17 March 2022

Empresaria Group plc

(“Empresaria” or the “Group”)

Results for the year ended 31 December 2021

Strong net fee income growth and 65% increase in profit, benefiting from the Group’s diversification

Empresaria, the global specialist staffing group, reports its unaudited preliminary results for the year ended 31 December 2021.

Highlights

	2021	2020	% change	% change (constant currency)[2]
Revenue	**£258.4m**	£256.5m	+1%	+4%
Net fee income	**£59.5m**	£54.0m	+10%	+14%
Operating profit/(loss)	**£6.7m**	£(1.0)m	+770%	
Adjusted operating profit[1]	**£9.3m**	£6.2m	+50%	+60%
Profit/(loss) before tax	**£6.0m**	£(2.0)m	+400%	
Adjusted profit before tax[1]	**£8.6m**	£5.2m	+65%	
Diluted profit/(loss) per share	**4.5p**	(6.2)p	+173%	
Adjusted diluted earnings per share[1]	**8.6p**	4.1p	+110%	

- Progressive growth in net fee income
  - H2 up 21% on prior year (up 26% in constant currency)
  - Full year up 10% to £59.5m (up 14% in constant currency)
- Strong growth in profits
  - Adjusted profit before tax up 65% to £8.6m
  - Adjusted, diluted earnings per share up 110% to 8.6p, slightly ahead of 2019
- Benefits from diversification by geography and sector demonstrated again
  - Record net fee income and profit in Healthcare and Offshore Recruitment Services sectors
  - Strong growth in profits in Professional and IT
  - More than offsetting challenges in aviation and logistics
- Strategic and operational investments accelerated
  - Investment in new regional structure and senior leadership
  - More than half the Group live on our common front office platform with nine more locations added in the year
- Increased working capital requirements resulted in a £0.4m increase in adjusted net debt to £14.0m
- Proposed dividend of 1.2p per share, an increase of 20%

1 Adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items, fair value charges on acquisition of non-controlling shares and, in the case of earnings, any related tax.
2 The constant currency movement is calculated by translating the 2020 results at the 2021 exchange rates.

Chief Executive Officer, Rhona Driggs, commented:

“We are pleased to have delivered 65% growth in profit and progressive growth in net fee income, again supported by our diversity by both geography and sector. The shift from recovery mode to growth mode has enabled us to continue to make significant investments in the future of the Group both in our leadership team and our technology.

Our teams around the world have done an incredible job of navigating the pandemic in 2021 and I am proud of their continued resilience and commitment. We have made great progress with our Stronger Together initiatives, which are aimed at driving greater synergies and collaboration across the Group and it is particularly pleasing to see the impact this has had on our culture. Testament to this is our recent award of 3rd place in the 'Top 100 Staffing Firms to Work For in 2022' at the World Staffing Summit.

I also want to acknowledge the devasting events unfolding in Ukraine. Our heartfelt thoughts go out to all the people in Ukraine. We are actively looking at ways in which our businesses can contribute to helping those impacted by the conflict. It is too early to know how the developing situation will affect the global economy. We are not experiencing any significant direct impact at present as we do not have operations in either Russia or Ukraine.

We look forward to the year ahead with optimism. Our steadfast focus on our strategic initiatives along with the investments we have made leave us well positioned for growth and we are confident on demonstrating this potential in 2022."

Investor presentation

In line with Empresaria's commitment to ensuring appropriate communication structures are in place for all sections of its shareholder base, management will deliver an online results presentation open to all existing and potential investors via the Investor Meet Company platform on Thursday 17 March 2022 at 12:30pm UK time.

Investors can sign up for free via: https://www.investormeetcompany.com/empresaria-group-plc/register-investor.

Questions can be submitted pre-event through the platform or at any time during the live presentation. Management may not be in a position to answer every question it receives but will address those it can while remaining within the confines of information already disclosed to the market.

Q&A responses will be published at the earliest opportunity on the Investor Meet Company platform.

Those who have already registered and requested to meet the Company will be automatically invited.

- Ends –

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Notes for editors:

- Empresaria Group plc is a global specialist staffing group offering temporary and contract recruitment, permanent recruitment and offshore recruitment services across 6 sectors: Professional, IT, Healthcare, Property, Construction and Engineering, Commercial and Offshore Recruitment Services.

- Empresaria operates from locations across the world including the 5 largest staffing markets of the US, Japan, UK, Germany and Australia along with a strong presence elsewhere in Asia Pacific and Latin America.

- Empresaria is listed on AIM under ticker EMR. For more information visit empresaria.com.

Chair’s statement

2021 performance

We are pleased to report our full-year results which have delivered a strong recovery in net fee income and very strong recovery in profits. As the year progressed demand returned in most of our markets and we were well positioned to benefit from this.

Our diversity by geography and sector remains a key strength of the Group and was critical to our performance as COVID-19 impacted the global economy in 2020. In 2021, all of our sectors delivered net fee income and profit better than, or in line with, 2020, with our diversity reflected in different levels of performance across the Group. Our Offshore Recruitment Services sector had a record year, delivering very significant growth and increasing headcount by more than 80%, capitalising on high demand as clients reviewed their cost bases and operating models as they looked to rebuild. Elsewhere, our Healthcare sector was well placed to support vaccination programmes, particularly in the US, and delivered record results. These exceptional performances were tempered by challenges elsewhere. In our Professional sector, our aviation operation continues to experience very subdued demand, particularly in its core Asia market. In our Commercial sector our logistics business, which had a very strong 2020, has experienced significant challenges in filling lower paid roles as the economy and labour market recovered.

People

We have made significant investment in our senior leadership team in 2021 with the appointment of three experienced industry professionals into regional leadership roles. We now have an extremely strong leadership team and we are starting to see the benefits in accelerating the execution of our strategy and growth plans.

The recovery we have delivered in 2021 would not have been possible without the hard work and commitment of our employees across the Group and I would like to thank each of them for their contribution.

During the year we launched our diversity, equality and inclusion initiative, starting with the Group’s first ever Group-wide survey. We now have a DE&I committee in place which will help to shape the Group’s approach to this critical area.

Dividend

The Board has reviewed the dividend in light of the continued recovery of the Group’s results and our markets, and for the year ended 31 December 2021 we propose a dividend of 1.2p per share, up 20% on the prior year. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 8 June 2022, to shareholders on the register on 13 May 2022.

Outlook

In 2021 the Group moved back into growth mode, while investing in our operations. This investment will continue into 2022 with plans to grow our sales and recruitment teams in markets and sectors where we see strong opportunities for growth. The benefits from these investments will become apparent as we move through 2022 and we look forward to the year ahead with optimism.

Tony Martin
Chair
16 March 2022

Chief Executive's Review

Performance overview

Three key themes characterised 2021 for the Group: firstly, we saw a shift from recovery mode to growth mode; secondly, we continued our focus on operational efficiency through our Stronger Together initiative aimed at making Empresaria a more joined-up, global business; and finally, we made significant investment in senior talent to lead Empresaria through its next phase of growth.

In 2021, all five of our key sectors returned to growth with Offshore Recruitment Services and Healthcare delivering particularly strong performances and record net fee income and profit levels. While some areas continued to experience challenging conditions, such as within Commercial (logistics) and Professional (aviation), these have been far outweighed by positives elsewhere, highlighting the benefits of being a diverse Group by geography and sector.

We also saw the continued benefits of the operational initiatives we put in place throughout 2019 and 2020. We have progressed well with our technology implementation with a further nine operations going live on our common front office system during the year. This rollout will continue in 2022 alongside parallel workstreams to maximise the benefits and realise a competitive advantage, including through implementation of partnership technology.

We made significant investments throughout 2021 to drive the future growth of the Group. This included the appointment of three experienced senior regional leaders who, working with our existing leadership, will be instrumental in accelerating the delivery of the Group's strategy. We also welcomed a new Chief Marketing Officer who will drive the global brand and communications strategy for the Group.

Strategic update

Throughout 2021 the Group maintained its strategic focus and continued to invest in future growth. Looking ahead to 2022, our core strategic priorities remain consistent, but how we will implement them has developed to reflect the evolution of our operations. Our new regional structure will help accelerate our strategy, but this change goes beyond just adding regional leaders. It is enabling us to share ideas and resources more readily across businesses, creating joined-up sales strategies and training plans. In short, it is making us much more effective and accelerating the changes needed for long-term growth.

Our Offshore Recruitment Services sector continues to be a key part of our strategy, both in delivering growth and scale through its external clients, but also in improving productivity and efficiency with increasing levels of internal delivery.

In 2020, we proved that our debt model works, with working capital inflows reducing net debt when sales and profits fell. This enabled us to maintain key investments in our future during a period of difficult trading. Continuing to make targeted and effective investments will be key to our future growth.

Investment priorities

We will increase headcount in our sales and recruitment teams as we continue to see a rebound in activity and where we see the best opportunities for growth. Our people are our most important asset, and we will focus on retention and development strategies, to ensure we have the right people in place to continue our growth trajectory. In 2021 we rolled out a new talent development programme in our Asia Pacific region, and we will look to replicate similar initiatives elsewhere.

Our clients are increasingly looking to us to support them in maximising their workforce strategies. We will continue to develop a wider mix of solutions, for example offering RPO (Recruitment Process Outsourcing) across more markets, to ensure we are delivering to these changing customer needs. We will invest in training and developing capabilities in these different buying models and integrate them into our regional sales offerings.

We will continue to invest in our Offshore Recruitment Services sector, including plans to add additional office space to allow for further expansion. The unprecedented demand in 2021 saw our headcount grow by 900 to a total of 2,000 employees. We will continue to increase our internal utilisation of these services to drive efficiency across the Group.

We have seen benefits from our technology rollout on our speed of delivery and productivity. As we continue to implement our core technology across the Group, we will also look to enhance this technology through partnership products. These additional tools will be focused on driving candidate reach and engagement to address the skill shortages our clients are experiencing.

Market dynamics

The diversity of the Group by both geography and sector is a key differentiator, allowing us to adapt quickly to economic uncertainty and shifting market trends.

Digitisation continues to impact organisations the world over, and our operations have adjusted accordingly. We have been able to move quickly in our own digital transformation ensuring we remain effective in matching candidates with clients. Increased talent scarcity means we need to continue enhancing our digital capabilities to ensure wider candidate reach and community management. The flexibility of our front office system (now deployed in more than half of our operations) allows us to add additional tools quickly and effectively to support these actions.

Our customer relationships have never been more important. We've supported our customers through the pandemic and into the current environment of skill shortages and wage inflation. Our success is built on their success, and we can only achieve this by acting as a trusted partner and adviser.

As the world of work continues to evolve so too does our focus on building a sustainable business for the future. Like many organisations we are on our ESG (Environmental, Social and Governance) journey and in 2021 we made good progress in our Diversity, Equality and Inclusion (DE&I) initiatives. We completed our first DE&I survey to identify a benchmark for where we need to focus our DE&I activities. We also established our DE&I committee with representation from across the globe.

Outlook

We are seeing positive signs in many of our markets and are well positioned, with the right structure and leadership team, to take advantage of these. The COVID-19 pandemic remains a risk with ongoing potential for new waves and variants and restrictions imposed by governments in response. However, we have proven that we can navigate the pandemic, and operate successfully in these environments and remain confident in our ability to continue to do so.

It is too early to know how the developing situation in Ukraine and Russia will affect global economies. We are not experiencing any significant direct impact at present as we do not have operations in either country.

We look forward to the year ahead with optimism as our markets continue to rebound and client and candidate confidence increases. Our ambition is to create long-term sustainable profit growth for the Group and deliver adjusted operating profit of £20m in the medium term and we believe we are well positioned to achieve this.

Rhona Driggs
Chief Executive Officer
16 March 2022

Operating Review

Professional

£m	2021	2020
Revenue	45.6	55.3
Net fee income	17.6	15.4
Adjusted operating profit	1.3	0.2
% of Group net fee income	29%	28%
Average number of staff	281	342

Our Professional sector saw strong recovery across almost all operations. Net fee income in the second half of the year was up by 42% on 2020, while the full year was up 14% year-on-year (up 16% in constant currency). This resulted in a strong profit performance with adjusted operating profit increasing by 550% to £1.3m. Revenue fell due to the ongoing COVID-19 related issues in aviation, outlined in more detail below, where we primarily supply temporary workers on high revenue, low margin contracts. This is also reflected in the sector's service mix with permanent recruitment increasing to 76% of net fee income (2020: 67%). Excluding aviation, sector net fee income grew by 27% year-on-year.

In the UK our domestic services and corporate hospitality business had a very strong year with net fee income up by almost 50% as demand returned across its client base. This business remains exposed to any ongoing COVID-19 impacts or restrictions, particularly where supplying to private households or events. Our digital and marketing operations have also seen very strong growth, particularly in the second half of the year as positive momentum increased. Our business supplying to clients in the financial services sector also ended the year well, with net fee income in the second half of the year up more than 40% on 2020 after a more challenging first half of the year.

In Asia, excluding aviation, we have seen a strong recovery with every operation delivering at least double-digit growth in net fee income. This is despite many of these countries continuing to operate with strict COVID-19 measures, particularly regarding international travel. The majority of our markets are permanent recruitment focused with restrictions on temporary and contract operations, however where possible we are looking to expand our temporary and contract offering to improve our net fee income mix.

Our business supplying to the aviation industry continues to experience very subdued demand with recovery delayed much longer than we had hoped, particularly in Asia where the majority of our clients operate. Revenues and net fee income fell during the year, primarily in the first half when the comparative included pre-COVID-19 performance. As a result, a further impairment charge has been recorded against the goodwill and other intangible assets related to this business (see notes 7 and 8 for details). Our main revenues are from placing pilots in temporary and contract roles but we continue to look to diversify our offering to maximise our opportunities and provide greater stability. We are cautious on short-term recovery but remain confident that this operation has good growth prospects in the medium and long term.

IT

£m	2021	2020
Revenue	37.5	41.8
Net fee income	13.3	12.7
Adjusted operating profit	3.0	1.8
% of Group net fee income	22%	23%
Average number of staff	93	105

Our IT sector delivered solid growth in net fee income which was up 5% on 2020 (10% in constant currency), with a 10% year-on-year fall in revenue, reflecting the challenges in the UK outlined below, more than offset by improvements in margins and growth in permanent revenues. Profit growth was particularly strong, with increases in all operations and sector adjusted operating profit increasing by two-thirds to £3.0m.

Our performance in Japan was very encouraging with net fee income up by more than 20% in constant currency and very strong growth in profits. We see good opportunities in this market and are investing in increasing our capacity to deliver future growth.

Our US operation has performed extremely strongly with net fee income up more than 30% in constant currency and profits more than doubling. We have been very successful in delivering to high demand from our key clients and towards the end of the year started to make some good progress on growing our temporary and contract revenues which will continue to be a key focus for 2022.

Our UK business has continued to experience challenges with temporary and contract numbers which continued to fall in the first half of the year and did not recover as much as expected in the second half. As a result, while margins have improved, net fee income is down 10% year-on-year. However, the restructuring actions undertaken in 2020 have proved effective and as a result profits have increased significantly in 2021 compared to the prior year. We are confident that further operational improvements made in the year, including the appointment of a new leader, leave this business well placed to deliver growth.

Healthcare

£m	2021	2020
Revenue	26.9	13.2
Net fee income	4.2	2.5
Adjusted operating profit	1.4	0.4
% of Group net fee income	7%	5%
Average number of staff	17	17

Our Healthcare sector was one of our star performers in 2021 delivering double the revenue of 2020, 68% growth in net fee income (75% in constant currency) and 250% growth in profit.

Our US operation performed particularly well, with net fee income almost doubling and profits quadrupling from 2020. Growth has been driven by the COVID-19 vaccination programmes which we were well placed to support. This demand for high volume, but lower margin, roles also demonstrated the effectiveness and flexibility of our operating model. In the US we have no recruiters in market, with all recruiting activity being undertaken by our Offshore Recruitment Services operations in India and the Philippines. This demand is expected to drop back in 2022, but we have built momentum in expanding into other areas, such as travel nursing, which will help offset this.

In Finland our operation has continued to develop, delivering double-digit growth in net fee income and strong growth in profits. This business has also benefited from the COVID-19 vaccination programmes as it expanded from its core doctors offering and into nursing.

Property, Construction & Engineering

£m	2021	2020
Revenue	3.4	3.6
Net fee income	0.7	0.7
Adjusted operating loss	(0.1)	(0.2)
% of Group net fee income	1%	1%
Average number of staff	15	17

Our Property, Construction & Engineering sector is the Group's smallest sector and is wholly UK based. Our operation focuses on supplying sales staff to the new home sector alongside building management systems workers. We have not seen any significant recovery in this sector with net fee income flat year-on-year. Losses have been minimised, halving to £0.1m.

The majority of revenue is from the supply of sales staff to the new home sector. While that sector has itself largely recovered, it has continued to operate in new ways adopted during the pandemic. This has significantly reduced ongoing demand for temporary sales staff. We continue to look at ways to diversify our offering and adapt to the changes in the market.

Commercial

£m	2021	2020
Revenue	131.0	132.3
Net fee income	17.2	17.2
Adjusted operating profit	4.6	4.6
% of Group net fee income	29%	32%
Average number of staff	260	256

Our Commercial Sector has had a mixed year with results in line with 2020, and with a large variation in underlying performances.

In Germany, our logistics business benefitted strongly from COVID-19 in 2020 with increased demand from its clients and improved availability of candidates from within Germany as the wider economy suffered. In 2021, while demand has remained strong, candidate availability has weakened significantly as the German economy recovered and candidates were less willing to take lower paid roles. There have also been increased challenges in attracting candidates into Germany from Eastern Europe, with greater difficulty in crossing borders under ongoing COVID-19 restrictions. As a result, net fee income and profits in this business have fallen significantly in 2021 compared to the prior year.

Elsewhere in Germany our temporary staffing business has performed very well with net fee income up by more than 20% and very strong growth in profits, despite the ongoing supply chain challenges for our clients in the automotive industry which held back growth in the second half of the year. In Austria, where we have a similar client profile, net fee income grew by more than 30% and profits by more than 40% as we successfully maximised the benefits from the recovery in demand.

In South America our operation in Chile had a good year with double digit growth in net fee income and growth in profits. In Peru, where there was a more significant impact from COVID-19, our business has faced more significant challenges with net fee income and profits falling in the year.

Offshore Recruitment Services

£m	2021	2020
Revenue	15.3	10.9
Net fee income	7.7	6.1
Adjusted operating profit	4.1	2.6
% of Group net fee income	12%	11%
Average number of staff	1,579	1,019

Our Offshore Recruitment Services sector performed very strongly in the year with net fee income increasing by 26% over 2020 (35% in constant currency) and adjusted operating profit increasing by 58% (71% in constant currency). At the start of the year we closed our operation in UAE after a number of years of losses. Excluding this business net fee income grew by 43% (54% in constant currency).

Our operations support the staffing sector, principally in the US and the UK, providing any aspect of the end-to-end recruitment process alongside compliance and back-office services. Clients are predominantly third parties but this sector also plays an important role in supporting our own businesses across the Group.

Our operations grew very rapidly during the year, increasing headcount by over 900 and closing the year with more than 2,000 employees. This was driven by strong demand as clients reviewed their operating models and cost bases as they recovered from the impact of COVID-19. Increased investment in our sales and delivery teams has enabled us to capitalise on this.

In 2021 we successful trialled a new delivery team in the Philippines in order to diversify our base and provide our clients with an alternative delivery option. This trial was successful, and we now have over 30 recruiters operating from the Philippines and we expect to expand this significantly in 2022.

Regional Summary

£m	Revenue 2021	Revenue 2020	Net fee income 2021	Net fee income 2020	Adjusted operating profit 2021	Adjusted operating profit 2020
UK	44.0	46.4	14.8	13.4	1.8	0.6
Continental Europe	89.1	91.1	14.2	14.0	3.8	3.8
Asia Pacific	55.6	63.9	21.8	19.4	5.8	3.6
Americas	71.0	55.7	9.9	7.8	2.9	1.4
Central and consolidation	(1.3)	(0.6)	(1.2)	(0.6)	(5.0)	(3.2)
Total	258.4	256.5	59.5	54.0	9.3	6.2

The UK recovered strongly in 2021 with year-on-year growth of 10% in net fee income and 200% growth in profits. Revenue was down 5% reflecting challenges with temporary and contract recruitment in our IT sector and a change in mix with permanent recruitment recovering at a faster rate. All our UK operations delivered improvements in profit compared to 2020.

Continental Europe delivered results in line with the prior year. The positive performances in our Commercial sector temporary staffing businesses in Germany and Austria along with our Healthcare business in Finland offset the challenges in our Commercial sector logistics business in Germany.

Asia Pacific grew strongly with a 12% increase in net fee income and a 61% increase in profit. The drop in revenue was due to the ongoing challenges in our Professional sector aviation operation which has high revenue, low margin temporary contracts. All other businesses in the region delivered growth in both net fee income and profits, with the most significant profit driver being our Offshore Recruitment Services operation in India.

In the Americas, both revenue and net fee income grew by 27% with profit more than doubling to £2.9m. Growth was driven by our US IT and Healthcare operations which delivered very strong growth. In our Commercial sector we saw good growth in Chile but this was offset by a weaker performance in Peru.

Finance Review

Overview

The Group's results for 2021 reflect a strong performance as the market recovered from the impact of COVID-19. We were able to move from recovery mode to growth mode with net fee income in the second half of the year increasing by 26% in constant currency over the same period in 2020. This strong performance translated to profit growth with adjusted profit before tax up 65% year-on-year to £8.6m and adjusted, diluted earnings per share increasing by 110% to 8.6p.

The improvement in net fee income led to increased working capital outflows but these were largely offset by the improved profitability. As a result, our adjusted net debt position at 31 December 2021 was £14.0m, just £0.4m higher than at 31 December 2020 and substantially below the 31 December 2019, pre-COVID, balance of £19.1m. As a result our debt to debtors ratio reduced to 35% at 31 December 2021 (2020: 37%).

Income statement

	2021 £m	2020 £m	% change	% change constant currency[2]
Revenue	258.4	256.5	+1%	+4%
Net fee income	59.5	54.0	+10%	+14%
Operating profit/(loss)	6.7	(1.0)	+770%	
Adjusted operating profit[1]	9.3	6.2	+50%	+60%
Profit/(loss) before tax	6.0	(2.0)	+400%	
Adjusted profit before tax[1]	8.6	5.2	+65%	
Diluted earnings/(loss) per share	4.5p	(6.2)p	+173%	
Adjusted diluted earnings per share[1]	8.6p	4.1p	+110%	

1 Adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items, fair value charges on acquisition of non-controlling shares and, in the case of earnings, any related tax. See note 5 for a reconciliation between profit before tax and adjusted profit before tax.
2 The constant currency movement is calculated by translating the 2020 results at the 2021 exchange rates.

Revenue increased by 1% (4% in constant currency) with net fee income increasing by 10% (14% in constant currency). The increase in revenue reflects strong growth in both permanent placement and offshore recruitment services revenues, offset by a reduction in temporary and contract revenues. The fall in temporary and contract revenues was primarily driven by the ongoing challenges in aviation (see operating review), which is mainly lower margin temporary and contract revenue. Improvements in average margins meant that temporary and contract net fee income grew by 2% alongside strong growth from permanent recruitment and offshore recruitment services. This growth in net fee income, combined with ongoing operational improvements, translated into a 50% year-on-year increase in adjusted operating profit.

A detailed analysis by sector is provided in the operating review. Following the appointment of regional leaders during 2021, the Group is moving to a regional reporting structure and, as a result, with effect from 2022 the Group's operating segmental analysis will be reported by region. For 2021, the analysis continues to be presented by sector, reflecting the reporting of information during the year.

Central costs have increased to £5.0m (2020: £3.2m) reflecting the hiring of regional leaders, the reversal of short-term cost-saving measures put in place in 2020, along with increased costs for bonuses and share schemes. The cost of the new regional leaders was, for the most part, funded by the exit of sector and brand leadership in 2020 whose costs were reflected in individual sectors.

In 2021, the Group continued to utilise government support schemes introduced to help protect jobs and minimise redundancies. The usage of these schemes reduced significantly during the year as demand recovered and staff returned to work. Payments of £0.4m (2020: £1.9m) were received in respect of internal staff, primarily during the first half of the year, and these are offset in administrative costs in the income statement. We also continued to work with our clients to help protect the jobs of our temporary workers, with a further £0.5m (2020: £3.6m) of support offset against cost of sales in the income statement. Had the government schemes not been available, in most cases this would have resulted in those temporary assignments being ended.

Adjusted profit before tax has increased by 65% to £8.6m reflecting the increase in adjusted operating profit and lower net finance costs which in 2021 included interest credits following the settlement of tax audits. The reported profit before tax of £6.0m, increased significantly from a loss of £2.0m in 2020, reflects impairment charges on goodwill and other intangible assets of £1.2m (2020: £5.0m), and amortisation of intangible assets identified in business combinations of £1.4m (2020: £1.7m). 2020 also included exceptional costs of £0.2m and a fair value charge on acquisition of non-controlling shares of £0.3m for which there were no equivalent charges in 2021.

The impairment charges principally arose in our Professional sector where our operation providing pilots to the aviation industry has continued to be impacted by that industry's slow recovery from the pandemic. This is particularly the case in Asia where the majority of our clients are based. As a result, an impairment charge has been reflected for both goodwill and other intangible assets related to this operation. Further details are provided in notes 7 and 8.

The total tax charge for the year is £3.1m (2020: £1.2m), with the effective tax rate of 52% (2020: -60%) distorted by the mix of profits by jurisdiction and the non-deductible goodwill impairment charge. On an adjusted basis, the effective rate is 40% (2020: 46%). The effective tax rate is higher than the underlying tax rates due to a number of factors, including:

- the level of non-deductible expenses in the year (£0.4m);
- withholding taxes, dividend taxes, and deferred tax liabilities on unremitted earnings in respect of our overseas operations (£0.4m); and
- deferred tax assets not recognised for certain tax losses around the Group, net of prior year losses recognised in the period (£0.2m).

Adjusted, diluted earnings per share increased by 110% to 8.6p. This reflects the increase in adjusted profit before tax, along with a decrease in the proportion of profits allocated to non-controlling interests due to the performance in aviation, the acquisition of additional shares in our UK IT business in 2020, and the strong recovery in results seen across the Group. Reported diluted earnings per share was 4.5p (2020: loss per share 6.2p) reflecting the above and the reduction in the level of impairment charges compared to the prior year.

Balance sheet

	2021 £m	2020 £m
Goodwill and other intangible assets	39.8	43.0
Trade and other receivables	50.5	44.9
Cash and cash equivalents	21.1	20.8
Right-of-use assets	7.5	9.0
Other assets	5.0	4.4
Assets	123.9	122.1
Trade and other payables	(34.8)	(33.4)
Borrowings	(34.4)	(33.4)
Lease liabilities	(7.9)	(9.4)
Other liabilities	(4.5)	(3.5)
Liabilities	(81.6)	(79.7)
Net assets	42.3	42.4

Goodwill and other intangible assets arise from the investments the Group has made. As at 31 December 2021 the balance was £39.8m (2020: £43.0m) with the movement from 2020 due to £1.6m of amortisation of intangible assets (2020: £1.8m), foreign exchange losses of £1.1m (2020: gains of £0.5m), impairment charges of £1.2m (2020: £5.0m) and additions of £0.7m (2020: £0.3m). The increase in additions reflects the acceleration of the Group's investment in moving to a single front-office system.

Trade and other receivables include trade receivables of £39.5m (2020: £37.0m) with the increase from 2020 reflecting the improvement in trading. Average debtor days for the Group in 2021 were in line with the prior year at 48 (2020: 47), with debtor days at 31 December 2021 of 47 (2020: 47). The income statement includes a charge of £0.3m (2020: £0.6m) in respect of impairment losses on trade receivables.

Cash and borrowings are discussed in the financing section below.

Cash flow

The Group is typically highly cash generative with an historically strong correlation between pre-tax profits and cash flows. The Group measures its free cash flow as a key performance indicator and defines this as net cash from operating activities per the cash flow statement excluding cash flows related to pilot bond liabilities (see financing section below) and after deducting payments made under lease agreements.

	2021 £m	2020 £m
Net cash inflow from operating activities per cash flow statement	7.9	14.2
Cash flows related to pilot bonds	0.3	0.5
Payments under lease agreements	(5.6)	(6.2)
Free cash flow	2.6	8.5
Taxation	2.7	3.0
Free cash flow (pre-tax)	5.3	11.5

Free cash flow in 2021 is significantly lower than 2020 with the recovery in trading driving working capital outflows whereas 2020 reflected significant working capital inflows. These outflows were partially offset by the increase in profit. The cash flow also reflects settlement of £0.9m of liabilities deferred in 2020 under government deferral schemes. No further such amounts remain outstanding. The Group also presents a pre-tax free cash flow measure as tax payments in a global business can be volatile.

In 2021 the Group utilised its free cash flow as follows:

	2021 £m	2020 £m
Free cash flow	2.6	8.5
Acquisition of businesses (net of cash acquired)	-	(0.1)
Purchase of shares in existing subsidiaries	(0.6)	(1.5)
Purchase of property, plant and equipment and software	(1.7)	(0.7)
Dividends paid to owners of Empresaria Group plc	(0.5)	-
Dividends paid to non-controlling interests	(0.3)	(0.5)
Purchase of own shares in Employee Benefit Trust	(0.2)	(0.2)
Other	0.4	-
(Increase)/decrease in adjusted net debt	(0.4)	5.5

The purchase of shares in existing subsidiaries mainly relates to the final payment in respect of the acquisition of shares in ConSol Partners in 2020.

Purchase of property, plant and equipment, and software of £1.7m reflects investments in the year including the provision of IT and other equipment to an additional 900 people in our Offshore Recruitment Services operations, the ongoing investment in a common front office system and the return to a more normalised level of capex in operations which cut back or delayed expenditure in 2020. Dividends paid to our shareholders were £0.5m (2020: nil) reflecting the reinstatement of the Group's dividend in 2021. The Group has continued to purchase Empresaria shares, transferring these into the Employee Benefit Trust to satisfy future share option exercises, and these purchases totalled £0.3m in 2021 (2020: £0.2m). Dividends paid to non-controlling interests were £0.3m (2020: £0.5m).

Financing

The Group's treasury function is managed centrally and the Group's financial risk management policies are set out in note 23 of the annual report.

	2021	2020
	£m	£m
Cash and cash equivalents	21.1	20.8
Pilot bonds	(0.7)	(1.0)
Adjusted cash	20.4	19.8
Overdraft facilities	(18.2)	(22.1)
Invoice financing	(4.6)	(4.9)
Bank loans	(11.6)	(6.4)
Total borrowings	(34.4)	(33.4)
Adjusted net debt	(14.0)	(13.6)

Adjusted net debt at 31 December 2021 increased slightly to £14.0m (2020: £13.6m) reflecting the cash flows discussed above. Adjusted net debt excludes cash of £0.7m (2020: £1.0m) held to match pilot bonds within our aviation business. Where required by the client, pilot bonds are taken at the start of the pilot's contract and are repayable to the pilot or the client during the course of the contract or if it ends early. There is no legal restriction over this cash, but given the requirement to repay it over a three-year period, and that to hold these is a client requirement, we exclude cash equal to the amount of the bonds when calculating our adjusted net debt measure. Movements in the level of bonds have no impact on our adjusted net debt measure.

During 2021, the month-end average adjusted net debt position was £14.8m (2020: £12.8m) with a high of £19.1m at 30 May (2020: £17.7m at 31 March) and a low of £11.1m at 30 September (2020: £8.9m at 30 June).

Our debt to debtors ratio (adjusted net debt as a percentage of trade receivables) has reduced to 35% (2020: 37%) with the small increase in net debt offset by an increase in trade receivables as a result of improved trading. We continue to be focused on managing our debt levels with the aim of lowering the debt to debtor ratio to 25%.

Total borrowings were £34.4m (2020: £33.4m) being bank overdrafts of £18.2m (2020: £22.1m), invoice financing of £4.6m (2020: £4.9m) and bank loans of £11.6m (2020: £6.4m). The Group's borrowings are principally held to fund working capital requirements and are mainly due within one year. As at 31 December 2021, £11.2m of borrowings are shown as non-current (2020: £1.2m) with the increase from 31 December 2020 reflecting the refinancing of the revolving credit facility during 2021.

The Group maintains a range of facilities to manage its working capital and financing requirements. At 31 December 2021 the Group had facilities totalling £55.5m (2020: £57.3m).

	2021	2020
	£m	£m
UK facilities		
Overdrafts	10.0	10.0
Revolving credit facility	15.0	15.0
Invoice financing facility	10.0	10.0
Total UK facilities	35.0	35.0
Continental Europe facilities	11.8	12.9
Asia Pacific facilities	2.4	3.2
Americas facilities	6.3	6.2
	55.5	57.3
Undrawn facilities (excluding invoice financing)	12.9	17.6

In March 2021 the Group refinanced its £15m revolving credit facility at the same level for a term of 2.5 years expiring in September 2023. The renewal included an ongoing relaxation of covenants, first agreed during 2020, until March 2022. These covenants are tested on a quarterly basis and have been met throughout the period, even if measured against the covenants that will apply from March 2022. The covenants, and our performance against them as at 31 December 2021, are as follows:

Covenant	Target (31 Dec 2021)	Target (From 31 March 2022)	Actual
Net debt: EBITDA	< 3.5 times	< 3.0 times	1.3
Interest cover	> 3.0 times	> 4.0 times	15.7
Debtor coverage	> 1.5 times	> 1.75 times	3.5

Management equity

As highlighted in previous annual reports, the Group has moved away from issuing second generation equity schemes for incoming management and has put in place appropriate alternative incentive schemes. Existing shareholdings and commitments remain in place and continue to be reflected in these accounts.

Based on results for the year ended 31 December 2021, and using applicable valuation mechanisms in shareholders' agreements but ignoring any holding period requirements, the payment to acquire all those second generation shares not held by the Group would be approximately £0.4m were the maximum valuation multiples to apply. First generation shares are accounted for as non-controlling interests in the consolidated financial statements. Based on results for the year ended 31 December 2021 and using applicable valuation mechanisms in shareholders' agreements where these exist, or equivalent valuation mechanisms where they do not, the payment to acquire all those first generation shares not held by the Group would be approximately £8.7m.

There is no legal obligation on the Group to acquire the shares held by management at any time. Further information on the management equity scheme is provided in note 27 of the annual report.

During the year the Group acquired shares from management for total consideration of less than £0.1m. Further details are provided in note 6 of the annual report.

Dividend

During the year, the Group paid a dividend of 1.0p per share in respect of the year ended 31 December 2020. For the year ended 31 December 2021, the Board is proposing a dividend of 1.2p per share, an increase of 20%. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 8 June 2022 to shareholders on the register on 13 May 2022.

Going concern

The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities, which included consideration of the potential ongoing impact of COVID-19. Given the business forecasts and early trading performance, the Group is expected to be able to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the accounts. As a result, the going concern basis continues to be appropriate in preparing the financial statements. Further details on going concern are found in note 1 of the annual report.

Tim Anderson
Chief Financial Officer
16 March 2022

Consolidated income statement

	Note	2021 £m	2020 £m
Revenue	2	**258.4**	256.5
Cost of sales		**(198.9)**	(202.5)
Net fee income	2	**59.5**	54.0
Administrative costs (including £0.3m (2020: £0.6m) in respect of trade receivable impairment losses)		**(50.2)**	(47.8)
Adjusted operating profit	2	**9.3**	6.2
Exceptional items		**-**	(0.2)
Fair value charge on acquisition of non-controlling shares		**-**	(0.3)
Impairment of goodwill	7	**(0.9)**	(1.6)
Impairment of other intangible assets	8	**(0.3)**	(3.4)
Amortisation of intangible assets identified in business combinations	8	**(1.4)**	(1.7)
Operating profit/(loss)		**6.7**	(1.0)
Finance income	3	**0.3**	0.2
Finance costs	3	**(1.0)**	(1.2)
Net finance costs	3	**(0.7)**	(1.0)
Profit/(loss) before tax		**6.0**	(2.0)
Taxation	4	**(3.1)**	(1.2)
Profit/(loss) for the year		**2.9**	(3.2)
Attributable to:			
Owners of Empresaria Group plc		**2.3**	(3.1)
Non-controlling interests		**0.6**	(0.1)
		2.9	(3.2)
		Pence	Pence
Earnings/(loss) per share			
Basic	6	**4.6**	(6.2)
Diluted	6	**4.5**	(6.2)

Details of adjusted earnings per share are shown in note 6.

Consolidated statement of comprehensive income

	2021 £m	2020 £m
Profit/(loss) for the year	**2.9**	(3.2)
Other comprehensive income		
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	**(1.7)**	0.4
Items that will not be reclassified to the income statement:		
Exchange differences on translation of non-controlling interests in foreign operations	**(0.6)**	(0.1)
Other comprehensive (loss)/income for the year	**(2.3)**	0.3
Total comprehensive income/(loss) for the year	**0.6**	(2.9)
Attributable to:		
Owners of Empresaria Group plc	**0.6**	(2.7)
Non-controlling interests	**-**	(0.2)
	0.6	(2.9)

Consolidated balance sheet

	Note	2021 £m	2020 £m
Non-current assets			
Property, plant and equipment		**1.6**	1.6
Right-of-use assets		**7.5**	9.0
Goodwill	**7**	**30.5**	32.5
Other intangible assets	**8**	**9.3**	10.5
Deferred tax assets		**3.4**	2.8
		52.3	56.4
Current assets			
Trade and other receivables	**9**	**50.5**	44.9
Cash and cash equivalents		**21.1**	20.8
		71.6	65.7
Total assets		**123.9**	122.1
Current liabilities			
Trade and other payables	**10**	**34.8**	33.4
Current tax liabilities		**1.9**	1.1
Borrowings	**11**	**23.2**	32.2
Lease liabilities		**4.6**	5.3
		64.5	72.0
Non-current liabilities			
Borrowings	**11**	**11.2**	1.2
Lease liabilities		**3.3**	4.1
Deferred tax liabilities		**2.6**	2.4
		17.1	7.7
Total liabilities		**81.6**	79.7
Net assets		**42.3**	42.4
Equity			
Share capital		**2.5**	2.4
Share premium account		**22.4**	22.4
Merger reserve		**0.9**	0.9
Retranslation reserve		**2.5**	4.2
Equity reserve		**(10.2)**	(10.2)
Other reserves		**(0.6)**	(0.6)
Retained earnings		**19.9**	18.1
Equity attributable to owners of Empresaria Group plc		**37.4**	37.2
Non-controlling interests		**4.9**	5.2
Total equity		**42.3**	42.4

Consolidated statement of changes in equity

	Equity attributable to owners of Empresaria Group plc									
	Share capital £m	Share premium account £m	Merger reserve £m	Retranslation reserve £m	Equity reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 31 December 2019	**2.4**	**22.4**	**0.9**	**4.0**	**(9.8)**	**(0.6)**	**21.4**	**40.7**	**7.3**	**48.0**
Loss for the year	-	-	-	-	-	-	(3.1)	(3.1)	(0.1)	(3.2)
Exchange differences on translation of foreign operations	-	-	-	0.2	-	0.2	-	0.4	(0.1)	0.3
Total comprehensive loss for the year	-	-	-	0.2	-	0.2	(3.1)	(2.7)	(0.2)	(2.9)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.5)	(0.5)
Acquisition of non-controlling shares	-	-	-	-	(0.4)	-	-	(0.4)	(1.4)	(1.8)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Share-based payments	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
At 31 December 2020	**2.4**	**22.4**	**0.9**	**4.2**	**(10.2)**	**(0.6)**	**18.1**	**37.2**	**5.2**	**42.4**
Profit for the year	-	-	-	-	-	-	2.3	2.3	0.6	2.9
Exchange differences on translation of foreign operations	-	-	-	(1.7)	-	-	-	(1.7)	(0.6)	(2.3)
Total comprehensive income for the year	-	-	-	(1.7)	-	-	2.3	0.6	-	0.6
Dividend paid to owners of Empresaria Group plc (see note 13)	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Exercise of share options	0.1	-	-	-	-	(0.3)	0.3	0.1	-	0.1
Share-based payments	-	-	-	-	-	0.3	-	0.3	-	0.3
At 31 December 2021	**2.5**	**22.4**	**0.9**	**2.5**	**(10.2)**	**(0.6)**	**19.9**	**37.4**	**4.9**	**42.3**

Consolidated cash flow statement

	2021	2020
	£m	£m
Profit/(loss) for the year	**2.9**	(3.2)
Adjustments for:		
Depreciation of property, plant and equipment, and software amortisation	**1.0**	1.1
Depreciation of right-of-use assets	**5.3**	6.3
Fair value charge on acquisition of non-controlling shares	**-**	0.3
Impairment of goodwill	**0.9**	1.6
Impairment of other intangible assets	**0.3**	3.4
Amortisation of intangible assets identified in business combinations	**1.4**	1.7
Share-based payments	**0.3**	(0.2)
Net finance costs	**0.7**	1.0
Taxation	**3.1**	1.2
	15.9	13.2
(Increase)/decrease in trade and other receivables	**(8.2)**	10.9
Increase/(decrease) in trade and other payables (including pilot bonds outflow of £0.3m (2020: outflow of £0.5m))	**3.5**	(5.8)
Cash generated from operations	**11.2**	18.3
Interest paid	**(0.9)**	(1.1)
Income taxes paid	**(2.7)**	(3.0)
Net cash inflow from operating activities	**7.6**	14.2
Cash flows from investing activities		
Consideration paid for business acquisitions (net of cash acquired)	**-**	(0.1)
Purchase of property, plant and equipment, and software	**(1.7)**	(0.7)
Finance income	**0.3**	0.2
Net cash outflow investing activities	**(1.4)**	(0.6)
Cash flows from financing activities		
(Decrease)/increase in overdrafts	**(3.3)**	3.8
Proceeds from bank loans	**5.5**	1.8
Repayment of bank loans	**(0.2)**	(5.7)
Decrease in invoice financing	**-**	(2.0)
Payment of obligations under leases	**(5.3)**	(6.2)
Purchase of shares in existing subsidiaries	**(0.6)**	(1.5)
Purchase of own shares in Employee Benefit Trust	**(0.3)**	(0.2)
Dividends paid to owners of Empresaria Group plc	**(0.5)**	-
Dividends paid to non-controlling interests	**(0.3)**	(0.5)
Net cash outflow from financing activities	**(5.0)**	(10.5)
Net increase in cash and cash equivalents	**1.2**	3.1
Foreign exchange movements	**(0.9)**	0.1
Cash and cash equivalents at beginning of the year	**20.8**	17.6
Cash and cash equivalents at end of the year	**21.1**	20.8

	2021	2020
	£m	£m
Bank overdrafts at beginning of the year	**(22.1)**	(17.9)
Decrease/(increase) in the year	**3.3**	(3.8)
Foreign exchange movements	**0.6**	(0.4)
Bank overdrafts at end of the year	**(18.2)**	(22.1)
Cash, cash equivalents and bank overdrafts at end of the year	**2.9**	(1.3)

1 Basis of preparation and general information

The financial information has been abridged from the audited financial information for the year ended 31 December 2021.

The financial information set out above does not constitute the Company's consolidated statutory accounts for the years ended 31 December 2021 or 2020, but is derived from those accounts. Statutory accounts for 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered following the Company's Annual General Meeting. The Auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain statements under s498(2) or (3) Companies Act 2006 or equivalent preceding legislation.

Accounting policies have been applied consistently with those set out in the 2020 financial statements, as amended when relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year. During 2021 no new standards, amendments or interpretations had a significant impact on the financial statements.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of UK-adopted international Accounting Standards, this announcement does not itself contain sufficient financial information to comply with UK-adopted international Accounting Standards. The Group will be publishing full financial statements that comply with UK-adopted international Accounting Standards in April 2022.

2 Segment and revenue analysis

Information reported to the Group's Executive Committee, considered to be the chief operating decision maker of the Group for the purpose of resource allocation and assessment of segment performance, is based on the Group's six operating sectors. Following the appointment of regional leaders during 2021, the Group is moving to a regional reporting structure. As a result, with effect from 2022 the Group's operating segmental analysis will be reported by region. For 2021, the analysis continues to be by sector, reflecting the reporting of information during the year.

The Group has one principal activity, the provision of staffing and recruitment services, delivered across a number of service lines, being permanent placement, temporary and contract placement, and offshore recruitment services.

The analysis of the Group's results by sector is set out below:

	2021			2020		
	Revenue	**Net fee income**	**Adjusted operating profit**	Revenue	Net fee income	Adjusted operating profit
	£m	**£m**	**£m**	£m	£m	£m
Professional	**45.6**	**17.6**	**1.3**	55.3	15.4	0.2
IT	**37.5**	**13.3**	**3.0**	41.8	12.7	1.8
Healthcare	**26.9**	**4.2**	**1.4**	13.2	2.5	0.4
Property, Construction & Engineering	**3.4**	**0.7**	**(0.1)**	3.6	0.7	(0.2)
Commercial	**131.0**	**17.2**	**4.6**	132.3	17.2	4.6
Offshore Recruitment Services	**15.3**	**7.7**	**4.1**	10.9	6.1	2.6
Central costs	**-**	**-**	**(5.0)**	-	-	(3.2)
Intragroup eliminations	**(1.3)**	**(1.2)**	-	(0.6)	(0.6)	-
	258.4	**59.5**	**9.3**	256.5	54.0	6.2

3 Finance income and costs

	2021	2020
	£m	£m
Finance income		
Bank interest receivable	**0.3**	0.2
	0.3	0.2
Finance costs		
Invoice financing	**(0.1)**	(0.1)
Bank loans and overdrafts	**(0.7)**	(0.5)
Interest on lease liabilities	**(0.3)**	(0.4)
Interest on tax payments	**0.1**	(0.2)
	(1.0)	(1.2)
Net finance costs	**(0.7)**	(1.0)

4 Taxation

The tax expense for the year is as follows:

	2021 £m	2020 £m
Current tax		
Current year income tax expense	**3.7**	2.9
Adjustment in respect of prior years	**(0.1)**	(0.1)
Total current tax expense	**3.6**	2.8
Deferred tax		
Deferred tax credit - on origination and reversal of temporary differences	**(0.5)**	(1.6)
Total income tax expense in the income statement	**3.1**	1.2

5 Reconciliation of adjusted profit before tax to profit before tax

	2021 £m	2020 £m
Profit/(loss) before tax	**6.0**	(2.0)
Exceptional items	**-**	0.2
Fair value charge on acquisition of non-controlling shares	**-**	0.3
Impairment of goodwill	**0.9**	1.6
Impairment of other intangible assets	**0.3**	3.4
Amortisation of intangible assets identified in business combinations	**1.4**	1.7
Adjusted profit before tax	**8.6**	5.2

6 Earnings per share

Basic earnings per share is assessed by dividing the earnings attributable to the owners of Empresaria Group plc by the weighted average number of shares in issue during the year. Diluted earnings per share is calculated as for basic earnings per share but adjusting the weighted average number of shares for the diluting impact of shares that could potentially be issued. For 2021 and 2020 these are all related to share options. Reconciliations between basic and diluted measures are given below.

The Group also presents adjusted earnings per share which it considers to be a key measure of the Group's performance. A reconciliation of earnings to adjusted earnings is provided below.

	2021	2020
	£m	£m
Earnings attributable to owners of Empresaria Group plc	**2.3**	(3.1)
Adjustments:		
Exceptional items	**-**	0.2
Fair value charge on acquisition of non-controlling shares	**-**	0.3
Impairment of goodwill	**0.9**	1.6
Impairment of other intangible assets	**0.3**	3.4
Amortisation of intangible assets identified in business combinations	**1.4**	1.7
Tax on the above	**(0.3)**	(1.2)
Non-controlling interests in respect of the above	**(0.2)**	(0.8)
Adjusted earnings	**4.4**	2.1

Number of shares	**Millions**	Millions
Weighted average number of shares- basic	**49.8**	50.3
Dilution effect of share options	**1.6**	1.3
Weighted average number of shares- diluted	**51.4**	51.6

Earnings per share	**Pence**	Pence
Basic	**4.6**	(6.2)
Dilution effect of share options	**(0.1)**	-
Diluted	**4.5**	(6.2)

Adjusted earnings per share	**Pence**	Pence
Basic	**8.8**	4.2
Dilution effect of share options	**(0.2)**	(0.1)
Diluted	**8.6**	4.1

In 2020, all share options were antidilutive for the purpose of assessing diluted earnings per share in accordance with IAS 33 Earnings Per Share. As such, diluted earnings per share and basic earnings per share were equal. As these options are nil-cost options these were reflected as dilutive in assessing adjusted, diluted earnings per share presented above.

The weighted average number of shares (basic) has been calculated as the weighted average number of shares in issue during the year plus the number of share options already vested less the weighted average number of shares held by the Empresaria Employee Benefit Trust. The Trustees have waived their rights to dividends on the shares held by the Empresaria Employee Benefit Trust.

7 Goodwill

	2021	2020
	£m	£m
At 1 January	**32.5**	33.5
Impairment charge	**(0.9)**	(1.6)
Foreign exchange movements	**(1.1)**	0.6
At 31 December	**30.5**	32.5

Goodwill is reviewed and tested for impairment on an annual basis or more frequently if there is an indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of the group of cash-generating units ('CGUs') the goodwill has been allocated to, with the recoverable amount of those CGUs. The recoverable amount of each group of CGUs is considered to be its value in use. The key assumptions in assessing value in use are as follows:

Operating profit and pre-tax cash flows
The operating profit and pre-tax cash flows are based on the 2022 budgets approved by the Group's Board. These budgets are extrapolated using short-term growth rate forecasts and long-term growth rates and margins that are consistent with the business plans approved by the Group's Board. These cash flows are discounted to present value to assess the value in use.

Discount rates
The pre-tax, country-specific rates used to discount the forecast cash flows range from 10.4% to 18.4% (2020: 9.2% to 16.9%) reflecting current local market assessments of the time value of money and the risks specific to the relevant business. These discount rates reflect the estimated industry weighted average cost of capital in each market and are based on the Group's weighted average cost of capital adjusted for local factors.

Pre-tax discount rates used by sector are as follows:

Professional: 11.2% to 17.6% (2020: 10.0% to 16.9%)
IT: 11.2% to 11.6% (2020: 9.5% to 11.3%)
Healthcare: 11.0% to 12.9% (2020: 9.8% to 12.3%)
Property, Construction & Engineering: 12.2% (2020: 11.0%)
Commercial: 10.4% to 18.4% (2020: 9.2% to 16.0%)
Offshore Recruitment Services: 17.3% (2020: 16.6%)

Growth rates
The growth rates used to extrapolate beyond the most recent budgets and forecasts and to determine terminal values are based upon IMF GDP growth forecasts for the specific market. Longer-term growth rates ranged from 0.5% to 6.0%. GDP growth is a key driver of our business and is therefore an appropriate assumption in developing long-term forecasts.

Long-term growth rates used by sector are as follows:

Professional: 1.5% to 5.2% (2020: 2.0% to 3.0%)
IT: 0.5% to 1.5% (2020: 1.0% to 2.0%)
Healthcare: 1.3% to 1.7% (2020: 2.0%)
Property, Construction & Engineering: 1.5% (2020: 2.0%)
Commercial: 0.5% to 1.0% (2020: 1.0% to 2.0%)
Offshore Recruitment Services: 6.0% (2020: 2.0%)

In 2021, an impairment charge of £0.6m has been recognised in respect of a business in the Professional sector. This business supplies the aviation industry which has not recovered from the severe impact of COVID-19 as quickly as was previously anticipated. As a result, an impairment review was carried out at 30 June 2021 and an impairment charge booked. Before the impairment charge was recognised, the carrying value of the goodwill was £2.0m and the recoverable amount, based on value in use, was assessed as £1.4m. A further impairment review was carried out on this operation at 31 December 2021 and no additional impairment was identified. An impairment charge of £0.3m has also been recognised in respect of a business in the Commercial sector.

In 2020, an impairment charge of £1.6m was recognised in respect of a business in the Professional sector which was been heavily impacted by the decline in the aviation industry due to the impact of COVID-19. Before the impairment charge was recognised the carrying value of the goodwill was £3.7m and the recoverable amount, based on value in use, was assessed as £2.1m.

As part of the impairment review, reasonably possible changes in the growth rate and discount rate assumptions have been considered to assess the impact on the recoverable amount of each business. Were the long-term growth rate to reduce to nil no impairment charge would be recorded (2020: £nil), while if the discount rate were to increase by 2% no impairment charge would be recorded (2020: £0.5m impairment charge in respect of one business in the Professional sector).

8 Other intangible assets

	Intangible assets identified in business combinations				
2021	Customer relationships	Trade names & marks	**Sub Total**	Software	**Total**
	£m	£m	**£m**	£m	**£m**
Cost					
At 1 January	14.4	9.0	**23.4**	1.2	**24.6**
Additions	-	-	**-**	0.7	**0.7**
Foreign exchange movements	(0.5)	(0.2)	**(0.7)**	(0.1)	**(0.8)**
At 31 December	13.9	8.8	**22.7**	1.8	**24.5**
Accumulated amortisation					
At 1 January	9.7	3.5	**13.2**	0.9	**14.1**
Charge for the year	0.9	0.5	**1.4**	0.2	**1.6**
Impairment	0.1	0.2	**0.3**	-	**0.3**
Foreign exchange movements	(0.5)	(0.3)	**(0.8)**	-	**(0.8)**
At 31 December	10.2	3.9	**14.1**	1.1	**15.2**
Net book value					
At 31 December 2020	4.7	5.5	**10.2**	0.3	**10.5**
At 31 December 2021	3.7	4.9	**8.6**	0.7	**9.3**

At 30 June 2021 a full impairment review was carried out on an operation in our Professional sector which supplies the aviation industry. This industry has been hit hard by COVID-19 and the recovery has been slower than we previously anticipated. As a result, an impairment charge of £0.3m has been recorded.

As required under IFRS, the Group reviewed its assets for indications of impairment as at 31 December 2021. No further impairments were identified.

9 Trade and other receivables

	2021 £m	2020 £m
Current		
Gross trade receivables	**40.4**	37.9
Less provision for impairment of trade receivables	**(0.9)**	(0.9)
Trade receivables	**39.5**	37.0
Prepayments	**1.7**	1.5
Accrued income	**5.0**	3.6
Corporation tax receivable	**0.9**	1.0
Other receivables	**3.4**	1.8
	50.5	44.9

Trade receivables include £21.6m (2020: £22.5m) on which security has been given under bank facilities.

10 Trade and other payables

	2021 £m	2020 £m
Current		
Trade payables	**2.0**	1.6
Other tax and social security	**7.1**	8.0
Pilot bonds	**0.7**	1.0
Client deposits	**0.5**	0.4
Temporary recruitment worker wages	**3.3**	4.3
Other payables	**1.2**	1.3
Accruals	**20.0**	16.2
Deferred consideration	**-**	0.6
	34.8	33.4

Pilot bonds represent unrestricted funds held by our aviation business at the request of clients that are repayable to the pilot over the course of a contract, typically between three and five years. If the pilot terminates their contract early, the outstanding bond is payable to the client. For this reason the bonds are shown as a current liability. As at 31 December 2021, if the bonds were to be repaid in line with existing contracts, £0.3m (2020: £0.6m) would be repayable in more than one year.

11 Borrowings

	2021 £m	2020 £m
Current		
Bank overdrafts	**18.2**	22.1
Invoice financing	**4.6**	4.9
Bank loans	**0.4**	5.2
	23.2	32.2
Non-current		
Bank loans	**11.2**	1.2
	11.2	1.2
Borrowings	**34.4**	33.4

The following key bank facilities are in place at 31 December 2021:

				Facility limit		Outstanding	
				2021	2020	**2021**	2020
	Currency	Maturity	Interest rate	**£m**	£m	**£m**	£m
Bank overdrafts							
UK[1]	GBP[2]	On demand with annual review	1% above applicable currency base rates	**10.0**	10.0	**6.9**	7.4
Germany	EUR	On demand with annual review	EURIBOR + 3.0% (2020: EURIBOR + 2.3%)	**10.9**	11.6	**8.4**	10.4
USA	USD	On demand with annual review	LIBOR + 2%	**1.5**	1.5	**1.5**	1.5
New Zealand	NZD	On demand with annual review	New Zealand Base Lending Rate + 2%	**0.5**	1.1	**-**	-
Invoice financing							
UK	GBP	On demand with annual review	UK base rate + 1.82% (2020: UK base rate + 1.47%)	**10.0**	10.0	**3.0**	3.3
Chile	CLP	On demand with annual review	Weighted average rate 5.5% (2020: 5.5%)	**4.2**	4.0	**1.6**	1.6
Borrowings							
UK – Revolving Credit Facility	GBP	2023	SONIA + 2% to 3%	**15.0**	-	**10.5**	-
UK – Revolving Credit Facility	GBP	2021	LIBOR +1.5%	**-**	15.0	**-**	5.0
Japan	JPY	2025-2028	Weighted average rate 0.5% (2020: 0.5%)	**0.9**	1.1	**0.9**	1.1

1 The UK overdraft is a net overdraft arrangement across a number of UK entities. For facility utilisation purposes these amounts are presented net in the table above, but for accounting purposes cash and overdrawn balances are presented gross in the balance sheet. The utilisation amount in the table is net of £1.2m of cash shown within cash and cash equivalents in the balance sheet (2020: £2.5m).
2 The UK overdraft can be drawn in a number of different currencies with the overall facility limit expressed in GBP.

The UK revolving credit facility was refinanced in March 2021 with the new facility of £15.0m expiring in September 2023. The interest rate margin varies based on the Group's net debt to EBITDA ratio and ranges from 2.0% to 3.0%. The New Zealand overdraft limit was reduced to NZD 1.0m from NZD 2.0m in the year reflecting the reduced working capital requirements of our business supplying the aviation industry.

The UK revolving credit facility is secured by a first fixed charge over all book and other debts given by the Company and certain of its UK, German and New Zealand subsidiaries. It is also subject to financial covenants and these are disclosed in the finance review. The UK invoice financing facility is also secured by a fixed and floating charge over trade receivables.

12 Net debt

a) Net debt

	2021	2020
	£m	£m
Cash and cash equivalents	**21.1**	20.8
Borrowings	**(34.4)**	(33.4)
Net debt	**(13.3)**	(12.6)

b) Adjusted net debt

	2021	2020
	£m	£m
Cash and cash equivalents	**21.1**	20.8
Less cash held in respect of pilot bonds	**(0.7)**	(1.0)
Adjusted cash	**20.4**	19.8
Borrowings	**(34.4)**	(33.4)
Adjusted net debt	**(14.0)**	(13.6)

The Group presents adjusted net debt as its principal debt measure. Adjusted net debt is equal to net debt excluding cash held in respect of pilot bonds within our aviation business. Where required by the client, pilot bonds are taken at the start of the pilot's contract and are repayable to the pilot or the client during the course of the contract or if it ends early. There is no legal restriction over this cash, but given the requirement to repay it over a three-year period, and that to hold these is a client requirement, cash equal to the amount of the bonds is excluded in calculating adjusted net debt.

c) Movement in adjusted net debt

	2021	2020
	£m	£m
At 1 January	**(13.6)**	(19.1)
Net increase in cash and cash equivalents per consolidated cash flow statement	**1.2**	3.1
(Increase)/decrease in overdrafts and loans	**(2.0)**	0.1
Decrease in invoice financing	**-**	2.0
Foreign exchange movement	**0.1**	(0.2)
Adjusted for decrease in cash held in respect of pilot bonds	**0.3**	0.5
At 31 December	**(14.0)**	(13.6)

13 Dividends

	2021	2020
	£m	£m
Amount recognised as distribution to equity holders in the year:		
Final dividend for the year ended 31 December 2020 of 1.0p (2019: nil) per share	**0.5**	-
Proposed final dividend for the year ended 31 December 2021 of 1.2p (2020: 1.0p) per share	**0.6**	0.5

The proposed final dividend for the year ended 31 December 2021 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.