

13 May 2019

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

Wey Education plc (AIM:WEY) today publishes its interim results for the six months to 28 February 2019 and reports on a number of important developments within the business.

Financial Highlights

- Turnover up 54.7% at £2.70m (2018: £1.74m)
- Continued strong growth in both Interhigh and Academy21, reflected in turnover and gross profit margins
- Adjusted profit before tax on continuing operations of £124k (2018: £23k)
- Loss after tax of £895k (2018: £153k) after exceptional items of £571k and £310k of losses from discontinued operations in London and overseas
- Cash balances strong at over £4.96m (2018: £4.35m)

Operational Highlights

- Wey now focuses on its two core brands, InterHigh and Academy21, and their clear market opportunities
- Investment in academic leadership, AI and quality of educational provision
- Further development of the IT platform to enable alignment and scalability of both brands
- Accreditation of Teaching Online qualification, setting standards in education delivery

Commenting on the results, Barrie Whipp (Chairman) said “Wey is now completely focused on InterHigh and Academy21, our distinct brands for online education. With significant cash resources, and businesses with growing underlying financial performance I believe we have a great foundation for growth in our ever expanding and exciting market”

This announcement contains information which, prior to its disclosure by this announcement, was inside information for the purposes of the Market Abuse Regulation

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Chairman’s Statement

In the first half of the financial year, Wey Education took the decision to evaluate its investments and activities in a range of wider brands and geographies. Following the illness and then sad passing of David Massie, the former Executive Chairman the Board decided that the best course of action was to concentrate on developing its two core brands in online education; InterHigh, where we provide live online schooling, and Academy 21, which provides alternative provision to educational bodies. The success of the development of these two businesses is reflected in the growth of the Wey Group at the turnover level, where we achieved 54.7% growth, with a full six month contribution from Academy 21 in the current period.

The Company’s vision is for the Wey Group to become a provider of online education to a level where it is, in terms of numbers of students, the largest secondary school in the country and for it to go on to become the size of a Multi Academy Trust. This can only be achieved by the provision of excellent teaching and learning, and I am pleased to report that the appointment of Wayne Owens in November 2018 as Executive Head Teacher, working alongside the Academic Advisory Board, led by Dame Erica Pienaar, has seen positive improvements in the quality of our provision. We have a strong ethos of continuous improvement in this area and we aim to set the standard for online education.

InterHigh continues to grow its student numbers and we have embedded into its platform the ability to teach older primary school students which, along with its sixth form capabilities, means that parents can trust InterHigh to manage two life changing periods in education.

Academy21 also continues to grow. Its offering of alternative provision is an area where local authorities and other bodies find Wey an ideal solution to a range of issues such as capacity, funding and provision to students in difficult circumstances. The Academy21 business will be fully integrated into the Wey platform for the new school year starting in September 2019 allowing for margins to be improved whilst maintaining educational standards.

Whilst we have decided not to pursue investments in overseas territories, Wey is very much “open for business” to international opportunities. Fundamentally, location is not a barrier to the provision of our services and we have opportunities to increase export sales, without committing to infrastructure. Our brands have been enhanced and simplified to ensure consistency in marketing campaigns, in which we intend to invest more resources to promote our longer-term strategy. We are delighted to have entered into a partnership with Olympic athlete and commentator Colin Jackson as Wey’s brand ambassador.

Our IT platform is allowing us to explore AI opportunities and we have also recently received accreditation for our Teaching Online qualification. This will add to our goal of being capable of achieving early regulatory standards for online education. Regulation of home schooling is very much a matter of concern at the highest levels of government and it is our desire that Wey is seen as a gold standard in online provision.

Financially, the Board has taken the decision to write off the investments in operations in London and overseas. This amounts to £571,000 of exceptional costs and £310,000 of costs

classified as exceptional items or losses from discontinued operations, however the Board believes there are no further significant costs related to this challenging process. The Company's cash balance of £4.96m means that we can now focus on the future growth of InterHigh and Academy21 and invest in marketing and new sales representation respectively.

Financial Results

	Unaudited 6 months ended 28 February 2019	Unaudited 6 months ended 28 February 2018 (restated)	Audited year ended 31 August 2018 (restated)
	£'000	£'000	£'000
Total revenue	2,697	1,743	4,192
Gross profit margin	56.4%	51.9%	53.5%

Adjusted EBITDA

	Unaudited 6 months ended 28 February 2019	Unaudited 6 months ended 28 February 2018 (restated)	Audited year ended 31 August 2018 (restated)
	£'000	£'000	£'000
Operating Profit/(Loss) before tax from continuing operations	(586)	(118)	(63)
Add back:			
Depreciation	33	15	36
Amortisation of acquired intangibles	80	80	160
Equity share based awards	59	18	95
Exceptional income	-	-	(8)
Exceptional costs	571	43	61
Adjusted EBITDA	157	38	281

Adjusted PBT

	Unaudited 6 months ended 28 February 2019	Unaudited 6 months ended 28 February 2018 (restated)	Audited year ended 31 August 2018 (restated)
	£'000	£'000	£'000
Operating Profit/(Loss) before tax from continuing operations	(586)	(118)	(63)

Add back:			
Amortisation of acquired intangibles	80	80	160
Equity share based awards	59	18	95
Exceptional income	-	-	(8)
Exceptional costs	571	43	61
Adjusted PBT	124	23	245
Adjusted EPS (p)	0.10	0.02	0.20

Exceptional costs are broken down as follows:

	Unaudited 6 months ended 28 February 2019	Unaudited 6 months ended 28 February 2018 (restated)	Audited year ended 31 August 2018 (restated)
	£'000	£'000	£'000
Termination and restructuring costs	335	-	-
Cost of terminating our London operations	227	-	-
Capital reorganisation & other legal costs	9	-	18
Acquisition costs	-	43	43
TOTAL	571	43	61

Comparative figures for the prior period have been restated to reclassify the operations in Kenya, China and Nigeria as discontinued operations in accordance with IFRS5.

Outlook

InterHigh is a leader in the provision of online education offering all its students the opportunity for a flexible, accessible and personal learning solution. In addition, we help educate students engaged in the arts, sports and those that are based internationally. All of these markets represent outstanding opportunities for us to grow the business and with government increasingly concerned about quality and standards, InterHigh is extremely well placed to offer education where regulators and institutions can observe well managed, planned and safe education for students

In Academy21, we prove that all children can benefit from education, even where they might be unable to receive teaching in subjects that they require or where they simply do not fit into the current educational structure. Academy21 offers institutions options that can be very difficult to find elsewhere.

In both of Wey's businesses, we have boundless opportunities and with our narrowed focus we aim to take full advantage of the excellent platform we have built.

The Board is pleased to have received the support of many stakeholders in its strategy and now looks forward to planning growth in our core business.

Wey Education plc
Consolidated Statement of Comprehensive Income
For the six months ended 28 February 2019

	Unaudited 6 months ended 28 February 2019 £'000	Unaudited 6 months ended 28 February 2018 (restated) £'000	Unaudited year ended 31 August 2018 (restated) £'000
Total revenue	2,697	1,743	4,192
Cost of sales	(1,177)	(838)	(1,950)
Gross profit	1,520	905	2,242
Administrative expenses	(1,476)	(962)	(2,157)
Operating profit/(loss) before non-recurring items:	44	(57)	85
Equity share based awards	(59)	(18)	(95)
Exceptional income	-	-	8
Exceptional costs	(571)	(43)	(61)
Operating profit/(loss) for the period before taxation	(586)	(118)	(63)
Finance income	1	-	-
Profit/(loss) before tax	(585)	(118)	(63)
Taxation	-	-	33
Total comprehensive loss for the period from continuing activities	(585)	(118)	(30)
Loss for the period from discontinued activities	(310)	(35)	(166)
Total loss for the period	(895)	(153)	(196)
Basic and diluted loss per share (p) from continuing operations	(0.44)	(0.10)	(0.02)
Basic and diluted loss per share (p) from discontinued operations	(0.24)	(0.03)	(0.13)

Unaudited Consolidated Statement of Financial Position

As at 28 February 2019

	Unaudited As at 28 February 2019 £'000	Unaudited As at 28 February 2018 £'000	Audited As at 31 August 2018 £'000
NON CURRENT ASSETS			
Goodwill	1,630	1,643	1,630
Intangible assets	496	642	563
Tangible fixed assets	187	126	189
Total non current assets	2,313	2,411	2,382
CURRENT ASSETS			
Trade and other receivables	1,497	1,126	732
Cash and cash equivalents	4,955	4,346	4,225
Total current assets	6,452	5,472	4,957
TOTAL ASSETS	8,765	7,883	7,339
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Issued share capital	1,307	1,267	1,307
Share premium	1,515	7,352	7,515
Option reserve	160	95	110
Retained earnings	2,606	(2,478)	(2,499)
Total equity and reserves	5,588	6,236	6,433
CURRENT LIABILITIES			
Trade and other payables	432	336	203
Accruals, deferred income, receipts in advance and refundable deposits	2,095	1,311	703
Provisions	650	-	-
Total current liabilities	3,177	1,647	906
TOTAL EQUITY AND LIABILITIES	8,765	7,883	7,339

Unaudited Consolidated Statement of Changes in Equity

At 28 February 2019

	Share Capital	Share Premium	Share Option Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 31 August 2017	1,040	2,868	77	(2,324)	1,661
Loss for the period				(153)	(153)
Proceeds from share issues	227	4,772	-	-	5,000
Expenses associated with share issue	-	(288)	-	-	(288)
Equity based share awards	-	-	18	-	18
At 28 February 2018	11,267	7,352	95	(2,478)	6,236
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

Unaudited Consolidated Cash Flow Statement

For the six months ended 28 February 2019

	Unaudited 6 months ended 28 February 2019 £'000	Unaudited 6 months ended 28 February 2018 £'000	Audited Year ended 31 August 2018 £'000
Cash flows from operating activities			
Profit/(loss) before taxation	(895)	(153)	(229)
Adjustments for:			
Amortisation	104	95	189
Depreciation	33	15	36
Equity based share payments	50	18	54
Taxation	-	-	33
Changes in working capital:			
Trade and other receivables	(765)	(614)	(206)
Trade and other payables	229	69	(65)
Accruals, deferred income, receipts in	1,392	558	(51)

advance and refundable deposits			
Provisions	650	-	-
Net cash generated from/(used in) operating activities	798	(12)	(239)
Cash flow from financing activities			
Issue of shares	-	4,711	4,914
Net cash generated from financing activities	-	4,711	4,914
Cash flow from investing activities			
Acquisition of business net of cash	-	(1,338)	(1,338)
Interest received	1	-	-
Purchase of intangible assets	(37)	-	(15)
Purchase of fixed assets	(32)	(20)	(102)
Net cash (used in) investing activities	(68)	(1,358)	(1,455)
Net increase in cash and cash equivalents	730	3,341	3,220
Cash and cash equivalents brought forward	4,225	1,005	1,005
Cash and cash equivalents carried forward	4,955	4,346	4,225

Notes to the Interim Results
For the six months ended 28 February 2019

1. The interim results (approved by the Board of Directors and authorised for issue on 13 May 2019) 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 2018. The audited accounts for the year ended 31 August 2018, 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 28 February 2019 have been prepared in accordance with the accounting policies expected to apply in respect of the financial statements for the year ending 31 August 2019.
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 six months to 29 February 2019 was 130,707,120 shares (28 February 2018 : 116,650,560 shares 31 August 2018: 122,934,180 shares).
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. Copies of this report will be available to download from the investor relations section of the Company's website www.weyeducation.com.