	5.4	5.9	(10.0)%
Adjusted operating profit margin	7.4%	7.8%	(0.4)%
RM Assessment:			
Revenue	39.7	42.3	(6.2)%
Divisional contribution	14.4	14.9	(2.9)%
Divisional contribution margin	36.4%	35.1%	1.3%
Adjusted operating profit	6.9	10.3	(32.3)%
Adjusted operating profit margin	17.5%	24.2%	(6.7)%
RM Technology:			
Revenue:	54.0	57.7	(6.4)%
Divisional contribution	9.5	8.3	14.9%
Divisional contribution margin	17.6%	14.4%	3.2%
Adjusted operating profit	3.6	0.7	374.0%
Adjusted operating profit margin	6.6%	1.3%	5.3%

RM TTS revenues decreased by 4.5% to £72.4m (FY23: £75.9m). Continuing budgetary pressures for UK schools saw TTS' core UK education market decline by 5.5%. TTS's strong offering however allowed it to increase its market share by 1.4% to 15.0% and grow revenue by 2.8%. TTS International had a more challenging year with several of its key markets seeing similar election disruption and budgetary uncertainty as the UK. TTS International revenues declined by £5.0m in the year, although strong order intake at the end of year is giving reasonable confidence going into FY25. The closure of Consortium at the beginning of the year has freed TTS up to focus on its core offerings, while also adding selected new products from the

Consortium range. New customer acquisition in TTS as a result of this has been strong with 12,214 new customers being added in the year. The closure of Consortium also enabled TTS to rationalise its cost base with the most significant change being the closure of its Sherwood Park distribution centre and consolidation into the larger Harrier Park. We are extremely pleased that, despite this significant upheaval during the year, TTS' contribution to Group profitability increased marginally to £8.9m (FY23: £8.8m). As a result of a higher allocation of corporate overheads (£3.5m in FY24, £2.9m in FY23) adjusted operating profit decreased to £5.4m (FY23: £5.9m) and adjusted operating margin decreased to 7.4% (FY23: 7.8%).

RM Assessment revenues decreased by 6.2% to £39.7m (FY23: £42.3m). This was entirely driven by the expected reduction in legacy project contracts. Revenue from these contracts declined as expected by £5.1m (42.9%) in the year. Revenue from underlying recurring contracts increased by 10.0% with revenue from RM's Digital Assessment platform increasing by 12% in year, as a result of higher volumes of digital assessments being processed. Divisional contribution reduced marginally to £14.4m (FY23: £14.9m), with increased investment in sales and marketing capability adding to the impact of lower total revenue. Adjusted operating profit reduced to £6.9m (FY23: £10.3m) and adjusted operating margin reduced to 17.5% (FY23: 24.2%) as the division now receives a significantly higher allocation of corporate overheads (£7.5m in FY24, £4.6m in FY23).

RM Technology revenues decreased by 6.4% to £54.0m (FY23: £57.7m) reflecting the annualised impact of contract losses in the Services and Connectivity business. New contract wins in the second half of the year have not materially contributed to revenue in the period. Revenue from hardware sales and digital platforms increased by 2.8% in year, reflecting the division's ability to cross sell into its contracted customer base. Divisional contribution increased to £9.5m (FY23: £8.3m) on the back of declining revenue, due to the annualised impact of operational efficiencies and cost savings initiated in the prior year, as well as additional restructuring undertaken in year. Adjusted operating profit increased to £3.6m (FY23: £0.7m) and adjusted operating margin increased to 6.6% (FY23: 1.3%), due to the higher contribution and a lower allocation of corporate overheads in year (£6.0m in FY24, £7.5m in FY23). Technology is now a stable and consistently profitable business with new customer wins, which will positively impact future revenue growth.

Group adjusted profit before tax was £2.4m versus a restated FY23 result of £3.8m, with the prior year losses of the discontinued Consortium business removed. The £2.4m FY24 profit is a £7.6m increase on the actual FY23 reported loss of £(5.2)m; reflecting the closure of Consortium, improved contribution margin from the three remaining divisions and reduced corporate overheads, offset by higher interest costs.

Statutory loss after tax was £4.7m (FY23: loss of £29.1m), the significant improvement was driven by the underlying operational profitability of the business this year but also the adjustments in prior year including a £38.9m impairment relating to the decision to close the Consortium business, a £10.6m gain from the sale of IP addresses and a £13.5m gain on the sale of RM Integris and RM Finance, and a £8.3m tax credit.

Adjusted diluted earnings per share from continuing operations was 11.7p (FY23: 4.9p loss) and Statutory diluted loss per share from continuing operations was 4.6p (FY23: earnings of 3.1p).

RM Consortium closure

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

During the year, all operations ceased and therefore the financial loss for the year of £1.2m has been disclosed as discontinued operations. All comparative figures have also been represented as discontinued operations.

Adjusting items

To provide an understanding of business performance including the comparability of results year-on-year, we exclude the effect of adjustments that are identified by virtue of their size, nature and incidence, as set out below. These include a £9.3m impairment of TTS goodwill which has been booked in FY24. This impairment has arisen both as a result of the significant proportion of goodwill allocated to TTS following the closure of Consortium and reductions in estimated future cashflows caused by increasing uncertainty in UK and international schools budgets. These cashflow reductions have also resulted in a £3.2m impairment in RM plc's investment in RM Educational Resources Limited.

Adjusting items (total operations) £m	FY24	FY23
Amortisation of acquisition-related intangible assets	0.4	1.7
Impairment of RM TTS goodwill ¹	9.3	—
Impairment of RM Consortium assets ²	(0.5)	38.9
Restructuring costs ³	4.6	2.7
Cost of GMP conversion	0.3	—
Configuration of SaaS licences (ERP) ⁴	—	3.1
Independent business review related costs	—	0.5
Total adjustments to administrative expenses	14.1	46.9
Sale of IP addresses ⁵	—	(10.6)
Gain on disposal of operations	—	(0.2)
Total adjustments	14.1	36.1
Tax impact	(0.8)	(6.0)
Total adjustments after tax	13.3	30.1
Gain on disposal of discontinued operations ⁶	—	(13.5)
Total adjustments after tax	13.3	16.6

- 1 A £9.3m impairment of TTS goodwill has been booked during FY24. This impairment has arisen both as a result of the significant proportion of goodwill allocated to TTS following the closure of Consortium and reductions in estimated future cashflows caused by increasing uncertainty in UK and international schools budgets.
- 2 FY23 includes £10.6m of goodwill impairment, £17.4m of impairment of other intangible assets, £5.9m of impairment of property, plant and equipment, £2.8m of inventory write-downs, £0.7m write-off of other current assets and an onerous contract provision of £1.5m in respect of IT licences. FY24 is a partial write-back of the previous inventory write-down.
- 3 FY24 restructuring costs relate to the implementation of the Group's new target operating model announced last year. These costs include £1.5m impairments and provisions for exited properties to the end of their leases in 2026, £1.2m redundancy costs which were all paid during the year, £1.5m of professional fee and contractor costs, and costs of £0.4m related to the consolidation of the TTS distribution centre in March 2024. Further costs in respect of the target operating model are anticipated into H1 FY25.
- 4 The configuration and customisation costs relating to the ERP replacement programme, have been expensed in accordance with IAS 38: Intangible Assets and IFRIC agenda decisions, but have been treated as adjusting items as they were a significant component of the Group's warehouse strategy.
- 5 Income generated following the completion of the sale of IP addresses.
- 6 During FY23 the Group completed the disposal of the Integrus and Finance business which generated a gain on sale of operations of £13.5m.

Inventory

Inventories increased by 8.8% to £15.2m (FY23: £14.0m) primarily due to timing of TTS International orders and forward buying inventory in advance of large orders anticipated early in FY25.

Corporate costs

Corporate costs in the period were £7.3m, down from £7.6m in FY23 on a restated basis, primarily as a result of increased accounting charges for share-based payments to senior management (no share-based pay awards vested or were paid out in the period) offset by corporate recharges previously recharged to Consortium being restated centrally.

Taxation

There was an £8.3m tax credit on continuing operations for the year (FY23: £9.8m tax charge). This is principally due to the recognition of an £8.5m deferred tax asset at 30 November 2024 (FY23: £0.2m).

Disposals

During FY22, the Group agreed to sell the RM Integrus and RM Finance businesses from within the RM Technology Division and completed on 31 May 2023, which generated a net gain on sale of operations of £13.5m during the year ended 30 November 2023. The performance of these businesses has been classified and presented as discontinued operations within the Financial Statements. In FY23 these businesses generated £2.4m of revenue and £0.8m of adjusted operating profit.

Cash flow, net debt and lender agreement

On a statutory basis, net cash inflow from operating activities was £8.4m (FY23: outflow of £10.5m), which includes £4.3m (FY23: £4.5m) of deficit recovery payments made to the Group's defined benefit pension schemes during the year. These payments reduce to £1.2m in each of the next two years and then cease altogether.

Adjusted net debt closed the year at £51.7m (FY23: £45.6m) as the £8.4m net cash inflow from operating activities (see above) was offset by £4.8m of asset purchases (FY23: £1.1m), £5.6m of interest paid (FY23: £5.0m), £1.0m of facility arrangement fees (FY23: £1.7m) and £3.4m of lease repayments (FY23: £3.5m).

In March 2024 the Group secured an agreement with its lenders, which extended the existing £70.0m facility to July 2026. The fixed charge over the shares of each of the obligor companies (except for RM plc), and the fixed and floating charge over all assets of the obligor companies granted previously to lenders, remains in place. Covenants were further reset in March 2025 as follows:

- A quarterly LTM EBITDA (excluding discontinued operations and Consortium) covenant test to the quarter ended 28 February 2026; and
- A 'hard' liquidity covenant test requiring the Group to have liquidity greater than £7.5m on the last business day of the month, and liquidity not be below £7.5m at the end of two consecutive weeks within a month, with step down periods applying from 1 January to 21 March 2025, 1 August to 17 October 2025, and 1 January to 21 March 2026, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m. This liquidity limit is the minimum amount RM must have available under the facility, taking into account cash and the amount left to draw.

While the current banking facilities end in July 2026, and any period beyond this would likely be subject to negotiation and agreement of a further facility, the Directors note that this is an uncertainty but not a material one, and consider it likely that negotiation would be successful.

Balance sheet

The Group had net assets of £17.1m at 30 November 2024 (FY23: £17.8m). The balance sheet includes non-current assets of £90.1m (FY23: £81.5m), of which £29.2m (FY23: £38.5m) is goodwill and £20.5m (FY23: £12.8m) relates to the Group's defined benefit pension scheme which is discussed further below.

Operating property, plant and equipment, intangible and right-of-use assets total £26.1m (FY23: £27.8m). Additions to intangible assets, primarily relating to the development of the Global Accreditation Platform, have been offset by depreciation and amortisation.

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

Net current assets of £0.2m (FY23: £8.9m) are below prior year as operating cash generated by the Group has been used to invest in intangible assets for the Global Accreditation Platform, pay debt interest, and make contributions to the defined benefit pension schemes.

Non-current liabilities of £73.2m (FY23: £72.6m) includes borrowings of £55.5m (FY23: £53.7m), and lease liabilities of £12.8m (FY23: £14.3m) which are predominately associated with the Group utilisation of properties.

Dividend

The banking facility covenants restrict dividend distribution until the Company has reduced its net debt to LTM EBITDA leverage to less than 1x for two consecutive quarters, and therefore we are not currently able to recommend the payment of a final dividend and are unlikely in the short term since our focus is to continue investing in RM's growth.

RM plc is a non-trading investment holding Company and derives its profits from dividends paid by subsidiary companies. The Company has £nil (FY23: £nil) distributable reserves as at 30 November 2024. 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. Plans to resolve RM plc's negative distributable reserves position in advance of reinstating dividends to shareholders, which include distributions from subsidiaries, continue to be under review.

The dividend policy is influenced by a number of the principal risks identified in the table of 'Principal and Emerging Risks and Uncertainties' detailed within this Group's 2024 Annual Report, which could have a negative impact on the performance of the Group or its ability to distribute profits.

Pension

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

As set out in Note 14 to the Financial Statements, the overall pension surplus on an IAS 19 basis has improved by £8.1m to a surplus of £20.5m (30 November 2023: £12.4m) with all three schemes now in surplus. The increase in surplus is mainly due to the deficit contributions made and an improved return on scheme assets.

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

Internal controls

During the year, the Group has continued to document and embed financial and governance controls. This project has been rolled out across the key business processes of purchase-to-pay, order-to-cash, forecast-to-fulfil and record-to-report. Each end-to-end workstream is documented in a dedicated portal which also facilitates the collation of evidence that the operation of these controls is appropriate.

As the operating effectiveness of controls still needs to be measured and improved, additional resource has been added to the Internal Audit & Internal Controls team in order to undertake regular walkthroughs of the processes, validate that controls are operating as designed, and check that the evidence of these controls is appropriate.

As a by-product of providing greater assurance to management over the effectiveness of financial controls, the Group also expects, in time, to transition to a controls-based audit approach.

The Audit and Risk Committee has been updated regularly on the progress of the project, and the ongoing improvements to the control environment. Where controls are currently not designed, implemented or operating as effectively as they should, management has provided the Committee with assurance that appropriate mitigating actions are in place to conclude that these Financial Statements do not contain material errors. During FY25 management will work to ensure that controls are properly embedded through a programme of self-certification and testing by the Internal Audit & Internal Controls team.

Going concern

The Financial Statements have been prepared on a going concern basis. In reaching the conclusion that the going concern basis of accounting was appropriate the Directors made significant judgements which are set out below.

The Directors have prepared cash flow forecasts for the period to the end of March 2026 which indicate that, taking into account reasonably plausible downsides and associated mitigations as discussed below, the Company is expected to comply with all debt covenants in place and will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of this report.

In assessing the going concern position the Directors have considered the balance sheet position, the headroom to the hard liquidity covenant within the banking agreement, and compliance with the quarterly rolling last twelve months Adjusted EBITDA ("LTM EBITDA") covenant. Exceeding the hard liquidity or LTM EBITDA covenants would constitute a material breach of the agreement and consequently the facility would be repayable on demand.

At 30 November 2024, the Group had net debt of £51.7m (30 November 2023: £45.6m) and drawn facilities of £57.0m (30 November 2023: £55.0m). Average Group net debt over the year to 30 November 2024 was £53.8m (year to 30 November

2023: £55.0m) with a maximum borrowings position of £60.7m (year to 30 November 2023: £64.8m). The drawn facilities are expected to fluctuate over the period considered for going concern, but remain within the covenants, and are not anticipated to be fully repaid in this period. Net current assets have reduced from £8.9m at 30 November 2023 to £0.2m at 30 November 2024, as operating cash generated by the Group has been used to invest in intangible assets for the Global Accreditation Platform, pay debt interest, and make contributions to the defined benefit pension schemes

As set out in Note 15 of the Financial Statements, the Group has a £70.0m (2023: £70.0m) committed bank facility ("the facility") at 30 November 2024. The facility is due to mature on 5 July 2026. The Directors have assessed the liquidity risk associated with the facility maturing, and have concluded that the uncertainties associated with refinancing are not material to the going concern assessment and therefore it remains appropriate to assess going concern over a period of 12 months to March 2026.

This facility provides lenders a fixed and floating charge over the shares of all obligor companies (except for RM plc), and it also reset the covenants under the facility. For going concern purposes the Board has assessed the Group's forecast performance against the following covenants:

- A quarterly LTM EBITDA (excluding discontinued operations) covenant test to the quarter ended 28 February 2026. This covenant was originally to be replaced by a quarterly EBITDA leverage test and interest cover test, which were required to be below and above 4x respectively from February 2026, but an amendment was sought and granted by the lenders as a result of forecasting to breach the interest cover element only under the base budget; and
- A 'hard' liquidity covenant test requiring the Group to have liquidity greater than £7.5m on the last business day of the month, and liquidity not be below £7.5m at the end of two consecutive weeks within a month, with step down periods applying from 1 January to 21 March 2025, 1 August to 17 October 2025, and 1 January to 21 March 2026, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m. These step downs were agreed with the lenders in our ordinary course of relationship management in order to manage potential downside risk, as our base budgets do not forecast a breach. This liquidity limit is the minimum amount the Group must have available under the facility, taking into account cash and the amount left to draw.

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 2024 and assumes a broadly similar macroeconomic environment to that currently being experienced.

The Group is assuming revenue growth across all businesses in the base case, driven from the following key areas:

- Growth from existing customers and new customer wins in the RM Assessment Division;
- Increased revenues principally derived from hardware sales in the RM Technology Division; and
- Growth from UK sales and more significantly international partnerships, where the base case assumes an increase in market share through customer wins and new product launches as well as higher average order values, in the RM TTS Division.

Operating profit margin growth in the base case includes annualised savings from restructuring programmes undertaken in the period.

Net debt is not expected to materially reduce organically within the assessment period, as the conversion of operating profits will be offset by further capital investment, interest and pension payments.

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

The aggregate impact of reasonably plausible downsides has been taken together to form a reasonable worst-case scenario that removes a number of the growth assumptions from the base case including:

- In the RM Assessment Division:
 - Delay in the delivery of a large contract in FY25; and
 - Reduced success of the new repeatable offer.
- In the RM Technology Division:
 - Reductions in renewal rates below the current run rate;
 - Achieving only 80% of budgeted wins in the Connectivity and Managed Services revenue streams; and
 - No growth in hardware sales.
- In the RM TTS Division:
 - UK and European markets do not return to growth, and market share growth does not occur;
 - Delays in a significant new distributor arrangement; and
 - Increase in costs that cannot be passed onto customers.

The reasonable worst-case scenario has the following impact on the base case forecast for the Group:

- 2025: A revenue reduction of £24.0m, an EBITDA reduction of £9.9m, and cash reduction of £10.5m.
- 2026: A revenue reduction of £25.6m, an EBITDA reduction of £10.5m, and cash reduction of £11.5m.

While the Board believes that all reasonably plausible downsides occurring together is highly unlikely, the Group would continue to comply with covenants under the facility until the quarter ended August 2025, when the hard liquidity covenant would be breached, and November 2025, when the EBITDA covenant would be breached. The Board's assessment of the likelihood of a further downside scenario is remote. Management has undertaken reverse stress testing that demonstrates that, should sales reduce in TTS by £13.3m (38%) or Technology by £17.4m (67%) in the second quarter of the year ended 30 November 2025 in isolation, the covenants would still be complied with for that quarter if none of the other downside scenarios were to occur. The timing of this reverse stress test is aligned with the greatest seasonality for those businesses and tightest headroom.

The Board has also considered a number of mitigating actions which could be enacted, if necessary, to ensure that reasonable headroom against the facility and associated covenants is maintained in all cases. These mitigating actions include not paying discretionary bonuses, reducing other discretionary spend, selling surplus IP addresses, and management of payables and receivables. These are actions the Group has taken before and therefore the Board is confident of its ability to deliver these mitigating actions if required. Further actions could include reduction of capital expenditure and delaying recruitment, which could impact the longer-term speed at which the Group returns to its forecast financial position. Modelling indicates that the enactment of these mitigations against the reasonable worst-case downside scenario would avoid a breach of either covenant during the going concern review period.

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

Principal risks and uncertainties

Pursuant to the requirements of the Disclosure and Transparency Rules, the Group provides the following information on its principal risks and uncertainties. The Group considers strategic, operational and financial risks and identifies actions to mitigate those risks. Risk management systems are monitored on an ongoing basis. The principal risks and uncertainties will be detailed within the Group's 2024 Annual Report, which will be issued in April 2025.

Directors' responsibility statement

The 2024 Annual Report and financial statements, which will be issued in April 2025, 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 17 March 2025, the Directors confirm to the best of their knowledge:

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

Mark Cook
Chief Executive Officer

Simon Goodwin
Chief Financial Officer

17 March 2025

Consolidated income statement

	Note	Year ended 30 November 2024			Year ended 30 November 2023 (restated ¹)		
		Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Continuing operations							
Revenue	2	166,143	–	166,143	175,886	–	175,886
Cost of sales		(99,490)	–	(99,490)	(111,635)	–	(111,635)
Gross profit		66,653	–	66,653	64,251	–	64,251
Operating expenses		(58,156)	(5,270)	(63,426)	(55,771)	(2,247)	(58,018)
Reversal of expected credit loss		98	–	98	840	–	840
Impairment losses		–	(9,286)	(9,286)	–	–	–
Profit/(loss) from operations	2,3	8,595	(14,556)	(5,961)	9,320	(2,247)	7,073
Finance income	4	851	–	851	1,105	–	1,105
Other income	3	–	–	–	–	10,785	10,785
Finance costs	5	(7,007)	–	(7,007)	(6,585)	–	(6,585)
Profit/(loss) before tax		2,439	(14,556)	(12,117)	3,840	8,538	12,378
Tax	6	7,366	884	8,250	(7,898)	(1,926)	(9,824)
Profit/(loss) for the year from continuing operations		9,805	(13,672)	(3,867)	(4,058)	6,612	2,554
(Loss)/profit for the year from discontinued operations	7	(1,249)	379	(870)	(8,423)	(23,235)	(31,658)
Profit/(loss) for the year		8,556	(13,293)	(4,737)	(12,481)	(16,623)	(29,104)
Earnings per ordinary share on continuing operations	8						
– basic		11.8p		(4.6)p	(4.9)p		3.1p
– diluted		11.7p		(4.6)p	(4.9)p		3.1p
Earnings per ordinary share on discontinued operations	8						
– basic		(1.5)p		(1.1)p	(10.1)p		(38.0)p
– diluted		(1.5)p		(1.1)p	(10.1)p		(38.0)p
Earnings per ordinary share on total operations	8						
– basic		10.3p		(5.7)p	(15.0)p		(34.9)p
– diluted		10.2p		(5.7)p	(15.0)p		(34.9)p

1 2023 is restated to present the results of RM Consortium within discontinued operations as set out in Note 7.

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

Consolidated statement of comprehensive income

		Year ended 30 November 2024 £000	Year ended 30 November 2023 £000
	Note		
Loss for the year		(4,737)	(29,104)
Items that will not be reclassified subsequently to profit or loss			
Defined benefit pension scheme remeasurements ¹	14	3,760	(15,771)
Tax on items that will not be reclassified subsequently to profit or loss ¹	6	(848)	2,790
Items that are or may be reclassified subsequently to profit or loss			
Fair value gain/(loss) on hedging instruments ²		12	(402)
Fair value gain on hedging instruments transferred to the income statement ²		412	272
Exchange gain/(loss) on translation of overseas operations ³		37	(287)
Other comprehensive income/(expense)		3,373	(13,398)
Total comprehensive expense		(1,364)	(42,502)

1 Recognised in retained earnings.

2 Recognised in the hedging reserve.

3 Recognised in the translation reserve.

Consolidated balance sheet

		At 30 November 2024 £000	At 30 November 2023 £000
	Note		
Non-current assets			
Goodwill	10	29,172	38,538
Other intangible assets		6,818	5,224
Property, plant and equipment		7,249	8,271
Right-of-use assets		12,014	14,275
Defined benefit pension scheme surplus	14	20,498	12,796
Other receivables	11	245	240
Contract fulfilment assets		5,661	1,959
Deferred tax assets	6	8,479	170
		90,136	81,473
Current assets			
Inventories		15,190	13,959
Trade and other receivables	11	21,723	32,333
Contract fulfilment assets		2,909	1,949
Tax assets		347	1,988
Cash and cash equivalents		8,196	8,062
		48,365	58,291
Total assets		138,501	139,764
Current liabilities			
Trade and other payables	12	(41,897)	(46,372)
Provisions	13	(1,972)	(2,993)
Bank overdraft		(4,325)	–
		(48,194)	(49,365)
Net current (liabilities)/assets		171	8,926
Non-current liabilities			
Lease liabilities	12	(12,816)	(14,297)
Other payables	12	(3,585)	(2,463)
Provisions	13	(1,243)	(1,749)
Defined benefit pension scheme obligation	14	(30)	(411)
Borrowings	15	(55,524)	(53,651)
		(73,198)	(72,571)
Total liabilities		(121,392)	(121,936)
Net assets		17,109	17,828
Equity attributable to shareholders			
Share capital	16	1,917	1,917
Share premium account		27,080	27,080
Own shares		(444)	(444)
Capital redemption reserve		94	94
Hedging reserve		31	(393)
Translation reserve		(831)	(868)
Retained earnings		(10,738)	(9,558)
Total equity		17,109	17,828

Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Own shares £000	Capital redemption reserve ¹ £000	Hedging reserve ² £000	Translation reserve ³ £000	Retained earnings £000	Total £000
At 1 December 2022	1,917	27,080	(444)	94	(263)	(581)	32,840	60,643
Loss for the year	–	–	–	–	–	–	(29,104)	(29,104)
Other comprehensive expense ⁴	–	–	–	–	(130)	(287)	(12,981)	(13,398)
Total comprehensive expense	–	–	–	–	(130)	(287)	(42,085)	(42,502)
Transactions with owners of the Company:								
Share-based payments	–	–	–	–	–	–	(364)	(364)
Share-based payments – tax	–	–	–	–	–	–	11	11
Unclaimed dividends	–	–	–	–	–	–	40	40
At 30 November 2023	1,917	27,080	(444)	94	(393)	(868)	(9,558)	17,828
Loss for the year	–	–	–	–	–	–	(4,737)	(4,737)
Other comprehensive income ⁴	–	–	–	–	424	37	2,912	3,373
Total comprehensive income/(expense)	–	–	–	–	424	37	(1,825)	(1,364)
Transactions with owners of the Company:								
Share-based payments	–	–	–	–	–	–	644	644
Share-based payments – tax	–	–	–	–	–	–	1	1
At 30 November 2024	1,917	27,080	(444)	94	31	(831)	(10,738)	17,109

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

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

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

4 The footnotes to the Consolidated Statement of Other Comprehensive Income show the reserve in which each item of other comprehensive income is recognised.

Consolidated cash flow statement

		At 30 November 2024	At 30 November 2023 (restated ¹)
	Note	£000	£000
(Loss)/profit before tax from continuing operations		(12,117)	12,378
Loss before tax from discontinuing operations	7	(1,160)	(39,412)
Gain on disposal of intangible licences	3	–	(10,614)
Gain on disposal of operations	3	–	(13,615)
Finance income	4	(851)	(1,105)
Finance costs	5	7,007	6,585
Loss from operations, including discontinued operations		(7,121)	(45,783)
Adjustments for:			
Research and development expenditure credits		(61)	–
Amortisation and impairment of intangible assets		9,729	31,050
Depreciation and impairment of property, plant and equipment		5,568	11,564
Impairment of inventory and other current assets		261	4,476
Amortisation of contract fulfilment asset		2,470	2,513
Loss/(gain) on disposal of property, plant and equipment		72	(265)
Loss on foreign exchange derivatives		412	570
Share-based payment charge/(credit)		644	(364)
Increase in provisions		189	3,825
Defined benefit pension scheme past service cost	14	300	–
Defined benefit pension scheme administration cost	14	27	6
Operating cash flows before movements in working capital		12,490	7,592
(Increase)/decrease in inventories		(1,492)	8,624
Decrease in receivables		10,627	2,804
Increase in contract fulfilment assets		(4,394)	(3,035)
Decrease in trade and other payables		(3,471)	(17,844)
Utilisation of provisions	13	(1,912)	(2,824)
Cash generated from/(used by) operations		11,848	(4,683)
Cash paid for settlement of derivative instruments		(288)	(879)
Defined benefit pension scheme cash contributions	14	(4,270)	(4,496)
Tax refunded/(paid)		1,084	(397)
Net cash generated from/(used by) operating activities		8,374	(10,455)
<i>Investing activities</i>			
Interest received	4	100	9
Proceeds on disposal of intangible licences		–	10,745
Proceeds on disposal of property, plant and equipment		–	300
Proceeds on sale of operations	7	–	10,899
Purchases of property, plant and equipment		(644)	(642)
Purchases of other intangible assets		(4,178)	(457)
Net cash (used by)/generated from investing activities		(4,722)	20,854
<i>Financing activities</i>			
Dividends unclaimed		–	40
Drawdown of borrowings	15	8,000	30,167
Repayment of borrowings	15	(6,000)	(24,167)
Borrowing facilities arrangement and commitment fees		(1,040)	(1,716)
Interest and other finance costs paid	5	(5,585)	(4,955)
Payment of leasing liabilities – capital element		(3,058)	(3,179)
Payment of leasing liabilities – interest element	5	(315)	(331)
Net cash used by financing activities		(7,998)	(4,141)
Net (decrease)/increase in cash and cash equivalents		(4,346)	6,258
Cash and cash equivalents at the beginning of the year		8,062	1,911
Effect of foreign exchange rate changes		155	(107)
Cash and cash equivalents at the end of the year		3,871	8,062
Cash at bank		8,196	8,062
Bank overdraft		(4,325)	–
Cash and cash equivalents at the end of the year		3,871	8,062

1 2023 is restated to present the results of RM Consortium within discontinued operations as set out in Note 7.

Notes to the financial statements

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 7 May 2025. The full Strategic Report and Directors' Report and financial statements will be published on the Group's website at www.rmpc.com.

The financial information set out in this preliminary announcement does not constitute the Group's statutory accounts for the year ended 30 November 2024. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's Annual General Meeting.

The auditor's reports on both the 2024 and 2023 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 17 March 2025.

Basis of preparation

The Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. They are prepared on a historical cost basis except for certain financial instruments, share-based payments, and pension assets and liabilities which are measured at fair value. In addition, assets held for sale are stated at the lower of previous carrying amount and the fair value less costs to sell.

The preparation of Financial Statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and affect 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 the estimates.

New accounting standards adopted

None of the standards or amendments applied for the first time for the financial year 2024 had a material impact on the financial statements of the Group.

New accounting standards in issue but not yet effective

The Group has not applied any new or revised International Financial Reporting Standards that have been issued but are not yet effective.

IFRS 18 introduces new requirements to present specified categories and defined subtotals in the Income Statement, provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation. IFRS 18 has not yet been endorsed by the UK Endorsement Board but is expected to apply for annual reporting periods beginning on or after 1 January 2027. The Directors anticipate that the application of IFRS 18 may have an impact on the Group's consolidated financial statements. The Directors do not expect that the adoption of the other standards and amendments will have a material impact on the financial statements of the Group in future periods.

Going concern

The financial statements have been prepared on a going concern basis. In reaching the conclusion that the going concern basis of accounting is appropriate, the Directors made significant judgements which are set out in the CFO statement. Please see the CFO statement.

Alternative Performance Measures (APMs)

In response to the Guidelines on APMs issued by the European Securities and Markets Authority (ESMA) and the Financial Reporting Council (FRC), additional information on the APMs used by the Group is provided below. The following APMs are used by the Group:

- Adjusted profit from operations
- Adjusted operating margin
- Divisional contribution
- Divisional contribution margin
- Adjusted profit before tax
- Adjusted tax
- Adjusted profit after tax
- Adjusted basic earnings per share
- Adjusted diluted earnings per share

- Adjusted cash conversion
- Adjusted EBITDA
- Adjusted net debt

Further explanation of what each APM comprises and reconciliations between statutory reported measures and adjusted measures are shown in Note 3.

The Board believes that presentation of the Group results in this way is relevant to an understanding of the Group's financial performance (and that of each segment). Adjusted items are identified by virtue of their size, nature and incidence. The treatment of adjusted items is applied consistently period on period. This presentation is consistent with the way that financial performance is measured by management, reported to the Board, the basis of financial measures for senior management's compensation schemes and provides supplementary information that assists the user to understand the 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.

Significant accounting policies

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

Key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make estimates and assumptions. Actual results may differ from these estimates. The Group's key risks are set out in the Strategic Report and give rise to the following estimations which are disclosed within the relevant note to the financial statements.

- **Retirement benefit scheme valuation** – The present value of post-employment benefit obligations is determined on an actuarial basis using various assumptions, including the discount rate, inflation rate and mortality assumptions. Any changes in these assumptions will impact the carrying amount as well as the net pension finance cost or income. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in Note 14.

- **Impairment reviews** – As part of the impairment review of goodwill and investments in subsidiary undertakings, calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including future cash flows (including revenue growth, margin assumptions and corporate costs allocated to the RM TTS cash-generating unit), discount rates and long-term growth rates. Changes in the assumptions could significantly affect the impairment of the RM TTS cash-generating unit and hence reported assets, profits or losses. Further details, including a sensitivity analysis, are set out in Note 10.

Critical accounting judgements

- **Going concern** – In concluding the going concern assessment was appropriate, the Directors have made a number of significant judgements as set out above.

- **Revenue from RM Assessment contracts** – A number of contracts were entered into or renewed in the year, which together contributed £9.2m of revenue. Judgements have been made which impact on the quantum and timing of revenue recognition. These include: 1) determining the implied start date of the contract when services commence prior to a contract being signed, this judgement being based on the point at which the company has an enforceable right to payment for goods or services provided; 2) identifying the term of the contract and specifically whether this period is reduced based on the ability of the customer to terminate without incurring a substantive cost; 3) identifying the distinct performance obligations in the contracts based on the goods and services being provided and specifically whether the customer is being granted a right to access or right to use the underlying software as well as whether programme management, integration, development, enhanced software and hosting services are distinct; 4) allocating the transaction price between performance obligations based on the customer's ability to benefit from the services provided at the inception of contract, including estimating the stand-alone selling price of each performance obligation; and 5) determining the timing of revenue recognition, specifically for contracts with multiple performance obligations and where there is a variable transaction price based on the number of exam scripts, there is judgement in the determination that the provision of technology is a right-to-access arrangement and therefore should be recognised over time. The factors considered in making this judgement were the nature of services provided, including hosting, ongoing maintenance and system support.

- **Revenue from RM Assessment Managed Services** – RM Assessment only sells Managed Services together with its marking solution and so there is no observable stand-alone selling price for Managed Services. Management have made a judgement that the transaction price should be allocated to the Managed Services performance obligation based on the expected cost plus a margin. The margin takes into account business margins, market demands and the nature of the customer. A change in the estimated margin may affect the revenue recognised in a particular period, although not the total revenue recognised over the life of the contract. If the estimated margin for Managed Services for each contract was increased by 5% then Group revenue for FY24 would be increased by c.£0.3m. If the estimated margin for each contract was reduced by 5% then the FY24 revenue would be less than £0.1m.

- **Revenue from RM Technology contracts** – A number of judgements are made in respect of certain contracts with RM Technology customers, contributing £27.4m in the year. The most significant judgement relates to the determination that the

provision of technology is a right-to access arrangement and therefore should be recognised over time. The factors considered in making this judgement were the nature of services provided, i.e., licensed on a subscription basis, being centrally hosted and the customer is unable to take possession of the software.

• **International Baccalaureate AOS – On 30 May 2024**, a contract modification was signed that allowed management to revisit the performance obligations at contract inception. Management concluded that two performance obligations had been met during the year ended 30 November 2024, being integration support and access to licenced software, leading to £0.1m of revenue being recognised. A further £4.4m continues to be recognised as deferred revenue as management reached the judgement that the new contract does not enable the IB to consume the benefits of the software during the development phase. As the software developed has become increasingly bespoke as the project has progressed, an amount of £3.6m which was initially recognised as an intangible asset was transferred to contract fulfilment assets in the year. This judgement was made on the basis that the economic benefits from the asset will now be realised through fulfilment of performance obligations on this specific contract with this customer, rather than through alternative uses.

• **Recognition of pension surplus** – The Group has determined that when all members leave the various defined benefit pension schemes, any surplus remaining would be returned to the Group in accordance with the trust deed. As such, the full economic benefit of any surplus under IAS 19 is deemed available to the Group and is recognised in the balance sheet. The net pension surplus at 30 November 2024 of £20.5m is set out in Note 14.

• **Classification of adjusting items** – A number of judgements are made in identifying costs and income as adjusting items. The factors considered in making this judgement are the size or nature of the adjustment and their impact on the segment. These are fully set out in Note 3.

2. Operating segments

The Group's business is supplying products, services and solutions to the UK and international education markets. The Chief Executive Officer is the Chief Operating Decision Maker. Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segmental performance is by division.

The Group was structured into four operating divisions: RM TTS, RM Assessment, RM Technology and RM Consortium. RM Consortium has been classified as discontinued operations in 2024 and therefore ceases to be a reportable segment. The 2023 comparatives have been restated.

The Chief Operating Decision Maker reviews segments at an adjusted operating profit level. Adjustments are not allocated to segments. 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.

The segmental analysis below shows the result and assets by division. 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.

Segment results from continuing operations

Year ended 30 November 2024	RM TTS ¹ £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Revenue					
UK	53,691	21,787	53,870	–	129,348
Europe	11,086	10,957	82	–	22,125
North America	2,653	11	43	–	2,707
Asia	865	1,303	–	–	2,168
Middle East	3,047	250	–	–	3,297
Rest of the world	1,098	5,400	–	–	6,498
	72,440	39,708	53,995	–	166,143
Divisional contribution	8,865	14,436	9,526	(24,232)	8,595
Corporate cost allocation	(3,509)	(7,492)	(5,976)	16,977	–
Adjusted profit/(loss) from operations	5,356	6,944	3,550	(7,255)	8,595
Finance income					851
Finance costs					(7,007)
Adjusted profit before tax					2,439
Adjustments (see Note 3)					(14,556)
Loss before tax					(12,117)

¹ Included in UK are international sales via UK distributors of £0.9m.

Year ended 30 November 2023 (restated ¹)	RM TTS ² £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Revenue					
UK	52,229	24,756	57,545	–	134,530
Europe	12,757	10,315	86	–	23,158
North America	4,722	131	32	–	4,885
Asia	1,049	1,219	–	–	2,268
Middle East	3,730	157	–	–	3,887
Rest of the world	1,397	5,761	–	–	7,158
	75,884	42,339	57,663	–	175,886
Divisional contribution	8,812	14,869	8,294	(22,655)	9,320
Corporate cost allocation	(2,863)	(4,617)	(7,545)	15,025	–
Adjusted profit/(loss) from operations	5,949	10,252	749	(7,630)	9,320
Finance income					1,105
Finance costs					(6,585)
Adjusted profit before tax					3,840
Adjustments (see Note 3)					8,538
Profit before tax					12,378

¹ 2023 is restated to present the results of RM Consortium within discontinued operations as set out in Note 7.

² Included in UK are international sales via UK distributors of £0.8m.

³ The results of RM Consortium are included in discontinued operations.

Segmental assets

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

	RM TTS £000	RM Assessment £000	RM Technology £000	Corporate Services £000	RM Consortium (discontinued in 2024) £000	Total £000
At 30 November 2023						
Segmental	28,286	15,067	16,158	39,617	17,353	116,481
Other						23,283
Total assets						139,764

Included within the disclosed segmental assets are non-current assets (excluding defined benefit pension surplus and deferred tax assets) of £54.9m (2023: £61.7m) located in the United Kingdom, £5.2m (2023: £5.8m) located in Australia and £1.0m (2023: £1.0m) located in India. Other non-segmented assets include defined benefit pension surplus, tax assets, and cash and short-term deposits. Goodwill is included within the Corporate Services segment.

3. Alternative performance measures

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

Adjustments

Adjustments are items that are identified by virtue of their size, nature and incidence to be important to understanding the performance of the business including the comparability of the results year-on-year. These items can include (but are not restricted to) impairments, restructuring costs, acquisition and disposal costs, the gain/loss on sales of assets and related transaction costs, and the gain/loss on sale of operations.

		Year ended 30 November 2024			Year ended 30 November 2023		
		Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Adjustments to administrative expenses							
Amortisation of acquisition-related intangible assets	(a)	(369)	–	(369)	(484)	(1,207)	(1,691)
Impairment of RM TTS goodwill	(b)	(9,286)	–	(9,286)	–	–	–
Impairment reversal/(impairment) of RM Consortium assets	(c)	–	505	505	–	(38,949)	(38,949)
Restructuring costs	(d)	(4,591)	–	(4,591)	(1,290)	(1,388)	(2,678)
Independent business review related costs	(e)	(10)	–	(10)	(473)	–	(473)
Cost of GMP conversion (see Note 14)	(f)	(300)	–	(300)	–	–	–
Configuration of SaaS licences (ERP)	(g)	–	–	–	–	(3,063)	(3,063)
Total adjustments to administrative expenses		(14,556)	505	(14,051)	(2,247)	(44,607)	(46,854)
Other income							
Gain on sale of IP addresses	(h)	–	–	–	10,614	–	10,614
Gain on disposal of operations	(i)	–	–	–	171	–	171
Total adjustments to other income		–	–	–	10,785	–	10,785
Total adjustments		(14,556)	505	(14,051)	8,538	(44,607)	(36,069)
Tax impact (see Note 6)		884	(126)	758	(1,926)	7,928	6,002
Total adjustments after tax		(13,672)	379	(13,293)	6,612	(36,679)	(30,067)
Gain on disposal of discontinued operations	(j)	–	–	–	–	13,444	13,444
Total adjustments after tax		(13,672)	379	(13,293)	6,612	(23,235)	(16,623)

The following costs and income were identified as adjusted items:

- (a) Amortisation of acquired intangibles is included within adjustments because it relates to historical business combinations and does not reflect the Group's ongoing trading performance. This practice is common among peer companies across the technology sector. The income generated from the use of these intangible assets is, however, part of ongoing trading performance and so is included in the adjusted profit measures.
- (b) An impairment of the goodwill allocated to the RM TTS cash generating unit was recognised in 2024 (see Note 10).
- (c) Following the announcement of the closure of the Consortium business and the subsequent termination of the ERP replacement programme in 2023, management performed an impairment review resulting in the Group recognising a total impairment charge of £38.9m including £10.6m of goodwill relating to the RM Consortium business (see Note 10), £17.4m of intangible assets including all remaining Consortium brand and ERP assets, £5.9m of property, plant and equipment at the RM Consortium warehouse, £2.8m of RM Consortium inventory write-downs to net realisable value, £0.7m of other current assets and an onerous contract provision of £1.5m in respect of IT licences associated with the Group's ERP solution. During 2024, due to better than expected sales, the Group wrote back £0.5m of inventory provisions previously recognised in 2023.
- (d) Restructuring costs of £4.6m (2023: £2.7m) relating to the implementation of the Group's new Target Operating Model announced last year. These costs include £1.5m impairments and provisions for exited properties to the end of their leases in 2026, £1.2m redundancy costs which were all paid during the year, £1.5m of professional fee and contractor costs, and costs of £0.4m related to the consolidation of the TTS distribution centre in March 2024.
- (e) Independent Business Review related costs undertaken on behalf of the lenders and pension scheme totalled £0.5m in 2023.
- (f) Pension past service cost of Guaranteed Minimum Pension (GMP) conversion relating to the RM Scheme.
- (g) The configuration and customisation costs relating to the ERP replacement programme incurred in the prior year, which were expensed in accordance with IAS 38: Intangible Assets and IFRIC agenda decisions but have been treated as adjusting items as they were a significant component of the Group's historic warehouse strategy. These costs totalled £3.0m in 2023 based on the development work undertaken.
- (h) Income generated in 2023 following the completion of the sale of IP addresses totalled £10.6m.
- (i) Gain on disposal of operations in 2023 of £0.2m following the completion of the iCase business disposal.

- (j) During 2023, the Group completed the disposal of the RM Integrus and RM Finance business, which generated a gain on sale of operations of £13.4m, representing proceeds of £15.3m less £1.9m of costs associated with the disposal.

Adjusted profit measures

Adjusted operating profit is defined as the profit from continuing operations before excluding the adjustments referred to above. Operating margin is defined as the operating profit as a percentage of revenue.

The above adjustments have the following impact on key metrics:

	Year ended 30 November 2024			Year ended 30 November 2023 (restated ¹)		
	Statutory measure £000	Adjustment £000	Adjusted measure £000	Statutory measure £000	Adjustment £000	Adjusted measure £000
Revenue	166,143	–	166,143	175,886	–	175,886
Profit/(loss) from operations	(5,961)	(14,556)	8,595	7,073	(2,247)	9,320
Operating margin (%)	(4)%		5%	4%		5%
(Loss)/profit before tax	(12,117)	(14,556)	2,439	12,378	8,538	3,840
Tax	8,250	884	7,366	(9,824)	(1,926)	(7,898)
(Loss)/profit after tax	(3,867)	(13,672)	9,805	2,554	6,612	(4,058)
(Loss)/profit from operations	(5,961)	(14,556)	8,595	7,073	(2,247)	9,320
Amortisation and impairment of intangible assets	9,729	9,655	74	2,686	1,691	995
Depreciation and impairment of property, plant and equipment	5,237	824	4,413	4,704	–	4,704
EBITDA	9,005	(4,077)	13,082	14,463	(556)	15,019
Earnings per share from continuing operations (see Note 8)						
Basic (Pence)	(4.6)		11.8	3.1		(4.9)
Diluted (Pence)	(4.6)		11.7	3.1		(4.9)

¹ 2023 is restated to present the results of RM Consortium within discontinued operations as set out in Note 7.

The impact of tax is set out in Note 6.

Cash conversion (adjusted)

Cash conversion (adjusted) is defined as adjusted cash flow from operating activities divided by adjusted operating profit.

	Year ended 30 November 2024			Year ended 30 November 2023		
	Statutory Measure £000	Adjustment £000	Adjusted measure £000	Statutory Measure £000	Adjustment £000	Adjusted measure £000
Net cash generated from/(used by) operating activities	8,374	(5,242)	13,616	(10,455)	(5,107)	(5,348)
(Loss)/profit from operations	(5,961)	(14,556)	8,595	7,073	(2,247)	9,320
Cash conversion	(140)%		158%	(148)%		(57)%

Adjusted net debt

Adjusted net debt is the total of borrowings less capitalised fees, cash and cash equivalents and overdrafts. Lease liabilities of £15.0m (2023: £16.5m) are excluded from this measure as they are not included in the measurement of adjusted net debt for the purpose of covenant calculations. Adjusted net debt is a key metric measured by management as it is used in covenant calculations.

	Note	2024 £000	2023 £000
Bank loan		57,000	55,000
Less capitalised fees		(1,476)	(1,349)
Borrowings	15	55,524	53,651
Add: bank overdraft		4,325	–
Less: cash and cash equivalents		(8,196)	(8,062)
Adjusted net debt		51,653	45,589

4. Finance income

		Year ended 30 November 2024 £000	Year ended 30 November 2023 £000
	Note		
Bank interest		18	9
Other finance income		86	5
Total income from financial assets measured at amortised cost		104	14
Net investment income on defined benefit pension schemes	14	747	1,091
		851	1,105

5. Finance costs

		Year ended 30 November 2024 £000	Year ended 30 November 2023 £000
	Note		
Borrowing facilities arrangement fees and commitment fees		1,209	491
Unwinding of discount on provisions	13	78	89
Foreign exchange losses		187	441
Interest on lease of liabilities		315	330
Interest on bank loans and overdrafts		5,218	5,234
		7,007	6,585

6. Tax

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

		Year ended 30 November 2024 £000	Year ended 30 November 2023 £000
Current taxation			
UK corporation tax		71	296
Adjustment in respect of prior years		58	796
Foreign tax		487	479
Total current tax charge		616	1,571
Deferred taxation			
Temporary differences		(9,218)	(23)
Adjustment in respect of prior years		48	527
Overseas tax		14	(5)
Total deferred tax (credit)/charge		(9,156)	499
Total Consolidated Income Statement tax (credit)/charge		(8,540)	2,070
Included in continuing operations		(8,250)	9,824
Included in discontinued operations		(290)	(7,754)
		(8,540)	2,070

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

		Year ended 30 November 2024 £000	Year ended 30 November 2023 £000
Deferred tax			
Defined benefit pension scheme movements		848	(2,790)
Total Consolidated Statement of Comprehensive Income tax credit		848	(2,790)

Analysis of tax credit in the Consolidated Statement of Changes in Equity

	Year ended 30 November 2024 £000	Year ended 30 November 2023 £000
Deferred tax		
Defined benefit pension scheme movements	(1)	(11)
Total Consolidated Statement of Changes in Equity tax credit	(1)	(11)

Reconciliation of Consolidated Income Statement tax charge Year ended 30 November 2024

	Continuing operations			Discontinued operations			Total
	Adjusted £000	Adjustment £000	Total £000	Adjusted £000	Adjustment £000	Total £000	£000
Loss on ordinary activities before tax	2,439	(14,556)	(12,117)	(1,665)	505	(1,160)	(13,277)
Tax at 25% thereon:	610	(3,640)	(3,030)	(416)	126	(290)	(3,320)
Effects of:							
Expenses not deductible for tax purposes	323	2,714	3,037	—	—	—	3,037
Non-taxable income	(4)	—	(4)	—	—	—	(4)
Other temporary timing differences: UK	(146)	(6)	(152)	—	—	—	(152)
Other temporary timing differences: overseas	564	58	622	—	—	—	622
Effect of (profits)/losses in various overseas tax jurisdictions	(59)	(10)	(69)	—	—	—	(69)
Previously unrecognised deferred tax now recognised	(9,032)	—	(9,032)	—	—	—	(9,032)
Prior period adjustments: UK	176	—	176	—	—	—	176
Prior period adjustments: overseas	(60)	—	(60)	—	—	—	(60)
Other	262	—	262	—	—	—	262
Tax (credit)/charge in the Consolidated Income Statement	(7,366)	(884)	(8,250)	(416)	126	(290)	(8,540)

The tax impact on the adjustments set out in Note 3 is as follows:

	Continuing operations		Discontinued operations	
	Charge £000	Tax credit £000	Income £000	Tax charge £000
Amortisation of acquisition-related intangible assets	(369)	(92)	—	—
Impairment of RM TTS goodwill	(9,286)	—	—	—
Impairment reversal of RM Consortium assets	—	—	505	126
Restructuring costs	(4,591)	(715)	—	—
Independent business review related costs	(10)	(2)	—	—
Cost of GMP conversion	(300)	(75)	—	—
	(14,556)	(884)	505	126

Year ended 30 November 2023

	Continuing operations			Discontinued operations			Total
	Adjusted £000	Adjustment £000	Total £000	Adjusted £000	Adjustment £000	Total £000	£000
Loss on ordinary activities before tax ¹	3,840	8,538	12,378	(8,249)	(31,163)	(39,412)	(27,034)
Tax at 23.01% thereon:	884	1,965	2,849	(1,899)	(7,171)	(9,070)	(6,221)
Effects of:							
Change in tax rate on carried forward deferred tax assets	267	–	267	–	–	–	267
Expenses not deductible for tax purposes	207	12	219	–	2,433	2,433	2,652
Non-taxable income	(42)	–	(42)	–	(3,094)	(3,094)	(3,136)
Other temporary timing differences: UK	424	–	424	2,073	(96)	1,977	2,401
Other temporary timing differences: overseas	1,138	(51)	1,087	–	–	–	1,087
Effect of (profits)/losses in various overseas tax jurisdictions	(324)	–	(324)	–	–	–	(324)
Previously recognised deferred tax now unrecognised	3,857	–	3,857	–	–	–	3,857
Prior period adjustments: UK	1,259	–	1,259	–	–	–	1,259
Prior period adjustments: overseas	64	–	64	–	–	–	64
Other	164	–	164	–	–	–	164
Tax charge/(credit) in the Consolidated Income Statement	7,898	1,926	9,824	174	(7,928)	(7,754)	2,070

The tax impact on the adjustments set out in Note 3 is as follows:

	Continuing operations		Discontinued operations	
	Charge/ (income) £000	Tax credit £000	Charge/ (income) £000	Tax £000
Amortisation of acquisition-related intangible assets	(484)	(111)	(1,207)	(278)
Impairment of RM Consortium assets	–	–	(38,949)	(6,625)
Restructuring costs	(1,290)	(296)	(1,388)	(319)
Independent business review related costs	(473)	(109)	–	–
Configuration of SaaS licences (ERP)	–	–	(3,063)	(706)
Gain on sale of IP addresses	10,614	2,442	–	–
Gain on disposal of operations	171	–	13,444	–
	8,538	1,926	(31,163)	(7,928)

Deferred tax

The Group has recognised deferred tax assets as these are anticipated to be realised in future periods based on profit forecasts. The deferred tax asset recognised at 30 November 2023 related to the Group's Indian subsidiary, which consistently generates taxable profit.

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

	Accelerated depreciation £000	Defined- benefit pension scheme obligation £000	Share-based payments £000	Short-term timing differences £000	Losses £000	Acquisition- related intangible assets £000	Total £000
At 1 December 2022	(791)	(5,651)	59	502	7,149	(3,400)	(2,132)
Credit/(charge) to income	1,400	(97)	16	(336)	(4,415)	2,933	(499)
Credit to other comprehensive income	–	2,790	–	–	–	–	2,790
Credit to equity	–	–	11	–	–	–	11
At 30 November 2023	609	(2,958)	86	166	2,734	(467)	170
Credit/(charge) to income	10	(1,196)	62	(63)	10,224	119	9,156
Charge to other comprehensive income	–	(848)	–	–	–	–	(848)
Credit to equity	–	–	1	–	–	–	1
At 30 November 2024	619	(5,002)	149	103	12,958	(348)	8,479

Analysed on the balance sheet as:

	2024 £000	2023 £000
Deferred tax assets	8,479	170
Deferred tax liabilities	–	–
At 30 November	8,479	170

All deferred tax assets and liabilities have been offset above.

The Group has recognised deferred tax assets in jurisdictions where these are expected to be recoverable against profits in future periods, based upon budgets and forecasts approved by the Board and on the basis of the Group having materially achieved its budgeted adjusted operating profit for the financial year.

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

Deferred tax not recognised

No deferred tax liability is recognised on temporary differences of £481,000 (2023: £678,000) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax asset of £1,459,000 (2023: £10,542,000) has not been recognised due to uncertainty that the asset will be utilised in the foreseeable future. In 2023, the unrecognised deferred tax asset included amounts for the UK and Australian companies. The 2024 deferred tax asset is in respect of tax credits and loss carry forwards (2023: includes £312,000 in respect of tangible and intangible assets, £313,000 in respect of pension schemes, £9,108,000 in respect of tax credits and loss carry forwards and £807,000 of disallowed tax in respect of interest expenses).

7. Discontinued operations

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

On 31 May 2023, the Group completed the sale of the RM Integris and RM Finance businesses and related assets, to The Key Support Services Limited. Total consideration for the sale was £16.0m on a cash-free/debt-free basis of which £12.0m was received on completion subject to a £3.3m normalised working capital adjustment and £4.0m receivable subject to satisfaction of certain conditions, including those related to competition clearance in cash, of which £3.5m was received in June 2023 and £0.5m was received in July 2023. A transitional services agreement was put in place with Schools Educational Software Limited following the sale.

Results of discontinued operations

	RM Consortium £000	Total £000
Year ended 30 November 2024		
Revenue	996	996
Cost of sales	(1,212)	(1,212)
Gross loss	(216)	(216)
Operating expenses	(1,449)	(1,449)
Impairment write-backs	505	505
Loss before tax	(1,160)	(1,160)
Tax	290	290
Loss for the year from discontinued operations ¹	(870)	(870)

¹ Attributable to owners of the parent company.

	RM Integris and RM Finance £000	RM Consortium £000	Total £000
Year ended 30 November 2023			
Revenue	2,410	19,300	21,710
Cost of sales	(988)	(17,468)	(18,456)
Gross profit	1,422	1,832	3,254
Operating expenses	(662)	(10,841)	(11,503)
Impairment losses	–	(44,607)	(44,607)
Profit/(loss) before tax	760	(53,616)	(52,856)
Tax	(175)	7,929	7,754
Profit/(loss) for the year from discontinued operations	585	(45,687)	(45,102)
Gain on disposal of discontinued operations before taxation	15,330	–	15,330
Costs associated with the disposal	(1,886)	–	(1,886)
Net gain on disposal of discontinued operations	13,444	–	13,444
Net profit/(loss) for the year from discontinued operations ¹	14,029	(45,687)	(31,658)

¹ Attributable to owners of the parent company.

Gain on disposal of discontinued operations

The net gain on disposal of discontinued operations in FY23 is analysed as follows:

	RM Integris and RM Finance £000	RM Consortium £000	Total £000
Year ended 30 November 2023			
Net cash proceeds	12,672	–	12,672
Add: net liabilities disposed	2,658	–	2,658
Less: costs associated with the disposal	(1,886)	–	(1,886)
Net gain on disposal of discontinued operations	13,444	–	13,444

Cash flows from discontinued operations

	Year ended 30 November 2024 £000	Year ended 30 November 2023 £000
Net cash generated used in operating activities	(419)	(4,959)
Net cash generated from investing activities	–	–
Net cash used in financing activities	–	–
	(419)	(4,959)

As the sale of the RM Integris and RM Finance businesses to Schools Educational Software Limited was an asset sale, cash and corporation tax balances related to the business were retained within the Group. Cash proceeds from the sale are excluded from the disclosure above. Included in the sale agreement were Group-owned intellectual properties and the related assets. These assets were fully amortised and depreciated.

8. Earnings per share

	Year ended 30 November 2024 Number '000	Year ended 30 November 2023 Number '000
Weighted average number of shares in issue	83,256	83,256
Potentially dilutive shares (weighted average)	213	343
Diluted number of shares (weighted average)	83,469	83,599

	Year ended 30 November 2024			Year ended 30 November 2023		
	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Profit for the year						
Continuing operations	9,805	(13,672)	(3,867)	(4,058)	6,612	2,554
Discontinued operations	(1,249)	379	(870)	(8,423)	(23,235)	(31,658)
Total	8,556	(13,293)	(4,737)	(12,481)	(16,623)	(29,104)

	Adjusted Pence	Total Pence	Adjusted Pence	Total Pence
Basic earnings per share				
Continuing operations	11.8	(4.6)	(4.9)	3.1
Discontinued operations	(1.5)	(1.1)	(10.1)	(38.0)
Total	10.3	(5.7)	(15.0)	(34.9)
Diluted earnings per share				
Continuing operations	11.7	(4.6)	(4.9)	3.1
Discontinued operations	(1.5)	(1.1)	(10.1)	(38.0)
Total	10.2	(5.7)	(15.0)	(34.9)

9. Dividends

No dividends were paid in either the year ended 30 November 2024 or the year ended 30 November 2023. The Directors do not propose a final dividend for the year ended 30 November 2024 (2023: £nil).

10. Goodwill

	£000
Cost	
At 1 December 2022	59,095
Foreign exchange differences	(288)
At 30 November 2023	58,807
Foreign currency translation	(80)
At 30 November 2024	58,727
Accumulated impairment	
At 1 December 2022	9,694
Impairment charge	10,575
At 30 November 2023	20,269
Impairment charge	9,286
At 30 November 2024	29,555
Carrying amount	
At 30 November 2024	29,172
At 30 November 2023	38,538

At 30 November 2024, the carrying amount of goodwill was allocated to two cash generating units: RM TTS and RM Assessment as set out in the table below.

	2024			2023		
	Year ended 30 November £000	Pre-tax discount rate %	Headroom/ (impairment) £000	Year ended 30 November £000	Pre-tax discount rate %	Headroom £000
RM TTS	22,347	14.6%	(9,286)	31,633	14.2%	811
RM Assessment	6,825	14.5%	112,219	6,905	14.2%	54,138

The recoverable amounts of the cash-generating units (CGUs) are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the cash flows, the discount rates and the growth rates. The Group has taken cash flow forecasts derived from the most recent annual financial budget approved by the Board, which also contains forecasts for the two years following, and extrapolates cash flows based on terminal rates that align to market growth and inflation expectations.

There is estimation uncertainty regarding the impact of climate change in the medium to long term. Based on the analysis that has been undertaken to date, the impairment review assumes that the medium to long-term impact is incorporated in the cashflow forecasts.

The Group monitors its post-tax Weighted Average Cost of Capital and those of its competitors using market data. In considering the discount rates applied to CGUs, the Directors have considered the relative sizes and risks of its CGUs and their relatively narrow operation within the education products and services market. The impairment reviews use a discount rate adjusted for pre-tax cash flows. For 2024, the assumptions used to calculate the discount rates and long-term growth rates have been adjusted to better reflect current market conditions and have resulted in the impairment of the TTS CGU.

Year ended 30 November 2024

The table below shows key assumptions used in the value-in-use calculations for the year ended 30 November 2024:

	RM TTS	RM Assessment
Pre-tax discount rate	14.6%	14.5%
Long-term growth rate	2.2%	2.2%

The assumptions underlying the cash flow forecasts used in the value in use calculations are consistent with those used in the going concern base case scenario set out in the CFO statement.

RM TTS

An additional £1.0m impairment would be recorded if the forecast cashflows reduced by £0.1m per year, the long-term growth rate fell to 1.8%, or the pre-tax discount rate increased to 15.0%, or the forecast cash flows reduced by £0.1m per year.

If the cash flows in RM TTS were to reduce as set out within the reasonable worst-case scenario approved by the Board for inclusion in the going concern review, then a further charge impairing the carrying value of the CGU of £38.2m would be required to be recorded. The additional impairment charge in a mitigated reasonable worst-case scenario would be £33.3m. This would result in the write-off of goodwill and a partial impairment of the other assets of the CGU.

RM Assessment

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

Year ended 30 November 2023

The decision by management to separately monitor the results of the Consortium and TTS brands in June 2023 required that goodwill previously monitored at the RM Resources CGU level was required to be allocated between Consortium and TTS. Consequently, goodwill of £10,575,000 was allocated to RM Consortium and the remaining goodwill of £31,633,000 was allocated to RM TTS.

Management performed an impairment review which resulted in the goodwill allocated to RM Consortium being fully impaired.

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

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

RM TTS

If the long-term growth rate reduced by 0.18% (i.e. a long-term growth rate of 2.22%) or if a pre-tax discount rate increased by 0.2% (i.e. a pre-tax discount rate of 14.4%), the headroom would be eliminated. The FY24 cash flow assumption used in the impairment model is £6.0m. A reduction of 1.6% would erode headroom.

RM Assessment

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

11. Trade and other receivables

	2024 £000	2023 £000
Current assets		
Financial assets		
Trade receivables	12,045	21,207
Other receivables	766	1,160
Derivative financial assets	22	–
Accrued income from customer contracts	3,563	2,860
	16,396	25,227
Non-financial assets		
Prepayments	5,327	7,106
	21,723	32,333
Non-current assets		
Financial assets		
Other receivables	245	240
Total non-current assets	245	240
Total trade and other receivables	21,968	32,573
Currency profile of receivables		
Pounds Sterling	18,279	28,389
US Dollar	2,099	2,404
Australian Dollar	150	200
Euro	34	135
Indian Rupee	642	574
Singapore Dollar	415	130
Other	349	741
	21,968	32,573

12. Trade and other payables

	2024 £000	2023 £000
Current liabilities		
Financial liabilities		
Trade payables	13,748	16,441
Lease liabilities	2,152	2,194
Other payables	3,224	2,757
Derivative financial instruments	–	278
Accruals	7,340	7,708
Amounts owed to Group undertakings	–	–
	26,464	29,378
Non-financial liabilities		
Other taxation and social security	3,206	4,702
Deferred income from customer contracts	12,227	12,292
	41,897	46,372
Non-current liabilities		
Financial liabilities		
Lease liabilities		
– due after one year but within two years	1,676	1,819
– due after two years but within five years	3,849	4,107
– after five years	7,291	8,371
	12,816	14,297
Non-financial liabilities		
Deferred income from customer contracts		
– due after one year but within two years	1,447	1,027
– due after two years but within five years	2,138	1,436
	16,401	16,760
	58,298	63,132

13. Provisions

	Dilapidations £000	Employee- related restructuring £000	Contract risk provisions £000	Total £000
At 1 December 2022	1,271	210	1,327	2,808
Increase in provisions	978	2,322	1,498	4,798
Utilisation of provisions	(27)	(1,716)	(1,160)	(2,903)
Reclassification of provision ¹	–	–	(30)	(30)
Release of provisions	(18)	–	–	(18)
Unwinding of discount on provisions	89	–	–	89
Foreign exchange	(1)	–	(1)	(2)
At 30 November 2023	2,292	816	1,634	4,742
Increase in provisions	876	81	–	957
Utilisation of provisions	(287)	(740)	(885)	(1,912)
Release of provisions	(323)	(76)	(251)	(650)
Unwinding of discount on provisions	78	–	–	78
At 30 November 2024	2,636	81	498	3,215

¹ Contract risk provisions at 1 December 2022 included a TUPE unfunded pension-related balance of £30,000. As set out in Note 14, these balances were transferred to defined benefit pension scheme obligations during the year ended 30 November 2023.

Dilapidations provisions are based on reports from appropriately qualified third-party experts. Of the £2.6m total dilapidations provisions at 30 November 2024, £1.5m is expected to be utilised in 2025 and the remaining £1.1m between 2026 and 2035.

Employee-related restructuring provisions refer to costs arising from restructuring to meet the future needs of the Group. All these restructuring activities are expected to be completed during 2025.

Contract risk provisions includes items not covered by any other category of which the majority relates to provisions for onerous IT licence contracts, which decreased as provisions recognised in the prior year, following the Group's decision to cease trading in the RM Consortium business, were utilised.

Disclosure of provisions

	2024 £000	2023 £000
Current liabilities	1,972	2,993
Non-current liabilities	1,243	1,749
	3,215	4,742

14. Pension schemes

a. Defined contribution schemes

The Group operates or contributes to a number of defined contribution schemes for the benefit of qualifying employees. The assets of these schemes are held separately from those of the Company. The total cost charged to income of £2,041,000 (2023: £2,068,000) represents contributions payable to these schemes by the Group at rates specified in employment contracts.

b. Defined benefit pension schemes

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

The Research Machines plc 1988 Pension Scheme (RM Scheme)

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

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

The most recent actuarial valuation of scheme assets and the present value of the defined benefit obligation was carried out for statutory funding purposes at 31 May 2021 by a qualified independent actuary. IAS 19 Employee Benefits (revised) liabilities at 30 November 2024 have been rolled forward based on this valuation's base data.

As at 31 May 2021, the triennial valuation for statutory funding purposes showed a deficit of £15,386,000. The Group agreed with the Scheme Trustees that it would repay this amount via deficit catch-up payments of £3,200,000 per annum until 31 December 2024. Deficit catch-up payments of £707,000 remained to be paid at 30 November 2024 and were settled following the year end. The 31 May 2024 triennial valuation was completed in February 2025, with the previous scheme deficit becoming a technical surplus. No further deficit recovery payments are required.

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

The Consortium CARE Scheme (CARE Scheme)

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

The most recent actuarial valuation of scheme assets and the present value of the defined benefit obligation was carried out for statutory funding purposes at 31 May 2021 by a qualified independent actuary. IAS 19 Employee Benefits (revised) liabilities at 30 November 2024 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 31 May 2024 triennial valuation was approved in March 2025, with the previous scheme deficit becoming a technical surplus. The deficit recovery payments set by the 31 May 2021 valuation, of £1,200,000 per annum until the end of 2026, will continue but no further recovery payments will be required after that date.

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 on 31 December 2021. The scheme is administered within a legally separate trust from The Consortium and the Trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that the scheme assets are appropriately invested. The triennial valuation of the scheme for statutory funding purposes at 31 December 2021 was a surplus of £71,800.

Local Government Pension Schemes

The Group has TUPE employees who retain membership of Local Government Pension Schemes. The Group is required to pay regular contributions as decided by the relevant scheme actuary and as detailed in each scheme's schedule of contributions, which are calculated every three years as part of a triennial valuation. Many of these schemes have a customer contractual guarantee whereby the Group reimburses any deficit when it ceases to be a participating employer. The Group is not the main sponsoring employer in these schemes and therefore does not have an unconditional right to recover surpluses, either during the life of the scheme, when all the members have left the plan, or on a plan wind-up. Similarly, the Group is not liable for other entities' obligations in these schemes.

The Group makes payments to these schemes for current service costs in accordance with its contractual obligations. The amount due in respect of these schemes at 30 November 2024 was £50,000 (2023: £62,000).

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

		Year ended 30 November 2024	Year ended 30 November 2023
	Note	£000	£000
Current service cost		–	(69)
Past service cost (see Note 3)		(300)	–
Administrative expenses		(27)	(6)
Operating expense		(327)	(75)
Interest cost		(8,763)	(8,269)
Interest on scheme assets		9,510	9,360
Net interest income	4	747	1,091
Income recognised in the Income Statement		420	1,016
Effect of changes in demographic assumptions		354	3,400
Effect of changes in financial assumptions		(73)	23,820
Effect of experience adjustments		1,673	(6,152)
Total actuarial gains		1,954	21,068
Return on scheme assets excluding interest on scheme assets		1,439	(36,839)
Reversal of historical payment accrual		367	–
Income/(expense) recognised in the Statement of Comprehensive Income		3,760	(15,771)

Reconciliation of the scheme assets and obligations through the year

	RM Scheme £000	CARE Scheme ¹ £000	Platinum Scheme £000	Local Government Pension Schemes £000	Total £000
Assets:					
At 1 December 2022	197,344	13,293	2,005	–	212,642
Interest on scheme assets	8,670	602	88	–	9,360
Return on scheme assets, excluding interest on scheme assets	(34,841)	(1,721)	(277)	–	(36,839)
Administrative expenses	–	–	(6)	–	(6)
Contributions from Group	3,200	1,216	80	–	4,496
Benefits paid	(3,827)	(725)	(16)	–	(4,568)
At 30 November 2023	170,546	12,665	1,874	–	185,085
Interest on scheme assets	8,748	666	96	–	9,510
Return on scheme assets, excluding interest on scheme assets	1,064	391	(16)	–	1,439
Administrative expenses	–	–	(27)	–	(27)
Contributions from Group	3,027	1,215	28	–	4,270
Benefits paid	(4,405)	(657)	(18)	–	(5,080)
At 30 November 2024	178,980	14,280	1,937	–	195,197
Obligations:					
At 1 December 2022	(174,026)	(14,647)	(1,364)	–	(190,037)
Reclassification of provision ²	–	–	–	(30)	(30)
Interest cost	(7,574)	(636)	(59)	–	(8,269)
Actuarial gains	19,386	1,512	170	–	21,068
Benefits paid	3,827	725	16	–	4,568
At 30 November 2023	(158,387)	(13,046)	(1,237)	(30)	(172,700)
Past service cost	(300)	–	–	–	(300)
Interest cost	(8,045)	(655)	(63)	–	(8,763)
Actuarial gains/(losses)	2,064	(129)	19	–	1,954
Benefits paid	4,405	657	18	–	5,080
At 30 November 2024	(160,263)	(13,173)	(1,263)	(30)	(174,729)
Net pension surplus/(deficit)					
At 30 November 2024					
Pension deficit	–	–	–	(30)	(30)
Pension surplus	18,717	1,107	674	–	20,498
Net pension surplus/(deficit)	18,717	1,107	674	(30)	20,468
At 30 November 2023					
Pension deficit	–	(381)	–	(30)	(411)
Pension surplus	12,159	–	637	–	12,796
Net pension surplus/(deficit)	12,159	(381)	637	(30)	12,385

¹ Included within the CARE Scheme obligations at 30 November 2024 is an unfunded liability of £85,000 (2023: £88,000) which is a liability of the Group and not the scheme.

² The Local Government Pension Scheme unfunded liability position at 1 December 2022 was previously included in provisions (see Note 13 for details) but was transferred to defined benefit pension scheme obligations during the year ended 30 November 2023.

Surplus recognition

The RM, CARE and Platinum schemes are in an accounting surplus position. In each case, any surplus remaining after all members have left the scheme would be returned to the Group in accordance with the trust deed. The full economic benefit of any surplus is therefore available to the Group and is recognised on the balance sheet.

Reconciliation of net defined benefit obligation

	Year ended 30 November 2024 £000	Year ended 30 November 2023 £000
Net pension surplus at 1 December	12,385	22,605
Reclassification of provision ¹	–	(30)
Past service cost	(300)	–
Net interest income included in the Income Statement	747	1,091
Administrative expenses included in the Income Statement	(27)	(6)
Scheme remeasurements included in the Statement of Comprehensive Income (excluding historical adjustment)	3,393	(15,771)
Cash contribution	4,270	4,496
Net pension surplus at 30 November	20,468	12,385

¹ The Local Government Pension Scheme unfunded liability position at 1 December 2022 was previously included in provisions (see Note 13 for details) but was transferred to defined benefit pension scheme obligations during the year ended 30 November 2023 as it is estimated on an IAS 19 basis.

Obligation by participant status

	At 30 November 2024 £000	At 30 November 2023 £000
Vested deferreds	124,879	133,122
Retirees	49,820	39,548
Local Government Pension Schemes obligations	30	30
	174,729	172,700

Value of scheme assets

		At 30 November 2024 £000	At 30 November 2023 (restated ¹) £000
	Fair value hierarchy		
Cash and cash equivalents, including escrow	Level 1	1,408	3,264
Equity instruments	Level 2	68,206	76,546
Equity instruments – pooled investment vehicle	Level 3	2,132	2,230
Debt instruments	Level 2	2,019	2,496
Liability driven investments	Level 2	104,415	83,339
Insurance contract	Level 3	17,017	17,210
		195,197	185,085

¹ The analysis of scheme assets at 30 November 2023 has been restated to show amounts on a comparable basis to 30 November 2024.

Liability driven investments (LDI)

The RM Scheme and the CARE Scheme assets include an LDI portfolio. The portfolio is valued at market value as no bid valuation is available. The components of the LDI portfolio are determined by the Trustee's investment advisor with the aim to provide a good match to the scheme's exposure to interest rate and inflation risks within the value of its liabilities.

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

Insurance assets

The RM Scheme also holds insurance policies covering benefits for some pensions in payment. The value of these annuities is £17.0m at 30 November 2024 (2023: £17.2m). This value has been calculated using the same assumptions as used to value the liabilities. The method of determining the value of the insurance annuities is determined by projecting the expected benefit payments using the agreed assumptions and then discounting the resulting cash flows back to 30 November 2024.

Significant actuarial assumptions

	Year ended 30 November 2024	Year ended 30 November 2023
Discount rate (RM Scheme)	5.15%	5.15%
Discount rate (CARE Scheme)	5.10%	5.15%
Discount rate (Platinum Scheme)	5.15%	5.10%
Rate of RPI price inflation (RM Scheme)	3.10%	3.10%
Rate of RPI price inflation (CARE Scheme)	3.15%	3.15%
Rate of RPI price inflation (Platinum Scheme)	3.05%	3.10%
Rate of CPI price inflation – period before 1 January 2030	2.20%	2.10%
Rate of CPI price inflation – period after 1 January 2030	3.10%	3.10%
Rate of pensions increases based on RPI with 5% cap (RM Scheme)	2.90%	2.90%
Rate of pensions increases based on RPI with 5% cap (CARE Scheme)	2.95%	2.95%
Rate of pensions increases based on RPI with 2.5% cap	1.95%	1.95%
Mortality base table (RM and CARE Schemes)	S4PA	S3PA
Mortality base table (Platinum Scheme)	S3PA	S3PA
Future longevity improvements	CMI 2023 with 1.00% long-term improvement, 2020 and 2021 weight parameters of 0%, 2022 and 2023 of 100%	CMI 2022 with 1.00% long-term improvement, 2020 and 2021 weight parameters of 10%, 2022 of 35%
Weighted average duration of defined benefit obligation	16 years	16 years
Assumed life expectancy on retirement at age 65:		
Retiring at the accounting date (male member aged 65)	20.7	21.0
Retiring 20 years after the accounting date (male member aged 45)	21.6	21.9

Expected cash flows

	Year ended 30 November 2024	Year ended 30 November 2023
Expected employer contributions for the following year ended 30 November	1,907	4,400
Expected total benefit payments		
Year 1	5,208	4,661
Year 2	5,359	4,926
Year 3	5,514	5,224
Year 4	5,674	5,762
Year 5	5,839	6,299
Years 6 – 10	31,835	37,603

The Group has agreed with the Trustee of the RM and CARE Schemes to provide the schemes with a second ranking fixed and floating charge over the shares of all obligor companies (except for RM plc) and a payment of £0.5m each at bi-annual intervals starting in August 2023 which is contingent upon the adjusted debt leverage ratio being less than 3.2x at that date. The definition of adjusted leverage is aligned to the banking facility as set out in Note 15. No such payments were made during the years ended 30 November 2023 or 30 November 2024 because the Group remained above the threshold for the adjusted debt leverage ratio.

15. Borrowings

	2024 £000	2023 £000
Bank loan	57,000	55,000
Less capitalised fees	(1,476)	(1,349)
Borrowings	55,524	53,651

At 30 November 2024, the Group had drawn down £57.0m (2023: £55.0m) of the facility.

Bank and professional service fees relating to securing the loan have been capitalised and are amortised over the length of the loan of which £771,000 (2023: £141,000) relates to the unamortised previous facility agreement and £705,000 (2023: £1,208,000) is the unamortised arrangement fee relating to the extension during the current year.

During the year, the Group secured an agreement with lenders, which extended its existing £70.0m facility to July 2026. The fixed charge over the shares of each of the obligor companies (except for RM plc), and the fixed and floating charge over all assets of the obligor companies granted previously to lenders, remain in place. Under the amended facility, covenants have been reset as follows:

- A quarterly LTM EBITDA (excluding discontinued operations and Consortium) covenant test from February 2024 to November 2025, which is then replaced by a quarterly EBITDA leverage test and interest cover tests, which are required to be below and above 4x, respectively, from February 2026; and
- A 'hard' liquidity covenant test requiring the Group to have liquidity greater than £7.5m on the last business day of the month, and liquidity not be below £7.5m at the end of two consecutive weeks within a month, with a step-down period applying from 15 September 2024 to 24 October 2024 and 1 January 2025 to 21 March 2025, during which the minimum liquidity requirement is reduced from £7.5m to £5.0m. The extra £2.5m liquidity for the first step-down period from 15 September 2024 to 24 October 2024 was not utilised.

The Group operated within its existing financial covenants during 2024. At the end of November 2024, the minimum EBITDA covenant required was £6.1m versus EBITDA of £13.1m. After the year end, as the Group forecast that it would not meet the quarterly EBITDA leverage and interest cover covenants for the quarters ended 28 February 2026 and 31 May 2026, the Group agreed with its lenders to replace these with a restitution of the LTM EBITDA covenant for those two quarters, at £10.8m and £11.8m respectively. During 2024, the Group remained over the soft liquidity covenant limit which requires liquidity to be greater than £12.5m during the cash flow forecast period. No additional meetings were therefore requested by the lenders. The directors continue to evaluate the disposal of non-core assets which do not align to the Group's future strategic plans, which could provide significant deleveraging within the period to refinancing.

16. Share capital

	Ordinary shares of 2½p	
	Number 000	£000
Authorised, allotted, called-up and fully paid:		
At 1 December 2022, 30 November 2023 and 30 November 2024	83,875	1,917

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

17. Post balance sheet events

In March 2025, the lenders approved the following changes to the covenants that apply to the Group's revolving credit facility:

- The quarterly EBITDA leverage and interest cover tests, which were required to be below and above 4x respectively from February 2026, have been replaced by a quarterly LTM EBITDA (excluding discontinued operations) covenant test to the end of the facility in July 2026; and
- Additional step-down periods applying from 1 August 2025 to 17 October 2025, and 1 January 2026 to 21 March 2026, during which the minimum liquidity requirement under the hard liquidity covenant test is reduced from £7.5m to £5.0m.

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