

## RM plc

**Interim Results for the six months ended 31 May 2021****Improved performance despite continued Covid-19 disruption**

RM plc ("RM"), a leading supplier of technology and resources to the education sector, reports its interim results for the period ended 31 May 2021.

**Highlights**

- Improved performance vs. prior year despite UK Schools being closed for 8 weeks and all 2021 UK exams cancelled.
- Revenue up 21% driven by strong trading in RM Resources enabling Adjusted Operating Profit to broadly double and statutory Profit before Tax to increase by 190%.
- Balance sheet remains strong with improved net debt position and movement of the pension position from a deficit to a surplus.
- Positive medium-term outlook due to improving global education fundamentals. Nearer-term, Covid-19 continues to adversely impact pipeline development.
- Digital and automation investment programmes on track to deliver operational and financial benefits.
- Interim dividend of 1.7p (H1 2020: nil).

| £M                                       | H1 2021     | H1 2020 | Variance      |
|--|-------------|---------|---------------|
| <b>Revenue</b>                           | <b>96.1</b> | 79.3    | <b>+21%</b>   |
| <b>Adjusted* operating profit</b>        | <b>8.2</b>  | 4.2     | <b>+96%</b>   |
| <b>Adjusted* operating profit margin</b> | <b>8.5%</b> | 5.3%    | <b>+3.2pp</b> |
| <b>Adjusted* profit before tax</b>       | <b>7.6</b>  | 3.5     | <b>+114%</b>  |
| <b>Statutory profit after tax</b>        | <b>4.7</b>  | 1.5     | <b>+213%</b>  |
| <b>Adjusted* diluted EPS</b>             | <b>7.1p</b> | 3.2p    | <b>+119%</b>  |
| <b>Diluted EPS</b>                       | <b>5.6p</b> | 1.8p    | <b>+213%</b>  |
| <b>Proposed dividend per share</b>       | <b>1.7p</b> | Nil     | <b>+1.7p</b>  |
| <b>Net debt</b>                          | <b>10.5</b> | 14.4    |               |
| <b>IAS 19 Pension surplus/(deficit)</b>  | <b>5.5</b>  | (23.3)  |               |

\* Throughout this statement, adjusted operating profit and EPS are stated before adjustments to profit which are considered exceptional in nature or with potential significant variability year on year in non-cash items which may mask underlying trading performance. These include the amortisation of acquisition related intangible assets; gains on sale of property and investment assets; restructuring costs; exceptional inventory and impairment adjustments; GMP pension equalisation costs on defined benefit schemes and acquisition related costs. Refer to Note 5.

Commenting on the results, Neil Martin, Chief Executive of RM, said:

*"Today's results reflect the resilience of our business and continues to highlight the commitment of our people to supporting customers through the pandemic.*

*I am proud of the role that RM plays in improving educational outcomes and am encouraged by the opportunity we have to play a bigger role in the future. Whilst the market continues to experience disruption, this has elevated the focus on education, amplifying trends which will be beneficial to RM.*

*In the near-term, we are focused on strengthening our position to exploit these trends and so build a path to sustainable growth for RM."*

**Notes to Editors:**

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

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

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

**Presentation and live webcast:**

A presentation for analysts and investors will be held today at 9.00am.

The audio and slide presentation will be webcast live and on demand at the following website:

<https://www.investis-live.com/rmplc/60d07a1402de100a00452ede/2021hyr> [investislive.com]

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

United Kingdom : 0800 640 6441  
United Kingdom (Local): 020 3936 2999  
All other locations: +44 203 936 2999

Participant access code: 400013

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## RM plc

### Interim results for the six months ended 31 May 2021

|                                      | 6 months to May<br>2021 | 6 months to May<br>2020 | 12 months to<br>November 2020 |
|--------------------------------------|-------------------------|-------------------------|-------------------------------|
| Revenue                              | <b>£96.1m</b>           | £79.3m                  | £189.0m                       |
| Adjusted* operating profit           | <b>£8.2m</b>            | £4.2m                   | £14.4m                        |
| Statutory operating profit           | <b>£7.0m</b>            | £2.8m                   | £11.5m                        |
| Adjusted* profit before tax          | <b>£7.6m</b>            | £3.5m                   | £13.4m                        |
| Statutory profit before tax          | <b>£6.4m</b>            | £2.2m                   | £10.5m                        |
| Adjusted* profit after tax           | <b>£5.9m</b>            | £2.7m                   | £10.8m                        |
| Statutory profit after tax           | <b>£4.7m</b>            | £1.5m                   | £8.4m                         |
| Adjusted* diluted Earnings Per Share | <b>7.1p</b>             | 3.2p                    | 13.0p                         |
| Diluted Earnings Per Share           | <b>5.6p</b>             | 1.8p                    | 10.1p                         |
| Ordinary dividend per share          | <b>1.7p</b>             | Nil                     | 3.0p                          |
| Net debt                             | <b>£10.5m</b>           | £14.4m                  | £1.3m                         |

\*As outlined above adjustments reflect the amortisation of acquisition related intangible assets; one-time property related items, restructuring costs, and profit on sale of non-core assets. Refer to Note 5.

#### Financial summary

RM's financial performance for the period was materially impacted by Covid-19 but was more resilient than in H1 2020 despite UK schools being closed for a similar number of weeks, and all 2021 UK school exams being cancelled. Group revenue increased by 21% to £96.1m (H1 2020: £79.3m) driven by strong trading in RM Resources which recovered quickly following the re-opening of UK schools in March.

Revenue growth was driven primarily by strong UK curriculum resources sales in Q2, as schools focussed on curriculum spending supporting outdoor teaching, physical education, and pupil well-being, alongside managing Covid-19 transmission risks. Revenues in RM Results were broadly in line with prior year with the partial recovery of global exam activity being offset by the current year impact of the insourcing of a key customer contract in 2020. Hardware sales in RM Education improved reflecting the ongoing digitisation of school infrastructure.

Adjusted Operating Profit increased by 96% to £8.2m (H1 2020: £4.2m) and Statutory Operating Profit increased by 145% to £7.0m (H1 2020: £2.8m) driven by revenue growth partially offset by increased operating costs, which mainly reflected higher product and freight costs, the resumption of key projects paused in 2020, and the absence of some prior year cost savings associated with our response to the Covid-19 pandemic.

Adjusted profit before tax was £7.6m, up from £3.5m in H1 2020 and diluted earnings per share increased to 5.6p (H1 2020: 1.8p).

#### Net debt

Net debt at the start of the half was £1.3m and we closed the period at £10.5m (H1 2020: £14.4m). The cash outflow of £9.2m in the half reflected planned elevated capex of c.£10m in our two large capital projects comprising the consolidation of five distribution centres into a single automated facility, and the implementation of a group-wide IT system.

As a result of these projects, alongside wider capital investments, we anticipate that capital expenditure for the remainder of FY21 will continue to be elevated, before decreasing significantly in 2022. We continue to utilise a revolving credit facility of £70m.

#### Pension

The IAS19 net pension position in respect of RM's defined benefit pension schemes improved by £24.2m in the half, resulting in a surplus of £5.5m (30 November 2020: £18.7m deficit). The improvement was driven primarily by an increase in the discount rate, which is based on corporate bond yields, and better than expected returns on scheme assets. These were partially offset by an increase in inflation.

The triennial valuation date for the current schemes is 31 May 2021 and this process has been initiated. The current deficit recovery plans comprise annual payments of £4.1m.

## Dividend

The Board proposes to pay an interim dividend of 1.7p per share. No interim dividend was paid in 2020 and a final dividend of 3.0p was paid for the year ended 30 November 2020. The 2021 interim dividend will be payable to shareholders with an ex-dividend date of 22 July 2021. The Board remains committed to a long-term sustainable dividend policy.

## Outlook

Trading has been resilient in the first half of the year and RM is in a strong financial position, with lower net debt than at the same point last year and a track record of generating positive operating cash flows.

Looking ahead, Covid-19 has caused significant near-term disruption to our markets, impacting sales pipeline development and contractual arrangements. However, it has also elevated the focus on education and strengthened and accelerated positive market trends. Teaching and learning will continue to broaden and deepen its digital engagement. Technology is starting to be embraced at greater scale across the assessment market, and the traditional education model is evolving as society shifts more towards lifelong learning.

In the near term, we are prioritising a return to pre-Covid-19 trading levels alongside refocusing our strategy and ensuring that we have the right platform and capabilities to capitalise on the longer-term market drivers. We are confident that by doing so we will build a clear path to sustainable growth for RM.

## Divisional review

### RM Resources

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

|   | <b>6 months to<br/>May 2021</b> | 6 months to<br>May 2020 | 12 months to<br>November 2020 |
|---|---------------------------------|-------------------------|-------------------------------|
| RM Resources revenue                            | <b>£48.2m</b>                   | £35.1m                  | £92.4m                        |
| RM Resources adjusted operating profit / (loss) | <b>£2.7m</b>                    | £(2.1)m                 | £3.1m                         |

Revenue increased by 37% to £48.2m (H1 2020: £35.1m) driven by strong UK curriculum sales in Q2 following the re-opening of schools in March.

Adjusted operating profit was £2.7m (H1 2020: £2.1m loss) as revenue growth was partially offset by higher product and freight costs associated with Covid-19 and Brexit, reduced Covid-19 cost saving benefits, and the resumption of our digital and automation projects which were paused in 2020. Uncertainty remains regarding the impact of the pandemic on supply chains in both the UK and International markets.

We continue to make good progress with our warehouse consolidation programme, with the fit out of our new warehouse and associated office space now complete. The automation and systems integration prior to inventory transfer is ongoing, and one further warehouse was exited in the period.

Revenue in the UK increased by 37% to £42.0m (H1 2020: £30.7m) despite schools being open for broadly the same number of days in H1 2021 and H1 2020. Q1 trading was down versus prior year but improved strongly in Q2, particularly in curriculum sales supporting outdoor teaching, physical education, pupil well-being and Covid-19 transmission management.

### International

International revenues comprise two key channels; international distributors, through which we sell own-developed products to over 80 countries, and international English curriculum schools to whom we sell a wider portfolio of education supplies.

International revenues within RM Resources increased by 43% to £6.2m (H1 2020: £4.3m). The increase reflects a partial recovery in sales volumes compared to pre-Covid levels, however the international schools market remains subdued as low attendance levels continued through the period.

## RM Results

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

|                                      | <b>6 months to<br/>May 2021</b> | 6 months to May<br>2020 | 12 months to<br>November 2020 |
|--------------------------------------|---------------------------------|-------------------------|-------------------------------|
| RM Results revenue                   | <b>£15.5m</b>                   | £15.1m                  | £31.6m                        |
| RM Results adjusted operating profit | <b>£3.3m</b>                    | £3.0m                   | £6.6m                         |

Revenue was up 3% versus prior year at £15.5m (H1 2020: £15.1m) with the partial recovery of global examination activity in 2021 being offset by a key customer in-sourcing a contract. Revenues remain heavily impacted by lower examination volumes with UK general exams cancelled and reduced international exam activity being offset by an increase in professional and language qualification activity.

| H1 2021                  | RM customers | Exam activity<br>vs. 2020 | Exam activity<br>vs. 2019 |
|--------------------------|--------------|---------------------------|---------------------------|
| UK General Exams         | 3            | -15%                      | -95%                      |
| UK Other Awarding bodies | 6            | +50%                      | +45%                      |
| International            | 19           | +50%                      | -25%                      |

Adjusted operating profit increased by 10% to £3.3m (H1 2020: £3.0m).

Covid-19 disruption relating to ongoing international travel restrictions and global lockdown measures continues to adversely impact our sales pipeline development.

## RM Education

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

|  | <b>6 months to<br/>May 2021</b> | 6 months to May<br>2020 | 12 months to<br>November 2020 |
|--|---------------------------------|-------------------------|-------------------------------|
| RM Education revenue                   | <b>£32.3m</b>                   | £29.1m                  | £65.0m                        |
| RM Education adjusted operating profit | <b>£4.4m</b>                    | £4.9m                   | £9.3m                         |

Revenue increased by 11% to £32.3m (H1 2020: £29.1m) driven primarily by an increase in hardware sales reflecting schools' ongoing focus on digital infrastructure.

Adjusted operating profit decreased by 10% to £4.4m (H1 2020: £4.9m), the key drivers being increased operating costs following the resumption of key projects and the impact of cost savings in the prior year in part related to Covid-19.

## Corporate Costs

Corporate costs in the period were £2.1m (H1 2020: £1.6m), with the movement reflecting the fact that H1 2020 benefitted from lower costs following a series of short term Covid-19 mitigation actions.

## Statement on 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 detailed within the Group's 2020 Annual Report remain applicable. This is available from the RM website: [www.rmplc.com](http://www.rmplc.com).

In summary, those risks relate to public policy, education practice, the impact of UK's exit from the European Union, operational execution, data and business continuity, people, transformation, innovation, dependence on key contracts, the impact of the Covid-19 pandemic, pensions and treasury.

The Covid-19 pandemic has continued to impact the Group during the period but the principal risks remain aligned to those reported in the annual report. The nature of the Brexit risk has altered to be focused on managing complexities of sourcing products and the logistics of deliveries to customers and the Group is adapting its processes to mitigate the impact of the new requirements.

## Alternative Performance Measures (APMs)

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

The following APMs are used by the Group:

- Adjusted operating profit
- Adjusted profit before tax
- Adjusted Earnings per Share
- Net debt

Further explanation of what each APM comprises and reconciliations between Statutory reported measures and adjusted measures are shown in note 5.

The Board believes that the presentation of the Group results in this way is relevant to an understanding of the Group's financial performance, as adjustment items are identified by virtue of their size, nature and/or incidence. This presentation is consistent with the way that financial performance is measured by management, reported to the Board, the basis of financial measures for senior management's compensation schemes and assists in providing supplementary information that assists the user to understand better the financial performance, position and trends of the Group. In determining whether an event or transaction is an adjustment, the Board considers both quantitative and qualitative factors such as the frequency or predictability of occurrence.

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 period results and comparative periods where provided and are consistently defined from period to period.

## Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the period to the end of November 2022 which indicate that, taking account of reasonably plausible downsides as discussed below, the company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of this report.

In assessing the going concern position the Directors have considered the balance sheet position as included on page 11 and the level of available finance not drawn down. RM Group plc has a bank facility ("the facility") which totalled £70m at the date of this report. Further details are set out in Note 31 of the Annual Financial Statements. The debt facilities are subject to financial covenants of a maximum of 2.5 times Net Debt/EBITDA and at least 4 times interest cover/EBITDA. These covenants are tested annually in May and November. At 30 November 2020 the results of the covenant tests were 0.07 and 18.8 respectively.

At 31 May 2021, the Group had net debt of £10.5m (November 2020: £1.3m) and drawn facilities of £12m (November 2020: £5m). Liquidity headroom at 31 May 2021 was £59.5m. Average net debt over the period to 31 May 2021 was £10.4m (year to November 2020: £16.3m) with a maximum borrowings position of £17.6m (year to November 2020: £29.6m).

The facility is committed until July 2022. The Board has agreement in principle with our existing lenders to extend the facility by 1 year and are confident in concluding this arrangement shortly. Should the extension not be put in place the Board is satisfied that there are several other financing options that could be put in place to maintain liquidity headroom over the going concern period and that there would be adequate time to complete negotiation of such arrangements.

The financial summary outlines the performance of the Group in the six months to 31 May 2021 including the impact of Covid-19. In this period UK schools were closed for a number of weeks primarily during Q1, and many UK and Irish exams were cancelled by respective governments.

Despite this backdrop, revenues increased by 21% compared to H1 2020 and adjusted profit before tax by 114%. In RM Resources we continued to provide products to our customers during school closures and have experienced strong curriculum sales in Q2. In RM Results, whilst the UK general exams saw a significant reduction compared to 2019, other UK assessment and international examination activity recovered partially. RM Education continues to be resilient to UK school closures as it provides the technology support to UK schools and colleges that has allowed them to operate remotely. Net cash inflow from operating activities H1 was £6m.

For going concern purposes the Group has assessed a base case assessment that assumes no significant downturn in UK or International markets occurs from that experienced in the six months to 31 May 2021. The base case also incorporates a similar level of capital expenditure in H2 than we have spent in H1 relating to our major transformation projects and assumes a return to shareholders through future dividends. Under that base case we continue to maintain significant headroom against our committed facility and are comfortably within our covenants.

The Group has assessed a further severe downside scenario that adjusts our base assumptions to include:

- Further school closures for September 2021, October 2021 and January through to March 2022 at similar levels of trading experienced in Q1 2021, comprising a c.25% reduction in divisional revenue in those months;
- Reduced International trading, including an c.20% reduction in revenues on current performance;
- The exams that have been cancelled in 2021 are also cancelled in 2022, with a further reduction of c.25% in international exams, together comprising a c.50% reduction in divisional revenue in impacted months;
- Reduced pipeline conversion;
- Minimal cost mitigations and no significant cash flow deferrals.

The Directors do not believe that all these assumptions occurring together is plausible, but under these scenarios we continue to have good headroom against the facility and comply with bank covenants. Having considered the severity of this scenario, the Board considers this to be an appropriate worst case scenario,

The Board's assessment of the likelihood of a further downside scenario is remote, particularly with the continued acceleration of the vaccine roll out in key countries and the indications from most governments worldwide that they intend to lift restrictions as soon as practical.

Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of not less than 12 months from the date of this report, 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 financial statements.

## **Responsibility statement of the Directors in respect of the half-yearly financial report**

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

Mark Berry

Chief Financial Officer

6 July 2021



## Condensed Consolidated Income Statement

For the 6 months ended 31 May 2021

|   | Note | 6 months ended 31 May 2021 |                     |               | 6 months ended 31 May 2020 |                     |               | Year ended 30 November 2020 |                     |               |
|---|------|----------------------------|---------------------|---------------|----------------------------|---------------------|---------------|-----------------------------|---------------------|---------------|
|   |      | Adjusted<br>£000           | Adjustments<br>£000 | Total<br>£000 | Adjusted<br>£000           | Adjustments<br>£000 | Total<br>£000 | Adjusted<br>£000            | Adjustments<br>£000 | Total<br>£000 |
| Revenue                                       |      | 96,059                     | -                   | 96,059        | 79,267                     | -                   | 79,267        | 188,999                     | -                   | 188,999       |
| Cost of sales                                 |      | (58,532)                   | -                   | (58,532)      | (45,732)                   | -                   | (45,732)      | (114,669)                   | (365)               | (115,034)     |
| <b>Gross profit</b>                           |      | <b>37,527</b>              | <b>-</b>            | <b>37,527</b> | <b>33,535</b>              | <b>-</b>            | <b>33,535</b> | <b>74,330</b>               | <b>(365)</b>        | <b>73,965</b> |
| Operating expenses                            | 5    | (29,321)                   | (1,218)             | (30,539)      | (29,337)                   | (1,349)             | (30,686)      | (59,647)                    | (1,842)             | (61,489)      |
| Impairment losses                             |      | -                          | -                   | -             | -                          | -                   | -             | (248)                       | (705)               | (953)         |
| <b>Profit from operations</b>                 |      | <b>8,206</b>               | <b>(1,218)</b>      | <b>6,988</b>  | <b>4,198</b>               | <b>(1,349)</b>      | <b>2,849</b>  | <b>14,435</b>               | <b>(2,912)</b>      | <b>11,523</b> |
| Other income                                  |      | -                          | -                   | -             | 8                          | -                   | 8             | 21                          | -                   | 21            |
| Finance costs                                 |      | (621)                      | -                   | (621)         | (659)                      | -                   | (659)         | (1,055)                     | -                   | (1,055)       |
| <b>Profit before tax</b>                      |      | <b>7,585</b>               | <b>(1,218)</b>      | <b>6,367</b>  | <b>3,547</b>               | <b>(1,349)</b>      | <b>2,198</b>  | <b>13,401</b>               | <b>(2,912)</b>      | <b>10,489</b> |
| Tax   | 6    | (1,669)                    | 26                  | (1,643)       | (841)                      | 151                 | (690)         | (2,552)                     | 477                 | (2,075)       |
| <b>Profit for the period</b>                  |      | <b>5,916</b>               | <b>(1,192)</b>      | <b>4,724</b>  | <b>2,706</b>               | <b>(1,198)</b>      | <b>1,508</b>  | <b>10,849</b>               | <b>(2,435)</b>      | <b>8,414</b>  |
| <b>Earnings per ordinary share:</b>           | 7    |                            |                     |               |                            |                     |               |                             |                     |               |
| Basic   |      | 7.1p                       |                     | 5.7p          | 3.3p                       |                     | 1.8p          | 13.1p                       |                     | 10.2p         |
| Diluted                                       |      | 7.1p                       |                     | 5.6p          | 3.2p                       |                     | 1.8p          | 13.0p                       |                     | 10.1p         |
| <b>Paid and proposed dividends per share:</b> | 8    |                            |                     |               |                            |                     |               |                             |                     |               |
| Interim                                       |      |                            |                     | 1.7p          |                            |                     | -             |                             |                     | -             |
| Final   |      |                            |                     | -             |                            |                     | -             |                             |                     | 3.0p          |

The accompanying notes form part of these financial statements

All amounts were derived from continuing operations.

## Condensed Consolidated Statement of Comprehensive Income

For the 6 months ended 31 May 2021

|  | 6 months ended<br>31 May 2021<br>£000 | 6 months ended<br>31 May 2020<br>£000 | Year ended 30<br>November 2020<br>£000 |
|--|---------------------------------------|---------------------------------------|--|
| <b>Profit for the period</b>   | <b>4,724</b>                          | 1,508                                 | 8,414                                  |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>   |                                       |                                       |  |
| Defined benefit pension scheme remeasurements                                | <b>22,146</b>                         | (18,111)                              | (16,302)                               |
| Tax on items that will not be reclassified subsequently to profit or loss    | <b>(4,577)</b>                        | 3,147                                 | 2,851                                  |
| <b>Items that are or may be reclassified subsequently to profit or loss:</b> |                                       |                                       |  |
| Fair value (loss) / gain on hedged instruments                               | <b>(43)</b>                           | 393                                   | 346                                    |
| Exchange (loss) on translation of overseas operations                        | <b>(265)</b>                          | (99)                                  | (205)                                  |
| <b>Other comprehensive income / (expense)</b>                                | <b>17,261</b>                         | (14,670)                              | (13,310)                               |
| <b>Total comprehensive income / (expense)</b>                                | <b>21,985</b>                         | (13,162)                              | (4,896)                                |

## Condensed Consolidated Balance Sheet

| At 31 May 2021                             |      |                     |                     |                          |
|--|------|---------------------|---------------------|--------------------------|
|  | Note | 31 May 2021<br>£000 | 31 May 2020<br>£000 | 30 November 2020<br>£000 |
| <b>Non-current assets</b>                  |      |                     |                     |                          |
| Goodwill                                   |      | 49,262              | 49,232              | 49,322                   |
| Other intangible assets                    |      | 25,991              | 22,697              | 22,354                   |
| Property, plant and equipment              |      | 13,509              | 5,558               | 8,423                    |
| Right of use asset                         |      | 17,675              | 6,011               | 19,391                   |
| Defined Benefit Pension Scheme Surplus     |      | 10,148              | 627                 | 665                      |
| Other receivables                          |      | 63                  | 294                 | 63                       |
| Contract fulfilment assets                 | 10   | 2,729               | 2,729               | 3,420                    |
| Deferred tax assets                        |      | 1,497               | 6,512               | 5,333                    |
|  |      | <b>120,874</b>      | <b>93,660</b>       | <b>108,971</b>           |
| <b>Current assets</b>                      |      |                     |                     |                          |
| Inventories                                |      | 20,016              | 22,557              | 18,594                   |
| Trade and other receivables                | 9    | 28,899              | 24,589              | 31,317                   |
| Contract fulfilment assets                 | 10   | 1,771               | 1,124               | 728                      |
| Held for Sale Asset                        |      | 4,797               | 3,065               | 4,793                    |
| Corporation tax assets                     |      | 1,834               | 1,810               | 2,030                    |
| Cash and short-term deposits               |      | 4,334               | 3,945               | 5,941                    |
|  |      | <b>61,651</b>       | <b>57,090</b>       | <b>63,403</b>            |
| <b>Total assets</b>                        | 4    | <b>182,525</b>      | <b>150,750</b>      | <b>172,374</b>           |
| <b>Current liabilities</b>                 |      |                     |                     |                          |
| Trade and other payables                   | 11   | (55,220)            | (45,136)            | (57,424)                 |
| Lease liabilities                          |      | (3,099)             | (1,582)             | (4,067)                  |
| Tax liabilities                            |      | (162)               | (88)                | (163)                    |
| Provisions                                 | 13   | (165)               | (1,169)             | (435)                    |
| Overdraft                                  |      | (2,977)             | (2,635)             | (2,480)                  |
|  |      | <b>(61,623)</b>     | <b>(50,610)</b>     | <b>(64,569)</b>          |
| <b>Net current assets/ (liabilities)</b>   |      | <b>28</b>           | <b>6,480</b>        | <b>(1,166)</b>           |
| <b>Non-current liabilities</b>             |      |                     |                     |                          |
| Other payables                             | 11   | (3,616)             | (3,105)             | (2,840)                  |
| Lease liabilities                          |      | (17,361)            | (4,429)             | (18,147)                 |
| Provisions                                 | 13   | (3,658)             | (2,594)             | (3,998)                  |
| Deferred tax liability                     |      | (5,302)             | (3,525)             | (3,339)                  |
| Defined Benefit Pension Scheme obligation  | 14   | (4,603)             | (23,953)            | (19,318)                 |
| Borrowings                                 | 12   | (11,845)            | (15,697)            | (4,779)                  |
|  |      | <b>(46,385)</b>     | <b>(53,303)</b>     | <b>(52,421)</b>          |
| <b>Total liabilities</b>                   |      | <b>(108,008)</b>    | <b>(103,913)</b>    | <b>(116,990)</b>         |
| <b>Net assets</b>                          |      | <b>74,517</b>       | <b>46,837</b>       | <b>55,384</b>            |
| <b>Equity attributable to shareholders</b> |      |                     |                     |                          |
| Share capital                              |      | 1,917               | 1,917               | 1,917                    |
| Share premium account                      |      | 27,080              | 27,080              | 27,080                   |
| Own shares                                 |      | (444)               | (982)               | (841)                    |
| Capital redemption reserve                 |      | 94                  | 94                  | 94                       |
| Hedging reserve                            |      | (108)               | (18)                | (65)                     |
| Translation reserve                        |      | (967)               | (596)               | (702)                    |
| Retained earnings                          |      | 46,945              | 19,342              | 27,901                   |
| <b>Total equity</b>                        |      | <b>74,517</b>       | <b>46,837</b>       | <b>55,384</b>            |

## Condensed Consolidated Statement of Changes in Equity

| for the 6 months<br>ended 31 May<br>2021            | Share<br>capital<br>£000 | Share<br>premium<br>£000 | Own<br>shares<br>£000 | Capital<br>redemption<br>reserve<br>£000 | Hedging<br>reserve<br>£000 | Translation<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>£000 |
|---|--------------------------|--------------------------|-----------------------|--|----------------------------|--------------------------------|------------------------------|---------------|
| At 1 December 2020                                  | 1,917                    | 27,080                   | (841)                 | 94                                       | (65)                       | (702)                          | 27,901                       | 55,384        |
| Profit for the period                               | -                        | -                        | -                     | -  | -                          | -                              | 4,724                        | 4,724         |
| Other<br>comprehensive<br>(expense)/income          | -                        | -                        | -                     | -  | (43)                       | (265)                          | 17,569                       | 17,261        |
| Total<br>comprehensive<br>(expense)/income          | -                        | -                        | -                     | -  | (43)                       | (265)                          | 22,293                       | 21,985        |
| <b>Transactions with owners<br/>of the Company:</b> |                          |                          |                       |  |                            |                                |                              |               |
| Share-based<br>payment awards<br>exercised          | -                        | -                        | 397                   | -  | -                          | -                              | (397)                        | -             |
| Share-based payment fair<br>value adjustments       | -                        | -                        | -                     | -  | -                          | -                              | (354)                        | (354)         |
| Ordinary dividends paid                             | -                        | -                        | -                     | -  | -                          | -                              | (2,498)                      | (2,498)       |
| <b>At 31 May 2021</b>                               | <b>1,917</b>             | <b>27,080</b>            | <b>(444)</b>          | <b>94</b>                                | <b>(108)</b>               | <b>(967)</b>                   | <b>46,945</b>                | <b>74,517</b> |
| for the 6 months ended<br>31 May 2020               | Share<br>capital<br>£000 | Share<br>premium<br>£000 | Own<br>shares<br>£000 | Capital<br>redemption<br>reserve<br>£000 | Hedging<br>reserve<br>£000 | Translation<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>£000 |
| At 1 December 2019                                  | 1,917                    | 27,080                   | (1,007)               | 94                                       | (411)                      | (497)                          | 32,399                       | 59,575        |
| Profit for the period                               | -                        | -                        | -                     | -  | -                          | -                              | 1,508                        | 1,508         |
| Other comprehensive<br>income/(expense)             | -                        | -                        | -                     | -  | 393                        | (99)                           | (14,964)                     | (14,670)      |
| Total comprehensive<br>income/(expense)             | -                        | -                        | -                     | -  | 393                        | (99)                           | (13,456)                     | (13,162)      |
| <b>Transactions with owners of the<br/>Company:</b> |                          |                          |                       |  |                            |                                |                              |               |
| Share-based payment<br>awards exercised             | -                        | -                        | 25                    | -  | -                          | -                              | (25)                         | -             |
| Share-based payment fair value<br>adjustments       | -                        | -                        | -                     | -  | -                          | -                              | 424                          | 424           |
| <b>At 31 May 2020</b>                               | <b>1,917</b>             | <b>27,080</b>            | <b>(982)</b>          | <b>94</b>                                | <b>(18)</b>                | <b>(596)</b>                   | <b>19,342</b>                | <b>46,837</b> |

| for the year ended 30<br>November 2020        | Share<br>capital | Share<br>premium | Own<br>shares | Capital<br>redemption<br>reserve | Hedging<br>reserve | Translation<br>reserve | Retained<br>earnings | Total    |
|---|------------------|------------------|---------------|----------------------------------|--------------------|------------------------|----------------------|----------|
|   | £000             | £000             | £000          | £000                             | £000               | £000                   | £000                 | £000     |
| At 1 December 2019                            | 1,917            | 27,080           | (1,007)       | 94                               | (411)              | (497)                  | 32,399               | 59,575   |
| Profit for the year                           | -                | -                | -             | -                                | -                  | -                      | 8,414                | 8,414    |
| Other comprehensive<br>income/(expense)       | -                | -                | -             | -                                | 346                | (205)                  | (13,451)             | (13,310) |
| Total comprehensive<br>income/(expense)       | -                | -                | -             | -                                | 346                | (205)                  | (5,037)              | (4,896)  |
| Transactions with owners of the<br>Company:   |                  |                  |               |                                  |                    |                        |                      |          |
| Share-based payment awards<br>exercised       | -                | -                | 166           | -                                | -                  | -                      | (166)                | -        |
| Share-based payment fair value<br>adjustments | -                | -                | -             | -                                | -                  | -                      | 705                  | 705      |
| At 30 November 2019                           | 1,917            | 27,080           | (841)         | 94                               | (65)               | (702)                  | 27,901               | 55,384   |

## Condensed Consolidated Cash Flow Statement

|   |      | 6 months ended<br>31 May 2021 | 6 months ended<br>31 May 2020 | Year ended 30<br>November 2020 |
|---|------|-------------------------------|-------------------------------|--------------------------------|
|   | Note | £000                          | £000                          | £000                           |
| Profit before tax   |      | 6,367                         | 2,198                         | 10,489                         |
| Investment income   |      | -                             | (8)                           | (21)                           |
| Finance costs   |      | 621                           | 659                           | 1,055                          |
| <b>Profit from operations</b>                                   |      | <b>6,988</b>                  | <b>2,849</b>                  | <b>11,523</b>                  |
| Adjustments for:  |      |                               |                               |                                |
| Amortisation and impairment of intangible assets                |      | 1,398                         | 2,264                         | 3,778                          |
| Depreciation and impairment of property, plant and equipment    |      | 1,818                         | 1,958                         | 3,718                          |
| Loss /(gain) on disposal of property, plant and equipment       |      | 46                            | (980)                         | (949)                          |
| (Gain) on sale of non-current other receivable                  |      | -                             | (713)                         | (713)                          |
| (Gain) on foreign exchange derivatives                          |      | (48)                          | (540)                         | (625)                          |
| Pension GMP   |      | -                             | -                             | 170                            |
| Share-based payment (credit)/charge                             |      | (354)                         | 424                           | 705                            |
| (Decrease) / increase in provisions                             | 13   | (419)                         | 671                           | 1,443                          |
| Defined Benefit Pension Scheme administration cost              | 14   | -                             | -                             | 37                             |
| <b>Operating cash flows before movements in working capital</b> |      | <b>9,429</b>                  | <b>5,933</b>                  | <b>19,087</b>                  |
| (Increase)/decrease in inventories                              |      | (1,422)                       | (406)                         | 3,557                          |
| Decrease in receivables   |      | 2,358                         | 6,299                         | 2,520                          |
| (Increase) in contract fulfilment assets                        |      | (352)                         | (816)                         | (1,111)                        |
| Movement in payables:   |      |                               |                               |                                |
| - (decrease)/ increase in trade and other payables              |      | (1,453)                       | (5,919)                       | 6,012                          |
| - utilisation of provisions                                     | 13   | (191)                         | (2,182)                       | (2,284)                        |
| <b>Cash generated by operations</b>                             |      | <b>8,369</b>                  | <b>2,909</b>                  | <b>27,781</b>                  |
| Defined Benefit Pension Scheme cash contributions               |      | (2,204)                       | (992)                         | (4,094)                        |
| Tax paid  |      | (185)                         | (1,758)                       | (2,589)                        |
| <b>Net cash inflow from operating activities</b>                |      | <b>5,980</b>                  | <b>159</b>                    | <b>21,098</b>                  |
| <b>Investing activities</b>                                     |      |                               |                               |                                |
| Interest received   |      | -                             | 8                             | 21                             |
| Proceeds on disposal of non-current other receivable            |      | -                             | 1,560                         | 1,560                          |
| Proceeds on disposal of property, plant and equipment           |      | -                             | 2,900                         | 2,900                          |
| Purchases of property, plant and equipment                      |      | (5,200)                       | (701)                         | (5,801)                        |
| Purchases of other intangible assets                            |      | (5,081)                       | (1,361)                       | (2,660)                        |
| <b>Net cash (used in) / generated by investing activities</b>   |      | <b>(10,281)</b>               | <b>2,406</b>                  | <b>(3,980)</b>                 |
| <b>Financing activities</b>                                     |      |                               |                               |                                |
| Dividends paid  | 8    | (2,498)                       | -                             | -                              |
| Drawdown/ (repayment) of borrowings                             |      | 7,000                         | (1,000)                       | (12,000)                       |
| Borrowing facilities arrangement and commitment fees            |      | (154)                         | (229)                         | (226)                          |
| Repayment of principal elements of lease obligations            |      | (1,821)                       | (1,345)                       | (2,523)                        |
| Interest paid   |      | (265)                         | (308)                         | (501)                          |
| <b>Net cash generated by / (used in) financing activities</b>   |      | <b>2,262</b>                  | <b>(2,882)</b>                | <b>(15,250)</b>                |
| <b>Net (decrease)/increase in cash and cash equivalents</b>     |      | <b>(2,039)</b>                | <b>(317)</b>                  | <b>1,868</b>                   |
| Cash and cash equivalents at the beginning of the period/year   |      | 3,461                         | 1,528                         | 1,528                          |
| Effect of foreign exchange rate changes                         |      | (65)                          | 99                            | 65                             |
| <b>Cash and cash equivalents at the end of period/ year</b>     |      | <b>1,357</b>                  | <b>1,310</b>                  | <b>3,461</b>                   |
| Cash at bank and in hand  |      | 4,334                         | 3,945                         | 5,941                          |
| Overdraft   |      | (2,977)                       | (2,635)                       | (2,480)                        |
|   |      | <b>1,357</b>                  | <b>1,310</b>                  | <b>3,461</b>                   |

## Notes to the Condensed Interim Financial Statements

### 1. General information

RM plc ('Company') is incorporated in the United Kingdom and listed on the London Stock Exchange. The unaudited Condensed Consolidated Interim Financial Statements as at 31 May 2021 and for the 6 months then ended comprise those of the Company and its subsidiaries (together 'the Group').

The comparative figures for the financial year ended 30 November 2020 are not the Group's statutory accounts for that financial year (see note 2). Those accounts have been reported on by the Group's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

### Condensed Consolidated Income Statement presentation

The Directors assess the performance of the Group using an Adjusted Operating Profit and Profit Before Tax. The Directors use Adjusted Operating Profit and EPS before adjustments to profit which are considered exceptional in nature or with potential significant variability year on year in non-cash items which may mask underlying trading performance. Further details are provided in note 2.

### Other Comprehensive Income

During the period, £22.1m of actuarial profits relating to the defined benefit pension scheme surplus have been recognised in Other Comprehensive Income. These include cash contributions from the Company of £2.2m.

## 2. Accounting policies

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting in conformity with the Companies Act 2006 as adopted by the European Union.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority (FCA), the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published Consolidated Financial Statements for the year ended 30 November 2020 except as stated in Note 6.

The preparation of the Condensed Consolidated Interim 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 Interim Financial Statements and the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 30 November 2020.

### 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 following are considered key estimations:

Retirement benefit scheme valuation – The key estimation sensitivities are the discount rate applied to pension liabilities together with RPI/CPI and mortality. We note that every 0.1% movement in discount rate has a c.£7m impact on the deficit and a 0.1% movement in RPI has a c.£5m impact.

Revenue from contracts over time – There is estimation relating to the output methodology (of script volumes) to determine the transaction price. This estimation was reassessed at 30 November 2020 in light of the impact of COVID-19 on the UK and Internationally and during the period to 31 May the estimate is aligned to actual volumes. The Group has assumed that script volumes will be significantly lower in the UK in 2021 following government announcements and International script volumes will be slightly lower to those experienced in 2019.

### **Key sources of critical accounting judgements**

Revenue from RM results contracts – A number of judgements are made to determine performance obligations and the allocation of revenue to those performance obligations. Each contract is analysed separately to identify the performance obligations. Judgements are made as to whether goods and services should be combined and whether revenue should be recognised over time. Judgement is also required to allocate the transaction price to each performance obligation, based on an estimation of the standalone selling price for scanning and use of the residual method to determine a value for E-marking.

### **Alternative Performance Measures (APMs)**

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

The following APMs are used by the Group:

- Adjusted operating profit
- Adjusted profit before tax
- Adjusted Earnings per Share
- Net debt

Further explanation of what each APM comprises and reconciliations between Statutory reported measures and adjusted measures are shown in note 5.

The Board believes that presentation of the Group results in this way is relevant to an understanding of the Group's financial performance, as adjustment items are identified by virtue of their size, nature and/or incidence. This presentation is consistent with the way that financial performance is measured by management, reported to the Board, the basis of financial measures for senior management's compensation schemes and assists in providing supplementary information that assists the user to understand better the financial performance, position and trends of the Group. In determining whether an event or transaction is an adjustment, the Board considers both quantitative and qualitative factors such as the frequency or predictability of occurrence.

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.

### **Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the period to the end of November 2022 which indicate that, taking account of reasonably plausible downsides as discussed below, the company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of this report.

In assessing the going concern position the Directors have considered the balance sheet position as included on page 11 and the level of available finance not drawn down. RM Group plc has a bank facility ("the facility") which totalled £70m at the date of this report. Further details are set out in Note 31 of the Annual Financial Statements. The debt facilities are subject to financial covenants of a maximum of 2.5 times Net Debt/EBITDA and at least 4 times interest cover/EBITDA. These covenants are tested annually in May and November. At 30 November 2020 the results of the covenant tests were 0.07 and 18.8 respectively.



At 31 May 2021, the Group had net debt of £10.5m (November 2020: £1.3m) and drawn facilities of £12m (November 2020: £5m). Liquidity headroom at 31 May 2021 was £59.5m. Average net debt over the period to 31 May 2021 was £10.4m (year to November 2020: £16.3m) with a maximum borrowings position of £17.6m (year to November 2020: £29.6m).

The facility is committed until July 2022. The Board has agreement in principle with our existing lenders to extend the facility by 1 year and are confident in concluding this arrangement shortly. Should the extension not be put in place the Board is satisfied that there are several other financing options that could be put in place to maintain liquidity headroom over the going concern period and that there would be adequate time to complete negotiation of such arrangements.

The financial summary outlines the performance of the Group in the six months to 31 May 2021 including the impact of Covid-19. In this period UK schools were closed for a number of weeks primarily during Q1, and many UK and Irish exams were cancelled by respective governments.

Despite this backdrop, revenues increased by 21% compared to H1 2020 and adjusted profit before tax by 114%. In RM Resources we continued to provide products to our customers during school closures and have experienced strong curriculum sales in Q2. In RM Results, whilst the UK general exams saw a significant reduction compared to 2019, other UK assessment and international examination activity recovered partially. RM Education continues to be resilient to UK school closures as it provides the technology support to UK schools and colleges that has allowed them to operate remotely. Net cash inflow from operating activities H1 was £6m.

For going concern purposes the Group has assessed a base case assessment that assumes no significant downturn in UK or International markets occurs from that experienced in the six months to 31 May 2021. The base case also incorporates a similar level of capital expenditure in H2 than we have spent in H1 relating to our major transformation projects and assumes a return to shareholders through future dividends. Under that base case we continue to maintain significant headroom against our committed facility and are comfortably within our covenants.

The Group has assessed a further severe downside scenario that adjusts our base assumptions to include:

- Further school closures for September 2021, October 2021 and January through to March 2022 at similar levels of trading experienced in Q1 2021, comprising a c.25% reduction in divisional revenue in those months;
- Reduced International trading, including an c.20% reduction in revenues on current performance;
- Assumes the exams that have been cancelled in 2021 are also cancelled in 2022, with a further reduction of c.25% in international exams, together comprising a c.50% reduction in divisional revenue in impacted months;
- Reduced pipeline conversion;
- Minimal cost mitigations and no significant cash flow deferrals.

The Directors do not believe that all these assumptions occurring together is plausible, but under these scenarios we continue to have good headroom against the facility and comply with bank covenants. Having considered the severity of this scenario, the Board considers this to be an appropriate worst case scenario,

The Board's assessment of the likelihood of a further downside scenario is remote, particularly with the continued acceleration of the vaccine roll out in key countries and the indications from most governments worldwide that they intend to lift restrictions as soon as practical.

Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of not less than 12 months from the date of this report, 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 financial statements.

### 3. Operating segments

The Group's business is supplying products, services and solutions to the UK and international education markets. Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segmental performance is focussed on the nature of each type of activity.

The Group is structured into three operating divisions: RM Resources, RM Results and RM Education. Typically two of the divisions are impacted by seasonality trends. RM Resources experiences increased revenues in March, June, July and October in line with customer financial and academic years. In RM Results scanning revenues are recognised over the period of the scanning activity and create seasonality depending the timing of exam sessions and the number and type of examinations being sat. UK government assessment scanning revenues are spread typically between May to July.

Corporate Services consists of central business costs associated with being a listed company, share based payment charges and non-division specific pension costs.

This segmental analysis shows the results and assets of these divisions. Revenue is that earned by the Group from third parties. Net financing costs and tax are not allocated to segments as the funding, cash and tax management of the Group are activities carried out by the central treasury and tax functions.

#### Segmental results

| 6 months ended 31 May 2021                    | RM Resources*<br>£000 | RM Results<br>£000 | RM Education<br>£000 | Corporate Services<br>£000 | Total<br>£000 |
|---|-----------------------|--------------------|----------------------|----------------------------|---------------|
| <b>Revenue</b>                                |                       |                    |                      |                            |               |
| UK  | 42,017                | 9,319              | 32,229               | -                          | 83,565        |
| Europe  | 3,456                 | 3,308              | 39                   | -                          | 6,803         |
| North America                                 | 806                   | 38                 | 49                   | -                          | 893           |
| Asia  | 336                   | 594                | -                    | -                          | 930           |
| Middle East                                   | 448                   | 54                 | -                    | -                          | 502           |
| Rest of the world                             | 1,141                 | 2,219              | 6                    | -                          | 3,366         |
|   | <b>48,204</b>         | <b>15,532</b>      | <b>32,323</b>        | <b>-</b>                   | <b>96,059</b> |
| <b>Adjusted profit/(loss) from operations</b> | <b>2,654</b>          | <b>3,275</b>       | <b>4,371</b>         | <b>(2,094)</b>             | <b>8,206</b>  |
| Other income                                  |                       |                    |                      |                            | -             |
| Finance costs                                 |                       |                    |                      |                            | (621)         |
| <b>Adjusted profit before tax</b>             |                       |                    |                      |                            | <b>7,585</b>  |
| Adjustments (see note 4)                      |                       |                    |                      |                            | (1,218)       |
| <b>Profit before tax</b>                      |                       |                    |                      |                            | <b>6,367</b>  |
| <b>6 months ended 31 May 2020</b>             |                       |                    |                      |                            |               |
| <b>Revenue</b>                                |                       |                    |                      |                            |               |
| UK  | 30,742                | 9,831              | 28,640               | -                          | 69,213        |
| Europe  | 2,500                 | 2,617              | 159                  | -                          | 5,276         |
| North America                                 | 468                   | -                  | 271                  | -                          | 739           |
| Asia  | 331                   | 534                | -                    | -                          | 865           |
| Middle East                                   | 403                   | 116                | -                    | -                          | 519           |
| Rest of the world                             | 641                   | 2,009              | 5                    | -                          | 2,655         |
|   | <b>35,085</b>         | <b>15,107</b>      | <b>29,075</b>        | <b>-</b>                   | <b>79,267</b> |
| <b>Adjusted profit/(loss) from operations</b> | <b>(2,051)</b>        | <b>2,969</b>       | <b>4,873</b>         | <b>(1,593)</b>             | <b>4,198</b>  |
| Adjusted other income                         |                       |                    |                      |                            | 8             |
| Adjusted finance costs                        |                       |                    |                      |                            | (659)         |
| <b>Adjusted profit before tax</b>             |                       |                    |                      |                            | <b>3,547</b>  |
| Adjustments (see note 4)                      |                       |                    |                      |                            | (1,349)       |
| <b>Profit before tax</b>                      |                       |                    |                      |                            | <b>2,198</b>  |

| Year ended 30 November 2020            | RM Resources*<br>£000 | RM Results<br>£000 | RM Education<br>£000 | Corporate Services<br>£000 | Total<br>£000 |
|--|-----------------------|--------------------|----------------------|----------------------------|---------------|
| Revenue                                |                       |                    |                      |                            |               |
| UK                                     | 80,956                | 20,473             | 63,977               | -                          | 165,406       |
| Europe                                 | 6,362                 | 5,042              | 533                  | -                          | 11,937        |
| North America                          | 777                   | -                  | 412                  | -                          | 1,189         |
| Asia                                   | 848                   | 1,250              | -                    | -                          | 2,098         |
| Middle East                            | 2,196                 | 225                | -                    | -                          | 2,421         |
| Rest of the world                      | 1,303                 | 4,589              | 56                   | -                          | 5,948         |
|  | 92,422                | 31,579             | 64,978               | -                          | 188,999       |
| Adjusted profit/(loss) from operations | 3,081                 | 6,607              | 9,296                | (4,549)                    | 14,435        |
| Investment income                      |                       |                    |                      |                            | 21            |
| Adjusted finance costs                 |                       |                    |                      |                            | (1,055)       |
| Adjusted profit before tax             |                       |                    |                      |                            | 13,401        |
| Adjustments (see note 4)               |                       |                    |                      |                            | (2,912)       |
| Profit before tax                      |                       |                    |                      |                            | 10,489        |

\* Included in UK are international sales via UK distributors

### Segmental assets

Other non-segmental assets include tax assets, cash and short-term deposits and other non division specific assets.

#### Segmental assets

|                       | RM Resources<br>£000 | RM Results<br>£000 | RM Education<br>£000 | Corporate Services<br>£000 | Total<br>£000  |
|-----------------------|----------------------|--------------------|----------------------|----------------------------|----------------|
| <b>At 31 May 2021</b> |                      |                    |                      |                            |                |
| Segmental             | 122,741              | 23,077             | 16,397               | 2,464                      | 164,679        |
| Other                 |                      |                    |                      |                            | 17,846         |
| <b>Total assets</b>   |                      |                    |                      |                            | <b>182,525</b> |

|                       | RM Resources<br>£000 | RM Results<br>£000 | RM Education<br>£000 | Corporate Services<br>£000 | Total<br>£000  |
|-----------------------|----------------------|--------------------|----------------------|----------------------------|----------------|
| <b>At 31 May 2020</b> |                      |                    |                      |                            |                |
| Segmental             | 96,427               | 22,838             | 17,216               | 1,364                      | 137,845        |
| Other                 |                      |                    |                      |                            | 12,905         |
| <b>Total assets</b>   |                      |                    |                      |                            | <b>150,750</b> |

|                            | RM Resources<br>£000 | RM Results<br>£000 | RM Education<br>£000 | Corporate Services<br>£000 | Total<br>£000  |
|----------------------------|----------------------|--------------------|----------------------|----------------------------|----------------|
| <b>At 30 November 2020</b> |                      |                    |                      |                            |                |
| Segmental                  | 117,493              | 22,304             | 17,049               | 1,510                      | 158,356        |
| Other                      |                      |                    |                      |                            | 14,018         |
| <b>Total assets</b>        |                      |                    |                      |                            | <b>172,374</b> |

#### 4. Revenue

|                                 | RM Resources<br>Transactional<br>£'000 | RM Education<br>Transactional<br>£'000 | RM Education<br>Over time<br>£'000 | RM Results<br>Over time<br>£'000 | Total<br>£'000 |
|---------------------------------|--|--|------------------------------------|----------------------------------|----------------|
| <b>Period ended 31 May 2021</b> |  |  |                                    |                                  |                |
| Supply of products              | 48,143                                 | 7,771                                  | -                                  | -                                | 55,914         |
| Rendering services              | 62                                     | -                                      | 17,030                             | 13,622                           | 30,714         |
| Licences                        | -                                      | 425                                    | 7,097                              | 1,910                            | 9,432          |
|                                 | <b>48,205</b>                          | <b>8,196</b>                           | <b>24,127</b>                      | <b>15,532</b>                    | <b>96,060</b>  |
|                                 |  |  |                                    |                                  | Total<br>£'000 |
| <b>Period ended 31 May 2020</b> |  |  |                                    |                                  |                |
| Supply of products              | 35,071                                 | 3,992                                  | -                                  | -                                | 39,063         |
| Rendering services              | 15                                     | -                                      | 18,012                             | 13,313                           | 31,340         |
| Licences                        | -                                      | 259                                    | 6,812                              | 1,794                            | 8,865          |
|                                 | <b>35,086</b>                          | <b>4,251</b>                           | <b>24,824</b>                      | <b>15,107</b>                    | <b>79,268</b>  |

#### 5. Adjustments to profit before tax

|   | 6 months ended<br>31 May 2021<br>£000 | 6 months ended<br>31 May 2020<br>£000 | Year ended<br>30 November 2020<br>£000 |
|---|---------------------------------------|---------------------------------------|--|
| <b>Adjustments to cost of sales:</b>                  |                                       |                                       |  |
| Exceptional inventory adjustments                     | -                                     | -                                     | 365                                    |
| <b>Adjustments to operating expenses:</b>             |                                       |                                       |  |
| Amortisation of acquisition related intangible assets | 1,012                                 | 1,007                                 | 1,986                                  |
| Gain on sale of held for Sale properties              | -                                     | (670)                                 | (670)                                  |
| Property related costs                                | 156                                   | -                                     | -                                      |
| Gain on sale of Essex LEP                             | -                                     | (673)                                 | (673)                                  |
| Impairment  | -                                     | 705                                   | 705                                    |
| Pension GMP   | -                                     | -                                     | 170                                    |
| Restructuring costs                                   | 50                                    | 980                                   | 1,029                                  |
| Total adjustments to operating expenses               | <b>1,218</b>                          | <b>1,349</b>                          | <b>2,547</b>                           |
| Total adjustments to operating profit                 | <b>1,218</b>                          | <b>1,349</b>                          | <b>2,912</b>                           |
| Tax effect of adjustments                             | <b>(26)</b>                           | <b>(151)</b>                          | <b>(477)</b>                           |
| Post tax adjustment                                   | <b>1,192</b>                          | <b>1,198</b>                          | <b>2,435</b>                           |

In the 6 months ended 31 May 2021 notable adjustments to profit include:

The amortisation of acquisition related intangible assets which is an annual recurring entry. The Group does not consider these costs to be part of underlying profitability and treats the cost consistently period to period.

#### Other adjusted items:

These are items which are non-recurring and are identified by virtue of either their size or their nature. These items can include, but are not restricted to, impairment of held for sale assets and related transaction costs; exceptional property related costs; the gain/loss on sale of operations and restructuring and acquisition costs. As these items are one-off or non-operational in nature, management considers that they would distort the Group's underlying business performance.

Property related costs during the period, relate to costs associated with the new warehouse that is not yet operational but was acquired at the year end. The Group is treating all one-off costs or income associated with the warehouse strategy of reducing from 5 original warehouses to one automated warehouse throughout all periods of reporting as exceptional for consistency. The restructuring costs relate to the last tranche of warehouse consolidation which was announced in 2018 and reflect the adjustment to the redundancy liability as at 31 May 2021. This is expected to be paid in 2022 as we complete the warehouse consolidation.

During 2020 the costs incurred related to the disposal of an investment asset, the impairment charge on development activity related to our ERP programme, an adjustment for GMP on our pension schemes and a gain on sale on a held for sale asset related to the warehouse consolidation project.

## 6. Tax

|                    | 6 months ended 31 May 2021 |                     |               | 6 months ended 31 May 2020 |                     |               | Year ended 30 November 2020 |                     |               |
|--------------------|----------------------------|---------------------|---------------|----------------------------|---------------------|---------------|-----------------------------|---------------------|---------------|
|                    | Adjusted<br>£000           | Adjustments<br>£000 | Total<br>£000 | Adjusted<br>£000           | Adjustments<br>£000 | Total<br>£000 | Adjusted<br>£000            | Adjustments<br>£000 | Total<br>£000 |
| Profit before tax  | 7,585                      | (1,218)             | 6,367         | 3,547                      | (1,349)             | 2,198         | 13,401                      | (2,912)             | 10,489        |
| Tax charge         | (1,669)                    | 26                  | (1,643)       | (841)                      | 151                 | (690)         | (2,552)                     | 477                 | (2,075)       |
| Effective tax rate | 22.0%                      | (2.1%)              | 25.8%         | 23.7%                      | (11.2%)             | 31.4%         | 19.0%                       | (16.4%)             | 19.8%         |

For the interim periods, the ETR is calculated by applying a forecast full year ETR to the interim results.

The standard rate of corporation tax in the UK for the period is 19%. An increase in the UK corporation tax rate from 19% to 25% from April 2023 was substantially enacted in May 2021. The deferred tax position has been updated to reflect this change in legislation.

## 7. Earnings per ordinary share

|  | 6 months ended 31 May 2021 |   |                 | 6 months ended 31 May 2020 |   |                 | Year ended 30 November 2020 |   |                 |
|--|----------------------------|---|-----------------|----------------------------|---|-----------------|-----------------------------|---|-----------------|
|  | Profit after tax<br>£000   | Weighted average number of shares<br>'000 | Pence per share | Profit after tax<br>£000   | Weighted average number of shares<br>'000 | Pence per share | Profit after tax<br>£000    | Weighted average number of shares<br>'000 | Pence per share |
| <b>Basic earnings per ordinary share:</b>                                |                            |   |                 |                            |   |                 |                             |   |                 |
| Basic earnings   | 4,724                      | 83,048                                    | 5.7             | 1,508                      | 82,492                                    | 1.8             | 8,414                       | 82,576                                    | 10.2            |
| Adjustments (see note 5)   | 1,192                      | -   | 1.4             | 1,198                      | -   | 1.5             | 2,435                       | -   | 2.9             |
| Adjusted basic earnings  | 5,916                      | 83,048                                    | 7.1             | 2,706                      | 82,492                                    | 3.3             | 10,849                      | 82,576                                    | 13.1            |
| <b>Diluted earnings per ordinary share:</b>                              |                            |   |                 |                            |   |                 |                             |   |                 |
| Basic earnings   | 4,724                      | 83,048                                    | 5.7             | 1,508                      | 82,492                                    | 1.8             | 8,414                       | 82,576                                    | 10.2            |
| Effect of dilutive potential ordinary shares: share-based payment awards | -                          | 757                                       | (0.1)           | -                          | 1,015                                     | -               | -                           | 888                                       | (0.1)           |
| Diluted earnings per ordinary share                                      | 4,724                      | 83,805                                    | 5.6             | 1,508                      | 83,507                                    | 1.8             | 8,414                       | 83,464                                    | 10.1            |
| Adjustments (see note 5)   | 1,192                      | -   | 1.4             | 1,198                      | -   | 1.4             | 2,435                       | -   | 2.9             |
| Adjusted diluted earnings  | 5,916                      | 83,502                                    | 7.1             | 2,706                      | 83,507                                    | 3.2             | 10,849                      | 83,464                                    | 13.0            |

## 8. Dividends

Amounts recognised as distributions to equity holders were:

|   | 6 months ended<br>31 May 2021<br>£000 | 6 months ended<br>31 May 2020<br>£000 | Year ended<br>30 November 2020<br>£000 |
|---|---------------------------------------|---------------------------------------|--|
| Final dividend for the year ended 30 November 2020 – 3.0 p per share (2019: nil p)  | 2,498                                 | -                                     | -                                      |
| Interim dividend for the year ended 30 November 2020 -nil p per share (2019: nil p) | -                                     | -                                     | -                                      |
|   | -                                     | -                                     | -                                      |

In order to preserve cash during the initial period of the Covid-19 pandemic the Group did not pay the final dividend in respect of the year ended 30 November 2019, in 2020 or the interim dividend for 2020. The Board proposes to pay an interim dividend of 1.7p per share for 2021, at an estimated cost of £1,415,533.

## 9. Trade and other receivables

|                                  | 6 months ended<br>31 May 2021 | 6 months ended 31<br>May 2020 | Year ended 30<br>November 2020 |
|----------------------------------|-------------------------------|-------------------------------|--------------------------------|
|                                  | £000                          | £000                          | £000                           |
| <b>Current</b>                   |                               |                               |                                |
| <b>Financial assets</b>          |                               |                               |                                |
| Trade receivables                | 18,527                        | 14,272                        | 22,907                         |
| Other receivables                | 1,372                         | 1,388                         | 1,498                          |
| Derivative financial instruments | -                             | -                             | -                              |
| Accrued income                   | 2,902                         | 3,564                         | 1,997                          |
|                                  | <b>22,801</b>                 | 19,224                        | 26,402                         |
| <b>Non-financial assets</b>      |                               |                               |                                |
| Prepayments                      | 6,098                         | 5,365                         | 4,915                          |
|                                  | <b>28,899</b>                 | 24,589                        | 31,317                         |
| <b>Non-current</b>               |                               |                               |                                |
| <b>Financial assets</b>          |                               |                               |                                |
| Other receivables                | 63                            | 294                           | 63                             |
|                                  | <b>63</b>                     | 294                           | 63                             |
|                                  | <b>28,962</b>                 | 24,883                        | 31,380                         |

The Group uses the practical expedient of measuring impairment using a provision matrix which is consistent with applying a full credit loss model for the Group. This has been consistently applied with no significant impact on the net trade receivables balance.

## 10. Contract fulfilment assets

|             | 6 months ended<br>31 May 2021 | 6 months ended 31<br>May 2020 | Year ended 30<br>November 2020 |
|-------------|-------------------------------|-------------------------------|--------------------------------|
|             | £000                          | £000                          | £000                           |
| Current     | 1,771                         | 1,124                         | 728                            |
| Non-current | 2,729                         | 2,729                         | 3,420                          |
|             | <b>4,500</b>                  | 3,853                         | 4,148                          |

Contract fulfilment assets represent investment in contracts which are recoverable and are expected to provide benefits over the life of the contract. These costs, which relate to contract set up costs, are capitalised only when they relate directly to a contract and are incremental to securing the contract.

## 11. Trade and other payables

|   | 6 months ended<br>31 May 2021<br>£000 | 6 months ended<br>31 May 2020<br>£000 | Year ended 30<br>November 2020<br>£000 |
|---|---------------------------------------|---------------------------------------|--|
| <b>Current</b>                              |                                       |                                       |  |
| <b>Financial liabilities</b>                |                                       |                                       |  |
| Trade payables                              | 20,029                                | 10,565                                | 20,620                                 |
| Other taxation and social security          | 3,852                                 | 7,953                                 | 6,847                                  |
| Other payables                              | 2,944                                 | 2,518                                 | 2,503                                  |
| Derivative financial instruments            | 117                                   | 21                                    | 76                                     |
| Accruals                                    | 12,922                                | 8,783                                 | 10,740                                 |
|   | <b>39,864</b>                         | <b>29,840</b>                         | <b>40,786</b>                          |
| <b>Non-financial liabilities</b>            |                                       |                                       |  |
| Deferred income                             | 15,356                                | 15,296                                | 16,638                                 |
|   | <b>55,220</b>                         | <b>45,136</b>                         | <b>57,424</b>                          |
| <b>Non-current</b>                          |                                       |                                       |  |
| <b>Non-financial liabilities</b>            |                                       |                                       |  |
| Deferred income:                            |                                       |                                       |  |
| - due after one year but within two years   | 1,628                                 | 1,310                                 | 1,356                                  |
| - due after two years but within five years | 1,504                                 | 1,645                                 | 1,309                                  |
| - After 5 years                             | 484                                   | 150                                   | 175                                    |
|   | <b>3,616</b>                          | <b>3,105</b>                          | <b>2,840</b>                           |
|   | <b>58,836</b>                         | <b>48,241</b>                         | <b>60,264</b>                          |

## 12. Borrowings

|                  | 6 months ended<br>31 May 2021<br>£000 | 6 months ended<br>31 May 2020<br>£000 | Year ended 30<br>November 2020<br>£000 |
|------------------|---------------------------------------|---------------------------------------|--|
| Bank loan        | (12,000)                              | (16,000)                              | (5,000)                                |
| Capitalised fees | 155                                   | 303                                   | 221                                    |
|                  | <b>(11,845)</b>                       | <b>(15,697)</b>                       | <b>(4,779)</b>                         |

During the period the Group has drawn down £7.0 million of the facility. For details of the facility please see note 31 in the annual report and financial statements for the year ended 30 November 2020.

## 13. Provisions

|                           | Dilapidations<br>£000 | Employee-<br>related<br>restructuring<br>£000 | Other<br>£000 | Total<br>£000 |
|---------------------------|-----------------------|---|---------------|---------------|
| At 1 December 2020        | 1,236                 | 1,028   | 2,169         | 4,433         |
| Utilisation of provisions | -                     | (81)  | (110)         | (191)         |
| Release of provisions     | -                     | (33)  | (552)         | (585)         |
| Increase in provisions    | 46                    | 50  | 70            | 166           |
| <b>At 31 May 2021</b>     | <b>1,282</b>          | <b>964</b>                                    | <b>1,577</b>  | <b>3,823</b>  |



## 14. Defined Benefit Pension Scheme

The Group has both defined benefit and defined contribution pension schemes. There are three defined benefit pension schemes, the Research Machines plc 1988 Pension Scheme (the "RM Scheme") and, following the acquisition of RM Educational Resources Limited ("The Consortium", acquired by the Company on 30 June 2017), the CARE Scheme and the Platinum Scheme. The RM Scheme and the CARE Scheme are both operated for employees and former employees of the Group only. The Platinum Scheme is a multi-employer scheme, with RM Educational Resources Limited being just one of a number of employers. The Group plays no active part in managing that Scheme, and since 30 November 2020 the Group has no employees in this Scheme.

For all three Schemes, based on the advice of a qualified independent actuary at each balance sheet date and using the projected unit method, the administrative expenses and current service costs are charged to operating profit, with the interest cost, net of interest on scheme assets, reported as a financing item.

Defined benefit pension scheme remeasurements are recognised as a component of other comprehensive income such that the balance sheet reflects the scheme's surplus or deficit as at the balance sheet date. Contributions to defined contribution plans are charged to operating profit as they become payable.

Scheme assets are measured at bid-price, where available, at 31 May 2021. The present value of the defined benefit obligation was measured using the projected unit method.

Under the guidance of IFRIC 14, the Group is able to recognise a pension surplus on the balance sheet for all three schemes. At 31 May 2021, the Platinum and RM scheme show a surplus and the CARE scheme is in deficit.

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

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

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 2018 by a qualified independent actuary. IAS 19 Employee Benefits (revised) liabilities at 31 May 2019 have been rolled forward based on this valuation's base data.

As at 31 May 2018, the triennial valuation for statutory funding purposes showed a deficit of £40.6m (31 May 2015: £41.8m). The Group agreed with the Scheme Trustees that it will repay this amount via deficit catch-up payments of £3.7m per annum until 31 May 2026. At 31 May 2021 there were amounts outstanding of £0.3m (2020: £0.9m) for one month's deficit payment (2020:3 months) and £nil (2020: £nil) for Scheme expenses.

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

### ***The Consortium CARE Scheme***

Until 31 December 2005, RM Educational Resources Limited operated the 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. As at 28 February 2011 the Scheme was closed to future accruals.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, RM Educational Resources Limited must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts. The Scheme is managed by a Board of Trustees appointed in part by the Company and in part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing Scheme assets. The Trustees delegate some of these functions to their professional advisers where appropriate. The valuation of the Scheme at 31 December 2019 was a deficit of £5.9m.

### **Prudential Platinum Pension**

The Consortium acquired West Mercia Supplies in April 2012 (prior to the Company acquiring The Consortium). Upon acquisition of West Mercia Supplies by The Consortium, a pension 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 Xafinity on 31 December 2018. Using the assumptions below the results of the full valuation were adjusted and rolled forward to form the basis for the current year valuation. The Scheme is administered within a legally separate trust from RM Educational Resources Limited and the Trustees are responsible for ensuring that the correct benefits are paid, that the Scheme is appropriately funded and that the Scheme assets are appropriately invested. The valuation of the Scheme at 31 December 2018 was a surplus of £213,000 (31 December 2015: deficit of £70,000).

The pension schemes have all seen improvements to their balance sheet position in the period as shown in the table below

|                          | 31-May-21    | 30-Nov-20       | 31-May-21     | 30-Nov-20 | 31-May-21 | 30-Nov-20 |
|--------------------------|--------------|-----------------|---------------|-----------|-----------|-----------|
|                          | £'000        | £'000           | Discount rate |           | RPI %     |           |
| RM Scheme                | 9,522        | (12,739)        | 2.10%         | 1.60%     | 3.20%     | 2.90%     |
| CARE scheme              | (4,603)      | (6,579)         | 2.05%         | 1.50%     | 3.20%     | 2.90%     |
| Platinum scheme          | 626          | 665             | 2.10%         | 1.60%     | 3.15%     | 2.85%     |
| <b>Surplus/(deficit)</b> | <b>5,545</b> | <b>(18,653)</b> |               |           |           |           |

|  | 31-May-21    |
|--|--------------|
|  | £'000        |
| Opening (deficit)                          | (18,653)     |
| Gain from changes to financial assumptions | 18,220       |
| Employer contributions                     | 2,211        |
| Return on assets                           | 3,899        |
| Interest                                   | (136)        |
| Other items                                | 4            |
| <b>Closing surplus</b>                     | <b>5,545</b> |

The key areas of sensitivity in respect to the pension surplus / deficit are the discount rate and RPI. The discount rates improved by between 0.5 and 0.55 percentage points. This improved the overall pension deficit by c.£32m. Offsetting this discount rate impact is the increase in RPI by 0.3 percentage points which has reduced the surplus by c.£15m.

## **15. Related party transactions**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

The Group encourages its Directors and employees to be Governors, Trustees or equivalent of educational establishments. The Group trades with these establishments in the normal course of its business.

## **16. Post balance sheet event**

There are no post balance sheet events.

### **Responsibility statement of the directors in respect of the half-yearly financial report**

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting in conformity with the Companies Act 2006 and as adopted by the EU;
- the interim management report includes a fair review of the information required by:
  - c) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - d) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

Mark Berry

Chief Financial Officer

6 July 2021

## **INDEPENDENT REVIEW REPORT TO RM PLC**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2021 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group will be prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## **Use of our report**

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

## **Deloitte LLP**

Statutory Auditor

Birmingham, United Kingdom

6 July 2021