

12 May 2020

WEY EDUCATION PLC
("Wey", the "Group" or the "Company")

Wey Education plc (AIM:WEY) today publishes its interim results for the six months to 29 February 2020 and reports on a number of important developments within the business.

Financial Highlights

- Turnover increased by 43% to £3.87m (2019: £2.70m)
- Continued strong growth in both Interhigh and Academy21, reflected in turnover and gross profit margins
- Profit before and after tax of £215k (2019: loss after tax of £895k after exceptional items and discontinued operations)
- Cash balances over £6.6m (2019: £4.9m)
- Strategy to take advantage of enhanced awareness and opportunities in online education.

Operational Highlights

- Expanded Executive Team in place to drive future growth
- Teaching Online qualification implemented
- Enhanced education model and delivery strategy for growth under way

Commenting on the results, Barrie Whipp (Chairman) said "Wey continues to grow, providing education to a wider range of learners in an environment where online education is experiencing more awareness than ever before. Our financial results demonstrate that our strategy is sound and our strategies are ambitious for further growth."

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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Chairman's Statement

The interim results demonstrate that our focussed strategy is attracting an increasing number of students to Wey. We prioritise a safe, learner-focused online education to students from diverse backgrounds and locations.

In InterHigh, we have seen strong demand from parents and students who now see online education as a genuine alternative. The fact that we have been providing this type of education for nearly fifteen years demonstrates our true understanding of the requirements to succeed. I am pleased that we now provide an education to students in the latter years of primary education through to sixth form.

In Academy 21, an increasing number of local authorities and institutions now invest in our offering where we provide a true form of alternative provision, especially given the increasing numbers of instances where learners cannot fit within the traditional education environment. Our expanded sales team is now more able to cover the entire country and we are hopeful that our wider geographic presence will facilitate more growth.

Revenue growth remains strong and is clearly demonstrated in the figures. Turnover has increased across both brands in our Company and gross margins have seen a small improvement. It should be noted that current year student additions also solidify our base revenue in future years.

Our cash position is very strong and our balance sheet is well structured, with no debt. I was delighted to welcome some new, well-respected institutions to our shareholder base this year, a true indicator of the awareness and respect Wey now enjoys.

At the beginning of the period, the Board took the decision to review and widen our executive team to enable us to grow to the next level. We perceived that we needed to review our educational model, to ensure that we could adopt more interactive and engaging content and that we needed to add a senior marketing professional, the first in our history. I am pleased to say that Dr Sara de Freitas and Esther Clark are already making positive changes to our pedagogy and persona and we hope to see more benefits as their time with Wey goes on.

Growth in revenues without a continued focus on quality is a constant spectre for a good education provider and we are highly cognisant that we must keep learners safe, in a compliant environment with expert teaching. Our introduction of the ATHE approved Teaching Online qualification saw its first cohort pass with flying colours this year and the qualification is now part of our teachers continued professional development.

Landmarks have been achieved through the development and launch of Wey's revised education model, building an educational infrastructure for delivering a world-class education. Students are now able to experience a sequence of learning techniques reflected not only in the teaching approach but also the teaching mode and technology enhancements utilised.

Recent global challenges have ensured that online education is a subject more in the public eye than ever before. Whilst there will be macro-economic factors in play for an extended period, more people are becoming aware that online education is a real possibility and that organisations cannot simply advise that materials are available online. We continue to focus on our IT Strategy of a single Wey platform with excellent usability and materials. Safe,

compliant providers with high quality teaching will certainly benefit from the awareness created in these challenging times.

Financial Results

	Unaudited 6 months ended 29 February 2020	Unaudited 6 months ended 28 February 2019	Audited year ended 31 August 2019
	£'000	£'000	£'000
Total revenue	3,870	2,697	6,049
Gross profit margin	62.0%	56.4%	59.5%

Adjusted PBT

	Unaudited 6 months ended 29 February 2020	Unaudited 6 months ended 28 February 2019	Audited year ended 31 August 2019
	£'000	£'000	£'000
Operating Profit/(Loss) before tax from continuing operations	218	(586)	(383)
Add back:			
Amortisation of acquired intangibles	74	80	160
Equity share based awards	38	59	109
Exceptional costs	-	571	436
Adjusted PBT	330	124	322
Adjusted EPS (p)	0.24	0.10	0.25

Wey Education plc
Consolidated Statement of Comprehensive Income
For the six months ended 29 February 2020

	Unaudited 6 months ended 29 February 2020 £'000	Unaudited 6 months ended 28 February 2019 £'000	Audited year ended 31 August 2019 £'000
Total revenue	3,870	2,697	6,049
Cost of sales	(1,469)	(1,177)	(2,447)
Gross profit	2,401	1,520	3,602
Administrative expenses	(2,145)	(1,476)	(3,445)
Other income	-	-	5
Operating profit/(loss) before non-recurring items:	256	44	162
Equity share based awards	(38)	(59)	(109)
Exceptional costs	-	(571)	(436)
Operating profit/(loss) for the period before taxation	218	(586)	(383)
Finance expense	(4)	-	-
Finance income	1	1	2
Profit/(loss) before tax	215	(585)	(381)
Taxation	-	-	8
Total comprehensive profit/(loss) for the period from continuing activities	215	(585)	(373)
Loss for the period from discontinued activities	-	(310)	(312)
Total profit/loss for the period	215	(895)	(685)
Earnings/(loss) per share for profit/(loss) from continuing operations			
- Basic earnings per share	0.16	(0.44)	(0.29)
- Diluted earnings per share	0.15	(0.44)	(0.29)
Basic and diluted loss per share (p) from discontinued operations	-	(0.24)	(0.24)

Unaudited Consolidated Statement of Financial Position

As at 29 February 2020

	Unaudited As at 29 February 2020 £'000	Unaudited As at 28 February 2019 £'000	Audited As at 31 August 2019 £'000
NON CURRENT ASSETS			
Goodwill	1,630	1,630	1,630
Intangible assets	357	496	451
Tangible fixed assets	366	187	171
Total non current assets	2,353	2,313	2,252
CURRENT ASSETS			
Trade and other receivables	1,098	1,183	498
Other receivables	241	314	237
Cash and cash equivalents	6,622	4,955	4,961
Total current assets	7,961	6,452	5,696
TOTAL ASSETS	10,314	8,765	7,948
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Issued share capital	1,382	1,307	1,312
Share premium	1,652	1,515	1,530
Option reserve	166	160	201
Retained earnings	3,004	2,606	2,716
Total equity and reserves	6,204	5,588	5,759
NON-CURRENT LIABILITIES			
Lease liabilities (note 9)	129	-	-
Total non-current liabilities	129	-	-
CURRENT LIABILITIES			
Trade and other payables	500	432	324
Accruals	375	112	622
Deferred income	1,783	1,299	25
Receipts in advance	121	71	453
Refundable deposits	1,155	613	765
Provisions	-	650	-
Lease liabilities	47	-	-
Total current liabilities	3,981	3,177	2,189
TOTAL EQUITY AND LIABILITIES	10,314	8,765	7,948

Unaudited Consolidated Statement of Changes in Equity

At 29 February 2020

	Share Capital	Share Premium	Share Option Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 31 August 2018	1,307	7,515	110	(2,499)	6,433
Loss for the period	-	-	-	(895)	(895)
Capital reconstruction (note 8)	-	(6,000)	-	6,000	-
Equity based share awards	-	-	50	-	50
At 28 February 2019	1,307	1,515	160	2,606	5,588
At 31 August 2019	1,312	1,530	201	2,716	5,759
Profit for the period	-	-	-	215	215
Issue of shares	70	122	(68)	68	192
Equity based share awards	-	-	38	-	38
Lapse of options	-	-	(5)	5	-
At 29 February 2020	1,382	1,652	166	3,004	6,204

Unaudited Consolidated Cash Flow Statement

For the six months ended 29 February 2020

	Unaudited 6 months ended 29 February 2020	Unaudited 6 months ended 28 February 2019	Audited year ended 31 August 2019
	£'000	£'000	£'000
Cash flows from operating activities			
Profit/(loss) before taxation	215	(895)	(693)
Adjustments for:			
Depreciation and amortisation	151	137	192
Equity based share payments	38	50	96
Taxation	-	-	8
Interest received	(1)	-	-
Interest paid	4	-	-
Changes in working capital:			
Trade and other receivables	(604)	(765)	(44)
Trade and other payables	176	229	121
Accruals, deferred income, receipts in advance and refundable deposits	1,569	1,392	1162
Provisions	-	650	-
Net cash generated from/(used in) operating activities	1,548	798	848
Cash flow from financing activities			
Issue of shares	192	-	20
Interest paid	(4)	-	-
Principal element of lease repayments	(22)	-	-
Net cash generated from financing activities	166	-	20
Cash flow from investing activities			
Interest received	1	1	2
Purchase of intangible assets	-	(37)	(88)
Purchase of fixed assets	(54)	(32)	(46)

Net cash (used in) investing activities	(53)	(68)	(132)
Net increase in cash and cash equivalents	1,661	730	736
Cash and cash equivalents brought forward	4,961	4,225	4,225
Cash and cash equivalents carried forward	6,622	4,955	4,961

Notes to the Interim Results
For the six months ended 29 February 2020

1. The interim results (approved by the Board of Directors and authorised for issue on 12 May 2020) are neither audited nor reviewed and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the preceding period is extracted from the statutory accounts for the financial year ended 31 August 2019. The audited accounts for the year ended 31 August 2019, upon which the auditors issued an unqualified opinion, and which did not contain a statement under Section 498 (2) and (3) of the Companies Act 2006, have been delivered to the Registrar of Companies. As permitted, this interim report has been prepared in accordance with UK AIM Rules and not in accordance with IAS 34 'Interim Financial Reporting', therefore it is not fully in compliance with IFRS.
2. Wey Education plc is a public limited company incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its ordinary shares are traded on the AIM market of the London Stock Exchange plc.
3. The consolidated interim results have been prepared in accordance with the recognition and measurement principles of IFRS including standards and interpretations issued by the International Accounting Standards Board, as adopted by the European Union. They have been prepared using the historical cost convention.
4. The preparation of the interim results requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. If in the future such estimates and assumptions, which are based on management's best judgement at the reporting date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. The interim results are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.
5. The interim results of the Group for the period ended 29 February 2020 have been prepared in accordance with the accounting policies expected to apply in respect of the financial statements for the year ending 31 August 2020.
6. There is no tax charge for the period due to the availability of tax losses brought forward.

7. The basic earnings per share is calculated on the weighted average number of shares in issue during the period. The weighted average number of ordinary shares in issue for the periods presented is as follows:

	As at 29 February 2020 No	As at 28 February 2019 No.	As at 31 August 2019 No.
Weighted average number of ordinary shares in issue	136,870,733	130,707,120	130,781,092
Weighted average diluted number of ordinary shares in issue	139,341,039	130,707,120	137,388,933

8. On 21 December 2018, the Company completed a capital reorganisation, transferring £6,000,000 from share premium to retained earnings. This puts the Company in the position of having distributable reserves.
9. The Group applied IFRS 16 from 1 September 2019 and has elected to transition to IFRS 16 using the modified retrospective approach.

Initial application of IFRS 16 has affected leases which had previously been classified as operating leases. At 31 August 2019, the Group had no short term or low value operating leases which were exempt from the requirements of IFRS 16. At 1 September 2019, the group recognised right-of-use assets of £199,395 and associated lease liabilities of £195,396.

The reconciliation between the amounts disclosed as operating lease commitments at 31 August 2019 and the opening position at 1 September 2019 is as follows:

	£
Total operating lease commitments at 31 August 2019	218,805
Discounted using incremental borrowing rate	(23,409)
Total finance lease obligation recognised at 1 September 2019	<u>195,396</u>

10. Exceptional costs are broken down as follows:

	Unaudited 6 months ended 28 February 2020	Unaudited 6 months ended 28 February 2019 (restated) £'000	Audited year ended 31 August 2019 (restated) £'000
Termination and restructuring costs	-	335	252
Cost of terminating our London operations	-	227	175
Capital reorganisation & other legal costs	-	9	9
TOTAL	<u>-</u>	<u>571</u>	<u>436</u>

11. Copies of this report will be available to download from the investor relations section of the Company's website www.weyeducation.com.