

# Empresaria

# Stronger together

Empresaria Group plc  
Summary report  
**2021**



Our purpose  
is to positively  
impact the  
lives of people,  
while delivering  
exceptional  
talent to our  
clients globally.



For more information visit our website  
[www.empresaria.com](http://www.empresaria.com)

#### **Cautionary statement**

The sole purpose and use of this summary report is to provide information to the shareholders of the Company, as a body, to assist them in exercising their governance rights. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This summary report contains certain forward-looking statements with respect to the operations, performance and the financial position of the Company and the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this summary report and nothing in this summary report should be construed as a profit forecast.

## Highlights

# Strong recovery and investment in accelerating future growth

### Financial

Net fee income

**£59.5m**

2020: £54.0m

Adjusted profit before tax

**£8.6m**

2020: £5.2m

Adjusted, diluted earnings per share

**8.6p**

2020: 4.1p

Adjusted net debt

**£14.0m**

2020: £13.6m

### Operational

#### March 2021

- Julie Smith appointed Regional CEO, UK & Europe.
- Bullhorn went live in two locations in our IT sector.

#### April 2021

- Rafael Moyano appointed Regional CEO, APAC.

#### May 2021

- Bullhorn went live in two locations in our Professional sector.

#### August 2021

- Garrick Cooper appointed President, North America.

#### October 2021

- Our CEO, Rhona Driggs, recognised by Staffing Industry analysts (SIA) in the 2021 list of the most influential European staffing leaders.

#### November 2021

- Offshore Recruitment Services sector hires 2,000th employee.
- Bullhorn went live in five locations in our Professional sector.
- Our CEO, Rhona Driggs, recognised in the SIA Global Power 150 Women in Staffing for the sixth consecutive year.



 For definition of terms:  
See glossary on page 44

### Strategic Report

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## Purpose led approach

### Our purpose

Our purpose is to positively impact the lives of people, while delivering exceptional talent to our clients globally.

### Our vision

Our vision is to be the leading global specialist staffing group in our chosen sectors.

### Our values

#### Innovation

Creativity, Ingenuity

#### Collaboration

Communication, Teamwork

#### Accountability

Leadership, Commitment

#### Responsibility

Integrity, Honesty

#### Excellence

Results, Discipline

### Our strategy

Build **scale** in key markets and sectors

Increase **diversity** of profits by sector, market and service

Increase **productivity** and efficiency

Targeted **investment** in growth

 For more information:  
See page 15

### Our business model

Multi-branded with focused sector-driven approach

Diversified by geography and sector

Range of staffing services

Empowered and supported leadership

 For more information:  
See pages 10 to 11

## Chair's statement

# Our full-year results demonstrate the diversity and the potential of the Group.

### 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

**Tony Martin**  
Chair



## At a glance

### Who we are

Founded in 1996, Empresaria is a global specialist staffing group operating across six diversified sectors in 19 countries but placing candidates in many more. Driven by our passion for the staffing industry, we are committed to positively impacting the lives of people, while delivering exceptional talent to our clients globally. We are listed on the London Stock Exchange as part of AIM.

### Our expertise

Our expertise covers six key sectors:



Professional



Healthcare



Commercial

### Where we are

We have operations across

**6**

sectors

We operate from

**19**

countries worldwide






IT



**Property,  
Construction  
& Engineering**



**Offshore  
Recruitment  
Services**

 For more information:  
See pages 18 to 23



## Our diversified model

Empresaria is highly diversified with operations across six sectors in 19 countries offering permanent placement, temporary and contract placement, and offshore recruitment services.

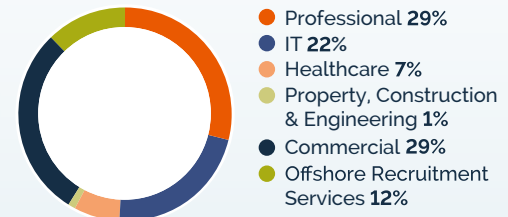
### Service type

% of net fee income



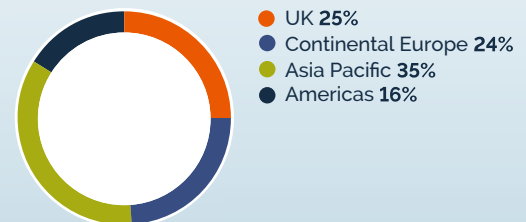
### Sector

% of net fee income



### Region


% of net fee income



## Investment case

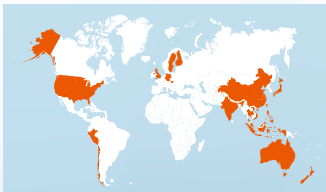
Our diversification by sector and geography, our differentiating Offshore Recruitment Services sector, combined with our focused strategy, create a unique and compelling investment case.


*Stronger together*

 For more information:  
See page 15

### Focused strategy aligned with our shareholders

Our strategy is focused on delivering organic growth, investing in our teams and technology to drive synergies and profits across the Group.




 For more information:  
See pages 18 to 24

### Diversified operations

Empresaria is diversified by geography, sector and service, creating an ability to offset risks and challenges in one area with opportunities and growth elsewhere.




 For more information:  
See pages 23 and 25

### Offshore Recruitment Services differentiator

Our Offshore Recruitment Services sector is unique among our peers.

We see great opportunity for growth, both with external clients and through increased cooperation with operations within Empresaria.




 For more information:  
See pages 26 to 29

### Resilient financing structure

Our borrowing requirements are strongly linked to working capital and in the event of a financial downturn working capital unwinds and our net debt reduces.



 For more information:  
See pages 36 to 37

### Experienced Board and management team

Our experienced Board and senior leadership team have a strong track record in the staffing industry.



3

regional leadership appointments

9

new locations live on our  
common front office platformPermanent, temporary  
and contract, and offshore  
recruitment services

6

sectors

19

countries

Offshore Recruitment  
Services sector

26%

net fee income growth  
in 2021

Adjusted net debt

£14.0m

(2020: £13.6m)

Board staffing  
industry experience

&gt;100

years

## Case study

## Leading together

Regional  
leadership  
appointments

**In 2021 we made significant investment in our senior leadership team by adding three experienced industry professionals into regional leadership roles. Together with the existing leadership team, they will be instrumental in driving our strategic priorities forward.**

## Julie Smith

**Regional CEO, UK & Europe –  
Appointed in March 2021**

With 30 years' experience in the recruitment industry, Julie is a highly regarded industry expert across Recruitment Process Outsourcing and Managed Service Programmes. Prior to joining Empresaria, she was Vice President of Operations at Volt Consulting Group where she expanded the business across 26 European countries.

## Rafael Moyano

**Regional CEO, APAC –  
Appointed in April 2021**

Rafael has more than 25 years' experience working across three continents. He has led diverse workforces in the Talent Management, Recruitment, Technology, IT and Engineering industries. He joined Empresaria from The Adecco Group where he was most recently the CEO of Australia and Managing Director, Modis Australia. Prior to this, he held the position of CFO for the Asia Pacific region.

## Garrick Cooper

**President, North America –  
Appointed in August 2021**

Garrick has more than 20 years' experience in the staffing solutions industry focused on providing exceptional contract and professional search solutions to clients. Prior to joining Empresaria, Garrick was Vice President, Technical at Volt Workforce Solutions in North America.



## Current market conditions

### Staffing market forecasts

In November 2021, Staffing Industry Analysts (SIA) projected the global staffing market would grow by 14% in 2021, following a decline of 11% in 2020 with the global market recovering to be 3% larger than 2019. They forecast that there will be more modest global growth of 9% in 2022, but with significant variances in growth from market to market. In our regions the UK is forecast for 11% growth, while in Continental Europe, Germany is forecast to grow 12%. In Asia Pacific, Japan is forecast to grow 8% and Australia by 12%. Growth in the Americas is forecast to be more modest with the US expecting only 4% growth.

These forecasts were made on the assumption that the worst of COVID-19 is behind us. This is yet to be validated given the ongoing threat of potential new variants.

SIA identifies the top five staffing markets, which together make up 65% of the global staffing market, as UK, US, Germany, Japan and Australia, and we have a presence in all five of these.



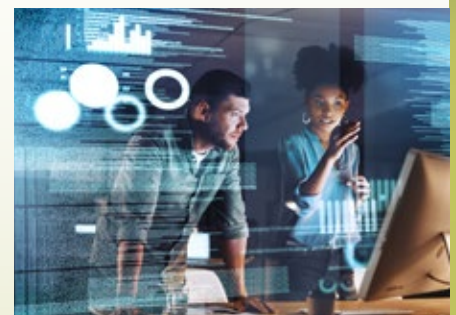
**“Our diversity by sector along with our global footprint, including the five largest staffing markets, means we are uniquely positioned to capitalise on opportunities for growth.”**

**Rhona Driggs**  
Chief Executive Officer

### Skill shortages

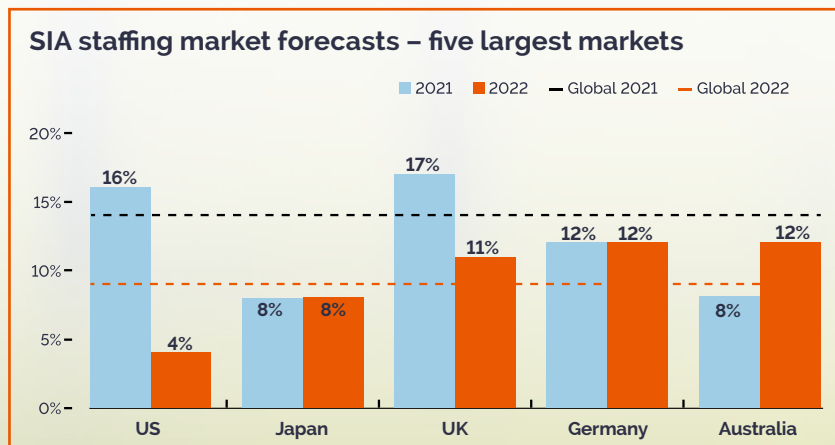
Skill shortages are once again becoming evident across the globe. While the impact of talent shortages within the hospitality, transport and logistics sectors have been highly visible with supply chain disruptions affecting product availability, data is also pointing to an increasing scarcity of talent within the professional and other sectors. Job vacancy numbers in many of our key markets (UK and US in particular) are rising well above pre-pandemic levels. While skill shortages were evident prior to the pandemic, stemming from longer-term issues with the lack of skills training for roles in technology, the pressure of reduced talent mobility and the exit of skilled staff from the labour market has exacerbated these issues for many countries and industries.

According to a recent global survey by the Job Board Monster, 93% of employers will be hiring in 2022, which is up from 82% in 2021. While some of this is attributed to be the backfill of existing roles, this is not true for all sectors, with automotive and engineering being cited in the survey as most likely to add new roles.



**93%**

of employers will be hiring in 2022



## Impact of wage inflation

Skill shortages and employee movement have a knock-on effect on wages as employers attempt to retain existing staff and job seekers are presented with multiple offers, enabling them to name their price. While in the long term this is likely to have a positive impact on recruitment fees, this is yet to be widely felt throughout the Group. In addition, some of our contracts are not priced as a mark-up on cost and those would need to be renegotiated in order to reap any benefits and avoid margin erosion from wage inflation.

## Vaccination or testing mandates

In 2022 employers in some countries and sectors will have the additional legislative burden of mandatory vaccinations or testing within the workplace. Many organisations are also putting in place their own vaccination or testing requirements for employees. This adds pressure and costs to temporary staffing providers to ensure they are providing workers that are compliant with company policies.

At Empresaria we are monitoring country policies on a regular basis to ensure we adhere to all government mandates. We are also working in close partnership with our clients, to provide workers who are compliant with both government and employer requirements.



## The ongoing impact of the pandemic – a shift in expectations

The pandemic has created a pivotal shift in the attitudes and expectations of workers the world over. It is safe to say we will never return to the 'normal' we once knew, as the remote working arrangements mandated by the pandemic suited many people much better, often allowing for an improved work-life balance. Hybrid working is now the expectation of many workers, with more flexible hours also a priority.

In the US, employees quit their jobs in record numbers in 2021 (dubbed the 'great resignation') often in search of more flexible working arrangements. While such a significant trend has not been experienced across the globe, a June 2021 global survey from social media platform LinkedIn found that 'flexible working arrangements' was the fastest growing priority for job seekers, up 12.3% from 2020.

This change in employee expectations means our role as a trusted adviser to both clients and candidates is increasingly important. Matching on skillset alone cannot highlight the nuances in candidate requirements. Our expert approach ensures we take the time to understand each client's employee value propositions and match candidates on skills, cultural fit, and lifestyle aspirations.



## Our business model

### Our resources



#### People

Our people are our greatest asset. We invest in our employees and provide our candidates with outstanding service and career opportunities.



#### Clients

Client relationships built on trust drive our success. We seek to provide our clients with the best experience and talent in the marketplace.



#### Financial strength

Our financial strength and stability enables us to invest in our clients, our people and our business.



#### Brand reputation

Our brands are experts in their markets and sectors and have long-standing client relationships.



#### Global network

Our brands operate from 19 countries across the world and service many more from hub locations.



#### Technology

Our technology enables us to connect with clients and candidates quickly and effectively.

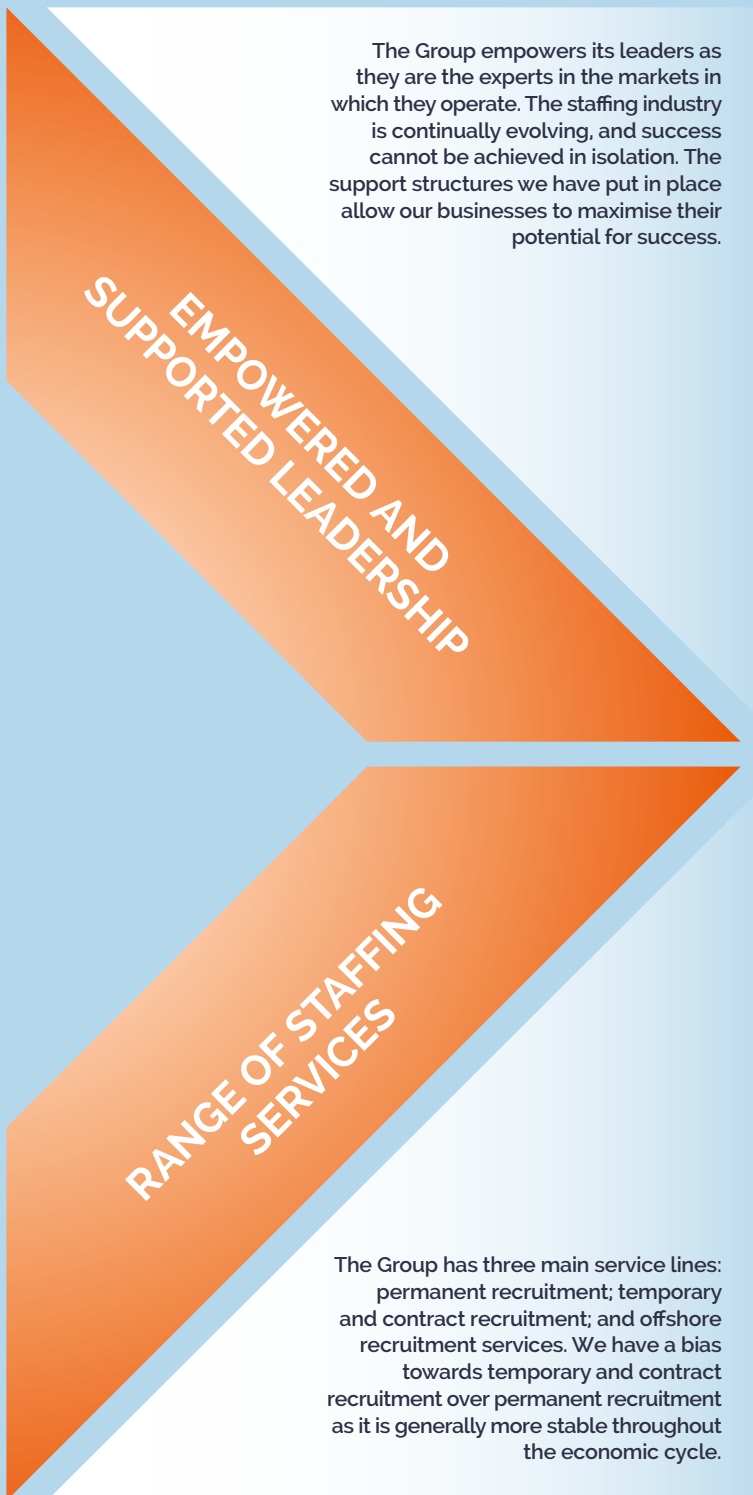
### Our approach

The Group operates in six sectors, targeting different segments of the market with different brands. Each has in-depth knowledge and expertise in their specific market.

MULTI-BRANDED WITH FOCUSED  
SECTOR-DRIVEN APPROACH

DIVERSIFIED BY  
GEOGRAPHY AND SECTOR

Our diversification across six sectors and 19 countries helps mitigate economic and political risks as well as provide opportunities to drive organic growth.



## Delivering long-term value

### We look to generate long-term value for all our stakeholders

#### Our people

Our culture and values allow our employees and candidates to develop and flourish so they can realise their potential and achieve their career goals.

#### Our clients

We deliver exceptional talent and creative solutions to our clients globally, enabling them to deliver on their own strategies and objectives.

#### Our communities

We make direct social and economic contributions in the countries we operate in. We are engaged in supporting local community and charitable organisations. We positively impact the lives of people, helping them to find meaningful employment and develop their careers. We contribute to the local economy through tax payments and use of local suppliers.

#### Our investors

We aim to deliver sustainable returns for investors through growing adjusted earnings per share and dividends. Our strong cash flow allows us to invest in our businesses to grow our profits into the future.

**Delivered through our strategy**

 For more information: See page 15

**Stakeholder engagement**

 For more information: See pages 34 to 35

## Chief Executive's Q&A

# Q&A

with CEO  
Rhona Driggs

In 2021, we shifted from recovery mode to growth mode while continuing to make significant investments in the future of the Group.

**Q** 2021 saw a return to growth across the Group, can you give some more insight into your 2021 performance?

**A** 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.

**Q** How is the strategy evolving in 2022 and beyond?

**A** 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 (see case study on page 25).

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.



**Rhona Driggs**  
Chief Executive  
Officer

## Case study

# Delivering together

## Technology: Driving value from our front office system

**In 2021 the Group accelerated the rollout of its global front office system (Bullhorn) with an additional nine operations added to the platform.**

Around half the Group is now on the platform, with a number more implementations planned. The benefits of Bullhorn are wide reaching, from its ease of use to its intuitive search functionality and tools, enabling increased productivity and reduced time to fill. An additional benefit of Bullhorn is its marketplace of partners that allows us to easily integrate new

products to ensure we continue to utilise the best-in-class technology. In 2021, the Group started using Herefish in conjunction with Bullhorn, allowing us to complete 1.3m automated actions, saving our consultants an estimated 44,000 hours of manual work. These automations were focused initially on ensuring the data in our database is complete, GDPR compliant and relevant, allowing swifter matching of candidates to roles. This groundwork will see us be able to drive more targeted and personalised candidate engagement programmes throughout 2022.

# 1.3m

automated actions using Herefish in conjunction with Bullhorn, saving our consultants

# 44,000

hours of manual work



## Chief Executive's Q&A continued

# Q&A

## with CEO Rhona Driggs

**Q** What are your investment priorities for 2022 and how will you maximise growth?

**A** 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.

**Q** How is the Group responding to changing market trends?

**A** 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.

**Q** How do you see Empresaria developing in 2022 and beyond?

**A** 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



## Strategic objectives

Strategic objective	2021 progress	2022 priorities
<p><b>Build scale in key markets and sectors</b></p> <p>We are focused on developing scale in key markets and sectors. We will do this by gaining additional market share with clients through cross-selling efforts, providing them with services across sectors, skillsets and regions, as well as developing new service offerings to drive additional revenue streams.</p>	<ul style="list-style-type: none"> <li>Enhanced leadership team with appointment of three highly experienced industry professionals to regional leadership roles and a new Chief Marketing Officer.</li> <li>Implemented regional sales strategy in UK and Europe with appointment of regional sales role.</li> <li>Successful trial of Philippines base for our Offshore Recruitment Services operation.</li> <li>Embedded improvements to operating models in key businesses to provide greater focus on sales and recruiting and deliver greater scalability.</li> <li>Growth of Healthcare sector, particularly in the US, driven by vaccination programmes and expansion into nursing.</li> </ul>	<ul style="list-style-type: none"> <li>Create and implement regional sales strategies in all regions.</li> <li>Expand IT offering in Asia Pacific region.</li> <li>Establish Philippines as a second country hub for Offshore Recruitment Services.</li> <li>Targeted investment in sales and recruitment teams in operations where we see opportunity for growth.</li> <li>Develop Group-wide brand strategy to support regional and global growth opportunities.</li> </ul>
<p><b>Increase diversity of profits by sector, market and service</b></p> <p>Diversifying our profit base across our business is key for us. We will do this through growing our high potential businesses and sectors, increasing our temp to perm ratio to 70:30 over time to create a more stable profit base and ensuring all businesses in the Group deliver a minimum profit threshold.</p>	<ul style="list-style-type: none"> <li>Net fee income and profit recovery with all sectors ahead of or in line with 2020.</li> <li>Temp to perm ratio reduced to 62:38 in 2021 (2020 65:35) with permanent revenues recovering more rapidly than temporary and contract. Permanent revenues may continue to grow at a faster rate in the short term but it remains the Group's strategy to invest in growing the proportion of its temporary and contract net fee income in the medium term.</li> </ul>	<ul style="list-style-type: none"> <li>Develop expertise, material and training on different buying models, including SoW, VoP and RPO, and integrate into regional sales strategies.</li> <li>Focus on growing temporary and contract IT in the US where the vast majority of net fee income is currently from permanent recruitment.</li> <li>Align marketing and sales strategies.</li> </ul>
<p><b>Increase productivity and efficiency</b></p> <p>Increasing our productivity and efficiency through the use of technology and focused operating models will enable us to deliver to clients and candidates more quickly and effectively and to maintain our competitive edge.</p>	<ul style="list-style-type: none"> <li>Ongoing investment in technology implementation with around half of our operations now on a common front office platform.</li> <li>Operating model improvements with dedicated sales and recruitment teams improving efficiency and productivity.</li> <li>Increased utilisation of our Offshore Recruitment Services offering within the Group, with notable success in scaling our US Healthcare business in the face of unprecedented demand.</li> </ul>	<ul style="list-style-type: none"> <li>Continue implementation of front office technology.</li> <li>Commence second phase of technology project focused on increasing productivity through use of partnership products.</li> <li>Continue to drive internal utilisation of our Offshore Recruitment Services offering.</li> <li>Leverage regional and Group expertise and best practices.</li> </ul>
<p><b>Targeted investment in growth</b></p> <p>We seek to maximise our return on investments, focusing these in areas where we believe they will deliver the most benefit. We seek to balance investment in growth with an aim to reduce the overall level of net debt relative to the size of the Group.</p>	<ul style="list-style-type: none"> <li>Investment in regional senior leadership roles.</li> <li>Investment in scaling Offshore Recruitment Services and equipping 900 new employees in the year.</li> <li>Dividends restarted in 2021.</li> <li>Adjusted net debt increased slightly year on year with recovery in trading but remains below pre-COVID levels, reflecting cash flow from profits and ongoing strong cash controls.</li> </ul>	<ul style="list-style-type: none"> <li>Investment in organic growth in key markets with headcount growth to generate sales and deliver to high areas of demand and opportunity.</li> <li>Investment in office space to enable further expansion of Offshore Recruitment Services.</li> <li>Continued investment in technology road map.</li> <li>Continue to identify and review M&amp;A opportunities.</li> </ul>

## Key performance indicators

We measure progress against our objectives using the following performance measures.

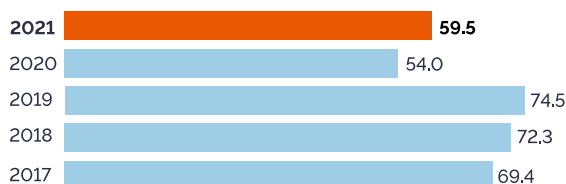
### Strategic objectives

- 1 Build scale in key markets and sectors
- 2 Increase diversity of profits by sector, market and service
- 3 Increase productivity and efficiency
- 4 Targeted investment in growth

### Net fee income

134

# £59.5m



#### Why and how we measure

Net fee income is the Group's principal 'revenue' measure, incorporating both permanent fees and the gross margin earned on temporary and contract workers and offshore recruitment services.

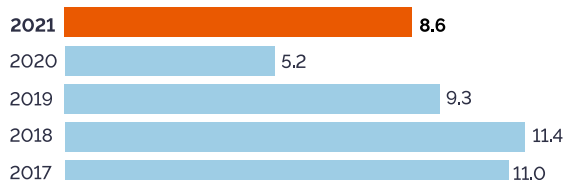
#### How we have performed

Net fee income has increased by 10% in 2021, reflecting strong recovery across most of the Group.

### Adjusted profit before tax

24

# £8.6m



#### Why and how we measure

Adjusted profit before tax measures the Group's underlying profit performance and is stated before amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items and fair value charges on acquisition of non-controlling shares.

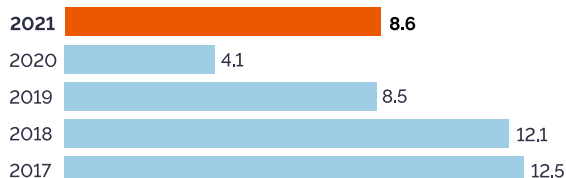
#### How we have performed

Adjusted profit before tax has increased by 65% in 2021, reflecting the strong recovery in trading across the Group and the focus on improving productivity.

### Adjusted, diluted earnings per share

24

# 8.6p



#### Why and how we measure

Adjusted, diluted earnings per share measures the underlying performance of the Group's earnings for its shareholders. Adjusted earnings is adjusted in the same manner as for adjusted profit before tax along with the related tax impacts.

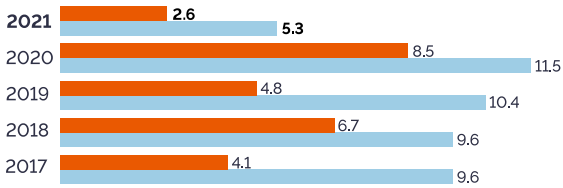
#### How we have performed

Adjusted, diluted earnings per share has increased by 110% in 2021, reflecting the increase in profits along with a decrease in the proportion of those profits allocated to non-controlling interests.

## Free cash flow

4

# £2.6m



### Why and how we measure

Free cash flow is the level of cash generated that is available for investment by the Group. It is calculated as net cash from operating activities per the cash flow statement, adjusted to exclude working capital movements related to cash held in respect of pilot bonds and after deducting payments made under lease agreements. As an international business tax cash flows can be volatile, so a pre-tax free cash flow figure is also presented.

### How we have performed

In 2021 free cash flow has reduced, with the increase in profits more than offset by the outflow of working capital due to improved trading.

**Key:**  
■ Post-tax  
■ Pre-tax

## Debt to debtors ratio

4

# 35%



### Why and how we measure

The majority of the Group's debt is short term and matched against working capital requirements. The Group's debt to debtors ratio is calculated as adjusted net debt as a percentage of trade debtors. Adjusted net debt excludes cash held in respect of pilot bonds.

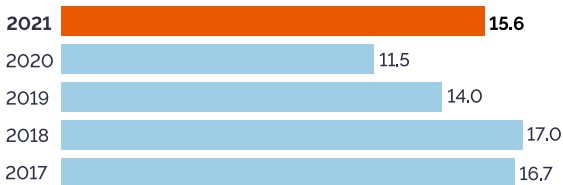
### How we have performed

The Group's debt to debtors ratio has reduced during the year, reflecting the increase in trade receivables as trading has improved offset by the small increase in adjusted net debt. We aim to reduce our debt to debtors ratio to 25% over time.

## Conversion ratio

3

# 15.6%



### Why and how we measure

The conversion ratio measures how efficient we are at converting our net fee income to profit. It is calculated as adjusted operating profit as a percentage of net fee income.

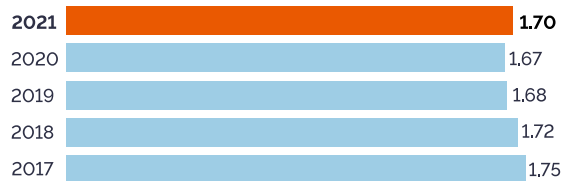
### How we have performed

The conversion ratio has increased significantly in the year, reflecting the improvement in profits. We continue to focus on efficiencies and productivity in the business with the longer-term ambition of achieving a 20% conversion ratio.

## Staff productivity

3

# 1.70x



### Why and how we measure

Staff productivity measures how effective our staff are at delivering income for the Group. It is measured as total net fee income divided by total staff costs within administrative costs.

### How we have performed

Staff productivity has improved from the prior year, reflecting the benefits of operational initiatives.

## Operating review



### Professional

# 29%

of Group net fee income

Countries	New	Thailand
Australia	Zealand	UK
China	Philippines	Vietnam
Indonesia	Singapore	
Malaysia	Sweden	

#### Net fee income by service



● Permanent **76%**  
● Temporary and contract **24%**

#### Financials

£m	2021	2020
Revenue	<b>45.6</b>	55.3
Net fee income	<b>17.6</b>	15.4
Adjusted operating profit	<b>1.3</b>	0.2
% of Group net fee income	<b>29%</b>	28%
Average number of staff	<b>281</b>	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. 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 22%

of Group net fee income

### Countries

Japan  
UK  
USA

### Net fee income by service



● Permanent 45%  
● Temporary and contract 55%

### Financials

£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.



## Operating review continued



### Healthcare

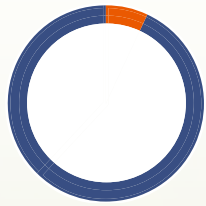
# 7%

of Group net fee income

#### Countries

Finland  
USA

#### Net fee income by service



● Permanent **7%**  
● Temporary and contract **93%**

#### Financials

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

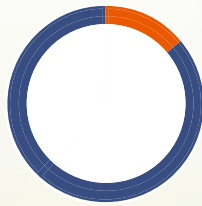
# 1%

of Group net fee income

### Countries

UK

### Net fee income by service



- Permanent **14%**
- Temporary and contract **86%**

### Financials

Financials £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.



## Operating review continued



### Commercial

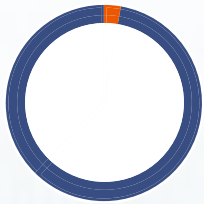
# 29%

of Group net fee income

#### Countries

Austria      Peru  
Chile  
Germany  
Japan

#### Net fee income by service



● Permanent 3%  
● Temporary and contract 97%

#### Financials

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

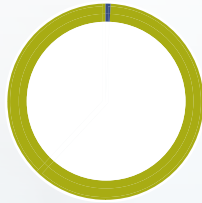
## 12%

of Group net fee income

### Countries

- India
- Philippines

### Net fee income by service



- Temporary and contract 1%
- Offshore recruitment services 99%

### Financials

£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

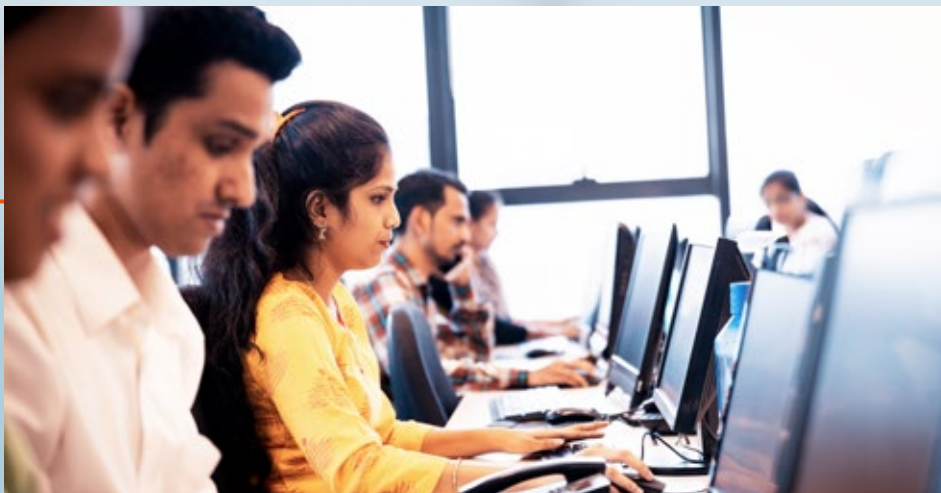
Our Offshore Recruitment Services sector performed very strongly in the year with net fee income increasing by 26% over 2020 (35% in constant currency) and adjusted operating profit increasing by 58% (71% in constant currency). At the start of the year we closed our operation in UAE after a number of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

A case study on this operation is presented on page 25.



## Operating review continued

Regional  
summaryNet fee income  
by region

- UK 25%
- Continental Europe 24%
- Asia Pacific 35%
- Americas 16%

Financials £m	Revenue		Net fee income		Adjusted operating profit	
	2021	2020	2021	2020	2021	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)
<b>Total</b>	<b>258.4</b>	<b>256.5</b>	<b>59.5</b>	<b>54.0</b>	<b>9.3</b>	<b>6.2</b>

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.

## Case study

# Growing together

## Offshore Recruitment Services: IMS Group

**The outsourcing of recruitment services has become increasingly attractive for recruitment organisations across the globe, as they look to maximise their profitability in this highly competitive sector.**

Our Offshore Recruitment Services operation, IMS Group (IMS), is headquartered in Ahmedabad, India, servicing clients predominantly in the UK and US. IMS CEO, Amit Somaiya, co-founded the business in 2006 and under his leadership it has experienced continued growth over the past 15 years, delivering net fee income of £7.7m in 2021.

IMS offers an extensive range of tailored services including: full end-to-end recruitment services; compliance and administrative services; accounting support; and bespoke one-off creative solutions. They enable recruiting clients to gain a commercial advantage through innovative cost-effective expertise.

IMS allows organisations to rapidly scale up and down to meet shifting demand, allowing agility, sustainability and growth. Clients can optimise their internal workforces and quickly respond to fluctuations such as taking on new opportunities without the cost and risks of adding staff themselves.

The unique strength of the business lies in their investment in learning and development programmes. They have developed resources to quickly train new employees to be ready to match customer needs and creating a bench of talent ready for deployment. This allows for speed of implementation as they are less dependent on attracting experienced recruiters and resources in a highly competitive market.

IMS has the largest internal headcount within the Group, with 2,000 employees at 31 December 2021. In 2021 alone they welcomed 900 new colleagues to the business due to strong demand from new and existing clients. 110 new clients were onboarded throughout the year, and this momentum shows no sign of slowing.

IMS also offers a significant opportunity for the Group internally, allowing our businesses to scale

their operations to meet customer demand. A proven success story is in our US Healthcare business, which, in 2021, received an unprecedented volume of orders to aid in the fight against COVID-19. They needed to rapidly provide healthcare workers to administer vaccinations, test for COVID-19 and monitor protocols on site at large events, as well as supporting an increase in non-COVID related orders. IMS was able to quickly ramp up the existing team, more than doubling headcount within eight weeks, to deliver high-volume sourcing, screening, and submission of talent. This allowed us to react quickly, filling more than 1,600 vacancies in 2021.

The utilisation of IMS services across the wider Group has steadily grown over the past five years. The level of support provided to other Empresaria companies at the end of 2021 is five times that of 2018 and this growth is expected to continue in 2022.



Net fee income  
**£7.7m**  
in 2021

## Finance review

# Strong growth in profits with reduced debt to debtors ratio.

### 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

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 on page 18), 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 on pages 18 to 23. 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.



**Tim Anderson**  
Chief Financial Officer

Revenue

**£258.4m**

2020: £256.5m

Net fee income

**£59.5m**

2020: £54.0m

Adjusted profit before tax

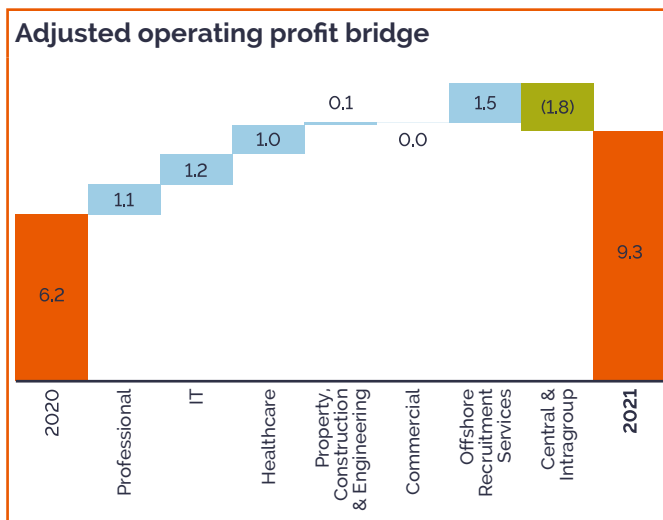
**£8.6m**

2020: £5.2m

	2021 £m	2020 £m	% change	% change constant currency <sup>2</sup>
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 <sup>1</sup>	9.3	6.2	+50%	+60%
Profit/(loss) before tax	6.0	(2.0)	+400%	
Adjusted profit before tax <sup>1</sup>	8.6	5.2	+65%	
Diluted earnings/(loss) per share	4.5p	(6.2)p	+173%	
Adjusted, diluted earnings per share <sup>1</sup>	8.6p	4.1p	+110%	

- 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.
- The constant currency movement is calculated by translating the 2020 results at the 2021 exchange rates.

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.

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.

## Finance review continued

### 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
<b>Total assets</b>	<b>123.9</b>	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)
<b>Total liabilities</b>	<b>(81.6)</b>	(79.7)
<b>Net assets</b>	<b>42.3</b>	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	7.6	14.2
Cash flows related to pilot bonds	0.3	0.5
Payments under lease agreements	(5.3)	(6.2)
<b>Free cash flow</b>	<b>2.6</b>	8.5
Taxation	2.7	3.0
<b>Free cash flow (pre-tax)</b>	<b>5.3</b>	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	(0.3)	(0.2)
Other	0.4	—
<b>(Increase)/decrease in adjusted net debt</b>	<b>(0.4)</b>	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 in the Group's full annual report and accounts.

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

During the year the Group acquired shares from management for total consideration of less than £0.1m.

### 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.



**Tim Anderson**  
Chief Financial Officer  
16 March 2022

## Risks and uncertainties

The Board has ultimate responsibility for establishing the Group's appetite for risk and for effective risk management across the Group. The risk management process followed by the Board is designed to improve the likelihood of delivering against the Group's strategy, protect the interests of shareholders, improve the quality of decision-making and help safeguard our assets. We have an established process for identifying and monitoring the key operational and strategic risks in the Group. The risk management process incorporates a risk appetite policy and a Group risk register.

### Risk appetite

The Board wishes to minimise the exposure to risks but accepts and recognises that a trade-off exists between risk and reward in delivering our strategy. The risk appetite has been reviewed and approved by the Board and is presented as part of the annual budgeting process. The Board has set a number of internal targets that frame its appetite for risk, with boundaries defining the limits the Group should operate within and trigger points to help monitor and identify where there is an increased risk of reaching those boundaries.

### Risk register

The Group's risk register is reviewed by the Board at each meeting with risks added, amended or removed as appropriate and actions updated. The Group risk register is prepared based on individual business risk registers which are updated during the annual budget cycle and reviewed regularly during the year. The Audit Committee oversees the internal and financial control frameworks to help mitigate risk.

### Group control environment

Group companies operate under a system of internal controls which include, but are not limited to: a clear delegated authority to operational management; formal risk appraisals through the annual budget process; a comprehensive financial reporting system; investment and capital expenditure approval processes; and self-certification by operating company management of compliance with controls and Group policies and procedures. Day-to-day risk management is the responsibility of operating company management.

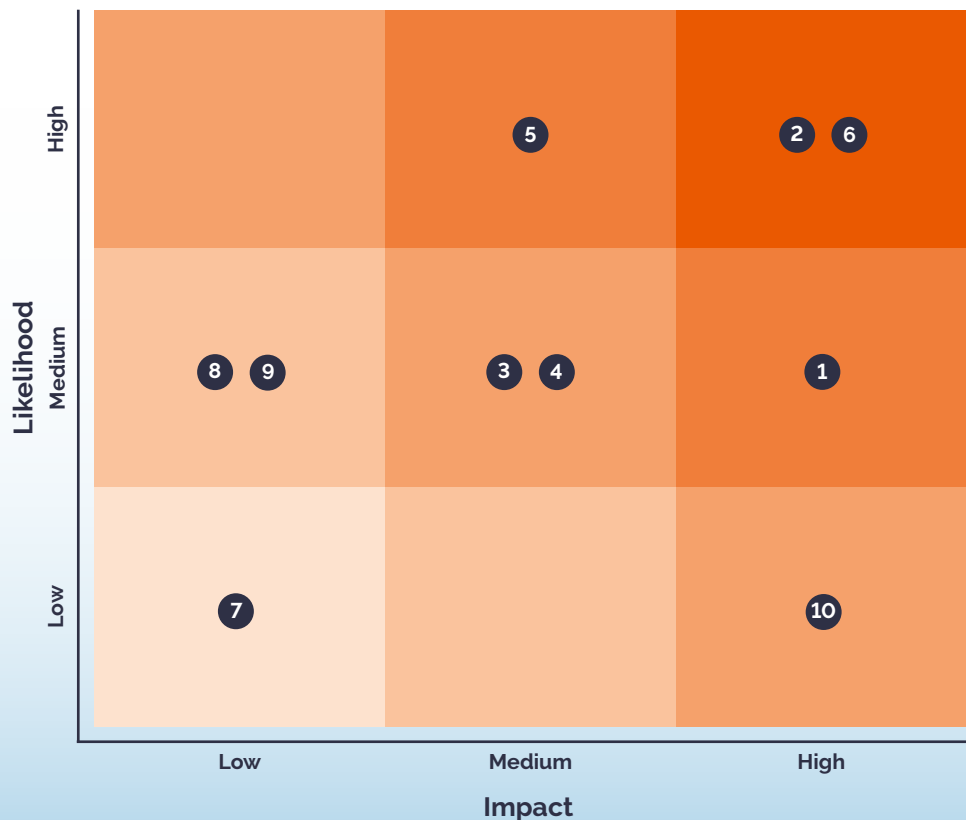
The risk management process identified a number of risks across the Group, as detailed in the chart below. The principal risks that are most likely to affect business operations, and hence the financial results and delivery of strategy, are explained in more detail in the following pages.

### Impact of COVID-19

COVID-19 has continued to have a significant influence on the Group in 2021 as discussed in more detail in the strategic report. In managing risks the Group has continued to follow government guidelines in each of the countries in which we operate, prioritising the health and safety of our staff and working with our clients to ensure the safety of our candidates. In 2021, we have been successful in operating effectively despite ongoing restrictions, lockdowns and waves of COVID-19 which has lessened the adverse impact on the Group, particularly from an economic perspective. The impact on the Group's principal risks is discussed in more detail under each individual risk heading.

## Risk matrix chart

- 1 Political and social changes
- 2 Economic environment
- 3 Loss of key staff
- 4 Investments poorly executed
- 5 Financial
- 6 Cyber security and data protection
- 7 Management capacity
- 8 Competition
- 9 Exposure to key clients
- 10 Payments to temporary workers





## Risk

## Change in risk profile

## How we mitigate the risk

1

**Political and social change**

The Group's businesses are subject to legislation, regulation and changes in political sentiment in their markets. This particularly impacts temporary recruitment, which is regulated to protect the rights of workers, and developing staffing markets where new regulations are introduced as the market develops. Any changes to labour regulations, tax laws or political views on the staffing industry could have an impact on how we operate and on the financial performance of the Group. If local laws and regulations are not followed it could lead to sanctions being taken against the business, including penalties, fines and licences being revoked.

In the UK, IR35 became applicable to the private sector in April 2021 having been delayed from April 2020. The long lead time meant that our teams, candidates and clients were well prepared for the change. IR35 did result in some disruption and adverse impact, but we were able to limit this while also creating opportunities for us to benefit. IR35 is now fully embedded in our business-as-usual processes with no significant ongoing impact expected.

The fallout from Brexit continues to create some uncertainty and potential impacts on some of our UK operations, particularly those making placements cross-border into Europe or where we have clients in the financial services sector. Any impact is currently limited but risks remain as the ongoing relationship with the European Union continues to develop.

In Germany, a new coalition government is in place. The coalition agreement acknowledges the significance of temporary work to the German economy and does not indicate a significant increase in risk for staffing businesses. The coalition does plan to significantly increase the minimum wage and we are working with clients to manage the impact of this.

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



The Group closely monitors the legal and regulatory environment in all our markets. The Group has membership of many local industry associations and we use professional advisers with local knowledge and understanding of the relevant laws and labour regulations to ensure we are compliant.

We are experts in our markets, which helps us to respond effectively to changes in legislation, as well as making it easier to attract candidates because of our reputation and knowledge.

Our business model, with diversification across sectors and geographies, helps us to mitigate the negative impacts from political and social changes.

2

**Economic environment**

The performance of staffing businesses has historically shown a strong correlation with the performance of the economies in which they operate. An economic slowdown will impact on the demand for recruitment services and could reduce the Group's profits.

Following a significant downturn in global economies in 2020, 2021 has seen significant recovery with GDP in many economies now back at pre-COVID levels. Global GDP forecasts for 2022 are positive although longer term expectations are more muted.

Inflation is rising in many of our key markets, and economies may be impacted as spending patterns change and disposable income reduces.



Skills and candidate shortages, combined with rising inflation, are driving wage inflation and are now key factors in many of our markets. These create both challenges and opportunities which we are well placed to address.



While a global economic downturn will impact all businesses, the Group's business model and strategy helps mitigate the impact from an economic downturn in any one market:

- Diversification across sectors and geographies.
- Developing and scaling our leading brands will create businesses that are more robust and have greater ability to withstand economic downturns.
- Bias towards temporary and contract recruitment which is typically less volatile than permanent recruitment during the economic cycle.

## Risks and uncertainties continued

Risk	Change in risk profile	How we mitigate the risk
<p><b>3</b></p> <h3>Loss of key staff</h3> <p>The Group's success relies on recruiting and retaining key staff.</p> <p>The loss of a key staff member without a suitable successor in place could impact trading and profitability. The choice of the wrong manager for a business could lead to sub-optimal decision-making and losing ground to competitors or failing to operate procedures properly and so being at risk of reputational damage or penalties.</p>	<p>The appointment of regional leaders during 2021 has created greater stability and a more agile and stronger structure. It improves the opportunity for career growth and reduces the risks when an individual operational leader leaves the Group.</p> <p>There have been limited changes to key operational management during the year and we have seen some success in promoting from within the Group.</p> <p></p>	<p>Regional management structure creates career paths within the Group, improving retention and giving us greater ability to adapt if operational leaders leave.</p> <p>Incentive plans are aligned with the Group's objectives with long-term incentives in place for senior leadership.</p>
<p><b>4</b></p> <h3>Investments poorly executed</h3> <p>There is a risk of losing value from poorly executed external investments. If an investment is overvalued the Group will pay too much for it and risk a lower return on investment in the future. A poorly executed integration into the Group could lead to lost value or lost opportunities.</p> <p>Investment in existing operations, whether in new offices, changes in processes, or in technology, could, if poorly implemented, have an adverse impact with the potential to harm existing business.</p>	<p>The Group has undertaken no significant external investments in 2021.</p> <p>We are investing in implementing Bullhorn and associated technology as a common front-office platform across our Group. This will help improve the Group's competitiveness and is expected to deliver significant benefits. A further nine locations went live in 2021, and we now have around half the operations in the Group on Bullhorn and we are starting to see the benefits in those businesses.</p> <p></p>	<p>All material external investments must have Board approval with a clearly defined integration plan. Due diligence findings need to be acted upon to minimise risks identified pre-acquisition. Funding requirements must be taken into account to ensure sufficient and appropriate funding is in place. With our people-focused business model, the fit of the people is the most important factor and is the first criteria that must be met before any investment is pursued.</p> <p>Any internal investments which require significant outlay or commitment are subject to Board review and authorisation either as part of the annual budgeting process or separately as appropriate. Our ongoing Bullhorn implementation is a significant investment for the Group and is being undertaken in a phased way, operation by operation, but with a single Group-wide approach, to reduce implementation risks.</p>

## Risk

## Change in risk profile

## How we mitigate the risk

5

**Financial**

The Group uses debt to fund the working capital requirements of the business. If the Group was unable to secure funding at required levels it could be unable to take advantage of opportunities for growth or in the worst case could be forced to dispose of parts of the business to repay debt.

Any increase in interest rates will increase costs and so reduce the profit in the business.

Operating from 19 countries, the Group is exposed to movements in foreign currency exchange rates. Movements in exchange rates impact the reporting of the Group's profits and may impact the value of cash and assets around the Group.

The Group successfully refinanced its revolving credit facility in March 2021 for a further 2.5 year period.

A relaxation of covenants was agreed with our bankers in 2020 although the Group has remained compliant with the original covenants throughout. As the economy and trading recovered, bank covenants have started to return to normal levels and the Group continues to show significant levels of headroom against these.

Although base rates remain low, these are forecast to increase through 2022, which, combined with the increases in lending margins in 2021, raises the cost of the Group's facilities for 2022.

Sterling exchange rates remain volatile and foreign currency movements have had an adverse impact on the Group's reported revenue, profits and net assets in 2021.



The Group finances its operations through its operating cash flows, bank borrowings and issuing new equity. Treasury management is led by the Group finance team, who manage and monitor funding requirements and maintain the Group's key banking relationships.

The Group is exposed to movements in interest rates. We do not currently hedge this exposure but monitor movements in the relevant rates to be able to react if they move adversely.

Approximately 75% of the Group's business is outside the UK, resulting in exposure to movements in exchange rates on translation of overseas operations. The Group does not currently hedge this risk as there is to some degree a natural hedge from our geographical diversification. Intragroup balances are hedged where possible, using cash or overdraft balances to act as a natural currency hedge.

A limited number of forward contracts are used to hedge trading currency risks for our operation in India which derives almost all of its revenue from outside of India.

6

**Cyber security and data protection**

The risk of cyber-attacks is an ever present one. A successful breach could lead to the loss of sensitive data on clients or candidates, damage to our reputation, business disruption or the loss of commercially sensitive information.

With stringent regulatory environments around data protection there is a risk of failing to comply with regulations, leading to fines and damage to brand reputation.

The move to a single front-office system increases the potential impact from a cyber security or data breach, but increases the Group's ability to reduce the likelihood.

The Group has engaged with a third-party data protection advisory service, including creation of a formal data protection officer role, which will help us to improve the identification and reduction of any exposures.



We have policies in place to safeguard assets and data within the Group. We have placed an increased emphasis on cyber security with greater oversight and training to ensure we meet a minimum standard of security. As we invest further in technology, we will also continue to invest in ensuring our cyber security measures and policies keep pace and reflect the changes in the Group.

The Group operates in, or places candidates in, a large number of jurisdictions, each with their own data protection requirements. Group data protection policies create a high minimum level of compliance with individual operations required to enhance these for any specific local requirements. The Group engages with a third party data protection officer service to help ensure and monitor compliance.

## Engaging with our stakeholders

### Stakeholder

### How we engage

#### Our employees

Retaining, upskilling and engaging our talent is key to the success of our business. In 2021 we launched training and talent development programmes aimed at nurturing the future leaders across the business.

Ensuring the health, safety, and wellbeing of our employees remains our number one priority. As the pandemic continued to disrupt working patterns for a second year, it was increasingly important for us to foster meaningful engagement across our teams. We drove global collaboration, via our internal communications tool through:

- networking, health and wellbeing events
- training events
- sharing of cultural events

Diverse teams drive successful business results, and we are proud of the diversity we have at Empresaria. In 2021 we launched our DE&I Committee following the results of our first DE&I survey. Further details are provided on page 35.

#### Our candidates

We understand that changing jobs can be a daunting experience, so our aim is to create a positive experience for those who trust us with their job search. Regular communication and engagement are critical and we engage with our candidates in a number of ways: through direct contact from our consultants; through our brand websites; through community engagement; and through our technology portals. By building strong relationships we go beyond a transactional relationship to become a long-term career partner.

#### Our clients

We have worked in partnership with our clients throughout 2021 to identify and deliver to their requirements and work with them to ensure the safety of our candidates. By putting the client at the heart of everything we do, we strive to build deep, long-term relationships. Our success is built on the success of our clients, and we can only achieve this by acting as a partner and trusted adviser.

With our new regional structure, we have been able to further develop our service offering to meet our clients' shifting demands, as they come to terms with the requirements of the future of work.

#### Our communities

Across the Group our operations and their teams work with a number of local communities and charities to positively impact the lives of those who need support. Each business targets specific organisations that reflect the needs of those communities. Further details are provided on page 35.

#### Our shareholders

We engage with shareholders to maintain a mutual understanding of objectives and manage expectations. Relations with shareholders and potential investors are managed principally by the Executive Directors, who are contactable both directly and via our financial PR adviser.

The Executive Directors make regular presentations to investors (both existing and potential shareholders), meet with shareholders to discuss and obtain their views, present to the wider investor community using the Investor Meet Company platform and communicate regularly during the year.

The annual and interim presentations made to investors and interviews with the Executive Directors are all made available on the Company's website.

The Company also retains a financial PR adviser, a house broker and an equity research analyst, who each provide feedback from existing shareholders and potential investors.

## Environmental impact

Our industry typically has a low environmental impact, however the Group is committed to minimising this as much as possible. Our 2021 initiatives included: participation in recycling programmes for office waste; use of green energy providers; reliance on electronic media for marketing and communications, including providing the annual report and accounts in electronic format unless requested otherwise; and the use of video conferencing to minimise travel as far as is practical.

In addition we had a number of locally based activities in 2021:

- **In the UK** we were pleased to become corporate members of the Royal Botanic Gardens, Kew whose mission is to understand and protect plants and fungi for the well-being of people and the future of all life on Earth.
- **In China** our teams participated in a tree-planting event contributing to the social responsibility of environmental protection.

## Contributing to communities

Our purpose of positively impacting the lives of people extends beyond our recruitment activity and we are committed to having a positive impact on the communities in which we operate. Our teams are regularly involved in activities that provide help, support or money to good causes in their local communities. Examples of activity across the Group in 2021 include:

- **In the UK** we took part in a walking challenge in January and February and held a bake sale to raise funds for Cancer Research UK.

- **In Finland** we contributed to the wellbeing of hospital and clinic workers by hosting free coaching sessions for healthcare professionals nationwide.
- **In Germany** we made donations to youth sports and sports institutions.
- **In India** we supported a number of causes through our People Possible Foundation, including:
  - **Child Education:** Supporting the education of children in need through the NGO Making The Difference.
  - **Widow Empowerment:** An initiative along with The Loomba Foundation to skill and empower widows to earn a livelihood.
  - **Health and Wellness:** Covid Relief Support during the second wave of COVID-19. Ten oxygen cylinders, 100 ration kits, 400 immunity booster kits and 9,000 meals donated.
- **In Thailand** we supported the Gift of Happiness Foundation which promotes equal access to education, entertainment, resources, and opportunities for all children in Thailand.



## Diversity, Equality and Inclusion

At Empresaria we strive for an inclusive culture, where all employees are treated equally and offered the same, fair opportunities. We believe that global diversity is the key to realising our purpose of positively impacting the lives of people, while delivering exceptional talent to our clients.

Like many organisations we are on a journey to bring this to life, and in 2021 we laid the foundations to make it happen. Our first DE&I survey was completed in 2021 with good participation of 75% across the Group. This survey will now be repeated on an annual basis to identify year-on-year trends and to track the impact of our actions on the results.

We have established a DE&I committee with participation from across the globe. The initial focus for the committee is to establish a common vision and policy for the Group. They are also responsible for proposing solutions and actions to address concerns highlighted in the survey and identifying and sharing best practice from across the Group.

## S172 statement

This statement sets out how the Board seeks to understand the views of the Company's key stakeholders and how their interests and the matters set out in section 172 of the UK Companies Act 2006 have been considered in Board discussions and decision-making.

During the year, the Directors consider that they have acted and made decisions in a way that would most likely promote the success of the Group for the benefit of its members as a whole, with particular regard for:

- the likely consequences of any decision in the long term: See strategic objectives on page 15, our business model on pages 10 and 11 and risks and uncertainties on pages 30 to 33;
- the interests of the Group's employees: See engaging with our stakeholders on page 34;

- the need to foster the Company's business relationships with suppliers, customers and others: See engaging with our stakeholders on page 34;
- the impact of the Company's operations on the community and environment: See engaging with our stakeholders on pages 34 and 35;
- the desirability of the Company maintaining a reputation for high standards of business conduct: See engaging with our stakeholders on page 34 and corporate governance statement on page 42 of the Group's full annual report and accounts; and
- the need to act fairly between members of the Company: See engaging with our stakeholders on page 34 and the corporate governance statement on page 41 of the Group's full annual report and accounts.

The principal decisions taken through the year are discussed in greater detail throughout the strategic report. These key decisions included:

- implementation of a regional management structure and hiring three regional leaders: See Chief Executive's Q&A on page 12;
- establishment of a diversity, equality and inclusion (DE&I) committee following the results of the Group's first DE&I survey: See Chief Executives Q&A on page 14 and engaging with our stakeholders on page 35;
- returning to hiring and growth plans: See Chief Executive's Q&A on page 14; and
- continuation of and level of the Group's share buy-back programme: See Directors' remuneration report on page 48 of the Group's full annual report and accounts.

## Board of Directors and Secretary



**Tony Martin**  
Chair

**Appointed:** July 2004

**Skills and experience:**

Tony has over 30 years' experience running international specialist staffing companies. He served as Chair and CEO of Select Appointments (Holdings) Plc ('Select') from 1992 to 1999, when he became Vice Chair and member of the Board of Management of Vedior N.V., the world's third largest staffing services group. In August 2000, he assumed the role of Chair and CEO, which he served until his retirement in February 2004. Tony held the position of Executive Chair at Corporate Services Group, now part of Impellam Group plc, until standing down in September 2007. Prior to his appointment at Select, he was responsible for half the operations of Adia S.A, the world's second largest staffing services group at that time and now part of Adecco. Before joining Adia, he resided in the United States for 20 years and served as President and Chief Operating Officer of a state-wide financial services group based in California.

Tony is a former Chair of the Federation of Recruitment and Employment Services, now known as the Recruitment and Employment Confederation (REC), the recognised representative of the staffing services industry. He is also a Founder Member of the Recruitment International Hall of Fame and was recipient of the Staffing Industry Analysts Leadership Award 2014, and in 2020 was recognised in the Staffing 100 Europe Hall of Fame. In 2021, Tony was appointed as an Honorary Associate of the Royal College of Veterinary Surgeons, for services to Animal Welfare.

**Other key external appointments:**

None



**Zach Miles**  
Non-Executive Director



**Appointed:** October 2008

**Skills and experience:**

Zach has 30 years' experience working in the staffing sector, as a Finance Director, CEO and Chair. Before joining Empresaria, Zach held the position of Chair and Chief Executive Officer of Vedior N.V. until his retirement in September 2008. He was a member of the Board of Management from 1999, and Chair since February 2004. Before joining Vedior, Zach was CFO and a member of the Board of Directors of Select Appointments (Holdings) Plc. His career in the recruitment industry began in 1988. He was formerly a partner in the international accountancy firm Arthur Andersen and is a qualified Chartered Accountant.

**Other key external appointments:**

Chair of Bright Network (UK) Limited



**Penny Freer**  
Non-Executive Director



**Appointed:** December 2005

**Skills and experience:**

Penny has worked in investment banking for over 25 years. Until 2004 Penny was Head of Equity Capital Markets at Robert W Baird and from 2004 to 2005, Deputy Chair of Robert W Baird Limited. Prior to this she was Head of Small/Mid Cap Equities for Credit Lyonnais. Penny is Chairman of APV Ventures LLP and holds various other board appointments.

**Other key external appointments:**

Senior Independent Director of Advanced Medical Solutions Group plc, Chairman of Crown Place VCT plc and Chairman of The Henderson Smaller Companies Investment Trust plc.



**Rhona Driggs**  
Chief Executive Officer

**Appointed:** November 2018

**Skills and experience:**

Rhona was appointed as Chief Executive Officer in June 2019 having previously served as Chief Operating Officer since November 2018. Rhona has over 30 years' experience working in international companies within the staffing sector and has a proven record of delivering growth and driving innovation. She has been recognised for the past six consecutive years as one of the Staffing Industry Analysts' 'Global Power 150, a list of the Most Influential Women in Staffing' and was recognised in 2020 and 2021 as one of Europe's Top 100 most influential leaders in staffing. Rhona's most recent role before joining Empresaria was President of Volt Global Solutions, with responsibility for the Managed Services division. Prior to that, Rhona was Executive Vice President for the commercial and technical staffing operations in North America where she ran a \$1.2 billion staffing business. She has an in-depth knowledge of the latest trends and operating models in the sector. Rhona joined the Women Business Collaborative (WBC) Advisory Council in January 2021.

**Other key external appointments:**

None



**Tim Anderson**  
Chief Financial Officer

**Appointed:** March 2018

**Skills and experience:**

Tim has over 20 years' post qualified experience working for listed and private equity backed businesses across a number of sectors. Tim joined Empresaria in 2018 from a leading cellular immunotherapy company, where he was Group Finance Director. Prior to this, Tim held a number of finance positions in three FTSE 100 businesses, covering all aspects of finance.

Tim has a proven track record in developing the finance teams and structures of organisations with a focus on driving efficiencies, developing strong control frameworks and supporting strategic objectives. Tim has significant experience of mergers and acquisitions having worked for a number of acquisitive organisations.

Tim is a member of the Institute of Chartered Accountants in England and Wales, after qualifying with KPMG.

**Other key external appointments:**

None



**James Chapman**  
General Counsel and  
Company Secretary

**Appointed:** June 2015

**Skills and experience:**

James is a practising solicitor with over 20 years' experience working with Empresaria. He qualified as a solicitor in 2001 with international legal practice Osborne Clarke, specialising in corporate finance (principally M&A, capital markets/ IPO, fundraising and restructuring) and acting for a range of corporate and investment bank clients.

James joined Empresaria in 2009 to establish the Group's in-house legal team and was appointed Company Secretary in June 2015. He manages the Group's in-house legal and company secretarial teams and is responsible for advising the Board on legal and governance matters.

**Other key external appointments:**

None

**Committee membership**

- Committee Chair
- A Audit Committee
- R Remuneration Committee
- N Nomination Committee

## Consolidated income statement

for the year ended 31 December 2021

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



## Consolidated statement of comprehensive income

for the year ended 31 December 2021

	2021 £m	2020 £m
<b>Profit/(loss) for the year</b>	<b>2.9</b>	(3.2)
<b>Other comprehensive income</b>		
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)
<b>Other comprehensive (loss)/income for the year</b>	<b>(2.3)</b>	0.3
<b>Total comprehensive income/(loss) for the year</b>	<b>0.6</b>	(2.9)
<b>Attributable to:</b>		
Owners of Empresaria Group plc	0.6	(2.7)
Non-controlling interests	-	(0.2)
	<b>0.6</b>	(2.9)

## Consolidated balance sheet

as at 31 December 2021

	2021 £m	2020 £m
<b>Non-current assets</b>		
Property, plant and equipment	1.6	1.6
Right-of-use assets	7.5	9.0
Goodwill	30.5	32.5
Other intangible assets	9.3	10.5
Deferred tax assets	3.4	2.8
	<b>52.3</b>	56.4
<b>Current assets</b>		
Trade and other receivables	50.5	44.9
Cash and cash equivalents	21.1	20.8
	<b>71.6</b>	65.7
<b>Total assets</b>	<b>123.9</b>	122.1
<b>Current liabilities</b>		
Trade and other payables	34.8	33.4
Current tax liabilities	1.9	1.1
Borrowings	23.2	32.2
Lease liabilities	4.6	5.3
	<b>64.5</b>	72.0
<b>Non-current liabilities</b>		
Borrowings	11.2	1.2
Lease liabilities	3.3	4.1
Deferred tax liabilities	2.6	2.4
	<b>17.1</b>	7.7
<b>Total liabilities</b>	<b>81.6</b>	79.7
<b>Net assets</b>	<b>42.3</b>	42.4
<b>Equity</b>		
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
<b>Equity attributable to owners of Empresaria Group plc</b>	<b>37.4</b>	37.2
<b>Non-controlling interests</b>	<b>4.9</b>	5.2
<b>Total equity</b>	<b>42.3</b>	42.4

These consolidated financial statements of Empresaria Group plc, registered number 03743194, were approved by the Board of Directors and authorised for issue on 16 March 2022.

Signed on behalf of the Board of Directors



**Rhona Driggs**  
Chief Executive Officer



**Tim Anderson**  
Chief Financial Officer

## Consolidated statement of changes in equity

for the year ended 31 December 2021

	Equity attributable to owners of Empresaria Group plc							Total £m	Non- controlling interests £m	Total equity £m
	Share capital £m	Share premium account £m	Merger reserve £m	Retranslation reserve £m	Equity reserve £m	Other reserves £m	Retained earnings £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	-	-	-	-	-	-	(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>	<b>2.5</b>	<b>22.4</b>	<b>0.9</b>	<b>2.5</b>	<b>(10.2)</b>	<b>(0.6)</b>	<b>19.9</b>	<b>37.4</b>	<b>4.9</b>	<b>42.3</b>

## Consolidated cash flow statement

for the year ended 31 December 2021

	2021 £m	2020 £m
<b>Profit/(loss) for the year</b>	<b>2.9</b>	(3.2)
Adjustments for:		
Depreciation of property, plant and equipment, and software amortisation	<b>1.0</b>	1.1
Depreciation of right-of-use assets	<b>5.3</b>	6.3
Fair value charge on acquisition of non-controlling shares	–	0.3
Impairment of goodwill	<b>0.9</b>	1.6
Impairment of other intangible assets	<b>0.3</b>	3.4
Amortisation of intangible assets identified in business combinations	<b>1.4</b>	1.7
Share-based payments	<b>0.3</b>	(0.2)
Net finance costs	<b>0.7</b>	1.0
Taxation	<b>3.1</b>	1.2
	<b>15.9</b>	13.2
(Increase)/decrease in trade and other receivables	<b>(8.2)</b>	10.9
Increase/(decrease) in trade and other payables (including pilot bonds outflow of £0.3m (2020: outflow of £0.5m))	<b>3.5</b>	(5.8)
<b>Cash generated from operations</b>	<b>11.2</b>	18.3
Interest paid	<b>(0.9)</b>	(1.1)
Income taxes paid	<b>(2.7)</b>	(3.0)
<b>Net cash inflow from operating activities</b>	<b>7.6</b>	14.2
<b>Cash flows from investing activities</b>		
Consideration paid for business acquisitions (net of cash acquired)	–	(0.1)
Purchase of property, plant and equipment, and software	<b>(1.7)</b>	(0.7)
Finance income	<b>0.3</b>	0.2
<b>Net cash outflow from investing activities</b>	<b>(1.4)</b>	(0.6)
<b>Cash flows from financing activities</b>		
(Decrease)/increase in overdrafts	<b>(3.3)</b>	3.8
Proceeds from bank loans	<b>5.5</b>	1.8
Repayment of bank loans	<b>(0.2)</b>	(5.7)
Decrease in invoice financing	–	(2.0)
Payment of obligations under leases	<b>(5.3)</b>	(6.2)
Purchase of shares in existing subsidiaries	<b>(0.6)</b>	(1.5)
Purchase of own shares in Employee Benefit Trust	<b>(0.3)</b>	(0.2)
Dividends paid to owners of Empresaria Group plc	<b>(0.5)</b>	–
Dividends paid to non-controlling interests	<b>(0.3)</b>	(0.5)
<b>Net cash outflow from financing activities</b>	<b>(5.0)</b>	(10.5)
<b>Net increase in cash and cash equivalents</b>	<b>1.2</b>	3.1
Foreign exchange movements	<b>(0.9)</b>	0.1
Cash and cash equivalents at beginning of the year	<b>20.8</b>	17.6
<b>Cash and cash equivalents at end of the year</b>	<b>21.1</b>	20.8
	2021 £m	2020 £m
<b>Bank overdrafts at beginning of the year</b>	<b>(22.1)</b>	(17.9)
Decrease/(increase) in the year	<b>3.3</b>	(3.8)
Foreign exchange movements	<b>0.6</b>	(0.4)
<b>Bank overdrafts at end of the year</b>	<b>(18.2)</b>	(22.1)
<b>Cash, cash equivalents and bank overdrafts at end of the year</b>	<b>2.9</b>	(1.3)

## 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 year ended 31 December 2021, but is derived from those accounts. Statutory accounts for 2021 will be delivered following the Company's Annual General Meeting. The Auditors have reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report 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 report has been prepared in accordance with the recognition and measurement criteria of UK-adopted international Accounting Standards, this report does not itself contain sufficient financial information to comply with UK-adopted international Accounting Standards. The Group has published full financial statements that comply with IFRS on its website, [www.empresaria.com](http://www.empresaria.com). Alternatively you may request a full printed copy to be sent to you by writing to the Company Secretary at:

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Tony Martin  
Rhona Driggs  
Tim Anderson  
Penny Freer  
Zach Miles

### Secretary

James Chapman

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### Company registration number

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### Registrars

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## Glossary

**Adjusted earnings per share**

Earnings per share 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 related tax.

**Adjusted net debt**

Borrowings less cash and cash equivalents excluding cash held in respect of pilot bonds.

**Adjusted operating profit**

Operating profit adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items and fair value charges on acquisition of non-controlling shares.

**Adjusted profit before tax**

Profit before tax adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items and fair value charges on acquisition of non-controlling shares.

**Change in constant currency**

Year-on-year movement assessed after converting prior year amounts at the current year exchange rates.

**Conversion ratio**

Adjusted operating profit as a percentage of net fee income.

**Debt to debtors ratio**

Adjusted net debt as a percentage of trade receivables.

**Free cash flow**

Free cash flow measures the amount of cash generated that is available for investing in the business, reducing debt or returning to shareholders. It is measured as the net cash from operating activities per the cash flow statement adjusted to exclude movements in pilot bonds and after deducting payments made under lease agreements.

**Free cash (pre-tax)**

Free cash flow excluding cash outflows on income taxes.

**Managed Service Provider ('MSP')**

An outsourced agency that manages the staffing requirements of an end client by managing its preferred staffing agencies.

**Net fee income**

Revenue less cost of sales. Cost of sales includes the remuneration cost of temporary and contract workers and the cost of staff directly providing offshore recruitment services. For permanent placements, net fee income is typically equal to revenue with only limited costs of sales in some cases.

**Pilot bonds**

Pilot bonds are sometimes required by airline clients to be taken at the start of a pilot's contract. These are returned to pilots or paid to clients through the course of the pilot's contract or when it ends in line with the terms of the agreement.

**RPO**

Recruitment Process Outsourcing ('RPO') is where an employer transfers all or part of its recruitment process to an external provider.

**SIA**

Staffing Industry Analysts ('SIA') is a global adviser on staffing and workforce solutions and a provider of data and publications related to the staffing industry.

**Staff productivity**

Net fee income divided by total staff costs within administrative costs.

**Vendor Management System ('VMS')**

Technology used by MSPs to enable them to deliver to their end clients. This is used to manage the end-to-end process including the distribution of roles to staffing agencies, collection of candidate submissions, coordination of interviews, job offers, billing and timesheets.



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**Empresaria**

*Stronger together*

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