

11 August 2022

## Empresaria Group plc (“Empresaria” or “Group”)

### Unaudited Interim Results for the six months ended 30 June 2022

*Increase in adjusted operating profit and solid net fee income growth*

Empresaria Group plc (AIM: EMR), the global specialist staffing group, is pleased to announce its unaudited interim results for the six months ended 30 June 2022.

#### Overview of the half year

	2022	2021	% change	% change (constant currency) <sup>2</sup>
Revenue	£129.8m	£129.8m	+0%	+1%
Net fee income	£32.6m	£28.4m	+15%	+15%
Adjusted operating profit <sup>1</sup>	£4.5m	£4.3m	+5%	+5%
Operating profit	£3.8m	£2.7m	+41%	
Adjusted profit before tax <sup>1</sup>	£4.0m	£4.0m	+0%	
Profit before tax	£3.3m	£2.4m	+38%	
Adjusted, diluted earnings per share <sup>1</sup>	3.7p	4.1p	-10%	
Diluted earnings per share	2.7p	1.6p	+69%	

- Solid net fee income growth with benefits from diversification by geography and sector
  - Up 15% year-on-year to £32.6m
  - Offshore services up 94% year-on-year
  - Permanent placement revenue up 23% year-on-year
  - Strong growth in Professional across the UK and APAC
  - Offset by the expected reduction in Healthcare after record 2021
- Adjusted operating profit up 5% against prior year reflecting ongoing investment to drive future growth
- Adjusted, diluted earnings per share down 10% against prior year due to stronger performances from operations with a higher proportion of non-controlling interests
- Adjusted net debt reduced by £3.2m to £10.8m with headroom increased to £14.8m
- Targeted investment in headcount – Offshore Services up 36%, the rest of the Group up 5% compared to 31 December 2021

1 Adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items, fair value charge 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 2021 results at the 2022 exchange rates.

#### Chief Executive Officer, Rhona Driggs, commented:

*“We are pleased to report solid growth in net fee income and further progress in growing our adjusted operating profit while continuing to invest in our operations. We are seeing the benefits of the investments we have made in our team, technology and broadening our service offerings, with early successes from our RPO (Recruitment Process Outsourcing) offering in APAC. These are key to our future growth and the delivery of our medium-term adjusted operating profit target of £20m. In the second half of the year we will invest further in headcount to capitalise on current market demand and we will also expand our capacity in Offshore Services as we continue to see significant growth potential.*

*We are optimistic about the year ahead as the demand for talent is strong despite the global macroeconomic uncertainties. Given the diversified nature of our business and the strength of our new senior leadership team, we are confident we will continue to deliver on our strategic priorities and build*

on the positive momentum we have seen in the first half. We expect profits for the full year to be in line with market expectations.”

## Investor presentation

In line with Empresaria's commitment to ensuring appropriate communication structures are in place for all shareholders, management will deliver an online presentation, available to all existing and potential shareholders, on the interim results for the six months ended 30 June 2022 via the Investor Meet Company platform on Thursday 11 August 2022 at 4:30pm UK time.

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.

Investors can sign up for free via: <https://www.investormeetcompany.com/empresaria-group-plc/register-investor>. Those who have already registered and requested to meet the Company will be automatically invited.

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the UK version of the EU Market Abuse Regulation (2014/596) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time.*

- Ends –

## Enquiries:

### **Empresaria Group plc**

Rhona Driggs, Chief Executive Officer  
Tim Anderson, Chief Financial Officer

via Alma PR

### **Singer Capital Markets (Nominated Adviser and Broker)**

Shaun Dobson / James Moat

020 7496 3000

### **Alma PR (Financial PR)**

Sam Modlin  
Hilary Buchanan

020 3405 0205  
empresaria@almapr.com

The investor presentation of these results will be made available during the course of today on Empresaria's website: [www.empresaria.com](http://www.empresaria.com).

## Notes for editors:

- Empresaria Group plc is a global specialist staffing group. We are driven by our purpose to positively impact the lives of people, while delivering exceptional talent to our clients globally. We offer temporary and contract recruitment, permanent recruitment and offshore services across six sectors: Professional, IT, Healthcare, Property, Construction & Engineering, Commercial and Offshore Services.
- Empresaria is structured in four regions (UK & Europe, APAC, Americas and Offshore Services) and operates from locations across the world including the four largest staffing markets of the US, Japan, UK and Germany along with a strong presence elsewhere in Asia Pacific and Latin America.
- Empresaria is listed on AIM under ticker EMR. For more information visit [www.empresaria.com](http://www.empresaria.com).

Cautionary statement regarding forward-looking statements

*This document may contain forward-looking statements which are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. You can sometimes, but not always, identify these statements by the use of a date in the future or such words as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "should", "may", "assume" and other similar words. By their nature, forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to factors that could cause our actual results to differ materially from those expressed or implied by these statements. Except as required by applicable law or regulation, Empresaria undertakes no obligation to update any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.*

## **Finance and operating review**

The Group has delivered a 15% year-on-year increase in net fee income to £32.6m in the first half of 2022, with adjusted operating profit growing by 5% to £4.5m. This performance has been driven by a number of factors as set out below.

### **Excellent growth in Offshore Services**

Our Offshore Services region has continued to go from strength to strength and delivered the largest profit contribution of any of our regions in H1. Headcount at 30 June 2022 increased by 36% compared to 31 December 2021 and is now more than 2,700. Our Offshore Services operation has two locations in India and a newly opened centre in the Philippines, with its client base primarily in the US and the UK. In 2022 we have seen very strong growth from our UK clients with billable headcount up by a third during H1. The pace of our growth with US clients has slowed with a reduction from healthcare recruitment clients offsetting growth elsewhere. However, our US pipeline remains strong and we are seeing increasing demand for services out of our Philippines location. In H2 we will be investing in our infrastructure in India to further increase our headcount capacity to enable us to enter the next phase of growth.

### **Ongoing benefits from diversification**

Our diversification by geography and sector continues to deliver benefits to the Group. As well as growth in Offshore Services we saw strong performances across APAC in our Professional and IT operations, in the UK in our Professional operations and in Germany in our logistics business. Demand in many of our markets has been strong, particularly for permanent placements where net fee income increased by 23% year-on-year.

These positive performances more than offset any challenges elsewhere. As expected, Healthcare decreased compared to 2021 when our operations benefitted from significant COVID-19 vaccination and testing related demand. More challenging conditions were also experienced by our temporary staffing operation in Germany, which has been impacted by client supply chain issues alongside increased sickness levels which has reduced our margins.

### **Operational investments continue and are delivering benefits**

As communicated in our annual report, we have been investing in growing our sales and recruiting teams in operations where we see significant opportunities for growth. Excluding Offshore Services, our headcount has increased by 5% from 31 December 2021. Hiring in certain markets has proven to be challenging due to the lack of available talent and increased salary expectations for those willing to move, however we have seen a recent increase in hiring particularly in APAC. In addition, we have made good progress in supplementing our recruitment teams with our offshore resources.

We have continued with our technology investment with three further operations going live on our front office system in H1. We are starting to realise benefits from this investment as we continue to focus on adoption and embedding improved operational processes. The roll-out will continue in H2 alongside parallel investments in complementary technology to help maximise productivity.

We are also investing in expanding our service offering and have seen early success in delivering RPO, particularly in our APAC region.

## Outlook

We have made a solid start to 2022 and remain on track to deliver full year results in line with market expectations.

Global macroeconomic uncertainties are increasing and the impact of growing inflation in many of our markets is yet to be fully realised. However, we have yet to see any significant adverse impact and demand from clients remains strong.

We have set an ambitious target of delivering adjusted operating profit of £20m in the medium term and we will be updating on our plans to achieve this in due course.

## Regional Performance

As announced in last year's annual report, following the appointment of regional leaders during 2021 the Group has moved to a regional reporting structure.

Adjusted operating profit by region:

£'m	6 months ended 30 June 2022	6 months ended 30 June 2021	% change	% change (constant currency)
UK & Europe	2.0	2.5	-20%	-20%
APAC	0.5	0.5	+0%	+0%
Americas	0.8	1.7	-53%	-56%
Offshore Services	3.5	1.8	+94%	+94%
Central costs	(2.3)	(2.2)	+5%	+5%
Total	4.5	4.3	+5%	+5%

Performance in each of the regions is analysed below.

## UK & Europe

£'m	6 months ended 30 June 2022	6 months ended 30 June 2021	% change	% change (constant currency)
Revenue	63.2	67.9	-7%	-5%
Net fee income	14.5	14.1	+3%	+4%
Adjusted operating profit	2.0	2.5	-20%	-20%
% of Group net fee income	44%	49%		

UK & Europe saw mixed performances in H1 with total net fee income increasing by 3% (4% in constant currency) but profits down by 20%. Operations in the UK generally performed well, with NFI increasing by 12% reflecting strong performances in our Professional operations. Results from our UK IT operation have continued to be disappointing with NFI falling year-on-year and we are taking action to address this. In our Commercial operations in Germany, our logistics operation has performed well, returning to growth after a challenging 2021, however our temporary business has been impacted by clients' ongoing supply chain issues alongside increased illness rates from COVID-19 which have impacted margins. Public sector healthcare in Finland is facing significant change and this, alongside the fall in COVID-19 related demand, has had an adverse impact on our operation there.

## APAC

£'m	6 months ended 30 June 2022	6 months ended 30 June 2021	% change	% change (constant currency)
Revenue	23.0	19.3	+19%	+22%
Net fee income	7.9	6.6	+20%	+22%
Adjusted operating profit	0.5	0.5	+0%	+0%
% of Group net fee income	24%	23%		

In APAC (which excludes our Offshore Services operations in India and Philippines), net fee income increased by 20% (22% in constant currency) with strong growth in most countries including record H1 net fee income levels in Indonesia, Philippines, Thailand and Japan. Profits were in line with prior year reflecting a full period of the regional overheads along with some challenges in Australia, where high competition for talent is resulting in significant levels of counter-offers. Net fee income growth has been supplemented by our new RPO service offering in the region and this has seen good early success. Aviation continues to be a challenge, particularly in our core Asia market where airlines have not seen the levels of recovery experienced in the US or Europe and are recalling pilots rather than turning to agencies for new resources.

## Americas

£'m	6 months ended 30 June 2022	6 months ended 30 June 2021	% change	% change (constant currency)
Revenue	32.7	36.7	-11%	-11%
Net fee income	4.6	5.0	-8%	-12%
Adjusted operating profit	0.8	1.7	-53%	-56%
% of Group net fee income	14%	17%		

In the Americas, net fee income fell by 8% (12% in constant currency), with operating profit down by 53%. The main driver of these results was the expected reduction in Healthcare following an extremely strong 2021 that was driven by COVID-19 vaccination and testing related demand for a high volume of similar roles which we were able to deliver more efficiently. Our US IT operation delivered a small year-on-year fall in net fee income against a strong 2021 comparator and in an extremely competitive market where counter-offers have become the norm. In LATAM our operations showed a small fall in net fee income due to a large election project in Chile last year and a slow recovery from COVID-19 in Peru.

## Offshore Services

£'m	6 months ended 30 June 2022	6 months ended 30 June 2021	% change	% change (constant currency)
Revenue	11.7	6.4	+83%	+77%
Net fee income	6.1	3.2	+91%	+85%
Adjusted operating profit	3.5	1.8	+94%	+94%
% of Group net fee income	18%	11%		

Offshore Services has carried its strong momentum from 2021 into 2022 with year-on-year net fee income growth of 91% (85% in constant currency) and profit growth of 94%. The UK operation has continued to grow significantly with the number of billable seats increasing by a third from the end of 2021. Our progress in the US market has slowed in the first half of the year with new growth offset by a reduction in demand from healthcare staffing clients. We will be investing in the second half of the year to increase capacity and enable us to enter the next phase of our growth.

## Financing

Net finance costs remain low at £0.5m (2021: £0.3m) with the increase due to higher interest rates and margins along with the inclusion of an interest credit in 2021 on settlement of tax liabilities.

Net cash inflow from operating activities was £7.3m (2021: £2.0m). Free cash flow, which excludes movements related to pilot bonds and includes cash outflows on leases, was an inflow of £4.8m (2021: outflow of £0.8m). This reflects the reduced working capital requirements from our temporary and contract business, offset by an increase from permanent placements and offshore services. 2021 cash flows reflected a significant increase in working capital as trading levels recovered post COVID-19.

Capital expenditure in the first half of 2022 was £0.8m and included expenditure on increasing our office capacity in Japan and supporting headcount increases in India alongside the investment in our core technology platform. The Group's dividend results in a £0.6m outflow (2021: £0.5m), while a cash outflow of £0.2m (2021: £0.2m) is shown for Empresaria shares purchased and transferred into the Employee Benefit Trust.

Adjusted net debt (which excludes £0.7m cash held in respect of pilot bonds and does not include lease liabilities recognised under IFRS 16) was £10.8m as at 30 June 2022, a reduction of £3.2m from 31 December 2021.

As 30 June 2022, the Group had financing facilities totalling £54.0m (31 December 2021: £55.5m). Excluding invoice financing, undrawn facilities have increased to £14.8m (31 December 2021: £12.9m) reflecting the reduction in the overall net debt position.

The Group's revolving credit facility covenants are tested on a quarterly basis. The covenants, and our performance against them as at 30 June 2022, are as follows:

<b>Measure</b>	<b>Target</b>	<b>Actual</b>
Net debt to EBITDA	< 3.0 times	1.0 times
Interest cover	> 4.0 times	12.6 times
Debtor coverage	> 1.75 times	4.7 times

## Dividend

In line with prior years, the Board is not recommending the payment of an interim dividend for 2022 (2021: nil).

11 August 2022



**Condensed consolidated income statement**  
**Six months ended 30 June 2022**

	Notes	<b>6 months ended 30 June 2022 Unaudited £m</b>	6 months ended 30 June 2021 Unaudited £m	Year ended 31 December 2021 £m
<b>Revenue</b>	3	<b>129.8</b>	129.8	258.4
Cost of sales		<b>(97.2)</b>	(101.4)	(198.9)
<b>Net fee income</b>	3	<b>32.6</b>	28.4	59.5
Administrative costs		<b>(28.1)</b>	(24.1)	(50.2)
<b>Adjusted operating profit</b>	3	<b>4.5</b>	4.3	9.3
Impairment of goodwill		-	(0.6)	(0.9)
Impairment of other intangible assets		-	(0.3)	(0.3)
Amortisation of intangible assets identified in business combinations		<b>(0.7)</b>	(0.7)	(1.4)
<b>Operating profit</b>		<b>3.8</b>	2.7	6.7
Finance income	4	<b>0.1</b>	0.1	0.3
Finance costs	4	<b>(0.6)</b>	(0.4)	(1.0)
Net finance costs	4	<b>(0.5)</b>	(0.3)	(0.7)
<b>Profit before tax</b>		<b>3.3</b>	2.4	6.0
Taxation	6	<b>(1.3)</b>	(1.4)	(3.1)
<b>Profit for the period</b>		<b>2.0</b>	1.0	2.9
<b>Attributable to:</b>				
Owners of Empresaria Group plc		<b>1.4</b>	0.8	2.3
Non-controlling interests		<b>0.6</b>	0.2	0.6
		<b>2.0</b>	1.0	2.9
		<b>Pence Unaudited</b>	Pence Unaudited	Pence
<b>Earnings per share</b>				
Basic	7	<b>2.8</b>	1.6	4.6
Diluted	7	<b>2.7</b>	1.6	4.5

Details of adjusted earnings per share are shown in note 7.

**Condensed consolidated statement of comprehensive income**  
**Six months ended 30 June 2022**

	<b>6 months ended 30 June 2022 Unaudited £m</b>	6 months ended 30 June 2021 Unaudited £m	Year ended 31 December 2021 £m
<b>Profit for the period</b>	<b>2.0</b>	1.0	2.9
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to the income statement:			
Exchange differences on translation of foreign operations	<b>2.2</b>	(1.4)	(1.7)
Items that will not be reclassified to the income statement:			
Exchange differences on translation of non-controlling interests in foreign operations	<b>0.2</b>	(0.3)	(0.6)
<b>Other comprehensive income/(loss) for the period</b>	<b>2.4</b>	(1.7)	(2.3)
<b>Total comprehensive income/(loss) for the period</b>	<b>4.4</b>	(0.7)	0.6
<b>Attributable to:</b>			
Owners of Empresaria Group plc	<b>3.6</b>	(0.6)	0.6
Non-controlling interests	<b>0.8</b>	(0.1)	-
	<b>4.4</b>	(0.7)	0.6

**Condensed consolidated balance sheet**  
**As at 30 June 2022**

		<b>30 June 2022</b>	30 June 2021	31 December 2021
	Notes	<b>Unaudited £m</b>	Unaudited £m	£m
<b>Non-current assets</b>				
Property, plant and equipment		<b>2.2</b>	1.6	1.6
Right-of-use assets		<b>6.7</b>	8.1	7.5
Goodwill		<b>31.3</b>	31.1	30.5
Other intangible assets		<b>8.7</b>	9.6	9.3
Deferred tax assets		<b>4.2</b>	3.2	3.4
		<b>53.1</b>	53.6	52.3
<b>Current assets</b>				
Trade and other receivables	10	<b>48.8</b>	49.9	50.5
Cash and cash equivalents	9	<b>23.1</b>	21.4	21.1
		<b>71.9</b>	71.3	71.6
<b>Total assets</b>		<b>125.0</b>	124.9	123.9
<b>Current liabilities</b>				
Trade and other payables	11	<b>35.0</b>	33.6	34.8
Current tax liabilities		<b>1.6</b>	1.9	1.9
Borrowings	8	<b>22.7</b>	26.2	23.2
Lease liabilities		<b>3.3</b>	4.7	4.6
		<b>62.6</b>	66.4	64.5
<b>Non-current liabilities</b>				
Borrowings	8	<b>10.5</b>	11.0	11.2
Lease liabilities		<b>3.7</b>	3.7	3.3
Deferred tax liabilities		<b>2.5</b>	2.5	2.6
		<b>16.7</b>	17.2	17.1
<b>Total liabilities</b>		<b>79.3</b>	83.6	81.6
<b>Net assets</b>		<b>45.7</b>	41.3	42.3
<b>Equity</b>				
Share capital		<b>2.5</b>	2.5	2.5
Share premium account		<b>22.4</b>	22.4	22.4
Merger reserve		<b>0.9</b>	0.9	0.9
Retranslation reserve		<b>4.7</b>	2.8	2.5
Equity reserve		<b>(10.2)</b>	(10.2)	(10.2)
Other reserves		<b>(0.4)</b>	(0.5)	(0.6)
Retained earnings		<b>20.5</b>	18.3	19.9
<b>Equity attributable to owners of Empresaria Group plc</b>		<b>40.4</b>	36.2	37.4
<b>Non-controlling interests</b>		<b>5.3</b>	5.1	4.9
<b>Total equity</b>		<b>45.7</b>	41.3	42.3

**Condensed consolidated statement of changes in equity**  
**Six months ended 30 June 2022**

Equity attributable to owners of Empresaria Group plc

	Share capital	Share premium account	Merger reserve	Retranslation reserve	Equity reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>At 31 December 2020</b>	2.4	22.4	0.9	4.2	(10.2)	(0.6)	18.1	37.2	5.2	42.4
Profit for the period	-	-	-	-	-	-	0.8	0.8	0.2	1.0
Exchange differences on translation of foreign operations	-	-	-	(1.4)	-	-	-	(1.4)	(0.3)	(1.7)
Total comprehensive (loss)/income for the period	-	-	-	(1.4)	-	-	0.8	(0.6)	(0.1)	(0.7)
Dividend paid to owners of Empresaria Group plc	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Exercise of share options	0.1	-	-	-	-	(0.1)	0.1	0.1	-	0.1
Share-based payments	-	-	-	-	-	0.2	-	0.2	-	0.2
<b>At 30 June 2021 (Unaudited)</b>	2.5	22.4	0.9	2.8	(10.2)	(0.5)	18.3	36.2	5.1	41.3
<b>At 31 December 2020</b>	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	-	-	-	-	-	-	(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
<b>At 31 December 2021</b>	2.5	22.4	0.9	2.5	(10.2)	(0.6)	19.9	37.4	4.9	42.3
Profit for the period	-	-	-	-	-	-	1.4	1.4	0.6	2.0
Exchange differences on translation of foreign operations	-	-	-	2.2	-	-	-	2.2	0.2	2.4
Total comprehensive income for the period	-	-	-	2.2	-	-	1.4	3.6	0.8	4.4
Dividend paid to owners of Empresaria Group plc	-	-	-	-	-	-	(0.6)	(0.6)	-	(0.6)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Share-based payments	-	-	-	-	-	0.2	-	0.2	-	0.2
<b>At 30 June 2022 (Unaudited)</b>	2.5	22.4	0.9	4.7	(10.2)	(0.4)	20.5	40.4	5.3	45.7

**Condensed consolidated cash flow statement**  
**Six months ended 30 June 2022**

	<b>6 months ended 30 June 2022 Unaudited £m</b>	6 months ended 30 June 2021 Unaudited £m	Year ended 31 December 2021 £m
Profit for the period	2.0	1.0	2.9
Adjustments for:			
Depreciation and software amortisation	0.5	0.4	1.0
Depreciation of right-of-use assets	2.6	2.9	5.3
Impairment of goodwill	-	0.6	0.9
Impairment of other intangible assets	-	0.3	0.3
Amortisation of intangible assets identified in business combinations	0.7	0.7	1.4
Share-based payments	0.2	0.2	0.3
Net finance costs	0.5	0.3	0.7
Taxation	1.3	1.4	3.1
	<b>7.8</b>	<b>7.8</b>	<b>15.9</b>
Decrease/(increase) in trade and other receivables	1.9	(6.3)	(8.2)
Increase in trade and other payables (including pilot bonds outflow of £nil (30 June 2021: £0.3m, 31 December 2021: £0.3m))	0.2	2.2	3.5
<b>Cash generated from operations</b>	<b>9.9</b>	<b>3.7</b>	<b>11.2</b>
Interest paid	(0.5)	(0.5)	(0.9)
Income taxes paid	(2.1)	(1.2)	(2.7)
<b>Net cash inflow from operating activities</b>	<b>7.3</b>	<b>2.0</b>	<b>7.6</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment, and software	(0.8)	(0.7)	(1.7)
Finance income	0.1	0.1	0.3
<b>Net cash outflow from investing activities</b>	<b>(0.7)</b>	<b>(0.6)</b>	<b>(1.4)</b>
<b>Cash flows from financing activities</b>			
Decrease in overdrafts	(0.8)	(1.0)	(3.3)
Proceeds from bank loans	-	5.0	5.5
Repayment of bank loans	(0.7)	-	(0.2)
(Decrease)/increase in invoice financing	(0.1)	0.4	-
Payment of obligations under leases	(2.5)	(3.1)	(5.3)
Purchase of shares in existing subsidiaries	-	(0.6)	(0.6)
Purchase of own shares in Employee Benefit Trust	(0.2)	(0.2)	(0.3)
Dividends paid to owners of Empresaria Group plc	(0.6)	(0.5)	(0.5)
Dividends paid to non-controlling interests	(0.4)	-	(0.3)
<b>Net cash outflow from financing activities</b>	<b>(5.3)</b>	<b>-</b>	<b>(5.0)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1.3</b>	<b>1.4</b>	<b>1.2</b>
Foreign exchange movements	0.7	(0.8)	(0.9)
Cash and cash equivalents at beginning of the period	21.1	20.8	20.8
<b>Cash and cash equivalents at end of the period</b>	<b>23.1</b>	<b>21.4</b>	<b>21.1</b>
<b>Bank overdrafts at beginning of the period</b>	<b>(18.2)</b>	<b>(22.1)</b>	<b>(22.1)</b>
Decrease in the period	0.8	1.0	3.3
Foreign exchange movements	(0.3)	0.5	0.6
<b>Bank overdrafts at end of the period</b>	<b>(17.7)</b>	<b>(20.6)</b>	<b>(18.2)</b>
<b>Cash, cash equivalents and bank overdrafts at period end</b>	<b>5.4</b>	<b>0.8</b>	<b>2.9</b>

## **Notes to the interim financial statements**

### **Six months ended 30 June 2022**

#### **1 Basis of preparation and general information**

Empresaria Group plc is the Group's ultimate parent company. It is incorporated and domiciled in England and its registered office address is Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex, RH10 4HS, United Kingdom, its company registration number is 03743194 and its shares are listed on AIM, a market of London Stock Exchange plc.

The condensed set of financial statements have been prepared using accounting policies consistent with UK-adopted International Accounting Standards. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2022. While the financial information included in these interim financial statements has been prepared in accordance with UK-adopted International Accounting Standards applicable to interim periods, these interim financial statements do not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

The information for the year ended 31 December 2021 has been derived from audited statutory accounts for the year ended 31 December 2021. The information for the year ended 31 December 2021 included herein does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The interim financial information for 2022 and 2021 has been neither audited nor reviewed.

#### **Going concern**

The Group's activities are funded by a combination of long-term equity capital, revolving credit facilities, term loans, short-term invoice financing and bank overdraft facilities. The day to day operations are funded by cash generated from trading, invoice financing and overdraft facilities. The Board has reviewed the Group's profit and cash flow projections and applied sensitivities to the underlying assumptions. These projections suggest that the Group will meet its obligations as they fall due with the use of existing facilities.

The majority of the Group's overdraft facilities fall due for renewal at the end of January each year and, based on informal discussions the Board has had with its lenders, has no reason to believe that these facilities will not continue to be available to the Group for the foreseeable future. As a result, the going concern basis continues to be appropriate in preparing the financial statements.

#### **2 Accounting estimates and judgements**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expense, assets and liabilities. The significant estimates and judgements made by management were consistent with those applied to the consolidated financial statements for the year ended 31 December 2021.

## Notes to the interim financial statements

### Six months ended 30 June 2022

#### 3 Segment analysis

From 1 January 2022, following the appointment of regional leaders in 2021, 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 four regions. The information presented in these interim financial statements is therefore now presented by region, which represents a change from the prior year which was reported by operating sector. Prior period information is re-presented by region.

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 services.

The analysis of the Group's business by region is set out below:

#### Six months to 30 June 2022

	Revenue	Net fee income	Adjusted operating profit/(loss)
	£m	£m	£m
UK & Europe	63.2	14.5	2.0
APAC	23.0	7.9	0.5
Americas	32.7	4.6	0.8
Offshore Services	11.7	6.1	3.5
Central costs	-	-	(2.3)
Intragroup eliminations	(0.8)	(0.5)	-
	<u>129.8</u>	<u>32.6</u>	<u>4.5</u>

#### Six months to 30 June 2021

	Revenue	Net fee income	Adjusted operating profit/(loss)
	£m	£m	£m
UK & Europe	67.9	14.1	2.5
APAC	19.3	6.6	0.5
Americas	36.7	5.0	1.7
Offshore Services	6.4	3.2	1.8
Central costs	-	-	(2.2)
Intragroup eliminations	(0.5)	(0.5)	-
	<u>129.8</u>	<u>28.4</u>	<u>4.3</u>

**Notes to the interim financial statements**  
**Six months ended 30 June 2022**

**3 Segment analysis (continued)**

**Year ended 31 December 2021**

	Revenue	Net fee income	Adjusted operating profit/(loss)
	£m	£m	£m
UK & Europe	133.1	29.0	5.3
APAC	40.3	14.1	1.4
Americas	71.0	9.9	2.8
Offshore Services	15.3	7.7	4.1
Central costs	-	-	(4.3)
Intragroup eliminations	(1.3)	(1.2)	-
	<b>258.4</b>	<b>59.5</b>	<b>9.3</b>

**4 Finance income and costs**

	<b>6 months ended 30 June 2022 Unaudited £m</b>	6 months ended 30 June 2021 Unaudited £m	Year ended 31 December 2021 £m
<b>Finance income</b>			
Bank interest receivable	<b>0.1</b>	0.1	0.3
	<b>0.1</b>	0.1	0.3
<b>Finance costs</b>			
Invoice financing	-	-	(0.1)
Bank loans and overdrafts	<b>(0.4)</b>	(0.3)	(0.7)
Interest on lease liabilities	<b>(0.2)</b>	(0.2)	(0.3)
Interest on tax payments	-	0.1	0.1
	<b>(0.6)</b>	(0.4)	(1.0)
<b>Net finance costs</b>	<b>(0.5)</b>	(0.3)	0.7

**5 Reconciliation of profit before tax to adjusted profit before tax**

	<b>6 months ended 30 June 2022 Unaudited £m</b>	6 months ended 30 June 2021 Unaudited £m	Year ended 31 December 2021 £m
Profit before tax	<b>3.3</b>	2.4	6.0
Impairment of goodwill	-	0.6	0.9
Impairment of other intangible assets	-	0.3	0.3
Amortisation of intangible assets identified in business combinations	<b>0.7</b>	0.7	1.4
<b>Adjusted profit before tax</b>	<b>4.0</b>	4.0	8.6



## Notes to the interim financial statements

### Six months ended 30 June 2022

#### 6 Taxation

The tax charge for the six month period is £1.3m (6 months ended 30 June 2021: £1.4m, year ended 31 December 2021: £3.1m). On an adjusted basis (excluding adjusting items as set out in note 5 and their tax effect), the effective tax rate is 38% (6 months ended 30 June 2021: 38%). The tax charge for the period is assessed using the best estimate of the effective tax rates expected to be applicable for the full year, applied to the pre-tax income of the six month period.

#### 7 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 2022 and 2021 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.

	<b>6 months ended 30 June 2022 Unaudited £m</b>	6 months ended 30 June 2021 Unaudited £m	Year ended 31 December 2021 £m
<b>Earnings</b>			
Earnings attributable to owners of Empresaria Group plc	<b>1.4</b>	0.8	2.3
Adjustments:			
Impairment of goodwill	-	0.6	0.9
Impairment of other intangible assets	-	0.3	0.3
Amortisation of intangible assets identified in business combinations	<b>0.7</b>	0.7	1.4
Tax on the above	<b>(0.2)</b>	(0.1)	(0.3)
Non-controlling interests in respect of the above	-	(0.2)	(0.2)
<b>Adjusted earnings</b>	<b>1.9</b>	2.1	4.4
<b>Number of shares</b>	<b>Millions</b>	Millions	Millions
Weighted average number of shares – basic	<b>49.5</b>	50.0	49.8
Dilution effect of share options	<b>1.9</b>	1.2	1.6
Weighted average number of shares – diluted	<b>51.4</b>	51.2	51.4
<b>Earnings per share</b>	<b>Pence</b>	Pence	Pence
Basic	<b>2.8</b>	1.6	4.6
Dilution effect of share options	<b>(0.1)</b>	-	(0.1)
Diluted	<b>2.7</b>	1.6	4.5
<b>Adjusted earnings per share</b>	<b>Pence</b>	Pence	Pence
Basic	<b>3.8</b>	4.2	8.8
Dilution effect of share options	<b>(0.1)</b>	(0.1)	(0.2)
Diluted	<b>3.7</b>	4.1	8.6

The weighted average number of shares (basic) has been calculated as the weighted average number of shares in issue during the year plus the weighted average 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.

**Notes to the interim financial statements**  
**Six months ended 30 June 2022**

**8 Borrowings**

	<b>30 June 2022 Unaudited £m</b>	30 June 2021 Unaudited £m	31 December 2021 £m
<b>Current</b>			
Bank overdrafts	17.7	20.6	18.2
Invoice financing	4.5	5.2	4.6
Bank loans	0.5	0.4	0.4
	<u>22.7</u>	<u>26.2</u>	<u>23.2</u>
<b>Non-current</b>			
Bank loans	10.5	11.0	11.2
	<u>10.5</u>	<u>11.0</u>	<u>11.2</u>
<b>Borrowings</b>	<u>33.2</u>	<u>37.2</u>	<u>34.4</u>

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 financing review. The UK invoice financing facility is also secured by a fixed and floating charge over trade receivables.

**Notes to the interim financial statements**  
**Six months ended 30 June 2022**

**9 Adjusted net debt**

	<b>30 June 2022 Unaudited £m</b>	30 June 2021 Unaudited £m	31 December 2021 £m
a) Adjusted net debt			
Cash and cash equivalents	<b>23.1</b>	21.4	21.1
Less cash held in respect of pilot bonds	<b>(0.7)</b>	(0.7)	(0.7)
Adjusted cash	<b>22.4</b>	20.7	20.4
Borrowings	<b>(33.2)</b>	(37.2)	(34.4)
Adjusted net debt	<b>(10.8)</b>	(16.5)	(14.0)

The Group presents adjusted net debt as its principle debt measure. Adjusted net debt excludes 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.

	<b>6 months ended 30 June 2022 Unaudited £m</b>	6 months ended 30 June 2021 Unaudited £m	Year ended 31 December 2021 £m
b) Movement in adjusted net debt			
At 1 January	<b>(14.0)</b>	(13.6)	(13.6)
Net increase in cash and cash equivalents per consolidated cash flow statement	<b>1.3</b>	1.4	1.2
Net decrease/(increase) in overdrafts and loans	<b>1.5</b>	(4.0)	(2.0)
Decrease/(increase) in invoice financing	<b>0.1</b>	(0.4)	-
Foreign exchange movements	<b>0.3</b>	(0.2)	0.1
Adjusted for decrease in cash held in respect of pilot bonds	<b>-</b>	0.3	0.3
	<b>(10.8)</b>	(16.5)	(14.0)

**Notes to the interim financial statements**  
**Six months ended 30 June 2022**

**10 Trade and other receivables**

	<b>30 June 2022</b>	30 June 2021	31 December 2021
	<b>Unaudited</b>	Unaudited	
	<b>£m</b>	£m	£m
Gross trade receivables	<b>36.2</b>	42.3	40.4
Less provision for impairment of trade receivables	<b>(1.1)</b>	(1.0)	(0.9)
Trade receivables	<b>35.1</b>	41.3	39.5
Prepayments	<b>2.4</b>	1.5	1.7
Accrued income	<b>7.3</b>	4.1	5.0
Corporation tax receivable	<b>1.1</b>	1.2	0.9
Other receivables	<b>2.9</b>	1.8	3.4
	<b>48.8</b>	49.9	50.5

**11 Trade and other payables**

	<b>30 June 2022</b>	30 June 2021	31 December 2021
	<b>Unaudited</b>	Unaudited	
	<b>£m</b>	£m	£m
<b>Current</b>			
Trade payables	<b>2.4</b>	1.5	2.0
Other tax and social security	<b>6.1</b>	7.0	7.1
Pilot bonds	<b>0.7</b>	0.7	0.7
Client deposits	<b>0.4</b>	0.5	0.5
Other payables	<b>5.3</b>	5.8	4.5
Accruals	<b>20.1</b>	18.1	20.0
	<b>35.0</b>	33.6	34.8

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 three 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.