

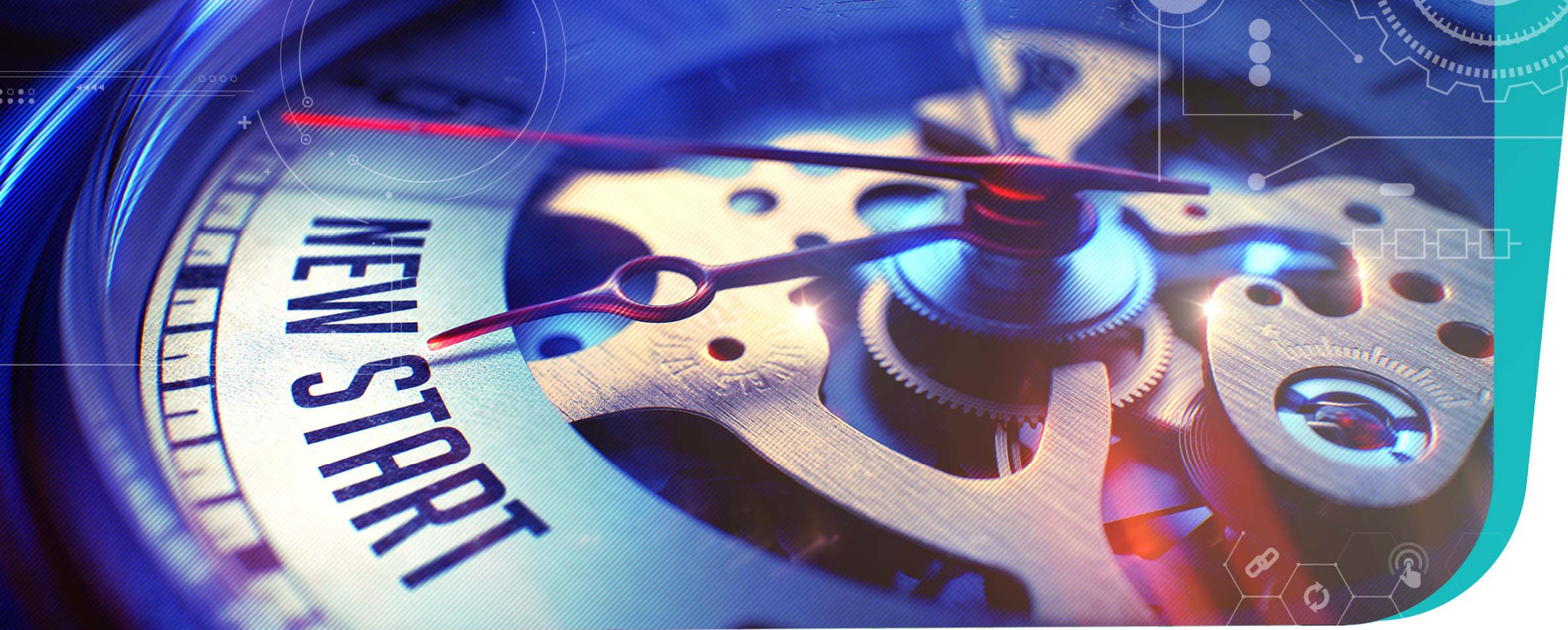


RMTM plc

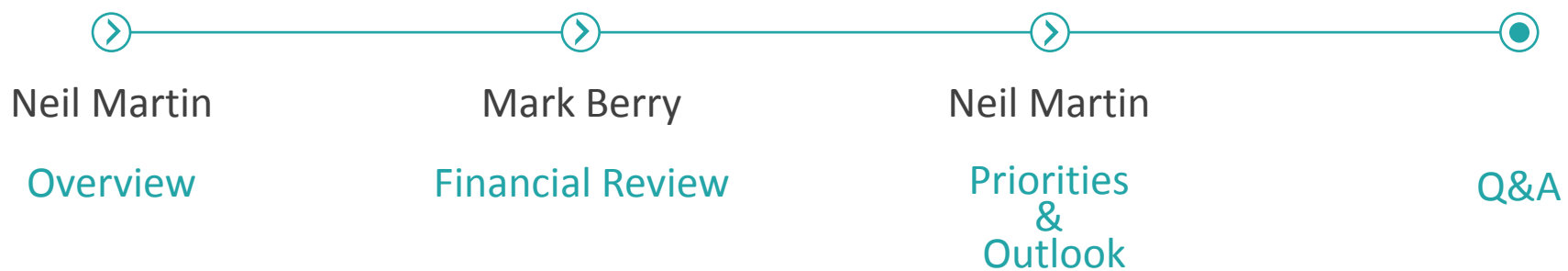
Technology and
Resources for Education
Six months to 31 May 2021

Neil Martin
Chief Executive Officer

Mark Berry
Chief Financial Officer

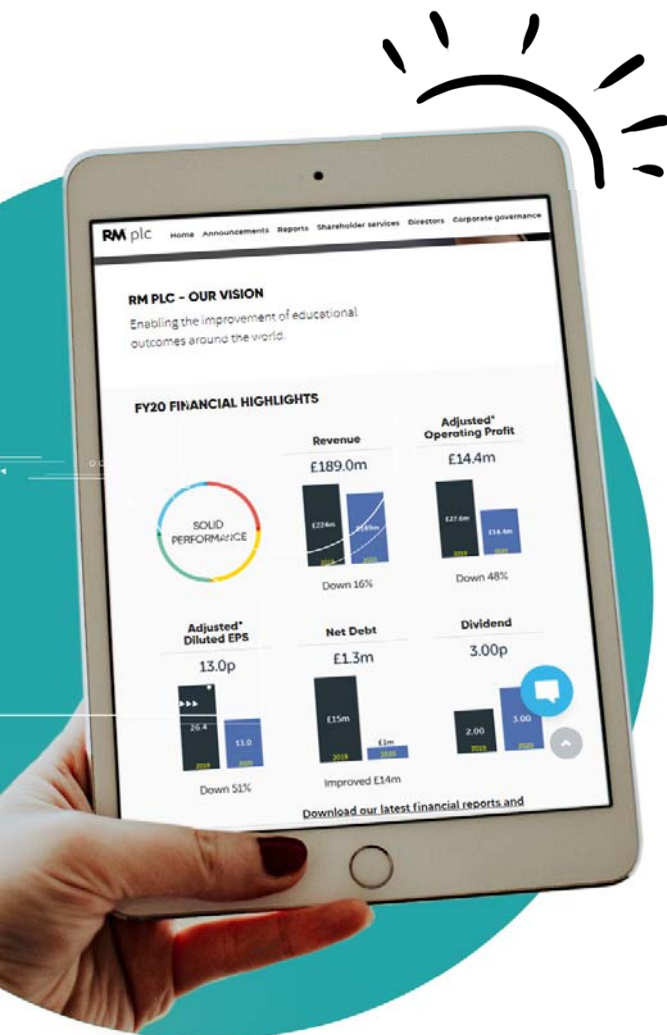


AGENDA



SUMMARY

Stronger performance despite continued COVID-19 disruption



- ◆ Performance more resilient than H1 prior year despite school closures and all 2021 UK school exams cancelled
- ◆ Revenue up 21% and in line with 2019 driven by strong trading in RM Resources enabling adjusted operating profits to double
- ◆ Balance sheet remains strong with lower net debt and improvement in the pension funding position
- ◆ Digital and automation investment programs on track to deliver operational and financial benefits
- ◆ Positive medium-term outlook due to improving global education fundamentals.
- ◆ Interim dividend of 1.7 pence per share (2020: nil)

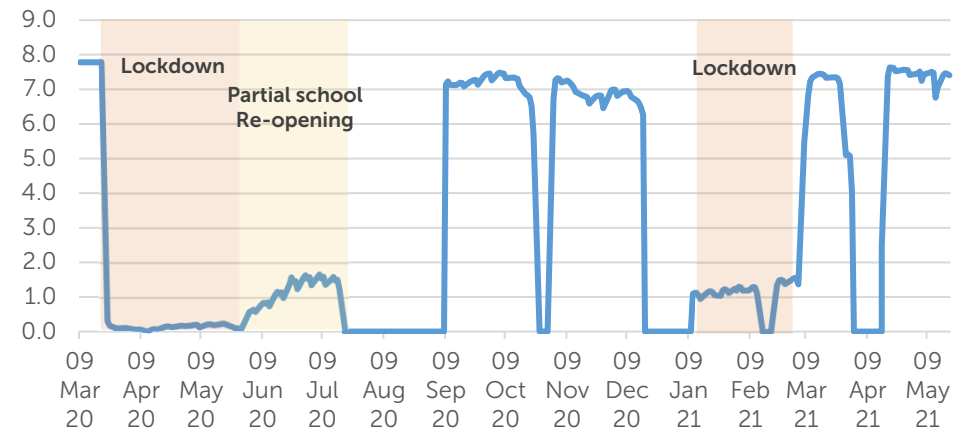
CURRENT MARKET BACKDROP

COVID-19 impacts starting to reduce but global disruption continues

UK schools

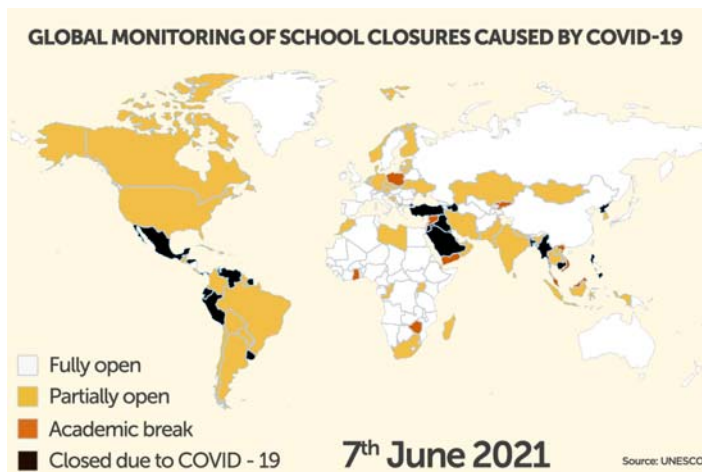
- ◇ School closures for 8 weeks resulting in similar days lost as prior year
- ◇ All UK school exams cancelled in 2021
- ◇ Average schools' budgets predicted to rise by 3% but increase to be focused on staffing costs
- ◇ £3.1bn additional catch-up funding committed

School attendance - English schools

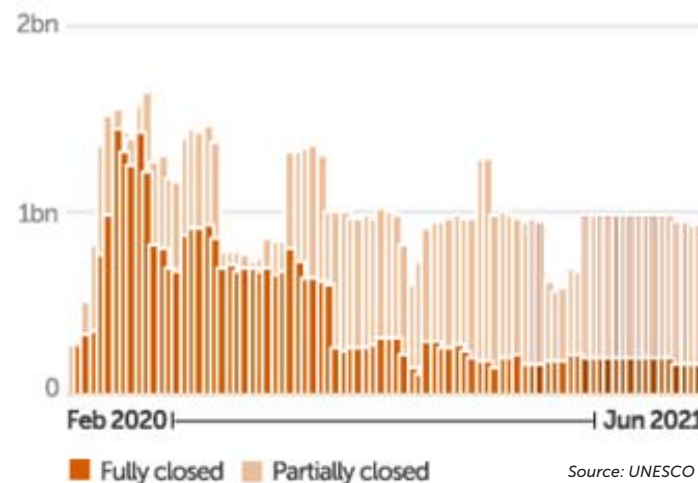


Global Schools

School Closures



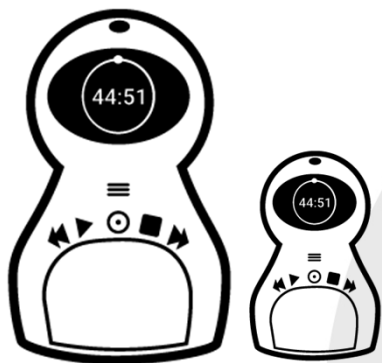
Impacted learners



- ◇ Position improving, but c. 1bn learners still impacted by COVID-19
- ◇ Non-UK exams taking place as planned but lower volumes expected
- ◇ Widespread catch-up funding initiatives planned

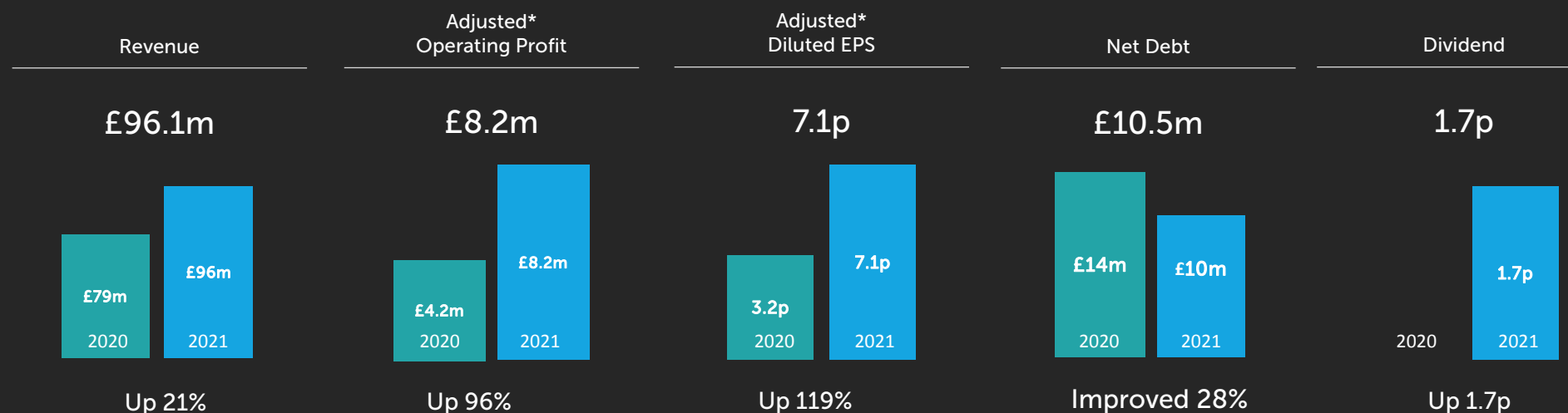
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Financial Summary



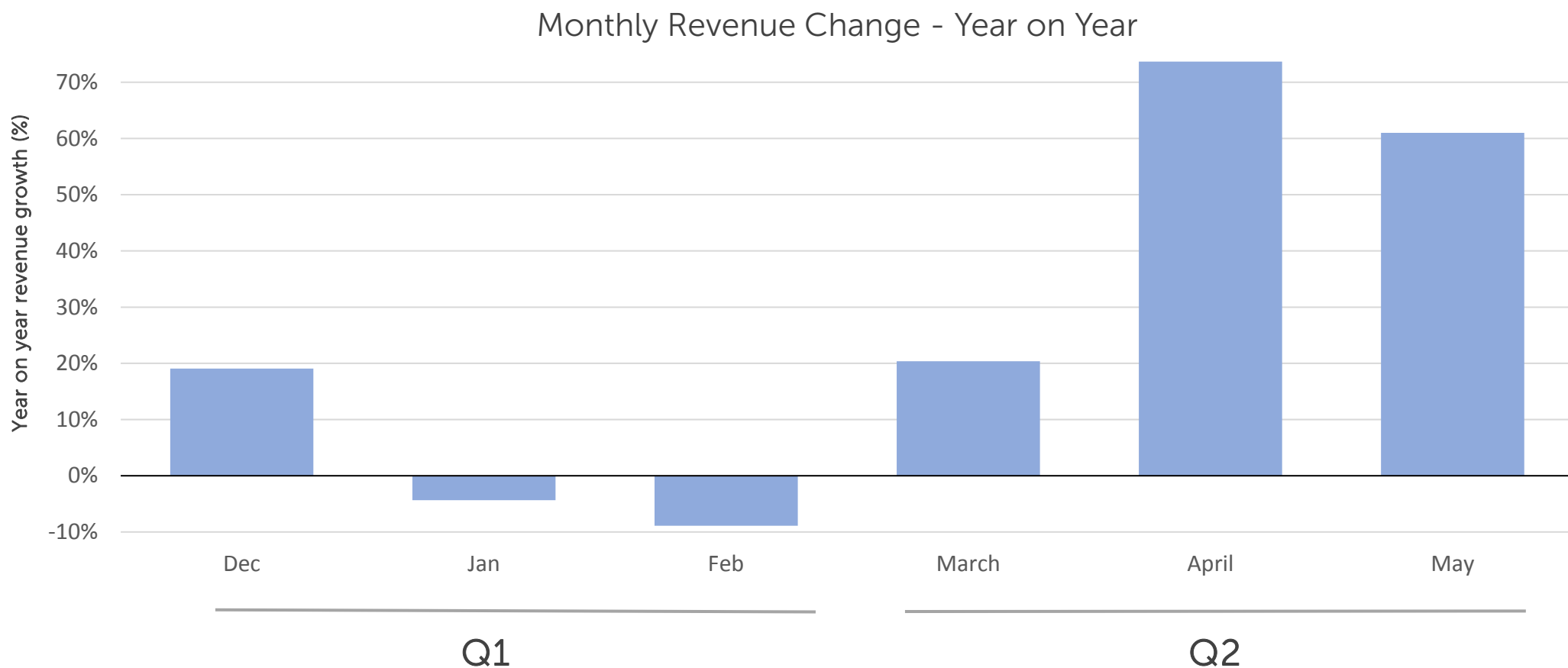
H1 FINANCIAL OVERVIEW

An improved start to the year with good momentum through Q2



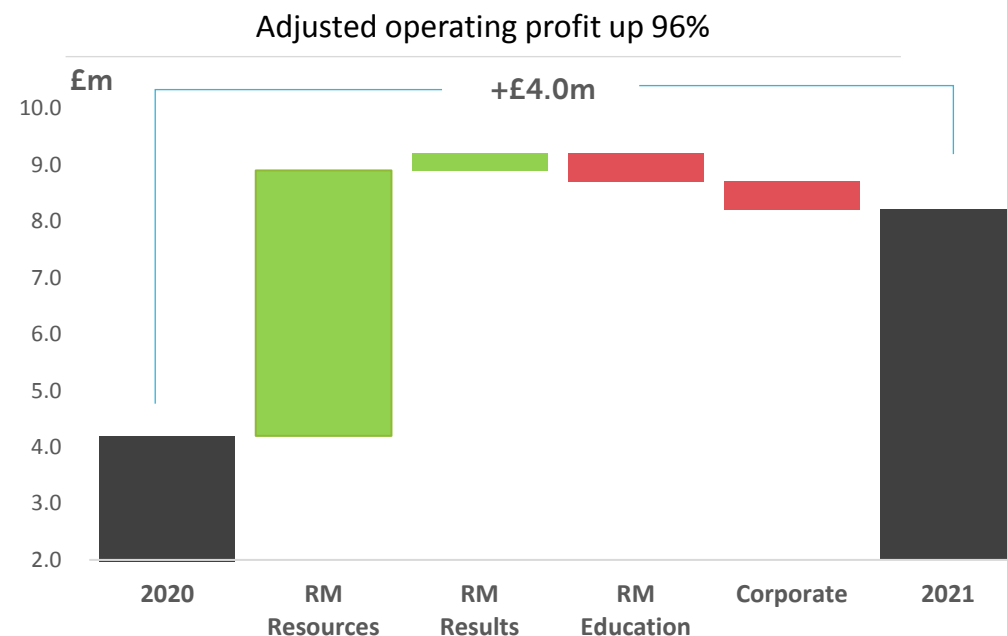
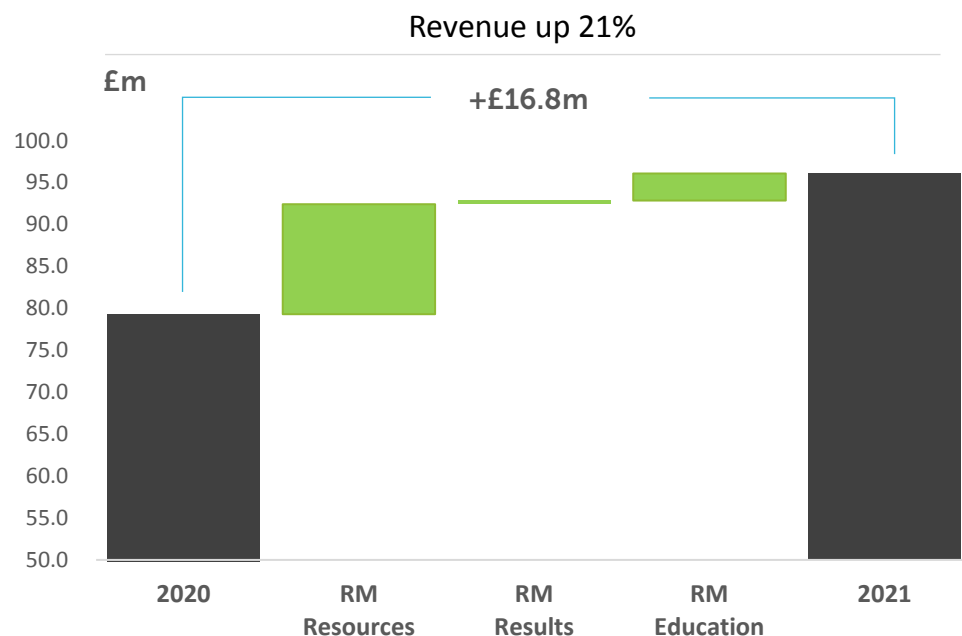
- ◆ Revenues up 21% and adjusted operating profit increased to £8.2m driven by strong catch-up trading through Q2 in RM Resources which recovered quickly following the reopening of UK schools in March
- ◆ Net debt improved to £10.5m (31 May 2020: £14.4m) and supported by a revolving credit facility of £70m
- ◆ Interim dividend at 1.7 pence per share. No interim dividend was paid in 2020

IMPROVED RESILIENCE



- ◆ Revenue up 21% on 2020 despite schools being closed for broadly the same number of days but across different quarters
- ◆ Revenue benefits from strong curriculum resources sales in Q2, supporting outdoor teaching and managing COVID transmission risk
- ◆ Hardware revenues stronger in RM Education supporting the digitisation of school infrastructure

H1 REVENUE AND PROFIT DEVELOPMENT



Revenue +21%

- RM Resources improved 37% driven by strong catch-up sales despite schools being closed for similar number of days
- RM Results broadly in line with partial recovery of global exam activity offset by insourcing of a contract by a key customer in 2020
- RM Education up 11% driven primarily by hardware orders

Adjusted operating Profit +96%

- Revenue growth offset by higher product and freight costs, the resumption of key projects paused in 2020 and the impact of one-time items, in part, related to COVID-19

H1 INCOME STATEMENT

£m	H1 2021	H1 2020	Variance
Revenue	96.1	79.3	+21%
Adjusted Operating Profit	8.2	4.2	+96%
Operating Margin	8.5%	5.3%	+3.2pp
Interest	(0.6)	(0.7)	-5%
Adjusted Profit before tax	7.6	3.5	+114%
Tax	(1.7)	(0.8)	+98%
Adjusted Profit after Tax	5.9	2.7	+119%
Exceptional items (after tax)	(1.2)	(1.2)	-1%
Profit after tax	4.7	1.5	+213%
Adjusted diluted EPS	7.1p	3.2p	+119%
Dividend per share	1.70p	0.00p	+1.70p

◇ Interest costs reflect debt facility charges and finance costs related to the defined benefit pension schemes

◇ Adjusted effective tax rate of 22.0 % (2020: 22.9%).

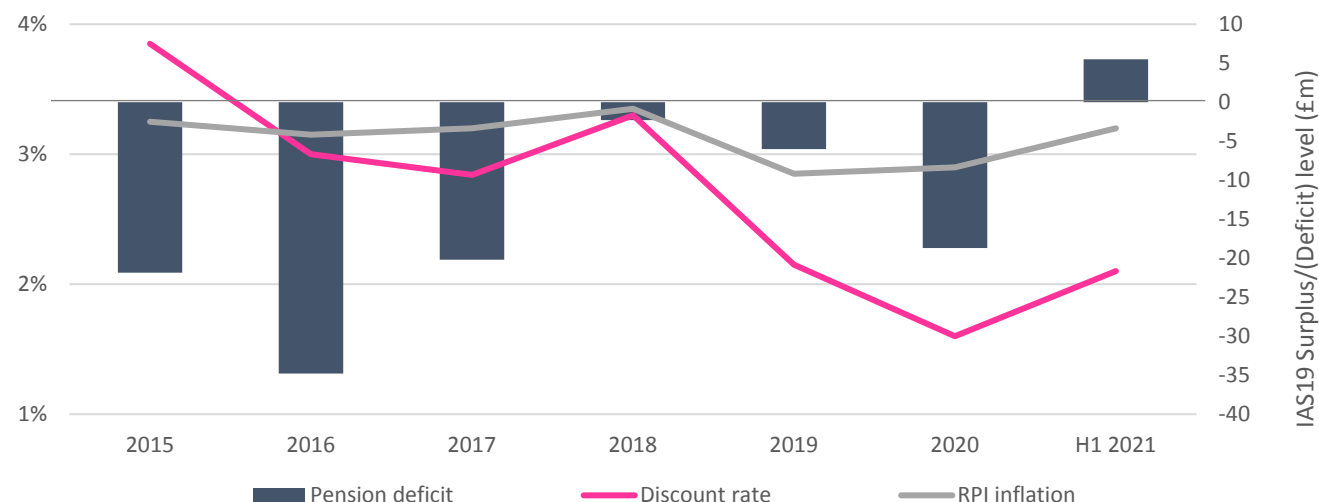
◇ Exceptional items primarily reflect amortisation of acquisition intangibles

CASHFLOW AND PENSION



Cash Flow

- Net Debt at £10.5m is down £3.9m on May 2020 and £9.2m higher than November 2020
- Cash Generated from operations of £8.4m
- Capex spend reflects the focus on our capital programmes and is expected to remain elevated at these levels through 2021 before reducing significantly in 2022



Pension

- The IAS19 pension deficit has improved £24.2m from 30 Nov 2020 to a surplus of £5.5m (2020: £18.7m deficit)
- An Increase in the discount rate and higher returns on scheme assets are offset by an increase in inflation
- Triennial valuation initiated 31 May 2021

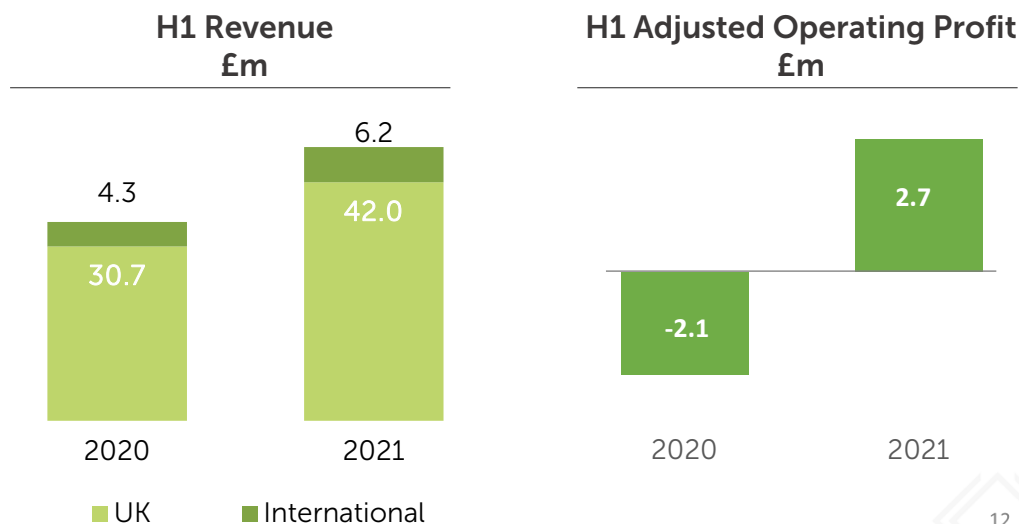
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H1 2021 Divisional Review



Strong Q2 performance following the reopening of UK schools

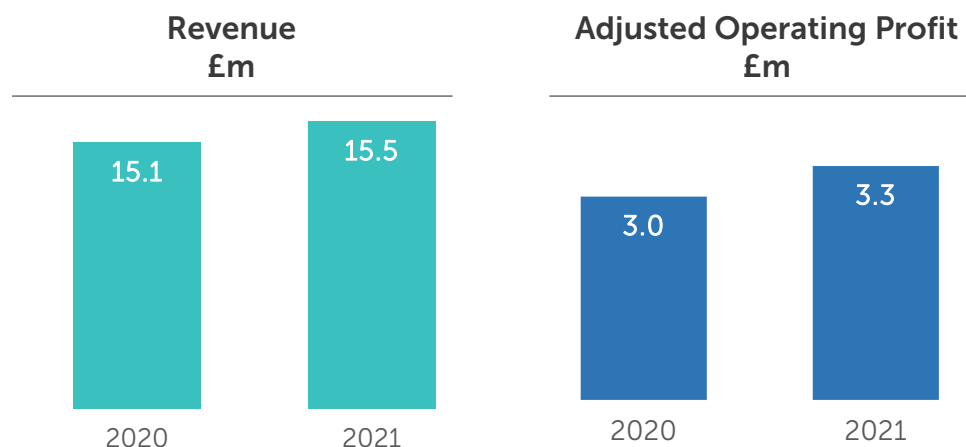
- ◇ Revenue +37% vs 2020
 - UK revenue +1% vs. 2019
 - International revenue -21% vs. 2019
- ◇ Strong catch-up sales in Q2, supporting curriculum and managing COVID transmission risk
- ◇ Revenue growth improves profitability offset by higher product and freight costs, projects and one-time items
- ◇ New warehouse and office fitted out. Additional warehouse exited, systems integration in progress
- ◇ Improving picture offset by some funding uncertainty as well as global supply chain and market challenges



Improved H1 performance driven by the partial recovery of global exam activity

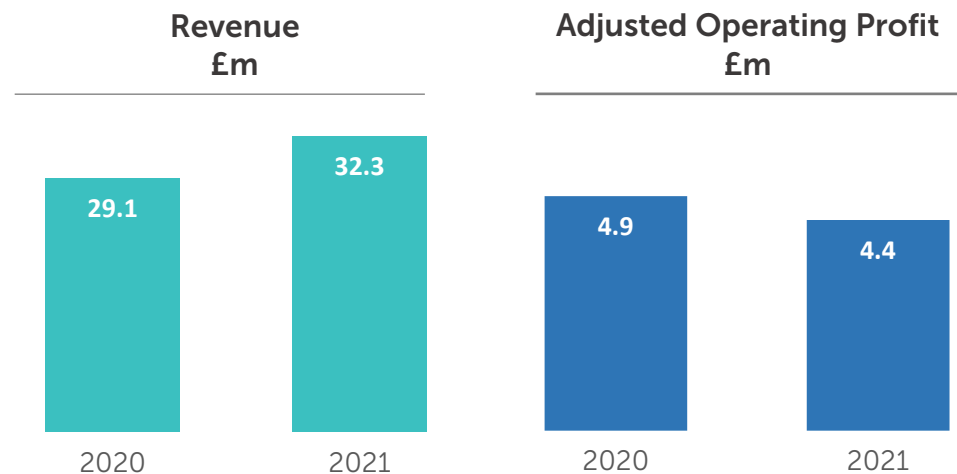
- ◇ Revenue in line with prior year as partial recovery of global exam activity is offset by insourcing by a key customer in 2020
- ◇ Operating profit benefits from slightly improved revenues
- ◇ COVID insights:
 - ▬ Near term
Disruption through exam cancellations, delivery challenges and delay in sales pipeline
 - ▬ Medium term
Opportunity strengthened through positive digital assessment market trends

Geography	Customers	Exam Activity vs.2020	Exam Activity vs. 2019
UK School exams	3	-15%	-95%
UK Non-school exams	6	+50%	+45%
International	19	+50%	-25%

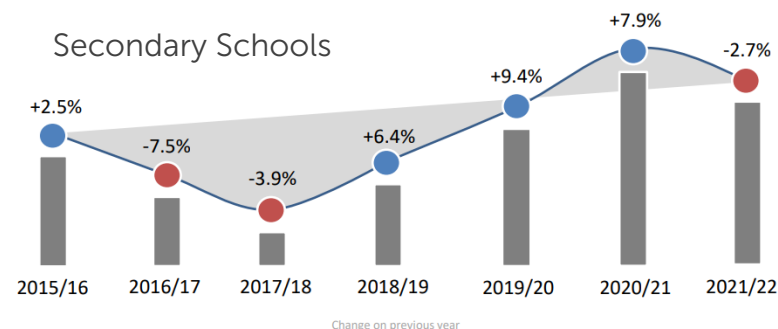
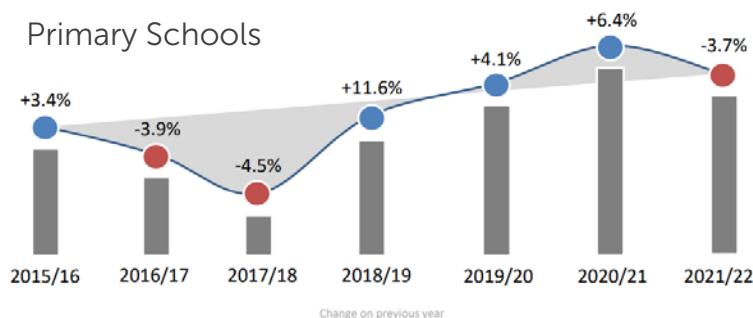


Revenues benefit from schools' focus on blended learning infrastructure

- Revenue improvement from hardware sales supporting school ICT infrastructure
- Gross margin reduced due to revenue mix change
- Operating costs increased following the resumption of projects and the impact of one-time items
- Positive step-change of engagement with technology in schools offset in the short term by funding uncertainty and rebalancing of budgets



Year on year changes in ICT spend in UK schools



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Priorities & Outlook



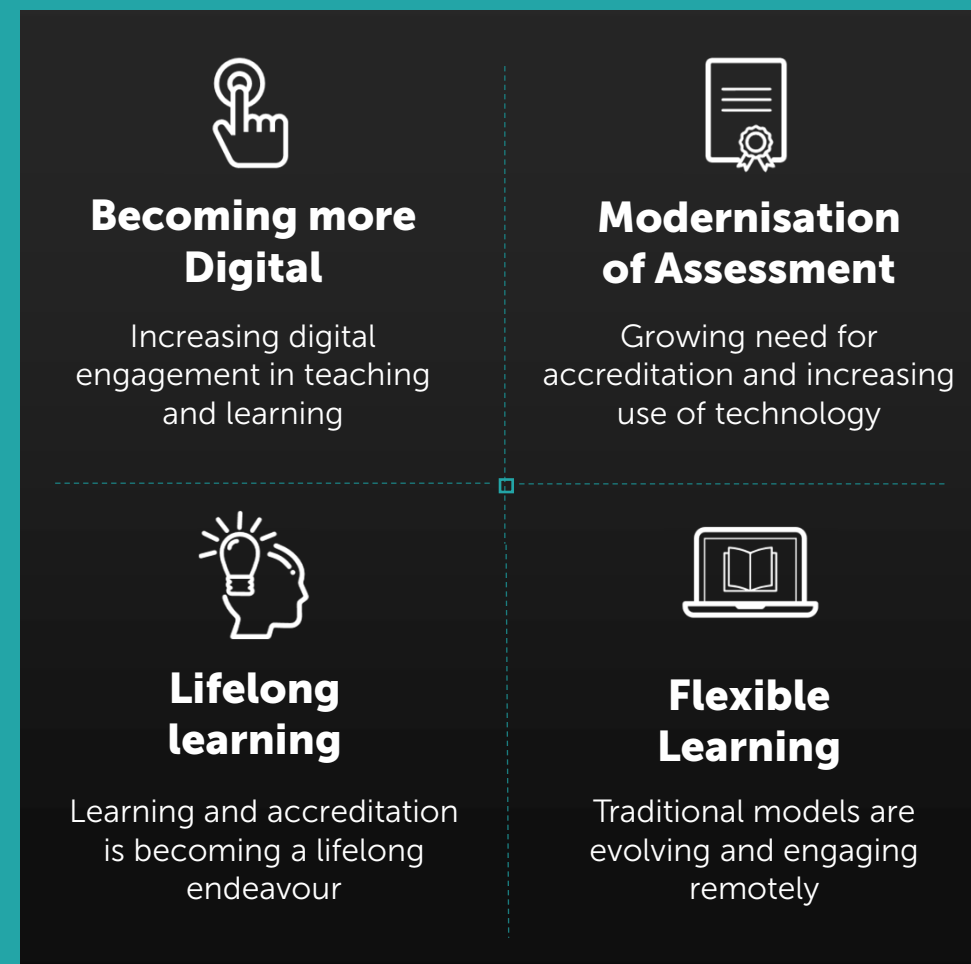
STRENGTHS

- ◆ Purpose led culture and people
- ◆ Strong brands and market position
- ◆ Industry renowned customers
- ◆ Breadth of domain knowledge
- ◆ Cash generative business model
- ◆ Strong balance sheet

OPPORTUNITIES

- ◆ More customer centric
- ◆ Focus on attractive market segments
- ◆ Digital and data capabilities
- ◆ Increase innovation
- ◆ Reduce complexity, improve agility
- ◆ Sharpen commercial skills

- ◇ Significant COVID-19 disruption globally
- ◇ Elevated policy focus on education
- ◇ Global catch-up funding initiatives focus on:-
 - = Digital infrastructure
 - = Lost learning catch-up & wellbeing
 - = Early Years and STEM
- ◇ Key market trends strengthened by COVID-19
- ◇ Start of a long digital maturity journey



Growing global education and training market but currently only 4% digital penetration

RM plc CONTEXT

Near-term adverse COVID-19 influence but positive medium term opportunity

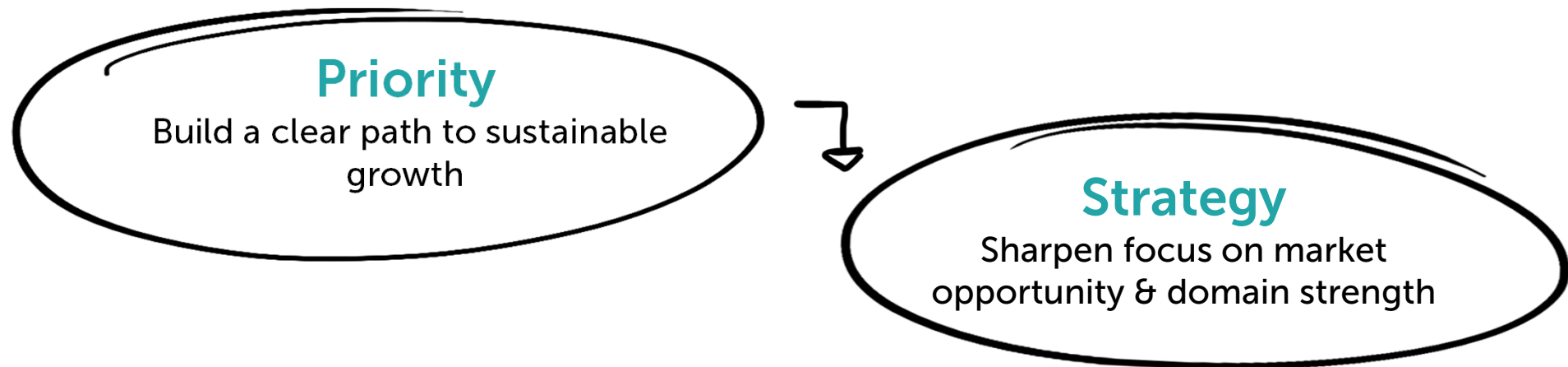
Near Term

- ◇ Continued revenue disruption
- ◇ Negative UK funding sentiment despite catch-up initiatives

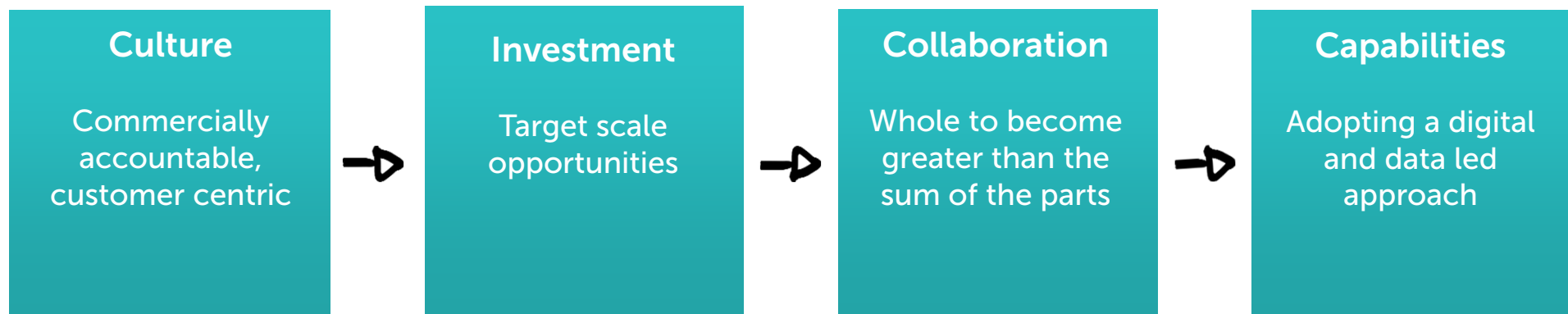
Medium Term

- ◇ Brand strengths aligned to medium term funding focus
- ◇ Strengthening of positive market trends around use of technology in education and assessment
- ◇ Completion of Digital and Automation programmes will provide fundamental change enablers

POSITIONING FOR THE FUTURE



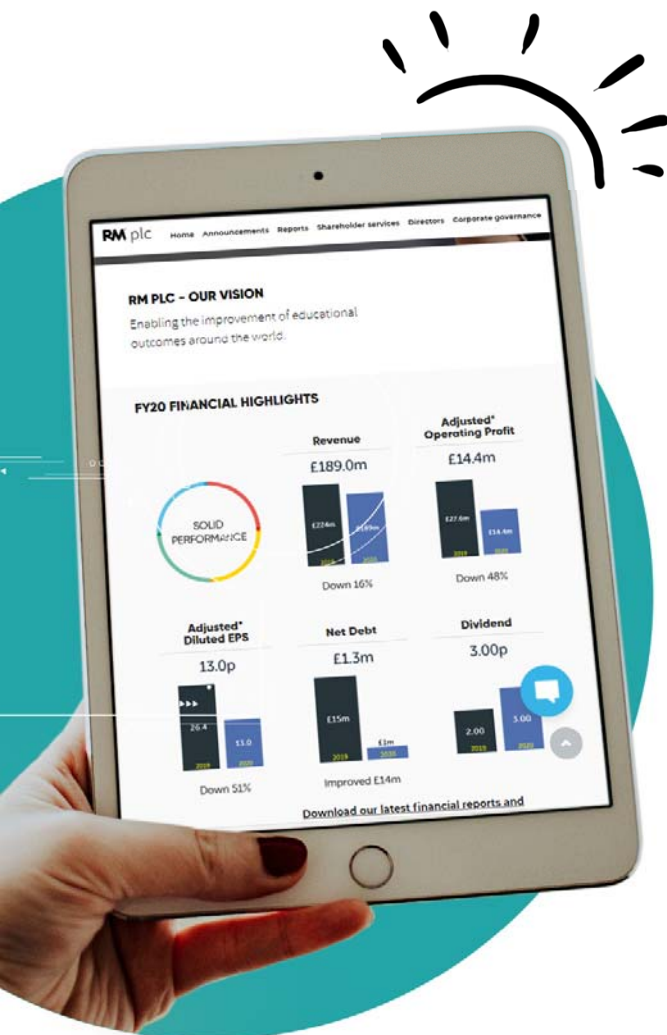
Enablers



Purpose led

To enrich the lives of learners worldwide through our vision of improving educational outcomes

SUMMARY



- ◇ RM is a resilient business with strong balance sheet and good cash generative characteristics
- ◇ COVID-19 has caused short-term disruption but has strengthened positive global market dynamics
- ◇ Solid foundations on which to benefit from market opportunity
 - = **Near Term:** Return to pre-COVID trading levels and invest in strengthening market position and strategic focus
 - = **Medium Term:** Leverage improved strategic positioning and digital and automation platform

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Q&A



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Appendix



DIVISIONAL SUMMARY

Revenue £M

	2021	2020	Variance	2019	Variance
RM Resources	48.2	35.1	+37%	49.2	-2%
RM Results	15.5	15.1	+3%	16.8	-8%
RM Education	32.3	29.1	+11%	29.5	+10%
Group	96.1	79.3	+21%	95.5	+1%

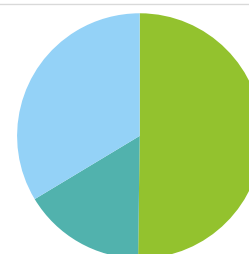
Adjusted Operating Margin

	2021	2020	Variance	2019	Variance
RM Resources	5.5%	-5.8%	+11.4pp	6.3%	-0.8pp
RM Results	21.1%	19.7%	+1.4pp	27.1%	-6.0pp
RM Education	13.5%	16.7%	-3.2pp	14.7%	-1.2pp
Group	8.5%	5.3%	+3.2pp	10.2%	-1.7pp

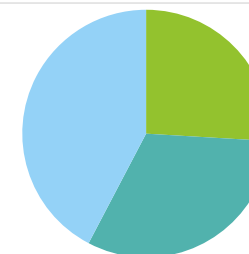
Adjusted Operating Profit £M

	2021	2020	Variance	2019	Variance
RM Resources	2.7	-2.1	+229%	3.1	-14%
RM Results	3.3	3.0	+10%	4.5	-30%
RM Education	4.4	4.9	-10%	4.3	+1%
Corporate	-2.1	-1.6	-32%	-2.2	+6%
Group	8.2	4.2	+96%	9.7	-16%

Revenue



Adjusted Operating Profit



■ RM Resources ■ RM Results ■ RM Education

INCOME STATEMENT

£ M	6 MONTHS TO 31 MAY					
	H1 2021			H1 2020		
	ADJUSTED	ADJUSTMENTS	TOTAL	ADJUSTED	ADJUSTMENTS	TOTAL
Revenue	96.1	-	96.1	79.3	-	79.3
Cost of sales	(58.5)	-	(58.5)	(45.7)	-	(45.7)
Gross profit	37.5	-	37.5	33.5	-	33.5
Gross profit %	39.1%	-	39.1%	42.3%	-	42.3%
Operating expenses	(29.3)	-	(29.3)	(29.3)	-	(29.3)
Amortisation of acquisition related intangibles		(1.0)	(1.0)		(1.0)	(1.0)
Restructuring provision		(0.1)	(0.1)		(1.0)	(1.0)
Impairment of intangible asset		-	-		(0.7)	(0.7)
Gain on sale of non-core asset		-	-		1.3	1.3
Property related costs		(0.2)	(0.2)		-	-
	(29.3)	(1.2)	(30.5)	(29.3)	(1.3)	(30.7)
Operating profit	8.2	(1.2)	7.0	4.2	(1.3)	2.8
Operating profit %	8.5%	-	7.3%	5.3%	-	3.6%
Net investment income and finance costs	(0.6)	-	(0.6)	(0.7)	-	(0.7)
Profit before tax	7.6	(1.2)	6.4	3.5	(1.3)	2.2
Tax	(1.7)	-	(1.6)	(0.8)	0.2	(0.7)
Profit after tax	5.9	(1.2)	4.7	2.7	(1.2)	1.5
Diluted earnings per ordinary share	7.1p		5.6p	3.2p		1.8p
Dividend per share			1.70p			0.00p

OPERATING CASH FLOWS - £M	H1 2021	H1 2020
Profit from operations	7.0	2.8
Amortisation & impairment of intangibles	1.4	2.3
Depreciation & impairment of PPE	1.8	2.0
Share-based payments	(0.4)	0.4
(Decrease)/increase in provisions	(0.4)	0.7
Other adjustments	-	(2.2)
Operating cash flows before movements in working capital	9.4	5.9
Increase in inventories	(1.4)	(0.4)
Decrease in receivables	2.4	6.3
Increase in contract fulfilment assets	(0.4)	(0.8)
Decrease in payables	(1.5)	(8.1)
Utilisation of provisions	(0.2)	-
Cash generated by operations	8.4	2.9
NON-OPERATING CASH FLOWS – £M		
Defined benefit pension contribution	(2.2)	(2.2)
Tax paid	(0.2)	(1.7)
Net capital expenditure less proceeds on disposal	(10.3)	2.4
Dividends paid	(2.5)	-
Drawdown/(repayment) of borrowings	7.0	(1.0)
Other	(2.3)	(1.9)
Net increase in cash and cash equivalents	(2.0)	(0.3)

BALANCE SHEET

£M	31 MAY 2021	31 MAY 2020
Goodwill	49.3	49.2
Intangible assets	26.0	22.7
Property, plant & equipment	13.5	5.6
Defined benefit pension surplus	10.1	0.6
Other receivables	0.1	0.3
Right of use Asset	17.7	6.0
Contract fulfilment assets	2.7	2.7
Deferred tax assets	1.5	6.5
Total non-current assets	120.9	93.7
Inventories	20.0	22.6
Trade & other receivables	28.9	24.6
Contract fulfilment assets	1.8	1.1
Held for sale asset	4.8	3.1
Tax assets	1.8	1.8
Cash & short-term deposits	4.3	3.9
Total current assets	61.7	57.1
Total assets	182.5	150.8
Current liabilities, including tax liabilities	(61.6)	(50.6)
Borrowings	(11.8)	(15.7)
Retirement benefit obligation	(4.6)	(24.0)
Other non-current liabilities	(29.9)	(13.7)
Total liabilities	(108.0)	(103.9)
Net assets / total equity	74.5	46.8

Helping teachers to teach and learners to learn by developing engaging and inspiring resources

WHAT WE DO



Provide education supplies and curriculum products for schools and nurseries in the UK and internationally



HOW WE ADD VALUE



Unique own designed curriculum resources focused on improving learning outcomes

Offering the whole classroom proposition



THE OPPORTUNITY



Committed increases in education funding in UK



Strong differentiation of own developed products and brand pedigree in growing international market

Investment in automated warehouse program provides path to significantly improved efficiency



Driving the global modernisation of assessment

WHAT WE DO



A global leader in providing digital assessment solutions that support lifelong learning



HOW WE ADD VALUE



Improve the quality, efficiency and speed of our customer's assessment cycle

Secure, seamless and hassle-free e-assessment and data analysis



THE OPPORTUNITY



Market with strong structural growth opportunity in global assessment

End to end digital capability opens new channels and opportunities

Increasing technology adoption in global assessment and lifelong learning



Helping UK schools to improve the impact of technology on teaching and learning

WHAT WE DO



Software, services and technology provider to UK schools and colleges



HOW WE ADD VALUE



Delivering cost effective, reliable and secure technology for local and remote learning

Helping schools to make the most of their IT investment



THE OPPORTUNITY



Growth in multi-academy trusts provides aggregated buying in fragmented market



Committed increases in education funding in the UK

Increasing technology adoption in education

